



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 9TH DAY OF SEPTEMBER, 2025

BEFORE

THE HON'BLE MR. JUSTICE H.T. NARENDRA PRASAD

WRIT PETITION NO. 28763 OF 2023 (S-R)

BETWEEN:

SMT B K MEERA
W/O S. SHRIKANTESHWARA
AGED ABOUT 61 YEARS
RETIRED AS CHIEF MANAGER (FINANCE)
STATE TRADING CORPORATION
OF INDIA LIMITED
R/A NO. 48, BULL TEMPLE ROAD
BASAVANAGUDI, BANGALORE 560 004

...PETITIONER

(BY SRI. SATISH K., ADVOCATE)

AND:

1. THE STATE TRADING CORPORATION
OF INDIA LIMITED
REP. BY CHAIRMAN & MANAGING DIRECTOR
JAWAHAR VYAPAR BHAWAN
TOLSTOY MARG, NEW DELHI 110 001.
2. THE DIRECTOR FINANCE
THE STATE TRADING CORPORATION
OF INDIA LIMITED
JAWHAR VYAPAR BHAWAN
TOLSTOY MARG, NEW DELHI 110 001.
3. THE JOINT GENERAL MANAGER
(PERSONNEL)
THE STATE TRADING CORPORATION
OF INDIA LIMITED
JAWAHAR VYAPAR BHAWAN
TOLSTOY MARG, NEW DELHI 110 001.

Digitally signed by
HEMALATHA A
Location: HIGH
COURT OF
KARNATAKA



4. UNION OF INDIA
DEPARTMENT OF COMMERCE
MINISTRY OF COMMERCE AND INDUSTRIES
REP. BY ITS SECRETARY
UDYOG BHAVAN, NEW DELHI 110 001

...RESPONDENTS

(BY SRI. KARAN JOSEPH., ADVOCATE FOR R1 & R3:
SRI S KASINAGALINGAM, CGC FOR R4: R2 IS SERVED)

THIS WRIT PETITION IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA PRAYING TO DIRECT THE RESPONDENTS TO PAY AND SETTLE THE PENSION AND PENSIONARY BENEFITS INCLUDING THE EARNED LEAVE ENCASHMENT, HALF-PAY LEAVE AND GRATUITY ALONG WITH 12 PERCENT INTEREST AND ETC.

THIS PETITION, COMING ON FOR PRELIMINARY HEARING IN 'B' GROUP, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE H.T. NARENDRA PRASAD

ORAL ORDER

This writ petition is filed under Articles 226 & 227 of the Constitution of India, seeking the following relief:

"Issue writ of mandamus directing the respondents to pay and settle the pension and pensionary benefits including the earned leave encashment, half pay leave and gratuity along with 12% interest, in the interest of justice and equity."

2. The petitioner was appointed as a Junior Assistant in the first respondent – Corporation on 06.06.1988. Thereafter, she was promoted as an Assistant in the year 1994, as Office Manager (Accounts) in the year 1997, as



Deputy Manager (Finance) in the year 2006, as Manager (Finance) in the year 2010 and Chief Manager (Finance) by order dated 10.05.2016 vide Annexure-A. When she was working as a Chief Manager, a departmental enquiry has been initiated. During the pendency of the departmental inquiry, the petitioner has attained the age of superannuation on 31.7.2023. Thereafter, the petitioner's retirement benefit has not been settled. Hence, the petitioner submitted a representation vide Annexure-E on 29.01.2018. Since the same has not been considered, the petitioner is before this Court.

3. The learned counsel for the petitioner raised the following contentions:

(i) Firstly, as per Rule 30-A of the State Trading Corporation of India Limited Employees' (Conduct, Discipline & Appeal) Rules, 1975 (for short, '1975 Rules'), in the departmental inquiry in respect of retired employees, they can recover any loss caused to the



Corporation from only gratuity amount. Therefore, except the gratuity amount, they have to release other pensionary and leave encashment benefits to the petitioner even during the pendency of the disciplinary enquiry. Hence, sought for a direction to release the pensionary and leave encashment benefits of the petitioner.

(ii) Secondly, in similar circumstances, this Court in W.P.No.11518/2018 and other connected matters, disposed of on 11.02.2019 vide Annexure-L, in respect of the Corporation employees' disciplinary enquiry is concerned, held that, it is only governed by 1975 Rules. That has been confirmed by a Division Bench of this Court in W.A.Nos.1832-1833/2019 disposed of on 11.07.2019 vide Annexure-M, which has been confirmed by the Apex Court. Hence, sought for allowing the writ petition.

4. The learned counsel appearing for the respondent

- Corporation raised the following contentions:



(i) Firstly, in addition to the State Trading Corporation of India Limited Employees' (Conduct, Discipline & Appeal) Rules, 1975, the Special Rules and Regulations of the Corporation is also applicable. To that effect, he has relied on the Regulation No.24(3) of the State Trading Corporation Service Regulations and contended that the matters concerning the service conditions of the employees of the Corporation not covered by these Regulations or specific decisions of the board the rules and procedures set-forth in the Government of India Fundamental Rules and Supplementary Rules including the Government of India orders and decision and audit instructions there-under shall apply.

(ii) Secondly, as per Rule 39(3) of the Central Civil Services (Leave) Rules, 1972, during the pendency of the enquiry, the competent authority can withdraw whole or part of the leave encashment, even though the employees attain the age of superannuation.



(iii) Thirdly, as per the Circular dated 02.04.2012 of the Corporation relating to the Pension Scheme, even during the pendency of the judicial proceedings or disciplinary proceedings against the employee, the pension can also be withheld.

(iv) Fourthly, these Rules have not been considered in the earlier proceedings before the learned Single Judge or before the Division Bench in W.A.Nos.1832-1833/2019. In Review Petition No.2/2020 filed by the Corporation, these Rules have not been considered only on the ground that there was no submission canvassed either before the learned Single Judge and the Division Bench. Therefore, the said judgment is not binding on this Court. In support of this contention, he has relied on the order of this Court in W.P.No.22383/2022 disposed of on 10.12.2024. Hence, sought for dismissal of the writ petition.

5. Heard the learned counsel for the parties and perused the petition papers.



6. It is not in dispute that, when the petitioner was working as Chief Manager (Finance) in the respondent – Corporation, a departmental enquiry has been initiated. It is also not in dispute that the enquiry was not concluded, it is pending consideration. In the meantime, the petitioner retired from the service on 31.07.2023. Thereafter, the petitioner submitted a representation vide Annexure-K, seeking for retirement benefits on the ground that under the 1975 Rules, they can withhold only gratuity, in respect of pension and leave encashment for the retired employee, the same has to be granted. Since the representation is not considered, the petitioner is before this Court.

7. This issue has been considered by the learned Single Judge of this Court in W.P.No.11518/2018 and connected matters disposed off on 11.02.2019. Being aggrieved by the order of the learned Single Judge the Corporation has filed W.A.Nos.1832-1833/2019. The



Division Bench, after considering the Rules which is cited by the Corporation has held as follows:

"5. We have given careful consideration to the submissions. We find that as far as the disciplinary enquiry of the employees of the appellant is concerned, the same will be governed by STC Employees' (Conduct, Discipline and Appeal) Rules, 1975 (for short, 'the said Rules'). Rule 30-A, of the said Rules is the Rule which permits continuation of disciplinary proceedings even after retirement. But for Rule 30-A, the appellants could not have continued the disciplinary proceedings against the writ petitioner after the superannuation. Sub-rule (2) of Rule 30-A is material, which empowers the disciplinary authority to withhold payment of gratuity during the pendency of the disciplinary proceedings. The Rule does not permit withholding of any other retiral dues."

8. From the above, it is very clear that, in respect of the disciplinary enquiry of the employee of the respondent - Corporation is concerned, it will be governed by the 1975 Rules. Rule 30-A(ii) is extracted below:



"30-A. CONTINUATION OF DISCIPLINARY
PROCEEDINGS AFTER RETIREMENT

(i)

(ii) *During the pendency of the disciplinary proceedings, the disciplinary authority may withhold payment of gratuity, for ordering the recovery from gratuity of the whole or part of any pecuniary loss caused to the Company if the employee is found in a disciplinary proceeding or judicial proceeding to have been guilty of offences/misconduct as mentioned in sub-section (6) of Section (4) of Payment of Gratuity Act, 1972 or to have caused pecuniary loss to the Company by misconduct or negligence, during his service including service rendered on deputation or on re-employment after retirement. However, the provisions of Section 7(3) and 7(3-A) of the Payment of Gratuity Act, 1972 should be kept in view in the event of delayed payment, in case the employee is fully exonerated."*

9. From a reading of the above provision, it is very clear that only gratuity amount can be withheld. The contention of the respondents that they can withhold the



leave encashment and pensionary benefits, cannot be considered.

10. In view of the above, the following order is passed:

- (i) The writ petition stands disposed of.
- (ii) The respondents are directed to consider the representation submitted by the petitioner dated 05.10.2023, vide Annexure-K for payment of leave encashment and pensionary benefits, as expeditiously as possible, not later than three months from date of receipt of a copy of this order, in accordance with law.
- (iii) In view of disposal of the petition, all pending applications stand disposed of.

Sd/-
(H.T. NARENDRA PRASAD)
JUDGE

CM
LIST NO.: 1 SL NO.: 50