IN THE HIGH COURT OF JUDICATURE AT BOMBAY,
NAGPUR BENCH, NAGPUR.

WRIT PETITION NO. 1599 OF 2026
SHIVANK VERMA
Vrs.
NEW INDIA ASSURANCE COMPANY LIMITED AND ANOTHER

Office Notes, Office Memoranda of Coram, appearances, Court's Orders or directions and Registrar's order	Court's or Judge's Order

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Shri Saurabh Shrivastava a/w Shri Amarnath Sahoo, Advocates for petitioner.
Shri Akshay Naik, Senior Counsel a/b Shri P V. Ingle with Ms.S. H. Bhatia, Advocates for respondents.

CORAM: ANIL S. KILOR AND
RAJ D. WAKODE, JJ.
DATE : 26/03/2026

1. The petitioner in the present petition is pursuing studies at Indian Institute of Management (IIM), Ahmedabad.

2. Before admitting to IIM, pursuant to the advertisement dated 27/07/2023, he applied for the post of Legal Officer in respondent No.1. The petitioner was selected and service agreement was executed on 24/02/2024.

3. In the advertisement, the appointment order as well as in the service agreement, a specific condition was there to the effect that, the petitioner would require to serve the company for a minimum bond period of four years including probation period. It further stipulates that, in the event of resignation before the expiry of bond period, petitioner will be liable to pay liquidated damages

equivalent to one year's gross salary paid to them during the period of probation which could be proportionally reduced depending on the length of the service rendered.

4. The petitioner even before completion of probation period, had resigned. His resignation was accepted w.e.f. 28/03/2025, however, it was subject to the recovery to the tune of Rs.10,56,891/- which includes salary from the month of March, 2024 to March, 2025 + partial cost of training of Rs.25,000/- and NPS Contribution of Rs.1,582/-.

5. The petitioner has raised a challenge to the said recovery and withholding of relieving letter, in this petition.

6. It is the case of the petitioner that such withholding of reliving letter and demanding the amount from the petitioner is illegal. It is argued that such action is contrary to Section 74 of the Indian Contract Act, 1872.

7. On the other hand, Shri Akshay Naik, learned Senior Counsel has pointed out that the whole action is based on the terms of the agreement and appointment letter. It is pointed out that, the fact of bond period of four years was made clear to every candidate who applied for such post. The consequences of resignation before completion of bond period, was also made known to each one including the petitioner.

8. It is argued that the petitioner accepted all the terms and conditions and joined the services with a clear understanding as regards the consequences of resignation before four years of period. It is, therefore, submitted that the action is based on the contract between the petitioner and the respondents and therefore, no fault can be said to have committed by the respondents. In support of his submission, he has placed reliance on the Judgment of the Hon'ble Supreme Court in the case of **Vijaya Bank and another Vrs. Prashant B. Narnaware,** reported in **2025 SCC OnLine SC 1107.**

9. In the above referred backdrop and after considering the rival submissions, we have perused the record. It is evident from the record that the petitioner had complete knowledge on the date of making the application for employment, about the fact that there is condition of bond period and what will be the consequences of non-completion of such bond period. The said condition was reiterated in the appointment order and also in the service agreement. It is not the case of the petitioner that the impugned action is contrary to the conditions of the agreement and the appointment order.

10. Learned counsel for the petitioner submits that, if the respondents are desirous of recovery of amount as claimed by the petitioner, respondents may file civil suit and pursue a remedy for recovery.

11. We do not find favour with such argument particularly when the petitioner who knows everything before joining the services or before applying for the services, he cannot raise such stand. In fact, in a given facts and circumstances, filing of this petition is nothing but abuse of the process of law.

12. The Hon'ble Supreme Court in the case of **Vijaya Bank and another (cited supra),** wherein similar issue was involved or similar condition was there as held thus :-

> "**26.** Since the last decade of 20th century, India witnessed an era of liberalization. Golden days of monopolistic public sector behemoths were gone. Public sector undertakings like the appellant-bank needed to compete with efficient private players operating in the same field. To survive in an atmosphere of deregulated free-market, public sector undertakings were required to review and reset policies which increased efficiency and rationalized administrative overheads. Ensuring retention of an efficient and experienced staff contributing to managerial skills was one of the tools inalienable to the interest of such undertakings including the appellant-bank.
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> 27. This prompted the appellant-bank to incorporate a minimum service tenure for employees, to reduce attrition and improve efficiency. Viewed from this perspective, the restrictive covenant prescribing a minimum term cannot be said to be unconscionable, unfair or unreasonable and thereby in contravention of public policy.
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> 28. The other aspect involves imposition of liquidated damages to the tune of Rs. 2 Lakhs in the event of pre-mature resignation. Mr. Chitnis has strenuously argued the quantum is disproportionate and causes unjust enrichment to the employer. We are unable to agree with this submission. In their pleadings before the High Court the appellant-bank has clarified the financial hardship which it would suffer due to untimely recruitment drives owing to pre-mature resignations. The Bank pleaded as follows:-
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>> "The Indemnity Bond obtained by the Bank was done so with a view to secure the interests of the Bank and to place adequate safeguards against premature resignations-tendered by employees. In the usual course, appointments are into service of the Bank after

> a detailed and elaborate process of recruitment and the Banks interest would be seriously prejudiced in the event premature resignations are tendered which would render the entire recruitment process redundant. That apart the Bank would also suffer the consequences of the loss in continuance of the said post which would necessitate alternative arrangements and restructuring to ensure smooth functioning of day to day business activities. That apart, the bank would have to initiate a fresh process of recruitment which would be time consuming and also expensive."
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> 29. The stance of the appellant-bank is neither unjust nor unreasonable. The appellant-bank is a public sector undertaking and cannot resort to private or ad-hoc appointments through private contracts. An untimely resignation would require the Bank to undertake a prolix and expensive recruitment process involving open advertisement, fair competitive procedure lest the appointment falls foul of the constitutional mandate under Articles 14 and 16.
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> 30. Keeping these exigencies in mind, the appellant-bank had incorporated the liquidated damage clause in the appointment contract.

13. By applying above referred principles laid down by the Hon'ble Supreme Court in the case of **Vijaya Bank and another (supra),** we have no hesitation to hold that no illegality is committed by the respondents. In the present case, while accepting resignation subject to payment of amount as claimed by the respondents as per the terms and conditions of the appointment order as well as service agreement.

14. In the circumstances, as there is no merit in the present writ petition, the same is dismissed.

[JUDGE] **[JUDGE]**

Choulwar

Signed by: V.M. Choulwar (VMC)
Designation: PS To Honourable Judge
Date: 04/04/2026 14:56:59