

IN THE HIGH COURT OF JUDICATURE AT PATNA
Civil Writ Jurisdiction Case No.1270 of 2005

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Amarendra Prasad, aged about 53 years, son of Sri S.N. Prasad, resident of 5,
Friends Home, New Patliputra Colony, P.S. Patliputra Colony, District-Patna

.... Petitioner/s

Versus

1. Bihar State Financial Corporation, Fraser Road, Patna through its Managing Director
2. The Board of Directors of the Bihar State Financial Corporation through its Chairman, Fraser Road, Patna
3. Managing Director, Bihar State Financial Corporation, Fraser Road, Patna
4. Sri Ashok Kumar, son of name not known to the petitioner, Assistant General Manager-cum-Conducting Officer, Bihar State Financial Corporation, Fraser Road, Patna
5. Sri Ranjan Kumar, son of name not known to the petitioner, Manager (P&A), Bihar State Financial Corporation, Fraser Road, Patna

.... Respondent/s

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Appearance:

For the Petitioner/s : Mr. Manik Vedsen
Mr. SUBHASH CHANDRA BOSE

For the B.S.F.C. : Mr. Y.V. Giri, Sr. Advocate
Mr. Nikhil Kumar Agrawal

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CORAM: HONOURABLE MR. JUSTICE MOHIT KUMAR SHAH
ORAL JUDGMENT
Date: 18-08-2018

The present petition has been filed by the petitioner for quashing of common order of dismissal dated 28.03.1998 passed in three different departmental proceedings as well as for quashing the appellate order dated 30.09.2005, as communicated vide letter dated 20.10.2005.

The brief facts of the case are that a charge sheet dated 26.07.1996 was issued by the respondents on the allegation that the petitioner in collusion with the promoter of one M/s. Maurya



Electricals, Fulwari Sharif , Patna had wrongly recommended for release of a sum of Rs. 3.79 lakhs on 19.04.1989 without checking of books of accounts and had further connived with the fraudulent promoters and the machine supplier and defrauded the Corporation resulting in loss to the tune of Rs. 12.06 lakhs. A second charge sheet dated 17.10.1996 was thereafter issued by the respondents against the petitioner herein regarding the petitioner having engaged in grave misconduct, negligence of duties and responsibilities as well as acting in a manner detrimental to the interest of the Corporation in discharge of his duties as Branch Manager of the erstwhile Patliputra Branch, Patna while dealing with the loan files of M/s. Subhadra Engineering, Patna, M/s. Eastern India Industries, Patna and M/s. Deepa Enterprises, Patna. A third charge sheet dated 09.04.1997 was issued to the petitioner herein on the allegation of having recommended and disbursed loan amount which was not at all permissible as well as recommending for disbursement of loan amount in favour of a totally fake machine supplier namely M/s. Technical Fabrico India, Patna. The Enquiry Officer had conducted ex parte enquiry and submitted enquiry report dated 07.01.1997 with respect to the first charge sheet, enquiry report dated 17.01.1998 with regard to the second charge sheet and enquiry report dated 19.01.1998 as far as the third charge sheet is concerned. Thereafter, second show cause notice was issued



on 08.01.1997 in connection with first charge sheet, a second show cause notice dated 28.01.1998 was issued pertaining to the second show cause notice and a second show cause notice dated 12.2.1998 was issued regarding the third charge sheet. The disciplinary authority had then by an unreasoned and bald common order of punishment imposed penalty of dismissal from the services of the Corporation, upon the petitioner herein. The said order of punishment dated 28.03.1998 was challenged by the petitioner in appeal, however, the same was dismissed by an order dated 20.10.2005.

The learned counsel for the petitioner has submitted that no papers/documents were annexed to the charge sheet and despite a request being made by the petitioner, the same were not made available to the petitioner herein resulting in the entire departmental proceeding being vitiated. It is submitted that the enquiry was completed hurriedly with oblique motive and the enquiry reports were submitted in a perverse manner holding the charges to have been proved without any evidence. The learned counsel for the petitioner has also submitted that neither any witness was examined to prove the charges nor any documents were exhibited or proved in support of the charges, hence the present case is a case of no evidence, thus the entire enquiry stands vitiated and consequently the order of punishment has got no legs to stand, hence is fit to be set aside. It is



submitted that extraneous findings have been recorded by the Enquiry Officer and in fact the Enquiry Officer has himself introduced extraneous documents and materials, which were never made available to the petitioner. Lastly, it is submitted that the order of punishment dated 28.03.1998 is itself perverse inasmuch as the same neither discloses any reason for inflicting punishment of dismissal upon the petitioner herein nor depicts any application of mind and merely narrates the sequence of events. Similarly, it is submitted that the appellate order does not deal with any of the issues raised by the petitioner herein in the memo of appeal, hence the same is also fit to be set aside.

Per contra, the learned counsel for the respondents has submitted that there is no procedural infirmity in conduct of the departmental proceedings, hence no interference is required by this Court as far as the order of punishment is concerned. However, the learned counsel for the respondents has not been able to controvert the fact that firstly neither any witness has been examined during the course of the enquiry to establish the charges levelled against the petitioner nor any documents have been exhibited and proved in support of the charges, hence the present case is a case of no evidence and secondly that the impugned order of punishment dated 28.03.1998 is bereft of any reasons and does not show any application of mind



whereas on the contrary the same merely narrates the sequence of events that had taken place during the course of the disciplinary proceedings held against the petitioner herein.

I have heard the learned counsel for the parties and have perused the materials on record and I find that no witnesses whatsoever or any documents have been either examined or exhibited or proved in order to prove the charges levelled against the petitioner beyond all reasonable doubts, thus the present case is a case of no evidence, hence the order of punishment, based on the said perverse enquiry reports cannot be sustained and is fit to be set aside. Reference in this connection be had to a judgment of the Hon'ble Apex Court report in (2009) 2 SCC 570 (*Roop Singh Negi vs. P.N.B. & ors.*), A.I.R. 1967 SC 269 (*State of Bombay (now Maharashtra) vs. Nurul Latif Khan*), and the one reported in (2010) 2 SCC 772 (*State of Uttar Pradesh vs. Saroj Kumar Sinha*), paragraph nos. 27, 28 and 29 whereof are reproduced herein below:-

"27. A bare perusal of the aforesaid sub-rule shows that when the respondent had failed to submit the explanation to the charge-sheet it was incumbent upon the inquiry officer to fix a date for his appearance in the inquiry. It is only in a case when the government servant despite notice of the date fixed failed to appear that the inquiry officer can proceed with the inquiry ex parte. Even in such circumstances it is incumbent on the inquiry officer to record the statement of witnesses mentioned in the charge-sheet. Since the government servant is absent, he would clearly lose the benefit of cross-examination of the witnesses. But nonetheless in order to establish the charges the Department is required to produce the necessary evidence before the inquiry officer. This is so as to avoid the charge that the inquiry officer has acted as a prosecutor as well as a judge.



- 28.** *An inquiry officer acting in a quasi-judicial authority is in the position of an independent adjudicator. He is not supposed to be a representative of the department/disciplinary authority/Government. His function is to examine the evidence presented by the Department, even in the absence of the delinquent official to see as to whether the unrebutted evidence is sufficient to hold that the charges are proved. In the present case the aforesaid procedure has not been observed. Since no oral evidence has been examined the documents have not been proved, and could not have been taken into consideration to conclude that the charges have been proved against the respondents.*
- 29.** *Apart from the above, by virtue of Article 311(2) of the Constitution of India the departmental enquiry had to be conducted in accordance with the rules of natural justice. It is a basic requirement of the rules of natural justice that an employee be given a reasonable opportunity of being heard in any proceedings which may culminate in punishment being imposed on the employee."*

It is equally a well settled law that a disciplinary authority/an administrative authority, in an order passed by it, is required to record reasons for its decision in a clear and explicit manner so as to indicate that the authority has given due consideration to the various issues involved and the need for recording of reasons is even greater in a case where the order is passed at the original stage. Reference in this connection be had to a judgment reported in ***A.I.R. 1990 SC 984 (S.N. Mukherjee vs. Union of India)***, paragraph nos. 35, 36, 38 and 39 whereof are reproduced herein below:-

"35. Reasons, when recorded by an administrative authority in an order passed by it while exercising quasi-judicial functions, would no doubt facilitate the exercise of its jurisdiction by the appellate or supervisory authority. But the other considerations, referred to above, which have also weighed with this Court in holding that an administrative authority must record reasons for its decision, are of no less significance. These considerations show that the re- cording of reasons by an administrative authority serves a salutary purpose, namely, it excludes chances of arbitrariness and



ensures a degree of fairness in the process of decision-making. The said purpose would apply equally to all decisions and its application cannot be confined to decisions which are subject to appeal, revision or judicial review. In our opinion, therefore, the requirement that reasons be recorded should govern the decisions of an administrative authority exercising quasi judicial functions irrespective of the fact whether the decision is subject to appeal, revision or judicial review. It may, however, be added that it is not required that the reasons should be as elaborate as in the decision of a Court of law. The extent and nature of the reasons would depend on particular facts and circumstances. What is necessary is that the reasons are clear and explicit so as to indicate that the authority has given due consideration to the points in controversy. The need for recording of reasons is greater in a case where the order is passed at the original stage. The appellate or revisional authority, if it affirms such an order, need not give separate reasons if the appellate or revisional authority agrees with the reasons contained in the order under challenge.

36. Having considered the rationale for the requirement to record the reasons for the decision of an administrative authority exercising quasi-judicial functions we may now examine the legal basis for imposing this obligation. While considering this aspect the Donough more Committee observed that it may well be argued that there is a third principle of natural justice, namely, that a party is entitled to know the reason for the decision, be it judicial or quasi-judicial. The committee expressed the opinion that "there are some cases where the refusal to give grounds for a decision may be plainly unfair; and this may be so, even when the decision is final and no further proceedings are open to the disappointed party by way of appeal or otherwise" and that "where further proceedings are open to a disappointed party, it is contrary to natural justice that the silence of the Minister or the Ministerial Tribunal should deprive them of the opportunity." (P 80) Prof. H.W.R. Wade has also expressed the view that "natural justice may provide the best rubric for it, since the giving of reasons is required by the ordinary man's sense of justice." (See Wade, Administrative Law, 6th Edn. P. 548). In Siemens Engineering Co. case (Supra) this Court has taken the same view when it observed that "the rule requiring reasons to be given in support of an order is, like the principles of audi alteram parlem, a basic principle of natural justice which must inform every quasi-judicial process." This decision proceeds on the basis that the two well-known principles of natural justice, namely (i) that no man should be a Judge in his own cause and (ii) that no person should be judged without a hearing, are not exhaustive and that in addition to these two principles there may be rules which seek to ensure fairness in the



process of decision-making and can be regarded as part of the principles of natural justice. This view is in consonance with the law laid down by this Court in [A.K. Kraipak and Others v. Union of India and Others](#), [1970] 1 SCR 457, wherein it has been held:

"The concept of natural justice has undergone a great deal of change in recent years. In the past it was thought that it included just two rules namely (i) no one shall be a Judge in his own cause (nemo dabet esse judex propria causa) and (ii) no decision shall be given against a party without affording him a reasonable hearing (audi alteram partem). Very soon thereafter a third rule was envisaged and that is that quasi-judicial enquiries must be held in good faith, without bias and not arbitrarily or unreasonably. But in the course of years many more subsidiary rules came to be added to the rules of natural justice." (P. 468-69) A similar trend is discernible in the decisions of English Courts wherein it has been held that natural justice demands that the decision should be based on some evidence of probative value. (See: R. v. Deputy Industrial Injuries Commissioner ex P. Moore, [1965] 1 Q.B. 456; Mahon v. Air New Zealand Ltd., [1984] A.C. 648.

38. *The object underlying the rules of natural justice "is to prevent miscarriage of justice" and secure "fairplay in action." As pointed out earlier the requirement about recording of reasons for its decision by an administrative authority exercising quasi-judicial functions achieves this object by excluding chances of arbitrariness and ensuring a degree of fairness in the process of decision-making. Keeping in view the expanding horizon of the principles of natural justice, we are of the opinion, that the requirement to record reason can be regarded as one of the principles of natural justice which govern exercise of power by administrative authorities. The rules of natural justice are not embodied rules. The extent of their application depends upon the particular statutory framework whereunder jurisdiction has been conferred on the administrative authority. With regard to the exercise of a particular power by an administrative authority including exercise of judicial or quasi-judicial functions the legislature, while conferring the said power, may feel that it would not be in the larger public interest that the reasons for the order passed by the administrative authority be recorded in the order and be communicated to the aggrieved party and it may dispense with such a requirement. It may do so by making an express provision to that effect as those contained in the [Administrative Procedure Act, 1946](#) of U.S.A. and the [Administrative Decisions \(Judicial Review\) Act, 1977](#) of Australia whereby the orders passed by certain specified authorities are excluded from the ambit of the enactment. Such an exclusion can also arise by necessary implication from the*



nature of the subject matter, the scheme and the provisions of the enactment. The public interest underlying such a provision would outweigh the salutary purpose served by the requirement to record the reasons. The said requirement cannot, therefore, be insisted upon in such a case.

39. *For the reasons aforesaid, it must be concluded that except in cases where the requirement has been dispensed with expressly or by necessary implication, an administrative authority exercising judicial or quasi-judicial functions is required to record the reasons for its decision. “*

In the instant case no reason whatsoever has been furnished by the disciplinary authority while passing the impugned order of punishment of dismissal dated 28.03.1998 in support of its decision and further the said order of the disciplinary authority does not either show any application of mind or consideration of the issues raised by the petitioner or any justification for passing the said order, hence on this ground as well the impugned order of punishment dated 28.03.1998 is fit to be set aside. This Court is of the view that all the three enquiry reports under consideration are based on no evidence inasmuch as the prosecution has failed to either lead oral evidence or prove the documents being relied upon during the course of the enquiry proceedings, hence all the aforesaid three enquiry reports are fit to be quashed inasmuch as the present case is squarely covered by the law laid down by the Hon'ble Apex Court in the case of *Roop Singh Negi* (supra) and *Saroj Kumar Sinha* (supra). The enquiry report is also fit to be set aside on the ground of denial of sufficient opportunity to the petitioner to present his defence as well as on the



ground of non-furnishing of the relevant documents to the petitioner herein.

Having regard to the facts and circumstances of the case as discussed herein above, all the aforesaid three enquiry reports are set aside and since the said enquiry reports have been set aside, the order of punishment dated 28.03.1998 cannot be sustained in the eyes of law for the reasons stated herein above in the preceding paragraphs as also on account of the same having been passed without any application of mind and the same not containing any reasons. Consequently, the appellate order dated 20.10.2005 is also bound to fall as a result of the quashing of the impugned order dated 28.03.1998 apart from the same being perverse since the same does not either consider or deal with the issues raised by the petitioner in the memo of appeal, hence the appellate order dated 20.10.2005 is also set aside.

In view of the setting aside of the aforesaid three enquiry reports dated 07.01.1997, 17.01.1998, 19.01.1998, the order of dismissal dated 28.03.1998 and the appellate order dated 20.10.2005, the question that now arises for consideration is regarding back wages to be granted or not granted especially in a case like the present one wherein this Court has found the case of the petitioner to be a case of wrongful termination from service. In this regard, it would be apt to



refer to a judgment reported in **(2013) 10 SCC 324 (Deepali Gundu Surwase vs. Kranti Junior Adhyapak Mahavidyalaya & Ors.)**, paragraph No. 38 to 38.7 whereof are reproduced herein below:-

“38. The propositions which can be culled out from the aforementioned judgments are:

- 38.1. In cases of wrongful termination of service, reinstatement with continuity of service and back wages is the normal rule.*
- 38.2. The aforesaid rule is subject to the rider that while deciding the issue of back wages, the adjudicating authority or the court may take into consideration the length of service of the employee/workman, the nature of misconduct, if any, found proved against the employee/workman, the financial condition of the employer and similar other factors.*
- 38.3. Ordinarily, an employee or workman whose services are terminated and who is desirous of getting back wages is required to either plead or at least make a statement before the adjudicating authority or the court of first instance that he/she was not gainfully employed or was employed on lesser wages. If the employer wants to avoid payment of full back wages, then it has to plead and also lead cogent evidence to prove that the employee/workman was gainfully employed and was getting wages equal to the wages he/she was drawing prior to the termination of service. This is so because it is settled law that the burden of proof of the existence of a particular fact lies on the person who makes a positive averment about its existence. It is always easier to prove a positive fact than to prove a negative fact. Therefore, once the employee shows that he was not employed, the onus lies on the employer to specifically plead and prove that the employee was gainfully employed and was getting the same or substantially similar emoluments.*
- 38.4. The cases in which the Labour Court/Industrial Tribunal exercises power under Section 11-A of the Industrial Disputes Act, 1947 and finds that even though the enquiry held against the employee/workman is consistent with the rules of natural justice and/or certified standing orders, if any, but holds that the punishment was disproportionate to the misconduct found proved, then it will have the discretion not to award full back wages. However, if the Labour Court/Industrial Tribunal finds that the employee or workman is not at all guilty of any misconduct or that the employer had foisted a false charge, then there will be ample justification for award of full back wages.*
- 38.5. The cases in which the competent court or tribunal finds that the employer has acted in gross violation of the statutory provisions and/or the principles of natural justice or is guilty of victimising the employee or workman, then the court or tribunal concerned will be fully justified in directing payment of full back wages. In such cases, the superior courts should not exercise power under Article 226 or*



136 of the Constitution and interfere with the award passed by the Labour Court, etc. merely because there is a possibility of forming a different opinion on the entitlement of the employee/workman to get full back wages or the employer's obligation to pay the same. The courts must always keep in view that in the cases of wrongful/illegal termination of service, the wrongdoer is the employer and the sufferer is the employee/workman and there is no justification to give a premium to the employer of his wrongdoings by relieving him of the burden to pay to the employee/workman his dues in the form of full back wages.

- 38.6. In a number of cases, the superior courts have interfered with the award of the primary adjudicatory authority on the premise that finalisation of litigation has taken long time ignoring that in majority of cases the parties are not responsible for such delays. Lack of infrastructure and manpower is the principal cause for delay in the disposal of cases. For this the litigants cannot be blamed or penalised. It would amount to grave injustice to an employee or workman if he is denied back wages simply because there is long lapse of time between the termination of his service and finality given to the order of reinstatement. The courts should bear in mind that in most of these cases, the employer is in an advantageous position vis-à-vis the employee or workman. He can avail the services of best legal brain for prolonging the agony of the sufferer i.e. the employee or workman, who can ill-afford the luxury of spending money on a lawyer with certain amount of fame. Therefore, in such cases it would be prudent to adopt the course suggested in Hindustan Tin Works (P) Ltd. v. Employees 7.*
- 38.7. The observation made in J.K. Synthetics Ltd. v. K.P. Agrawal⁵ that on reinstatement the employee/workman cannot claim continuity of service as of right is contrary to the ratio of the judgments of three- Judge Benches^{7,8} referred to hereinabove and cannot be treated as good law. This part of the judgment is also against the very concept of reinstatement of an employee/workman.*

Thus, in cases of wrongful termination of service, reinstatement with continuity of service and back wages is the normal rule. It is also a trite law that once the employee shows that he was not gainfully employed elsewhere, the onus lies to the employer to specifically plead and prove that the employee was gainfully employed, which the respondents in the present case have failed to do so. Another factor to be considered is that in case the employer has



acted in gross violation of the statutory provisions and/or the principles of natural justice or is guilty of victimizing the employee or workman, then the court concerned will be fully justified in directing payment of full back wages. I find that the present case is a case of gross injustice meted out to the petitioner herein by the respondents and the materials on record sufficiently demonstrates that the principles of natural justice has been given a go by and the petitioner has been victimized, as such I am of the view that as a consequences of the quashing of the enquiry report, order of punishment and the appellate order, the petitioner is entitled for full back wages along with all consequential benefits.

The writ petition is allowed with a direction to the respondents to pay the back wages of the petitioner along with all consequential benefits within a period of three months from today.

(Mohit Kumar Shah, J)

S.Sb/-

AFR/NAFR	N/A
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