

GAHC010031532017



2026:GAU-AS:5608

THE GAUHATI HIGH COURT
(HIGH COURT OF ASSAM, NAGALAND, MIZORAM AND ARUNACHAL PRADESH)

Case No. : WP(C)/4324/2017

DWIPRAHAR DAS
S/O- DWIJESH CH. DAS, R/O- H NO. 46, PARAG DAS PATH,
BAMUNIMAIDAN, GUWAHATI- 781021

VERSUS

THE LIFE INSURANCE CORPORATION OF INDIA and 6 ORS.
REP. BY ITS CHAIRMAN, YOGA KHEMABUILDING, NARIMAN POINT,
MUMBAI, MAHARASHTRA, PIN- 400021

2:THE MANAGING DIRECTOR
LIFE INSURANCE CORPORATION OF INDIA
YOGA KHEMA BUILDING
NARIMAN POINT
MUMBAI
MAHARASHTRA
PIN- 400021

3:THE ZONAL MANAGER
LIFE INSURANCE CORPORATION OF INDIA
EASTERN ZONAL OFFICE
4 CR AVENUE
KOLKATA- 700072
WEST BENGAL

4:THE SENIOR DIVISIONAL MANAGER
GUWAHATI DIVISIONAL OFFICE
LIFE INSURANCE CORPORATION OF INDIA
JEEVAN PRAKASH BUILDING
S S ROAD
FANCY BAZAR
GUWAHATI- 781001

5:SHISHIR KAR

CHIEF MANAGER
LIFE INSURANCE CORPORATION OF INDIA
SILCHAR BRANCH-1
SILCHAR

6:MUNIN SARMA
BRANCH MANAGER
LIFE INSURANCE CORPORATION OF INDIA
TEZPUR BRANCH
TEZPUR
SONITPUR
PIN- 784001

7:DIPA BHARALI
BRANCH MANAGERSALES
LIFE INSURANCE CORPORATION OF INDIA
NALBARI BRANCH
NALBARI
PIN- 78133

BEFORE

HON'BLE MR. JUSTICE RAJESH MAZUMDAR

Advocate for the petitioner(s) : Mr I Choudhury, Sr
Adv Mr T Das.

Advocate for the respondent(s) : Mr S Nath (R-1-4)

Date on which judgment was reserved: **12-02-2026**

Date of pronouncement of judgment : **23.04.2026**

Whether the pronouncement is of the : **NA**
operative part of the judgment?

Whether the full judgment has been : **Yes**
pronounced?

JUDGMENT AND ORDER (CAV)

Heard Mr I Chowdhury, learned Senior Counsel, assisted by Mr. P Das, learned Counsel, appearing for the petitioner. Also heard Mr S Nath, learned counsel appearing for the respondents.

2. This application under Article 226 of the Constitution of India has been preferred by the petitioner, being aggrieved by the order dated 29.05.2017 issued by the respondent no.4, namely the Senior Divisional Manager, Guwahati Divisional Office Life Insurance Corporation of India, by which the petitioner had been inflicted with the punishment of removal from service with a further penalty of recovery of ₹21,82,846. The petitioner has also expressed grievance against (i) the Chargesheet dated 27.01.2016, (ii) the enquiry proceedings which culminated in the enquiry report dated 21.07.2016 and (iii) the show cause notice dated 31.03.2017 asking the petitioner to show cause as to why he should not be held guilty of the charges as mentioned in the chargesheet dated 27.01.2016.

The story unfolded in the petition:

3. The petitioner was serving in the Life Insurance Corporation of India as a Development Officer. He joined his services on 1.12.1982, and he was initially posted in the Dhubri branch. In the year 2005, he was transferred to the Guwahati division, and since then, he has been working in the Guwahati division with utmost sincerity and dedication.

4. While serving as a Development Officer, the petitioner was served with a show

cause notice dated 10.09.2015, asking the petitioner to submit a detailed explanation regarding alleged financial irregularities involving adjustments of various "block deposits" in various names. Having received the aforesaid show cause notice, he had a discussion with the higher officials. He submitted a reply on 26.09.2015 stating that the alleged irregularities had been done under business compulsion. The petitioner had also undertaken the responsibility of refunding the block deposit amount to the proposers as advised by the higher officers.

5. The petitioner was served with a charge sheet dated 27.01.2016 alleging the same irregularities as in the notice 10.09.2015. The charges levelled are quoted below for ease of reference:

In Paragraph 2

"THAT, the Cheque No.671856 dated 18.08.2012 for Rs. 593950.00 -08 for Rs. 593950.00 was deposited at Guwahati Branch Office-II under Agency Code 03439548 under your DO Code as Block Deposit in the name of Sri Binanda Kalita vide BOC No. 4259, TR No. 50256 dated 22.08.2012 and the said cheque was cleared on 25.08.2012. Subsequently, the proposal of Sri Binanda Kalita was declined by the Corporation. As the proposal was declined, the Block Deposit amount of Rs. 593950.00 was to be refunded, but you arranged to get the whole amount adjusted/refunded against 10 different proposals on different lives who were not at all related to Sri Binanada Kalita, where these 10 proposals were introduced under different agency codes under your organisation.

In Paragraph 3

THAT, the Cheque No.001433 dated 27.08.2013 for Rs.317810.00 was handed over to you by Sri Binanda Kalita against renewal premium (2nd & 3rd) of Policy No.485584803 on the life of Smt. Sagarika Kalita (daughter of Sri Binanda Kalita) but you arranged to deposit the said cheque at Bamunimaidan SO under Guwahati Branch Office-II against Agency Code 04400485 under your DO code as Block Deposit in the name of S Kalita, vide BOC No. 13712, Trn. No.103941 dated 31.12.2013. The cheque was cleared on 08.01.2014. You arranged to get this block deposit amount wholly adjusted against 12 different proposals on different lives who were not at all related to S Kalita, where these 12 proposals were introduced under different agency code under your organisation.

In Paragraph 4

THAT, the Cheque No.001434 dated 27.08.2013 for Rs.300388.00 was handed over to you by Sri Binanda Kalita against renewal premium due (2nd and 3rd) of the Policy No.485584801 on the life of Sri Kunal Kalita. You arranged to get the Cheque deposited at Bamunimaidan SO under Guwahati Branch Office-II against Agency Code "NEW" under your DO Code as Block Deposit in the name of K Kalita vide BOC No. 13715, Trn. No.103944 dated 31.12.2013. The Cheque was cleared on 08.01.2014. You arranged to get this block deposit wholly adjusted against 17(seventeen) different proposals on different lives who were not at all related to K Kalita, where these 17 proposals were introduced under different agency codes under your organization.

In Paragraph 5

THAT, the Cheque No.122479 dated 31.12.2013 for Rs.400000.00 was given to you by Sri Siba Prasad Barua for a new proposal on the life of his wife, Smt. Juna Das. You

arranged to deposit the said cheque amount as Block Deposit vide BOC No. 13708 dated 31.12.2013 in the name of J Barua and the cheque was cleared and credited to LICI A/c on 08.01.2014. You arranged to get the entire block amount adjusted against the Proposal No.12571 which resulted into Policy i.e. Policy No.486527228 on the life of Goonjan Bordoloi with Single Premium Rs.414385.00 (Balance premium Rs.14385.00 adjusted from BOO No.13715 dated 31.12.2013 of K Kalita) at your stance.

In Paragraph 6

THAT, you also arranged to deposit Rs. 408462.00 under BOC No.328 dated 22.04.2013 as Block Deposit and you got the entire deposit amount adjusted against 12 different proposals/ policies on different lives where these 12 proposals were introduced under different agency codes under your organization.

In Paragraph 7

That, you further arranged to deposit the cheque amount Rs. 502703.00 as Block Deposit in the name of Bikram Boro vide BOC No. 15125 dated 30.03.2013 under Agency Code 02833548 but you arranged to get the block amount adjusted against 9 different proposals/policies on different lives who are not at all related to Bikram Boro where these proposals were introduced under different agency codes under your organization.

6. The petitioner thereafter filed a reply on 12th of April 2016 stating that the alleged irregularities had been made in good faith for the development of business with the suggestion of the higher officials. The petitioner had further stated that if, in fact, the

proposals as submitted by the petitioner were declined, the Corporation was under a duty to refund the money within 15 days of such rejection.

7. Pursuant to the aforesaid reply, an enquiry was directed to be held, and the petitioner had also participated in the said enquiry. It is the case of the petitioner that he was requested to admit the charges levelled against him with the assurance that on such admission, he would be exonerated from all the charges. Accordingly, the petitioner did not contest the enquiry and simply admitted the charges levelled against him. The presenting officer submitted the written brief on 18.06.2016, and the enquiry officer submitted the report of the enquiry on 21.07.2016. In the enquiry report, the charges at paragraphs 2 to 5 were held to be established, and the charges at paragraphs 6 and 7 were held to be partially established. The petitioner was supplied a copy of the enquiry report, and he submitted his reply to the same on 13.8.2016. The petitioner, thereafter, was given an intimation dated 31st March 2017 by the disciplinary authority that the disciplinary authority differed with the opinion of the enquiry officer in respect of charges at paragraphs 6 and 7 and that the disciplinary authority was of the opinion that even the charges under 5 and 6 were also proved against the petitioner. The disciplinary authority issued this second notice to the petitioner, provisionally holding the petitioner guilty of the charges levelled against him and further proposing to impose the penalty of recovery of ₹21, 82, 846 as well as the penalty of removal from service on the petitioner, which shall not be a disqualification for further employment. Accordingly, the petitioner was required to file a reply.

8. The petitioner, through his reply dated 24th of April 2017, requested the

disciplinary authority to consider his case sympathetically since he had followed the instructions of the higher authorities. The disciplinary authority passed the impugned order of punishment on 29.05.2017, removing the petitioner from service and imposing a penalty of recovery of ₹21,82,846 on the petitioner. The present petition has been preferred, challenging the legality and validity of the disciplinary proceeding initiated against the petitioner as well as the consequential order of punishment dated 29.05.2017.

Submissions on behalf of the petitioner:

9. Opening his arguments on behalf of the petitioner, Mr I Chowdhury, learned Senior counsel, has submitted that the job profile of the petitioner as a development officer was to develop and increase the quantum of life insurance business in a planned way, as far as may be practical in the area where he was posted, by working through the agents allotted to him. A development officer, such as the petitioner, is required to introduce suitable persons to the corporation for appointment as a new agent. It is also the duty and responsibility of the development officer to guide, supervise and direct the activities of the agents placed under the development officer. As such, the development officer was required to work on development and increase the production of life insurance business. However, the development officer had no role in processing new business. The learned Senior counsel appearing for the petitioner has submitted that during the years 2012 and 2013, several unutilized "block deposit" amounts of declined policies were lying in the Guwahati division of the Life Insurance Corporation. On coming to know about such neutralized block deposits, the higher

officials of the petitioner had suggested utilizing the said deposit amount for opening new proposals, so as to increase the business of the division. The learned Senior counsel for the petitioner has submitted that once the Life Insurance Corporation declines a proposal of a proposer, it was the duty of the Corporation to refund the same amount to the proposer within 15 days of such rejection. However, since several unutilized block deposit amounts of declined policies were lying in the Guwahati division, the senior officials of the petitioner had advised him to utilize the amount.

10. Mr Chowdhury has submitted that the development officer has a limited role in submitting new business proposals, and it would be upon the Corporation to either accept or reject the proposals. By explaining the process for opening a new policy, the learned senior counsel has submitted that the agent has to submit all necessary documents along with a duly filled-out form and the first premium. The first premium is to be deposited with the Corporation at the time of submission of the firm. The collection of the first premium by the branch is termed as branch office collection (for short, BOC), and for each branch office collection, a unique number is given against the proposal once the policy is approved. The particular BOC amount of the proposer is adjusted with his new policy. Once a policy is declined, it is mandatory to refund the unused amount of the particular policy to the proposer within a period of 15 days. Any outstanding pending BOC amount that has not been utilized has to be returned to the proposer at the end of the financial year, and only class I officers, such as the Branch Manager and the Divisional Manager of the corporation, have the authority to adjust the BOC amount. It is the case of the petitioner that the Development Officers had no role in either the acceptance of premium or allotment of BOC number or

adjustment of BOC or approval of policy, et cetera. The post of development officer, in which the petitioner was working, had no financial power and did not have any access to the portal on which the policies were processed when fresh proposals were submitted. It is the specific case of the petitioner that the respondent number 5, respondent number 6 and respondent number 7 were serving as the Chief Manager, Branch Manager, and Assistant Branch Manager of the Branch Office 2, Silpukhuri at the relevant point of time.

11. The learned Senior counsel thereafter submitted that the petitioner had been made a victim of conspiracy by superior officers, and the allegations levelled in the chargesheet dated 27.01.2016 that the petitioner had committed financial irregularities in adjusting new business by utilizing block deposit were incorrect and baseless. In fact, the petitioner, as a development officer, did not have access to the portal to process new business. Therefore, it was an appropriate case for this Court to interfere with the impugned disciplinary proceeding, which was a mere eyewash that had been conducted in a predetermined and pre-conceived manner so as to establish the purported charges levelled against the petitioner.

12. The learned senior advocate has submitted that the entire process has been undertaken to protect the actual culprits under whose involvement such irregularities had been committed. The learned advocate has submitted that the proposals of the complainants had been rejected as far back as 2012 to 2013, and they were later shown adjusted in the years 2014 and 2015. The very fact that the said deposit amounts of the year 2012 and 2013 had not been returned by the corporation within the stipulated period was in violation of the relevant procedure. In such

circumstances, the persons responsible for such a violation had not been proceeded against. No disciplinary action was initiated against the officers who were responsible for refunding the said deposit amount of rejected policies, but had not refunded the same. The learned senior advocate has submitted that the petitioner was not the authorized officer to deal with the financial transactions and therefore the petitioner could not have had any role in opening new policies by adjusting the BOC amount from the block deposit amount of rejected policies, and or outstanding and pending BOC. The learned counsel has submitted that the officers who were authorized to process new business and had approved business by adjusting the block deposit amounts of the declined policies were not proceeded against by the Corporation. The senior advocate submitted that the petitioner had admitted to the allegations levelled in the chargesheet since he had been advised to admit the guilt in order to settle the issue with the complainant, whose refundable money had already been adjusted.

13. Learned Senior advocate has submitted that even if it is assumed, without admitting that some irregularities had taken place at the level of the petitioner, the same at best could be the outcome of an error of judgment and could not have been termed as a deliberate act of indiscipline and misconduct. The learned counsel has submitted that the impugned termination of the petitioner is illegal, arbitrary, born out of malafide and is unfair, unreasonable, irrational and capricious. Learned senior counsel has therefore submitted that the court, in exercise of its powers under Article 226 of the Constitution of India, would interfere in the impugned enquiry proceedings and the impugned order of termination of service and further would grant the relief of reinstatement of the petitioner in his services along

with all consequential benefits.

14. The learned senior counsel has submitted that the process of procuring new business and getting the same approved involved both the agents and the officials senior to the petition, but surprisingly, neither the agents nor the approving authority has been proceeded against by the Corporation. The petitioner had been singled out and made a scapegoat. It has been further submitted that in the absence of any allegation of misappropriation against the petitioner, the reference to Clause 39(1)(c) of the regulations followed by the corporation could not be attracted. The penalty of recovery requires an interference on this ground alone, according to the learned senior counsel. It has been submitted they was no financial loss to the Corporation. It has been further submitted that even if it is assumed that the petitioner was guilty of some negligence or error of judgment, he alone could not have been held responsible, more so when senior officers responsible for the refund of the unutilized amount and senior officers responsible for utilizing such unutilized BOC were directly involved but were not proceeded against. It has been further submitted that in the absence of reasons being disclosed by the disciplinary authority for imposing the harshest of penalties, the penalty of removal from service also requires an interference.

15. The learned senior counsel has accordingly prayed that the writ petition be allowed by setting aside the enquiry proceedings and the consequential order imposing the penalty of removal from service, and that further directions be issued to the respondent corporation and its instrumentalities to reinstate the petitioner with all consequential benefits, including continuity of service.

16. The learned senior counsel has relied upon the following citations in support of his submissions:

1. ***B C Chaturvedi -Vs- Union of India;*** reported in **(1995) 6 SCC 749.**
2. ***State of Punjab -Vs- Ram Singh;*** reported in **(1992) 4 SCC 54.**
3. ***Girish Ch. Sarmah -Vs- Bongaigaon Refinery and Petrochemicals Ltd.,*** reported in **2006 (1) GLT 235.**

Submissions on behalf of respondents:

17. The case of the respondents stands on the sole foothold that the petitioner had admitted the charges levelled against him during the enquiry, and therefore, the disciplinary authority had found the petitioner to be guilty of all the charges.

18. Mr S Nath, the learned counsel appearing for the respondent Corporation and its instrumentalities, has submitted that records would reveal that the petitioner had been served with a chargesheet alleging violations of the provisions under Regulation 21 and 24 of the LIC of India (Staff) Regulations, 1960 and for imposition of any one or more of the penalties under Regulations 39(1)(a) to (g) of the Staff Regulations. He has submitted that in the statement submitted on 12.4.2016, the petitioner had submitted that he would shoulder all responsibilities for the lapses or irregularities pointed out. This, according to the learned counsel, was an unequivocal admission of guilt by the petitioner. Again, on 19.5.2016, when the petitioner appeared before the enquiry officer, he admitted his guilt. The petitioner had, by his letter dated 14.6.2016, stated that he had nothing to add in his self-defence and he accepted the

charges against him. In his reply filed on 24.4.2017 with regard to the second show cause notice dated 31.3.2017 issued by the disciplinary authority, the petitioner had stated that he had already communicated to the enquiry officer his willingness to refund the entire amount with interest. The learned counsel has submitted that in such circumstances, no error has been committed by the disciplinary authority in concluding that the charges against the petitioner had been proved. The learned counsel has prayed for a dismissal of the writ petition.

19. The counsel for the respondents has placed reliance on the following citations in support of his submissions:

1. ***B C Chaturvedi -Vs- Union of India***; reported in **(1995) 6 SCC 749.**
2. ***Additional District Magistrate (City) Agra -Vs- Prabhakar Chaturvedi***; reported in **(1996) 2 SCC 12.**
3. ***State Bank of India -Vs- Hemant Kumar***; reported in **(2011) 11 SCC 355.**
4. ***Manoj H Mishra -Vs- Union of India & Others***; reported in **(2013) 6 SCC 313**
5. ***SH M.S. Dawngliana, C/147 -Vs- State of Mizoram & Others***; reported in **(2021) 1 GLT 77.**

Discussions and conclusions:

20. I have heard the learned counsels appearing for the contesting parties, and I

have also perused the materials on record. The learned counsel for the respondent corporation has also produced the original records of the enquiry proceedings during the hearing.

21. A perusal of the charge sheet dated 27.01.2016 would show that the charges were mainly of two Categories. The first charge was relating to the irregular use of unutilized Block deposits to create policies for people who were not the original proposers and whose policies had actually been rejected. The other charges related to the inappropriate use of the Branch Office Collection against fresh proposals or renewal premiums to create policy for persons who were not related to the payment of the said proposals or premiums. When the very first show-cause notice prior to the chargesheet was issued to the petitioner, he had stated in his representation that he admitted to having committed the irregularities. He had even stated that the amounts lying on unutilised in block deposit of the depositors were adjusted against policies on the life of other persons with the sole intention of procuring more business. The petitioner, in his reply to the charges, had admitted that as a Development Officer, he had submitted the proposals duly filled up, and the proposals were accepted by the office after a thorough underwriting process. He went on, in the written statement, to shoulder all responsibility and to make arrangements to refund all the amounts to the concerned policyholders within a short time. The records of the enquiry proceedings reveal that the petitioner had, during the enquiry process, also admitted that irregularities had been committed by him while submitting the proposals and that money had been utilised to create policies for persons who did not pay the money. In his reply to the notice forwarding the enquiry report, which also contained the

disagreement note of the disciplinary authority on the findings of the enquiry officer regarding the allegations at paragraphs 6 and 7, the petitioner again agreed that he had already communicated to the enquiry officer his willingness to refund the entire amount with interest. He sought some more time to do so. In his reply, he agreed that he had committed some procedural mistakes due to overenthusiasm towards the organisation. In his reply, the petitioner had submitted that had he been aware of the proposed penalty of removal from service, he would not have admitted the charges since the mistake could not be attributable to him alone.

22. The primary thrust of the arguments on behalf of the petitioner is that the petitioner had been made to admit the charges against him at the advice of the senior officials, and that the enquiry proceedings were an eyewash and an attempt to shield the senior officers. To appreciate the submissions made, this Court has perused the original records of the enquiry proceedings. There is nothing on record to indicate that the petitioner had faced any adverse situation during the enquiry proceedings. The petitioner had submitted replies not only to the show cause notice before the issuance of the chargesheet, but he had also made specific statements before the enquiry officer, agreeing to refund the misutilized amounts. In his comments on the enquiry report, as well as his reply to the second show cause notice served upon him, the petitioner agreed that he had made some procedural mistakes. This Court finds force in the submissions on behalf of the respondents that the involvement of the petitioner in the misutilization/diversion of deposits was proved. Thus, in the considered opinion of this Court, no fault lies in the disciplinary authority holding the petitioner to have admitted the charges levelled against him.

23. The above having been said, this Court also notices that while issuing the second show cause notice, the disciplinary authority had referred to and relied upon an award by the learned Insurance Ombudsman of Assam, etc., to calculate the alleged loss incurred by the Corporation. The records of the enquiry proceedings do not reveal that the petitioner had any notice of such an award. Records also do not reveal that such an award was brought to the notice of the petitioner before the disciplinary authority decided to refer to and rely upon the same. This Court also notices that the disciplinary authority did not deal with the contention of the petitioner that he alone could not have been held to be guilty of the misutilization of the deposits.

24. This Court also finds force in the submissions of the learned senior counsel for the petitioner that the order for recovery could not have been imposed on the petitioner since the provisions of Regulation 39(10)(c) allows recovery in cases of loss incurred by the Corporation due to negligence or breach of orders and the present case does not appear to be one where the allegations are of negligence or of breach of orders.

25. The diversion of the deposits could not have been carried out by the petitioner alone. Such diversion would be preceded either by concerted efforts of more than one officer of the Corporation or due to negligence of some officers who formed a part of the chain that processed and finalised insurance proposals. When the very allegations were that the petitioner had "arranged" for the deposits to be diverted in the manner alleged, it is but obvious that there were other persons of the Corporation involved who were a part of the "arrangement", if it can be so called. Therefore, it was necessary on the part of the disciplinary authority to have considered the extent of

contribution of the petitioner to the irregularities before quantifying the extent of loss to be recovered from him, in the event such recovery is permitted under the relevant Regulations, and also before deciding the quantum of penalty to be imposed on him.

26. The records of the enquiry proceedings do not indicate any probe by the competent authority in that respect. This aspect assumes importance since the petitioner had asserted, in his reply to the second show cause notice, that he alone could not be held to be guilty and that the penalty imposed on him was excessive. The submissions of the learned senior counsel for the petitioner that the order passed on the enquiry proceedings had been influenced by bias to implicate the petitioner and shield other service holders in the Corporation cannot be brushed aside in view of the observations made herein above.

27. A biased state of mind impairs the concept of impartiality in an administrative, executive, quasi-judicial or judicial decision-making process. Such a bias occurs due to a preconceived mind leading to the decision to move in one direction, thus impairing the expected impartiality of the decision maker. Bias strikes at the very basis of a decision, which is supposed to be fair.

28. While dealing with the doctrine of bias, the Apex Court has held that a reasonable suspicion that there is a likelihood of bias affecting the decision would be sufficient to invoke the doctrine of bias. Therefore, in effect, the test of likelihood of bias or reasonable apprehension of bias is interchangeable in nature, and consequently, the parameters required for such a test will also be construed to be the same.

29. A departmental enquiry conducted against a government servant cannot be

treated as a casual exercise. The entire exercise of a departmental proceeding has to be conducted in a manner that rules out any apprehension of bias so that not only justice is done, but it is manifestly seen to be done. In the present case, the chargesheet did not contain the statement of imputation of allegations, and there was no implication as to how the petitioner had "arranged" for the diversion of the funds. The submission on behalf of the petitioner that the chargesheet appears to be intended to implicate the petitioner alone for the arranged diversion of funds cannot be said to be unfounded, more so when only the petitioner has been held to be responsible for the refund of the entire alleged loss suffered by the Corporation. Thus, in the considered assessment of this Court, the complete absence of a reasonable apprehension of bias on the part of the state respondents cannot be ruled out. The court cannot, however, overlook the fact that the petitioner has, in no uncertain terms, admitted his role in the diversion of funds.

30. In conclusion, this Court does not find any fault in the chargesheet issued to the petitioner, the manner in which the enquiry officer conducted the enquiry or in the decision of the disciplinary authority regarding the admission of the petitioner as to his involvement in diverting the deposits made by proposers or policy holders. However, the manner in which the disciplinary authority has concluded that the petitioner would be alone responsible to make good the entire loss which was based on the award of the learned Insurance Ombudsman and the failure of the disciplinary authority to cause a probe into the involvement of other officers of the Corporation in the face of the allegations that petitioner "arranged" for the diversion of funds, cannot receive the approval of this Court and has to be necessarily held to be arbitrary and

violative of administrative fairplay. Therefore, the order dated 29.05.2017, to the extent that it imposed the penalty of removing the petitioner from service and further imposed the penalty of recovery of ₹21,82,846 on the petitioner, is interfered with. Consequently, the disciplinary authority shall be at liberty to conduct such further enquiry as may be required in the facts and circumstances of the case to come to a reasonable conclusion regarding the extent of participation of the petitioner in the irregular diversion of funds and the quantum of penalty, if any, that is required to be imposed upon him. The petitioner shall be afforded a reasonable opportunity to participate in the further enquiry that may be conducted in the matter. The entire exercise shall be completed within a period of 120 days from the date of receipt of a certified copy of this order. In the failure to pass final orders within the time frame specified, the enquiry shall be deemed to have been closed. Consequential service benefits, if any, shall depend upon the closure of the enquiry proceedings either on final orders being passed within the time frame allowed or on closure as indicated above on the lapse of such time.

31. Writ petition is disposed of. No costs.

32. Records received in original be returned forthwith.

JUDGE

Comparing Assistant