

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5367
ANSWERED ON:22.12.2000
AUSTERITY DRIVE IN BANKS
AJAY CHAKRABORTY

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government have directed the Public Sector Banks Management to launch an austerity drive on the line of drive launched in Non-Banking Public Sector Undertakings;
- (b) if so, the details thereof ; and
- (c) the reaction of the bank managements thereto?

Answer

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

(a): A copy of the guidelines dated 24.9.2000 issued by the Department of Expenditure on 'Expenditure Management - Fiscal Prudence and Austerity' was sent on 8.11.2000 to all the Public Sector Banks for information and strict compliance.

(b): The austerity measures suggested by the Department of Expenditure are as follows:

1. There shall be a mandatory 10% cut in the Budgetary allocation for non-plan, non-salary expenditure of all Ministries/Department and Autonomous Institutions.
2. Utmost economy should be exercised in use of staff cars and official vehicles. There shall be a 10% cut in the consumption and allocation of funds for expenditure on POL for staff cars.
3. There will be a complete ban on purchase of new vehicles for one year.
4. Implementation of existing instructions concerning 10% cut in posts and abolition of posts lying vacant for more than one year should be ensured. There shall be a ban on creation of new posts in all Ministries/Departments/Autonomous Institutions for one year.
5. Foreign travel should be restricted to unavoidable official engagements and there shall be a ban on foreign travel for Study Tours, Seminars etc. Size of official delegations, where Foreign Travel unavoidable, shall be restricted to the bare minimum.
6. The permissible per diem allowance for travel abroad shall stand reduced by 25% for all countries and for all categories, officials/non-officials. These instructions shall also apply to autonomous institutions and PSUs
7. Austerity should be reflected in organising Conferences/Seminars/Workshops. Existing guidelines for holding such events and expenditure ceilings thereon should be enforced.

(c): Banks are complying with these directions.