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RESERVE BANK OF INDIA
v.
RESERVE BANK OF INDIA STAFF OFFICERS ASSOCIATION AND ORS.

AUGUST 9, 1991

B

[M.H. KANIA AND P.B. SAWANT, JJ.]

Constitution of India, 1950—Articles 14, 16—Non-local & local bank officers of Reserve Bank at Gauhati—Certain incentives to non-local officers—Whether discriminatory.

C **By a letter dated December 9, 1983 certain incentives and allowances were provided by the appellant to its officers posted at Gauhati who were not from the North-Eastern region. Those allowances were generally known as special duty allowances and the main special duty allowance comprised 25% of basic pay, subject to a maximum of Rs.400**
D **per month.**

By a Memorandum issued by the appellant on April 11, 1985, an *ad hoc* increase in salary was effected for non-local officers and an option was given to them either to choose the *ad hoc* increase or the special duty allowances for the period during which they were posted at Gauhati.

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The respondent demanded the extension of the said benefits to the local officers by their letter dated May 10, 1985. When the appellant-bank declined to allow the benefits to the local officers, the respondent-association challenged the Memorandum dated April 11, 1985 in a writ petition in the High Court, contending that all the officers
F **of the appellant-bank posted at Gauhati, whether they were from the North-Eastern region or outside had to live in the same conditions and suffer from the same hardships, and hence, if any allowance was given to the officers transferred from outside to the Gauhati Office, the very same allowance should also be given to the local officers posted at Gauhati.**

G **The appellant bank averred in its counter that the scheme of *ad hoc* incentives was introduced to tide over the problem of adequately staffing the Gauhati office; that the non-local officers experienced difficulties in getting accommodation, getting familiar with the language and so on, and some incentives had to be given to them to mitigate the hardships experienced by them on transfer to Gauhati; that the said**
H **incentives were temporary and because of the peculiar circumstances**

prevailing at the moment in the North-Eastern region, which was regarded as a difficult region. A

The High Court allowed the petition, holding that all officers at Gauhati suffered from substantially the same hardship and that the local officers of the appellant-bank at Gauhati were discriminated against and directed that they must be given the same benefits as the non-local officers transferred to Gauhati. B

Allowing the appeal by special leave filed by the bank, this Court,

HELD: 1.01. The hardship and inconveniences suffered by an officer of the appellant-bank who was transferred to Gauhati from regions other than the North-Eastern region would certainly be more acute than those suffered by local officers posted at Gauhati. [463G-H] C

1.02. Some of the officers coming from the North-Eastern region may also face considerable hardship when posted at Gauhati but the fact that there might be a few such officers would not render the payment of special allowance, exclusively to officers transferred from distant regions discriminatory and bad in law. [464B-C] D

1.03. The Reserve Bank of India, is a banking institution and if in the interest of efficiency and proper working, it *bona fide* took the decision to grant some extra benefits to the non-local officers transferred to Gauhati with a view to maintain efficient working of its unit at Gauhati, they cannot be treated as being guilty of any unlawful discrimination. [464E-F] E

CIVIL APPELLATE JURISDICTION: Civil Appeal No. 3107 of 1991. F

From the Judgment and Order dated 14.8.1990 of the Gauhati High Court in Civil Rule No. 407 of 1985.

H.N. Salve, K.S. Parihar and H.S. Parihar for the Appellant. G

P.K. Goswami, Kailash Vasdev and M.J. Paul for the Respondents.

The Judgment of the Court was delivered by

KANIA, J. Special leave granted. Counsel heard. H

This is an appeal filed by the Reserve Bank of India, by special leave. The contesting respondent, being respondent No. 1, is an association of its officers at its Gauhati unit. The respondent association (referred to hereinafter as "the respondent") represents the interests of 45 officers belonging to Grades A to C employed in the appellant bank at its unit at Gauhati. It appears from the affidavit filed on behalf of the appellant that there was difficulty in persuading officers of the appellant posted outside the North-Eastern region to accept transfers to the unit of the appellant in the North-Eastern part of the country which unit was located at Gauhati in Assam. It also emerges from the record that the Gauhati station was regarded as a hardship station by the officers who were transferred to the Gauhati unit from other regions of the country. The Government of India found a similar difficulty in persuading its officers to accept postings in the North-Eastern region and they were given substantial incentives to accept transfers to the North-Eastern region. We are not here concerned directly with the actual benefits granted by the Government of India but what is material is that such benefits had to be given by the Government of India. By a letter dated December 9, 1983, certain incentives and allowances were provided by the appellant to its officers posted at Gauhati who were not from the North-Eastern regions. Those allowances were generally known as special duty allowances. We are not much concerned with the details as to how the special duty allowances were calculated but the main special duty allowance basically comprised 25% of basic pay, subject to a maximum of Rs.400 per month. These allowances were also known as special compensatory allowances or remote locality allowances. By a Memorandum issued by the appellant on April 11, 1985, an *ad hoc* increase in salary was effected for non-local officers and an option was given to them either to choose the *ad hoc* increase or the special duty allowances for the period during which they were posted at Gauhati. The respondent demanded the extension of the said benefit to the local officers by its letter dated May 10, 1985. We may mention here that the local officers who were posted at the Gauhati did get an extra allowance in addition to their salaries but it was considerably smaller than the main compensatory allowance paid to the officers from outside the North-Eastern region who were transferred to Gauhati. Certain other benefits were also allowed to non-local officers transferred to Gauhati but there is no need to refer to them in detail. The appellant declined to allow the same allowances to local officers posted at Gauhati as were given to the officers from other regions transferred to Gauhati as stated earlier. It is this decision which gave rise to the writ petition from the decision in which this appeal arises.

It was the contention of the respondent before the Gauhati High Court that all the officers of the appellant bank posted at Gauhati, whether they were from the North-Eastern region or outside had to live in the same conditions and suffer from the same hardships, and hence, if any allowance was given to the officers transferred from outside to the Gauhati office, the very same allowance should also be given to the local officers posted at Gauhati. In the counter filed in the High Court by the appellant bank, the Deputy Chief Officer of the appellant bank averred that the hardships faced by the non-local officers are greater than those faced by the local officers. The scheme of *ad hoc* incentives was introduced to tide over the problem of adequately staffing the Gauhati office. Non-local officers experienced difficulties in getting accommodation, getting familiar with the language and so on, and some incentives had to be given to them to mitigate the hardships experienced by them on transfer to Gauhati. It was clarified that the said incentives were temporary and because of the peculier circumstances prevailing at the moment in the North-Eastern region which was regarded as a difficult region. It was accepted that considerable difficulties would have to be suffered by the officers posted there who hailed from places outside the North-Eastern region. The contention of the appellant bank failed to find favour with the High Court which took the view that all officers at Gauhati suffered from substantially the same hardship and it pointed out that, for example, even officers from outside from Tripura who were posted at Gauhati would suffer almost the same degree of hardship as officers transferred to Gauhati from regions other than the North-Eastern regions although Tripura was in the North-Eastern region. The High Court took the view that the local officers of the appellant bank, Gauhati were discriminated against and directed that they must be given the same benefits as the non-local officers transferred to Gauhati.

It is the correctness of the view taken by the High Court which is sought to be impugned before us in this appeal. We are of the opinion that the High Court was, with respect, in error in taking the view that officers from the North-Eastern region who were posted at Gauhati, either on transfer or otherwise, sufferred the same hardships as officers from other regions transferred to Gauhati. The hardship and inconvenience sufferred by an officer of the appellant bank who was transferred to Gauhati from regions other than the North-Eastern region, would certainly be more acute than those suffered by local officers posted at Gauhati. His mother tongue might completely be different in speech and, even as far as the script is concerned, from the

A language used by the local people at Gauhati. He and his family members would, therefore, find it very difficult to communicate freely with the local people. His children might find it difficult to get admission to a school and pursue their education at Gauhati. They would be unfamiliar with the surroundings and the customs of the people. The B hardships faced by an officer say from the Western or Southern regions of India or North India posted at Gauhati would be qualitatively as well as quantitatively greater than the hardships faced by the local officers posted at Gauhati. It may be that some of the officers coming from the North-Eastern region may also face considerable hardships when posted at Gauhati but the fact that there might be a few such officers would not render the payment of special allowance, exclu- C sively to officers transferred from distant regions discriminatory and bad in law. The High Court was, therefore, not justified in coming to the conclusion that all the officers of the appellant bank posted at Gauhati sufferred from the same degree of hardship. A person transferred from outside the North-Eastern region to Gauhati would nor- D mally have to face more severe difficulties than an officer from the North-Eastern region posted in Gauhati or, at the least, the appellant bank could reasonably take that view. Moreover, as pointed out by the appellant bank in the counter that they were finding it difficult to persuade their officers from outside to accept transfers to Gauhati and it is common knowledge that an office of a large bank cannot be run E efficiently by officers a large number of whom have been posted there by transfers against their will and under the threat of disciplinary action. The work done by them could hardly be expected to be satisfactory. After all, the appellant, the Reserve Bank of India, is a banking institution and if in the interest of efficiency and proper working it *bona fide* took the decision, in the circumstances set out earlier, F to grant some extra benefits to the non-local officers transferred to Gauhati with a view to maintain efficient working of its unit at Gauhati, in our opinion, they cannot be treated as being guilty of any unlawful discrimination.

In the result, we allow the appeal and set aside the order of the G High Court. The writ petition filed by respondent No. 1 is dismissed. There will be no order as to costs throughout.

V.P.R. Appeal allowed.