

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4039
ANSWERED ON:14.12.2001
AUSTERITY MEASURES IN GIC
BHERU LAL MEENA;SHAMSHER SINGH DULLO

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government had called meeting of the insurance companies in September,2001 for controlling management expenses of General Insurance Companies;
- (b) if so, the details thereof and the matters discussed therein;
- (c) whether the Government had directed the companies to put up the various points discussed in the meeting before the Board of Directors of respective company;
- (d) if so, the details thereof;
- (e) whether companies have been advised to consider VRS plan;
- (f) if so, the details thereof; and
- (g) the decisions so far taken by the Board of Directors of respective Insurance Company?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL):

(a) and (b) A meeting of the Financial Advisors, General Managers (Personnel) and ChiefVigilance Officers of the public sector insurance companies was convened on 4th September 2001 to discuss the strategy for early compilation of accounts for the year 2001-2002 and controlling management expenses of insurance companies.

(c) and (d) The companies were directed on 20th September 2001 that decisions taken in the meeting for the rationalisation/changes in the existing system with a view to controlling management expenses should be placed before the Boards of respective companies. The management of the companies should also monitor the progress in controlling expenses on a regular basis and keep the respective Boards apprised of the progress.

(e) and (f) One of the decisions taken in the meeting was that the companies should consider a VRS plan. However, before such a plan is considered, a comprehensive policy package including job rotation and transfer as complimentary to VRS has to be worked out.

(g) General Insurers` (Public Sector) Association of India (GIPSA) comprising Chairman-cum- Managing Directors of all the fou publiic sector insurance companies have already initiated wide ranging discussions with the employees` unions/associations on the issue of controlling management expenses. However, these issues are yet to be placed before the Board of respective companies.