$~15

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

Date of Decision*: *15th September, 2026

\# **CNR No. DLHC015789342018**

\+ W.P.(C) 14014/2018, CM APPL. 54777/2018, CM APPL. 36636/2019 & CM APPL. 12854/2026

K V BRAHMAJI RAO .....Petitioner

Through: Mr. Sanjay Jain, Senior Advocate with Ms. Rajul Jain, Ms. Harshita, Ms. Jyoti Dhakal, Advocates.

versus

UNION OF INDIA & ANR. .....Respondents

Through: Mr. Ripudaman Bhardwaj, CGSC with Mr. Anmol Ghai, Advocate for UOI.
Mr. Rajesh Kumar Gautam, Ms. Likivi K. Jakhalu and Ms. Azal Aekram, Advocates for R-2.

CORAM:
HON'BLE MR. JUSTICE SANJEEV NARULA

JUDGMENT

SANJEEV NARUAL, J. (Oral):

The controversy

1. The Petitioner, then serving as an Executive Director of Punjab National Bank, was removed from office when barely three days remained of his five-year tenure. Viewed only in terms of time, the curtailment may appear inconsequential. Its legal character, however, has cast a shadow far beyond those three days, carrying consequences that continue even today.

2. Those consequences are now evident. In its communication dated 30th July, 2026, the Department of Financial Services, Ministry of Finance, records PNB's stand that the Petitioner is not entitled to pension since Regulation 22(1) of the Punjab National Bank (Employees') Pension Regulations, 1995 provides for forfeiture of past service upon removal. The terms governing his Board-level appointment also stipulate that post-retirement medical benefits would not be available in the event of removal or dismissal from the Board-level post, or termination of services by the Central Government.

3. The controversy, therefore, extends beyond the loss of three days in office. The impugned decision attributes to the Petitioner, as a member of the Bank's top management, a failure to exercise proper control which enabled a major fraud to remain undetected. That finding may have outlived his tenure, yet it continues to affect his retiral benefits. The controversy therefore concerns the legality of the decision dated 18th January, 2019 and the consequences flowing from its character as an order of removal.

4. The scope of the inquiry is narrow. The Court is neither required to determine, with the benefit of hindsight, whether the Petitioner could have exercised greater supervisory care, nor to sit in appeal over the Government's assessment of banking administration. The question is whether the satisfaction contemplated under paragraph 8(4) of the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970 was arrived at through the prescribed process and on material having a rational nexus with the conclusion drawn against the Petitioner.

Factual background

5. The Petitioner was then a General Manager with Vijaya Bank. In

January 2014, following approval by the Appointments Committee of the Cabinet, the Central Government appointed him as Executive Director of PNB under Section 9(3)(a) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, read with paragraphs 3(1) and 8(1) of the 1970 Scheme. His tenure was to run for five years from the date he assumed charge, or until further orders, whichever was earlier.

6. The terms of appointment are relevant. On moving to a Board-level post, an officer was treated as having retired from the career post and as taking up the tenure appointment afresh. Pension, if any, admissible in respect of the career post continued to be governed by the rules of the bank where that post was held. The terms further provided that Board-level appointments would constitute continuous service, with retirement benefits for such service becoming available upon final demission of Board-level office.

7. By an Office Order issued in March 2016, the Petitioner was allocated, among other functions, Integrated Risk Management and Fraud Risk Management, Inspection and Audit, Management Audit and Review, and the International Banking Division ("IBD"). The Information Technology Division ("ITD") was not under his charge.

8. On 3rd August, 2016, RBI issued instructions concerning cyber-security controls for SWIFT. PNB thereafter convened an inter-departmental meeting in which, among other measures, creation of a common interface between SWIFT and the Core Banking Solution was considered, with the action in this regard assigned to ITD. ITD thereafter placed a note dated 23rd August, 2016 before the MD & CEO recording that the feasibility of auto-processing SWIFT messages would be examined during the proposed

upgrade to Finacle 10.x. By September 2016, IBD had also ceased to be under the Petitioner's charge.

9. The fraud at PNB's Brady House Branch surfaced in early 2018. The Central Bureau of Investigation ("CBI") took up the matter and filed charge-sheets on 14th May, 2018. By then, the Government had already called upon the Petitioner, through a communication dated 4th May, 2018, to explain the non-compliance with RBI instructions and the weaknesses in the controls governing the SWIFT system.

10. The Petitioner submitted his reply on 14th May, 2018. On the same day, the Government Nominee Director placed before the PNB Board a Government communication dated 14th May, 2018 proposing divestment of the functional responsibilities of the two Executive Directors. The minutes record concern over the CBI proceedings, the accompanying media coverage and the reputational risk to the Bank. The Chairman asked whether, since the officers had been appointed by the Government of India, the matter ought to be dealt with directly by the Government. The Government nominee indicated that the proposed action would more appropriately be conveyed through the Board in accordance with the Government's direction. The Petitioner's functional responsibilities were thereafter withdrawn and reassigned.

11. A formal show-cause notice under paragraph 8(4) followed on 3rd July, 2018. Relying on RBI material concerning non-compliance and weak SWIFT controls, it attributed the lapses, among other things, to the failure of the Bank's top management to exercise proper control, thereby allowing the fraud to continue undetected for several years. The case put specifically to the Petitioner rested on the allocation of IBD and Mumbai Zone to him

between 28th March, 2016 and mid-September 2016. He was called upon to explain why action under paragraph 8(4) should not be taken.

12. The Petitioner replied on 12th July, 2018. He relied on the inter-departmental meeting convened after the RBI circular, the assignment of SWIFT-CBS integration to ITD, and the subsequent decision within the IT and management hierarchy to align that work with the Finacle upgrade. He also pointed out that IBD had ceased to be under his charge by September 2016.

13. The show-cause notice and the Petitioner's reply were then placed before the PNB Board. The Board considered the matter on 26th July, 2018 and forwarded its comments to the Government.

14. The Board's comments lie at the heart of the controversy. They neither exonerated the Petitioner nor endorsed the charge in full. The Board found no substantial material suggesting criminality or criminal intent on the part of either Executive Director and considered it inappropriate to confine responsibility for systemic deficiencies in control, compliance and reporting to officers who had assumed their positions only in 2014 and 2016. It noted that SWIFT-CBS integration had been taken over by ITD and was not the Petitioner's functional responsibility. At the same time, since Inspection and Audit, Management Audit and Review, Integrated Risk Management and Fraud Risk Management, and Treasury were under his charge, the Board felt that he could have introduced stronger controls. It described the lapse as "casual oversight"; stated that non-compliance with RBI instructions could not be fully established against him; yet observed that he had been "not fully careful" and "should have exercised greater caution". The Board also sought greater clarity from the Department of Financial Services on the roles and

responsibilities of whole-time Directors.

15. The Board's comments were not put to the Petitioner, and he was given no opportunity to respond to them. He approached this Court in December 2018. On 21st December, 2018, notice was issued, with the clarification that any further action taken against him would remain subject to the outcome of the petition.

16 The impugned notification followed on 18th January, 2019, three days before the Petitioner's tenure was due to expire. It referred to the show-cause notice, his reply, the consultation with the Board and the Board's comments. The Government nevertheless concluded that his continuation in office had to be viewed in light of his failure as a member of the Bank's top management, and recorded its satisfaction that his removal was expedient in PNB's interest. He was removed with immediate effect.

Submissions of the parties

17. Mr. Sanjay Jain, Senior Counsel for the Petitioner, submits that paragraph 8(4) is not a provision for ordinary contractual termination. It conditions removal of a whole-time Director upon consultation with the Board and a reasonable opportunity to show cause. Neither safeguard was observed in substance. He contends that the satisfaction required by paragraph 8(4) needed a discernible factual foundation. The Board's assessment, he points out, was broadly favourable; even its criticism went no further than the need for greater caution and stronger supervisory controls. It could not reasonably support the far graver conclusion that the Petitioner's failure enabled a fraud of enormous magnitude to continue for years.

18. Mr. Jain also challenges the sequence in which paragraph 8(4) was invoked. He submits that the Scheme contemplates consultation with the

Board followed by an opportunity to the whole-time Director to answer any adverse material emerging from such consultation. Once the Board's comments introduced an adverse assessment concerning the Petitioner's supervisory responsibilities in Audit, Risk Management and Treasury, those comments ought to have been furnished to him before being acted upon. Reliance is placed on ***Indian Administrative Service (S.C.S.) Association v. Union of India***,[1] *Association* on the requirement of meaningful consultation.

19. Mr. Jain further submits that material favourable to the Petitioner was overlooked. In particular, he relies upon the RBI communication dated 25th May, 2018, subsequently placed on record with the rejoinder, which, according to him, did not include the Petitioner among the officers held responsible for the incident, while identifying the then MD and two other Directors. His contention is that although the show-cause notice itself relied upon RBI's earlier observations concerning non-compliance and weak SWIFT controls, this subsequent material concerning the same episode was neither supplied with the notice nor taken into account while considering his removal.

20. Mr. Jain also stresses the timing and consequences of the action. The Petitioner was removed three days before his tenure ended, after remaining without functional responsibilities for several months. The removal, he submits, has led to the withholding of pension, medical facilities and leave encashment. He also relies upon the Petitioner's discharge by the Special CBI Court in September 2025, contending that it reinforces the case that responsibility was fastened upon him principally because he occupied a senior position.

---

[1] 1993 Supp (1) SCC 730.

21. Mr. Ripudaman Bhardwaj, CGSC for Union of India, contests these submissions. He maintains that the Petitioner's reply, the Board's comments and the other material on record were considered before the competent authority formed its satisfaction. Mr. Bhardwaj emphasises that the Petitioner's supervisory responsibilities extended beyond IBD to Audit, Risk Management, Treasury and Mumbai Zone, and relies upon the Board's view that stronger controls could have been put in place. His case is that both requirements of the proviso to paragraph 8(4) stood satisfied: the Petitioner was given an opportunity to show cause and the Board was consulted before the final decision was taken.

22. Mr. Bhardwaj also disputes the Petitioner's portrayal of the Board's comments as an exoneration. He submits that the Petitioner seeks to portray what was only the Board's "initial assessment" as its final view, while overlooking its subsequent observations that he could have put in place more robust controls and monitoring systems and ought to have exercised greater caution. He submits that, upon consideration of the Petitioner's reply, the Board's comments and the other material on record, the competent authority was satisfied that his removal was expedient in the interest of PNB.

23. Mr. Rajesh Gautam, counsel for PNB, raises a more fundamental objection. It characterises the appointment as contractual and tenure-based, submits that Article 311 has no application, and contends that Article 226 does not warrant interference. He relies on ***Satish Chandra Anand v. Union of India***,[2] and ***GRIDCO Ltd. v. Sadananda Doloi***.[3] Mr. Gautam further submits that consultation does not mean concurrence and that paragraph 8(4)

---

[2] AIR 1953 SC 250.
[3] (2011) 15 SCC 16.

was satisfied once the Petitioner received a show-cause notice, his reply was considered and the Board was consulted. Relying on ***Union of India v. Tulsiram Patel***,[4] it is contended that natural justice is flexible and cannot be reduced to a rigid formula.

The governing statutory framework

24. The analysis begins with paragraph 8 of the 1970 Scheme. Sub-paragraph (1) permits the appointment of a whole-time Director for a term not exceeding five years. Sub-paragraph (1A), in turn, authorises the Central Government to end that tenure before its expiry by giving at least three months' written notice, or salary and allowances in lieu of notice.

25. The impugned action, however, was not taken under paragraph 8(1A). The Government invoked paragraph 8(4), which confers a distinct power of removal in the following terms:

> *"The Central Government may, if it is satisfied that it is expedient in the interests of the nationalised bank so to do, remove a whole-time Director, including the Managing Director, from office:*
> *Provided that no such removal shall be made except after—*
> *(a) consultation with the Board, and*
> *(b) giving a reasonable opportunity to the whole-time Director, including the Managing Director, of showing cause against the proposed action."*

26. Paragraph 8(4) operates differently. It authorises removal from office where the Central Government is satisfied that such removal is expedient in the interests of the Bank. The proviso subjects this power to two express conditions: consultation with the Board and a reasonable opportunity to the officer to show cause against the proposed action. These are conditions built into the exercise of the statutory power itself.

27. It is unnecessary to hold that every removal under paragraph 8(4)

---

[4] (1985) 3 SCC 398.

amounts to disciplinary punishment or attracts the full procedure of a departmental inquiry. The Scheme says neither. Its controlling standard is whether removal is expedient in the interests of the Bank. Once the Government chooses paragraph 8(4), however, its satisfaction must rest on relevant material and its express safeguards must be observed in substance. The action must be tested by the provision actually invoked, not by asking whether the tenure might have been ended under another provision.

28. Nor do the words "or until further orders" in the appointment notification lead elsewhere. They indicate that the Petitioner had no absolute right to continue for the entire five-year term. They do not, however, confer an independent power of removal upon the Government. Any premature cessation of the Petitioner's tenure had to be effected under the Scheme and in accordance with the requirements of the provision invoked.

Maintainability of the writ petition

29. The objection to maintainability raised by PNB must be considered in this statutory setting. Article 311 admittedly has no application to the Petitioner's appointment, nor does the present challenge invoke its protection. The issue, however, is whether the statutory power under paragraph 8(4) was exercised in accordance with the conditions governing it. The Petitioner does not seek enforcement of a contract of personal service, but judicial review of the exercise of that statutory power. The contractual character of the appointment does not insulate such exercise from judicial review.

30. *Satish Chandra Anand* concerned termination, by notice under the governing terms, of temporary contractual employment. The Supreme Court held that such cessation was neither dismissal nor removal for purposes of

Article 311. The present case stands on a different footing. The Government did not terminate the Petitioner's tenure by notice under paragraph 8(1A), but invoked the statutory power of removal under paragraph 8(4). Moreover, *Satish Chandra Anand* arose under Article 32, and the Supreme Court expressly confined its decision to the absence of infringement of a fundamental right, leaving other rights and remedies open. The decision therefore does not exclude judicial review of an exercise of statutory power under Article 226.

31. The submission that contractual status excludes a remedy under Article 226 is inconsistent with *GRIDCO Ltd. v. Sadananda Doloi*. After tracing the development of public law beyond *Satish Chandra Anand*, the Supreme Court held that a public authority cannot resist judicial review merely because its action lies in the realm of contract. The restraint is different: a writ court does not sit in appeal over the employer's decision or substitute its view on the merits, but may examine whether the action is illegal, perverse, unreasonable, unfair or irrational. PNB's broader contention that a contractual appointee must be confined to a civil suit to raise his grievances as a general proposition cannot therefore be accepted.

32. ***M. Gopalakrishnaiah v. Union of India***,[5] is factually closer. It concerned an Executive Director of a nationalised bank holding a tenure appointment under the same 1970 Scheme. This Court expressly distinguished a tenure appointment from temporary or ad hoc employment and held that, where the Government sought to curtail that tenure on the basis of adverse material, the officer had to be afforded an opportunity to meet it. The decision also dealt with paragraph 8(1A), an issue which does

not arise here; the aforesaid principle, however, remains relevant for present purposes.

The requirement of consultation

33. The Petitioner places considerable emphasis on the order in which clauses (a) and (b) appear in the proviso to paragraph 8(4). The submission is that consultation with the Board must first be completed and only thereafter can the whole-time Director be called upon to show cause. The Court does not find the provision susceptible to such a reading. The proviso requires that removal must be preceded by both consultation with the Board and a reasonable opportunity to show cause. It does not, in terms, prescribe the order in which those two requirements must be undertaken. Their placement as clauses (a) and (b) makes them cumulative conditions; it does not necessarily make their sequence immutable.

34. ***Sushil Muhnot v. Union of India***,[6] is instructive. That case arose under the same paragraph 8(4). The show-cause notice was issued on 7th March, 2016 and answered on 2nd April, 2016. The Government referred the matter to the Board on 22nd April, 2016, and the Board considered it on 4th June, 2016. The Division Bench ultimately held that the statutory requirements had been satisfied. The precise contention now advanced, namely, that consultation under clause (a) must invariably precede the opportunity under clause (b), was not separately examined in *Sushil Muhnot*. Even so, the sequence followed there, and the conclusion reached by the Court, do not support reading the two clauses as prescribing a mandatory chronology.

---

[5] 1994 SCC OnLine Del 308.
[6] 2017:DHC:4607-DB.

35. The Respondents are therefore correct that paragraph 8(4) does not prescribe an inflexible sequence between consultation and the opportunity to show cause. That, however, does not answer whether the opportunity afforded was reasonable in substance. If the subsequent consultation with the Board introduces materially adverse considerations which are relied upon in the final decision, the question remains whether the officer ought to have been given an opportunity to meet them. That question arises directly in the present case and is considered hereafter.

36. *Sushil Muhnot* is more directly relevant in explaining what consultation under paragraph 8(4) is meant to achieve. The Division Bench held that the Government must obtain the opinion and comments of the Board so that it has their benefit before making the final call. Those comments are "relevant and important" to the decision-making process. The Board must be furnished sufficient information to enable it to express its view, and its views must be ascertained and examined before the Central Government takes its decision. No particular form or method of consultation is prescribed. Equally, the power of removal remains with the Central Government; it is not transferred to the Board merely because consultation is required.

37. This accords with *Indian Administrative Service (S.C.S.) Association v. Union of India*. Consultation requires a meeting of minds on the material facts and points involved, founded upon definite facts relevant to the eventual decision. Yet where those views are not binding, a contrary decision is not invalid merely because the decision-maker disagrees. Nor can any rigid formula be prescribed for the manner in which consultation must take place.

38. The position is therefore reasonably clear. Consultation does not mean concurrence. The Board was not required to approve the Petitioner's removal, nor was the Central Government bound to accept its assessment. However, the freedom to take a different view presupposes that the view obtained through the statutory consultation has actually been considered. In *Sushil Muhnot* itself, the Division Bench said that the purpose of the proviso is to ensure that the Board's views are "ascertained and examined" before the Government forms its opinion. The requirement is not satisfied merely because the Board's minutes have found their way onto the file. What matters is whether their substance entered the decision-making process.

The Board's assessment

39. The Board's assessment must next be considered, for it formed an important part of the consultative process contemplated under paragraph 8(4).

40. The Petitioner is not correct in treating the Board's comments as an exoneration. Read as a whole, the Board did identify shortcomings in his supervisory oversight. At the same time, the nature and extent of those shortcomings must be seen in the terms in which the Board itself expressed them.

41. The Board treated the deficiencies as systemic rather than confined to the two Executive Directors. It noted that stronger controls ought to have existed since 2010/11, that functional responsibilities and reporting lines were insufficiently demarcated, and that the Petitioner had assumed office only in 2016. As regards him specifically, it recorded that ITD, not the Petitioner, was responsible for developing the common interface between SWIFT and CBS.

42. Since Inspection and Audit, Management Audit and Review, Integrated Risk Management and Fraud Risk Management, and Treasury were under the Petitioner's charge, the Board felt that he could have put in place more robust controls and monitoring mechanisms. Yet, in the same breath, it described the matter as one of "casual oversight", stated that non-compliance with RBI instructions could not be fully established against him because responsibility for SWIFT-CBS integration had shifted, and concluded that he had not been "fully careful" and should have exercised greater caution.

43. The Board undoubtedly found room for criticism of the Petitioner's supervisory vigilance. It did not, however, find that he was responsible for implementation of SWIFT-CBS integration, nor did it draw a causal link between any lapse on his part and the continuation of a fraud which had been operating for several years.

44. The impugned notification, read as a whole, proceeds considerably further. The very case put to the Petitioner, and carried into the decision to remove him, was that failure on his part as a member of the Bank's top management to exercise proper control had enabled the fraud to remain undetected for several years and grow to a very large amount. The Government was entitled to take a view stricter than that of the Board, however, the difference between the two assessments cannot be overlooked.

45 The Union's counter affidavit does not bridge that difference. It distinguishes the Board's "initial assessment" from its later observations on stronger controls and greater caution. Even so, the Board's position remained qualified: the integration function lay elsewhere, non-compliance could not be fully established against the Petitioner, though greater

supervisory care was expected. The question, therefore, is whether the contemporaneous record otherwise provides a rational basis for the graver attribution made against him.

The requirement of reasonable opportunity

46. The difference between these assessments also gives rise to a distinct question concerning the opportunity afforded to the Petitioner. The show-cause notice attributed responsibility to him principally by reference to his charge of IBD and Mumbai Zone. The Board, however, while accepting that SWIFT-CBS integration was not his functional responsibility, found scope for criticism on account of the supervisory functions exercised by him over Audit, Risk Management and Treasury.

47. The significance of this distinction lies in the fact that the Petitioner's reply was directed to the case set out in the show-cause notice. The Board's criticism proceeded on a different aspect of his responsibilities, namely, whether the functions otherwise under his charge ought to have led to stronger controls and monitoring. That basis of criticism had not been specifically put to him.

48. This is not to suggest that every observation emerging from consultation with the Board must occasion a further notice or another round of representations. Paragraph 8(4) contemplates no such exchange between the Government, the Board and the officer. Nor does *Sushil Muhnot* carry the matter further: the only procedural objection pursued there concerned the adequacy of consultation with the Board, and the Division Bench confined its decision to that issue.

49. The inquiry is one of substance. A reasonable opportunity must enable the person concerned to answer the case on which the proposed

action rests. As the Supreme Court explained in ***Gorkha Security Services v. Govt. of NCT of Delhi***,[7] the fundamental purpose of a show-cause notice is to enable the noticee to understand the precise case set up against him, including the imputations and grounds which he is required to meet. It follows that no further opportunity would ordinarily be necessary where the subsequent consultation merely evaluates the case already put to the officer. Where, however, that process introduces a materially different basis for attributing responsibility which is then relied upon in taking the final decision, fairness requires that the officer be afforded an opportunity to meet it.

50. That requirement was not satisfied here. Whether the functions under the Petitioner's charge called for controls which could have detected or prevented the fraud constituted a distinct basis for attributing responsibility to him. The Petitioner had not been called upon to meet that case. If it was to be relied upon in arriving at the decision to remove him, he ought to have been afforded an opportunity to answer it.

51. *Tulsiram Patel* does not detract from this conclusion. The flexibility of natural justice cannot dilute an opportunity which paragraph 8(4) itself expressly requires. The Petitioner was not entitled to a disciplinary inquiry or to successive opportunities at every stage of the process. He was, however, entitled to know and answer the material basis on which responsibility was ultimately attributed to him. Affording such an opportunity would not have impeded the decision-making process: the Board's comments were received in July 2018, the Petitioner had already been divested of his functional responsibilities, and the order of removal was

[7] (2014) 9 SCC 105.

passed only in January 2019.

The satisfaction contemplated under the Scheme

52. The words "if it is satisfied" in paragraph 8(4) entrust the ultimate assessment to the Central Government; they do not render its assertion of satisfaction conclusive. As explained in ***Barium Chemicals Ltd. v. Company Law Board***,[8] while the formation of the requisite satisfaction is for the statutory authority, the existence of circumstances relevant to the exercise of the power, and whether those circumstances are capable of supporting the conclusion contemplated by the statute, remain amenable to judicial review. The Court may therefore examine whether the satisfaction rested on relevant material and was formed within the bounds of paragraph 8(4). It cannot, however, assess the sufficiency of that material or substitute its own view as to whether removal was expedient.

53. Viewed against that standard, the present case is not one of no adverse material. The RBI had identified failures at the level of the Bank's top management; the Board found shortcomings in the Petitioner's supervisory oversight; and the subsequent CBI and CVC material attributed to him responsibility arising from his supervision of Mumbai Zone, Fraud Risk Management, Treasury/NOSTRO reconciliation, and Audit and Inspection. The Court is neither called upon to reassess that material nor to determine for itself the degree of oversight which the Petitioner ought to have exercised.

54. The difficulty lies in the manner in which these different strands of material bear upon the statutory satisfaction. As noticed above, the Board's assessment was materially qualified. It placed responsibility for SWIFT-

CBS integration on ITD, could not fully establish non-compliance with RBI instructions against the Petitioner, and found, at its highest, a want of greater supervisory care. The RBI communication dated 25th May, 2018 also did not include the Petitioner among the senior officers against whom sanction for prosecution was then sought. The later CBI and CVC material, on the other hand, attributed more specific supervisory failures to him. The material concerning the Petitioner's individual responsibility was thus not all of one character.

55. The Court cannot resolve these differences by choosing one assessment over another or by independently determining the degree of supervisory responsibility attributable to the Petitioner. The relevant question is whether the satisfaction under paragraph 8(4) was formed on a coherent factual basis through the process prescribed by that provision. The Respondents have not shown that the materially different strands concerning the petitioner's individual responsibility were reconciled, or that he was given a fair opportunity to answer the factual basis that ultimately weighed against him.

Timing and the requirement of expediency

56. Timing, by itself, does not establish *mala fides*, and no such inference is drawn. It is nevertheless relevant because paragraph 8(4) required the Central Government to be satisfied that removal was *expedient in the interests of the Bank*. That satisfaction had to relate to the circumstances existing when the power was exercised.

57. By 18th January, 2019, the Petitioner had already remained divested of his functional responsibilities for about eight months. His five-year tenure

---

[8] 1966 SCC OnLine SC 53.

was due to expire on 21st January, 2019. The Government nevertheless chose, three days before that date, to remove him from office under paragraph 8(4).

58. "Expedient" does not mean that removal had to be shown to be indispensable or the only course available. The Government could legitimately take account of considerations wider than immediate operational risk. Even so, the timing raises a pertinent question: what interest of PNB was served, at that stage, by removing an officer who was already exercising no functional responsibilities and whose tenure would expire three days later?

59. The adverse material on record may explain why the Government viewed the Petitioner's conduct seriously. It does not, without more, answer that question. Neither the notification nor the contemporaneous material placed before the Court identifies any distinct consideration explaining why removal under paragraph 8(4), rather than expiry of the already denuded tenure three days later, was considered expedient in the interests of the Bank. The notification records the statutory conclusion, but does not disclose the link between the circumstances then obtaining and the need to exercise the power at that late stage.

60. The practical significance of that choice has since become clear. By its communication dated 30th July, 2026, the Department of Financial Services records PNB's position that pension is not payable to the Petitioner because Regulation 22(1) of the Punjab National Bank (Employees') Pension Regulations, 1995 treats removal as entailing forfeiture of past service for pensionary purposes. The terms governing his Board-level appointment similarly provide post-retirement medical benefits where office

is demitted upon expiry of tenure, but exclude that benefit in cases of removal or dismissal from the Board-level post, or termination by the Central Government.

61. These consequences do not retrospectively determine whether the Government's satisfaction in January 2019 was lawful. They do, however, demonstrate that removal under paragraph 8(4) was materially different from allowing the Petitioner's tenure to run its remaining course. The former carried consequences which would not have followed from ordinary expiry of tenure. The decision to invoke paragraph 8(4), even at that late stage, must therefore be considered in light of the statutory requirement that removal be expedient in the interests of PNB.

The character of the impugned removal

62. One further aspect should be noticed. The Respondents repeatedly emphasise the contractual and tenure-based character of the Petitioner's appointment. That describes the nature of the appointment, but it does not by itself determine the character of the action by which the tenure was brought to an end.

63. The Government did not exercise an unreasoned contractual option to discontinue the Petitioner. The notification itself recites that he had been called upon to show cause for failure to exercise proper control while serving as Executive Director, which, according to the Government, enabled the SWIFT fraud at Brady House Branch to persist undetected for several years. It thereafter records that his continuation had to be viewed in the context of his failure in a top-management capacity.

64. The distinction between an innocuous contractual cessation and an order founded upon adverse allegations is well recognised. In ***Union of***

India v. Nina Lath Gupta,[9] the Division Bench upheld the conclusion that, notwithstanding the contractual and tenure character of the appointment, the Court may examine the attendant circumstances to determine whether the termination was in fact founded upon allegations carrying stigma. The Supreme Court subsequently declined to interfere with that judgment in SLP(C) No. 16902/2024, by order dated 12th August, 2024.

65. In these circumstances, the impugned action cannot be regarded as a mere contractual cessation of tenure. It was an order of removal founded upon identified lapses attributed to the Petitioner in the discharge of his responsibilities. This does not convert paragraph 8(4) into a disciplinary code or require a departmental inquiry in every case. It does, however, require the action to be examined with reference to the grounds on which the power of removal was in fact exercised.

<u>Conclusions</u>

66. The discussion above leads to the following conclusions.

67. The Central Government undoubtedly possessed the power of removal under paragraph 8(4). The Board's concurrence was not required, and its opinion did not bind the Government. Nor does paragraph 8(4) require consultation with the Board invariably to precede the show-cause notice. *Sushil Muhnot*, which arose under the same provision, does not support such an inflexible sequence.

68. The difficulty lies in the manner in which the power was exercised. The Board's assessment was carefully qualified. It accepted that SWIFT-CBS integration was not the Petitioner's functional responsibility, could not fully establish non-compliance with the RBI instructions against him, and

[9] 2024:DHC:3477-DB.

went no further than identifying a need for stronger supervisory controls and greater caution. That assessment, standing by itself, did not support the materially stronger attribution which ultimately accompanied the decision to remove him.

69. The later CBI and CVC material contained more specific allegations concerning the Petitioner's supervision of Audit, Risk Management, Treasury and the Mumbai establishment. If that enlarged case enabled the Government to travel beyond the Board's qualified assessment, it ought to have been put to the Petitioner under paragraph 8(4). If it did not inform the removal, it cannot now cure the decision. The general assertion that "other material" was considered answers neither possibility.

70. Timing reinforces the defect. By 18th January, 2019, the Petitioner had remained without functional responsibilities for about eight months and only three days of his tenure remained. Yet neither the notification nor the contemporaneous record identifies what interest of PNB required removal at that stage rather than allowing the tenure to expire.

71. That distinction was substantive. PNB now relies on removal to deny pension, while the terms of appointment also make the mode of cessation relevant to post-retirement medical benefits. Although these consequences do not retrospectively determine legality, they show why removal, rather than expiry of tenure, was not a matter of form.

72. The Court neither substitutes its assessment of banking supervision for the Government's nor holds that there was no material warranting scrutiny of the Petitioner's conduct. The decision fails because the statutory process was not fairly completed. The Petitioner had no reasonable opportunity to meet the enlarged case relied upon against him; the Board's

assessment remained substantially qualified; and the record does not show how the competing material concerning his individual responsibility justified removal, especially at the close of his tenure. The exercise of power under paragraph 8(4) was therefore vitiated.

73. The notification dated 18th January, 2019 is accordingly set aside.

Operative directions

74. No useful purpose would be served by remitting the matter. Ordinarily, an administrative action set aside for procedural unfairness may be reconsidered by the competent authority. Here, only three days of the Petitioner's tenure remained when the notification was issued, and the tenure expired more than seven years ago. A fresh decision today would be academic and would prolong the consequences of the order now set aside. In *Union of India v. Nina Lath Gupta*, the Division Bench similarly sustained the grant of monetary relief where the contractual tenure had already expired, observing that permitting fresh inquiry proceedings at that belated stage would have entailed reinstatement, which was no longer possible after expiry of the tenure.

75. The Petitioner shall accordingly be treated, for purposes of his Board-level tenure and the benefits consequential upon its cessation, as having demitted the office of Executive Director on the normal expiry of his tenure on 21st January, 2019, and not by reason of the notification dated 18th January, 2019.

76. The communication dated 30th July, 2026 issued by the Department of Financial Services records PNB's stand that pension is not payable because Regulation 22(1) treats removal as entailing forfeiture of past service. With the removal now set aside, that particular disqualification cannot continue to

operate against the Petitioner.

77. This Court does not, however, determine the precise pension payable or the interaction between pension, if any, admissible from the Petitioner's career post in Vijaya Bank and benefits arising from his Board-level service. The terms of appointment themselves preserve pension admissible in the career post under the rules of the concerned bank, provide separately for gratuity for Board-level service, and contemplate settlement of Board-level retirement benefits upon final demission of such office.

78. The Respondents shall, within eight weeks, determine and release all pensionary, retiral and terminal benefits which are otherwise admissible to the Petitioner under the governing terms and regulations, without treating the impugned removal as a disqualification or forfeiture, and on the footing that his Board-level tenure came to an end by expiry on 21st January, 2019. This shall include gratuity, leave encashment and post-retirement medical benefits, to the extent otherwise admissible under the applicable terms and rules. Any emoluments remaining payable for the unexpired portion of the tenure shall likewise be released.

79. The Petitioner has remained deprived for several years of amounts, if any, otherwise payable to him solely by reason of the removal which has now been set aside. In these circumstances, any monetary benefit found payable under the preceding paragraph, but withheld solely on account of the notification dated 18th January, 2019, shall carry simple interest at 6% per annum from the date on which it became payable under the applicable rules until the date of payment.

80. The Petitioner also claims that the events in question deprived him of an opportunity to be appointed Managing Director and Chief Executive

Officer of Andhra Bank. In support of this contention, he relies upon newspaper reports indicating that his name had been cleared for the said appointment. However, no official appointment order or other material establishing any vested right to such appointment has been placed on record. No consequential or monetary relief can, therefore, be granted on this count.

81. No separate relief is called for in respect of the earlier divestment of the Petitioner's functional responsibilities. He continued to hold the office of Executive Director, and allocation of portfolios amongst Executive Directors did not confer upon him an enforceable right to retain a particular charge. Those events have been considered only as part of the factual sequence culminating in the impugned removal.

82. The writ petition is allowed in the above terms. Pending applications, if any, stand disposed of.

SANJEEV NARULA, J

SEPTEMBER 15, 2026/*hc/nk*