[3488]

IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD

WEDNESDAY, THE FIFTEENTH DAY OF APRIL
TWO THOUSAND AND TWENTY SIX

PRESENT

THE HONOURABLE THE CHIEF JUSTICE SRI APARESH KUMAR SINGH
AND
THE HONOURABLE SRI JUSTICE G.M. MOHIUDDIN

WRIT APPEAL NO: 426 OF 2026

Writ Appeal under clause 15 of the Letters Patent preferred against the Order dated 23/03/2026 in W.P.No.33211 of 2025. on the file of the High Court.

Between:

1. Telangana Grameena Bank Officers Association, (Registered No.E-1226) Rep. by its President Mr.Kranthi Kumar Makkad S/o.Ramesh Kumar Makkad, aged about 38 years Plot No.492, Flat No.202, Classic Arcade, Matrusri Nagar, Miyapur, Hyderabad - 500049.
2. Telangana Grameena Bank Employees Union, (Registered No.A-1419) Rep. by its President, Venu Rao Pabbathineni S/o. Mohan Rao.P, aged about 48 years Plot No.492, Flat No.202, Classic Arcade, Matrusri Nagar, Miyapur, Hyderabad - 500049.

...APPELLANTS/PETITIONERS

AND

1. Telangana Grameena Bank, Rep. by its Chairman, D.No.2-1-520 2nd Floor, Vijaysri Sai Celestia Street No.9, Shankarmutt Road Hyderabad - 500044.
2. State Bank of India, Rep.by its Chairman, Corporate Center, Vidhan Bhavan Marg, Nariman Point, Mumbai, Maharashtra - 400 021.

...RESPONDENTS/RESPONDENTS

I.A. NO: 1 OF 2026

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to direct the 1st Respondent Bank not to affect deduction of Income Tax on the monetary value of the perquisites allowed to the members of the Petitioners Associations, by suspending the Circular No.Per/2025-26/56, dt.15.10.2025, pending disposal of the Appeal and pass

Counsel for the Appellants: SRI VEDULA SRINIVAS, SENIOR COUNSEL FOR Ms. VEDULA CHITRALEKHA
Counsel for the Respondent No.1: SRI B.S.PRASAD, SENIOR COUNSEL FOR SRI MUJIB KUMAR SADASIVUNI
Counsel for the Respondent No.2: SRI A.KRISHNAM RAJU

The Court made the following: JUDGMENT

IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD

THE HON'BLE THE CHIEF JUSTICE SRI APARESH KUMAR SINGH
AND
THE HON'BLE SRI JUSTICE G.M.MOHIUDDIN

Writ Appeal No.426 of 2026

Dated: 15.04.2026

Between:

Telangana Grameena Bank Officers Association,
Rep., by its President Mr. Kranthi Kumar Makkad,
Hyderabad and another.

... Appellants

and

Telangana Grameena Bank,
Rep., by its Chairman, Hyderabad and another.

...Respondents

JUDGMENT:

Sri Vedula Srinivas, learned Senior Counsel represents Ms. Vedula Chitralekha, learned counsel for the appellants.

Sri B.S. Prasad, learned Senior Counsel represents Sri Mujib Kumar Sadasivuni, learned counsel for respondent No.1 Bank.

Sri A. Krishnam Raju, learned counsel for respondent No.2.

2. Whether interest free loans or loans at concessional rate qualify as a fringe benefit and perquisite was answered by the Hon'ble Apex Court in

the decision rendered in **All India Bank Officer's Confederation vs. Regional Manager, Central Bank of India and others**[1].

3. The appellants/writ petitioners, who are the employees of respondent No.1 - Grameena Bank, approached the writ Court to declare Circular No.Per/2025-26/56, dated 15.10.2025 issued by respondent No.1 Bank as illegal and arbitrary and to direct respondent No.1 Bank not to affect any tax deduction at source of the income tax on the value of perquisites of the salaries paid to the officers/employees of the Bank. The relevant part of Circular dated 15.10.2025 is extracted hereunder:

> **"DEDUCTION OF INCOME TAX ON PERQUISITES VALUE OF STAFF LOANS FOR FY 2024-25 AND FY 2025-26**
>
> Please refer to our HO Circular No.PER/2024-25/80, dated 17.03.2025 regarding deduction of tax on perquisites value of staff loans for the Financial Year 2024-25 and submission of employee declaration/undertaking in terms of interim directions of Hon'ble High Court of Telangana in W.P.No.9026 of 2015.
>
> In terms of the above circular and the undertaking submitted by the employees, tax on perquisite value of concessional loans was not deducted and remitted for the FY 2024-25. In view of the judgment delivered by the Hon'ble Supreme Court in Civil Appeal No.7708 of 2014 in the month of May, 2024, it has now been decided to remit the income tax on perquisites value for FY 2024-25 and FY 2025-26, as mandated for compliance with Income Tax provisions, after deducting the same from the concerned staff members."

4. The learned writ Court, however, refused to grant relief while relying upon the judgment of the Hon'ble Apex Court in **All India Bank**

[1] (2024) 9 SCC 664

Officers' Confederation case (supra). Being aggrieved, the writ petitioners are in appeal.

5. Learned Senior Counsel for the appellants submits that there is no quarrel regarding the preposition on the question whether grant of interest free loans or loans at concessional rate qualify as a fringe benefit and perquisite, but whether the employer or the employee is liable to pay tax in lieu thereof, is the question involved in the instant case. The lead Bank i.e., the State Bank of India has taken up on itself the responsibility of bearing income tax on perquisite value of "staff housing loans", "staff car loans" and "staff education loans" provided by the Bank for the eligible employees for the financial year 2024-25 vide Circular dated 15.03.2025. The respondent Grameena Bank is also obliged to bear the income tax dues in lieu of such perquisite value of "staff housing loans", "staff car loans" and "staff education loans" paid to the writ petitioners/employees of the Bank.

6. The respondent Bank has, on the other hand, relied upon the relevant provision of Section 192(1A) of the Income Tax Act, 1961 (for short, "the Act") which provides for an option for the employer to either bear the income tax dues in lieu of such perquisites allowed in favour of its employees or to deduct it from the employees themselves. He has referred

to the contents of the counter affidavit of the respondent Bank. He submitted that the learned writ Court has rightly held that the award dated 30.04.1990 of the National Industrial Tribunal holding that the employees in respondent No.1 Bank are entitled for all benefits on par with the employees of sponsor Bank would not prevail over the judgment of the Hon'ble Apex Court in the case of **All India Bank Officers' Confederation case (supra).** Moreover, when the main provision under Section 192(1A) of the Act provides an option for employer to bear the tax in lieu of such perquisites granted to its employees, the respondent Bank is legally protected in taking a decision depending upon its solvency to deduct tax amount from the employees for the relevant years. It is submitted that the lead Bank i.e., the State Bank of India may be in a better financial position which may be the basis for bearing the income tax on perquisites value of "staff housing loans", "staff car loans" and "staff education loans" by Circular dated 15.03.2025, but the option of respondent No.1 Bank exercised in accordance with the enabling statute i.e., Section 192(1A) of the Act, cannot be faulted upon. Therefore, the learned writ Court was not in error in refusing to grant relief to the appellants/writ petitioners.

7. Upon hearing learned counsel for the parties and the material placed on record, we do not find any error in the impugned order. The

comparison of the appellants, who are employees of respondent No.1 Bank, with the employees of the State Bank of India would not come to their aid since the parent provision under Section 192(1A) of the Act fairly provides an option to the employer either to bear the dues or to deduct it from its employees salary. The Circular dated 15.10.2025 of respondent No.1 Bank opting to charge it from the employees, therefore, cannot be faulted. Therefore, we do not find any merit in the writ appeal.

8. Accordingly, the writ appeal is dismissed. There shall be no order as to costs.

Miscellaneous applications pending, if any, shall stand closed.

SD/- MOHD. ISMAIL
DEPUTY REGISTRAR

//TRUE COPY//

SECTION OFFICER

To

1. One CC to Ms. VEDULA CHITRALEKHA, Advocate [OPUC]
2. One CC to SRI MUJIB KUMAR SADASIVUNI, Advocate [OPUC]
3. One CC to SRI A.KRISHNAM RAJU, Advocate [OPUC]
4. Two CD Copies

PSK.
TKS

HIGH COURT

DATED: 15/04/2026

JUDGMENT
WA.No.426 of 2026

HIGH COURT FOR THE STATE OF TELANGANA
02 MAY 2026
DISPATCHED

DISMISSING THE WRIT APPEAL
WITHOUT COSTS

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