● ₹17,450 CRORE INFUSED SO FAR

Govt likely to infuse capital in PSU general insurers in fourth qtr

PRESS TRUST OF INDIA
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FOR SURVIVAL

■ Govt, last year, infused **₹5,000-cr** capital to National Insurance Company, Oriental Insurance Company and United India Insurance Company

■ During 2019-20, the government infused **₹2,500 cr** in these three companies

■ **The finance ministry** last year asked the three insurers to chase bottomlines rather than topline and underwrite only good proposals.

■ These companies have been asked to improve their solvency ratio and meet the regulatory requirement of **150%**

FINANCE MINISTRY WOULD consider capital infusion in three loss-making public sector general insurance companies based on their financial performance of nine months.

The infusion if required would be made in the fourth quarter of the current financial year, the sources said.

According to the sources, the finance ministry last year asked three insurers—National Insurance Company Ltd, Oriental Insurance Company Ltd and United India Insurance Company—to chase bottomlines rather than topline and underwrite only good proposals.

The financial review would give some idea about the impact of restructuring initiated on the profitability numbers and the solvency margin, the sources stated.

The solvency margin is the extra capital the companies must hold over and above the claim amounts they are likely to incur. It acts as a financial backup in extreme situations, enabling the company to settle all claims. The government last year provided ₹5,000 crore capital to the three insurers. Kolkata-based National Insurance Company Ltd was given the highest, ₹3,700 crore, followed by Delhi-based Oriental Insurance Company Ltd (₹1,200 crore) and Chennai-based United India Insurance Company (₹100 crore).

According to the people aware of the matter these companies have been asked to improve their solvency ratio and meet the regulatory requirement of 150%.

The solvency ratio is a measure of capital adequacy. A higher ratio reflects better financial health and the ability of the company to pay claims and meet future contingencies and business growth plans.

Barring the solvency ratio of New India Assurance, this key indicator of the three public sector general insurance companies stood below the regulatory requirement of 150%.

During 2019-20, the government infused ₹2,500 crore in these three companies. It increased substantially to ₹9,950 crore in the following year and ₹5,000 crore in 2021-22.

In all, the government infused ₹17,450 crore into these insurance firms so far to improve their financial health. Public sector general insurance companies are undergoing various reforms, including organisational restructuring, product rationalisation, cost rationalisation and digitalisation.

For efficient use of capital and to push profitable growth, the sources said, a set of key performance indicators linked reforms have been initiated by all public sector general insurance companies effective 2020-21, when the maximum capital infusion was made.

Of the four state-run general insurance companies only New India Assurance Company is listed on the stock exchanges, the remaining three are wholly owned by the government.

● FESTIVE FERVOUR

A man walks by effigies of Ravana kept for sale ahead of the Dussehra festival, in Bhopal on Sunday.

PTI

Commissioning of first rice silos built via PPP in Nov

SANDIP DAS
New Delhi, October 22

PILOT PROJECT

■ Two rice silos with combined capacity of **25,000 tonne** have been built by NCML at Buxar and Kaimur

■ The estimated cost of constructing 1 MT silos is around **₹1,000 crore**

■ These silos will be spread over **196 locations across Punjab, Haryana, Madhya Pradesh, UP, Rajasthan, Gujarat, Maharashtra, Bihar, West Bengal, Jammu, Uttarakhand & Kerala**

THE COUNTRY'S FIRST silos for storing rice built under a private-public-partnership (PPP) model with the Food Corporation of India (FCI) will be commissioned next month.

Two rice silos with combined capacity of 25,000 tonne have been built by the National Commodity Management Services Ltd (NCML) at Buxar and Kaimur in Bihar under the design-build-finance-operate-transfer model (DBFOT), according to a food ministry official. This is part of the government's pilot project to set up steel silos for rice to prevent cereal wastage during storage. Officials said that technology for silos to store rice is still being developed, as at these facilities, the grain has to be stored at 15 degrees Celsius.

Though the country has silos for storing wheat, it is for the first time that a project for rice silos will be commissioned.

Silos are considered sub-mandi yards, which allows the farmers to bring in their produce for procurement and reduces transportation costs. Meanwhile, FCI is aiming to complete construction of 3 MT capacity wheat silos located across India by November under the PPP model.

"Construction of 2 MT of silos is already completed and is being used, while a MT capacity silos are expected to be handed over to us next month," the official told FE. In addition, 3.4 MT of silos construction was sanctioned six months ago, whose construction is expected to commence soon, the official added.

The estimated cost of constructing 1 MT silos is around ₹1,000 crore. This is part of a ₹9,000-crore project to build wheat silos with 9.4 MT of capacity during the next three-four years under the PPP mode.

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