

ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION

LIC BUILDING SECRETARIAT ROAD HYDERABAD

Cir. No.1/2009

6th January 2009

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

Dear Comrades,

Discussions on wage revision in LIC

The discussions on wage revision took place at Mumbai on the 5th January 2009 as scheduled with a joint session of all unions. The management side was represented by the Chairman, the Managing Directors, Executive Director (P), and other officials of the personnel department. The AIIEA was represented by Coms. Amanulla Khan, President, K.Venu Gopal, General Secretary and V.Ramesh, Joint Secretary.

Shri T. Vijayan, Chairman, LIC while addressing the joint session mentioned about the global meltdown triggered by the sub-prime crisis and impact on our economy. He expressed confidence that Indian economy is resilient enough and the present crisis is to be looked at as an opportunity to meet the challenge.

He said that the dedicated workforce of Agents, Development Officers, Staff and Officers is a great source of strength for the LIC. He wanted the support to strengthen the organization both in the area of customer service and new business. He requested all the unions to spread the message that LIC is a financially strong PSU well geared to meet challenges. He expressed concern at the negative premium growth of the corporation at (-) 30.13% as also the negative trend in the number of policies. However, he hoped that the remaining three months will be a turn-around time.

He informed that the recruitment in Class III is in progress and informed that it will continue in future as well to meet our planned growth requirements. (In the subsequent discussions with the officials of the Central Office, we came to understand that the test results would be sent to the zonal offices in a week's time and from there on they would be sent to the divisions for the process of interview and selection.)

After these initial remarks, the Chairman went on to discuss the other issues relating to employees. He placed an offer of 12% wage increase across the board. He proposed a change in the parameters of PLLI based on the parameters at branch office level. He also suggested mobility of employees, withdrawal of benefits like grace period in attending office, half-day casual leave, Addl. Casual leave and other long standing benefits. He also proposed outsourcing of non-core jobs like cleaning and security etc. He proposed cash collections at certain centrally located offices. He also proposed payments like claims, loans etc. pertaining to a cluster of offices in a city to be made from a centralized office. Finally, he also said that the employees who join the corporation after 1.4.2009 would be covered by the New Pension Scheme on par with the one available for the government employees.

The General Secretary of AIIEA strongly responded to these retrograde proposals. The offer of 12% was nowhere near the aspirations of the employees. The demand of AIIEA for 40% wage rise is based on the strength of LIC and premium income it generates, which is the result of the hard work put in by the employees and officers. The 12% offer simply negates the Chairman's initial acknowledgement that the dedicated workforce of LIC is its strength. We wanted the Chairman to immediately call us for a fresh discussion with increased offers which would lead to a satisfactory wage revision. The General Secretary, AIIEA, also decried the attitude of the management in withdrawing the existing benefits like ACL, half-day CL, and permission for late attendance which is availed normally under very special conditions. He also said that PLLI formula should be based on the performance of LIC as a whole. AIIEA contended that branch level PLLI formula would affect not only the employees in the Central Office, Zonal Office and Divisional Offices but also the employees of branches since the performances of the branches vary from year to year basing on the growth created the earlier year. On the proposal

for mobility, AIIEA clearly informed that it is not acceptable to the employees. The issue of mobility was thoroughly discussed during the negotiations on earlier wage revision and was rejected.

The General Secretary of AIIEA finally said that wage revision is the right of the employees for their past work and that AIIEA cannot accept any conditionality for the wage revision. Other unions/associations also more or less reacted on the same lines and told the management that the offers are not acceptable.

Aggrieved by the attitude of the management, AIIEA immediately called upon the employees to hold protest demonstrations. The call for protest demonstrations on 5th January 2009 was responded with full vigour across the country reflecting the anger of the employees. Thus the stand taken by the AIIEA before the LIC management was stoutly supported by the employees across the country and sent clear signals to the management. The demonstration before “Yogakshema” was addressed by the General Secretary of AIIEA and it was one of the most powerful demonstrations witnessed during the last decade.

In the evening the AIIEA delegation comprising of Coms. Amanulla Khan, K.Venu Gopal, V.Ramesh and H.I.Bhatt, held detailed discussions with the Executive Director (P) and other officials. These discussions were held in the backdrop of the powerful reaction of the employees across the country to the unacceptable offers of the management. During these discussions the AIIEA made it very clear that wage revision cannot be linked to extraneous issues. The issue of wage revision has to be discussed and settled independent of any other issue. AIIEA justified the demand of 40% wage increase on the basis of the strength of the LIC. AIIEA explained in detail how the cost on wages as a percentage of total premium income has continuously declined indicating the huge increase in the productivity of employees. This increased productivity has to be compensated and the relationship between the wage cost and total premium income which is the benchmark internationally to decide the wage levels gives ample scope for LIC to meet the demand for 40 percent wage increase. Finally, the officials assured that they would go back to the government with the response of the AIIEA and impress upon the government that 12% offer is no where near the employees' expectations. AIIEA also clearly placed before the officials that the withdrawal of ACL and other benefits is not acceptable and it would be resisted firmly if the management tries to implement these proposals. AIIEA also pointed out that the solution for shortage of staff in offices is recruitment and the Chairman has promised a continuous recruitment process. In this background talking about mobility is the most offensive proposal which the employees would view very seriously. AIIEA also demanded that instead of outsourcing the LIC should recruit watchmen to take proper care of the buildings and also upgrade the RPTs as full time sweepers. On the issues relating to Housing loan, the officials informed that the final calculations on the improvements are over and they would try to place it before the board soon. On the cashier's selection process the officials promised to give solution early keeping in view the urgency of the matter.

AIIEA delegation separately met Shri A.K. Dasgupta, Managing Director on the 5th January 2009 afternoon and also the Chairman on the 6th January 2009. In both these discussions AIIEA insisted that immediate further negotiations should be called with improved offers. AIIEA said that the wage revision should be based on the LIC's performance and not related to any other industry. AIIEA also said that wage revision should be without conditionalities. Chairman and the Managing Director assured to approach the government very soon seeking improved offers.

Comrades, AIIEA has been cautioning the employees that however justified may be the basis of a wage demand, it is the unity and struggle that would ultimately clinch a satisfactory wage revision. We welcome similar stand taken by all other unions on the wage issue. We are confident that the unity exhibited would definitely pave the way for a united struggle and finally for a satisfactory wage revision.

Comradely yours,

General Secretary.