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Case Comment: Managing Director ECIL, Hyderabad v B. Karunakar (1993)

Sahil Khan^a Ridhima Joon^b

^aSymbiosis Law School, Nagpur, India ^bSymbiosis Law School, Nagpur, India

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INTRODUCTION

The case *Managing Director ECIL, Hyderabad v B. Karunakar*¹ went a long way in changing the approach towards service law, especially the interpretation of Article 311(2) of the Constitution. The main point of contention in the case was whether or not an employee, who has been found delinquent, has a right to be provided with a copy of the report of the Inquiry Officer prior to the final decision being made by the disciplinary authority on how he/she is to be punished. The case emerged when the government and the public sector employees were generally uncertain about their disciplinary procedures following the opposing precedents.

The case reinforced the idea that providing a copy of the inquiry report is a key aspect of the right to a reasonable opportunity to be heard, which is enshrined in the concept of natural justice. And even where something is not made clear in the service rules, the Court held that the constitutional protection would apply. In doing so, the judgment was able to harmonise prior

¹ *Managing Director ECIL, Hyderabad v B Karunakar* (1993) 4 SCC 727

case laws, and this provided an absolute, binding rule that failure to produce the report would be tantamount to denial of fair hearing. This discussion examines the context, rationale and consequences of the judgment of the Court as well as its doctrine and whether it is still applicable today with respect to administrative and disciplinary proceedings.

BACKGROUND

Managing Director ECIL, Hyderabad v B. Karunakar was a case that arose in the backdrop of confusion on disciplinary, or rather a disciplinary procedure, in the context of an employee in public employment, especially concerning the right of a public employee to get a copy of the report made by the Inquiry officer before punishment can be meted out. B. Karunakar, who was a staff member of the Electronics Corporation of India Limited (ECIL), was relieved of his/her duties after an inquiry regarding acts of misconduct was performed. Nonetheless, the disciplinary authority meted out the punishment without providing him a copy of the findings by the Inquiry officer who found him guilty.

Karunakar objected to this act in the High Court on the basis that failure to produce the report had infringed his right to a reasonable opportunity in the defence of himself in terms of Article 311(2) of the Constitution and natural equity in general. A high court concurred and struck down the dismissal order. The matter of this decision was appealed by ECIL to the Supreme Court.

Such a problem, however, was not an isolated one. Various similar cases had occurred elsewhere in India and presented themselves to both different High Courts and the Supreme Court. The legality behind this was questionable due to the divided decisions on the same by the Supreme Court itself. In *Union of India v Mohd. Ramzan Khan* (1991)², it was considered by the Court that failure to supply the report before punishment was given was against the Constitution. However, this has changed in *Kailash Chandra Asthana v In State of U.P.* (1988)³, a contrary conclusion was reasoned in another bench because of the 42nd Constitutional Amendment, which had abolished the need for a second opportunity to show cause.

With such competing rulings, a three-judge bench in the Supreme Court sent the ruling to an enlarged Constitution Bench to resolve the law. A few different appeals and petitions were

² *Union of India and Ors v Mohd Ramzan Khan* AIR 1991 SC 471

³ *Kailash Chander Asthana v State of UP and Ors* AIR 1988 SC 1338

united, and they were identical to serve the purpose of answering the main question: Does the failure to submit the report of the Inquiry Officer break Article 311(2) and the principles of natural justice in case there are no rules in the article and do not marry with it?

It was therefore the task of the Constitution Bench to clear up the aspect of whether the procedural protection of providing the report was an essential aspect of a just disciplinary procedure. The ruling would be far-reaching amongst the government bodies and bodies in the public sector undertakings, as well as employees nationally.

ANALYSIS

The decision of the Supreme Court in *Managing Director, ECIL, Hyderabad v B. Karunakar* is a landmark order that head dives into the deeper layers of the principles of natural justice, interpretation of Article 311(2) of the Constitution of India and the soundness of the disciplinary action conducted in the field of the state service. This judgment, given by a Constitution Bench, is noteworthy not only due to eliminating confusion that has persisted in the judiciary over its treatment but also enunciates a prescribed procedure to safeguard fairness in administrative proceedings.

The crux of the Court ruling can be found in the spirited ruling that one has the right to be heard, which is called *audi alteram partem*. The Court recognised that where the disciplinary authority is not the Inquiry Officer, the conclusions of the inquiry must be of crucial value as part of material evidence. If such findings are not favourable to the employee yet remain unknown, it puts the employee at an unbalanced level. The employee is not given a chance to counter those report findings, inconsistencies, and the evidence that the report is based on. Therefore, the non-provision of the report of inquiry to the disciplinary arm preceding its decision implies a denial of a fair hearing and a breach of the principles of natural justice.

The other important element of the analysis made by the Court was the difference between the two disciplinary proceedings. In the initial phase, there is a process of carrying out the investigation and compilation of the conclusions by the Officer of Inquiry. The second step will commence where the disciplinary authority uses its mind to the findings and acts either to impose the penalty or not. The Court made it clear that even though Article 42, Amendment 42, in the Constitution had eliminated the need to have the opportunity to show cause on the

punishment itself, a second chance on the findings did not get removed under this, and this was particularly where the disciplinary authority and the inquiry officer were not the same. When such happens, the delinquent employee should be provided with the report of the inquiry before the disciplinary authority makes a decision, since it is part of the right of the employee to defend himself/herself against the charges.

According to the Court, such a right does not depend on statutory rules of service. Such rules would be trumped by constitutional principles even where the formulation of the rules does not mention the rule codifying the need to provide the report or equally negative the rule. Whether to receive the report was considered a right to a reasonable opportunity to be heard, which was inherent in Article 311(2), and natural justice. The judgment is therefore one that addressed procedural fairness on the level of constitutional imperative, opposed to what could be determined by administrative whims and wishes, not to mention departmental regulations.

The Court was also realistic and reasonable in its considerations on the non-compliance aftereffects. It ruled out because every disciplinary proceeding in which the report had not been produced should be quashed as a matter of course. Rather, it proposed a prejudice-based test where the courts are supposed to look at whether the report would have actually prejudiced the defence of the employee. This method aims to curb the right of natural justice being used as a technical convenience in cases where the result would not have been different anyway had the report been provided. The Court also stated that natural justice should not be made into a mere ritual procedure, but should be an instrument towards the attainment of a fair and just result.

Moreover, the judgment gave a definite idea of prospective application of the rule as pronounced in the Ramzan Khan case, declaring that its principles would only apply to the orders of punishment passed after 20 November 1990 (the date on which the Ramzan Khan decision was given). This was needed to avoid a possible upheaval of thousands of pre-existing disciplinary measures. Nevertheless, by so doing, the Court also recognised the oddity between the date at which Ramzan Khan had affected the pending matters and unwittingly relating those matters to reliefs that had not been prospective. The Court in Karunakar, to remedy this, limited the comfort of prospective overruling to the appellants in that very case, but stood by the principle of prospective overruling.

Jurisprudentially, Karunakar not only reiterates what is already written, but he also explains and refines the doctrine of natural justice. It elevates the right to fairness of the employee to constitutional grounds, and it has established a procedural requirement of the disciplinary authorities that is well structured. It also highlights the non-delegable facet of the disciplinary authority in its capacity to use its own mind to the evidence and its findings following supplying the employee a chance to comment on the inquiry survey.

It is safe to say that on a doctrinal level, the judgment is similar to a series of landmark decisions like *Khem Chand v Union of India & Ors*⁴, *A. K. Kraipak v Union of India (1969)*⁵ and *Union of India v H.C. Goel (1963)*⁶. The Supreme Court had in both cases said that fairness in administrative proceedings is not a procedural but a substantial matter. Karunakar, however, brilliantly identifies this moment as before the disciplinary body has formed its final opinion and therefore draws a line between opportunity to contest guilt and opportunity to contest penalty.

This ruling also resolved the conflict that was occurring between previous rulings and synchronised the rulings. Although cases such as *Kailash Chandra Asthana* had equate a lot of importance on the textual change in the Article 311(2) after introduction of the 42 nd Amendment, Karunakar pointed out that just because the Constitution today dispenses with the second show cause notice, it does not dispense with the original tenet that has to be satisfied allowing the employee an opportunity of contesting the facts on which guilt can be proved. Accordingly, natural justice will not depend on the text of Article 311(2) and will go ahead to retain the procedural integrity of inquiries.

In addition, the way the Court has avoided the mechanical quashing of disciplinary orders indicates a movement towards something more like substantive natural justice, in which courts will consider whether there has been a material impact of procedural failure. This is an evolution of administrative law in India into what can be a more subtle originalism or a turn to fairness-based statute.

Overall, therefore, the Karunakar decision set out important tenets of natural justice; it has stated the constitutional stand on Article 311(2) and has provided a systematic, legal, rational

⁴ *Khem Chana v Union of India and Ors* AIR 1958 SC 300

⁵ Shyama Nair, 'A.K Kraipak v. Union of India' (*Legal Service India*)

<<https://www.legalservicesindia.com/article/1162/A.K-Kraipak-v.-Union-of-India.html>> accessed 11 May 2026

⁶ *Union of India v H C Goel* AIR 1964 SC 364

guideline in carrying out disciplinary investigations. It is not only considered a legacy that solved a massive legal ambiguity, but also the fact that administrative efficiency ought not to be at the expense of fairness or due process.

SUBSEQUENT JURISPRUDENCE

Though derived through judicial activism, privy to judicial activism, the Karunakar case has been widely followed and cited in other rulings of the Supreme Court:

Union of India v S. K. Kapoor,⁷ (2011) 4 SCC 589: Wherein it was held by the Court that the disciplinary proceedings were vitiated as a consequence of non-supply of an adverse report.

Canara Bank v V. K. Awasthy,⁸ (2005) 6 SCC 321: It again reiterated that the report given by the Inquiry Officer needs to be submitted in case he is a different person than the disciplinary authority.

Yoginath D. Bagde v State of Maharashtra,⁹ (1999) 7 SCC 739: Restated the two-stage method and the need for children to respond in the ultimate decision.

The Managing Director, ECIL v B. Karunakar¹⁰, is still part of the foundation, and many have written much on the case when taking on courses and litigation in India on administrative and service laws.

CONCLUSION

The decision made in the case of Managing Director, ECIL v B. Karunakar is a landmark case in the Indian administrative and service law. It fills in the gap left by the existing divergent precedents and brings harmony in the doctrine that fairness in disciplinary proceedings is not discretionary, even when the applicable rules are formal or through a constitutional amendment.

⁷ *Union of India v S K Kapoor* (2011) 4 SCC 589

⁸ Shweta Tiwari, 'Case Analysis: Canara Bank v V.K. Awasthy (2005)' (*Lawful Legal*, 18 August 2024) <<https://lawfullegal.in/case-analysis-canara-bank-vs-v-k-awasthy-2005/>> accessed 11 May 2026

⁹ 'Ensuring Natural Justice in Disciplinary Proceedings: Yoginath D. Bagde v. State Of Maharashtra (1999)' (*CaseMine*, 17 September 1999) <[https://www.casemine.com/commentary/in/ensuring-natural-justice-in-disciplinary-proceedings:-yoginath-d.-bagde-v.-state-of-maharashtra-\(1999\)/view](https://www.casemine.com/commentary/in/ensuring-natural-justice-in-disciplinary-proceedings:-yoginath-d.-bagde-v.-state-of-maharashtra-(1999)/view)> accessed 11 May 2026

¹⁰ *Managing Director ECIL, Hyderabad v B Karunakar* (1993) 4 SCC 727

In short, the Court ruled: Furnishing of the report by the Inquiry Officer is an obligatory process under natural justice. The requirement is applicable to both the public and the private establishments, regardless of the lack of rules or the requirements of the rules. When such procedural lapses occur, the prejudice test needs to be applied prior to relief being accorded by the courts. The right to have access to a report is vested upon the stage preceding the findings of the disciplinary authority and not only at the penalty stage. The decision will be prospective to the case of Ramzan Khan (20 Nov 1990), unless the earlier rule of service required it to happen.

The rationalised outcome of the decision has been the formalisation of more procedural fairness in disciplinary hearings. It protects the employee against both unwarranted inquiries and those that are one-sided, and the employee cannot be found guilty without his voice being heard, as alleged adverse reports are made without him having a chance to refute.

However, there still does seem to be a faint gap, as there is no specific detail as to the procedure timeline, and there is no consistency or standardisation of appropriate service rules, which will still possibly create litigation. The judgment assumes a level of administrative strictness and honesty, which could not always be present in all governmental establishments. Besides the fact that the prejudice test prevents an abuse of process, it also introduces a field of judicial discretion that can be the cause of non-uniform interpretations in different forums.