*      **IN THE HIGH COURT OF DELHI AT NEW DELHI**

***Judgment Reserved on: 14.05.2026***
%      ***Judgment Delivered on: 04.06.2026***

\+      **<u>LPA 357/2026 & CM Nos. 32403/2026, 32404/2026, 32405/2026</u>**
**FOOD CORPORATION OF INDIA** .....Appellant

versus

**JAGNESHWAR PRASAD GUPTA & ORS.** .....Respondents

**AND**

\+      **<u>LPA 362/2026 & CM Nos. 32638/2026, 32639/2026, 32640/2026</u>**
**FOOD CORPORATION OF INDIA** .....Appellant

versus

**RAJ MAHINDER SHARMA AND ORS.** .....Respondents

**AND**

\+      **<u>LPA 364/2026 & CM Nos. 32645/2026, 32646/2026, 32647/2026</u>**
**FOOD CORPORATION OF INDIA** .....Appellant

versus

**SH. P. P. SINGH & ANR.** .....Respondents

**AND**

\+      **<u>LPA 345/2026 & CM Nos. 30884/2026, 30885/2026, 30886/2026</u>**

**FOOD CORPORATION OF INDIA** .....Appellant

versus

**SURJIT SINGH BHATOA & ORS.** .....Respondents

**AND**

\+ **LPA 365/2026 & CM Nos. 32650/2026, 32651/2026, 32652/2026**
**FOOD CORPORATION OF INDIA** .....Appellant

versus

**JARNAIL SINGH TULI** .....Respondent

**Advocates who appeared in these cases**

| | | |
|---|---|---|
| For the Appellant | : | Mr. Purushottam Sharma, Ms. Vani Vyas and Mr. Prakhar Singh, Advs. |
| For the Respondents | : | Mr. G.D. Mishra, Adv. in LPA No.357/2026<br>Mr. Ashish Aggarwal, Mr. O.P. Faizi, Mr. Anand Aggarwal, Ms. Darshana Aggarwal, Ms. Nishita Verma, Ms. Anjali Kashyap, Ms. Lisha Arora, Mr. Himanshu Singh, Ms. Ishita, Advs. Ms. Aarti Mahajan Shedha, Adv. in LPA Nos.362/2026 & 365/2026.<br>Mr. Naresh Kaushik, Sr. Adv. with Mr. Anand Singh, Ms. Saumya Johari, Mr. A. Gautam, Advs. in LPA No.364/2026.<br>Mr. Naresh Kaushik, Sr. Adv. with Mr. Anand Singh, Ms. Saumya Johari, Mr. A. Gautam, Advs. in LPA No.345/2026. |

**CORAM:**
**HON'BLE THE CHIEF JUSTICE**
**HON'BLE MR. JUSTICE TEJAS KARIA**

## JUDGMENT

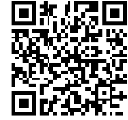
**TEJAS KARIA, J**

1. The present batch of Letters Patent Appeals have been preferred by the Food Corporation of India ("**FCI**") against the common Judgment dated 25.02.2026 ("**Impugned Judgment**") passed in W.P.(C) 7659/2011, W.P.(C) 3365/2012, W.P.(C) 9195/2015, W.P.(C) 13584/2019, and W.P.(C) 12187/2021 ("**Writ Petitions**"), which were instituted by various employees / retired employees of the FCI.

2. The Writ Petitions concerned the implementation of pay regimes in Central Public Sector Enterprises ("**CPSEs**"): the Central Dearness Allowance ("**CDA**") and the Industrial Dearness Allowance ("**IDA**"). The Petitioners in W.P.(C) 7659/2011 and W.P.(C) 3365/2012, who have been arrayed as the Respondents in LPA 345/2026 and LPA 364/2026, challenged the retrospective conversion from the CDA pattern to the IDA pattern, insofar as it operates to their detriment and is accompanied by recovery or withholding, whereas the Petitioners in W.P.(C) 9195/2015, W.P.(C) 13584/2019, and W.P.(C) 12187/2021, who have been arrayed as the Respondents in LPA 357/2026, LPA 362/2026 and LPA 365/2026, sought implementation of conversion from the CDA pattern to the IDA pattern on the premise that the conversion would lead to better benefits, and had sought intervention on the ground that the FCI had proceeded with recoveries but had withheld payments by relying on internal Circulars dated 24.05.2013 and 05.01.2015.

3. *Vide* the Impugned Judgment, the learned Single Judge partly allowed W.P.(C) 7659/2011 and W.P.(C) 3365/2012 and allowed W.P.(C) 9195/2015, W.P.(C) 13584/2019, and W.P.(C) 12187/2021 and disposed of the Writ Petitions with the following directions:

> "***Directions***
> ***<u>W.P.(C) 7659/2011 and W.P.(C) 3365/2012</u>***
>
> *41. These petitions are allowed in part in the following terms:*
>
> *(i) No recovery shall be made from the Petitioners in these two writ petitions from their salary, pension (if any), gratuity, leave encashment or any other retiral dues, on the basis of the DPE O.M. dated 10th August, 2009, the DPE O.M. dated 12th July, 2010, and the FCI circular dated 30th September, 2011, insofar as such recovery is founded on retrospective CDA to IDA refixation following promotions after 1st January, 1989.*
>
> *(ii) Any amount already recovered from any Petitioner in these two writ petitions shall be refunded within eight weeks, together with interest at 6% per annum from the date of recovery till the date of refund. If no recovery has been made, this direction will not operate.*
>
> *(iii) The Respondents shall release, within eight weeks, any portion of retiral benefits, leave encashment or salary dues withheld/deducted from any Petitioner in W.P.(C) 7659/2011 and W.P.(C) 3365/2012 on the footing of recoverability arising from the CDA to IDA refixation. The withheld/deducted amounts shall carry interest at 6% per annum from the date of withholding/deduction till the date of actual release. If any part of the withholding is attributable to reasons unconnected with this controversy, a reasoned calculation statement confined to that component shall be furnished within the same period.*
>
> ***<u>W.P.(C) 9195/2015, W.P.(C) 13584/2019 and W.P.(C) 12187/2019</u>***
>
> *42. These petitions are allowed in the following terms:*

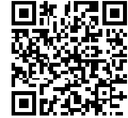



*(i) The Respondent Corporation shall not withhold payments and benefits payable upon CDA to IDA refixation to the Petitioners in these writ petitions merely by relying on the circular dated 24th May, 2013 and the communication dated 5th January, 2015, insofar as these instruments have been applied to postpone "payment cases" while permitting "recovery cases" to proceed.*

*(ii) The Respondent Corporation shall compute and release, within ten weeks, all amounts payable to the Petitioner in W.P.(C) 9195/2015, the Petitioners in W.P.(C) 13584/2019, and the Petitioners in W.P.(C) 12187/2019 towards pay arrears and all consequential dues (including differential gratuity, wherever payable), on the basis of IDA refixation from the date of their first promotion on or after 1st January, 1989. In the case of W.P.(C) 9195/2015, the relevant date of such promotion shall be taken as 26th December, 2008, as pleaded. The exercise shall remain subject to verification from service records and application of the prescribed fitment norms. This direction shall also extend to the Petitioners in W.P.(C) 12187/2019 as "left-out beneficiaries", and their pay fixation and consequential release shall not be withheld merely because their cases fall on the "payment" side of the same refixation regime.*

*(iii) The amounts found payable shall carry interest at 6% per annum from 1st March, 2013 till actual payment. This date is adopted because the blanket interim restraint operating earlier was no longer in force after the order dated 22nd February, 2013, and continued withholding of amounts payable under the refixation framework thereafter cannot be justified by a unilateral administrative "payments pending" posture. Where any Petitioner demonstrates from contemporaneous records that a specific component stood sanctioned earlier (or payment was otherwise due earlier on completion of pay fixation) and was withheld without any linkage to the interim stay, the Respondent Corporation shall, upon a representation confined to that component, pass a reasoned decision within four weeks and, if warranted, recompute interest for that component accordingly.*

*(iv) The circular dated 24th May, 2013 and the communication dated 5th January, 2015 are set aside to the*



*limited extent they mandate, or have been applied as mandating, a regime where recoveries are pursued while payment cases are kept pending solely on the ground that the underlying circular dated 30th September, 2011 is under challenge. They shall not be used to justify an indefinite deferment of payments found payable under the refixation exercise.*"

## FACTUAL MATRIX

4. The factual matrix of the present Appeals is as under:

4.1 In 1980, the Union of India initiated the policy to phase out the CDA pattern and migrating employees of CPSEs from the CDA pattern to the IDA pattern. Various proceedings were initiated against the decision of the Central Government to migrate employees of the CPSEs from the CDA pattern to the IDA pattern, and its validity came to be decided by the Supreme Court in ***Jute Corporation of India Officers Association v. Jute Corporation of India Ltd***., (1990) 3 SCC 436. The Supreme Court gave the following directions in ***Jute Corporation*** (supra) for a smooth migration of the employees of CPSEs from the CDA pattern to the IDA pattern:

"*(i) The scales of pay and dearness allowance as recommended in the Report will be extended to those employees who have been appointed with specific terms and conditions for grant of Central dearners allowance. This will be equally applicable to the employees who by rules laid down by the public sector enterprises are being paid Central dearness allowance.*

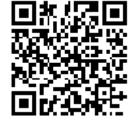
*(ii) The employees appointed on or after January 1, 1989, will be governed by such pay scales and allowances as may be decided by the government in*

*its discretion. Those appointed earlier with IDA pattern will continue to be governed in accordance with the terms and conditions of their appointment.*

*(iii) The pay revision for those employees in respect of whom the recommendations are hereby being directed to be implemented hereafter, will take place only as and when similar changes are effected for the Central Government employees. These employees will, however, continue to enjoy the option to switch over to the IDA pattern of the scales of pay etc. on a voluntary basis.*

*(iv) The various recommendations made in the Report will be implemented with effect from the dates as follows. These dates are broadly in conformity with those specified in the Report:*

| | *Item* | *To be implemented w.e.f.* |
|---|---|---|
| *1.* | *Revised pay scales and revised DA formula* | *January 1, 1986 (Para 16.1)* |
| *2.* | *First instalment of interim relief* | *June 1, 1983 (Para 16.3)* |
| *3.* | *Second instalment of interim relief* | *March 1, 1985 (Para 16.3)* |
| *4.* | *CCA as per revised slabs (Para 11.6 of Chapter 11 of the Report)* | *January 1, 1989 (From January 1, 1986 to December 31, 1988 CCA will be paid at the existing rate at notional pay in the revised pay scales (Para 11.7 of the Report)* |
| *5.* | *House Rent Allowance Percentage rates as per BPE's OM* | *Ceiling on payment of HRA without* |



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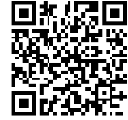
| | *No. 1(3)/83-BPE (WC) dated July 1, 1983, subject to overall ceiling of Rs 1250, 1000, 680, 340 and 310 for Delhi/Bombay, A, B1 and B2, C and unclassified cities respectively* | *production of rent receipt to be revised from December 1, 1988. The existing HRA structure to be reviewed by BPE and revised norms and rates fixed from a prospective date (Ref. Para 11.15)* |
| *6.* | *Medical facilities in terms of Para 11.21 of the Report* | *From a prospective date to be decided by the management of the PSEs* |
| *7.* | *Leave Travel Concession* | *-do-* |
| *8.* | *Other allowance and perquisites as per recommendations contained in Chapters 12 and 13 of the Report* | *The quantum of benefits to be decided by the management of PSEs should be given effect to prospectively in terms of Para III.7 Part III of the Report* |

*(v) The arrears arising on account of pay, DA and other allowances etc. would be adjustable against ad hoc payments made from time to time.*"

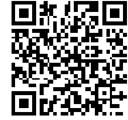
4.2 Subsequent to the judgment of the Supreme Court in ***Jute Corporation*** (supra), the Department of Public Enterprises ("**DPE**") issued an Office Memorandum dated 12.06.1990 laying down detailed implementation instructions,



including the classification of categories and the manner in which the switch-over to the IDA pattern was to be operationalized, followed by the clarificatory Office Memorandum dated 10.08.2009 which held that the expression 'appointment' includes 'promotion', and the Office Memorandum dated 12.07.2010 which directed retrospective implementation of the Office Memorandum dated 10.08.2009. Thereafter, the FCI issued Circular dated 30.09.2011, directing conversion of officers promoted on or after 01.01.1989 from the CDA pattern to the IDA pattern from the date of first such promotion.

4.3 The FCI thereafter issued Circulars dated 24.05.2013 and 05.01.2015, whereby it resolved to proceed with the recovery of amounts allegedly paid in excess to its employees, while simultaneously directing that any amounts otherwise payable to employees be kept in abeyance. The stated rationale for such withholding was to obviate any potential difficulty in effecting recovery in the event the amounts released were subsequently found to have been paid in excess.

4.4 Aggrieved by the unfair conversion from the CDA pattern to the IDA pattern the Writ Petitions came to be filed before this Court. The Writ Petitions can be divided into two sets. The first set, comprising of W.P.(C) 7659/2011 and W.P.(C) 3365/2012, was filed by the former employees of the FCI aggrieved by retrospective conversion and



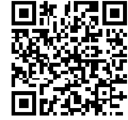

consequential recovery of payments earlier drawn under the CDA pattern. The second set, comprising of W.P.(C) 9195/2015, W.P.(C) 13584/2019 and W.P.(C) 12187/2021, were filed by former employees of the FCI who accepted the validity of the conversion under the Circular dated 30.09.2011 issued by the FCI, but challenged the subsequent Circulars dated 24.05.2013, 05.01.2015 and 27.10.2015, whereby the FCI, during the pendency of the challenge to the Circular dated 30.09.2011 issued by the FCI, processed recoveries where amounts were found recoverable but kept the disbursal of differential arrears / benefits in abeyance.

4.5 *Vide* the Impugned Judgment, the learned Single Judge has partly allowed W.P.(C) 7659/2011 and W.P.(C) 3365/2012 and allowed W.P.(C) 9195/2015, W.P.(C) 13584/2019, and W.P.(C) 12187/2021. Aggrieved by the Impugned Judgment, the FCI has filed the present Appeals.

**SUBMISSIONS ON BEHALF OF THE FCI**

5. The learned Counsel for the FCI made the following submissions:

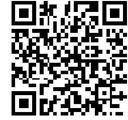
5.1. The Impugned Judgment is *per incuriam*, inasmuch as it failed to adjudicate upon the legality of Circular dated 30.09.2011 issued by the FCI, which was issued in implementation of the Office Memorandums dated 10.08.2009 and 12.07.2010 issued by the DPE, and further failed to give due effect to the judgment of the Supreme Court in ***Jute Corporation*** (supra) while deciding the Writ Petitions. It was further submitted that



the Petitioners in the Writ Petitions had not challenged the foundational instrument issued by the DPE, namely the Office Memorandums dated 10.08.2009 and 12.07.2010, which came to be implemented by the FCI through Circular dated 30.09.2011. The said Circular derives its legitimacy and validity from the Central Government policy for transition of CPSE employees from the CDA pattern to the IDA pattern of pay scales, which stands duly endorsed by the Supreme Court in ***Jute Corporation*** (supra).

5.2. The expression ‘Appointment’ under the Food Corporation of India Staff Regulations, 1971 (“**Regulations**”) includes promotion. Accordingly, any employee of the FCI who was promoted on or after 01.01.1989 would be deemed to have been appointed to the higher post on or after 01.01.1989 and, by virtue of the directions issued by the Supreme Court in ***Jute Corporation*** (supra), would automatically be governed by the IDA pattern. The promotion constitutes a prescribed mode of recruitment to a higher post under Regulation 7 of the Regulations read with Appendix I thereto.

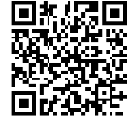
5.3. The learned Single Judge failed to appreciate that Circular dated 30.09.2011 issued by the FCI was neither an independent policy decision nor an arbitrary measure, but was a binding implementation of Central Government policy, the decision of the Supreme Court in ***Jute Corporation*** (supra), and the directives issued by the DPE, all of which uniformly provided that employees appointed on or after 01.01.1989




would be governed by such pay scales and allowances as might be determined by the Central Government in its discretion.

5.4. The reliefs granted against recovery in favour of the Respondents in LPA 345/2026 and LPA 364/2026 are contrary to the judgment of the Supreme Court in ***Chandi Prasad Uniyal v. State of Uttarakhand***, (2012) 8 SCC 417, wherein it was held that excess payment of public money, even if made by reason of mistake or negligence and in the absence of any misrepresentation on the part of the employee, is ordinarily recoverable, since money paid without authority of law cannot be retained as of right. The Supreme Court expressly observed that recovery may be declined only in rare cases involving extreme hardship, and not as a matter of general principle.

5.5. The Respondents in LPA 345/2026 and LPA 364/2026 are not low-paid Class III or Class IV functionaries, but Category I and Category II officers occupying senior positions in the managerial hierarchy of the FCI. Accordingly, they were fully conversant with the Central Government policy, the decision of the Supreme Court in ***Jute Corporation*** (supra), the Office Memorandums dated 10.08.2009 and 12.07.2010 issued by the DPE, and the ongoing dispute concerning migration from the CDA pattern to the IDA pattern. Therefore, these employees cannot plausibly claim the degree of helplessness or lack of awareness which formed the basis of the equitable exceptions considered in relation to the Respondents in LPA 357/2026,



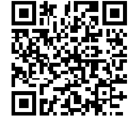
LPA 362/2026 and LPA 365/2026. On that basis, the foundation of the relief granted by the learned Single Judge is legally unsustainable.

5.6. The FCI's Circular dated 24.05.2013, directing withholding of payments to the Respondents in LPA 357/2026, LPA 362/2026 and LPA 365/2026, was neither arbitrary nor one-sided, but constituted a legitimate protective measure adopted during the pendency of the challenge to Circular dated 30.09.2011 issued by the FCI.

5.7. The Impugned Judgment has ramifications extending beyond the present *lis* and is likely to have a cascading effect across CPSEs at the national level, inasmuch as the migration from the CDA pattern to the IDA pattern and the consequential pay refixations formed part of a common policy framework applicable to a large number of public sector enterprises.

5.8. If the Impugned Judgment is permitted to stand, it is likely to open the floodgates to similar claims by thousands, if not lakhs, of employees and retirees of CPSEs whose pay was re-fixed from the CDA pattern to the IDA pattern and from whom excess payments have been recovered, adjusted, or withheld by their respective employers in implementation of the same or a similar policy framework.

5.9. Prior payment under the CDA pattern cannot create any right contrary to the governing policy, the Office Memorandums dated 12.06.1990, 10.08.2009 and 12.07.2010 issued by the DPE, and Circular dated 30.09.2011 issued by the FCI. It was



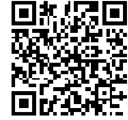

submitted that the Supreme Court has consistently held that where the law is clear, equitable considerations cannot be invoked to reach a result contrary to law. In ***Celir LLP v. Bafna Motors (Mumbai) (P) Ltd.***, (2024) 2 SCC 1, the Supreme Court reiterated that equity cannot supplant the law and must follow it where the law is clear and unambiguous. It was further submitted that there can be no estoppel against statute, and that no party can, on the basis of prior payments, administrative lapse, delay, interim arrangements, or earlier official understanding, assert a right contrary to the governing statute, binding policy, or lawful pay-fixation regime. In this regard, reliance was also placed upon ***Securities and Exchange Board of India v. Sunil Krishna Khaitan***, (2023) 2 SCC 643, wherein the Supreme Court expressly held that there is no estoppel against a statute and that parties cannot derive advantage from an earlier position inconsistent with the correct legal position.

6. In view of the above, the present Appeals ought to be allowed and the Impugned Judgment deserves to be set aside.

**SUBMISSIONS ON BEHALF OF THE RESPONDENTS in LPA 345/2026 AND LPA 364/2026**

7. The learned Counsels on behalf of the Respondents in LPA 345/2026 and LPA 364/2026 made the following submissions:

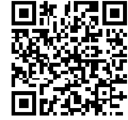
7.1. The Respondents in LPA 345/2026 and LPA 364/2026 had entered service under the CDA pattern prior to 01.01.1989,




continued under the said pattern through successive promotions for several years, and retired on that basis. Any retrospective conversion effected decades after retirement would amount to an alteration of the terms and conditions of service after cessation from service. Reliance was placed upon the judgment of the Supreme Court in ***Jute Corporation*** (supra) to submit that an element of choice was preserved for employees appointed prior to 01.01.1989, and that such protection could not be diluted by a subsequent executive clarification equating promotion with appointment.

7.2. The recoveries from retired employees, as well as withholdings from retiral benefits founded upon such retrospective refixation, are impermissible in law, as held by the Supreme Court in ***State of Punjab & Ors. v. Rafiq Masih (White Washer) & Ors.***, (2015) 4 SCC 334. The Office Memorandums dated 10.08.2009 and 12.07.2010 issued by the DPE, as well as Circular dated 30.09.2011 issued by the FCI, are arbitrary and *ultra vires* Articles 14 and 16 of the Constitution of India, 1950 ("**Constitution of India**").

7.3. The learned Single Judge had rightly held that recovery of amounts paid in excess would be impermissible, particularly where such recovery is sought from retired employees or after the lapse of a considerable period, in the absence of any fraud or misrepresentation on the part of the employee. Once such payments had remained undisturbed over a long period and had attained a degree of finality, coercive recovery at the fag




end of service or after retirement would be harsh, inequitable, and legally unsustainable.

8. In view of the above, it is prayed that the present Appeals ought to be dismissed and the Impugned Judgment deserves to be upheld.

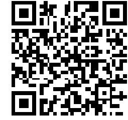
**SUBMISSIONS ON BEHALF OF THE RESPONDENTS in LPA 357/2026, LPA 362/2026 AND LPA 365/2026**

9. The learned Counsels on behalf of the Respondents in LPA 357/2026, LPA 362/2026 and LPA 365/2026 made the following submissions:

9.1. The FCI had operationalised the IDA refixation framework in an uneven and unequal manner, inasmuch as recoveries were pursued in cases where refixation resulted in an excess payment, whereas payments were withheld in cases where refixation yielded a positive entitlement in favour of the employees.

9.2. The pay fixation orders under the IDA pattern were issued as early as 2012 and, in certain cases, gratuity sanction orders were also issued; nevertheless, the corresponding payments continued to remain withheld for years. The IDA refixation framework adopted by the FCI is discriminatory, arbitrary, and illegal, insofar as the FCI has withheld retiral benefits.

9.3. The learned Single Judge rightly held that the FCI cannot justify a regime that is uneven in its operation and indefinite in its duration, particularly when refixation orders and even sanction orders had already been issued in certain cases.



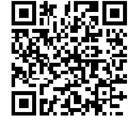

10. In view of the above, it is prayed that the present Appeals ought to be dismissed and the Impugned Judgment deserves to be upheld.

**ANALYSIS AND FINDINGS**

11. We have heard the learned counsel for the Parties and perused the Impugned Judgment.

12. It is the case of the FCI that the learned Single Judge erred in rendering the Impugned Judgment without adjudicating upon the validity of Circular dated 30.09.2011 issued by the FCI, which directed the conversion of officers promoted on or after 01.01.1989 from the CDA pattern to the IDA pattern with effect from the date of their first such promotion. According to the FCI, any employee who was promoted on or after 01.01.1989 would, upon such promotion, be deemed to have been appointed to the higher post on or after 01.01.1989 and, by virtue of the directions issued by the Supreme Court in ***Jute Corporation*** (supra), would mandatorily be governed by the IDA pattern.

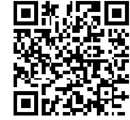
13. The learned Counsel for the FCI further contended that the reliefs granted against recovery in favour of the Respondents in LPA 345/2026 and LPA 364/2026 are contrary to the decision of the Supreme Court in ***Chandi Prasad Uniyal*** (supra), wherein it was held that excess payment of public money, even if occasioned by mistake or negligence and in the absence of any misrepresentation on the part of the employee, is ordinarily recoverable, since money paid without authority of law cannot be retained as a matter of right. It was further submitted that the Respondents in LPA 345/2026 and LPA 364/2026, being Category I and Category II officers, were fully conversant with the ongoing dispute concerning migration from the CDA pattern to the IDA pattern and,



therefore, cannot plausibly contend that refund of excess benefits would occasion undue hardship.

14. The learned Counsel for the FCI further contended that the FCI's Circular dated 24.05.2013, directing withholding of payments to the Respondents in LPA 357/2026, LPA 362/2026 and LPA 365/2026, constituted a legitimate protective measure intended to ensure that the FCI would not face difficulty in recovering excess benefits credited to employees. It was further urged that prior payment under the CDA pattern cannot create any right contrary to the IDA pattern, the Office Memorandums dated 12.06.1990, 10.08.2009 and 12.07.2010 issued by the DPE, and Circular dated 30.09.2011 issued by the FCI, since there can be no estoppel against statute, and no party can assert a right contrary to the governing statute, binding policy, or lawful pay-fixation regime.

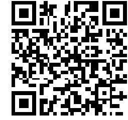
15. The learned Counsel for the Respondents in LPA 345/2026 and LPA 364/2026 contended that the said Respondents had entered service under the CDA pattern prior to 01.01.1989 and had retired on that basis, and that any retrospective conversion would amount to an alteration of the terms and conditions of service after retirement. It was submitted that the Supreme Court in ***Jute Corporation*** (supra) preserved an element of choice for employees appointed prior to 01.01.1989, and that such protection could not be diluted by a subsequent executive clarification. It was further contended that any such action would be *ultra vires* the Constitution of India. Reliance was also placed upon ***State of Punjab*** (supra) to submit that recoveries from retired employees, as well as withholding of retiral benefits founded upon such retrospective refixation, are impermissible in law.




16. The learned Counsel for the Respondents in LPA 357/2026, LPA 362/2026 and LPA 365/2026 contended that the FCI had operationalised the IDA refixation framework unevenly and had implemented the switch from the CDA pattern to the IDA pattern only where it operated to the benefit of the FCI. It was submitted that, although pay fixation orders under the IDA pattern were issued in early 2012 and, in some cases, gratuity sanction orders were also issued, payments have nevertheless remained withheld for years. It was further contended that the IDA refixation framework adopted by the FCI is discriminatory, arbitrary, and unlawful, inasmuch as the FCI has withheld retiral dues payable to its employees.

17. The learned Single Judge, upon due consideration of the factual matrix and the applicable Rules, has held that, insofar as the Respondents in LPA 345/2026 and LPA 364/2026 are concerned, recovery of amounts paid in excess is impermissible after the lapse of a considerable period, particularly in the absence of any fraud, misrepresentation, or concealment attributable to the employee. Once such payments have continued uninterrupted and attained a degree of finality over a long span of time, any attempt at recovery at the fag end of service or after retirement would be unduly harsh, inequitable, and contrary to the settled principles governing recovery of excess payments.

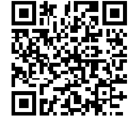
18. We agree with the findings of the learned Single Judge in the Impugned Judgement that the FCI was not justified in seeking recovery from the Respondents in LPA 345/2026 and LPA 364/2026 after their retirement by placing reliance upon the Office Memorandums dated 10.08.2009 and 12.07.2010 issued by the DPE and Circular dated




30.09.2011 issued by the FCI. The aforesaid instruments, in effect, sought to circumvent the judgment of the Supreme Court in ***Jute Corporation*** (supra) and to deprive employees appointed prior to 01.01.1989 of their right to voluntarily exercise an option between the CDA pattern and the IDA pattern. Any such action, particularly when directed against retired employees, would occasion manifest hardship.

19. Furthermore, the excess payment, if any, made to the Respondents in LPA 345/2026 and LPA 364/2026 was not attributable to any fraud, misrepresentation, or concealment on their part, but arose solely on account of internal administrative discrepancies within the FCI. It is well settled that recovery from retired employees, after the lapse of several years and in the absence of any wrongdoing on their part, is arbitrary and inequitable. Once such payments have remained undisturbed over a considerable period and have attained finality, coercive recovery after retirement would be unduly harsh and oppressive. Such recovery is expressly impermissible in view of the law laid down by the Supreme Court in ***State of Punjab*** (supra), which bars recovery of excess payments from employees who are not responsible for the alleged excess payment.

20. Insofar as the Respondents in LPA 357/2026, LPA 362/2026 and LPA 365/2026 are concerned, the learned Single Judge concluded that a public sector enterprise such as the FCI cannot implement a policy change in an arbitrary manner. The record demonstrates that, wherever the FCI considered amounts paid under the CDA pattern to be in excess, it sought recovery thereof from its employees; however, in cases where the application of the same policy framework entitled employees to



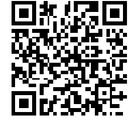
amounts in excess of what had already been paid, the FCI withheld or denied such benefits.

21. We are of the considered view that a selective and inconsistent application of policy is wholly impermissible. A State instrumentality is bound to act fairly, reasonably, and in a non-discriminatory manner, and cannot adopt a position that permits it to retain the benefits of a policy while simultaneously denying corresponding entitlements accruing to its employees.

22. The implementation of a welfare scheme cannot be conditioned upon the unilateral advantage of the employer, particularly where such an approach results in unequal treatment and prejudice to its employees. Any policy implementation that operates solely to the benefit of the organisation while depriving employees of the advantages flowing therefrom would be arbitrary and violative of the Constitution of India.

23. The approach adopted by the FCI in partially implementing the IDA pattern only where it was entitled to recover excess amounts paid to employees, while refraining from extending the corresponding benefits to employees who were entitled thereto, is unsustainable in law. By placing reliance upon internal Circulars dated 24.05.2013 and 05.01.2015, the FCI cannot justify withholding payments which are otherwise lawfully due. The FCI is not entitled to arbitrarily implement the IDA pattern in a manner that enables it to secure recoveries while withholding benefits due to its employees.

24. By relying upon internal circulars, a State instrumentality cannot indefinitely withhold the benefits flowing from a duly approved policy. The mere possibility of difficulty in effecting restitution of any excess




amounts that may subsequently be found payable does not confer upon a State instrumentality the authority to deny or defer benefits accruing under a pay scale sanctioned by the Central Government. The implementation of a Central Government pay scale must be fair, uniform, and non-arbitrary. Any selective or arbitrary application thereof is violative of Article 14 of the Constitution of India and cannot be sustained in law.

25. In view of the above analysis, we find no infirmity in the directions issued by the learned Single Judge while disposing of the Writ Petitions and, accordingly, the Impugned Judgement is upheld. Consequently, the present Appeals, along with the pending Applications, are hereby dismissed. There shall be no order as to costs.

**TEJAS KARIA, J**

**DEVENDRA KUMAR UPADHYAYA, CJ**

**JUNE 4, 2026**

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