



भारतीय मजदूर संघ

BHARATIYA MAZDOOR SANGH

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To,
Smt.Nirmala Sitharaman ji,
Honourable Minister for Finance,
Govt of India, North Block,
New Delhi

Sub: Proposed disinvestment in LIC of India- Initiation of IPO process- Protest by BMS

Madam,

This is further to the resolution dtd 1st February 2020 passed by the National Executive Committee of the Bharatiya Mazdoor Sangh (held at Jodhpur) soon after your announcement in the budget speech in the parliament that partial disinvestment would be made in the Life Insurance Corporation of India. The resolution disapproved this announcement in no uncertain terms- "LIC which plays a great role in providing social security to the society at large would cease to serve the society in need once the private profit mongers are brought in. It will also be detrimental to the interest of LIC employees. It indicates that the Govt is helplessly continuing to depend on the sale of national wealth to create revenue generation which is bad economics. A national discourse is required to find alternative modes of revenue generation, failing which all PSUs and thereafter Govt. properties will be sold at throwaway prices to run the govt machinery." It is pertinent here to note that the BMS carried out nationwide agitation in the month of June to protest against the Corporatorisation/ Privatization of PSUs & Sale of coal mines for commercial exploitation by private entities. In the current month too BMS has called upon all its affiliates to observe "Sarkar Jagao Saptah" from 24th to 30th July 2020 throughout the country in all the establishments/industries, private and public to protest against the privatization initiative of PSUs among other four important demands.

With great concern we note that the GOI has initiated the process of bringing IPO in LIC by permitting the DIPAM (Dept of Investment and Public Asset and Management) to issue a Request for Proposal (RFP) regarding engagement of pre-Transaction Advisors for assisting DIPAM in the processes related to IPO of LIC. We condemn this unilateral decision of the Govt. in initiating the IPO process without having discourse with the other stakeholders i.e. the policyholders, agents and employees.

Life Insurance Corporation of India was established on 1st September 1956 with the following objectives

- 1) Spread life insurance widely and in particular to the rural areas, to the socially and economically backward classes with a view to reaching all insurable persons in the country and providing them adequate financial cover against death at a reasonable cost.
- 2) The maximization of mobilization of people's savings for nation building activities.
- 3) Provide complete security and promote efficient service to the policy-holders at economic premium rates.
- 4) Conduct business with utmost economy and with the full realization that the money belongs to the policyholders.

- 5) Act as trustees of the insured public in their individual and collective capacities.
- 6) Meet the various life insurance needs of the community that would arise in the changing social and economic environment.
- 7) Promote amongst all agents and employees of the Corporation a sense of participation, pride and job satisfaction through discharge of their duties with dedication towards the achievement of corporate objectives.
- 8) Involve all people working in the corporation to the best of their capability in furthering the interest of the insured public by providing efficient service with courtesy.

The first Prime Minister of India Late Shri. Jawaharlal Nehru in his message dated August 24, 1956, on the eve of nationalization of life insurance business, wrote in his concluding paragraph- "Life insurance thus becomes one of the major State undertakings in India. It is an important step in our march towards a socialistic society. Its objective will be to serve the individual as well as the State. **The profit motive goes out of it and the service motive becomes much more dominant.**"

Ever since 1956, LIC has stood up to its objectives. Employees and agents have given their best to the continuous growth of the organization and providing world class service to the insured public. After the assets and liabilities of more than 245 erstwhile insurers were taken over by the LIC of India, LIC has been the major contributor for the Five Year Plans right from the Second Five Year Plan. LIC serves about 40 crore policyholders with an asset base of more than Rs.32 lakh crores. It is the crown jewel PSU of India. Even after deregulation of insurance business in 2000, despite competition with 24 private insurance companies, LIC has maintained its market share of more than 70% in first year premium income. Insuring and Insured public have an utmost trust in the LIC; and sovereign guarantee to their savings in LIC is an added attraction.

The moment disinvestment takes place, profit motive of the new investors comes into play thus jeopardising the genuine interest of the policyholders. The very first objective of the LIC stated above would be ignored because entrenching into rural areas to provide insurance cover to the neglected and poor sections of the society would entail higher cost. Thus allowing private equity into LIC harms both the poor sections of the society and also the national economy. Domestic savings and that too household savings would provide a great strength to the national economy. LIC generates huge investible funds every year which are diverted to nation building activities. It is hence, imperative for the Govt to have 100% ownership of LIC to have complete control over the funds. Then only the vision, 'Atmanirbhar Bharat' of the Prime Minister can be realized as far as LIC is concerned.

In view of the aforesaid factual and honest submission, we earnestly request you to reconsider your decision of disinvestment in LIC and stop initiating the preparations for the IPO and oblige.

With kind regards,

Sincerely yours,



(Virjesh Upadhyay)
General Secretary