HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH
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CWP-38123-2018 (O&M)
Reserved on 08.10.2025
Pronounced on 12.11.2025
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Lovleen Sethi ... Petitioner

VS.

State Bank of India & Ors. ... Respondents

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CORAM: HON'BLE MR.JUSTICE SANDEEP MOUDGIL

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Present: Ms. Sangeeta Dhanda, Advocate and
Mr. Anirudh Dhanda, Advocate for the petitioner

Mr. Madhu Dayal, Advocate for the respondents

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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 certiorari for quashing the orders dated 12.12.2018 (Annexure P5), 17.12.2018 (Annexure P6), 18.12.2018 (Annexure P7) and 04.12.2018 (Annexure P7A) vide which promotion granted to him has been ordered to be withdrawn besides recovery of perquisites and allowances. He seeks a direction restraining the respondents from effecting recovery and to continue paying full salary to the petitioner. Also, a direction is sought to the respondents to promote the petitioner as per promotion policy dated 04.04.2014 (Annexure P1) from the date of his eligibility taking into consideration the fact that the similarly situated and batchmate officers of the petitioner have already been promoted as such.

(2). Brief facts of the case are that the petitioner was selected and appointed as a Probationary Officer in the Respondent Bank on 30.04.2012. Upon successful completion of two years of service, the petitioner was confirmed as Junior Management Grade Scale-I (JMGS-I) on 30.04.2014.

Meanwhile, the respondent bank issued a promotion policy on 04.04.2014 (Annexure P1). The petitioner qualified the All India level in-house competitive examination and was promoted as Deputy Manager in Middle Management Grade Scale-II (MMGS-II) on 22.08.2014. Subsequently, on 28.03.2015, the petitioner was posted as Field Officer at Tosham Road Dabra Branch, District Hissar, to fulfill the mandatory rural posting requirement for further promotion. After a rigorous selection process, the petitioner was promoted as MMGS-III on 10.10.2017 with effect from 31.07.2017, in accordance with Rule 17 of the State Bank of India Officers' Service Rules. On 13.06.2018, the Regional Manager notified the Head Office that the petitioner had been verbally assigned duties at RBO for promotion, business, marketing, and cross selling. However, while working at the branch on 17.12.2018, the petitioner came across an email sent by respondent No.5, copy-marked to respondent No.4, confirming compliance of the order dated 12.12.2018 that withdrew the petitioner’s promotion with effect from 31.07.2017. This was followed by another email on 18.12.2018 from the controlling office, instructing recovery of an amount from the petitioner’s account as a consequence of the withdrawn promotion order. The petitioner also received, on 24.12.2018, a letter dated 04.12.2018 from respondent no.2, stating that a competent authority had decided to withdraw his promotion to MMGS-III on the ground that the Officer was not entitled for promotion to OMMGS-III as he had not completed the mandatory rural assignment for being eligible for the said promotion and as such, the excess salary amounting to Rs.2,05,636.44 has been ordered to be recovered. Hence this writ petition.

(3). Ms. Madhu Dayal, Advocate appearing on behalf of respondent-Bank has filed a comprehensive written running into more than 400 pages containing the details of login report to demonstrate that the promotion to Middle Management Grade Scale III (MMGS-III) is governed by a promotion policy dated 04.04.2014, which expressly requires every candidate to complete at least two years of service in rural or semi-urban branches, in addition to satisfactory operational or line assignments and although the petitioner was posted for rural assignment at Dabra branch, the login records (Annexure R1) shows that he continued to serve at RBO Hissar, which is an urban posting, throughout the relevant period. She contends that the petitioner did not fulfill the prescribed mandatory rural assignment, which was a non-negotiable condition for eligibility to be considered for promotion as MMGS-III.

(4). It is averred that the complaints were received against the petitioner upon which the respondent-Bank conducted a fair investigation and it was found that the mandatory eligibility condition had not been met and as such, the promotion was withdrawn as per policy, and no exemption was granted by the competent authority. It is further submitted that promotion within the Bank is not a matter of right; rather, it is contingent on satisfying every condition outlined in the policy. Allowing promotion in deviation from these norms would undermine the principle of fairness and consistency in service matters.

(5). Learned counsel for the petitioner contends that after having been promoted as Deputy Manager in Middle Management Grade Scale-II (MMGS-II) on 22.08.2014, the petitioner was given rural posting by way of appointing him as Field Officer at Tosham Road Dabra Branch, District Hissar by the respondents on 28.03.2015 (Annexure P3), for completing his mandatory assignment for further promotion. He further averred that the petitioner was asked many times by his senior officers, namely, the Regional Manager to work at RBO Hisar whereas he was actually posted at Dabra and the said Officer assured that since the petitioner is visiting the Rural area branch every day and providing business by his marketing efforts, his assignment at the Branch was intact.

(6). Learned counsel placed heavy reliance on the email dated 13.06.2018 (Annexure P3A) by the Regional Manger which clearly shows that the petitioner was posted at Dabra rural Branch and was brought on deputation to regional office for marketing etc. on telephonic instructions. It is further submitted that logging into the computer system is in no way a proof of presence or absence as the same is not akin to biometric attendance of an employee.

(7). It is argued that the petitioner was awarded AAA grade during his posting at rural area branch which is based on the monthly scores awarded to an employee only when after working at a particular branch, besides appreciation certificates and awards for his excellent performance and these undeniable facts itself is sufficient to thwart the inaction of the respondents. Moreover, it is submitted that the petitioner was selected from amongst 579 candidates who were under the zone of consideration after going through the rigors of entire selection process on 10.10.2017 w.e.f. 31.07.2017 in compliance with Rule 17 of the State Bank of India Officers' Service Rules.

(8). Heard learned counsel for the parties.

(9). It appears that the petitioner was promoted considering that he has completed 02 years of Rural Branch Service, whereas, at a later stage, on the perusal of record, it was found that the petitioner was actually working at Regional Business Office (RBO), Hisar which is sought to be corroborated relying on the log in record (Annexure R1) which shows that the petitioner had worked at RBO, Hisar during the relevant period from 28.03.2015 to 27.02.2017.

(10). The petitioner was promoted to MMGS-III after a rigorous process in accordance with the promotion policy dated 04.04.2014 (Annexure P-1). His posting order clearly shows that he was assigned to Dabra Branch, a rural assignment (Annexure P-3). Throughout his career, official records such as salary slips, appraisal reports, HRMS data, and sanctioned tour plans repeatedly confirmed his posting and performance as Branch Manager of a designated rural branch. Not only was the petitioner cleared during the initial eligibility verification, but he also successfully passed further stages of selection and interview. This record demonstrates that the Bank itself, through its HR department and selection committees, independently satisfied itself as to the petitioner's eligibility under the policy and found him fit for promotion as MMGS-III. It is well settled that that once an employee has been validly promoted to a higher post, the promotion cannot be arbitrarily rescinded or the employee reverted to a lower post except by following due process of law and only for valid reasons. Arbitrary reversion without following the service rules, issue of show-cause notice, and opportunity of hearing is contrary to law and principles of natural justice.

(11). Furthermore, the impugned order dated 12.12.2018 withdrawing the petitioner's promotion was issued by the General Manager citing an unspecified decision of the "competent authority." Admittedly, no notice, hearing, or opportunity to explain was given, nor was any inquiry conducted. The impugned orders do not mention any specific infraction, and no evidence of fraud or gross misconduct is furnished. The respondents have also failed to cite any Rule in the State Bank of India Officers' Service Rules allowing reversion after such a rigorous promotion process nor does the promotion policy (Annexure P-1) provide for any powers or procedure to withdraw an earned promotion. Other similarly situated officers who were said to have failed in assignments were let off with only warnings and permitted to continue in their positions (Annexure R-5), whereas the petitioner alone suffered the harsh penalty of promotion withdrawal.

(12). Moreover, the HRMS data, appraisal reports, salary documents, and numerous tour plans (Annexures P8 and P9) demonstrate that the petitioner not only held the designation at the rural branch, but actively functioned and was appraised in that capacity. He has also placed on record photographs (Annexure P7B) and official communications, including approvals for substitute or deputed work at RBO as per RM's orders, which shows that the Bank always had knowledge of his assignment and performance at the allotted Branch other than his rural deputation.

(13). Reliance can be placed on ***<u>Parshotam Lal Dhingra v. Union of India, 1958 SCJ 217 : AIR 1958 Supreme Court 36</u>*** wherein it has been laid down the real test for determining whether the reduction in such cases is or is not by way of punishment is to find out if the order for the reduction also visits the servant with any penal consequences. The relevant extracts read as under:-

> *"A reduction in rank likewise may be by way of punishment or it may be an innocuous thing. If the Government servant has a right to a particular rank, then the very reduction from that rank will operate as a penalty, for he will then lose the emoluments and privileges of that rank. If however, he has no right to the particular rank, his reduction from an officiating higher rank to his substantive lower rank will not ordinarily be a punishment. But the mere fact that the servant has no title to the post or the rank and the Government has, by contract, express or implied, or under the rules, the right to reduce him to a lower post does not mean that an order of reduction of a servant to a lower post or rank cannot in any circumstances be a punishment. The real test for determining whether the reduction in such cases is or is not by way of punishment is to find out if the order for the reduction also visits the servant with any penal consequences. Thus if the order entails or provides for the forefeiture of his pay or allowances or the loss of his seniority in his substantive rank or the stoppage or postponment of his future chances of promotion, then that circumstance may indicate that although in form the Government had purported to exercise its right to terminate the employment or to reduce the servant to a lower rank under the terms of the contract of employment or under the rules, in truth and reality the Government has terminated the employment as and by way of penalty. The use of the expression "termination" or "discharge" is not conclusive. In spite of the use of such innocuous expressions, the Court has to appeal the two tests mentioned above, namely (1) whether the servant had a right to the post or the rank (2) whether he has been visited with evil consequences of the kind herein before referred to ? If the case satisfies either of the two tests then it must be held that the servant has been punished and the termination of his service or the reversion to his substantive rank must be regarded as a reduction in rank and if the requirements of the rules and Article 311, which give protection to*

Government servant have not been complied with, the termination of the service or the reduction in rank must be held to be wrongful and in violation of the constitutional right of the servant."

(14). ***Ram Ujarey VS Union Of India, (1999) 1 SCC 685***, was a case where the appellant had been allowed benefit of service rendered by him as Coal Khalasi in the Loco Department from 1964 to 1972 as that period was counted towards his seniority and it was on that basis that he was called for the trade tests which the appellant had passed and was, thereafter, promoted to the posts of Semi-skilled Fitter and Skilled Fitter. The service rendered by him from 1964 to 1972 was withdrawn and promotion orders were cancelled as having been passed on account of mistake. The Supreme Court held that the respondents ought to have first given an opportunity of hearing to the appellant and that he could not have been legally reverted two steps below and brought back to the post of Khalasi without being informed that the period of service rendered by him from 1964 to 1972 could not be counted towards his seniority and, therefore, the promotion orders would be cancelled.

(15). A comparative analysis of the legal standards laid down in ***Parshotam Lal Dhingra*****'s** case and the facts of the present case reveals marked similarities, both in principle and circumstance. The Supreme Court laid down that any adverse action reducing an employee in rank or withdrawing benefits already conferred, especially where such reduction carries civil consequences such as loss of status, pay, or dignitary interests can only be valid if undertaken as a punitive measure following strict procedural safeguards including a show-cause notice, inquiry, and an opportunity to defend. The Court further distinguished between routine administrative adjustments and punitive actions, holding that the latter require robust compliance with principles of natural justice and service rules.

(16). Correspondingly, in the present case, the petitioner was promoted after thorough administrative scrutiny and served in the higher cadre, thereby acquiring a vested right in the promoted post. The respondent-Bank, without prior notice or inquiry, summarily withdrew this promotion, adversely impacting not only the petitioner's career progression but also causing financial and reputational harm. This action is not a mere administrative adjustment, but a punitive measure equivalent in substance to reversion, and would therefore attract the constitutional and procedural protections articulated by the Apex Court. The Bank's failure to follow due process including the absence of a show-cause notice and inquiry renders its action arbitrary and legally unsustainable, just as in the scenario condemned by the Supreme Court.

(17). The principles of natural justice have thus come to be recognized as being a part of the guarantee contained in Article 14 because of the new and dynamic interpretation given by the Courts to the concept of equality which is the subject-matter of that article. Shortly put, the syllogism runs thus: violation of a rule of natural justice results in arbitrariness which is the same as discrimination; where discrimination is the result of State action, it is a violation of Article 14: therefore, a violation of a principle of natural justice by a State action is a violation of Article 14. Article 14, however, is not the sole repository of the principles of natural justice. What it does is to guarantee that any law or State action violating them will be struck down. The principles of natural justice, however, apply not only to legislation and State action but also where any tribunal, authority or body of men, not coming within the definition of State in Article 12, is charged with the duty of deciding a matter. In the context of service law, it is, therefore mandatory to afford a Government servant or an employee, a reasonable opportunity of being heard before an order is passed. My this view is fortified by the decision of Supreme Court rendered in ***Union of India v. Tulsi Ram Patel, (1985) 3 SCC 398.***

(18). That apart, the respondent-Bank also failed to cite any rule or clause in the Bank's Service Rules permitting withdrawal of an already granted promotion, for, there is neither any provision in the promotion policy which authorizes such action and, in fact, makes the authorities responsible for all eligibility checks prior to promotion. As far as promotion is concerned, it is undeniable that the petitioner satisfactorily faced and successfully clear all three stages of vetting i.e. preparation of zone of consideration, interview and thereafter was selected as MMGS-III.

(19). In ***Mangilal v. State of M.P. (2004) 2 SCC 447***, the Supreme Court declared that even if a Statute is silent and there are no positive words in the Act or the Rules made thereunder, principles of natural justice must be observed. This is what the Court held:-

> *"10....Where the statute is silent about the observance of the principles of natural justice, such statutory silence is taken to imply compliance with the principles of natural justice where substantial rights of parties are considerably affected. The application of natural justice becomes presumptive, unless found excluded by express words of statute or necessary intendment. (See Swadeshi Cotton Mills v. Union of India (1981) 1 SCC 664) Its aim is to secure justice or to prevent miscarriage of justice. Principles of natural justice do not supplant the law, but supplement it. These rules operate only in areas not covered by*

any law validly made. They are a means to an end and not an end in themselves....."

(20). It is thus comprehensible that the principles of natural justice are fundamental to all proceedings which may result in civil consequences for any person, for, no person should be visited with adverse orders affecting his rights or interests without being afforded a reasonable opportunity of hearing. The application of natural justice becomes a presumption unless explicitly excluded by statute or necessary implication. Applying this principle to the present case, it is evident that the respondent's act of withdrawing the petitioner's promotion, in the absence of notice and an opportunity to be heard, constitutes a gross violation of natural justice, thereby rendering the impugned orders legally unsustainable. The requirement of adhering to natural justice is crucial, especially when substantial rights are curtailed, and any statutory silence gives rise to a compelling presumption that it must be applied.

(21). At this stage, learned counsel for the respondents placed reliance on ***Sandip vs. State of Jharkhand 2020 (3) JLJR 124*** and other similar citations to exhort that suppression of material fact amounts to fraud and as such if illegality has been committed by granting promotion to the petitioner by doing fraud, the same can be rectified the moment it came to the notice as the same cannot be allowed to be perpetuated.

(22). While this Court is mindful of the general legal principles permitting cancellation of promotion in cases of proven fraud or ineligibility, it finds such exceptions wholly inapplicable on the present facts and accordingly rejects the respondents' contentions. Notably, the respondent-Bank has failed to produce any cogent or credible evidence, beyond mere voluminous log-in reports, to substantiate its allegation that the petitioner committed any fraud in securing promotion. It is a matter of record, and indeed undisputed, that the petitioner was promoted only after a thorough assessment of his eligibility and suitability from amongst 1079 candidates within the Zone of Consideration, having been subjected to and cleared a rigorously competitive selection process.

(23). Furthermore, the respondents have not demonstrated that the cited log-in reports possess any statutory force or evidentiary legitimacy to conclusively establish his presence or absence at a particular station, especially when the salary payments, branch postings, service tenure, attendance and leave management, and related records are entered and authenticated through the HRMS, and in terms thereof, the petitioner continued to draw his salary from the Dabra Rural Branch during the entire relevant period from April 2015 to September 2017. Astonishingly, the respondent-Bank failed to show any single letter seeking his explanation for absence from duty at the rural Branch or any notice cautioning that his alleged and 'uninformed' absence would debar him from further promotion.

(24). Once the respondents themselves have transferred/posted the petitioner at Dabra Branch as Field Officer and has duly reported at that place as has been acknowledged by the Regional Manager, RBO Hisar vide email dated 13.06.2018 (Annexure P3A) wherein it has been informed that the petitioner had joined at Dabra Branch on 31.03.2015 to complete his rural assignment and due to exigencies of service, he was deputed to RBO by the Controllers telephonically, in such circumstances, it only leads to an irretrievable conclusion that the petitioner did complete his rural assignment satisfactorily and became duly eligible for being considered for promotion as MMGS-III thereby rendering the action of the respondent-Bank in cancellation of his promotion as patently illegal, arbitrary and vindictive.

(25). In view of the above discussion, this writ petition is allowed and the orders dated 12.12.2018 (Annexure P5), 17.12.2018 (Annexure P6), 18.12.2018 (Annexure P7) and 04.12.2018 (Annexure P7A) vide which promotion granted to him has been ordered to be withdrawn besides recovery of perquisites and allowances, are hereby quashed.

(26). The petitioner is held entitled to restoration of his promotion to MMGS-III with all consequential benefits along with interest @ 9% p.a. from the original date as if the impugned orders were never passed. The consequential benefits including salary shall be released/disbursed to the petitioner within a period of *2 months* from the date of passing of the order.

(27). Ordered accordingly.

12.11.2025
V.Vishal

(Sandeep Moudgil)
Judge

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