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There is a strong case to go long on LIC say analysts and macroeconomic indicators

BHAKTI MAKWANA (/AUTHOR_ARTICLES_ALL.CMS?QUERY=%22BHAKTI MAKWANA%22&AUTHOR=BHAKTI MAKWANA&PAGE=1) | MAY 17, 2022, 16:43 IST



 There is a strong case to go long on LIC say analysts and macroeconomic indicators

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- **The listing of the most awaited issue was disappointing though widely expected. Its stock fell over 8% today.**
- **However, analysts believe investors need not feel dejected and end up selling in losses as the long term view for life insurance products remains strong.**
- **India's highly underpenetrated life insurance space is still at a nascent stage and LIC is attractively positioned to capture the huge growth opportunity, say analysts.**

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Almost one in every two retail investors who applied for the initial public offering of Life Insurance Corporation of India (LIC) has been allotted the shares. This is because 13.77 crore retail investors bid for 6.91 crore shares reserved for this category of investors.

However, the listing of the most awaited issue was disappointing though widely expected. Its stock fell over 8% today on listing to ₹867.20 while the price band was fixed at ₹902 - ₹949 per share.

Hold LIC for the long term, recommend analysts

But there is no case to feel dejected and go on a selling spree, believe analysts. They recommend them to hold them for the long term as demand for life insurance products remains strong.

A report by CareEdge expects the life insurance industry to grow at around 12-14% for the next three to five years.

“Insurance demand is positively correlated with economic growth and grows at a multiple to the GDP. FY23 has started on a strong note, and LIC’s growth momentum over the past few months comes ahead of its initial public offering...Overall, the outlook is expected to be positive in the medium term,” said the report.

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Moreover, stock analysts also believe at the current market prices, LIC’s share price is significantly cheaper compared to listed players. This is despite the fact that LIC is a dominant player with 60% market share in premiums.

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