



IN THE HIGH COURT OF KARNATAKA AT BENGALURU
DATED THIS THE 10TH DAY OF DECEMBER, 2025
BEFORE
THE HON'BLE MR. JUSTICE E.S.INDIRESH
WRIT PETITION NO. 23625 OF 2023 (GM-RES)

BETWEEN:

1. SRI. K.P. NARASIMHA MURTHY
AGED ABOUT 53 YEARS,
S/O LATE K R PRAHALADA RAO
NO. 101, 19TH CROSS,
20TH MAIN, SMS LAYOUT
J.P. NAGAR, V PHASE
BENGALURU - 560 078.

...PETITIONER

(BY SRI. KIRAN S JAVALI, SENIOR ADVOCATE FOR
SRI. PRASHANTH P N, ADVOCATE)

AND:

1. ZONAL MANAGER
APPELLANT AUTHORITY
LIFE INSURANCE CORPORATION OF INDIA
SOUTH CENTRAL ZONE OFFICE
JEEVAN BHAGYA
SALFABAD
HYDERABAD - 500 063.
2. THE LIFE INSURANCE CORPORATION OF INDIA
REPRESENTED BY ITS CHAIRMAN
"YOGAKSHEMA" JEEVAN BHIMA MARG

Digitally signed by
ARUNKUMAR M S

Location: HIGH
COURT OF
KARNATAKA



CENTRAL OFFICE
P B NO. 19953
MUMBAI - 400 021.

3. THE SENIOR DIVISIONAL MANAGER
LIFE INSURANCE CORPORATION OF INDIA,
DIVISIONAL OFFICE 1
J C ROAD,
BENGALURU - 560 002.

...RESPONDENTS

(BY SRI. RAJESH SHETTY, ADVOCATE FOR R1 TO R3)

THIS WP IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA PRAYING TO SET ASIDE THE ORDER PASSED BY THE R1 IN THE PROCEEDINGS HELD UNDER RULE 23 OF THE LIC OF INDIA (AGENTS) REGULATIONS, 2017 IN CODE NO. 05467611, CITY BRANCH -611, URBAN BANGALORE DIVISION-1 DATED SEPTEMBER 12, 2023, (ANNEXURE-A) AND ETC.,

THIS PETITION, COMING ON FOR ORDERS, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE E.S.INDIRESH



ORAL ORDER

Heard Sri. Kiran S Javali., learned Senior Counsel appearing for Sri., Prashanth P.N., learned counsel for the petitioner and Sri. Rajesh Shetty, learned counsel for respondent Nos.1 to 3.

2. In this writ petition the petitioner is assailing the proceedings initiated by the respondent No.1 under Rule 23 of the LIC of India (Agents) Regulations, 2017 in Code No.05467611 (Annexure-A) *inter-alia* sought for direction to the respondent No.3 to release the commission amount due, to the petitioner as per Annexure-J of the writ petition.

Factual matrix of the case:

3. The petitioner is an LIC Agent of the respondent No.1, assailing the disciplinary action initiated against the petitioner herein by the respondent, on the ground that, the petitioner was arrayed as accused No.2 in Crime No.73/2018 registered by the Banshankari Police Station for the offences punishable under Section 34, 403, 406, 420 of the Indian Penal Code, 1860, based on a complaint lodged by one Sri. P.R. Balaji as per Annexure R-2.



4. It is the case of the respondent, that the aforementioned complaint was lodged against the petitioner, as the complainant in the aforementioned proceedings, has instigated one P.R. Balaji to invest in the Vikram Investments. Thereby, the proceedings have been initiated against the petitioner as per Annexure R2. The said aspect was brought to the notice of the respondent-authorities as per Annexure R6 to the statement of objection, dated 13.08.2018 and thereby, the respondent-authorities have initiated a departmental enquiry against the petitioner. Ultimately, the respondent-authority passed the impugned order dated 12.09.2023 (Annexure-A) to the writ petition. Hence, this writ petition is filed.

5. Sri. Kiran S Javali, learned Senior Counsel appearing for Sri. Prashanth P.N. learned counsel for the petitioner, invited the attention of this Court to the proceedings initiated against the petitioner as per the letter dated 12.03.2018 (Annexure-C) for being involved in the repeated scam of Vikram Investments and also the relevant provisions contained under the provisions of the LIC of India (Agents) Regulations, 2017 produced at Annexure-B. It is also argued that, the service rendered by the petitioner, was taken into



consideration and was honoured with being the Member of the Chairman's Club by the respondent-authorities. Thereafter, the respondents have issued a Show-cause Notice dated 18.03.2019 seeking explanation for violation of the relevant rules under the Act. The petitioner has filed reply to the Show-cause Notice stating that the FIR registered against the petitioner is only with regard to the allegation made against the petitioner under the KPAD Act and not with regard to inducing the complainant therein for investment in the said scam and therefore, the reply was made by the petitioner.

6. It is further argued that, the respondent-LIC has not considered the reply made by the petitioner and thereby passed the impugned order at Annexure-A, dated 12.09.2023, which requires to be interfered with this petition. In order to support his arguments, learned Senior Counsel appearing for the petitioner, refers the judgment of this Court in the case of ***Sri. Sutram Suresh Vs. The Senior Divisional Manager Life Insurance Corporation of India and Others*** passed in ***WP.No.29459/2019*** disposed on ***02.03.2023*** and in the case of ***P.G.Natarajan Vs. Life Insurance Corporation of India***



and Others¹ and argued that, the allegation made against the petitioner by the respondent-corporation is fairly covered by the decision of this Court and therefore, it is contended that, the writ petition requires to be allowed by setting aside the impugned order.

7. Per Contra, Sri. Rajesh Shetty, learned counsel appearing for the respondent Nos.1 to 3, reiterates the averments made in the statement of objection and further contended that, the petitioner herein has to file the appeal before the appointed authority as per the aforementioned rules of the LIC and therefore the petitioner has to exhaust the remedy before the appellate authority before approaching this Court under Article 226 of the Constitution of India and accordingly sought for dismissal of the petition.

8. It is also argued by the learned counsel representing the respondent by referring to Annexure R5 and R6, that the respondent-LIC has received the complaint against the petitioner for involvement in making illegal investment in

¹ (2016) 14 SCC 232



the Vikram Investments and therefore sought for dismissal of the writ petition.

9. In the light of the submissions made by the learned counsels appearing for the respective parties and careful consideration of the letter dated 12.03.2018 (Annexure-C) issued by the respondent-LIC, the act of Violation of Rule 8(3), 15(c) and 15(d) read with the Section 16(1)(b), (c), (h) and (i) of The LIC of India (Agents) Regulations, 2017 and further, the action has been taken against the petitioner for termination with forfeiture of renewal commission is concerned, though the petitioner herein, as on the earlier occasion approached this Court in **WP.No.26179/2019 c/w WP.No.26180/2019** this Court vide Order dated **19.07.2023** (Annexure-L), refers to the judgment which has been referred to by the learned Senior Counsel in the present proceedings, however, arrived at a conclusion that, the aforementioned decision was relating to the violation of principle of natural justice and accordingly, dispose of the writ petition, with a direction to the appellate authority to consider the appeal preferred by the petitioner in accordance with law.



10. However, on perusal of the present writ petition, the petition preferred by the petitioner herein has been rejected as per Annexure-A of the writ petition. Therefore, the new cause of action arises to the present petition.

11. It is also to be noted from the judgment of this court passed in **WP.No.29459/2019** in the case of **Sri. Sutram Suresh Vs. The Senior Divisional Manager Life Insurance Corporation of India and Others** wherein, the aspects relating to the same Vikram Investments was considered in paragraph Nos.13, 15 and 16, which reads as under:

"13. The Regulations being statutory, observance of the tenor of the Regulations and the procedure stipulated under the Fifth schedule is imperative. It is under the parameters of the said Regulations the case and contention of the petitioner is required to be noticed. As observed hereinabove, the petitioner gets embroiled in Crime No.73 of 2018 which was registered against one Vikram Investments. The allegation against the petitioner is that he has lured the investors to invest in Vikram Investments and had promised certain premium returns. These are allegations which are pending investigation by the Investigating Officer in the aforesaid crime. The Police have not filed charge sheet yet though the crime is registered five years ago. The issue in the lis does not



concern the contents of the crime. The aftermath of registration of crime is what forms the fulcrum of the present lis. On the ground that the crime comes to be registered on 03-03-2018 th Disciplinary Authority issues a communication to the petitioner on 12-03-2018 seeking an explanation about the involvement of the petitioner in the alleged incident. The Communication reads as follows:

Sir,

Re: Involvement in reported scam of Vikram Investments.

It has been brought to our notice that criminal case has been registered against you under Sections 34, 403, 406, 420 of IPC 1860 in Banashankari Police Station, Bangalore. Also it has been reported in News Papers that you were inducing your clients to invest their money in unauthorized investment schemes. Also it is reported that you promised your clients that future premiums under LIC plans can be financed through the returns generated by such unauthorised schemes.

Such alleged acts hae the potential to bring disrepute to LIC and harm its interests.

I hereby call upon you to submit your explanation within a week."

(Emphasis added)

On the same day another communication comes to be issued directing the petitioner not to solicit and procure any new Life Insurance business until further instructions. On 14-09-2018, the petitioner receives a communication from a person termed as Inquiry Officer asking the petitioner to appear for personal hearing on 24-09-2018. The communication reads as follows:

*"Ref: DOI/Mktg. 14-09-2018
Sri Sutram Suresh,
Flat No.101 ,GalaxyMansions,
No.44,17thCross, 11thMain,
Malleshwaram, Bangalore-55.
Dear Sir,*



*Re: Appear for personal hearing.
We are in receipt of your letter dated 28-06-2018, requestin
for reinstatement of agency and release of renewal
commission on your release on bail with regard to Vikram
Investment scam.*

*You are placed under suspension on receipt of letter received
from your Branch quoting FIR (No.0073/2018 dated 3-03-
2018, accused under Offence – IPC 1860 under Sections 34,
403, 406, 420) and newspaper reports about your alleged
involvement in Vikram Investment scam. You were directed
not to solicit and procure new life insurance business until
further instructions by the Competent Authority on 12-03-
2018.*

*We hereby inform you that you are provided an opportunity to
be heard and submit your views for which you are required to
appear at Divisional Office for a personal hearing on 24-09-
2018
between 11-30 to 12-30 a.m. Please ensure your presence.
You may furnish all information/data as deemed necessary for
consideration of your case. You may either appear in person or
any other person duly authorized by you to present your case,
provided however prior approval of the Competent Authority is
to be obtained for the appearance of the authorized person.*

Your faithfully,

Sd/- Enquiry Officer.”

(Emphasis added)

*The communication depicts two factors – one appointment of
an Enquiry Officer and the other is that the petitioner was
placed under suspension on receipt of a letter received from
the Branch.*

14. *The 1st respondent has filed its statement of objections
and there is no document produced seeking to demonstrate
that an*



order of suspension was served upon the petitioner at any point in time. Therefore, the petitioner was never served with any order of suspension which the communication reads and also was never made aware of the appointment of the Enquiry Officer to summon the petitioner for personal hearing. The petitioner appears before the Enquiry Officer and submits his reply on 24.09.2018. The reply is not produced as it was a questionnaire that was asked by the Enquiry Officer and answered by the petitioner. The same would stand to reason, as it is not produced by the respondent along with the statement of objections. Therefore, this forms the first straw of violation of principles of natural justice. If the order would read that the petitioner was placed under suspension, the order of suspension ought to have been communicated to the petitioner. If disciplinary proceedings are initiated against an agent and if an Enquiry Officer was appointed for the said purpose, it ought to have been made known to the petitioner. Regulation 17 mandates that an agent can be placed under suspension after issuance of suspension notice to him, but not prior to notice he can be placed under suspension. Both of which have been violated in the case at hand.

15. *After the petitioner appears for personal hearing six months passed by. Again on the same ground a show cause notice is issued to the petitioner seeking to show cause as to why his agency should not be terminated with forfeiture of renewal commission. The show cause notice reads as follows:*

**"ACTION UNDER LIC OF INDIA (AGENTS) RULES, 1972
AND IN THE MATTER OF SRI SUTRAM SURESH, LIC AGENT,
CODE NO.5942611 OF CITY BRANCH (611) UNDER
BANGALORE DIVISION-I.**

SHOW CAUSE NOTICE

**WHEREAS, you Sri Sutram Suresh, Agent, Code No.5942611
attached to City Branch Office (611) are charged as under:**

**Whereas you are named in the FIR (No.0073/2018 dated
3.3.2018) and the news papers reporting your involvement in
the scam of M/s Vikram Investments punishable under IPC**



1860

(U/s 34, 403, 406, 420). You are accused of inducing clients to invest in unauthorized investment schemes. These acts amount to violation of code of conduct and other terms of agency envisaged under Regulations 15(c) and (d) read with Regulations 16(b), (c), (h), (i) of the Life Insurance Corporation of India (Agents) Regulations, 2017 notified vide Gazette Notification G.S.R. 86(E) dated 2-02-2017.

Whereas pursuant to your bail Order No.CRL.MISC No.2253/2018 dated 4-04-2018,sufficient opportunity was given to you to be heard by our Enquiry Officer on 24-09-2018. However, your explanation dated 24-09-2018 to the Enquiry Officer has not been found satisfactory.

Whereas, you being a professional Agent, by your misdeeds, have tarnished the image of the Corporation.

WHEREAS, you have acted in a manner prejudicial to the interest of the Corporation and violated Rule 8(3), Regulations 15(c) and (d) read with 16 (1) (b),(c), (h), (i) of the Life Insurance Corporation of India (Agents) Regulations, 2017 notified vide Gazette Notification G.S.R. 86(E) dated 2-02-2017 and failed to perform your duties as an Agent.

However, before proceeding further with the final order, you are hereby directed to show cause in writing as to why your agency should not be "Terminated with forfeiture of Renewal Commission" for your aforesaid misdeeds and for acting in a manner detrimental to the interest of the Corporation, under the provisions of Rule 8(3), Regulations 15(c) and (d) read with 16(1) (b), (c), (h), (i) of the Life Insurance Corporation of India (Agents) Regulations, 2017 notified vide Gazette Notification G.S.R. 86(E) dated 2.02.2017.

Whereas, your reply should reach us within 15 days from the date of receipt of this notice failing which it will be presumed that you have nothing to say in the manner and further action will be taken without any reference to you.

Dated at BANGALORE this 18th day of March 2019."
(Emphasis added)



The petitioner submits a detailed reply to the show cause notice on 28-03-2019 and before an order could be passed, reaches this Court calling in question the said show cause notice in Writ Petition No.14709 of 2019. This Court disposed of the petition in term of its order dated 11-04-2019 directing order to be passed. Consequence of the said direction results in passing of the final order under the Regulations. The final order reads as follows:

"FINAL ORDER

ACTION UNDER LIFE INSURANCE CORPORATION OF INDIA(AGENTS) REGULATIONS, 2017 NOTIFIED VIDE GAZETTE G.S.R. 86(E) DATED 2-02-2017 ON THE MATTER OF SRI SUTRAM SURESH, AGENT, CODE NO.5942611 OF CITY BRANCH OFFICE, UNDER BANGALORE DIVISION-1.

WHEREAS, you, Sri Sutram Suresh, Agent, Code No.5942611, attached to City Branch Office, under Divisional Office I, Bangalore, were issued with a Show Cause Notice dated 18-03- 2019, explaining the charges therein and calling for your explanation.

FOR good and sufficient reasons, I as the Competent Authority provisionally proposed the penalty of termination of your Agency with forfeiture of Renewal Commission with effect from the date of Final Order under Regulation 15(c) and (d) read with Regulations 16(1) (b), (c), (h), (i) and Regulation 8(3) of the Life Insurance Corporation of India (Agents) Regulations,



2017 notified vide Gazette Notification G.S.R. 86(E) dated 2.02.2017 in the said Show Cause Notice dated 18-03-2019.

WHEREAS, in your reply dated 28-03-2019 to the above Show Cause Notice dated 18-03-2019, you have not brought out any relevant facts to disprove the charges framed against you and your reply is not satisfactory.

WHEREAS, I as the Competent Authority after carefully going through the case, relevant records and your reply vide letter dated 28-03-2019 have satisfied myself that you have acted in a manner prejudicial to the interest of the Corporation, and failed to maintain absolute integrity in discharge of your duties thus infringing on Regulations 16(1) (b), (c), (h), (i) and Regulation 8(3) of the Life Insurance Corporation of India (Agents) Regulations, 2017 notified vide Gazette Notification G.S.R. 86(E) dated 2.02.2017. Consequently, Renewal Commission is forfeited under Sub-Regulation 2 of Regulation 19 of LIC of India (Agents) Regulations, 2017 notified vide Gazette Notification G.S.R. 86 (E) dated 2-02-2017.

NOW, therefore, for the reasons stated above, I, as the Competent Authority impose upon you the penalty of termination of your agency with forfeiture of Renewal Commission with effect from the date of Final Order and recovery of all outstanding dues, under the provisions of Regulations 16(1) (b), (c), (h), (i) and Regulation 8(3) of the Life Insurance Corporation of India (Agents) Regulations, 2017 notified vide Gazette Notification G.S.R. 86(E) dated 2.02.2017 with immediate effect. Consequently, Renewal



Commission is forfeited under Sub-Regulation 2 of Regulation 19 of LIC of India (Agents) Regulations, 2017 notified vide Gazette Notification G.S.R. 86(E) dated 2-02-2017. Dated at Bangalore this 14th day of May, 2019.”
(Emphasis added)

The final order reads that the petitioner in reply dated 28-03-2019 to the show cause notice dated 18-03-2019 was unable to disprove the charges framed against him and the reply was not satisfactory. Charges were never framed against the petitioner. What was issued was a show cause notice seeking to show cause as to why the agency should not be terminated. Therefore, this is the next straw of violation of principles of natural justice and denial of reasonable opportunity to the petitioner to defend himself.

16. Regulation 16 (*supra*) which deals with termination of agency mandates that if the agency of any agent is to be terminated for any of the reasons enumerated in sub-regulation (1), mandates that the agent shall be provided reasonable opportunity to show cause against such termination. The reasonable opportunity to show cause against such termination would in the considered view of this Court would not mean that he should not be made known of what are the allegations against him or communication appointment of Enquiry Officer or an order framing the charge, all of which form part of a final order which terminates the agency of the petitioner. The Fifth schedule appended to Regulation 16 as quoted and noted (*supra*) mandates certain procedure to be followed prior to passage of an order that



would terminate the agency of an agent. A perusal at the proceedings or the orders passed which are all noted hereinabove, would unmistakably indicate that the procedure as stipulated under the Fifth Schedule has been thrown to the winds and the order of termination is passed.

17. *It is trite that if a particular procedure is mandated to be followed prior to passing any order of termination, such procedure cannot be given a go-bye by the Authorities, as procedure is the life blood of the Fifth Schedule. On this solitary ground of blatant violation or non-compliance with the procedure stipulated under the Fifth Schedule and Regulation 16, the orders impugned are rendered unsustainable."*

(underlined by me)

12. In view of the matter, where following the declaration of law made by this Court in the above case, wherein, the FIR has been registered against the petitioner herein for his involvement, in so far as, the Vikram Investments is concerned and same has nothing to do with the functioning of the petitioner being an agent under the relevant rules of the LIC, and the entire action of the respondent-authority is based on the anonymous letter dated 13.08.2018 produced at Annexure-R6 is without any basis as well as exercising the jurisdiction of the respondent-corporation to initiate action against the petitioner, in devoid of Rules of the



respondent- LIC and therefore, I am of the view that, the impugned order of the respondent No.1 requires to be set aside.

13. In that view of the matter, I find force in the submissions made by the learned Senior Counsel appearing for the petitioner by referring to the provisions at Annexure-B to the writ petition and therefore, I proceed to pass the following:

ORDER

- i. The writ petition is ***allowed***.
- ii. The order dated 12.09.2023 (Annexure-A) issued by the respondent No.1 is hereby set aside and writ of mandamus is issued to respondent No.3 to release the commission amount due to the petitioner, forthwith, within a period of two (02) months from the date of receipt of this order.
- iii. In view of the disposal of this writ petition the pending applications, if any, stands disposed of.

**SD/-
(E.S.INDIRESH)
JUDGE**