OFFICERS' CAUSE
APRIL - 2026

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UNION IS STRENGTH

UFBU's AGITATIONAL PROGRAMME
Against the DFS-Imposed PLI Framework
for Scale IV & Above Officers

Text of AIBOC Circular No. 2026/25, dated 22.03.2026

Comrades, we stand at one of the most decisive moments in the history of the bank officers' movement. What lies ahead is not a routine agitation; it is a battle for the survival of our service conditions, our collective bargaining framework, and the professional dignity of every officer in Public Sector Banks.

Our legitimate demand for a **5-day work week** has been subjected to prolonged delay despite repeated assurances. After exercising extraordinary patience and placing our trust in the conciliatory process, we were left with no option but to embark on a **one-day strike**, with a declared resolve to escalate to further strike action and sustained agitational programmes until our demand is achieved.

However, instead of engaging with our legitimate demands, the establishment has chosen retaliation. **The PLI scheme imposed by the Government for Scale IV and above officers;** which was already under conciliation proceedings and where payment had been put on hold for all employees and officers; has been weaponised against us. The DFS forced the banks to credit PLI only up to Scale III, deliberately carving out senior officers. When this discriminatory action was raised in the CLC meeting, **all parties; the Unions/ Associations, the DFS, and the IBA; agreed to maintain status quo.**

Yet, in brazen defiance of this consensus and in violation of established procedure, the DFS on 18.03.2026 has directed banks to pay PLI to Scale IV and above officers as per the Government scheme; a blatant violation of the conciliation framework when the matter is still sub judice before the CLC. The UFBU has accordingly given a call for an agitational programme.

Why We Oppose the Government PLI Scheme for Scale IV & Above

The question being asked is: why oppose a PLI that pays multiple times more than the industry-level scheme? The answer lies not in the quantum of the incentive, but in the **lethal architecture** that comes attached with it , a system designed

to classify, rank, stigmatise, and ultimately destroy careers. The Government PLI framework, read together with two other policy instruments, creates the following direct and existential threats to every officer in Scale IV and above:

I. Three Instruments, One Objective; Your Career at Risk

(a) DFS Review Letter (26.09.2024) – The Sword. Directs PSBs to conduct periodic performance reviews and retire officers "in public interest" under Regulation 19. Operationalised through quarterly review schedules and monthly compliance reports; a live termination pipeline, not a theoretical provision.

(b) PLI Scheme (19.11.2024) – The Stratification. Force-ranks officers into rigid 20% brackets. Bottom 20% are branded "non-performers." Splits officers into revenue-generating and non-revenue pools, requiring at least 50% of PLI-eligible payouts to go to revenue functions; structurally penalising specialist, support, and control-role officers.

(c) Bank level Assessment – The Grading Record. Introduces structured grading (into five grades) for SMGS-IV and above using KRA and trait-based scores. Cohort cut-offs and trait scores are kept confidential. Bottom-graded officers are placed on mandatory Performance Improvement Plans. Support-role KRAs can be subjective and manually scored by supervisors. The paper trail for adverse action begins here.

II. The Kill Chain; From Grading to Forced Exit

Read together, these three instruments construct a documented pathway to career destruction: **Classification → Low Grade → PIP Tagging → PLI Non-Performer Bracket → DFS Periodic Review → Premature Retirement or Permanent Career Stagnation.**

*A performer today can become a non-performer tomorrow; not because of declining ability, but because of transfer to a tighter cohort, a harder posting, a different supervisor's subjective scoring, or simply because the forced-distribution formula **requires** someone to be at the bottom. Even if ALL officers in a cohort are performing well, the system will still manufacture a "bottom" category.*

III. Five Existential Risks

- **Forced relative ranking replacing stable service security.** Officers are no longer judged on competence but on whether they outperformed their cohort peers. Bottom categories are manufactured every year; even in a strong pool.

- **Opacity and hidden scoring.** Trait-based scores are invisible to officers. Cohort cut-offs are confidential. An officer may know the outcome but cannot test or challenge the basis.

- **Documented "poor performer" trail.** BB grades trigger PIPs, which feed review records, which connect directly to the DFS premature-retirement pipeline. This is not theory; it is architecture.

- **Career stagnation before separation.** Even without removal, repeated lower cohorting damages reputation, postings, promotion prospects, extension eligibility, and

access to leadership positions. Careers are silently suffocated.

* **Selective targeting of senior officers**. Scale IV and above are specifically carved out. CLC minutes have recorded that coercive communications to SMGS-IV/V officers may amount to impermissible interference with trade-union rights.

IV. The Specialist Trap; Punished for Serving Where the Bank Deployed You

Officers in Corporate Credit, Treasury, Forex, Risk, Compliance, Audit, and other specialist functions face the gravest threat. A cautious credit officer who declines weak proposals protects the bank's asset quality; but the cohort model only sees lower throughput numbers. A compliance officer whose best result is a breach prevented has nothing to show on a revenue-weighted KRA. Officers in treasury and forex operate within prudent risk boundaries shaped by market cycles and regulatory limits; the system cannot distinguish between conservative judgment and poor performance.

These officers were identified, selected, and placed in specialist roles because the bank needed their competence. Subjecting them to a generic cohort model that ignores the character of the role punishes officers for serving where the bank itself deployed them. The bank chose where to put them. Now it penalises them for being there.

For all employees up to Scale III; who constitute approximately 95% of the total workforce in the banking industry; this scheme is a calculated instrument of division. By selectively releasing PLI to one cadre under a Government-dictated framework while withholding resolution of the industry-level scheme for the rest, the DFS has deliberately driven a wedge between officers and employees who have always stood together in the field. This division serves no institutional purpose. It weakens the solidarity that has been the foundation of every collective achievement in the banking sector. A workforce fractured by differential treatment will be neither motivated nor effective; and the consequences will be borne not just by employees but by the banks themselves.

The conduct of the DFS in this matter strikes at the very root of the established industrial relations framework. When a matter is under active conciliation before the Chief Labour Commissioner, and when all parties; Unions, Associations, the DFS, and the IBA; have agreed to maintain status quo, unilateral executive direction to banks to implement the disputed scheme is not merely irregular. **It is a deliberate and calculated subversion of the statutory conciliation process.** If this is permitted to stand, it will set a dangerous precedent that permanently dismantles the bipartite system which has governed industrial relations in the banking sector for decades. The role of the IBA as the representative body of bank managements will be reduced to a formality. The authority of the CLC will be rendered meaningless. **Bank Boards will be overpowered and overridden by the DFS, and every negotiated settlement; past, present, and future; will be rendered vulnerable to executive whim.**

The trade union movement cannot and must not allow such a fundamental assault on the institutional architecture of collective bargaining to go unchallenged.

This is not an agitation over incentive amounts. This is a fight for survival, dignity, and justice. We demand:

- **WITHDRAWAL of the Bank Assessment/CDS grading circular.**
- **SCRAPPING of the irrational PLI forced-ranking framework for Scale IV and above.**
- **HALTING of the DFS premature-retirement review pipeline.**
- **IMPLEMENTATION of 5-day banking without further delay.**
- **RESPECT for CLC directions, status quo agreements, and collective bargaining rights.**
- **PROTECTION of career security and specialist-role dignity for all officers.**

AIBOC calls upon all affiliates and state units to mobilise maximum participation in UFBU's agitational programme. Convey the gravity of this threat to every officer in every branch and office across the country. Standing united today is not a choice; it is a necessity. We must defend every officer, protect the professional character of our institutions, and ensure that the established framework of industrial relations is not sacrificed at the altar of executive overreach.■

SOP FOR OBSERVANCE OF UFBU AGITATIONAL PROGRAMME

Text of AIBOC Circular No. 2026/24, dated 21.03.2026.

We share herewith a Standard Operating Procedure for disciplined and united observance of agitational programme circulated vide our Circular No 2026/23 dated 20.03.2026.

All members are requested to observe the agitational programme in a disciplined, peaceful and uniform manner. The programme should be implemented with clarity, dignity and unity at all branches, offices and establishments w.e.f. 21.03.2026.

1. Wear Black Badges/ Black Ribbons
All officers and employees shall wear black badges/ Ribbons during duty hours as a visible mark of protest. Unit leaders should ensure availability of badges at all centres.

2. Work Strictly as per Rules and Procedures
All duties must be performed strictly according to laid down rules, manuals, circulars, systems and delegated powers. No extra, informal or unrecorded cooperation should be extended beyond prescribed norms. Every instruction with operational, financial or compliance implications should be handled only through proper procedure.

3. Adhere to Regular Working Hours
All officers shall strictly observe 8-hour work rule with normal office and branch working hours. Unofficial late sitting and informal extension of working hours should not be entertained. All officers should come on time and leave on time as advised.

4. Exit from Official WhatsApp Groups
Members shall exit so-called official WhatsApp groups created for office work, in line with the UFBU call. No unnecessary arguments or exchanges should be made on such groups while exiting.

5. Do Not Attend any Official Functions
Members should not attend any official functions of the Bank during the agitation period after banking hours and on holidays. This includes celebratory and other events.

6. No Official Calls/Virtual Meetings After 6:00 p.m.
Officers should not attend management calls/virtual meetings after 6:00 p.m. Matters, wherever required, may be dealt with during regular working hours through proper official channels.

7. Maintain Readiness for Further Programme
All members should remain fully prepared for any further call, including strike action, at short notice. Unit leaders must keep communication channels active and members informed.

8. Report Pressure or Victimisation
If any member faces threat, coercion, pressure to violate the programme, discrimination for participation, or any form of victimisation, the matter should be reported immediately to the unit office bearers with complete details and supporting record, wherever available.

9. Maintain Discipline and Responsible Communication
The agitation must remain peaceful, orderly and dignified. Members should maintain calm and professional conduct at all times. Only authorised office bearers should issue formal statements. No confusing, unauthorised or defeatist message should be circulated.

10. Our office bearers at the local level/ unit level to ensure that all the programs are implemented in letter and spirit and they should stand by the members.

This is a test of our **unity, discipline and collective strength.** Let every member stand firm, act responsibly and remain fully aligned with the common cause.

Our dignity, rights and future security depend on how unitedly and resolutely we act today.

Let every officer understand the gravity of the moment.
Let every unit act with resolve.
Let every member stand shoulder to shoulder.

An injury to one scale today is a threat to the entire officer community tomorrow.■

RISE IN PROTEST AGAINST NAKED ATTEMPTS TO DIVIDE THE WORKFORCE IN THE BANKS IN THE NAME OF PLI GET READY FOR FLASH STRIKES

Text of AIBOC Circular No. 2026/23, dated 20.03.2026,reproduced the text of UFBU Circular No. 2026/11 dated 20.03.2026 on the captioned subject. We urge all our affiliates/ state units to strictly follow the decisions taken in the UFBU meeting and as advised in the circular and prepare for a prolonged struggle.

Text of UFBU Circular No. 2026/11 dated 20.03.2026

All our unions and members are aware that the Government (DFS) has been wanting to introduce a new PLI formula for scale IV officers and above in addition to whole-time directors like Chairman and MDs of SBI and MDs and EDs of other public sector Banks.

All of us are further aware that this revised scheme is not acceptable to UFBU for the following reasons.

- Existing PLI Scheme is evolved through bilateral discussion and is part of our service condition under Bipartite Settlement and Joint Note signed by both IBA and the Unions.
- It is a small portion of the total emoluments
- It is based on collective performance of the Banks under mutually agreed parameters.
- UFBU has opposed incentives based on

individual performance in order to protect the interests of employees and officers.

- It is uniform for all the staff of a Bank, from part time sweeper, substaff, clerical staff and for all officers upto scale VII.

- It is pegged to a maximum of 15 days' Basic Pay and DA

As against this, the Government/DFS scheme has the following adverse features:

It is a unilateral scheme decided by the Government without any discussions with the unions/associations

It is based on individual performance of the Executives as per performance matrix decided by the Government

Scale IV to VII officers who are covered by the UFBU/ IBA formula have now been taken out of the scheme and covered under DFS formula.

Within the Scale IV to VII officers, all will not get PLI even if they perform well because, there is a division of these officers into 5 categories.

These categories will get differentiated PLI at 0%, 20%, 40%, 60 %, 80% and 100% of the PLI i.e. there will be an artificial divide amongst officers in the name of PLI.

Moreover, compared to the quantum of PLI under the existing scheme of max. 15 days, PLI under the DFS scheme is upto 365 days thus there will be a disproportionate difference in the PLI.

Hence the new Scheme was protested by the UFBU and it became an important issue in our strike notice. In June, 2025, the Dy. CLC advised all the Banks not to implement the DFS scheme pending further discussions and conciliation proceedings. UFBU and IBA discussed the issue and have suggested modifications in the DFS scheme to work out an amicable solution.

But in February, 2026, (after our strike on 27th January, 2026), DFS advised all PSBs to implement PLI upto scale III officers. In the conciliation meeting held on 9-3-2026, this was discussed and Dy. CLC again advised DFS, IBA and all Banks not to implement PLI further till the issue is resolved.

But yesterday, the Government has advised PSBs not only to pay PLI to Chairman, MD and EDs, but also implement their scheme for scale IV officers and above.

Thus, the Government seems to have decided not to respect the conciliatory machinery and have opened up direct confrontation with UFBU while UFBU has been endeavouring to find amicable solution to the issue.

Looking to the serious consequences and implications of the instructions from DFS, UFBU met this morning and decided to launch immediate agitational programme.

The meeting also decided to give call for Strike within 24 hours if there is any further provocation from Banks/IBA/Government to proceed with the implementation of the PLI for scale IV officers and above.

PROGRAMME:

*** Wearing of Black Badges from 21-3-2026 by all employees and officers**

*** Working strictly as per rules and procedures and withdrawal of extra cooperation**

*** Adherence to regular working hours**

*** Exit from all official WhatsApp groups.**

*** Not attending any official functions of the Banks**

*** Not attending phone calls of the management by officers after 6-00 pm.**

*** Strike call within 24 hours if there is further precipitation on the PLI issue.**

Comrades, all of us can well understand the gravity of the issue involved. Let us mobilise and unitedly observe the protest programme in a successful manner at all levels. Also, be ready to receive our call for strike at very short notice.■

UFBU WRITES TO CLC SEEKING URGENT INTERVENTION IN VIOLATION OF THE CONCILIATION PROCEEDINGS GOING ON REGARDING PLI TO SCALE IV AND ABOVE OFFICIALS

Text of AIBOC Circular No. 2026/22, dated 19.03.2026

UFBU has written a letter to the Chief Labour Commissioner (Central) seeking urgent intervention in the issue of payment of PLI to Scale IV and above as per the new formula of DFS, overriding the ongoing conciliation proceedings, copy of which has been given to the Chairman, IBA, the CE of IBA and MDs & CEOs of all banks. We reproduce the text of the UFBU letter no. 2026/ LTR 2 dated 19.03.2026 for your information and circulation.

Chief Labour Commissioner (C),
Ministry of Labour,
Office of the CLC,
Shramev Jayate Bhavan
G-4, Sector- 10
Dwarka, New Delhi-110075

Madam,

Subject: Urgent intervention sought against DFS communication to Banks overriding the ongoing conciliation process by directing implementation of revised PLI scheme for Scale IV and above

We write to bring to your urgent notice, and place formally on record, a matter of immediate concern arising during the pendency of conciliation on the issue of PLI in Public Sector Banks. Copies of our concerned communications are enclosed for ready reference. (1. UFBU Circular dated 12-2-2026 on payment of PLI upto Scale III in violation of status quo advice of the Dy. CLC and minutes dt. 17-6-2025, 2. Minutes of conciliation meeting held on 9-3-2026; and 3) UFBU circular dt. 9-3-2026)

The position already on record is clear. By circular dated 12.02.2026, UFBU recorded that the PLI scheme finalized under the 11th Bipartite Settlement / 8th Joint Note is a uniform settlement-based scheme applicable up to General Managers in Scale VII, and further recorded the unions' objection to any unilateral departure therefrom while the dispute remained pending in conciliation. By circular dated 09.03.2026, UFBU further recorded before the Dy. CLC that PSBs had disbursed PLI for FY 2024-25 only up to Scale III, excluding Scale IV to VII, and specifically demanded that for FY 2024-25 the existing uniform PLI scheme under the Bipartite Settlement / Joint Note must apply, while any revised formula, if at all, could be discussed only for a future period.

The signed minutes dated 09.03.2026 also show that the issue of payment to Scale IV to VII for FY 2024-25 as per the existing Bipartite Settlement / Joint Note remained under active consideration in conciliation, with further steps to be taken through the conciliation and bilateral process. The residual issues were thus clearly alive and unresolved.

In the above background, the subsequent action of DFS on 18.03.2026 is deeply disturbing. DFS has now issued bank-specific communications which, though titled as communications regarding "Performance Linked Incentive to Whole-Time Directors," go much beyond WTDs and expressly direct necessary action for payment of PLI to eligible officers from Scale IV to Scale VIII as per DFS unilateral formula; in SBI, the direction also extends to DMDs. These communications further record that bank performance and WTD performance for FY 2024-25 have already been evaluated under the revised scheme, assign bank-wise scores, quantify WTD-wise PLI amounts, refer to the bank's board-approved policy, and state that they issue with the approval of the competent authority.

This is not advisory correspondence. It is concrete implementation during pendency of conciliation. It frustrates the process already underway before your office, defeats the purpose of the proceedings recorded on 09.03.2026, and seeks to create a fait accompli on a live industrial-relations issue that directly concerns the sanctity of settlements, fairness in treatment, industrial discipline, and respect for collective bargaining besides non-adherence to provisions of law.

If a central government organisation/department openly defies the CLC's directions, it sets a most undesirable and unhealthy precedent, gravely undermines the sanctity of conciliation, and jeopardises the entire workforce, directly affecting and threatening the interests of the workers.

We must also place on record that the industrial situation on the ground is extremely grave. In our considered assessment, the day the DFS scheme is implemented in banks for scale IV officers and above, the workforce will be on the streets in protest. We say this not by way of rhetoric, but to underline the seriousness of the unrest that unilateral implementation is bound to trigger across the sector. In these circumstances, we respectfully request your immediate intervention and pray that your office may be pleased to:

1. take immediate cognizance of the DFS action vide their communications to Banks dated 18.03.2026;

2. convene an urgent conciliation hearing at the earliest;

3. advise/direct DFS, IBA and all PSBs to keep in abeyance all action pursuant to the DFS communications dated 18.03.2026, including release or credit of PLI under the revised DFS scheme for Scale IV and above;

4. ensure that for FY 2024-25, PLI for officers in Scale IV to VII is dealt with only under the existing Bipartite Settlement / Joint Note framework, subject to final resolution in conciliation; and

5. record that unilateral implementation during pendency of conciliation is prejudicial to industrial peace and cannot prejudice the unions' demand under the existing settlement/joint note framework.

The matter is urgent and calls for immediate protective intervention before further irreversible steps are taken.■

[2024 (182) FLR 844]
(KARNATAKA HIGH COURT)
Mrs . K.S. HEMALEKHA, J.
W.P. No. 54652 of 2013 (L-PG)
February 9, 2024
Between
CANARA BANK
and
APPELLATE AUTHORITY UNDER PAYMENT OF GRATUITY ACT, 1972 and others

Payment of Gratuity Act, 1972-Section 4(6)-Forfeiture of gratuity-Payment of gratuity ordered alongwith interest-Order of Controlling Authority affirmed in appeal-Sustainability of-Held, loss or damage had to be quantified only to the extent of loss or damage-Dismissal of claimant/respondent No. 3 (Manager of Bank) due to financial loss to Bank- There was no quantification of "loss caused" in the charge-sheet, in enquiry report or in the order of disciplinary authority-Bank had no right to forfeit the gratuity amount -Writ petition dismissed. [Paras 11 to 17]

It is relevant to note that mere say that there was misconduct, however grave, may not entitle the employer to seek forfeiture of gratuity in view of ***Section 4(6)*** *of the PG Act.*

The Apex Court has laid down that the amount liable to be forfeited would be only to the extent of loss or damage caused and the said loss has to be quantified thereof.

In the instant case there is absolutely no quantification of 'Loss caused' in the charge-sheet, on enquiry report or in the order of the disciplinary authority, all that is referred in charge-sheet, in the enquiry report and in the order of the disciplinary authority is that the loan accounts in respect to which enquiry has been conducted against respondent No. 3 have been classified as ***'NPA'*** *and thus there an exposure to financial risk/loss.*

Counsel for the Petitioner : T.P. Muthanna.
Counsel for the Respondents : Kumar M.N., G.G.S.P.C. and Anandarama K.

JUDGMENT

Mrs . K.S. HEMALEKHA, J.- Petitioner-Canara Bank assails the order by the Controlling Authority under the Payment of Gratuity Act, 1972 (For short 'PG Act') directing the Bank to pay the gratuity amount along with interest to respondent No. 3, confirmed by the appellate authority.

2. Respondent No. 3 was working as Manager in the petitioner-Bank; charge-sheet was issued for commission of various misconduct in granting loans under canmobile, disciplinary proceedings were initiated against respondent No. 3, enquiry was conducted; the Enquiry Officer found the workman guilty of charges and submitted the report. Disciplinary authority imposed the punishment of dismissal which shall ordinarily be a disqualification for future employment.

3. The employee challenged the order of the disciplinary authority before the appellate authority, the appellate authority confirmed the order of disciplinary authority against the dismissal of the appeal, respondent No. 3-employee preferred writ petition before this Court. It is brought to the notice of this Court that the writ petition has been dismissed and order of disciplinary authority has been confirmed.

4. Respondent No. 3 filed an application seeking gratuity before the Controlling Authority under the PG Act, the bank filed objections denying claim of the employee, the Controlling Authority allowed the application, the petitioner preferred appeal before the appellate authority which came to be dismissed confirming the order of the Controlling Authority.

5. Learned counsel for the petitioner, inviting the attention of this Court to the order passed by the disciplinary authority would submit that the disciplinary authority has recorded a finding that financial loss has been caused to the bank and would contend that the petitioner-Bank has authority to recover the amount from the gratuity of the employee, to the extent of financial loss caused to the bank.

6. Per contra , learned counsel for respondent would justify the order of the authority and would contend that there is no forfeiture of gratuity as stated by the bank and the letter issued at Annexure-R1(Exhibit-A22), produced before the Controlling Authority states that the present liability in existing loan accounts is ₹ 34.23 lakhs, without there being any determination or quantification. Learned counsel would contend that the management witness has specifically admitted that there is no quantification of loss mentioned in the notice of enquiry proceedings issued to respondent No. 3 before withholding the gratuity amount and in the light of non-determination of loss caused to the bank and non-issuance of notice seeking forfeiture, the contention of the bank to recover the amount from the gratuity of the employee is unsustainable.

7. In support of his contention, learned counsel has placed reliance on the following decisions.

1. Jaswant Singh Gill v. Bharat Coking Coal Ltd. and others.

2. Vijaya Bank and others v. Sri Mohan Das Ramana Shetty.

3. Canara Bank v. Appellate Authority and others.

4. Canara Bank v. Appellate Authority and others.

8. This Court has carefully considered the rival contentions urged by the learned counsel appearing for the parties and perused the material on record.

9. Having heard the learned counsel for the parties the point that falls for consideration is:

"Whether the petitioner-bank is entitled to seek for forfeiture of gratuity amount in the present facts and circumstances of this case?"

10. Learned counsel for the respondent has drawn the attention of this Court to Section 4(6)(a) of the PG Act, which reads as under:

> "4. Payment of gratuity: XXXX
>
> (6) Notwithstanding anything contained in sub-section (1),
>
> (a) the gratuity of an employee, whose services have been terminated for any act, wilful omission or negligence causing any damage or loss to, or destruction of, property belonging to the employer, shall be forfeited to the extent of the damage or loss so caused."

11. The object of the Act is to provide for a scheme for the payment of gratuity to the employees engaged in factories, mines, plantations, coals, railways, companies, shops or other establishment and for matters connected therewith or incidental thereto, the object of having gratuity scheme is to provide a retiring benefit to an employee, who has rendered long and unblemished service to the employer and thereby contributed to the prosperity of the employer. However, it is relevant to note that mere say that there was misconduct, however grave, may not entitle the employer to seek forfeiture of gratuity in view of Section 4(6) of the PG Act, as rightly contended by the learned counsel for respondent No. 3 in the absence of any determination of amount regarding loss caused to the bank.

12. Apex Court in the case of Jaswant Singh Gill stated (supra) has held at pharagraph No. 13 as under:

> "13. The Act provides for a close-knit scheme providing for payment of gratuity. It is a complete code containing detailed provisions covering the essential provisions of a scheme for a gratuity. It not only creates a right to payment of gratuity but also lays down the principles for quantification thereof as also the conditions on which he may be denied therefrom. As noticed hereinbefore, sub-section (6) of Section 4 of the Act contains a non-obstante clause vis-à-vis sub-section (1) thereof. As by reason thereof, an accrued or vested right is sought to be taken away, the conditions laid down thereunder müst be fulfilled. The provisions contained therein must, therefore, be scrupulously observed. Clause (a) of sub-section (6) of Section 4 of the Act speaks of termination of service of an employee for any act, wilful omission or negligence causing any damage. However, the amount liable to be forfeited would be only to the extent of damage or loss caused. The disciplinary authority has not quantified the loss or damage. It was not found that the damages or loss caused to Respondent 1 was more than the amount of gratuity payable to the appellant. Clause (b) of sub- section (6) of Section 4 of the Act also provides for forfeiture of the whole amount of gratuity or part in the event his services had been terminated for his riotous or disorderly conduct or any other act of violence on his part or if he has been convicted for an offence involving moral turpitude. Conditions laid down therein are also not satisfied."

13. The Apex Court has laid down that the amount liable to be forfeited would be only to the extent of loss or damage caused and the said loss has to be quantified thereof. The disciplinary authority in the

said case had not quantified the loss or damage and in that circumstance, the Apex Court held that the employer is not entitled for forfeiture of gratuity amount. In identical circumstances, the Division bench of this Court in Vijaya Bank case stated supra, at paragraph No. 8 has held as under:

> "8. The object of having gratuity scheme is to provide a retiring benefit to the workman who has rendered long and unblemished service to the employer and thereby contributed to the prosperity of the employer, but it is not correct to say that any misconduct, however grave, may not be visited with the forfeiture of gratuity in view of Section 4(6) of the Act as rightly pointed out by the learned counsel for the appellant. In other words, if the workman is guilty of serious misconduct, then the gratuity can be forfeited in its entirety vide Tournamulla Estate v. Their Workmen It is also a settled law that a bare looking at Section 4(6)(a) shows that the right of the employer to forfeit the amount of earned gratuity sine qua non to the extent of damage or loss so caused but such a power in our considered opinion is not automatic. If the employer fails to prove before the Controlling Authority which is functioning under the Act the extent of damage or loss so caused by the employee because of his act of alleged major misconduct, the right to forfeit the gratuity under Section 4(6)(a) is not available to the employer. In other words, before forfeiting the gratuity amount, the employer should afford an opportunity to the employee to the extent why his amount of gratuity be not forfeited, which leads to the conclusion that if no material is brought on record to show that the service of the employee was terminated for any act, willful omission or negligence causing damage, loss or destruction of the employer's property, and if the extent of such damage is not quantified, the provisions of Section 4(6)(a) do not come into operation. The statutory provision for forfeiture of gratuity therefore, must be construed strictly and employer, in the eye of law, has to prove before the Controlling Authority, the extent of damages or loss so caused by the employee, because of his act of alleged misconduct, or/ and otherwise the employer is not entitled to invoke Section 4(6)(a). Such proof presupposes a statutory requirement of giving an opportunity to the employee before the Controlling Authority. In short, the decision to forfeit can be taken only after assessing the loss, which can be arrived at only after affording an opportunity to the employee concerned to be heard, which is mandatory before taking such a decision. It is only under such context and background of the case and well settled principle laid down on the point, the learned Single Judge had, in our considered opinion, rightly directed.

"(b) The respondent-Bank shall pay the Gratuity, leave encashment and their contribution towards the Provident Fund with interest under the Regulation within eight weeks from the date of receipt of this order.

(c) It is clarified that it is only the Provident Fund, which will carry interest as regulated by the Bank. (d) The petitioner shall execute an indemnity bond for the said amount i.e., the amount payable by the Bank towards their Contribution of the Provident Fund." safeguarding the interest of the parties." (Emphasis supplied)

14. The Division Bench of this Court has held that if an employer fails to prove before the Controlling Authority, which is functioning under the Act, extent of loss or damage so caused by the employee because of his act or alleged major misconduct, the right to forfeit the gratuity under Section 4(6)(a) of the PG Act is not available to the employer.

15. Under similar circumstances, the Division Bench of this Court in Canara Bank case in WA No. 515/2012 stated (supra), has held at paragraph No. 6 as under:

> "6. In the instant case, the Enquiry Authority while giving a finding has not clarified the loss except giving general assessment stating that charges were clearly establish the involvement of respondent No. 3 in the fraudulent withdrawal of ₹ 18.50 lakh. The Disciplinary Authority nor the CGIT has made any reference of forfeiture of gratuity and even in the dismissal order also, it has not made a reference. Further the petitioner has not initiated any proceedings for the assessment of loss caused by respondent No. 3. The petitioner has no right to forfeit the gratuity.

Thus, the action of petitioner in forfeiting the gratuity is arbitrary."

16. In the similar line, another decision of Division Bench of this Court in Canara Bank case in WA No. 1410/2021 stated supra, has held at paragraph No. 9 as under:

"9. Thus, from perusal of the aforesaid relevant extract, it is evident that there is neither any quantification of the amount of loss caused to the appellant nor any reason has been assigned by the Disciplinary Authority for recording a finding that the financial loss has been caused to the Bank. Merely on the basis of aforesaid cryptic finding recorded by the Disciplinary Authority without assigning any reasons, the appellant cannot be permitted to forfeit the amount of gratuity which is payable to the employee under the provisions of the Act."

17. In the instant case there is absolutely no quantification of 'Loss caused' in the charge-sheet, on enquiry report or in the order of the disciplinary authority, all that is referred in charge-sheet, in the enquiry report and in the order of the disciplinary authority is that the loan accounts in respect to which enquiry has been conducted against respondent No. 3 have been classified as 'NPA' and thus there an exposure to financial risk/ loss and except the averment there is no quantification of the actual loss caused, in such circumstances, the petitioner- bank has no right to forfeit the gratuity amount. In the said circumstances, the Controlling Authority and the appellate authority have given a categorical finding that the bank is not entitled for forfeiting the amount as sought by and allowed the application of respondent No. 3. The order passed by the authority does not warrant interference, for the foregoing reasons point framed for consideration is answered in favour of respondent No. 3- employee and this Court pass the following:

ORDER

(i) Writ petition is dismissed.

(ii) Impugned order of the Controlling Authority and Appellate authority stands confirmed.

(iii) Amount in deposit to be disbursed to respondent No. 3 within a period of four weeks with interest accrued, if any. ■

Petition Dismissed.

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