

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA

UNSTARRED QUESTION No. 1728

TO BE ANSWERED ON MONDAY, 10 MARCH, 2025/PHALGUNA 19, 1946 (SAKA)

FDI in Insurance Sector

1728. Dr. Kalanidhi Veeraswamy:

Will the Minister of FINANCE be pleased to state:

- (a) whether the decision of the Government to raise the Foreign Direct Investment (FDI) limit for the insurance sector from 74% to 100% has been announced and the manner in which this move will safeguard the interests of domestic consumers and ensure that foreign investors do not dominate the sector;
- (b) the manner in which the Government plan to ensure that the increase in FDI will not result in reduced market competition or put domestic insurance companies at a disadvantage, particularly smaller, Indian-owned players;
- (c) the measures put in place to prevent undue foreign influence on insurance policy formulation and the manner in which the Government ensure that country's interests remain at the forefront of the sector's development; and
- (d) the steps taken/being taken by the Government to ensure that the increased foreign investment do not lead to a rise in premiums or reduced accessibility of insurance products for the common people, particularly in rural and underserved areas?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) to (d): In the Budget 2025, announcement has been made to increase the FDI limit for the insurance sector from 74 to 100 per cent. This enhanced limit will be available to those companies which invest their entire premium in India. The Government aims to unlock the full potential of the Indian insurance sector, which is projected to grow at 7.1% annually over the next five years, outpacing global and emerging market growth. Raising limit of FDI in insurance sector to 100% will help in attracting stable and sustainable investment and facilitate technology transfer and improve insurance penetration across India. Increased FDI will complement domestic initiatives and drive inclusive growth. This will increase the number of insurers in the country resulting in greater competition which in turn would lead to a more structured and balanced approach to premium pricing.

Insurance Regulatory and Development Authority of India (IRDAI) is the sector regulator established under IRDA Act, to protect the interests of holders of insurance policies, and to regulate, promote and ensure orderly growth of the insurance industry. The IRDAI issues regulatory directives for the insurance industry based on the evolving landscape, following an industry-wide consultation process. Regulatory oversight by the IRDAI will ensure that the sector operates in the best interest of the citizens

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