

F. No. G-14017/22/2020-Ins.II
Government of India
Ministry of Finance
Department of Financial Services
(Insurance Division)

Jeevan Deep Building,
Sansad Marg, New Delhi.
Dated: 19th June, 2020

To

CMD, New India Assurance Co. Ltd., Mumbai
CMD, United India Insurance Co. Ltd., Chennai
CMD, Oriental Insurance Co. Ltd., New Delhi
CMD, National Insurance Co. Ltd., Kolkata
CMD, General Insurance Corporation of India, Mumbai
CMD, Agriculture Insurance Co. of India Ltd., New Delhi

Subject: Austerity and economy measures for expenditure control in the Public Sector Insurance Companies

Sir,

Due to impact of COVID-19 pandemic on the economy, all the PSGICs are witnessing decline in topline which is expected to affect the profitability of these Companies. Accordingly, it is felt necessary that all the PSGICs observe appropriate measures within their organizations for expenditure control and exercise utmost financial prudence for utilization of available funds in a judicious and fair manner. In pursuance of this, a few austerity/economy measures are prescribed for the Public Sector Insurance Companies as under:

- a. The budgeted allocation for office expenses be reduced up to 15% through strict control of expenses. The employees may be advised to observe utmost care and economy during utilization of amenities like electricity, local conveyance, office upkeep, telephone, printing & stationary and any other controllable expenses so as to prevent avoidable expenditure.
- b. Complete suspension on incurring expenditure for organizing celebratory events for Commemorations, Seminars, Conferences, Anniversaries, Annual Days, Achievement of business targets, felicitation functions, etc. till further orders may be, except with the prior approval of the Ministry.
- c. Expenditure on refreshment and official lunch can be restricted by making use of in-house canteen facilities instead of sourcing these from the market.
- d. Eligibility of Motor car running expenses (Reimbursement of Fuel Cost) may be reduced up to 20% for all eligible cadres.
- e. All official tours in connection with internal meetings including periodical reviews, trainings, regional meets, etc. may remain suspended and instead will be carried out through video/audio conferences wherever required. The internal auditors of the companies can, however, be allowed to undertake official tours as per entitlement. Stay during such tours be arranged in any PSGIC's guest houses wherever the same are available. Such meetings/conferences can be held only in offices premises and not in hotels, off-site locations, etc.
- f. The expenditure on publicity of the company for business, its achievements and promotion of insurance products through advertisements in print/electronic media, banners and hoardings, printing/

purchase/distribution of diaries/ calendars/ mementoes need not be incurred by these companies after completion of the existing agreements/supply orders, and these will remain suspended till further orders. This, however, need not be applicable where the advertisements in newspapers, etc are to be issued for meeting statutory/legal obligations.

- g. Purchase/lease of new vehicles and replacement against condemned vehicles may be banned until further orders.
 - h. Foreign travel for official purposes for CMDs/Directors/GMs be restricted to only such tours which are necessary for acquiring fresh international business and for obligatory purposes like re-insurance agreements/ treaty-negotiations, etc.
 - i. Where travel is unavoidable, it can be ensured that officers of the appropriate level dealing with the subject are sponsored instead of those at higher levels. The size of the delegation and the duration of visit be kept to the absolute minimum.
 - j. Proposals for participation in study tours, workshops/conferences/seminars/presentation of papers abroad at Government expense need not be entertained except those that are fully funded by the sponsoring agencies.
 - k. The ban on fresh recruitments in any form whatsoever to all positions in the PSGICs, as imposed in 2017, shall continue.
 - l. No fresh financial commitments be made on items which were not provided for in the budget, as approved by the Board.
 - m. LTA/LTC entitlements for the employees of these 3 PSGIC's shall be suspended temporarily till further orders.
2. It is requested that the austerity measures suggested above may please be placed before the Board of Directors of the Company for adoption and for exercise of a check over operational expenses. It is also requested that suitable directions may please be issued to all the verticals for implementation of these austerity measures in letter and spirit so as to achieve overall savings of 20% in each expenditure head of account, in accordance with the FY 2020-21 KPIs prescribed in this regard.

Yours faithfully



(Gurdeep Singh)

Deputy Secretary to the Govt. of India
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