Public Sector Insurance on Sale

The government is seeking to privatise the public sector insurance companies LIC, GIC, etc.

- which are amongst the best run, most trustworthy and reliable insurance companies in the world;
- which have mobilised lakhs of crores of domestic savings and made them available to the government for investment according to national development priorities;

Once they are privatised and FDI is allowed into the insurance sector, control of these companies will pass into the hands of giant foreign insurance companies which have been called 'crooks, scoundrels and fast operators' by the US government! That would mean:

- control over Indian savings will pass into the hands of foreign investors;
- they will not invest this in infrastructural and socially oriented sectors;
- instead, they will plunder these hard-earned savings of the Indian people, like they have done all over the globe.

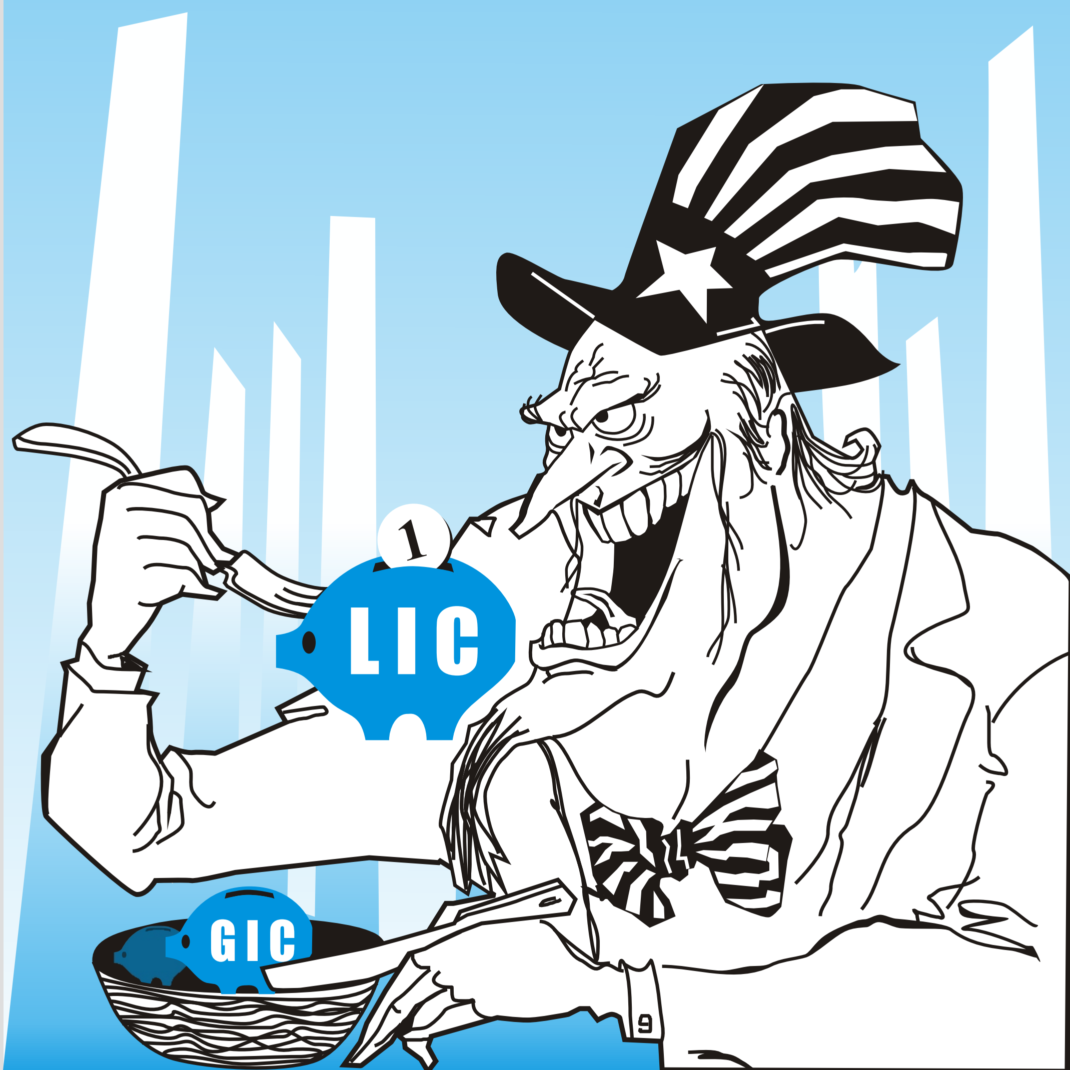
Why are our country's rulers mortgaging the interests of our country, to benefit big foreign corporations?

Western Zone Insurance Employee's Association
and **Lokayat**

Contribution- Rs. **5**/-

Public Sector Insurance on Sale

Oppose FDI in Insurance Sector!
Support the struggle of insurance employees!!



If we don't fight
If we don't continue the fight
Then the enemy bayonets
Will finish us off
And later,
Pointing towards our bones
They'll say:
These are bones of slaves
Of slaves.

Public Sector Insurance on Sale!

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About Western Zone Insurance Employees Association

Western Zone Insurance Employees Association (WZIEA) is an association of 22 divisional units from Maharashtra, Gujarat and Goa affiliated to the All India Insurance Employees Association (AIIEA).

AIIEA, the premier organization of insurance employees in India, was born on 1st July 1951. Since then it has had a long history of fighting various historic movements for insurance employees across the country. Ever since globalisation began in 1991, AIIEA has constantly mobilised its members in various struggles for the last two decades against the neoliberal policies of the Central Government. AIIEA has always taught its cadre that the struggle is always important in trade union movement. The cadres of the AIIEA are being made to realize that the task before them is not only to fight for their own economic issues; they have a much bigger task of building a mass movement against exploitation of the people of our country.

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About Lokayat

Lokayat is a self-funded voluntary activist group based in Pune. We consider ourselves to be a part of the nationwide movement to challenge the policies of globalisation, privatisation and liberalisation and build a better world which will ensure justice and full opportunity for all to nurture their capabilities to the fullest extent. We meet every Sunday from 5pm to 7:30pm at the address given below. If you agree with our opinions, do get in touch with us at the following contact address/phones:

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MNCs Seeking Control of Indian Savings!

PUBLIC SECTOR INSURANCE ON SALE!!

For the last two decades, the government of India has been attempting to gradually privatise the public sector insurance companies, which are amongst the best insurance companies in the world. These companies include the Life Insurance Corporation of India (LIC), General Insurance Corporation of India (GIC) and its former subsidiaries, the Oriental Insurance Company, New India Assurance, United India Insurance and National Insurance Company. The first step was taken in 1994 when the government set up a rubber stamp committee, the Malhotra committee, to examine the problems afflicting the insurance industry. It duly recommended the entry of domestic and foreign private entities in the insurance sector and denationalisation of the public sector insurance companies. Based on these recommendations, in 1999, the government permitted private sector firms to enter both the life and non-life insurance business, with a cap of 26% on ownership by foreign firms. In 2000, the four subsidiaries of the GIC were made into independent companies, and GIC was converted into a national re-insurer—so that they could be privatised piecemeal. Now, it is attempting to get the Insurance Laws (Amendment) Bill passed by the Parliament, which is aimed at increasing the Foreign Direct Investment (FDI) limit from the present 26 percent to 49 percent. It is also proposing to allow the public sector insurance companies to mobilise money from the capital market, thus diluting the government's shareholding.

The opening up of the insurance sector has led to the entry of a stream of private players into the business. Presently, apart from the public sector insurance companies, there are 22 private life insurance companies and 18 general insurance companies (including two specialised State owned firms, the Export Credit Guarantee Corporation of India and Agricultural Insurance Corporation of India) populating the industry.

According to the government, liberalisation of the insurance sector is needed to increase the degree of insurance penetration in the country and mobilise much needed investments, including foreign capital, for India's infrastructural needs. In the words of Finance Minister P. Chidambaram, "At present, the penetration of insurance, measured by total premium as proportion of GDP (gross domestic product), is only 4.4% in the life insurance segment and 0.76% in the non-life insurance segment. In a population of 120-crore plus, a very

small number of people have insurance. The FDI cap of 26% must be raised and additional capital brought in to facilitate the faster spread of insurance. The insurance companies are in need of additional capital to expand their operations."[1]

The Finance Minister is lying through his teeth. Inviting private players, including foreign ones, into the domestic insurance sector is not going to increase to an increase in penetration of insurance in the country, neither is it going to result in increased investments into infrastructure. On the other hand, what is definitely going to happen is that frauds are going to increase, as private insurance companies are infamous for swindling policy holders. Let us examine these issues in greater detail.

Will FDI Increase Insurance Penetration?

Insurance penetration is defined as the ratio of total premium income to the gross domestic product (GDP) of the country. Actually, the insurance penetration in India is bound to be low; comparing it to countries with much higher per capita incomes is totally meaningless. As the Swiss Reinsurance Company points out in one of its reports (called *Sigma*), "Demand for insurance depends on disposable income."[2] The amount of income a person would be willing to spend on insurance depends on his income level. In a country where more than 70% of the population lives at or below subsistence levels, obviously the percentage of population with savings to spare for spending on insurance is going to be very small.

Despite this constraint, the performance of India's public sector insurance companies in mobilising premiums has been remarkable. The life insurance penetration in India at 4.4% is actually higher than the global average of 4 per cent! Astonishingly, this figure is also higher than the United States' 3.5 percent and Germany's 3.3 percent![3] This high level of insurance penetration is all the more remarkable, given that these countries have a per capita income 10 times that of India. In fact, even the IMF, in its *2013 Country Report* on insurance sector in India, has admitted that "India is a clear outperformer in terms of expected life insurance penetration and is broadly in line with expectations in the non-life sector."[4] In another commendation of the performance of India's insurance industry, the World Economic Forum *Financial Development Report 2012* places India at the top of global rankings in terms of life insurance density (measured as a ratio of direct premium to per capita GDP of 2011), and third in terms of non-life insurance density.[5]

This outstanding performance is obviously not because of the entry of private players into the insurance sector. Because of the painstaking efforts of the LIC, life insurance penetration has steadily increased over the years, even during the years when the LIC had complete monopoly over life insurance—it was 0.7% in 1985-86, and doubled to 1.4% in 1997-98. Data put out by the May 1999 *Sigma* report clearly revealed that LIC had outperformed the life insurance industry of far more developed countries by a huge margin. Post-liberalisation, the growth of the life insurance industry has continued to be driven by the LIC. Even after 12 years of competition, LIC retains a market share of 71% in premium income and 83% in the number of policies (as on 31/3/13). In the non-life sector, the market share of the four PSUs was more than that of the other 18 players combined and stood at 58%.[6]

The reason for this creditable performance is that LIC has gone far beyond what can be called a profitable market (that is, those households who can afford insurance comfortably) into low profit areas. Since nationalisation, LIC has spread out its branches to rural and semi-urban areas in a big way. Through numerous socially purposive schemes, it has helped provide insurance cover to millions of low income households. This is why the *IMF Country Report* quoted earlier admits: "insurance sector in India has a relatively large footprint relative to other forms of financial intermediation given India's income levels."[7]

Will FDI Lead to Increased Investments?

Insurance is one of the means of channelising domestic savings for meeting infrastructural and social investment needs according to national priorities. This in fact was one of the most important reasons for nationalising the insurance industry. At the time of nationalisation of the life insurance industry in 1956, there were 245 private insurers in the life insurance business. Explaining the reasons for nationalising the life insurance business, the then Finance Minister C. D. Deshmukh stated on 19 January, 1956 in a radio broadcast: "The nationalisation of Life Insurance is a further step in the direction of more effective mobilisation of the people's savings. It is a truism which nevertheless cannot too often be repeated, that a nation's savings are the prime mover of its economic development."[8]

The LIC has fully justified the faith reposed in it. In its very first year of operation, it sold 794585 policies, which was nearly 30 percent more than the number of policies sold by all the 245 players combined prior to nationalisation.[9]

Ever since then, the public sector insurance companies have contributed huge amounts to successive five-year Plans. Thus, LIC provided more than Rs. 7 lakh crores to the 11th Five-Year Plan (2007-2012) while the four general insurance companies and GIC of India contributed about Rs. one lakh crore. A significant part of the investments made by the LIC are in socially purposive schemes, such as housing, roads, rural electrification, municipal sewerage schemes and the like. Many of these schemes have been granted funds at a lower than market rate.[10]

What is even more amazing, around 25% of internal borrowings of the central government are met by LIC every year.[11]

The government of India invested Rs. 5 crores by way of equity in the LIC in 1956. On this initial investment, dividend paid by the LIC on this amount for the year 2012-13 worked out to be Rs. 1436 crores.

The government of India is claiming that the private sector insurance companies, including foreign companies, would be even more successful than the public sector insurance companies in mobilising people's savings for investment in infrastructure. Even assuming that the private sector insurance companies are successful in mobilising a larger portion of domestic savings as compared to the public sector companies (which of course they can never do, for reasons discussed below), why will they invest according to national priorities of development? They would be more interested in investing in sectors where they get the maximum returns. Allowing foreign insurance companies to take control of our domestic savings is even more stupid!

This is borne out by the government's own reports. Over the four-year period 2005-09, of the total investment of Rs. 57103 crores made by insurance companies in the infrastructural sector, nearly 90% of the investment was made by public sector companies; the share of the private sector companies was just 10%, despite the fact that they had a market share of 30-35% in new premium incomes. Commenting on this, the *Economic Survey 2009-10* observed: "private-sector insurance companies are yet to make large-scale investments in the infrastructure sector."[12] Given this scenario, the Economic Survey admitted that meeting the infrastructure investment target of 9% of the GDP would be an extremely challenging task during the Eleventh plan period.[13]

The huge difference in the approach of public sector and private sector insurance companies towards the funds mobilised by them in the form of premium incomes, is also illustrated by their Operating

Expense Ratio (salaries and other management expenses as a percentage of premium income). The IMF study quoted above notes that the Operating Expense Ratio in LIC was just 6.6% in 2010, as compared to 20.9% in the private sector.[14] This implies that the public sector companies behave much more responsibly to their policy holders and the country, while the private sector companies are more interested in siphoning off money under various guises.

INSURANCE: RISKY BUSINESS

The performance indicators of the Indian public sector insurance companies given above clearly reveal that they have outperformed the industry of far more developed countries by a huge margin. Why have the public sector insurance companies been able to achieve such a high insurance penetration ratio?

The answer is simple: their public sector nature. Because of this, people are willing to entrust their hard-earned savings to them; they know that these public sector companies will not swindle them or run away with their savings.

Insurance is a very risky business. The insured (policy holder) pays a sum in advance (called premium) to the insurance company in lieu of a promise that the company will fully or partially meet the costs of some future event (such as an accident, fire, theft or sickness or provide for dependents in case of death), the occurence of which is uncertain. The insurer deploys the funds in investments that offer returns that ensure the availability of adequate funds in case that event actually occurs and the insured person files a claim.

There are huge risks here. The insurance company will have to make an estimate of how many of the insured people will file claims, and will have to price the policy such that the sums collected and invested yield sufficient stable returns to cover the claims. The insurance company may underestimate the probability of claims arising. Or it may make wrong investment choices—like for example invest in risky instruments that promise higher returns, but have higher risks, like shares or derivatives. In either case, it can run into huge losses.

There is also another possibility. Since insurance is only a promise by the insurance company to pay the costs for some future event, it makes the insurance business particularly susceptible to fraud and malpractice. On a small equity base, massive funds can be mobilised, and then the insurance company can just declare bankruptcy and

vanish—making it an ideal hunting ground for fly-by-night operators.

And so, Nationalisation

This is precisely the reason why the insurance sector in India was nationalised in the first place. Insurance industry in India, from its beginnings in the last quarter of the nineteenth century till the initial years after independence, was in the private sector. In 1956, life insurance was nationalised; 245 Indian and foreign companies were taken over and amalgamated to establish the LIC. In 1971-72, general insurance was nationalised, four general insurance companies took over the business of 107 private companies, with the GIC as the holding company.[15] These decisions to nationalise were taken because the private insurance companies were indulging in innumerable malpractices and even outright swindling. Companies would simply declare bankruptcy and vanish, depriving lakhs of policy holders of their life's hard-earned savings. Most of the big private insurance companies were controlled by India's big business houses; the list included some of the best known industrialists - the Birlas, Tatas, Singhanias and Dalmias—and they would often siphon off the resources raised from policy holders into other enterprises. Legislation had proved totally ineffective in checking these frauds, and eventually the government was left with no alternative but to take over and nationalise the insurance sector.[16]

During the debate in Parliament in February-March 1956 on the nationalisation of life insurance, the then Finance Minister, C.D.Deshmukh, had made the following observation on the ingenuity displayed by the insurance companies in circumventing legislation to defraud policy holders:

> *"... the number of ways in which fraud can be practised which was 42 in Kautilya's days has risen to astronomical figures these days."*[17]

Foreign Insurance Companies: Crooks, Scoundrels…

Such swindling in the insurance sector is actually a global phenomenon. In the US, insurance companies routinely pay people 40-70% less than what their policies promise when they suffer tragedies like their homes are destroyed in fires or they suffer car accidents. Thousands of complaints have been filed with state insurance department sand courts. Being economically very strong and politically very powerful, the insurance companies use all kinds of legal tricks to keep the cases dragging on for years, till the plaintiffs tire out and accept what the insurers offer. To give another example of

the manipulative power of US insurance companies, they have been successful in preventing the US government from providing universal health care to its citizens. Health care in the US is very costly; however, health insurance premiums are so high—they rose by a whopping 159 percent between 1990 and 2010—that the number of non-elderly uninsured Americans increased from 41 million in 2004 to 49 million in 2010.[18]

Worse, hundreds of insurance companies in the developed countries have been declaring bankruptcy every year, because of speculative investments and unethical practices.[19] Lloyd's of London, Britain's fabled insurance market, ran up billions of dollars of losses in the late-1980s and early-1990s that left thousands of its individual investors in financial ruin. According to the British Broadcasting Corporation, underwriting 'errors' was a major cause for its mounting losses, which is a euphemism for recklessness and lack of principles.[20]

In the US, the number of failures reached such scandalous proportions that a sub-committee of the US House of Representatives investigated insurance companies' insolvencies. In its report titled *Failed Promises* submitted in February 1990, the committee found the US insurance industry to be marked by "scandalous mismanagement and rascality by certain persons entrusted with operating insurance companies, along with an appalling lack of regulatory controls to detect, prevent and punish such activities." The Report goes on to say:

> *"…relatively few crooks, scoundrels and incompetents are capable of bankrupting huge companies and possibly the entire industry ... Fast operators in the industry are ignoring the rules, creating new schemes to enrich themselves, and walking away unscathed."*[21]

That was more than two decades ago. Things have not changed much since then, as the failure and $150 billion bailout of global insurance major American International Group (AIG) in September 2008 made clear. AIG was the world's biggest insurer in terms of market capitalisation. It failed because it made huge investments in exotic financial instruments in search of high returns. So long as the going was good, no one asked any questions; but when the stock market collapsed in 2008, the investments became worthless and AIG verged on bankruptcy; the government was forced to step in and pour in taxpayer dollars to bailout the company as its collapse could have triggered a chain of bankruptcies, threatening the stability of the entire financial sector.[22]

LIC—World Record in Claims Settlement

In contrast to this huge global insurance scam, the Indian public sector insurance companies have been beacons of stability. The performance figures for the LIC speak for themselves:[23]

	31-12-1957 (Just after nationalisation)	**31-03-2013**
Premium Income	Rs.89 cr.	Rs.2,08,589 cr.
Life Fund (Sum total of premiums and interest earnings less expenses of management and claims)	Rs.410 cr.	Rs.14,33,103 cr.

The public sector insurance companies have conscientiously kept their promise to their policy holders. One of the best ways to measure the reliability of an insurance company is its claims settlement record. While the international claim settlement ratio (average) is an abysmal 40%, the figure for LIC for 2011-12 was an incredible 97.42%, a world record (and for the GIC, it was 74%). The percentage of claims repudiated was a mere 1.3%. [It is probably because of the LIC that the private life insurance companies in India are also forced to settle a high percentage of claims, much higher than their global counterparts, but lower than the LIC—their claims settlement record was 89.34%, and their percentage of repudiations was 7.82%, in 2011-12.][24]

This then is the secret of the fantastic performance of the insurance industry in India in mobilizing such huge amounts of domestic savings—their reliability due to their public sector nature.

Privatisation of Banks and Pension Funds: Safety Guarantees to go…

The government is seeking to privatise not just the public sector insurance companies, but also the public sector banks, the workers' provident funds corpus and pension funds corpus.

Just like the insurance companies, the public sector banks and provident funds / pension funds have played a crucial role in India's development plans. They have mobilised the savings of the common people to the tune of hundreds of thousands of crores of rupees, and put them at the disposal of the government for investment in national priorities like agriculture, small industries, housing, rural

electrification, development of backward areas, infrastructure, and the like. Once the control of these institutions and funds passes into the hands of the private sector, they will utilise this capital for furthering their interests of profit accumulation rather than for national interests.

The deposits mobilized by the public sector banks alone had crossed Rs.19 lakh crores as on March 31, 2007. Once the public sector banks are de-nationalized, there is no guarantee that their private owners will not indulge in financial mismanagement or outright cheating and declare bankruptcy. The East Asian financial crisis of 1997 saw numerous private financial institutions going into liquidation. Some of the biggest private sector banks in the developed countries have collapsed in recent years, especially after the 2008 financial crisis—they were all indulging in speculation with people's savings.[25] In India, during the past many years, numerous cooperative sector banks have gone bankrupt because of fraud by their directors, resulting in lakhs of ordinary people losing their hard-earned life savings. However, because of government controls, no public sector bank in India has ever closed down. This guarantee will end, once these banks are privatized. Imagine what will happen if say the Bank of Maharashtra declares bankruptcy and downs its shutters all of a sudden one day!

Likewise, the government has also taken the first steps to privatise the management of the workers' provident fund corpus, which had by 2008 grown to a huge Rs.2.4 lakh crores, and allow the private fund managers to invest a part of these funds in the stock markets. Similarly, it is also moving towards privatising pension funds, allowing foreign players to gradually take control of these funds, end government guarantee on pensions and allow the pension funds to be invested in the stock markets in the name of higher returns. What happens when the stock market collapses?

The recent stock market collapse has led to the disappearance of billions of dollars from pension plans of workers around the world (that is, wherever they are privatized). In the USA, state and local governments' pension funds support some 27 million Americans, and many lost a fifth of their value when the stock markets collapsed in 2008.[26] The California Public Employees' Retirement System (CalPERS), the largest pension fund in the US and fourth largest in the world, suffered one of its worst annual declines since the fund's inception in 1932. In October 2007, it had $260 billion in assets, comparable to the GDP of Poland, Indonesia or Denmark; just a year later, the worth of CalPERS was down to $186 billion! Tens of

thousands of retiring state employees now face the stark choice of accepting much reduced pension checks or working past their retirement age.[27]

THEN WHY PRIVATISATION?

Why is the government seeking to privatise the financial sector, and hand over control of the country's domestic savings to foreign private corporations?

To return to the subject matter of this booklet, why is the government hell-bent on privatising the public sector insurance companies

- which are amongst the best run, most trustworthy and reliable insurance companies in the world;
- which have mobilised such huge amounts of domestic savings, to the tune of lakhs of crores, and made them available to the government for investment according to national development priorities;
- which paid out a dividend of more than Rs. 1400 crores to the government in 2012-13 on its initial investment of just Rs. 5 crores.

Once the government fully implements the Malhotra committee recommendations, privatises the public sector insurance companies and removes the cap on FDI inflows into the insurance sector, the control of the Indian insurance industry will gradually pass into the hands of the foreign insurance companies, as they are gigantic and far bigger than the Indian private sector insurance companies. That would mean:

i) control over Indian savings will pass into the hands of foreign investors (and their Indian collaborators);
ii) they will not invest the premium incomes mobilised by them in infrastructural and socially oriented sectors;
iii) instead, these 'crooks, scoundrels and fast operators' (epithets used by US Senators to describe the US insurance companies) are then going to resort to all kinds of cheatings and loot these hard earned savings of the Indian people, like they have done all over the globe.

Why are our country's rulers mortgaging the interests of the people of the country, and the future development of our country, to benefit big foreign corporations?

Globalisation: India on 'Sale'

It has actually been happening for the last two decades, since 1991 to be more precise. The Indian economy was on the verge of external account bankruptcy, it was trapped in an external debt crisis. India's foreign creditors, that is, the USA and other developed countries—also known as the imperialist countries—were looking for just such an opportunity. They had been forced to retreat and grant independence to India and other third world countries due to their powerful independence struggles. Since then, they had always been looking for alternate ways to bring the former colonial world back under their hegemony, ensnare it once again in the imperialist network, so that they could once again control its raw material resources and exploit its markets.

They now took advantage of this crisis to impose stringent conditionalities on the government of India. Through the World Bank and the IMF (which are controlled by them), they arm-twisted the Indian government into agreeing to a restructuring of the Indian economy. The basic elements of this so-called 'Structural Adjustment Program' were:[28]

- Removal of all controls on import of foreign goods;
- Removal of all controls on foreign investment in all sectors of the economy;
- Privatisation of the public sector, including financial sector and welfare services;
- Removal of all controls placed on profiteering, even in essential services like drinking water, food, education and health.

This restructuring of the economy at the behest of India's foreign creditors has been given the high-sounding name of globalisation. Since then, governments at the Centre and the states have continued to change, but globalisation of the economy has continued unabated.

The essence of globalisation is that the Indian government is now running the economy solely for the profit maximisation of giant foreign corporations and their junior partners, India's big business houses. These corporations are on a no-holds barred looting spree. They are plundering mountains, rivers and forests for their immense natural wealth. They are seizing control of public sector corporations, created through the sweat and toil of the common people, at throwaway prices. Privatisation is also enabling them to enter essential services—including education, health, electricity, transport, even drinking water—and transform these into instruments of naked

profiteering. Because these are essential services, the profits are huge.

The government of India has given up all concern about the future of the country, about the livelihoods of the people of the country, about making available essentials like food, water, health and education to the people at affordable rates so that they can live like human beings and develop their abilities to the fullest extent, about conserving the environment for our future generations. It is now only concerned about how to provide new and profitable investment opportunities for foreign MNCs and their Indian cohorts.

FDI in Insurance: Continuation of Globalisation

Taking control of the financial sector is crucial to the designs of the foreign corporations and their governments if they are to transform this country into their economic colony. Economic colonies must not develop according to their own priorities; they must develop according to the priorities of their masters sitting far away in Washington. And so, ever since India began globalisation in 1991, the World Bank, the IMF, and the imperialist governments have been demanding that the government end its control over the country's financial sector, in other words, privatise it, and allow foreign investors to enter and take it over. The Indian government has been more than willing; the Malhotra committee that recommended the privatisation of the insurance sector was essentially a rubber stamp committee that only echoed the wishes of India's foreign creditors. If it has proceeded slowly to implement its recommendations, it is not because of any resistance on its part, but because of the strong resistance put up by insurance sector employees.

Two decades of globalisation has pushed the Indian economy further into the clutches of India's foreign creditors. The globalisation conditionalities have led to a rapid worsening of India's foreign exchange crisis. Import liberalisation has led to a sharp rise in our trade deficit. It increased from $2.8 billion in 1991-92 to a whopping $191 billion in 2012-13. As a result, our current account deficit has shot up to $87.8 billion for the financial year 2012-13, the highest levels since 1991; and our external debt has zoomed to an astronomical $390 billion at the end of March 2013, a rise by more than 4 times over 1991-92![29]

This spiralling whirlpool of foreign debt has made the country more and more dependent on foreign exchange inflows (or FDI) to prevent the economy from once again plunging into foreign exchange

bankruptcy. And so the foreign corporate armies and their concubine governments are able to impudently trample upon our honour and dignity, yankee-kick us into implementing more and more economic reforms, force us to open up more and more sectors of the economy for gigantic multinationals to invest and plunder… A requiem for Swaraj in just over half a century!

With foreign pressure mounting to accelerate economic reforms, the government in September-October 2012 announced a slew of decisions to win the approval of foreign investors and international credit rating agencies. Among the measures announced were clearance for FDI in multibrand retail and civil aviation, hikes in diesel and petrol prices, changes to the forward contracts regime, and permission for FDI to enter the pension fund industry subject to a ceiling of 49%. As a part of these decisions, the Cabinet also announced a package of "insurance reforms" on October 4, that included hike in the ceiling on foreign equity ownership from 26 to 49 percent in the insurance industry. (This liberalisation in the insurance industry is only symbolic, as it requires Parliamentary approval.) The purpose of announcing so many reforms in quick succession was to establish that the government was committed to economic reforms, and persuade the foreign investors not to withdraw their investments from the country and instead increase their investments.

India's elites have been euphoric over globalisation. The capitalist classes are no longer interested in the long-term growth prospects of the economy; they are keen to become the junior partners of foreign MNCs and increase their profits. The swanky upper classes are in raptures over the entry of foreign MNCs, as the world's most trendy consumer goods are now available in the country. Hoarders and blackmarketeers are having a field day—as laws controlling their activities have been relaxed in the name of freeing up the markets. And so, for their narrow selfish interests, the Indian elites too are demanding that the Indian government open up the insurance sector for FDI. Their faithful servants, India's traitorous intellectuals, have launched a huge propaganda offensive to convince the Indian people that 'FDI in Insurance' will lead to increased FDI inflows, more infrastructural development, more jobs, blah blah blah.

We Must Advance Our Struggle!

Friends, the heroic struggle of the insurance workers, led by the All India Insurance Employees Association, has so far prevented the

government from hiking the FDI limit in the insurance sector to 49% and eventually privatise the insurance sector.

However, it is important to realise that this failure on the part of the government to push ahead with insurance sector reforms is only temporary. The Prime Minister and his economic advisors, all of whom are World Bank men, have repeatedly declared that financial reforms are crucial for the 'development' of the country. While the main opposition party opposed the government proposal to allow 49% FDI in the insurance sector during the deliberations of the Parliamentary Standing Committee on Finance, the reality is, it had itself proposed this when it was in power at the Centre in 2002. Therefore its present opposition is only because of opportunism, to take advantage of the tremendous public anger against this policy. Therefore, we cannot take its continued opposition for granted and relax our vigil.

Friends, our resolute struggle against FDI in insurance has won us only a temporary reprieve. The government is committed to reintroducing this policy.

We need to deepen our struggle, involve more people in it. There are a very large number of common people who have been hoodwinked by the intense government and media propaganda and believe that this policy will indeed benefit Indian people. Even amongst those agree with us, many are hesitant to come out on the streets and protest, out of a sense of despondency. Therefore, it is important to continue with our campaign to educate the common people about the disastrous effects of this policy.

Of course, just increasing consciousness is not enough. We will need to organise various forms of creative protests and motivate people to join them in increasing numbers. Ultimately, our struggle is a part of the growing nationwide movement against globalisation, against the sell-out of our country to foreign and Indian big business houses by India's ruling classes. As more and more people join this struggle, it will strengthen and become a powerful force to transform society, and build a new India, where development does not mean profit maximisation of a few big corporations, but fulfilment of the basic needs of all human beings—healthy food, invigorating education, decent shelter, clean pollution-free environment.

Friends, this may appear to be a utopia, but it is not so. The collective strength of the common people is huge; it can build heaven on earth. But because we are so disunited today, we have lost faith in our collective strength. Of course, it is going to be a long and arduous

struggle, but it can be won. Every end needs a beginning, only if there is a beginning will there be an end. We therefore need to make a beginning somewhere, we need to take our own small initiatives. Let us make a beginning by trying to build a unity of employees, development officers, insurance agents and policy holders in and around our city, as the first step towards building a nationwide people's struggle to defeat the attempt of the Indian ruling classes to hand over control of the country's insurance sector to foreign brigands.

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