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**(2025) 10 JH CK 0062**

**Jharkhand HC**

**Case No:** Writ Petition (S) No. 854 Of 2017

Alok Pathak S/o Shri  
Gopal Jee Pathak

**APPELLANT**

**Vs**

Life Insurance  
Corporation of India

**RESPONDENT**

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**Date of Decision:** Oct. 16, 2025

**Acts Referred:**

- Life Insurance Corporation of India Act, 1956 &mdash; Section 48(2)(cc)(1)
- Life Insurance Corporation of India Development (Revision of Certain Terms and Conditions of Service) Rules, 2009 &mdash; Rule 6, 7

**Hon'ble Judges:** Deepak Roshan, J.

**Bench:** Single Bench

**Advocate:** Rajendra Krishna, Jay Shankar Tiwary, Manish Kumar, Abhijeet Kr. Singh, Umesh Pd. Singh, Sachin Kumar

**Final Decision:** Dismissed

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**Judgement**

Deepak Roshan, J

1. Heard learned counsel for the parties.

2. The instant writ application has been preferred by the petitioner praying therein for the following reliefs:

*i. For quashing/ setting aside the termination notice dated 22.11.2016 (Annexure 10) bearing reference no ECZ/Mktg issued under the signature of Zonal Manager, East Central Zone Office, Life Insurance Corporation of India.*

*ii. For quashing/ setting aside Rule 6 and 7 of the Life Insurance Corporation of India Development (Revision of Certain Terms and Conditions of Service) Rules, 2009 (Annexure 11).*

- iii. *For staying the operation of termination order dated 22.11.2016 (Annexure 10) bearing reference no ECZ/Mktg issued under the signature of Zonal Manager, East Central Zone Office, Life Insurance Corporation of India during the pendency of this instant writ application.*
- iv. *For the release of arrears of salary, travel allowance, dearness allowance, election duty allowance etc of the petitioner which is pending before the respondent Life Insurance Corporation.*

3. Mr. Rajendra Krishna, learned counsel for the petitioner submits that the petitioner was appointed as Probationary Development Officer vide letter dated 09.05.2011 (Annexure-1) bearing reference no JDO/MKTG issued under the signature of Senior Divisional Manager with effect from 15. 05.2011 wherein petitioner was posted at headquarters at Chhota Govindpur and the area of operation was Jamshedpur Branch. He submits that the appointment letter dated 9. 05.2011 of the petitioner shall be governed specifically by the terms and conditions of the Life Insurance Corporation of India (Staff) Regulation, 1960 as amended from time to time. The appointment of the petitioner was confirmed vide letter dated 15. 05.2013 (Annexure-2) and the w.e.f 01.06.2013 the basic pay scale of the petitioner was Rs.12,235/- per month and it was informed to the petitioner that all the other allowances corresponding to this basic pay would be as per rule. He further submits that vide show cause notice dated 30.11.2015 (Annexure-3) being reference no. JDO/Sales issued under the provisions contained in sub-rule (1) of Rule 6 of the Life Insurance Corporation of India (Revision of Certain Terms and Conditions of Services) Rules, 2009 (rule under challenge) directed the petitioner to file its written reply/ representation within 15 days from the date of receipt of this letter. The petitioner represented before the Senior Divisional Manager of LIC at Jamshedpur and filed his detailed reply dated 14.12.2015 (Annexure-4 & 4/1) to the show cause dated 30.11.2015 and further stated that he had successfully achieved his target for the 1st year but in 2nd year petitioner fell short because petitioner's father was seriously ill and was suffering from Cancer and for the treatment for his father he had gone to Vellore where his father was admitted for treatment. The petitioner sought time for setting his own target so that he would be able to comply and achieve the target as per rules, 2009.

4. Learned counsel further submits that vide letter dated 14. 01.2016 (Annexure-5) being reference no. JDO/Sales, the respondent LIC has stated that the petitioner has not replied any factual inaccuracies in respect of the figure necessitating any change in the appraisal of the work, thus the LIC is forwarding this matter to the Zonal Manager for decision. Thereafter, the respondent LIC has issued a show cause notice dated 22.02.2016 (Annexure-6) under sub rule 8 of Rule 6 read with Rule 7 of Life Insurance Corporation of India (Revision of Certain Terms and Conditions of Services) Rules, 2009 directing the petitioner to file reply and represent before the LIC within 15 days from date of receipt of notice dated 22.02.2016 and further the petitioner has been asked to submit its reply that why his services are not liable to be terminated in terms of Rules, 2009 as the performance of the petitioner for appraisal years has not been as per the given target.

5. He further submits that the petitioner immediately represented before the Senior Divisional Manager, LIC vide letter dated 14.03.2016 (Annexure-7) stating therein that the father of the

petitioner is suffering from bone marrow cancer and he was admitted at Abdul Razak Hospital and thereafter, he was referred to CMC Vellore, therefore petitioner was not able to concentrate on his target due to his unavailability in the field area. Further, on the ground of illness of his father the petitioner requested for further more time to achieve the target given by LIC. He further submits that vide letter dated 28.03.2016 (Annexure-8) being reference no. JDO/Sales, the respondent LIC has stated that the petitioner has not replied to any factual inaccuracies in respect of the figure necessitating any change in the appraisal of the work, thus the LIC is forwarding this matter to the Zonal Manager for decision. The respondent-LIC sent the show cause notice dated 30. 06.2016 (Annexure-9) to the petitioner stating therein that the cost ratio for the immediate appraisal year which ended on 31. 05.2014 was 83.39% and per the Rules, 2009 of LIC the services of the petitioner is liable to be terminated. Further the respondent LIC had asked the petitioner to submit his reply within 30 days from the receipt of this notice to which the petitioner immediately replied and represented before the Senior Divisional Manager, LIC stating the reason that due to further treatment of his father who is suffering from cancer, the petitioner could not concentrate on work and is not able to serve his existing agents due to which the whole business of the petitioner collapsed. He further submits that the petitioner requested for some more time to make up for his business so that he can achieve the target set by the LIC. He further submits that suddenly thereafter, the petitioner received his termination letter dated 22.11.2016 (Annexure-10) on 08.12.2016 issued in terms of said provisions of the Life Insurance Corporation of India (Revision of Certain Terms and Conditions of Services) Rules, 2009 wherein the termination letter it is stated that after expiry of 3 months from the date of receipt of the termination notice, his services will be terminated.

6. He further submits that the Life Insurance Corporation of India has framed Development Officers (Revision of Certain terms and conditions of Service) Rules 2009 (Annexure-11) in which the respondents concerned has incorporated a clause for Termination of service in certain cases, being Rule 6 and 7 which the petitioner challenges, because he has been made responsible for the conduct and business done by the Agents, however, they have not given any supervisory or controlling power in relation to them. He further submits that under R.T.I Act filed by one of the Development Officer, has received information vide letter dated 29.10.2012 that Service conditions, role and duties of Development Officer, is governed by LIC of India (Staff Regulation) 1960, but the said regulations do not provide any controlling power to Development Officers over their team of agents. He lastly submits that the petitioner has not received his arrears of salary, travel allowance, dearness allowance, election duty allowance etc. for which petitioner has also asked through RTI but however, to no effect and the petitioner has also performed election duty in the year 2015 and 2016 for which petitioner has not received any allowance till date.

7. Mr. Umesh Pd. Singh, learned senior counsel appearing on behalf of the respondent-LIC submits that Insurance Act 1938 was enacted governing the business of the insurance companies. The Insurance Rule, 1939 was framed in which Rule 17D provides for limitation of expenses in respect of life insurance business transacted by insurer doing business in life insurance. The cost ratio to be maintained by the insurer is also provided therein. In exercise of its power under section

48 (2) (cc) (1) of the Life Insurance Corporation of India Act, 1956, the Central Government in supersession of 1989 Rules framed Life Insurance Corporation of India Development officers (Revision of Certain Terms and Conditions of Service) Rules, 2009. He further submits that the petitioner was appointed as Probationary Development officer on 09.05.2011 vide Annexure-1 which contains detailed terms and conditions. The petitioner was confirmed in the service of the Corporation as Development officer on 15.05.2013 and the petitioner was directed to work within the prescribed cost ratio of 20%. In spite of the fact that the petitioner was to work at a cost ratio of 20% which was incorporated in terms and conditions of service; the expense limit during appraisal year ending as on 31.05.2014 and 31.05.2015 were 83.39% and 81.17% as against the prescribed limit of 20%. On 30.11.2015, the petitioner was issued show cause notice informing that the cost ratio was about 81.17% for the appraisal year ended 31.05.2015.

8. Learned senior counsel further submits that the petitioner replied to the show cause Notice vide Annexure-4 to the writ application taking the plea of illness of his father and admitted the facts and figures mentioned in the letter dated 30.11.2015. Thereafter, the representation of the petitioner was forwarded to the Zonal Manager for decision on 14.01.2016. As advised by Zonal office, the revised show cause was issued under rule 6(8) of the Rules of 2009 as the cost ratio for two succeeding years exceeded 38%. The petitioner was informed that the services of the petitioner is liable to be terminated under Rule 6(8) read with Rule 7 of the Rules of 2009. Thereafter, on 14.03.2016 the petitioner replied to the show cause notice taking same plea of illness of his father (Annexure-7), however, he did not dispute the facts and figure, particularly the cost ratio as mentioned in the Show Cause Notice dated 22.02.2016. The representation of the petitioner was forwarded to the Zonal office on 28.03.2016. He further submits that the termination notice (Annexure-9) was issued by the Zonal Manager and on 30.06.2016, the petitioner in his reply admitted that he failed to maintain the prescribed cost ratio (Annexure - 9/1) taking the same plea that his father suffered with acute malarial disorder and bone marrow cancer.

9. Learned senior counsel lastly submits that the petitioner was informed on 22.11.2016 that his services shall stand terminated on expiry of three months from the date of receipt of this order in terms of Rules of 2009.

10. Having heard learned counsels for the parties and looking to the averments made in the respective affidavits and the documents annexed therein, it transpires that initially, the writ petition was filed challenging the termination notice dated 22. 11.2016 (Annexure-10) as well as Rule 6 & 7 of the Life Insurance Corporation of India Development officers (Revision of Certain Terms and Conditions of Service) Rules, 2009 (Annexure-11) (hereinafter referred as "Rules of 2009") as ultra vires as such the writ petition was placed before the Hon'ble Division Bench and an Order of Status Quo/Stay was passed. However, prayer challenging the Rule was subsequently withdrawn by the petitioner and the prayer was allowed by the Hon'ble Division Bench vide order dated 19.09.2022 and as such, the matter was referred to the Single Bench to decide the writ petition. It further transpires that the insurers are bound to maintain cost ratio as mandated by the Insurance Law and the Rules framed thereunder and Rule 2 (j) of the Rules of 2009 provides for expense limit to be maintained by the Development officers. Rule 4 provides that the Expense limit shall be applicable to the Development Officers appointed prior to or after the implementation of Rules of

2009. The petitioner was appointed after 2009. Rule 5 provides for incentives on the basis of performance. Rule 6 at the first instance provides for grant of disincentives. If there is no scope for grant of disincentives, then only termination is to be resorted as a last resort. Sub-rule (8) to Rule 6 reads thus:

*"Notwithstanding anything contained in sub rules (1) to (7) where the annual remuneration of a Development officers in any preceding year (hereinafter in this sub-rule referred to as the "relevant year") exceeds 38% of the eligible premium of that year and the aggregate of the annual remuneration in the relevant year and the appraisal year immediately preceding the relevant year exceeds 38% of the aggregate of the eligible premium in those two years, his services shall be liable to be terminated in accordance with rule 7."*

11. Further, Rule 7 (1), 7(2) &7(3) reads thus:

*"(1) where a Development officer has failed to conform to the expense limit and where no opportunity to conform to such limit could be given under the provisions of rule 6, the Zonal Manager may terminate his services after giving him three months' notice or salary in lieu thereof:*

*Provided that the Development officer shall be given an opportunity to show cause against such proposed termination of his service."*

*"(2). An appeal against an order passed under sub-rule (1) shall lie to the Managing Director and the provision of Rules 41, 42, 43, 44 & 45 of the Staff Rules shall, so far as may be, apply to any such appeal. (3). In case of an appeal under sub-rule (2) the Managing Director shall consider the records of the case and pass orders on merits having regard to the circumstances of the case."*

12. It further transpires that since, the expense limit during the appraisal year ended 31.05.2014 and 31.05.2015 were 83.39% and 81.17% respectively, which exceeded 38% limit as provided under Rule 6(8), Rule 6(8) mandates that the services of such development officer is liable to be terminated under Rule 7. Rule 7 requires the authority to give show cause notice to the development, which was duly given, however, the petitioner failed to controvert the facts and figures as mentioned in show cause notice dated 30.06.2016. Further, in view of rule 6(8) read with rule 7 of the Rules of 2009, the action of the respondent is justified in giving termination notice to the petitioner. The petitioner has admitted and not disputed the facts and figures mentioned in the show cause notice, thus, it appears that the action of the respondent-LIC is in accordance with the law. It further transpires that the petitioner did not avail the alternative statutory remedy of appeal and also the respondents have filed Counter affidavit as also supplementary counter affidavit in this case and the petitioner had not disputed the facts stated therein.

13. Having regard to the aforesaid facts and circumstances of the case, no relief can be granted to this petitioner; accordingly, the instant Writ application stands dismissed.

14. Pending I.A., if any, also stands closed.