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

Reserved on: 20th February, 2026.
Pronounced on: 25th March, 2026.
Uploaded on: 25th March, 2026.

\+ **W.P.(C) 7894/2018 & CM APPL. 30275/2018**

P K VARUN .....Petitioner

Through: Mr. Rajinder Gulati and Mr. I. P. Singh, Advocates with Petitioner in person.

versus

PUNJAB NATIONAL BANK .....Respondent

Through: Mr. Rajesh Kumar Gautam, Ms. Likivi K. Jakhalu and Mr. Deepanjal Choudhary, Advocates.

CORAM:
HON'BLE MR. JUSTICE SANJEEV NARULA

JUDGMENT

SANJEEV NARULA, J.:

1. This petition challenges the disciplinary order dated 31st October, 2017 imposing the major penalty of "dismissal which shall ordinarily be a disqualification for future employment" under the Punjab National Bank Officer Employees' (Discipline and Appeal) Regulations, 1977, and the appellate order dated 28th March, 2018 affirming it. Consequentially, the Petitioner seeks directions for release of terminal dues, including gratuity beyond the statutory ceiling, leave encashment and pensionary benefits.

Facts

2. The Petitioner joined the Bank on 29th December, 1980. At the relevant time from 21st May, 2012 to 21st April, 2015, he was serving as Assistant General Manager and incumbent-in-charge at Branch Office[1]:

[1] "BO"

MCB, Brady House, Mumbai.

3. On 26th July, 2017, the Petitioner was served with a charge-sheet under Regulation 6 initiating major penalty proceedings. The article of charge was framed as a single, omnibus head: while sanctioning credit facilities to various borrowers, the Petitioner allegedly failed to exercise due diligence, departed from the Bank's guidelines, did not ensure a proper pre-sanction appraisal, and did not ensure effective post-sanction monitoring and follow-up, thereby jeopardising the Bank's interest. The statement of imputations then enumerated the allegations by cataloguing a series of asserted lapses across five borrower accounts: Plymouth Multiventure Pvt. Ltd., Gopal Masterbatch Pvt. Ltd., Vision Machines Pvt. Ltd., K.V. Alloys and Basil Resources Pvt. Ltd.

4. A departmental enquiry followed. The Enquiry Officer submitted the report on 18th October, 2017. This report recorded a mix of "proved", "partly proved" and "not proved" findings across several sub-items of the imputations. The Petitioner furnished a representation to the report.

5. On 31st October, 2017, the Disciplinary Authority awarded the major punishment of dismissal. The impugned order is account-wise and detailed. It records, among other things, failures attributed to the Petitioner at the sanction stage (such as accepting projections, not ensuring specified documents, not drawing or considering certain reports) and failures at the monitoring stage (such as stock verification, routing of sales, QMS/PMS related financial monitoring, and follow-up on adverse visit reports). The same order also recorded that two other charge-sheets dated 31st July, 2017 and 27th October, 2017 would be kept in abeyance, with liberty reserved to reopen if considered necessary.

6. The Petitioner's departmental appeal came to be rejected by order dated 28th March, 2018. While affirming the penalty, the Appellate Authority declined to accept the plea that several lapses were merely "operational" and attributable to processing officials. It confirmed the findings that as the incumbent-in-charge, the Petitioner remained responsible for ensuring compliance with the Bank's applicable guidelines.

7. The dismissal order was made on the very date of the Petitioner's superannuation, with the consequence that his terminal benefits have been withheld.

Petitioner's submissions:

8. Mr. Rajinder Gulati, counsel for the Petitioner, has mounted a multi-pronged challenge, directed both at the integrity of the enquiry process and at the sustainability of the punishment. In substance, the submissions are these:

8.1. The case is one of "no evidence", or at least findings so perverse that no reasonable enquiry officer could have arrived at them. The Bank chose not to examine any management witness even though the imputations traverse disputed factual terrain across multiple borrower accounts. The enquiry was reduced to marking documents through the Presenting Officer without proving them through any competent witness. The documents were neither proved nor admitted, yet were treated as evidence to sustain serious findings across multiple accounts.

8.2. The enquiry report contains several contradictions demonstrating perversity. The Enquiry Officer acknowledged, in substance, that the Presenting Officer had not produced evidence in support of certain imputations, yet proceeded to hold those imputations proved or partly

proved. Such findings constitute "no evidence" conclusions warranting interference even within the limited scope of Article 226.

8.3. On procedure, it is argued that the enquiry violated the Bank's statutory framework, particularly Regulation 6(3) of the PNB Officer Employees' (Discipline and Appeal) Regulations, 1977. The charge-sheet did not supply the list of relied-upon documents along with copies thereof, nor the list of witnesses with copies of their statements as mandated. The proviso permitting inspection cannot justify non-supply, and a charge-sheet lacking the documentary and witness details undermines the defence at inception.

8.4. Invoking Regulation 6(21), it is contended that the enquiry report does not record clear findings on the article of charge itself but instead moves through various sub-items without clearly determining what precisely stood proved. Given that the charge framed is an omnibus allegation of lack of diligence and monitoring across several accounts, it is argued that the enquiry report and disciplinary order were required to record clear findings linking proved material to the ingredients of the charge.

8.5. Reliance was also placed on Regulation 6(17). Since the Petitioner neither examined himself nor led defence evidence, the Inquiring Authority was required to question him generally on the circumstances appearing against him so as to afford an opportunity of explanation. The failure to do so deprived the Petitioner of a meaningful opportunity to respond.

8.6. The disciplinary and appellate orders are non-speaking and lacking meaningful engagement with the defence. The disciplinary order proceeds on a general narrative of lapses without addressing his principal defence regarding the division of responsibilities in a specialized credit branch. The

appellate order largely affirms the conclusions in summary fashion without addressing specific objections raised in appeal.

8.7. On the question of responsibility, reliance is placed on the Bank's staff accountability framework, particularly IAD Circular No. 24/2013. Petitioner's argument is that where proposals are processed by desk officers and thereafter recommended by the designated recommending authority, the sanctioning authority is entitled to act on those inputs within their proper remit. Many of the alleged lapses relate to post-sanction operational monitoring, including stock verification, DP workings, QMS data, routing of transactions and follow-up on statements, which ordinarily fall within the responsibilities of the credit department and portfolio officials at the branch.

8.8. The impugned disciplinary action effectively penalizes commercial judgement. Reliance was placed on the principle in ***Union of India v. J. Ahmed***[2] that misconduct cannot be established merely based on errors of judgement or negligence short of culpable delinquency. Even assuming certain deficiencies existed, those would amount at most to procedural lapses or *bona fide* commercial judgement, particularly in the absence of any finding of dishonesty, personal gain, or moral turpitude.

8.9. Delay is an independent infirmity in the impugned action. The alleged lapses relate to the Petitioner's tenure between 21st May, 2012 and 21st April, 2015, whereas the charge-sheet was issued on 26th July, 2017, shortly before his retirement. This belated action caused serious prejudice. Reliance was placed on Inspection and Control Circular No. 23/99, which envisages that the successor incumbent should identify and report irregularities within a stipulated period. Reviving old matters after that period is contrary to the

Bank's own control and inspection regulatory framework.

8.10. The Petitioner further submits that, having regard to his grade and the nature of the allegations, the matter bore a vigilance angle and attracted the discipline of consultation contemplated under Regulation 19. According to him, the procedure adopted fell short of the safeguards ordinarily associated with such cases, including consultation with the Central Vigilance Commission before major penalty proceedings were set in motion.

8.11. The impugned action is also assailed on grounds of proportionality and parity. The Petitioner submits that he alone was visited with the severest penalty, while other officials involved in processing and recommending the same proposals were, at least in some instances, visited only with minor penalties such as censure. According to him, this disparity is left unexplained by any rational distinction. He further points out that he was dismissed on the last day of service, with the foreseeable consequence of denying of depriving him of pensionary and other terminal benefits. That cascading civil consequence is a relevant factor while judging whether the penalty is excessive in relation to the nature of proved misconduct.

8.12. On terminal benefits, it is argued that the Bank's approach proceeds on the erroneous assumption that dismissal automatically extinguishes all post-service entitlements. Gratuity is governed by the Payment of Gratuity Act, 1972, and forfeiture is permissible only in the limited circumstances contemplated under Section 4(6), none of which is alleged or proved in the present case. Further, leave encashment is an accrued monetary right protected from arbitrary deprivation under Article 300A.

8.13. Pension is pressed as a deferred entitlement earned by long service,

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[2] (1979) 2 SCC 286.

invoking the property principle and placing reliance on ***State of Jharkhand v. Jitendra Kumar Srivastava***.[3] At the very least, the Bank must justify denial by pinpointing the precise enabling regulation and by passing a reasoned decision.

Respondent's submissions:

9. Mr. Rajesh Kumar Gautam, counsel for the Respondent Bank, opposes the writ petition principally on the ground that it invites this Court to sit as an appellate forum over a departmental enquiry. Relying on the settled limits of judicial review in disciplinary matters, it is urged that the enquiry was conducted by a competent authority in accordance with the D&A Regulations and that the findings rest on material on record, rendering reappreciation impermissible. Mr. Gautam also contends that the petition does not plead any specific breach of mandatory regulations with demonstrated prejudice, and that allegations of *mala fides* are legally untenable in the absence of impleadment of concerned officials in personal capacity. It is further submitted that several objections now raised by the Petitioner were never urged during the course of the departmental enquiry and therefore cannot be permitted to be raised for the first time in writ proceedings.

10. On merits, Mr. Gautam submits that the proved lapses span five borrower accounts, involve serious failures in credit appraisal and monitoring, and have resulted in substantial exposure and an apprehended loss quantified at approximately INR 31.84 crore. It is urged that the defence of "operational lapses" attributable to processing officials was considered and rightly rejected by the disciplinary and appellate authorities as the

[3] (2013) 12 SCC 210.

Petitioner, being incumbent-in-charge and sanctioning authority, carried an overarching responsibility to ensure compliance with applicable guidelines.

11. Mr. Gautam further argues that disciplinary action had also been taken against other officials involved in the concerned accounts, and therefore the allegation of discriminatory treatment is unfounded. Further, it is stated that vigilance consultation was duly undertaken and that terminal benefits were released strictly to the extent admissible under the governing statutory and service-regulatory framework, the Petitioner having been paid gratuity under the Payment of Gratuity Act while other benefits, including pension, were not admissible consequent upon dismissal from service.

Discussion and analysis:

The limits of judicial review

12. The writ jurisdiction under Article 226 does not convert the High Court into an appellate forum over disciplinary proceeding. A departmental enquiry is not re-tried, nor is the evidence re-weighed as if the Court were hearing a statutory appeal. Judicial review against disciplinary decisions remains directed to the legality of the decision-making process, not to the merits of the conclusion as such. Interference is warranted where the enquiry is vitiated by jurisdictional error, where the prescribed procedure is violated in a manner causing prejudice, where principles of natural justice are breached, or where findings are based on no evidence or are so irrational that no reasonable authority could have reached them.[4]

13. The same restraint extends to the penalty imposed. The Court does not supplant the disciplinary authority's discretion merely because another

[4] ***B.C. Chaturvedi v. Union of India*** (1995) 6 SCC 749; ***Deputy General Manager (Appellate Authority) v. Ajai Kumar Srivastava*** (2021) 2 SCC 612.

punishment might also have been possible on the same facts. Judicial interference is justified only where the penalty is so disproportionate to the misconduct proved that it shocks the conscience. Even then, the usual course is to remit the issue of penalty for reconsideration, while leaving findings undisturbed.[5]

"No evidence" challenge and the complaint that documents were proved only through the Presenting Officer

14. The Petitioner's primary attack on the findings is that the case is one of "no evidence". That contention requires careful scrutiny, for even within the narrow limits of judicial review, a disciplinary finding cannot be sustained if it rests on no material at all or on material so insubstantial that no reasonable enquiry authority could have acted upon it.

15. The charge-sheet dated 26th July, 2017 is structured as an umbrella article of charge, supported by a detailed statement of imputations across five borrower accounts. The imputation statement itself is fact-heavy and documentary-centric. The disciplinary order dated 31st October, 2017 and the appellate order dated 28th March, 2018 show that the case against the Petitioner was evaluated through the Bank's internal records and account conduct, including sanction notes and stipulations, stock statements and their absence, visit reports, QMS and PMS compliance and follow-up, CIBIL and other CIC reports, MCA extracts, collateral and legal documentation, and transaction trails bearing on routing of sales and end-use monitoring.

16. A departmental enquiry is not governed by the strict rules of the Evidence Act. The test is whether there is material which a reasonable

[5] ***Jai Bhagwan v. Commissioner of Police*** (2013) 11 SCC 187; ***Dev Singh v. Punjab Tourism Development Corpn. Ltd.*** (2003) 8 SCC 9.

person may act upon and whether fair opportunity is afforded. A finding is vitiated for want of evidence only where it rests on mere suspicion, conjecture, or a complete absence of supporting material. On the record here, the findings are not of that kind. The enquiry proceeded on a defined documentary trail. The defence of the Petitioner, as noted in the proceedings and noticed in the disciplinary and appellate orders, is not founded on a plea that the record was altogether non-existent. His case, rather, is that several of the matters now treated as lapses were routine operational decisions and fell within the remit of processing officials or credit portfolio functionaries, and that certain other requirements had either been complied with or were not obligatory in the manner alleged. The dispute, therefore, is not about a vacuum of material, but about the conclusions sought to be drawn from that material, the attribution of responsibility, and the sufficiency of compliance.

17. The Petitioner has emphasized that the Presenting Officer examined no management witnesses and that documents were "not proved" because they were marked through the Presenting Officer. That submission, in the abstract, has force in cases where disputed primary facts can only be established by oral testimony and the enquiry proceeds solely on untested papers. The present record, however, reflects an enquiry grounded in Bank records, account operation, inspection material, and contemporaneous internal documentation. In Banking disciplinary matters, the evidentiary foundation often lies in records rather than in viva voce accounts of events. The absence of management witnesses does not, by itself, render the findings unsupported, unless the delinquent demonstrates that essential facts could not have been established without oral testimony and that the denial of such testimony caused prejudice.

18. The Petitioner's grievance that the documents were only exhibited through the Presenting Officer must likewise be assessed in proper context. The Respondent is correct in principle in submitting that any objection to the admissibility of a document, or to the mode of its proof, ought to have been taken at the stage when the document was introduced into the enquiry record, so that the enquiry authority could rule upon it in the course of proceedings. In the absence of a demonstrated contemporaneous objection and a demonstrated refusal to consider it, the writ court does not ordinarily set aside the enquiry by treating all exhibited records as non-existent. A departmental enquiry is tested by fairness, not by the rigid evidentiary rules applicable to a criminal trial.

19. The enquiry must also be viewed in its correct juridical setting. This Court does not function as an appellate forum to reclassify each imputation as proved or not proved on a fresh appreciation of the record. The question is narrower: whether there existed some material capable of supporting the conclusions reached, and whether those conclusions lie within the permissible range of reason. Judged on that standard, the findings returned in the present case cannot be condemned as findings based on "no evidence", nor can they be said to be so unreasonable that no fair-minded disciplinary authority could have reached them.

The Petitioner's procedural objections under the D&A Regulations

20. Regulation 6(3): The Petitioner also alleges non-supply of documents and the list of witnesses contemplated by Regulation 6(3). The Respondent controverts this by asserting that the charge-sheet was accompanied by the relevant annexures, including the list of supporting documents and witnesses. Even assuming some arguable deficiency in supply, that

circumstance would not, by itself, vitiate the enquiry unless real prejudice is shown. In service jurisprudence, procedural lapses are not treated as self-executing nullities; the Court must see whether the delinquent was in fact disabled from effectively meeting the case against him.[6] In the present matter, the pleadings do not identify, with the necessary specificity, any particular document relied upon for an adverse finding that was withheld from the Petitioner, nor do they show that any request for inspection or copies was refused in a manner that impaired the defence. The objection, therefore, remains general and detached from demonstrated prejudice, and cannot, on that basis alone, unsettle the concluded enquiry.

21. Regulation 6(21): The challenge based on Regulation 6(21) is likewise unpersuasive. Although the charge-sheet is cast in the form of a single overarching article of charge, the enquiry report does not stop at a bare conclusion. It examines the supporting imputations item-wise, classifies them as proved, partly proved, or not proved, and then records that the article of charge stands established to that extent. The disciplinary order proceeds on the same footing. The form of expression may not be ideal, and a more neatly structured formulation would certainly have been preferable. However, Regulation 6(21) is concerned with the existence of findings, not with elegance of draftsmanship. Where the report and the final orders sufficiently disclose what was held against the delinquent, and to what extent, it cannot be said that there was a failure to return findings in law.

22. Regulation 6(17): The challenge based on Regulation 6(17) also does not merit acceptance. The Petitioner submits that the Enquiry Officer was bound to generally question the charged officer on the circumstances

[6] ***Managing Director, ECIL v. B. Karunakar*** (1993) 4 SCC 727.

emerging from the evidence. Even if the provision is read literally, its breach does not automatically invalidate the enquiry. As noted before, the crucial question remains whether any real prejudice ensued. For that purpose, the Petitioner was required to identify the specific incriminating circumstance that called for explanation, state what clarification he was prevented from offering, and show how the omission affected the fairness of the proceedings. No such foundation has been laid. Conversely, the record shows that the Petitioner submitted a written defence, participated in the enquiry, and filed a representation to the enquiry report. In those circumstances, the alleged omission complained of cannot, by itself, be treated as a denial of opportunity sufficient to vitiate the enquiry.

Delay and the reliance on Inspection and Control Circular No. 23/99

23. The Petitioner's tenure at the branch ended on 21st April, 2015. The charge-sheet issued on 26th July, 2017. A time gap exists, but delay is not fatal per se. To invalidate proceedings, delay must be oppressive and demonstrably prejudicial. The Petitioner's prejudice plea remains general.

24. Circular No. 23/99, as relied upon, concerns internal inspection architecture and successor responsibility. It cannot be read as a limitation provision that extinguishes disciplinary jurisdiction after six months. The circular itself contemplates that serious irregularities may surface later. The Petitioner's argument on this circular therefore does not furnish a ground to strike down the proceedings.

Regulation 19 and the Central Vigilance Commission angle

25. The Petitioner further relies on Regulation 19 and the Central Vigilance Commission framework to contend that the disciplinary process was procedurally defective. The Respondent, however, maintains that

vigilance consultation was obtained at the requisite stages and that the appointment of a Commissioner for Departmental Enquiries lay within the discretion of the CVC, which did not, in the present case, advise adoption of that course. The record, as it stands, does not disclose any violation of a mandatory statutory prescription on this count. Equally, no real prejudice is shown to have resulted to the Petitioner by reason of the course adopted. The objection, therefore, does not furnish a ground to invalidate the enquiry or the orders passed thereon.

Whether the punishment warrants interference on proportionality

26. The petition, even if it fails on the "findings" challenge, still raises a distinct question on penalty. The proportionality question turns on whether the penalty of dismissal, on these findings, is so excessive that it crosses the "shock the conscience" threshold.

27. Several features of the case bear on that assessment. The misconduct found established is framed as lapses in credit appraisal, due diligence, and monitoring across five accounts. The record does not proceed on allegations of bribery, personal gain, or moral turpitude. The Bank emphasises seriousness, and it is right to do so because failures in credit discipline can imperil public money. Still, the character of misconduct remains relevant while weighing penalty.

28. The Petitioner has long service since 29th December, 1980. Dismissal was imposed on 31st October, 2017, the last day of service, with an acknowledged cascading impact on terminal benefits under the Bank's regime. That consequence is a relevant consideration in proportionality.

29. The plea of parity also cannot be brushed aside as irrelevant. Annexure R-3, filed by the Respondent, shows that Shri Raushan Saraf,

Senior Manager (Credit), connected with the K.V. Alloys credit episode, was proceeded against under minor penalty proceedings and ultimately visited only with "censure". No doubt, parity in service law is not a matter of mechanical equivalence, and the sanctioning authority may stand on a different footing from a processing official. But that does not absolve the disciplinary authority of the duty to explain why, within the same cluster of credit transactions, one officer is visited with the ultimate penalty of dismissal while another is dealt with far more lightly. The requirement is not of identical punishment, but of rational and reasoned differentiation. The appellate order's observation that the Petitioner, as incumbent-in-charge, was "equally responsible" may justify sustaining the finding of misconduct; it does not, by itself, furnish a satisfactory answer to the separate question why dismissal, with all its grave civil consequences, was warranted in his case despite the comparative penalty material on record.

30. The Respondent also highlights the apprehended loss to the Bank. The seriousness of financial exposure is undoubtedly a relevant factor, particularly in the disciplinary framework of a public sector bank. Even so, proportionality is not determined by the quantum of loss in the abstract. What matters is whether the penalty order reflects an application of mind to the misconduct actually found proved, the degree and level of responsibility attributable to the delinquent officer, and the comparative treatment of others involved in the same transaction set. Here, the enquiry did not return an across-the-board finding of guilt; it recorded a combination of proved, partly proved, and not proved imputations. In that backdrop, imposition of penalty required a closer calibration than the impugned orders presently reveal.

31. At the same time, a writ court does not sit to impose what it considers the more appropriate penalty. The choice of punishment remains primarily for the disciplinary authority. Judicial intervention is confined to cases where the punishment appears so disproportionate as to call for correction within the narrow limits of review. The accepted course in such a situation is to remit the matter for reconsideration of penalty, while leaving the findings of misconduct intact.

32. Counsel for the Petitioner stated during oral hearing that the Petitioner would accept any lesser major penalty of "Compulsory Retirement", if that course were considered appropriate by the competent authority, so that the controversy may be brought to a close. This Court is not suggesting any particular punishment. Nonetheless, this submission is noted only to underscore that, at the stage of reconsideration, the competent authority must bear in mind the Petitioner's aforesaid statement, and shall also take into account his advanced age, length of service, and the absence of any prior record of misconduct. The authority must also give due weight to the fact that the penalty of dismissal was imposed on the last day of his service, carrying severe consequences, including the forfeiture of his entire retiral benefits, thereby leaving him without financial support at this stage of his life.

Conclusion

33. In light of the above discussion, the competent authority shall reconsider the punishment afresh, keeping in view the Petitioner's role vis-à-vis other officials in the same credit chain, and shall pass a fresh, reasoned order within a period of six weeks from today. If the Petitioner remains aggrieved by the decision so taken, he shall be at liberty to avail remedies in

accordance with law.

Consequential consideration of terminal benefits

34. Since the matter is being remitted on penalty, the entitlement position on terminal benefits under the Bank's service framework must follow the final outcome on penalty. The Respondent's present stance rests substantially on the proposition that the Petitioner has not superannuated and is dismissed from service. If the penalty changes, the consequential entitlements would require fresh determination under the applicable regulations and circulars.

35. So far as statutory gratuity is concerned, the field is occupied by the Payment of Gratuity Act, 1972. Any forfeiture must answer to Section 4(6) of that Act and cannot be assumed as a routine incident of dismissal. Since the present judgment does not undertake an adjudication of that statutory claim on merits, it is left open to the Petitioner to avail of such remedies as may be open in law in respect thereof. It is clarified that no concluded opinion is being expressed on that issue.

36. Accordingly, the petition, along with pending application(s), if any, is disposed of.

SANJEEV NARULA, J

MARCH 25, 2026/*hc*