ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION
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To,
All the Zonal/Divisional/State/Regional Units

Dear Comrades,

We reproduce herein below AIIEA's Press Statement against the Government's Budget proposal to hike FDI in insurance industry from the existing 74 to 100 per cent. We request our units to give wide publicity to this press statement in the local media. **We also request our members to remain prepared for the One Hour Walk-Out Strike after the passage of this budget proposal, as decided in the Working Committee meeting of AIIEA in Chennai.**

In the meanwhile, all units are requested to hold powerful lunch hour demonstrations tomorrow i.e. 04 February 2025 against the move to increase FDI in insurance from 74 to 100 per cent. The demonstration programme should also be utilised to mobilise the employees for the ensuing mass deputation/ submission of memorandum to the officers-in-charge on 11th February 2025 on the demands of Recruitment in Class III/IV and Recognition to AIIEA.

With Greetings,

Comradely Yours
Shreekant Mishra
General Secretary

PRESS STATEMENT

FDI HIKE IN INSURANCE IS UNDESIRABLE

Hyderabad 02/02- The Finance Minister during the course of Budget presentation announced the hike in FDI limits in insurance sector to 100% from the present 74%. This decision is unwarranted and carries with it serious consequences for mobilisation of precious resources for the development of Indian economy and meeting the obligation of the State towards its citizens. The All India Insurance Employees' Association (AIIEA) condemns this decision and will mobilise the public opinion against this move.

The Insurance sector was denationalised with the passage of the IRDA Bill 1999. This Act permitted the Indian capital to operate in the insurance industry in partnership with the foreign companies. The FDI was restricted to 26 percent; since then, it has been raised to 74%. A large number of private insurance companies with foreign partners have been operating in both the life and non-life insurance industry. Capital has never been a constraint for these companies to run their businesses; as they are owned by big business houses partnering with top multinational companies. Perhaps with the exception of one, no insurance company is anywhere near breaching the 74% FDI limit. In fact, the total FDI in insurance is only around 32% of the capital employed. This being the case, it is surprising as to why the government has taken the step to give total freedom to foreign capital to operate in India. This decision will also have serious consequences for the Indian companies and the Indian economy if the existing foreign partner decides to pull out to form a separate company. There could also be hostile bids to take over the existing companies.

The AIIEA is of the firm understanding that allowing total freedom and greater access to foreign capital could only retard the orderly growth of the insurance industry with the focus more on profits rather than providing the people and business the much needed security. It will have disastrous impact on the interests of the marginalised sections of the Indian society. Moreover, foreign capital can never be a substitute to the domestic savings. This being the case, handing over the domestic savings to foreign capital makes no economic or social sense. India being a welfare state must necessarily have greater state control over the savings for economic development which benefits all its citizens.

There are also reports that the government intends to bring a comprehensive legislation amending the existing insurance laws. These amendments would take back the country to pre-1956 situation which compelled the government to nationalise the life insurance business. The government then heeded the warning that insurance should not be allowed under the control of financiers. But the present government is now handing over the insurance sector to the financiers and bankers which poses great risk to the savings of the people.

It is condemnable that the budget is banking upon a small section of the population to propel economic growth while neglecting the interests of the overwhelming majority. It has refused to impose a reasonable level of taxation on the corporate sector. The Economic Survey points out to the fact that while profits of the corporate sector are zooming, the wages of the workers are stagnating. The Budget makes no effort to help the workers to improve their life standards.

The AIIEA lodges its strong protest against the decision to hike FDI limit in insurance and demands withdrawal of this move. It also warns the government against the retrograde proposal to amend the Insurance Laws viz; Insurance Act 1938, LIC Act 1956 and IRDA Act 1999. It demands the reorientation of economic policies from the corporate bias to people centric measures. The government must place the interests of the people above that of profits for the corporate sector.

For favour of publication,

Sd/-
General Secretary