A DAKSHINI HARYANA BIJLI VITRAN NIGAM & OTHERS

BACHAN SINGH (Civil Appeal No. 4903 of 2009)

JULY 30, 2009

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[DALVEER BHANDARI AND DR. MUKUNDAKAM SHARMA, JJ.]

Service law: Retirement benefits – Circulars issued asking employees to give option for retiral benefits – Respondent-employee did not exercise option – Benefits denied – Writ petition – High Court held that employer failed to produce record showing that the circulars were actually noted in writing by employee, which led to inference that he had no knowledge about the options called by employer – Interference with – Held: High Court's order was rational, just and fair and calls for no interference.

Constitution of India, 1950: Article 14 – All persons similarly placed to be treated alike, both in privileges conferred and liabilities imposed – Equal laws to be applied to all in the same situation without any discrimination – Service law.

Respondent joined the services of appellant as a work charge employees on 16.5.1963. He was regularized as Head Mistry w.e.f 14.10.1981. He was a member of Employees Provident Fund Scheme. He superannuated on 28.2.2001. The appellant computed respondent's pensionary benefits by taking into account only the services rendered by him on regular basis and he was denied benefits of the services rendered by him w.e.f. 16.5.1963 to 13.10.1981 on work-charge basis.

The appellant had issued instructions dated 6.8.1993

DAKSHINI HARYANA BIJLI VITRAN NIGAM & ORS. v. 711 BACHAN SINGH

whereby work charge employees were given three months time to submit an option as to whether they intended to count the period of work charged service rendered towards pensionary benefits or intended to continue to be a member of EPF and in case of opting for pensionary benefits, employee was required to refund the entire amount of employee's contribution towards their EPF for crediting to GPF Account. The appellants issued another circular dated 9.8.1994 allowing the said employees who could not exercise their option in response to the circular dated 6.8.1993 to opt for pensionary benefits. After the retirement of respondent, appellant calculated his pension and retiral benefits w.e.f 14.10.1981 and not from 16.5.1963. According to appellants, the respondent did no exercise his option in response to the circulars. Aggrieved respondent filed writ petition before High Court, which was allowed. Hence present appeals.

Dismissing the appeals, the Court

HELD: 1. The principle underlying the guarantee of Article 14 of the Constitution is that all persons similarly placed shall be treated alike, both in privileges conferred and liabilities imposed. Equal laws would have to be applied to all in the same situation without any discrimination. [Para 20] [723-E-F]

2. It would be totally unreasonable and irrational to deny the respondent the pensionary benefits under the scheme particularly when the appellants failed to produce any record showing that the instructions dated 6.8.1993 and 9.8.1994 were actually got noted in writing by the respondent. In the absence of any such material it can well be inferred that the respondent had no knowledge about the options called by the appellants. The view taken by the Division Bench of the High Court in the

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A impugned judgment is indeed a rational, just and fair view and no interference is called for. [Paras 26 and 27] [725-G-H; 726-A-B]

Subrata Sen & Others v. Union of India & Others 2001(8) SCC 71; E.P. Royappa v. State of Tamil Nadu & Anr. (1974) 4 SCC 3; Mrs. Maneka Gandhi v. Union of India & Anr. (1978) 1 SCC 248; D.S. Nakara & Ors. v. Union of India (1983) 1 SCC 305; Ajay Hasia & Others v. Khalid Mujib Sehravardi & Others (1981) 1 SCC 722, relied on.

C Kesar Chand v. State of Punjab AIR 1988 (Punjab) 265 (FB), referred to.

Case Law Reference:

D	AIR 1988 (Punjab) 265 (FB) referred to		Para 15
	2001 (8) SCC 71	relied on	Para 18
E	(1974) 4 SCC 3	relied on	Para 19
	(1978) 1 SCC 248	relied on	Para 22
	(1983) 1 SCC 305	relied on	Para 23
	(1981) 1 SCC 722	relied on	Para 24

CIVIL APPELLATE JURISDICTION : Civil Appeal No. 4903 of 2009.

From the Judgment & Order dated 28.07.2005 of the High Court of Punjab & Haryana at Chandigarh in Civil Writ Petition No. 3729 of 2004.

WITH

Civil Appeal Nos. 4904-4913 of 2009 arising out of SLP (C) Nos. 5787, 7284, 8267, 8986, 10462, 12856, 12354, 17243, 16411, 16580 of 2006, Civil Appeal Nos.4914-4937 of 2009 arising out of SLP (c) Nos. 1241, 1786, 3882, 3194, 3680,

DAKSHINI HARYANA BIJLI VITRAN NIGAM & ORS. v. 713 BACHAN SINGH

3710, 4879, 4075, 6863, 7003, 9388, 8236, 7502, 7572, 7606, 7614, 8235, 12454, 12253, 19184, 18120, 19301, 7930 & 2483 of 2007, Civil Appeal Nos. 4938-4941 of 2009 arising out of SLP (c) Nos. 14935, 17910, 27760 & 20584 of 2008 AND CIVIL APPEAL Nos. 4942-4944 of 2009 (Arising out of SLP (c) Nos. 3766, 3889 & 6240 of 2009.

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Neeraj Kumar Jain, Sandeep Chaturvedi, Sanjay Singh, Ugra Shankar Prasad, Abha R. Sharma, for the Appellants.

Manjit Singh, B.S. More, AAG, B.S. Malik, Pranab Kumar Mullick, S.K. Patri, Shish Pal Laler, Balbir Singh Gupta, Manoi Swarup, Akshat Goel, Jyoti Srivastava, Hetu Arore, Arvind Minocha, R.K. Rathore, Chander Shekhar Ashri, Jasbir Singh Malik, Daya Krishan Sharma, Gagan Gupta, Kamal Mohan Gupta, Gaurav Twatia, B.S. Jain, Ajay Veer Singh Jain, Nitin Jain, Dr. Vipin Gupta, K. Sarada Devi, R.K. Kapoor, Sanjana J. Bali, Shweta Kapoor, Harish Chandra Pant, Mansi Dhiman, Gunjan Sinha, Anis Ahmed Khan, Shashi Bhushan, Vivekta Singh, B.K. Satija, S.K. Sabharwal, Binay Kumar Jha, Rameshwar Prased Goyal, T.V. George, Amit Singh, Kusum Singh, R.C. Kaushik, V. Balaji, Pravesh Thakur, Narendra Kumar, S.S. Dahiya, Santosh Krishnan, Debasis Misra, Dr. Ramesh K. Haritash, Dr. Kailash Chand, Divya Godra, Madhu Moolchandani, Himanshu Upadhyay, Nitin Kumar, Arunabh Chandhary, Ruby Singh Ahuja, Rajesh Srivastava, Raghvendra Pratap Singh, Suresh Kumari, Arvind Nayar, Kavita Wadia, for the Respondents.

The Judgment of the Court was delivered by

DALVEER BHANDARI, J. 1. Leave granted in all the special leave petitions.

- 2. These appeals are directed against the judgments and orders of the High Court of Punjab and Haryana at Chandigarh.
 - 3. Basic controversy involved in all these appeals is of

- A similar nature. Therefore, we deem it appropriate to recapitulate the facts incorporated in Civil Appeal No.4903 of 2009 arising out of SLP (Civil) No.23708 of 2005 filed against the impugned judgment delivered by the High Court of Punjab & Haryana in Civil Writ Petition No.3729 of 2004 on dated B 28.7.2005.
 - 4. The respondents herein has joined the services of the appellant as Laboratory Attendant in work-charge capacity on 16.5.1963 and continued to perform his duties on work-charge basis on different posts until he was regularized as Head Mistry w.e.f. 14.10.1981. The respondent was a member of the Employees Provident Fund Scheme (for short 'EPF Scheme'). During the period he remained a work-charge employee, the respondent had attained the age of superannuation and retired from the service on 28.2.2001. The appellants computed respondent's pensionary benefits by taking into account only the services rendered by him on regular basis and he was denied benefits of the services rendered by him w.e.f. 16.5.1963 to 13.10.1981 on work-charge basis.
- 5. The appellants had issued instructions dated 6.8.1993 for the grant of benefit of work-charge service towards pensionary benefits. The said letter of 6.8.1993 is reproduced as under:-

"From:

The Additional Secretary, Haryana State Electricity Board (HSEB), Panchkula

Memo No. Ch.9/Pen/G-G-43(93) Dated 6.8.93

Sub: Amendment in the Punjab CSR Vol.II-Adoption of State Govt. Notification

The Haryana State Electricity Board in its meeting held on 23.6.1993 has approved the adoption of Haryana

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DAKSHINI HARYANA BIJLI VITRAN NIGAM & ORS. v. 715 BACHAN SINGH [DALVEER BHANDARI, J.]

Govt. Notification No.1/2 (55)-88-2 FR-II dated 4.2.92 A (copy enclosed for ready reference) with regard to the counting of service rendered by the workers in the work charged capacity towards pensionary benefit scheme.

2. However, most of the Board's workcharged employees are members of Employees Provident Fund (EPF). As such, the pensionary benefit would be subject to the following conditions:-

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- (i) On regularization from workcharged to regular С employee, the employee has to submit an option within a period of 3 months from the date of regularization or from the date of issue of this circular, whichever is later as to whether he/she intends to count the period of workcharged service rendered by him/her towards pensionary benefits or intends to continue to be a member of EPF. The option is required to be furnished in writing to his drawing & Disbursing Officer who will authenticate and record its entry in the service book of the employee and also paste the same in the service F book so as to form a permanent record for future reference. The Drawing & Disbursing Officer will also inform about his/her option to the appointing authority immediately.
- (ii) The option once exercised will be final and not to be allowed to be changed in any circumstances. In case option is not given within the stipulated period of three months, it will be presumed that he/she intends to continue to be a member of EPF.
- (iii) In case, he/she opts for pensionary benefits, he/she has to refund the entire amount of employee's contribution along with interest thereon, towards their EPF in lumpsum for crediting to the Board's account, Employee's contribution alongwith interest

A is to be deposited with the Board for crediting to his/her GPF account.

- 3. Similarly, the above benefit will also be available to the pensioners/recipients of family pension of the Board on the same terms and conditions with the exception that they will have to deposit the amount contributed by the Board as Employee's contribution towards EPF alongwith interest thereon, in lumpsum. The pensioners/recipients of family pension will have to give an Affidavit to the fact that he/ she will not claim any interest on the arrear of pensionary benefits which become payable due to adoption of the State Govt. circular. The pensioners/recipient of family pension will submit their option within 3 months from the date of issue of this circular, for availing pensionary benefits, to the Head of the office last attended. The option once exercised will be final. In case, option is not given within the stipulated period of 3 months, it will be presumed that he/she intends to continue to be a member of EPF.
- These instructions may please be got noted from all the employees and acknowledge and receipt of the letter.

Sd/-Under Secretary (PW) For Additional Secretary, HSEB. Panchkula"

6. The work-charge employees were given three months time to submit an option to the appellants. The appellants issued another circular dated 9.8.1994 allowing the said employees who could not exercise their option in response to the circular dated 6.8.1993 to opt for pensionary benefits. Circular dated 9.8.1994 reads as under:-

HARYANA STATE ELECTRICITY BOARD

"From:

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The Additional Secretary, Haryana State Electricity Board (HSEB), Panchkula

DAKSHINI HARYANA BIJLI VITRAN NIGAM & ORS. v. 717 BACHAN SINGH [DALVEER BHANDARI, J.]

Memo No. Ch.30/Pen/G-43(93) Dated 9.8.94

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Sub: Amendment in the Punjab CSR Vol.II regarding counting of workcharged service towards pensionary benefits - Clarification thereof.

The Haryana State Electricity Board in its meeting held on 23.6.1993 had approved the adoption of Haryana Govt. Notification No.1/2(55)-86-2 FR-II dated 4.2.92 and the same was circulated vide Board's Memo No. Ch.2/Pen/G-43(93) dated 6.8.1993.

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2. After issue of above Board's circular following issues/ queries were raised by the different field officers/officials effected/Workers Unions. The issues/queries were considered by the Executive meeting held on 27.7.94 and necessary clarifications have been approved as under:-6

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(a) The time limit of three of three months fixed by the Board for submitting the option expired on 5.11.93. There is a demand for the extension of time time limit for exercising the option.

That a period of three months from the date of issue of the clarification may be allowed to exercise option for availing the pensionary benefits to those who could not avail this opportunity earlier.

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(b) There is an ambiguity as to whether such employees who after regularization of their services continued to be the member of EPF scheme are covered under

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That the workcharged employees who were in service of the Board as regular employee on 9.1.74 (i.e. the deemed date of adoption of circular) or got regularization thereafter, could exercise their option for availing the pensionary benefits by counting of their

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A the circular or not.

work-charged service even if they continued to be the member of EPF after issue of the Board's instructions dt. 6.8.93, if they exercise the option to join the pension scheme.

(c) A point has been raised that what will be rate of interest payable by the be payable from the date employees/ pensioners/ family pensioners to refund the amount of EPF and the period for which the interest is to be charged.

That the interest in such like cases would of option for pensionary benefits to the date of actual refund of the employer's/employeee's contribution alongwith the interest thereon to the Board. The rate of interst would be the same which is applicable for GPF subscription.

(d) A question has been raised as to whether the total workcharged service is to be reckoned towards pensionary benefits in terms of para 'g' of the Haryana Government notification dt.4.2.92 from 9.1.74.

That the Board has adopted the Haryana Government Notification dated 4.2.92 w.e.f. 9.1.74 as provided therein. Therefore, the total workcharged service of all those employees would be countable towards pensionary benefits who were in service of the Board as regular employee on 9.1.74 or got regularization thereafter.

(e) There is demand from the Workers Union that the recovery of EPF amount alongwith the interest should be made in

That employer's/ employee's contribution alongwith interest thereon may be refunded to the Board in suitable instalments at the employee's

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DAKSHINI HARYANA BIJLI VITRAN NIGAM & ORS. v. 719 BACHAN SINGH [DALVEER BHANDARI, J.]

within his remaming period of instalments instead of service, subject to maximum lumpsum on the pattern of of 24 monthly instalments. In option BBMB. case of those, who have already retired employee's contribution alongwith interest thereon will be refunded to the Board in lumpsum.

3. These instructions may please be got noted from all the employees and acknowledge the receipt of the letter.

Sd/-Additional Secretary Haryana State Electricity Board Panchkula"

- 7. The only condition for opting the pensionary benefits was that the concerned employee would refund the amount of employer's share received by him/her under the EPF Scheme along with interest accrued thereon.
- 8. It was pleaded by the respondent that he had no knowledge about the aforesaid instructions issued by the appellants nor were the same got noted from him and as such, he could not exercise his option for grant of pensionary benefits within the prescribed time-limit.
- 9. The respondent submitted that immediately after acquiring the knowledge of the circular he exercised his option for being governed under the pension scheme on 20.12.1994. The respondent submitted that he was ready to deposit the requisite amount received by him under the EPF Scheme. The appellants did not give any response and after the retirement of the respondent calculated his pension and other retiral benefits with effect from the date of his regularization i.e. 14.10.1981. The respondent issued reminders dated 2.9.2002

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- A and 16.4.2003, but did not receive any response from the appellants. Ultimately, the respondent issued a legal notice to the appellants on 10.11.2003 calling upon the appellants to consider his pension case in the light of the instructions issued in the circulars of the appellants dated 6.8.1993 and 9.8.1994. Since no response was received by the respondent, therefore, he was compelled to file a writ petition before the Punjab and Haryana High Court.
- 10. The appellants' main plank of argument was that the said circulars were issued twice inviting options from the desirous employees for being governed under the pension scheme. Even the said circulars were also put on the Notice Board and copies thereof were endorsed to the Secretary, Workers' Union, but the respondent failed to exercise his option within the time prescribed and, therefore, his case for counting work-charge services towards pensionary benefits has rightly not been considered by the appellants.
 - 11. It was submitted by the respondent before the High Court that he was always desirous and willing to opt for the pension scheme by counting the work-charge service 10 and he was prepared to refund the amount of employer's share with interest under the EPF Scheme. The respondent further submitted that immediately after he learnt about the circulars, he exercised his option for pension scheme and in fact he has been consistently requesting the appellants to consider his case for grant of pension but the grievance of the respondent has not been redressed. The respondent was compelled to approach the Punjab & Haryana High Court.
- G Court, after hearing the learned counsel for the parties at length, came to the definite conclusion that the appellants had failed to produce any record showing that the instructions dated 6.8.1993 and 9.8.1994 were actually got noted in writing from the respondent. The High Court further observed that in the H absence of any such material, it can well be inferred that the

DAKSHINI HARYANA BIJLI VITRAN NIGAM & ORS. v. 721 BACHAN SINGH [DALVEER BHANDARI, J.]

respondent had no knowledge about the options called by the appellants vide circulars dated 6.8.1993 and 9.8.1994. The High Court also observed that it would be unreasonable to deny pensionary benefits to the respondent despite the said circulars issued by the appellants. The High Court allowed the writ petition filed by the respondent and directed the appellants to permit the respondent to exercise his option in accordance with the circulars dated 6.8.1993 and 9.8.1994 within a period of one month from the date of receipt of a certified copy of the order and thereafter give him the consequential benefits subject to his fulfilling the conditions of eligibility for being governed under the pension scheme. The appellants aggrieved by the said judgment of the Punjab and Haryana High Court have approached this court.

- 13. The appellants submitted that the respondent did not comply with the instructions dated 6.8.1993 and 9.8.1994 within the prescribed period and as such was not entitled for benefits in terms of these circulars.
- 14. The High Court in its impughed judgment had categorically observed that the appellants had failed to produce any record showing that the instructions dated 6.8.1993 and 9.8.1994 were actually got noted in writing from the respondent. The appellants had also failed to produce such material from which it can be inferred that the respondent had any knowledge about the options called by the appellants vide instructions dated 6.8.1993 and 9.8.1994. The High Court also observed that in this view of the matter it would be unreasonable to deny pensionary benefits to the respondent and the similarly placed respondents.
- 15. It may be pertinent to mention that the Full Bench of the Punjab and Haryana High Court in Kesar Chand v. State of Punjab AIR 1988 (Punjab) 265 (FB) after examining the entire case observed that once the services of work-charged employee are regularized, he will be deemed to be entitled to

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A the benefit under rule 3.17 (ii) of the Punjab Civil Service Rules Vol.2. Rule 3.17 (ii) reads as under:-

"If any employee was holding substantively a permanent post on the date of his retirement, his temporary or officiating service under the State Government, followed without interruption by confirmation in the same or another post, shall count in full as qualifying services except in respect of:-

- (i) periods of temporary or officiating service in non-pensionable establishment;
 - (ii) periods of services in work-charged establishment; and
- D 16. The court in the said judgment held that the period of service spent by an employee on work charge basis prior to his regularization, should be taken into consideration for determining his qualifying service. This part is contained in para 19 of the judgment and reads thus:-

"19...It looks to be illogical that the period of service spent by an employee in a work-charged establishment before his regularisation has not been taken into consideration for determining his qualifying service. The classification which is sought to be made among Government servants who F eligible for pension and those who started work-charged employees and their services regularised subsequently, and the others is based on any intelligible criteria and, before, is not sustainable at law. After the services of a work-charged employee have been regularised, he is a G public servant like other servant. To deprive him of the pension is not only unjust and inequitable is hit by the vice of arbitrariness, and for se reasons the provisions of subrule (ii) of Rule 3.17 of the Rules have to be struck down

being violative of Article 14 of the Constitution."

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DAKSHINI HARYANA BIJLI VITRAN NIGAM & ORS. v. 723 BACHAN SINGH [DALVEER BHANDARI, J.]

17. Full Bench judgment of the Punjab & Haryana High A Court in Kesar Chand's case (supra) was carried before this court by way of filing a special leave petition. This court dismissed the said special leave petition.

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- 18. This court has taken the view that pension is reward for long service rendered by the employee and not a bounty. The Supreme Court in the case of *Subrata Sen & Others v. Union of India & Others* reported as 2001(8) SCC 71 held that:-
 - "14....As observed in Nakara's case, pension is neither a bounty, not a matter of grace depending upon the sweet will of the employer, nor an ex gratia payment. It is a payment for the past services rendered. It is a social welfare measure rendering socio-economic to those who in the day-day of their life ceaselessly toiled for the employer on an assurance that in their old age they would not be left in lurch..."
- 19. The appellants had issued circulars dated 6.8.1993 and 9.8.1994 for giving pensionary benefits to the respondent and similarly placed employees.
- 20. This court time and again had observed that the principle underlying the guarantee of Article 14 of the Constitution is that all persons similarly placed shall be treated alike, both in privileges conferred and liabilities imposed. Equal laws would have to be applied to all in the same situation without any discrimination.
- 21. In *E.P. Royappa v. State of Tamil Nadu & Anr.* (1974) **4** SCC 3, this court observed as under:-

"From a positivistic point of view, equality is antithetic to arbitrariness. In fact equality and arbitrariness are sworn enemies; one belongs to the rule of law in a republic while the other, to the whim and caprice of an absolute monarch. Where an act is arbitrary it is implicit in it that it is unequal В

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A both according to political logic and Constitutional law and is therefore violative of Article 14, and if it affects any matter relating to public employment, it is also violative of Article 16. Articles 14 and 16 strike at arbitrariness in State action and ensure fairness and equality of treatment."

22. In Mrs. Maneka Gandhi v. Union of India & Anr. (1978) 1 SCC 248, this court observed as under:-

"Equality is a dynamic concept with many aspects and dimensions and it cannot be imprisoned within traditional and doctrinaire limits.Article 14 strikes at arbitrariness in State action and ensures fairness and equality of treatment. The principle of reasonableness, which legally as well as philosophically, is an essential element of equality or non-arbitrariness pervades Article 14 like a brooding omnipresence."

23. In D.S. Nakara & Ors. v. Union of India (1983) 1 SCC 305, this court observed as under:-

"The thrust of Article 14 is that the citizen is entitled to E equality before law and equal protection of laws. In the very nature of things the society being composed of unequals a welfare state will have to strive by both executive and legislative action to help the less fortunate in the society to ameliorate their condition so that the social and F economic inequality in the society may be bridged. This would necessitate a legislation applicable to a group of citizens otherwise unequal and amelioration of whose lot is the object of state affirmative action. In the absence of doctrine of classification such legislation is likely to flounder on the bed rock of equality enshrined in Article 14. The G court realistically appraising the social stratification and economic inequality and keeping in view the guidelines on which the State action must move as constitutionally laid down in part IV of the Constitution, evolved the doctrine of classification. The doctrine was evolved to sustain a Н

DAKSHINI HARYANA BIJLI VITRAN NIGAM & ORS. v. 725 BACHAN SINGH [DALVEER BHANDARI, J.]

legislation or State action designed to help weaker sections of the society or some such segments of the society in need of succor. Legislative and executive action may accordingly be sustained if it satisfies the twin tests of reasonable classification and the rational principle correlated to the object sought to be achieved. The State, therefore, would have to affirmatively satisfy the Court that the twin tests have been satisfied. It can only be satisfied if the State establishes not only the rational principle on which classification is founded but correlate if to the objects sought to be achieved."

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24. In Ajay Hasia & Others .v. Khalid Mujib Sehravardi & Others (1981) 1 SCC 722 this court observed as under:-

"That is must, therefore, now be taken to be well settled that what Article 14 strikes at is arbitrariness because any action that is arbitrary must necessarily involve negation of equality. The court made it explicit that where an act is arbitrary it is implicit in it that it is unequal both according to political logic and constitutional law, and is, therefore, violative of Article 14."

25. In Ramana Dayaram Shetty v. International Airport Authority of India & Ors. (1979) 3 SCC 489 again this court observed that a discriminatory action of the Government is liable to be struck down, unless it can be shown by the Government that the departure was not arbitrary, but was based on some valid principle which in itself was not irrational, unreasonable or discriminatory.

26. In view of the law as has been articulated in a large number of cases where this court has observed that any discriminatory action on the part of the Government would be liable to be struck down. Hence, in this case, it would be totally unreasonable and irrational to deny the respondent the pensionary benefits under the scheme particularly when the appellants have failed to produce any record showing that the

- A instructions dated 6.8.1993 and 9.8.1994 were actually got noted in writing by the respondent. In the absence of any such material it can well be inferred that the respondent had no knowledge about the options called by the appellants.
- B 27. In our considered opinion, the view taken by the Division Bench of the High Court in the impugned judgment is indeed a rational, just and fair view and no interference is called for.
- 28. These appeals are devoid of any merit and are accordingly dismissed leaving the parties to bear their own costs.

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Appeals dismissed.