



**IN THE HIGH COURT OF KARNATAKA AT BENGALURU**

**DATED THIS THE 17<sup>TH</sup> DAY OF MARCH, 2026**

**PRESENT**

**THE HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE**

**AND**

**THE HON'BLE MR. JUSTICE C.M. POONACHA**

**WRIT APPEAL NO. 245 OF 2026 (GM-RES)**

**BETWEEN:**

1. ZONAL MANAGER  
APPELLATE AUTHORITY  
LIFE INSURANCE  
CORPORATION OF INDIA  
SOUTH CENTRAL ZONE OFFICE  
JEEVAN BHAGYA  
SAIFABAD, HYDERABAD - 500 063
2. THE LIFE INSURANCE  
CORPORATION OF INDIA  
REPRESENTED BY ITS CHAIRMAN  
"YOGAKSHEMA"  
JEEVAN BHIMA MARG  
CENTRAL OFFICE  
P.B.NO.19953  
MUMBAI - 400 021
3. THE SENIOR DIVISIONAL MANAGER  
LIFE INSURANCE  
CORPORATION OF INDIA  
DIVISIONAL OFFICE-I  
J.C.ROAD  
BENGALURU - 560 002

...APPELLANTS

(BY SRI RAJESH SHETTY, ADVOCATE)

Digitally  
signed by  
VEERENDRA  
KUMAR K M

Location:  
High Court of  
Karnataka



**AND:**

1. SRI K.P. NARASIMHA MURTHY  
S/O. LATE K.R. PRAHALADA RAO  
AGED ABOUT 56 YEARS  
R/AT NO.101, 19<sup>TH</sup> CROSS  
20<sup>TH</sup> MAIN, SMS LAYOUT  
J.P. NAGAR, V PHASE  
BENGALURU - 560 078

...RESPONDENT

(BY SRI PRASHANTH P.N., ADVOCATE)

THIS WRIT APPEAL IS FILED UNDER SECTION 4 OF THE KARNATAKA HIGH COURT ACT PRAYING TO SET-ASIDE THE ORDER DATED 10/12/2025 PASSED IN W.P.NO.23625/2023 BY THE LEARNED SINGLE JUDGE AND CONSEQUENTLY DISMISS THE WRIT PETITION & ETC.

THIS APPEAL, COMING ON FOR PRELIMINARY HEARING, THIS DAY, JUDGMENT WAS DELIVERED THEREIN AS UNDER:

CORAM: HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE  
and  
HON'BLE MR. JUSTICE C.M. POONACHA

**ORAL JUDGMENT**

(PER: HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE)

1. The appellants [**LIC**] have filed the present appeal impugning an order dated 10.12.2025 [**the impugned order**] passed by the learned Single Judge of this Court in W.P.No.23625/2023 (GM-RES).



2. The respondent had filed the said writ petition, *inter alia*, to impugn an order dated 14.05.2019 terminating his agency. The respondent also impugned the proceedings dated 12.09.2023 conducted under Rule 23 of the LIC of India (Agents) Regulations, 2017 [**LIC Regulations**].

3. The respondent was an agent of LIC. However, his agency was terminated. Aggrieved by the same, he had preferred the writ petition. The learned Single Judge had allowed the writ petition and set aside the proceedings dated 12.09.2023, which confirmed the '*penalty of termination of agency with forfeiture of renewal commission*' as imposed on the respondent.

4. The respondent (writ petitioner) enrolled himself as an agent of the Life Insurance Corporation of India in the year 1992. The appellants imposed a penalty on the respondent, leading to his termination as an LIC agent following allegations made in an FIR [**Crime No. 73/2018**] registered at Banashankari Police Station, Bengaluru, on 03.03.2018. LIC states that it became aware of these allegations through newspapers and TV channels, which reported that three LIC agents, including the respondent, had been named in an FIR for offences punishable under Sections 34, 403,



406, and 420 of the IPC. The FIR was lodged by Sri P.R. Balaji, who alleged that the respondent and Sri Raghavendra Srinath, proprietor of Vikram Investment Co., had induced him to invest in M/s Vikram Investments and to part with ₹11.20 crores. They also allegedly persuaded his brother, Sri Bhaskar, to part with ₹54.00 crores and invest these amounts in various schemes of Vikram Investments, promising high returns. He further claimed that Vikram Investments had failed to return ₹11.74 crores (comprising the ₹11.20 crores invested by the complainant and ₹54.00 crores invested by his brother Bhaskar) and thus had cheated them. It is also alleged that, similarly, other named LIC agents had induced 800 (eight hundred) persons to invest in Vikram Investments.

5. On becoming aware of the news reports, appellant No.3 (Senior Divisional Manager of LIC) sent a letter dated 12.03.2018, directing the respondent not to solicit or procure new life insurance business. He also called upon the respondent to provide an explanation. Thereafter, on 18.03.2019, a show cause notice was issued, *stating, among other* things, that sufficient opportunity had been given by the Inquiry Officer to submit an explanation. However, the respondent's explanation to the Inquiry Officer was



found unsatisfactory. It was alleged that the respondent had tarnished LIC's image and acted in a manner prejudicial to its interests. It is further alleged that the respondent had violated Rule 8(3) read with Regulation 19(2) of the LIC (Agents) Regulations. The respondent was called upon to show cause as to why his agency should not be terminated, with forfeiture of renewal commissions, for the aforementioned misconduct and for acting in a manner detrimental to LIC's interests.

6. The respondent claims that no inquiry was conducted as claimed. He states that although a notice of personal hearing was issued on 14.09.2018. But the same was served on the respondent on 25.09.2018. He had submitted a representation and sought time for a personal appearance; thereafter, his personal hearing was scheduled for 06.10.2018. However, he alleges that no opportunity to be heard was granted. He was merely asked some questions. The respondent also filed a detailed response to the show cause notice dated 30.03.2019. However, the same was not accepted, and by an order dated 14.05.2019, the respondent's agency was terminated with forfeiture of renewal commission, with effect from the said order.



7. It is apparent from the tenor of the responses to the questions that the respondent had denied that he had committed any offence. The relevant questions asked to the respondent and his response to them are reproduced below:

"1) My Name: KP NARASIMHA MURTHY, CODE NO: 5467611.

2) Attached to: City Branch, Appointed on: Jan 1989

3) Statement of Agent: on my release from judicial custody, I came to know that my agency is kept under suspension from the letter received from SDM Bangalore and Chief Manager, City Branch office. In the letter it was mentioned that the Competent authority had taken cognizance of reports in the media about my arrest in respect to Vikram Investment Scam.

4) Substantiate your role in Scam: I have absolutely no stakes in Vikram Investments, this company was run by Mr. Raghavendra Srinath who happened to be known to our family for the last 45 years. Based on this relationship and trust I initially invested in this company, got good returns and from thereon referred friends and relatives to this company.

5) Do you know that you are booked in FIR: Yes, I'am aware of the FIR booked in Banashankari Police station bearing number 73/2018 dated 03-03-2018 under offence IPC 1860 under sections 34, 304, 406, 420.

6) Any arrangements made for repayment of outstanding advances. I am unable to repay because all my accounts are frozen. I have no other source of income, hence I'am unable to repay the same.

7) Any other point you would like to submit: I was neither an employee nor a partner in Vikram Investment Scam. I have not drawn any salary/commission from Vikram Investments."



8. Aggrieved by the order dated 14.05.2019, the respondent filed an appeal before the Appellate Authority (Zonal Manager). He also filed writ petitions, W.P.No.26179/2019 c/w W.P.No.26180/2019, in this court. In these writ petitions, the petitioner also challenged the validity of Regulation 19(1) of the LIC (Agents) Regulation.

9. This court disposed of these petitions by an order dated 19.07.2023, whereby this court directed appellant No.1 to dispose of the respondent's appeal under Regulation 20 in a time-bound manner.

10. The respondent alleges that thereafter, the respondent received a notice dated 08.09.2023 stating that a video conference was scheduled for the next day, i.e., 09.09.2023, at 10 a.m. The respondent claimed that he was neither given sufficient notice nor afforded an opportunity to address his submissions. The LIC rejected the respondent's appeal by an order dated 12.09.2023, which is also impugned in the writ petition.

11. The respondent also filed a memorial before the Chairman, LIC, under the Regulations and also preferred a writ petition,



W.P.No.23625/2023. The said memorial was dismissed during the pendency of the writ petition. The respondent claims that he filed a memo placing the same before the learned Single Judge.

12. The learned Single Judge noted that a similar case to that of the petitioner was considered by this Court in W.P.No.29459/2019 captioned "*Sri Sutram Suresh v. Sr. Divisional Manager, LIC of India and others*". The Court noted that in the said case, the issues relating to the involvement of the petitioner in that case with Vikram Investments had been considered in detail, and it had been found that a reasonable opportunity had not been granted, and the procedure as prescribed under the fifth schedule of the LIC Regulations was not followed. Following the aforesaid decision, the learned Single Judge allowed the writ petitions.

13. We note that the fifth schedule to the LIC Regulations sets out a detailed procedure for holding an enquiry before or after suspension of an agent. It expressly provides that the appointment of an agent would not be cancelled unless an enquiry is conducted in accordance with the said Rules set out in the said schedule. The inquiry officer is required to furnish all information and data which is necessary to conduct the inquiry to the agent. The agent must be



provided 21 days from receipt of the letter of suspension to submit his response. The agent is required to furnish his reply to the inquiry officer along with documentary or other evidence. Thereafter, the inquiry officer is required to give a reasonable opportunity of hearing to enable him to make a submission in support of his response. The enquiry is to be completed within 45 days. After completion of the enquiry, the Inquiry Officer is required to take into account all relevant facts and submissions made by the agent and furnish a report of his recommendations to the competent authority. Thereafter, the competent authority is required to issue a show-cause notice directing the agent to submit his response within a period of 15 days.

14. As rightly held by the learned Single Judge, the necessary procedure was not followed, and the inquiry stated to have been conducted failed to take into account the submissions made by the respondent.

15. It was the respondent's case that he had never induced any policy-holder to invest or to make investments in M/s. Vikram Investment. On the contrary, the respondent claimed that he was also a victim as he had invested a sum of ₹54,78,000/- and his wife



had invested an amount of ₹77,33,000/- in Vikram Investment. He also unequivocally stated that he was neither an employee nor a partner in Vikram Investment, and he had not drawn any salary or received any commission from Vikram Investments. More importantly, it transpires that, apart from an FIR naming the respondent, no other material is available on record indicating that the respondent was involved in any scam or in cheating any person.

16. This Court had pointedly asked the learned counsel for LIC if there was any complaint by any policy holder or any other material to indicate that the respondent was involved in cheating any person. The counsel had fairly stated that there was no material other than the FIR lodged and the complaint received by LIC. Concededly, no policy holder has come forward to make a complaint against the respondent. However, the counsel drew the attention of this Court to a letter dated 13.08.2018, addressed to the Chairman of LIC, which was received by LIC on 31.10.2018. The said letter is an unsigned anonymous letter purportedly sent by '*Team of suffered people*'.



17. Plain reading of the said letter indicates that the sender had requested that action be taken against the persons involved in the case of Vikram Investments. However, apart from the fact that the letter is anonymous, it neither alleges that the sender suffered any loss nor makes any specific allegations against the respondent. It merely referred to news reports and requests that action be taken against the persons involved in the Vikram Investments' case. The said letter cannot be considered a complaint against the respondent. The principal question for the Inquiry Officer and the concerned authorities was whether the respondent was involved in any scam, and, if so, his alleged role. There is no material on record indicating that the respondent was in any manner involved with Vikram Investments.

18. Thus, the penalty imposed on the respondent is solely on the basis that a person had filed a complaint with the police authorities. The respondent also states that he preferred a Criminal Petition being Crl.P.No.2410/2022 before this Court, and an order has been passed by this Court staying further investigation, *inter alia*, on the ground that there was no allegation that the respondent had



induced the complainant to invest money with an intention to cheat him.

19. It is apparent that the penalty imposed on the respondent was imposed without application of mind and without taking a view as to the respondent's role in the alleged scam.

20. The learned Single Judge had rightly set aside the orders imposing the penalty on the respondent. We do not find any ground to interfere with the impugned order. The appeal is, accordingly, dismissed.

**Sd/-  
(VIBHU BAKHRU)  
CHIEF JUSTICE**

**Sd/-  
(C.M. POONACHA)  
JUDGE**

KMV  
List No.: 2 SI No.: 22