HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

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CWP-34395-2019 (O&M)

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Krishan Lal Gupta ... Petitioner

VS.

Chief General Manager, Local Head Office,
State Bank of India ... Respondent

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1.	**Judgment reserved on**	**08.10.2025**
2.	**Judgment pronounced on**	**02.12.2025**
3.	**Judgment uploaded on**	**03.12.2025**
4.	**Whether operative or full judgment**	**Full**
5.	**Delay in pronouncement of full judgment and reasons, if any**	**NA**

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CORAM: HON'BLE MR.JUSTICE SANDEEP MOUDGIL

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Present: Mr. KK Korla, Advocate for the petitioner

Mr. Rajiv Joshi, Advocate for the respondent

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Sandeep Moudgil, J.

(1). The jurisdiction of this Court has been invoked under Article 226 of the Constitution of India, *inter alia*, for issuing a writ of mandamus directing the respondents to release the earned leave encashment to the petitioner with penal interest.

(2). Learned counsel for the petitioner contends that at the time of his retirement, the petitioner had to his credit 219 days of earned leave, the encashment value of which has been computed to Rs.4,27,452, however, notwithstanding his entitlement to this amount, the respondent-Bank, vide its order dated 05.05.2012 (Annexure P2) has withheld payment of earned leave encashment to the Petitioner.

(3). It is submitted that the withholding of such payment is wholly unjustified and without the authority of law as the petitioner was not charged with any acts of financial irregularity nor subjected to any criminal proceedings nor there was any allegation or proof of misconduct involving moral turpitude, nor there was any offense established against him in any court of law. He submits that there was no order directing any recovery of dues from the petitioner and as such, in the absence of these conditions, the respondent-bank is not vested with the right to withhold the terminal benefit of leave encashment which the petitioner has lawfully earned as a result of unutilized leave during the course of service.

(4). Furthermore, it is a settled principle, as affirmed by judicial precedents, that leave encashment constitutes an integral part of salary and is treated as deferred wages for services already rendered. Reliance is placed on Division Bench judgment of this Court in *UCO Bank & Others vs. Anju Mathur (LPA No. 566 of 2012)*, decided on 7th March 2013, wherein it has been held that an employee who retires, irrespective of manner, is eligible for leave encashment. Similarly, the Delhi High Court, in *AK Tandon vs. Central Bank of India (WP(C) 359/2016)*, decided on 6 November 2017, reiterated that leave encashment cannot be denied except in cases where explicit liability is established as per law.

(5). On the contrary, learned counsel for the respondent Bank emphatically contends that the present writ petition is not maintainable in view of the petitioner's suppression of material facts regarding filing of earlier writ petition i.e. CWP No. 22420 of 2013, which was dismissed as withdrawn vide order dated 11.02.2016 (Annexure R1) with liberty to pursue alternate remedies. The Petitioner slept over the matter for a period of about three years before filing the present petition, without disclosure of the previous round of litigation, rendering the claim barred by limitation and delay. The Petitioner seeks to raise a stale claim, particularly in light of the merger of the erstwhile State Bank of Bikaner and Jaipur into the State Bank of India.

(6). Mr. Rajiv Joshi, learned counsel, on the basis of the averments made in the written statement dated 21.11.2020 urged that in fact, the petitioner was awarded punishment of compulsory retirement vide order dated 31.03.2010 (Annexure R2) under Regulation No. 67 of the State Bank of Bikaner and Jaipur (Officers') Service Regulation, 1979 for causing gross losses to the Bank and as per Bank's Circular dated 25.08.2003 and the relevant Service Regulations, the officers terminated by way of dismissal, removal, or compulsory retirement, as a punishment, under Regulation No. 67 are not entitled to leave encashment.

(7). He then submits that although subsequent circular No. PER/6/16-17 dated 22.04.2016 (Annexure R4) provides for grant of benefit of leave encashment to officials under compulsory retirement, however, this entitlement is only for privilege leave accumulated w.e.f. 30.04.2015 whereas the petitioner having retired in the year 2010 and the claim pertains to leave accrued prior to that date, he is not entitled to leave encashment under applicable regulations and circulars. The Petitioner failed to avail alternate remedies under the Service Regulations and has filed the writ petition after considerable delay and laches; accordingly, the present writ petition deserves to be dismissed on these grounds alone.

(8). In his replication dated 10.12.2020, the petitioner controverted the averments made by the respondents in the written statement by stating that the earlier writ petition was withdrawn due to notification which was ultimately issued on 22.04.2016, however, since the respondent-Bank fixed the date for grant of leave encashment as 30.04.2015, the petitioner pursued his case before the authorities but no action was taken. That apart, the actual cause of action accrued on 22.04.2016 and the issue of leave encashment is a property within the meaning of Article 300-A of the Constitution, the relief may be granted in spite of delay as it does not affect the rights of the third party and any delay *per se* should not a ground for rejection.

(9). Heard learned counsel for the parties.

(10). The petitioner joined the erstwhile State Bank of Bikaner & Jaipur (now SBI) on 10.02.1978 as an Officer and served the respondent-Bank for 32 years until he was ordered to be compulsorily retired w.e.f. 31.03.2010 vide order dated 18.07.2011 (Annexure R2) with the following observations:-

> *"(7) You had been placed in capacity of Branch Manager of Muzzafarnagar and Mohali Branches after your promotion to MMGS-III with the expectation that you would bring more business to the Bank and increase profitability while observing laid down guidelines for loans and advances and safe guarding the Bank's interest but you, by your acts of gross negligence and acts of omission, put the Bank to a substantial loss as the advances sanctioned by you have become bad and doubtful of recovery. The Zone has advised that the amount of total loss on account of your acts is ₹. 143.45 Lac because the assets against which finance was granted are not identifiable. Having regard to the gravity of the lapses found proved against you and the sizeable loss you have put the Bank to, I would have been justified in imposing upon you a severe penalty. However, considering all aspects of the case, keeping in view of your long service and after due application of mind, I am inclined to take a lenient view in the case and feel that the ends of justice would be adequately met if the penalty of "Compulsory Retirement as on the date of retirement with*

> *consequential effect on retiral benefits " is imposed upon you in terms of Regulation 67 (h) of the State Bank Of Bikaner & Jaipur (Officers') Service Regulations, 1979. Accordingly, I hereby pass an order that you be compulsorily retired from the Banks services as on the date of your superannuation i.e. 31.03.2010 with consequential effect on retiral benefits. The CVO has also been consulted while passing the order.*
>
> *(8) You may, if so desire, prefer an appeal against this order to the Appellate Authority within 45 days from the date of communication of this order in terms of Regulation 70(2) ibid."*

(11). The petitioner's contention that the loans which subsequently became NPAs were reported to his senior officers, and that the process of monitoring, supervising, and recovering advances is inherently a matter of joint institutional responsibility, deserves to be rejected. While these arguments draw attention to the realities of collective responsibility in banking operations, it is a settled principle that the scope of judicial review in disciplinary proceedings is circumscribed. This Court can interfere only if the findings are unsupported by evidence, or if there has been violation of natural justice, manifest arbitrariness, or procedural impropriety. If, as in the present case, the enquiry report records clear and reasoned findings of negligence and breach of duty specifically attributable to the petitioner in his capacity as Branch Manager, and such findings are based on evidence and due process, the court will not re-weigh or re-appreciate the merits in writ jurisdiction.

(12). On the issue of entitlement to leave encashment, while ***UCO Bank*** ordinarily favors payment of this terminal benefit upon compulsory retirement, this precedent also expressly recognizes exceptions where regulations or circulars provide for forfeiture in cases of established financial loss or grave misconduct. In this matter, not only has such a loss been proved vide enquiry report dated 18.02.2010, but the applicable Bank Regulations and circulars also bar payment of leave encashment to those compulsorily retired as a result of disciplinary proceedings that result in financial loss caused to the respondent-Bank to the tune of Rs.143.45 lakhs.

(13). As regards the subsequent notification dated 22.04.2016 regarding extension of grant of benefit of emoluments with regard to encashment of leave on compulsory retirement to the petitioner, it is worthwhile to note that since petitioner's compulsory retirement occurred in 2010 well before the effective date i.e. 30.04.2015 for the revised leave encashment eligibility in the Bank's circular the benefit of post-2015 liberalization does not automatically accrue to him. Any extension of leave encashment benefits to employees compulsorily retired prior to 30.04.2015 lies solely within the discretion of the Bank's policy-making authority and not within the Court's mandate under Article 226 of the Constitution.

(14). In view of the above discussion, there is no merit in the present writ petition and the same is accordingly dismissed.

02.12.2025
V.Vishal

(Sandeep Moudgil)
Judge

*1. Whether speaking/reasoned? : **Yes/No***
2. Whether reportable? : Yes/No