

ACARA INSIGHTS

"..... dismissal must remain reserved for cases where the misconduct is of the most serious nature where elements of synthetic consideration would be undesirable and inappropriate."

Hon'ble Supreme Court
June 11, 2026

Dear Reader,

The Hon'ble Supreme Court, in a judgment dated June 11, 2026, in ***Surekha Domaji Bele v. Executive Engineer, MSEDCL***¹, has held that because of the severity of the impact of dismissal on not only on the employee but also to his dependents, the disciplinary authority must be very careful in seeking to impose the severest form of punishment of dismissal.

Facts:

The Appellant was appointed in Maharashtra State Electricity Distribution Company Ltd ("MSEDCL") in the year 1985. The Appellant was placed under suspension on 04.09.2006 pending disciplinary enquiry on allegations of indiscipline, insubordination, disobedience of superior officers, tampering with official documents and negligence. On 19.09.2006, charge-sheet was issued to Appellant placing her for domestic enquiry. The domestic enquiry proceeded *ex parte*, and a show-cause notice, based on the enquiry report, was issued directing termination of the Appellant. Appellant challenged the show-cause notice before the Labour Court. The Labour Court, by order dated 29.11.2014, held that the domestic enquiry was unfair and the findings were perverse, however, MSEDCL was permitted to establish the alleged misconduct. The Labour Court, *vide* judgment dated 27.06.2017 held in favour of MSEDCL stating that the misconduct was proved.

Thereafter, on 12.07.2017, MSEDCL dismissed the Appellant from service and directed that the entire period of suspension be treated as punishment. The Appellant's challenge to the Labour Court's finding of misconduct was dismissed by the Industrial Court. Appellant subsequently challenged the dismissal order by filing Complaint before Labour Court, challenging, *inter alia*, competence of disciplinary authority to pass the dismissal order and contending that no fresh show-cause notice had been issued after the Labour Court's findings, subsistence allowance had not been paid during the prolonged suspension, treating the suspension period as punishment was illegal, and that the penalty of dismissal was disproportionate.

The Labour Court dismissed the above-mentioned complaint on 08.08.2019, holding that the findings of misconduct had already attained finality. The Industrial Court affirmed the decision on 18.01.2023, and the Hon'ble High Court of Bombay dismissed the Appellant's writ petition as well as her review application. Aggrieved by the judgements of the Hon'ble High Courts, the

Appellant filed Special Leave Petition before the Hon'ble Supreme Court.

¹ 2026 SCC OnLine 1109

Findings:

The Hon'ble Supreme Court observed that:

- a. Authorities must consider factors such as the absence of financial misappropriation, long service of employee, period to which the allegations of misconduct relate, minor lapses while deciding penalty for misconduct.
- b. The punishment must bear a reasonable relationship with the gravity of the misconduct, past service record, surrounding circumstances and impact of misconduct on the establishment.
- c. Dismissal from service is the severest form of penalty which can be inflicted on an employee.
- d. Termination deprives the employee of the incidents of past service including retiral benefits. It does not lead merely to the loss of the existing source of income for the employee but also for the dependent family members.
- e. Disciplinary authorities must be very careful in seeking to impose the severest form of punishment of dismissal.
- f. Termination leaves permanent stigma on the service record of the employee concerned and can impair future employment prospects. Therefore, the dismissal must remain reserved for cases where misconduct is of the most serious nature and where synthetic consideration would be inappropriate.
- g. Termination is justified in cases such as corruption, illegal gratification, moral turpitude, misappropriation of funds, proved pecuniary loss to the employer, public scandal, conduct bringing the institution into public disrepute.
- h. Authority is not relieved of its duty to consider all relevant factors to see whether the facts of the case truly warrant dismissal even when the regulations include dismissal as one of the punishments for acts of misconduct.
- i. Dismissal is justified where the misconduct is of such gravity that continuance of the employee would be wholly incompatible with trust and institutional functioning.

Relief:

The Hon'ble Supreme Court partly allowed the appeal by setting aside the dismissal order dated 12.07.2017 and remitting the matter to the competent disciplinary authority to reconsider the quantum of punishment. The Court further directed that the penalty imposed should be commensurate with the gravity of misconduct.

Conclusion:

The judgment cautions that dismissal from service being the severest form of penalty, must be imposed on evaluation of all relevant factors. The disciplinary authority must independently determine the appropriate penalty. In doing so, it must consider the employee's past service record, length of service, nature and gravity of the misconduct, absence of financial loss, and whether a lesser punishment would meet the ends of justice.

Yours sincerely,

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