

FIPB CLEARANCE First set of big-ticket investments in insurance kick off after Parliament approved a Bill in March last year to raise FDI limit in the sector to 49% from 26%

Nippon Life, AIA, Sun Life & 12 Other FDI Proposals Cleared

Proposals expected to bring ₹7,262 cr in foreign investments

Our Bureau

New Delhi: Big-ticket investments in the insurance sector by Nippon Life Insurance, AIA International, Sun Life and Aviva Life were among 15 proposals that the Foreign Investment Promotion Board (FIPB) cleared on Monday.

These proposals are expected to bring foreign direct investment of ₹7,262 crore.

Yes Bank's proposal to raise foreign investment limit to 74% from the existing 41.87% has been referred to the Cabinet Committee on Economic Affairs (CCEA). It needs to be endorsed by the CCEA because the potential foreign investment inflow is ₹6,885 crore.

The FIPB can sanction proposals of only up to ₹5,000 crore. The board comprises secretaries and is headed by the secretary at the department of economic affairs. The finance minister gives the final nod to the proposals cleared by the FIPB.

"FDI inflow continues. Fast clearances make a difference," Economic Affairs Secretary

Big Ticket Insurance FDI

- Foreign insurers beginning to step up stakes in Indian ventures
- Foreign investment limit in sector was raised to 49% from 26% last year
- Number of companies have sought FIPB nod for higher stakes
- Govt expect over ₹25,000 crore investment in sector after this increase in limit

AWAITING APPROVAL

Bupa Singapore Holdings in Max Bupa Health Insurance

FAL Corp in ICICI Lombard

Compassvale Investments Pte in ICICI Pru Life Insurance

DONE DEAL

Proposed investment, ₹ crore	
Sun Life	1664
Nippon Life Insurance	2265.5
AIA	2055
Aviva	940
QBE Asia Pacific Holdings	101.85



Shaktikanta Dastweeted.

Nippon Life is looking to raise stake in Reliance Life Insurance to 49% from 26% by investing ₹2,265 crore. AIA International proposes to invest ₹2,055 crore to increase its stake in Tata AIA Life Insurance Company to 49% from 26% at present.

Aviva Life Insurance Company's proposal to raise the shareholding of Aviva International Holdings, UK, to 49% by transferring the 23% currently held by Dabur Investment Corp to it was also approved. Total foreign inflow through this deal is about ₹940 crore.

This is the first set of big-ticket investments in insurance after Parliament approved a Bill in March last year to raise FDI limit in the sector to 49% from 26%. The government expects

over ₹25,000 crore investment because of the change in the investment policy.

QBE Asia Pacific Holdings got approval to raise its stake in Raheja QBE General Insurance to 49% from 26% by acquiring a 23% stake held by Prism Cement. The inflow is ₹101.85 crore. Sun Life will acquire an additional 23% stake in Birla Sun Life Insurance Company from Aditya Birla Nuvo, increasing the foreign equity in the company to 49% for a total consideration of ₹1,664 crore.

In the defence sector, there were two significant proposals. In a non-resident to non-resident transfer, Lockheed Martin Global acquired 26% in Tata Sikorsky Aerospace from United Technologies International. There is no net foreign inflow.

Quantum Simulators' application to set up a simulator manufacturing company with a 49% stake was also approved. This proposal is expected to bring investment of ₹14 crore.

A proposal by Bupa Singapore Holdings Pte Ltd to raise investment in Max Bupa Health Insurance Company to 49% by way of acquisition of shares from Max India was deferred.

The FIPB also deferred a decision on permission sought by ICICI Lombard General Insurance to sell a 9% stake to FAL Corp, an indirect wholly owned arm of Fairfax, for ₹1,550.2 crore. ICICI Prudential Life Insurance's proposal to transfer 2% of its shares held by ICICI Bank to Compassvale Investments and 4% shares to Hasham Traders was also deferred.