

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

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15th July, 2020

To
All the Zonal / Divisional / State / Regional Unis

Dear Comrades,

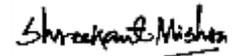
Letter of Appeal to political parties on the issue of proposed IPO in LIC

The major Joint Front Unions in LIC comprising of – the Federation of LIC Class I Officers' Associations, NFIFWI and AIIEA have written to main political parties of India on 14.7.2020 giving reasons for opposing the issue of IPO in LIC. We appealed to them to impress upon the government to give up the proposal to issue IPO in LIC. The letters were sent to all the national political parties including the ruling BJP and also to major regional parties. The Joint Front is also planning to meet the Heads of these parties at an appropriate time to apprise them in detail how this move of the government is detrimental not only to the LIC but to the public at large and to the economy of the country.

This is for your information.

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

14.07.2020.

Government initiates process for LIC IPO

We the Officers and employees of LIC of India are deeply upset with the reports that the government has initiated the process of selling parts of its stake in the Life Insurance Corporation of India. The Department of Investment & Public Asset Management (DIPAM) under the Finance Ministry has issued a Request for Proposal (RFT) regarding engagement of Pre-transaction Advisors for assisting DIPAM in the processes related to the IPO of LIC. Thus the government has set in motion a process to sell a portion of its stake in the most prestigious public financial institution of the country.

The LIC is created through an Act of Parliament and it is unfortunate that a move which will have a wide ranging impact on the policyholders and the national economy, the government is proceeding ahead without a thorough discussion in the Parliament. You are aware of the important role LIC has played in industrialization of the country since its inception in 1956 and continue to play in the nation building activities. We would also 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 resources generated internally. The government did not

make any additional contribution to the initial capital of Rs. 5 crore in 1956 which was enhanced to Rs.100 crore in 2011 due to Regulatory issues.

On this meagre capital base, LIC today is managing its 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 stake in LIC.

The objectives of nationalization of life insurance business by taking over 245 private insurers were to mobilize 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 to these objectives. The equity sale by the government which may ultimately lead to privatization kills these very objectives. This move will make the concept of 'People' Money for People's Welfare' give way to profit maximization for the shareholders. This is neither in the interests of LIC's 40 crore policyholders nor the national economy. It is widely acknowledged by the eminent economists that domestic savings play a very important role in the national economies and hold the foreign capital is a poor substitute for domestic savings. The situation where the country needs huge resources for development it is necessary that the government should exercise its control over the domestic and more importantly the household savings.

The work force of LIC has made enormous contribution to create this finest financial institution have been opposing the proposed sale of a portion of government holding for valid and justifiable reasons. The LIC must remain 100% under the control of the government. It has been historically proved that only where the state controls the peoples' savings, they can be channelized to national development. The control of private sector on domestic household savings will be for private profit maximization. Considering the fact that our country is still a low income country, it is important for the insurance sector to remain a monopoly of the government for cross subsidization and meeting of the poorer and vulnerable sections of the populations. Our arguments against the equity sale are not any partisan interests but based on the interests of the national economy.

We would like to stress again that equity of LC will severely impact the economy and vulnerable sections of the Indian people. The social objective of providing insurance to the weaker section will receive a severe setback. The aim to expand insurance in the unprofitable rural areas too will suffer. Hence, disturbing the character of the LIC will harm the interests of the national economy and the poorer sections of the Indian society.

In the above circumstances we request you to give your Party's support to our struggle against dilution of government equity in LIC and impress upon the government to retain LIC as 100% government owned.

Thanking you,

Yours faithfully,

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

Sd/-
Vivek Singh
Secretary General
NFIFWI

Sd/-
Shreekanth Mishra
General Secretary
AIIEA