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W.A.No.2260 of 2023

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 21.10.2024

CORAM :

THE HONOURABLE **DR.JUSTICE ANITA SUMANTH**
and
THE HONOURABLE **MR.JUSTICE G. ARUL MURUGAN**

W.A.No.2260 of 2023

and

C.M.P.Nos. 4370 of 2024 & 19440 of 2023

- 1.The Disciplinary Authority &
The Deputy General Manager,
Indian Overseas Bank,
Central Officer, 763, Anna Salai,
Chennai – 600 002.
- 2.The Appellate Authority &
The General Manager,
Indian Overseas Bank,
Central Officer, 763, Anna Salai,
Chennai – 600 002.
- 3.The Reviewing Authority &
Executive Director,
Indian Overseas Bank,
Central Officer, 763, Anna Salai,
Chennai – 600 002.
- 4.The Chairman & Managing Director,
Indian Overseas Bank,
Central Officer, 763, Anna Salai,
Chennai – 600 002.

.. Appellants



W.A.No.2260 of 2023

VS

J.Thomas Karunanithi

.. Respondent

Prayer : Writ Appeal filed under Clause 15 of Letters Patent against order dated 28.04.2023 made in W.P.No.9912 of 2014.

For Appellants : Mr.N.L.Rajah
Senior Counsel
For Mr.K.Srinivasamurthy

For Respondent : Mr.T.Mohan
Senior Counsel
For Ms.P.Vasuky

JUDGMENT

(Delivered by Dr. ANITA SUMANTH.,J)

We have heard Mr.N.L.Rajah, learned Senior Counsel appearing for Mr.K.Srinivasamurthy, learned counsel on record for the appellants/Indian Overseas Bank (in short 'Bank') and Mr.T.Mohan, learned Senior Counsel appearing for Ms.P.Vasuky, learned counsel for the respondent (in short 'respondent'/'writ petitioner').

2. The appellants challenge an order of the Writ Court dated 28.04.2023. What was impugned before the Writ Court was an order dated 23.03.2013 confirming appellate order dated 08.09.2012, which, in turn confirmed order dated 06.07.2012 dismissing the petitioner from



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service. Consequential directions were sought for payment of backwages from date of dismissal till due date of superannuation of the Writ Petitioner along with full retirement benefits.

3. The respondent was employed with the appellant Bank. While serving as a Branch Manager in the Hosur Town Branch, he had sanctioned a loan to one V.Murali (in short 'borrower'). According to the respondent, all due diligence was effected prior to sanction of the loan including in regard to the guarantor who had offered the property at S.No.521 NGGO Colony, ad measuring 2180 sq.ft. (in short 'collateral property') as collateral for the loan.

4. While so, a complaint had been received from G.Muniyappa (in short 'complainant'), who had been taken to be the guarantor, stating that he had never offered his property as mortgage and alleging impersonation. Memorandum of allegations and articles of charges dated 30.07.2011 were issued to the respondent and investigation was conducted by the enquiry officer appointed. The enquiry officer had submitted a detailed report holding that the allegations against the respondent were substantially proved in respect of charge 1 and fully proved in respect of charges 2 to 6.

5. He concluded that the proved articles of charge established



beyond doubt that the respondent had failed to take all possible steps to protect the interests of the bank and discharge duties with devotion and diligence. He had acted otherwise than in best judgment in the performance of official duties contravening Regulations 3(1), 3(3) as well as 15(iv) of Indian Overseas Bank Officer Employees (Conduct) Regulations, 1976 (in short '1976 Regulations'), in all, constituting misconduct punishable under various provisions of the 1976 Regulations.

6. The disciplinary authority sought the respondent's response to the findings of the enquiry officer by issuing notice dated 06.06.2012 to him. After consideration of the explanations tendered, the disciplinary authority passed order dated 06.07.2012 awarding punishment of dismissal, which also acted as a disqualification for future employment in terms of Regulation 4(j) of the 1976 Regulations.

7. The respondent filed an appeal on 31.07.2012 before the appellate authority, the General Manager of the Bank, who vide order dated 08.09.2012, being of the view that the punishment imposed was proportionate, confirmed the order of dismissal.

8. A review was filed on 03.11.2012 which also met the same fate under order dated 23.03.2013 passed by the Executive Director, who was



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the reviewing authority. It is as against those concurrent orders that the Writ Petition had been filed.

9. After the completion of pleadings, the Writ Court heard the parties and allowed the Writ Petition. What appears to have weighed with the Writ Court was the order passed by Judicial Magistrate No.2, Krishnagiri in C.C.No.134 of 2016. That case followed the registration of an FIR as against the Writ Petitioner and the persons who had impersonated the complainant, G.Muniyappa. The borrower, V. Murali and one Venkatesh had been arrayed as A1 and A2. The Writ Petitioner had been arrayed as A3.

10. The Judicial Magistrate held that the investigating authorities had failed to send the forged documents for forensic analysis, thus failing to prove the offence. The learned Magistrate also noted that the charges have not been proved beyond doubt and hence there was no material to charge the accused for the offences laid against them. They were hence found not guilty and acquitted on 22.10.2019.

11. The learned Judge has noted that the Writ Petitioner had himself re-paid the loan advanced by the Bank to the borrower and there had been no pecuniary loss caused to the bank. The imposition of punishment was



also made on the verge of retirement after unblemished service of 32 years.

12. Being of the view that the charges were technical and that the punishment was disproportionate to the charges laid, the Writ Court expresses the view that the impugned order is nothing but victimisation and hence allowed the Writ Petition. The Bank was directed to treat the writ petitioner as having retired from service entitled to pension, gratuity and other eligible benefits.

13. As against that order, the bank is in appeal. The submissions of the appellants are as follows:

- i) The grant of loan by the writ petitioner was contrary to all norms fixed for disbursal of financial assistance.
- ii) The stipulations in the Book of Instructions have set out detailed processes that are to be followed prior to disbursal of loans and the Writ Petitioner has violated several of the specific instructions.
- iii) Both the Chief Inspector and the enquiring officer have gone into the evidence in detail returning their conclusions that the Writ Petitioner had



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- a. not prepared a sanction note for the loan;
 - b. not inspected or valued the property offered as collateral;
 - c. not obtained the details of Know Your Customer (KYC) from the person who presented himself as the guarantor;
 - d. failed to ascertain the identity of the guarantor or verify the documents presented before him and
 - e. failed to inspect, periodically, the unit in respect of which the loan had been extended.
- iv) Once the matter had been escalated by G.Muniyappa, the real owner of the collateral property, the Writ Petitioner had arranged for the closure of the account by arranging funds from his own resources.

14. The Bank would also rely on an Instruction issued by the Legal Department as early as on 23.03.2007 specifically bringing to the notice of all branches, Regional Offices and officers, the procedure to be followed for prevention of fraud by deposit of fake title deeds. One of the common instances in this regard pointed out for the attention of the officers, is that stolen title deeds are often deposited by impersonating the owners of the properties.



15. Thus the Writ Petitioner, who holds a senior position as Branch Manager, ought to have been exhibited due diligence in accepting the documents as well as verifying the identity of the person presenting the documents.

16. The Writ Petitioner had been issued an earlier as well as a subsequent charge sheet dated 03.12.2011 which sets out a long list of allegations concerning the conduct of the Writ Petitioner. However, the latter charge sheet has not been proceeded with, since the subject charge sheet had itself led to the punishment of dismissal.

17. The appellants would argue that even the proving of a single charge was sufficient to implicate the employee and in the present case, charges had substantially been proved. The Writ Petitioner was holding a responsible position in a Nationalised Bank, dealing with public funds. He was not to be viewed as a mere employee of the Bank but a trustee of public funds who should have demonstrated responsibility in his actions.

18. A detailed assessment of facts and material documents has been conducted by the enquiring authority and much of the factual matrix is admitted. In such circumstances, it would be beyond the scope of judicial review for this Court to assess the evidence yet again, particularly since



the Writ Petitioner has not been able to prove any error in the manner or in the process of enquiry.

19. The appellants would rely on the following cases for the proposition that the Court does not sit in appeal while dealing with matters relating to disciplinary proceedings.

(i) *State of U.P. & Others v Nand Kishore Shukla and another*¹

(ii) *Disciplinary Authority cum Regional Manager and others v Nikunja Bihari Patnaik*²

(iii) *Tara Chand Vyas v Chairman & Disciplinary Authority & Others*³

(iv) *State Bank of India v Tarun Kumar Banerjee & Others*⁴

(v) *Noida Entrepreneurs Association v Noida & Others*⁵

(vi) *Workmen of Balmadies Estates v Management, Balmadies Estates & Others*⁶

(vii) *Mihir Kumar Hazara Choudhury v Life Insurance Corporation & another*⁷

(viii) *Boloram Bordoloi v Lakshmi Gaolia Bank & Others*⁸

20. Per contra, the Writ Petitioner would support the order of the

1 (1996) 3 SCC 750

2 (1996) 9 SCC 69

3 (1997) 4 SCC 565

4 (2000) 8 SCC 12

5 (2007) 10 SCC 385

6 (2008) 4 SCC 517

7 (2017) 9 SCC 404

8 (2021) 3 SCC 806



Writ Court. Learned Senior Counsel would argue that the Writ Petitioner has been employed for more than 32 years with the Bank and had rendered unblemished service. It was wrong to state that he had not conducted due diligence prior to sanction of the loan as the account was itself opened only on the recommendation of one of the customers of the Bank, one S.Arunachalam. The person who had introduced the borrower had confirmed having inspected the unit that was offered as collateral along with the Branch Manager and this has not been denied by the Bank.

21. Hence, it would be true to state that the respondent had conducted necessary inspection of the collateral unit. Admittedly, the loan had been sanctioned on 18.03.2009 and the said sanction had been recorded in the bank records. The respondent admits to having taken G.Muniyappa as the guarantor. The said guarantor had presented himself before the Writ Petitioner along with necessary documents.

22. At the time of his presentation, he had offered as identification, a passbook of the North Hosur Post Office where the guarantor claimed to hold a savings bank account. The passbook admittedly did not contain the photograph of the guarantor. It is based on the passbook that the respondent had taken the identity to have been ascertained. While the



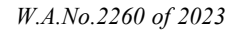
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respondent could have sought further or different documents for identification, the fact that some identity had been sought for and produced would establish the bonafides and application of mind by the respondent.

23. Default, if any, would only be a technical default for which visitation of fatal punishment, such as dismissal, is grossly disproportionate. In fact, the investigation report reveals that it was only the post office savings passbook that has been shown before the Sub-Registrar also, before whom the document had been submitted for mortgage.

24. It is hence that the respondent felt that this document would suffice as even the Sub-Registrar had accepted only that identification as proof of identity of the guarantor. In such circumstances, such a default ought not to be viewed so seriously so as to justify the punishment of dismissal, particularly seen in the context of the long and unblemished service record of the respondent.

25. The respondent would also submit that as soon as he came to know of the complaint to be filed by the guarantor, he had immediately arranged for funds and closed the account of his own volition. He would also submit that all due diligence had been carried out and necessary



26. Thus, the conclusion of the enquiring authority adverse to the petitioner and all further orders were incorrect and the order of the Writ Court ought to be sustained. He would specifically point out that the bonafides of the business and all the documents had been verified. He draws attention to the list of documents adumbrated in the review petition filed before the Executive Director seeking review of the dismissal order in his petition dated 03.11.2012, extracted below:

1. SSI loan (SSI-5) Application dt. 25.02.2009
2. SSI Registration Certificate dt. 19.12.2005
3. TNGST Regn. Certificate dt. 10.01.2007
4. CST “ “ dt.18.08.2006
5. Rental Agreement dt.27.06.2006
6. Saral dt.18.02.2009
7. Financial statements – Full set (as confirmed by M.W1)
8. Legal opinion dt.10.11.2008
9. Valuation Report dt.25.11.2008
- 10.KYC of borrower
- 11.Ration Card of Guarantor
- 12.Post Office SB a/c no:639459 in the name of Guarantor
- 13.Sub-Registrar Office doc.No:1883/09 dt.17.03.2009.

27. He would also point out that even if there were any impersonation of the guarantor, there was no involvement of himself in those illegal activities. It was only after the third release of the loan



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instalment that he came to know that an oral complaint had been made by one Chandramma, who is the mother-in-law of the borrower and wife of G.Muniyappa that the borrower, who was none but their son-in-law, had stolen the title deeds of the collateral property and had forged documents, impersonated the owner G.Muniyappa and created a mortgage.

28. On hearing of this, he had stopped further release of the loan. The Regional office in Salem had also been informed and the petitioner had been advised that in view of the gravity of the issue, the loan must be settled and closed, failing which vigilance action would become imminent and unavoidable.

29. The Writ Petitioner contacted the borrower for closure of the loan, but the borrower had expressed inability on the ground that he had no funds. It is only in such circumstances that the Writ Petitioner had himself arranged money and closed the loan on 29.07.2009. The sum paid was Rs.1,40,110/-. Such a small amount must not stand in the way of his otherwise unblemished career with the bank, particularly when he was so close to retirement. The payment was made against the strength of two post dated cheques given by the borrower which had not been honoured for insufficiency of funds.



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30. The respondent would rely on the following cases, mostly on the quantum of punishment. According to the respondent, the punishment of dismissal is wholly disproportionate to the misconduct that has been alleged and proved. The test for proportionality is whether the conscience of the Court is shocked or whether the punishment imposed seems in tandem with the allegations made.

(i) *Dev Singh v Punjab Tourism Development Corporation Ltd and another*⁹

(ii) *Ishwar Chandra Jayaswal v Union of India and others*¹⁰

(iii) *M.P.Sadanandan v Indian Overseas Bank*¹¹

(iv) *Ram Lal v State of Rajasthan and others*¹²

31. The respondent would also rely on the order of the Criminal Court dated 22.10.2019 to establish that the manner of inspection was itself not proper and that the facts had not been ascertained or brought to light in a proper manner.

32. We have heard the rival contentions advanced by the parties.

33. The primary facts are not in dispute. The respondent is an experienced officer of the appellant bank who has served the Institution for

9 (2003) 8 SCC 9

10 (2014) 2 SCC 748

11 2021 SCC OnLine Ker 15487

12 (2024) 1 SCC 175



over three decades. He was earlier implicated in a disciplinary matter and has also suffered punishment imposed in that regard. While servicing as Branch Manager in the Hosur Town branch, he had sanctioned a loan of Rs.2,50,000/- under the Small Scale Industries Unit Scheme to the borrower towards purchase of machineries.

34. The Book of Instructions is very detailed in regard to the due diligences that are to be performed by the officers of the bank. The basic principles of lending such as, safety, security, suitability, profitability and liquidity of advance are to weigh uppermost in the minds of the officials in all the transactions. Bankers, as Trustees of public money, owe a great deal of responsibility to ensure the security of the funds entrusted to them.

35. Section A entitled '*Advances - General Instructions*' states that advances are to be mandated only to reliable customers for approved purposes after carrying out proper due diligence. Chapter 10 deals with Advances against immovable properties and, clause 4.1 thereof refers to mortgage by simple deposit of title deeds. In such cases, a primary enquiry is to be made by the Branch Manager and a field report on title of the property offered as collateral should be obtained through the Bank's approved local lawyer.



36. In the present case, the records that were produced for our perusal reveals a title report provided by the person who has impersonated the guarantor. Admittedly, no title clearance has been obtained by the Branch Manager as required under the Regulations.

37. Clause 14.1.5 states that particulars of the deposit must be recorded in the Title Deeds Register, verified and signed by two officers one of whom must be the Manager or the Deputy Manager.

38. Per contra, the respondent has drawn our attention to clause 11.5 which states '*Branches need not make any entries in the Title Deeds Register but the details of Mortgage Deed should be recorded in the Misc. Draft Security Register and it should be kept with the relative loan documents in joint custody in a fire-proof safe/strong room*'.

39. The appellants would confirm that clause 11.5 is inapplicable to the facts and circumstances of the present case. Instead, as the mortgage in question is an equitable mortgage accompanied by registered memorandum, it is clause 13 onwards in the Bankers Book of Instructions that would apply. Hence, it is clause 11.5 which deals with simple mortgage or registered mortgage is inapplicable to this case.

40. Clause 13 deals with equitable mortgage accompanied by



registered memorandum and, clause 14, the procedure for creation of equitable mortgage. Clause 14.1.5 mandates that the particulars of the deposit must be recorded in the Title Deeds Register, verified and signed. This has, admittedly, not been done by the respondent. The Title Deed Register does not contain the particulars of the documents relating to the guarantor and in our considered view this is a serious breach.

41. The Book of Instructions sets out those requirements that have to be adhered to scrupulously in order to ensure the integrity of the procedure and consequently the security of the financial transactions itself. By not entering of the details of the documents in the Title Deeds Register, the respondent has committed a serious error in procedure.

42. Clause 14 dealing with procedure for creation of equitable mortgage is set out below:

14.PROCEDURE FOR CREATION OF EQUITABLE MORTGAGE

When an equitable mortgage by mere deposit of title deeds is accepted, the under-noted procedure must be followed:

14.1 Equitable mortgage procedure to be adopted at the branch in the NOTIFIED centre (FOR ITS OWN ADVANCES):

14.1.1. All formalities connected with the legal examination of the title deeds and valuation of the properties should be done at the branch where the advance will be made. The examination should be made by the Bank's local lawyer who should, if the title deeds are in vernacular language, also



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give brief particulars of the title deeds in English to render the scrutiny possible by the Bank's inspectors. In addition, he should give a clear certificate in duplicate, about the acceptability or otherwise of the title deeds as security, as stated in para No.8 above.

14.1.2. The owners or their duly appointed attorneys should be asked to personally present themselves at the branch on the appointed date fixed in advance to make the formal deposit of title deeds. When the title deeds are in favour of a partnership firm and all the partners of the firm cannot attend the bank on the appointed day for depositing title deeds, they must authorise in writing one or more of them to attend and deposit the title deeds on their behalf. This letter of authority must be kept along with the title deeds.

.....
*14.1.5. Particulars of the deposit must be recorded in the Title Deeds Register and must be verified and signed therein by TWO officers one of whom must be the Manager or the Deputy Manager. The mortgagor(s) must on **NO ACCOUNT** sign the register.'*

43. The respondent is in breach of the requirement under clause 14.1.1, which requires title deeds to be cleared at the instance of the Branch Manager by the Bank's local lawyer. As already seen supra, this has not been done by him.

44. The second requirement under clause 14.1.2 is that the owners of the property must be asked to personally present themselves at the branch in order to make deposit of title deeds. At the time of their presentation, the Branch Manager is to require proof of identity of the persons as set out under the policy document on Know Your Customer



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(KYC) and AMC (Anti Money Laundering) Procedures under Reference No.MISC/250/2005-06 dated 31.12.2005 issued by the Central Office of the Indian Overseas Bank to all Branches/Regional Offices/other offices (placed at page 65 onwards in appellants compilation dated 24.9.2024)

45. The documentation requirements which include identity proof are stated to be passport, pan card, voter ID card, Driving Licence or any other ID subject to Bank's satisfaction, all of which evidently mean that a photo is to be affixed.

46. Hence, the acceptance of the impersonator as the guarantor without any photo ID proof is a clear violation of the procedures that had been set out under the Instructions. Then again, the Instructions issued by the Law Department as early as on 23.03.2007 also require the officials to be cognizant of frauds by deposit of fake title deeds. Therein, one of the common instances of deposit of fake documents of title deeds is that stolen title deeds are deposited by impersonator. This is precisely what has transpired in the present case.

47. The fact that the respondent has made good the amount leading to the closure of the account should be of little solace as this very conduct, would point to a guilty mind. If proper procedures had been adhered to in



the manner in which the Instructions require, there would have been no necessity for the respondent to have taken the extreme step or the initiative to settle the defaulters account himself.

48. The smallness of the amount is also of no consequence. In fact, the Court is not concerned with quantification of the amount per se, but would rather emphasize the conduct of the Branch Manager, which is seen to have to be lacking, deviating from the procedure prescribed.

49. Hence, the judgment of the Criminal Court would not be very material in deciding a matter relating to disciplinary action as, while the standard of proof in the criminal Court would be proof beyond reasonable doubt, in disciplinary enquiry, we are concerned with preponderance of probabilities.

50. This question has been discussed by 3 Judges of the Supreme Court in *Noida Entrepreneurs Association*¹³ and reiterated, to state that as the standard of proof require in a departmental proceeding is not the same as required to prove a criminal charge, an acquittal in the criminal proceedings would not bar departmental proceedings which would have to be decided on its own merit.

¹³ Foot Note supra (5)



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51. The citations put forth by the appellants are on the proposition that judicial review is limited in such cases. The Court does not sit in appeal in matters of disciplinary proceedings and the extent of intervention will be circumscribed by whether the disciplinary authority has followed proper procedure in line with the principles of natural justice.

52. In the case of *Nand Kishore Shukla*¹⁴, the Supreme Court has held that even if one charge were proved, it would be sufficient to confirm the punishment imposed and the Court would not interfere in such circumstances.

53. In the case of *Nikunja Bihari Patnaik*¹⁵ while dealing with the Central Bank of India Officers Employees (D&A) Regulations, the Supreme Court held that a seniority of an officer is relevant in deciding whether the charges were legitimate or otherwise. The Court, while dealing with class I officers opined that an officer of that rank should be aware of the limits of his authority and responsibilities and powers.

54. The errors committed by an officer holding such a senior position would represent not merely errors of judgment but also misconduct. The Court was concerned with recovery of sticky loans and

14 Foot Note Supra (1)

15 Foot Note Supra (2)



held that all possible steps should be taken in line with the Regulations to recover such loans and protect the interests of the Bank.

55. The defence that in some cases no loss has resulted from those acts did not appeal to the Court which was concerned more with the conduct of the employees and the discipline maintained by them. They say *'acting beyond one's authority is by itself is a breach of discipline and a breach of Regulation 3. It constitutes misconduct within the meaning of Regulation 24.'* Hence, the view taken by the Supreme Court in the case of Bank Officers who are dealing with public funds has always been that the Regulations and Instructions of the Bank are liable to be strictly enforced.

56. In the case of *Tara Chand Vyas*¹⁶, that officer had not secured adequate security before the grant of loans to the dealers and had not ensured supply of loans to the loanees. The records had made the position clear that requisite documentation had not been procured by the officer, a Branch Manager in a Rural Gramin Bank.

57. In that context, the Supreme Court says the employees and officers working in (Nationalised) Banks are not merely Trustees of the society but also bear responsibility and owe duty to the society for

¹⁶ Foot Note Supra (3)



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effectuation of socio-economic empowerment, their acts and conduct should be in discharge of that constitutional objective. If they are derelict in the performance of their duty, it impinges upon the enforcement of the constitutional philosophy, objective and the goals under the rule of law.

58. In the case of *Tarun Kumar Banerjee*¹⁷, while dealing with a charge sheet of an employee of the State Bank of India, the Court confirmed the charges holding that sufficient evidence had been placed on file to establish corruption of that employee. In that context, they state that a customer of the Bank need not be involved in the domestic enquiry, as such the course of action would not be conducive to proper banker-customer relationships and not in the interests of the bank.

59. This would answer the point raised by the respondent that even in the present case, neither the borrower nor the complainant had been enquired. What is relevant is to assess the officials in the light of evidence and the records reveal clearly the fact that the respondent has not been diligent in obtaining the necessary documents and material verification prior to disbursement of the loan.

60. In the case of *Mihir Kumar Hazara Choudhury*¹⁸, the Supreme

¹⁷ Foot Note Supra (4)

¹⁸ Foot Note Supra (7)



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Court has yet again reiterated that the defence of a delinquent that there was no loss or profit in a case where the employee has acted without authority is no defence at all. That was case relating to a misconduct by the officer of a Life Insurance Corporation. The Supreme Court says '*The very discipline of an organization and especially financial institution where money is deposited of several depositors for their benefit is dependent upon each of its employee, who acts/operates within the allotted sphere as custodian of such deposit.*'

61. In the case of *Boloram Bordoloi*¹⁹, an employee in the Lakshmi Gaolia Bank, the appellant was a senior officer of the rank of Manager in a bank. Three Judges considered the departmental enquiry initiated against the Manager and considered the specific argument that the punishment imposed in that case was disproportionate to the gravity of the charges imposed. In that context, they say '*The manager of a bank plays a vital role in managing the affairs of the bank. A bank officer/employee deals with the public money. The nature of his work demands vigilance with the inbuilt requirement to act carefully.*'

62. In identical circumstances as arising in this matter, dealing with violation of the Bankers Instructions, paragraph 13 assumes importance

¹⁹ Foot Note Supra (8)



and is extracted below:

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13. The Manager of a bank plays a vital role in managing the affairs of the bank. A bank officer/employee deals with the public money. The nature of his work demands vigilance with the in-built requirement to act carefully. If an officer/employee of the bank is allowed to act beyond his authority, the discipline of the bank will disappear. When the procedural guidelines are issued for grant of loans, officers/employees are required to follow the same meticulously and any deviation will lead to erosion of public trust on the banks. If the manager of a bank indulges in such misconduct, which is evident from the charge memo dated 18.06.2004 and the findings of the enquiry officer, it indicates that such charges are grave and serious. In spite of proved misconduct on such serious charges, disciplinary authority itself was liberal in imposing the punishment of compulsory retirement. In that view of the matter, it cannot be said that the punishment imposed in the disciplinary proceedings on the appellant, is disproportionate to the gravity of charges. As such, this submission of the learned counsel for the appellant also cannot be accepted.

63. Per contra, the decisions cited by the respondent in the context of proportionality are not on point. The judgments in *Dev Singh*²⁰ and *Ishwar Chandra Jayaswal*²¹ are not in the context of bank employees. The employees in those cases were, in the case of *Dev Singh*, serving as a Senior Assistant in the Punjab Tourism Development Corporation, and in

²⁰ Foot Note Supra (9)

²¹ Foot Note Supra (10)



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the case of *Ishwar Chandra Jayaswal*, an employer in the Railways who had taken a bribe for issuance of fitness certificate. Neither of them were holding senior positions in a Nationalised Bank.

64. In light of the discussion as above, it is clear to us that the Writ Court has erred in coming to the conclusion that it has. Much has been made on the aspect of proportionality of the punishment. The learned Judge has ultimately quashed the order of dismissal on the ground that it is not proportionate to the charges levelled against the petitioner. The Writ Court has opined that the lapses and the consequent charges are technical and that the past services ought to have been taken into account in imposing punishment. In fact, the Court has gone to the extent of saying that the order of dismissal is nothing but victimisation.

65. Having stated that the punishment was disproportionate, the Court has set aside the impugned order. We do not agree that the lapses committed by the respondent are technical. In fact, the aberrations that had been noted in the paragraphs supra, point to serious lapses from the Instructions to Bankers and negligence in the grant of the loan.

66. Incidentally, we note that a subsequent charge sheet that has been issued contains more than two dozen instances of deviation from



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norms in the grant of loans. We say no more in regard to that charge sheet as it has been dropped even prior to enquiry in view of the dismissal order in the present instance. We also draw no conclusions from the same.

67. This Writ Appeal is allowed. No costs. Connected Miscellaneous Petitions are closed.

[A.S.M., J] [G.A.M., J]
21.10.2024

sl
Index: Yes
Speaking Order
Neutral Citation: Yes



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