

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. 2051

ANSWERED ON – 14.3.2022

FDI POLICY

2051. SHRI SHANMUGA SUNDARAM K.:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is having any proposal to amend the Foreign Direct Investment policy to accommodate Life Insurance Corporation of India (LIC);
- (b) if so, the details thereof;
- (c) whether the existing FDI ceiling of 74% in insurance sector will be modified to 100% FDI for private insurance companies also and if so, the details thereof, if not, the reasons therefor, if not, the reasons therefor;
- (d) the extent of the shortfall in achieving the disinvestment programme and the expected amount to be reaped by 100% FDI for LIC against the shortfall; and
- (e) whether the proposed amendment will affect the existing policy holders and if so, the details thereof?

ANSWER

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

(a) and (b): The Department of Promotion of Industry and Internal Trade has conveyed that a decision has been taken to amend the Foreign Direct Investment Policy to permit foreign direct investment (FDI) in the Life Insurance Corporation of India (LIC).

(c): No proposal to modify the existing foreign investment ceiling of 74% in Indian insurance companies is under consideration of the Government as the same has been recently effected through amendments made to the Insurance Act, 1938 by the Insurance (Amendment) Act, 2021, on the basis of recommendations made by the insurance regulator after consultation with the industry.

(d): The Revised Estimate for disinvestment receipts for the financial year 2021-22 is Rs. 78,000 crore. Till 9.3.2022, Rs. 12,423.67 crore has been received by way of disinvestment receipts. Further disinvestment receipts during the financial year are contingent on market conditions and investors' interest.

(e): The FDI Policy embodies the policy framework on FDI, subject to which a non-resident entity can invest in India in permitted sectors, and the amendments proposed thereto do not envisage any condition relating to policy holders.
