A study on Development Finance and Life Insurance Corporation has been undertaken to examine the role and participation of LIC in the development activities of Kerala and to evaluate the avenues of investments, considerations given to different industries, and to identify the priorities of utilization of funds in different sectors from time to time. The core material for the study was arranged by means of primary data collected through interviews and secondary data gathered from published and unpublished records. The study is limited to a ten year period namely 1998-'99 to 2007-'08. The coverage extends to central and state government undertakings, corporate and cooperative sector undertakings in Kerala and the jurisdiction is limited to the state of Kerala and the scope is limited to the developmental programmes carried out by LIC out of policy holders’ fund.

On the basis of the findings it is deduced that major investments made by LIC was in public sector and a considerable portion of it was in major industries in Kerala. Though small in share a significant portion of the investments in stock exchange securities in Kerala was accounted for by State Government Securities and Corporate Securities. Financing for housing, irrigation, drinking water supply, distribution of power, transport services and other infrastructure was made by LIC for the improvement of social sector in Kerala.

Among the life insurance companies in India, LIC had a stake exceeding 95 percent in total investment, Life Fund Investment, investments from Other Funds and Pension and Annuity Fund investments. More than 98 percent of the Life Fund Investment made by LIC was in Central Government Securities, 99 percent in State Government and Other Approved Securities and 98 percent in Social Sector and Infrastructure. More than 49 percent of the Other Fund Investments made by LIC was in Central Government Securities, 29 percent in State Government and Other approved Securities and 20 percent in Investments subject to Exposure Norms. More than 99 percent of Pension and Annuity Fund Investment made by LIC was in Central and State Government Securities and Investment subject to Exposure Norms. As regards the Unit Linked Fund, LIC accounted for 36.65 percent of the total. More than 89 percent of the Unit Linked Fund Investment made by LIC was in Other Approved Investments and the rest was in Other than Approves Investments.

The findings and recommendations of the study are intended to enable the authorities concerned to formulate strategies for the better implementation of the existing schemes and plans and to broaden the outlook towards the deployment of funds with a view to providing material information to the policy makers, researchers and academicians who intend to explore areas of interest beyond the scope of the present study.