IN THE HIGH COURT FOR THE STATE OF TELANGANA AT HYDERABAD

WEDNESDAY, THE TWENTY THIRD DAY OF JULY TWO THOUSAND AND TWENTY FIVE

PRESENT

THE HONOURABLE THE CHIEF JUSTICE APARESH KUMAR SINGH AND THE HONOURABLE SRI JUSTICE P.SAM KOSHY

WRIT APPEAL NO: 746 OF 2025

Writ Appeal under clause 15 of the Letters Patent Preferred Against the Order dated. 21-06-2022, Passed in WP.No. 8090 of 2017. on the file of the High Court.

Between:

1. Telangana Grameena Bank, (Part of Andhra Pradesh Vikas Grameena Bank merged into Telangana Grameena Bank),Reptd by its Chairman Managing Director/Disciplinary, Authority. Head Office, H.No.2-1-520, 2nd (1 floor, Street No.9, Shankermutt Road, Hyderabad-500044.
2. The Enquiry Authority, Sri P.V.Surender Naidu, S/o.Sri Subramanyam Naidu, aged about 66 years, Occ. Retd. Employee, Telangana Grameena Bank, formerly name known as Andhra Pradesh Grameena Vikas Bank, Head Office, R/o. Flat No.401, Kakatiya Mansion, Shanthinagar Colony, Masabtank, Hyderabad-500028.

...APPELLANTS/RESPONDENTS IN W.P.

AND

Sri Jammalamudi Vijaya Bhskar, S/o.late Sri James, aged about 64 year, Occ. Former Manager, Telangana Grameena Bank, formerly name known as Andhra Pradesh Grameena Vikas Bank, presently working at Billapur Liabilities, Processing Centre, Ramachandrapuram, Sanga Reddy District

...RESPONDENT

IA NO: 1 OF 2025

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to condone the delay of days 47 days in filing the Writ Appeal against the order passed in W.P.No.8090 of 2017, dt.04-09-2016 and review order in Rev.W.MP. No.1 of 2022.

IA NO: 3 OF 2025

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to suspend the order passed in Rev. W.P.MP.No.1/2022 in W.P.No.8090 of 2017, dated 30-12-2024, of the learned the single judge, pending the disposal of the main Writ Appeal.

Counsel for the Appellants: SRI B.S. PRAAD, LEARNED SENIOR COUNSEL APPEARING SRI MUJIB KUMAR SADASIVUNI

Counsel for the Respondent: SRI JOGRAM TEJAVAT

The Court Delivered the following: JUDGMENT

THE HON'BLE THE CHIEF JUSTICE SRI APARESH KUMAR SINGH
AND
THE HON'BLE SRI JUSTICE P.SAM KOSHY

WRIT APPEAL NO.746 OF 2025

JUDGMENT: *(Per the Hon'ble the Chief Justice Sri Aparesh Kumar Singh)*

Heard Mr. B.S.Prasad, learned senior counsel appearing for Mr. Mujib Kumar Sadasivuni, leaned counsel for appellants on record and Mr. Jogram Tejavat, learned counsel for respondent.

2. The writ petitioner was the Scale-I Officer in the appellant-Bank when he was proceeded against for 25 charges, which also related to several charges of misappropriation committed during his service period. After detailed disciplinary enquiry, the Enquiry Officer held that Charge Nos.1, 3, 4, 5, 7, 13, 16, 23, 24 and 25 as proved; Charge Nos.2, 6, 9, 10, 11, 12, 15, 17, 18, 19 and 22 as partially proved; Charge Nos.8, 14, 20 and 21 as not proved. The writ petitioner has submitted written statement of defence on enquiry report and thereafter, the following penalty was imposed by the disciplinary authority *vide* order dated 30.10.2013 (Annexure-P2).

"DISCIPLINARY PROCEEDINGS
ANDHRA PRADESH GRAMEENA VIKAS BANK (OFFICERS AND EMPLOYEES) SERVICE REGULATIONS, 2010
CHARGE SHEET NO.APGVB/V&DP/188/882/11-12, DATED 19.01.2012.

01. I have gone through the enquiry proceedings, the evidence that were let in during the course of the enquiry, the findings of the Enquiry Officer, your submissions dated 15.05.2013 on the Enquiry Officer's findings and all the relevant material on record. I am satisfied that there are no violations of principles of natural justice during the entire proceedings. A tabular statement containing the charge, Evidences in support of each Charge, Findings of the Enquiry Officer, your submission and our comments thereon is enclosed.

02. Out of the 25 Charges levelled against you, the Enquiry Officer held ten Charges as proved, eleven Charges as partially proved and four Charges as not proved. I am in agreement with the findings of the Enquiry Officer. The proven acts of misconduct are serious in nature and warrant extreme penalty. However, considering your age and to give you an opportunity to prove a better account of yourself, I am inclined to take a lenient view in the matter and decided to impose on you the penalty of **"Monetary Recovery of Rs.1,65,000/- (Rs. one lac and sixty five thousand only) i.e., pecuniary loss caused to the Bank on account of your acts and reduction to a lower stage in time scale of pay by (05) five stage with cumulative effect and with a further direction that you will not earn increments during the period of such reduction"** as provided for in terms of Regulation 39(1)(a)(iv) and (b)(i) respectively of Andhra Pradesh Grameena Vikas Bank (Officers and Employees) Service Regulations 2010. Accordingly, the penalty inflicted on you will take effect from the date of this order.

03. It has been decided to treat the period spent by you under suspension as "**not on duty".** Accordingly, you will not be eligible for any back wages and other attendant benefits other than what has already been paid to you by way of subsistence allowance."

3. This was challenged in the writ petition by the aggrieved employee. The learned Writ Court did not interfere in the findings of the Enquiry Officer, but modified the penalty *inter alia* holding as under:

> "8. In view thereof, this Court is not inclined to go into the merits of the charges which are held to be proved or not proved against the petitioner. However, it is also an admitted fact that where the punishment imposed is shockingly excessive or exorbitant, this Court can interfere with the said punishment by setting aside of the report of the Enquiry Officer or by modifying the punishment itself in order to shorten the litigation by giving cogent reasons submitted thereof. As pointed out by the learned counsel for the petitioner, the 1st punishment is monetary recovery of Rs.1,65,000/-. It is claimed by the learned counsel for the petitioner that the entire amount has been recovered by the bank from the borrowers, if that be so the amount recovered from the petitioner would have to be refunded to the petitioner as it is not punishment, it was only recovery of pecuniary loss caused to the bank. The respondent bank is therefore directed to verify and refund the amount which has been already recovered from the borrowers to the petitioner. As regards the 2nd punishment is concerned i.e., reduction to a lower stage in time scale of pay by five (5) stages with cumulative effect is concerned, the learned counsel for the petitioner has submitted that Rule 39(1)(b)(i) does not provide for reduction to a lower stage in time scale of pay by five (5) stages. He drew the attention of this

Court to Rule 39(1)(a)(v) which provides reduction to a lower stage in time scale of pay for a period not exceeding two years without cumulative effect and Rule 39(1)(b)(i) refer to Major Penalties and clause (i) provides that the same as provided in item (v) of clause (a) of Sub-regulation (1) of regulation 39, reduction to a lower stage in time scale of pay for a specified period. Further, the same clause provides that the reduction to a lower stage in time scale pay for a period shall not exceeding two years, even if it is with cumulative effect. Therefore, this Court is of the opinion that the punishment for reduction to a lower stage in time scale of pay by five (5) stages is not permissible. Therefore, this Court deems it fit and proper to modify the punishment to reduction to a lower stage in time scale of pay by two (2) stages with cumulative effect with further direction that the petitioner will not earn any increments during the said period. As regards by the petitioner's suspension period not being treated as on duty and further that the petitioner will not entitled for any back wages, this Court holds that this Court does not deem it necessary to interfere with the said punishment.

9. In view of the above, the punishment given to the petitioner is modified and the respondents are directed to give consequential effect to the monetary benefits of the petitioner and pay the same to the petitioner within a period of 120 days from the date of receipt of copy of this order.

10. Accordingly, this writ petition is partly allowed. There shall be no order as to costs.

11. Miscellaneous petitions, if any, pending in this writ petition, shall stand closed."

4. The appellant-Bank being aggrieved has preferred this Appeal. Learned Senior Counsel for the appellant-Bank, *inter alia*, submits that the charges have been proved, which are serious in nature and amount to grave misconduct. The learned Writ Court did not interfere with the findings of the Enquiry Officer, and rightly so, as the procedure prescribed for conducting such proceedings was duly followed. However, the learned Writ Court modified the punishment by treating the monetary recovery of Rs.1,65,000/- as not a punishment, particularly in view of the fact that the entire amount had subsequently been recovered by the Bank from the borrowers. So far as the 2nd punishment is concerned, learned Writ Court was of the view that a major penalty of reduction to a lower stage in time scale of pay by five (5) stages with cumulative effect is not provided under Rule 39(1)(b)(i) of Andhra Pradesh Grameena Vikas Bank (Officers and Employees) Service Regulations, 2010 (for short, Regulations, 2010). Learned Writ Court therefore reduced a major penalty imposed by

the disciplinary authority to a reduction to a lower stage in time scale of pay by two stages with cumulative effect. The appellant-Bank was directed to give consequential effect to the monetary benefits to the writ petitioner and pay the same to him within a stipulated period. Learned Senior Counsel for the appellant-Bank has drawn the attention of this Court to the relevant Disciplinary Rules, which are at page Nos.51 and 52.

5. It is submitted that the learned Writ Court perhaps mixed the provisions under Rule 39(1)(b)(i) read with Rule 39(1)(a)(v) of the Regulations, 2010, the latter of which falls under the category of 'minor penalties'. In fact, the Writ Court, while reducing/ modifying the major penalty, applied it with cumulative effect, though such a course is not permissible under Regulation 39(1)(a)(v). It is submitted that in such circumstances, even if the learned Writ Court, in exercise of judicial review, is of the opinion that the penalty imposed is shockingly disproportionate to the established misconduct, the appropriate course would be to remand the matter to the disciplinary authority to pass a

fresh order on penalty. Moreover, the disciplinary authority, having taken into account the age of the writ petitioner and also the fact that he was at the fag end of his service, did not impose a major penalty, such as removal or dismissal from service. Rather, a penalty of reduction to a lower stage in time scale of pay by five stages with cumulative effect was imposed with further direction that writ petitioner will not earn any increments during the said period.

6. He further submitted that learned Writ Court ought not to have interfered with the quantum of penalty, particularly, when serious charges of misappropriation were proved after conducting a full-fledged disciplinary proceedings. Therefore, the impugned order may be set aside.

7. Leaned Senior Counsel for the respondent/writ petitioner has submitted on merits of findings of Enquiry Officer. He submitted that the Enquiry Officer has failed to take into account that the charges levelled against the writ petitioner did not pertain to deliberate misconduct, but on

account of transitional issues in the Bank's operations from manual processing to computerization. He further submitted that the Writ Court has therefore proceeded to interfere with the quantum of penalty and reduced the same. It is further submitted that advances made to the concerned borrowers were recovered in the meantime. Therefore, learned Writ Court found it inappropriate to allow recovery of the said amount from the writ petitioner. The appellant-Bank was therefore directed to refund the amount recovered from the concerned borrowers and pay the same to the writ petitioner. It is stated that writ petitioner has retired now. If the impugned order is interfered with, it may lead to severe financial hardships to the writ petitioner. Therefore, this Court may refrain from interfering with the matter in the instant Appeal.

8. We have considered the submissions of learned counsel for the parties and taken note of material placed on record. Let it be indicted herein that findings of the Enquiry Officer on the charges established against the writ petitioner have not been touched upon by the learned Writ

Court. The learned Writ Court however proceeded to modify the penalty in the manner indicated above. In this regard it is pertinent to refer to the relevant Disciplinary Rules, which are extracted hereunder:

> **"R.39. Penalties**:- Without prejudice to the foregoing regulations of this Chapter, an officer or employee who commits a breach of these regulations or who displays negligence, inefficiency or indolence or who commits acts detrimental to the interests of the Bank or in conflict with its instructions, or who commits a breach of discipline or is guilty of any other acts of misconduct, shall be liable for any one or more penalties as follows, namely, -
>
> **1. Officers:**
>
> **(a) Minor Penalties**
>
> (i) Censure;
>
> (ii) withholding or stoppage of increments of pay without cumulative effect;
>
> (iii) withholding of promotion;
>
> (iv) recovery from emoluments or such other amounts as may be due to him, of the whole or part or any pecuniary loss caused to the Bank by negligence or breach of orders;
>
> (v) reduction to a lower stage in time scale of pay for a period not exceeding two years without cumulative effect;
>
> **(b) Major Penalties**:
>
> (i) same as provided in item (v) of clause (a) of sub-regulation (1) of regulation 39, reduction to a lower stage in time scale of pay for a specified

period with further directions as to whether or not the officer shall earn increments of pay during the period of such reduction and whether on expiry of such period the reduction shall or shall not have the effect of postponing the future increments of his pay;

(ii) reduction to a lower grade or post;

(iii) compulsory retirement;

(iv) removal from service which shall not be a disqualification for future employment;

(v) dismissal which shall ordinarily be a disqualification for future employment."

9. Perusal of the penalty provided under the Regulations, 2010 would show that the disciplinary authority may save as provided in item (v) of clause (a) of Regulation 39, impose a major penalty of reduction to a lower stage in time scale of pay for a specified period with further directions as to whether or not the officer shall earn increments of pay during the period of such reduction and whether on expiry of such period the reductions hall or shall not have the effect to postponing the future increments of his pay.

10. We have been informed that in the Banking service, the officers may go up to the time scale of pay upto

stage-17. Therefore, it appears that the penalty rules do not stipulate as to the period for which reduction to a lower stage in time scale of pay can be ordered depending on the gravity of the charges. The Disciplinary Authority has chosen to impose a penalty of reduction to a lower stage in time scale of pay by five stages with cumulative effect in case of the delinquent employee taking into account not only the gravity of the charges established, but also considering the age of the employee.

11. The learned Writ Court appears to have misinterpreted the provisions under Regulation 39(1)(b)(i), which provides for 'major penalty', with the 'minor penalty' prescribed under Rule 39(1)(a)(v), which provides for reduction to a lower stage in time scale of pay for a period not exceeding two years without cumulative effect. The imposition of a reduction in time scale of pay with cumulative effect is not contemplated under the minor penalty provisions. In any case, if the writ Court in exercise of judicial review is of the opinion that penalty imposed is shockingly disproportionate to the established misconduct,

the Writ Court may remand the matter to the disciplinary authority to pass a fresh order on the quantum of penalty. In this case, the charges levelled against the writ petitioner were serious in nature and also relate to misappropriation. The charges have been established. The findings of the Enquiry Officer have not been interfered by the learned Writ Court. Writ petitioner was not imposed with a major penalty of removal or dismissal from the service, which could have been treated as shockingly disproportionate to the established misconduct.

12. In such circumstances, it appears that the learned Writ Court erred in modifying the penalty imposed by the disciplinary authority and substituting it with a penalty of reduction to a lower stage in time scale of pay for a period not exceeding two years with cumulative effect. We are therefore inclined to interfere with the impugned order so far as it has been interfered with the quantum of penalty imposed by the disciplinary authority.

13. For all the above reasons, the present Appeal is allowed. The order of the leaned Writ Court so far relates to

modification in quantum of penalty and payment of consequential benefits to the writ petitioner stands set aside. However, there shall be no order as to costs.

Miscellaneous applications pending, if any, shall stand closed.

SD/-N. SRIHARI
DEPUTY REGISTRAR

//TRUE COPY//

SECTION OFFICER

To,

1. One CC to Sri Mujib Kumar Sadasivuni, Advocate [OPUC]
2. One CC to Sri Jogram Tejavat, Advocate [OPUC]
3. Two CD Copies

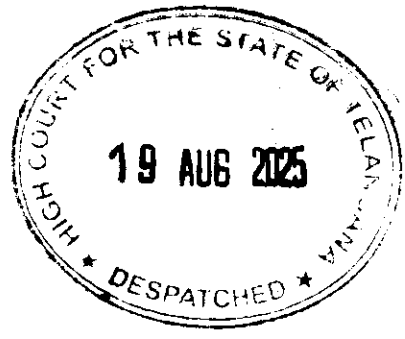
T J
BS

HIGH COURT

DATED:23/07/2025

JUDGMENT

WA.No.746 of 2025



ALLOWING THE WRIT APPEAL

WITHOUT COSTS

SMT
19/8/25