

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. 2890

ANSWERED ON – 21.3.2022

FDI in LIC

2890. SHRI RAVNEET SINGH BITTU:
SHRI MANICKAM TAGORE B.:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has recently approved upto 20 per cent Foreign Direct Investment (FDI) under automatic route in Life Insurance Corporation of India (LIC) and if so, the details thereof;
- (b) whether it is a fact that the Government proposes to sell a percentage of its stake in LIC and if so, the details thereof;
- (c) the details of the effect on policyholders of LIC by this decision of the Government to allow FDI and to sell its stake in LIC;
- (d) whether the Government anticipates any adverse effect on the social objectives being achieved through LIC by this decision; and
- (e) if so, the details thereof and if not, the reasons therefor?

ANSWER

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

(a): *Vide* Press Note No. 1 (2022 Series), dated 14.3.2022, the Ministry of Commerce and Industry, Department for Promotion of Industry and Internal Trade has amended the FDI Policy to, *inter alia*, permit FDI in the Life Insurance Corporation of India (LIC) on the automatic route, to the extent of 20% of its equity.

(b): An offer for sale of 31,62,49,885 equity shares in LIC (which amounts to 5% of the Government's stake in LIC) by the Government of India is proposed in the Draft Red Herring Prospectus filed by LIC with the Securities and Exchange Board of India on 13.2.2022 for its listing on stock exchanges.

(c) to (e): The proposed listing will, *inter alia*, enable the Government to unlock the value of its investment in LIC, position LIC to raise capital from the market for its future growth, and improve its governance through greater market discipline and transparency resulting from listing requirements and disclosures. These benefits, in turn, will equip the Government and LIC to pursue growth of the economy and the insurance sector and thereby too promote development and social protection.

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.
