IN THE HIGH COURT FOR THE STATE OF TELANGANA AT HYDERABAD

TUESDAY, THE FOURTEENTH DAY OF JULY
TWO THOUSAND AND TWENTY SIX

PRESENT

THE HONOURABLE THE CHIEF JUSTICE SRI APARESH KUMAR SINGH
AND
THE HONOURABLE SRI JUSTICE G.M. MOHIUDDIN

WRIT APPEAL NO.1420 OF 2025

Writ Appeal under clause 15 of the Letters Patent Appeal Preferred against the order dated 03/03/2025 Passed in WP No 4913 of 2020 on the file of the High Court.

Between:

J. Moses, S/o.Late Joseph, Age 66 years, R/o. Plot No.106, USha Kiran Heights, West End Colony, Bandlaguda X-Road, Hyderabad- 500 091.

...APPELLANT/WRIT PETITIONER

AND

1. Telangana Grameena Bank, Head Office H.No.2-1-520, 2nd Floor, Vijayasri Sai Celestia, Street No.9, Shankarmatt Road, Hyderabad 500044, Rep. by its Chairman.
2. Board of Directors-cum-Appellate Authority, Telangana Grameena Bank, Head Office H.No.2-1-520, 2nd Floor, Vijayasri Sai Celestia, Street No.9, Shankarmatt Road, Hyderabad 500044.

...RESPONDENTS

Counsel for the Appellant: SRI VEDULA SRINIVAS, SENIOR COUNSEL REPRESENTING MS. VEDULA CHITRALEKHA

Counsel for the Respondents: SRI MUJIB KUMAR SADASIVUNI

The Court Delivered the following: JUDGMENT

IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD

THE HON'BLE THE CHIEF JUSTICE SRI APARESH KUMAR SINGH
AND
THE HON'BLE SRI JUSTICE G.M.MOHIUDDIN

WRIT APPEAL No.1420 of 2025

DATE:14.07.2026

Between:

J.Moses

....Appellant

And

Telangana Grameena Bank and another

....Respondents

JUDGMENT

Heard Mr. Vedula Srinivas, learned Senior Counsel representing Ms. Vedula Chitralekha, learned counsel for the appellant and Mr. Mujib Kumar Sadasivuni, learned Standing Counsel appearing for the respondent-Bank and perused the record.

2. This writ appeal is preferred under Clause 15 of the Letters Patent, against the order dated 03.03.2025 passed by the learned Single Judge in W.P.No.4913 of 2020. By the said common order, the learned Single Judge disposed of the writ petition filed by the appellant herein and other analogous writ petitions.

Factual matrix

3. The appellant, J.Moses, joined the services of the erstwhile Golkonda Grameena Bank as a Clerk-cum-Cashier in the year 1987.

He was promoted as Officer Scale-I in 2004 and thereafter as Officer Scale-II in 2013. During the relevant period, he was posted at the Aziz Nagar Branch of the respondent-Bank from 19.10.2009 to 15.12.2012.

4. Subsequently, a large-scale fraud was detected at the Aziz Nagar Branch, allegedly perpetrated by one Sri M.Jaipal Reddy, Office Assistant, who had continued in the said branch for more than twelve years, resulting in a financial loss of nearly Rs.8.94 crores to the respondent-Bank. Alleging that the appellant had failed to exercise proper supervisory control and had thereby facilitated the commission of the fraud, the respondent-Bank issued a show-cause notice dated 17.05.2018. Not being satisfied with the explanation submitted by the appellant, the respondent-Bank initiated disciplinary proceedings by issuing a Charge Sheet dated 06.11.2018 along with other officers.

5. The appellant attained the age of superannuation and retired from service on 30.11.2018. Since the disciplinary proceedings were pending, the respondent-Bank, by proceedings dated 06.01.2020, notionally extended his service for the limited purpose of continuation and conclusion of the disciplinary proceedings in exercise of the powers under Regulation 45 of the erstwhile Deccan (now Telangana) Grameena Bank (Officers and Employees) Service Regulations, 2010 (for short, "the Regulations").

6. The Inquiry Officer submitted his report on 18.02.2019, holding the appellant guilty of certain charges. Thereafter, the Disciplinary Authority issued a show-cause notice dated 15.05.2019 proposing the punishment of recovery of Rs.25,00,000/- from the appellant's superannuation benefits. The appellant submitted his explanation on 29.05.2019. Upon consideration thereof, the Disciplinary Authority passed the final order dated 01.06.2019, imposing the punishment of recovery of Rs.25,00,000/- (Rupees Twenty-Five Lakhs only) from the appellant's superannuation benefits.

7. Aggrieved thereby, the appellant preferred a statutory appeal before the Board of Directors-cum-Appellate Authority, which came to be rejected by order dated 09.09.2019, communicated to the appellant on 18.10.2019. Challenging the orders of the Disciplinary Authority and the Appellate Authority, and seeking release of his superannuation benefits, the appellant instituted W.P.No.4913 of 2020 before this Court.

8. The said writ petition was heard along with a batch of connected writ petitions arising out of the disciplinary proceedings initiated against other officers of the respondent-Bank in relation to the same fraud at the Aziz Nagar Branch. By a common order dated 03.03.2025, the learned Single Judge held that the domestic enquiry stood vitiated, inter alia, on the ground that the respondent-Bank

had relied upon photocopies of documents without proper certification and without proving their contents through admissible evidence, thereby violating the principles of natural justice. Consequently, the orders of punishment were set aside. However, liberty was reserved to the respondent-Bank either to impose a lesser punishment or to reinitiate the disciplinary proceedings by conducting a fresh enquiry in accordance with law.

9. Aggrieved by the aforesaid common order, the respondent-Bank preferred W.A. No.595 of 2025 and connected writ appeals. By a common judgment dated 03.09.2025, this Court modified the order of the learned Single Judge by setting aside the liberty granted to the Bank to impose a lesser punishment, while affirming the direction permitting the respondent-Bank to reinitiate the disciplinary proceedings in accordance with Regulation 45 of the Service Regulations. The respondent-Bank was further directed to conclude the disciplinary proceedings, preferably within six months.

10. The appellant has preferred the present writ appeal contending that his case stands on a distinct footing inasmuch as, unlike the other delinquent officers, he had already suffered recovery of Rs.25,00,000/- from his superannuation benefits. It is his grievance that, despite setting aside the punishment order, the learned Single Judge did not grant the consequential relief of refund of the recovered amount and erroneously granted liberty to the respondent-

Bank to reinitiate the disciplinary proceedings against him. Accordingly, the present writ appeal has been filed challenging the order of the learned Single Judge to the said extent.

Submissions on behalf of appellants

11. Learned Senior Counsel appearing for the appellants, assailed the impugned order and has advanced the following submissions:

i) That, once the learned Single Judge had set aside the order of punishment, the respondent-Bank was bound to restore the appellant to the position obtaining prior thereto, by refunding the amount of Rs.25,00,000/- recovered from his superannuation benefits. It was argued that the Bank cannot retain the recovered amount when the very foundation for such recovery, namely, the punishment order, has been quashed.

ii) That the punishment of recovery from the appellant's superannuation benefits is not one of the penalties contemplated under Regulation 39 of the Regulations. According to the learned Senior Counsel, while Regulation 39 permits recovery from an officer's emoluments or such other amounts as may be due, gratuity and other retiral benefits do not fall within the expression "emoluments", and consequently, recovery from such benefits is wholly without authority of law.

iii) That the respondent-Bank has no authority to reinitiate the disciplinary proceedings after the appellant had retired from service on 30.11.2018. It was argued that the notional extension of service granted under Regulation 45 was solely for the purpose of concluding the disciplinary proceedings already initiated and stood exhausted upon the passing of the final order dated 01.06.2019. Once the disciplinary proceedings culminated in a final order, the master-servant relationship came to an end and there could be no fresh invocation of Regulation 45 to confer jurisdiction upon the Bank to recommence disciplinary proceedings.

iv) That the learned Single Judge failed to appreciate that the respondent-Bank could not simultaneously retain the amount of Rs.25,00,000/- recovered under an order held to be unsustainable in law and, at the same time, seek to conduct a fresh enquiry. Learned Senior Counsel also contended that there was no allegation or evidence establishing any collusion between the appellant and Sri M. Jaipal Reddy, and that the charges had not been proved in accordance with law.

v) That the appellant had rendered more than 31 years of unblemished service, and that the punishment imposed was wholly disproportionate, arbitrary and grossly excessive,

particularly in the absence of any finding of personal misappropriation or collusion on his part.

Submissions on behalf of the respondents

12. *Per contra*, learned counsel for respondent-Bank advanced the following submissions:

i) That the learned Single Judge had set aside the punishment orders only on account of procedural infirmities in the conduct of the domestic enquiry and not on the merits of the charges. Therefore, the respondent-Bank was rightly granted liberty to reinitiate the disciplinary proceedings by adducing proper evidence and curing the procedural defects noticed by the Court.

ii) That Regulation 45 expressly authorises continuation of disciplinary proceedings even after an officer attains the age of superannuation. According to the learned Standing Counsel, once the earlier punishment order was set aside and the matter was remitted, the disciplinary proceedings stood restored to the stage at which the defect had occurred, thereby entitling the respondent-Bank to continue the proceedings from that stage and conclude the same in accordance with law.

iii) That the punishment of recovery of Rs.25,00,000/- was fully traceable to Regulation 39(1)(a)(iv), which authorises recovery

from "emoluments or such other amounts as may be due to an officer". It was argued that the appellant's superannuation benefits constitute "such other amounts" payable to him and, therefore, the respondent-Bank was competent to recover the pecuniary loss occasioned by his negligence from those amounts.

iv) That the domestic enquiry was conducted in accordance with the principles of natural justice. The documents relied upon during the enquiry were certified copies of Bank records, the originals of which were in the custody of the CBI on account of the criminal investigation. The appellant was afforded adequate opportunity to participate in the enquiry, cross-examine the management witnesses and submit his defence. According to the learned Standing Counsel, the charges relating to supervisory lapses, including permitting manual entries in passbooks despite availability of passbook printers, failure to verify transactions and signatures, failure to detect irregularities, and disclosure of passwords resulting in facilitation of the fraud committed by Sri M. Jaipal Reddy, stood duly established.

v) That the allegations against the appellant pertained to grave acts of supervisory negligence resulting in substantial financial loss to the respondent-Bank and, therefore, the learned Single

Judge had rightly declined to interfere with the quantum of punishment on merits while granting liberty to the respondent-Bank to conduct the enquiry afresh in accordance with law.

13. We have taken note of the respective contentions urged and perused the material on record.

Consideration by this Court

14. In regard to the question as to whether the learned Single Judge was justified in not issuing any direction regarding the amount of Rs.25,00,000/- recovered from the appellant's superannuation benefits pursuant to the punishment order dated 01.06.2019, is concerned, it is to be noted that there can be no quarrel with the settled principle that where an order imposing punishment is set aside, the consequences flowing therefrom ordinarily cannot survive independently. Equally well settled is the principle that restoration of the parties to the position obtaining prior to the impugned order is the normal consequence of setting aside such order.

15. However, the facts of the present case stand on a distinct footing. The punishment order was not set aside upon an adjudication that the charges levelled against the appellant were unfounded or that the appellant stood exonerated on merits. The learned Single Judge interfered with the punishment solely on

account of procedural infirmities in the conduct of the disciplinary proceedings, while simultaneously reserving liberty to the respondent-Bank to proceed afresh in accordance with law. The said liberty, as modified by this Court has attained finality. Therefore, the respondent-Bank cannot justify retention of the recovered amount solely on the basis of a punishment order which no longer survives. At the same time, the appellant cannot, at this stage, claim an absolute and unconditional entitlement to the refund of the amount, since the disciplinary proceedings themselves are yet to attain finality.

16. In this regard, the rights of the parties in respect of the amount of Rs.25,00,000/- necessarily have to abide by the outcome of the disciplinary proceedings. The question whether the respondent-Bank is ultimately entitled to retain or recover any amount from the appellant can be determined only after the disciplinary proceedings culminate in a fresh final order passed in accordance with law.

17. The appellant has further contended that the recovery of Rs.25,00,000/- from his superannuation benefits is not authorised under the Service Regulations. It is apposite to extract Regulation 39 of the Regulations, which provides as hereunder:

> ***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 of 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 of 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) xxx.xxxxx

2. xxxxxxxxx

a) xxxxxxxx

b) xxxxxxxx

18. It is pertinent to note that Regulation 39 of the Regulations, prescribes the penalties that may be imposed upon an officer or employee found guilty of misconduct. Clause (1)(a)(iv) provides for recovery from "emoluments or such other amounts as may be due to him" of the whole or part of the pecuniary loss caused to the Bank by negligence or breach of orders.

19. The appellant would contend that retiral benefits such as gratuity do not fall within the expression "emoluments" and that forfeiture of gratuity is separately governed by Regulation 72(2)(e). According to the appellant, since he was permitted to retire on attaining the age of superannuation and was neither removed nor

dismissed from service, recovery from his terminal benefits is impermissible. The respondent-Bank, on the other hand, contends that the expression "such other amounts as may be due to him" is sufficiently wide to include retiral benefits and that the recovery is fully traceable to Regulation 39(1)(a)(iv).

20. However, this Court is of the view that it is not appropriate to render any conclusive pronouncement on the rival contentions at this stage. Since the punishment order dated 01.06.2019, which formed the basis of the recovery, has already been set aside and the disciplinary proceedings are to continue pursuant to the judgment of this Court, any finding rendered by this Court on the scope and applicability of Regulation 39 would inevitably have a bearing upon the disciplinary proceedings themselves.

21. Suffice it to observe that the recovery effected pursuant to the punishment order cannot derive an independent existence after the punishment order has been set aside. Equally, the legality and sustainability of any recovery from the appellant's retiral benefits can only be examined after the disciplinary proceedings attain finality and an appropriate order, if any, is passed in accordance with the applicable Regulations.

22. As regards the question as to the consequence of the judgment rendered by this Court in W.A.No.595 of 2025 permitting the

respondent-Bank to proceed with the disciplinary proceedings, is concerned, it is to be noted that the appellant retired from service on 30.11.2018. The respondent-Bank invoked Regulation 45 of the Service Regulations and notionally continued the appellant in service solely for the purpose of concluding the disciplinary proceedings already initiated against him. The enquiry culminated in the punishment order dated 01.06.2019, which was subsequently set aside by the learned Single Judge on procedural grounds.

23. This Court, while modifying the order of the learned Single Judge, expressly permitted the respondent-Bank to proceed with the disciplinary proceedings in accordance with Regulation 45 and directed that the same be concluded within the stipulated period. The said judgment governs the rights and obligations of the parties and binds this Court. Once the continuation of the disciplinary proceedings has been upheld by this Court, the issue regarding the amount of Rs.25,00,000/- cannot be decided independently of the disciplinary proceedings. The punishment order pursuant to which the recovery was effected no longer survives; nevertheless, the disciplinary proceedings themselves remain pending in the eye of law pursuant to the liberty granted by this Court.

24. Further, the entitlement of either party in relation to the said amount shall necessarily depend upon the outcome of the disciplinary proceedings and the fresh final order that may be passed

therein. If the appellant ultimately succeeds in the disciplinary proceedings or if no legally sustainable order authorising such recovery is passed, the respondent-Bank shall refund the amount together with such consequential benefits as may be admissible in law. Conversely, if an order of punishment authorising recovery is ultimately passed in accordance with law, it shall be open to the respondent-Bank to deal with the said amount strictly in terms of such order and the applicable Service Regulations. Therefore, the question relating to the recovery or refund of Rs.25,00,000/- shall remain open and shall abide by the final outcome of the disciplinary proceedings. No final adjudication on the entitlement to the said amount is warranted at this stage.

Conclusion

25. For the foregoing reasons, this Court is of the considered view that the common order of the learned Single Judge, as modified by the common judgment of this Court dated 03.09.2025 in W.A. Nos.587, 595, 627, 645, 649, 665 and 699 of 2025, warrants no interference. However, as the punishment order dated 01.06.2019 has been set aside, the rights of the parties in respect of the recovery of Rs.25,00,000/- from the appellant's superannuation benefits shall abide by the final outcome of the disciplinary proceedings and shall be regulated by the consequential orders passed thereon in accordance with law.

26. Accordingly, the Writ Appeal is dismissed. No costs.

As a sequel, miscellaneous petitions, pending if any, stand closed.

SD/- MOHD. ISMAIL
DEPUTY REGISTRAR

//TRUE COPY//

SECTION OFFICER

To,

1. One CC to Ms. Vedula Chitralekha, Advocate [OPUC]
2. One CC to Sri Mujib Kumar Sadasivuni, Advocate [OPUC]
3. Two CD Copies

TJ
TKS

HIGH COURT

DATED: 14/07/2026

JUDGMENT

WRIT APPEAL No.1420 of 2025



DISMISSING THE WRIT APPEAL

WITHOUT COSTS

12/8/26