

**EAST CENTRAL ZONE INSURANCE EMPLOYEES' ASSOCIATION**  
**Jeevan Deep Buildings (First Floor), Exhibition Road, Patna - 800001**

[www.ecziea.org](http://www.ecziea.org)

**Cir. No. 01/2021**

**17<sup>th</sup> September, 2021**

**ECZIEA WORKING COMMITTEE RESOLVES**

- \* **TO INTENSIFY CAMPAIGN AGAINST LIC IPO AND PRIVATISATION OF PSGI COMPANIES**
- \* **TO STRENGTHEN THE ORGANISATION**

The working committee of ECZIEA met at Jamshedpur under the aegis of IEAJD on 12-13 September 2021. The prime agenda before this working committee meeting was to discuss the decisions and deliberations of AIIEA Secretariat meeting that took place at Hyderabad on 5-6 September 2021, to chalk out specific campaign programme for the zone and to discuss organisational matters.

The ECZIEA working committee completely endorsed the assessment made by AIIEA Secretariat that the Indian economy is in recession. The economy was already in bad shape before the pandemic due to the ill-conceived demonetization and hasty implementation of the GST regime. Unemployment was already the highest in the last 45 years. The covid induced lockdown further accentuated the crisis. The growth in the economy contracted by 7.3% in the year 2021. This was the worst performance by India's economy in the last four decades. Today much is being tom-tomed about the first quarter GDP growth of 20.1% in 2021-22. But a closure scrutiny would make it clear that this growth is based on a de-growth of 24.4% in April-June 2020. According to CMIE, more than 25 million people have lost their jobs since the beginning of 2021. There has been huge increase in the poverty, as a consequence. As per the survey conducted by Pew Research, one third of the middle class has slipped back into poverty. The economy is in the grip of severe recession.

The working committee noted that in such a situation the state should have stepped in with increased government expenditure. That is exactly what the developed nations of the world including the US and UK are doing today. The US government has provided fiscal stimulus of \$5 trillion which amounts to 27% of the GDP. The UK government has also spent around 17% of its GDP as fiscal stimulus. According to the World Investment Report 2018, as many as 101 economies accounting for 90 percent of the global GDP have adopted state sponsored industrial policy. Against this backdrop, the Modi government infused only 2% of GDP as fiscal stimulus.

The government has seen an opportunity in the crisis, as declared by the Prime Minister in the annual session of Indian Chamber of Commerce. The working committee discussed in detail the manner in which the government is using the crisis to the hilt so far as privatizing the public sector institutions are concerned. Finance Minister Smt. Nirmala Sitharaman has announced a disinvestment target of Rs. 1.75 lakh crore during current fiscal. The recent announcement of National Asset Monetization Pipeline for mobilisation of Rs. 6 lakh crore is designed to hand over precious public assets in the hands of private capital. The public sector was envisioned during the national liberation movement to build a self-reliant economy. The public sector must attain the commanding heights of Indian economy. But the ruling dispensation today, in the name of 'Atmanirbhar Bharat', dismantling the profit making public sector units. As per Public Enterprises Survey report 2019-20, out of total 366 CPSEs only 256 are fully operational. The profit making 171 CPSEs earned a total profit of Rs 1,38,112 crore in the financial year 2019-20 and paid a dividend of Rs 72,136 crore. The net worth of all CPSEs is Rs 12,11,311 crore and they have Rs 9,57,579 crore as reserve and surplus. But the government of the day is hell bent upon wholesale sale of the public sector. Finance Minister has targeted to mop up Rs 1 lakh crore by way of selling its stake in public sector financial institutions and Rs 75000 crore from divesting shares of CPSEs.

In the last one decade the Indian economy has been greatly financialised. In the financialisation process of the economy, financial sector has taken precedence over the real sector of the economy. Consequently, finance capital has become independent of production process. The Indian capitalists want total control over the financial sector. This is the driving force behind the privatization of financial sector. Today the public sector insurance industry is under severe attack. The Finance Minister announced while presenting the budget for 2021-22 that the government would list LIC in the stock exchange and sell part of its stake through initial public offer before the end of this fiscal. The government surreptitiously proposed 27 amendments to the LIC act in the finance bill itself. These amendments pertain to the capital structure of the LIC, composition of the LIC board, surplus distribution to the policy holders and shareholders. The authorised capital of LIC has been enhanced from the current level of Rs 100 crore to Rs 25000 crore. It is also mentioned that the government will hold at least 75 percent stake in the LIC for the next five years and will continue to hold at least 51 percent at any point of time.

The amendments to the LIC Act have already been notified by the government. The government has appointed Milliman Advisors LLP India as the reporting actuary for determining the embedded value of LIC. The cabinet committee on economic affairs has recently approved the disinvestment of equity in LIC. According to media reports, the government has shortlisted 10 merchant bankers including Goldman Sachs Group Inc, JP Morgan Chase & Co and ICICI Securities to manage the IPO process. LIC has appointed Sri Arijit Basu, former MD and CEO of SBI Life as a consultant to help launch the IPO. A cabinet committee has been formed to determine the exact quantum of shares that would be offloaded. In view of the fact that LIC's IPO size is going to be huge, the Indian market may not have the capacity to absorb the entire issues at one go. There are media reports that LIC may split its IPO into two parts with a gap of a few months. The DIPAM has floated request for proposal for engagement of legal advisors. The selected law firm will prepare the draft red herring prospectus for filing with the SEBI to set the ball rolling for LIC IPO.

The working committee noted with satisfaction that the brilliant struggle of the insurance employees under the banner of AIEEA could stall the privatisation of LIC for long 27 years. The Malhotra Committee had recommended for 50 percent disinvestment of LIC in the year 1994. Today we are in the midst of campaign and struggle against this disastrous move of the government. The government had to take note of our campaign. It is due to our campaign that LIC IPO amounts to the first step towards privatization, the Finance Minister announced that the government will have its presence in LIC. It is because of our campaign that Section 37 of the LIC Act which gives sovereign guarantee to the policies will continue. Hence, it was decided that we should deepen and broaden our unity in the industry and campaign among the general public as well as our employees on the pitfalls of privatization.

The working committee also discussed the twin issues confronting the PSGI employees. The privatization of PSGI companies and the long pending issue of wage revision. The government moved the GIBNA Amendment Bill 2021 in the parliament to privatize PSGI companies disregarding all public opinion. The opposition parties in the Rajya Sabha demanded that the bill should be referred to the select committee for closer scrutiny. But the manner in which the bill was passed reflects the democratic deficit of the present government. The general insurance sector was nationalised in the year 1971 by taking over 107 private companies and in the golden jubilee year the de-nationalisation process will commence. The working committee congratulated the employees in the PSGI companies for the magnificent campaign which achieved two things. It exposed the authoritarian character of the government and the campaign united the major opposition parties and also the parties which otherwise were close to the government. It has brought the issue of general insurance privatization into the centre stage of national discourse. The government may have succeeded in securing approval of the GIBNA Bill 2021 in a captive parliament. But the battle now shifts to the peoples' court where the insurance

employees will intensify the campaign to mobilise broadest possible support and make the government efforts towards privatization as difficult as possible.

The working committee decided on the following programmes of action:

- To hold state level conventions in all the three state capitals. The major opposition parties should be mobilised to participate in the convention.
- To have intensive campaign among all the stakeholders of LIC
- To have educative campaign among the employees
- To hold Seminar / Conventions in all Districts and major centres
- To hold street corner meetings and distribute leaflets
- To hold press conference in Divisional centres
- To contribute articles in local newspapers
- To reach to the people at large through vigorous social media campaigning
- To display banners in LIC Offices showcasing the achievements of LIC

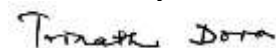
The working committee also discussed the issue of organisation in detail and called upon our units to strengthen the organisation at all levels. To broaden our struggle in the larger section of the society the 27<sup>th</sup> September 2021 Bharat Bandh call given by the Samyukt Kisan Morcha should be supported. The meeting decided that the 6<sup>th</sup> General Conference of ECZIEA will be hosted jointly by Insurance Employees' Association Patna Division and Insurance Employees' Association Patna Division-II. The meeting also decided that the 4<sup>th</sup> Zonal Womens' Convention should be entrusted to Insurance Employees' Association Hazaribagh Division.

Our comrades of Insurance Employees' Association Jamshedpur Division (IEAJD) organized the entire event in a splendid manner. It was a flawless display of planning and execution. An inspiring employees' meeting took place in the evening of 12<sup>th</sup> September in the Hindustan buildings. The successful conduct of the working committee and the inspiring employees' meeting spoke eloquently of the wonderful organization i.e., IEAJD.

We call upon all our units and members to implement the decisions of the working committee in letter and spirit.

With Greetings,

Comradely Yours



General Secretary