IN THE HIGH COURT AT CALCUTTA
Constitutional Writ Jurisdiction
APPELLATE SIDE

Present:

The Hon'ble Justice Shampa Dutt (Paul)

WPA 6508 of 2025

State Bank of India & Anr.
Versus
Employees State Insurance Corporation & Ors.

For the Petitioners	:	Mr. Soumya Majumder, ld. Sr.Adv. Mr. Debashis Saha, Mr. Avirup Roy Sanyal, Ms. Sucheta Pal, Mr. Jyotishman Sarkar.
For the Respondent/ESIC	:	Mr. Shiv Shankar Banerjee, Mr. Siddharth Chaurasia, Mr. A. Narayan Banerjee.
For the RBI	:	Ms. Suchismita Ghosh, Ms. Aradhita Banerjee.
Judgment reserved on	:	03.09.2026
Judgment delivered on	:	23.09.2026

Shampa Dutt (Paul), J.:

1. The writ application has been preferred being aggrieved by a garnishee order dated 14th February, 2025 and 11th March, 2025, issued by the Recovery Officer under the EPF Act.

2. The Recovery Officer in the order 14th February, 2025, held as follows:-

> *"Apparently as per issued prohibitory order dated 25/06/2021 the branch manager was prohibited and restrained till further order from making payment and/or transfer from the account (s), but you have failed to comply the order of recovery officer and allowed debts from the accounts of the defaulter circumventing the Prohibitory Order. To explain as to why he/ State Bank of India, C-Zone, Durgapur Branch, Type-IV, Banglow No.D-II/10 (1 & D-2/10). CMERI (Residential Complex), Durgapur 713205, should not be declared as* ***DEEMED DEFAULTER*** *of the amount specified in the Show Cause Notice dated* ***12/11/2024****, they have failed to transfer the dues to ESI Corporation."*

3. Subsequently, by another order dated 11.03.2025, the Recovery Officer directed as follows:-

> *"WHEREAS, it has became necessary to initiate* ***co-receive steps*** *against* ***State Bank of India****.* ***C-Zone Durgapur Branch*** *as* ***DEEMED DEFAULTER*** *by possession accordance with the provisions of the ESI Act 1948 read with the Second and Third Schedule of Act, 1961 for effecting recovery of the arrears dues and whereas, there is information that* ***Reserve Bank of India****, is acting as the Banker of* ***State Back of India. C-Zone Durgapur Branch*** *Apropos, money is due to* ***State Bank of India, C-Zone Durgapur Branch*** *or is likely to become due from the Reserve Bank of India being the Depositor."*

4. And issued the said garnishee order to the Reserve Bank of India, as follows:-

> *"…..the Reserve Bank of India to remit/transfer an amount of Rs.9084887/-(Rupees Ninety lakh eighty-four thousand eight hundred eighty-seven only). Further interest @ Rs. 2034.08/- per day i.e. 12% per annum from 12.03.2025 onwards up to the date of payment in rupees only, from and out of the account of* ***State Bank of India, C-Zone Durgapur Branch*** *by way of Account payee Demand Draft drawn in favour of the Employees' State Insurance Fund Account No. 1. Durgapur (To be handed over to ESIC officer serving the notice/or immediate dispatch, through post) Separate orders with regard to interest till the date of payment and any farther cost, charges and expenses incurred in the recovery proceedings for realizing the arrears liable to be recovered under the ESI Act. 1918 read with Rule 5 of the Second Schedule of the Income Tax Act, 1951 shall be issued on the receipt of Demand Draft from the Bank.*
> *WHEREAS, it is further ordered that after receipt of these orders, no further debit transactions from the said bank account shall be allowed without first transferring the amount in full as ordered above and such transaction shall be prohibited forthwith"*

5. Being aggrieved, the State Bank of India is before this Court stating that **Pascas Associate** (respondent no. 3) is a constituent of SBI, Durgapur C-Zone Branch having a Current Account No. 3296298908. The constituent **had a zero balance from 31st December, 2020 and the account was showing "inoperative".**

6. **On 25th June, 2024** a prohibitory order under Section 45H of the ESI Act was issued for recovery of dues of Pascas Associate, as a covered establishment under the ESI Act.

7. A show cause notice dated 12th November, 2024 was also issued by ESIC to Pascas Associate for failing to remit the ESI dues.

8. Subsequently, by order dated 14th February, 2025, ESIC declared SBI as a "deemed defaulter" under Section 45G (3) (x) of the ESI Act.

9. Petitioner submits that since Pascas Associates is only a constituent/customer of the Bank and there was no question of any amount being due to SBI from Pascas Associate, the account of the constituent was lying "inoperative", there was no question of SBI remitting any amount from such account of the customer to ESIC towards satisfaction of ESI dues.

10. Subsequently, a garnishee order dated 11th March, 2025 was issued to RBI by ESIC under Section 45G of ESI Act read with Second and Third Schedule of I.T. Act, 1961 and I.T. (Certificate Proceedings) Rules, 1962 by mentioning SBI, C-Zone, Durgapur Bench as "deemed defaulter for recovery of a sum of Rs.90,84,887/-. It was further ordered that no further debit transactions from the Bank account of Pascas Associate be allowed without first transferring the amount in full to ESIC.

11. It is further stated by the petitioner that in any event, SBI could not have remitted any amount to ESIC from an "inoperative" account of the customer (respondent No. 3). Therefore, to brand SBI as a "deemed defaulter" in relation to dues of the respondent no. 3 was without any application of mind and in violation of the principles of natural justice.

12. Consequently, the garnishee order to RBI is also devoid of merit. The writ petition should therefore be allowed by quashing the orders dated 14th February, 2025 and 11th March, 2025.

13. In course of hearing the Reserve Bank of India had deducted the said amount from the account of the petitioner bank.

14. Learned counsel for the Reserve Bank of India subsequently placed documents before this Court on 25.08.2026, wherein it appears that the amount which was debited has now been credited to the account of the State Bank of India.

15. Affidavit-in-opposition filed by the ESI Authorities shows that as allegedly, the respondent no. 3 herein failed to pay arrear dues, the order under Section 45A of the ESI Act was passed.

16. By the prohibitory order, the petitioner bank was directed to handover any sum of money, which had been received from the respondent no. 3 in his account, by the petitioner no. 1 to the respondent no. 1.

17. It is the case of the respondent no. 1 that in spite of receiving the prohibitory order, the petitioner allegedly released some amount in favour of the respondent no. 3 **(no proof).**

18. It appears from the records, that the respondent no. 3 maintained an account with SBI, C-Zone, Durgapur Branch.

19. Considering that the prohibitory order in the present case is admittedly dated 25th June, 2024, when the account maintained with the petitioner bank has been with **'0' balance on and from 31st December, 2020 and the account was**

'inoperative', the garnishee order issued against the petitioner bank is erroneous and not in accordance with law, as the petitioner in view of the nature of account maintained by the respondent no. 3, was under no such obligation to prohibit any operation of an account in 2024, when the account was inoperative since 2020.

20. Accordingly, garnishee orders dated 14th February, 2025 and 11th March, 2025, issued by the Recovery Officer under the EPF Act, being not in accordance with law and an abuse of the process of law, are hereby quashed and set aside.

21. **WPA 6508 of 2025 is allowed.**

22. Applications, if any, connected thereto stand disposed of consequently.

23. Interim order, if any, stands vacated.

24. Photostat certified copy of this Judgment, if applied for, be given to the parties on priority basis upon compliance of all formalities.

(Shampa Dutt (Paul), J.)