



ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION

LIC BUILDING SECRETARIAT ROAD HYDERABAD 500063

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GENERAL SECRETARY:
V. RAMESH

October 17, 2017.

The Chairman,
LIC of India,
Central Office,
Mumbai.

Dear Sir,

Fixation of pay of Ex-servicemen re-employed by LIC of India on or after 1/1/2006

The Central Office has issued a circular CO/Per/ER-A/147/2017 dated 06.01.2017 advising all offices to re-fix the pay of the Ex-Servicemen who joined the services of LIC on or after January 1, 2006. If the Pay is re-fixed according to this circular, it would cause huge reduction in the salary of such employees and result into unjustified recovery. We do not see any justification in such an action which puts the former defence employees into huge difficulties.

We would like to point out that the fixation of re-employed ex-servicemen in LIC was governed by the then CO Circular ZD/687/ASP/89 dt. June 2, 1989. Therefore, the pay fixation was neither wrongly done nor was by a mistake. It was done as per the rules existing then. This Pay fixation was the most important element that was taken into consideration by the Ex-Servicemen while deciding to join the services of LIC.

The revised guidelines in the matter of fixation of Ex-Servicemen issued now which adversely impact the employees are evidently issued under the advice of the Department of Financial Services. Their advisory missive bearing File No. 4/3/2012 – welfare dated 17th February, 2014 asking LIC to implement the guidelines on the subject as applicable to the Public Sector Banks with a retrospective effect i.e. 1-1-2006 is neither fair nor legally permissible. Besides this, these revised guidelines are not binding on LIC since they do not take the force of a validly made rule under section 48 of the LIC of India Act, 1956.

You are aware that it is a well recognised principle of law that if any amended rule affect the benefit already given then such rule would not be permissible to make it retrospectively. The Apex Court in a number of cases had held this opinion. It is in view of this inviolable principle of law that whenever the Ministry issues any notification concerning our service conditions, the related notification carries with it an Explanatory Memorandum declaring therein that **“It is certified that no employee of the Life Insurance Corporation of India is likely to be adversely affected by this notification being given retrospective effect.”** Since the advisory missive from the Government has been given retrospective effect and it impacts the employees adversely, it requires reconsideration in the light of the governing law at your level.

We, therefore, request you to re-examine the issue and if necessary to take up the matter with the Government to ensure that these revised guidelines are not made applicable to those re-employed before the issuance of the C.O. Circular dated 06-01-2017 and in whose cases the pay had already been fixed under the then validly framed guidelines. In the meanwhile we request you to keep implementation of the revised guidelines in abeyance.

We may also bring to your kind notice that the Hon’ble High Court of Kerala was approached by some aggrieved employees on this issue. **The High Court by its Order dated 9th October, 2017 has stayed recovery as envisaged in the circular dated 6.1.2017 issued by the Central Office.**

Thanking you,

Yours faithfully,



General Secretary.