IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 20.02.2026

CORAM

THE HONOURABLE MR.JUSTICE HEMANT CHANDANGOUDAR

W.P No.25007 of 2014

and M.P.No. 1 of 2014

P.V. Bhasker Reddy ..Petitioner

Vs

1. Union Bank of India
Represented by its Chairman and
Managing Director
(Reviewing Authority)
Nariman Point, Central Office- Mumbai-400021

2.The Executive Director (Appellate Authority)
Union Bank of India
Nariman Point, Central Office
Mumbai-400021

3.The General Manager (P&HR)
Disciplinary Authority
Union Bank of India,
Nariman Point, Central Office
Mumbai-400021
(R1-Cause title amended as per order
of this Court dated 03.12.2014) ..Respondents

Writ Petition is filed under Article 226 of Constitution of India, praying for issuance of a Writ of Certiorarified Mandamus, after calling for the concerned records from the respondents, quash the order of the 1st respondent dated 23.09.2014 bearing CO:IRD:5785:2014 modifying the punishment of compulsory retirement of the petitioner from services of the respondent bank imposed by the 3rd respondent by order NO. CO:IRD:13.10.2014 dated 10.03.2014 and which has been upheld by the 2nd respondent Appellate Authority by its order No. CO:IRD:3580:2014 dated 28.05.2014 as one of reduction in grade i.e from SMGS IV to MMGS III by fixing the basic pay of the petitioner at Rs.31,500/- and consequently direct the respondents to reinstate the petitioner in service with effect from 10.03.2014 and treat the petitioner to have retired in the normal course with effect from 31.05.2014 and pay all the terminal benefits on that basis such as gratuity, leave encashment, salary for the period from 01.09.2012 to 16.12.2012 etc., and pass such other order or orders. ***(Prayer amended as per order of this Court dated 03.12.2014)***

For Petitioner : Mr. Balanharidas

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

O R D E R

The challenge in this writ petition is to the order dated 23.09.2014 passed by the Reviewing Authority / Chairman and Managing Director, Union Bank – the first respondent. By the said order, the major penalty of compulsory retirement from the services of the Bank, imposed on the petitioner by the Disciplinary Authority in terms of the order dated 10.03.2014 and upheld by the Appellate Authority in terms of the order dated 28.05.2014, was modified to the penalty of reduction in grade, i.e., from SMGS-IV to MMGS-III, fixing his basic pay at Rs.31,500/- as applicable to MMGS-III.

2. The petitioner, while serving as Chief Manager, was served with a show cause notice dated 30.10.2012 alleging the following:

i. Cash credit entries had taken place in his Joint SB Account with his wife, which were beyond his known sources of income.

ii. Transactions had taken place in the account of Shri D. Bala Ganesh (Staff), and the said transactions related to the sale of shares.

iii. Amounts had been paid, either by credit to the SB Account or by way of cash, to Shyamsunder, a customer of the Bank, from the SB Account of the petitioner (joint account with his wife).

iv. Amounts were transferred to the credit of the petitioner from the account of DVG Tech Solutions, a customer of the Bank.

v. Credits were observed in the petitioner's account from the account of M/s. VRS Imports, a customer of the Bank.

vi. Various unusual credit transactions were observed in his OD Account by means of cash deposits beyond his known sources of income.

vii. Amounts were transferred from the account of the petitioner to the credit of Shyamsunder, a customer of the Bank.

viii. The overdraft account of the petitioner was credited by debit to the SB Account of R. Subramaniam for Rs.2 lakhs from the CD Account of M/s. Guts Entertainment, who were customers of the Bank.

ix. The petitioner was sanctioned a housing loan of Rs.30 lakhs, and the outstanding amount as on 31.05.2012 was only Rs.6.52 lakhs. Within a short period of less than four years, a sum of Rs.29.64 lakhs was repaid through 53 credit entries in the Housing Loan Account.

x. A cash entry of Rs.7 lakhs was made to the credit of the Sundry Deposit Account on 30.05.2011 at Vadapalani Branch. On 31.05.2011, the Sundry Deposit Account was debited for Rs.7 lakhs and credited to the account of P. Venkata Reddy, the father of the petitioner, and to the accounts of the petitioner.

xi. Shri Venkata Reddy died on 01.06.2012. On 31.05.2012, just one day prior to his death, a transfer entry of Rs.50,000/- was made from his account to the credit of the petitioner's SB Account by debit voucher.

xii. Even though the petitioner did not use the Maruti 800 vehicle at Belgaum, i.e., his place of work, he claimed conveyance reimbursement on a petrol-expenses basis for the said car from May 2009 to September 2011 for his personal gain.

xiii. Despite transfer of ownership of his car to his sister on 09.08.2010, he made a false declaration from August 2010 to September 2011 that he still owned the said vehicle and claimed an excess amount of Rs.36,741/-

3. The petitioner submitted his reply to the show cause notice. Since the explanation was found unsatisfactory, a departmental enquiry was initiated. The Enquiry Officer conducted the enquiry and, after recording the statements of the Presenting Officer, the petitioner, and the witnesses, and upon consideration of the materials on record, rendered findings holding that some of the charges were fully proved and some were partly proved. The petitioner was issued a second show cause notice, to which he submitted a further explanation on 17.01.2014. The Disciplinary Authority, after considering the findings of the Enquiry Officer and the further explanation submitted by the petitioner, imposed the major penalty of compulsory retirement from the services of the Bank. The said order of major punishment was assailed before the Appellate Authority. However, the Appellate Authority confirmed the order passed by the Disciplinary Authority, and the same was thereafter reviewed by the first respondent through the impugned order.

4. Mr. Balan Haridas, learned counsel for the petitioner, submitted that the charges were based on presumptions without concrete evidence and that, though the petitioner had explained the sources of income in support of the transactions, the said explanation was not considered and no reasons were assigned for rejecting the same. He further submitted that the alleged transactions were purely personal and family-related and did not involve bank

funds or customer accounts, and that no misuse of official position was established.

5. Learned counsel for the petitioner further submitted that the petitioner used the car for family purposes and that the transfer of ownership of the car to his sister was bona fide, without any wrongful gain or dishonest intent. Though the petitioner had agreed to refund the petrol allowance, the respondents did not consider the same. Therefore, according to the learned counsel, the impugned order passed by the first respondent is not sustainable. He further submitted that, in any event, the allegations do not satisfy Regulation 13. In support of his submissions, he placed reliance on the decision of the Hon’ble Apex Court in ***The General Manager, Personnel, Syndicate Bank & Others vs. B.S.N. Prasad [(2025) 3 SCC 601]***.

6. In response, Mr. P. Raghunathan, learned counsel for the respondents, submitted that the disciplinary action initiated against the petitioner is lawful, justified, and strictly in accordance with the statutory regulations governing Bank Officers. He further submitted that the petitioner committed serious misconduct, violating core banking discipline and integrity standards, in particular Regulation 3 (General Conduct) of the Union Bank of India Officer Employees’ (Conduct) Regulations, 1976.

7. Learned counsel for the respondents further submitted that the petitioner acted in a manner detrimental to the interests of the Bank and committed breach of Regulation 24 of the 1976 Regulations, as well as Regulation 15 (Lending and Borrowings). He also submitted that the petitioner failed to report at the transferred place of posting, amounting to unauthorized absence and indiscipline, and had applied for leave which was not sanctioned.

8. According to the learned counsel for the respondents, the findings rendered by the Enquiry Officer are based on evidence and records and cannot be said to be findings based on no evidence. Therefore, in the absence of arbitrariness, the impugned order does not warrant any interference. In support of his submissions, he placed reliance on the following decisions:

1.***The Tamil Nadu Agricultural University & Anr. etc. Vs. R. Agila (Leave to Appeal (C) No(s). 13070-13075 of 2022 dt. 20.08.2024)***

2.

3.***H.R. Nagendra Rao Vs. Indian Bank [1996 (3) LLN 377, 1995 SCC OnLine Kar 305]***

4.

5.***V. Sivakumar Vs. The Chairman, Life Insurance Corporation of India (WP No. 16347 of 2016, dt. 06.01.2026)***

6.

7.***Disciplinary Authority Cum Regional Manager and Ors. Vs. Nikunja Bihari Patnaik [(1996) 9 SCC 69]***

8.

9.***Indian Oil Corporation Limited Vs. Rajendra D. Harmalkar***

[(2022) 17 SCC 361]

10.

11.Union of India and Ors. Vs. Constable Sunil Kumar [(2023) 3 SCC 622]

12.

13.***7. B.C. Chaturvedi Vs. Union of India and Ors. [(1995) 6 SCC 749]***

14.

15.Kerala Solvent Extractions Ltd. Vs. A. Unnikrishnan [(2006) 13 SCC 619]

9. All the arguments advanced by the learned counsel appearing on either side, as well as the materials placed on record, have been duly considered by this Court.

10. Insofar as the charge relating to unauthorized absence and failure to report for duty is concerned, the facts on record would disclose the following:

10.1 The petitioner, while serving at the Regional Office, Belgaum, was transferred to the Regional Office, Chandigarh, with immediate effect. Pursuant to the transfer order, the petitioner applied for leave. However, the leave application was not rejected by the Regional Office, Belgaum; on the contrary, it was forwarded to the Regional Office, Chandigarh, for consideration. This assumes significance because, in service jurisprudence, non-rejection or pendency of a leave application cannot automatically be construed as willful absence.

10.2 Further, the petitioner addressed a letter dated 15.09.2012 to the Regional Office, Chandigarh, seeking grant/extension of leave. The Enquiry Officer, upon appreciation of records, specifically noted that no material was produced by the Management to establish that the petitioner had been informed that his request for extension of leave had been declined. In disciplinary proceedings, the burden lies on the employer to prove willful absence, and in the absence of proof of communication of rejection, the allegation loses its force.

10.3 It is also relevant that the petitioner had submitted a representation dated 28.08.2012 to the Chairman & Managing Director of the Bank seeking transfer to Chennai or any other place in the southern region. The said request was made on humanitarian grounds, stating that he had only about 20 months of service left and that he had a physically handicapped child to take care of. Such a representation indicates bona fides and cannot be viewed as an act of indiscipline.

10.4 The records further reveal that the petitioner's absence stood extended up to 14.05.2012 on medical grounds, supported by a medical certificate. Additionally, it was brought on record that there were local disturbances in Belgaum and that curfew had been imposed in certain parts of the town on 27.08.2012, which also contributed to the petitioner's inability to move and join duty immediately. Subsequently, the petitioner's place of posting itself was modified, and he was transferred to FGMO, Pune, by proceedings dated 14.12.2012. The petitioner reported for duty at Pune on 17.12.2012 without any further delay.

10.5 Therefore, the allegation that the petitioner failed to comply with the transfer order and remained unauthorizedly absent, thereby contravening Regulation 13 of the Union Bank of India Officer Employees' (Conduct) Regulations, 1976, is misplaced and not substantiated by evidence. The said charge, consequently, cannot be said to have been proved. The finding returned on the said charge by the enquiry officer is contrary to the evidence on record and is therefore liable to be interfered with .

11. Insofar as the charge that the petitioner permitted and effected cash deposits and transactions in his SB Account and Joint SB Account with his spouse, which were alleged to be beyond his known sources of income and inadequately explained, is concerned, the Enquiry Officer has categorically held that the allegation was not substantiated. The Enquiry Officer recorded a clear finding that the transactions had been explained by the petitioner and that no evidence was produced by the Management to establish that the said deposits

were beyond his known sources of income. Therefore, the very foundation of the charge stood unproved.

12. With regard to the allegation that the petitioner had availed a housing loan of Rs.30 lakhs and had rapidly reduced the outstanding liability within a short period through large credit entries, and that he failed to satisfactorily explain the source of such funds, thereby suggesting misuse of the loan account and OD Account, the Enquiry Officer held the charge to be partly proved. The petitioner had produced materials to show that the repayments were sourced from his salary income, rental income, and provident fund withdrawals. However, the Enquiry Officer observed that a cash deposit of Rs.1.62 lakhs was not satisfactorily explained.

13. Even in respect of the said amount of Rs.1.62 lakhs, there is absolutely no material on record to show that the deposit was on account of misuse of the petitioner's official position as an officer of the Bank. Nor was any mala fide intention attributed to him. Mere inadequacy of explanation, in the absence of proof of misconduct or nexus to abuse of office, cannot sustain a charge of misconduct.

14. In his defence, the petitioner specifically stated that, as reflected in

DEX-17, Annexure 'G' to the Assets & Liabilities Statements for the years 2009, 2010, 2011, and 2012, he had earned salary income of Rs.16.86 lakhs during the relevant period. In addition thereto, he had received rental advance, spouse's salary contribution, monthly rental income, and EPF settlement amounts, which together accounted for approximately Rs.20 lakhs under fund flow. Apart from these, he had also received income from chit fund proceeds, sale of shares, and other lawful sources, aggregating to nearly Rs.40 lakhs over the four-year period.

15. However, contrary to the documentary material placed on record, the Enquiry Officer arrived at a conclusion that the total income for the said period was only Rs.26,10,892/-. The petitioner had substantiated the sources of rental income and rental advance by producing rental agreements, and the tenants themselves were examined before the Enquiry Officer, whose statements supported the petitioner's case.

16. It was also established that rental income received in April 2011, June 2011, September 2011, and March 2012 had been directly remitted into the Home Loan Account instead of being routed through the SB Account. This defence evidence was neither discredited nor challenged by the Management. Therefore, the stand taken by the respondent that the cash deposit of Rs.1.62

lakhs in the Home Loan Account was unexplained is based on no evidence, rendering the finding arbitrary and perverse.

17. The petitioner was also charged with receiving amounts in his account from third parties and business entities. However, this charge was not proved due to lack of cogent evidence establishing any illegality or misconduct.

18. With regard to the allegation that transactions had taken place in the petitioner's SB Account with Shri D. Balaganesh, a staff member, the Enquiry Officer recorded that, in respect of the entry of Rs.25,000/- dated 27.05.2009, no proof had been produced to show that it pertained to sale of shares. Shri Balaganesh was examined as a defence witness and was subjected to cross-examination. In his testimony, he supported the petitioner's version, stating that the amount (Rs.24,000/- as clarified) was paid towards sale of shares. The Presenting Officer failed to produce any material to disprove this explanation or to establish that the transaction was unaccounted or illegal. Hence, the allegation remained unsubstantiated.

19. As regards the charge that amounts had been paid, either by credit to the SB Account or by cash, to Shyamsundar, a customer of the Bank, from the petitioner's Joint SB Account, the petitioner clarified that the payments were

made to Shyamsundar, who was a building contractor, towards construction related expenses, and that such payments were effected either by transfer or cash in the ordinary course of personal dealings. No evidence was produced to connect these payments with any official misconduct.

20. Clause 15 of the United Bank of India Officer Employees' (Conduct) Regulations, 1976, provides as follows:

> *No officer employee shall, in his individual capacity*
>
> *(i) borrow or permit any member of his family to borrow, or otherwise place himself or any member of his family under a pecuniary obligation to a broker, money lender, subordinate employee of the Bank, or any person, association of persons, firm, company, or institution, whether incorporated or not, having dealings with the Bank;*
>
> *(ii) buy or sell stocks, shares, or securities of any description without sufficient funds to meet the full cost in the case of purchase, or without delivery in the case of sale;*
>
> *(iii) incur debts at a race meeting;*
>
> *(iv) lend money in his private capacity to a constituent of the Bank, or have personal dealings with such constituent in the purchase or*

sale of bills of exchange, Government securities, or any other securities.

21. Clause 18 of the above Regulaitons further stipulates that:

No officer employee shall speculate in any stock, share, securities, commodities, or valuables of any description, nor shall he make investments which are likely to embarrass or influence him in the discharge of his duties:

Provided that nothing in this regulation shall prohibit an officer employee from making bona fide investments of his own funds in such securities as he may wish to purchase.

22. In the present case, there is no allegation, much less any proof, that the petitioner himself or through his family members had borrowed money from, or lent money to, any constituent of the Bank in violation of Clause 15. There is also no material to show that he had placed himself or his family under any pecuniary obligation to persons or entities having official dealings with the Bank.

23. The only allegation levelled against the petitioner is that certain monetary transactions had taken place between his personal accounts and some individuals, including customers of the Bank. Even if such transactions are taken at face value, mere financial dealings in a personal capacity do not

automatically attract misconduct unless they fall within the specific prohibitions enumerated under the Conduct Regulations.

24. In the absence of such foundational facts, the essential ingredients required to constitute misconduct under Clauses 15 or 18 are not made out.

25. Therefore, even assuming the allegations relating to personal financial transactions to be true, the same would not, by themselves, amount to misconduct under the United Bank of India Officer Employees' (Conduct) Regulations, 1976. The finding to the contrary, if any, would thus be unsustainable in law.

26. Coming to the allegation relating to illegal claim of petrol allowance from May 2009 to September 2011, the records disclose that ownership of the car was transferred to the petitioner's sister, Smt. Pushpa, on 09.08.2010. Therefore, the charge that the petitioner wrongly claimed petrol allowance from May 2009 to 09.08.2010 is without substance, as he was the lawful owner during that period.

27. However, the allegation relating to the period from 09.08.2010 to September 2011 stands proved, since the petitioner failed to produce cogent evidence to establish that, despite transfer of ownership, he continued to use the

vehicle at Belgaum for official purposes.

28. In his reply to the show cause notice, the petitioner stated that his sister had the vehicle transferred in her name using signed papers, and that he had requested her to await confirmation of his transfer to Chennai. He contended that there was no deliberate intention to make a wrongful claim and attributed the lapse to negligence in communication. He also admitted the mistake and requested permission to remit the excess claim of Rs.36,741/- as calculated by the authorities.

29. In view of the petitioner's own admission regarding the mistaken claim of petrol allowance after transfer of ownership, he cannot now contend that he continued to use the vehicle so as to justify the claim. Accordingly, this charge alone stands proved.

30. The other charges levelled against the petitioner have neither been proved nor do they constitute any misconduct. Therefore, the punishment imposed on the petitioner is harsh and not proportionate to the gravity of the charge that alone stands proved.

31. Ordinarily, when a punishment is found to be disproportionate to the gravity of the misconduct, the matter is remanded to the Disciplinary Authority for imposition of an appropriate penalty. However, in the present case, having regard to the fact that the petitioner has already retired from service after rendering more than 30 years of service, it would be appropriate for this Court, in exercise of its discretionary powers under writ jurisdiction, to impose a punishment commensurate with the gravity of the proved charge.

32. Therefore, this Court deems it fit to modify the punishment to that of stoppage of two increments for a period of two years, without cumulative effect.

33. Accordingly, the writ petition is ***allowed in part***. The impugned order is modified by substituting the punishment with stoppage of two increments for a period of two years, with cumulative effect, and shall not affect his pension. The respondents are directed to revise the pension and pensionary benefits of the petitioner and compute and disburse the same to the petitioner within a period of three months from the date of receiving of the copy of this order. Consequently, connected Miscellaneous Petition is closed. No costs.

20.02.2026

Index : Yes
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Neutral Citation : Yes
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HEMANT CHANDANGOUDAR, J.
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