

No. S-11012/02/2015-Ins.1  
Government of India  
Ministry of Finance  
Department of Financial Services  
Insurance-I Section

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2<sup>nd</sup> Floor, Jeevan Deep, Parliament Street  
New Delhi, dated the 9<sup>th</sup> April, 2015

To,

1. The Chairman, Life Insurance Corporation of India
2. The CMD, General Insurance Corporation of India
3. The CMD, National Insurance Company Limited
4. The CMD, New India Assurance Company Limited
5. The CMD, Oriental Insurance Company Limited
6. The CMD, United India Insurance Company Limited
7. The CMD, Agricultural Insurance Company Limited

**Subject: Bringing outside influence for transfers, postings, disciplinary matters, appointments, etc.**

Sir,

I am directed to refer to the subject cited above and to say that some employees of Public Sector Insurance Companies have been bringing political pressure and outside influence in matters related to transfers, postings, disciplinary matters, appointments, etc. on this Department. The issue has been examined and it has been decided to advise the Public Sector Insurance Companies to sensitize their employees to refrain from such activities, failing which disciplinary action as per rules may be taken against them.

2. In this context, PSICs are advised to frame a fair and transparent system of transfers and postings as conveyed vide this Department's letter No. 4/9/1/2014-IR dated 13<sup>th</sup> January, 2015 (copy enclosed), and also to build a robust mechanism to address the grievances of their employees at their level. If the rightful due of the employees is ensured through transparent and accountable means, the tendency for adoption of unacceptable means shall be checked. The officers responsible in the HR departments should be made accountable for such a system to be put in place, and the CMD/Chairman should regularly review pending cases/requests.

3. This issues with the approval of Additional Secretary (FS).

Yours faithfully,

Encl.: As stated.



(S.K. Mohanty)

Under Secretary to the Govt. of India

Phone: 23748788

Copy to:

The Chief Executive, GIPSA

F.No.4/9/1/2014-IR (Pt.)  
Government of India  
Ministry of Finance  
Department of Financial Services

Jeewan Deep Building, IIIrd Floor,  
Parliament Street, New Delhi  
Dated the 13<sup>th</sup> January, 2015

Office Memorandum

**Subject: Assurance of freedom of non-interference in PSBs on commercial decisions, transfers and postings etc.**

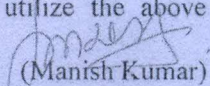
The undersigned is directed to refer to the subject cited above and to say that Gyan Sangam was recently held on 2-3 January, 2015 at Pune where Hon'ble Prime Minister interacted with the Chief Executives of Public Sector Banks and Financial Institutions (PSBs/FIs). During the discussion, it was conveyed from the highest level in very clear terms that the Government will not interfere in the working of the Banks/FIs.

2. Accordingly, after the Gyan Sangam, the following points have been conveyed to the Public Sector Banks as follows:-

- (i) The Banks/FIs should take all commercial decisions in the best interest of the organisation without any fear or favour. All decisions should be taken based on facts of the case and objectivity. No such decision should be taken out of any other extraneous considerations such as the influence or the position that the borrower is holding.
- (ii) Each Bank/FI should have their own objective, well laid out transfer and posting rules which should be followed strictly. No exception should be made in such rules at the behest of any recommendation given by anyone including anybody from the Ministry of Finance. If, for genuine reasons, any exception to the rule is made, it should be done only by CMD by giving proper reasons.
- (iii) Each Bank/FI should have a robust grievance redressal mechanism for borrowers, depositors as well as staff. The aggrieved person should have an opportunity to represent his case at least at two levels.

3. It has also been conveyed to PSBs that the freedom given to Banks/FIs by assurance of non-interference will be used in the most objective manner. However, if any complaint comes to this Department from anybody informing that exceptions were made in certain cases without any objective basis, and in order to favour somebody, the person taking such decision would be accountable.

4. All Ministries/Departments are, therefore, requested to utilize the above points, wherever necessary, as emanated from the Gyan Sangam.

  
(Manish Kumar)

Under Secretary to the Government of India

To,

Secretary,  
All Ministries/Departments of Government of India.

**Copy for information and necessary action please to :**

- (i) CEOs of all Public Sector Banks / Financial Institutions / Insurance Companies
- (ii) Officials of IRDA, RBI, PFRDA, CIC, CBI, CVC and other regulatory organisations constituted under the Ministries/Departments.
- (iii) All Officers and Sections of DFS.