**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

1.

LPA-1437-2026 (O&M)

Additional Chief Secretary to Government of Punjab

...Appellant

Vs.

Nirmal Singh Dhanoa and others

...Respondents

****

2.

LPA-1249-2026 (O&M)

Punjab State Power Corporation Limited

...Appellant

Vs.

Nirmal Singh Dhanoa and others

...Respondents

****

3.

LPA-1290-2026 (O&M)

Punjab State Power Corporation Limited

...Appellant

Vs.

Gagandeep Sharma and others

...Respondents

****

4.

LPA-1767-2026 (O&M)

Punjab State Power Corporation Limited

...Appellant

Vs.

Mohinder Singh and others

...Respondents

****

5.

CWP-29408-2025 (O&M)

Gurmeet Singh and others

...Petitioners

Vs.

State of Punjab and others

...Respondents

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6.

CWP-10005-2026 (O&M)

Rajesh Garg and others

...Petitioners

Vs.

The Chief Secretary to the Government of Punjab

...Respondents

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7.

CWP-2006-2026 (O&M)

Som Nath Daid and others

...Petitioners

Vs.

Principal Secretary to Government of Punjab, Department of Finance

...Respondent

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8.

CWP-7021-2026 (O&M)

Sushil Kumar and others

...Petitioners

Vs.

State of Punjab and another

...Respondents

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9.

CWP-9953-2026 (O&M)

Barjinder Pal Dhiman and others

...Petitioners

Vs.

The Chief Secretary to the Government of Punjab

...Respondent

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Reserved on : 22.07.2026
Pronounced on : 03.08.2026
Uploaded on : 03.08.2026

Whether only the operative part of the judgment is pronounced or the full judgment is pronounced : Full Judgment

Whether there is delay in uploading the judgment : NA

CORAM: HON'BLE THE ACTING CHIEF JUSTICE
HON'BLE MR. JUSTICE ROHIT KAPOOR

Present:- Mr. D.S. Patwalia, Senior Advocate with
Mr. A.S. Chadha, Advocate for the appellants
in LPA-1437-2026.

Mr. Rahul Sharma, Sr. Advocate with
Mr. Yash Tayal, Advocate
for the appellant in LPA-1249-2026.

Mr. Chanchal K. Singla, Sr. Advocate with
Ms. Kavita Joshi, Advocate &
Ms. Medha Dewan, Advocate
for the appellant in LPA-1290-2026.

Mr. D.S. Sobti, Advocate
Mr. Bhavesh Puri, Advocate
Mr. Sultaan Sangha, Advocate
Ms. Harshpreet Kaur, Advocate
for the petitioner.

Mr. Baldev Singh Maan, Advocate
for the petitioner in CWP-7021-2026.

Mr. Sunny K. Singla, Advocate
Ms. Riti Aggarwal, Advocate
Mr. Jinesh Singla, Advocate
Mr. Varun Singla, Advocate
Mr. Raj Kumar Garg, Advocate
for the petitioner in CWP-29408-2025, CWP-2006-2026,
CWP-9953-2026 and CWP-10005-2026.

Ms. Anu Chatrath, Sr. Addl. A.G. Punjab
Mr. Ratik Chatrath Kapur, Advocate for the appellant.

Mr. Maninderjit Singh Bedi, Advocate General, Punjab
Mr. Maninder Singh Garcha, Addl. A.G. Punjab
Mr. Salil Sabhlok, Sr. DAG, Punjab
Mr. Rajeev Madan, Sr. DAG, Punjab

for the State of Punjab.

Mr. Sanjay Kaushal, Sr. Advocate with
Mr. Sunny Singla, Advocate
Ms. Riti Aggarwal, Advocate
Mr. Arjun Kaushal, Advocate
Mr. Ankit Rana, Advocate
for respondents in LPA-1437-2026.

Mr. Sunny Singla, Advocate
Ms. Riti Aggarwal, Advocate
Mr. Raj Kumar Garg, Advocate
for respondents in LPA-1249-2026.

Mr. Chetan Mittal, Sr. Advocate with
Mr. Gagneshwar Walia, Advocate
Mr. Jatinder Singh Gill, Advocate and
Mr. Fateh Singh Dhillon, Advocate
for the interveners in CM-4214-2026.

Mr. Rashpinder Singh Sohi, Advocate
for respondents No.1 & 2 in LPA-1290-2026.

Mr. Neeraj Sharma, Advocate
for Municipal Corporation, Ludhiana.

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ASHWANI KUMAR MISHRA, A.C.J.

INTRODUCTION

1. The short question that arises in the present batch of appeals preferred under clause X of the Letters Patent, and the connected writ petitions, is that whether the State of Punjab and the Punjab State Power Corporation Limited (hereinafter referred to as 'PSPCL') have accepted and acted upon the recommendation of the 6th Punjab Pay Commission regarding grant of Dearness Allowance ('DA') and Dearness Relief ('DR') on the pattern of the Government of India? And if the answer is in the affirmative, can they (i) indefinitely withhold the release of DA/DR instalments which have accrued on that pattern, and (ii) stagger the payment of admitted arrears of revised pay, pension and DA/DR

through a '*Liquidation Plan'*, which spreads such payment over five financial years and qua pensioners below the age of 75 years, over as many as 42 instalments, without interest?

2. The learned Single Judge by way of a common judgment dated 08.04.2026 allowed CWP-7291-2026, CWP-10301-2026, and CWP-9514-2026. LPA Nos.1437-2026 and LPA-1249-2026 have been preferred by the Additional Chief Secretary to the Government of Punjab, Department of Finance, and PSPCL, respectively, assailing the impugned judgment, insofar as it allows CWP No. 7291 of 2026 (*Nirmal Singh Dhanoa and others*), while LPA No. 1290 of 2026, filed by PSPCL, arises from CWP No. 10301 of 2026 (*Gagandeep Sharma and another*), which has also been allowed vide the common impugned judgement dated 08.04.2026. LPA No. 1767 of 2026 has been preferred by PSPCL against the judgement dated 28.04.2026 passed in CWP 34714 of 2024 (*Mohinder Singh and others*), which has been disposed of in terms of the judgement dated 08.04.2026 in *Nirmal Singh Dhanoa and others* (supra). The connected writ petitions as mentioned hereinabove, have been instituted by serving and retired employees/pensioners of the Government of Punjab and by office bearers of a recognised employees' association in a representative capacity, claiming reliefs substantially identical to those granted by the learned Single Judge vide the impugned judgement dated 08.04.2026, i.e. release of the accrued instalments of DA/DR on the Central Government pattern from the respective due dates, with consequential arrears and interest, and have, by orders of this Court, been directed to be heard along with these appeals. Since the issues requiring adjudication are common, the entire batch has been heard together and is being decided by way of this common judgment. For facility of reference, the record of

LPA No. 1437 of 2026 has been treated as the lead case, and the references hereinafter, unless otherwise indicated, are to the paper-book of the said appeal.

FACTUAL MATRIX

3. The 6th Punjab Pay Commission submitted its report on 30.04.2021. In paras 7.6 to 7.11 thereof, the Commission recommended, *inter alia*, that the grant of DA on the basis of the All India Consumer Price Index ('AICPI') should be continued on the Central Government pattern.

4. In view of the said recommendations, the Department of Finance, Government of Punjab, prepared a Memorandum dated 17.06.2021 for the Council of Ministers. Para 1.9.2(a) thereof tabulated the allowance-wise recommendations along with the comments of the Department of Finance. Against the recommendation that *"the Government of India pattern for grant of DA should be continued"*, the comment of the Department of Finance was: "*The Government **may accept** this recommendation*". For the recommendation that *"it should be converted into Dearness Pay to be counted for all purposes including retirement benefits each time the index increases by 50%"*, the comment of the Finance Department was *"the Government may **not accept** this recommendation"*. Against the further recommendation that the DA of Government of Punjab employees be enhanced as soon as an increase in DA is announced by the Government of India, with no time-lag in implementation, the comment was: "*The Government may **endeavour to do so***". Para 2.1 of the Memorandum sought the approval of the Council of Ministers to *"consider the recommendations of the 6th Punjab Pay Commission along with the comments of the Department of Finance on each of the recommendations as brought out in*

Para 1.8 to 1.13 and approve the recommendations as per the comments of the Department of Finance".

5. In its meeting held on 18.06.2021, the Council of Ministers approved the proposals contained in sub-paras 2.1 to 2.6 of paragraph 2 of the Memorandum dated 17.06.2021. The decision was conveyed to the Principal Secretary, Government of Punjab, Finance Department, vide communication dated 21.06.2021 (Annexure P-12) for implementation, and it was stated therein that the action taken by the Administrative Department to implement the decision taken by the Council of Ministers should be intimated to the General State Administration Department (Ministerial Affairs branch) within two weeks. Copy of the said communication was forwarded to the Principal Chief Secretary/Chief Minister, Finance Minister and Governor for their information. It transpires that a press note was issued announcing, *inter alia*, that most of the recommendations of the 6th Pay Commission w.e.f. 01.01.2016, implementable from 01.07.2021, had been accepted, and that the arrears of the employees and pensioners for the year 2016, estimated at Rs. 2,572 crore, shall be paid in two equal instalments in October, 2021 and January, 2022.

6. Thereafter, vide Notification dated 05.07.2021 (Annexure P-13), the Punjab Civil Services (Revised Pay) Rules, 2021 ('the 2021 Rules') were notified under the proviso to Article 309 of the Constitution of India, revising the pay structure of the employees of the Government of Punjab w.e.f. 01.01.2016. Existing emoluments were defined under Rule 3(c) as the sum of (i) existing basic pay as on 31.12.2015 and (ii) dearness allowance appropriate to the pay in the existing basic pay. Revised emoluments were defined under Rule 3(j), to mean the pay in the Level of a Government employee in the revised pay structure,

and *includes dearness allowance*. Rule 9 which starts with a non-obstante clause, provides that the arrears of revised pay with effect from 01.01.2016 to 30.06.2021, shall be paid in such manner and at such time, as may be approved by the Government.

7. As per policy instructions dated 07.09.2021 (Annexure P-3), issued with reference to the Notification dated 05.07.2021 (the 2021 Rules), it was conveyed that the *Governor of Punjab is pleased to announce the release of* dearness allowance to all employees of the Government of Punjab, implementing the recommendations of the 6th Pay Commission, by granting DA @ 2%, 4%, 5%, 7%, 9%, 12% and 17% w.e.f. 01.07.2016, 01.01.2017, 01.07.2017, 01.01.2018, 01.01.2019 and 01.07.2019 respectively. It is to be noted that the increase was in pursuance to the 2021 Rules, and as would be clear from the arguments raised by the appellants, as noticed hereinafter, it was concededly on the pattern of the Central Government. These instructions were adopted *mutatis mutandis* by PSPCL with the approval of its Board of Directors vide Memo dated 17.11.2021. On the same date, i.e., 17.11.2021, PSPCL framed the Punjab State Power Corporation Limited (Revised Pay) Regulations, 2021 vide Finance Circular No. 12/2021 (Annexure P-2 in LPA No. 1290 of 2026), a self-contained code governing the pay of PSPCL employees. Regulation 3(j) thereof, recognises DA as a component of revised emoluments, and Regulation 9 of the said regulations, mirrors Rule 9 of the 2021 Rules, qua arrears.

8. It deserves notice that, on the pattern of the Office Memorandum dated 23.04.2020 of the Central Government, the instalments of DA falling due between 01.01.2020 and 30.06.2021 stood frozen, both by the Central Government and by the Government of Punjab. Vide memo dated 02.11.2021

(Annexure P-4), in continuation of the instructions dated 07.09.2021, it was conveyed that the Governor of Punjab is pleased to release dearness allowance to all employees of the Government of Punjab, increasing the existing rate from 17% to 28%; the same was adopted *mutatis mutandis* by PSPCL. Vide memo dated 04.01.2022, it was clarified that the decision regarding release of arrears of 11% DA w.e.f. 01.07.2021 would be taken at a later date.

9. Thereafter, the State Government enhanced DA from 28% to 34% w.e.f. 01.10.2022 (notification dated 21.10.2022, Annexure P-9), from 34% to 38% w.e.f. 01.12.2023 (Annexure P-10) and from 38% to 42% w.e.f. 01.11.2024 (Annexure P-11); each such enhancement was adopted by PSPCL for its employees and pensioners, vide successive Finance Circulars. In the meanwhile, as per the State's own tabulation placed on record, the DA payable by the Government of India under the 7th CPC progressed from 17% to 28% (01.07.2021), 28% to 31% (01.07.2021), 31% to 34% (01.01.2022), 34% to 38% (01.07.2022), 38% to 42% (01.01.2023), 42% to 46% (01.07.2023), 46% to 50% (01.01.2024), 50% to 53% (01.07.2024), 53% to 55% (01.01.2025), and further 55% to 58% (01.07.2025) and 58% to 60% (01.01.2026).

10. On 13.02.2025, the Council of Ministers approved a structured Liquidation Plan, prepared by a Cabinet Sub-Committee, for phased payment of the accumulated arrears flowing from the acceptance of the 6th Pay Commission recommendations, covering arrears of revised pay/pension for the period 01.01.2016 to 30.06.2021 *as also* DA/DR arrears for the period 01.07.2021 to 31.03.2024, involving a total liability of approximately Rs. 14,191 crore, phased over five financial years (2024-25 to 2028-29). Qua pensioners, the Plan provides a tiered schedule based upon age: 02 instalments for those above 85 years; 12

instalments for those between 75 and 85 years; and 42 instalments for those below 75 years. A Government letter dated 18.02.2025 (Annexure R-1) was issued giving effect to the Liquidation Plan.

11. On 21.02.2025, a Division Bench of this Court, in CACP No. 47 of 2024 titled *Ajoy Kumar Sinha, IAS, Principal Secretary, Department of Finance v. Balwant Singh and others*, took the Liquidation Plan on record and directed compliance therewith. PSPCL adopted the Liquidation Plan for its own employees and pensioners vide Finance Circular No. 03/2025 dated 03.04.2025.

12. The first round of the present litigation commenced with CWP No. 24698 of 2025, filed on 21.08.2025 by retired employees of PSPCL, wherein four respondents were arrayed- the State of Punjab through its Chief Secretary, the Principal Secretary (Finance), the Principal Secretary (Power) and PSPCL through its Managing Director, and prayer was made for the grant of DA/DR at the rates sanctioned by the Central Government and adopted by the State of Punjab. Vide order dated 25.08.2025, the learned Single Judge directed respondent No. 2 therein, i.e., the Principal Secretary, Department of Finance, to consider the representation, and pass a speaking order after affording an opportunity of hearing. No objection to this course was raised by the official respondents therein, including PSPCL. In compliance, the petitioners were heard by the Additional Chief Secretary on 15.10.2025, and it is a matter of record that PSPCL sent a communication dated 30.09.2025, directing the employees to appear before the Additional Chief Secretary, on the appointed date and time.

13. The Government of Punjab, Department of Finance, passed the speaking order dated 18.11.2025 (P-16) through the Additional Chief Secretary. Paragraphs 5 and 7 thereof are material, and read as under:-

"5.The Legal Notice of the petitioners dated 28.05.2025 has been examined in the light of the instructions issued by State of Punjab and PSPCL, whereas PSPCL follows the instructions of Government of Punjab for the grant of Dearness Allowance/Dearness Relief and arrears of DA/DR to its employees and retirees. PSPCL has also adopted the above instructions through Finance Circular No. 03/2025 dated 03.04.2025.

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7. Whereas the Government has not yet taken any decision regarding the grant of four installments of DA/DR from 42% to 55%. As and when any decision is taken, the same will be intimated to the Power Department (PSPCL) for further necessary action."

14. The representation of the employees/pensioners for release of the pending instalments of DA/DR was thus, kept in abeyance.

15. CWP No. 7291 of 2026 came to be filed by the retired employees of PSPCL, *inter alia*, challenging the aforementioned order dated 18.11.2025, besides seeking the grant of relief of DA/DR on the pattern of the Central Government for the period starting from 01.07.2021 till 01.07.2025, and to revise the subsequent DA/DR in accordance with the recommendations of the 6th Punjab Pay Commission and as per the installments granted to the Central Government employees on the basis of the AICPI; with a further prayer for grant of arrears of revised DA/DR and subsequent increase at par with the employees of Government of India, along with 12% interest on the delayed payment. In CWP No. 7291 of 2026, the sole respondent arrayed was the Additional Chief Secretary to the Government of Punjab, Department of Finance, i.e. the authority which had

passed the order impugned therein. CWP No. 10301 of 2026 was instituted by serving employees of PSPCL, impleading, *inter alia*, the State of Punjab and PSPCL (as respondent No. 4), and the prayer was for grant of identical relief as in CWP-7291-2026, insofar as the grant of benefit of DA/DR and grant of arrears of the same on the pattern of Central Government along with interest. CWP-9514-2026 was filed by retired employees of Municipal Corporation, Ludhiana, who besides seeking the relief of grant of DA/DR in terms of the Central Government pattern, based on AICPI, laid challenge to the Letter/Liquidation Plan dated 18.02.2025, *inter alia,* on the ground that an artificial category has been created within the homogenous class of pensioners.

16. It transpires that CWP No. 23651 of 2024 titled *Surinder Singh and others v. State of Punjab and others*, wherein the prayers were for release of arrears of revised pension w.e.f. 01.01.2016 to 30.06.2021 and of revised DA w.e.f. 01.07.2015 at par with the Central Government pattern, came to be decided on 12.03.2026. Relying upon the judgment in CWP No. 12980 of 2015 titled *Mohinder Singh v. State of Punjab*, Rule 9 of the 2021 Rules, and the Liquidation Plan approved by the Cabinet on 13.02.2025, as well as the judgment of the Hon'ble Supreme Court in *State of West Bengal and another v. Confederation of State Government Employees, West Bengal and others*, *2026 INSC 123*, the learned Single Bench directed that all pensioners of the State of Punjab, including the petitioners therein, shall be paid the admissible revised dues strictly in accordance with the schedule approved by the Council of Ministers in its meeting dated 13.02.2025. It was further directed that any default or deviation shall entail payment of interest at the rate of 9% per annum. The judgment was made operative *in rem*.

17. On 07.04.2026, the Government of Punjab constituted a fresh Cabinet Sub-Committee, headed by the Finance Minister, for a comprehensive evaluation of financial feasibility and recommendation of an appropriate course of action regarding the pending DA/DR instalments. Admittedly, the said Sub-Committee has not submitted its report till date.

18. Vide the impugned judgment dated 08.04.2026, the learned Single Judge allowed the writ petitions, and : (i) quashed the Liquidation Plan dated 18.02.2025 as violative of Article 14 of the Constitution; (ii) directed payment of all arrears of revised pension/family pension, including DR, to all pensioners by 30.06.2026; (iii) directed the grant and payment of all pending DA/DR instalments, at the rates applicable to IAS/IPS/IFS officers serving in connection with the affairs of the State, by 30.06.2026; (iv) declared the judgment in CWP No. 23651 of 2024 to be *per incuriam* and *sub silentio*; and (v) held the judgment to operate *in rem*, binding qua all employees/pensioners of the Government of Punjab and its Corporations.

19. We may briefly notice the facts involved in the connected writ petitions, which have been filed by retired and serving employees of the Government of Punjab, who have *inter alia* challenged the failure of the State of Punjab to sanction and release the installments of DA/DR on the pattern of the Central Government. It is further their case that the All India Service Officers and Judicial Officers serving in the State, continue to receive DA regularly on the central pattern, though drawing salaries from the same Consolidated Fund of the State, which according to them, is hostile discrimination. It is also necessary to note that while the said petitions were pending before the learned Single Judge, numerous opportunities were granted to file reply, however, despite the Court

granting a last opportunity, no such reply was filed. Subsequently, when the proceedings were pending before this Court, the learned Single Judge, on being apprised that the issues raised in the said petitions are also being examined by this Court in the present proceedings, directed the same to be heard along with LPA-1437-2026. Thereafter, present batch of petitions were taken up for hearing with the connected appeals, and after the arguments on the issues involved were concluded, this Court was apprised that the reply in the petitions has not been filed. One last opportunity was granted to the State to file reply in these petitions also, and it was made clear that since arguments were already concluded, the judgment would then be formally reserved. However, instead of filing the reply, this Court was informed that an application has now been filed by the State seeking recall of the orders passed by the learned Single Judge, whereby the writ petitions were directed to be placed before this Court and heard along with LPA-1437-2026.

20. Various submissions were advanced on behalf of the private respondents questioning the conduct of the State of Punjab, however, refraining from observing anything on that aspect, the hearing was concluded and the judgment was reserved on 22.07.2026.

Findings of the learned Single Judge

21. The learned Single Judge, after noticing the challenge raised in the three petitions, and the respective contentions raised by the parties, including the points raised by the learned amicus curiae, framed the following legal issues for adjudicating the *lis* involved:-

i. "Whether the scope of judicial review is completely restricted in policy matters?

ii. Whether the State of Punjab is obligated to grant Dearness Allowance to its employees on the 'pattern' as applicable to the Central Government employees?

iii. Whether the Government of Punjab can deny payment of Dearness Allowance on the ground of financial constraints?

iv. Whether the letter/liquidation plan dated 18.02.2025 (Annexure P-29 in CWP No. 9514 of 2026) is violative of Article 14 of the Constitution of India, inasmuch as it creates an impermissible classification within a homogenous class of pensioners on the basis of age?

v. Whether the Government of Punjab is not bound to maintain parity in grant of Dearness Allowance to all the employees receiving their emoluments from the same Consolidated Fund of the State of Punjab?"

22. The aforementioned issues were analyzed by the learned Single Bench, and answered in the following manner:-

Issue No.1:-

> *"36. In view of the foregoing discussion, this Court is of the considered opinion that where a policy decision is found to be arbitrary, discriminatory, and violative of constitutional guarantees, it becomes incumbent upon the Courts to exercise its power of judicial review. Thus, Issue No.1 is answered accordingly."*

Issue No.2:-

> *"46. Accordingly, the contention advanced by learned Senior counsel that the recommendations of the 6th Pay Commission were merely accepted to the limited extent of adopting the Central Government pattern and thus, the release of the benefits flowing therefrom is the sole prerogative of the Government of Punjab subject*

to its discretion and priority, is liable to be rejected. As such, in the light of the law laid down in ***Purshottam Lal (supra)*** *and* ***Secretary Mahatama Gandhi Mission (supra)****, the adoption of the recommendations of the 6th Pay Commission cannot be treated as a mere formality or symbolic exercise. Upon acceptance, the State incurs a binding obligation to implement the recommendations in their entirety and to disburse all consequential benefits to its employees and pensioners without exception. The Government of Punjab has not only approved the recommendations of the 6th Pay Commission, but has also acted upon it by paying some of the installments to its employees and pensioners. Thus, Issue No.2 framed above is answered accordingly. The Government of Punjab cannot be allowed to take a sudden U-turn and deny the petitioners their legitimate claim towards DA. Succinctly, after acceptance of the recommendations of the Pay Commission, it becomes an enforceable right."*

Issue No.3:-

"47.4. More importantly, the pensioners stand on a higher footing as not only have they rendered long years of service but they often exclusively rely on their pensions and other allied benefits post-retirement to support them in their sunset years. Thus, their entitlement to timely disbursal of retiral benefits, including DR, is a matter of right, not charity. A welfare State cannot selectively extend benefits to one class of citizens while depriving another, particularly its own workforce and retired employees, without falling foul of the equality doctrine. Such action constitutes manifest arbitrariness and violates the constitutional guarantee of dignity, especially for pensioners who are economically vulnerable. While pursuing broader welfare objectives, the State is constitutionally bound to strike a balance and cannot abandon those who have sustained its functioning. Thus, Issue No.3 is answered accordingly. The Government of Punjab cannot take shelter of financial constraints to justify depriving its employees and pensioners of their entitlements while promoting fiscal spending for electoral

welfare schemes at their cost. Such an approach is legally untenable, being arbitrary, discriminatory, and contrary to the foundational principles of a welfare State."

Issue No.4:-

"51. In light of the above, this Court is of the firm conclusion that the letter/liquidation plan dated 18.02.2025 is patently violative of Article 14 of the Constitution of India, to the extent that it seeks to create an impermissible differentiation within a homogeneous class of pensioners. As established by the Constitutional Bench in ***D.S. Nakara (supra****) and reaffirmed in* ***All Manipur Pensioners Association (supra)****, all pensioners form one single class for the purpose of receiving retirement benefits. By segregating retirees into three distinct tiers, i.e., granting arrears in 02 installments for those above 85 years, 12 installments for those between 75 and 85 years, and a staggering 42 installments for those below 75 years, the State has created a class within a class without any reasonable justification. Such a classification lacks a rational nexus to the object sought to be achieved. The object of Dearness Allowance is to provide a hedge against inflation, a market force that erodes the purchasing power of all retirees with equal severity, regardless of whether they are 65 or 85 years of age. Consequently, relegating younger pensioners to a nearly four-year-long payment schedule while inflation continues to rise unabated is both arbitrary and discriminatory. However, it is clarified and reiterated that the letter/liquidation plan dated 18.02.2025 is being set aside only to the extent that it mandates a discriminatory and tiered schedule for the payment of arrears of revised pension/family pension (including DR) among the pensioners. Thus, Issue No.4 is answered accordingly. The State cannot be permitted to fulfill its constitutional obligations to one segment of a homogeneous class by effectively abandoning or indefinitely deferring the rights of another."*

Issue No.5:-

"63. Furthermore, learned Senior counsel for the State of Punjab has contended that DA/DR is paid to officers of the All India Services (IAS/IPS/IFS) under a different set of Rules. However, she was unable to point out any rational basis or distinguishing circumstance which would justify granting such officers preferential treatment in the matter of DA/DR, particularly when the impact of inflation is uniform for all employees. If the State is indeed facing financial constraints, then, as a welfare State, the burden of austerity must begin from the top rather than imposing it upon employees at the bottom of the pyramid.

64. It is reiterated that DA/DR is intrinsically linked to the AICPI and is intended to offset the erosion of real income caused by inflation. The concept of DA/DR has deep historical roots in India's wage policy and it became an institutionalized component of the wage structure through the recommendations of successive Pay Commissions. Thus, for employees in lower pay scales and retired pensioners, DA/DR forms a substantial component of their livelihood. Since their income remains fixed while the cost of living continues to rise, withholding DA/DR from employees and pensioners effectively reduces the real value of their pay/pension and undermines their post-retirement dignity."

23. Besides answering the aforementioned issues, the learned Single Judge also adjudicated the issue that whether the relief ought to be confined only to the petitioners, or be extended *in rem* to all similarly situated employees and pensioners of the Government of Punjab. After deliberating on the said issue, it held that such relief must not be confined to those who litigate, but must extend to those who are entitled. The learned Single Judge also dealt with its earlier decision in CWP-23651-2024, dated 12.03.2026, and held the same to be *per*

incuriam and *sub silentio,* having been rendered due to judicial oversight and in the absence of adequate assistance.

Arguments on behalf of the State

24. On behalf of the State of Punjab, extensive arguments were advanced by Mr. D.S. Patwalia, Sr. Advocate, as also by the learned Advocate General, Punjab.

25. Shri Patwalia, has emphatically argued that the recommendations of the Pay Commission are not binding, and the respondents-petitioners have no legal right seeking enforcement at par with the Central Government employees, who are governed under a different set of Rules. It is contended that even if it were to be assumed that a Cabinet decision had been taken as regards the implementation of the recommendations of the 6th Punjab Pay Commission, the same would not override the statutory Rules of 2021, framed under Article 309 of the Constitution of India. It is the further argument that no challenge has been laid to the Rules of 2021, and especially to Rule 9 thereof. While inviting the attention of the Court to the language employed in Rule 9, it is contended that there is no provision under the said Rules, for fixing the rate of the DA/DR, which is left to the discretion of the State.

26. While referring to the provisions of Article 166 of the Constitution of India and the Rules of Business of the Government of Punjab, 1992 (for short *'Rules of Business'*), it is submitted that the Cabinet Decision itself does not become the decision of the State, until formally expressed in the name of the Governor as required by Article 166(1) of the Constitution of India. Learned senior counsel has invited our attention to the provisions of Articles 163 and

166(1) of the Constitution of India, and Rules 8 and 9(1) of the Rules of Business, to contend that the Council of Ministers with the Chief Minister at the head are to aid and advise the Governor in the exercise of his functions, except the functions required to be exercised by him at his discretion, as required under the Constitution. Emphasis is laid on clause (iii) of Article 163 to contend that the Courts are precluded from questioning whether any, or if so, what advice was tendered by the Ministers to the Governor.

27. Submission is that the learned Single Bench wrongly treated the internal communication dated 21.06.2021 as a decision of the State Government. Reliance is placed upon the judgments in the case of ***Bachittar Singh vs. State of Punjab, 1962 INSC 88; State of Bihar vs. Kripalu Shankar, (1987) 3 SCC 34; R. Ranjith Singh and ors. Vs. The State of Tamil Nadu, 2025 SCC Online SC 1009; and Official Liquidator vs. Dayanand and ors., (2008) 10 SCC 1***, to support the said argument.

28. It is the further argument of the learned senior counsel that after coming into force of the Rules of 2021, the State of Punjab had exercised its discretion to fix the rates of DA/DR, by taking an independent decision and deviating from the Central Government rates. It is only the DA which accrued prior to the issuance of the notification dated 05.07.2021, i.e. 01.01.2016 to 01.01.2019, which was paid at the rates that matched the Central rates. The State Government uniformly implemented its own rates prospectively. The memorandum of the Finance Department would show that it was decided to make an endeavour to eliminate the time lag for providing DA at Central rates. It was never agreed that time lag would be definitely eliminated. It is therefore argued

that the 2021 Rules do not make any mention of any provision for matching the Central rates or elimination of any time lag.

29. It is further submitted that the comparison sought to be made by the respondents on the basis of the percentage rate of Dearness Allowance (DA) alone is wholly misconceived. The emoluments payable to Government employees comprise various components, including basic pay, DA and other admissible allowances, all of which are determined under distinct pay structures and service conditions. By making a reference to comparative charts of employees of the Central and State Government, it is contended that in several cadres and categories, historical revisions implemented by State Government resulted in a comparatively higher basic pay structure than the corresponding posts under the Government of India. Consequently, even where the percentage rate of DA under Government of Punjab may presently be lower than the rate admissible under Government of India, the actual salary drawn in absolute monetary terms continues to remain comparatively higher in several categories. It is therefore submitted that a mere comparison of DA rates in isolation, divorced from the overall pay structure, is legally and factually untenable and does not furnish any valid basis for claiming parity or alleging discrimination.

30. Learned Senior counsel has further argued that there was no master-servant relationship between the employees of PSPCL and the State of Punjab, and therefore no directions or relief could have been granted in the writ petition, against the State of Punjab.

31. It is further urged that the learned Single Judge committed an error in law, by passing directions *in rem* for grant of relief qua all the employees of

the State of Punjab, who had not even approached the Court, and the judgment impugned stands vitiated on this ground alone.

32. It is further argued that while the All-India Services are governed by the Central Civil Services Rules, the remuneration and allowances of the Judicial Officers are covered by the orders of the Supreme Court, and in terms of separate set of Rules, by the Central Pay Commission. It is thus urged that there is no hostile discrimination as regards such class of employees vis-à-vis, the employees of the State of Punjab.

33. In addition to the arguments made by Shri Patwalia, the learned Advocate General, Punjab has assailed the impugned judgment on the following grounds.

Coram non judice

34. It is contended that the roster allocated to the learned Single Bench pertained to writ petitions concerning Statutory Corporations, Boards/Bodies, and did not extend to the service matters pertaining to the employees of the State of Punjab. The impugned judgment, insofar as it proceeds to bind and direct the State of Punjab in service matters, is therefore without jurisdiction and *void ab initio*. It is submitted that the want of jurisdiction is demonstrable on two independent counts: first, no employee of the State of Punjab had ever approached the Court in the writ petition; and second, the Court, sitting on the Roster of Boards and Corporations, did not possess jurisdiction to pass any judgment or direction qua the employees or affairs of the State of Punjab. It is a settled proposition of law that an order passed by a Court or a Bench without jurisdiction is *void ab initio,* and is liable to be set aside on this ground alone, without the necessity of examining the matter on merits.

35. Reliance here is placed upon the judgment of the Supreme Court in ***State of Punjab v. Davinder Pal Singh Bhullar, (2011) 14 SCC 770***, ***State of U.P. v. Neeraj Choubey, 2010 (10) SCC 320***; as well as judgment of the Hon'ble Allahabad High Court in the case of ***Dinesh Kumar Singh @ Sonu v. State of U.P. and Ors., 2017 SCC OnLine All 42***, to contend that an order passed by a Court lacking jurisdiction on account of an incorrect roster allocation, is in nullity.

Impermissible enlargement of scope of the writ petition

36. It is also urged that the Learned Single Judge impermissibly enlarged the scope of the writ petitions by treating them, in substance, as a Public Interest Litigation, and has proceeded to pass orders without the jurisdiction vested in it for such purpose. Submission is that the correct and settled procedure, in such circumstances, was to direct the Registry to place the matter before the appropriate Bench, subject to the orders of Hon'ble the Chief Justice.

37. Instead of following the said procedure, the scope of the writ was widened *suo motu* by the Learned Single Bench without any administrative order having been obtained in that regard. It is submitted that this very procedure of seeking administrative orders, where the scope of a writ is sought to be enlarged, finds support in the order dated 02.07.2026 passed by this Court in the instant matter.

38. It is contended that this submission was raised before the Learned Single Bench during the course of hearing on 08.04.2026, however, the same has neither been recorded nor dealt with in the impugned judgment, which itself constitutes a further infirmity. It is argued that law is well settled that considerations of judicial discipline and judicial propriety require strict adherence

to the roster and to the limits of jurisdiction assigned to a Bench, and any departure therefrom, howsoever well-intentioned, renders the resultant order unsustainable in law.

Limited scope of interference in Letters Patent Jurisdiction

39. It is contended that the scope in an intra-Court appeal filed under Clause X of the Letters Patent is extremely limited, and the appellate Court cannot travel and delve upon issues, which have not been impugned before it. It is submitted that going beyond what is impugned would fall outside the legitimate scope of the present appeal, and any submissions made by the respondents, to the extent that they seek to travel beyond what is contained in the impugned judgment, ought not be entertained.

40. Reliance is placed upon the judgment of the Patna High Court in the case of ***Meera Devi Mantri v. The State of Bihar and Ors., LPA No. 157 of 2025, decided on 07.01.2026.***

41. Apart from the aforementioned submissions, the learned Advocate General Punjab, has reiterated the submissions made by Shri Patwalia, regarding the writ petition not being maintainable against the State of Punjab; the misinterpretation of the Cabinet Decision; the requirement of the Cabinet Decision to be formally expressed in the name of the Governor; the unchallenged deviation from Central DA rates by the State of Punjab; and the higher aggregate monthly emoluments being paid to the employees to the Government of Punjab in comparison to their counterparts employed under the Government of India and in several cadres, even the Government of Haryana. Since the said arguments have already been addressed by Shri D.S. Patwalia, the same are not being repeated *in extenso*, for the sake of brevity. We may also note that several of such arguments

have been reiterated by the learned senior counsel appearing on behalf of PSPCL, which have been noticed hereinbelow.

42. The following judgments have been cited in support of the arguments advanced by the State:-

1. ***State of Madhya Pradesh vs. G.C. Mandawar, AIR 1954 SC 493***
2. ***State of Punjab and others vs. Amar Nath Goyal and others, AIR 2006 SC 171***
3. ***Union of India vs. P.N. Menon, AIR 1994 SC 2221***
4. ***A.K. Bindal vs. Union of India and others, 2003 INSC 258***
5. ***State of Punjab and others vs. Ram Lubhaya Bagga, 1998 INSC 114***
6. ***Officers and Supervisors of I.D.P.L. vs. Chairman and M.D., I.D.P.L. and others, (2003) 6 SCC 490***
7. ***R.K. Garg vs. Union of India and others, 1981 INSC 181***
8. ***State of Haryana and another vs. Haryana Civil Secretariat Personal Staff Association, (2002) 6 SCC 72***
9. ***Union of India vs. Dhanwanti Devi and others, (1996) 6 SCC 44***
10. ***H.B. Malhotra vs. State of Punjab and another, CWP-20276-2009, decided on 07.04.2011***
11. ***Boota Singh and others vs. State of Punjab and others, 2023:PHHC:123981***

Arguments on behalf of PSPCL

43. Shri Chanchal K. Singla, learned senior counsel appearing on behalf of the PSPCL has assailed the judgment passed by the learned Single Judge broadly on eleven distinct grounds, which may be summarized as follows:

Non-joinder, misjoinder and denial of hearing:

44. The first argument is based on the premise of denial of effective opportunity of hearing and misjoinder/non-joinder of necessary party. It is contended that PSPCL was not impleaded as a party in the main petition i.e. CWP-7291-2026, titled as '***Nirmal Singh Dhanoa and others vs. Additional Chief Secretary to Government of Punjab, Department of Finance, Punjab Civil Secretariat Chandigarh***', which was filed against Additional Chief Secretary to Government of Punjab, Department of Finance, Chandigarh, wherein challenge was laid to the order dated 18.11.2025, passed by the said authority, whereby the representation of the petitioner was disposed of by observing that the Government has not yet taken any decision regarding the grant of four installments of DA/DR from 42% to 55%, and as and when any decision is taken, the same will be intimated to PSPCL for further necessary action. Submission is that no relief was sought against PSPCL, and neither the State of Punjab nor PSPCL were made a party in the main Writ Petition, and therefore, the petition was totally misconceived. The employees of the appellant-PSPCL sought directions against an officer of the State of Punjab, having no concern with their service conditions.

45. The attention of the Court is drawn to the order dated 06.04.2026 passed in the second petition i.e. CWP-10301-2026, which was taken up with CWP No.7291 of 2026. It is argued that no notice was issued to PSPCL on the said date, neither its counsel was present. Without issuing notice and granting an effective opportunity of hearing, the impugned judgment was passed on 08.04.2026, quashing the liquidation plan dated 18.02.2025, and directing release of up-to-date pending installments of DA/DR, which according to the learned senior counsel, is violative of Article 14 of the Constitution of India.

46. Although, it is conceded that the counsel for PSPCL was present on the final date of adjudication, however, contention is that in the absence of issuance of formal notice, the appellant did not get any effective opportunity of hearing, and was precluded from putting its stand before the writ court by filing written statement/reply.

Liquidation Plan and judicial discipline

47. The second argument is based upon the liquidation plan, which has been set aside, by the learned Single Bench, vide the impugned judgment. It is argued that despite the fact that a Mandamus for implementation of the said liquidation plan had been issued by a Division Bench of this Court and the same was recognized by the same Bench itself, in an earlier decision, however, the said binding decisions, which had attained finality, were illegally ignored. While referring to Rule 9 of the Punjab Civil Services (Revised Pay) Rules, 2021 notified on 05.07.2021, and Regulation 9 of the Finance Circular no. 12/2021, it is contended that perusal of the Rule as well as the Regulation in question, makes it abundantly clear that arrears with effect from 01.01.2016 to 30.06.2021, shall be paid in such a manner and at such time as may be approved by PSPCL. It is further submitted that the learned Single Bench passed a judgment dated 12.03.2026 in CWP No. 23651-2024 titled as ***'Surinder Singh and ors. Vs. State of Punjab and ors.'***, barely one month before passing the impugned judgment wherein it relied upon Liquidation Plan, the Rules of 2021 as well as the judgment in ***'State of West Bengal and anr. vs. Confederation of State Government Employees, West Bengal and ors.***', ***2026 INSC 123***, and directed the State to implement the liquidation plan and release the arrears of the DA alongwith interest for delayed payment. The judgment was also made applicable

in rem. It is submitted that the learned Single Judge held that the liquidation plan is based upon intelligible differentia. However, in the judgment impugned, the learned Single Judge nullified its own judgment by incorrectly observing that the relevant facts were not brought to the notice of the Court and that its judgment was *per incuriam* and *sub silentio*. Submission is that the said findings are contrary to the record. Relevant rules and binding judgements were considered including the judgment in ***West Bengal*** (supra) which had been made the basis of the impugned judgement dated 08.04.2026. The learned senior counsel has vehemently argued that the observations and findings of the learned Single Bench that the Division Bench of this Court had no jurisdiction to issue a mandamus in CACP-47-2024 titled as ***'Ajoy Kumar Sinha vs. Balwant Singh and ors.***', in contempt proceedings, are in the teeth of the judgment passed by the Constitution Bench of the Hon'ble Supreme Court in ***Central Board of Dawoodi Bohra Community and anr. vs State of Maharashtra and anr (2005) 2 SCC 673***. Reliance is further placed upon the judgment passed in the case of ***Official Liquidator vs. Dayanand and ors. (2008) 10 SCC 1***. Submission is that law is well settled that a decision delivered by a Bench of larger strength is binding on any subsequent Bench of lesser or co-equal strength, and that a Bench of lesser quorum cannot doubt the correctness of the view of the law taken by a Bench of larger quorum. The only recourse in such a situation is that the Bench of lesser quorum can invite the attention of the Chief Justice and request that the matter be placed for hearing before a Bench of larger quorum, than the Bench whose decision has come up for consideration.

State is free to fix its own rate of DA

48. The third argument of the learned senior counsel has already been raised by Shri D.S. Patwalia, learned Senior Advocate and the learned Advocate General, Punjab, on behalf of the State. Supplanting the arguments made by them, that DA is a dynamic concept, and the State is free to exercise its discretion in choosing the rate of DA, it is argued that once the State has exercised its discretion by making Rules in this regard, under Article 309 of Constitution, it cannot be compelled to pay its employees DA/DR at the same rate as being given by the Central Government. While distinguishing the applicability of the judgment in ***West Bengal*** (supra), it is argued that in the facts involved therein, the State of West Bengal chose to give DA at par with the index average 536 (1982-100) which was exactly the same index average as chosen by UOI. Submission is that in contrast, no such index was chosen by the State of Punjab in its Rules of 2021. While referring to a comparative chart containing the relevant statutory provisions of the West Bengal, the Central Government, and the State of Punjab Rules, it is submitted that while the West Bengal 2009 Rules and the Central Government Rules are identical, the Rules of the State of Punjab are distinct. It is pointed out that under the West Bengal Rules of 2009 as well as under the Central Government Rules, the definition of existing emoluments is same, being the sum of (i) existing basic pay, (ii) dearness pay appropriate to the basic pay, and (iii) dearness allowance appropriate to basic pay + dearness pay, computed at index average 536 (1982-100). The formula is completely worked out i.e. three components, with the DA component tied to a specific, stated price index base. However, under the Punjab Civil Services (Revised Pay) Rules, 2021, existing emoluments means existing basic pay (as on 31.12.2015) plus dearness allowance appropriate to the basic pay, without prescribing how that DA is to be

calculated. No index base, no rate, no formula is given in the definition itself. It is therefore argued that the distinction is not just structural, rather it is that the West Bengal/Central rule is self-contained and computable on its face, while the Punjab Rule's DA component is undefined within the definition, and it was left for the Government to decide the rate from time to time. It is urged that the entire basis of impugned judgement is that State of Punjab employees are not adequately compensated in terms of off-setting the inflation. It is submitted in this regard that salaries of PSPCL employees and State of Punjab are much more than the Centre Government employees, so the comparison in percentage terms is irrational. Arguing that the judgment in the case of ***West Bengal*** (supra) is in fact in favour of the appellant-PSPCL, it is contended that the Supreme Court specifically noticed therein that the decision taken by the State of West Bengal to follow the pattern of the Central Government, was in pursuance to Rules framed by it under Article 309 of the Constitution, of its own wisdom, wherein it incorporated the definition of existing emoluments employed by the Central Government Rules. Argument is that in contrast, the State of Punjab has not incorporated the definition of existing emoluments as existing in the Central Government Rules, while framing the Rules of 2021.

No adoption of Central Index or Rate

49. The fourth submission of the learned senior counsel is centred around the Cabinet Meeting dated 18.06.2021 and its implications. It is argued that the Cabinet decision produced as Annexure P-12 in LPA 1437-2026 was an interdepartmental communication dated 21.06.2021, conveying the decision taken in the meeting of the Council of Ministers held on 18.06.2021, wherein the

memorandum of the Finance Department dated 17th June 2021, and the proposals contained in sub paragraphs 2.1 to 2.6 of paragraph 2 thereof were approved.

50. While drawing the attention of the Court to the proposals contained in sub paras 2.1 to 2.6 of paragraph 2 of the Memorandum of the Finance Department dated 17.06.2021, it is pointed out that in the Cabinet Meeting dated 18.06.2021, it was only decided that an endeavour would be made to match the timing of the enhancement of DA as per the Central Government. It was never committed that time-lag would be eliminated.

Cabinet decision does not ipso facto become the decision of the State

51. The next submission has already been raised by the State and therefore, is not being repeated for the sake of brevity.

Comparative emoluments

52. The submissions raised by the State that the pay structure of the State of Punjab is much higher than the similarly situated Central Government employees as well as the employees of the Haryana Government, has been reiterated and supplanted by the learned senior counsel appearing on behalf of PSPCL. It is contended that the State has undertaken a phased liquidation of arrears amounting to approximately Rs.14,191 crores, in a structured and time-bound manner, and under the 2021 Rules, the State has adopted a structured pay matrix with relatively higher starting pay levels across categories, which is amply clear from the submissions made earlier.

53. It is further submitted that the State has taken a conscious policy decision to align pay fixation of the State employees on the pattern of the 7th Central Pay Commission. This reinforces the position that the State's compensation structure is already substantially elevated and not inferior so as to

justify a claim of automatic parity in every component of compensation. It is submitted that the financial implication of such a pay structure is evident from the undisputed figures placed on record, which would show that the annual salary and pension outgo of the State is approximately Rs. 58064.05 crores during the FY 2025-2026 (Revised Estimates), and continues to rise with successive revisions. It is submitted that the State of Punjab is already bearing a disproportionately high fiscal burden towards employee compensation. Learned senior counsel points out that as demonstrated from the comparative charts, there is disparity in the aggregate salary between the Central and Punjab Government employees, the latter getting higher monthly income, and in case the claim of the respondents is accepted and DA at the rate of 60% is made applicable, then the said disparity would increase further, apart from imposing additional burden on the State exchequer. It is submitted that that all the welfare measures including health, education, social schemes are being carried out from this Public Exchequer only. Thus, disparity can give rise to slowed growth of the State as compared to its peers.

54. Learned senior counsel has placed reliance upon the judgment in the case of ***TNEB Vs. Tneb-Thozhilalar Aykkiya Sangam (2019) 15 SCC 235,*** wherein the Supreme Court held that wage revision and DA are contingent on the employer's financial position, and that the employer's financial capacity is a material and relevant factor in any DA determination.

55. The judgment in the case of ***D.S. Nakara and others vs. Union of India 1982 INSC 103***, is sought to be distinguished on the ground that the issue involved therein, was distinct.

PSPCL is a separate legal entity

56. The next submission raised on behalf of the appellant-PSPCL is that the PSPCL being a separate legal entity, is not bound by the actions of the State of Punjab. Reliance is placed on judgements in ***Kuljit Singh and another v. State of Punjab and others, LPA-371-2023 decided on 11.01.2024, and M/s Electronics Corporation of India Ltd. Vs. Secretary Revenue Department, Govt. of AP (1999) 4 SCC 458***.

57. It is submitted that the Council of Ministers of the Government of Punjab approved the proposal of the Finance Department pertaining to the recommendations of 6th Pay Commission as contained in the memo of the department, on 18.06.2021. It is submitted that perusal of the note would show that the Government would 'endeavour' to eliminate time-lag in DA implementation, which was clearly indicative that the same was not an acceptance of automatic parity. It is further pointed out that the mandate of the Pay Commission was expressly confined to employees governed by the Punjab Civil Services Rules; and that the PSU employees, including those of PSPCL, are outside its terms of reference.

58. While referring to 2021 Rules, it is contended that the same apply exclusively to State Government employees and have no application to the employees of PSPCL. It is further pointed out that the appellant-PSPCL granted DA to its employees and pensioners, @ 31%, under Finance Circular No.12/2021, on 01.11.2021.

59. While referring to the Punjab State Power Corporation Limited (Revised Pay) Regulations, 2021, notified vide Finance Circular No. 12/2021 on 17.11.2021, it is contended that the same is a corporate instrument and not Rules framed under Article 309 of the Constitution of India. It is argued that the said

regulations constitute a complete self-contained code, governing pay of PSPCL employees, wherein DA is recognised as a component of revised emoluments under Regulation 3(j), with its rate left to independent Board-level determination based on PSPCL's financial position and Punjab State Electricity Regulatory Commission approved Aggregate Revenue Requirement (ARR). It is submitted that the appellant-PSPCL revised the rate of DA for its employees and pensioners from 34%, 38% and 42% between 2022 and 2024.

60. Learned senior counsel has also relied upon the affidavit dated 11.07.2026 (Annexure A-1/D) to reiterate that the last pay drawn and the pension received by the respondent-petitioners, is much higher than the Central Government employees.

61. It is further contended the Council of Ministers approved a structured Liquidation Plan, prepared by a Cabinet Sub-Committee, on 13.02.2025, for phased payment of accumulated arrears of DA/DR as accepted on the recommendations of the 6th Punjab Pay Commission report, and the arrears covering the period from 01.01.2016 to 30.06.2021 and DA/DR arrears from 01.07.2021 to 31.03.2024, involving a total liability of approximately Rs. 14,191 crores, phased over five financial years (2024-25 to 2028-29). The Plan provided a tiered schedule for pensioners categorised by age: 02 instalments for those above 85 years, 12 instalments for those between 75-85 years, and 42 instalments for those below 75 years. The said liquidation plan was adopted by PSPCL for its employees and pensioners vide its Finance Circular No. 03/2025 on 03.04.2025. Learned senior counsel submits that despite the fact that the Cabinet Sub-Committee constituted by the Government of Punjab, vide Notification dated 07.04.2026, for comprehensive evaluation of financial feasibility and

recommendation of an appropriate course of action regarding the pending DA/DR instalments, was yet to submit its report, the impugned judgment was passed by the learned Single Bench, without awaiting the decision of the Sub-Committee.

Impugned judgment is based upon incorrect factual findings

62. The validity of the impugned judgment has also been assailed on the ground that the same is based upon incorrect factual findings. Learned senior counsel has drawn our attention to the observations made in para 29, wherein it is recorded that *"Learned counsel for the respondent(s)-Corporations, have reiterated the grounds taken in their respective replies and submit that the respondent(s)- Corporations are bound by the decision taken by the Government of Punjab",* and paragraph 47.2 which records that *"In the matter at hand, the Government of Punjab has not carried out any legislative exercise in this regard but instead, has issued the notification dated 18.06.2021 in terms of the approval of the recommendations of the 6th Pay Commission"*. It is argued that records would reveal that no reply had been filed by the appellant-PSPCL stating that it is bound by the decision of the State Government. It is further contended that no notification dated 18.06.2021 is on record, and only an interdepartmental communication dated 21.06.2021 is available, which cannot be termed as a notification. It has wrongly been assumed that such a communication is the decision of the Government, which clearly reflects that the judgment impugned is based upon incorrect factual findings, as is apparent from the face of the record.

Impugned judgment is per incuriam

63. It is further argued that the impugned judgment is *per incuriam,* as it does not take into consideration the law laid down in ***Central Board of Dawoodi Bohra*** (supra)***, State Of UP Vs Jeet Singh Bisht 2007 INSC 656 and State Of***

UP Vs Synthetics And Chemicals Limited 1991 INSC 159, besides disregarding the Punjab Civil Services (Revised Pay) Rules, 2021 framed under Article 309 of the Constitution of India and PSPCL (Revised Pay) Regulations 2021.

Limited scope of judicial review in fiscal policy

64. Much emphasis has been laid on the limited scope of Judicial Review in matters of Fiscal Policy. It is argued that in the absence of any rules for granting same rate of DA, without any time lag, at par with the Central rate, amounts to directly exposing fiscal policy of the State to judicial review, which is against the law laid down by the Hon'ble Supreme Court in ***BALCO Employees' Union (Regd.) versus Union of India 2001 INSC 601, Vivek Narayan Sharma versus Union of India (2023) 3 SCC 1 and Narmada Bachao Andolan etc. versus Union of India 2000 AIR SC 3751***.

Deviation in DA rates was continuous and unchallenged

65. Lastly, it is argued that the findings in the impugned judgment and the claim of the respondents, that the State of Punjab has always followed the Central Government DA rates, is based upon an incorrect factual premise. It is pointed out that after the notification of the Rules of 2021, DA of the State Government was increased from 17% to 28% w.e.f. 01.11.2021, whereas the Central Government had increased its DA w.e.f. 01.07.2021 from 17% to 28% and 28% to 31%, so there was difference of 3% as on 01.11.2021.

66. Again, the Central Government enhanced its DA from 31% to 34% w.e.f. 01.01.2022 and 34% to 38% w.e.f. 01.07.2022. The State Government continued to pay DA at rate of 28% which was increased from 28% to 34% w.e.f. 01.10.2022. There was difference of 4% as on 01.10.2022.

67. Yet again, the Central Government increased its DA from 38% to 42% w.e.f. 01.01.2023 whereas the State Government continued to pay DA at the rate of 34%; a difference of 8%. It was only on 01.12.2023 that the DA of the State Government was increased from 34% to 38%.

68. Thereafter, the Central Government increased its DA from 42% to 48% w.e.f. 01.07.2023, 46% to 50% w.e.f. 01.01.2024 and from 50% to 53% w.e.f. 01.07.2024. The State Government continued to pay DA at the rate of 38% which was only enhanced on 01.11.2024 from 38% to 42%.

69. It is thus submitted that the State Government has been continuously deviating from central rates, after the notification of rules on 05.07.2021, and such notifications were never challenged. It is only the DA which has accrued prior to the issuance of the notification dated 05.07.2021, i.e. between 01.01.2016 to 01.01.2019, which was paid at the rates which matched the Central rates.

70. The State Government uniformly implemented its own rates prospectively. The memorandum of finance department would show that it was decided to make an endeavour to eliminate the time lag for providing DA at Central rates. It was never agreed that time lag would be definitely eliminated. It is submitted that thus the 2021 Rules do not make mention of any provision for matching the central rates or elimination of any time lag.

71. Learned senior counsel has clarified that the press note annexed in LPA 1437 2026 states that *'MOST of the recommendation of 6th PPC w.e.f 01.01.2016 implementable from 01.07.2021 have been accepted'*. It is submitted that the note never stated that *'ALL recommendations have been accepted'*. Moreover, there was no mention that State Government would match Central rates without any time lag.

72. Reference is made to a comparative chart to demonstrate that the State Government has been deviating from the Central DA rates, at various points of time.

73. Reliance is also placed upon the following judgments by the PSPCL:-

1. ***Bhupati Bhusan Dalal vs. Registrar of the Original Side, 1971 AIR Calcutta 519***
2. ***The Rajasthan State Industrial Development and Investment Corporation vs. Subhash Sindhi Cooperative Housing Society Jaipur and others, AIR 2013 SC 1226***
3. ***State of Bihar vs. Kripalu Shankar, (1987) 3 SCC 34***
4. ***Gulabrao Keshavrao Patli and others vs. State of Gujarat and others, (1996) 2 SCC 26***
5. ***State of Sikkim vs. Dorjee Tshering Bhutia, (1992) 1 SCT 80***

Arguments on behalf of Respondents-Petitioners

74. *Per contra*, Mr. Sanjay Kaushal, learned Senior Counsel, while opposing the arguments of the State and PSPCL, has argued that DA is not a bounty or an additional benefit but a means to maintain a minimum standard of living. Submission is that it is a periodic adjustment designed to neutralise the impact of inflation and its constitutional grounding lies in Article 21, i.e. the right to live with human dignity, the Preamble, and the Directive Principles in Articles 38, 39 and 43, which oblige the State to secure a living wage and decent conditions of work.

75. While controverting the arguments regarding there being no binding decision regarding continued adoption of the Central Government DA rates, it is submitted that records reveal that the 6th Punjab Pay Commission recommended

continuation of DA on the basis of AICPI on the Central pattern; the Council of Ministers on 18.06.2021 approved that recommendation as per the comments of the Department of Finance, which had recommended acceptance; the decision was communicated on 21.06.2021 and translated into the 2021 Rules notified on 05.07.2021 in the name of the Governor. It is pointed out that the instructions dated 07.09.2021 and 02.11.2021, while making a mention about implementation of recommendations of 6th PPC in the subject, refer to the notification dated 05.07.2021, i.e. the 2021 Rules, and specifically recite that the *Governor of Punjab is pleased* to announce payment and release of DA, which according to the learned Senior Counsel, was on the pattern of the Central Government. It is further contended that having adopted the recommendations of the 6th PPC, the Government of Punjab made requisite budgetary allocations with respect to payment of DA in successive budgets and in the Press Note, it was announced that the arrears pertaining to the year 2016 for the employees and pensioners, estimated at Rs.2,572 crores shall be paid in two equal installments, in October, 2021 and January, 2022. It is submitted that PSPCL adopted each instruction of the State, *mutatis mutandis* with the approval of its Board. Submission is that it is clear that no decision was taken to follow a different pattern for grant of DA/DR, contrary to the pattern of the Central Government, and the only default is in releasing the accrued instalments. Our attention has been invited to the instructions/letters Annexure P-9 to P-11, in this regard. It is further submitted that the speaking order dated 18.11.2025 itself does not disclaim the pattern; it merely keeps the release of instalments from 42% to 55% in abeyance for want of a "decision".

76. Contention of the State as well as PSPCL that the actual salary drawn in absolute monetary terms is higher in the State of Punjab in comparison with their counterparts employed under the Government of India, and in some cases in the State of Haryana, is emphatically denied. Learned senior counsel has argued that such a selective factual assertion is wholly misconceived, as the same is based upon the comparison of only four-five posts, which does not reflect the position across the majority of the spectrum of employees, which is proven from the fact that the report of the 6th PPC does not record any such findings, after analysing the entire data, across the board. Neither any such objections were taken by the Finance Department in its comments put up before the Council of Ministers, nor any conscious decision rejecting the claim of the employees has been passed on this ground.

77. Countering the arguments as regards lack of master-servant relationship, distinction between All India Services and Judicial Officers employed in the State of Punjab, and that the impugned judgment could not have been passed *in rem*, it is submitted that all employees and pensioners are equally affected by inflation and constitute a homogeneous class. Any arbitrary classification within the class, and any indefinite withholding of what has accrued, is violative of Article 14. Once the vice of arbitrariness is to be judicially removed, the cure must operate across the entire class, and not merely for those who approached the Court. It is submitted that undisputedly the respondents, who are retired employees of PSPCL, had earlier approached this Court in CWP-24698-2025, *inter alia,* impleading both the State as well as PSPCL. Since both the State and PSPCL have consistently taken a stand that PSPCL follows the instructions of Government of Punjab, as regards grant of DA/DR, the learned

Single Judge, vide order dated 25.08.2025, directed the Principal Secretary, Department of Finance, Punjab, to consider and decide the claim of the petitioners therein, and no objection in this regard was raised by PSPCL. On the contrary, vide letter dated 30.09.2025, PSPCL directed the respondent(s)-petitioner(s) to appear before the Additional Chief Secretary, Finance, on the appointed date and time. The claim was kept in abeyance vide order dated 18.11.2025, specifically recording that PSPCL follows the instructions of Government of Punjab, and has adopted such instructions through Finance Circular No.03/2025 dated 03.04.2025. It is further pointed out that while passing the impugned judgment, the learned Single Judge decided three connected petitions, including CWP No. 10301 of 2026, filed by serving employees of PSPCL seeking identical relief, wherein PSPCL had been impleaded as a party. It is thus submitted that the plea that PSPCL is an autonomous body taking its own decisions with the approval of its Board of Directors, was never contended before the learned Single Judge. On the contrary, various circulars of PSPCL have been placed before us, showing that the instructions of the Government of Punjab regarding DA have been adopted *mutatis mutandis* by PSPCL, with the approval of the Board of Directors.

78. Shri Kaushal, has raised a very serious objection to the plea taken by the State pertaining to the learned Single Bench being *coram non judice.* It is argued that the learned Single Bench held the roster for writ petitions concerning Statutory Corporations and Boards/Bodies.

79. It is argued that the concept of *coram non judice* is a doctrine that protects the integrity of judicial proceedings by declaring that any action taken without jurisdiction is legally non-existent. Whereas, as per the learned senior

counsel, the impugned judgment dated 08.04.2026 passed by the learned Single Judge, was as per the Roster of Writ petitions in Service matters as allocated by the Hon'ble Chief Justice. Our attention has been invited to the applicable roster at the relevant time, which *inter alia* reflects that the writ petitions pertaining to Statutory Corporations and Other Statutory Boards/Bodies, as regards service matters/retiral/pension and medical reimbursement cases of the State of Punjab, were to be allocated to the learned Single Judge. It is submitted that since the petitioners were employees of PSPCL, a Corporation, there was overlapping in the roster, and the Registry rightly put it before the concerned learned Single Judge. It is contended that the findings of the learned Single Judge in paragraph 29 of the impugned judgment, recording that the Corporations are bound by the decisions of the Government of Punjab regarding pay, allowances, pensions, leave encashment and DA/DR, has not been denied in the affidavit filed by PSPCL, nor has been challenged in the LPA.

80. As regards the argument with regard to enlargement of scope of the writ petition, it is submitted that once a policy decision is set aside by the learned Single Judge, the benefit flowing therefrom had to be granted equally to all similarly situated employees, and therefore the learned Single Judge rightly treated the proceedings to be *in rem*, rather than being *in personam*. Learned senior counsel refers to an earlier decision passed by a Single Bench of this Court in CWP-29-2023 decided on 10.01.2023, wherein the State had conceded that its employees are entitled to grant of benefit of DA at the rate of 119% with effect from 01.07.2015, and an undertaking was given that not only the petitioners, but all other similarly situated employees shall be granted the benefit, as there cannot be discrimination between various identically situated employees.

81. Adverting to the plea of PSPCL, that it is a separate legal entity and not bound by the instructions/decision of the State Government, it is argued by Shri Kaushal that such a stance is contrary to the material available on record, including the various circulars placed before the Court, which show that PSPCL has been consistently adopting the instructions passed by the State *mutatis mutandis.* Our attention has been drawn to the affidavit dated 27.04.2026 filed in CWP-34714-2024, wherein it has been categorically averred in paragraph 2 of the preliminary submissions that PSPCL is a mere implementing authority and that all decisions relating to pension revision, grant of DA/DR, release of arrears, etc. are taken by the Government of Punjab, through its Finance Department. It is further stated that PSPCL is bound to act in accordance with such policy and cannot independently grant or modify benefits.

82. In response to the argument regarding the Liquidation Plan and alleged judicial indiscipline, learned senior counsel has argued that the said letter was a schedule of payment placed before the Contempt Court, which did not examine the validity of the same in any manner, and therefore, when challenge was laid to the said plan in CWP-9514-2026, the learned Single Judge was not precluded, in any manner, from testing the validity of the same on the ground whether it is patently violative of Article 14 of the Constitution of India, as well as being in teeth of the judgment of the Constitution Bench of the Supreme Court in ***D.S. Nakara*** (supra) and reaffirmed in ***All Manipur Pensioners Association*** (supra).

83. Lastly, Shri Kaushal, has controverted the argument regarding limited scope of interference in matters of fiscal policy, by submitting that when it is explicit that the State is squandering funds by distributing freebies and huge

amounts are being wasted on large-scale advertisement campaigns, while withholding the legitimate dues of the employees, then the Constitutional Courts will have to take cognizance of the same and enforce the rights of the employees and retirees. Submission is that once the rates of DA/DR were adopted, it partakes the character of an enforceable right and the same cannot be denied on the plea of financial crisis.

84. Apart from relying upon principles of law enunciated in ***D.S. Nakara*** (supra) and ***All Manipur Pensioners Association*** (supra), reliance is also placed upon ***Purshottam Lal and others v. Union of India and another, (1973) 1 SCC 651; State of Kerala v. M. Vijayakumar, 2026 INSC 352; and State of West Bengal v. Confederation of State Government Employees, West Bengal, 2026 INSC 123.***

ISSUES FOR DETERMINATION

85. Having heard learned counsel for the parties and after perusing the record with their able assistance, the following issues arise for determination:-

(i) Whether the State of Punjab and PSPCL have accepted/acted upon the recommendation of the 6th PPC regarding continuation of grant of DA/DR on the pattern of the Government of India? If yes, whether they can indefinitely withhold the release of DA/DR instalments which have accrued on that pattern; and stagger the payment of admitted arrears through a '*Liquidation Plan*'?

(ii) Whether the Liquidation Plan dated 18.02.2025 was rightly quashed being in violation of Article 14 of the Constitution of India?

(iii) Whether, in the absence of a formal expression in the name of the Governor under Article 166(1), the Cabinet decision dated 18.06.2021 could be the basis of any enforceable right?

(iv) Whether the writ petitions were bad for non-joinder/misjoinder of necessary parties, and whether PSPCL was condemned unheard?

(v) Whether the impugned judgment is vitiated as *coram non judice* for want of roster jurisdiction, and whether the learned Single Judge impermissibly enlarged the scope of the writ petitions and erred in making the judgment operative *in rem*?

(vi) What would be the effect of the Division Bench order dated 21.02.2025 in CACP No. 47 of 2024 and the Single Bench judgment in *Surinder Singh* (CWP No. 23651 of 2024), and the propriety of the *per incuriam/sub silentio* declaration?

(vii) Whether the impugned directions transgress the permissible limits of judicial review in matters of fiscal policy?

(viii) Whether the plea of comparative emoluments and excessive financial burden would be of any relevance?

(ix) What would be the effect of PSPCL's separate legal personality, and the individual DA notifications not having been challenged?

ANALYSIS AND FINDINGS

Issue No.(i): Whether the State of Punjab and PSPCL have accepted/acted upon the recommendation of the 6th PPC regarding continuation of grant of DA/DR on the pattern of the Government of India? If yes, whether they can indefinitely withhold the release of DA/DR instalments which have accrued

on that pattern; and stagger the payment of admitted arrears through a '*Liquidation Plan*'?

86. This issue is central to the entire *lis* between the parties and goes to the very root of the matter. The appellants have taken a stance that the recommendations of the 6th Pay Commission regarding payment of Dearness Allowance at the same rate or intervals, is not binding upon them. It has been argued that *de hors* the fact that no decision adopting the recommendations of the PPC was taken in the name of the Governor, once the State framed the 2021 Rules, and PSPCL came up with the 2021 Regulations, the alleged Cabinet decision would not operate against the said statutory Rules/Regulations, which do not provide for fixing of the DA rates, which is left at the discretion of the State. It is also the argument of the appellants that unlike the West Bengal ROPA Rules, 2009, the 2021 Rules framed by the State of Punjab do not tie DA to any index base, and since the State never exercised its discretion in the manner, which, as per ***State of West Bengal vs. Confederation*** (supra) forecloses denial, the rate can be fixed by the Government from time to time according to its financial capacity, as per the law laid down in ***TNEB*** (supra).

87. The argument appears attractive in the first blush, and therefore it is apposite to examine the same at some length. Undisputedly, the 6th PPC recommended in no uncertain terms, that the grant of DA/DR on the basis of AICPI, i.e. Central Index, should be continued on the Central Government pattern. The Department of Finance proposed acceptance of this recommendation by recording that "*The Government **may accept** this recommendation*". The Council of Ministers on 18.06.2021 approved the recommendations as per the comments of the Department of Finance. The recommendation as to the pattern

and index, thus, stood accepted without reservation. It is only the distinct recommendation regarding enhancement with no time-lag, which received the guarded comment "*may endeavour to do so*". The contradistinction within the same tabulation, in our considered opinion, was deliberate and pronounced, inasmuch as that the rate and pattern were accepted unconditionally, while simultaneity of release was left aspirational.

88. Rule 3(c) defines "existing emoluments" as the sum of (i) existing basic pay as on 31.12.2015 and (ii) dearness allowance appropriate to the pay in the existing basic pay. Rule 3(j) defines "revised emoluments" to mean the pay in the Level of a Government employee in the revised pay structure, and *includes dearness allowance*.

89. Rule 9 pertains to the arrears of revised pay and since much reliance has been placed upon the said Rule, so as to contend that the manner and time of payment of arrears with effect from 01.01.2016 to 30.06.2021, has been left to the discretion of the State, it is important to extract the language employed in the said Rule, which reads as under:-

> *"9. Arrear of revised pay. — Notwithstanding anything contained in these rules, the arrears with effect from the 1st day of January, 2016 to 30th day of June, 2021 shall be paid in such manner and at such time as may be approved by the Government."*

90. Bare perusal of the language employed in Rule 9 makes it abundantly clear that the same starts with a non-obstante clause and clearly authorizes the payment of arrears with effect from the 1st day of January, 2016 to 30th June, 2021, in the manner and at such time, as approved by the Government. However, from a perusal of the heading of the Rule, it is clear that the same

pertains to arrears of revised pay, which has been defined under Clause 3(h) of the 2021 Rules, and from the scheme of the Rules, it would be debatable whether arrears of revised pay, would include arrears of revised emoluments also.

91. Be that as it may, we may not detain ourselves upon this issue as the contemporaneous and consistent executive construction places the matter beyond doubt. Every DA instruction issued after coming into force of the 2021 Rules, i.e. 07.09.2021 (2% to 17%), 02.11.2021 (17% to 28%), 31.10.2022 (28% to 34%), 01.12.2023 (34% to 38%) and 01.11.2024 (38% to 42%), recites that the DA/DR has been directed to be released by the Governor of Punjab. In fact, perusal of the instructions dated 07.09.2021 (Annexure P-3) would reflect that the DA has been fixed as per the recommendations of the 6th PPC, which in turn mentioned that the same is on the pattern of the Central Government. Interestingly, reference is made to the notification dated 05.07.2021 i.e. the 2021 Rules, and in paragraph 2, it is stated that the arrears of DA will be paid along with the arrears of the revised pay, calculated as per notification dated 05.07.2021.

92. The rates themselves are, without exception, rates drawn from the Central 7th CPC series and the State has never, on any single occasion, fixed a rate of its own devising. The contention of the learned senior counsel appearing on behalf of the respondents, that even the freeze between the period 01.01.2020 to 30.06.2021, was adopted because the Centre froze DA vide its O.M. dated 23.04.2020, has not been disputed. When the executive, for five years, uniformly construes and implements its own decision as an adoption of the Central pattern, it is not open to it to subsequently turn around and plead that no such pattern was ever adopted.

93. The speaking order dated 18.11.2025, which is the proximate cause of this litigation, itself contains no repudiation of the pattern. It does not say that the State has decided to de-link from the Central rates, or that DA from 42% to 55% is not payable. What is stated therein is that "*the Government has not yet taken any decision regarding the grant of four installments of DA/DR from 42% to 55%* and *that the decision, when taken, will be intimated*". Perusal of the order makes it clear that the decision regarding payment of four installments of DA/DR, from 42% to 55% has been kept in abeyance, only on the ground that a decision regarding the timing of release, is pending consideration. There is no reference therein, regarding the entitlement of the respondents or the rate.

94. The State's own comparative table demonstrates that the State of Punjab consciously adopted the Central formulation of 'existing emoluments'. The absence of a numerical index in the definition clause is of no consequence. What matters is the standard by reference to which the executive power is to be exercised, and that standard had been fixed by the accepted recommendation. It is not the case of the State that it had devised its own method of calculation, which was different than the method formulated by the Centre based upon the AICPI.

95. Once this is appreciated, ***State of West Bengal v. Confederation*** (supra), far from assisting the appellants, concludes the issue against them. The Hon'ble Supreme Court has held that while DA is a dynamic concept and the State is free in the exercise of its discretion in choosing the rate, once the State has exercised its discretion by adopting a standard, it cannot thereafter deny the benefit flowing therefrom. The appellants' reliance on para 44 of the judgment is in fact self-defeating, since the Court has observed therein that a legislative exercise carried out by the State presupposes that the requisite groundwork has

been completed and the culmination of all information received and collected along with opinions of the necessary experts among other things has resulted in such an exercise. It has *inter alia* been observed that once this is the position, judicial review thereof cannot account for perceived negative impacts on others, particularly when such a decision is squarely within the financial autonomy of each body (State). The State of Punjab took its decision on 18.06.2021 with its eyes open, after its Department of Finance had tabulated the financial implications, and such decision was embodied in Rules and instructions and implemented it. The 'financial autonomy' which the appellants invoke, was exhausted in the making of the choice, and it will not be open to the State to not release or postpone the release/payment of the DA/DR over a long period of time, in a staggered manner. The distinction pressed that West Bengal's rules contained the index, while the 2021 Rules framed by the State of Punjab do not, is for the reasons recorded above, a distinction without a difference for the reasons that the exercise of discretion may be located in a rule, or in an accepted recommendation carried into effect by Rules and repeated statutory instructions. In the peculiar facts involved, that discretion stands exercised, as discussed hereinabove. The decisions in the case of ***Subhash Sindhi*** **and** ***Dorjee Tshering Bhutia*** (supra) do not come to the aid of the appellants. The principle they embody is that executive instructions may supplement, though not supplant, the statutory Rules, and may legitimately operate, where the Rules are silent and the instructions are not inconsistent with them. Applied to the facts of the instant case, the 2021 Rules incorporate DA as an integral component of emoluments, but are silent as to the periodic rate, which is clear from the successive instructions issued in the name of Governor, and the same are in complete harmony with the 2021 Rules and with the accepted recommendation, out of which the Rules were born. That is supplementation of the classical kind sanctioned by both decisions, not supplantation. No instruction alters or enlarges any rule, and the submission that the Rules 'consciously omitted' DA parity is belied by the definition clauses themselves, which make DA a component of both existing and revised emoluments, and by five years of uniform executive construction to the contrary.

96. The dictum of law laid down in ***Purshottam Lal v. Union of India, (1973) 1 SCC 651***, reinforces the conclusion that where the Government accepts the recommendations of a Pay Commission, it binds itself to implement them, and implementation can be compelled at the instance of the employees governed thereby. Equally, in ***State of Kerala v. M. Vijayakumar*** (supra) ***and All Manipur Pensioners Association*** (supra), the Hon'ble Supreme Court has reiterated that accrued pensionary benefits cannot be defeated on the plea of financial burden. Judgment in the case of ***TNEB*** (supra) is clearly distinguishable, since it was a case of a demand for wage revision and DA, *de hors* any adopted standard, where the Court held the employer's financial capacity to be a material factor in the determination of DA. It does not deal with the proposition where the State/employer have already determined and adopted a standard, and having paid upon it for years, may renege upon the accrued yield of that standard by pleading finances. Financial capacity informs the making of the policy; it does not licence the breach of it.

97. We are in respectful agreement with the findings of the learned Single Judge that since it has never been the stand of the Government of Punjab that it would depart from the Central Government pattern; nor has it placed on record any alternative methodology for the computation of Dearness Allowance

other than that followed by the Central Government, and when the agenda or the approval recorded in the meeting of the Council of Ministers does not mention any deviation from the Central Government pattern, then the validity of acceptance of the recommendations made by the 6th Pay Commission by the Government of Punjab must be assessed solely on the reasons recorded therein and cannot be supplemented or justified by subsequent explanations.

98. There is one more circumstance, noticed by the learned Single Judge and not seriously disputed before us, which independently attracts Article 14. Officers of the All India Services, i.e. IAS, IPS and IFS, serving in connection with the affairs of the State of Punjab are paid DA/DR at the Central rates as and when notified by the Government of India, and such payment is borne by the State exchequer. The State thus pays, from the same public purse, inflation-neutralisation at the full Central rate and without time-lag to one set of public servants, while its own employees and pensioners, and those of its wholly-owned Corporation, exposed to the identical inflation, are held at 42% with the balance instalments kept in abeyance sine die. No intelligible differentia bearing rational nexus to the object of DA, which is neutralisation of the rise in the cost of living, has been found to exist to sustain this differential treatment. The direction in the impugned judgment pegging the release to the rates applicable to IAS/IPS/IFS officers is nothing but a direction to apply, even-handedly, the very standard the State already applies.

99. In such view of the matter, and additionally for the reasons mentioned while answering issue No.(ii), we are of the considered opinion that the State/PSPCL would be bound by its policy decision of adopting the Central Government pattern for payment of DA/DR, and cannot be permitted to pay the

same in a staggered manner over a period of five financial years, by adopting a discriminatory approach and pay the amount of arrears for the pensioners below the age of 75 years, over as many as 42 instalments, and that too without interest. Issue No.(i) is thus answered against the appellants.

Issue No.(ii) Whether the Liquidation Plan dated 18.02.2025 was rightly quashed being in violation of Article 14 of the Constitution of India?

100. Much emphasis has been laid on the 'Liquidation Plan' stated to have been approved by the Council of Ministers in its Meeting held on 13.02.2025 and communicated vide letter dated 18.02.2025. It has been argued that in pursuance to the decision of the Council of Ministers, a schedule of payment in installments was accordingly framed for pensioners as well as serving employees. The same was adopted by appellant-PSPCL vide Finance Circular dated 03.04.2025. Further, the liquidation plan prepared by the Cabinet Sub-Committee was approved by the Division Bench of this Court in ***Ajoy Kumar Sinha*** (supra). Thus, it has been argued that quashing of the liquidation plan is tantamount to judicial indiscipline. The perusal of the Liquidation Plan would reflect that the schedule of payment prepared by the Sub-Committee is reproduced as under:

> ***"(1) For the State Pensioners/Family Pensioners***
> ***a. Pensioners / Family Pensioners age 85 years and above (as on 01.10.2024) and deceased family pensioners****- During the Financial Year 2024-25 payment of arrear of Revised Pension/Family Pension (including DR arrear) (as per 6th PPC)* ***will be made in two equal monthly installments (Feb., 2025 and March, 2025) to the pensioners/ Family Pensioners having age of 85 years and above and deceased family pensioners (to their legal heirs)***.

b. Pensioners/Family pensioners age 75 years but below 85 years (as on 01.10.2024) and deceased pensioners- *During the Financial Year 2025-26 payment of arrear of Revised Pension/Family Pension (including DR arrear) (as per 6thPPC)* ***will be made in 12 equal monthly installments (April, 2025 to March, 2026) to the pensioners age 75 years but below 85 years and deceased pensioners (to the family pensioner / legal heirs)****.*

c. ***Pensioners/Family Pensioners age below 75 years****- Payment of arrear of Revised Pension/Family Pension (including DR arrear) will be made in* ***42 monthly installments to the pensioners below age of 75 years as below****:-*

Sr. No.	***Year to which the arrears relates***	***No. of equally Monthly Installments***	***Period for payment***
1	*For the years 2016 and 2017*	*15*	*Instalment will start from the month of April, 2025*
2	*For the years 2018 and 2019*	*18*	*Instalment will start from the month of July, 2025*
3	*For the years 2020 and 2021 (upto 30.06.2021)*	*09*	*Instalment will start from the month of January, 2028*

d. Arrears of revised Leave Encashment- *Payment of arrear of revised Leave Encashment of the Government employees retired between 01.01.2016 to 30.06.2021 will be made in 04 equal six monthly installments (i.e. April, 2025, October, 2025, April, 2026 and October, 2026)*

(2) For Government Employees

e. Arrear of revised pay- *The payment of arrear of revised pay (including DA arrear) to the employees* ***will be paid in 36 monthly installments as below****:-*

Sr. No.	***Year to which the arrears relates***	***No. of equally Monthly Installments***	***Period for payment***
1	*For the year 2016*	*12*	*Installment will Start from the month of April, 2026*
2	*For the years 2017, 2018, 2019, 2020 and 2021 (up to 30.06.2021)*	*24*	*Installment will Start from the month of April, 2027*

f. ***After liquidation of the arrears of 6th Punjab Pay Commission any arrear on account of enhanced DA/DR from 01.07.2021 to 31.03.2024 will be considered for payment in installments. However the Government may also consider for early payment keeping in view the financial resources of the State****.”*

(Emphasis supplied)

101. The learned Single Bench rejected the validity of the schedule of payment on the grounds that the Division Bench of this Court, while dealing with the contempt appeal in ***Ajoy Kumar Sinha*** (supra), has not commented on or decided any issue on merits. Further, that while exercising contempt jurisdiction, the Court cannot expand the scope of inquiry by adjudicating anything on merits, and that jurisdiction of the contempt Court is confined to merely examining compliance with the directions issued. Further, the schedule of payment was held to be in the teeth of the law laid down by the Constitution Bench of the Hon’ble Supreme Court in ***D.S. Nakara*** (supra), which has been further reiterated in ***All Manipur Pensioners Association*** (supra), wherein it was *inter alia* held that that the State Government would not be justified in creating two classes of pensioners, solely on the ground of financial constraint. It was therefore held that the object

of Dearness Allowance is to provide a hedge against inflation, a market force that erodes the purchasing power of all retirees with equal severity, regardless of whether they are 65 or 85 years of age. Consequently, relegating younger pensioners to a nearly four-year-long payment schedule while inflation continues to rise unabated is both arbitrary and discriminatory. By segregating retirees into three distinct tiers, i.e., granting arrears in 02 installments for those above 85 years, 12 installments for those between 75 and 85 years, and a staggering 42 installments for those below 75 years, the State has created a class within a class without any reasonable justification. Such a classification lacks a rational nexus to the object sought to be achieved.

102. The matter needs to be examined from another angle. Rule 9 of the 2021 Rules and *pari materia* Regulation 9 of the PSPCL Regulations, are an enabling provision. The arrears with effect from 01.01.2016 to 30.06.2021 shall be paid in such manner and at such time as may be approved by the Government/PSPCL. Three consequences follow. First, the temporal reach of Rule 9 is confined to the arrears of the block of 01.01.2016 to 30.06.2021. The Liquidation Plan, however, on its own recitals, sweeps within its fold DA/DR arrears for the period *01.07.2021 to 31.03.2024* as well. No source of power, statutory or otherwise, was shown to us which permits the deferment of the post-30.06.2021 accruals over five financial years, and resultantly the plan militates against Rule 9 itself and rests on no legal foundation.

103. Secondly, even within its legitimate field, Rule 9 does not confer an unfettered dispensation. The non-obstante clause and the words *'in such manner and at such time as may be approved'* vest a discretion, and every discretion vested in the State is coupled with the duty to exercise it reasonably. Arrears of

pay, pension and DA/DR which have accrued and have been admitted, are not a largesse. They are *'property'* within the meaning of Article 300A as held in the case of ***State of Jharkhand and others vs. Jitendra Kumar Srivastava and another, (2013) 12 SCC 210***, and the right to receive pension itself is a valuable right, as held in ***Deokinandan Prasad v. State of Bihar, (1971) 2 SCC 330 and D.S. Nakara*** (supra). A schedule which retains admitted dues, some accrued as far back as 2016, in the hands of the State until 2028-29, to be paid in staggered installments, and that too without any interest, does not liquidate the debt and rather liquidates its value, since the very inflation which DA/DR exists to neutralise, steadily erodes with each deferred instalment. Deferment of such magnitude, uncompensated, is expropriatory in effect and manifestly arbitrary.

104. Thirdly, insofar as the Plan contains an age-tiered classification, containing a sequencing which pays the eldest first, appears in itself to be benign, and ***Amar Nath Goyal*** (supra) and ***R.K. Garg*** (supra) do recognise the latitude available to the State in staggering financial burdens. But the vice found by the learned Single Judge does not lie in the priority accorded to the eldest. It lies in the tail of the scheme. Pensioners below 75 years, by far the largest cohort, are relegated to 42 monthly instalments stretching into 2028-29. The object of the Plan, as professed, is the timely liquidation of admitted arrears, and for the bulk of the class, it would result in defeating the adopted object. The differentia (age) may be intelligible, however the nexus payment through 42 instalments to the majority, is absent. The principle laid down in the case of ***D.S. Nakara*** (supra) has not been answered by saying that no one is denied the benefit. A homogeneous class of creditors of the State, for that is what pensioners holding admitted arrears are, has been divided so that the youngest among the old must

wait the longest, uncompensated, for monies which are admittedly theirs. Further, as events have proven, even that attenuated promise is insecure, for on 07.04.2026 the State constituted yet another Sub-Committee to re-evaluate the 'financial feasibility' of the pending instalments, placing the entire liquidation edifice back into the melting pot. A plan which is arbitrary in part of its coverage (the post-2021 arrears), uncompensated in its deferral, disproportionate in its tail, and, on the State's own subsequent conduct, provisional in its promise, was rightly quashed. We affirm the quashing of the Liquidation Plan dated 18.02.2025 and, as its necessary corollary, of PSPCL's Finance Circular No. 03/2025 dated 03.04.2025 to the extent it adopts the Plan. We clarify, as did the learned Single Judge in substance, that nothing prevents the State from paying the eldest first *within* the outer time-limits fixed by the Court. What it may not do is stretch the payment of admitted dues beyond those limits or withhold interest-free the dues of any cohort for years on end. Issue No. (ii) is answered against the appellants.

Issue No.(iii) Whether, in the absence of a formal expression in the name of the Governor under Article 166(1), the Cabinet decision dated 18.06.2021 could be the basis of any enforceable right?

105. The submission founded on ***Bachittar Singh*** (supra) proceeds upon a truncated reading of the record. In the said case, the order of the Revenue Minister remained a noting on the file. It was never expressed in the name of the Governor, never communicated, and was subsequently reversed. It was in that setting that the Constitution Bench held that until an order is expressed and communicated, it remains provisional and confers no right. The ratio presupposes executive action which never left the secretariat file. The present record is materially different, and the difference is decisive.

106. The Cabinet decision dated 18.06.2021, did not remain a file noting. It was communicated to all Principal Secretary, Government of Punjab, Finance Department, and copy thereof was forwarded to the Chief Minister and the Governor. Subsequently, the decision taken was publicly announced through a press note, including the schedule for payment of the 2016 arrears estimated at Rs. 2,572 crore. It translated into subordinate legislation, i.e. the 2021 Rules, notified on 05.07.2021 under the proviso to Article 309 of the Constitution, which were in the name of the Governor, and the same was given effect to, by policy instructions dated 07.09.2021 and memo dated 02.11.2021, each of which, on its face, conveys that the Governor of Punjab is pleased to announce/release dearness allowance, which from a bare perusal was clearly on the pattern of the Central Government. Undisputedly, the decision was also acted upon through budgetary allocations in successive budgets and through actual payments of DA at 2%, 4%, 5%, 7%, 9%, 12%, 17%, 28%, 34%, 38% and 42%, each one of which is relatable to that very decision. Executive action expressed in the name of the Governor and communicated to the world at large is precisely what Article 166(1) contemplates. The learned Single Judge did not enforce an un-expressed Cabinet advice. It enforced the decision of the State Government as expressed in the Governor's name in the Rules and the instructions aforesaid, and as implemented by the State itself. Article 163(3) is not remotely attracted as the Court has not inquired into what advice was tendered to the Governor. It has read the Government's own published instruments, which were undisputed.

107. There is a second, independent, answer. It is settled since ***Dattatraya Moreshwar v. State of Bombay, AIR 1952 SC 181***, and reiterated in ***R. Chitralekha and another v. State of Mysore and others*, *AIR 1964 SC 1823***, that

the provisions of Article 166 are directory, not mandatory, and that non-compliance in form does not invalidate executive action, if it is otherwise shown to have been taken by the Government, though it may deprive the Government of the evidentiary presumption of authenticity. Here the State does not, and cannot, disown the decision of 18.06.2021. The State's own written submissions repeatedly rely upon the comments of the Department of Finance approved in that very meeting, i.e. the 'endeavour' comment, as the sheet-anchor of its defence on time-lag. The State cannot approbate and reprobate at the same time. It cannot invoke the Cabinet decision to read down the commitment on timing, while simultaneously denying the existence of that decision to defeat the commitment on the pattern. ***Kripalu Shankar*, *Gulabrao Keshavrao Patil* and *R. Ranjith Singh*** (supra), which caution against founding rights on un-communicated file notings and on ministerial decisions not carried through the discipline of Article 166, have no application to a decision communicated, notified, published and implemented. The purported factual error in para 47.2 of the impugned judgment, i.e. the reference to a 'notification dated 18.06.2021', is, at worst, an inaccuracy of description of the communication dated 21.06.2021 read with the notification dated 05.07.2021. It does not touch the substance of the reasoning. Issue No.(iii) is answered against the appellants.

Issue No.(iv) Whether the writ petitions were bad for non-joinder/misjoinder of necessary parties, and whether PSPCL was condemned unheard?

108. The objection, though attractively presented, does not survive scrutiny. Insofar as CWP No. 10301 of 2026 is concerned, PSPCL was arrayed as respondent No. 4, and its counsel was admittedly present on the final date of adjudication, a fact expressly recorded in the appellants' own written submissions.

The grievance, therefore, reduces itself to the contention that no formal notice was issued and no written statement was taken on record before the judgment was pronounced. Insofar as CWP No. 7291 of 2026 is concerned, the sole respondent arrayed was the Additional Chief Secretary, Department of Finance, the very authority which had passed the speaking order dated 18.11.2025 impugned therein. The author of the impugned order was thus before the Court. The State of Punjab acts through its Secretaries, and the arraignment of the Additional Chief Secretary, Department of Finance, is, in substance, the arraignment of the State in its Finance Department. A misdescription or formal non-impleadment of the State, when the department and the officer whose action is impugned are *eo nomine* before the Court and are represented by the learned Advocate General, is a curable irregularity and not a jurisdictional infirmity. Writ proceedings under Article 226 are not shackled by the technicalities of a suit. What the Court must ensure is that the authority whose action is under challenge, and every party likely to be prejudicially affected, has a fair opportunity of meeting the case.

109. That brings us to prejudice, the touchstone on which a complaint of breach of natural justice must ultimately be tested. It is now firmly established that the principles of natural justice cannot be applied in a vacuum, divorced from prejudice. A violation, to be fatal, must be shown to have occasioned a failure of justice, as held in ***State Bank of Patiala v. S.K. Sharma, (1996) 3 SCC 364 and Managing Director, ECIL v. B. Karunakar, (1993) 4 SCC 727***. Where the admitted position is such that no other conclusion was possible, the plea reduces itself to what has been described as the '*useless formality theory*'. Tested thus, the objection fails on the appellants' own showing. PSPCL's consistent, declared and admitted position, as recorded in the speaking order dated 18.11.2025, in the

affidavit dated 27.04.2026 filed in CWP-34714-2024, in Finance Circular No. 03/2025 dated 03.04.2025 adopting the Government's circular dated 18.02.2025, reflects that that it follows the instructions of the Government of Punjab for the grant of DA/DR and arrears thereof, and adopts them *mutatis mutandis*. In such circumstances, it has not been shown that there was any material or defence, which could conceivably have altered the outcome. Having gone through the legal contentions which have been advanced before us at length and having considered the same on merits, we are not convinced that any actual prejudice has been caused to PSPCL.

110. There is a further, and equally complete, answer. A Letters Patent Appeal is a continuation of the original proceedings, and this Bench has heard the State, the Additional Chief Secretary and PSPCL exhaustively, on facts, on the material available on record, and on law, with the benefit of detailed written submissions and compendia running into several volumes. Whatever deficiency of opportunity, if any, existed before the learned Single Judge stands fully effaced by the comprehensive hearing afforded in these intra-court appeals. To relegate the parties to a fresh round before the learned Single Judge, only for the same contentions to be re-urged, would be an exercise in futility; and futility is not a relief known to law. Issue No.(iv) is answered against the appellants.

Issue No.(v) Whether the impugned judgment is vitiated as *coram non judice* for want of roster jurisdiction, and whether the learned Single Judge impermissibly enlarged the scope of the writ petitions and erred in making the judgment operative *in rem*?

111. The plea of *coram non judice* proceeds on a fallacy. The extract of the Roster, placed on record by the respondents, demonstrates that writ petitions

concerning Statutory Corporations and other Statutory Boards/Bodies of the State of Punjab, stood allocated to the learned Single Judge. The writ petitioners in one of the connected matters, are serving employees, and in the other connected writ petition, retired employees of PSPCL, indisputably a statutory corporation. We are therefore of the considered opinion that the petitions were rightly placed by the Registry before the very Bench holding the relevant roster. This is not a case of a Judge reaching out for a matter not assigned to him. The directions issued against the State of Punjab are consequential and inseverable. On the admitted position, PSPCL frames no independent DA policy but adopts the instructions of the State's Department of Finance, *mutatis mutandis.* The fountainhead of the grievance, the speaking order dated 18.11.2025 and the Liquidation Plan dated 18.02.2025, emanates from the State. A Bench seized of the Corporation's employees' grievance could not have adjudicated it at all, without examining the State instructions in which the grievance is rooted. An overlap of subject-matter, across roster entries is an ordinary incident of judicial administration. It furnishes no ground of nullity.

112. The legal position is, in any event, well settled. The jurisdiction under Article 226 vests in the High Court. The roster is an administrative arrangement made by the Chief Justice as master of the roster for the convenient transaction of judicial business, as held in ***State of Rajasthan v. Prakash Chand, (1998) 1 SCC 1***. Even where a matter is decided by a Bench to which it did not strictly stand allocated, the defect is one of procedural irregularity in the distribution of business, and not a want of inherent jurisdiction rendering the decision *void ab initio*, unless the case is one of a Judge usurping a matter in defiance of the Chief Justice's orders. In the case of ***Neeraj Chaubey*** (supra),

what is reiterated is that the Chief Justice alone is the master of the roster, a proposition with which no quarrel is possible. However, the same is not attracted in circumstances where the Registry itself listed the matters before the Roster Bench. ***Davinder Pal Singh Bhullar*** (supra) arose in a wholly different context, i.e. of a Judge initiating and continuing proceedings in disregard of settled norms in circumstances attracting bias, and does not advance the appellants' case. Nor does the judgment in the case of ***Bhupati Bhusan Dalal*** (supra) come to the aid of the appellants, since in the said case, the primary issue was regarding the boundary between the original and appellate jurisdictions of the High Court under the Letters Patent. No conflation of the two has occurred here. The learned Single Judge exercised original writ jurisdiction under Article 226, and this Bench has exercised appellate jurisdiction under Clause X of the Letters Patent, and the decision nowhere holds that a writ court cannot mould relief so as to enure benefit to the class before it. Further, even if the allocation were assumed to be doubtful, this Division Bench, whose appellate jurisdiction under Clause X of the Letters Patent, is not circumscribed by any roster limitation of the kind urged, has reheard the entire matter, and therefore, the plea, even if sound, could at its highest have led to a remand for decision by an ‘appropriate’ Bench; a course rendered wholly academic by the present adjudication.

113. The cognate submission, that the learned Single Judge converted the writ petitions into a public interest litigation and impermissibly travelled beyond the prayers, is equally without substance. Perusal of the prayers made in CWP No. 10301 of 2026, *inter alia* sought the release of all up-to-date pending instalments of DA/DR. The petitions in CWP-9514-2026 *inter alia* sought quashing of the Liquidation Plan dated 18.02.2025; while the petitioners in CWP

No. 7291 of 2026 sought the quashing of the speaking order dated 18.11.2025 whereby the claim for enhancement from 42% to 55% was kept in abeyance. The relief of grant of accrued DA/DR was common in all petitions. Every operative direction issued flows directly from these prayers. As regards the *in rem* declaration, the principle is well settled in service jurisprudence. Where a policy instrument or executive action of general application is struck down as arbitrary, the cure enures to the benefit of the entire homogeneous class affected by it, and similarly situated employees or pensioners cannot be compelled to file successive petitions to reap the benefit of a declaration of law. In ***All Manipur Pensioners Association*** (supra), the Hon'ble Supreme Court extended the benefit of revised pension to all pensioners of the class, having found the classification arbitrary. All employees and pensioners are alike exposed to the same inflation; the Liquidation Plan and the withholding of instalments operate upon all of them alike. The declaration that the consequential relief operates qua the class is, therefore, not an enlargement of scope but the necessary and salutary consequence of the quashing of instruments of general application, which prevents discrimination between litigating and non-litigating members of the same class and avoids a multiplicity of proceedings. Issue No.(v) is answered against the appellants.

Issue No.(vi) What would be the effect of the Division Bench order dated 21.02.2025 in CACP No. 47 of 2024 and the Single Bench judgment in *Surinder Singh* (CWP No. 23651 of 2024), and the propriety of the *per incuriam/sub silentio* declaration?

114. Although the issue has been dealt with to some extent while dealing with the issue of validity of the Liquidation Plan, however, the submission

regarding judicial discipline is founded on the principles enunciated in ***Dawoodi Bohra*** (supra) and ***Official Liquidator v. Dayanand*** (supra), which must be examined with precision, for judicial discipline is the mortar of the hierarchy of courts and we would be slow to countenance any erosion of it. The propositions summed up by the Constitution Bench, that the law laid down by a Bench of larger strength binds Benches of lesser or co-equal strength, and that a Bench of lesser quorum, entertaining doubt, must invite a reference rather than sit in judgment, admits no dispute. The question is whether either of the two decisions relied upon by the appellants laid down law, which bound the learned Single Judge.

115. The order dated 21.02.2025 in CACP No. 47 of 2024 was passed in *contempt* proceedings arising out of an earlier mandamus. It is well settled that the contempt jurisdiction is confined to ascertaining whether the order alleged to have been disobeyed has been complied with, and the contempt court cannot travel beyond the four corners of that order, much less adjudicate the constitutional validity of an executive instrument brought on record by the alleged contemnor in demonstration of compliance (See: ***Sudhir Vasudeva v. M. George Ravishekaran, (2014) 3 SCC 373***). The Division Bench took the Liquidation Plan on record and directed compliance with it as between the parties to that *lis*. The validity of the Plan, tested on the anvil of Articles 14 and 300A at the instance of employees and pensioners who were not parties to the contempt, was neither in issue nor decided. An order accepting a compliance mechanism *inter se* parties in contempt does not clothe the mechanism with constitutional immunity *erga omnes*, and its subsequent examination under Article 226 at the instance of aggrieved non-parties involves no affront to the Division Bench. The

learned Single Judge's observation in para 49 regarding the jurisdiction of the contempt court was, in the light of ***Sudhir Vasudeva*** (supra), an unexceptionable statement of the limits of that jurisdiction, and it furnishes no ground of reversal.

116. As regards the judgment in ***Surinder Singh*** (supra) being held *per incuriam* and *sub silentio*, the petitioners there sought implementation of the very Plan, relying upon Rule 9 and the earlier judgment in the case of ***Mohinder Singh*** (supra). Its validity was never questioned, never argued, and never examined. A decision would be termed *sub silentio* when a rule or principle on a particular point of law in a decision is passed and applied by the Court in silence without any consideration to the applicable law or any argument. According to Black's Law Dictionary, *'the precedents that pass sub silentio are of little or no authority'*. Literally, the term means 'in silence' and is used to refer to something that is not expressly stated (See: *Municipal Corporation of Delhi v. Gurnam Kaur*, (1989) *1 SCC 101*; and *Synthetics and Chemicals* (supra)). A direction to implement a plan whose validity was never in issue cannot conclude a subsequent challenge to that validity by different parties. To that extent, the learned Single Judge was right in holding that ***Surinder Singh*** (supra) did not stand in the way.

117. We would, however, add a word of caution. The formal declaration that the judgment of a co-ordinate Bench is *per incuriam* sat uneasily with the counsel of restraint in ***Dawoodi Bohra*** (supra); where a co-ordinate Bench doubts the correctness of an earlier decision, the proper course, ordinarily, is to record the doubt and seek a reference to a larger Bench, or to distinguish the earlier decision on the footing that the point now raised was never decided, which latter course was fully open here and would have sufficed. But the question before us is not one of etiquette; it is whether this impropriety, if it be one, vitiates the

judgment. It does not, for two reasons. First, the operative reasoning of the learned Single Judge rests on the *sub silentio* footing, that the relevant facts and the challenge to the Plan were never before the ***Surinder Singh*** Bench, which, as held above, is legally sound. Secondly, and decisively, these appeals have brought both views before a Division Bench competent to resolve any conflict between two decisions of by Benches of equal strength. We have independently examined ***Surinder Singh*** (Supra) and hold that it decides nothing on the validity of the Plan and cannot operate as a precedent against those impugning it. Any procedural infirmity in the mode of dealing with it thus stands cured at the appellate stage. Issue No.(vi) is answered accordingly, against the appellants.

Issue No.(vii): JUDICIAL REVIEW AND FISCAL POLICY

118. The principles culled out from *BALCO* (supra), *Vivek Narayan Sharma* (supra) and *Narmada Bachao Andolan* (supra) are not in doubt. In matters of economic and fiscal policy the Court neither sits as a super-auditor nor substitutes its own wisdom for that of the executive. Interference is confined to cases of patent illegality, manifest or palpable arbitrariness, or mala fides. But the very passages read out before us, carry the exception within the rule, that the Court *can* and *must* interfere where the action is palpably arbitrary or violates the law. Two short answers dispose of the point.

119. First, the impugned judgment does not formulate fiscal policy. It does not fix a rate of DA of the Court's choosing. It does not direct adoption of the Central pattern as a matter of judicial preference. To the contrary, it enforces the standard which the State itself chose in 2021 and has applied ever since, and it tests two executive instruments, i.e. the speaking order dated 18.11.2025 keeping accrued instalments in abeyance *sine die*, and the Liquidation Plan deferring

admitted arrears uncompensated until 2028-29, on the touchstone of Article 14. That is not an incursion into policy, rather it is a classic example of judicial review, where circumstances so warrant. As the Constitution Bench observed in the case of ***Narmada Bachao Andolan*** (supra), that when there is a valid law requiring the Government to act in a particular manner, the Court ought not to permit deviation from it, for the Government, too, is not above the law. Secondly, non-implementation of an accepted Pay Commission recommendation has never been regarded as sheltered policy. ***Purshottam Lal*** (supra) is a direct authority that such implementation is enforceable. The deference doctrine protects the making of choices; it does not protect the indefinite non-performance of choices already made. Issue No.(vii) is answered against the appellants.

Issue No.(viii) Whether the plea of comparative emoluments and excessive financial burden would be of any relevance?

120. The plea regarding employees of State of Punjab getting higher aggregate salary in the few representative categories demonstrated through comparative charts, proceeds on a comparison, which the controversy does not invite. The writ petitioners never claimed parity of total emoluments with Central or Haryana Government employees. Their claim is that the State must release DA computed on the standard the State itself adopted, upon the pay structure, the State itself framed. The stated higher basic pay of Punjab Government employees is the product of the State's own successive pay revisions, a deliberate policy choice of which the State can scarcely complain. DA at the adopted pattern operates upon that pay to preserve its real value. Basic pay and DA are answers to different questions. The first fixes the value of the post, the second protects that value against inflation, and a surplus in the first is no justification for confiscating

the second. The Pay Commission which recommended the pay matrix is the same Commission which recommended continuation of the Central DA pattern. The State accepted both limbs together, and cannot retain the limb it finds convenient while discarding the other. Indeed, the appellants' own composite chart, tracing every Punjab DA revision to the corresponding rung of the Central 7th CPC series, is perhaps the best documentary proof of the adoption of the pattern which the appellants simultaneously deny.

121. The plea of financial burden fares no better. The figures placed before us, i.e., an annual salary and pension outgo of approximately Rs. 58,064.05 crore, and an arrear liability of Rs. 14,191 crore, establish the magnitude of the obligation, not the impossibility of performing it, and the law on the point is definite. Financial constraint may be a relevant consideration in structuring a scheme prospectively, but it is no answer to the enforcement of benefits which have accrued under an adopted standard (See: ***All Manipur Pensioners Association*** (supra), ***State of Kerala v. M. Vijayakumar*** (supra)). A welfare State cannot balance its budget by silently taxing the erosion of its own employees' and pensioners' subsistence, that in substance, is what indefinite withholding of DA/DR amounts to, for every month of non-release, the cost of inflation is transferred from the exchequer to the kitchen of the employee and the pensioner. The respondents are right in submitting that DA, in its constitutional setting, gives practical effect to Articles 21, 38, 39 and 43. It is the mechanism by which the promise of a living wage retains its substance. We also find that respondents' argument, that while the issue of financial constraints is being raised as a ground for withholding the legitimate dues of the State's own employees, however, as per the information available in the public domain, the State is

expending large amounts of money on grant of freebies, doles, advertorial campaigns, and other expenditure, which would not strictly fall within the domain of essential expenditure by a welfare State, cannot be brushed aside, lightly. In any case, the legitimate dues that are payable to the employees of the State cannot be withheld on the ground of any new alleged welfare schemes. Viewed in any manner, large scale advertising campaigns in print or social media and other unproductive expenses cannot justify denial of dues admissible to the State employees. Issue No.(viii) is answered against the appellants.

Issue No.(ix) What would be the effect of PSPCL's separate legal personality, and the unchallenged DA notifications

122. While the fact that PSPCL is a body corporate, with a personality distinct from the State, as held in ***Kuljit Singh*** (supra) and illustrated by ***Electronics Corporation of India Ltd.*** (supra), is not disputed, however, nothing in the impugned judgment rests on a supposed master-and-servant relationship between the State and PSPCL's employees. A separate legal identity, may be a shield against the confusion of legal identities, however, it is not a licence for arbitrariness. PSPCL is an instrumentality of the State within the meaning of Article 12, amenable to Part III of the Constitution of India. It has, by its own corporate volition, framed Regulations recognising DA as a component of revised emoluments and has adopted, *mutatis mutandis* and without a single deviation, every DA/DR instruction of the State Government. The instructions of 07.09.2021 and 02.11.2021 adopted vide Board approval dated 17.11.2021, as well as each successive enhancement, the freeze, and even the Liquidation Plan has been adopted by PSPCL. The speaking order dated 18.11.2025 records, and rather in the affidavit dated 27.04.2026, it is conceded that PSPCL follows the

instructions of the Government of Punjab in this regard and has taken no independent decision. The architecture of the relief granted by the learned Single Judge respects, rather than ignores, this arrangement, i.e. the State is to take and communicate its decision; and PSPCL, by its own adopted framework, follows. The argument as regards separate personality is thus a distinction, which PSPCL's own consistent conduct has rendered, for this purpose, immaterial.

123. The submission that the successive DA notifications were never challenged, is also bereft of any merit and is therefore liable to be rejected. Each of these notifications granted an instalment of DA on the Central pattern, and therefore, the employees and pensioners, who were the beneficiaries of what was granted, had no cause to challenge them. Their grievance is not against what those notifications gave, but against what has been withheld, i.e. the instalments beyond 42% DA rate kept in abeyance and the arrears locked in the impugned Plan. Acceptance of part payment of an admitted debt has never estopped a creditor from claiming the balance. There is no estoppel against the enforcement of a subsisting entitlement, and certainly none against the Constitution. If anything, the recital in every unchallenged notification which fortifies that that DA has been granted on the pattern of the Central Government, further strengthens the foundation of the respondents'-petitioners' case. Issue No.(ix) is answered against the appellants.

THE CONNECTED WRIT PETITIONS

124. As noticed hereinabove, the same have been filed by serving and retired employees/pensioners of the Government of Punjab and by office bearers of a recognised employees' association in a representative capacity, claiming reliefs substantially identical on ground which already stand covered in the

deliberations upon the issues mentioned hereinabove. The connected writ petitions are, accordingly, disposed of in terms of, and with the benefit of, this judgment and the directions contained hereinafter. Nothing further survives therein.

CONCLUSION AND DIRECTIONS

125. Our conclusions may be summarised thus:-

(i) The writ petitions suffered from no fatal non-joinder. PSPCL was arrayed and represented in the connected writ petition and was exhaustively heard in these appeals, and has therefore suffered no prejudice. The plea of breach of natural justice fails on the touchstone of ***S.K. Sharma and B. Karunakar*** (supra);

(ii) The impugned judgment is not *coram non judice*; the matters stood listed before the roster Bench for Statutory Corporations, the consequential directions against the State were inseverable from the adjudication, and any conceivable irregularity of allocation stands effaced by the present appellate adjudication; the *in rem* operation of the relief, being the necessary consequence of the quashing of instruments of general application, is affirmed;

(iii) The decision of 18.06.2021 was communicated, notified through the 2021 Rules, expressed in the name of the Governor in the instructions dated 07.09.2021 and 02.11.2021, and implemented for five years; the objection founded on Articles 163 and 166 and on ***Bachittar Singh*** is rejected;

(iv) The State of Punjab, and derivatively PSPCL, adopted the Central Government pattern of DA/DR; on the authority of ***State of West***

Bengal v. Confederation (2026 INSC 123) and ***Purshottam Lal***, the benefit of the adopted standard cannot be denied; the 'endeavour' comment qualifies simultaneity of release, not the entitlement or the rate; and the withholding of accrued instalments *sine die*, while AIS officers are paid at the full Central rates from the same exchequer, is violative of Article 14;

(v) The Liquidation Plan dated 18.02.2025, which staggers the payment of the arrears uncompensated with its deferral, and arbitrary to the extent of fixing 42 instalments selectively for certain employees, who are part of the same homogenous group, was rightly quashed, together with PSPCL's adoptive Finance Circular No. 03/2025 to that extent;

(vi) Neither the order dated 21.02.2025 in CACP No. 47 of 2024 nor the judgment in ***Surinder Singh*** (CWP No. 23651 of 2024) concluded the validity of the Plan; the former was a compliance order in contempt, the latter *sub silentio* on the point; the impugned judgment involves no breach of ***Dawoodi Bohra*** (supra) discipline warranting interference, and any infelicity in the per incuriam declaration stands cured by this adjudication;

(vii) The impugned directions are a legitimate exercise of judicial review and do not trench upon fiscal policy; the comparative-emoluments and financial-burden pleas are misconceived in law;

(viii) PSPCL's separate personality does not insulate the withholding; the unchallenged DA notifications support, rather than undermine, the writ petitioners' case.

126. Resultantly, we find no merit in these appeals. LPA Nos. 1249, 1290, 1437 and 1767 of 2026 are accordingly **dismissed**, and the impugned judgments dated 08.04.2026 and 28.04.2026 passed by the learned Single Judge are **affirmed**. CWP No. 2006 of 2026, CWP No. 29408 of 2025 and CWP Nos. 7021, 9953 and 10005 of 2026 stand **disposed of** in terms of directions issued hereinabove.

127. Since the timeline of 30.06.2026 fixed by the learned Single Judge has expired during the pendency of these appeals, and in order that the directions be workable, we modify the timelines, and the timelines alone, as under:

(a) The State of Punjab and PSPCL are directed to grant and release all up-to-date pending installments of Dearness Allowance/Dearness Relief (DA/DR) to all its employees and pensioners, respectively, at the same rates as has been paid to the members of the All India Services (IAS/IPS/IFS) serving within the State of Punjab, in accordance with the Central Government pattern, within a fortnight.

(b) In default of payment within the time aforesaid, the unpaid amounts shall carry simple interest at the rate of 6% per annum from the date of expiry of the stipulated period till the date of actual realization.

(c) The Chief Secretary to the Government of Punjab is directed to ensure scrupulous compliance of the directions issued herein and file a compliance report by way of affidavit before the Registry of this Court by end of this month, i.e. August 31, 2026. Till all such dues are cleared, the State of Punjab shall not resort to any unproductive expenditures, such as large-scale advertising campaigns in print or social media, as these expenses cannot justify the denial of dues admissible to State employees.

128. All pending applications, stand disposed of accordingly.

(ASHWANI KUMAR MISHRA)
ACTING CHIEF JUSTICE

(ROHIT KAPOOR)
JUDGE

03.08.2026
Mohit Goyal

Whether speaking/reasoned : Yes / No

Whether reportable : Yes / No