



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 06-01-2026

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THE HON'BLE MR.JUSTICE HEMANT CHANDANGOUDAR

WP No. 16247 of 2016

and

WMP No.14042 of 2016

V.Sivakumar

..Petitioner(s)

Vs

1. The Chairman,
Life Insurance Corporation of India,
Yogakashema Jeevan Bima Marg,
Central Office, Nariman Point,
Mumbai 400 021, Maharastra State
2. The Zonal Manager (The Appellate Authority),
LIC of India, Zonal Office,
Anna Salai, Chennai-2.
3. The Senior Divisional Manager
(Disciplinary Authority)
LIC of India, Divisional Office,
Trichy Road, India Life Building,
Coimbatore 641 018

..Respondent(s)

Prayer: This Writ Petition is filed under Section 226 of the Constitution of India for issuance of Writ of Certiorarified Mandamus, calling for the records of the 3rd respondent in his final order P&IR dated 31.10.2014 and the records of the 2nd respondent in his proceedings in SZ/IR/DD dated 31.3.2015 and the records of the 1st respondent in his proceedings in ERD/SZ/M/15-16/3 dated 9.1.2016 and quash the same and to direct the respondents to reinstate the petitioner in service with back wages and all attendant benefits.



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For Petitioner(s):
For Respondent(s):

Mr.A.Palaniappan
Mr.D.Muthukumar

ORDER

This writ petition challenges the order dated 31.10.2014 passed by the third respondent, whereby the petitioner was removed from service in exercise of the powers conferred under Regulation 39 of the Life Insurance Corporation of India (Staff) Regulations, 1960.

2. The petitioner states that the third respondent, acting under Regulation 39(1)(f) of the Life Insurance Corporation of India (Staff) Regulations, 1960, issued an order dated 31.03.2015 removing the petitioner from service. The said order of removal was subsequently confirmed by the first respondent by order dated 09.01.2016.

3. While serving as an Assistant, the petitioner was issued a charge memo dated 02.01.2014. The charge memo alleged that during his tenure as a Cashier at the Udumalpet Branch Office in the Coimbatore Division, the petitioner had collected cash towards certain insurance premium policies but failed to remit the same immediately. It was further alleged that the petitioner attempted to adjust the outstanding amount on 16.02.2013 by tendering two self-cheques drawn on City Union Bank, Udumalpet, for a total sum of ₹1,14,855/-. Both the cheques were



dishonoured by the bank 22 days later due to “insufficient funds,” which, according to the respondents, amounted to misappropriation of the said amount.

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4. The petitioner submitted a reply to the show cause notice dated 31.01.2014, explaining a mitigating circumstance in respect of one transaction, wherein a policyholder, who was a friend of the petitioner, sought to remit a sum of ₹73,600/- in cash without producing a PAN card. On the assurance of the policyholder that the amount would be settled through his own bank account, the petitioner issued a personal cheque. The petitioner further stated that, owing to the lapse of nearly one year from the date of the alleged incident, he was unable to recollect the details of the remaining allegations in the charge memo and, therefore, sought access to all relevant records to enable him to submit an effective explanation. As the explanation was found to be unsatisfactory, an Enquiry Officer was appointed to enquire into the charges framed against the petitioner.

5. The petitioner appeared before the Inquiry Officer and admitted the charges. He further stated that he had met with an accident on 22.02.2013 and was hospitalized thereafter, which prevented him from remitting the amount within the prescribed time. When questioned as to whether he had issued similar cheques on any other occasion, the petitioner stated that he could not recollect the same. The Inquiry Officer recorded these statements and submitted a report holding that



was no prior misconduct during his long service of over 20 years. Hence, the punishment of removal from service is grossly disproportionate to the alleged misconduct and is liable to be substituted with a lesser penalty.

8. Per contra, the learned counsel appearing for the respondents submitted that the petitioner, while working as a Cashier, had misappropriated the funds belonging to the Corporation. It was contended that subsequent reimbursement of the amount would not absolve the petitioner of the serious misconduct involving breach of trust.

9. The learned counsel for the petitioner further submitted that in respect of similarly placed employees against whom identical charges were framed, the LIC Corporation had imposed only minor penalties. Therefore, the impugned order of removal from service is arbitrary and discriminatory.

10. In reply, the learned counsel for the respondent–Corporation submitted that the petitioner had categorically admitted the charges before the Inquiry Officer and, once the charge of misappropriation stands proved, the order of removal from service does not warrant interference. It was further submitted that the punishment imposed is commensurate with the gravity of the misconduct, as the Corporation had lost confidence in the petitioner, who was holding the sensitive post of Cashier. According to the respondents, this Court cannot



substitute the punishment of removal with a lesser penalty once misappropriation is admitted and established.

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11. Heard the learned counsel appearing for the parties and perused the materials available on record.

12. The incident in question relates to the petitioner's failure to remit cash collected from customers towards premium amounts on 16.02.2013. On the same date, the petitioner issued two personal cheques, one for ₹41,200/- and another for ₹73,600/- , in total ₹1,14,800/- drawn on City Union Bank, Udumalpet Branch. The cheques were dishonoured 22 days later due to insufficient funds. It is not in dispute that the petitioner subsequently reimbursed the entire amount to the LIC Corporation immediately after the dishonour of the cheques. However, the charge memo issued to the petitioner did not refer to this subsequent reimbursement. Further, though the incident occurred on 16.02.2013, the charge memo was issued only on 02.01.2014, after a lapse of nearly eleven months. In these circumstances, the petitioner sought access to relevant records to explain the matter in its proper perspective during the enquiry.

13. It is also pertinent to note that the LIC did not examine any witnesses or mark any documents in support of the charges, though such procedural steps are contemplated under the LIC Regulations. Nevertheless, the petitioner



voluntarily admitted the charges before the Inquiry Officer. The admission recorded by the Inquiry Officer reads as follows:

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“01/02/2014

Daily Proceedings – Enquiry – To the charge-sheeted employee Sri V.Sivakumar, the charge sheet signed by the Disciplinary Authority on 02.01.2014 was traced, fully read out and explained. As he requested that the details be explained in Tamil, the same were translated and explained in Tamil as well.

E.O : Do you accept or deny the charges shown in the charge sheet?

C.S.E. : I accept.

E.O : If you accept, are all the above-mentioned cheques yours?

C.S.E. : Yes.

E.O : Is it proper to show your own cheques for the amounts collected in case from policy holders?

C.S.E. : Yes, it is a mistake.

E.O : Are you aware that two cheques were returned due to insufficient funds (C.D.)?

C.S.E. : Yes, I am aware. I met with an accident on 22.02.2013 and was in the hospital, due to which I could not remit the money in time.

E.O : Apart from these, have you issued any other cheques in a similar manner?

C.S.E. : Yes, but I do not exactly remember how many.

E.O : Do you admit all the charges framed against you?



C.S.E. : *Yes, I committed them unknowingly.*

E.O : *In that case, will you give a written statement of admission acknowledging the same?*

C.S.E. : *Yes.”*

14. Based on the admission made by the petitioner, the Inquiry Officer submitted a report holding that the charges against the petitioner stood proved. Upon receipt of the inquiry report, the third respondent issued a second show cause notice to the petitioner, calling upon him to show cause as to why the penalty of removal from service should not be imposed. In the said notice, the third respondent stated that, during the inquiry, the petitioner had also admitted that he had issued personal cheques in a similar manner on earlier occasions. It was further stated that those instances did not come to light as the petitioner had managed to deposit sufficient funds in his bank account in time to honour those cheques.

15. In his further explanation to the second show cause notice dated 14.08.2014, the petitioner admitted that he had failed to adhere to the procedure prescribed by the Corporation, as already recorded before the Inquiry Officer. However, he contended that the proposed punishment of removal from service would be extremely harsh and would have a devastating impact on his family. He stated that he hailed from a poor background, had a wife and two minor children



to support, and was also responsible for maintaining his aged parents, who were fully dependent on him. He further submitted that the Corporation had not suffered any monetary loss, as the entire amount allegedly misappropriated had been reimbursed. On these grounds, he requested the Corporation to take a lenient and sympathetic view and to drop the proposed punishment of removal from service.

16. After considering the petitioner's further explanation, the third respondent passed the impugned order, relying solely on the inquiry report, which recorded the petitioner's admission of the charges before the Inquiry Officer. The third respondent did not advert to or deal with the specific submissions made by the petitioner in his further explanation, either by accepting or rejecting his plea based on family circumstances or reimbursement of the amount. Instead, the authority proceeded to impose the penalty of removal from service without considering the request for a lenient view.

17. The petitioner preferred an appeal against the order of removal. The appellate authority, instead of confining itself to the legality and propriety of the disciplinary authority's decision, recorded additional findings to the effect that the petitioner had misappropriated the Corporation's funds and that such conduct amounted to a grave breach of trust, thereby adversely affecting the image of the Corporation in the eyes of its customers.



18. Though the respondent–Corporation did not examine any witnesses or mark any documents in support of the charges, the petitioner admitted the charges before the Inquiry Officer. Based solely on this admission, the Inquiry Officer held the charges to be proved. The petitioner has also not pleaded that any prejudice was caused to him by the non-examination of witnesses or the absence of documentary evidence. Therefore, the disciplinary proceedings cannot be said to be vitiated on the ground of arbitrariness or misuse of discretion.

19. The disciplinary authority, namely the third respondent, while passing the order of removal from service, relied exclusively on the petitioner's admission of guilt and failed to consider the further explanation seeking a lenient view. The authority was required to consider the explanation and pass a reasoned order either accepting or rejecting the same. To this extent, the impugned order passed by the third respondent is not legally sustainable. However, the acceptance of the inquiry report holding that the charge against the petitioner stood proved cannot be faulted.

20. In view of the petitioner's admission of the charge, the reimbursement of the amount at the earliest point of time, and the plea for leniency, the only issue that arises for consideration is whether the penalty of removal from service is proportionate to the gravity of the misconduct.



21.The petitioner has placed on record the order dated 16.03.2013 passed by the Managing Director, LIC of India, appointing Shri A. Jayachandar, Manager, as Inquiry Officer to enquire into the charges against one Mr.M. Sivaraj. In that case, a charge of misappropriation of Rs.35,74,142/- was held proved, and the delinquent officer was imposed with the penalty of “reduction by three stages in the time scale of pay” applicable to his cadre, under Regulation 39(1)(d) of the LIC of India (Staff) Regulations, 1960.

22.The learned counsel for the respondent–Corporation, in the counter affidavit, submitted that the said penalty was imposed in the peculiar factual context that the delinquent’s son was functioning as an insurance agent, who had collected premium amounts from policyholders, after which the delinquent officer had issued cheques. It was in this specific context that a lenient view was taken by the Corporation.

23.Be that as it may, irrespective of whether the cheques were issued in relation to amounts collected by the son acting as an insurance agent, the fact remains that the delinquent officer in that case had issued cheques for a substantial amount of Rs.35,74,142/-, which was reimbursed only after a delay of more than 20 days from the date of the incident.



24.The petitioner has also produced the order dated 31.10.2013 passed by the Executive Director (Personnel), LIC of India, imposing a penalty of “reduction by two stages in the time scale of pay” under Regulation 39(1)(d) on one V. Narayanan, Administrative Officer. The charge in that case related to the failure to deposit an amount of Rs.62,782/- in the bank, which was retained from 07.03.2011 to 08.04.2011. In the present case, the alleged misappropriation came to light upon dishonour of the cheques issued by the petitioner, though the amount was subsequently reimbursed.

25.The petitioner has further relied upon the order dated 12.08.2014 issued by the Chairman, LIC of India, imposing a penalty of “censure” on one Mr. K.G. Vijayakumar, Branch Manager, under Regulation 39(1)(a). However, the said order does not disclose the nature of the charge framed against the said officer.

26.Per contra, the learned counsel for the respondent relied upon the judgment of the Hon’ble Supreme Court in **Diwan Singh v. Life Insurance Corporation of India and Others, (2015) 2 SCC 241**, which, relying on earlier decisions in **Rajasthan SRTC v. Bajrang Lal, (2014) 4 SCC 693** and **Municipal Committee, Bahadurgarh v. Krishnan Behari, (1996) 2 SCC 714**, held that in cases involving misappropriation, dismissal is the appropriate punishment and



that sympathy in such cases is misplaced. It was further held that the quantum of amount misappropriated is immaterial and that the act of misappropriation itself is determinative.

27.Learned counsel for the respondent also relied on the judgment of the Hon'ble Supreme Court in *State of Tamil Nadu and Another v. M. Mangayarkarasi and Others, (2019) 15 SCC 515*, wherein it was held that the determination of punishment in disciplinary proceedings lies within the exclusive domain of the employer and that judicial interference is permissible only where the punishment is shockingly disproportionate. It was further held that the principle of parity cannot be mechanically applied, as each case must be examined on its own facts.

28.Learned counsel for the respondent further relied on the judgment of the Hon'ble Supreme Court in *Union of India and Others v. M. Duraisamy, (2022) 7 SCC 475*, wherein it was held that mere reimbursement of the defrauded amount does not entitle the delinquent to a lenient view, particularly when the employee holds a position of trust, and that courts should not ordinarily interfere with the quantum of punishment imposed by the disciplinary authority.

29.In reply, the learned counsel for the petitioner placed reliance on the judgment of the Hon'ble Supreme Court in *General Manager (Personnel),*



Syndicate Bank and Others v. B.S.N.Prasad in Civil Appeal No. 6327 of 2024,

decided on 21.01.2025, wherein it was held that *disciplinary punishment must conform to the principles of proportionality and fairness. In the case considered, the employee had reimbursed the financial loss, admitted his mistakes, and explained that the lapses occurred due to heavy workload and external pressure. He also had an unblemished service record of over 21 years and had already reached superannuation. While the misconduct was serious and higher standards are expected from a bank officer, the Court found that the penalty of dismissal was disproportionate. Accordingly, it substituted the punishment with a minor penalty of reduction to a lower stage in the time scale of pay for one year, without cumulative effect and without affecting pension benefits.*

30.The learned counsel for the respondent Corporation submitted that the said decision is distinguishable on facts. In that case, the delinquent employee had to deal with more than 4,800 SKCC accounts within a short period of 60 days and was continuously working under pressure. He was also facing a short receipt of crop insurance claims pertaining to 2,500 farmers to the extent of Rs.50 lakhs. In those circumstances, the Hon'ble Apex Court took a lenient view, substituted the punishment with a lesser penalty, and also took note of the fact that the delinquent had already retired from service.



31. In the background of the legal principles laid down by the Hon'ble Apex Court in the aforesaid decisions, the issue arising for consideration has to be examined. In the present case, the petitioner had put in more than 20 years of service as on the date of the order of removal from service. As on date, the petitioner is about 52 years of age and would attain the age of superannuation at 60 years. The petitioner has categorically stated that he has a large family to support and that there are no other earning members to meet the day-to-day needs of the family. The petitioner reimbursed the misappropriated amount immediately after the two cheques were returned for want of sufficient funds, and much before issuance of charge memo which was issued after nearly eleven months from the date of the incident. Further, before the Inquiry Officer, the petitioner, without insisting upon a full-fledged enquiry, admitted the charges at the earliest point of time, acknowledged his mistake, and gave an undertaking that such an act would not be repeated in future.

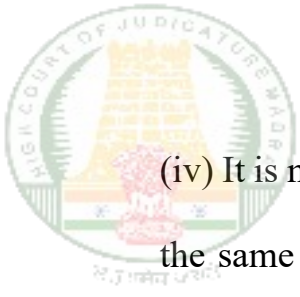
32. In similar circumstances, the respondent Corporation has imposed lesser punishments, such as reduction by two stages in the time scale of pay. However, in the case of the petitioner, the extreme penalty of removal from service has been imposed. Ordinarily, when the punishment imposed is found disproportionate to the gravity of the charge, the matter is remanded to the Disciplinary Authority to reconsider and impose punishment proportionate to the



misconduct. However, in the present case, having regard to the peculiar facts and circumstances of the case and the light of the legal principles laid down by the Hon'ble Apex Court in the aforesaid decisions, this Court is of the view that the punishment of removal from service imposed by the third respondent is shockingly disproportionate to the misconduct proved. Therefore, having regard to the overall circumstances, it would be appropriate to substitute the punishment of removal from service with the penalty of reduction by three stages in the time scale of pay applicable to the petitioner's cadre. The petitioner, however, shall not be entitled to any arrears of salary for the period during which he was not in employment.

33. With the above observations, the Writ Petition is partly allowed with the following directions:

- (i) The impugned order passed by the third respondent is modified, and the punishment of removal from service is substituted with the penalty of reduction by two stages in the time scale of pay applicable to the petitioner's cadre.
- (ii) The respondents are directed to reinstate the petitioner into service. However, such reinstatement shall be without payment of back wages from the date of removal till the date of actual reinstatement.
- (iii) The reinstatement shall be effected within a period of two months from the date of receipt of a copy of this order.



(iv) It is made clear that if the petitioner repeats any similar misconduct in future, the same shall be viewed seriously, and the respondent Corporation shall be at liberty to impose appropriate punishment in accordance with law, without any leniency.

There shall be no order as to costs. Consequently, the connected miscellaneous petition is closed.

06-01-2026

Index: Yes/No
Speaking/Non-speaking order
Neutral Citation: Yes/No

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To

1. The Chairman,
Life Insurance Corporation of India,
Yogakashema Jeevan Bima Marg,
Central Office, Nariman Point,
Mumbai 400 021, Maharashtra State
2. The Zonal Manager (The Appellate Authority),
LIC of India, Zonal Office,
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HEMANT CHANDANGOUDAR, J.

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