

**IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD
(Special Original Jurisdiction)**

**TUESDAY, THE FIFTEENTH DAY OF SEPTEMBER
TWO THOUSAND AND TWENTY SIX**

PRESENT

THE HONOURABLE SRI JUSTICE NAGESH BHEEMAPAKA

WRIT PETITION NO: 46784 OF 2016

Between:

C.Ravindranath, S/o Ratnaiah, aged 63 years r/o Alpha Lotus Tower, Flat No. 303 3rd Floor, Tamil Nadu Housing Board Colony, Avadi Market, Avadi, Chennai 600064 Tamilnadu State

...PETITIONER

AND

1. National Insurance Company Limited, Registered Office: 3, Middleton Street Kolkatta 700071, West Bengal Represented by its Chairman and Managing Director.
2. The General Manager & Appellate Authority National, Insurance Company Limited, Registered Office 3, Middleton Street Kolkatta 700071
3. The Assistant General Manager & Competent Authority, Regional Office National Insurance Company Limited, Basheerbagh, Hyderabad 500001

...RESPONDENTS

Petition under Article 226 of the Constitution of India praying that in the circumstances stated in the affidavit filed therewith, **this Hon'ble Court may be pleased to issue a writ, order or direction more particularly one in the nature of Writ of Mandamus or any other appropriate writ:**

- (i) **to declare the proceedings dated 24-05-2002 in imposing the penalty of removal from service as illegal, arbitrary and shockingly disproportionate and consequently set aside the same;**
- (ii) **to declare the Appellate Authority order dated 28.11.2016 as illegal, arbitrary and unjust and consequently set aside the same;**
- (iii) **and consequently direct the Respondents to modify the penalty of removal from service so as to entitle the Petitioner to receive the retiral benefits.**

(Prayer amended as per Court Order dated 27/07/2026 vide IA.No.1/2026 in WP.No.46784/2016)

I.A. NO: 1 OF 2016(WPMP. NO: 57614 OF 2016)

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to direct the Respondents to release the terminal benefits to which the Petitioner is entitled to including the Provident Fund contributions.

Counsel for the Petitioner: SMT. K.UDAYA SRI

Counsel for the Respondents: SRI VEDULA SRINIVAS, SENIOR COUNSEL

The Court made the following: ORDER

IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD

THE HON'BLE SRI JUSTICE NAGESH BHEEMAPAKA

WRIT PETITION No. 46784 of 2016
(CNR No. HBHC010036642016)

Between:

C. Ravindranath

... Petitioner

AND

National Insurance Company Limited, and others

... Respondents

Reserved on: 18.08.2026

Pronounced on: 15.09.2026

Uploaded on: 16.09.2026

ORDER:

Long story short, the petitioner joined the 1st respondent—National Insurance Company in 1978. On the ground of misconduct, disciplinary proceedings were initiated against him, which culminated in his removal from service in 2002. His appeal against the order of removal was rejected by the Departmental Appellate Authority. He filed a writ petition before this Court in 2003. Simultaneously, the State, through the CBI, instituted a criminal case before the CBI Court in 2004. He was acquitted in the criminal case in 2009.

It was a long haul in the writ proceedings before this Court, and in 2016, this Court directed the Departmental Authority to reconsider his case. The Authority, however, rejected his case and affirmed the order of removal from service in 2016. He is once again before this Court with the present writ petition, instituted in 2016.

It is now 24 years since he was removed from service, after having rendered 24 years of service. It appears that this is a classic case where a person finds himself at a crossroads, literally, considering the period served and the period spent out of service.

This also reminds me of a poem by Professor Shiv K. Kumar of the University of Hyderabad, which he wrote on “Tis Hazari Courts”, Delhi. A few lines seem to be relevant to the present case, and again, so strikingly coincidental to the plight of the petitioner:

*“It’s the long wait that kills
the lover, the cancer-patient
and the petitioner”*

PETITIONER'S CASE

2. The petitioner has filed the present writ petition calling in question the order dated 28.11.2016 passed by the Appellate Authority, whereby the punishment of “Removal from Service” imposed upon him by the Disciplinary Authority was affirmed.

2.1. The case of the petitioner, as set out in the writ affidavit, is that he was appointed in the 1st respondent-National Insurance Company Limited as Inspector Grade-I on 20.05.1978 and was subsequently promoted to the post of Administrative Officer by the year 2001.

2.2. While he was working as such, a Charge Memo dated 26.02.2001 was issued against him alleging that, in collusion with other officials, he had committed various irregularities in the settlement of insurance claims.

2.3. The charges levelled against the petitioner, as extracted from the Charge Memo, are as follows:

"1. Shri C Ravindranath, in collusion with Shri K Sridhar Rao, Asst. (T), DO I, Secunderabad then Assistant (T), Secunderabad Branch Office - 2, substituted the Group Mediclaim Policy issued to Andhra Pradesh Social Welfare Residential Educational Institutions Society with a new policy document containing different terms with the ulterior motive to accommodate and settle claims in respect of persons over the age of 45 years which otherwise were not payable as per the policy originally issued.

2. Shri C Ravindranath, sanctioned a claim which on having been referred to the controlling Divisional Office for sanction, was returned without being sanctioned. Shri C Ravindranath sanctioned the claim by arbitrarily reducing the amount of the claim settled to Rs.29443/- in order to bring it within his financial authority.

3. Shri C Ravindranath, sanctioned three claims totalling to Rs.62132/- which were not payable because the persons in respect of whom claims were preferred were not covered under the policy. While sanctioning these claims, Shri Ravindranath overlooked several deficiencies and inconsistencies found in the respective claims.

4. Shri C Ravindranath, sanctioned and paid five claims totalling to Rs.90840/- which were not payable because the illness / treatment was an exclusion under the policy. While sanctioning the claims, he overlooked several deficiencies and inconsistencies found in the respective claims.

5. **Shri C Ravindranath, sanctioned and paid five claims totalling to Rs.73181/- which were not payable because the person in respect of whom the claims were made were not covered under the terms of the relevant policy due to their being more than 45 years of age. While sanctioning these claims, he overlooked several deficiencies and inconsistencies found in the respective claims.**

6. **Shri C Ravindranath, sanctioned and paid 3 claims totalling to Rs.47902/- which were not payable because the hospitals at which treatment was claimed to have been obtained did not exist.**

7. **Shri Ravindranath, sanctioned and paid 2 claims totalling to Rs.34180/- which were not payable because the bills produced were found to be false as confirmed by the hospitals concerned.**

8. **Shri Ravindranath, sanctioned and paid 16 claims totalling to Rs.332750/- each of which was not payable for more than one reason, as specified against each claim.**

9. **Shri Ravindranath facilitated the irregular payment of a claim (No.077/99) which was not payable because the hospital at which the treatment was claimed to have been obtained did not exist. He signed a disbursement voucher authorizing payment thereunder and issued the claim cheque for Rs.18880/-, without the subject claim having been duly sanctioned.**

10. **Shri Ravindranath, sanctioned a motor claim (No.048/99) for Rs.8040/- with several material irregularities. While sanctioning the claim, which was processed by Shri K overlooked several deficiencies and inconsistencies found therein.**

11. **Shri Ravindranath, signed the cheques which were prepared by Shri K C Srinivasulu, Asst. (C) with Smt.Mehalatha Gopal as' co-signatory in all cheques except cheque no.556680 dated 29.01.1999 where Shri C.S.R.Murthy was co-signatory and unauthorisedly issued these cheques with the material irregularity that the "account payee"and "not negotiable" crossings were either not affixed or were cancelled to enable the cheques to be encashed as bearer cheques.**

- **12. Shri Ravindranath, signed the cheques with Smt.Mehalatha Gopal as co-signatory and unauthorisedly issued the cheques which were prepared by Shri K.Srinivasulu, Asst. (C), without affixing the "Account Payee" and "Not Negotiable" crossings as a result of which the cheques were made payable to bearer and were encashed as bearer instruments.**

13. Shri Ravindranath had made irregular settlement of inadmissible claims totalling Rs.697348/- and had also committed other misconducts."

3. The petitioner submitted his explanation to the Charge Memo on 10.04.2001, denying the allegations. As the explanation was not found satisfactory, a departmental enquiry was conducted.

4. The Inquiry Officer submitted his report dated 27.02.2002, recording that all the charges except one were proved. On consideration of the Inquiry Report, the Disciplinary Authority, by order dated 24.05.2002, imposed the major penalty of "Removal from Service" upon the petitioner.

5. The petitioner preferred an appeal before the Appellate Authority. By order dated 27.11.2002, the Appellate Authority rejected the appeal and affirmed the punishment.

EARLIER PROCEEDINGS BEFORE THIS COURT

6. Aggrieved by the punishment imposed upon him, the petitioner initially approached this Court by filing W.P. No.1360 of 2003.

7. During the pendency of the said writ petition, criminal proceedings had also been initiated by the State, represented by the Central Bureau of

Investigation, Hyderabad, in C.C. No.30 of 2004 on the file of the Special Judge for CBI Cases, Hyderabad.

8. After a full-fledged trial, the learned Special Judge, by judgment dated 02.03.2009, acquitted the petitioner and the other accused of the charges levelled against them.

9. By order dated 21.02.2011 in W.P. No.1360 of 2003, this Court, taking note of the fact that the charges in the departmental proceedings and the criminal proceedings substantially arose out of the same allegations, and relying upon the judgment of the Hon'ble Supreme Court in ***M. Paul Anthony v. Bharat Gold Mines Ltd.***, (2006) 11 SCC 42, set aside the order of removal dated 24.05.2002 and remanded the matter to the General Manager for reconsideration and for passing an appropriate order after affording an opportunity to the petitioner.

10. Aggrieved by the said order dated 21.02.2011, the respondent-insurance company preferred W.A. No.549 of 2011. The Division Bench set aside the order dated 21.02.2011 and remanded the matter to the learned Single Judge for fresh consideration.

11. Thereafter, W.P. No.1360 of 2003 was taken up for fresh consideration. By order dated 01.08.2016, this Court, referring to the judgment of the Hon'ble Supreme Court in ***Chairman, Disciplinary Authority, Rani Lakshmi Bai Kshetriya Gramin Bank v. Jagdish Sharan Varshney***, (2009) 4 SCC 240, found that the earlier order of the Appellate Authority was cryptic and did not advert to the specific grounds raised by the petitioner in his appeal.

12. This Court, accordingly, remanded the matter to the Appellate Authority for consideration of the specific grounds raised by the petitioner

and for recording reasons in accordance with Rule 37(2) of the General Insurance (Conduct, Discipline and Appeal) Rules. The relevant portion of the said order reads as follows:

"As seen from the order under challenge passed by the 4th respondent he did not even refer the specific grounds urged in the appeal preferred before him and simply affirmed the order of the 2nd respondent as no new ground is urged. If the principles laid down in Jagadeesh Sharan Varshney and others cited supra is applied to the present facts of the case the 4th respondent being appellate authority has to record some reasons to negate the relief in the appeal while confirming the order passed by the 2nd respondent but no such reasons were recorded by the appellate authority. Hence, the order of the 4th respondent appellate authority is bereft of any reasons, affirming the order passed by the 2nd respondent and then not complied Regulation 37(2) of General Insurance (Conduct, Discipline, and Appeal) Rules and in these circumstances the course open to this Court while exercise the power of judicial review under Article 226 of the Constitution of India to remand the matter to the appellate authority 4th respondent directing to consider the specific ground urged by the writ petitioner/appellant before the 4th respondent and record reasons afresh in compliance of Regulation 37(2) referred supra and decide the appeal within a period of three (3) months from the date of receipt of a copy of this order after affording reasonable opportunity to the writ petitioner. It is also made clear that as on today the order of the 2nd respondent remain in force till it is set aside by the appellate authority or any other competent Court."

III. PROCEEDINGS BEFORE THE APPELLATE AUTHORITY

13. Pursuant to the aforesaid order dated 01.08.2016, the petitioner submitted a representation dated 04.11.2016.

13.1. The petitioner contended, inter alia, that there was no evidence establishing any fraudulent act on his part; that no witness had substantiated the allegations of fraud; that no loss had been caused to the Company and that he had derived no personal gain; that no complaint had been received from any policyholder or customer; and that the Internal Audit Team had not made any adverse remarks concerning the transactions in question.

13.2. He further relied upon his service record and contended that he had discharged his duties diligently and had made a substantial contribution to the growth of the Company. He stated that he had achieved 498% growth and stood first in the Region.

13.3. The petitioner placed reliance upon his acquittal in C.C. No.30 of 2004. He contended that the criminal Court had, after considering the oral and documentary evidence, acquitted him and the other accused of all the charges and that the acquittal was not based upon any mere benefit of doubt.

13.4. The petitioner further explained the circumstances surrounding the Group Mediclaim Policy. According to him, it was the first occasion on which such a policy had been issued by him on behalf of the Company in favour of a Government body; the draft policy did not contain the ages of the beneficiaries; coverage was optional for employees of the insured institution; the figure of 9,000 was only an estimated number used for booking the premium; subsequently, he was informed that coverage was required for 8,590 persons; and the complete list of persons covered was not furnished to the Branch Office even after expiry of the policy period. He therefore contended that the punishment of "Removal from Service" was unwarranted and excessive and sought reinstatement.

14. The Appellate Authority, however, by the impugned order dated 28.11.2016, affirmed the punishment of removal from service. The relevant portion of the order reads as follows:

“AND WHEREAS the Appellate Authority having gone through the relevant documents along with the inquiry report and other related papers/document observes from the inquiry report that the contract arranged by Shri Ravindranath is not a contract which fits into the format of Group Mediclaim Scheme prevalent during the period it was entered into. He had also intended to cover up his wrongful act in producing another document by correcting the documents available in his possession. He had approved claims falling under the category of exclusions. There had been a deliberate attempt to bed the procedures in the guise of efficient customer service. There was a gross violation wherein claims were paid to the dependent of the insured person instead of the Insured society. There were instances where payment made in settlement of claims were unauthorized. The argument of Shri Ravindranath that the policy issued to the Society covers persons above 45 years of age cannot be sustained on the ground that such cover was not thought of at the time of negotiation and quoting of the premium. He had arbitrarily allowed / disallowed amounts appearing under separate heads in the various supporting bills not because such amounts were payable / not payable but merely in order to create the false impression that due diligence had been applied in the sanctioning of the claims. There had been violation of guidelines bringing forth financial loss to the Company. Considering the same, it is expected out of one in a professional environment to have proficiency in his own field and ignorance of it cannot be claimed as excuse. It has also been stated by employee that the defects have come up due to lack of sufficient staff at his Office and that he was forced to distribute the work among the available staff which has resulted in dishonest activities. It is superfluous to mention that there were several irregularities both in underwriting and settlement of claims

in various aspect which cannot be negated by Shri Ravindranath and consequently the Company was forced to bear financial loss.

AND WHEREAS the undersigned having reviewed the case in detail by virtue of and in compliance of the directions of the Hon'ble Court through the aforesaid Order dated 01.08.2016 is convinced that the penalty of "Removal from Service: as imposed on Shri Ravindranath is just and proper and does not call for any interference by the Appellate Authority.

NOW, THEREFORE, the undersigned, in exercise of the powers conferred under Rule 39 f |General Insurance (Conduct, Discipline, & Appeal) Rules, 1975 hereby confirms the Penalty of "Removal from Service" as imposed by the Disciplinary Authority vide his Order dated 24th May 2002."

15. It is this order dated 28.11.2016 passed by the Departmental Appellate Authority, which is assailed in the present writ petition.

IV. SUBMISSIONS ON BEHALF OF THE PETITIONER

16. Smt. Udaya Sri, learned counsel for the petitioner submits that there is no evidence establishing any fraudulent act on the part of the petitioner and that there was neither any loss to the insurance company nor any corresponding gain to the petitioner.

16.1. It is further submitted that no complaint was made by any customer or policyholder; the Internal Audit Team did not make any adverse remarks concerning the transactions; and the petitioner had rendered more than two decades of service to the organisation.

16.2. Learned counsel submits that the criminal proceedings in C.C. No.30 of 2004 involved substantially the same factual allegations as those forming the basis of the departmental proceedings. After a full-fledged trial and appreciation of oral and documentary evidence, the criminal Court acquitted the petitioner and the other accused.

16.3. It is therefore contended that the Appellate Authority, while reconsidering the matter pursuant to the order dated 01.08.2016, was required to consider the acquittal of the petitioner in C.C. No. 30 of 2004, particularly when the allegations in both, Departmental as well as Criminal Proceedings, substantially arose from the same transactions.

16.4. Learned counsel further submits that the petitioner was acquitted after due trial, and therefore it was an honourable acquittal/acquittal on merits, and not an acquittal merely on the benefit of the doubt. It is contended that the criminal Court had found that the prosecution failed to establish the allegations of fraudulent claims, non-existent hospitals, conspiracy, criminal misconduct and pecuniary loss.

16.5. It is also contended that the impugned order dated 28.11.2016 does not deal with the petitioner's contention regarding his acquittal in C.C. No.30 of 2004, and merely stating that the Appellate Authority had reviewed the case in compliance with the order of this Court, without considering the substance of the petitioner's grounds, is insufficient.

16.6. Learned counsel therefore submits that even considering for argument that there are certain procedural lapses on the part of the petitioner in processing the claims, considering the honourable acquittal wherein it was established that there was no criminal collusion, and neither there was undue pecuniary benefit to the petitioner nor financial loss to the insurance

company, the punishment of removal from service, *per se*, is unduly harsh, and highly disproportionate, in the facts and circumstances of the case, particularly having regard to the petitioner's long service, his service record, and his honourable acquittal in the criminal case tried for substantially the same allegations as in the departmental proceedings.

V. SUBMISSIONS OF THE RESPONDENT-Insurance Company

17. Per contra, Sri Vedula Srinivas, learned Senior Counsel appearing for the respondent-insurance company submits that the General Insurance (Conduct, Discipline and Appeal) Rules require the Appellate Authority to consider whether the procedure prescribed under the Rules has been complied with, whether the findings recorded by the Disciplinary Authority are justified in the light of the facts and evidence, and whether the penalty imposed is justified.

17.1. Learned Senior Counsel submits that, in the present case, there was no procedural irregularity and that the Appellate Authority, pursuant to the order dated 01.08.2016, considered the material on record and the representation of the petitioner and recorded reasons for affirming the punishment.

17.2. Learned Senior Counsel therefore contends that there is no illegality either in the order of the Disciplinary Authority dated 24.05.2002 or in the subsequent order of the Appellate Authority dated 28.11.2016 warranting interference under Article 226 of the Constitution of India.

VI. POINTS FOR CONSIDERATION

18. Having considered the respective submissions and perused the material on record, the following points arise for consideration:

(i) Whether the honourable acquittal of the petitioner in the criminal proceedings, having regard to the findings recorded therein, has material bearing upon the departmental proceedings founded upon substantially the same factual allegations?

(ii) Whether the Appellate Authority, while passing the impugned order dated 28.11.2016, adequately considered the specific grounds raised by the petitioner, including the effect of his honourable acquittal in C.C. No.30 of 2004?

(iii) Whether the punishment of "Removal from Service" imposed upon the petitioner is sustainable and proportionate in the facts and circumstances of the case?

(iv) To what relief is the petitioner entitled?

VII. SCOPE OF JUDICIAL REVIEW IN DEPARTMENTAL DISCIPLINARY PROCEEDINGS

19. Before considering the above questions, it is necessary to bear in mind the limited scope of judicial review in disciplinary matters.

19.1. It is settled law that the High Court, while exercising jurisdiction under Article 226 of the Constitution of India, does not ordinarily sit as an appellate authority over the findings recorded in a

departmental enquiry. The principles governing the scope of judicial review have been authoritatively stated by the Hon'ble Supreme Court in *Union of India v. P. Gunasekaran*, (2015) 2 SCC 610.

19.2. The Court may, however, interfere where there has been violation of the principles of natural justice; or where the findings are wholly unsupported by evidence; or where the conclusions are perverse or irrational and no reasonable person could have arrived at such conclusions; or where the authority lacks jurisdiction/competence to impose the punishment; or where irrelevant or extraneous considerations have been taken into account; or where the punishment imposed is highly excessive, shockingly disproportionate to the proved misconduct.

VIII. EFFECT OF CRIMINAL ACQUITTAL ON DEPARTMENTAL DISCIPLINARY PROCEEDINGS

20. The next question concerns the effect of the petitioner's acquittal in the criminal proceedings.

20.1. The law is well settled that departmental proceedings and criminal proceedings operate in different fields. The standard of proof in a criminal trial is proof beyond reasonable doubt, whereas departmental proceedings are governed by the standard applicable to disciplinary enquiries, ordinarily based upon preponderance of probabilities. Consequently, an acquittal in a criminal case does not, by itself, result in quashing of departmental proceedings or reinstatement of employee.

20.2. However, the nature and basis of the acquittal are relevant considerations. Where the criminal Court, after a full-fledged trial and

appreciation of the evidence, records categorical findings, and when such categorical findings of the criminal Court substantially discredit the very factual allegations on which the disciplinary action is founded, such findings recorded by the criminal Court cannot be ignored, and the same require due consideration by the departmental authorities.

20.3. In *G.M. Tank v. State of Gujarat*, (2006) 5 SCC 446, the Hon'ble Supreme Court considered the effect of criminal proceedings upon disciplinary proceedings. The judgment, while referring to the principles laid down in *R.P. Kapur v. Union of India*, AIR 1964 SC 787, observed:

- "If the trial of the criminal charge results in conviction, disciplinary proceedings are bound to follow against the public servant so convicted, even in case of acquittal proceedings may follow, where the acquittal is other than honourable." (emphasis supplied)

21. The expression "**honourable acquittal**" has also been considered by the Hon'ble Supreme Court in *Union Territory, Chandigarh v. Pradeep Kumar* (Civil Appeal No.67 of 2018), wherein the Court referred to the earlier decision in *Deputy Inspector General of Police and Another v. S. Samuthiram*, (2013) 1 SCC 598, and observed:

- "10. The acquittal in a criminal case is not conclusive of the suitability of the candidates in the concerned post. If a person is acquitted or discharged, it cannot always be inferred that he was falsely involved or he had no criminal antecedents. Unless it is an honourable acquittal, the candidate cannot claim the benefit of the case. What is honourable acquittal, was considered by this Court in *Deputy Inspector General of Police and Another v. s. Samuthiram* [(2013) 1 SCC 598], in which this Court held as under:-

"24. The meaning of the expression "honourable acquittal" came up for consideration before this Court in *RBI v. Bhopal Singh Panchal* (1994) 1 SCC 541. In that case, this Court has considered the impact of Regulation 46(4) dealing with honourable acquittal by a criminal court on the disciplinary proceedings. In that context, this Court held that the mere acquittal does not entitle an employee to reinstatement in service, the acquittal, it was held, has to be honourable. The expressions "honourable acquittal", "acquitted of blame", "fully exonerated" are unknown to the Code of Criminal Procedure or the Penal Code, which are coined by judicial pronouncements. It is difficult to define precisely what is meant by the expression "honourably acquitted". When the accused is acquitted after full consideration of prosecution evidence and that the prosecution had miserably failed to prove the charges levelled against the accused, it can possibly be said that the accused was honourably acquitted."

22. Thus, according to *G.M. Tank* (supra), when the charges, evidence, and witnesses in both the departmental inquiry and the criminal trial are same, and the employee is honourably acquitted by the criminal Court, after due trial, it is unjust and oppressive to uphold a dismissal from service.

IX. CRIMINAL PROCEEDINGS IN THE PRESENT CASE

23. In the present case, the petitioner was arraigned as Accused No.1 in C.C. No.30 of 2004 before the Special Judge for CBI Cases, Hyderabad.

23.1. The criminal prosecution arose out of the same broad transactions relating to the Group Mediclaim Policy and alleged irregularities in the settlement of mediclaim claims which formed the basis of the departmental proceedings.

23.2. The trial Court, after considering the oral evidence of PWs.1 to 37, and the documentary evidence Exs.P1 to P149 adduced on behalf of the prosecution; and the oral evidence of Mr. S.M. Kamal, and the documentary evidence Exs.D1 to D10 adduced on behalf of the accused, acquitted the petitioner and the other accused.

23.3. It is, however, relevant to state that the trial Court did not necessarily reproduce each of the departmental charges in the exact language subsequently used by the Appellate Authority. However, what is material is that the trial Court examined the underlying transactions and the evidence relied upon by the prosecution and found that the criminal charges had not been established beyond reasonable doubt.

**X. RELEVANT FINDINGS OF THE CRIMINAL COURT
IN C.C. NO. 30 OF 2004**

24. The relevant findings, as emerging from the record, may be considered issue-wise.

A) Allegation of Bogus or Fraudulent Mediclaim Claims

(i) The departmental proceedings proceeded on the basis that bogus or irregular claims had been processed and approved.

(ii) The corresponding criminal prosecution alleged that Accused Nos.5 to 28 had submitted false or bogus mediclaims,

medical bills and hospital records and that Accused Nos.1 to 4 had processed or settled those claims pursuant to a conspiracy.

(iii) The trial Court examined the individual claim files and found that, in most of the files, there were case sheets, hospital bills, doctors' names, pathological reports, discharge summaries and other medical documents.

(iv) The Court found that the opinion of P.W.2 describing the claims as bogus was insufficient, particularly when several documents said to be unavailable were actually found in the claim files.

(v) The Court further noted that P.W.2 had not verified the case sheets against the admission registers of the concerned hospitals, although he had stated that such verification was necessary.

(vi) Thus, the foundational allegation that the claims were fabricated was not established before the criminal Court.

B) Allegation of Non-existent Hospitals

(i) Several departmental allegations concerned claims allegedly supported by treatment at hospitals which did not exist.

(ii) The criminal prosecution similarly alleged that the hospitals where treatment was said to have been received did not exist at the addresses mentioned.

(iii) The trial Court considered the evidence of the postmen and found that their evidence only established that certain hospitals were not found at the stated addresses when the addresses were checked in the year 2004, whereas the alleged treatment had taken place in 1998–99.

(iv) The Court observed that there was a possibility that a nursing home or hospital could have shifted during the intervening period.

(v) The Court further observed that the appropriate course would have been to examine neighbours or other persons acquainted with the locality during the relevant period. Such evidence was not forthcoming.

(vi) The Court also noticed that the prosecution evidence itself contained contradictions. P.W.31 stated that Vijaya Laxmi Nursing Home was functioning, while there was also contradictory evidence concerning Chella Nursing Home.

(vii) Consequently, the allegation that the hospitals were bogus or non-existent was not established.

C) Allegation of Criminal Conspiracy

(i) The criminal prosecution included an allegation under Section 120-B IPC, alleging conspiracy between Accused Nos.1 to 4 and Accused Nos.5 to 28.

(ii) The prosecution was required to establish that Accused Nos.1 to 4 knowingly participated in the processing of false claims and thereby caused wrongful loss to the National Insurance Company and corresponding gain to the accused or claimants.

(iii) The trial Court found that the necessary chain of circumstances was not established.

(iv) The Court, inter alia, noted that other officers in the branch had also processed mediclaim applications, that those officers were not examined by the prosecution, and that processing mediclaim applications was part of the ordinary course of branch work.

(v) The Court also found that there was no sufficient evidence establishing that Accused Nos.2 to 4 knew that the claims were bogus or that there was a dishonest agreement between the officials and the claimants.

(vi) The trial Court consequently found that mere processing or signing of claim documents was insufficient, by itself, to establish the alleged conspiracy.

D) Allegation of Abuse or Misuse of Official Position

(i) The criminal prosecution alleged that the public servants, including Accused No.1, had committed criminal misconduct under Section 13(2) read with Section 13(1)(d) of

the Prevention of Corruption Act, 1988, by abusing or misusing their official position.

(ii) The trial Court expressly considered this allegation and, in paragraph 69 of its judgment, held that the prosecution had not brought home the guilt of Accused Nos.1 to 4 for criminal misconduct by abusing or misusing their official position.

(iii) This finding is of particular significance because the Appellate Authority subsequently relied upon alleged abuse of official responsibilities and resulting financial loss while affirming the punishment imposed upon the petitioner.

E) Alleged Pecuniary Loss to the insurance company and undue benefit to the accused/claimants

(i) The prosecution alleged that the acts of the accused resulted in a loss of approximately Rs.5,00,500/- to the National Insurance Company and corresponding pecuniary benefit to the accused or claimants.

(ii) The trial Court found that the prosecution had failed to establish the necessary financial link.

(iii) Although certain cheques issued by the National Insurance Company were produced, the relevant bank statements or account records necessary to establish that the amounts had actually been credited to or encashed by the concerned accused were not produced.

(iv) The Court therefore found that a material link necessary to establish conspiracy and pecuniary advantage was absent.

(v) The Court also took note of the fact that the National Insurance Company had not instituted recovery proceedings or lodged a complaint despite the alleged financial loss and despite the existence of audit mechanisms.

F) Role of Subordinate Staff

(i) The departmental proceedings also attributed significance to the manner in which claims were processed by the subordinate staff under the petitioner's supervision.

(ii) The trial Court found that Accused Nos.2 to 4 had not been given training for processing mediclaims. It also noted that Accused No.4 was a typist whose appointment conditions required him to follow the directions of his superior officers.

(iii) The trial Court held that merely processing claims in the course of official duties, particularly pursuant to directions, could not by itself establish conspiracy or dishonest conduct.

(iv) The Court also considered the evidence relating to Accused No.3, who had reduced one claim from approximately Rs.23,300/- to Rs.18,142/- after scrutiny, and treated that circumstance as indicative of scrutiny rather than collusion.

G) Allegation of Inadequate Scrutiny

(i) The Appellate Authority subsequently observed that the petitioner had arbitrarily allowed or disallowed amounts under various heads in the supporting bills so as to create a false impression of due diligence.

(ii) The criminal Court examined the evidence of P.W.2 and found inconsistencies between the opinions expressed by the witness and the actual contents of the claim files.

(iii) The Court did not accept the prosecution's contention that the claim files established bogus claims merely because certain documents or particulars were allegedly unavailable.

H) Alleged Alteration or Suppression of Documents

(i) The Appellate Authority also relied upon an allegation that the petitioner had attempted to cover up his alleged wrongful act by producing another document after correcting documents available with him.

(ii) In the criminal proceedings, the prosecution was required to establish such acts through admissible evidence. The trial Court found deficiencies in the production and proof of material documentary evidence relating to the policy and claim files and also noticed that certain other opinions of P.W.2 and handwriting-expert materials had not been produced.

(iii) Thus, while the departmental authority treated the alleged document-related irregularities as established, the criminal Court found deficiencies in the prosecution evidence concerning the underlying documentary case.

I) **Result of the Criminal Proceedings**

(i) Most significantly, the operative conclusion of the criminal Court, as recorded in the material before this Court, was:

“all the accused are found not guilty for charges levelled against them”

(ii) The accused were acquitted as follows:

(a) Accused Nos.1 to 28 were acquitted of the charges under Sections 120-B and 420 IPC;

(b) Accused Nos.5 to 28 were acquitted of the charges under Sections 468 and 471 IPC; and

(c) Accused Nos.1 to 4 were acquitted of the charge under Section 13(2) read with Section 13(1)(d) of the Prevention of Corruption Act, 1988.

(iii) The trial Court thus found that the prosecution had failed to bring home the guilt of Accused Nos.1 to 4, including the allegation that they had committed criminal misconduct by abusing or misusing their official position.

XI. APPELLATE AUTHORITY'S ORDER

25. The question now is whether the Appellate Authority, while reconsidering the petitioner's case pursuant to the order passed by this Court in W.P. No. 1360 of 2003, dated 01.08.2016, properly considered the grounds raised by him, including the aspect of his honourable acquittal in C.C. No. 30 of 2004, and his representation that there was no evidence of fraud, no personal gain, no established loss, no complaint from any policyholder, and no adverse audit finding.

26. The impugned order records, inter alia, that the Group Mediclaim contract did not conform to the prescribed format; that the petitioner had manipulated and corrected documents to bring them within his financial powers; that he had approved claims falling within exclusions; that procedures had been circumvented; that claims had been paid to dependants instead of the insured Society; that certain payments were unauthorised; that his explanation regarding persons above 45 years of age was unacceptable; that amounts under different heads had been arbitrarily allowed or disallowed; and that the Company had suffered financial loss.

27. At this juncture, it is relevant to note that the trial Court, in C.C. No. 30 of 2004, substantially dealt with regard to the allegations/charges relating to (i) approval of fraudulent claims, (ii) sanctioning of claims that fell under exclusions, (iii) claims for treatment in non-existent hospitals, (iv) deliberate processing of false claims, (v) criminal conspiracy in processing of claims, (vi) abuse/misuse of official position, (vii) financial loss to the insurance company, (viii) undue pecuniary benefit to the accused / claimants, (ix) conduct of subordinate staff, (x) inadequate/arbitrary scrutiny of claims, (xi)

alleged alteration / suppression of documents, (xii) deliberate attempt to circumvent the procedures, (xiii) lack of due diligence in processing claims.

27.1. To put it precisely, the allegations concerning fraudulent/bogus Mediclaim claims, processing and settlement of such claims, alleged conspiracy, abuse/misuse of official position, alleged financial loss and the role of subordinate staff were directly examined by the trial Court as stated above under sub-paragraphs A, C, D, E, and F of the Paragraph-X (Relevant Findings of the trial Court in C.C. No. 30 of 2004).

27.2. The allegations concerning inadequate scrutiny and the alleged documentary irregularities were substantially considered by the trial Court as stated in sub-paragraphs G and H of Paragraph-X (Relevant Findings of the trial Court in C.C. No. 30 of 2004).

27.3. The allegations with regard to non-compliance with the precise format of the Group Mediclaim contract, payment to dependants of the insured, instead of the insured Society, the contractual coverage of persons above 45 years, were not directly adjudicated by the trial Court.

27.4. However, it is a matter borne out by the record, in the judgment in C.C. No. 30 of 2004 that the substantial allegations relating to collusion/conspiracy in approval of claims, processing of claims for treatment in non-existent hospitals, misuse/abuse of official position, inadequate scrutiny, alteration of documents, undue pecuniary benefit to the accused/claimants, lack of due diligence etc., have been substantially dealt by the trial Court.

27.5. Therefore, the findings recorded by the trial Court in C.C. No.30 of 2004 substantially overlap with, and in several respects directly

concern, the very factual allegations subsequently relied upon by the Appellate Authority for confirming the penalty of removal from service.

27.6. Consequently, the judgment of the trial Court in C.C. No. 30 of 2004, dated 02.03.2009, was not an unrelated or extraneous proceeding, but concerned the same underlying transactions and factual allegations which formed a substantial part of the basis of the disciplinary punishment.

27.7. The Departmental Appellate Authority affirmed the penalty of “removal from service” by relying upon factual allegations which had subsequently been examined in detail by the criminal Court, and the criminal Court found that the foundational factual allegations, including fraudulent claims, fraudulent hospitals, criminal conspiracy, misuse/abuse of official position and the alleged pecuniary loss to insurance company, were not established by the prosecution.

27.8. The Appellate Authority, while reconsidering the matter pursuant to the directions of this Court, was required to consider the findings of the criminal Court in C.C. No. 30 of 2004 and, if it differed from those findings, to give reasons explaining how the same underlying facts, which had not been proved before the criminal Court, could still be treated as proved against the petitioner in the disciplinary proceedings.

28. Though the standard of proof applicable to the departmental enquiry is different from the standard applicable in a criminal trial, and though the acquittal could not, by itself, have been treated as an automatic ground for reinstatement, it is to be noted that a subsequent acquittal on merits where the criminal Court has examined substantially the same factual allegations and evidence and has found the prosecution case to be unproved, and honourably acquitted the petitioner/accused No.1, cannot be ignored.

29. Notwithstanding the distinction between criminal liability and departmental misconduct, when the same factual allegations form the foundation of both proceedings, and where the criminal Court, after a full-fledged trial, has found that the essential allegations were not proved, the disciplinary authority must meaningfully address the effect of those findings before sustaining the extreme penalty of removal from service.

30. In the present case, the Appellate Authority was specifically directed by this Court, in W.P. No.1360 of 2003, dated 01.08.2016, to consider the grounds raised by the petitioner and pass appropriate orders. Appropriate orders connote recording of reasons substantiating and justifying the orders being passed, by taking into consideration the relevant material placed on record. At this juncture, it is also to be noted that the grounds on which the impugned order dated 28.11.2016 was passed, were not merely abstract allegations. The grounds taken by the appellate authority for affirming the punishment have substantially overlapped with the factual substratum which had been considered by the criminal Court. The criminal Court had considered the allegations relating to fraudulent claims, non-existent hospitals, conspiracy, abuse of official position, pecuniary benefit and also the alleged manner in which the claims were processed by the accused. After due trial, the criminal Court ultimately honourably acquitted the petitioner. Therefore, in the circumstances of the present case, the acquittal cannot be treated as an irrelevant or inconsequential circumstance.

31. Therefore, this Court is of the considered opinion that the **“honourable acquittal”** of the petitioner in C.C. No. 30 of 2004 by the criminal Court, after due trial of the substantially same allegations, has

material bearing upon the departmental proceedings founded upon substantially the same factual allegations.

32. Therefore, this Court is of the considered opinion that the Departmental Appellate Authority, while passing the impugned Order dated 28.11.2016, has not adequately considered the specific grounds raised by petitioner, including his honourable acquittal in C.C. No. 30 of 2004.

33. Accordingly, the Points No. 18(i) and 18(ii) under Paragraph No. 18 of the Points for Consideration, stand answered.

XII) PROPORTIONALITY OF PUNISHMENT

34. In light of the honourable acquittal of the petitioner in C.C. No. 30 of 2004, for the substantially same grounds that formed the basis for departmental proceedings, the punishment imposed by the Departmental authority requires due consideration.

35. This Court, in normal course, does not substitute its own view for that of the disciplinary authority, except when the punishment imposed is highly excessive or shockingly disproportionate to the proved misconduct and the surrounding circumstances.

36. In the instant case, when the substantive allegations/charges in the criminal proceedings in C.C. No. 30 of 2004, relating to conspiracy, fraudulent claims, non-existent hospitals, criminal misconduct, misuse/abuse of official position and obtaining pecuniary advantage were not proved by the prosecution, and thereby the petitioner was honourably

acquitted of the charges under Sections 120-B and 420 of the IPC, as well as Sections 13(1)(d) and 13(2) of the Prevention of Corruption Act; and when the material allegations forming the basis of both the departmental proceedings and the criminal proceedings have thus remained unproved, the same ought to have been duly considered by the Appellate Authority, while reviewing the case of the petitioner.

37. Even though there is certain non-compliance on the part of the petitioner with regard to the precise format of the Group Mediclaim contract, the guidelines for claim payments to dependants of the insured, and claims of insurance coverage for persons above 45 years, the fact remains that the allegations in the Charge Memo dated 26.02.2001, namely, collusion, passing of medical claims without scrutiny, clearing claims for treatments taken in non-existent hospitals, misuse of official position, causing financial loss to the insurance company, and processing/settlement of claims, stood unproved before the criminal Court in C.C. No. 30 of 2004, resulting in the petitioner's honourable acquittal.

38. Consequently, considering that honourable acquittal, wherein the criminal Court tried the petitioner for substantially the same allegations/charges as in the departmental proceedings, and further considering his approximately 24 years of service in the respondent-insurance company, this Court is of the considered opinion that the penalty of "Removal from Service" is unduly harsh, disproportionate and excessive in the facts and circumstances of the case, and therefore deserves modification in the interests of justice.

XIII) CONCLUSION

39. Accordingly, the impugned order dated 24.05.2002 passed by the Disciplinary Authority, insofar as it relates to the punishment imposed upon the petitioner, and the subsequent order dated 28.11.2016 passed by the Appellate Authority, insofar as it affirms the said punishment, are hereby set aside. Consequently, the punishment of "Removal from Service" imposed upon the petitioner is hereby **modified to "Compulsory Retirement"**.

40. Accordingly, the Points No. 18(iii) and 18(iv) under Paragraph No. 18 of the Points for Consideration, stand answered.

41. At this juncture, learned counsel for the petitioner prays that the petitioner is around 73 years old, and is suffering from a terminal medical illness condition, and therefore the insurance company may be directed to disburse all the consequential pension and retirement benefits, gratuity, provident fund etc., in a time bound manner. Therefore, considering the submission made, the respondent-insurance company is directed to disburse all the consequential pension and retirement benefits, gratuity, provident fund etc., within 6 weeks from the date of receipt of a copy of this order.

42. The writ petition is accordingly **allowed to the above extent, with the 'above direction'**. No costs. Miscellaneous petitions pending, if any, shall stand closed.

That Rule Nisi has been made absolute as above.

**Witness THE HON'BLE THE CHIEF JUSTICE SRI APARESH KUMAR SINGH,
on this TUESDAY, THE FIFTEENTH DAY OF SEPTEMBER TWO THOUSAND AND TWENTY SIX**

//TRUE COPY//

**SD/- P.C.SULEKHA DEVI
ASSISTANT REGISTRAR**

SECTION OFFICER

To

1. The Chairman and Managing Director, National Insurance Company Limited,
Registered Office: 3, Middleton Street Kolkatta 700071, West Bengal.

2. The General Manager & Appellate Authority National, Insurance Company Limited, Registered Office 3, Middleton Street Kolkatta 700071
3. The Assistant General Manager & Competent Authority, Regional Office National Insurance Company Limited, Basheerbagh, Hyderabad 500001
4. One CC to SMT. K.UDAYA SRI, Advocate [OPUC]
5. One CC to SRI VEDULA SRINIVAS, Advocate [OPUC]
6. Two CD Copies

PSK.

TKS

A handwritten signature in black ink, appearing to be 'PSK', with a horizontal line drawn underneath it.

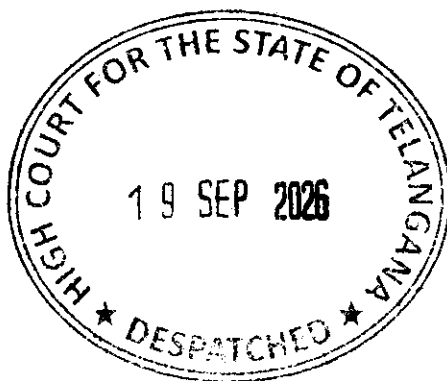
HIGH COURT

CC TODAY

DATED: 15/09/2026

ORDER

WP.No.46784 of 2016



ALLOWING THE WRIT PETITION
WITHOUT COSTS

(8)

YHS
19/9/26