



सां/No. : 5-1(819)/2022-PD

दिनांक/Dated: 10.08.2022

**प्रेषक / From :** संयुक्त सचिव (प्रशासन)  
Joint Secretary (Admn.)

**सेवा में / To :** सी.एस.आई.आर. की सभी राष्ट्रीय प्रयोगशालाओं/संस्थानों/मुख्यालय/एककों के निदेशक/प्रधान  
The Directors/Heads of all CSIR National Labs./Instts./Hqrs./Units

**विषय/ Sub :** Request for removal of Solvency Ratio as a criterion for participation in Government Tenders - reg.

**महोदया/Madam / महोदय/Sir,**

मुझे, उपरोक्त विषय पर भारत सरकार, वित्त मंत्रालय, वित्तीय सेवाएं विभाग के दिनांक 02.07.2022 के कार्यालय ज्ञापन सं EG- 14017/64/2020-InsII को आपकी जानकारी, मार्गदर्शन और अनुपालन के लिए अग्रेषित करने का निदेश हुआ है।

I am directed to forward herewith the Government of India, Ministry of Finance, Department of Financial Services', Office Memorandum No. EG- 14017/64/2020-InsII dated 02.07.2022 on the above mentioned subject for your information, guidance and compliance.

भवदीय/Yours faithfully,

अवर सचिव (नीति प्रभाग)/ Under Secretary (PD)

संलग्न/Encl. : यथोपरि/As above

प्रतिलिपि/Copy to:

- 1) सी.एस.आई.आर. वेबसाइट/ CSIR Website
- 2) कार्यालय प्रति/Office copy.

I/48703/2022

F.No - EG- 14017/64/2020-InsII  
**Government of India**  
**Ministry of Finance**  
**Department of Financial Services**

Jeevan Deep Building, 2nd floor  
Sansad Marg, New Delhi-110001  
Date: 02 July,

2022

**Office Memorandum**

**Sub: Request for removal of Solvency Ratio as a criterion for participation in Government Tenders**

The undersigned is directed to refer to the captioned subject and to state that in general insurance related tenders, some Central Public Sector Enterprise and Government Departments include requirement of minimum solvency ratio of 1.5 of the liabilities as one of the eligibility criterion for insurers' participation. This makes three of the four Public Sector General Insurance Companies (PSGICs) namely, National Insurance Company Ltd, Oriental Insurance Company Limited and United India Insurance Company Limited, ineligible to participate in the tender process in spite of their vast experience and risk management skills.

2. While it is agreed that solvency margin is good measure to assess the financial health and stability and the ability of insurers to meet the liability, it is important to note that the insurance sector is duly regulated by Insurance Regulatory and Development Authority of India (IRDAI). IRDAI has allowed forbearance (from maintaining required solvency ratio) to these companies considering all aspects and allowed them to continue underwriting business as usual.

3. It is pertinent to note that the reinsured liability is not factored into calculation of Solvency Ratio, specified by IRDAI, as a result of which solvency ratio of 1.5 is very high from a risk perspective.

4. Further, Public Sector General Insurance Companies have not defaulted ever on their liabilities. Government of India has recently infused capital in the above-mentioned companies and stands committed to provide more capital, as may be required.

5. In view of the above, it is requested not to include solvency ratio as a criterion for participation of Public Sector General Insurance Companies in general insurance tenders. This would enhance competition in the bidding process without compromising on the quality of services. It is also requested to bring this to the attention of all the procuring entities and organisations under the administrative jurisdiction of your Ministry/Department.

Signed by Mandakini  
(Mandakini Balodhi)  
Director to the Government of India  
Tel: 011-23748736  
Email.: dirinsurance2-dfs@gov.in  
Date: 02-07-2022 10:10:28  
Reason: Approved

1/48703/2022

**To:**

Secretaries of all Departments/Ministries of Government of India

**Copy for information:**

1. CMD, NIACL
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3. CMD, NICL
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