



2025:AHC:155686

HIGH COURT OF JUDICATURE AT ALLAHABAD

WRIT - A No. - 10221 of 2025

Bijay Kumar

.....Petitioner(s)

Versus

Bank Of Baroda And 2 Others

.....Respondent(s)

Counsel for Petitioner(s)	:	Jainendra Kumar Mishra, Sr. Advocate
Counsel for Respondent(s)	:	Anadi Krishna Narayana

Court No. - 5

HON'BLE SAURABH SHYAM SHAMSHERY, J.

1. Heard Sri H.N. Singh, learned Senior Advocate assisted by Sri Jainendra Kumar Mishra, learned counsel for petitioner and Sri Ashok Kumar Lal, learned counsel for respondents.

2. Petitioner was posted as Middle Management Group/Scale – III from 23.04.2018 to 11.01.2021 as Senior Manager, SSI Panki Branch, Kanpur, Bank of Baroda located at Metro Region, Lucknow Zone, Lucknow and he was served with a memo dated 30.11.2022 along with article of charges and statement of allegations that he has not discharged his duties with devotion and diligence and has not taken all possible steps to ensure and protect the interest of bank and conduct different acts which are likely to cause substantial loss to bank.

3. According to statement of allegations, various irregularities were alleged in as many as 25 Cash Credit and Term Loan accounts. Irregularities were mentioned in detail in statement of allegations that required protection were not taken by petitioner in sanction of term loan and cash credit, such as nature of trade from the prospective borrower was not verified, proper inspection report was not submitted, cash credit/term loan was sanctioned on basis of incomplete or partial filled applications, during sanction, inspection report was not submitted in proper format, documents were not verified, valuation of property was not properly assessed, due diligence was not followed while considering loan application, physical inspection was not conducted properly, granted prior proposal/appraisal in a casual manner, business experience of proprietor was not carefully assessed, etc.

4. Petitioner submitted his reply before Inquiry Authority and thereafter findings of Inquiry Authority were placed before Disciplinary Authority and Disciplinary Authority vide order dated 04.04.2024 has considered all allegations by referring allegations, findings of Inquiry Authority, submission of petitioner on findings and after referring due observations, he was awarded major punishment of ***"Reduction to a lower grade/scale i.e. from MMG/S-III to JMG/S-I and be placed at the Basic Pay of Rs. 62480/- (as per revised basic w.e.f 01.11.2022) scale in JMG/S-I" upon Mr. Bijay***

Kumar, EC No. 66207, Senior Manager, from the date of this order" and observations of Disciplinary Authority. Some observations made by Disciplinary Authority are mentioned hereinafter :-

"My Observations:

The Prosecution, to substantiate the allegation, has produced the exhibit MD/A-1-1 having 3 pages, which is copy of the MSE Loan Application form of M/s MTND Food Products Pvt. Ltd along with google search report about the company. MD/A1-3, which is copy of F-135 submitted by the director of the Company Mr Manish Tripathi. MD/A1-4, which is copy of Appraisal Note.

On perusal of the aforementioned exhibits/ documents, the undersigned observe that in point no. 8 of application form, activity is not mentioned and was left blank. On Farm No. 135, activity is mentioned as Sabji Masala etc. On Appraisal Note, activity is mentioned as trading and manufacturing of Besan, Sattu and as per page 3 of MD-A/1-1, which is google search report, main activity of company mentioned as Manufacture of other non-alcoholic beverages. It clearly shows that the CSO did not exercise due diligence while accepting loan application for recommendation.

However, the CSO in his defence, submitted that he has appraised that the borrower was engaged in manufacturing of Sattu, besan and Sabji Masala also fall within the broader ambit of Food & Argo activity. The above contention of the CSO is not tenable, as Sattu/Besan & Sabji Masala are two distinct items, also Food & Agro Activities cover a broad range of activities related to food

production, processing, distribution, and consumption, as well as agricultural practices, Including cultivation, harvesting, and animal husbandry. It's a vast sector. The CSO himself was not clear about the purpose or activity for which he received the loan application/Form No. 135 and for which he recommended the loan.

Hence, on the basis of above facts and evidences, the undersigned concur with the views of IA and holds the Allegation No. 1(1) as Proved.

My Observations:

The Prosecution, to substantiate the allegation, has referred the exhibit MD/A-1-2, which is copy of Pre-sanction Inspection Report dated 25.10.2020 carried out by the CSO. On perusal of the above mentioned documents, the undersigned observes that the CSO carried out pre-sanction inspection in casual manner and submitted an incomplete report that lacked essential information necessary for making a credit decision. The documents provided clearly Indicate that the pre-sanction inspection conducted by the CSO was not thorough and did not adhere to the proper format as per the Bank's guidelines. Various requisite information essential for taking credit decision were missing, such as details about the business location. land and building requirements, machinery needs, raw material suppliers, power and water supply requirements, and the number of workers needed for operation. Also not visited to the business place of the borrower company.

However the contention of the CSO that "he

prepared pre sanction inspection of the accounts Incorporating all the relevant information as made available to him and leave out rudimentary Information thereof", clearly indicate that he never visited business place/residential address of the borrower and prepared the pre-sanction inspection report without carrying out proper due diligence.

He further accepted that he did not gather any information regarding the business unit other than the proposal presented before him for preparation of the report as most of the units were in the initial stage, and were established in the Rania Industrial Area with very basic amenities.

Based on the above mentioned facts and evidences, it is evident that the CSO carried out pre-sanction inspection in casual manner, wherein various requisite informations which required for taking credit decision were missing. Thus, the undersigned concur with the views of IA and holds the Allegation No. 1(2) as Proved.

My Observations:

The Prosecution, to substantiate the allegation, has produced the document MD/A-1-4, which is copy of Appraisal Note which is not in prescribed format as mentioned in Circular Number BCC:BR:112:576 dated 01.10.2020. On perusal of the aforementioned Appraisal Note, It is evident that it was prepared in casual manner. Its lacks comments on the analysis of financial ratios, proper assessment of the Term Loan is also lacking. Appraisal does not address Managerial

competence, Financial viability and Economic viability of the project. Term Loan of 155.00 lakh recommended by him without any details of how much amounts allocated for land, building and Plant and machinery. Additionally, the nature of the machinery to be purchased by the firm remains unspecified. Further, the Appraisal Note lacks details of Compliance of environmental/ social/ statutory requirements. Collectively, these aspects Indicate a casual approach in the recommendation process, raising concerns about a potential threat to the Bank's interest.

However, the CSO, in his defense, submitted that he processed and appraised proposals without hindrance, drawing information from various sources such as financials, field visits. project viability, and other loan prerequisites. He further stated that the final decision on approving or rejecting proposals lles with the sanctioning authority. If any information is missing, it should be highlighted by the sanctioning authority for necessary amendments. Otherwise, it should be assumed that the proposal had been processed according to the expectations of sanctioning authority.

The above arguments of the CSO indicate that he is attempting to save himself by shifting the responsibility of his actions onto the Sanctioning Authority, which is not acceptable. Being a senior officer in Scale-III cadre and having almost extensive experience of more than -25-years of service in the Bank, he cannot justify his casual

approach in the recommendation process of the proposal. Further, proper assessment of credit facilities is the most important factor to derive limit, which cannot be ignored and being a recommending authority, he cannot be excused for his negligence.

Keeping in view of the above facts and evidences, the undersigned concur with the view of IA and holds the Allegation no. 1(4) as proved.

My Observations:

The PO, to substantiate the allegation, produced copy of screen shots of statement of TL A/c No. 06/6912 and CC A/c No. 05/3843 of borrower M/s MTND Food Product Pvt Ltd from the period of 09.11.2020 to 11.11.2020, which annexed as MD/A-1-5 (page no. 1 to 4). PO also adduced MD/A-1-5 (Page 5-6), which displays the CSO's user ID used for a disbursement transaction, and MD/A-1-5 (page 7) having Banker's Cheque detail. On perusal of the above mentioned documents, it is evident that on 09.11.2020, the CSO disbursed Rs. 30.00 lakh from the Term Loan A/c No. 06/6912 of the borrower and credited the proceeds in borrower's CC A/c No. 05/3843 and thereafter, on 10.11.2020, Rs. 10.00 lakh transferred to the debit of SB A/c No. 316001/22551 of Ms. Kiran Tripathi and credited the proceeds to CC A/c No. 05/3843 of M/s MTND Food Private Limited. Subsequently, banker's cheque for Rs. 40.00 lakh was issued in favour of Mr. Samir Verma. The prosecution also adduced evidence in the form of MD/A-1-2(Page-3), which is copy of Udyam Registration Certificate No. UDYAM-UP-

43-0004132 in which date of incorporation of the company mentioned as 14/10/2020 and MD/A-1-2 (Page 7 to 18), which is copy of sale deed no. 8598 dated 10/11/2020 in which it is clearly mentioned as the seller of the property received a sum of Rs. 5.50 lakh through Cheque No. 193329 dated 10.10.2020 (prior to date of incorporation of company) and Rs. 6.55 lakh through Cheque No. 193330 dated 20.10.2020 as advance payment. This clearly indicates that the CSO failed to ensure source of funds from borrowers. The CSO, in his defence, has submitted that the sanctioning authority wields exclusive and unbridled power of disbursement, which itself absolve him (CSO) from the allegations. The above submission of the CSO is absolutely illogical, as in this case the CSO, being credit officer, has disbursed the term loan for purchase of property in the name of company without ascertaining source of funds/margin which were earlier paid by the Director of the company (before incorporation of company) to the seller of the property.

Based on the aforementioned facts and evidences, the undersigned concur with the views of IA and holds the Allegation No. 1(5) as Proved.

My Observations:

On perusal of the documents presented by the Prosecution annexed as MD/A-1-6 which are the screen shot/ statement/transaction of disbursement dated 22.12.2020 from the TL A/c No. 06/6912 of the company and proceeds transferred to M/s Maruti Nandan Multiple Services Enterprises through DD for purchase of Pulp Lizer machine and the above disbursement was made by the CSO vide his

User ID-BK066207. It confirms that the CSO disbursed 10 lakh and issued DD of same amount without obtaining/ensuring any margin money. Preseriting Officer also refers to MD/A-1-7, (page 3 and 4) advance money receipt copy, seen mismatch in amounts in words and figures (Amount in figures mentioned as 3,93,004.00 and in words mentioned as INR Twelve lakh Eighty Six thousand Three hundred only), and genuineness of the advance receipt is also not verified. However, the CSO, in his defence, has repeated his earlier statement that the sanctioning authority wields exclusive and unbridled power of disbursement, which has already been addressed and disposed-off by the undersigned.

Hence, on the basis of above facts and evidences, the undersigned concur with the views of IA and holds the Allegation No. 1(7) as Proved.

My Observations:

P0 referred the exhibit valuation report dated 26.10.2020 of Er. P. C. Dubey and also referred valuation report of the property carried out by M/s Shanti Construction & Associate dated 24.12.2021. On perusal of the above mentioned documents, it is evident that on 26.10.2020, Er. P. C. Dubey has assessed the value of land property as Market Value-146.43 lakh, Realizable Value-37.14 lakh & Distress sale value-123.22 lakh. Branch has again carried out valuation of the property from M/s Shanti Construction & Associate who assessed the Market value of land property is 123.75 lakh + Construction Value 15.43 lakh,

thus total value of property is Rs. 39.18 lakh. And hence, there is negative variance in the value of land to the tune of Rs. 22.68 lakh, which clearly shows that the CSO did not independently assess the property's value before recommending the limit sanction.

However, the CSO in his defence, accepted that during his tenure as credit officer he assessed the valuation as provided by the ampaneled valuer of the bank on 26.10.2020. But he questioned the need for the fresh valuations report dated 24.12.2021 after his transfer from the branch. The question raised by the CSO is not correct and is not within his purview. Further, such a decline in land property value within 14 months is not observed generally, especially after construction has taken place on that property. Which shows that the genuineness of valuation of property was not verified by the CSO independently before recommending of credit facility. As per guidelines Branch Official must visit the site and get satisfied with the genuineness of valuation of the security. Keeping in view the above mentioned facts and evidences, I concur with the views of IA and hold the Allegation No. 1(9) as Proved."

5. Finally, Disciplinary Authority passed the punishment order by a very detailed order dated 04.04.2024.

6. An appeal thereof was dismissed vide order dated 29.03.2025.

7. Learned Senior Advocate appearing for petitioner has submitted that it is not a case of the respondents that due to alleged irregularities or carelessness of petitioner, some financial loss was caused. Allegations are that it may likely to cause loss to bank. It is not a case of respondents that petitioner has not even conducted inspection or failed to discharge his duties absolutely contrary to procedure rather case of respondents is that petitioner has not taken absolute care and has not followed the procedure strictly, therefore,

certain irregularities were erupted.

8. Learned Senior Advocate has further submitted that petitioner may be a sanctioning authority but forms have to be scrutinized by his lower officers also. He has further submitted that on basis of proved charges imposing a major punishment is disproportionate and petitioner may be awarded a minor punishment so that he may be remained careful in future.

9. Per contra, learned counsel for respondents-Bank has submitted that on basis of inquiry report and order passed by Disciplinary Authority and Appellate Authority, petitioner has repeatedly remained careless and has not acted diligently to protect the interest of bank. Errors committed could not be considered as minor rather it may be considered as major and in case proper scrutiny was made, probably cash credit or term loan sanction to such borrowers which may not result in default accounts. Actual loss is not necessary in such cases. It is duty of petitioner to ensure that all precautions are undertaken before any loan is sanctioned.

10. Learned counsel for respondent-Bank has further submitted that punishment is not shockingly disproportionate.

11. I have considered above submissions and perused the records.

12. On the basis of material available, it is not much disputed that petitioner has not discharged his duties with due diligence and various irregularities were committed which were noted in impugned orders and are not much disputed. It is also not much disputed that in such cases, actual loss is not necessary likelihood of loss would be relevant.

13. Court also takes note that learned Senior Advocate for petitioner has not able to show any irregularity in decision making process, therefore, only question left for consideration is in regard to quantum of punishment.

14. In order to consider whether punishment awarded can be modified, Court takes note that it may be a case that petitioner was failed to undertake responsibilities as provided in Regulation 3 of Bank of Baroda Officer Employees (Conduct) Regulations, 1976 which are quoted below :-

"General

3. (1) Every officer employee shall, at all times take all possible steps to ensure and protect the interests of the bank and discharge his duties with utmost integrity, honesty, devotion and diligence and do nothing which is unbecoming of an officer employee.

(2) Every officer employee shall maintain good conduct and discipline and show courtesy and attention to all persons in all transactions and negotiations.

(3) No officer employee shall, in the performance of his official duties or in the exercise of powers conferred on him , act otherwise than in his best judgment except when he is acting under the direction of his official superior. Provided wherever such directions are oral in nature the same shall be confirmed in writing by his superior official.

(4) Every officer employee shall take all possible steps to ensure the integrity and devotion to duty of all persons for the time being under his control and authority."

15. Court also takes note relevant provisions of Regulations, 1976 and its Clause-IV which provide penalty i.e. minor penalties and major penalties :-

"4. PENALTIES

The following are the penalties, which may be imposed on an officer employee, for acts of misconduct or for any other good and/or sufficient reasons.

MINOR PENALTIES

(a) Censure,

(b) Withholding of increments of pay with or without cumulative effect;

(c) Withholding of promotion:

(d) Recovery from pay or such other amount as may be due to him of the whole or part of any pecuniary loss caused to the Bank by negligence or breach of orders;

(e) Reduction to a lower stage in the time scale of pay for a period not exceeding 3 years, without cumulative effect and not adversely affecting the officer's pension.

MAJOR PENALTIES

(f) Save as provided for in (e) above reduction to a lower stage in the time scale of pay for a

specified period, with further direction as to whether or not the officer will earn increments of pay during the period of such reduction and whether on the expiry of such period the reduction will or will not have the effect of postponing the future increments of his pay,

(g) Reduction to a lower grade or post;

(h) Compulsory retirement;

(i) Removal from service, which shall not be a disqualification for future employment;

(j) Dismissal, which shall ordinarily be a disqualification for future employment.

Explanation:

The following shall not amount to a penalty within the meaning of this regulation namely:-

(i) withholding of one or more increments of an officer employee on account of his failure to pass a prescribed departmental test or examination in accordance with the terms of appointment to the post, which he holds.

(ii) Stoppage of pay of an officer employee at the efficiency bar in a time scale, on the ground of his unfitness to cross the bar;

(iii) non promotion, whether in an officiating capacity or otherwise of an officer employee, to a higher grade or post for which he may be eligible for consideration but for which he is found unsuitable after consideration of his case;

(iv) reversion to a lower grade or post, of an officer employee officiating in a higher grade or post, on the ground that he is considered, after trial to be unsuitable for such higher grade or post, or on administrative grounds unconnected with his conduct;

(v) reversion to his previous grade or post, of an officer employee appointed on probation to

another grade or post, during or at the end of the period of probation, in accordance with the terms of his appointment or rules or orders governing such probation;

(vi) reversion of an officer employee to his parent organization in case he had come on deputation;

(vii) termination of the service -

(a) of an officer employee appointed on probation, during or at the end of the period of probation, in accordance with the terms of his appointment, or the rules or orders governing such probation;

(b) of an officer employee appointed in a temporary capacity otherwise than under a contract or agreement, on the expiration of the period for which he was appointed, or earlier in accordance with the terms of his appointment;

(c) of an officer employee appointed under a contract or agreement, in accordance with the terms of such contract or agreement; and

(d) of an officer employee on abolition of post;

(viii) retirement of an officer employee on his attaining the age of superannuation in accordance with the rules and orders governing such superannuation.

(ix) termination of employment of a permanent officer employee by giving 3 month's notice or on payment of 3 months' pay and allowances in lieu of notice;

(x) termination of employment of an officer employee on medical grounds, if he is declared unfit to continue in bank's service by the bank's medical officer."

16. As referred above, petitioner was awarded major penalty of reduction of a lower grade of the post whereas considering that petitioner has left with

few years of his service and except the allegations involved in present case, he has never faced any disciplinary action, quantum of punishment may be modified.

17. Therefore, Court is of the view that quantum of punishment can be re-considered by the Disciplinary Authority that in given circumstances, on basis of proved charges and taking note of above referred observations of this Court, a minor punishment be awarded to petitioner.

18. Accordingly, only for purpose of reconsideration of quantum of punishment, matter is remitted back to Disciplinary Authority and impugned order whereby punishment was awarded is set aside. Accordingly, impugned orders are also set aside.

19. Writ petition stands **disposed of** with above observations.

(Saurabh Shyam Shamshery,J.)

September 3, 2025

N. Sinha