IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NO. OF 2026
(Arising out of SLP (Civil) No.16044 of 2023)

PRAVIR SHARAN **APPELLANT**

VERSUS

CANARA BANK & ORS. **RESPONDENT(S)**

O R D E R

1. Leave granted.

2. Assail in this appeal is to the order passed by the Division Bench of Jharkhand High Court, allowing the intra-court appeal preferred by the respondent-Bank to set aside the order passed by the learned Single Judge, which had remitted the matter back to the Disciplinary Authority for reconsideration of the measure of punishment awarded to the appellant.

3. While the appellant was posted as Manager of new SSI branch of Canara Bank, Adityapur, Jamshedpur, he was given a target and to take immediate steps to achieve the target for advances. On regular inspection of the concerned branch,

certain technical lapses were found, and accordingly, the appellant was directed to explain and reply to the same.

4. Being dissatisfied with his reply, the appellant was put under suspension and a charge sheet was issued to him containing seven charges of imputations amounting to misconduct. Upon a duly constituted disciplinary inquiry, the Inquiry Officer *vide* its report dated 07.04.2007 found all the charges proved, though some sub-charges of charge Nos.6 and 7 were found not proved.

5. The Inquiry Officer, at the end of the inquiry report, opined that the appellant has failed to adhere to the system and procedures *in-toto*, but the same was without any *mala fide* intentions. However, the Disciplinary Authority agreed with the findings of the Inquiry Officer and imposed punishment of compulsory retirement *vide* its order dated 29.09.2007.

6. On appeal by the appellant, the Appellate Authority *vide* its order dated 12.03.2010 modified the punishment from "Compulsory Retirement" to:

> **"1. Reduction to a lower grade, i.e. from MMG Scale III to JMG Scale I, and his basic pay to be fixed at Rs. 18,240/-.**

> 2. The appellant shall not be eligible for promotion for a period of two years from the date of the appellate order.
>
> 3. The interregnum period, i.e. from the date of Compulsory Retirement till the date on which he reports for duty consequent to the appellate order, shall not be reckoned for any purpose whatsoever."

7. The appellant thereafter preferred the writ petition, which was allowed by the learned Single Judge of the High Court, setting aside the order passed by the Disciplinary Authority and Appellate Authority as well as the Reviewing Authority, and remitting the matter back to the Disciplinary Authority for taking a decision afresh on the quantum of punishment.

8. However, on appeal by the respondent-Bank before the Division Bench, the present impugned order has been passed setting aside the order of learned Single Judge and maintaining the order passed by the Appellate Authority.

9. Learned counsel for the appellant would draw our attention to the circular issued by the Regional Office of Canara Bank, Ranchi, whereby the appellant was directed to complete the process of

sanctioning of all pending viable proposals and disbursements, and ensure full utilization of unavailed limits of parties, with a note that non-performance under priority credit may not be appreciated. Learned counsel would further submit that in view of the urgency shown by the higher management of the Bank, the appellant proceeded to expedite the process of sanctioning all pending viable proposals and disbursements so that the circular issued by the Regional Office can be complied with.

10. Learned counsel would next submit that although there were some procedural mistakes while expediting the process of advancement and disbursements, there was no ill-intention of the appellant and moreover, the Bank has not suffered any financial losses, inasmuch as all the advances sanctioned and disbursed by the appellant were later on recovered. It is also submitted that even the Appellate Authority's modified punishment order was shockingly disproportionate; therefore, the learned Single Judge of the High Court was quite justified in remitting the matter back to the Disciplinary Authority, and the Division Bench of the High Court ought not to have interfered with a reasoned order passed by the learned Single Judge.

11. Per contra, learned counsel appearing for the respondent-Bank would refer to the law laid down by this Court in *Disciplinary Authority-cum-Regional Manager vs. Nikunja Bihari Patnaik*[1] and *Punjab & Sind Bank vs. Raj Kumar*[2] to argue that this Court's power in a case where the bank officer is found to have acted beyond his authority in advancing loans is itself a serious misconduct attracting major punishment. Therefore, no further leniency can be shown to the appellant in addition to what has been considered already, by the Appellate Authority.

12. According to learned counsel for the respondent-Bank, the nature of charges framed against the appellant *prima facie* appear as only procedural mistakes, but it has the effect of bringing the banking system of the concerned branch to a grinding halt, if the advances would have become Non-Performing Asset (NPA) at any point of time. Since, coincidentally the advances disbursed by the appellant were subsequently recovered, that itself would not condone such major lapses of acting beyond his authority to advance loans. Learned counsel would submit that the order of the Division Bench has taken a correct view, basing on

1 . (1996) 9 SCC 69
2 . 2026 SCC OnLine SC 519

the settled legal position, therefore, no interference is called for.

13. In the case at hand, the charges against the appellant were in respect of advancing loans to different borrowers including industrial units beyond the appellant's financial powers. Such procedural lapses of exceeding financial powers by a bank manager/officer has been viewed seriously by this Court in the matter of *Nikunja Bihari Patnaik* (supra), wherein the following has been held in paragraph 7:

> **"7. It may be mentioned that in the memorandum of charges, the aforesaid two regulations are said to have been violated by the respondent. Regulation 3 requires every officer/employee of the bank to take all possible steps to protect the interests of the bank and to discharge his duties with utmost integrity, honesty, devotion and diligence and to do nothing which is unbecoming of a bank officer. It requires the officer/employee to maintain good conduct and *discipline* and to act to the best of his judgment in performance of his official duties or in exercise of the powers conferred upon him. Breach of Regulation 3 is 'misconduct' within the meaning of Regulation 24. The findings of the Inquiry Officer which have been accepted by the disciplinary authority, and which have not been disturbed by the High Court, clearly show that in a number of instances the respondent allowed overdrafts or passed cheques involving substantial amounts beyond his authority. True, it is that in some cases, no loss has resulted from such acts. It is also true that in some**

other instances such acts have yielded profit to the Bank but it is equally true that in some other instances, the funds of the Bank have been placed in jeopardy; the advances have become sticky and irrecoverable. It is not a single act; it is a course of action spreading over a sufficiently long period and involving a large number of transactions. In the case of a bank — for that matter, in the case of any other organisation — every officer/employee is supposed to act within the limits of his authority. If each officer/employee is allowed to act beyond his authority, the discipline of the organisation/bank will disappear; the functioning of the bank would become chaotic and unmanageable. Each officer of the bank cannot be allowed to carve out his own little empire wherein he dispenses favours and largesse. No organisation, more particularly, a bank can function properly and effectively if its officers and employees do not observe the prescribed norms and discipline. Such indiscipline cannot be condoned on the specious ground that it was not actuated by ulterior motives or by extraneous considerations. The very act of acting beyond authority — that too a course of conduct spread over a sufficiently long period and involving innumerable instances — is by itself a misconduct. Such acts, if permitted, may bring in profit in some cases but they may also lead to huge losses. Such adventures are not given to the employees of banks which deal with public funds. If what we hear about the reasons for the collapse of Barings Bank is true, it is attributable to the acts of one of its employees, Nick Leeson, a minor officer stationed at Singapore, who was allowed by his superiors to act far beyond his authority. As mentioned hereinbefore, the very discipline of an organisation and more particularly, a bank is

dependent upon each of its employees and officers acting and operating within their allotted sphere. Acting beyond one's authority is by itself a breach of discipline and a breach of Regulation 3. It constitutes misconduct within the meaning of Regulation 24. No further proof of loss is really necessary though as a matter of fact, in this case there are findings that several advances and overdrawals allowed by the respondent beyond his authority have become sticky and irrecoverable. Just because, similar acts have fetched some profit — huge profit, as the High Court characterises it — they are no less blameworthy. It is wrong to characterise them as errors of judgment. It is not suggested that the respondent being a Class I Officer was not aware of the limits of his authority or of his powers. Indeed, Charge 9, which has been held established in full is to the effect that in spite of instructions by the Regional Office to stop such practice, the respondent continued to indulge in such acts. The Inquiry Officer has recorded a clear finding that the respondent did flout the said instructions and has thereby committed an act of disobedience of lawful orders. Similarly, Charge 8, which has also been established in full is to the effect that in spite of reminders, the respondent did not submit "Control Returns" to the Regional Office. We fail to understand how could all this be characterised as errors of judgment and not as misconduct as defined by the Regulations. We are of the opinion that the High Court has committed a clear error in holding that the aforesaid conduct of the respondent does not amount to misconduct or that it does not constitute violation of Regulations 3 and 24."

14. In the matter of *Nikunja Bihari Patnaik*

(supra) the concerned bank employee was dismissed from service, and this Court refused to interfere with the measure of punishment.

15. In a recent judgment of this Court in *Raj Kumar* (supra), this Court has culled out the principles laid down by this Court in its earlier decisions to hold thus in paragraph 9 and 10:

> **"9. What follows from the precedents noted above is that courts should exercise restraint while interdicting orders of punishment. Normally, no court in exercise of its power of judicial review should interfere with an order of punishment imposed on a delinquent as a measure of disciplinary action by the competent authority and substitute its own judgment for that of the former. This is premised on the reason that the disciplinary authority is the best judge of the situation, and the requirements of maintaining discipline within the work force. While it is not the law that the courts should invariably stay at a distance when legality and/or propriety of a particular punishment is questioned, judicial scrutiny of the disciplinary action by way of punishment could arise only if the circumstances are such that no reasonable person would impose the punishment which is questioned and/or such punishment has the effect of shocking the conscience of the court. To put in simpler words, interference could be warranted if it appeals to the court that the disciplinary authority has 'used a sledgehammer for cracking a nut'. A punishment, which is strikingly or shockingly disproportionate and is not commensurate with the gravity of misconduct, proved to have been**

> committed in course of inquiry or otherwise, would border on arbitrariness and offend Article 14 of the Constitution.
>
> 10. Where a court, upon due consideration, arrives at the conclusion that the punishment imposed is disproportionate, its intervention is circumscribed in nature. Judicial scrutiny and interference, if at all, has to be based on reasons in support of the court's ultimate satisfaction that the disciplinary authority has faltered in the exercise of his discretion. In such a situation, the court may adopt one of two courses: it may remit the matter to the competent authority for reconsideration of the punishment; or, in the rarest of cases, it may substitute the punishment while supporting such a course with cogent reasons."

16. The question now falls for our consideration is whether, in view of the legal position settled in *Nikunja Bihari Patnaik* (supra) and *Raj Kumar* (supra), the punishment imposed upon the appellant by the Appellate Authority can be said to be so shockingly disproportionate that it warrants further interference by this Court.

17. Upon hearing learned counsel for the parties, we do not find that the punishment imposed on the appellant is so shockingly disproportionate, which would hit the judicial conscience of this Court and would warrant a somewhat minor punishment than what has been imposed by the Appellate

Authority. While following *Nikunja Bihari Patnaik* (supra) and *Raj Kumar* (supra), we note that in *Nikunja Bihari Patnaik* (supra), the concerned employee who had committed similar lapses was visited with the penalty of dismissal from service, whereas in the case at hand, the appellant also committed breach of his financial authority, but has been initially visited with penalty of Compulsory Retirement, which has been modified by the Appellate Authority to reduction of his rank from MMG Scale III to JMG Scale I, and by denying him promotion for two years, and not granting any other benefit during the interregnum. The punishment as has been imposed upon the appellant by the Appellate Authority has its basis on the observation of the Inquiry Officer that the appellant had no ill-intentions while transgressing his financial authority in sanctioning and disbursing advances. However, the Appellate Authority has also affirmed the views of the Disciplinary Authority and the Inquiry Officer that the appellant has committed procedural lapses by transgressing the financial authority. It appears, the Appellate Authority interfered with the measure of punishment because the Bank has not suffered any loss.

18. At this stage, it would be necessary to refer to a judgment referred by learned counsel for the appellant in the matter of *Union of India vs. P. Balasubrahmanayam*[3], wherein this Court has taken a view in paragraph 22 that where there is only procedural lapses, a major penalty need not be imposed. For quick reference, we reproduce paragraph 22 of the judgment hereunder:

> **"22. The question is whether the Tribunal proceeded correctly in passing the final direction to impose appropriate minor penalty. The Tribunal itself did not impose the punishment but left it to the authority concerned (for appropriate course of action). It was of the view that considering the findings of procedural lapses against the respondent, the appropriate punishment could only be a minor penalty and not a major penalty. With this again, we are in agreement with the course of action adopted. The nature of charges found against the respondent can hardly be one to call for a major penalty, keeping in mind that there was no bribery charge. Anyone can make mistakes. The consequences of mistakes should not be unduly harsh. We are, thus, of the view that the direction of the Tribunal is what is liable to be sustained."**

19. In the above matter of *P. Balasubramanian* (supra), the employee was found to have committed procedural mistakes while discharging his duties.

3 . **(2021) 5 SCC 662**

The said mistakes were not concerning exceeding the financial authority in disbursing of loans. Thus, the case is distinguishable on facts.

20. While we hold that the Division Bench has rightly interfered with the order passed by the learned Single Judge, there is one aspect of the penalty as modified by the Appellate Authority which needs to be corrected. Inasmuch as, when the Appellate Authority have modified the punishment of Compulsory Retirement to reduction to a lower grade, it would necessarily imply that the appellant would be in service as on the date the Disciplinary Authority had visited the appellant with penalty of Compulsory Retirement. Once the appellant is treated to be in service on that date, by effect of the Appellate Authority's order, the further direction of the Appellate Authority that for the interregnum period i.e. from the date of Compulsory Retirement till the date on which he reports for duty consequent to the Appellate Order, shall not be reckoned for any purposes whatsoever, would definitely not survive. When the appellant is treated to be in service and only his grade is lowered, he has to be deemed to be in service for all purposes.

21. We, therefore, set aside the third paragraph

of the operative part of the order of the Appellate Authority.

22. Accordingly, the appeal is allowed in part and the punishment imposed by the Appellate Authority in first two measures of punishment awarded to the appellant, shall remain intact, and the third measure of the punishment is set aside.

23. The appellant shall be granted the entire wages of JMG Scale I, for the interregnum period, and all benefits for the purpose of calculation of terminal benefits / pensionary benefits as well.

24. Pending application(s), if any, shall stand disposed of.

……………………………………………………J.
[PRASHANT KUMAR MISHRA]

……………………………………………………J.
[SHREE CHANDRASHEKHAR]

NEW DELHI;
August 20, 2026.

ITEM NO.11 COURT NO.13 SECTION XVII-B

S U P R E M E C O U R T O F I N D I A
RECORD OF PROCEEDINGS

Petition(s) for Special Leave to Appeal (C) No(s).16044/2023

[Arising out of impugned final judgment and order dated 30-01-2023 in LPA No. 27/2018 passed by the High Court of Jharkhand at Ranchi]

PRAVIR SHARAN appellant(s)

VERSUS

CANARA BANK & ORS. Respondent(s)

IA No. 148186/2025 - APPLICATION FOR PERMISSION
IA No. 148313/2025 - PERMISSION TO FILE ADDITIONAL DOCUMENTS/FACTS/ANNEXURES

Date : 20-08-2026 This matter was called on for hearing today.

CORAM : HON'BLE MR. JUSTICE PRASHANT KUMAR MISHRA
HON'BLE MR. JUSTICE SHREE CHANDRASHEKHAR

For appellant(s) Mr. Manish Kumar Saran, AOR
Mr. Aditya Mani Saran, Adv.
Mr. Sidhant Sharma, Adv.

For Respondent(s) Mr. Rajesh Kumar Gautam, AOR
Mr. Anant Gautam, Adv.
Mr. Vibhu Sharma, Adv.
Ms. Likvi K Jakhalu, Adv.
Mr. Aman Gahlot, Adv.
Mr. Rishi Chauhan, Adv.
Ms. Azal Aekram, Adv.

UPON hearing the counsel the Court made the following
O R D E R

1. Leave granted.

2. The appeal is allowed in part, in terms of the Signed Order placed on the file.

3. Pending application(s), if any, shall stand disposed of.

(MINI)
COURT MASTER (SH)

(AKSHAY KUMAR BHORIA)
COURT MASTER (NSH)

(Signed Order is placed on the file)