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Cir. No. 06 / 2018
2018

24th April,

To
All the Zonal/Divisional/Regional/State Units,

LIC BOARD'S FUNCTIONAL AUTONOMY UNDERMINED

It is becoming increasingly clear that actions of government are seriously undermining the functional autonomy of LIC Board. Despite official claims that LIC is a Board managed autonomous undertaking of the government, the government is running LIC as yet another government department. The recent developments indicate that not only on the investment decisions but even on routine functioning of the Corporation, the Department of Financial Services is imposing its decision. This is very dangerous at a time when LIC has to compete with 23 other private companies while shouldering responsibility of making the largest contribution to the nation building exercise. But then, LIC is not a case in isolation. It is common knowledge that much of the problems of the Indian Public Sector Undertakings are due to excessive bureaucratic control. The Boards of PSUs are packed with political nominees while the government continues to deny a role for the labour in the management.

The makers of Indian Constitution were convinced that labour is not a mere factor of production but a partner in the industry and there can be no real democracy without industrial democracy. Therefore, Article 43A of the Constitution under Directive Principles of the State Policy mandates the government to take suitable steps to ensure workers participation in the management. Despite such clear directions, successive governments have denied workers their right to participate in the decision making process of the institution in which they work. In the case of LIC even recognition to the representative trade unions is also denied. But what is much more alarming is that public sector units are being used to dispense political favours and excessive bureaucratic control is denying public sector to manage its affairs professionally. Therefore, much of the blame for the problems of PSUs is due to bureaucratic control, lack of industrial democracy and denial of autonomy to the Boards to run the institutions and industries.

LIC is the premier financial institution of the country. Its asset base is expected to touch nearly 30 lakh crore. The LIC is the single biggest investor in the economy. It is obliged to not only make enormous contribution to the nation building activities but also offer security of policy moneys and ensure decent returns to its clientele. The policies of the government and the regulatory directions place huge burden on this great institution. Despite this LIC dumbfounded its critics by adopting itself to the challenging competitive atmosphere to emerge not just as a market leader but also as a market maker. Despite 23 private companies backed by big multi-national corporations operating in the market, the LIC has maintained a continuous dominance with a share of nearly 72% in premium income and 75% in number of policies. This is truly a creditable performance. There is no doubt that LIC is set to create new records in the financial year 2017-18.

It is disturbing to note that the functioning of such a premier institution is not free from bureaucratic interference. Recently, reports in leading newspapers suggest that government is taking investment decisions of LIC especially in its disinvestment program rather than leaving such decisions to the LIC Board. There are reports that government is considering to sell its remaining stake in Air India to LIC and PSGI companies after it completes the strategic sale of this important public undertaking. It is unnecessary to discuss the merits or demerits of such an investment as we are opposed to the very

privatisation of the Public Sector. But what is baffling is that the government is pre-deciding the issues rather than allowing the LIC Board to take investment decisions on the basis of merits. This is a clear subversion of the functional autonomy of LIC Board.

The autonomy and integrity of LIC Board also comes into question when it is not in a position to implement its own decisions on employee related issues. Take the case of Five Day Week. The introduction of Five Day week was a part of the wage agreement concluded in the year 2015. This offer was made after the approval of LIC Board. Now, after 3 years, we understand that the government has decided to declare 2nd and 4th Saturdays as off and the remaining Saturdays as full working days in LIC. This decision of the government is disturbing and deeply disappointing. This decision of the government is not only a betrayal of the commitment and understanding reached with employee unions but also a serious undermining of the functional autonomy of LIC Board. This is not the first time that is happening. The Board Resolution of granting 100% DA neutralisation to employees who retired prior to August 1, 1997 is pending with the government for over a decade forcing the employees into litigation on this score. The recommendation of LIC on the issue of a final option to join the LIC Employees' Pension Scheme 1995 too is being stonewalled by the government. These developments make it clear that the autonomy for LIC and its Board is severely eroded.

The LIC employees went on a One Hour Walk Out strike on 28th March 2018. The strike was to register a strong protest against the inability of LIC to implement the promises it made as also against the bureaucratic control that is undermining the functional autonomy of LIC. The strike evoked massive response across the country. The response to the strike call demonstrates the underlying anger and discontentment of the employees to the goings on in the institution. The government and LIC management must realise if the genuine grievances of the employees continue to remain unattended, there will be a serious deterioration of industrial relations.

The LIC has been built by the sweat and toil of its workforce. The commitment of the workforce has made LIC a truly world class organisation. Having contributed to the growth and prosperity of the institution, they have a legitimate claim for an upward wage revision and improved working conditions. The wage revision fell due over 8 months back and there is no indication as to when negotiations will be opened to reach a satisfactory settlement over this important issue. The LIC cannot always seek refuge under the government inaction or policies. It is the moral responsibility of LIC and its Board to meet the legitimate aspirations of the workforce.

It is becoming increasingly clear that LIC employees will have a long winter of struggles. The present struggle is not just on monetary issues. The struggle is also to safeguard the interests of the policyholders and the national economy. The LIC has to be made sensitive and responsive to the demands of the employees and the government should be persuaded not to treat LIC as a department of the government and allow it to function as a Board managed institution by restoring to it the functional autonomy. This twin task requires massive campaign and struggle and this has to be undertaken with courage of conviction.

With greetings,

Comradely yours,



General Secretary.