

CWP-15554-2007 and connected cases

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

ORDER RESERVED ON	ORDER PRONOUNCED ON	OPERATIVE PART PRONOUNCED OR FULL	UPLOADED ON
20.11.2025	23.12.2025	FULL PRONOUNCED	23.12.2025

**CWP-15554-2007**

Gian Chand and others

...Petitioners

Versus

State of Punjab and others

...Respondents

**CWP-18323-2007**

Surendra Pal Singh and others

...Petitioners

Versus

State of Punjab

...Respondent

**CWP-1239-2008**

Swaran Singh and others

...Petitioners

Versus

State of Punjab and others

...Respondents

**CWP-5630-2010**

Hari Krishan Singh

...Petitioner

Versus

State of Punjab and others

...Respondents

**CWP-19103-2007**

K.B. Singh and another

...Petitioners

Versus

Guru Angad Dev Veterinary &amp; Animal UN.LDH. and others

...Respondents

**CWP-12048-2009**

Jhanda Singh and others

...Petitioners

Versus

CWP-15554-2007 and connected cases

PRTC and others

...Respondents

**CWP-19888-2006**

Suresh Kumar Singal

...Petitioner

Versus

State of Punjab and others

...Respondents

**CWP-15635-2010**

Devinderjit Kaur

...Petitioner

Versus

State of Punjab and others

...Respondents

**CWP-14808-2012**

Kirpal Singh and others

...Petitioners

Versus

State of Punjab and another

...Respondents

**CWP-6773-2012**

Kulwant Singh and others

...Petitioners

Versus

State of Punjab and others

...Respondents

**CWP-6909-2012**

Rai Singh and others

...Petitioners

Versus

State of Punjab and others

...Respondents

**CWP-12807-2012**

Nirmal Kanta and others

...Petitioners

Versus

State of Punjab and others

...Respondents

**CWP-19258-2007**

Swarn Lata Gupta and another

...Petitioners

Versus

State of Punjab and others

...Respondents

CWP-15554-2007 and connected cases

**CWP-9155-2013**

Raman Narang

...Petitioner

Versus

State of Punjab and others

...Respondents

**CWP-15155-2012**

Raj Kumar and others

...Petitioners

Versus

P.S.E.B. and another

...Respondents

**CWP-21474-2010**

Ram Dass

...Petitioner

Versus

State of Punjab and others

...Respondents

**CWP-6672-2008**

Sher Singh and others

...Petitioners

Versus

Punjab State Electricity Board and ors.

...Respondents

**CWP-12551-2010**

Gurjinder Singh Sindra

...Petitioner

Versus

Punjab State Agricultural Mkt. Board and others

...Respondents

**CWP-4580-2009**

Param Hans Singh

...Petitioner

Versus

State of Punjab and others

...Respondents

**CWP-1398-2015 (O&M)**

Geja Singh

...Petitioner

Versus

State of Punjab and others

...Respondents

**CWP-2584-2019**

Madan Lal Singla and another

...Petitioners

CWP-15554-2007 and connected cases

Versus

State of Punjab and others

...Respondents

**CWP-2168-2016**

G.S. Nagi and others

...Petitioners

Versus

State of Punjab and others

...Respondents

**CWP-9094-2016**

Baldev Kumar

...Petitioner

Versus

State of Punjab and others

...Respondents

**CWP-7974-2010 (O&M)**

Subhash Chander and others

...Petitioners

Versus

State of Punjab and another

...Respondents

**CWP-11029-2013**

Vir Kaur

...Petitioner

Versus

State of Punjab and others

...Respondents

**CORAM:** HON'BLE MR. JUSTICE ANOOP CHITKARA  
HON'BLE MRS. JUSTICE SUKHVINDER KAUR

**Present:** Mr. P.K.S. Phoolka, Advocate and  
Mr. Naveen Kumar Kuhad, Advocate  
for the petitioner in CWP-15554-2007.

Mr. Sushil Saini, Advocate,  
for the petitioner in CWP-18323-2007.

Mr. B.P.S. Thakur, Advocate  
for the petitioner in CWP-12048-2009.

Mr. Ashok Giri, Advocate,  
for the petitioner in CWP-15635-2010.

Mr. Saajan Singla, Advocate,  
for petitioners No.22, 24, 44 in CWP-7974-2010.

Mr. Madan Lal, Advocate,

CWP-15554-2007 and connected cases

for the petitioner in CWP-2584-2019.

Mr. Mayank Mathur, Advocate,  
for the petitioner in CWP-2168-2016.

Mr. Gurcharan Dass, Advocate,  
for the petitioner in CWP-19888-2006.

Mr. Sunny Singla, Advocate,  
for the petitioner in CWP-11029-2013.

Mr. Surinder Garg, Advocate and  
Mr. Lalit Chander Sharma, Advocate,  
for the petitioner in CWP-6909-2012 & 9155-2013.

Mr. Ranjivan Singh, Advocate and  
Mr. Risham Raag Singh, Advocate  
for the petitioner in CWP-19103-2007 & 12551-2010.

Mr. Balwinder Singh, Advocate  
for the petitioner in CWP-6773-2012 and CWP-12807-2012.

Mr. Vishal Sodhi, Advocate,  
for the petitioner in CWP-21474-2010.

None for the petitioner(s) in CWP-1239-2008, 5630-2012, 14808-2012,  
19258-2007, 15155-2012, 6672-2008, 4580-2009, 1398-2015,  
RA-CW-313-2019 in CWP-17827-2010 and 9094-2016.

Mr. Akshay Kumar, AAG, Punjab.

Mr. Ajaivir Singh, Advocate and  
Ms. Shazia K.Singh, Advocate,  
for the respondent-PUP in CWP-2168-2016 & 9094-2016.

Mr. D.K. Prajapati, Advocate for  
Ms. Sonia Hadar, Advocate  
for respondent No. 3 in CWP-19888-2006.

Mr. Sanjeev Sharma, Advocate,  
for respondent No.2 in CWP-15554-2007 & 21474-2010.

Mr. P.S. Thiara, Advocate,  
for respondent No.2 in CWP-12251-2010 & 4580-2009.

\*\*\*\*

ANOOP CHITKARA, J.

1. The petitioners who retired from the services of the Government of Punjab between July 31, 2003, and October 30, 2006, and had their pensions commuted, are aggrieved because of a classification made by a Circular dated July 29, 2003, which increased the

CWP-15554-2007 and connected cases

discount rate from 4.75% to 8%. Further, a new Circular dated October 31, 2006, was issued revising the discount rate back to 4.75% however it was not done retroactively, creating a different class. Claiming this as arbitrary and discriminatory, they filed the present writ petition(s) in the nature of certiorari before this Court to quash the impugned Circular dated July 29, 2003.

2. In 1996, the Government of Punjab adopted the recommendations of the 4th Pay Commission and formulated the pension rules, which allowed retirees to commute 40% of their basic pension at a discount rate of 4.75% (the purchase amount equates to 10.46 years) to be recovered by the state within fifteen years.

3. On July 29, 2003, the State Government issued a Circular that prescribed a new table for calculating pension commutation, replacing the previous one. According to the new circular, employees retiring on or after July 31, 2003, could commute their pension at an increased discount rate of 8% (the number of years of purchase becomes 6.21).

4. The State of Punjab again issued a Circular dated October 31, 2006, revising the commutation value and bringing it back to the position as it existed before the Circular of July 29, 2003.

5. The petitioners who superannuated between July 31, 2003, and October 30, 2006, i.e., between the issuance of the two Circulars, suffered significant financial loss as the commutation value was reduced from 10.46% to 6.21%, while the recovery of the commuted pension after 15 years remained unchanged.

6. The petitioners' grievance concerns the pension commutation calculation table, which they allege was revised to their disadvantage as they retired between July 31, 2003 and October 31, 2006. They argued that, after retirement, they were entitled to a 40% commutation of their basic pension, calculated based on 12 years of service, and that this amount should be returned along with pension benefits for 12 years, plus an additional 3 years of benefits. Previously, the interest rate on commutation was 4.75%, but it has increased to 8%. This change led to them receiving a lower commutation amount compared to employees who retired before July 29, 2003 or after October 31, 2006. The circular dated July 29, 2003, is considered arbitrary and lacks a reasonable basis for distinguishing employees who retired during the specified period from those who retired earlier or later. As a result, employees who retired between July 31, 2003, and October 30, 2006, feel they are at a disadvantage and have claimed this violates Article 14 of the Constitution of India.

7. In the reply, the facts were hardly disputed, and the claim of the said respondents was generally denied, and the respondents requested the dismissal of the writ petition.

8. Vide judgment dated July 21, 2008, a division bench of this High Court allowed the

CWP-15554-2007 and connected cases

petition and quashed the Circular.

9. The State of Punjab then filed an SLP in the Hon'ble Supreme Court, where they raised contentions that were not mentioned in the affidavits filed before the High Court and were not even argued during the hearing.

10. The Hon'ble Supreme Court allowed the SLP to the extent of setting aside the judgment and remanded the matter to the High Court to consider the matter afresh.

11. In light of the specific directions issued by the Hon'ble Supreme Court when remanding this case for reconsideration, the following points have been identified for determination –

- a. Whether the principle laid down in *V. Kasturi v. Managing Director, State Bank of India [1998 (5) SLR 629]* was correctly applied?
- b. Whether the Circular (dated July 29, 2003) was arbitrary or in violation of Article 14?
- c. Whether the contention that the State was suffering from a financial crunch was a reasonable and valid ground for issuing the Circular?
- d. Whether an executive order can amend, alter, or substitute a statutory rule?
- e. Whether non-withdrawal of the request for Commutation of Pension amounted to acceptance of the Circular dated July 29, 2003 by the petitioners, in accordance with Note 2 to Rule 11.5(1)?

12. The State Government of Punjab established the pension commutation table based on the 4th Pay Commission's recommendation, which the State accepted and implemented starting January 1, 1996. On July 29, 2003, Punjab issued a circular replacing the previous table with a new one for calculating pension commutation, superseding the earlier table. As noted earlier, this circular includes the pension commutation table. Clearly stated in the circular dated July 29, 2003, it mandated the substitution of the annexure to Chapter XI of the Punjab Civil Services Rules, Volume II, and indicated that the table will be based on an interest rate of 8 percent per annum.

13. Though the petitioners had retired on different dates, their grievance was common, and hence some of them filed a common writ petition, and this bunch of writ petitions challenged the Circular dated July 29, 2003, issued by the State Government. The Circular dated July 29, 2003, reads as follows:

“I am directed to invite a reference to the subject cited above and to say that the Governor of Punjab is pleased to prescribe a new table (copy enclosed) for present values for the calculation of commutation

## CWP-15554-2007 and connected cases

of pension to replace the present table incorporated as Annexure to Chapter XI of Punjab Civil Service Rules Volume II. This table supersedes the existing table with immediate effect and shall apply to all the cases of retirement arising on or after 31.07.2003.

2. Annexure to Chapter XI of Punjab Civil Services Rules shall be deemed to have been substituted accordingly. Correction slip shall be issued in due course.

It may please be ensured that this is brought to the notice of all the employees who are retiring on or after 31.07.2003 inviting their attention to provisions of Note 2 below Rule 11.5(1) of Punjab Civil Services Rules, Volume-II.”

14. Before we proceed further, it is important to note that the Scheme of Commutation of Pension is governed by Chapter 11 of the Punjab Civil Services Rules Volume II, which states an interest rate of 4.75% per annum. However, as per the impugned Circular dated July 29, 2003, this rate was increased to 8% per annum. As a result, the amount of pension commuted was reduced by about 40%, and retirees received less commuted pension than those who retired before July 31, 2003 and after October 31, 2006.

15. It is important to clarify the position regarding Pension Commutation up to age 59.

- i) If the rate of discount is 8%, then the number of years of purchase becomes 6.21
- ii) If the rate of discount is 4.75%, then the number of years of purchase becomes 10.46
- iii) The monthly recovery installment is always 40% of the basic pension.
- iv) The commutation value is recoverable in 15 years, with interest applied.

Illustration-

	Case 1: Superannuation before 31.07.2003	Case 2: Superannuation on or after 31.07.2003 but before 31.10.2006
Basic Pension	Rs. 10,000/-	Rs. 10,000/-
Rate of Discount	4.75%	8%
Commutation Value	Rs. 40% of 10,000 x 12 x 10.46= Rs. 5,02,080/-	Rs. 40% of 10,000 x 12 x 6.21= Rs. 2,98,080/-
Recovery per month	40% of basic pension= Rs. 4,000/-	40% of basic pension= Rs. 4,000/-
Total recovery in 15 years	Rs. 4,000 x 12 x 15= Rs. 7,20,000/-	Rs. 4,000 x 12 x 15= Rs. 7,20,000/-

16. A comparative analysis of both pension commutation schemes, as per Circulars dated July 29, 2003 and October 30, 2006, shows that pension commutation was only reduced for individuals who reached the age of superannuation between the issuing of the two Circulars. The commutation benefits prior to the issuance of the Circular dated July 29, 2003 were restored by the circular dated October 30, 2006. This indicates that only employees who retired between July 31, 2003 and October 30, 2006 were discriminated against and deprived of the benefits of a lower interest rate in pension commutation.

CWP-15554-2007 and connected cases

17. The first issue before this Court is whether the judgment passed by the Hon'ble Supreme Court in *V. Kasturi versus Managing Director, State Bank of India, Bombay 1998 (5) SLR 629*, applies to the facts of the case. The answer to this is 'NO' because the said case dealt with a completely different aspect of the matter, i.e., computation.

18. However, the question whether the State could create two categories of retired persons by arbitrarily choosing the cutoff date, thereby disadvantaging one category in the calculation of the commutation pension. This controversy was settled by the Hon'ble Supreme Court in *V. Kasturi (Supra)*, which addresses two categories of pensioners. That is, Category I includes pensioners who were eligible for pension at the time of their retirement, and it was held that they would be entitled to an enhanced pension under the new pension calculation formula that was later enacted. This means they would receive the benefits of the amended pension scheme from the date of such order. Regarding Category II, it was held that if an employee was not eligible for a pension at retirement and was outside the class of pensioners, then a subsequent amendment to the relevant pension rules would not extend any benefits of an expanded pension scheme to him. Thus, the Supreme Court established the principle that if a person is already entitled to a beneficiary scheme, he would be eligible for any future benefits granted to that category. Applying this principle to the facts of the present case, it can be confidently held that the petitioners were entitled to the benefit of pension commutation as of July 31, 2003. Therefore, the petitioners are also entitled to any enhanced benefits of pension commutation granted by circular dated October 31, 2006.

19. Given the above, the State cannot discriminate against petitioners who retired between July 31, 2003, and October 31, 2006, nor create two separate classes within the same pensioner category. Establishing such classes and categorizing similarly placed retirees on unequal footing would violate Article 14 of the Constitution.

20. Now, addressing the main argument raised by the State for the first time before the Hon'ble Supreme Court: that the need for issuing the Circular dated July 29, 2003 to reduce the rate of interest on the commutation of pension arose due to the financial crunch and instability faced by the State. It was contended that the State Government had the inherent right to amend the Commutation table, considering the weak financial position. It was also argued that to control expenditure, the State increased the rate of interest and the commutation of pension from 4.75% to 8%, keeping in mind the higher interest rates at which the State was raising loans from banks and financial institutions. It was further submitted that due to this increase in interest, from July 31, 2003 to October 30, 2006, only 19,220 out of 44,163 retirees opted for pension commutation at the enhanced rate of 8%, resulting in an outgo of Rs.167.45 Cr. It was also stated that had the interest rate not been increased and remained at 4.75%, the financial liability on the State Exchequer would have been Rs. 839.85 Cr., which could have pushed the State into a

CWP-15554-2007 and connected cases

financial crisis.

21. The State has estimated a figure of Rs. 839.85 Cr. by assuming that all 44,163 retirees would opt for pension commutation at an interest rate of 4.75%. However, there is no supporting data to prove that the State exchequer would have incurred financial consequences from this large amount.

22. Moreover, the State has miserably failed to demonstrate that its financial condition significantly improved in 2006, which led to restoring the interest rate to 4.75%. The State has not provided any data on the number of retirees who chose to commute their pensions at the reduced interest rate of 4.75% in subsequent years and the resulting financial impact on the State treasury.

23. It should be remembered that the Commutation of Pension is a statutory welfare scheme and an essential part of a retiree's pension benefits, especially for those who have dedicated most of their lives serving the State and have diligently paid their annual taxes for its development. It is the duty of the Welfare State to support its retired citizens by at least offering them Commutation of Pension at lower interest rates, so they can plan the next chapter of their lives with pride and dignity.

24. The State remains completely silent about what other measures were taken to ease the financial burden and help the State recover from the crisis. It seems that the entire responsibility for the so-called self-made financial crisis was unfairly placed on retirees at the end of their careers, when they needed financial support the most.

25. Moreover if the State of Punjab was in a financial crisis, it could have definitely reduced their spending on unnecessary advertisements, billboards, and wasteful schemes, which only appeal for votes by the ruling party. However, they imposed cuts on employees who had completed their service, and if they had been wealthy, they would surely not have taken pension commutation, which itself indicates they have limited means.

26. Now, we are adjudicating point no. (d). The answer is clear: under no circumstances can any executive order overrule, amend, or repeal a statutory rule.

27. The other point for determination is whether the non-withdrawal of the request for Commutation of Pension amounted to acceptance of the Circular dated July 29, 2003 by the petitioners. It was argued that, under Note 2 to Rule 11.5 (1), the petitioners had the option to withdraw their request for commutation if they were adversely affected within 14 days from the date the Circular was issued, in accordance with the Punjab Civil Service Rules. However, none of the petitioners is stated to have complied with the option.

CWP-15554-2007 and connected cases

28. Rule 11.5 of the Punjab Civil Service Rules, Vol. II dealing with the subject reads as follows:

“11.5 (1) The lump sum payable on commutation shall be calculated in accordance with a table or tables of present values which shall be prescribed by the competent authority.

Note 1. - The lump payable on commutation to Government employees who have served under more than one Government when the commutation tables applied by the different Governments are not identical, shall be calculated according to the commutation table of the Government under whose rule making control they are, at the time of retirement. In the case of Government employees who are temporarily lent by one Government to another, the commutation shall be according to the table of the lending Government and in the case of those who are permanently transferred from one Government to another it shall be according to the table of the Government to which their services have been permanently transferred.

Note 2. - In the event of the table of present values applicable to an applicant having been modified between the date of administrative sanction to commutation and the date on which commutation is due to become absolute, payment shall be made in accordance with the modified table, but it shall be open to the applicant if the modified table is less favourable to him than that previously in force, to withdraw his application, by notice in writing despatched within 14 days of the date on which he receives notice of modification. (2) The table of present value is given in Annexure to this Chapter and will be applicable to all Government employees.

For the purpose of this rule, the age, in case of impaired lives, shall be assumed to be such age, not being less than the actual age as the certifying medical authority may direct.”

29. It is important to note that a retiree chooses to convert his pension into a lump sum without considering the interest rate only when he urgently needs money for reasons like buying property, building a house, or expenses related to health, marriage, or children's higher education. Sometimes, a retiree may even have to pawn gold he owns to secure loans, often at high interest rates, to meet these urgent needs. As a result, he has no choice but to opt for pension commutation at a high interest rate, such as 8%, even if it disadvantages him. When a government employee retires, he expects his employer to provide him with immediate lump sum financial assistance through pension commutation at a reasonable, lower interest rate, which he believes is his right. If not, he risks falling prey to unscrupulous money lenders and loan sharks.

30. Furthermore, it cannot be definitively established whether these employees were aware of the issuance of the exemption or the 14-day withdrawal window.

31. The counsel for the State of Punjab argued that if the Circular was struck down, it would affect many cases, including those where its validity had not even been challenged. The State further argued that if this Court grants any relief, it should be limited solely to the present petitioners and no one else.

CWP-15554-2007 and connected cases

32. Considering the above mentioned cascading impact of quashing the impugned Circular, the petitioners fought for their rights, while other similarly situated pensioners did not, indicating they had no grievance. A writ can only be issued if there is a grievance, and since the other pensioners in similar positions, apart from the petitioners, did not seek any writ, we are not inclined to decide their rights ourselves, as they were not uneducated or downtrodden people but educated and aware government employees. Therefore, the impact is limited to the present petitions only for the petitioners.

33. We are only considering the scope and impact of the Circular for the petitioners before us, not for others, including those who are or were fence-sitters and never lodged any grievances.

34. Without making any further statements or judgments, justice would be served if it is clarified that the Circular dated July 29, 2003, shall not apply to the petitioners in the present writ petitions.

35. Given the above, there is no need for this court to quash the circular itself because many employees to whom it would have applied never challenged it. Moreover, if any commutation is awarded to them, then it must be recovered till date as more than 19 years period has already elapsed. If they had any grievances, they would no doubt have sought redress, but they did not. This court does not intend to dispense justice on its own; instead, justice occurs naturally, because it is not a matter involving illiterate villagers or uneducated individuals, but rather well-educated government employees familiar with the rules and their consequences. Therefore, for these reasons, we are not commenting on the validity but clarifying that the Circular dated July 29, 2003 shall not be applicable to the petitioners. The amount the petitioners had commuted will be re-evaluated and counted according to the old table that was in effect on July 28, 2003, not the table that came into force with the Circular dated July 29, 2003.

36. For the reasons stated above, the present writ petitions are allowed to the extent that the impugned Circular dated July 29, 2003 will not apply to the petitioners. The respondent State is directed to recalculate its commutation accounts and make payment of the excess amount by March 31, 2026. All pending applications, if any, stand disposed of.

(ANOOP CHITKARA)  
JUDGE

(SUKHVINDER KAUR)  
JUDGE

23.12.2025

anju rani

Whether speaking/reasoned: Yes

Whether reportable: No.