



IN THE HIGH COURT OF JUDICATURE AT MADRAS

Reserved on : 31.10.2025

Pronounced on : 07.11.2025

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THE HONOURABLE MR.JUSTICE MUMMINENI SUDHEER KUMAR**W.P.No.1331 of 2006**

Mr.K.Kumar Deshraj

... Petitioner

Vs.

1. The General Manager, Competent Authority,
Reserve Bank of India, Department of Administration
and Personnel Management,
Fort Glacis, Rajaji Salai, Chennai – 600 001.

2. The Regional Director, Appellate Authority,
Reserve Bank of India, Fort Glacis,
Rajaji Salai, Chennai – 600 001.

... Respondents

Prayer: Writ Petition is filed under Article 226 of the Constitution of India, to issue a Writ of Certiorari calling for the records of the first respondent in his office order No.39/2005-2006 dated 23.07.2005 and as modified by the second respondent office order No.261/2005-2006 dated 19.12.2005 and quash the same.

For Petitioner : Mr.A.Govindasamy
for Mr.V.Perumal

For Respondents : Mr.Vijay Narayanan,
Senior Counsel for
Mr.T.Poornam



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ORDER

This writ petition has been filed aggrieved by an order passed by the Respondent No.1 vide Office Order bearing No.39/2005-2006, dated 23.07.2005 as modified by the Respondent No.2 vide Office Order bearing No.261/2005-2006, dated 19.12.2005 and to quash the same.

2. The brief facts that are relevant for disposal of this writ petition are as under:-

2.1. While the petitioner was working as 'Assistant Treasurer' in the Cash Department of Reserve Bank of India, Chennai, a show cause notice dated 28.08.2003 was issued to the petitioner alleging that in the course of scrutiny of notes adjudicated by the petitioner, 5533 pieces of Rs.500/- denomination notes for refund of amounts were ought to have been rejected under Rule 5(2)(ii) of the Reserve Bank of India - Note Refund Rules (hereinafter referred to as the 'Refund Rules'), but they were allowed by the petitioner and therefore, he was required to make good an amount of Rs.27,66,500/- within 10 days. In response to the same, the petitioner submitted his reply dated 17.09.2003. However, the competent authority, having not been satisfied with the reply submitted by the petitioner, subjected



the petitioner to disciplinary proceedings by duly placing him under suspension and issued the charge sheet dated 28.10.2003. The said charge framed against the petitioner reads as under:-

“2. It has been reported that:-

(i) During the course of a detailed scrutiny of defective notes received at the exchange counters and adjudicated on various dates in May/June, 2003, it was observed that a large number of Rs.500/- denomination notes which appeared deliberately cut and therefore not payable were passed for payment. It has further been reported that currency notes of Rs.500/-denomination apparently cut deliberately in a particular pattern and which should have been rejected under Rule 5(2)(ii) of the RBI Note Refund Rules were passed for payment by you while on duty at the exchange counters. It has also been reported that as many as 5533 pieces of such notes of Rs.500/- denomination were passed by you as detailed in the annexure in violation of the prescribed rules and procedures instead of rejecting them

(ii) It would appear from the above that you have displayed gross negligence in the discharge of your duties by failing to discharge your duties as the passing official diligently and conscientiously and in accordance with the prescribed procedure. You have also acted in a manner detrimental to the interests of the Bank by passing for payment deliberately cut notes which should have been rejected under the relevant provisions of the Note Refund Rules as aforesaid and thereby caused huge financial loss to the Bank.

3. You are therefore charged with having committed act of gross misconduct within the meaning of Regulation 47 of RBI (Staff) Regulations, 1948 by having



displayed gross negligence in the discharge of your duties and acted in a manner detrimental to the interests of the Bank and having caused huge financial loss to the Bank by your aforesaid conduct.”

2.2. In response to the same, the petitioner submitted his explanation dated 07.01.2004 contending that Rs.500/- notes adjudicated by him does not appear to have been deliberately cut, torn or defaced, altered or dealt with in any manner, much less with a view to establishing a false claim, because most of the notes are single pieces with all essential features available fully or partially, thereby satisfying the requirement of the Rule 9(2)(b) of the Refund Rules, and accordingly he denied the charge. Having not been satisfied with the explanation, an Enquiry Officer was appointed for conducting an enquiry into the charges under the Reserve Bank of India (Staff) Regulations, 1948. Accordingly, an enquiry was conducted wherein witnesses were examined on behalf of the respondent Bank as well as the petitioner herein and the Enquiry Officer finally submitted his report running into 300 pages. The said report was communicated to the petitioner by the competent authority by letter dated 01.06.2005 affording an opportunity to petitioner, and accordingly, the petitioner submitted his objections dated 14.06.2005.



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2.3. It was thereafter the competent authority issued a show cause notice proposing to impose the punishment of “reduction of his substantive pay by two stages for a period of two years from the date of issue of the final orders in terms of the Regulation 47(1)(c) read with 47(1)(b) of the Regulations, 1948, together with postponing the future increments for a period of two years, besides proposing to recover the financial loss alleged to have been caused to the Bank on account of the petitioner passing for payment and paying in lieu of rejectable notes in question under Regulation 47(1)(d) of the Regulations, 1948.” The competent authority also furnished a copy of the findings arrived at by him along with the above said letter. It was thereafter, the petitioner submitted his explanation dated 04.07.2005 and it was thereafter on considering the explanation submitted by the petitioner, the competent authority passed an office order bearing No.39/2005-2006 dated 23.07.2005, imposing the punishment as proposed and ordering for recovery of an amount of Rs.27,57,510/- from the petitioner.

2.4. It was aggrieved by the said order, the petitioner filed an appeal under Regulation 48 of the Regulations, 1948 on 16.11.2005. The said appeal



was considered by the Respondent No.2 and an order was passed vide Office Order No.261/2005-2006 dated 19.12.2005, reducing the punishment, without any effect of postponing his future increments and providing for restoration along with intervening increments on expiry of two years period. It is aggrieved by the said orders passed by the Respondents 1 and 2 dated 16.11.2005 and 19.12.2005, the petitioner filed the present writ petition.

3. The respondents filed a counter-affidavit supporting the impugned orders.

4. Heard Mr.A.Govindasamy for Mr.V.Perumal, learned counsel appearing for the petitioner and Mr.Vijay Narayanan, learned Senior Counsel for Mr.T.Poornam, learned counsel for the respondents also perused the entire material on record.

5. As rightly pointed out by Mr.Vijay Narayanan, learned Senior Counsel appearing for the respondents, there is no procedural lapse or flaw in the matter of concluding the disciplinary proceedings. He strenuously contended that Rule 5 will have precedence over Rule 9 of the Refund Rules and it is only in case if the notes that were presented for refund cannot be



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rejected under Rule 5, they can be considered under Rule 9 of the Rules. But in the instant case, according to learned Senior Counsel, the petitioner failed to act in accordance with Rule 5 of the Rules, 1975. He also further contended that the Enquiry Officer, after having conducted a detailed enquiry, recorded a factual finding that all the notes in question are all deliberately cut notes but they were all passed by the petitioner and therefore, the said finding does not need any interference by this court, as the same was also accepted by the competent authority/ disciplinary authority as well as the appellate authorities. He has also drawn the attention of this court to various parts of the report of the Enquiry Officer, wherein it was observed that 86 pieces that were passed by the petitioner belonging to the same original packet of notes bearing Serial Nos. 8BD 692001-100, though not in the same running order, and that the cuts were inconsistent with the age and condition of the notes, thereby indicating a high probability that these notes were all tendered by the same person and were from relatively fresh pockets of notes. Thus, he contented that the petitioner ought to have entertained the suspicion that 86 notes belonging to same packet were presented with deliberate cut and ought to have rejected the said notes under Rule 5. He also further contended that the scope of interference by this court under Article 226, in



the matter of disciplinary proceedings, is very limited, and this court cannot act as an appellate authority/appellate court to reverse the findings recorded in the disciplinary proceedings.

6. When the matter is listed for clarification, the learned Senior Counsel contended that a Co-ordinate Bench of this court has already recorded a finding on the acts of the petitioner, holding that the acts of the petitioner in passing the notes in question amounts to misconduct under Rule 5 of the Rules, 1975 and placed reliance on Paragraph No.14 of the Judgment in Crl.A.No.639 of 2014 dated 07.10.2025. The said Paragraph No.14 reads as under:-

“14. The learned Counsel would argue that unless dishonest intention is proved, the person sitting at the counter must accept even a deliberately cut note. Already, Rule 5(2)(ii) was extracted supra. Rule 4 also authorizes the officer to conduct inquiries. When a large number of notes are presented, which are fresh and would naturally invoke suspicion for anyone manning the counter, the argument of the learned Counsel for the appellant cannot be accepted. On the face of it, it is clear that the note is deliberately cut. A large number of notes, approximately 5,533, were presented to the appellant between 30.05.2003 and 19.06.2003, especially considering that most of these notes are from the same serial numbers. The intention to defraud is evident in this transaction. Therefore, I hold that the accused's actions in accepting these notes



and refunding the amount for such deliberately cut notes constitute a clear violation of Rule 5(2) of the Rules.”

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7. This court has carefully considered the submissions made on either side and also perused the entire material on record.

8. From the perusal of the charge, it is evident that the misconduct alleged against the petitioner is that, during the months of May 2003 and June 2003, large number of Rs.500/- denomination notes, which appear deliberately cut, though not payable under the Rules, 1975, they were passed for payment and all that notes were cut in a particular pattern and ought to have been rejected under Rule 5(2)(ii) of the Refund Rules by the petitioner. Thus, it is alleged that, in all 5,533 pieces of such notes were passed by the petitioner in violation of the prescribed rules and procedures, instead of rejecting them. Consequently, the value of the said notes was alleged to be the financial loss caused to the Bank. In a nutshell, the allegation is that the currency notes which were cut were passed by the petitioner instead of rejecting the same under Rule 5(2)(ii) of the Refund Rules. The said Rule 5(2)(ii) of the Refund Rules reads as under:-

“Rule 5: General provisions in relation to all claims
2.



(i) ...

ii) which in the opinion of the prescribed officer has been made imperfect or has been mutilated, with a view to making it appear to be of a higher denomination, or has been deliberately cut, torn, defaced, altered or dealt with in any other manner, not necessarily by the claimants, with a view to establishing a false claim under these rules or otherwise to defraud the Bank or the public, or”

The said Rule 5(2)(ii) is already extracted hereinabove, provides for general provisions in relation to all claims. Under Rule 5(2)(ii), a claim in respect of a note which, in the opinion of the prescribed officer, has been deliberately cut, torn or defaced, altered or dealt with in any manner not necessarily by the claimant **with a view to establishing a false claim under the Refund Rules or otherwise to defraud the bank or the public** shall be rejected. In order to attract the Rule 5(2)(ii), it is not enough that a note has been deliberately cut but such deliberate cut shall be with a view to establishing a false claim under the Refund Rules or otherwise to defraud the bank or the public.

9. Simultaneously initiating the disciplinary proceedings, the respondents also initiated criminal proceedings against the petitioner under Section 120(b) read with 420 IPC and Sections 13(2) read with Section 13(1)(d) of Prevention of Corruption Act, 1988, in RC.No.51(A)/2003/CBI/ACB/Chennai and the same was taken on record as C.C.No.27 of



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2005 on file of the IX Additional City Civil and Sessions Court (CBI cases relating to Bank and Financial Institutions), Chennai -1. The said calendar case was ended convicting the petitioner only in respect of offences under Section 420 IPC read with Sections 13(2) and 13(1)(d) of the Prevention of Corruption Act, 1988 by judgment dated 21.11.2014. Aggrieved by the same, the petitioner filed Criminal Appeal No.639 of 2014 before this court and the said criminal appeal came to be allowed by judgment dated 07.10.2025 by a Co-ordinate Bench of this court, acquitting the petitioner from the charges levelled against him. By the time this writ petition was heard by this court on 04.08.2025, the judgment in Crl.A.No.639 of 2014 was already reserved and pending pronouncement. Hence, at the request of learned counsel on either side, this court awaited for disposal of the criminal appeal referred to above. After the said criminal appeal was disposed of on 07.10.2025, a copy of the judgment said criminal appeal is placed before this court by the learned counsel for the petitioner by filing a memo dated 09.10.2025 and in response thereto, the learned counsel appearing for the respondents filed his objections through a memo dated 09.10.2025 and the same was also responded again by the learned counsel for the petitioner by filing rejoinder dated 22.10.2025.



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10. In the light of the above, the matter was listed for clarification on 31.10.2025 to afford an opportunity to the learned counsel on either side, and after hearing the learned counsel on either side, the matter was again reserved for orders. Accordingly, the writ petition is being disposed by this order.

11. The charge that was levelled against the petitioner is already extracted hereinabove. A perusal of the same discloses that the charge against the petitioner is that he ought to have rejected Rs.500/- notes numbering 5,533 under Rule 5(2)(ii) of the Refund Rules, as the said notes appears to have been deliberately cut and therefore, not payable under the Refund Rules but they were passed by the petitioner for payment. Therefore, the value of the notes is stated to be the loss caused to the Bank by the petitioner by his conduct and the same is sought to be recovered under Rule 47 of the Regulations, 1948. The petitioner, while submitting his explanation, has taken a specific stand that, in his opinion, as the prescribed officer, the notes in question did not appear to have been deliberately cut with a view to establishing a false claim or defraud the bank or public, as most of the notes are in single pieces, with all essential features available fully or partially and measuring not less than three-fourth of the area of the notes and it is



impossible to construct a payable note out of the missing portions of the notes passed by him. The relevant portion of the said explanation reads as under:-

“With reference to (i) above, I submit that In my opinion, as the prescribed officer, the notes were neither made imperfect nor mutilated with a view to making it appear to be of higher denomination. It is not the case of the Bank that I had paid Rs.1000/- against Rs.500/- which happens to be the next higher denomination.

With reference to (ii) above I submit that in my opinion, as the prescribed officer, the notes adjudicated by me did not appear to have been deliberately cut, torn or defaced, altered or dealt with in any other manner with a view to establishing a false claim, because these notes were mostly in single pieces with all the essential features available fully or partially including the entire number panel or a major portion of the number panel and measuring not less than three-fourth area of the note and therefore, were payable in terms of Rule 9(2)(b). It is impossible to construct a payable note out of the missing portions of the notes with a view to making a false claim or to defraud the Bank or the public.”

12. The Enquiry Officer, having taken note of the stand of the petitioner, has gone into issue as to whether the fraud is required to be proved in order to hold the petitioner guilty of misconduct or not at Paragraph No.6.22 to Paragraph 6.25 under Sub-heading (c) of the enquiry report. The said paragraphs are extracted hereunder for better appreciation:-



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“6.22 The second "ingredient" relates to whether the notes have been "deliberately cut, torn, defaced, altered or dealt with in any other manner, not necessarily by the claimants with a view to establishing a false claim under these rules or otherwise to defraud the Bank or the public...". This part of the rule has two parts, namely, (i) "...with a view to establishing a false claim under these Rules" and (ii) "...or otherwise to defraud the Bank or the public". Thus, establishing a false claim is not a necessary condition, but an intention to defraud in any manner would suffice to attract the provisions of rule 5(2)(ii).

6.23 It follows from the above that though several witnesses have stated that it is not possible to make a built-up note from the missing portions of the notes, it is not necessary for the Management to bring such a note/notes as proof of fraud. Moreover, the charge-sheet does not include a charge that the CSO has facilitated passing of a built-up note through his actions. Therefore, the Defence argument at paragraph 6.16 (c) above that it is not possible to make a payable note from the missing portions is also irrelevant to the present case.

6.24 In the summing up of the Defence, it was argued that "to attract this rule, the motive of the tenderer to establish a false claim under these rules or otherwise to defraud the Bank or public has got to be established." Management has argued that fraud need not be proved in order to attract rule 5(2)(ii), but a mere fraudulent intention would be sufficient. During the cross-examination of DW5 by the PO, the witness was asked "whether intention alone is to be established or even fraud needs to be proved for rejecting a note?". DW5 replied that "... the above said explanatory note referred to by me, uses a specific word "should" and if the whole sentence is given a careful reading, it would



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give a clear picture that this paragraph refers only to deliberate fraudulent intention appearing on a note and this rule should be applied only in such cases." (Proceedings dated January 19, 2005, page 7)

6.25 This Enquiry is of the view that since the explanation to the rule mentions only "fraudulent intention" and not fraud, it is not necessary to prove a fraud in order to attract the provisions of the rule. This was also confirmed by DW5 as may be seen from the extracts from his deposition quoted at paragraph 6.24 above. Proving mens rea, or motive of the claimant, as in criminal law, in respect of each and every deliberately cut note tendered, is neither envisaged under the Rules nor is it practically possible for a prescribed officer functioning at the counter to examine mens rea in respect of each mutilated note. Thus, the argument of the Defence quoted at paragraph 6.16 (b) above that "... unless the fraud or the false claim is established, applicability of 5(2)(ii) is totally fallacious" is a non sequitur."

13. The Enquiry Officer, having arrived at the above conclusion, submitted his report. The Respondent No.1 competent authority, having taken into consideration the report of the enquiry officer, came to the conclusion that the charges levelled against the petitioner are proved and accordingly recorded his findings. In Paragraph No.15 of his findings the disciplinary authority, arrived at a conclusion that in order to attract the provisions of Rule 5(2)(ii), it is not necessary to prove fraud but it is suffice if fraudulent retention is seen from the deliberately cut notes for refusal of payment. The



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said Paragraph No.15 reads as under:-

“15. I fully agree with the EO's analysis as above and hold that the notes were deliberately cut notes. As to the question whether built up notes made of portion removed from these notes were presented for payment and paid, I have to observe that it is not at all necessary to prove such instances and to attract the provisions of Rule 5(2) (ii), it is not necessary to prove fraud. "Fraudulent intention" of the tenderer as could be seen from the deliberately cut notes would suffice for refusal of payment. The passing official or the prescribed officer cannot arrogate to himself more powers than prescribed and go about passing notes for payment ignoring the built-in-safeguards provided in the Note Refund Rules to prevent perpetration of frauds against the Bank. Thus, in the instant case, the CSO had every reason to apply Rule 5(2) (ii) which he did not do.”

14. Insofar as the alleged loss caused to the bank is concerned, the competent authority, though not disputed the contention of the petitioner that the missing portion of the notes passed by him cannot be used for making another note, came to the conclusion that the petitioner has caused loss to the Bank, as he has passed the notes which ought to have been rejected under Rule 5(2)(ii) of the Rules, 1975. The relevant Paragraph No.17 reads as under:-

“17. As for the charge of the CSO causing financial loss by passing for payment the aforesaid notes which should have been rejected under Rule 5(2)(ii) of the Note Refund Rules, the defence has contended that the



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notes built up with missing portions out of the notes passed shall not qualify for full value or for half value and it is impossible to make a payable note out of the missing portion of the notes in question. The CSO has further contended that financial loss as claimed by the Bank would arise only if built up notes had been passed by him and that no built up notes built out of the missing portions of the notes passed by him, have also been shown to him. I have carefully considered the contentions of the defence in this behalf and have to observe that as already mentioned, since these notes should have been rejected under Rule 5(2)(ii) of the Note Refund Rules, no value was required to be paid. However, since the CSO had paid from the Bank money in lieu of the rejectable notes by wrongly exercising his powers under Note Refund Rules, he had caused financial loss to the Bank to that extent. I fully agree with the Enquiry Officer's reasoning and the conclusions in this regard."

15. Absolutely, there is no ambiguity or confusion in the said Rule.

Taking that into consideration, if the charge that is framed against the petitioner under charge memo dated 28.10.2003 is looked into, unless the second ingredient required to be fulfilled under the Rule 5(2)(ii) of the Refund Rules for rejecting a note presented for payment is fulfilled, i.e., intension to make a false claim the prescribed officer is not entitled to reject the said note. The charge that is alleged against the petitioner, no doubt, is that the 5,533 deliberately cut notes were presented for payment to him and they were passed by the petitioner instead of rejecting the same. Nowhere in



the charge sheet it is alleged that the said notes were presented for payment with a view to establishing a false claim under the Refund Rules or otherwise to defraud the bank or the public. The charge also does not attribute any malice, ill-intention, or collusion on the part of the petitioner. In terms of Rule 21 of the Refund Rules, the decision of the prescribed officer of the bank in regard to any claim under the Refund Rules shall be final, and no appeal from the said decision shall lie to any other officer or authority.

16. From the reading of Rule 21, it is evident that the discretion exercised by the prescribed officer under Rule 5 or Rule 9 of the Refund Rules is final. The petitioner is now subjected to disciplinary proceedings for having exercised such discretion under Rule 5. As already noted above, admittedly there is no charge against the petitioner on the ground that the petitioner has passed the currency notes for payment, though they were deliberately cut notes and presented for payment with a view to establishing a false claim or to defraud the bank. Admittedly, there is no allegation of presenting the said notes for payment with a view to make a false claim or defraud the bank, hence the question of rejecting the said notes under Rule 5(2)(ii) does not arise. But the entire disciplinary proceedings, basing upon



the charge, as framed under the charge sheet dated 02.10.2003 have proceeded without noticing this crucial aspect. As already noted above, while noting down the facts of the case at paragraph No.11, the petitioner has raised his objection at the first instance while submitting his explanation dated 07.01.2004 to the charge sheet, which was already extracted herein above. But inspite of such a stand taken by the petitioner, the same was failed to be considered by the respondents. Further, the Enquiry Officer also while examining this aspect of the matter Paragraph Nos.6.22 to 6.25 which is already extracted herein above under the heading 'whether fraud is required to be proved', the Enquiry Officer has erroneously came to the conclusion that the existence of a fraudulent intention is sufficient and not actual fraud is required to be proved in order to attract Rule 5(2)(ii) of the Refund Rules. But in the instant case, there is neither any allegation of the intention on the part of the person or persons, who presented the notes for payment nor any fraud is attributed either to the said person or to the petitioner herein. When such is lacking in the allegation, the Enquiry Officer, instead of looking into the said aspect, has erroneously proceeded to conclude that the fraudulent intention is sufficient and actual fraud need not be proved. Such an approach of the Enquiry Officer is perverse and contrary to the basic facts on record



before him. Such a conclusion arrived at by the Enquiry Officer has been blindly accepted by the Respondent No.1/ disciplinary authority inspite of specific objections raised by the petitioner resulting in imposing the punishment on the petitioner besides ordering for recovery of the alleged loss caused to the bank.

17. Then, coming to the contention of the learned Senior Counsel appearing for the respondents by placing reliance on the judgment in Crl.A.No.639 of 2014 is concerned, in the considered view of this court, the same cannot be accepted, as the findings recorded in the said judgment at Paragraph No.14 is only an *obiter dictum*. The charge that is levelled against the petitioner in the said criminal proceedings reads as under:-

"Firstly, that you Sh.K.Kumar Deshraj (A1) and you Sh.K.Sakthi Kumar (A2) while working as Assistant Treasurers in the defective note counters of Reserve Bank of India, Chennai entered into criminal conspiracy with you Sh.Vijaya Kumar Agarwal (A3) and you Sh.S.Manickam (A4) at Chennai and other places during the year 2003 to cheat Reserve Bank of India, Chennai and in pursuance of the said criminal conspiracy you Sh.Vijaya Kumar Agarwal (A3) prepared deliberately cut currency notes of 3/4th size and sent the same through you Sh.S.Manickam (A4) for exchange of its full value to RBI defective note counters on various dates manned by the above



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stated accused RBI officials and in furtherance of the said criminal conspiracy, you Sh.Kumar Deshraj (A1) and you Sh.K.Sakthi Kumar (A2) by misusing or abusing their official position as Assistant Treasurers during the period May 2003-June 2003 had accepted 5533 and 1230 deliberately cut notes of Rupees 500 denominations respectively knowing fully well that such acceptance is totally against the RBI Note Refund Rules 1975 and various RBI circulars/guidelines issued in this regard and by the above said acts you S/Sh.Kumar Deshraj (A1), Sakthi Kumar (A2) had accused pecuniary advantage to you Sh.Vijaya Kumar Agarwal (A3) and you Sh.S.Manickam (A4) to the tune of Rs.27,62,500/- and Rs.6,15,000/- respectively totalling Rs.33,80,500/- and corresponding loss to RBI. Thus, you A1 to A4 committed offences punishable u/s 120-B r/w 420 IPC and sec. 13(2) r/w 13(1)(d) of P.C.Act 1988 and within my cognizance.

Secondly, that you A1 to A4 on or about the period and at the place mentioned in the Ist charge, in the course of the same transaction, in pursuance of the criminal conspiracy and in furtherance of the offences and the charges mentioned in the Ist charge cheated the Reserve Bank of India, Chennai by dishonestly inducing the said RBI to deliver a sum of Rs.33,81,500/- to you A1 to A4 particularly to give pecuniary advantage to Sh.Vijaya Kumar Agarwal (A3) and Manickam (A4) which was the property of the said Reserve Bank of India, Chennai and that you A1 to A4 thereby committed an offence punishable u/s. 420 IPC and within my cognizance.



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Thirdly, that you A1 and A2 working as Asst. Treasurers in RBI, Chennai on or about the period and at the place mentioned in the 1st charge, in the course of the same transaction, in pursuance of the criminal conspiracy and in furtherance of the offences and the charges mentioned in the 1st charge being a public servant employed in Reserve Bank of India and being posted at the defective Note Counters of RBI, Chennai and being entrusted with the job of accepting defective/mutilated notes as stated above, by corrupt or illegal means or otherwise by abusing your position as a public servant, obtained for you A3 and A4 a pecuniary advantage to the extent of Rs.33,81,500/- from Reserve Bank of India, Chennai as mentioned in the previous charges and thereby you A1 & A2 committed the offence specified in sec.13(2)(d) of Prevention of Corruption Act 1988 and punishable u/s 13(2) of the said act and within my cognizance.”

18. From the above charge, it is evident that the entire charge is under the provisions of the Indian Penal Code and the Prevention of Corruption Act, 1988. The said charges are held to have been not proved by this court. The nature of the allegation that is levelled against the petitioner in the said charge is not the charge in the disciplinary proceedings. The simple charge in the disciplinary proceedings is only of passing the notes for payment instead of rejecting the same under Rule 5(2)(ii). Other than that, there is no other misuse or abuse of his official position that is alleged against the petitioner.



The pecuniary advantage is also not alleged against the petitioner in the disciplinary proceedings. Even the pecuniary advantage that was attributed against the petitioner in the criminal proceedings has ended in acquittal and this court also recorded a specific finding on the alleged loss caused to the bank at Paragraph No.18 of the Judgment in Crl.A.No.639 of 2014 which reads as under:-

18. Cutting these notes and using the cut pieces is the act that completes the offense. But, unfortunately, during the entire investigation, not a single note, by means of these cut pieces which consist of small portions cut from other notes, were brought forward. The charges framed were also extracted supra. They also did not suggest such an allegation. Although making the Reserve Bank of India pay for those cut notes totaling Rs.33,81,500/-, was in violation of the Rules, each note is a genuine 500-rupee note, and when its value has been replaced, it cannot be said that the bank suffered any loss or was cheated. ...”

19. Be that as it may, from the perusal of the report of the Enquiry Officer, it is evident that the witnesses who are examined on behalf of the bank themselves categorically stated that, from out of the pieces that were missing in the currency notes passed by the petitioner for payment, no full note can be made out and it is also not the case of the respondent Bank that any such made out notes with the remaining pieces were presented for



payment at any point of time.

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20. In the absence of the same, when the petitioner passed the notes which admittedly satisfied the requirements under Rule 9 of the Refund Rules, and more than three-fourth of the notes are also physically available with the respondent bank and in the light of the impossibility of making out another note from out of the cut pieces, mere payment for the notes passed by the petitioner, under no circumstances, can be said to be a loss caused to the bank. It is only on receipt of the cut notes which are satisfying the requirement of Rule 9, the payment was made and therefore, the alleged loss caused to the bank is only an imaginary one as rightly held in the order passed in Crl.A.No.639 of 2014. No doubt, the petitioner was acquitted in the criminal proceedings by giving the benefit of doubt, and the nature of proof required in the disciplinary proceedings is definitely not as that of the criminal proceedings. Mere preponderance of probability is sufficient to bring home the charge in the disciplinary proceedings. But in the instant case, as already noted above, the very ingredient of Rule 5(2)(ii) of the Refund Rules are alleged to have not been existing in respect of 5533 notes passed by the petitioner to enable him to reject the said notes. When it is an admitted



situation that the second ingredient of presenting a deliberately cut notes with a view to making a false claim or with a view to defraud the bank is not existing, the question of holding the petitioner responsible under Rule 5(2)(ii) does not arise.

21. In the light of the above, at the most, the action of the petitioner in accepting huge number of notes numbering 5533, which are cut in the same fashion and presented within a short span of about 15 days during the months of May and June 2003, and on the some days, more than 500 notes were presented for payment, the petitioner would have acted more diligently and ought to have brought the same to the notice of the higher officials before passing the said notes. But he failed to do the same thereby exhibiting a negligence or careless attitude on his part.

22. In the light of the above, though this court has come to the conclusion that the charge levelled against the petitioner and the conclusions arrived at by the respondents cannot be sustained, this court is not inclined to interfere with the punishment finally imposed on the petitioner by order dated



19.12.2005. However, insofar as the recovery of an amount of Rs.27,57,510/- is concerned, in the light of the conclusions arrived at by this court hereinabove, the same cannot be sustained. Accordingly, both the impugned orders bearing Office order No.39/2005-2008, dated 23.07.2005 and Office order No.261/2005-06, dated 19.12.2005 are quashed to the extent of ordering for recovery of an amount of Rs.27,57,510/- from the petitioner alone.

23. Accordingly, the writ petition is partly allowed. No costs. Connected miscellaneous petitions, if any, shall stand closed.

07.11.2025

skr

Index : Yes / No

Speaking order / Non-speaking order

Neutral Citation : Yes / No

To

1. The General Manager, Competent Authority,
Reserve Bank of India, Department of Administration
and Personnel Management,



W.P.No.1331 of

Fort Glacis, Rajaji Salai, Chennai – 600 001.

2. The Regional Director, Appellate Authority
Reserve Bank of India, Fort Glacis,
Rajaji Salai, Chennai – 600 001.

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W.P.No.1331 of



MUMMINENI SUDHEER KUMAR, J.

skr

Pre-Delivery Order made in
W.P.No.1331 of 2006

07.11.2025