

LIC's Rs 45,000 crore purchase exceeds 2014 infusion, accumulates tech and banking shares

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Life Insurance Corp, the country's largest domestic institutional investor, has purchased shares worth over Rs 45,000 crore in the stock market so far in this financial year, exceeding last year's total. Taking advantage of volatile market conditions, LIC bought stocks of firms such as Tata Consultancy Services, Wipro and Axis Bank. LIC has simultaneously cut holdings in state run companies, including Coal India and State Bank of India.

Last year, LIC's gross investments were Rs45,000 crore, compared with Rs 53,373 crore in the previous year and Rs 33,205 crore in 201213. "This year, we have invested around Rs 45,000 crore in the equity market," said a senior LIC executive who did not want to be identified. "We have been buying equities since thebeginning of this fiscal as valuations have tumbled for some sectors."

The insurer has been playing a contrarian theme, as it often does, and accumulated technology and banking company shares when they were being shunned by other investors over the past few months. LIC increased its stake in TCS to 2.44 per cent from 2.26 per cent in March, Wipro to 1.88 per cent from 1.64 per cent and Axis Bank to 14.14 per cent from 12.49 per cent in March. It cut holdings in SBI to 11.27 per cent from 11.82 per cent in March.

The benchmark 30share Sensex of the Bombay Stock Exchange has declined 8.4 per cent so far in this financial year. The stock markets have been volatile on disappointment over the National Democratic Alliance government's ability to move ahead with major reforms, especially after the ruling party lost the Bihar assembly elections. Foreign institutional investors have been net sellers of equity.

The insurance behemoth is looking at increasing premium income by 1315 per cent and individual business by 22 per cent, LIC Chairman SK Roy had said in an interview to ET. It expects Rs 31,000 crore of new business premium income during the year. LIC has Rs 17 lakh crore of assets under management. About 66 per cent is invested in government securities compared with the regulator's stipulation of half the premium income. In the past couple of years, the rules have been changed to allow LIC to buy up to 30 per cent in a company.

The corporation's new business income, or income from the sale of new policies, jumped 9.28 per cent to Rs 39,161 crore in the year ended September 30.

Source : The Economic Times