ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION
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To
All the Zonal /Divisional /State /Regional Units

AIIEA SECRETARIAT MEETING ON 2ND FEBRUARY 2021
Decries Attempts to hasten the IPO process of LIC
Criticises the Move to Privatise One General Insurance Company
Condemns the proposal to Increase FDI in Insurance from 49 to 74 per cent
Calls upon Employees to Prepare for Struggle
Expresses Unhappiness over the Delay in Conclusion of the Wage Negotiations
Resolves to Strive for Early and Satisfactory Wage Settlement

The Secretariat of AIIEA met through video conferencing on 02 February 2021. The online Secretariat meeting was called to take stock of developments related to the industry in the context of the Union Budget that was placed on 01 February and to decide the future course of action on the issue of wage revision in LIC and PSGI Companies.

The Secretariat of the AIIEA felt that the Union Budget was a big let-down. It was full of rhetoric and devoid of any substance. The Indian economy was hit by the twin blows of the pandemic and a severe recession. The Budget however did not take any remedial measures to alleviate the miseries and sufferings of the people. Rather than making any honest attempt to give some relief to the people groaning under severe joblessness, unemployment and raging inequality, the Budget, instead, has given huge bonanza to the Corporate Sector. The secretariat was critical that there was no serious attempt for resource mobilisation to lift the economy out of the severe contraction that it is in. The inability and unwillingness of the government to augment public spending by mobilising resources through taxation was amply evident in the mad rush to privatise the entire gamut of public sector undertakings. The Secretariat was critical that Disinvestment and Privatisation had become the signature theme of the Budget.

The Secretariat condemned the Budget proposals relating to amendment of the Insurance Act 1938 with a view to increasing FDI in the insurance sector from 49% to 74%, privatising one public sector general insurance company along with two public sector banks and the decision to bring the LIC IPO in Financial Year 2021-22. The Secretariat reiterated that there was absolutely no justification for FDI hike in the insurance industry. The actual share of FDI in the total investments in the private insurance industry today is much less than the current limit of 49%.

Scarcity of Foreign capital, therefore, has never been an impediment to the growth of the insurance industry. FDI hike in insurance would only help foreign capital gain greater control over our precious domestic savings and would be against the national interest, noted the Secretariat.

The Secretariat was of the firm opinion that privatisation of any public sector general insurance company is not in the interest of the nation. Despite intense competition, the public sector general insurance companies have held their ground to retain market dominance. Despite the slowdown in the economy, the public sector general insurance companies have recorded impressive growth in the recent period. If these companies are facing some difficulties now, it is not due to slack in business performance but due to higher provisioning they were forced to make to make these companies attractive for disinvestment in future. The Secretariat noted that rather than privatising any PSGI company, the government should have actually consolidated the public sector general insurance companies and enabled them to face competition successfully.

The budget proposal to go ahead with the IPO of LIC in the coming financial year came in for sharp criticism in the meeting of the Secretariat. It was the considered opinion of the meeting that the LIC IPO will undermine the very objectives of nationalisation. Rather than delivering value to the nation and its policyholders, it will be forced to work for creating value and generating profits for the shareholders. The asset owned by all Indians will be exploited for profits by small number of rich in the country, felt the Secretariat.

The government seems to be in a tearing hurry to fast forward the IPO process of LIC. It is not prepared even to wait for the amendment of the LIC Act to carry forward the necessary legislative agenda. The government now wants LIC's disinvestment any which way. Therefore, the government has stealthily sneaked in the proposed amendments to the LIC Act in the Finance Bill itself. A cursory reading of the Finance Bill 2021 makes it amply clear that the government has proposed changes in the LIC Act of 1956 pertaining to the capital structure of the LIC, composition of the LIC Board, dividend payments to policy holders and governing norms of the LIC. These amendments to the LIC Act also propose to increase the authorised share capital from the current level of Rs. 100 crore to Rs. 25000 crore divided into 2500 crore shares of Rs.10 each. It is also mentioned that the government will hold at least 75 per cent stake in the LIC for the next five years and will continue to hold atleast 51 per cent after that. The proposed amendments also make changes in the pattern of surplus distribution adversely impacting the interests of the policyholders. The Secretariat is of the firm opinion that LIC IPO is the first step towards privatisation. It may be pointed out that the Government had assured through legislations that its holding in PS Banks and PSGI companies will not come below 51 percent. Despite this commitment, the announcement to privatise two PS Banks and One GI Company clearly demonstrates the trust deficit and the unabashed commitment of the government to neo-liberal agenda.

The Secretariat of the AIIEA unanimously decided to fight this offensive by mobilising the broadest possible section of the people. Underscoring the need to develop unity across the financial sector on the issue of privatisation of public sector financial institutions, the meeting decided to work for expanding unity beyond the industry also.

The Secretariat authorised the headquarters of the AIIEA to chalk out programmes of action in consultation with our partners in the Joint Front, in LIC and PSGI Companies.

The Secretariat of AIIEA felt that the wage revision issue had reached a decisive phase in LIC with the management's offer of 16 per cent in the last round of negotiations on 21st December 2020. Expressing unhappiness over the fact that there was not much headway thereafter, the Secretariat resolved to pursue the issue vigorously for early settlement of the issue to the satisfaction of the employees. The Secretariat took a serious note of the GIPSA management's complete silence on the issue of wage revision of PSGI employees. It was critical that not a single round of discussion had taken place as yet. The meeting complemented the Standing Committee (General Insurance) for their united struggle under the banner of the Joint Front and authorised the Standing Committee to intensify the struggle in the days to come for the realisation of a good wage revision. We understand that today's One Hour walk out strike called by the Joint Forum of Unions in PSGI companies has been a massive success throughout the country.

We are confident that the wage issue in life sector will be resolved at the earliest. In the general sector no stone will be left unturned to initiate the wage revision discussion for a satisfactory settlement. However, at the same time, we call upon all the employees to be in readiness to unleash a powerful campaign against the cynical move of the government to weaken the public sector insurance industry.

With Greetings,

Comradely Yours

Shreekant Mishra

General Secretary