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SUPREME COURT

Court Backs Employment Bond

INR2 Lakh Penalty for Quitting Early Stands Firm

Sheikh Rayees • May 15, 2025

PUBLISHED REPORT

In a decisive ruling, the Supreme Court has reinforced the legitimacy of employment bonds that require employees to serve a minimum period, validating a INR2 lakh penalty imposed on a public sector bank employee who resigned prematurely. The court clarified that such clauses, demanding a fixed tenure before resignation, do not violate the prohibition on “restraint of trade” under Section 27 of the Indian Contract Act. The key distinction: these...

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