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

19th January 2021- 65th Anniversary of Nationalisation of Life Insurance

19th January is a day of historic significance to LIC employees. Six and a half decades ago, on January 19, 1956 the then Government of India promulgated an ordinance and took over the management of 154 Indian insurers, 16 foreign insurers and 75 Provident Fund Societies. The promulgation of the ordinance was the first and preparatory step towards the nationalization of life insurance. By 20th January 1956, all life insurance companies were taken over by 42 custodians appointed by the Government of India. 19th January is therefore not only very dear to LIC employees throughout the length and breadth of India, but this is a day of reassurance, a day for firming up our convictions and commitment and a day to forge ahead with renewed vigour for protecting LIC in the public sector.

The idea of nationalization of insurance was in fact an integral part of the national consciousness during the independence movement. The Karachi session of the Congress in 1931 set the tone by saying that political freedom must include real economic freedom for the starving millions. The Constituent Assembly which framed the Indian Constitution adopted a resolution in 1948 and resolved that the state should manage the business of insurance. The Chairman of the Drafting Committee of the Constitution Dr. B. R. Ambedkar himself was keen that “insurance should be nationalized and managed by the State”. In a letter addressed to Pandit Nehru in 1953, Jayaprakash Narayan demanded nationalization of banking, insurance and mining. The Avadi Congress Session in 1955 declared to build a socialist pattern of society and adopted planned development of the economy as the way out. These developments provided the historical framework under which the concept of nationalised life insurance was taking root in the national consciousness.

There were also some proximate causes as to why nationalisation of life insurance had to be done hurriedly, in a surreptitious manner, far away from public glare. The loot and plunder of the owners of the private insurance companies had reached such a scale that the then rulers of India had to keep the decision of nationalization of life insurance a closely guarded secret. The Government felt that the owners of the private companies might resort to last minute bungling at the slightest hint of the ordinance being issued. It is interesting to know that during the decade 1945-55, as many as 25 insurers went into liquidation and equal number had to transfer their business to other companies. Of the companies that managed to stay afloat, 75 were unable to declare any bonus at their last 1953-54 valuations. What a tragedy that while the companies were piling up huge losses, their owners were indulging in stinking luxury. It is interesting to note in this context that in a daring expose` in December 1955, Feroze Gandhi (father of Rajiv Gandhi) revealed how Ramkrishna Dalmia, as chairman of a banking and an insurance company, used these companies to fund his takeover of Bennett and Coleman. Therefore, the arrangements to implement the provisions of the ordinance had been planned in extreme secrecy. The then Finance Minister of India Dr. C.D. Deshmukh recalls in his autobiography that while the ordinance was to be announced in All India Radio, the Director

General of All India Radio himself was not aware of the contents of the broadcast. To quote Dr. Deshmukh "I believe that the introduction of this will be regarded as one of the best kept secrets of the Government of India in all times to come".

It was in these troubled times that the AIIEA, immediately after its birth in 1951, took up the demand of nationalisation of insurance business. Finally, after a protracted struggle the LIC came into being on 1 September 1956 with a lot of hopes and expectations. In his broadcast to the nation the then Finance Minister Dr. C.D. Deshmukh exuded confidence and said: "We will weld together a dynamic and vigorous organization, capable of taking insurance to every sector of people throughout the country and mobilizing their savings while affording to them complete security together with efficient service." While the private industrial houses and a cross section of political parties were up in arms against the government decision to nationalize life insurance, the All India Insurance Employees Association (AIIEA) sent a telegram to the Finance Minister congratulating him for the bold decision and assured its co-operation for a smooth transition.

True to that promise, the LIC has over the years, not only registered tremendous growth, but has also played a stellar role in channelizing the community's savings for nation building activities. Since its inception in the year 1956, the LIC has earned the trust and goodwill of millions of Indians and has crossed many milestones. The LIC has set unprecedented performance records in various aspects of life insurance business. Commencing its operations with a paltry sum of Rs. 5 crores in the year 1956, the LIC today commands over an astronomically huge asset base of over Rs.32 lakh crore. It is the largest life insurance company in the world in terms of number of policies with a customer base of over 40 crores. It has 30 crore individual policies in force and another 12 crores are covered under its group policies. Even after over two decades of competition in the life insurance business, the LIC stands tall with the highest market share in the industry. The LIC today is the insurer of choice for millions of Indians.

Unfortunately, the ruling class today is out to destroy this finest public sector institution in the name of IPO and its listing in the stock market. Listing in the stock market is the first step towards privatization. Privatizing LIC and handing over its management and control to those forces who were responsible for the loot and plunder in the pre-nationalization days is something that defies comprehension. Despite an overwhelming section of the public opinion opposing the IPO move, the government is going full steam ahead. Advisors have already been appointed to guide the government on the issue of LIC's listing. According to media reports, the government is planning to bring in amendments to the LIC Act 1956 in the coming Budget Session of Parliament and pave the way for its disinvestment. This has to be resisted.

19th January- the Nationalisation Day- gives us an opportunity to rededicate ourselves to the cause of public sector LIC. We call upon our units to hold Press Meets during the day, hold Candle light Processions, organize Human Chain Programmes or any other suitable programme to commemorate the occasion and reaffirm our commitment to LIC in the public sector.

With Greetings,

Comradely Yours



General Secretary