

The State Of Karnataka vs Umesh on 22 March, 2022

Author: D.Y. Chandrachud

Bench: D.Y. Chandrachud, Surya Kant, Bela M. Trivedi

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION

Civil Appeal Nos. 1763-1764 of 2022

The State of Karnataka & Anr

... Appella

Versus

Umesh

... Responde

JUDGMENT

Dr Dhananjaya Y Chadrachud, J 1 The appeals arise from a judgment dated 29 November 2017 of a Division Bench of the High Court of Karnataka at the Kalaburagi Bench. The High Court set aside the judgment of the Karnataka Administrative Tribunal dated 25 April 2016 directing the compulsory retirement of the respondent from service following a disciplinary enquiry on charges of bribery.

2 The respondent was working as a Village Accountant at Revathagao in Indi Taluka of Bijapur District in Karnataka. The charge against the respondent is that he demanded a bribe for deleting the name of a person from Column No. 11 of the RTC with regard to land bearing Survey No. 54, situated at Shirdona Village. A criminal complaint was registered with the Lokayukta police against the respondent for the commission of an offence punishable under Sections 7 and 13(1) (d) read with Section 13 (2) of the Prevention of Corruption Act 1988. After the investigation, a charge sheet was submitted against the respondent by the Lokayukta police in Special Case No. 20 of 2011 in the Court of Special Judge at Bijapur. During the course of the trial before the Special Judge at Bijapur, the prosecution examined seven witnesses. Twenty-two exhibits were marked in evidence. The respondent examined one witness and an exhibit was marked at his behest. By a judgment dated 23 October 2013, the Special Judge gave the benefit of doubt to the respondent and acquitted him of all

charges.

3 A disciplinary enquiry was initiated under Section 7(2) of the Karnataka Lokayukta Act 1984. Taking note of the complaint, and the fact that the phenolphthalein powdered currency notes were seized from the respondent, the Karnataka Upa Lokayukta-1 held that a prima facie case was established. By an order dated 23 April 2012, exercising powers under Section 12(3) of the Karnataka Lokayukta Act 1984 and Rule 14-A of the Karnataka Civil Services (Classification, Control and Appeal) Rules 1957, the Upa Lokayukta-1 recommended the initiation of disciplinary proceedings against the respondent. On 7 August 2012, the “1957 Rules” Government of Karnataka entrusted the case to the Upa-Lokayukta for enquiry under Rule 14 (A) of 1957 Rules. By an order dated 14 August 2012, the Upa Lokayukta nominated the Additional Registrar of Enquiries in the Karnataka Lokayukta as the inquiry officer for framing the charge and conducting the inquiry. The following article of charge was framed in the course of the enquiry:

“That you, Sri Umesh Vittala Biradara (here in after referred to as Delinquent Government Official, in short DGO), while working as the village Accountant Revathagao Saja, Indi Taluk, Bijapur District demanded and accepted a bribe of Rs 5000/- on 11/05/2011 from complainant Sri. Gajana S/o Shireppa Poojari, R/o: Shiradona, Indi Taluk, Bijapur District for getting deleted the name of one Sri. Nagappa S/o Annappa Muttinavar from Col. No. 11 of RTC in respect of the land bearing Sy. No. 54 measuring 4 acres 3 guntas of Shiradona Village of Indi Taluk, that is for doing an official act, and thereby you failed to maintain absolute integrity and devotion to duty and committed an act which is unbecoming of a Government Servant and thus you are guilty of misconduct under Rule 3(1)(1) to (iii) of KCS (Conduct) Rules 1966.

(Anand R Deshpande) Additional Registrar (Enquiries-3) Karnataka Lokayukta, Bangalore”

4 By an order dated 22 January 2015, the Lokayukta held that the charge against the respondent was proved and recommended the penalty of compulsory retirement from service under Rule 8(vi) of the 1957 Rules. On 20 February 2015, the disciplinary authority issued a show cause notice to the respondent. The respondent contended in his reply that the money seized was not received as a bribe but was for repayment of a loan borrowed by the brother-in-law of the complainant. The respondent also contended that since the Special Judge acquitted him on the same set of facts and evidence, there was no ground for him to hold him guilty of misconduct in the disciplinary proceedings. On 25 June 2015, the disciplinary authority held that the misconduct was proved and imposed a penalty of compulsory retirement. Aggrieved by the penalty, the respondent moved the Karnataka Administrative Tribunal. Before the Tribunal, the respondent urged that:

(i) The prosecution before the Special Judge, Bijapur was on the same set of facts on which he was acquitted by the judgment dated 23 October 2013;

(ii) The Upa-Lokayukta is not conferred with the power to recommend the quantum of punishment;

(iii) The Upa-Lokayukta and disciplinary authority had ascribed undue weight to the evidence of the investigating officer and the shadow witness which resulted in a miscarriage of justice; and

(iv) The disciplinary authority did not consider the explanation submitted by the respondent in a proper perspective.

5 By its order dated 5 April 2016, the Tribunal upheld the order of compulsory retirement. The Tribunal held that:

(i) Disciplinary proceedings are not dependant on the verdict in a parallel criminal case (Commissioner of Police, Delhi v. Narender Singh²);

(ii) Strict rules of evidence do not apply to disciplinary proceedings and even hearsay evidence is acceptable if it has nexus with the facts of the case.

(State of Haryana v. Rattan Singh³); and AIR 2006 SC 1800

(iii) The contention of the respondent that his reply to the second show cause notice was not considered by the disciplinary authority before passing the order dated 25 June 2015 is erroneous.

6 This led to the institution of proceedings before the High Court under Article 226 of the Constitution. The Division Bench framed the principal issue in the following terms:

“Whether the order of the Disciplinary authority in holding the petitioner guilty of charges despite a finding by a criminal Court acquitting him of the similar charges on the basis of similar set of evidence was justified.” 7 The petition was allowed by the Division Bench on the ground that:

(i) The Disciplinary authority while observing that the respondent had improved his statement while deposing that the money was from DW1, did not properly assess the evidentiary material;

(ii) After the ‘hand wash’ of the respondent turned pink, indicating that he touched the tainted currency, his explanation was that the money was a loan being returned;

(iii) There is no corroborative evidence to prove the commission of the offence;

and

(iv) The exercise undertaken by the Enquiry Officer was based on the averments made in the complaint and the deposition of the shadow witness. The respondent did not dispute the possession of the tainted notes. The finding 1977 (1) SCR 750 of the enquiry officer and the competent authority is not based on tangible evidence.

8 Mr V N Raghupathy, learned counsel appearing on behalf of the appellant submitted that:

(i) An acquittal in a criminal proceeding will not preclude the exercise of the jurisdiction of the disciplinary authority in a departmental enquiry in view of the consistent position of law enunciated in the judgments of this Court;

(ii) In interfering with the award of penalty following the disciplinary enquiry, the Division Bench of the High Court has transgressed the limitation on the power of judicial review;

(iii) The High Court noted that the finding of guilt recorded by the inquiry officer was based on the complaint and the evidence of the shadow witness.

Though the respondent had not disputed the possession of the tainted currency notes, the explanation furnished by the respondent has erroneously been accepted; and

(iv) In the course of the criminal trial, the complainant turned hostile. Moreover, PW2 stated that the respondent was not a competent person to pass an order for deletion in the revenue record. On the other hand, in the course of the disciplinary enquiry there was sufficient evidence which was brought on the record to sustain the finding of misconduct.

9 Mr Ashwin V Kotemath, learned counsel, on the other hand, has urged that the finding of misconduct is without an application of mind and is perverse for the following reasons:

(i) In the course of the disciplinary enquiry, the respondent examined DW 1 who is the brother-in-law of the complainant. He stated that the amount of rupees five thousand represented a loan which was received by him from the respondent for the purchase of manure in March 2011;

(ii) The defence and explanation of the respondent on 11 May 2011, and on the date of trap before the Inquiry Officer was that in the month of March 2011, a hand loan of rupees five thousand was given to the brother-in-law of the complainant and it was the repayment of the loan which was demanded and accepted by the respondent;

(iii) The inquiry officer had no authority to recommend the quantum of punishment;

(iv) Since 11 May 2011, the respondent has been out of service. The High Court has correctly appreciated the nature of misconduct while directing reinstatement without back wages; and

(v) In the alternative, the punishment of compulsory retirement may be substituted by any other punishment such as the stopping of increments in the interest of justice.

10 During the course of the criminal trial, among other witnesses, the prosecution led the evidence of PW1 (the complainant), PW2 (the shadow witness), and PW4 (the Village Assistant who was working under the respondent). PW 1 and PW 4 turned hostile and did not support the case of the prosecution. The respondent led the evidence of DW1, the brother-in-law of the complainant. The trial judge came to the conclusion that the prosecution had failed to prove the charges levelled against the accused beyond reasonable doubt. Among other reasons, the Special Judge also weighed the fact that the investigating officer assisted the complainant in the trap which is contrary to the law laid down in State of Punjab v. Madan Mohan Lal Verma⁴. The Special Judge, Bijapur by the judgment dated 23 October 2013 held that:

“20. In this case paying the amount of Rs.5,000/- to the accused in his private office room by the complainant is not in dispute. The accused has stated that he has not demanded and accepted any bribe amount from the complainant. By seeing the photos it is clear that there was an altercation between the accused and the complainant at the time of trap. So considering the principles stated in the said decisions and the evidence placed before this Court, come to the conclusion that the prosecution has failed to prove that the accused demanded and accepted the bribe amount of Rs.5,000/- as gratification from the complainant. In this case there is no trustworthy evidence regarding the demand and acceptance of bribe amount by the accused as gratification.”

11 During the course of the disciplinary enquiry, the complainant deposed as PW 1 but did not support the article of charge. However, PW2 who was the shadow witness furnished a detailed account of the recovery of the tainted notes from the possession of the respondent. Besides this, he furnished an account of the tape recorded conversation with the accused. During the course of the disciplinary enquiry, the respondent urged in his defense that the amount of rupees five thousand recovered from him on the date of the trap represented the loan which was advanced by him to DW1. The complainant stated in the course of his evidence that he got lands in his village in survey No.54 admeasuring 4.03 acres and that he had (2013) 14 SCC 153 met the respondent in connection with the deletion of the name of the holder from column 11 of the RTC. Though the complainant did not support the case of the department in regard to the demand of a bribe, he admitted his signatures on the complaint (Exhibit P1), the signature on the pre-trap mahazar (Exhibit P2) and the trap mahazar (Exhibit P3). The complainant also admitted that the police had taken photographs of the scene (Exhibit P4). In this backdrop, the inquiry officer noticed that the evidence of PW2 who was the shadow witness was “very important” as he was present at the time of the demand and acceptance of the bribe by the respondent. The investigating officer was examined as PW3 in the disciplinary enquiry. The investigating officer corroborated the version of PW2 about the filing of a complaint by PW1, conducting of pre-trap formalities in the presence of panchas and the trap formalities. The relevant extract from the enquiry report is extracted below:

“In the light of the said evidence of PW.1, the evidence of PW.2 is very important. PW.2 is the shadow panch witness, who is said to have been present at the time of demand and acceptance of bribe by DGO from CW .1. He has categorically stated in his evidence that on 11. 05.2011, Bijapur police secured him to their office and at that time CW.1 and 3 were there and the police introduced CW.1 to them and told about the contents of the complaint given by PW.1 and the complaint was against the OGO. Then CW.1 produced Rs.5000/- in the denomination of 3 notes of Rs.1000/- and 4 notes of Rs.500/- and then police smeared phenolphthalein powder to the said notes and they were kept in the left side shirt pocket of CW.1. He also speaks about further procedure of conducting pre-trap formalities by writing mahazar as per Ex.P.2.

PW.2 further goes to say in his evidence that Lokayukta police took them all to the village Chadachana at about 1.00 PM and he and CW.1 went to the office of OGO and OGO was in the office. The police and others were waiting outside. He was standing near the door, then CW.1 asked DGO about his work, then DGO asked CW.1 whether he has brought the money which he had told yesterday, then CW.1 took the amount from his shirt pocket and handed over to DGO requesting to do his work, then DGO received the bribe amount from right hand and kept in his shirt pocket and he observed the said transaction. Then CW.1 went and gave pre-arranged signal to the police. Then police and CW.3 came and CW. 1 showed DGO to the police, police washed both hands of DGO with some solution and said wash turned into pink colour and the same was collected in bottle and sealed. Then DGO took out the bribe amount from his shirt pocket and note numbers were compared with the numbers recorded and they were tallying. Then police seized the said amount. He also says that then by providing alternate shirt, police got removed the shirt of DGO and shirt pocket was washed in some solution and said wash turned into pink colour. Then police conducted mahazar as per Ex.P.5 PW. 3 is the Investigating Officer who corroborated the version of PW.2 about filing of complaint by PW.1 and conducting of pre-trap formalities in the presence of panchas and also about the trap formalities. He made clear in his evidence after conducting pre-trap procedure, he took CW.1 to 3 in their vehicle to the private office of DGO. CW1 and 2 went inside the private office of DGO and after receipt of signal from CW.1, he and CW.3 went inside and CW.1 showed that DGO has accepted the bribe. Then he washed both hands of DGO in sodium carbonate solution separately and the said wash turned into pink colour and same was collected in bottle and sealed. He has speaks about washing of shirt pocket of DGO with sodium carbonate solution and other formalities.

On careful perusal of evidence of PW.2 and PW.3, it can be held that PW.1 (CW.1) has intentionally turned hostile and not supported the case of the disciplinary authority to held the DGO. The evidence of DW.1 appears to be a story created for the purpose of this case to escape from the clutches of law. PW.1 in his evidence has admitted the signature found on the complaint. If really DGO has not demanded any bribe and PW.1 returned the loan amount to DGO as stated by DW.1, there was no necessity for PW.1 to go Lokayukta office and give and sign the complaint. He was also present for

the pre-trap and trap mahazars and put his signatures. PW.2 has made clear in his evidence that explanation given by DGO as per Ex. P.3 with regard to the alleged loan is false. PW.2 and 3 have nothing against DGO to depose falsely before this authority. Their evidence appears to be cogent and reliable and I do not find any reason to disbelieve their evidence. In their cross- examination also, defense counsel failed to elicit any material contradictions to discard their evidence. The defense of DGO that he received loan amount from PW.1 advanced by him to his brother-in-law cannot be accepted.” 12 The enquiry report concluded in this backdrop that the misconduct was established on the basis of the evidence of PW2 and PW3. Referring to the evidence of the complainant, the inquiry officer held that if in truth the respondent had not demanded a bribe and PW1 was returning a loan amount to the respondent as stated by DW 1, there was no necessity for the complainant to visit the office of the Lokayukta and to sign a complaint. The complainant was also present for the pre-trap and trap mahazar and appended his signatures. The enquiry report finds that there was no reason for PW2 and PW3 to depose falsely. No material inconsistencies were elicited during the cross examination by the respondent.

Consequently, the defense that the amount which was recovered from the respondent represented a loan was disbelieved and the misconduct was held to be proved.

13 The principles which govern a disciplinary enquiry are distinct from those which apply to a criminal trial. In a prosecution for an offence punishable under the criminal law, the burden lies on the prosecution to establish the ingredients of the offence beyond reasonable doubt. The accused is entitled to a presumption of innocence. The purpose of a disciplinary proceeding by an employer is to enquire into an allegation of misconduct by an employee which results in a violation of the service rules governing the relationship of employment. Unlike a criminal prosecution where the charge has to be established beyond reasonable doubt, in a disciplinary proceeding, a charge of misconduct has to be established on a preponderance of probabilities. The rules of evidence which apply to a criminal trial are distinct from those which govern a disciplinary enquiry. The acquittal of the accused in a criminal case does not debar the employer from proceeding in the exercise of disciplinary jurisdiction.

14 In a judgment of a three judge Bench of this Court in State of Haryana v. Rattan Singh⁵, Justice V R Krishna Iyer set out the principles which govern a disciplinary proceedings as follows:

“4. It is well settled that in a domestic enquiry the strict and sophisticated rules of evidence under the Indian Evidence Act may not apply. All materials which are logically probative for a prudent mind are permissible. There is no allergy to hearsay evidence provided it has reasonable nexus and credibility. It is true that departmental authorities and Administrative Tribunals must be careful in evaluating such material and should not glibly swallow what is strictly speaking not relevant under the Indian Evidence Act. For this proposition it is not necessary to cite decisions nor text books, although we have been taken through case-law and other authorities by counsel on both sides. The essence of a judicial approach is objectivity, exclusion of extraneous

materials or considerations and observance of rules of natural justice. Of course, fairplay is the basis and if perversity or arbitrariness, bias or surrender of independence of judgment vitiate the conclusions reached, such finding, even though of a domestic tribunal, cannot be held good. However, the courts below misdirected themselves, perhaps, in insisting that passengers who had come in and gone out should be chased and brought before the tribunal before a valid finding could be recorded. The ‘residuum’ rule to which counsel for the respondent referred, based upon certain passages from American Jurisprudence does not go to that extent nor does the passage from Halsbury insist on such rigid requirement. The simple point is, was there some evidence or was there no evidence — not in the sense of the technical rules governing regular court proceedings but in a fair commonsense way as men of understanding and worldly wisdom will accept. Viewed in this way, sufficiency of evidence in proof of the finding by a domestic tribunal is beyond scrutiny. Absence of any evidence in support of a finding is certainly available for the court to look into because it amounts to an error of law apparent on the record. We find, in this case, that the evidence of Chamanlal, Inspector of the Flying Squad, is some evidence which has relevance to the charge levelled (1977) 2 SCC 491 against the respondent. Therefore, we are unable to hold that the order is invalid on that ground.” (emphasis supplied) These principles have been reiterated in subsequent decisions of this Court including *State of Rajasthan v. B K Meena*⁶; *Krishnakali Tea Estate v. Akhil Bharatiya Chah Mazdoor Sangh*⁷; *Ajit Kumar Nag v. Indian Oil Corporation Ltd.*⁸; and *CISF v Abrar Ali*⁹.

15 In the course of the submissions, the respondents placed reliance on the decision in the *Union of India v. Gyan Chand Chattar*¹⁰. In that case, six charges were framed against the respondent. One of the charges was that he demanded a commission of 1% for paying the railway staff. The enquiry officer found all the six charges proved. The disciplinary authority agreed with those findings and imposed the punishment of reversion to a lower rank. Allowing the petition under Article 226 of the Constitution, the High Court observed that there was no evidence to hold that he was guilty of the charge of bribery since the witnesses only said that the motive/reason for not making the payment could be the expectation of a commission amount. The respondent placed reliance on the following passages from the decision:

“21. Such a serious charge of corruption requires to be proved to the hilt as it brings both civil and criminal consequences upon the employee concerned. He would be liable to be prosecuted and would also be liable to suffer severest penalty awardable in such cases. Therefore, such a grave charge of quasi-criminal nature was required to be (1966) 6 SCC 417 (2004) 8 SCC 200 (2005) 7 SCC 764 (2017) 4 SCC 507 (2009) 12 SCC 78 proved beyond the shadow of doubt and to the hilt. It cannot be proved on mere probabilities.

31. [...] wherein it has been held that the punishment should always be proportionate to the gravity of the misconduct. However, in a case of corruption, the only punishment is dismissal from service. Therefore, the charge of corruption must always be dealt with keeping in mind that it has both civil

and criminal consequences.” The observations in paragraph 21 are not the ratio decidendi of the case. These observations were made while discussing the judgment of High Court. The ratio of the judgment emerges in the subsequent passages of the judgment, where the test of relevant material and compliance with natural justice as laid down in Rattan Singh (supra) was reiterated:

“35. ...an enquiry is to be conducted against any person giving strict adherence to the statutory provisions and principles of natural justice. The charges should be specific, definite and giving details of the incident which formed the basis of charges. No enquiry can be sustained on vague charges. Enquiry has to be conducted fairly, objectively and not subjectively. Finding should not be perverse or unreasonable, nor the same should be based on conjectures and surmises. There is a distinction in proof and suspicion. Every act or omission on the part of the delinquent cannot be a misconduct. The authority must record reasons for arriving at the finding of fact in the context of the statute defining the misconduct.”

36. In fact, initiation of the enquiry against the respondent appears to be the outcome of anguish of superior officers as there had been an agitation by the railway staff demanding the payment of pay and allowances and they detained the train illegally and there has been too much hue and cry for several hours on the railway station. The enquiry officer has taken into consideration the non-

existing material and failed to consider the relevant material and finding of all facts recorded by him cannot be sustained in the eye of the law.” (emphasis supplied) On the charge of corruption, the Court observed in the above decision that there was no relevant material to sustain the conviction of the respondent since there was only hearsay evidence where the witnesses assumed that the motive for not paying the railway staff “could be” corruption. Therefore, the standard that was applied by the Court for determining the validity of the departmental proceedings was whether (i) there was relevant material for arriving at the finding; and (ii) the principles of natural justice were complied with.

16 In Karnataka Power Transmission Corporation Ltd. v. C. Nagaraju, this Court has held:

"9. Acquittal by a criminal court would not debar an employer from exercising the power to conduct departmental proceedings in accordance with the rules and regulations. The two proceedings, criminal and departmental, are entirely different. They operate in different fields and have different objectives. In the disciplinary proceedings, the question is whether the Respondent is guilty of such conduct as would merit his removal from service or a lesser punishment, as the case may be, whereas in the criminal proceedings, the question is whether the offences registered against him under the PC Act are established, and if established, what sentence should be imposed upon him. The standard of proof, the mode of inquiry and the rules governing inquiry and trial in both the cases are significantly distinct and different.” The Court also held that:

“Having considered the submissions made on behalf of the Appellant and the Respondent No.1, we are of the view that interference with the order of dismissal by the High Court was unwarranted. It is settled law that the acquittal by a Criminal Court does not preclude a Departmental Inquiry against the delinquent officer. The disciplinary authority is not bound by the judgment of the Criminal Court if the evidence that is produced in the Departmental Inquiry is different from that produced during the criminal trial. The object of a Departmental Inquiry is to find out whether the delinquent is guilty of misconduct under the conduct rules for the purpose of determining whether he should be continued in service. The standard of proof in a Departmental Inquiry is not strictly based on the rules of evidence. The order of dismissal which is based on the evidence before the Inquiry Officer in the disciplinary proceedings, which is different from the evidence available to the Criminal Court, is justified and needed no interference by the High Court.”

17 In the exercise of judicial review, the Court does not act as an appellate forum over the findings of the disciplinary authority. The court does not re-appreciate the evidence on the basis of which the finding of misconduct has been arrived at in the course of a disciplinary enquiry. The Court in the exercise of judicial review must restrict its review to determine whether: (i) the rules of natural justice have been complied with; (ii) the finding of misconduct is based on some evidence; (iii) the statutory rules governing the conduct of the disciplinary enquiry have been observed; and (iv) whether the findings of the disciplinary authority suffer from perversity; and (vi) the penalty is disproportionate to the proven misconduct.¹¹ However, none of the above tests for attracting the interference of the High Court were attracted in the present case. The Karnataka Administrative Tribunal having exercised the power of judicial review found no reason to interfere with the award of punishment of compulsory retirement. The Division Bench of the High Court exceeded its jurisdiction under Article 226 and trenched upon a domain which falls within the disciplinary jurisdiction of the employer. The enquiry was conducted in accordance with the principles of natural justice. The findings of the inquiry officer *State of Karnataka v. N. Gangaraj*, (2020) 3 SCC 423; *Union of India v. G. Ganayutham* (1997) 7 SCC 463; *B.C. Chaturvedi v. Union of India*, (1995) 6 SCC 749; *R.S. Saini v State of Punjab* (1999) 8 SCC 90; and *CISF v Abrar Ali* (2017) 4 SCC 507.

and the disciplinary authority are sustainable with reference to the evidence which was adduced during the enquiry. The acquittal of the respondent in the course of the criminal trial did not impinge upon the authority of the disciplinary authority or the finding of misconduct in the disciplinary proceeding. 18 For these reasons, we allow the appeals and set aside the impugned judgment and order of the High Court of Karnataka at the Kalaburagi Bench dated 29 November 2017 in Writ Petition Nos. 202250-251/2016 (S-KAT). The Petition instituted by the respondent under Article 226 of the Constitution shall stand dismissed. The finding of misconduct and the punishment of compulsory retirement are restored.

19 There shall be no order as to costs.

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

.....J [Dr Dhananjaya Y Chandrachud]
.....J [Surya Kant] New Delhi;

March 22, 2022