

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO. 2427

ANSWERED ON – 10.8.2021

INCREASE IN FDI IN INSURANCE SECTOR

2427. SHRI B. LINGAIAH YADAV:

Will the Minister of Finance be pleased to state:

- (a) the reasons for increasing Foreign Direct Investment (FDI) in insurance sector; and
- (b) the reasons to amend the Insurance Act, 1938 to increase the permissible FDI limit from 49 per cent to 74 per cent in insurance companies and allow foreign ownership and control with safeguards?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(DR. BHAGWAT KARAD)

(a) and (b): Increasing FDI limit in Insurance Companies to 74% will enhance insurance penetration and social protection, bring in technology and skills for the overall growth and development of the insurance sector. It will further boost foreign investment in Indian insurance companies, thereby infusing long-term sustainable capital in the economy and shall drive technology transfer, development of strategic sectors, greater innovation, and competition among other benefits. This move shall pave the way in making the nation a bigger and more important part of the global economy, as envisaged under 'Aatmanirbhar Bharat'.

Further, amendment to the Insurance Act, 1938 was required to raise the limit of FDI from 49% to 74% subject to such condition and manner, as may be prescribed to ensure safeguards for policyholders.
