

Circular No – 004/2026

Date: 09.01.2026

To
All Members of The Association

**Supreme Court holds that mere deposit of Embezzled amount
will not absolve an employee of his misconduct.**

1. Facts of the Case the employee was working as Gramin-Dak-Sevak / Branch Postmaster. Certain irregularities were found during inspection about misappropriation of Public Funds. The employee was receiving the amount from the account holders and not entering the same in the books of the Account though Passbook of account holders had been stamped. The employee was dismissed from service, based on the charges proved in the enquiry, though the employee had deposited the amount Embezzled by him. The employee challenged the dismissal before the Tribunal. His petition was dismissed by the Tribunal. He challenged the decision of the Tribunal before the High Court. The Hon'ble High Court set-aside the order of dismissal and ordered for his reinstatement.

2. The department challenged the orders of the High Court before the Supreme Court. Supreme Court allowed the Civil Appeal filed by the department and observed as under.

- Under judicial review, only the process of inquiry could be gone into and not the case on merits.
- When no defect was pointed out in process of enquiry, misappropriation was admitted by the employee, deposited of misappropriated amount was admitted, forgiveness was prayed, punishment of dismissal is justified.
- When the documents clearly established the factum of embezzlement, passbooks of the account holders were stamped with the receipt of the amount with no corresponding entries in the books of accounts maintained in the post office, it is a grave and service misconduct justifying punishment of dismissal from service.
- Mere deposit of embezzled amount will not absolve an employee of the misconduct.
- Relationship of a customer with a banker/financial institution is of mutual trust.
- An account holder may not be privy to the manner in which the accounts of the financial institution are maintained and also whether the corresponding entries were made or not in the books of accounts maintained there.





- Explanation of the employee that passbooks of the account holders were stamped due to his ignorance of the Rules, cannot be accepted being farfetched and afterthought. (Union of India and others Vs Indraj-2006LLR page 1)

For KARNATAKA EMPLOYERS' ASSOCIATION
Sd/
[B C Prabhakar]
President