Role of FDI in Insurance Sector: A Study in India

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Abstract

The Insurance sector is one of the most important sectors in Indian Economy with massive growth perspective. The sector consists of 52 Insurance companies, in which 28 are Non-life and 24 are Life Insurance. The life insurance sector in India is the biggest in the world with about 36 crore policies. In the last few years, the Indian Insurance industry is facing the problem of uncertainty due to the economic growth and restrictions. After a long marathon, Government of India has taken a major initiative by increasing the FDI limit from 26% to 49%, with the provision that the management and control of the companies with the Indians. It is expected that this authorization will help to increase the capital inflow of US$ 6-8 billion in the Insurance Industry. The paper aims to investigate Indian Insurance Industry and evaluate the procedures and guidelines with a perspective of foreign investors so as to understand the current position of FDI. It also highlights the major challenges faced by the Insurance industry in India.

Key Words: FDI, Insurance, Policy Regulations