BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED: 30.01.2026

CORAM

THE HONOURABLE MR.JUSTICE G.R.SWAMINATHAN

AND

THE HON'BLE MRS.JUSTICE R.KALAIMATHI

W.A.(MD)No.626 of 2022
AND
C.M.P.(MD)No.6987 of 2023

1. The Chairman,
Disciplinary Authority,
Pandyan Grama Bank,
(Now Tamil Nadu Grama Bank),
Head Office, No.6, Yercaud Road,
Hasthampatti, Salem-7.

2. Board of Directors,
Pandyan Grama Bank,
(Now Tamil Nadu Grama Bank),
Head Office, No.6, Yercaud Road,
Hasthampatti, Salem-7. ... Appellants / Respondents

Vs.

S.Paramasivan ... Respondent/ Writ petitioner

Prayer: Writ appeal filed under Clause 15 of Letters Patent, to set aside the order dated 31.01.2022 made in W.P.(MD)No.12817 of 2013.

For Appellants : Mr.K.Srinivasamoorthy,
for Mr.N.G.R.Prasad.

For Respondents : Mr.C.Masilamani

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JUDGMENT

(By G.R.SWAMINATHAN, J.)

The management of Tamil Nadu Grama Bank (formerly Pandyan Grama Bank) has filed this appeal questioning the order dated 31.01.2022 passed by the learned single Judge allowing W.P.(MD) No. 12817 of 2013 filed by the respondent Thiru.S.Paramasivan.

2.Thiru.Paramasivan joined the bank as Accountant in the year 1977. He was serving as Senior Manager. He retired from service on 31.01.2011. When he was working in Tirunelveli Town, he was transferred and posted at Melapalayam on 12.09.2005. It is not in dispute that prior to Paramasivan joining the said branch, jewel loans had been advanced on the strength of spurious jewels. It appears that disbursement of loans was to the tune of Rs.65 Lakhs. Paramasivan had taken earnest efforts and was able to recover to the tune of Rs.57 Lakhs. As regards the remaining jewel loan accounts, they could not be settled.

3.While so, when he was functioning at Melapalayam Branch, Thiru.Paramasivan on his own sanctioned loan to the tune of Rs.2.8 Lakhs on the Security Deposit given by the new jewel appraiser Mariyappan and the said amount was also utilised for settling those jewel loan accounts. The pledged spurious jewellery were also returned. In the year 2010, anonymous complaint was received in the name of one Subash that the writ petitioner had indulged in irregularities when he was acting as Branch Manager, Melapalayam branch. In this regard, charge memo dated 20.01.2011 was issued. It contained four articles of charge. They are follows:-

> "Charge 1:
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> You had sanctioned two demand loans amounting to Rs.3,80,000/- against the Jewel Apprasier Shri.G.Mariappan's security deposits without authority, in contravention of Administrative office instruction vide stipulation No.6 of letter PAD/202005-06 dated 24.12.2005 and laid down norms and thereby exposed the bank to unwarranted risk.
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> Charge 2:
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> Instead of protecting / safe guarding the interests of the institution, you have indulged in an unauthorised and dishonest act of misutilising the proceeds of demand loan granted on 30.03.2007 to the Jewel Appraiser, without authority and in breach of norms, for the closure of aforesaid 8 jewel loan accounts relating to spurious jewels, with an ulterior motive.
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> Charge No.3:
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> You have indulged in breach of faith / violated laid down norms / circulars / instructions contained Chapter XIV of Book of instructions, by delivering jewels on redemption, to unrelated persons on 30.03.2007, without authority and with an ulterior motive as referred under

Imputation 3. You had not authenticated the redemption vouchers for these 8 accounts with a malicious intention to escape responsibility for the act, of delivery of jewels to unauthroised persons, committed in blatant violation of laid down norms and procedures.

Charge No.4:

You had disobeyed the instructions of Administrative office in not pursuing the Police complaint after its lodgement, for its logical conclusion of registration of FIR, even after specifically reminded by Administrative office, vide General Manager's letter No.10/06-07 dated 09.08.06."

4.Enquiry was conducted and the enquiry officer rendered a finding that all the four charges framed against Paramasivan stood established. Copy of the enquiry report was served on Paramasivan and his further explanation was obtained. The disciplinary authority concured with the finding of the enquiry officer and ordered recovery of a sum of Rs.8,25,000/- vide order dated 19.11.2012. Questioning the same, Paramasivan filed an appeal before the Board of Directors. They dismissed the appeal vide order dated 17.06.2013. Questioning the same, W.P.(MD)No.12817 of 2013 was filed. The learned single Judge quashed order impugned in the writ petition. Questioning the allowing of the writ petition, this appeal has been filed by the management.

5.The learned Standing counsel appearing for the appellant bank pointed out that as per the banking norms, the security deposit given by the jewel appraiser could not have been the subject matter of another loan. Paramasivan had wrongfully sanctioned the loan on the strength of such security deposit and based on the same proceeded to clear the spurious jewel loan accounts. The learned Standing counsel further pointed out that the jewels ought to have been retained in bank custody. They should not have been returned to the persons who had taken the loans. He pointed out that as a result of the error committed by Paramasivan, Mariyappan could not get back his security deposit, when he wanted to quit as jewel appraiser. The learned counsel pointed out that since the enquiry process was conducted in a fair manner, interference was not warranted at the hands of the learned single Judge. He called upon this Court to allow the writ appeal as prayed for.

6. Per contra, the learned counsel appearing for the writ petitioner submitted that the learned single Judge rightly approached the issue and that this writ appeal deserves dismissal.

7. We carefully considered the rival contentions and went through the materials on record.

8. It is admitted by the management that Paramasivan, the writ petitioner herein did not sanction the spurious jewel loans and that he had not committed any act of misappropriation. Thus, we are satisfied that the writ petitioner is morally free from any kind of blame.

9.The first question that calls for consideration is whether the writ petitioner had committed misconduct by sanctioning the loan on the strength of the security deposit offered by the jewel appraiser Mariyappan. It is true that Mariyappan was not the jewel appraiser who had certified the spurious jewellery as genuine jewellery.

10.*Prima facie* it appears that Paramasivan had breached the banking norms but on a deeper scrutiny of the entire evidence on record, one can notice that Paramasivan had obviously acted under instructions from the higherups to clear the spurious jewellery loans. This is evident from the testimony of one clerk, by name, Balasubramanian who was examined as D.W.1. Interestingly, Balasubramanian was very much a bank employee during the year 2011 when he gave evidence. He chose to support the defence projected by Paramasivan that he was under instructions of higher officials to clear the spurious jewel loans. In fact, Balasubramanian was also appreciated by the Chairman for his efforts. Balasubramanian was not reexamined by the presenting officer.

11.More than anything else, from a reading of the evidence of Mariyappan, one can clearly come to the conclusion that the loan was sanctioned with his express consent. It is not as if Paramasivan sanctioned the loan behind the back of Mariyappan. In fact, Mariyappan was not the beneficiary. The loan amount did not come to his pocket. Yet, he gave his consent for granting loan on his security deposit. This clearly probablises the defence put forth by Paramasivan that he had committed the acts mentioned in the charge memo only under the instructions of the higherups.

12.The acts attributed to Paramasivan took place in the year 2008. Anonymous complaint was received in the year 2010. Ten days prior to the date of his retirement, disciplinary action was initiated.

13.Though Paramasivan would claim that the pledged jewellery was returned to the persons concerned, the learned Standing counsel would claim that the borrowers had not taken back the same. No complaint was received in this regard. Our attention was also drawn to the entries in the register. It is seen that mortgages were executed in favour of the Branch Manager. This arrangement was made to protect the interests of Mariyappan. The bank has not suffered any loss. Paramasivan had not made any gain. It is also a matter of record that

Paramasivan had recovered Rs.57 Lakhs out of the outstanding amount of Rs.65 Lakhs.

14.The Hon'be Supreme Court in the decision reported in (1979) 2 SCC 286 (Union of India Vs. J.Ahmed) had held that misconduct arises from ill motive and that acts of negligence, errors of judgment or innocent mistakes would not constitute such misconduct. In the case on hand, the writ petitioner had acted not out of ill motive but keeping in mind the best interests of the bank. The higherups had indicated to him that the image of the bank had taken a beating and that he must bring the matters to a close and that is why, he committed the acts attributed to him. They are not negligent acts. They are not errors of judgment. They are not innocent mistakes. They are bonafide action carried out under the instruction of the superior officials who also had only the image of the bank in mind.

15.We concur with the reasons assigned by the learned Single Judge for granting relief to the writ petitioner. The writ petitioner had served the bank for more than 34 years. Though he reached the age of superannuation way back in the year 2011, the issue has been hanging fire till now. Taking into account the overall facts and circumstances, we are of the view that the order passed by the learned single Judge in favour of the writ petitioner is in order. It is stated that the Gratuity amount payable to Thiru.Paramasivan has been withheld. The same shall be paid within a period of eight weeks from the date of receipt of a copy of this order, if not already paid. This writ appeal stands dismissed. No costs. Consequently, connected miscellaneous petition is closed.

(G.R.SWAMINATHAN, J.) & (R.KALAIMATHI, J.)
30th January 2026

NCC : Yes / No
Index : Yes / No
Internet : Yes / No

PMU/skm

G.R.SWAMINATHAN, J.

AND

R.KALAIMATHI, J.

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