

**LIFE INSURANCE CORPORATION OF INDIA**  
**CENTRAL OFFICE**

Dept : Personnel/ER-A

"Yogakshema",  
Jeevan Bima Marg,  
Mumbai – 400021.

Circular No: CO/PER/ER-A/327/2023

6<sup>th</sup> September, 2023.

To

ALL OFFICES OF THE CORPORATION

**Re : Fixation of Basic Pay of employee on imposing penalty of reduction to lower post**

Reference is invited to our earlier instructions issued regarding fixation of Basic Pay of employee on imposing penalty of reduction to lower post under Rule 39 of LIC of India (Staff) Rules, 1960.

The matter has been examined and it has been decided that:

1. If employee has been reverted to previous cadre during probation period of promotional cadre or any of the penalty under Rule 39 of LIC of India (staff) Rules, 1960 is imposed before confirmation of the employee in promotional cadre resulting into reversion to previous cadre, Basic Pay of the employee shall be fixed as if the employee had continued in the previous cadre during probation period of promotional cadre.

2. If penalty of reduction to lower post / scale under Rule 39 of LIC of India (Staff) Rules, 1960 is imposed and Final Order is issued without specifying the fixation of Basic Pay at lower post, in such case, Basic Pay of the employee shall be fixed in accordance with either of the following two methods whichever is favourable to the employee.

(i) Basic Pay in lower cadre shall be fixed at the same basic pay (drawn on the date of final order) where there is stage in lower scale at which the same basic pay is obtained or at the immediate next lower basic pay where there is no stage of basic pay in the lower scale obtaining similar basic pay. Stagnation increment granted in promotional cadre and Fixed Personnel Allowance once granted need not to be withdrawn to give effect of the penalty imposed under Rule 39 of LIC of India (Staff) Rules, 1960.

**OR**

(ii) Basic Pay in the lower scale shall be fixed as if the employee had continued in the lower cadre during the period of the service spent in the promotional cadre. Fixed Personnel Allowance / Stagnation increment shall be released notionally subject to fulfilling other conditions to arrive the Basic Pay to be fixed.

**Illustration:**

'A' Officer was promoted to the cadre of AO on 01.06.2013. On 15.12.2021, Charge Sheet was issued to him and Final Order dated 31.03.2023 was issued imposing penalty of "Reduction to the post of AAO" in terms of Rule 39 (1) (g) of the LIC of India (Staff) Rules, 1960. On the date of imposing penalty, Basic Pay of the officer in AO cadre was Rs.110685/- after release of 1<sup>st</sup> stagnation increment. Fixed Personal Allowance was already released on 01.10.2017.



**Method-I**

Before effect of Penalty	After effect of Penalty
Basic pay in AO cadre as on date of penalty ie. 31.03.2023 including one Stagnation Increment released on 01.10.2019 in AO cadre is Rs.110685/-	Basic Pay shall be fixed at maximum of pay scale in AAO cadre as on date of penalty ie. 31.03.2023 Rs.102090/- plus one Stagnation Increment Rs.2865/- released on 01.10.2019 in AO cadre. Total Basic Pay Rs.104955/-
Fixed Personnel Allowance released in AO cadre on 01.10.2017 Rs.2645/-	Fixed Personnel Allowance released in AO cadre on 01.10.2017 Rs.2645/-
Basic Pay Rs. 110685/- + FPA(Rs.2645/-)	Basic Pay Rs. 104955/- + FPA(Rs.2645/-)

**Method-II**

Basic Pay of the officer shall be fixed as if he had continued in AAO cadre.

Date of Change of Basic Pay	Basic Pay (Rs.)	Reason for change in Basic Pay
01.06.2013	57080/-	Basic pay in AAO Cadre on date of promotion as AO
01.10.2013	58825/-	Notionally release of NGI in AAO cadre
01.10.2014	60570/-	Notionally release of NGI in AAO cadre
01.10.2015	62315/-	Notionally release of NGI in AAO cadre. Reached maximum of AAO scale
01.10.2016	62315/-	Notionally release of FPA after one year from reaching maximum of scale in AAO cadre.
01.08.2017	102090/-	Pay Scales revised due to Wage Revision
01.10.2018	104955/-	Notional release of first stagnation increment in AAO cadre
01.10.2021	107820/-	Notional release of second stagnation increment in AAO cadre
31.03.2023	107820/-	Basic pay in AAO Cadre will be fixed on imposing penalty of reduction to lower post

Since fixation of Basic Pay in second method is more favourable to the officer, Basic Pay shall be fixed at Rs.107820/- alongwith Fixed Personal Allowance Rs.2645/-. Third stagnation increment in AAO cadre shall be released on 01.10.2024 subject to fulfillment of other conditions in this regard.

The above instructions are effective from the date of this circular.

  
**Executive Director (Personnel)**

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