

Private life insurers pitch for raising FDI limit to 49%

If the Govt agrees, the sector is likely to gain an additional ₹7,800 crore

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New Delhi, May 27

As the Narendra Modi-led Government hits the ground running, private life insurers are quite confident that the new dispensation would get the FDI limit in insurance sector hiked to 49 per cent from 26 per cent.

They see foreign direct investment (FDI) limit hike as a low-hanging fruit that the new dispensation would be inclined to pick to bring back some energy in the insurance sector.

The main hurdle is getting the pending insurance Bill – which would pave the way for hike in FDI limit to 49 per cent – passed in Parliament.

But private insurers have cause for some cheer as the new Finance Minister, Arun Jaitley, in his first day in office on Tuesday, discussed with his officials the issue of FDI cap in certain sectors.

Anup Rau, Chief Executive Officer, Reliance Life Insurance, said the biggest hope from the new



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Government was around the hike in FDI limit in insurance.

With an increase in the limit, the insurance industry expects to get not only the capital but also technical and product expertise of their foreign partners, he said.

High expectations

The biggest expectation from the new Government is that it will take up the FDI limit hike in insurance at the earliest, Anoop Pabby, Managing Director and CEO, DHFL Pramerica Life Insurance told *Business Line* here.

"We see it as a reality in the first Budget (in July) itself. Increase in FDI will bring greater commitment from foreign shareholders," he said.

Tarun Chugh, Managing Director and Chief Executive Officer, PNB MetLife, said that there is a

need to encourage FDI at the policy level as this was something that was laid out as an expectation in the year 2000 when the sector opened.

Currently, the total capital deployed in the life insurance sector is close to ₹34,000 crore. The FDI in this (assuming 26 per cent) is close to ₹8,700 crore.

If 49 per cent FDI happens, the insurance sector stands to gain an additional ₹7,800 crore, according to Chugh.

During the UPA Government's tenure, the Bharatiya Janata Party (BJP) was opposed to the passage of the insurance Bill that provided for a hike in FDI from 26 per cent to 49 per cent.

Now, with BJP getting a clear majority in the general elections, insurers are hoping that the party would be inclined to get the Bill passed in Parliament.