



**MANAGING DIRECTOR, ELECTRONIC CORPORATION OF INDIA V. B.
KARUNAKAR (1993)**

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INTRODUCTION

“Article 311(2) in the Constitution of India: (2) No such person as aforesaid shall be dismissed or removed or reduced in rank except after an inquiry in which he has been informed of the charges against him and given a reasonable opportunity of being heard in respect of those charges;

Provided that where it is proposed after such inquiry to impose upon him any such penalty, such penalty may be imposed based on the evidence adduced during such inquiry, and it shall not be necessary to give such person any opportunity of making representation on the penalty proposed:

Provided further that this clause shall not apply—

(a) where a person is dismissed or removed or reduced in rank on the ground of conduct which has led to his conviction on a criminal charge; or

(b) where the authority empowered to dismiss or remove a person or to reduce him in rank is satisfied that, for some reason, to be recorded by that authority in writing, it is not reasonably practicable to hold such inquiry; or

(c) where the President or the Governor, as the case may be, is satisfied that in the interest of the security of the State, it is not expedient to hold such inquiry.”

The principles of natural justice are dealt with in the present case. The main question revolves around this principle and the flexibility, applicability and scope of it.

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Audi Alteram Partem (listen to the other side): This rule states that all sides should be heard and no one should be left unheard.

Reasoned Decision: This rule states that the authority must give clear reasons for its decisions.

FACTS OF THE CASE

The Respondent, B. Karunakar working at the Electronic Corporation of India (ECIL) as a Senior Technical Officer. In December 1986, he was served with a memorandum of charges alleging him of selling TV sets unauthorizedly. On March 13, 1987, the investigation was conducted and recorded evidence by an enquiry officer and found Karunakar guilty as his actions were fraudulent and lacked integrity. Even though he was allowed to participate in the enquiry and cross-examine witnesses, he did not receive a copy of the enquiry officer's report before the disciplinary authority passed the punishment order. On April 27, 1987, the disciplinary authority proceeded to remove Karunakar from the service, and the removal order was confirmed as the subsequent appeal to the higher authority was dismissed.

BACKGROUND

B. Karunakar, after the confirmation of his removal, filed a Writ petition U/226 of the Indian Constitution in the High Court of Andhra Pradesh. Initially, it was dismissed by a Single Judge, but later it was overturned by the Division Bench, and an appeal was referred to the Supreme Court's judgment on *Union of India v. Mohd. Ramzan Khan*,¹ which upheld that if no enquiry report is provided to the delinquent employee, it is considered a violation of Natural Justice.

However, the ruling created pervasive legal ambiguity as it was given in reference to *Ramzan Khan*, and it is only applicable to cases filed after November 20, 1990, but this case preceded this. This widespread uncertainty, coupled with a direct conflict between two Verdicts given by the Supreme Court and both from three-judge benches cases only—namely, *Union of India v. Mohd. Ramzan Khan* (1991) by stating that in the case of non- furnishment of a report is a violation of Natural Justice, but with prospective application and *K. C. Asthana v. State of U.P.*,² which stated that after the 42nd Amendment, the non- furnishing of a report was "immaterial". By this, the lower courts couldn't reconcile them, based on the same legal

¹ 1991 AIR 471

² AIR1988SC1338

question many appeals joined together with this case, and by all this, it was referred to the Supreme Court to a larger bench of five judges for a final decree.

The larger bench upheld Ramzan Khan's principle and rejected Asthana's reasoning. It stated that right to access the enquiry report is an indispensable part of an employee's "reasonable opportunity" under article 311(2) of Indian constitution, a substantive right for all employees despite of their service rules and the legal issues about 42nd amendment clarified by court stating only right to challenge the proposed punishment is removed but not employee's right to challenge the findings of guilt in the enquiry report. Finally, while confirming the prospective application of this rule (the action before 20th November 1990, is not invalidated) and a detailed procedure is laid down, firstly, the courts must review whether non-furnishment of the report caused prejudice or not. In the event prejudice is found, the employee will be rehired only to resume the enquiry from the point where the report was to be provided and at a later date, back wages are determined by the disciplinary authority.

ANALYSIS

Affirmation and Reinforcement of "Reasonable Opportunity" and Natural Justice

Principles: The core idea of B. Karunakar's judgment was that even an employee has the fundamental right to get a copy of the investigation report. This is considered a crucial part of their "reasonable opportunity" to defend themselves, a right protected under Article 311 (2) of the Indian Constitution. This is not just a small technical formality but a vital right because the report is paramount in helping the disciplinary authority to decide guilt and punishment. This fits perfectly with and strengthens the principle from earlier cases:

Khem Chand v. Union of India:³ The B. Karunakar judgement reinforces the definition of "reasonable opportunity" which was provided by Khem Chand. This case highlights the ability of employees to defend themselves in all ways.

P. Joseph John v. State of Travancore, Cochin:⁴ This case emphasised the point that before concluding, an employee should get a fair chance to respond. B. Karunakar extends this idea by saying that a report is necessary for a meaningful response.

³ 1958 AIR 300

⁴ 1955 AIR 160

Calcutta Dock Labour Board v. Jaffar Imam:⁵ This case stressed the point that the presentation of proper evidence and testing is essential for conducting a fair investigation. B. Karunakar says getting the report is essential for ensuring this fair defence.

A. K. Kraipak v. Union of India:⁶ The B. Karunakar decision shows how flexible yet powerful the rules of Natural Justice are applicable to government decisions by ensuring fairness, as A.K. Karpiak taught.

Chairman, Board of Mining Examination v. Ramjee:⁷ While promoting fairness over strict rules, Ramjee's focus on overall justice is met by B. Karunakar's insistence that the report is a non-negotiable part of a truly fair situation.

Institute of Chartered Accountants of India v. L. K. Ratna⁸ and subsequent cases (**Charan Lal Sahu, C. B. Gautam**):⁹ These cases emphasise the point that, even if the law doesn't specifically cover anything/if it is silent, then the principle of natural justice is applicable. B. Karunakar reinforced the above point by saying that employees have the right to get an investigation report even if the service rules are silent or seem to forbid it, implying natural justice can cover/fill up the gaps.

Resolution of Conflicts and Solidification of the Inquiry Report Supply Requirement: The B. Karunakar judgment cleared the long-lasting confusion and disagreements in law regarding—

Whether the employee have the fundamental right to get the report before being punished?

Explicit Rejection of Asthana's View: Supreme Court rejected the opinion which was delivered in the earlier case - Kailash Chander Asthana v. State of U. P.,¹⁰ where authorities were allowed not to give an inquiry report. This judgment effectively overturned the Asthana position by clearing up the legal uncertainty.

Affirmation and Elucidation of Ramzan Khan: The decision clearly supported the rule which was established in Union of India v. Mohd. Ramzan Khan (1991) confirms the point that providing the inquiring reports is absolutely required to ensure fairness in the proceedings.

⁵ 1966 AIR 282

⁶ AIR 1970 SUPREME COURT 150

⁷ 1977 AIR 965

⁸ 1986 SCR (3)1048

⁹ 1989 SCR SUPL. (2) 597

¹⁰ AIR1988SC1338

Clarification of Post-42nd Amendment Position: There was confusion between the 42nd Constitutional Amendment and how it was interpreted in cases like *Union of India v. Tulsiram Patel*¹¹ and *Ram Chander v. Union of India*.¹² This was addressed by the Supreme Court and clearly states that the 42nd Amendment only removed the need for a second chance to argue against the proposed punishment, and also confirmed that it did not and could not take away the fundamental rights of employment to challenge the guilty findings in the report itself. Therefore, B. Karunakar provided a key clarification – there is a vital difference between arguing against the findings and arguing against the punishment.

Therefore, in this way, the judgment by the Supreme Court reaffirmed fundamental principles of “reasonable opportunity” and the pervasive applicability of natural justice by clarifying the precise effect of the 42nd Amendment.

Universal Applicability and Supremacy of Natural Justice: The Supreme Court declared this rule applied to all types of employees, whether in the government, private or public sector, whenever an investigation was needed before the enhancement of punishment. This judgement reinforced the constitutional rights and the principle of natural justice are superior to all other rules that might be in conflict in nature and held that it applies “regardless of whether the service rules are silent or even prohibit the furnishing of the report”.

Strengthening of Prior "Supply Report" Judgments: This decision gave the final approval to the earlier cases, which all those pushed for mandatory supply of inquiry report in order to make the authority stronger. These include:

- *Union of India v. H. C. Goel* (1964)¹³
- *State of Gujarat v. R. G. Teredesai* (1969)¹⁴
- *State of U. P. v. Sabir Hussain* (1975)¹⁵
- *Union of India v. E. Bashyan* (1988)¹⁶

Affirmation of Prospective Application and Introduction of a Detailed "Moulded Relief" Procedure: The B. Karunakar judgment not only declared important legal rights but also gave

¹¹ 1985 SCR SUPL. (2) 131

¹² 1986 SCC (4) 12

¹³ 1964 SCR (4) 718

¹⁴ 1970 SCR (1) 251

¹⁵ 1975 SCR 354

¹⁶ 1988 SCR (3) 209

a practical method in order to apply these rights, especially to older cases where rules are not applicable.

Reaffirmation of Prospective Application: In this judgment, the Court explicitly confirmed that the new rule would be applicable only to future actions, meaning it would not cancel disciplinary actions that happened before November 20, 1990 (when Mohd. Ramzan Khan was decided). This follows the principle of “Prospective Overruling”, which was first introduced in *L. C. Golak Nath*¹⁷ and specifically used in Mohd. Ramzan Khan.

Introduction of Detailed "Moulded Relief" Procedure: A key innovation of this judgment is the introduction of a structured step-by-step method for courts to assess cases where the enquiry report wasn't furnished before the punishment order, centred around the crucial prejudice test.

- At the first instance, the Court determines – if the report was not given, then does it actually harm the ability of the employee to defend themselves?
- If no harm is found, the punishment remains.
- If clear harm is proven, then the punishment would be set aside, and the employee gets the job back, and the inquiry must restart from the point where the report was served.
- The disciplinary authority has the right to decide whether they get back pay or benefits, but the court doesn't have the right to be involved in this matter.

This new, flexible and fair method is called “moulded relief” because the court remedies fit the facts of the case accordingly, only to pending or future cases, to maintain reliability and avoid unnecessary disruption.

The Court built this idea from several important earlier cases:

- *State Bank of India v. N. Sundara Money*¹⁸
- *Atam Prakash v. State of Haryana*¹⁹
- *Orissa Cement Ltd. v. State of Orissa*²⁰
- *Victor Linkletter v. Victor G. Walker*²¹

¹⁷ 1967 SCR (2) 762

¹⁸ 1976 SCR (3) 160

¹⁹ 1986 SCR (1) 399

²⁰ 1991 SCR (2) 105

²¹ 1965 US 381

In conclusion, the Managing Director, Electronic Corporation of India v. B. Karunakar judgment is a landmark decision that has played a vital role in making service law definitively clear. Many past legal ideas about disciplinary practices and natural justice were combined effectively and reinforced. At the same time, in past handling instances where rules weren't followed, a practical and fair system was introduced in detailing a remedy process by overturning the past decisions in conflict, as a result, seen in prioritising the right to receive an enquiry report and making disciplinary actions more proper and fairer.

CONCLUSION

Summarising the arguments/propositions in the decision:

By Appellant (original respondent): The State argued that furnishing the show-cause notice (or) enquiry report, which is an earlier requirement, was removed by the 42nd Amendment and the disciplinary proceeding held after the Amendment, so there is no violation of any constitutional (or) legal requirements by not furnishing the report.

By Respondents (original petitioner): Mr B. Karunakar contended that it was a violation of principles of natural justice by not furnishing a copy of the enquiry officer's report before passing the punishment order and claimed that the punishment was procedurally unfair as he was denied the opportunity to properly defend himself.

Scholarly Perspective supporting Respondents stand: The prominent legal scholars like Lord Lloyd, Andrew Nicol, Cross and Harris, and P.S. Atiyah stated that the parties are performing a public service by helping courts to correct outdated legal cases therefore they should get the benefit of new ruling also or else, litigants would get no motivation to contest outdated cases and this principle was in favour of Respondent in the present case to get the benefit, not only merely applying it in future matters.

The lacunae in the legal framework:

Subjectivity in the Prejudice Test: The Supreme Court said that, if an employee wasn't prejudiced by not getting the inquiry report, then the punishment can stand. But the Court doesn't mention that what counts as "prejudice" is sometimes subjective/unclear, and leads to:

- Delays in resolving the disciplinary actions.
- Registering more cases in court.

- Issues with Prospective Overruling:

The court held that the rule applies to future cases but is retrospective (past cases)

But few legal scholars argue that it is unfair to the litigants who successfully challenged the old rule and therefore, benefits (awards) need to be granted as they helped in improving the law.

Balanced via 'Moulded Relief': To address this, the Court introduced the moulded relief for the flexible relief system:

- The employee gets their job back only after the rehearing of the case in a fair manner.
- It balances the fairness to the individuals by upholding the stability of the law.

This approach encourages people to challenge the bad laws by avoiding legal chaos. The decision of the Supreme Court had a significant impact on disciplinary proceedings and service law by:

It settled confusion: Before the existence of this case, different courts had different views on mandatorily giving the inquiry reports. To which B. Karunakar's judgement resolved the confusion once and made it applicable to all.

It reinforced natural justice: The present judgment made it clear that the principle of Natural Justice must be followed in disciplinary proceedings. The employee must get an inquiry report so they can defend themselves properly.

It made the process fairer and more transparent: By sharing the reports with the respective person, the process involves openness and just by preventing the hidden decisions against the employee.

It unified past conflicting rulings: The Supreme Court brought all the earlier conflicting decisions under one consistent principle and finally created a uniform rule for future cases.

It guided both authorities and courts: After this judgement, the disciplinary authority and courts set a standard, a binding rule to follow across India, ensuring the uniformity in the application of law.

The Subsequent decisions by the Supreme Court, which have relied, mentioned, and discussed, affirmed the same: The Supreme Court, in numerous subsequent cases been relied upon, affirmed and discussed consistently the principles laid down in the B. Karunakar case, reinforcing its position as a foundational principle in service law. Key instances include:

State Bank of Patiala v. S.K. Sharma:²² This key judgement thoroughly developed and implemented the ‘prejudice rule’ derived from the B. Karunakar case. The ruling clarified that a disciplinary outcome would not be automatically invalid by every procedural defect unless causing real prejudice to the employee, thereby setting a balanced framework for evaluating breaches of natural justice.

Canara Bank v. V.K. Awasthy:²³ This judgement reaffirmed that the principles laid down in the B. Karunakar case, the judgement confirmed that providing the enquiry report is a necessary element of fair procedure and natural justice, directly relying on the B. Karunakar case and underscoring the role of the prejudice test.

Essentially, ECIL v. B. Karunakar corrected a major legal inconsistency and set out clear principles that still shape disciplinary proceedings and continued to ensure justice for employees, while accommodating reasonable solutions to procedural flaws. Its lasting impact is demonstrated by the apex court’s repeated reliance on it in later rulings.

²² (1996) 3 SCC 364

²³ (2005) 6 SCC 321