

FDI norms to ease in aviation, retail

NEW DELHI, JULY 5

The government today proposed relaxation in the FDI norms for sectors such as aviation, insurance, animation media and single brand retail with a view to attract more overseas investment.

Finance Minister Nirmala Sitharaman said India's FDI inflows in 2018-19 grew by 6 per cent to \$64.37 billion.

"I propose to further consolidate the gains to make India more attractive FDI destination. The government will examine suggestions of further opening up of FDI in aviation, media (AVGC - Animation, Visual effects, Gaming and Comics) and insurance sectors in consultation with all stakeholders," she said.

The minister said 100 per cent foreign direct investment (FDI) will be permitted for insurance intermediaries, and local sourcing norms will be eased for FDI in single brand retail sector. Insurance intermediaries include broking, third party administrators, surveyors and loss assessors.

The announcement has paved the way for entry of foreign firms in these intermediary services to operate in India. Currently, as per the FDI policy, 49 per cent foreign investment is allowed in the insurance sector, which includes insurance broking, insurance companies, third party administrators, surveyors and loss assessors.

Representations have been made to the government that insurance brokers should be

INSURANCE PLAYERS CALL IT A BIG BOOST

■ The insurance industry has welcomed the move to allow 100 per cent FDI for insurance intermediaries, saying the move will give the much-needed long-term capital for the sector and bring in professional advisory to help customers

■ Canara HSBC Oriental Life Insurance's Anuj Puri said: "It will help entry of large professional advisories which will go a long way in helping customers identify and fulfil insurance needs"

■ Reliance Nippon Life's Ashish Vohra said: "Our insurance penetration is still lower than other Asian countries. More FDI will help in driving it positively"

treated on par with other financial services intermediaries, where 100 per cent FDI is permitted. Insurance penetration in the country was 3.4 per cent in 2015 against the world average of 6.2 per cent. In 2014, it was 3.3 per cent in India.

There is no mention about animation and gaming media in the current FDI policy. Generally it is perceived that sectors which are not mentioned in the policy can attract 100 per cent foreign inflows. In the insurance sector, 49 per cent FDI is permitted through automatic route subject to approval from Insurance Regulatory & Development Authority of India. —TNS/PTI