

**REPORTABLE**

IN THE SUPREME COURT OF INDIA

CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NO.2760 OF 2013  
(ARISING OUT OF SLP (CIVIL) NO.16961 OF 2008)

Chairman, Rushikulya Gramya Bank

... Appellant

Versus

Bisawamber Patro & Others

... Respondents

WITH

CIVIL APPEAL NO.2761 OF 2013  
(ARISING OUT OF SLP (CIVIL) NO.17546 OF 2008)

WITH

CIVIL APPEAL NO.2762 OF 2013  
(ARISING OUT OF SLP (CIVIL) NO.17974 OF 2008)

WITH

CIVIL APPEAL NO.2763 OF 2013  
(ARISING OUT OF SLP (CIVIL) NO.17977 OF 2008)

WITH

CIVIL APPEAL NO.2764 OF 2013  
(ARISING OUT OF SLP (CIVIL) NO.18417 OF 2008)

WITH

CIVIL APPEAL NO.2765 OF 2013

(ARISING OUT OF SLP (CIVIL) NO.18898 OF 2008)

WITH

CIVIL APPEAL NO.2766 OF 2013  
(ARISING OUT OF SLP (CIVIL) NO.19292 OF 2008)

AND

CIVIL APPEAL NO.2767 OF 2013  
(ARISING OUT OF SLP (CIVIL) NO.19301 OF 2008)

## **JUDGMENT**

**Aftab Alam,J.**

1. Leave granted in all the special leave petitions.
2. All the appeals are at the instance of a Regional Rural Bank, namely, Rushikulya Gramya Bank, and the matter relates to promotion from one scale to another. Out of the eight appeals, six relate to promotion from Junior Management Scale-I to Middle Management Scale-II and in the remaining two appeals (arising from SLP (Civil) No.17974 of 2008 and SLP(civil) No.18898 of 2008), the matter relates to promotion from Clerk to Junior Management Scale-I.

3. The short question that arises in these appeals is whether it is open to the management of the Bank to lay down a benchmark, besides the criteria fixed by the rules for grant of promotion on *seniority-cum-merit* basis.

4. The appellant - bank issued a circular No.024/2004-05, dated June 23, 2004 notifying the vacancies *inter alia* in the seventeen posts of Middle Management Scale-II and eight posts of Junior Management Scale-I. The circular stated that the process of promotion shall be conducted as per the promotion rules of the Government of India. For promotion to the post of Middle Management Scale-II, the zone of consideration was four times the number of vacancies and for promotion to the post of Junior Management Scale – I, all eligible candidates were permitted to take the exam.

5. The rules governing promotion from Junior Management Scale-I to Middle Management Scale-II, in so far as relevant for the present, are as under:-

\*2 (a) to (c) xxxxxxxx

(d) Whether promotion to be made on seniority basis or merit:

**Promotion shall be made on the basis of seniority-cum-merit.**

(e) Eligibility: xxxxxxxx

(f) Mode of Selection: The Selection of the candidates shall be made by the committee on the basis of written test, interview and assessment of Performance Appraisal Reports for

the preceding five years as an officer in Sealed/Field Supervisor.

(g) Composition of Committee: xxxxxxxxxx

(h) Reckoning of the minimum eligibility: xxxxxxxxxx

(i) Number of candidates to be considered for promotion: xxxxxxxxxx

(j) Selection process for promotion: The selection shall be on the basis of performance in the written test, interview and performance Appraisal Report for preceding five years as per the division of marks given below.

(A) Written Test: 60 marks

(B) Interview: 20 marks

(C) Performance Appraisal Reports: 20 marks

TOTAL marks: 100 marks

(A) Written test (60 marks)

The candidates shall be required to appear for written test comprising of two parts viz. Part (A) covering Banking Law and practice of Banking and Part (B) covering Credit Policy, Credit Management including Priority Sector, Economics and Management.

:60 marks allotted written test shall be further divided as under:

Part "A"	30 marks
Part "B"	30 marks

A list of only those candidates who **secure minimum 40% marks in each part shall be prepared and such candidates shall be called for interview.**

(B) Interview (20 marks):

There shall be no minimum qualifying marks for the interview.

(C) Performance appraisal Reports (20) marks):

Performance Appraisal Reports for the preceding five years shall be considered for the purpose of awarding marks for promotion.”

In case of promotion from Clerk to Junior Management Class-I scale the division of marks is as under:-

“(A) Written test : 70 marks

(B) Interview marks : 20 marks

(C) Performance Appraisal : 10 marks.  
Reports

Total Marks : 100 marks.”

70 marks allotted to written test are further divided as under:

“English : 35 marks

Bank Law Practice : 35 marks

Total Marks : 70”

6. A candidate in order to qualify must secure a minimum of 40 per cent marks each in English and banking law practice.

7. The appellant – bank, in addition to the requirement of 40% qualifying marks in the written test further fixed the qualifying mark of 60% for general candidates and 55% marks for SC/ST candidates on the aggregate marks comprising written test, performance appraisal reports and interview.

8. The names of all candidates who got 60% or above in the aggregate were put in the list for promotion strictly as per their seniority. All candidates were promoted in order of seniority, irrespective of anyone among them having got marks in excess of 60% in the aggregate.

9. The respondents in each of the appeals who were unsuccessful in getting promotions, challenged the select list of the promoted candidates by filing writ petitions before the Orissa High Court. The High Court heard W.P. (civil) No.14359/2003 (giving rise to civil appeal, arising from SLP(Civil) No.19292/2008)) as the leading case. It allowed the Writ Petition holding that prescription of the benchmark of 60% marks in the aggregate was in violation of the promotion policy and the rules governing the field. It, accordingly, allowed the Writ Petition and directed the appellant-bank to make fresh selection in accordance with the Rules. (The other writ petitions giving rise to the other appeals were disposed of following the judgment passed in W.P. (Civil) No.14359/2004).

10. In taking the view that the prescription of the minimum qualifying marks in the aggregate was in contravention of promotion based on seniority-cum-merit, the High Court relied upon the decisions of this Court in *State of Kerala v. N.M. Thomas*<sup>1</sup>, *Bhagwandas Tiwari v. Dewas Shajapur Kshetriya Gramin Bank*<sup>2</sup>, , and *B.V. Sivaiah v. K. Addanki Babu*<sup>3</sup>.

11. In a more recent decision in *Rajendra Kumar Srivastava and others v. Samyut Kshetriya Gramin Bank and others*<sup>4</sup>, this Court re-visited the issue of fixing a high percentage as the minimum qualifying marks for promotion on seniority-cum-merit basis. It examined all the three decisions (besides others) relied upon by the High Court, namely, *Bhagwandas Tiwari* (supra), *B.V. Sivaiah* (supra) and *N.M. Thomas* (supra).

12. In *Rajendra Kumar Srivastava*, the Court framed the following two questions for consideration:

“8. On the contentions urged, the following two questions arise for our consideration:

(i) Whether minimum qualifying marks could be prescribed for assessment of past performance and interview, where the promotions are to be made on the principle of seniority-cum-merit?

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<sup>1</sup> (1976) 2 SCC 310

<sup>2</sup> (2006) 12 SCC 574

<sup>3</sup> (1998) 6 SCC 720

<sup>4</sup> (2010) 1 SCC 335

(ii) Whether the first respondent Bank was justified in fixing a high percentage (78%) as the minimum qualifying marks (minimum merit) for promotion?

13. Answering both the questions in the affirmative, the Court on an analysis of the earlier decisions observed and held that:

“13. Thus it is clear that a process whereby eligible candidates possessing the minimum necessary merit in the feeder posts is first ascertained and thereafter, promotions are made strictly in accordance with seniority, from among those who possess the minimum necessary merit is recognised and accepted as complying with the principle of “seniority-cum-merit”. What would offend the rule of seniority-cum-merit is a process where after assessing the minimum necessary merit, promotions are made on the basis of merit (instead of seniority) from among the candidates possessing the minimum necessary merit. If the criteria adopted for assessment of minimum necessary merit is bona fide and not unreasonable, it is not open to challenge, as being opposed to the principle of seniority-cum-merit. We accordingly hold that prescribing minimum qualifying marks to ascertain the minimum merit necessary for discharging the functions of the higher post, is not violative of the concept of promotion by seniority-cum-merit.

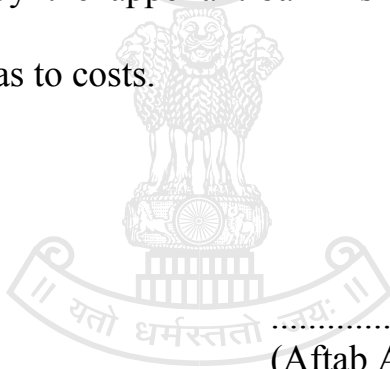
14. The next question is whether fixing of 78% as minimum qualifying marks (that is, as the minimum necessary merit) is unreasonable and arbitrary. The Rules in this case provide that the mode of selection is by interview and assessment of performance reports for the preceding three years as officer Scale I. The seniority list of officers in Scale I was published on 4-12-1996. Thereafter, the promotion process was held by earmarking 60 marks for assessment of performance reports (at the rate of 20 marks per year) and 40 marks were allotted for interview. The officers possessing the minimum qualifying marks of 78%, were then promoted on the basis of seniority. What should be the minimum necessary merit for promotion, is a matter that is decided by the management, having in mind the requirements of the post to which promotions are to be made.



The employer has the discretion to fix different minimum merit, for different categories of posts, subject to the relevant rules. For example, for promotions at lower levels, it may fix lesser minimum qualifying marks and fix a comparatively higher minimum qualifying marks for higher posts.”

14. The decision of the High Court, thus, appears to be clearly contrary to the view taken by this Court in *Rajendra Kumar Srivastava*.

15. The decision of the High Court is, accordingly, set aside. The writ petitions filed by the respondents before the Orissa High Court are dismissed. The select list prepared by the appellant-bank is affirmed. The appeals are allowed but with no order as to costs.



.....J.  
(Aftab Alam)

JUDGMENT

.....J.  
(Ranjana Prakash Desai)

New Delhi,  
April 2, 2013.