IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD

THE HONOURABLE THE ACTING CHIEF JUSTICE
P.SAM KOSHY
AND
THE HONOURABLE SRI JUSTICE NARSING RAO NANDIKONDA

WRIT APPEAL No.890 of 2024
CNR No.HBHC010389612024
and
Writ Appeal No.1086 of 2024
CNR.No.HBHC010485402024

Date of Order : 05.11.2026

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Writ Appeal No.890 of 2024
Between:

V.V.S Gupta.

…Appellant

AND

The Indian Bank, Rep. by its Chairman and Managing Director, Corporate Office, Avvai Shanmugam Salai, Royapettah,
Chennai and four others.

…Respondents

COMMON JUDGMENT: *(per Hon'ble the Acting Chief Justice P.Sam Koshy)*

Heard Dr. S Goverdhan Rao, learned counsel for the appellant in Writ Appeal No.890 of 2024 and for the respondent in Writ Appeal

No.1086 of 2024; and Mr. Hemanth Kumar Vemuri, learned counsel for the respondents in Writ Appeal No.890 of 2024 and for the appellants in Writ Appeal No.1086 of 2024.

2. Since these two Writ Appeals are filed by both the parties challenging the same order dated 16.04.2024, passed by the learned Single Bench in Writ Petition No.6583 of 2013, they are taken up for hearing together and are decided by this Common Judgment.

3. *Vide* the impugned order, the learned Single Bench disposed of the Writ Petition preferred by the appellant Mr. V.V.S Gupta and held that the punishment of dismissal was commensurate with the gravity of the charges that were proved against him; and that the Writ Petition was liable to be dismissed to the aforesaid extent.

4. The facts of the case in a nutshell are that the appellant Mr. V.V.S Gupta, who had worked as a Manager with the respondents' Bank, was dismissed from service pursuant to the disciplinary proceedings initiated against him in respect of 16 charges relating to his tenure as Branch Manager of the Mahabubabad and Kothaguda Branches. The allegations were that amounts under the crop loan

incentive scheme, instead of being credited directly to the accounts of beneficiaries, were credited to a parking account, and they were later transferred to a sundry deposit account and withdrawn in cash on different dates. In the inquiry, 10 charges were held proved, 3 were held partially proved, and 3 were held not proved. The dismissal order was upheld in appeal and revision.

5. The appellant challenged the dismissal, appellate, and revisional orders before the learned Single Bench of this Court on the ground that the inquiry had not been properly conducted and that the principles of natural justice had been violated. The appellant also sought return of the documents pledged for a house loan on the ground that the loan had been fully repaid and the account stands closed.

6. The Bank supported the disciplinary proceedings, stating that the appellant had misused his position as a Scale-II Manager by diverting funds meant for beneficiaries and withdrawing the same in cash, causing loss to the Bank. It was stated that the inquiry had been conducted in accordance with the prescribed procedure, that the appellant had been afforded adequate opportunity to defend himself,

and that the appellate and revisional orders had been passed after due consideration.

7. This order of dismissal dated 10.02.2012 is what was subjected to challenge by way of Writ Petition No.6583 of 2024.

8. The learned Single Bench held that the appellant had participated in the inquiry and had furnished explanations on each charge and that the findings were recorded after consideration thereof. The appellant's acquittal in the criminal case was held not to affect the departmental proceedings, as the evidence and documents in the two proceedings were not identical. The punishment of dismissal was held to be commensurate with the gravity of the charges proved and no interference was considered necessary with the disciplinary proceedings.

9. Assailing the impugned order passed by the learned Single Bench, the learned counsel for the appellant contended that the entire disciplinary proceedings were initiated and conducted and penalised by the disciplinary authority and the appeal was disposed of by the appellate authority and review application was rejected by the reviewing authority with total bias against the appellant and totally

owing to their prejudged and preconceived notions because there were no complaints either in writing or oral against the appellant, or any irregularities observed by the internal audit and statutory audit of the records of the Branch. It was further contended by the learned counsel for the appellant that against 16 charges, 4 charges were held by the Inquiring Authority as not proved and 3 charges as partially proved. The service jurisprudence on disciplinary matter does not provide for charges being partially proved. Either the charges are proved or not proved based on the material evidence available. If the evidence adduced is not adequate enough the charges have to be held as not proved.

10. It was also contended by the learned counsel for the appellant that the learned Single Bench ought to have noted that no specific rule was violated by the appellant which was indicated in the charge sheet and which resulted in a disciplinary action for not violating of any specific conduct rule by the appellant. He relied on the decision of the Hon'ble Supreme Court in the case of **A.L. Kalara vs. The Project & Equipment Corporation of India Ltd.**[1] wherein it was held that unless a specific rule defining misconduct is available in the Rules,

[1] 1984 AIR 1361

there cannot be any kind of disciplinary action initiated by the authorities.

11. On the other hand, learned counsel for the respondents submitted that the appellant while working as the Branch Manager at 'Mahbubabad and Kotheguda' Branches misused his official position and committed several irregularities such as misappropriation of funds held in parking account and sundry deposit account, unauthorised cash withdrawals, issuance of DDs in favour of totally unrelated parties etc., there after which a charge-sheet No.68/323:2010-11 dated 29.12.2010 was issued to him framing 16 charges out of which ten charges are proved, 3 charges are partially proved and 3 charges are not proved.

12. Learned counsel for the respondents further contended that the appellant was having more than 30 years of experience in the banking sector as on the date of the issuance of chargesheet and that he indulged in series of serious violation with an attempt to derive pecuniary advantage to himself, and his continuance in the Bank would pose severe threat to the reputation of the Bank and also to the public interest. Therefore, the learned Single Bench rightly held that

the punishment of dismissal is just and proper and commensurate to the gravity of charges proved against the appellant.

13. Learned counsel for the respondents also contended that the appellant's contention that his acquittal in criminal proceedings would automatically vitiate the departmental proceedings concluded against him cannot be accepted. It is a settled law by catena of judgments of the Hon'ble Supreme Court that the criminal proceedings and the departmental proceedings are entirely different. They operate in different fields and have different objectives. It was held that the standard of proof in a criminal case is the proof beyond reasonable doubt, the proof in a departmental proceeding is preponderance of probabilities. Therefore, the contention of the appellant in this regard is untenable.

14. Learned counsel for the respondents placed reliance on the decision of the Hon'ble Supreme Court in the case of **Union of India vs. G. Ganayutham**[2] wherein the proportionality of punishment was deliberated upon and held as under:

> *"**32.** Finally, we come to the present case. It is not contended before us that any fundamental freedom is affected. We need not therefore go*

[2] (1997) 7 SCC 463

into the question of "proportionality". There is no contention that the punishment imposed is illegal or vitiated by procedural impropriety. As to "irrationality", there is no finding by the Tribunal that the decision is one which no sensible person who weighed the pros and cons could have arrived at nor is there a finding, based on material, that the punishment is in "outrageous" defiance of logic. Neither Wednesbury nor CCSU tests are satisfied. We have still to explain "Ranjit Thakur [(1987) 4 SCC 611 : 1987 SCC (L&S) 1 : (1987) 5 ATC 113] ".

33. *In Ranjit Thakur [(1987) 4 SCC 611 : 1987 SCC (L&S) 1 : (1987) 5 ATC 113] this Court interfered with the punishment only after coming to the conclusion that the punishment was in outrageous defiance of logic and was shocking. It was also described as perverse and irrational. In other words, this Court felt that, on facts, Wednesbury and CCSU tests were satisfied. In another case, in B.C. Chaturvedi v. Union of India [(1995) 6 SCC 749 : 1996 SCC (L&S) 80 : (1996) 32 ATC 44] a three-Judge Bench said the same thing as follows: (SCC p. 762, para 18)*

> *"18. ... The High Court/Tribunal, while exercising the power of judicial review, cannot normally substitute its own conclusion on penalty and impose some other penalty. If the punishment imposed by the disciplinary authority or the appellate authority shocks the conscience of the High Court/Tribunal, it would appropriately mould the relief, either directing the disciplinary authority/appellate authority to reconsider the penalty imposed, or to shorten the litigation, it may itself, in exceptional and rare cases, impose appropriate punishment with cogent reasons in support thereof."*

Similar view was taken in Indian Oil Corpn. Ltd. v. Ashok Kumar Arora [(1997) 3 SCC 72 : 1997 SCC (L&S) 636] that the Court will not intervene unless the punishment is wholly disproportionate.

> ***34.*** *In such a situation, unless the court/tribunal opines in its secondary role, that the administrator was, on the material before him, irrational according to Wednesbury [(1948) 1 KB 223 : (1947) 2 All ER 680] or CCSU [1985 AC 374 : (1984) 3 All ER 935] norms, the punishment cannot be quashed. Even then, the matter has to be remitted back to the appropriate authority for reconsideration. It is only in very rare cases as pointed out in B.C. Chaturvedi case [AIR 1961 SC 418 : (1961) 2 SCR 343] that the Court might — to shorten litigation — think of substituting its own view as to the quantum of punishment in the place of the punishment awarded by the competent authority. (In B.C. Chaturvedi [AIR 1961 SC 418 : (1961) 2 SCR 343] and other cases referred to therein it has however been made clear that the power of this Court under Article 136 is different.) For the reasons given above, the case cited for the respondent, namely, State of Maharashtra v. M.H. Mazumdar [(1988) 2 SCC 52 : 1988 SCC (L&S) 436 : (1988) 6 ATC 876] cannot be of any help."*

15. Learned counsel for the appellants in Writ Appeal No.1086 of 2024 strongly contended that though the learned Single Bench held that the punishment of dismissal is commensurate with gravity of charges proved against the employee i.e. respondent in this Writ Appeal, it was not a case to interfere with the disciplinary proceedings and erred in directing the Bank to pay the gratuity and other service benefits to the dismissed employee.

16. Having heard the contentions put forth on either side and on perusal of records, we are of the considered opinion that the learned

Single Bench has rightly held that the disciplinary proceedings were conducted in accordance with the prescribed procedure and that the appellant was afforded adequate opportunity to participate in the inquiry and to defend himself against each of the charges. The appellant has not been able to demonstrate any material illegality, procedural irregularity, or violation of the principles of natural justice which would warrant interference with the findings recorded by the disciplinary authority, appellate authority, or revisional authority.

17. So far as the contention of the learned counsel for the appellant that the disciplinary proceedings were initiated and concluded with bias and preconceived notions is concerned, the same is devoid of substance. Mere assertion of bias, without placing on record any material demonstrating that the disciplinary authority, appellate authority, or reviewing authority was prejudiced or had a preconceived view against the appellant, cannot by itself vitiate the proceedings. The appellant participated in the inquiry, furnished explanations to the charges, and the inquiry authority recorded findings after due consideration of the evidence and explanations. In the absence of any

demonstrable prejudice or breach of natural justice, the contention of bias cannot be accepted.

18. The contention that charges cannot be 'partially proved' and that a charge must either be proved or not proved is also without merit. The inquiry authority, after evaluating the evidence adduced in support of each charge, found 10 charges proved, 3 charges partially proved, and 3 charges not proved. The fact that certain charges were held not proved, and others only partially proved, does not detract from the fact that 10 charges were held fully proved on the basis of the material available. The disciplinary authority, appellate authority, and revisional authority were entitled to act upon the charges which were found proved, and the punishment of dismissal was imposed with reference to the gravity of the misconduct so established.

19. The reliance placed by the learned counsel for the appellant on the decision of the Hon'ble Supreme Court in the case of **A.L. Kalra** (supra) is also of no assistance to the appellant. In the present case, the charges relate to serious financial irregularities alleged to have been committed by the appellant while working as Branch Manager, including diversion of funds meant for beneficiaries under the crop

loan incentive scheme, unauthorized withdrawals, and issuance of demand drafts in favour of unrelated parties. These are not vague or general allegations of misconduct, but specific acts of financial irregularity and misuse of official position, which are clearly actionable in disciplinary proceedings. The principles laid down in **A.L. Kalra** (supra) therefore do not come to the aid of the appellant on the facts of the present case.

20. The contention that the acquittal of the appellant in the criminal proceedings would automatically vitiate the departmental proceedings is also untenable. It is well settled law that criminal proceedings and departmental proceedings operate in different fields and serve different objectives. While in a criminal case the standard of proof is proof beyond reasonable doubt, in departmental proceedings the standard is preponderance of probabilities. An acquittal in a criminal case, therefore, does not by itself entitle an employee to exoneration in departmental proceedings, particularly where the evidence and documents in the two proceedings are not identical.

21. So far as the quantum of punishment is concerned, the scope of judicial review in matters of penalty is limited. The disciplinary

authority and the appellate authority are the appropriate forums to consider the evidence and determine the punishment proportionate to the gravity of the misconduct. The High Court, in exercise of its power of judicial review, cannot normally substitute its own conclusion on penalty unless the punishment imposed is irrational, perverse, or shocks the conscience of the Court. In the present case, the appellant, a senior banking official with more than 30 years of experience, is found to have misused his official position and committed serious financial irregularities causing loss to the Bank. The punishment of dismissal, in such circumstances, cannot be said to be disproportionate or to shock the conscience of this Court. Moreover, termination of the appellant in Writ Appeal No.890 of 2024 along with terminal benefits cannot go together as it would amount to rewarding misconduct. Hence, this Bench is setting aside the order passed by the learned single Judge to the extent of granting terminal benefits to the appellant / employee and upholding the punishment of dismissal from service.

22. In view of the foregoing discussion, Writ Appeal No.890 of 2024 stands dismissed. The Writ Appeal No.1086 of 2024 stands

allowed by setting aside the order passed by the learned Single Judge in Writ Petition No.6583 of 2013.

23. As a sequel, miscellaneous petitions if any pending, shall stand closed. However, there shall be no order as to costs.

P. SAM KOSHY, ACJ

NARSING RAO NANDIKONDA, J

Date :: 05.11.2026
GSD