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Cir.No.16 / 2019

24th April, 2019

To
All the Zonal/Divisional/State/Regional Units

Dear Comrades,

PENSION STRUGGLE

We reproduce hereunder a write up on the above subject from the forthcoming May 2019 issue of Insurance Worker. This is written by Com B.S. Ravi, Treasurer, AIIEA. The write up traces the history of struggles on pension and the successes achieved by AIIEA in most difficult and trying circumstances. We hope this write up will help the comrades in appreciating the enormous gains made through unflinching faith in struggles.

With greetings,

Comradely yours,



V. Ramesh
General Secretary

PENSION – A SAGA OF GLORIOUS STRUGGLES

The AIIEA finally achieved the Final Option to join the Pension Scheme 1995 for the employees of LIC and GIPSA companies who could not join earlier after a relentless struggle of more than a decade. It was an arduous journey right from August 2002 to February, 2019. The last decade witnessed intense struggles and campaign to achieve this demand. In the face of sustained agitation and continuous follow up by LIC and GIPSA, the government finally gave approval for a final option on 1st March 2019 through a tweet by Finance Minister and a press statement by Department of Financial Services. But this demand was conceded not with grace but by imposing cost on the employees despite provisions in the 1995 Pension Notification that the entire cost has to be borne by the institutions. Nevertheless in the current political and economic environment, it is a great victory achieved by struggles of employees in which AIIEA played a leading role. With the finality reached on this issue, it is pertinent to trace the history of pension and the struggles led by AIIEA to reach a successful closure on an important demand.

Pension is a deferred right for old age—Insurance employees must have it

The need for Pension became very acute in the 1980's with the country abandoning its welfare state character and fully embracing neo-liberalism. The declining interest rates to help the borrowings by the big corporate houses, improvement in the life span and breakdown of the family systems created necessity for a secure post-retirement benefit by way of Pension. Therefore, the AIIEA during wage negotiations in December, 1988 raised the demand for introduction of Pension Scheme. The AIIEA substantiated this demand with sound reasoning but LIC turned down these arguments on the plea that government is opposed to introduction of any new retirement benefit. Similar situation obtained in banks and other financial institutions.

Struggle for Pension - United movement in Bank and Insurance planned

In this background, the unions in the financial sector decided to forge unity and launch united struggles to achieve this demand. On 11th July, 1990 in Kolkata, representatives of AIIEA, National Confederation of Bank Employees (NCBE), All India Bank Officers Confederation (AIBOC), Bank Employees of India (BEFI), All India Reserve Bank Employees' Association (AIRBEA) and Federation of LIC Class I Officers' Association held a meeting to analyse the perspective and justification of the demand of Pension as additional retirement benefit.

The meeting decided to intensify the struggle for pension as third retirement benefit by a program of sustained campaign by all organizations. Thus the struggle on the demand rolled on with commencement of campaign during July-August, 1990. The meeting resolved to form a Coordinating Body of the participating organizations as also those who would be associating with this endeavour. Com. Samir Ghosh, General Secretary, AIRBEA was elected as Convener. Subsequently, All India NABARD employees' Association, National Federation of General Insurance Officers, Indian National Bank Employees' Federation, All India Regional Rural Bank Officers' Federation joined the Coordinating Body to further strengthen the movement for Pension.

In the meantime, the Chairman of LIC wrote an open letter to say that Pension as an additional retirement benefit was not feasible and in the process tried to communicate that this demand was in conflict with the interest of the agents and the policyholders. The AIIEA refuted all the reasons advanced by the Chairman and took strong objection to the way he attempted to disrupt the relations between the employees, agents and policyholders.

COORDINATING BODY DECIDES ON AGITATION

The Coordinating Body met at Hyderabad on June 28, 1991 and decided on a series of programs. The Coordinating Body which was subsequently named Joint Action Committee (JAC) representing over ten lakh financial sector employees, launched various struggles like All India Demands Day on 7.9.90; state level dharnas on 27.8.91 and central level dharnas on 27.9.91; submission of Memorandum to respective managements; submission of Memorandum to the Finance Minister Shri Manmohan Singh on 19.9.91 and again on 4.10.91; strike actions on 30.4.92 and 29.3.93 were very successfully observed. However, these actions failed to break the ice and JAC decided to go on an indefinite strike in November 1993. This forced the government to finally instruct the managements of the respective institutions to discuss the pension issue with the Unions.

Discussion on Pension with LIC and GIC

Discussions were held between the Management and the AIIEA on 1st& 2nd December 1993 and again on 13.1.94 to reach a conclusion. Agreed conclusions on pension were reached in LIC and GIC on 14th/15th January, 1994.

The long and tortuous journey of AIIEA in quest of an effective pension scheme, at last met with success with government notifying the scheme on 28.6.1995 and administrative instructions were issued on 5.7.1995 in LIC.

Introduction of pension benefit itself is a great achievement. What made it even greater were the finer aspects such as:

- i) Retrospective effect from 1.1.1986
- ii) Facility of commutation by families of those who retired after 1.11.93 and unfortunately died
- iii) Family pension for the families of those who retired after 1.1.86 and unfortunately died
- iv) Most important of all, securing the basic pension related to 1148 points of consumer price index for those who retired after 1.11.93 thereby almost doubling the quantum of commutation value. The value and significance of this achievement has to be seen when a union in Banks signed a settlement linking pension to 600 CP index. This singular advancement made the pension benefit an additional benefit, a third benefit in substance.
- v) Even for younger employees who did not intend to opt for pension, the introduction of CPF upto 1148 points was a major gain capable of substantially boosting their retiral benefit.

The AIIEA had to struggle to ensure that the mischief played to deny certain benefits are defeated. The debilitating provision 19(4) of the Staff Regulations which made the employees ineligible to receive pension for the period of encashment of privilege leave on retirement, had to be deleted or amended. GTI Scheme was demanded by AIIEA for compensating the loss of commutation value if the employee died while in service. At the far end of the issuance of notification a clause was attempted to be inserted to ensure that additional liabilities on pension benefit would be subject to availability of fund. AIIEA firmly and decisively intervened both with management and government. As a result a clear provision under Rule 5(3) was incorporated which says – “the Corporation shall ensure that sufficient sums are placed in the Fund to enable the Trustees to make due payment to beneficiaries under these Rules”

The AIIEA reiterated the demand that employees who retired between 1.1.86 and 31.10.93 should also be enabled to have basic pension and commutation value worked out on the basis of terminal basic pay and Dearness Allowance upto the maximum of 1148 points. For employees who retired prior to 1.1.1986 should be granted an ex-gratia relief of Rs.500/- per mensem along with Dearness Relief as provided by the Central Government to its employees.

Thus the glorious struggle for introduction of Pension Scheme to insurance employees concluded with the notification of the scheme on 28.6.1995.

Final Option for joining Pension Scheme 1995

Pension Scheme 1995 was notified vide GSR -525(E) dated 28.6.1995. Employees were given option to join the Pension Scheme. The effective date was 1.11.1993. Option to join the scheme could be exercised within 120 days of date of notification. Group Term Insurance Scheme (GTIS '97) was introduced w.e.f 1.2.1997 to cover loss of commutation of pension on death of a pensioner while in service. Last date to exercise option for this scheme was 22.3.1997.

Some employees did not exercise the pension option for the reason that the high interest rates prevailing at that time were more attractive to continue in PF than to opt for pension. Since numbers of employees opting for pension were lower than expected, another option was given to join the scheme during the period 1.5.1997 to 19.8.1997. Even after the second option, a small portion of employees (less than 15%) did not exercise it as they felt that there was no significant change in the prevailing macroeconomic environment in the country.

However subsequent improvements in the pension scheme and the declining interest rates created conditions for the demand for a final option on pension. The inclusion of widowed and divorced daughter and parents who are wholly dependent on the deceased employee; increase in the income limit under 'dependency' clause with indexation facility made pension attractive. The introduction of full neutralization of DA w.e.f.1.8.97 considerably enhanced the pension benefit. The AIIEA, therefore, raised the demand for a final option in the year 2002 and backed up this demand with struggles.

However, the government and the managements of both LIC and PSGI companies were unwilling to grant any more options quoting the financial strain involved. The AIIEA in due course could successfully convince the LIC and GIPSA managements about the legitimacy of the demand and also the financial viability. The LIC wrote to the government on July 24, 2014 requesting approval for final pension option and asserting that LIC could bear the cost. However, the government categorically rejected the positive recommendations of the LIC & GIPSA in December 2016 on the floor of Parliament and in June 2017 through a letter to LIC.

But AIIEA continued its struggle without any respite. This demand was raised vociferously in successive Charters of Demands due in 2002 to 2017. Innumerable programmes were taken up to achieve this demand. AIIEA pursued the issue with LIC Chairman and other top Officials through personal meetings and through detailed representations justifying the demand. This demand was backed by strike actions. This forced the LIC and GIPSA to once again take up this issue with the government. The AIIEA along with unions in General Insurance met the Finance Minister to impress upon the need to concede this demand. Subsequently the AIIEA met the Secretary and Addl. Secretary DFS on 12.2.2019 with the help of Com T.K. Rangarajan, MP CPI (M) to achieve a breakthrough. The AIIEA, NFIFWI and Federation of LIC Class I Officers' Associations met on 13.2.2019 at Hyderabad and decided on agitation programme on this issue including a strike action on March 1, 2019. Finally a breakthrough was achieved on 27th February when LIC informed AIIEA in writing that negotiations on wages would be held soon and there were positive developments on pension. Ultimately, this protracted struggle resulted into a gigantic success by way of

Finance Ministry approving the final option to join the 1995 Pension scheme through a tweet by Finance Minister of 1st March and subsequently through an official letter to LIC & GIPSA on 2.3.2019 to all those who could not exercise the option earlier. The success will be more gratifying if it is analysed in the backdrop of government's economic policy direction and the aggression with which it is proceeding in implementing the neoliberal agenda.

The Gazette notification of Pension Option would have come by the time this magazine reaches the readers. The retired employees would be asked to repay 1.3 times the amount they received as management's contribution of PF & interest. The existing employees would have to pay 3.7 times their current basic pay to join the scheme. This would bring to a successful close of a long standing and important issue.

The closure of this issue brings into focus other issues relating to pension. The AIIEA has already raised the demand for periodical up-dation and increase in family pension. AIIEA has also raised the demand for scrapping of Defined Contribution Pension Scheme for those joined after 1.4.2010 and extending the 1995 Pension Scheme to them also. The struggle on these issues will continue.