

## LIC IPO: 'DPIIT TO APPROACH CABINET ON REVISED FDI POLICY TO FACILITATE PROCESS'

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Foreign Capital, Foreign Trade & BOP

The Department for Promotion of Industry and Internal Trade (DPIIT) will soon try to approach the Union Cabinet to seek its approval on changes in the FDI policy to facilitate disinvestment of the country's largest insurer LIC, a top government official said on Sunday.

DPIIT Secretary Anurag Jain said the issue has been discussed with the Department of Financial Services and Department of Investment and Public Asset Management (DIPAM) and all have reached unanimity.

"Now it is a matter of drafting it out. We will try that soon we will make the Cabinet note, after holding inter ministerial consultation, (to) take the approval...It will be very soon," Jain told reporters here.

The Finance Minister has directed that the disinvestment has to be completed during the current financial year, "so we also have to work at that pace," he added.

According to the current foreign direct investment (FDI) policy, 74 per cent foreign investment is permitted under the automatic route in the insurance sector. However, these rules do not apply to the Life Insurance Corporation of India (LIC), which is administered through a separate LIC Act.

As per Sebi rules, both foreign portfolio investment (FPI) and FDI are permitted under public offer. However, sources said since the LIC Act has no provision for foreign investments, there is a need to align the proposed LIC IPO with Sebi norms regarding foreign investor participation.

The Cabinet had in July last year approved the initial public offering (IPO) of LIC and the stake-sale is being planned in the current March quarter.

When asked about the issue of direct overseas listing of Indian startups, the secretary said the department is still examining the matter to understand exactly what the startups want.

"To my mind there is nothing which stops them from doing (that). Why do they want to go outside and list, what are the factors which are not there? We are engaged in the discussion with the industry leaders.

"I know there was a proposal which was under consideration. There are views which need to be synchronised and come to a final conclusion. But I want to understand what exactly is really required. Why can't it be listed...So we are still examining that," he said.

Further, Jain informed that DPIIT is organizing the first-ever Startup India Innovation Week from January 10.

DPIIT has recognised more than 61,000 startups as on date and created over 6 lakh jobs since 2016.

"This startup and innovation festival's primary goal is to bring together the country's key startups,

entrepreneurs, investors, incubators, funding entities, banks, policymakers, and other national/international stakeholders to celebrate entrepreneurship and promote innovation," he said.

The platform will also promote knowledge exchange, develop entrepreneurial ecosystem capacities; mobilise global and domestic capital for startup investments; and provide market access opportunities.

The week-long event includes interaction of select startups with Prime Minister Nareendra Modi on January 15; roundtable with global investors and domestic funds; launch of Open Network for Digital Commerce (ONDC) digital strategy.

ONDC is an initiative of DPIIT which aims to democratise digital commerce, moving it from a platform-centric model to an open network.

As UPI is to the digital payment domain, ONDC is to e-commerce in India. It will enable buyers and sellers to be digitally visible and transact through an open network, no matter what platform/application they use. It will empower merchants and consumers by breaking silos to form a single network to drive innovation.

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