

ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION
LIC BUILDINGS SECRETARIAT ROAD HYDERABAD 500 063
(E-mail: aiieahyd@gmail.com)

Cir.No.39 / 2020

16th November, 2020

To

All the Zonal/Divisional/State/Regional Units

OPPOSE LIC IPO – STRENGTHEN PSGI COMPANIES
SAY NO TO PRIVATISAION OF PUBLIC SECTOR
MAKE 26th NOVEMBER STRIKE A THUMPING SUCCESS

The working class of our country is gearing up to make the one day All India Strike on 26th November a massive success. Our units throughout the country are leaving no stone unturned to make sure that the Strike is an all-out success in public sector insurance industry.

The working people of India are left with no choice in the face of hostile actions by the government. The pushing through of the labour legislations as demanded by the industry has further marginalized the workers. The anti-farmer bills pushed through in the parliament undermining federation is meeting stiff resistance from the farmers. The working class is left with no choice but to register a strong protest and make it clear to the government in no uncertain terms that it is prepared to wage serious and prolonged struggles in defence of its interests and the national economy.

The Indian economy is in a tailspin. The economy was already reeling under a severe contraction because of demonetization and faulty implementation of GST. The sudden announcement of a lockdown with hardly four hours' notice took the economy on the path of a precipitous decline. The Reserve Bank of India has, in its latest monthly Bulletin for November, predicted that India's economy will contract by 8.6% in the second quarter (July-September 2020) of the current financial year. Given the significantly higher contraction of 23.9% in the first quarter, the RBI says that the Indian economy has entered into a "Technical Recession" for the first time in the history of India.

The government, instead of addressing the problems of the people, took the pandemic as an opportunity to push bills in the parliament favoring the corporates, employers and the big business houses. Disinvestment/outright sale of the public sector units is one such decision in that direction. The slogan "Atma Nirbhar Bharat" is being cunningly used to provide more space to private capital in the economy, systematically decimating India's public sector. The government has made it absolutely clear that they would privatise all Central Public Sector Enterprises in non-strategic sectors. While in the strategic sector a maximum of four public sector units would be allowed, the private sector will also be allowed entry into it. Private investment has been allowed even in such strategic sectors as defence and space research, including planetary exploratory missions.

The role of public sector in the development of independent India cannot be overemphasized. However, after the advent of neo liberal policies, it has become fashionable to denigrate public

sector by terming them as inefficient. Disinvestment and privatisation have become the new guiding principles.

A careful analysis would make it amply clear that public sector has been immensely contributing to the national development. We have 10 Maharatnas, 14 Navarathnas and 74 Minirathnas in the 339 public sector units functioning in our country. According to the Public Enterprises Survey 2018-19, brought out by the Government of India, there were 339 CPSEs with a total investment of Rs. 16, 40,628 crore as on 31st March 2019. Total gross revenue from operation of operating CPSEs during 2018-19 stood at Rs. 25,43,370 crore as compared to Rs. 21,54,774 crore in the previous year showing a growth of 18.03%. Total income of all CPSEs during 2018-19 stood at Rs. 24, 40,748 crore as compared to Rs. 20, 32,001 crore in 2017-18, showing a growth of 20.12%. Overall net profit of operating CPSEs during 2018-19 stood at Rs. 1,42,951 crore as compared to Rs. 1,23,751 crore during 2017-18 showing a growth in overall profit of 15.52%. Reserves & Surplus of all CPSEs stood at Rs. 9, 93,328 crore as on 31.03.2019 as compared to Rs. 9, 26,906 crore as on 31.03.2018 showing an increase by 7.17%. Public Sector is therefore not a drain on our precious resources.

The strike action is very crucial for insurance employees. The government has announced its intention to reduce its stake in LIC through an IPO. AIIEA is of the firm opinion that IPO of LIC is the first step towards privatization of the most successful financial institution. LIC has grown leaps and bounds and today has developed into a financial behemoth with an asset base of Rs. 32 lakh crores. LIC has so far paid more than Rs. 28000 Crores of dividend to government as its 5% share in the surplus since 1956. Apart from that LIC has invested more than 30 lakh crores in the Indian economy in social sector as well as infrastructure development of the country. LIC is also the major financier for the government in as much as 25% of the loans raised by the government from the market is from LIC. There is no reason for the government to offload its share from LIC as LIC does not require any additional funding for expanding its business operations. Hence, through this strike action we must oppose the moves of the government to list LIC, by joining hands with other sections of the working class.

The government has also announced its decision to drop the move to merge three public sector general insurance companies for no valid reasons. AIIEA demands merger and consolidation of the four public sector general insurance companies so that the public sector general insurance companies can avoid unnecessary competition amongst themselves and as stronger units can face the competition from private players. But the decision of the government to drop merger defies logic and is clearly a pointer that this decision was taken to strengthen private players in the market and to create easy conditions for the sale of public sector units in future.

The AIIEA has always been in the forefront of the struggles on the issues confronting the people and the nation at large. As such, **the 26th November 2020** strike action is very crucial for the insurance employees. We must be in the forefront to forge broader unity among the working people and ensure its total success. We are confident that the insurance employees will make this 20th All India strike action a massive success.

With Greetings,

Comradely Yours

Shreekanth Mishra

General Secretary