

**ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION**  
**LIC BUILDING SECRETARIAT ROAD HYDERABAD**

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**25 June 2007**

To all the Zonal/Divisional/State/Regional Units:

Dear Comrades,

**Parliamentary Committee on Subordinate Legislation, Lok Sabha**  
**Informal discussions with the representative of Employees' Unions in LIC**

Parliamentary Committee on Subordinate Legislation, Lok Sabha, held an informal discussion with the representatives of the employees' unions in LIC on the 15<sup>th</sup> June 2007 at Mumbai. The meeting was chaired by Shri N.N. Krishnadas, Chairman of the Parliamentary Committee. Com. K. Venu Gopal, General Secretary, attended the meeting representing AIIEA.

We have subsequently submitted a memorandum to the Chairman of the Committee. We reproduce the same for your information.

Comradely yours,

General Secretary.

June 22, 2007

The Chairman,  
Parliamentary Committee on Subordinate  
Legislation, Lok Sabha,  
Room No. 143, Parliament House,  
New Delhi – 110 001.

Respected Sir,

We, on behalf of All India Insurance Employees' Association the premier trade union commanding overwhelming majority of the insurance employees, express our gratitude and thanks to your goodself for having provided us an opportunity to make our submissions in person before the committee at Mumbai on 15<sup>th</sup> instant. In continuation of these submissions, we submit this memorandum in our attempt to highlight the difficulties being faced by the insurance employees in getting redressal of their grievances and improvement of their service conditions. We do hope that the committee would consider this memorandum favourably and would initiate suitable measures to get the stranglehold of the Government over determination of the service condition of insurance employees removed in order to restore normal employer - employee relations in a true sense of bipartism in this premier public financial institution.

### Collective bargaining right to be restored

Relevant to the issue of subordinate legislation, is the question of collective bargaining rights under the Industrial Disputes Act, 1947 which have been denied to LIC employees through enactment of LIC (Amendment) Act, 1981. The powers conferred on the Government under this enactment are absolutely unbridled so much so that the Government has the right to exercise these powers notwithstanding anything contained in the Industrial Disputes Act, 1947 or any other enactment for the time being in force or any judgments, decree or order of any court, or other authority or any agreement, settlement, award or other instrument for the time being in force. This provision allowing overriding powers over all other legislations judgments and orders of the courts etc., has been misused against the employees in the past and their service conditions were arbitrarily altered to their detriment. The existence of such provisions therefore, cannot be justified on any basis.

Though discussions do take place between the management and the unions yet these are mere semblances as no settlement under the I.D.Act is allowed to be concluded. Instead, service conditions are determined through issue of notification by the Government. This practice is highly discriminatory to the LIC employees. More specifically when other sections of the employees and workers in analogous institutions like Banks are enjoying the right of collective bargaining, absence of this right has led to a situation where apart from denial of right to conclude settlement, the points agreed upon in discussions with the management get diluted or distorted or are overruled by the Government to the detriment of employees' interest. This makes the process of discussion itself meaningless.

### Government usurps the managerial functions of LIC

The situation, over a period has deteriorated to such an extent that even on very minor and mundane problems, the management of the LIC has to run to the Government to get clearance. Sometimes this results in abdication of responsibility in personnel matters by the management or usurpation of normal functions of the management by the Government.

The powers vested with the Government under LIC (Amendment) Act, 1981 are quite unchartered and lacking guidelines. Under such a situation, the LIC employees are subjected to arbitrary action of the Government and in fact, have become the victims of this on a number of occasions. It is an irony of the situation that when so much is being talked about the functional autonomy and such other rights of the public sector undertakings, the Government is exhibiting growing tendency of centralization of power into itself to regulate even day to day functions of LIC and thus impinging upon the natural rights of LIC to determine the service conditions of its employees. It is wholly inexplicable as to why the Government is obstinate in not shedding its powers under LIC (Amendment) Act, 1981 and restoring the same to the Corporation despite clear and unambiguous declaration by the Government that the LIC would truly be a board-run institution with the functional powers including powers to determine terms and conditions of service of its workforce. We do hope that the committee would take note of this policy decision of the Government and would persuade the Government to honour the same without any delay.

By way of elucidation of whatever has been stated by us hereinabove, we would like to give below some of the glaring instances where in the Government has acted arbitrarily or has kept the issues pending at their level without any cogent reason.

i) After acquiring the powers under the LIC (Amendment) Act, 1981, the wage revisions took place in the years 1985, 1989, 1996 and 2005. These revisions were effected not through signed settlements under ID Act but through notifications issued by the government. Several anomalies have crept in but without any remedy. Instead of deciding the question of wage

revision independently on LIC's own strength and needs of the institution, the Government has all along been forcing the parameters of wage revision decided in Banking industry.

ii) In the wage revision notification issued in 2005, adverse changes have been made unilaterally in the matter of special allowance to Cashiers & Internal Audit Assistants resulting in hardships to these employees. In spite of pointing out these hardships no solution is in sight.

iii) The government notification dated 5<sup>th</sup> September 2005 on wage revision left out certain areas of Himachal Pradesh for payment of Special Area Allowance. As a result a good number of employees are denied the payment of Special Area Allowance since 1-8-2002. In fact similar omission was there in this matter in the earlier wage revision as well, and the employees suffered heavily. The LIC referred the matter for rectification in early 2006. But even after more than a year the government is not acting to rectify the position.

iv) The issue of up gradation of the cities of Hyderabad and Bangalore as metros for the purpose of CCA and HRA was not resolved though it was being represented for the last two years.

iv) Ex-gratia pension for spouses of pre 1-1-86 retirees has not been approved despite specific recommendation from LIC. This question is yet to be resolved for the insurance sector, though the Finance Ministry has cleared the same as far as the employees of the Banking sector are concerned. The recommendations of the LIC have also been sent to the Government but with no response. Any further delay in this regard would only cause deprivation to such persons who have already crossed 70 years of age and who are a needy group.

v) 100% Neutralization of DA to the pensioners who retired before 1-8-1997 has not been approved inspite of recommendations from LIC.

We do not wish to include all such problems which are with the Ministry for solution. We are citing the above cases only as examples of denial of benefits even after the LIC recommended these.

We, therefore, earnestly urge upon your goodself and members of your committee to take a serious view of the situation and persuade the Government to restore the powers to the LIC on the lines available in the banking and other public sector industries to conclude settlements with its workforce on the question of their service conditions.

In this atmosphere, there is a reluctance of the Chairman of the LIC to exercise powers conferred on him to provide relief to the employees and there have been misinterpretations of the rules.

(a) Because of unscientific wage revisions, a section of employees have been suffering loss on promotion resulting in cut in their terminal benefits including pension. Some employees in Class IV when they are promoted to Record Clerk cadre, are fixed at a lower pay because of faulty fixation formula which does not allow stagnation increments to be taken into account for the purpose of fixation. Similar is the case in respect of some Assistants getting promoted to the scale of Higher Grade Assistant. This has been discussed with the LIC management many times during the last two years but the solution is not forthcoming.

(b) Employees promoted to the cadre of Asst. Administrative Officers between 1.8.2002 and 5.9.2005 were fixed at a lower stage compared to those who had been promoted after 5-9-2005. This issue was also represented to the management on more than four occasions, but the solution is not yet forthcoming.

(e) LIC formulated the present promotion policy for the employees in the year 1987. We have been seeking improvements in the promotion policy. The genuine demand of our Association is to give more weightage to objective elements like seniority and qualification rather than the subjective elements like interview. But our demand has so far not been met with any response.

(f). Family pension to a divorced dependent daughter is being denied, despite there being specific provision under rule 56 of LIC of India (Employees) Pension rules 1995, which reads as follows "*Matters relating to pension and other benefits in respect of which no express provision has been made in these rules shall be governed by the corresponding provisions contained in the Central Civil Services (Pension) Rules, 1972 or the Central Civil Services (Commutation of Pension) Rules, 1981 applicable for central government employees.*"

Central Government has already amended the Central Civil Services (Pension Rules) 1972 to confer eligibility on a divorced dependent daughter of a deceased employee, but LIC is yet to extend the same benefit.

(g) Unlike in Central Government and State Governments there are no codified rules governing disciplinary action/proceedings for the LIC employees. Regulation 39 of the Staff regulations is quite vague and confers arbitrary powers to disciplinary authorities to initiate disciplinary action even in matters which are not notified to constitute misconduct, warranting disciplinary action.

(h) A Charge-sheeted employee is not allowed to avail assistance of another employee, in course of enquiry proceedings, if the other employee is working at a place other than a place of enquiry. The retired employees are not permitted to assist a charge sheeted employees. The rules governing such matters in the Central Government and other financial institutions etc. are not extended in LIC. This is nothing but a glaring example LIC's abdication of administrative responsibility under the delegated provisions of (Staff) Regulations.

We would, therefore, request you to kindly appreciate our difficulties and take suitable initiatives in this regard so that the functional autonomy in its truest sense is restored to the Life Insurance Corporation of India.

**Recognition of trade unions denied in LIC:**

Recognition of trade unions basing on the membership is a part of industrial democracy. We also wish to bring to your notice, that LIC is the only institution in the whole financial sector where trade unions are not accorded recognition.

These two steps viz., (1) restoration of functional autonomy for LIC and (2) recognition of trade unions based on their membership will go together well to create a congenial environment in this institution.

Thanking you,

Yours faithfully,

Sd/.....  
(K.Venu Gopal)  
General Secretary.