

Plans Afoot to Privatisise a PSB & a General Insurer

Govt also expected to give final shape to Insurance Amendment Bill

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New Delhi: The government is expected to announce its commitment to reforms in the financial sector in the upcoming interim budget, laying the roadmap for big bang announcements in 2024-25, including the privatisation of a state-run bank and a general insurance firm, said people with knowledge of the matter.

Finance minister Nirmala Sitharaman is also likely to announce a renewed focus on financial inclusion through a digital push on February 1, they said.

The government is also expected to give final shape to the Insurance Amendment Bill, which is slated to be introduced in the next financial year, paving the way for strategic reforms in the sector, the people said, adding that some of the key announcements made during the second term of the Modi government, including the privatisation of two state-run banks and one general insurance firm, are expected to get going in 2024-25.

“The interim budget will reaffirm the government’s commitment to financial sector reforms. There could be an announcement on the digital push in financial inclusion schemes,” said an official, who did not wish to be identified.

Digital banking units (DBUs) will increasingly play a greater role in the government’s financial inclusion schemes, including PM Vishwakarma, where it offers collate-

Laying a Roadmap

Privatisation of two state-run banks, one public sector general insurer

Companies like Piramal Group interested in buying public sector banks



Financial inclusion push through digital banking units

IDBI stake sale like in first half of 2024-25



INTRODUCTION OF INSURANCE LAWS (AMENDMENT) BILL; COMPOSITE LICENCE AND LOWER CAPITAL REQUIREMENTS

ral-free loans at concessional rates to artisans and craftsmen, the official said.

There are almost 100 DBUs functioning all across the country.

In both the insurance and banking sectors, there will be a renewed effort to identify fresh entities for privatisation, said the official.

Sitharaman announced the privatisation of two state-run banks as

part of the government’s disinvestment programme in her 2021 budget speech. In the same year, the government listed the Banking Laws (Amendment) Bill 2021, but it has yet to be introduced in Parliament.

The bill sought to make amendments to the Banking Companies (Acquisition and Transfer of Undertakings) Acts of 1970 and 1980 and incidental amendments to the Banking Regulation Act of 1949 to facilitate the privatisation of the two state-run banks.

“The IDBI deal should happen in the first half of the next fiscal year, and meanwhile, the next candidate

would have been identified,” said the official cited earlier.

According to reports, a list of conglomerates, such as the Piramal Group, are keen on acquiring a state-run lender.

The Reserve Bank of India is vetting applications made by interested bidders in IDBI Bank, where the government and Life Insurance Corporation intend to divest their 60.72% stake.

The government will also start a fresh assessment of the insurance sector, and one general insurance firm will be put on the block.

In 2021, the government notified the General Insurance Business (Nationalization) Amendment Act, which will allow the government to cut its stake in state-owned general insurers to below 51%.

The government is also likely to introduce in the next fiscal the Insurance Laws (Amendment) Bill, which proposes a composite licence provision allowing insurers to undertake general and health insurance through a single entity.

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