



WFTU

ASIA PACIFIC REGIONAL OFFICE

(World Federation of Trade Unions)

C/o : AITUC Bhawan, 35-36, D.D.U. Marg, Rouse Avenue, New Delhi - 111 002.(India)
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Pampis Kyritsis
General Secretary

C.SRIKUMAR
Deputy General Secretary

Ref No. : WFTU/APRO/Corr./GOI/25

Date : 18th of January, 2025

To,

Smt. Nirmala Sitharaman Ji

Hon'ble Finance Minister,
Government of India,
North Block, New Delhi – 110 001.

Subject : Request to address the Critical Challenges faced by the Public Sector General Insurance Companies (PSGICs) – Reg

Respected Madam

On behalf of the Asia Pacific Regional Office of World Federation of Trade Unions (WFTU), we wish you a very happy and prosperous New Year 2025. We take the liberty of bringing the following issues of the Public Sector General Insurance Companies of India and its employees to your kind notice. You will appreciate that the PSGICs have played a vital role in the National Development. However, this sector at present suffers from severe Financial Instability and Organizational inefficiency caused by prolonged Mis-Management and the policies being adopted by the Government. The move of the Government to further liberalize the Insurance sector by introducing a bill to increase the FDI in the sector is causing a severe threat to the existence of the Insurance Companies in the Public Sectors. In this backdrop we submit the following issues agitating the minds of the Insurance Sector Employees for your favourable consideration and decision please.

1) **Opposition to 100% FDI in the Insurance Sector**

- We strongly oppose the proposal to allow 100% FDI. Historical evidence suggests that increasing FDI limits has not significantly improved insurance penetration but has primarily enabled profit repatriation.
- Allowing full foreign ownership would further marginalize public sector insurers and undermine their crucial role in serving rural and semi-urban markets, which private players often neglect.
- Government statistics indicate that only 32.67% of the existing 74% FDI cap has been utilized, highlighting limited demand for such capital. This policy, therefore, requires reconsideration in the national interest.



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2) **Merger of Public Sector General Insurance Companies**

- We recommend consolidating PSGICs into a single, robust entity to eliminate internal competition, reduce unhealthy pricing practices, and enhance market penetration across urban, semi-urban, and rural areas.
- A merged structure would streamline operations, improve service delivery, and enhance efficiency.

3) **Capital Infusion for Expansion**

- Adequate capital support is critical for PSGICs to effectively implement key social security schemes, including:
 - **Pradhan MantriFasalBimaYojana**
 - **RashtriyaSwasthyaBimaYojana**
 - **Ayushman Bharat**, among others.
- Such investment is essential to meet the Government's socio-economic objectives and improve outreach to underserved populations.

4) **Ensuring a Level Playing Field in the Insurance Market**

- We urge the government to enforce stricter regulatory measures to ensure fair competition.
- Adherence to guidelines issued by the Insurance Regulatory and Development Authority of India (IRDAI) is vital to safeguard policyholders and maintain market stability.

5) **Revised Capital Norms for New Insurers**

- While lowering the capital requirement from INR 100 crores to INR 50 crores and reducing the net owned funds requirement from INR 5,000 crores to INR 1,000 crores could attract smaller players, this must be approached cautiously.
- Care must be taken to avoid the re-emergence of exploitative practices reminiscent of the pre-nationalization era.



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- 6) **Uniform Pension Benefits as per CCS Rules**
 - PSGICs still lack uniformity in pension benefits. Many families receive only a 15% family pension, compared to the 30% provided in other government sectors, creating an anomaly.
- 7) **Immediate Settlement of Long-Pending Wage Revision**
 - The wage revision due since August 2022 remains unresolved despite multiple discussions at GIPSA, DFS, and even with the Hon'ble Finance Minister.
 - Clear directives from the Chief Labour Commissioner (CLC) have also been ignored. We urge immediate action to settle this overdue issue.
- 8) **Immediate Recruitment Across All Cadres**
 - Large-scale retirements over the past decade, combined with a lack of fresh recruitment, have led to an acute staff shortage, affecting customer service and back-office operations.
 - Immediate recruitment across all cadres is essential to improve service delivery and operational efficiency.

We are confident that your honour will examine all the above issues in its true perspective and take appropriate decision to strengthen the Public Sector Insurers and secure their role in India's Financial eco System.

Awaiting for your favourable response, please.

Thanking you.

Yours Comradely,

(C.SRIKUMAR)

General Secretary / WFTU

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