

**GOVERNMENT OF INDIA  
FINANCE AND COMPANY AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:5013  
ANSWERED ON:25.04.2003  
FDI IN INSURANCE SECTOR  
DR. KIRIT SOMAIYA

**Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:**

- (a) whether the Government and IRDA had committed that there will not be any direct/ indirect participation of foreigners beyond 26 per cent in any insurance company;
- (b) if so, the guidelines and system established to check the same;
- (c) whether various foreign companies have violated the same by investing through Indian personnel by making available finance of India;
- (d) if so, the details in this regard;
- (e) whether IRDA has checked the equity participation of promoters in all the Insurance companies; and
- (f) if so, the details thereof?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO V.ADSUL)

- (a) & (b) : The Insurance Regulatory and Development Authority (IRDA) has intimated that at the time of registration, the Authority ensures adherence of foreign equity limits of 26% in the Indian insurance companies. As per the IRDA Regulations, the insurers are also required to inform the Authority of any change in the shareholding pattern of the insurance company.
- (c) & (d) : IRDA has intimated that they have no information about violation of the foreign equity limits by any of the Indian insurance companies. However, in one case where a foreign investor wanted to use revised guidelines of the Government on FDI in the Banking Sector, the Authority in consultation with the Reserve Bank of India had the holdings of the Indian promoter brought down.
- (e) & (f) : The IRDA has intimated that insurers are required to file a statement on quarterly basis which indicates changes exceeding 1% of the issued capital in the insurance companies. IRDA has not noticed any inconsistency in the capital structure of the insurance companies.