

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

Cir. No. 17 / 2018

3rd October, 2018

To

All the Zonal/Divisional/Regional/State Units,

Dear Comrades,

Discussions with LIC Chairman

Coms Amanulla Khan and V.Ramesh, President and General Secretary, AIIEA visited the Central Office, LIC on October 1, 2018 and held discussions with Shri V.K.Sharma, Chairman, LIC on many issues of importance relating to the employees and the institution. Shri Hemant Bhargava (MD), Shri Sharad Srivastava and Shri Mukesh Kumar Gupta, Executive Directors (Personnel), Shri G.S. Wanwar Chief, Smt Aruna Seth, Secretary and other officials of the P&IR were present.

WAGE REVISION

The AIIEA expressed unhappiness over the delay in commencing negotiations on wage revision which fell due on 1.8.2017. We pointed out that the Charter presented by AIIEA reflects the hopes and aspirations of the employees and realistically places the demands based on the financial strength of the institution. The delay in commencing negotiations is creating a serious unrest and therefore immediate steps be taken to open the dialogue and settle the demands at the earliest. The Chairman informed that the Charter presented by AIIEA and other unions have been analysed and have been submitted to the Government. The LIC is following up with the government for directions in this regard. He assured that LIC would approach the government again and impress upon the need to begin dialogue on this issue early. The AIIEA made it clear that LIC must ensure that any mandate from the government should be based on the financial strength of LIC and not on external developments. The Chairman agreed with these views of AIIEA.

PENSION OPTION

We stressed on the importance of a favourable solution to this demand pending for a long time. The AIIEA reiterated its arguments in favour of this demand. The Chairman agreed that this is a just and legitimate demand and despite various difficulties LIC is continuing to pursue with the Ministry for a favourable decision. The AIIEA pointed out to the developments in RBI where the Government has asked for fresh recommendation on updation and final option on pension. We informed the Chairman that according to our sources, the RBI is sending strong recommendation for accepting both the demand for periodical updation of pension and another option. In the light of these developments, the LIC must vigorously follow-up with the government on our demands. The Chairman said

that he is personally in discussion with both the Finance Minister and the Ministry officials on this issue and no efforts will be lacking to find a favourable solution.

The AIIEA also pointed out to the need of bringing some improvements in the pension scheme. We said that the rate of family pension should be revised as done in the RBI and the Government and the last pay drawn should be the basis to determine the pension rather than the average of 10 months pay. The response of Chairman on both these demands was positive.

The AIIEA expressed unhappiness over the fact that LIC chose to implement the Delhi High Court Order on full neutralisation of DA to those who retired before 1.8.1997 in letter rather than in spirit. The Hon'ble High Court recognised the discrimination in payment of DA to those retired prior to 1.8.1997 and thereafter. We pointed out that this violates Article 14 of the Constitution. But unfortunately the Court came out with its own method of removing this discrimination which does not serve the intended purpose. The LIC should have used this opportunity by accepting the spirit of the judgement but unfortunately it chose not to. The AIIEA said that the attitude of unnecessary litigation must be given up and solutions should be found to the demands of the pensioners acknowledging the massive contribution made by the retirees to make LIC a great institution.

RECRUITMENT

The AIIEA stressed the need for immediate recruitment to the cadre of Assistants and Sub-Staff. The last recruitment was in 1993 and with the average age touching 50 it has serious implications for the future of the institution. The Chairman agreed that recruitment is necessary but informed that certain legal issues are to be sorted. We said it is possible to find a solution to the legal issues if LIC seriously looks for a solution; but on that ground, fresh recruitment cannot be delayed any longer. The Chairman advised the personnel department to explore ways of going for recruitment and assured the AIIEA that LIC is very serious on this issue and will take all possible steps in this direction.

OTHER ISSUES

The AIIEA welcomed the decision to raise the ex-gratia amount on high cost treatment to Rs.50 lakhs. The AIIEA demanded that the increased quantum of ex-gratia should be made applicable to all employees irrespective of the sum insured under Mediclaim Scheme. We also requested settlement of the demand for an option to join the scheme to those pensioners and family pensioners who are outside the Mediclaim scheme at present. The AIIEA also pointed out to the unfair instructions on pay fixation of ex-servicemen and said that the terms of the employment contract cannot be altered retrospectively. The AIIEA suggested that its demand for reduction in the rate of interest charged on housing loan by the LICHL should be pursued seriously. We expressed disappointment on delay in the promised review of the Sports Policy and demanded that this should be done urgently. Apart from these issues many other important issues like PLLI etc. were also discussed. The AIIEA will continue to pursue these issues vigorously.

INVESTMENT DECISIONS

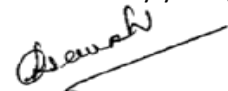
We pointed out that certain investment decisions of LIC have attracted wide criticism in the media and doubts are being raised about the welfare of the policyholders and the safety of policy monies. This negative perception is hurting the image of LIC. The vested interests are also utilising the situation to demand privatisation of LIC. The AIIEA said that LIC must clear the misgivings and assure the policyholders that their interests are safe with this great Institution.

The Chairman said that all investment decisions are taken keeping the interests of the policyholders and the institution uppermost. The LIC is of the firm opinion that a banking arm would be of tremendous help to expand the business opportunities and maintain the market dominance. The LIC has vigorously assessed the strengths and weaknesses of IDBI and is convinced that the deal would be beneficial to both the institutions with the management control coming under LIC. On the issue of IL&FS, the Chairman pointed out that the exposure of LIC is very meagre. The LIC has become the largest shareholder due to historical reasons relating to restructuring of UTI. In terms of funds, its equity holding is very small and it has very little of debt exposure. The Chairman pointed out that the Government considers IL&FS as an institution too big to fail and therefore it has taken up the responsibility of corrective action. The LIC subscribing to the rights issue to increase its equity holding depends upon the IRDA as its equity holding is already beyond the stipulated 15 percent. The Chairman also made it clear that LIC is not inclined to offer any loan to the IL&FS.

We said that it is necessary that LIC must clear the air of misgivings and assure all the stakeholders that their interests are well protected. We also cautioned that no investment decisions be taken due to coercion and all decisions must be pursued with the single objective of creating value to the policyholders and the national welfare.

With greetings,

Comradely yours,



General Secretary.