



W.P No.32693 of 2013

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 30.01.2026

CORAM

THE HONOURABLE MR.JUSTICE HEMANT CHANDANGOUDAR

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G.Selvakumar

..Petitioner

Vs

1. The Chairman & Managing Director,
Canara Bank
Corporate Office, Gandhi Nagar,
Bangalore-560009.

2.The General Manager (P) & Appellate Authority,
Personnel Department,
Canara Bank, Head Office,
Manipal -576104
Udupi District.

3.Deputy General Manager
& Disciplinary Authority,
Personnel Department,
Industrial Relation division
Canara Bank, Head Office,
Manipal-576104, Udupi District.

4.Arvin da Rao
Chief Manager & Inquiring Authority,
Canara Bank, Regional Office,
Armenian Street, Chennai-600001.
(R1 to R4 cause title amended vide

..Respondents



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order of this Court dated 25.09.2023)

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Writ Petition is filed under Article 226 of Constitution of India, praying for issuance of a Writ of Certiorarified Mandamus, calling for the records relating to the order dated 26.07.2011 passed by the 2nd respondent in proceedings No. 0085/PD:IRD/DA-7 confirming the order of punishment passed by the 3rd respondent dated 01.07.2010 in proceedings No.198/PD:IRD/DA-6 and quash the same and consequently direct the respondents to reinstate the petitioner in service with full back wages and all attending benefits including promotions, increments etc., from the date of suspension (28/02/2009) to till date of reinstatement which the petitioner is entitled to and pass such further or other orders.

For Petitioner : Mrs.S.Yogalakshmi
For M/s. K.Rajasekaran

For Respondents : Mr.P.Raghunathan
M/s. T.S.Gopalan & Co

ORDER

The challenge in the present Writ Petition is to the order dated 26.07.2011 passed by the second respondent confirming the order of dismissal passed by the third respondent. By order dated 01.07.2010, the third respondent dismissed the petitioner from service on the ground of misconduct.

2. The petitioner, while serving as Senior Branch Manager, was issued with Articles of Charge. The charge memo contained three charges in all. The first allegation against the petitioner was that Savings Bank (SB) accounts were opened in the Branch in the name of one Arul Selvan, an employee of the



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Chennai Port Trust, with zero balance, while in the account opening form, a sum of Rs.250/- was shown as the initial deposit. Several columns in the account opening form were left blank. The form was not signed by the depositor, indicating that he was not present in the Branch at the time of opening of the account and that the account had been opened without his knowledge. Further, the account opening form was not signed by any of the Branch officials.

3. The said SB account was opened on 05.03.2007 with proceeds of DL PBS amounting to Rs.2,32,000/- in the name of the account holder. The father of the account holder had lodged a complaint stating that the account in the name of his son, Arul Selvan, had been opened without his knowledge and without his presence in the Branch.

4. The second allegation is that an SB account was opened in the name of one Sri M. Padmaraj, an employee of the Chennai Port Trust, with zero balance, while in the account opening form, Rs.250/- was shown as the initial deposit. The account opening form was not signed by any of the Branch officials and photocopies of the address proof were not verified with the originals. The SB account was opened on 05.03.2007 with proceeds amounting to Rs.2,50,000/- in the name of the account holder.



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5. The third allegation is that the Chennai Regional Office had issued a circular dated 13.12.2006 to all city Branches informing about the allocation of PBS loan portfolios amongst the Branches. As per the said circular, loans to employees of the Chennai Port Trust were to be sanctioned only by the Anna Nagar, Mogapair, Nungambakkam and Tondiarpet Branches. The George Town Branch, where the petitioner was functioning as Senior Branch Manager, was not authorised to extend loans to employees of the Chennai Port Trust. However, in violation of the said circular, the George Town Branch arranged 88 loans to employees of the Chennai Port Trust from 14.12.2006 onwards. The circular further stipulated that the Branch could arrange PBS loans only if salary credit was received through ECS or otherwise at the Branch consecutively for at least three months.

6. It is further alleged that the petitioner had caused the opening of SB accounts in the names of 22 persons, showing them as employees of the Chennai Port Trust, without their knowledge or information, without obtaining proper introductions, and by leaving several relevant columns in the account opening forms blank. Further, after opening the said SB accounts, he had sanctioned 17 loans based on fake salary certificates and without the knowledge of the borrowers and co-applicants, even though salaries were not credited to



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the SB accounts either at the time of sanction of the loans or in the subsequent months.

7. The petitioner submitted his explanation denying the charges. The Disciplinary Authority, not being satisfied with the explanation, appointed an Enquiry Officer and initiated departmental enquiry proceedings. The Enquiry Officer, after conducting the enquiry, submitted a report holding that the charges against the petitioner stood proved. Thereafter, the petitioner was served with a second show cause notice along with the enquiry report. The Disciplinary Authority, upon consideration of the enquiry report and the further explanation submitted by the petitioner, passed an order dismissing the petitioner from service. The said order was confirmed by the Appellate Authority.

8. Mrs. S. Yogalakshmi, learned counsel for the petitioner, submitted that the charges had been framed after the petitioner had applied for voluntary retirement from service and that the allegations were motivated with an intention to prevent him from leaving the Bank and seeking better opportunities. She contended that the alleged misconduct was attributable to subordinate staff and officers who had actually committed the acts, but no adequate action had been taken against them, and that the petitioner had been



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unfairly singled out merely because he was functioning as Senior Branch Manager.

9. The charge memo dated 11.07.2009 was issued on the basis of an undated photocopy complaint purportedly given by the father of the borrower/complainant, namely Arul Selvan, and there is no evidence to suggest that the bank account in the name of Arul Selvan was opened without his knowledge or in his absence. The loan sanctioned to the said Arul Selvan had been reported and reviewed by the Regional Office/Reviewing Authority and there were no adverse remarks; rather, only clarifications had been sought. Therefore, according to the learned counsel, there was no violation of lending norms. She further submitted that with regard to the account opening and KYC forms, it was the duty of the concerned officers and not that of the Branch Head alone, and that the forms had in fact been verified by the concerned officers and internal inspectors.

10. Learned counsel for the petitioner further submitted that the borrowers, namely Arul Selvan and Padmaraj, had operated their accounts regularly and had used their debit cards, and that there were no complaints from the said persons stating that their accounts had been opened without their knowledge. She also submitted that the loans allegedly sanctioned to Chennai Port Trust employees had been reviewed and approved by the competent



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authority and that no evidence had been produced to establish any violation of the said circulars. She further contended that there was no allegation of financial loss to the Bank in the charge sheet and that the Bank had failed to prove the charges; the burden had been wrongly shifted on the petitioner and the findings of the Enquiry Officer were based on presumptions rather than evidence.

11. In response, Mr. P. Raghunathan, learned counsel for the respondent—Bank, submitted that the petitioner, being a Senior Branch Manager, was responsible for ensuring strict compliance with banking norms, RBI guidelines and internal circulars. During his tenure at the George Town Branch, the petitioner allegedly abused his official position by sanctioning PBS loans to employees of the Chennai Port Trust without proper appraisal, verification and compliance with KYC norms. The Savings Bank accounts were opened without proper introduction and on the basis of fake or non-genuine salary certificates, thereby facilitating fraudulent transactions. Learned counsel further submitted that the petitioner failed to exercise due supervision and control and sanctioned loans without ensuring salary credits or the genuineness of the borrowers. He added that the enquiry was conducted strictly in accordance with the Syndicate Bank Officer Employees (Discipline & Appeal) Regulations, 1976 and that the petitioner was afforded full opportunity to defend himself.



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12. Learned counsel for the respondent further submitted that the Disciplinary Authority, after considering the enquiry report and the explanation submitted by the petitioner, imposed the penalty of dismissal from service. The said order of punishment was also rightly confirmed by the Appellate Authority.

13. The arguments advanced by the learned counsel appearing on either side and the materials placed on record have been duly considered.

14. To substantiate the charges framed against the petitioner, photocopies of the documents relating to the opening of bank accounts in the names of Arul Selvan, Padmaraj and certain employees of the Chennai Port Trust were produced before the Enquiry Officer. The said documents were marked through the Presenting Officer. At the time of marking the photocopies, the petitioner did not raise any objection with regard to the admissibility or validity of the photocopies of the documents.

15. The Investigation Officer was examined as Management Witness No.1 (MW1) and was subjected to cross-examination. In the course of cross-examination, suggestions were put to MW1 as to whether the original documents had been taken out of the branch for the purpose of making photocopies, whether the Bank maintained any register in that regard, how long such documents were kept outside safe custody and with whom they remained



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during the said period. MW1 replied that, as per his requirement, the Bank had furnished only photocopies of the documents. The petitioner did not deny the genuineness of the photocopies so furnished.

16. Since the petitioner did not examine himself as a witness, he was questioned by the Enquiry Officer. In response to a query regarding the opening of Savings Bank accounts and whether, as Branch Head, he had ensured that all requisite particulars were filled in the account opening forms and that KYC norms were complied with, the petitioner stated that, ordinarily, at the end of each day, the account opening forms would be placed before him by the concerned officer for scrutiny and signature, and that he would sign the same after verifying and confirming all requisite aspects relating to the opening of the accounts.

17. When further questioned with specific reference to the Savings Bank accounts opened in the names of Arul Selvan, Padmaraj and 22 other persons wherein, as per records, the signatures of officials, including that of the petitioner, were absent the petitioner replied that, during his tenure, more than 1,000 Savings Bank accounts had been opened in the branch and that his signature was not found only in respect of the accounts of Arul Selvan, Padmaraj and the said 22 persons. He stated that this may have been due to the



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fact that the relevant papers were not placed before him by the concerned officer and, therefore, went unnoticed.

18. In response to a query as to whether he had interacted with or assessed the borrowers prior to sanctioning the loans in favour of Arul Selvan, Padmaraj and the other 22 persons, the petitioner stated that he had, in fact, interacted with them; however, he was unable to recollect the exact dates of such interaction.



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19. When questioned regarding the 22 loans allegedly arranged fraudulently, which had subsequently become Non-Performing Assets (NPAs), and the allegation that the borrowers were non-existent or fictitious persons, as stated in the charge sheet, the petitioner submitted as follows: out of the 22 registered letters issued, nine were returned with postal endorsements such as “left,” “shifted,” etc., which, according to him, indicated that the parties were in existence. He further stated that three persons had met the Investigation Officer and admitted to having opened the accounts. Another ten persons, though they had received the letters, did not respond for reasons best known to them. According to the petitioner, these circumstances would only confirm that the parties were very much in existence.

20. He further submitted that, as borne out by records, two out of the said 22 loan accounts had been closed even prior to the investigation. In respect of another loan account, though salary credits were not being received, the account continued to remain a “Standard Asset.” He also stated that 19 out of the 22 borrowers had failed to furnish undertakings for ECS remittance and, therefore, salary credits were not received in their accounts.

21. Though the respondent-Bank has not conclusively established that the Savings Bank accounts in the names of Arul Selvan and Padmaraj were opened



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without their knowledge or consent, the respondent-Bank has, however, established that the account opening forms were not signed by the account holders on all pages, were not signed by any of the branch officials, and that photocopies of the address proofs were accepted without verification with the originals.

22. Insofar as the loans extended to the 22 customers, stated to be employees of the Chennai Port Trust, are concerned, the petitioner, being the Senior Branch Manager, failed to verify the account opening forms. The said forms did not contain the signatures of the concerned officials or that of the petitioner. The loans were not sanctioned strictly in accordance with the prescribed guidelines. Further, the branch in which the petitioner was serving was not authorised to extend loans to employees of the Chennai Port Trust.

23. The findings recorded by the Enquiry Officer are based on the evidence available on record. This Court, in exercise of its jurisdiction under Article 226 of the Constitution of India, cannot re-appreciate the evidence unless the findings of the Enquiry Officer are shown to be arbitrary, perverse, or contrary to the evidence on record. Moreover, the petitioner has not disputed the genuineness of the photocopies of the documents, namely, the account opening forms, which were marked through the Investigation Officer. The Enquiry



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Officer, upon appreciation of the said documentary evidence, including the audit objections, has rightly arrived at the conclusion that the charges framed against the petitioner stood proved.

24. The contention of the petitioner that the regular Inspector had not made any adverse observation regarding the alleged lapses, and that therefore the negligence attributed to the petitioner is without substance, cannot be accepted. As rightly pointed out by the learned counsel for the respondent-Bank, merely because the regular Inspector did not detect the irregularities or illegalities, it does not absolve the petitioner of responsibility. At the time of the audit and in the course of investigation, it came to the knowledge of the respondent-Bank that the petitioner had failed to exercise proper control and supervision over the opening of accounts and had not ensured adherence to the rules and regulations prescribed by the Bank.

25. The further contention of the petitioner is that no financial loss has been caused to the Bank on account of the alleged misconduct and, therefore, the punishment of dismissal is disproportionate to the gravity of the charges. The respondent-Bank, however, contends that proof of actual financial loss is not a sine qua non to establish misconduct and that exposure of Bank funds to



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serious financial risk, by itself, constitutes grave misconduct warranting major penalty.

26. The Hon'ble Apex Court, in the case of Lalit Popli vs. Canara Bank and Others [MANU/SC/0144/2003], held that “when the employee accepted that there was some lapse on his part but pleaded lack of criminal intent, a bank employee, who deals with public money, is expected to maintain a high degree of vigilance. The nature of his work carries an inbuilt requirement to act carefully, and any carelessness invites disciplinary action.” In the said decision, the order of dismissal imposed on the bank employee was upheld.

27. In the present case, the petitioner joined the services of the respondent-Bank as a Rural Development Officer on 30.12.1985 and, over the years, rose to the position of Senior Branch Manager. He continued in service until he was dismissed by order dated 01.07.2010. The petitioner had put in about 25 years of service in the respondent-Bank and would have otherwise attained the age of superannuation in the year 2022.

28. Though no criminal intent has been attributed to the petitioner, negligence has been established, which, according to the respondent-Bank, exposed public money to serious financial risk. Considering the fact that the



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petitioner had rendered more than 25 years of service and that the order of dismissal has resulted in denial of all terminal and monetary benefits, the punishment of dismissal would cause grave hardship not only to the petitioner but also to his family members. Therefore, in order to secure the ends of justice, this Court is of the view that the punishment of dismissal is disproportionate to the gravity of the misconduct proved against the petitioner. No mala fides or wrongful gain has been attributed to him and the charge is only one of negligence in the discharge of his duties.

29. While such negligence cannot be lightly ignored, the extreme penalty of dismissal, which deprives the petitioner of his past service and retiral benefits, is unduly harsh in the facts and circumstances of the case. Considering his long years of service, this Court finds it appropriate to modify the punishment. Accordingly, the punishment of dismissal is modified to one of compulsory retirement.

30. Ordinarily, when a punishment imposed in disciplinary proceedings is found to be disproportionate to the gravity of the charges, the matter would be remanded to the disciplinary authority for reconsideration and for imposition of a penalty commensurate with the misconduct proved. However, in the facts and circumstances of the present case particularly having regard to the long lapse of



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time, the petitioner having already reached the age of superannuation, and the dismissal order having been passed long ago it would be appropriate for this Court, in exercise of its writ jurisdiction, to modify the punishment itself instead of remanding the matter.

31. Regulation 33 of the Syndicate Bank (Employees') Pension Regulations 1995, reads as follows:

“An employee compulsorily retired from service as a penalty on or after the 1st day of November, 1993, in terms of the Syndicate Bank Officer Employees' (Discipline and Appeal) Regulations, 1976 or awards/settlements, may be granted, by the authority higher than the authority competent to impose such penalty, pension at a rate not less than two-thirds and not more than full pension admissible to him on the date of his compulsory retirement, if otherwise he was entitled to such pension on superannuation on that date.”



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32. A reading of the above provision indicates that the use of the expression “may” confers discretionary power on the competent authority to grant pension, at a rate not less than two thirds and not exceeding full pension admissible to the employee.

33. In the facts and circumstances of the present case, and discussions in the preceding paragraphs this Court is of the view that the petitioner is entitled to full pension admissible to him under the service conditions of the respondent-Bank.

34. In the light of the aforesaid discussion, this Court confirms the findings recorded by the Enquiry Officer holding that the charges against the petitioner stand proved. However, the impugned order passed by the third respondent imposing the punishment of dismissal from service is substituted with the punishment of compulsory retirement.



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35. To this extent, the Writ Petition is *allowed in part*. The order of the third respondent is modified, substituting the punishment of dismissal with that of compulsory retirement. The petitioner is entitled to the full admissible amount of gratuity and provident fund as on the date of compulsory retirement, 50% of arrears of monthly pension from the date of compulsory retirement till the date of his superannuation, and full monthly pension thereafter. The respondents are directed to disburse the said amount to the petitioner within three (3) months from the date of receipt of a copy of this order.

36. It is made clear that the aforesaid amount shall not carry any interest, provided that the said amount is paid within the stipulated time. In the event of default, the said amount shall carry interest at the rate of 6% per annum from the date of expiry of the stipulated period till the date of actual payment. There shall be no order as to costs.

30.01.2026

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HEMANT CHANDANGOUDAR, J.

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