IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 26.08.2025

CORAM

THE HONOURABLE MR.JUSTICE MUMMINENI SUDHEER KUMAR

W.P.No.4426 of 2011
and
M.P.Nos.1 & 2 of 2011

G.Arul Murugan ... Petitioner

Vs.

1.State Bank of India,
Rep by its Chief General Manager,
Local Head Office,
Circle Top House,
No.16, College Lane,
Chennai 600 006.

2.General Manager
SME Business Unit
Local Head Office,
Circle Top House,
No.16, College Lane,
Chennai 600 006. .... Respondents

Prayer: Writ Petition is filed under Article 226 of the Constitution of India, to issue a Writ of Certiorarified Mandamus, after calling for the concerned records from the 1st and 2nd respondents, quash the order of the 1st respondent dated 27.12.2010 and the order of the 2nd respondent dated 20.08.2010 bearing Ref.No.SME/160 as illegal, arbitrary and contrary to law and consequently direct the respondents to reinstate the petitioner in service with full back wages, continuity of service and all other attendant benefits, award costs.

For Petitioner : M/s.Balan Haridas

For Respondents : Mr.S.Ravindran
Senior Counsel assisted by
Mr.K.Chandrasekaran

O R D E R

The brief facts that are relevant for disposal of this writ petition are as under:

1.1. The petitioner herein was appointed on contract basis as Customer Relationship Executives (Medium Enterprises) (hereinafter referred as 'CRE (ME)') for a period of two years from 01.09.2008 to 30.08.2010 under the State Bank of India Service Rules for Customer Relationship Executive (Medium Enterprises), by an order dated 28.07.2008 read with order dated 26.08.2008. While the petitioner was continuing on a contractual basis, the respondent Bank issued proceedings dated 20.07.2010, providing for permanent absorption to the officers who were appointed on a contract basis, including for the officers who were appointed as CRE (ME). Not withstanding the circular dated 20.07.2010, the services of the petitioner was terminated by the respondent Bank, by issuing an order dated 20.08.2010 with effect from 31.08.2010. The relevant portion from the said order of termination reads as under:

> *"2.Your appointment was contractual in nature for a period of two years from 01.09.2008 to 30.08.2010. The terms/period of your contract will end on 30.08.2010. Since the term / period of your contract will come to an end on 30.08.2010 at close of business hours you will stand discharged from the Bank w.e.f. 30.08.2010. Your are not required to attend office from the said date i.e.31.08.2010. This communication is discharge certificate / letter from the Bank as regards your service on contractual basis."*

1.2. It was thereafter, the petitioner filed an appeal before the 1st respondent on 06.09.2010 contending that the petitioner herein is entitled for absorption in terms of the circular dated 20.07.2010, but, instead of considering case of the petitioner for absorption under the said circular, he was terminated from service on expiry of the two years term. Thus, the petitioner sought for reinstatement into service. According to petitioner, the petitioner he fulfils all the requirements contemplated under circular dated 20.07.2010. But the said appeal filed by the petitioner was rejected by the 1st respondent, by passing an order dated 27.12.2010, on the ground that the petitioner had achieved only 42% of targets during the year 2009 - 2010 as against the requirement of 60% targets. It is aggrieved by the original order dated 20.08.2010 as confirmed by order dated 27.12.2010, the petitioner filed the present writ petition.

2. The respondents filed counter affidavit reiterating their stand stating that the petitioner has not fulfilled the criteria provided under circular dated 20.07.2010, and therefore he is not entitled for absorption in terms of the said circular and further contended that the contractual appointment of the petitioner is for a specified term and accordingly, the petitioner was relieved from the service on expiry of the contractual term. It is also further contended that there was no assurance of absorption or permanent employment given to the petitioner at any point of time and that the petitioner is fully aware that, his appointment was on contractual basis and for a specified term of two years.

3. Heard M/s.Balan Haridas, learned counsel for the petitioner and Mr.S.Ravindran, learned Senior Counsel for the respondent Bank.

4. It is not in dispute that the initial appointment of the petitioner was on a contractual basis, and the same was for a specified period of two

years, which comes to an end on 30.08.2010. But for the circular dated 20.07.2010, there is nothing for the petitioner to complain against the impugned order dated 20.08.2010 terminating his employment. Though learned counsel for the petitioner raised a specific contention on the ground of violation of principles of natural justice by placing reliance on Rule 29.2 of Service Rules for CRE (ME) 2007, in the considered view of this Court, the said rule has no application to the case of the petitioner. The said Rule 29.2 reads as under:

> *"29.2 The Bank may at its sole discretion terminate the contractual appointment by giving one month's notice or one month's gross emoluments in lieu thereof to officer during the first year of service and thereafter by giving 3 months notice or 3 months gross emoluments in lieu thereof. The gross monthly emoluments would mean the total monthly emoluments on Cost to Bank basis and will include basic pay, conveyance allowance and housing allowance. No other allowances/reimbursement or variable pay shall form part of gross monthly emoluments for the purpose of this rule. Further, for this rule, Bank's service shall mean continuous service in the Bank including the period of service completed by renewal(s) of contract."*

5. The termination contemplated under above Rule 29.2 would apply only in case if the contractual appointment is sought to be terminated

during the subsistence of the contractual period. If the contractual period would come to an end by efflux of time, the above said rule has no application. In the instant case, the contractual appointment of the petitioner has come to an end by 30.08.2010 by efflux of time and accordingly, the petitioner was discharged from service. Therefore, the notice contemplated under Rule 29.2 has no application to the case of the petitioner herein.

6. Then, the next question that falls for consideration is whether the petitioner is entitled for absorption of his services in the respondent Bank in terms of circular dated 20.07.2010. In terms of the said circular dated 20.07.2010, all the officers whose cadres are mentioned in the said circular and who are in service of the Bank as on 14.07.2010 will be eligible for absorption subject to achieving minimum 60% of target during the year 2009-2010. The relevant condition 2(i) of the said circular reads as under:

> *"2.i. All above mentioned officers who are in the service of the Bank, as on 14.7.2010 will be eligible for absorption, subject to having achieved minimum 60% targets during the year 2009-2010. The performance of the officers will b e assessed as per the performance evaluation matrix advised by the concerned SBUs."*

7. According to the petitioner, he satisfy the requirements under

condition 2(i) of the above said circular of achieving minimum 60% target during the year 2009-2010. However, the respondent Bank on finding that the petitioner has not achieved the minimum target of 60% during the year 2009-2010 refused to absorb the services of the petitioner in the respondent Bank. Therefore, the only issue that needs to be examined by this Court is, whether the petitioner herein has satisfied the requirement under condition 2(i) of the circular dated 20.07.2010.

8. The performance appraisal of the petitioner herein was prepared by the respondents and the same was communicated to the Deputy General Manager by the Chief Manager through its letter dated 28.07.2010. The said performance evaluation sheet for the year 2009-2010 was also signed by the petitioner as well as the Branch Manager and Regional Manager concerned. In terms of the said evaluation sheet, the total achievement of the petitioner was 42%. The said evaluation sheet was signed by the petitioner prior to 28.07.2010. The petitioner has not raised any objection against the said evaluation for the financial year 2009-2010. But, it is only after passing of the impugned order dated 20.08.2010 intimating the petitioner that the contractual period will be coming to an end by 30.08.2010 and about his

discharge from the Bank with effect from 31.08.2010, the petitioner appears to have started claiming for absorption in terms of the circular dated 20.07.2010 by filing an appeal before the 1st respondent. In the appeal, the petitioner has claimed that, by mistake, he has omitted to include his performance in respect of growth in business of existing client and in case if the same is included, he would be achieving minimum 60% of the target for the year 2009-2010. The basis for the petitioner to make such a claim is basing upon the business in respect of growth in business of existing clients and also on the ground that the proposals in respect of the said business was submitted well before 31.03.2010, but the said loans were sanctioned after 31.03.2010 and therefore, the same shall have to be taken into consideration as business for the year period 2009-2010 for the purpose of evaluating the performance of the petitioner.

9. As seen from the affidavit filed in support of the writ petition, the said proposals in respect of 5 customers were submitted during the period 23.03.2010 to 16.04.2010. Out of five accounts, three accounts were submitted between 23.03.2010 to 29.03.2010. The other two proposals were admittedly submitted on 12.04.2010 and 16.04.2010. All the said proposals

were admittedly sanctioned on 05.05.2010.

10. As already noted above, out of five proposals said to have been submitted by the petitioner, two were admittedly submitted after 31.03.2010 and out of the remaining three, admittedly the sanction was made on 05.05.2010. The contention of the learned counsel for the petitioner that the job of the petitioner is only to submit proposals in terms of the responsibilities of the CRE (ME) and he has no role to play in the matter of sanction of said proposals. In the considered view of this Court, the same does not stand to legal scrutiny. If mere submission of proposal is to be treated as achieving the target, any number of proposals can be submitted without fulfilling the legal requirements for sanction of loan. Therefore, achieving the target cannot be assessed basing upon the proposals submitted, but it can be only basing upon the sanction of the proposals/loans.

11. In the instant case, admittedly, there was no proposal in respect of growth in business of existing client submitted by the petitioner was sanctioned during the financial year 2009-2010 i.e., prior to 31.03.2010. But all the three proposals that were submitted by the petitioner prior to

31.03.2010 were admittedly sanctioned by the respondents on 05.05.2010. Thus, the business that was procured by the petitioner prior to 31.03.2010 was ultimately ended to the benefit of the Bank by virtue of subsequent sanction on 05.05.2010. Sanction of the loan is not within the hands of the petitioner. Admittedly, the petitioner is not the sanctioning authority. In terms of the relevant circular, the CRE(ME) appointed on a contractual basis was not conferred with any financial or sanctioning powers and all such powers are retained with the respective Branch Managers/Chief Managers. Once the petitioner has completed his job in procuring new business and submitted the necessary proposals on or before 31.03.2010, and subsequently the said proposals were accepted and loans were sanctioned, the petitioner cannot by denied the benefit of such sanction of loan for all purposes.

12. In the instant case, admittedly, the petitioner had submitted three proposals in respect of N.Rajesh, N.Sivabakkiam and R.Sumathy with limit of Rs.23.70 lakhs, 27.30 lakhs and 27.030 lakhs before 31.03.2010 and the same were admittedly sanctioned on 05.05.2010. But the same were not taken into consideration while evaluating the performance of the petitioner. The stand of the respondent Bank that the said proposals cannot be taken into

consideration as the same were not sanctioned prior to 31.03.2010 cannot be accepted. Once the respondent Bank benefited out of the work turned out by the petitioner, especially when the said proposals were submitted before 31.03.2010, any delay on the part of the respondent Bank in sanctioning the said loans cannot be attributed to the petitioner. Of course, in case if the said proposals were rejected by the respondent Bank, the petitioner cannot claim benefit out of the same. The case of the petitioner has come up for consideration only after 20.08.2010 and by which time, the above said three proposals were admittedly sanctioned as early as on 05.05.2010. But the same was not taken into consideration by the respondents, while evaluating the performance of the petitioner.

13. It is not in dispute that in case if the petitioner achieved 60% of his target during the financial year 2009-2010, the petitioner would be automatically entitled for the benefit of absorption in terms of circular dated 20.07.2010. The action of the respondents in not taking into consideration the business turned out by the petitioner in respect of the above said three proposals is highly arbitrary and illegal. Though this Court does not find any error or illegality with the impugned order dated 20.08.2010, this Court is

unable to agree with the stand of the respondent Bank in refusing to consider the case of the petitioner for absorption in terms of the circular dated 20.07.2010 in proper perspective. However, the respondents before discharging the petitioner from service with effect from 31.08.2010 ought to have considered the claim of the petitioner for absorption strictly in terms of the circular dated 20.07.2010. But the same was not done by the respondents and when the petitioner made such a claim before the 1st respondent by filing an appeal against the order dated 20.08.2010, the same was not considered in proper perspective as noted herein above.

14. In the light of the above, the order passed by the 1st respondent dated 27.12.2010 cannot be sustained and the same is accordingly set aside while directing the 2nd respondent to consider the case of the petitioner for absorption in terms of circular dated 20.07.2010 by duly taking into consideration the business turned out by the petitioner prior to 31.03.2010 irrespective of sanctioning of the same after 31.03.2010 and re-evaluate the performance of the petitioner. In case, if it is found that the petitioner has achieved minimum of 60% target, the case of the petitioner shall be considered for absorption and appropriate consequential orders shall be

passed by the respondents, as expeditiously as possible, at any rate within a period of two (2) months from the date of receipt of a copy of this order.

15. Accordingly, this writ petition is allowed. No costs. Connected miscellaneous petitions, if any, shall stand closed.

26.08.2025

dpa

Index : Yes / No
Speaking order / Non-speaking order
Neutral Citation : Yes / No

To

1.The Chief General Manager, State Bank of India, Local Head Office,
Circle Top House, No.16, College Lane, Chennai 600 006.

2.The General Manager SME Business Unit
Local Head Office, Circle Top House,
No.16, College Lane, Chennai 600 006.

MUMMINENI SUDHEER KUMAR, J.

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