

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2720
ANSWERED ON:07.02.2014
AMENDMENT IN INSURANCE ACT
Mani Shri Jose K.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government have any proposal to amend the Insurance Act to raise the foreign equity share in the existing Insurance Companies;
- (b) if so, the details thereof;
- (c) whether the increase of foreign equity share is likely to affect only special category of Insurance; and
- (d) if so, the details thereof and the reaction of the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (d): Government had introduced the Insurance Laws (Amendment) Bill, 2008 in the Rajya Sabha on 22.12.2008. The Bill, inter-alia, provides for holdings of equity shares in Indian insurance companies by a foreign company, either by itself or through its subsidiary companies or its nominees to not exceed forty-nine per cent of paid up equity capital. An increase in foreign equity share limit in insurance sector will help grow the insurance sector, provide much needed capital, potentially increase customer coverage in rural and semi urban areas and fuel employment growth in the country.