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STATE OF RAJASTHAN AND ANR.

v.

PREM RAJ

FEBRUARY 14, 1997

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[S.C. AGRAWAL AND G.B. PATTANAIK, JJ.]

Service law :

Rajasthan Service Rules, 1951 : Rules 250-A, 250-C, 255-A and 256-B.

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Pension—Liberalisation of—Cut-off date—Validity of—Notifications issued in 1970 and 1974 liberalising pension scheme challenged on ground of discrimination on basis of cut-off dates prescribed therein—High Court struck down said Notification without considering effect of Notification dated 2.9.1985 which extended benefit of liberalised pension to pre-31.3.1979 retirees—Held : the said retirees were entitled to benefit of Notification dated 2.9.1985—Hence, it was not necessary for High Court to strike down the Notifications issued in 1970 and 1974.

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Pension—Liberalisation of—Extension of liberalisation benefit to retirees prior to liberalisation—Law laid down in D.S. Nakara's case, [1983] 2 SCR 165—Held : Case law reviewed and contention that the decision in Nakara's case had been given a complete go-by, rejected.

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The respondents-pensioners were pre-1979 retirees having superannuated on 14.1.1969 and before December 1968 respectively. On Superannuation, their pension had been computed in accordance with Rule 256 of the Rajasthan Service Rules, 1951. The appellant-State issued two Notifications in the years 1970 and 1974, which liberalised the pension scheme and prescribed cut-off dates therein. By Notification dated 21.1.1980, the State Government provided a revised formula for calculation of pension on slab basis in respect of Government Servants who retired on or after 31.3.1979. By another Notification dated 2.9.1985, the State Government extended the benefit of the revised pension formula to pre-31.3.1979 pensioners. The respondents filed a writ petition before the High Court challenging the 1970 and 1974 Notifications without challenging the Notification dated 2.9.1985 on the ground that they discriminated the respondents-pensioners on the basis of cut-off dates. The High Court,

following the decision of this Court in *Nakara's* case, struck down the 1970 and 1974 Notifications without striking down the Notification dated 2.9.1985 by which the revised pension formula was extended to pre-1979 retirees. Being aggrieved by the High Court's judgment the appellant preferred the present appeal. A

On behalf of the appellant it was contended that it was permissible for the State Government to provide different modes of computation of pension in respect of Government Servants retiring on different dates and it could not be challenged on the ground of discrimination so long as the cut-off date provided had a reasonable nexus with the change in the mode of the computation, that the principles laid down by this Court in *Nakara's* case was no longer being followed in recent cases and, therefore, the High Court was in error in allowing the writ petition following the decision of this Court in *Nakara's* case, and that without challenging the Notification dated 2.9.1985 the respondents were not entitled to the relief granted by the High Court. B C

On behalf of the respondents it was contended that the decision of this Court in *Nakara's* case had not been over-ruled and what had been indicated in the subsequent cases was that if the Government provided a new scheme and made the said scheme applicable from a particular date then the retirees prior to that date would not be entitled to the benefit under the new scheme, and that if a pension scheme which was in vogue was liberalised from time to time then all pensioners would be entitled to the benefit of such liberalised rules and that was what had been granted by the High Court in the present case. D E

Allowing the appeal, this Court F

HELD : 1. The State Government had liberalised the pension scheme and introduced the revised pension formula for calculation of pension in respect of Government servants retiring on or after 31.3.1979. By Notification dated 2.9.1985 the benefit of the revised pension formula was extended to all the pre-31.3.1979 retirees provided they were in receipt of pension under the Rajasthan Service Rules, 1951. The principle of *Nakara's* case was made applicable and the aforesaid Notification was issued on that basis and there is no infirmity in the said Notification. The High Court without noticing the aforesaid Notification and without considering the effect of the same unnecessarily examined the 1970 and 1974 Notifications G H

A and erroneously struck down the same. The Notification dated 2.9.1985 not having been challenged and the High Court not having quashed the same, the pre-1979 retirees like the respondents would be governed by the same. In this view of the matter the impugned judgement of the High Court cannot be sustained and accordingly the same is set aside. [69-G-H, 70-E]

B *Indian Ex-Services League & Ors. v. Union of India*, [1991] 2 SCC 104, relied on.

2. For deciding the present controversy it is not necessary to further delve into the question as to the extent to which the decision of this Court in *Nakara's* case has been followed or explained. But suffice it to say that the contention of the appellant that the decision of this Court in *Nakara's* case has been given a complete go-by cannot be sustained. [69-D]

C *D.S. Nakara & Ors. v. Union of India*, [1983] 2 SCR 165; *Krishena Kumar v. Union of India*, [1990] 4 SCC 207; *State of West Bengal & Ors. v. Rattan Behari Dey & Ors.*, [1993] 4 SCC 62 and *State of Rajasthan v. Sevanivatra Karamchari Hitkari Samiti*, [1995] 2 SCC 117, discussed.

CIVIL APPELLATE JURISDICTION : Civil Appeal No. 5450 of 1994 Etc.

E From the Judgment and Order dated 23.5.91 of the Rajasthan High Court in D.B.C.W.P. No. 575 of 1989.

Aruneshwar Gupta, Manoj K. Das and Solanki Rath for the Appellants.

F Ashok K. Srivastava for Sikkim, Sushil Kr. Jain, A.P. Dhamija, B.L. Bishnoi and K.K. Gupta for the Respondent.

The Judgment of the Court was delivered by

G **G.B. PATTANAİK, J.** These two appeals involve a common question of law and as such were heard together and are being disposed of by the common judgment. The respondent in both the appeals are pre-1979 retiree, the respondent in Civil Appeal No. 5450 of 1994 having superannuated on 14.11.1969 and the respondent in the other appeal having superannuated before December 1968. On superannuation, their pension H had been computed in accordance with Rule 256 of the Rajasthan Service

Rules, 1951, (hereinafter referred to as 'the Rules') whereunder Dearness Allowance received by them while in service had not been taken into account for computation in the amount of pension. On 18th March, 1971 the Governor of Rajasthan in exercise of powers conferred by proviso to Article 309 of the Constitution amended the Rules giving it retrospective effect w.e.f. 1.4.1970, which was inserted as Rule 250-C(1)(a). The said provision stipulates that in case of Government Servants retiring from service on or after 1.4.1970 the term "emoluments" used for the purpose of pension, service gratuity and death-cum-retirement gratuity shall mean the 'pay' as defined in rule 7(24) and Dearness pay appropriate to pay, if any, which the officer was receiving immediately before his retirement. The aforesaid provision is extracted herein below in extenso :

"Notwithstanding the provisions contained in rule 250, 250-A, 250-B in case of Government Servants retiring from service on or after 1.4.1970, the term 'emoluments' used for purposes of pension, service gratuity and death-cum-retirement gratuity shall mean the "pay" as defined in rule 7(24) and dearness pay appropriate to pay, if any, which the officer was receiving immediately before his retirement, provided that-

(2) The Special Pay, if any, granted for performance of additional duties or a post in addition to duties of his own post shall not be taken into account for the purpose of this rule."

By the said Notification dated 18th March, 1971 Rule 250-A(1) was also amended giving it retrospective effect from w.e.f. 1.4.1970, which is extracted herein below in extenso :

"Notwithstanding the provisions contained in rule 256, in case of a Government servant retiring from service on or after 1.4.70 the amount of superannuation, retiring, invalid and compensation gratuity and the pension shall be admissible as follows :

Completed six monthly periods of qualifying service	Scale of Gratuity/Pension	Maximum Pension (in Rs. per annum)
1	2	3
60 30/80th	" "	8100

By Notification dated 2.12.1974 giving it retrospective effect w.e.f.

- A 31.10.1974 Rule 256-B was also amended which extracted herein below in extenso :

"Notwithstanding the provisions contained in Rule 256-A, in respect of a Government Servant retiring on or after 31.10.1974 the amount of superannuation retiring invalid and compensation gratuity and pension admissible shall be as follows :

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Completed six monthly periods of qualifying service	Scale of Gratuity/Pension	Maximum Pension (in Rs. per annum)
1	2	3
60 33/80th	" "	12000.00

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- The effect of the aforesaid amendment was that while the maximum pension in respect of Government Servants retiring from service on or after 1.4.1970 was 8,100, but those who retired on or after 31.10.1974 it became 12,000 and while in case of the former pension was to be computed on 30/80th but in case later it became 33/80th. By Notification dated 2.12.74 Rule 250-C(3) was also amended providing therein that in case of Government servants retiring on or after 31.10.1974 the term "emoluments" used for the purpose of pension, service gratuity and death-cum-retirement gratuity shall mean pay as defined in Rule 7(24) and shall include dearness allowance, dearness pay (where admissible) and *ad-hoc* reliefs admissible on 31.12.1972. By Notification dated 21.1.1980, the Government of Rajasthan provided a revised formula for calculation of pension on slab basis in respect of Government Servants retiring on or after 31st March, 1979. By yet another Notification dated September 2, 1985, the Government of Rajasthan extended the benefit of revised pension formula to pre-31.3.1979 pensioners. This benefit was extended to pre-31.3.1979 retirees possibly because of the decision of this Court in *D.S. Nakara & Ors. v. Union of India*, [1983] 2 SCR 165. The respondent in the first case approached the Rajasthan High Court in the year 1989 which was registered as Civil Writ Petition No. 575 of 1989 claiming the benefits of the three amended provisions referred to earlier and contended that the amended provisions so far as they provided a cut-off date for its application are arbitrary. It may be stated that the Circular of September 2, 1985 by which revised pension formula was extended to pre-31.3.1979 pensioners was not challenged and on the other hand it was prayed that after determination of the

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emoluments in accordance with the amended provisions of 1970 and 1974, the relief may be granted in accordance with the Circular dated September 2, 1985. The Division Bench of the Rajasthan High Court following the decision of this Court in *Nakara's* case referred to supra struck down the cut-off date of 1.4.1970 in Rule 256-A as well as struck down the cut-off date of 1.4.1973 in Rule 250-C and also struck down the cut-off date provided under sub-rule 3 of Rule 250-C. It also held that the computation of pension as per Rule 256-B should be made applicable to all Government Servants irrespective of date of retirement and the provision making it applicable to those Government servants who have retired on or after 31.10.1974 is invalid. The High Court further directed that the pension of the respondent should be refixed as per Notification dated 2.9.1985 after determining the emoluments of the respondent under the amended provisions.

In the second case, the writ petition was heard by a learned single Judge who allowed the same on identical grounds and an appeal against the same to the Division Bench by the State of Rajasthan was dismissed and thus the appeal by special leave therein.

Mr. Aruneshwar Gupta, the learned counsel appearing for the appellant contended that the decision of this Court in *Nakara's* case has been watered down by the subsequent decisions in *Krishena Kumar's* case, [1990] 4 SCC 207; *Indian Ex-Services League and Others v. Union of India*, [1991] 2 SCC 104; *State of West Bengal and Others v. Ratan Behari Dey and Others*, [1993] 4 SCC 62 and in *State of Rajasthan v. Sevanivatra Karamchari Hitkari Samiti*, [1995] 2 SCC 117 and in the law as it stands now it is permissible for the State Government to provide different modes of computation of pension in respect of Government Servants retiring on different dates and it cannot be challenged on the ground of discrimination so long as the cut-off date thus provided has a reasonable nexus with the change in the mode of the computation. The learned counsel went to the extent of urging that the principles laid down by this Court in *Nakara's* case is no longer being followed in recent cases and, therefore, the High Court was in error in allowing the Writ Petition following the decision of this Court in *Nakara's* case. Mr. Gupta also urged that the respondent in each of the appeals having superannuated in 1969 and 1968 respectively and having not challenged the different amended provisions which came into existence between 1970 and 1974 and having approached the High Court in the year

A 1989 long 19 years after the first amended provision was made in 1970, the High Court should not have entertained the writ petition at all. The learned counsel lastly urged that in any of the matter the Notification of September 2, 1985 having provided for a revised pension formula to pre-31.3.1979 pensioners which includes the respondents case and the said Notification having indicated the mode of computation of pension and as well as having defined the expression 'emoluments' and without challenging the said Notification the respondent is not entitled to the relief as granted by the High Court.

C Mr. Srivastava, the learned counsel for the respondent, on the other hand, contended that the decision of this Court in *Nakara's* case has not been over-ruled and what has been indicated in the subsequent cases is that if the Government provides a new scheme and make the said scheme applicable from a particular date then the retirees prior to that date will not be entitled to the benefit under the new scheme. But if a pension scheme which was a vogue is liberalised from time to time then all pensioners would be entitled to the benefit of such liberalised rules and that is what has been granted by the High Court in the present case. The learned counsel fairly conceded that the Notification of September 2, 1985 providing for a liberalisation of pension by introduction of slab system even in respect of pre-31.3.1979 retirees has not been assailed by the respondent.

E Having examined the rival contentions and on a closer scrutiny of the Notification of the Government of Rajasthan dated September 2, 1985 we are of the considered opinion that the High Court committed gross error in examining the validity of the earlier amended provisions and striking down the same and granting the relief to respondent without striking down the Notification dated September 2, 1985 or at least para 3 and 5 thereof. In this view of the matter it would not be necessary to examine the bigger issue raised by Mr. Gupta as to whether the decision of this Court in *Nakara's* case is really not being followed in the later decision, though we would briefly notice the extent to which the *Nakara's* decision has been explained in the later decision.

H In *D.S. Nakara's* case [1983] 2 SCR 165 the memorandum issued by the Government of India dated May 25, 1979 and September 23, 1979 liberalising the form for computation of pension in respect of employees governed by the Central Civil Services (Pension) Rules, 1972 who retired

on or after March 31, 1979 was challenged to be arbitrary and violative of Article 14. This Court came to conclusion that when the State considered it necessary to liberalise the Pension Scheme in order to augmenting the social security in old age to Government servants, it could not grant benefit of liberalisation only to those who retired subsequent to the specified date and deny the same to those who had retired prior to that date. The division which classified the pensioners into two clauses on the basis of the specified date was devoid of any rational principle and was both arbitrary and unprincipled being unrelated to the object sought to be achieved by grant of liberalised pension and the guarantee of equal treatment contained in Article 14 was violated inasmuch as the pension rules which were statutory in character meted out differential and discriminatory treatment to equals in the matter of computation of pension from the dates specified in the impugned memoranda.

This Constitution Bench decision was considered by another Constitution Bench in *Krishena Kumar's* case [1990] 4 SCC 207. In the said case prior to 1957 the only scheme for retirement benefits in the Railways was the Provident Fund Scheme. The same scheme was replaced in the year 1957 by a pension scheme. Thus all the employees who were in service prior to the introduction of pension scheme were given option either to retain the Provident Funds benefits or to switch over to pensionary benefits on condition that the contribution made by the Railways to the Provident accounts would revert to the Railways on exercise of option. The employees who did not opt for pension scheme even though had ample opportunity to opt for the same, came forward with a claim that they should be given the benefits of pensionary scheme following the principle of *Nakara's* case. This Court held that the pension scheme and the provident fund scheme are structurally different and applying the principles of *Nakara's* case, it cannot be held that the pension retirees and the provident fund retirees form a homogeneous class. The Court also further held that the rules governing the provident fund are entirely different from rules governing pension scheme and, therefore, it would not be reasonable to argue that the rules applicable to the pension retirees was also equally applicable to provident fund retirees. It was noticed by the Court that in *Nakara's* case the provident fund retirees were not in mind before the Court and only the pension retirees were treated as a homogeneous class. The Court further held that there would be no discrimination in treating the provident fund retirees differently from the pension retirees.

A In the case of *Indian Ex-Services League & Ors. v. Union of India*, [1991] 2 SCC 104, in yet another Constitution Bench case the liberalised pension scheme and fixation of cut-off date for applicability of the same came up for consideration before the Court. The petitioners therein claimed "one rank one pension" for all retirees in the armed forces irrespective of the date of retirement by application of *Nakara's* case. The Court held that the decision in *Nakara's* case has to be read as one of limited application and its ambit cannot be enlarged to cover all claims made by the pension retirees or a demand for an identical amount of pension to every retiree from the same rank irrespective of the date of retirement, even though the reckonable emoluments for the purpose of computation of their pension be different. In the aforesaid case, consequent upon the decision of this Court in *Nakara's* case a Notification was issued on 3rd December, 1983 by the Government of India for re-computing the revised pension of pre-April 1, 1971 retirees according to liberalised pension scheme. The re-computation was made according to the liberalised pension scheme giving the same benefit to all retirees irrespective of their date of retirement. But the petitioners contended that the ratio of *Nakara's* case is that all retirees who held the same rank irrespective of the date of retirement must get the same amount of pension. This Court rejected the said contention. On reading the memorandum of the Government of India the Court held that the benefit of liberalised pension scheme was made applicable even to pre-April 1, 1979 retirees of the armed forces and the computation according to the liberalised formula for them was done by Government order dated 22nd November, 1983 and December 3, 1983. In other words, what was held by this Court in the *Indian Ex-Services League's* case that after introduction of the liberalisation scheme, from a specified date, even the retirees earlier to the same date would get the benefit of the liberalisation scheme but not in the same manner and to the same extent which persons in service and retiring after the date would get.

G In *State of West Bengal and Others v. Ratan Behari Dey and Others*, [1993] 4 SCC 62, this Court considered the question whether in providing a pension scheme the State could fix up a particular date and make it applicable to those who retired on or after that date. The Court distinguished the *Nakara's* case by holding that in *Nakara's* case an artificial date had been specified classifying the retirees governed by the same rules and similarly situated into two different classes depriving one such class of the benefit of the liberalised pension rules and that was held to be bad.

Following the decision of the Court in *Krishena Kumar's* case it was held that the State can specify a date with effect from which the Regulations framed or amended conferred the pensionary benefits shall come into force but the only condition is that the State cannot pick a date out of its hat and the date has to be prescribed in a reasonable manner having regard to all the facts and circumstances.

In *State of Rajasthan v. Sevanivatra Karamchari Hitkari Samiti*, [1995] 2 SCC 117, the provisions contained in Rule 268-H of Rajasthan Service Rules came up for consideration as to whether the aforesaid provisions restructuring the rights of Government servants in service on 29.2.1964 can be held to be violative of Article 14. The Court applied the principle in *Krishena Kumar's* case and *Indian Ex-Services League's* case and held that the fixation of 29.2.1964 as the cut-off date with effect from which the new liberalised pension scheme in Chapter XXIII-A was introduced cannot be said to be arbitrary or violative of Article 14 of the Constitution. As has been stated earlier for deciding the present controversy it is not necessary for us to further delve into the question as to the extent to which the decision of this Court in *Nakara's* case has been followed or explained. But suffice it to say that the contention of Mr. Gupta, the learned counsel for the appellant that the decision of this Court in *Nakara's* case has been given a complete go-by cannot be sustained.

The real question that arises for consideration in the present two appeals is whether it is at all permissible to examine the validity of the earlier Notification of the Government issued in the years 1970 and 1974 without considering the effect of Notification dated September 2, 1985 by which Notification even the pre-March 31, 1979 retirees were extended the benefit of revised pension formula. It appears that State of Rajasthan had liberalised the pension scheme and introduced the revised pension formula by Notification dated 21.1.1980 for calculation of pension on slab basis in respect of Government Servants retiring on or after 31st March, 1979. By September 2, 1985 Notification the Government was pleased to order that the benefit of the revised formula for calculation of pension on slab basis would be extended to all pensioners provided they were in receipt of pension as on 1.4.1979 under Rajasthan Service Rules as amended from time to time. In other words, the principle of *Nakara's* case was made applicable and the Notification dated September 2, 1985 was issued, Paragraph 3(1) of aforesaid Notification dated September 2, 1985 stipulated that the last emolument immediately preceding the date of retirement may

A be taken into account for the purpose of calculation of revised pension wherever the average emoluments were earlier computed on the basis of 36 months emoluments. The last emolument for this purpose shall be as per rules in force at the time of retirement of the respective Government servants. Paragraph 3 provided the mode of computation of the pension of such pre-March 31, 1979 retirees, Paragraph 4 mentions the classes of pensioners to whom the order will not be applicable. Paragraph 5 provides an *ad hoc* formula developed on certain assumptions and a ready reckoner saying the rate of existing pension and revised pension was annexed. It further provides that each pensioner would exercise an option as to whether he would receive the revised pension on the *ad-hoc* formula or with reference to the actual calculation based on service records and the option once exercised would be final. The *ad-hoc* formula was devised as it was thought that re-computation of pension on the basis of actual emoluments which a pensioner was drawing and qualifying service being a time consuming process and considerable time may be necessary for locating the old records which may not be readily available. Thus, it would appear, by the Notification dated September 2, 1985, the Government of Rajasthan also extended the benefit of the revised pension formula on slab basis to pre-March 31, 1979 retirees and see no infirmity with the said Notification. The High Court in our considered opinion without noticing the aforesaid Notification and without examining the same unnecessarily examined the earlier liberalisation orders and erroneously struck down the same. The Notification dated September 2, 1985 not having been challenged and the High Court not having quashed the same, the pre-March 31, 1979 retirees like the respondents in both the appeals would be governed by the same and depending upon the question whether they have exercised their option to get the revised pension on the basis of *ad-hoc* formula or to be computed on the basis of the last emoluments drawn and the number of years of service therein, the computation of pension has to be done. The September 2, 1985 Notification in the present case is somewhat similar to the Notification which were for consideration by this Court in *Indian Ex-Services League's* case referred to earlier. In this view of the matter the impugned judgment of the High Court cannot be sustained and we accordingly set aside the same. These appeals are allowed and the Writ Petitions filed by the respondents stands dismissed but in the circumstances there will be no order as to costs.

V.S.S.

Appeals allowed and Petition dismissed.