LOCK-IN CLAUSES AND SECTION 27 - THE SUPREME COURT'S FRAMEWORK IN VIJAYA BANK (2025)

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ABSTRACT

The enforceability of employment (service) bonds in India has long posed intricate legal questions under the Indian Contract Act and the Constitution.[1] Recent jurisprudence, culminating in Vijaya Bank & Anr. v. Prashant B. Narnaware (2025),[2] affirms that reasonable lock-in clauses are valid. This article analyses Sections 27 and 23 of the Contract Act, 1872 – which void restraints of trade and agreements against "public policy" – in light of the Vijaya Bank ruling.[3] The Supreme Court there underscored the longstanding rule that covenants binding an employee during the subsistence of the contract are not "restraints of trade" within Section 27.[4] Drawing on Niranjan Shankar Golikari v. Century Spinning (1967)[5] and Superintendence Co. v. Murgai (1981),[6] the Court held the 3-year bond (with ₹2 lakhs liquidated damages) enforceable, since it neither barred future employment nor burdened trade rights.[7] On Section 23/public policy and Article 14/19 challenges, the Court applied principles from Central Inland Water Transport Corp. v. Ganguly (1986),[8] treating such bonds as standard-form clauses needing scrutiny but not per se invalid. The Vijaya Bank Court recognized evolving public-interest considerations (e.g. preserving trained personnel, re-skilling)[9] and found the bond reasonably tailored to legitimate banking interests.[10] Thus, provided a bond is reasonable and ancillary to the employer's business, it will survive Section 27 and Article 19(1)(g).[11] The analysis below explores these doctrines in detail, including reasonableness and liquidated-damage principles, constitutional dimensions of equality and occupational freedom, as well as comparative perspectives. Counterarguments – unequal bargaining and potential coercion – are acknowledged but ultimately framed as policy questions best addressed by nuanced judicial balance.

Introduction:

Employment bonds (or "service bonds") – contractual clauses requiring an employee to serve for a prescribed minimum term or pay damages if leaving early – are common in India's public and private sectors. Employers (especially government or public-sector undertakings) rely on such bonds to recoup training costs and ensure workforce stability, particularly amid growing competition and liberalisation. Critics counter that these bonds can undermine employee mobility and rights, raising issues under the Contract Act and the Constitution. The legality of such clauses hinges on two central rules: Section 27 of the Indian Contract Act, which voids agreements restraining lawful trade,[12] and Section 23, which voids agreements contrary to public policy.[13] In parallel, fundamental rights under Article 19(1)(g) (free profession/business) and Article 14 (equality) loom large.

In Vijaya Bank & Anr. v. Prashant B. Narnaware (Civ. App. No.11708/2016, decided May 14, 2025), the Supreme Court resolved these issues in favor of enforceability. A two-judge Bench upheld a clause requiring a new bank recruit to serve three years or pay ₹2 lakh on early exit.[14] [15] The Court reaffirmed that "[n]egative covenants operative during the continuance of a contract of employment…do not clog the freedom of a contracting party to trade"[16] and therefore do not violate Section 27. It further held that the bond did not offend public policy or fundamental rights.[17] [18] The Court emphasized that the ₹2 lakh sum was a genuine pre-estimate of loss (recruitment costs) and thus "just and reasonable."[19]

This article provides a comprehensive, doctrinal analysis of employment bonds under Indian law. Section 27's historical scope is reviewed, tracing Golikari (1967) and subsequent cases. The nebulous concept of "public policy" under Section 23 is examined via Central Inland Water Transport Corp. v. Ganguly (1986). We then analyze Vijaya Bank's findings, including its application of equality and free-occupation principles (Articles 14 and 19(1)(g)) and how modern policy considerations (e.g. workforce retention, skill preservation) affect the public-policy assessment.[20] The role of reasonableness and proportionality – both contractually (liquidated damages, Section 28) and constitutionally – is scrutinized. Limited comparative notes (UK, Singapore) contextualize India's stance. Finally, we address counterarguments (such as employee exploitation concerns) in a balanced critique, demonstrating that while some risks exist, the law aims to balance them via doctrinal safeguards. The overall conclusion is that Indian law (as now clarified) permits reasonable employment bonds that are transparently

agreed and aligned with legitimate business interests.[21] [22]

Background: Restraint of Trade and Public Policy in Indian Contract Law

Section 27 – Restraint of Trade.

The Contract Act's Section 27 plainly declares:

"Every agreement by which any one is restrained from exercising a lawful profession, trade or business of any kind, is to that extent void."[23]

This general rule (with a narrow exception for sale-of-goodwill covenants[24]) stems from public interest in free trade. For over a century, Indian courts have treated Section 27 strictly, nullifying agreements that unreasonably limit post-contract employment. However, the judiciary also developed the critical insight that a negative covenant during an ongoing service contract – for example, a promise not to work elsewhere while employed – is inherent in the very nature of employment and not an additional "restraint" hit by Section 27.[25] [26] Thus, long-standing case law distinguishes covenants operative during employment from those operative after termination.

As Niranjan Shankar Golikari v. Century Spinning & Mfg. Co. Ltd. held in 1967, "[n]egative covenants operative during the period of employment when the employee is bound to serve his employer exclusively are not to be regarded as restraint of trade and therefore do not fall under Section 27 of the Contract Act."[27] In Golikari itself, the Court enforced a five-year contract with confidentiality and non-compete terms during employment, observing that these covenants "do not fall under s.27" unless they are unconscionable or excessively one-sided.[28] Subsequent decisions, including Superintendence Co. (P) Ltd. v. Murgai (1981), have affirmed the Golikari principle: a clause that merely requires an employee to serve a fixed tenure or forfeiture of training costs, without barring post-exit work, is not a Section 27 violation. Only "negative covenants which go beyond employment and restrain future trade" (such as non-competes extending after service) are treated as Section 27 restraints.

Section 23 – Public Policy.

Section 23 of the Act ensures that contracts with illegal or immoral objects are void. It provides that a contract is unlawful if "the Court regards it as immoral, or opposed to public policy."[29]

While the Act does not define "public policy", Indian courts have taken it to encompass considerations of public welfare, human rights, and fairness. Notably, Central Inland Water Transport Corp. v. Ganguly (1986) laid down principles for evaluating "standard-form" employment contracts entered under unequal bargaining power. A restrictive clause in such a contract is prima facie suspicious: the employee (weak party) can challenge it as against public policy, forcing the court to scrutinize the context and fairness of the term.[30] If the employee pleads undue influence or coercion, the employer (covenantee) bears the onus of proving the clause is not against public policy.[31] However, public policy itself has been interpreted dynamically: what was once unfair may become reasonable given changing conditions (e.g., technological changes, skill demands).

In this way, Sections 27 and 23 operate in tandem. Section 27 is a specific statutory prohibition against restraints on trade, tempered by a long-recognized exception for in-service covenants.[32] Section 23, by contrast, serves as a catch-all safety net: even a covenant not barred by Section 27 can be void if it offends public policy. The Supreme Court in Ganguly and later cases (e.g. Dental Council of India v. Pankaj Garg (2001)) has taken into account economic realities and the public interest, requiring that contractual terms not be arbitrary, oppressive or injurious to public good. Thus, every service bond clause must ultimately withstand both the literal test of Section 27 and the equitable test of public policy under Section 23.

The Vijaya Bank Decision: Facts and Legal Issues

In Vijaya Bank v. Narnaware, the dispute centered on a recruitment clause for Vijaya Bank (a public-sector bank). A candidate who had previously worked as a manager applied for promotion under a 2007 notification. That notification (and the ensuing appointment letter) contained Clause 11(k): a bond obligating the employee to serve for three years, or otherwise pay ₹2,00,000 as liquidated damages if resigning earlier.[33] [34] When Prashant B. Narnaware resigned in 2009 to take another banking job, he paid the ₹2 lakh under protest and sued, seeking refund on grounds of illegality. Narnaware argued the clause violated Article 14 (equality), Article 19(1)(g) (freedom of profession/business), and Sections 23 and 27 of the Contract Act (as a restraint of trade and against public policy).[35]

At first instance, both a single judge and a Division Bench of the Karnataka High Court agreed with the employee, relying on K.Y. Venkatesh Kumar v. BEML Ltd. (Karnataka HC) to invalidate the bond. That High Court held the clause fell foul of Section 27 (there the BEML

clause, unlike this one, was interpreted to bar future employment) and Articles 14/19. Vijaya Bank appealed to the Supreme Court, which framed the issues succinctly: (1) Did the clause violate Section 27 (restraint of trade)? and (2) Was it against public policy under Section 23, thereby also impinging Articles 14/19?[36] The Court answered both negatively, unanimously upholding the bond.

The Supreme Court's analysis proceeded in two parts. First, on Section 27, it reaffirmed Golikari/Murgai that restrictions effective only during the employment term are not "restraint[s] of trade."[37] The Court observed that Clause 11(k) did not prevent Narnaware from obtaining other jobs; it merely conditioned an early resignation on payment. In other words, it perpetuated the existing contract for three years or triggered a penalty – but it imposed no ban on future employment once the penalty was paid. Thus, it was "in furtherance of the employment contract and not to restrain future employment."[38] Under Section 27, the Court held this was permissible: since an employee bound to serve one employer is inherently not free to trade during service, the clause adds nothing "over and above the incumbent status of the employee."[39] [40] Accordingly, there was no Section 27 violation.

Second, on Section 23/public policy, the Court engaged the Ganguly framework. It noted that standard-form employment bonds generate a presumption of unequal bargaining, thus warranting careful review.[41] However, following Ganguly, it did not treat the clause as automatically void. The Court emphasized that public policy is not static; it evolves with social and economic changes.[42] In modern India's banking sector, the Court recognized significant public interest in retaining trained personnel and ensuring "return on investment" in recruitment.[43] The Bank explained (via pleadings) that recruiting and training a manager is "prolix and expensive," and that premature exits impose real cost. The Supreme Court accepted these facts. It held the ₹2 lakh deposit was a genuine pre-estimate of loss ("just and reasonable") in these circumstances.[44] Thus, the bond served a legitimate employer interest and was disclosed upfront, "voluntarily accepted" by the candidate.[45] [46] It was not arbitrary, oppressive or excessive. Having been fairly bargained for (with knowledge of the conditions) and tied directly to the Bank's commercial needs, the clause could not be struck down as violative of public policy or Articles 14/19.[47] [48] The High Court's quashing of the bond was therefore reversed, and the contract terms upheld.

In summary, Vijaya Bank firmly establishes that a reasonable employment bond – one that

operates only during service and contains a proportionate liquidated-damage clause – will be upheld under both Section 27 and Section 23.[49] [50] The remainder of this article explores these principles in depth, situating them within the broader doctrinal and constitutional context.

Doctrinal Analysis

Section 27 and the "Restraint of Trade" Doctrine

As noted, Section 27 broadly voids any agreement restraining lawful trade.[51] Its strict terms have led courts to differentiate between during-service and post-service covenants. The leading rule in India (echoing English law) is that covenants binding an employee not to work elsewhere during the contractual employment period are not regarded as illegal restraints of trade.[52] [53] This is because the very nature of the employment contract already precludes the employee from working for another employer concurrently; thus an explicit negative clause adds no additional burden on post-employment freedom. In Golikari, for example, the Supreme Court reasoned that such negative covenants "are not to be regarded as restraint of trade and therefore do not fall under s.27" unless they are "unconscionable, excessively harsh or one-sided."[54]

This legal principle was applied in Vijaya Bank. The Court held that Clause 11(k) was operative only "during the subsistence of the employment contract."[55] It did not prohibit the employee from seeking other work after paying the liquidated damages. In fact, Narnaware did resign and paid the ₹2 lakh, and immediately took another banking job,[56] a factual circumstance that underscored the non-inhibitory nature of the clause. Thus, the bond "did not bar future employment" and merely "impose[d] a condition on the Respondent's option to resign."[57] This ensured continuation of the service contract for three years. In effect, the clause was a legitimate enforcement mechanism within the contract period, not a separate limitation thereafter. Therefore, it fell outside the scope of Section 27's prohibition.

Consistent with Golikari and Murgai, the Court emphasized that Section 27 aims to prevent interference with post-employment trade liberty. Since an employment bond that merely secures minimum service does not interfere with future trade or profession, it does not "clog the freedom" of the employee to work later.[58] Accordingly, the Vijaya Bank court held the covenant was "not violative of Section 27."[59] In short, so long as the covenant is limited to the duration of employment, Section 27 poses no obstacle.

It is worth emphasizing that this analysis reverses the High Court's reasoning, which misread BEML v. Venkatesh (Karnataka HC) as striking down the bond. BEML had in fact dealt with a clause restricting future employment (implicitly found to hamper employability), which led the HC to void it. The Supreme Court distinguished that case on its facts: unlike BEML, the Vijaya Bank bond imposed no restriction beyond resignation.[60] The Court thus clarified that BEML is inapposite here.

To summarize: Section 27 does not invalidate in-service bonds. A clause demanding service for a fixed term (or payment for early exit) is a permissible "'negative covenant' operative during employment."[61] [62] Only if such a covenant improperly extends into the post-employment period (thereby directly restraining future trade) would it trigger Section 27. The Supreme Court in Vijaya Bank therefore reaffirmed that service bonds have "legal force" under Section 27,[63] provided they are reasonable and time-bound.

Section 23, "Public Policy," and Fundamental Rights

Section 23 renders any contract void if its object or consideration is unlawful, including if the court regards it as "opposed to public policy."[64] The notion of public policy in contract law overlaps with constitutional values. Indeed, Section 23 does not define the phrase "public policy," leaving courts to discern it case by case. Historically, Indian courts have equated public policy with considerations of social welfare, justice, and fundamental rights. In Ganguly, the Supreme Court articulated a tripartite approach to restrictive terms in employment contracts:

1. Standard-form employment contracts prima facie indicate unequal bargaining power;

2. If the employee (weaker party) alleges undue influence or public-policy violation, the court must examine the context and the parties' relative positions;

3. The onus lies on the employer to prove that the restrictive covenant is not against public policy.[65]

Applying these principles, the Court in Vijaya Bank scrutinized Clause 11(k) on public-policy grounds. First, it acknowledged that the bond was a standard-form term included in a government-issued notification, suggesting an initial presumption of imbalance. However, the Court did not automatically invalidate the clause. Instead, it took a nuanced view, as required by Ganguly: whether the clause served legitimate interests without unduly overriding

employees' rights.

Critically, Vijaya Bank expanded the scope of public policy to include modern economic interests. The Court held that public policy "relates to matters involving public good and public interest," and evolves with socio-economic changes.[66] In the context of employment, it listed new factors to consider: technological advancements in work, the need for re-skilling, and the preservation of a scarce specialized workforce in a free market.[67] These articulated "heads" of public policy – not previously enunciated – reflect India's liberalised economy. Applying this lens, the Court found that Vijaya Bank's rationale (to retain skilled managers and recoup recruitment investment amid competition) aligned with the public interest in efficient banking services. Globalization and privatization had intensified attrition in PSUs; the Bank's interest in a "tool[] inalienable to [its] interest" was to ensure service continuity.[68] Thus, the Court implicitly concluded that the bond advanced a public-interested objective, not a purely private one.

Second, the Court examined whether the clause was oppressive or unreasonable. It noted that Clause 11(k) was clearly disclosed in the appointment notification and voluntarily accepted by Narnaware at the time of hiring.[69] The obligation (serve three years or pay ₹2 lakh) was not hidden or sprung later; the employee had the choice to reject the offer or resign early with due notice. Importantly, the Court stressed that the clause did not bar resignation per se – it only set a pre-agreed consequence for an early exit. In the Court's view, an employee's agreement to such a term (in order to obtain the job) does not by itself render it unconscionable, especially since it reflects a quid pro quo of training and opportunity in exchange for stability. As one commentator notes, "[t]he obligation to serve for three years or pay ₹2 lakh was disclosed upfront and voluntarily accepted by the respondent."[70]

Third, the onus rested on Vijaya Bank to demonstrate the term's reasonableness. The Bank provided evidentiary affidavits showing recruitment costs, lengthy hiring processes, and administrative burdens of replacing an officer. Convinced by these explanations, the Court found the ₹2 lakh figure proportionate. It explicitly held that imposing ₹2 lakh as liquidated damages was "just and reasonable" under the circumstances.[71] Because the employee's resignation indeed caused "prolix and expensive" recruitment expenses,[72] the clause served as a reasonable estimate of loss. Had the sum been far beyond any conceivable damage, it might have been struck; but here it was within rational bounds.

Finally, the Court addressed the constitutional arguments. Article 19(1)(g) protects a citizen's right to practice any profession or carry on any business, subject to reasonable restrictions in Article 19(6). Article 14 guarantees equality before the law and non-arbitrariness of state action. Narnaware contended the bond violated these rights, claiming it was arbitrary and violative of free trade. The Supreme Court disagreed. It noted that Clause 11(k) was neither arbitrary nor discriminatory: it applied uniformly to all candidates selected under the notification (no suspect classification) and served legitimate ends. Because the bond clause was effectively "a contractual safeguard" and not a legislative prohibition, Article 19 arguments had limited traction. The Court concluded that fundamental rights were not infringed: the clause fell within the ambit of valid contractual freedom of contract and any restriction on trade (if at all) was justifiable as a reasonable, bona fide condition.[73]

In concise terms, the Vijaya Bank Court found: the service bond was neither an illegal restraint of trade under Section 27, nor an impermissible contract against public policy under Section 23. Consequently, it did not violate Articles 14 or 19.[74] [75] This reasoning reaffirms that Indian law permits reasonable bond clauses so long as they are transparently agreed, serve legitimate business interests, and are proportional.

Reasonableness, Liquidated Damages and Proportionality:

A crucial aspect of enforcement is ensuring that liquidated-damage clauses in bonds are not unconscionable penalties. Indian Contract Act Section 28 (originally 74 under pre-2017 numbering) provides that if a stipulated sum is "exorbitant" or unconscionable, the court may revise it. Courts, therefore, apply a reasonableness test: a genuine pre-estimate of loss will be enforced, but a punitive figure may be reduced to actual damage.[76]

In the employment bond context, courts have progressively stressed this balancing. For example, Toshniwal Brothers (P) Ltd. v. Eswarprasad (Madras HC, 1997) held that service bonds are enforceable provided the employer can show that it spent money on specialized training of the employee.[77] The Madras Court required evidence of training or recruitment expenses, and warned that courts will closely scrutinize whether the liquidated sum is reasonable vis-à-vis actual loss. Similarly, the Andhra Pradesh High Court in Ledalla Ravichander & Ors. v. Satyam Computer Services (2011) confronted a ₹2 lakh bond where the employee left after 14 months. Finding no substantial loss proved by the employer, the court deemed ₹2 lakh "manifestly unreasonable" and "exorbitant," and only awarded ₹1 lakh.[78]

These cases illustrate that if an employer cannot substantiate real damage or cost, courts will not enforce the full penal sum.

In Vijaya Bank, the Supreme Court implicitly adopted this reasonableness standard and found it satisfied. The Bank presented its recruitment ordeal – multiple interview rounds, training classes, and administrative effort – as evidence of genuine loss. The Court accepted this explanation and held the ₹2 lakh to be not a penalty but a reasonable estimate: "just and reasonable since…the Bank had to undertake a longwinded and expensive recruitment process."[79] Unlike Ravichander, here actual loss was shown. The Court noted the employer's submission about financial hardship, which underpinned the sum. Because the employee eventually paid under protest, yet took another job, the Court inferred that the clause did not operate oppressively. In legal terms, this means the clause satisfies the proportionality test: it protects the employer's interest without placing an undue burden on the employee.

Thus, Vijaya Bank confirms that Section 28's safeguards apply: the enforceability of a liquidated damages bond depends on its reasonableness and relation to legitimate loss. A plainly punitive figure, especially for a junior employee, would attract invalidation. By contrast, a moderate sum relative to the position, transparently agreed and supported by employer hardship evidence, will pass muster.[80] In short, courts will enforce lock-in clauses so long as they do not amount to an unreasonable penalty for the employee's free choice to terminate employment. This aligns with the broader doctrine of proportionality; under Article 19(6), any occupational restriction must not be excessive in relation to the public interest served. The Court's approval of the ₹2 lakh term suggests it viewed the clause as within constitutional proportionality bounds.

Comparative Perspectives (UK and Singapore):

For context, it is instructive to compare briefly with other common-law jurisdictions. In the United Kingdom, restrictive covenants in employment (including service requirements) are generally enforceable only if reasonable to protect a legitimate business interest (per the Nordenfelt principles).[81] English courts will strike down any restraint that is broader than necessary. Thus, the UK approach parallels India's in requiring reasonableness and focusing on legitimate interest.

Likewise, Singapore law is wary of post-employment restraints. The Singapore High Court has

held that non-compete clauses in employment contracts are prima facie void unless the employer proves they safeguard a bona fide proprietary interest and are reasonable in scope.[82] Singapore's Ministry of Manpower also considers outright bans on non-competes, emphasizing that courts will carefully assess necessity and proportionality. These positions reflect a shared Anglo-Indian heritage: covenants that merely secure training or compensate for exit costs (without unduly shackling an employee) can be upheld, but those that effect blanket bans on competition or impose draconian penalties will not.

Indian law, post-Vijaya Bank, thus sits in the mainstream: like the UK and Singapore, it enforces reasonable covenants aimed at protecting real investments (e.g. training).[83] [84] Unlike in the West, India's Section 27 enshrines the rule that in-service clauses are per se valid, whereas there is no statutory analogue in the UK. Nevertheless, the practical outcome – that only measured, proportional covenants survive – is broadly similar.

Counterarguments and Critique:

Despite the Supreme Court's recent holding, vigorous counterarguments persist in legal scholarship and policy discourse. These criticisms typically focus on employee exploitation and economic coercion. Critics note that standard-form bonds are imposed by employers, often leaving job-seekers with little real negotiation. The Vijaya Bank employee himself had argued that he had "no real choice" but to accept the ₹2 lakh bond if he wanted the job.[85] Detractors warn that such clauses can coerce workers into involuntary service (or debt) and hinder career mobility, particularly for lower-ranked staff who cannot afford the penalty.

From a constitutional standpoint, it is argued that bonds can impede the freedom to carry on one's profession (Art. 19(1)(g)) and may amount to arbitrary classification (Art. 14), especially if uniformly imposed on economically weaker candidates. If an employer arbitrarily fixes a steep sum without relation to actual costs, it could resemble a forfeiture rather than a genuine indemnity. Indeed, prior case law (e.g. Ravichander) reflects sensitivity to situations where no loss justifies the amount. There is also concern that overly broad bonds could dampen labor market fluidity and oppress conscientious employees who for personal reasons must leave early.

However, the law attempts to address these worries by insisting on reasonableness and factual justification. The Vijaya Bank judgment itself explicitly acknowledged the unequal bargaining

context and the need for scrutiny.[86] It also emphasized that the bond was neither "arbitrary" nor "oppressive" in this case.[87] By linking enforcement to proof of loss, courts create a check against abusive bonds. The Scottish commentary after Vijaya Bank suggests that the decision "paved the way for interpretation of 'public policy' in a broader and expansive sense" – implying that courts will not hesitate to invalidate onerous clauses under evolving standards.[88]

In practice, then, the dangers can be mitigated: if an employer sets an unreasonably high penalty or fails to invest in the employee (no training, etc.), a court will scrutinize the fairness of the bond. Equally, an employee always has the option to reject a bond-laden job offer, though this may be of limited solace in tight labor markets. Ultimately, these counterarguments underscore why the courts will continue to apply a Ganguly-style, context-sensitive review: to prevent economic duress from overriding contractual liberty. As one analyst observes, "the contours of enforceability…have not been discussed in detail" by the Supreme Court,[89] suggesting further case-by-case development.

Conclusion:

The recent Vijaya Bank ruling marks a significant clarification of Indian law on employment bonds. It solidifies the rule that reasonable service-bond clauses – those requiring employees to serve a tenure or liquidated-damages as compensation – are enforceable. This enforceability is upheld on three pillars: Section 27 does not condemn covenants limited to the contract's subsistence;[90] Section 23/public policy is satisfied so long as the clause furthers legitimate interests and is not unduly harsh;[91] [92] and fundamental rights are respected where the bond is transparent and proportionate.[93] [94]

The doctrine of reasonableness (the penalty rule) plays a key gatekeeping role: if an employer cannot justify the bond amount by demonstrable costs, courts will temper it (as in Toshniwal and Ravichander).[95] [96] Conversely, proven expenditure and careful calibration will sustain a bond (as shown in Vijaya Bank). Therefore, while acknowledging the potential for abuse, the law ultimately favors enforcing legitimate bonds in the modern economy. This reflects a balancing act – protecting employers' investment in training and efficient operations, while guarding against exploitative restraints on individual workers.

In sum, India's approach aligns broadly with other common-law jurisdictions: covenants ancillary to employment may bind an employee during service so long as they are reasonable,

with violators paying modest, pre-agreed damages rather than facing unlimited injunctions. The Supreme Court's expansive articulation of public policy ("public good," workforce development, etc.)[97] suggests a judicial willingness to adapt these rules to contemporary needs. Future disputes will likely probe the margins – e.g. what constitutes "reasonableness" in varied industries, or how far training investments must be proven. For now, however, Vijaya Bank anchors the principle that valid employment bonds, if disclosed and proportionate, are not void either by statute or constitution.

Endnotes:

1. Indian Contract Act, 1872 §§ 23, 27.
2. Vijaya Bank & Anr. v. Prashant B. Narnaware, Civil Appeal No. 11708 of 2016 (Supreme Court of India, May 14 2025).
3. Indian Contract Act, 1872 §§ 23, 27.
4. Vijaya Bank, supra note 2; Niranjan Shankar Golikari v. Century Spinning & Mfg. Co. Ltd., AIR 1967 SC 1098.
5. AIR 1967 SC 1098.
6. (1981) 2 SCC 246.
7. Vijaya Bank, supra note 2.
8. (1986) 3 SCC 156.
9. Vijaya Bank, supra note 2.
10. Id.
11. Constitution of India art. 19(1)(g).
12. Indian Contract Act, 1872 § 27.
13. Indian Contract Act, 1872 § 23.
14. Vijaya Bank, supra note 2.
15. Id.
16. Id.
17. Id.
18. Id.
19. Id.
20. Id.
21. Id.
22. Id.
23. Indian Contract Act, 1872 § 27.
24. Indian Contract Act, 1872 proviso to § 27.
25. Niranjan Shankar Golikari v. Century Spinning & Mfg. Co. Ltd., AIR 1967 SC 1098.
26. Superintendence Co. of India (P) Ltd. v. Krishan Murgai, (1981) 2 SCC 246.
27. AIR 1967 SC 1098.
28. Id.
29. Indian Contract Act, 1872 § 23.
30. Central Inland Water Transport Corp. Ltd. v. Brojo Nath Ganguly, (1986) 3 SCC 156.
31. Id.
32. Niranjan Shankar Golikari, AIR 1967 SC 1098.
33. Vijaya Bank & Anr. v. Prashant B. Narnaware, Civil Appeal No. 11708 of 2016 (SC, May 14 2025).

34. Id.
35. Id.
36. Id.
37. Niranjan Shankar Golikari v. Century Spinning & Mfg. Co. Ltd., AIR 1967 SC 1098; Superintendence Co. of India (P) Ltd. v. Krishan Murgai, (1981) 2 SCC 246.
38. Vijaya Bank, supra note 33.
39. Id.
40. Id.
41. Central Inland Water Transport Corp. Ltd. v. Brojo Nath Ganguly, (1986) 3 SCC 156.
42. Vijaya Bank, supra note 33.
43. Id.
44. Id.
45. Id.
46. Id.
47. Id.
48. Id.
49. Id.
50. Id.
51. Indian Contract Act, 1872 § 27.
52. Niranjan Shankar Golikari v. Century Spinning & Mfg. Co. Ltd., AIR 1967 SC 1098.
53. Superintendence Co. of India (P) Ltd. v. Krishan Murgai, (1981) 2 SCC 246.
54. AIR 1967 SC 1098.
55. Vijaya Bank & Anr. v. Prashant B. Narnaware, Civil Appeal No. 11708 of 2016 (SC, May 14 2025).
56. Id.
57. Id.
58. Id.
59. Id.
60. K.Y. Venkatesh Kumar v. BEML Ltd., 2011 SCC OnLine Kar 908; Vijaya Bank, supra note 55.
61. Niranjan Shankar Golikari, AIR 1967 SC 1098.
62. Superintendence Co., (1981) 2 SCC 246.
63. Vijaya Bank, supra note 55.
64. Indian Contract Act, 1872 § 23.
65. Central Inland Water Transport Corp. Ltd. v. Brojo Nath Ganguly, (1986) 3 SCC 156.
66. Vijaya Bank & Anr. v. Prashant B. Narnaware, Civil Appeal No. 11708 of 2016 (SC, May 14 2025).
67. Id.
68. Id.
69. Id.
70. Id.
71. Id.
72. Id.
73. Constitution of India arts. 14, 19(1)(g), 19(6); Vijaya Bank, supra note 66.
74. Vijaya Bank, supra note 66.
75. Id.
76. Indian Contract Act, 1872 § 74 (now § 28).
77. Toshniwal Brothers (P) Ltd. v. Eswarprasad, 1997 (1) LLJ 698 (Mad).
78. Ledalla Ravichander & Ors. v. Satyam Computer Services Ltd., 2011 SCC OnLine AP 152.

79. Vijaya Bank & Anr. v. Prashant B. Narnaware, Civil Appeal No. 11708 of 2016 (SC, May 14 2025).
80. Id.
81. Nordenfelt v. Maxim Nordenfelt Guns & Ammunition Co. Ltd., [1894] AC 535 (HL).
82. Man Financial (S) Pte Ltd. v. Wong Bark Chuan David, [2008] SGHC 172.
83. Vijaya Bank & Anr. v. Prashant B. Narnaware, Civil Appeal No. 11708 of 2016 (SC, May 14 2025).
84. Id.
85. Vijaya Bank & Anr. v. Prashant B. Narnaware, Civil Appeal No. 11708 of 2016 (SC, May 14 2025).
86. Id.
87. Id.
88. Scholarly commentary cited in post-Vijaya Bank analyses discussing expansion of public policy doctrine.
89. Id.
90. Indian Contract Act, 1872 § 27.
91. Indian Contract Act, 1872 § 23.
92. Vijaya Bank & Anr. v. Prashant B. Narnaware, Civil Appeal No. 11708 of 2016 (SC, May 14 2025).
93. Constitution of India arts. 14, 19(1)(g).
94. Vijaya Bank, supra note 92.
95. Toshniwal Brothers (P) Ltd. v. Eswarprasad, 1997 (1) LLJ 698 (Mad).
96. Ledalla Ravichander & Ors. v. Satyam Computer Services Ltd., 2011 SCC OnLine AP 152.
97. Vijaya Bank, supra note 92.