



Indian Banks' Association

HR & Industrial Relations

No. HR&IR/76/H7/E9/755

May 11, 2015

Chief Executives of Public Sector Banks

Encashment of Leave on Compulsory Retirement

The Personnel Committee of IBA at its meeting held on 16.10.2000 had agreed that Compulsory Retirement emanating from Disciplinary Proceeding as contained in Regulation 4(h) of Bank Officer Employees' (Discipline & Appeal) Regulations, 1976/1982, equated with termination of service and not under meaning of 'retirement' mentioned in Regulation 38 of OSR. Accordingly IBA issued the circular IBA No. PD/CIR/76/H7/E9/1452 dated November 27, 2000 stating that Leave encashment & Travelling Allowance on Retirement will not be entitled for Officer whose services are terminated or who is compulsorily retired as a punishment as per Regulation 4 of the OSR 1979/1982.

The Public Sector Banks (PSBs) except State Bank of India are not permitting encashment of leave on compulsory retirement as per the provisions of Regulation 38 of OSR. Some of the affected officers had approached various High Courts, got relief in their favour. In this connection, it is pertinent to mention that Government of India, Department of Personnel & Training (DOPT) vide O.M.No.14028/1/2004-Estt.(L) dated 13th February 2006 had also decided that in such cases where the Government servants are compulsorily retired as a measure of punishment and in whose cases, if a cut in pension (including gratuity) has been ordered, the benefit of encashment of earned leave at the time of such retirement shall be allowed.

Based on the various representations received from banks in the matter, quoting the courts decision and Government of India decision, the HR Committee at its meeting held on 6.4.2015 discussed the issue and was of the view that the officers/ employees in Public Sector Banks may be permitted for encashment of privilege leave to their credit on compulsory retirement in view of the similar provisions in SBI/Government of India. The matter was placed before the Managing Committee at its meeting held on April 30, 2015. The Committee deliberated the matter and approved the recommendations of the HR Committee and decided to permit encashment of PL for compulsory retired employees/officers.

Member banks may kindly note the above decision of the HR Committee/Managing Committee of IBA and be guided accordingly. The date of effect of the above decision will be from the date of the decision of the Managing Committee, i.e. April 30, 2015.

✓ K Unnikrishnan
Dy. Chief Executive