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

Dear Comrades,

Recruitment in LIC is an issue which has been agitating the minds of the employees. This is also an important demand of the **20th May 2025 Strike**. Lack of adequate recruitment is not only a problem for public sector institutions like LIC. Shortage of staff has become a defining feature of the so-called new economic policy. **It is to be noted that the Ministry of Defence recently informed the Parliamentary Standing Committee that the Indian Army is going through a shortage of over 1 lakh soldiers (India Today, New Delhi, Apr. 14, 2025).** There is a need for a broader struggle on the issue. Keeping this in mind, we reproduce herein below the **Editorial of the April 2025** issue of Insurance Worker for the benefit of our members. We would request our units to ensure its wide circulation.

With Greetings,

Comradely Yours



General Secretary

STAFFING CRISIS IN LIC

The staffing crisis in LIC is real. But the stand of LIC on recruitment remains strange. The administration agrees with AIIEA in discussions that there is a need for recruitment to adequately staff the offices. But it takes no steps towards recruitment. The situation has remained the same for the last five years. Perhaps LIC has chosen procrastination as a policy. This will not help. This inaction and procrastination is raising questions about the very functioning of LIC to meet the demands of its vast clientele. This situation has created industrial unrest and the AIIEA had to call the employees to register their protest against the callousness and procrastination of the management on such an issue of vital importance through a one-hour strike action on 20th February 2025. The response to this call was overwhelming, demonstrating in clear terms the anger against the attitude of the management and once again proving the truly representative character of AIIEA.

There is no doubt that there is an alarming decline in the overall staff strength of LIC. This is acknowledged by the government in the Parliament in an answer to the question raised. The total staff strength of all classes of employees as on 31.3.1995 was 121410 when the number of in-force policies were 6.55 crore. Thereafter, one can observe sharp decline in the staff strength with each passing year. The staff strength sharply declined to 98661 as on 31.3.2024 which is a reduction of 22749 in the total strength. The number of in-force policies as on 31.3.2024 grew to 26.85 crore. This means that the in-force policies between

the period 31.3.1995 to 31.3.2024 grew 410% while the staff strength came down by nearly 18.74%.

The fall is much more drastic in the class III and IV strength. From 89856 as on 31.3.1995 to 45762 as at 31.3.2024. This shows an overall reduction of 44094 translating to a sharp decline of over 49%. The LIC realised that recruitment is necessary and advertised recruitment of 8000 Assistants to fill some vacancies in the year 2019-2020. The LIC succeeded in recruiting only around 6000 Assistants and the balance of 2000 posts still remain vacant despite a number of representations by AIIEA to fill them up urgently. Additionally, there have been thousands of exits through superannuation, voluntary retirements and deaths. Despite the existence of such a large number of vacancies, it defies all logic as to why the LIC is procrastinating on the issue of recruitment. A realistic assessment suggests that by 31.3.2028, the total number of Class III employees will come down to just around 26000.

Why then, LIC is procrastinating on this issue? The reasons are simple. Unemployment is an inherent feature of capitalism. The capital always desires to lower the labour cost creating what Marx called a reserve army of unemployed. This helps the capital to keep wages low and reduce the effectiveness of trade unions. The capital maximises profits by adopting technology and replacing the human capital. It is with this understanding; we have to look at the policy of the government to abolish permanency of jobs. It is driving the job market towards casual, contract and temporary employment. The government took decision to abolish Class D post which is equivalent to Class IV in LIC totally and replace it with contract employment. This has hit very hard the less skilled and marginalised sections looking for stable jobs. Secondly, in a country which has such acute unemployment, the government is aggressively pushing for a knowledge and digital economy. In such an economy, the accessibility of information replaces physical capital and has huge impact on the job market. The LIC too has decided to rely more on technology rather than human capital for its functioning. The entire focus of LIC has shifted to generation of greater profits and values for the investors post-IPO. One of the areas it is concentrating to generate more profits is to reduce the fixed cost on wages. This can be seen from the fact that the total wage bill of LIC came down by nearly Rs.4900 crore as at 31.12.2024 from that as on 31.12.2023. This is what the AIIEA had been warning ever since the decision for IPO was taken by the government.

The LIC has to understand whatever may be its technological innovations, it cannot solely rely on them for servicing the policyholders. The LIC has a large number of policyholders from the rural India. This apart looking at the ticket size of LIC, it becomes obvious that its most loyal customers are those who belong to lower middle and marginalised sections. This clientele still values the personal contact and are more comfortable visiting the offices for their servicing needs. The LIC would be committing a grave mistake if it does not take

immediate steps to arrive at a balance between technology implementation and required human capital. For the very survival of LIC and to retain its competitiveness and market leadership, it is necessary that it initiates steps towards immediate recruitment of posts in Class III and IV. The failure to do so urgently will put the institution into unnecessary industrial unrest impacting its ability to meet the present day challenges of a very competitive environment.

This situation is not peculiar to LIC. The public sector banking industry is also facing similar problems and its officers and employees are on agitation to demand recruitment. The banking unions claim that there is a shortage of 150000 clerks and 50000 subordinate staff leading to great stress for the existing workforce. The entire public sector is facing staffing crunch. To overcome this situation, they are resorting to contract and temporary employment. This situation does not augur well for the equitable economic growth. The dream and vision of a developed India by 2047 would fall flat in the face a pressing job crisis with an unemployment rate of 4.2% and youth unemployment soaring to over 15%. It is estimated that 10-15 million enter the job market every year and India is not in a position to create that many jobs, thus squandering its demographic advantage. The slogans of Make in India and Skill India have not worked on the ground. The manufacturing sector continues to lag behind. While it employs over 25% of the workforce, it contributes between 16-17% of the GDP while services contribute more than half of GDP employing around 31% of the workforce. Agriculture which employs around 44% of the workforce contributes just around 17% to the national GDP. This shows the precarious nature of work and miserable living conditions for the vast majority of our fellow citizens.

With the Trump administration initiating a brutal tariff war, more industries and services are bound to be impacted. It is reported that Bangalore IT firms alone are preparing to shed their labour force by over 50000 this year alone. The MSME sector is in turmoil. More than 75000 Medium and small manufacturing enterprises have closed down in the last few years resulting in job losses of over half a million. A number of reports have pointed out that the consumption in India is restricted only to 10% of its population. In such a bleak situation, how India can become Vikshit Bharat by 2047? The government, therefore should take immediate steps to create stable and decent paying jobs if the economic growth has to benefit the entire population.

The LIC can no longer remain inactive on the issue of recruitment. It must take immediate steps to recruit and adequately staff the offices to meet the policy servicing needs of its customers. Failure to do so will not only harm the long-term interests of this great institution but it will also drown LIC into avoidable industrial unrest.