

ORDER SHEET
IN THE HIGH COURT OF SINDH AT KARACHI

Constitutional Petition No. D-4024 of 2025
(Abrar Hussain versus SBP Banking Services Corporation & others)

Date	Order with signature of Judge(s)
	Before: Mr. Justice Adnan-ul-Karim Memon Mr. Justice Yousuf Ali Sayeed

Date of hearing and order : 05.01.2026

Mr. Arif Ali Manthar advocate for the petitioner
Nemo for the respondents

ORDER

Adnan-ul-Karim Memon, J. – The petitioner has filed the captioned Constitutional Petition under Article 199 of the Constitution of the Islamic Republic of Pakistan, 1973, with the following prayer: -

- (A) *To declare that the impugned Circular No. HRMD/(-ODD-112) dated April 21. 20025 and the constitutional to Annexure A Regulation 18 A(2) of the SBPBSC Staff Regulations (2005). Insofar as it retrospectively denies vested severance benefits and post-retirement medical coverage, it is illegal, inconsequential without lawful authority, and of no legal effect.*
- (B) *Direct respondent No.1 to restore the vested rights of the petitioner as guaranteed under the original Regulation 18-A(ii) of the SBP-BSC Staff Regulations, 2005, signed and accepted at the time of his appointment in 2010.*
- (C) *Direct the Respondent No.1 to process the petitioner’s application for early retirement. Duly executed, witnessed, and signed on April 10, 2025, in accordance with the terms and conditions governing is employment Contract under Regulation 18(A)(ii) of the SBP-BSC Staff Regulations;*
- (D) *Direct the Respondent No.1 not to impose any interest surcharge, or penalty on the calculated outstanding dues of the petitioner until the final settlement and adjustment of his vested benefits are reached, in accordance with law and equality;*
- (E) *Declare that the recovery of Rs. 376,394/- under the head of “Recreation Allowance” and the deduction of Rs. 513,204/- as one month’s salary in lieu of notice period are arbitrary, unlawful and unjustified considering the vested entitlements and extraordinary circumstances surrounding the petitioner’s earkt returenebt, and direct the Respondent No.1 to waive both amounts in the interest of justice, fairness and administrative propriety, and revise the petitioner’s final settlement accordingly;*
- (F) *Restraining Order: Pending final disposal of this petition, restrain the Respondent No.1 from taking any adverse action against the petitioner, including but not limited to pursuant to the impugned circular or denying him the severance and medical benefits under the terms of his original appointment;*
- (G) *Grant any other relief deemed just and proper in the circumstances of the case.*

2. The case of the Petitioner is that he was appointed as Assistant Director at State Bank of Pakistan (SBP) Banking Services Corporation (SBP-BSC), Head Office Karachi, on 22 November 2010, and

subsequently served in senior positions, including Deputy Director and Joint Director, under Employee PIN No.110424. He claimed that his employment was governed by the SBP-BSC Staff Regulations, 2005, which he duly accepted at the time of appointment. However, on 2 December 2024, he applied to the Human Resources Management Department (HRMD) for leave without salary on personal grounds under Para 13 of the SBP-BSC Leave Without Salary Policy, which allowed up to one year of unpaid leave. He submitted that he had never availed such leave during his fourteen years of service. While paid leave was approved up to 20 February 2025, his request for leave without salary was arbitrarily rejected on 7 January 2025 without any justification. He filed an appeal before the Managing Director on 20 February 2025 seeking leave without salary from 21 February 2025 to 30 July 2025; however, the appeal was again rejected by HRMD on 21 March 2025. Thereafter, Respondent No.1 issued a notice dated 28 March 2025 directing him to resume duties within thirty days, failing which he would be denied vested severance benefits under Regulation 18 of the Staff Regulations. In view of such denial of leave and to avoid disciplinary consequences, he was left with no reasonable alternative but to apply for early retirement under Regulation 18(A)(ii) of the SBP-BSC Staff Regulations, 2005. His duly executed early retirement application dated 10 April 2025 was forwarded to HRMD on 22 April 2025. The same was acknowledged and approved by HRMD on 12 May 2025, effective from 22 April 2025, subject to the deduction of one month's salary in lieu of notice. Despite this approval, Respondent No.1 treated his early retirement as a resignation, which he claims to be contrary to the record and the Petitioner's clear intent. He submitted that he had never tendered a resignation; however, he duly applied for early retirement in the prescribed format, attested by witnesses. On 19 May 2025, the Petitioner reiterated his inability to resume duties due to compelling family circumstances and requested Respondent No.1 to release all accrued severance benefits under Regulation 18(A)(ii) for himself, his spouse, and his minor dependents, in parity with similarly situated employees. However, nothing happened compelling him to file the instant petition.

3. Learned Counsel for the Petitioner submitted that the Petitioner's employment was governed by the SBP-BSC Staff Regulations, 2005, particularly Regulation 18(A)(ii), which formed an express and binding part of his contract of employment dated 22 November 2010. Having completed more than fourteen (14) years of confirmed service, the Petitioner's right to severance benefits stood accrued and vested. Counsel

contended that upon opting for early retirement, the Respondent No.1, vide email dated 4 June 2025, wrongly raised exorbitant financial demands amounting to Rs. 51,945,929/- while arbitrarily excluding the Petitioner's vested severance benefits, limiting them to only Rs. 4,288,514/-. This exclusion is contrary to Regulation 18(A)(ii), which unequivocally entitles the Petitioner to one month's salary for each completed year of service, full NCPF (employee and employer share), NGF balance, monetized post-retirement medical benefits, leave encashment, and other admissible emoluments, totaling approximately Rs. 16,549,124/-. It is further submitted that certain recoveries, including recreation allowance and one month's salary instead of notice, are unlawful, as these were either lawfully availed vested benefits or imposed due to the Respondent's own unjust denial of Leave Without Salary, which compelled the Petitioner to seek early retirement. Learned Counsel vehemently argued that Respondent No.1's reliance on newly introduced Regulation 18-A(2) through Circular dated 21 April 2025 is wholly misconceived. The said regulation is prospective and cannot be applied retrospectively to divest the Petitioner of accrued contractual rights. Any such retrospective application is ultra vires, arbitrary, and violative of settled principles of service and contract law. Counsel placed reliance on the consistent institutional practice of SBP and SBP-BSC, where changes in compensation and retirement regimes were applied prospectively and only with informed employee consent. He argued that the Petitioner was never given any such option. Similarly situated officers, including juniors, were granted full severance under Regulation 18(A)(ii), rendering the Respondent's action discriminatory and violative of Article 25 of the Constitution. It is further submitted that the Petitioner has already discharged his educational expense liability by remitting Rs. 31,065,000/-, exceeding the amount demanded under that head, demonstrating complete bona fides. Learned Counsel concluded by saying that the retrospective withdrawal of vested severance and medical benefits violates Articles 4, 9, 18, 23, and 25 of the Constitution, the doctrine of legitimate expectation, principles of natural justice, and Section 16 of the SBP-BSC Ordinance, 2001. Accordingly, the impugned Circular and denial of benefits are liable to be declared unlawful, and the Petitioner is entitled to full severance benefits under Regulation 18(A)(ii). He prayed to allow this Petition.

4. We have heard learned counsel for the Petitioner on the maintainability of the petition and examined the record with his assistance.

5. At the outset, it is noted that the Respondent No.1, SBP Banking Services Corporation, functions under the supervisory and regulatory

framework of the State Bank of Pakistan. The controversy raised by the Petitioner pertains essentially to the enforcement of contractual and service-related rights arising out of the SBP-BSC Staff Regulations, 2005.

6. It is well-settled by the Supreme Court of Pakistan that disputes relating to terms and conditions of service, severance benefits, and enforcement of contractual obligations against the State Bank of Pakistan or its subsidiaries do not ordinarily fall within the ambit of constitutional jurisdiction under Article 199 of the Constitution.

7. In the present case, the Petitioner's grievance relates to the interpretation of service regulations, computation of dues, and alleged denial of contractual benefits. These even otherwise involve disputed questions of fact and contractual rights for which adequate alternate remedies exist before the competent forum.

8. In view of the ratio laid down by the Supreme Court of Pakistan in a catena of judgments governing the maintainability of constitutional petitions against the State Bank of Pakistan and its subsidiaries, we are of the considered view that the grievance raised by the petitioner in the present petition is not maintainable under Article 199 of the Constitution.

9. Accordingly, without prejudice to any other remedy available to the Petitioner under the law on the aforesaid analogy, the instant petition is dismissed along with pending applications.

JUDGE

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