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Editorial

FROM DEFERMENT TO DETERMINATION: LET THE LIGHT OF UNITY GUIDE OUR STRUGGLE!

The deferment of the proposed three-day strike from September 28 to 30 should be understood within the larger context of our ongoing struggle to defend the dignity, rights, and legitimate aspirations of bank officers. A strike is one of the most powerful tools available to the working class. However, its effectiveness relies not just on the announcement of industrial action; it depends on organizational preparedness, collective determination, and the unity of the rank and file. Therefore, the decision to defer the strike should neither be seen as a retreat nor interpreted as a weakening of our resolve. Instead, it is a tactical decision in an ongoing struggle, and its value will ultimately be judged by the progress we achieve toward resolving our legitimate demands.

This decision to defer industrial action must be understood in the context of the ongoing negotiations and the belief that an opportunity for a meaningful resolution should not be overlooked. Industrial action is not an end in itself; it is a means of compelling the authorities to recognize the strength of collective discontent and respond to our legitimate demands. A responsible trade union must be prepared to negotiate whenever a credible opportunity for settlement arises, without compromising its fundamental objectives. However, dialogue should not become a convenient excuse for delays, nor should verbal assurances be mistaken for actual achievements. The deferment of the strike obligates all parties to address the outstanding issues with urgency and sincerity. The membership has every right to expect that this space created for negotiations will be used effectively and that the patience shown by the organization will yield tangible results. Restraint in action must never be mistaken for a lack of determination.

The issues that drove officers to prepare for industrial action have not disappeared with the deferment of the strike. The increasing pressure of business targets, excessive workloads, growing work-related stress, erosion of professional dignity, and ongoing neglect of legitimate service-related concerns remain critical issues. These grievances are not isolated; they reflect deeper problems in the banking system and the treatment of its officers. The future of public sector banking cannot be secured by continually increasing the burden on its workforce while ignoring the human cost of relentless performance pressure. Our struggle, therefore, is not limited to a specific strike date or a particular set of immediate demands. It is part of a broader effort to uphold the dignity of

the banking profession, protect the legitimate interests of officers, and defend the public character and social responsibilities of our banking institutions. We must remain prepared for renewed industrial action if circumstances demand it.

It is important to note that the agitation program, including strike action, was initiated to protest the discriminatory Performance Linked Incentive (PLI) scheme implemented by the banks, as per the United Forum of Bank Unions (UFBU) action plan, in addition to issues such as the non-implementation of the agreed 5-day work week and discussions on other outstanding matters. Before the planned strike on September 11, the government announced that the scheme would be put on hold and discussed in the next wage negotiations. However, it remained silent regarding the PLI already paid for the fiscal year 2024–25. Therefore, UFBU stood firm on its commitment that there could be no compromise concerning this discrimination, and the three-day strike program remained in effect.

Nevertheless, during discussions on the evening of September 27, the Indian Banks' Association (IBA) and the government were compelled to review their previous stance and agreed to address the PLI issue right away, specifically to rationalize the discriminatory PLI amounts already distributed among those who did not receive them. Additionally, important outstanding issues like Leave Travel Concession (LTC) monetization, reversion to the defined pension scheme from the National Pension System (NPS), introduction of a Leave Bank, pension updating, enhancement of the gratuity ceiling, and many other issues will also be discussed for logical resolution, despite not being addressed since the signing of previous agreement.

Thus, this is not a retreat but a step forward toward resolving long-pending issues and upholding the dignity of bank officers.

At this crucial time, we must resist the temptation to spread rumors, circulate unverified allegations, or undermine collective confidence through speculation. A democratic organization should encourage questions, welcome reasoned criticism, and allow for honest differences of opinion. However, there is a fundamental distinction between constructive criticism and the deliberate spread of misinformation. The former strengthens an organization by exposing shortcomings and enabling corrective action. Our collective interests call for greater maturity, discipline, and unity.

As autumn festivals bring Dussera and Diwali into our homes and communities, their enduring messages offer powerful sources of reflection and inspiration. Dussera celebrates the ultimate triumph of good over evil, courage over oppression, and righteousness over arrogance. Diwali reminds us that even the deepest darkness can be dispelled by light. These festivals should inspire us to do more than simply observe rituals; they must encourage us to illuminate our lives with knowledge, reason, compassion, and the courage to challenge injustice. The darkness that society must overcome includes ignorance, prejudice, intolerance, exploitation, and the petty divisions of caste, creed, community, and religion that weaken our collective humanity. The light we must kindle is that of education, scientific temper, social harmony, equality, and solidarity. For a trade union movement, these values hold particular significance. We cannot build a just society while remaining indifferent to injustice, nor can we defend collective rights while allowing narrow prejudices to divide those who share common aspirations.

Let this festive season renew our commitment to a

society where dignity is respected, diversity is celebrated, and the triumph of good over evil finds expression in our everyday struggles for justice and equality.

On this auspicious occasion, AIBOC extends its warmest greetings and heartfelt good wishes to all its members, their families, and the wider community. May Dussehra and Diwali bring peace, happiness, good health, and renewed hope to every home. May the light of knowledge dispel ignorance, the spirit of struggle strengthen our resolve, and the values of equality and fraternity help us rise above petty divisions.

Let us use this festive moment to renew our pledge to strengthen our organization, deepen our solidarity, and remain prepared for every challenge that lies ahead. The deferment of a strike is not the deferment of our convictions, nor does it diminish the urgency of the demands for which we stand united. Our patience must be purposeful, our negotiations must remain firmly anchored in our objectives, and our preparedness must never weaken.

With unity as our strength, knowledge as our guide, and struggle as our instrument, let us move forward with confidence and determination. The light of the festival must become the light of our movement—and that light must never fade.

#SavePSBs
#BankingInThePublicSector
#YesToAdequateRecruitment
#MarchOnComrades,
#NationAgainstPrivatisation
#BankBachaoDeshBachao

SHARED ARTICLE

TOP PRIVATE BANKS CUT JOBS AMID DIGITAL SHIFT, BRANCH EXPANSION

Scorecard

	March Ended 2026	March Ended 2025	Difference
ICICI Bank	1,24,029	1,29,177	-5,148
HDFC Bank	2,11,178	2,14,521	-3,343
Axis Bank	1,01,300	1,04,453	-3,153
Kotak Mahindra Bank	74,054	75,323	-1,269

Lead-ing private sector banks are streamlining their workforce amid rapid digitalisation of their operations even as they continue to expand their branch networks as part of their "phygital" strategy.

The latest annual reports of ICICI Bank, HDFC Bank, Axis Bank and Kotak Mahindra Bank show a decline in overall employee numbers during FY26.

This comes as tra-di-tional banking roles are being reoriented through the automation of routine, high-volume tasks such as account opening, loan

origination and processing, pay-ments, and customer service.

The objective is to improve customer experience, reduce turnaround time (TAT) and reduce costs.

Automation allows the branch staff to focus their attention on sales activities and offer highervalue advisory to customers.

EMPLOYEES DOWN

HDFC Bank's workforce stood at 2,11,178 employees at the end of FY26, down by 3,343 from 2,14,521 in FY25.

The composition of India's largest private sector bank's workforce is also changing, with reduction in nonsupervisory staff but addition at the junior management and levels above.

While the bank reduced its non-supervisory staff by 8,153 employees to 1,62,797, it expanded managerial strength across all levels.

The num-ber of employees in junior management strength expanded by 3,543 to 37,708 employees. Senior management increased by 15 to 262 employees and middle management rose by 1,252 to 10,411 employees.

HDFC Bank added a net 234 branches during FY26, taking its network to 9,689 branches as of March end 2026. Axis Bank also reported a decline in headcount, with employee strength falling to just over 1,01,300 in FY26 from 1,04,453 in the previous year, a reduction of about 3,153 employees.

If employee strength is considered along with '***other than permanent employees***', which includes interns and employees on fixed term contracts, the decline is steeper. ICICI Bank's total employee count fell by 6,633 employees in FY26 to 1,24,324 from 1,30,957 in FY25. While permanent employees declined by 5,148, the non-permanent category shrank by 1,485 employees, falling from 1,780 to 295, according to the bank's Annual Report for FY26. The Second largest private sector lender ICICI Bank has reported the largest workforce reduction among India's leading private sector banks in FY26, with its employee count declining by 5,148 year on year, according to the bank's latest annual report released on 18.07.2026.

ATTRITION RATE

India's third largest private sec-tor bank repor-ted an employee attrition of 22.4 per cent, indicating continued churn in its workforce.

The bank added a net 399 branches in FY26, taking its network to 6,278 branches as of March end 2026.

Kotak Mahindra Bank, too, saw its workforce shrink, with employee strength declining by 1,269 to 74,054 in FY26 from 75,323 a year earlier.

The bank added net 128 branches dur-ing FY26, taking its network to 2,276 branches as of March - end 2026. In a recent report, Boston Consulting Group (BCG) noted that banks are accelerating their digital transformation efforts, with a particular focus on digital savings account and fixed deposit sourcing and unified payments interface expanding further.

"Despite a decade of digitisation, productivity gains have been limited, averaging only 1 per cent annually over the past 15 years. AI/Gen AI promises transformational capabilities. With mature deployment, 35-40 per cent of current low value activities can be automated. Realising this potential will require a clear AI/GenAI strategy, modular architecture, strong governance frameworks for eth-ical AI, effective change management and significant reskilling of staff," BCG said.■

PERIOD OF SUSPENSION TO BE TREATED AS DUTY IF ONLY A MINOR PENALTY IS IMPOSED AFTER CONCLUSION OF THE DISCIPLINARY PROCEEDINGS

The undersigned is directed to invite attention to this Department. 0.M.No.43/56/64-AVD dated 22.10.64 containing the guide-lines for placing Government servants under suspension and to say that these instructions lay down, inter-alia, that Government servant could be placed under suspension if a prima-facie case is made out justifying his prosecution or disciplinary proceedings which are likely to end in his dismissal, removal or compulsory retirement. These instructions thus make it clear that suspension should be resorted to only in those cases where a major penalty is likely to be imposed on conclusion of the proceedings and not a minor penalty. The Staff Side of the Committee of the National Council set up to review the CCS (CC&A) Rules, 1965 had suggested that in cases where a government servant, against whom an inquiry has been held for the imposition of a major penalty, is finally awarded only a minor penalty, the suspension should be be considered unjustified and full pay and allowances paid for suspension period, Government have accepted this suggestion of the staff side. Accordingly, where departmental proceedings against a suspended employee for the imposition of a major penalty finally end with the imposition of a minor penalty, the suspension can be said to be wholly unjustified in terms of FR(54-B) and the employee concerned should, therefore, be paid full pay and allowances for the period of suspension by passing a suitable order under FR 54-B.■

SBI DATA BREACH EXPLAINED:
What are your rights if personal data is leaked?

SBI's reported data leak has raised questions about customer privacy. Here's what Indian laws require banks to do, whether affected customers can seek compensation and how they can protect themselves

The State Bank of India (SBI) has admitted that it found 3,897 records containing personally identifiable information of customers on the dark web. The information reportedly included names, mobile numbers, dates of birth, email and residential addresses, customer identifiers and metadata linked to loan records.

This raises some larger questions: whether the bank complied with its existing security obligations, what reporting requirements apply and what customers can do if the exposure causes them harm.

What does the IT Act say about a data breach?

The Information Technology (IT) Act, 2000, is an important part of India's existing legal framework for data protection and cybersecurity.

Section 43A provides for compensation when a company handling sensitive personal information fails to maintain reasonable security practices, and this failure causes wrongful loss or gain.

However, the fact that customer information has appeared online does not automatically prove that the bank was negligent. The legal requirements must be met before compensation can be awarded.

The Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011, also set out requirements for handling sensitive information and maintaining adequate security measures.

Two other provisions may apply, depending on how the data was obtained or disclosed. Section 66 covers certain computer-related offences, including

unauthorised access, when the acts specified under Section 43 are committed dishonestly or fraudulently. Section 72A deals with the unlawful disclosure of personal information obtained under a lawful contract, where the intention or knowledge required by law is established.

In simple terms, investigators must first determine how the information was accessed, whether anyone disclosed it unlawfully and whether the conditions for a legal violation have been met.

DPDP Act explained: What does India's new data protection law say?

The Digital Personal Data Protection (DPDP) Act, 2023, creates a framework for regulating how organisations collect, use and protect digital personal data.

However, the Act is being implemented in stages. Under the commencement notification issued on November 13, 2025, its core provisions on data processing, security safeguards and breach notifications are scheduled to take effect on May 13, 2027. The DPDP Rules, 2025, also have a phased implementation schedule. These core work should therefore not be treated as fully enforceable against SBI for an incident identified in October 2026.

Once Section 8(5) takes effect, organisations that determine how and why personal data is processed must take reasonable security measures to prevent breaches. Section 8(6) requires them to notify the Data Protection Board of India and affected individuals of a breach, as prescribed by the rules.

Section 33 provides for monetary penalties for specified violations. A failure to take reasonable security safeguards can attract a penalty of up to 250 crore, which is not static but is a variable amount.

The distinction is important to look at because these future obligations cannot simply be applied to the SBI incident before they come into force.

RBI's cybersecurity rules: What must a bank do?

Banks are responsible not only for keeping customers' money safe but also for protecting the personal and financial information they collect.

The Reserve Bank of India's (RBI) 2016 Cyber Security Framework in Banks and its 2023 Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices set standards for security, risk management, internal controls and incident response.

Under these requirements, banks must put systems in place to detect potential threats, investigate security incidents and take steps to prevent similar incidents in the future.

In other words, banks cannot wait for a cyberattack to happen before thinking about data security. Protecting customer information is an ongoing responsibility.

In the SBI data breach case, the question is whether the bank followed the required security measures and responded appropriately after learning about the suspected exposure. The exposure alone does not prove that the bank violated RBI rules; that conclusion requires evidence.

CERT-In's six-hour reporting rule: When must a breach be reported?

The Indian Computer Emergency Response Team (CERT-In), India's national cybersecurity agency, operates under Section 70B of the IT Act.

Under directions issued on April 28, 2022, organisations covered by the rules must report specified cybersecurity incidents, including data breaches and leaks, within six hours of noticing them or being informed about them. These organisations must also maintain system logs, which can help investigators understand what happened during a cyber incident.

SBI said it received alerts about the suspected exposure on October 16 and publicly disclosed it on October 21. These dates raise questions about the reporting timeline, but do not prove a violation. To assess compliance, it is necessary to establish when the incident was detected, when it became reportable and when the authorities were notified.

Can customers claim compensation if their data is leaked?

Customers may seek remedies under the IT Act and the Consumer Protection Act, 2019, depending on the circumstances.

Under Section 43A of the IT Act, compensation may be available if a company failed to maintain reasonable security measures for sensitive personal information and that failure caused wrongful loss or gain.

The Consumer Protection Act, 2019, may provide another option. If a bank's failure to protect customer information amounts to a deficiency in service, an affected customer may be able to file a consumer complaint, provided the legal requirements are met.

For example, a customer who loses money through fraud after personal information is exposed may have evidence of financial loss. Another customer whose information was leaked but who has suffered no identifiable harm may face a different legal situation.

Data breach versus financial fraud: What should customers do?

Exposed personal information does not necessarily mean that money has been stolen. However, fraudsters can use leaked details to make phone calls and messages appear genuine.

Customers should be cautious about unexpected calls, links and requests to update banking details. They should never share passwords, PINs or one-time passwords with callers claiming to represent their bank.

Anyone who suspects an unauthorised transaction should contact the bank immediately. Suspected cyber fraud can also be reported through the national helpline, 1930, or by going to the National Cyber Crime Reporting Portal.■

Source: Business standard, Dated 25/10/2026

CIRCULARS

72 dated 29th September, 2026:	Text of UFBU Circular No. 2026/34 dated 29.09.2026, on Understanding to Action - UFBU continues its pursuit of Five-Day Banking, PLI, and Residual issues.
73 dated 30th September, 2026:	Text of UFBU Circular No. 2026/36 dated 30.09.2026 on Residual Issues - Discussions to commence
74 dated 01st October, 2026:	Circular on Residual issues - Related to Officers
75 dated 01st October, 2026:	Text of UFBU Circular No. 2026/37 dated 01.10.2026 on the Meeting of High Level Committee held on 01.10.2026
76 dated 02nd October, 2026:	Text of UFBU Circular No. 2026/38 dated 02.10.2026 on the Group Medical Insurance Scheme/Policy for 2026-27 for in service employees and retirees
77 dated 05th October, 2026:	Circular on 6th October, 2026 - 42nd Foundation Day of AIBOC - Honouring our Legacy, Renewing our Resolve, Reigniting our Struggle
78 dated 09th October, 2026:	Text of UFBU Letter No. 2026/9 dated 09.10.26 addressed to Chief Executive, IBA, Mumbai on PLI Scheme - modification in the revised formula
79 dated 15th October, 2026:	Text of UFBU Circular No. 2026/39 dated 15.10.2026 on the Opposition of Privatisation and Foreignization of IDBI Bank.■

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

IN THE INCOME TAX APPELLATE TRIBUNAL 'A' BENCH, CHENNAI
'A' BENCH, CHENNAI
BEFORE SHRI ABY T VARKEY, JUDICIAL MEMBER AND
SHRI S. R. RAGHUNATHA, ACCOUNTANT MEMBER
आयकर अपीलसं /ITA No.2613/CHNY/2026
Assessment Year: 2021-22

Karthikeyan, **14-1-45, Saraswathy Nathi Street,** **Mahatma Gandhi Nagar,** **Madurai– 625 014** **[PAN: AIFPK-0970-J]** **(अपीलाथी /Appellant)**	**Vs**	**The Income Tax Officer** **Non-Corp Ward-4(4),** **Coimbatore.** **(प्रत्यर्थी /Respondent)**

Appellant by : Mr.P.Ramanathan, CA
Respondent by: Anshu Sharawat, Addl. CIT
Date of Hearing : 20.07.2026
Date of Pronouncement : 05.08.2026
O R D E R

PER S. R. RAGHUNATHA, AM:

This appeal by the assessee is arising out of the order dated 20.03.2026, passed by the Learned Commissioner of Income Tax (Appeal), Addl/JCIT(A)-1, Visakhapatnam (in short "ld.CIT(A)") for the assessment year (A.Y) 2021-22 against the order of u/s.154 r.w.s 143(1) of the Income Tax Act, 1961 (hereinafter the 'Act') passed by the CPC, Bangaluru (in short "the AO"), dated 22.06.2022.

2. At the threshold, we observe that there is a delay of 1,221 days in the filing of the present appeal by the assessee. The assessee has furnished an affidavit explaining that the assessee is a retired employee of Bank of Baroda, aged about 65 years, had claimed the exemption of leave encashment received in the F.Y.2020-21, which was denied by the CPC and on appeal dismissed by the ld.CIT(A). Based on the statutory provisions and judicial position prevailing at the relevant time that no effective relief was available on the issue involved, impugned order was not questioned in the statutory time limit fixed. Now, based on the Notification No.31/2023 dated 24.05.2023 of the CBDT and subsequent decisions of the Tribunal, the assessee filed the present appeal with a delay in filing the appeal and prayed for condoning the same.

3. Per contra the ld.DR submitted that there is no sufficient cause to condone the huge delay in filing the appeal before the Tribunal and hence opposed to admit the appeal of the assessee.

4. We have heard the rival submission on the issue of condonation of delay. Firstly, it is a settled

principle of law that the expression "sufficient cause" occurring in section 249(3) of the Act should receive a liberal and justice-oriented interpretation. The Hon'ble Supreme Court in Collector, Land Acquisition v. Mst. Katiji (167 ITR 471) has emphatically held that a liberal approach must be adopted while considering applications for condonation of delay and that substantial justice should prevail over technical considerations. Their Lordships observed that when substantial justice and technical considerations are in conflict, the cause of substantial justice deserves to be preferred, for the other side cannot claim to have a vested right in injustice being done because of a non-deliberate delay.

5. In N.Balakrishnan v. M.Krishnamurthy (7 SCC 123), the Hon'ble Apex Court further clarified that the length of delay is not decisive; what is material is the acceptability and bona fides of the explanation. It was held that if the explanation does not smack of mala fides or is not intended as a dilatory tactic, the Court should ordinarily condone the delay so as to advance substantial justice.

6. Again, in Improvement Trust, Ludhiana v. Ujagar Singh (6 SCC 786), the Hon'ble Supreme Court reiterated that a pragmatic and justice-oriented approach must guide the adjudication of condonation applications, particularly when refusal to condone would result in foreclosing a party's right to have the matter examined on merits.

7. The Hon'ble Jurisdictional High Court of Madras in CIT v. K.S.P. Shanmugavel Nadar (153 CTR 81) has also held that when sufficient cause is demonstrated, the appellate authority is duty-bound to adopt a liberal approach in order to render substantial justice rather than shutting the doors of adjudication on technical grounds.

8. Adverting to the facts of the present case, it is not in dispute that the assessee is an individual retired employee and explained the reasons for delay is only due to prolonged illness (cancer treatment) of his spouse and the assessee and death of his spouse and the subsequent development on the judicial front and also the notification issued by the CBDT on the impugned issue. These factors explain the circumstances leading to the delay.

9. We find that there is no material on record to indicate that the delay was willful, deliberate or actuated by mala fide intention. Therefore, in our considered view, the explanation offered by the assessee in filing the appeal constituted "sufficient cause" within the meaning of section 249(3) of the Act.

10. It is trite that quasi-judicial authorities are expected to adopt a justice-oriented approach. Denial of adjudication on merits in fiscal matters, which carry civil consequences, should be confined to cases of gross negligence or deliberate inaction. In the case on hand, the explanation tendered by the assessee, viewed in the totality of facts and surrounding circumstances, cannot be said to be either mala fide or lacking in bona fides. On the contrary, it constitutes sufficient cause warranting condonation.

11. Respectfully following the ratio laid down by the Hon'ble Supreme Court and the Hon'ble Jurisdictional High Court, as referred to above, we hold that the delay of 1,221 in filing the present deserves to be condoned as the assessee has demonstrated sufficient and reasonable cause for not presenting the appeal within the statutory period prescribed under law and the appeal is admitted

for adjudication on merits.

12. The only issue raised by the assessee on his grounds of appeal is whether the assessee is eligible for exemption u/s.10(10AA)(ii) of the Act, upto ₹ 25.00 lakhs in par with the government employees, instead of ₹ 3.00 lakhs for the impugned A.Y.2021-22.

13. Brief facts of the case emanating from the records are that the assessee is an individual, retired from Bank of Baroda, during the financial year 2020-21. Upon superannuation, the assessee received leave encashment of ₹ 11,27,576/- in the A.Y. 2020-21. The assessee filed his return of income declaring a total income of ₹ 23,40,330/- after claiming exemption of entire amount of leave encashment of ₹ 11,27,576/- u/s.10(10AA)(ii) of the Act. The return of income was processed by the CPC, Bengaluru, u/s.143(1) of the Act dated 22.03.2022 by restricting the exemption claimed u/s.10(10AA)(ii) of the Act to ₹ 3,00,000/- and the balance was brought to tax by arriving a total income of ₹ 31,67,910/-. Further, the assessee filed an application for rectification u/s.154 of the Act and the same was rejected on 22.0.2022 reiterating the denial of exemption u/s.10(10AA) of the Act beyond ₹ 3.00 Lakhs.

14. Aggrieved by the order of the CPC, Bengaluru, the assessee preferred an appeal before the ld.CIT(A) on 23.11.2025.

15. XXXXX

16. XXXXX

17. The ld.AR for the assessee assailing the action of the ld.CIT(A) submitted that the denial exemption u/s.10(10AA)(ii) of the Act in respect of leave encashment received on retirement is unsustainable in law in view of subsequent statutory and judicial pronouncements having a direct and decisive bearing on the issue. The ld.AR submitted that the notification issued by the CBDT vide No.31/2023 dated 24.05.2023, enhancing the leave encashment on retirement for non-government employees also from ₹ 3.00 Lakhs to ₹ 25.00 Lakhs, is squarely applicable to the assessee's case and hence the action of the ld.CIT(A) needs to be reversed in the interest of justice. Further, the ld.AR submitted that though the notification is effective from 01.04.2023, it is beneficial and curative in nature and the explanatory memorandum thereto expressly clarifies that no person is adversely affected, thereby warranting its application to the assessee case also.

18. In support of the above claim the ld.AR relied on the following Tribunal decisions:

Balasubramanian Venkatachalaperumal v.DCIT (Chennai Tribunal) – ITA 96/Chny/2026 dated 04.05.2026 for the A.Y. 2020-21

Vattikundala Prsabhakara Rao v.ITO (Chennai Tribunal) – ITA 3852/Chny/2025 dated 12.06.2026 for the A.Y.2020-21

Anil Kumar Shukla v.CIT(A)/CPC (Indore Tribunal) – ITA 76/Ind/2026 dated 24.04.2026 for the A.Y.2020-21

Chandra Prakash Vashista v. ITO (Jaipur Tribunal) – ITA 1139/JPR/2025 dated 07.10.2025 for the A.Y. 2021-22

Govardhan Deepchand Bhambhani v.ITO

(Ahmedabad Tribunal) – ITA 289/Ahd/2025 dated 28.07.2025 for A.Y. 2020-21

Vijay Kumar Jain and Anil Kumar Khattri v.ITO (Agra Tribunal)

Devi Dutt Agarwal v.Assessment Unit (Jaipur Tribunal) – ITA 1375/JPR/2024 dated 13.03.2025 for the A.Y.2020-21

Ram Charan Gupta v.ITO (Jaipur Tribunal) – ITA 408/JPR/2022 dated 27.06.2023 for the A.Y. 2020-21.

Ram Dev Daiya v.ITO (Jaipur Tribunal) – ITA 1280/JPR/2025 dated 01.01.2026 for the A.Y. 2020-21.

19. In view of the above arguments the Id.AR prayed for setting aside the order of the Id.CIT(A) by allowing the claim of the exemption claimed by the assessee u/s.10(10AA)(ii) of the Act to the tune of ₹ 11,27,576/-

20. Per contra, the Id.DR submitted that the assessee's claim for the A.Y.2021-22 cannot be considered as the notification for enhancement of deduction u/s.10(10AA)(ii) of the Act from Rs.3.00 lakhs to ₹ 25.00 Lakhs for non-governmental employees has been increased only from 01.04.2023 and hence there is no error in the order of the Id.CIT(A) and hence, prayed for confirming the order of the Id.CIT(A) by dismissing the appeal of the assessee.

21. We have carefully considered the rival submissions perused the material available on record, including the orders of the lower authorities along with the judicial precedents relied on. The solitary issue that arises for our consideration in the present appeal is whether the assessee is entitled to exemption u/s.10(10AA)(ii) of the Act, in respect of leave encashment received on retirement, upto the extent of ₹ 25,00,000/-, as claimed, or whether such exemption is to be restricted to ₹ 3,00,000/- as per the provisions applicable for the assessment year under consideration.

22. XXXXX

23. The contention of the Id.AR is that the subsequent enhancement of the exemption limit to ₹ 25,00,000/- vide CBDT Notification No.31/2023 dated 24.05.2023, being beneficial in nature, ought to be applied retrospectively, particularly in view of the legislative intent to remove disparity between government and non-government employees. It has further been argued that such amendment is curative and intended to mitigate hardship, and therefore deserves to be applied to pending matters. Reliance has also been placed on certain decisions of coordinate benches of the Tribunal wherein a liberal interpretation has been adopted in favour of the assessee.

24. XXXXX

25. In our considered view, the said enhancement is not in the nature of introducing a new exemption but is a measure to rationalize and update an existing provision to reflect present economic realities. The object of the amendment, as discernible from the notification and surrounding circumstances, is to mitigate hardship and ensure

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parity. It is a settled principle that provisions which are beneficial in nature and intended to remove hardship are to be construed liberally and, in appropriate cases, applied retrospectively, particularly where no vested right of the Revenue is adversely affected.

26. XXXXX

27. XXXXX

28. XXXXX

29. XXXXX

30. In view of the foregoing discussion, we hold that the assessee is entitled to the benefit of enhanced exemption limit of upto ₹ 25,00,000/- u/s.10(10AA)(ii) of the Act in respect of leave encashment received on retirement. Since the amount received by the assessee is within the said limit, the entire sum of ₹ 11,27,576/- is eligible for exemption. Accordingly, the action of the CPC in restricting the exemption to ₹ 3,00,000/- and the confirmation thereof by the ld.CIT(A) are set aside. The AO is directed to allow the exemption as claimed by the assessee.

31. In the result, appeal filed by the assessee is allowed.

Order pronounced in the open court on 05th August, 2026 at Chennai.

(For full text of the judgment please contact AIBOC Secretariat)

Sd/-
(ABY T VARKEY) Judicial Member

Sd/-
(S. R. RAGHUNATHA) Accountant Member

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