

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

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20th June, 2020

To
All the Zonal/Divisional/State/Regional Units

Dear Comrades,

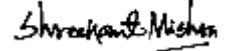
Invitation of Bids to appoint Pre-Transaction Advisor for LIC IPO

The major Unions/Association in LIC viz., Class-I Officers' Association, Development Officers' Association and All India Insurance Employees' Association jointly appealed the Finance Minister of India to withdraw the process of Invitation of Bids to appoint pre-transaction Advisor for LIC IPO.

The contents are self-explanatory.

With greetings,

Comradely yours,



GENERAL SECRETARY.

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FEDERATION OF LIC CLASS I OFFICERS' ASSOCIATIONS
NATIONAL FEDERATION OF INSURANCE FIELD WORKERS OF INDIA
ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION

June20, 2020

Smt. Nirmala Sitharaman
Hon'ble Minister for Finance
Government of India
New Delhi

Respected Madam,

Re: Invitation of Bids to appoint Pre-Transaction Advisor for LIC IPO

We are deeply disturbed with reports in some leading newspapers today that the Government has initiated the process of selling part of its stake in the Life Insurance Corporation of India. The Department of Investment and Public Asset Management (DIPAM) under the Finance Ministry is reported to have issued a Request for Proposal (RFP) regarding engagement of pre-Transaction Advisors for assisting DIPAM in the processes related to the IPO of LIC. The workforce of LIC which has made enormous contribution to create the finest financial institution has been opposing the proposed sale of a portion of government holding in LIC for valid and justifiable reasons. We had through our earlier letters to you had contested the reasons given for equity sale in LIC. Our arguments against the equity sale are not on any partisan interests but are based on the interests of the national economy

and the Indian society. We had hoped that the government would give a serious look at our arguments and would give us an opportunity to present our case considering the fact that the employees are one of the most important stakeholders in the institution. We are disappointed that no such initiative came from your side.

You aware of the important role LIC has played in industrialisation of the country and continue to play in the nation building activities. Therefore, we do not intend to burden you with details on the glorious performance of our great institution. We would like to mention that the growth of LIC, its expansion and emergence as the largest insurer in the world in terms of number of policyholders and claim settlement has been done entirely through generating internal resources. The government did not make any additional contribution to the initial capital of Rs 5 crore made in 1956 which was enhanced to 100 crore in 2011 due to regulatory issues. On this meagre capital base, LIC today is managing assets in excess of Rs.32 lakh crore. Since this expansion has taken place through funds collected from the policyholders, LIC has functioned more like a mutual benefit society. This is an important fact that has been overlooked while deciding to sell a portion of the stake in LIC.

The objectives of nationalisation of life insurance business by taking over 245 private insurers were to mobilise small savings and convert them into capital for long term investment in infrastructure while at the same time giving total security to the policyholders and ensuring decent returns. The LIC has admirably lived up to these objectives. The equity sale by the government which may ultimately lead to privatisation kills these very objectives. The concept of 'Peoples Money for Peoples' Welfare' will give way to maximisation of profits for the shareholders. This is not in the interests of LIC's 40 crore policyholders or the national economy. It is widely acknowledged that domestic savings play a very important role in the national economies and many economists worldwide hold the view that foreign capital is a poor substitute for domestic savings. In a situation where the country needs huge resources for development, it is necessary the government should exercise control over the domestic and more importantly the household savings. The Prime Minister has called for an Atmanirbhar Bharat and this vision can be successful only when an institution which generates enormous investible surplus every year must remain hundred percent under government control.

We would like to stress again that the move to sell the equity of LIC will severely impact the economy and vulnerable sections of the Indian people. The social objective of providing insurance cover to the weaker sections will receive a set-back. The aim to expand insurance in the unprofitable rural areas too will suffer. Therefore, disturbing the character of LIC will harm the interests of the national economy and the poorer sections of the Indian population.

In the circumstances, we request you to withdraw invitation of bids for appointing pre-Transaction advisors for LIC's IPO and reconsider the decision of disinvestment in LIC. We would be very happy if you can give us an opportunity to meet you personally to present our case.

We assure you of our commitment to LIC and its huge clientele.

Thanking You,

Yours faithfully

Sd/-
S. Rajkumar
General Secretary
Federation of LIC
Class I Officers' Associations

Sd/-
Vivek Singh
Secretary General
NFIFWI

Sd/-
Shreekant Mishra
General Secretary
AIIEA