BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED: 17.06.2025

CORAM

THE HONOURABLE MR.JUSTICE S.M.SUBRAMANIAM
AND
THE HONOURABLE DR.JUSTICE A.D.MARIA CLETE

W.P.(MD).Nos.1002 to 1041 of 2025
and
W.M.P.(MD).Nos.627 to 660, 662 to 664, 666 to 670, 672 to 677, 702, 704, 706, 708, 710 to 715, 717 to 738 of 2025

W.P.(MD).No.1002 of 2025

S.Thangavel ... Petitioner

Vs.

1.The Union of India through its Secretary,
(Financial Sector, Department of Financial Services),
Jeevan Deep Building,
Parliament Street, New Delhi.

2.The Canara Bank through its Managing Director,
Human Resources Wing: Employees' Pension Fund,
Canara Bank, Head Office, Naveen Complex,
14, M G Road,
Bengaluru - 560 001.

3.The Canara Bank through its General Manager,
Madurai Circle Office,
St.Mary's Compound, Old Kuyavarpalayam Road,
East Veli Street,
Madurai - 625 001. ... Respondents

PRAYER: Writ Petition filed under Article 226 of the Constitution of India to issue a writ of Certiorarified Mandamus, calling for the records pertaining to the Regulations 41(4) and 41(5) of the Canara Bank Employees Pension Regulations, 1995 and set aside the same as arbitrary and ultra vires of the Constitution of India with a consequential direction directing the respondents 1 and 2 to restore the petitioner commuted part of pension immediately on expiry of 9 years and 10 months instead of 15 years as provided in the provisions 41(4) and 41(5) of Canara Bank Employees Pension Regulations, 1995 and refund the excess already made in case of those who have already completed 9 years 10 months.

For Petitioner	:	Mrs.K.Porkodi
For R-1	:	Mr.S.Pon Senthil Kumaran Central Government Standing Counsel
For R-2 & R-3	:	Mr.N.Dilip Kumar Standing Counsel
		(In all cases)

COMMON ORDER

(Order of the Court was made by S.M.SUBRAMANIAM, J.)

These batch of Writ Petitions have been instituted challenging the Regulations 41(4) and 41(5) of the Canara Bank (Employees') Pension Regulations, 1995 as arbitrary and ultra vires to the Constitution of India. A consequential direction is sought for to restore the commuted part of pension immediately on expiry of 9 years and 10 months instead of 15 years and refund the excess fund recovered.

2. All the writ petitioners are retired employees of Canara Bank and receiving pension under the Pension Scheme as applicable to Canara Bank employees. The grievances of the petitioners are that the commuted portion of the pension at the time of retirement is being recovered in monthly installments. But the calculation finally shows that excess amount has been recovered by the Bank. Thus, the petitioners have chosen to challenge the Regulations. Excess recovery of commuted amount is impermissible since the pension fund has been constituted from and out of the contribution of the employees of the Canara Bank and therefore, the very provision contemplating recovery of commuted portion of pension itself is ultra vires to Constitution.

3. The learned Standing Counsel for the respondent Bank would rely on the judgment of the Delhi High Court in the case of ***Forum of Retired IPS Officers (FORIPSO) Vs. Union of India and another*** reported in ***2019 SCC OnLine Del 6610***, wherein, it is held as follows:

> *"**7.** In terms of Rule 10A, a pensioner is entitled to restoration of full pension after 15 years from the date of*

reduction of pension on account of commutation. If commutation amount has been granted on more than one occasion, it is to be restored on completion of 15 years from the respective date(s).

8. *There is no specific provision for restoration of commuted pension in the All India Services (Commutation of Pension) Regulations, 1959. However, provisions for restoration of commuted pension in terms of Rule 10A after fifteen years appear to have been made applicable in view of Rule 2 of All India Services (Conditions of Service-Residuary Matters) Rules, 1980.*

...

22. *These aspects were kept in mind and highlighted by the Supreme in Common Cause (supra) when they rejected the contention that the commuted portion of pension would be ordinarily recovered within 12 years, and therefore, there was no justification for fixing period at 15 years. The Supreme Court observed that commutation brings about its advantages as a lump sum amount is received, which amount would have otherwise been paid over a period of time during a person's life-time. The Supreme Court had listed out two clear advantages, namely, availability of the lump sum as pension and the risk factor. We may add another advantage as the commutation of pension is presently untaxed under the Income Tax Act, 1961. This considerably adds to the monetary benefit accruing to the pensioners. Further, the rate of return on the* *funds invested by the pensioners could vary and depends upon market driven rate of interest. There are schemes for senior citizens in which the rate of returns is high. Computations made by the petitioner do not refer to the return by way of interest that the pensioner would earn. In the aforesaid background the Supreme Court had specifically rejected similar argument observing that while fixing the commutation period, the Court should not be guided or go by the example of life insurance. The Supreme Court had made the following observations on the said aspects in Common Cause (supra):—*

*"**9.** In dealing with a matter of this nature, it is not appropriate to be guided by the example of life insurance; equally unjust it would be to adopt the interest basis. On the other hand, the conclusion should be evolved by relating it to the "years-of-purchase" basis. An addition of two years to the period necessary for the recovery on the basis of years of purchase justifies the adoption of the 15-year rule. That is more or less the basis which appears to be equitable. It may be that this would give rise to an additional burden on the exchequer but it would not be heavy and after all it would bring some relief to those who have served the cause of the nation at great sacrifice. We are, therefore, of the view that no separate period need be fixed for the armed forces personnel and they should also be entitled to restoration of the commuted portion of the pension on the expiry of 15 years as is conceded in the case of civil pensioners. And for them too, the effective date should be from April 1, 1985."*

***23.** We would want most favourable terms for the pensioners, but there are restraints and the field experts and not the Court is the best judge to evaluate on different and* *somewhat conflicting factors that have to be taken into consideration. This is not to say that courts do not have jurisdiction and aggrieved pensioners/employees if they are unjustly treated cannot be granted relief, but for such interference the Court should come to a firm conclusion that a grave error had crept in which makes the court's interference absolute to do justice. Interference in such matter can result in creating all kinds of problems and cascading effects as these are highly complexed and difficult matters requiring balancing of various competing interests, which would to some extent include financial resources available."*

4. The learned counsel for the petitioners would oppose by stating that the principles laid down by the Delhi High Court has no application in the context of the facts in the present case, since the petitioners are the retired employees of Canara Bank.

5. However, this Court is of the considered view that these Writ Petitions have been instituted challenging the Regulations. Thus, the principles applied may be taken into consideration.

6. Pension Scheme is a welfare scheme available to the employees on terms and conditions. It is the deferred portion of the services rendered by an

employee and therefore, right to receive pension is conferred under the terms and conditions of the Scheme.

7. In the present case, Canara Bank (Employees') Pension Regulations, 1995 is notified in exercise of the powers conferred by Clause (f) of sub section (2) of Section 19 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970. Eligibility for pension under the Scheme has been contemplated and Chapter VIII deals with commutation. Commutation is a concession/facility provided to an employee to get lump sum amount at the time of retirement and repay the said amount by monthly installments for a period of 15 years. Therefore, commutation is a sub-scheme under the Pension Scheme, which is optional. It is not mandatory on the part of the employee to opt for commutation. Therefore, a retired employee may opt to receive full pension without commutation or opt commutation scheme and repay the amount received in lump sum at the time of retirement.

8. The Writ Petitions have been instituted challenging the Regulations 41(4) and 41(5), which reads as under:

> *"**41. Commutation**:-*
>
> ....

(4) The lump sum payable to an applicant shall be calculated in accordance with the Table given below:-

TABLE

Commutation values for a pension of Re. one per annum

Age next Birthday	Commutation value expressed as number of year's purchase	Age next birthday	Commutation value expressed as number of year's purchase
17	19.28	51	12.95
18	19.20	52	12.66
19	19.11	53	12.35
20	19.01	54	12.05
21	18.91	55	11.73
22	18.81	56	11.42
23	18.70	57	11.10
24	18.59	58	10.78
25	18.47	59	10.46
26	18.34	60	10.13
27	18.21	61	9.81
28	18.07	62	9.48
29	17.93	63	9.15
30	17.78	64	8.82
31	17.62	65	8.50
32	17.46	66	8.17
33	17.29	67	7.85
34	17.11	68	7.53
35	16.92	69	7.22
36	16.72	70	6.91
37	16.52	71	6.60

38	*16.31*	*72*	*6.30*
39	*16.09*	*73*	*6.01*
40	*15.87*	*74*	*5.72*
41	*15.64*	*75*	*5.44*
42	*15.40*	*76*	*5.17*
43	*15.15*	*77*	*4.90*
44	*14.90*	*78*	*4.65*
45	*14.64*	*79*	*4.40*
46	*14.37*	*80*	*4.17*
47	*14.10*	*81*	*3.94*
48	*13.82*	*82*	*3.72*
49	*13.54*	*83*	*3.52*
50	*13.25*	*84*	*3.32*
50	*13.25*	*85*	*3.13*

Notes: The table above indicates the commuted value of pension expressed as number of years' purchase with reference to the age of the pensioner as on his next birthday. The commuted value in the case of an employee retiring at the age of fifty eight years is 10.46 years' purchase and, therefore, if he commutes rupees one hundred from his pension within one year of retirement, the lump sum amount payable to him works out to Rs.100 x 10.46 x 12 = Rs.12, 552;

(5) An employee who had commuted the admissible portion of pension is entitled to have the commuted portion of the pension restored after the expiry of a period of fifteen years from the date of commutation."

9. Regulation has a force of law under Article 13 of the Constitution of India. The entitlement to commuted pension, if opted, the employee is bound by the terms stipulated under Chapter VIII of Pension Regulations. Pertinently, Clause (2) to Regulation 41 denotes that "*an employee shall indicate the fraction of pension, which he desires to commute and may either indicate the maximum limit of one-third pension or such lower limit as he may desire to commute*". Therefore, it is necessary that an employee necessarily has to commute one-third of his pension and even lesser amount can be commuted at his choice. Thus, the Scheme would indicate, it is an absolute choice of an employee, but maximum amount which can be commuted alone has been contemplated in the interest of employees and to protect their livelihood after retirement. Thus, this Court do not find any infirmity in respect of the eligibility and the choice given to the employees to commute the portion of the pension under the Scheme.

10. Impugned Regulation 41(4) is all about the table prescribed for calculation. Clause (5) speaks about restoration of full pension after the expiry of period of 15 years from the date of commutation. Therefore, commutation is a Scheme or facility provided to an employee to receive lump sum amount from the pension at the time of retirement and repay the same by monthly

installments from the pension amount. The maximum period of commutation as contemplated under the Regulation is 15 years and on expiry of 15 years, the full pension is to be restored as per the Pension Regulations, 1995.

11. The Scheme of commutation is a beneficial scheme and pertinently, in the event of death before the expiry of the commutation period, the amount already paid under commutation scheme will not be recovered. So also from the family pension. Thus, it is a beneficial scheme introduced by the employer under the Pension Regulations enabling a retired employee to get lump sum amount at the time of retirement, which would be of greater assistance to settle his retired life as per his choice.

12. The learned counsel for the petitioners would submit that excess amount has been recovered from the petitioners.

13. If at all there is any calculation mistake or otherwise, the same is to be rectified by approaching the competent authority. But, for challenging the Regulations, the petitioners have to establish that the Scheme itself is unconstitutional or in violation of any of the statutes. In the present case, this Court is of the considered view that scheme for commutation is an additional

scheme provided under the Pension Regulations, which is optional and the choice of an employee. Once an employee has opted for commutation, he is bound by the terms stipulated under the Scheme. This Court do not find any infirmity or unconstitutionality in respect of the Scheme of commutation and if any individual grievances exist to the writ petitioners regarding the calculation error, if any, they are at liberty to redress the same in the manner known to law.

14. With the above observations, all these Writ Petitions are dismissed. There shall be no order as to costs. Consequently, connected miscellaneous petitions are closed.

(S.M.S.,J.) (A.D.M.C.,J.)
17.06.2025

NCC : Yes / No
Index : Yes / No
Internet : Yes / No
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To
1.The Secretary,
The Union of India,
(Financial Sector, Department of Financial Services),
Jeevan Deep Building,
Parliament Street, New Delhi.

2.The Managing Director,
The Canara Bank,
Human Resources Wing: Employees' Pension Fund,
Canara Bank, Head Office, Naveen Complex,
14, M G Road,
Bengaluru - 560 001.

3.The General Manager,
The Canara Bank,
Madurai Circle Office,
St.Mary's Compound, Old Kuyavarpalayam Road,
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S.M.SUBRAMANIAM,J.
and
DR.A.D.MARIA CLETE,J.

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