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Editorial

TIME TO WORK TOGETHER

Ukraine war, the pandemic, and the onslaught of crony capitalist-oriented economic policies remind us that what we till recently took for granted was vulnerable. The world economy has thrived on an open free trade system since globalization began in 1990. It was shaken by the financial crash of 2008-09 and the American trade war with China. The novel Coronavirus pandemic has exacerbated these challenges, with estimates suggesting that nearly a third of the global trade was wiped out during the pandemic period. There is no doubt that the Covid-19 pandemic was a mega shock to the global system with a spill-over impact on our national economy. In the global context, multilateralism, which was once a taken-for-granted philosophy for cooperation amongst the neoliberal states, is now a casualty and isolationist voices now portray themselves as being vindicated. There are reasons to be apprehensive that such an idea will engulf our movement causing immeasurable damage to the causes dear to our hearts.

2022 is challenging, and the time is ripe for consolidated action. The Confederation has to finalise the charter of demands apart from settling the niggles of residual issues emanating from the 8th Joint Note. There is renewed talk of tabling the Banking Amendment Bill to pave the way for privatisation of public sector banks despite excellent results posted by the PSB fraternity during the last financial year. Before the banking sector, there were additional challenges triggered by rising prices and a fall in consumer demand, creating stagflation. The trade sanctions imposed against Russia, re-emergence of Covid cases in China and North Korea, and worrying figures of retail inflation in the USA are pointing toward a budding economic crisis. A percentage point has upped both retail and wholesale inflation in April, which was an all-time high after 15 years. The comfortable foreign exchange reserve of the country may be acting as a cushion from the re-enactment of the Sri Lankan crisis on Indian soil. Problems are spreading to destabilize the food security system partly due to erratic weather, a direct fall out of global pollution, and partly by the ugly motive of profiteering by the traders taking advantage of the devastation on the Ukrainian soil.

The impending crisis does not augur well for the financial sector in general and the banking sector in particular. Rising inflation has forced the RBI to adjust the Repo rate upwards to suck the liquidity from the banking system, making the loans costlier and outgo on deposits higher. This may adversely impact the net interest margin with a consequential effect on profitability. We are apprehensive that such a macroeconomic catastrophe may be used by the powers that be to sharpen their offensive against the public sector banks and will be used as an alibi for paving the way for privatization. We must appreciate and internalize the causes of the crisis so that we ideologically and organizationally remain combat-ready for the impending attack from the crony capitalist-controlled political establishment.

The only hope for the future lies in our solidarity. When the crisis is around the corner, we must learn lessons about what happened and why it is happening so. We should take all possible steps to strengthen the organization and, if the need arises, reform us radically to forestall the onward march of the enemy. This could only be ensured if we learn to live and work together and reinvent the Great Spirit on which the Confederation was founded 37 years back. We are confident that the meeting the leaders of the leaders in Mumbai held on the 6th and 7th of June will chart a new course of action for the entire rank and file of the membership, factoring in the surrounding environment while upholding the aspirations and expectations of the bankers for a proper compensation system in the current work-life balance scenario while zealously protecting the public sector character. ■

March on comrades,

#NationAgainstPrivatisation
#StrikeHard
#PowerofUnity
#BankBachaoDeshBachao

Economy

RBI'S SURPRISE RATE HIKE RAISES PLENTY OF QUESTIONS

After being accused of several months of being behind the curve, the central bank has made up plenty of policy ground in the first 34 days of the new financial year. But its latest policy decision raises several questions.

The Reserve Bank of India's (RBI) decision to increase the policy repo rate by 40 basis points on May 4 caught the markets. Everyone knew rate hikes were coming, but perhaps starting next month. Before the next scheduled meeting, the Monetary Policy Committee's (MPC) decision to act now definitely throws up a few questions. The first of them is: have matters changed so much since April 8 that the MPC could not wait until June 8 to increase the repo rate?

One must begin with inflation. Data released four days after the MPC's April 8 decision showed Consumer Price Index (CPI) ***inflation had rocketed to a 17-month high of 6.95 percent in March***. Six days later, commerce ministry data showed ***wholesale inflation unexpectedly rose to a four-month high of 14.55 percent the same month***. But that was 20 days ago, not this week.

The MPC's resolution and Governor Shaktikanta Das' statement both noted the downward revisions made by the International Monetary Fund (IMF) to its growth forecasts. Further, while the committee also pointed to the IMF's higher inflation forecasts, Das spoke of inflation expectations getting unanchored if inflation remains elevated at "these levels for too long".

This doesn't stand up to scrutiny. For one, the IMF's forecasts are almost always behind the curve. Sample ***its latest GDP growth forecast for India for FY23 from last month***. At 8.2 percent, it is a full percentage point higher than what the RBI expects. When the fund releases its next update to its World Economic Outlook report in July, it will, in all likelihood, cut it to close to 7 percent.

Secondly, while Das' reasoning that inflation expectations could get unanchored if CPI inflation stays elevated for too long is correct, it is rather strange that it is being said so only now. CPI inflation has been above the medium-term target of 4 percent for ***exactly two-and-a-half years***. In these 30 months, CPI inflation has been above 5 percent 27 times and above the 6 percent, upper bound of the RBI's flexible inflation target 16 times. So, to state now — after not saying anything in the last two years — that inflation expectations could get unanchored is a tad disconcerting.

As for the out-of-schedule meeting and the subsequent rate hike, perhaps the MPC did want to act immediately after the inflation data was released on April 12, four days after it announced its last decision on April 8. But two policy decisions within days of each other would have suggested the MPC was responding to one data point — something it can't afford to do.

Then there is the small matter of a change in the MPC's membership. On May 2, the RBI's board approved the nomination of Executive Director Rajiv Ranjan as an ex-officio member of the MPC. Ranjan succeeded Mridul Saggar following the latter's retirement last month. While the MPC does not need all six members to be present to vote on the repo rate — the quorum is four — it may have waited for Ranjan's nomination to go through before the meeting.

In April, the RBI made a huge upward revision to its inflation forecast for FY23, raising it to 5.7 percent from 4.5 percent. But what is the forecast now?

All that the committee's statement said on May 4 was that all factors — geopolitical concerns, global commodity price dynamics, and supply chain disruptions due to the resurgence of COVID-19 in major economies — "impart significant upside risks to the inflation trajectory set out in the April statement of the MPC".

Surely the MPC raised the repo rate by 40 basis points because inflation is now seen as being higher than 5.7 percent in FY23? The rate hike cannot be just because of an increase in upside risks to the RBI's inflation forecasts, can it? From the look of it, one will have to wait for the next resolution of the MPC, scheduled to be released on June 8, to see if there is a change in the RBI's inflation forecast.

The MPC has decided to retain its stance from April — "accommodative while focusing on withdrawal of accommodation to ensure that inflation remains within the target going forward while supporting growth".

However, Das said more than that on May 4.

In ***paragraph 4 of his statement,*** the RBI governor mentioned the stance and the language as specified in the MPC's resolution. He said the stance announced in April was 'withdrawal of accommodation'. In paragraph 12, the governor explicitly states that the monetary policy stance was shifted in April. However, in paragraph 14, Das felt the need to "further stress that monetary policy remains accommodative".

This might be a case of nitpicking, but it very well illustrates the RBI's fears. It cannot continue with an accommodative stance given where inflation is. At the same time, it is not keen on shifting the stance to neutral lest it spooks the markets. The result is the central bank must hover somewhere in between.

But when does the RBI stop being accommodative? Das offered some clues, saying the 40-basis-point repo rate hike should be seen as a reversal of the rate cut of a similar quantum announced in May 2020 "in keeping with the announced stance of withdrawal of accommodation set out in April 2022".

While the MPC can increase the repo rate when the stance is accommodative, surely a second rate hike should be accompanied by a change instance? Or will the MPC stay "accommodative while focusing on withdrawal of accommodation to ensure that inflation remains within the target going forward while supporting growth" until the repo rate is back at the pre-pandemic level of 5.15 percent?

Transparency and predictability are two crucial pillars of the flexible inflation targeting regime. And if a monetary policy decision raises so many questions, it perhaps lacks some transparency and predictability.

(Courtesy: Siddhartha Upasana in Money Control.)

THERE HAS TO BE EVIL SO THAT GOOD CAN PROVE ITS PURITY ABOVE IT

STATE-RUN BANKS VOICE CONCERN OVER NEW GUIDELINES ON FRAUD

Public sector banks have petitioned the government on the latest revised guidelines on bank frauds, expressing concern over delay in the disposal of cases that they fear could disrupt commercial banking decisions.

"It is leading to a situation where every complaint, till it's resolved, is under scrutiny and those implicated cannot take any other decision. By lowering the threshold and including all officials, there is already an uptick in cases, which won't get resolved quickly," said a senior bank executive, who did not wish to be identified.

The issue had figured at a recent meeting of Indian Banks' Association, he added.

In August 2019, the Central Vigilance Commission (CVC) in consultation with Reserve Bank had constituted a 4-member Advisory Board for Banking and Financial Frauds (ABBFF) headed by former bankers and ex-vigilance commissioner TM Bhasin. ABBFF's mandate was to investigate banking and financial frauds of ₹50 crore and above. The CVC, earlier this year in January, expanded the scope of ABBFF to examine bank frauds of ₹. 3 crore and above and recommend action.

The ABBFF was set up to function as a 'Safety Valve' for bankers and critically and comprehensively examine the gravity of lapses, accountability, if any, on the part of officials, whole time directors of state-run banks and financial institutions.

As per the latest CVC guidelines, the cases classified as fraud (between ₹ 3 crore and ₹50 crore) and reported to Reserve Bank of India by banks and financial institutions on or after January 6, 2022, would also fall under the purview of the panel.

The Central Bureau of Investigation (CBI) can also refer any case or matter to the board where it has any issue or difficulty, or in technical matters with the concerned public sector banks and public financial institutions.

"While the spirit to expand the scope is commendable, the ABBFF doesn't have the requisite infrastructure and human resources to settle the cases expeditiously," said another bank executive, aware of the developments. He said this had led to disruption in day-to-day operations.

Due to ongoing investigations, bank employees facing allegations are either suspended or divested of their charge. In some cases, promotions or even retirement benefits are on hold pending charges, the above-quoted executive said.

A government official said the decision to expand the scope of ABBFF was taken after consultations with the RBI and the finance ministry. "We will discuss the matter with all stakeholders and see if this mechanism can be further streamlined," he said.■

(Courtesy: The Economic Times dated 3rd May 2021.)

CONTROL INFLATION BY ACTING ON LIQUIDITY

The recent action of the Reserve Bank of India (RBI) to raise the repo rate by 40 basis points and cash reserve ratio (CRR) by 50 basis points is a recognition of the serious situation with respect to inflation in our country and the resolve to tackle inflation. Inflation has assumed a menacing proportion in almost all countries. The situation is the worst in the United States where the consumer price inflation stood (in March 2022) at 8.56%, a level not reached for several decades. Consumer price index (CPI) inflation in India stood (in March 2022) at 6.95%. It is expected to rise further in April. India's CPI inflation has been fluctuating around a high level. As early as October 2020, it had hit a peak of 7.61%. It had remained at a high level of over 6% since April 2020. It did come down after December 2020 but has started rising significantly from January 2022.

On the other hand, the Wholesale Price Index (WPI) inflation had remained in double digits since April 2021. The GDP implicit price deflator-based inflation rate for 2021-22 is 9.6%.

IMPACT ON PRODUCTION

Even though the RBI's mandate is with respect to CPI inflation, policymakers cannot ignore the behaviour of other price indices. In the 2008-09 crisis, central banks of developed countries, particularly the Fed, had been blamed for overlooking the sharp rise in asset prices, even though CPI inflation was modest.

After the advent of COVID-19, the major concern of policymakers all over the world was to revive demand. This was sought to be achieved by raising government expenditure. This is the standard Keynesian prescription. The severe lockdowns imposed to prevent the spread of COVID-19 restricted the mobility of people, goods and services.

Thus, the expansion in government expenditure did not immediately result in increased production in countries where the lockdown was taken seriously. India belongs to this category. As V.K.R.V. Rao pointed out in the 1950s, the Keynesian multiplier did not work when there were supply constraints as in developing countries. That is why he argued that the multiplier operated in nominal terms rather than in real terms in such countries. Something similar has happened in the present case where the supply constraint came from a non-mobility of factors of production.

ISSUE OF INFLATION

Nevertheless, the prescription of enhanced government expenditure is still valid under the present circumstances. Perhaps the increase in output could happen with a lag and also with the relaxation of restrictions. Initially, the focus of monetary policy in India has been to keep the interest rate low and increase the availability of liquidity through various channels, some of which have been newly introduced. However, the growth rate of money was below the growth rate in reserve money. This is because of lower credit growth which also depends on business sentiment and investment climate. Thus the money multiplier is lower than usual. The Government's borrowing programme which was larger went through smoothly, thanks to abundant liquidity.

Even as the economy picked up steam in 2021-22, inflation also became an issue. As mentioned at the beginning, this is a worldwide phenomenon. In the U.S., the explanation has been quite simple. There has been a balance sheet explosion of the Fed. On January 1, 2020 the total assets (less some items) of the Fed stood at $4.17 trillion and in April 2022, at $8.96 trillion. This massive expansion in assets is the result of quantitative easing which essentially means liquidity support provided by the Fed.

The Fed Chairman has made strong statements expressing the need to reduce the size of the assets. The Fed is planning to shrink its balance sheet by $95 billion a month. It raised the policy rate by 50 basis points a few days ago. In India too there is a shift in monetary policy. The latest monetary policy reiterates the stance as one of "to remain accommodative while focusing on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth". Without efforts to curtail liquidity, inflation will not come down.

I go back to a point that I have been making several times recently. While discussing inflation, analysts including policymakers focus almost exclusively on the increases in the prices of individual commodities such as crude oil as the primary cause of inflation. The Russian-Ukraine war is cited as a primary cause. True, in many situations including the current one, they may be the triggers. Supply disruptions due to domestic or external factors may explain the behaviour of individual prices but not the general price level which is what inflation is about. Given a budget constraint, there will only be an adjustment of relative prices.

Besides the fact that any cost-push increase in one commodity may get generalised, it is the adjustment that happens at the macro level which becomes critical. A long time ago, Friedman said, "it is true that the upward push in wages produced inflation, not because it was necessarily inflationary but because it happened to be the mechanism which forced an increase in the stock of money". Thus, it is the adjustment in the macro level of liquidity that sustains inflation.

INFLATION AND GROWTH

The possible trade-off between inflation and growth has a long history in economic literature. The Phillip's curve has been analysed theoretically and empirically. Tobin called the Phillip's curve a 'cruel dilemma' because it suggested that full employment was not compatible with price stability. The critical question flowing from these discussions on trade-off is whether cost-push factors can by themselves generate inflation. Tobin said at one place that inflation 'is neither demand-pull nor cost-push or rather it is both', even though he did not agree with Friedman's extreme position that there would be no pure cost-push inflation.

In the current situation, it is sometimes argued that inflation will come down if some part of the increase in crude prices is absorbed by the government. There may be a case for reducing the duties on petroleum products for the simple reason that one segment of the population should not bear an excessive burden. The same consideration applies to food prices. But to think that it is a magic wand through which inflation can be avoided is wrong. If the additional burden borne by the government (through loss of revenue) is not offset by expenditures, the overall deficit will widen. The borrowing programme will increase and additional liquidity support may be required.

CONCOMITANT DECISIONS

Commenting on the increase in repo rate and a rise in CRR, some have commented that this is a double whammy. No, these are concomitant decisions. Central banks cannot order interest rates. For a rise in the interest rate to stick, appropriate actions must be taken to contract liquidity. That is what the rise in CRR will do. In the absence of a rise in CRR, liquidity will have to be sucked by open market operations. As the RBI Governor Shaktikanta Das put it in his statement, "Liquidity conditions need to be modulated in line with the policy action and stance to ensure their full and efficient transmission to the rest of the economy."

Inflation in India cannot be described just as 'cost-push'. The abundance of liquidity has been an important factor. The April Monetary Policy statement talked of a liquidity overhang of the order of ₹8.5 lakh crore. Beyond a point, inflation itself can hinder growth. Negative real rates of interest on savings are not conducive to growth. If we want to control inflation, action on liquidity is very much needed with a concomitant rise in the interest rate on deposits and loans.■

(Courtesy: The Hindu dated 11th May 2022)

Organisation

28TH TRIENNIAL GENERAL COUNCIL OF AISBOF AT GUWAHATI

The 28th Triennial General Council of AISBOF was held at Guwahati on and from 22nd to 24th April, 2022. More than 2000 comrades assembled at the campus of the University of Science & Technology, Meghalaya, and took out a procession that traversed along with the picturesque campus. The entire area was splashed in a riot of colours, chanting passionate slogans and wearing a festive look. The whole arena was adorned with colourful posters, banners, flags of all affiliates, and images of freedom fighters to pay our respectful tribute to the personalities to commemorate the 75th year of independence. The messages on the posters

BETTER THAN A HUNDRED YEARS OF IDLENESS IS ONE DAY SPENT IN DETERMINATION included our demands like a 5-day week, Grade pay, Work-life balance et al., posters also depicted our theme of the 28th Triennial General Council ***#BankBachaoDeshBachao***. The enthusiasm amongst the delegates, observers' and activists' was simply infectious. The flag of the Federation was hoisted by the President, the veteran leaders, the torchbearers of our mighty Federation, accompanied by the Presidents and General Secretaries of all Affiliates.

After paying floral tribute to the portrait of Com Shantha Raju, former AISBOF and AIBOC General Secretary, a legendary leader of the entire banking trade union movement, the ceremonial lamp was lit by all the dignitaries present on stage. 59 delegates from across the country spoke on various aspects and deliberated on the General Secretary's Report. While many speakers appreciated the functioning of the Federation and complimented the General Secretary's Report, which they felt was a document to be preserved, others raised issues confronting the officer's fraternity, like extended working hours, calling of officers on Sundays/holidays, pressure to sell third party products, disciplinary matters, toxic behaviour of controllers, shortage of manpower at branches, conversion of specialist officers to generalists, regressive decision to link reimbursement of 5-in-1 to completion of mandatory learning, the disparity in salary between workmen and officers, delay in fitment and stagnation increment, stoppage of increments on account of opting out, there was also constructive criticism that emanated from the members. General Secretary took note of the deliberations, feedback, suggestions, and aspirations of delegates. He responded to queries/feedback/ concerns covering all aspects of the discussion. Before concluding, he sincerely thanked the entire house for providing an opportunity of a lifetime to lead the Federation and Confederation. He gave a clarion to the membership to be prepared to launch a decisive struggle at the bank level if the justified demands of the officers' fraternity are not addressed within a reasonable period.

The following Delegates were elected to the positions mentioned there:

Com Rupam Roy - Chairman
Com Deepak Kumar Sharma - President
Com Soumya Datta - General Secretary

Common Bond congratulates the elected leadership and trust that they will lead the movement both in AISBOF and AIBOC from the front in the days to come■

24TH TRIENNIAL CONFERENCE OF IOB OFFICERS' ASSOCIATION AT CHENNAI

The jubilancy and passion for trade unionism was vivid and conspicuous at Chennai, the 'Citadel of Trade Union', on 26th and 27th February, 2022, overcoming the anxieties of the Covid and related protocols, where members of IOBOA cherished the legacy of struggles by IOBOA for the officers' community in IOB. Nearly two thousand delegates representing the officers across the length and breadth of the country descended on Chennai to attend the 24th Triennial Conference of IOBOA. The Chief Guest Shri Partha Pratim Sengupta, MD & CEO of IOB, Special Invitee Com Soumya Datta, General Secretary, AIBOC and AISBOF, Guests of Honour Shri Ajay Kumar Srivastava, ED – IOB and Smt S.Srimathy, ED – IOB, Shri R K Pradan, GM – HRMD, Com S C Banji, General Secretary – AIOBEU and President NCBE and Com R Mukundan, President, AIOBEU had graced the function with their presence.

YOU WILL NOT BE PUNISHED FOR YOUR ANGER, YOU WILL BE PUNISHED BY YOUR ANGER

The following Delegates were elected to the positions mentioned there:

Com Bhabani Mishra - President
Com Murali Soundararajan T - General Secretary

Common Bond congratulates the elected leadership and trust that they will lead the movement both in IOBOA and AIBOC from the front in the days to come.■

19TH BIENNIAL CONFERENCE OF DHANALAKSHMI BANK OFFICERS' ORGANIZATION HELD AT THRISSUR

The 19th Biennial Conference of Dhanalakshmi Bank Officers' Organization held at Hotel Merlin International Thrissur on 15th May, 2022 was an eye-catching extravaganza that continued the tradition of 'DBOO Biennials' surpassing previous editions. The covid-19 pandemic, which marred most of the previous biennial period, assuaged a bit. Our comrades gathered en masse at the venue to take 'DBOO Biennial 2022' many notches above the previous editions. The function was graced by our past flag bearers, including the leader, Com P V Mohanan, Special Invitee Com Soumya Datta, General Secretary, AIBOC and AISBOF, Com K A Lathish Kumar, General Secretary of CSBOA, Com Sreenath Induchoodan State Secretary AIBOC Kerala State Unit and Shri J K Shivan Managing Director, Dhanalakshmi Bank.

The following Delegates were elected to the positions mentioned there:

Com Rajesh K N - President
Com Manoj S - General Secretary

Common Bond congratulates the elected leadership and trust that they will lead the movement both in DBOO and AIBOC from the front in the days to come.■

CIRCULARS

13 dated 29th April, 2022 : May Day: Let us take a new resolve

14 dated 29th April, 2022: Dearness Allowance payable to Officers on 472 (i.e.471+1) slabs with effect from 01-05-2022 as against 471 slabs for the previous quarter.

15 dated 06th May, 2022: Text of the Letter No. AIBOC/2022/09 dated 06.05.2022, AIBOC writes to RBI Governor and denounces RBIs decision to open all bank branches on Sunday,the 8th May, 2022 for receiving ASBA subscription for LICI IPO.■

JUDICIAL VERDICT

2022 LLR 335
SUPREME COURT OF INDIA
Hon'ble Mr. Ajay Rastogi, J.
Hon'ble Mr. Abhay S. Ojha, J.
CAJCA No. 2949/2011, Dt/- 11.02.2022
United Bank of India
Vs.
Bachan Prasad Lall

A. DISMISSAL – From service – When justified – Bank employee was dismissed from service after

THE FOOL WHO KNOWS HE IS A FOOL IS MUCH WISER THAN THE FOOL WHO THINKS HE IS WISE

holding enquiry, proving guilt of commission of serious irregularities in discharging duty after holding enquiry – Appeal was rejected by appellate authority – Employee raised an industrial dispute – Industrial Adjudicator held the enquiry fair and proper but exercising power under section 11A of the Industrial Disputes Act 1947, substituted the punishment with reinstatement after lowering down of two stages in his basic salary without back wages – Bank challenged award in writ petition but failed – Management filed writ appeal – Held, Division Bench did not interfere with the impugned orders since the employee had retired attaining superannuation – Bank filed appeal before the Supreme Court – Held, lower courts have given weightage to domestic situation of employee which is against settled law that needless compassion should not be injected into judicial proceedings – Employee had committed fraud repeatedly by forging signatures and documents – Mere superannuation age of employee will not absolve him from the misconducts Bank employee always holds position of trust where honesty and integrity are the sine qua non but it would never be advisable to deal with such matters leniently – Hence appeal is allowed – Impugned award and judgment are set aside.

B. DISMISSAL – From service when not shocking disproportionate – Held, punishment of dismissal is not shockingly disproportionate in view of the seriousness of misconducts by committing fraud repeatedly by forging signatures and documents – Bank employee always holds the position of trust where honesty and integrity are the sine qua non but it would never be advisable to deal with such matters leniently.

➲ Dismissal of a Bank employee from service after holding enquiry, proving the guilt of commission of serious irregularities in discharging duty, is justified.

➲ If the Industrial Adjudicator has held the enquiry fair and proper, exercising power under section 11A of the Industrial Disputes Act 1947, thereby substituting the punishment with reinstatement after lowering down of two stages in his basic salary without back wages, is not proper mere that the employee had retired attaining superannuation.

➲ Giving weightage to the domestic situation of the employee for giving him any undue relief is against settled law that needless compassion should not be injected into judicial proceedings since he had committed fraud repeatedly by forging signatures and documents.

➲ Punishment of dismissal is not shockingly disproportionate in view of the seriousness of misconducts of misappropriation of money by playing fraud committing forging of signatures and documents.

➲ The mere superannuation age of an employee will not absolve him from serious misconducts like a fraudulent commission or forging of signatures and documents.

➲ A Bank employee is always expected to hold position of trust where honesty and integrity are the sine qua non but it would never be advisable to deal with such matters leniently.

JUDGMENT

Ajay Rastogi, J. – 1. The appellant, being dissatisfied with the judgment of the Division Bench of the High Court dated 11th May, 2010, has preferred the present appeal.

2. The facts relevant for the purpose culled out from the record are that the respondent employee joined service as a Clerk-cum-Typist in the year 1973 and while in service committed serious irregularities in the

discharge of his duties, was placed under suspension by an Order dated 7th August 1995. He was later served with the charge sheet along with the statement of the allegation on 2nd March 1996. After the disciplinary inquiry was conducted in accordance with the disciplinary rules of the Bank, the inquiry officer found the charges proved. In consequence thereof, the respondent was dismissed from service by an Order dated 6th December 2000 and the appellate authority also rejected the appeal preferred by the respondent employee by an Order dated 24th April 2004.

3. The reference was made for adjudication by the appropriate Government in exercise of its powers under clause (d) of sub-section (1) and sub-section (2A) of Section 10 of the Industrial Disputes Act, 1947 (hereinafter being referred to as the "Act 1947") vide Order dated 27th July 2005. The same is as under:-

> "Whether the action of the management of United Bank of India, Patna in awarding the punishment of dismissal to Shri Bachan Prasad Lal, clerk-cum-typist of Katihar Branch of UBI for alleged involvement of fraud is legal and justified? If not, to what relief Shri Bachan Prasad Lal is entitled?"

4. The learned Tribunal, after taking into consideration the record of the domestic inquiry, finally arrived to the conclusion that inquiry was fair and proper and the charges stood proved but while exercising power under Section 11A of the Act, 1947, the Tribunal under its Award dated 30th December 2005 observed that the punishment awarded to the respondent employee of dismissal is not commensurate with the charge levelled against him and accordingly while upholding the allegations levelled against the respondent in reference to which the inquiry was conducted, substituted the punishment of dismissal with an order of reinstatement after lowering down of two stages in the basic salary that he was getting at the time of his dismissal. It was also held that there will be no payment of salary and allowances for the period of his suspension save and except payment of subsistence allowance.

5. On a writ petition being preferred by the appellant in assailing the interference made by the Tribunal in exercise of its power under Section 11A of the Act 1947, the learned Single Judge by an Order dated 25th July, 2006, dismissed the petition holding that the Tribunal has a discretion under Section 11A of the Act,1947 and held that it has rightly been exercised which further came to be challenged at the instance of the appellant in Letters Patent Appeal before the Division Bench of the High Court.

6. The Division Bench has upheld the finding returned by the Tribunal and confirmed by the learned Single Judge under the order impugned which has been categorically referred to in para 3 of the Order. However, the Division Bench was not inclined to interfere despite the fact that the respondent was found guilty after a regular inquiry been held for misappropriation of funds and further observed that there should not be any compassion in the judicial proceedings which should be shown to the delinquent who commits such nature of fraud in the discharge of his duties but still refused to interfere with the Order of the Tribunal for the reason that the respondent employee by that time had retired on attaining the age of superannuation in 2007. The relevant para is as under:

> "3. It appears to us that the Tribunal agreed with the finding of fact recorded by the learned Inquiry Officer that had found him guilty of misappropriation of funds. However, the learned Tribunal also observed that it was perhaps a case of bona fide error leading to alteration in the punishment. We feel that the learned Tribunal was not justified in disagreeing with the finding of fact recorded by the learned Inquiry Officer. It does not appear to us to be a case of bona fide error, but was really a case of well thoughout plan to divert funds from other accounts to a fictitious account opened by him. In such a situation, reduction in punishment also becomes a case of uncalled for interference. The learned Tribunal also seems to have given weightage to the

domestic situation in the employee's family, which we once again feel to be a wholly unjustified ground to dilute the guilt of the employee. Law is well settled that needless compassion should not be injected into judicial proceedings. We do not agree with the order of the learned Tribunal nor that of the learned Writ Court. However, we would have interfered with the order of the learned Tribunal but we refrain from doing so because the employee has already reached the age of superannuation way back in the year 2007."(emphasis supplied)

7. We have heard learned counsel for the parties and also perused the material available on record.

8. The respondent employee was served with the charge sheet dated 2nd March, 1996 with the following allegations:

" 1. The charge sheet dated 2.3.96 against Sri B.P. Lal reads as follows:

(a) Sri Bachan Prasad Lal was posted as Typist-cum-Clerk in Katihar Branch from 4.12.90 to 1.7.95. During this tenure he also worked as Temporary Special Assistant & Teller Clerk.

(b) During this tenure, on different dates, he prepared nine fraudulent credit transfer vouchers aggregating ₹. 53,465/- without giving full details/description of F/D A/cs numbers in five vouchers and in the rest mentioning A/c No. of different F/D account holders on the pretext of payment of interest towards fixed deposit account and got the full amount credited in S/B A/c No. 8762 in the name of Smt. Asha Devi.

(c) It is revealed that no F/D A/c in the name of Asha Devi could be traced on the basis of available branch records/documents. In case of Transfer Credit Vouchers bearing F/D A/c No. persons other than Smt. Asha Devi no such mandate for credit of monthly interest was given by the respective account holders hence preparation of vouchers were unwarranted.

(d) It is further revealed that he had irregularly opened the S.B. a/c No.8762 in the name of Smt. Asha Devi who is not ... illegible ...

(e) He is a Special Assistant released/ called the credit vouchers posted by the Ledger keeper to the credit of S.B. a/c No. 8762 with but ensuring that many of such transfer credit vouchers were not signed by the other Officials as second signatory.

(f) The amount so credited in the S.B/ a/c no. 8762 were subsequently withdrawn by withdrawal slips on various dates. The draws signatures as appearing on the above withdrawal slips as well as on the back of these slips were forged by him and the said signatures on the withdrawal slips were verified by him and also passed for payment by him.

(g) Moreover, he received payment of the withdrawal slips forging the signatures of the drawer on the back of the withdrawal slips of dated 9.1.93 for ₹. 5,100/-, 25.8.94 for ₹.10,000/-, 3.9.94 for ₹. 9,000/-, 16.9.96. for ₹.10,000/- & 27.1.95 for ₹. 5,000/-.

(h) In order to accommodate amount of the above fraudulent credit entries he altered/ adjusted & debit and credit entries in the transfer journal as well as amount of corresponding debit vouchers on 19.12.90, 20.12.90, 14.1.91 & 11.7.91 without any authentication. He also did not mention the journal number on the vouchers.

Thus, by his aforesaid acts he perpetrated fraudulent misappropriation of ₹.53,465/- and thereby causing financial loss to the Bank."

9. The nature of allegation against the respondent employee was of fraudulently preparing nine credit

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transfer vouchers on various dates on the pretext of payment of interest towards fixed deposits and crediting the whole amount to one saving account opened in the name of one Smt. Asha Devi (admittedly the fake account prepared by respondent employee). In order to adjust the said amount, he manipulated the other book records of the Bank using forged signatures. After such nature of allegations stood proved, the disciplinary authority, after taking into consideration the record of inquiry and the post held by the respondent employee, punished him with the penalty of dismissal from service.

10. The finding of guilt recorded by the inquiry officer in his report was confirmed at all later stages by the disciplinary/appellate authority and even after judicial scrutiny by the Division Bench in the impugned judgment but still refrained from interference on the premise that the employee had superannuated in the year 2007.

11. In our considered view, looking into seriousness of the nature of allegations levelled against the respondent employee, the punishment of dismissal inflicted upon him in no manner could be said to be shockingly disproportionate which would have required to be interfered with by the Tribunal in exercise of its power under Section 11A of the Act 1947. At the same time, merely because the employee stood superannuated in the meanwhile, will not absolve him from the misconduct which he had committed in discharge of his duties and looking into the nature of misconduct which he had committed, he was not entitled for any indulgence. The Bank employee always holds the position of trust where honesty and integrity are the sine qua non but it would never be advisable to deal with such matters leniently.

12. Consequently, the appeal succeeds and is allowed. The interference made by the Tribunal and the High Court in the impugned judgment is hereby set aside. No costs.

13. Pending application(s), if any, stand disposed of.■

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