

The Supreme Court of India underscores the need for oral enquiry in departmental disciplinary proceedings

In *Jai Prakash Saini vs. Managing Director, U.P. Cooperative Federation Limited & Ors.*¹, the Hon'ble Supreme Court of India ("Supreme Court") examined the validity of a departmental disciplinary enquiry that culminated in the dismissal of the appellant from service and recovery of amount. The Supreme Court set aside the dismissal and recovery order passed against the appellant, holding that the disciplinary enquiry was vitiated since no oral enquiry was conducted and no witnesses were examined, despite the charges being expressly denied.

Brief facts

In the present case, the appellant was employed with the Uttar Pradesh ("U.P.") Cooperative Federation Limited and was posted as the in-charge of a paddy procurement centre. The appellant was served with a charge-sheet alleging short delivery of paddy procured from farmers and a supplementary charge-sheet alleging embezzlement arising from falsified records.

The departmental enquiry concluded that the charges were proved, resulting in the appellant's dismissal and issuance of recovery directions. The appellant challenged the disciplinary findings before the High Court of Allahabad ("Allahabad High Court"), contending that no oral enquiry was conducted, no witnesses were examined, and that principles of natural justice as well as the applicable service regulations were violated. The Allahabad High Court dismissed the writ petition, holding that documentary evidence indicated that the appellant had embezzled funds and adequate opportunity had been granted to the appellant during the enquiry. Aggrieved from the Allahabad High Court's order, the appellant approached the Supreme Court.

Issue

The main issues before the Supreme Court were:

1. Whether a disciplinary enquiry is valid when charges are denied but no oral enquiry or witness examination is conducted?
2. Whether the employee's response could be treated as an admission of guilt?

¹ Civil Appeal No.... of 2026 (arising out of SLP (C) No. 2900/2020) (decided on April 1, 2026)

Findings and analysis

At the core of the dispute before the Supreme Court was whether a disciplinary enquiry can be sustained where the delinquent employee has denied the charges in the chargesheet, but the enquiry officer has proceeded to findings without examining any witnesses or holding an oral enquiry. The Supreme Court noted that it was an undisputed fact, which was even admitted by the employer in written submissions, that no witnesses were examined during the disciplinary proceedings, despite the appellant expressly denying charges. The Supreme Court rejected the employer's argument that the appellant's replies were "evasive" and therefore amounted to an admission, clarifying that a departmental charge-sheet is not akin to pleadings in a civil suit and that evasive replies cannot be treated as admissions of guilt.

The Supreme Court reaffirmed the settled legal position that unless charges are expressly admitted, the burden lies on the employer to prove the charges by leading evidence in a duly convened oral enquiry. The Supreme Court emphasised that proof of misconduct cannot rest on documentary material alone unless such documents are admitted by the employee.

Interpretation of applicable service rules

The Supreme Court examined Rule 84 of the U.P. Cooperative Federation Employees Service Rules, 1980, read with Regulation 85 of the U.P. Cooperative Societies Employees Service Regulations, 1975. These provisions mandate observance of principles of natural justice, including the right of the employee to cross-examine witnesses and to be heard in person.

The Supreme Court held that these provisions impose a mandatory obligation on the employer to conduct a proper enquiry where witnesses are examined in the presence of the accused employee and offered for cross-examination. Failure to adhere to such procedure vitiates the enquiry in its entirety.

Reliance on judicial precedence

Reiterating its earlier decisions, including *Sur Enamel and Stamping Works Limited. vs. Workmen*², *State of Uttarakhand vs. Kharak Singh*³ and *Chamoli District Co-operative Bank Limited vs. Raghunath Singh Rana*⁴, the Supreme Court emphasised that disciplinary enquiries should not become empty formalities.

The Supreme Court in the above cases had highlighted that a valid enquiry requires, at minimum: (a) clear communication of charges; (b) examination of witnesses in presence of the employee; (c) fair opportunity to cross-examine such witnesses; and (d) a reasoned enquiry report. Any deviation from this framework, where the charges are contested, amounts to denial of reasonable opportunity.

Impact on Allahabad High Court's decision

Having found that the enquiry itself stood vitiated, the Supreme Court allowed the appeal and set aside the judgement of the Allahabad High Court. The Supreme Court also clarified that once the enquiry is held unlawful, consequential order of dismissal and recovery could not be sustained.

However, balancing employee rights with employer autonomy, the Supreme Court granted liberty to the employer to conduct a *de novo* enquiry in accordance with law within 6 (six) months. The Supreme Court further laid down detailed directions on reinstatement with continuity in service, suspension until completion of enquiry, payment of suspension allowance, and other service benefits depending on whether the employer elects to proceed with a fresh enquiry and its eventual outcome.

² AIR 1963 SC 1914 (date of decision May 7, 1963)

³ (2008) 8 SCC 236 (decided on August 13, 2008)

⁴ (2016) 12 SCC 204 (decided on May 18, 2016)

Conclusion

The Supreme Court's decision serves as a reaffirmation of principles governing disciplinary proceedings that oral enquiry and examination of witnesses are mandatory where charges are denied, even in cases predominantly based on documentary evidence.

This ruling underscores that compliance with service rules and principles of natural justice are not mere procedural requirements, but a substantive safeguard against arbitrary disciplinary action. Importantly, the Supreme Court rejected employer's attempt to bypass oral enquiry by characterising the employee's replies as evasive admissions, thereby reinforcing the evidentiary burden on employers in misconduct cases.

From a practical standpoint, the judgment has significant implications emphasising that the disciplinary authorities must ensure strict adherence to prescribed enquiry procedures, failing which disciplinary actions, even if substantively justified, stands at a risk of being set aside.

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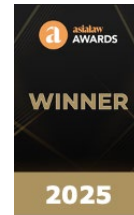
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