IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 02.02.2026

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THE HONOURABLE MR.JUSTICE **HEMANT CHANDANGOUDAR**

W.P.No.2310 of 2008
and
M.P.No.1 of 2008

V.Ezhilarasi
W/o.Illangovan ... Petitioner

vs.

1. The Managing Director
Pondicherry Agro Products,
Food and Civil Supplies Corporation Limited
(PAPSCO), Thattanchavady
Puducherry.

2. The Director
Department of Civil Supplies and Consumer Affairs
Puducherry.

3. The Registrar of Co-operative Societies
Thattanchavady
Puducherry.

4. The Managing Director
Pondicherry State Co-op Consumers
Federation (CONFED)
Thattanchavady
Puducherry. … Respondents

Writ Petition filed under Article 226 of the Constitution of India seeking a Writ of Mandamus, to direct the 1st respondent to fix the petitioner's seniority considering her service in the 4th respondent Federation and to grant her further promotion, conveyance allowance, medical allowance, canteen allowance etc., and to pay Gratuity and EPF contribution on par with the other employees of the 1st respondent Corporation with all other consequential benefits.

For Petitioner	:	Mr.V.Govardhanan for Mr.V.Ajayakumar
For Respondents	:	Mr.T.M.Naveen, for R1 Ms.Sharada Vivek Additional Government Pleader (Pondy) for R2 & R3 Mr.K.Raja Srinivas, for R4

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ORDER

The captioned writ petition has been filed seeking issuance of a writ of mandamus directing the first respondent to fix the petitioner's seniority by taking into account the service rendered by her in the fourth respondent Federation and to grant her further promotion, conveyance allowance, medical allowance, canteen allowance, etc., and to pay gratuity and EPF contributions on par with the other employees of the first respondent Corporation, together with all other consequential benefits.

2. The factual background of the case is as follows:

2.1. The petitioner initially joined the fourth respondent Federation as a daily-rated employee in the year 1987, and her services were regularized as Junior Assistant with effect from 01.04.1990. The first respondent Corporation was incorporated on 27.09.1990. The Government nominated the first respondent Corporation to centrally procure and distribute controlled commodities under the Public Distribution System (PDS) in the Union Territory of Puducherry. Initially, under an Agency Agreement, the Corporation appointed the fourth respondent Consumer Cooperative Federation (CONFED) as its handling and distribution agent, and the said agency arrangement was renewed from time to time.

2.2. Since the fourth respondent Federation had allegedly retained a sum of Rs.19,10,000/- and in order to prevent further mismanagement, the first respondent decided to undertake the handling of PDS activities on its own. Thereafter, in a meeting convened pursuant to the directions of the Secretary to the Government on 18.07.2002, it was agreed that the first respondent would reimburse half of the salary amount, namely Rs.27 lakhs, and take over nine out of the eighteen employees of the fourth respondent. In pursuance of the said decision, the first respondent reimbursed a sum of Rs.27 lakhs to the fourth respondent and also agreed to absorb nine employees out of the existing eighteen employees of the fourth respondent.

2.3. Subsequently, the fourth respondent issued a circular dated 16.06.2005 stating that nine employees were to be absorbed into the first respondent Corporation in accordance with the Government Orders and that salary protection, job security, and position security should be ensured for them. Thereafter, the petitioner and five other Junior Assistants gave their consent for absorption into the first respondent Corporation. The fourth respondent, by communication dated 25.01.2006 addressed to the first respondent Corporation, relieved the five Junior Assistants working in the Head Office, including the petitioner, from service, subject to the following conditions:

(a) The scale of pay and other monetary benefits shall be protected;

(b) Status quo shall be maintained in respect of the employees' cadre; and

(c) Job security of the employees shall be ensured.

2.4. Another communication dated 02.02.2006 was addressed to the first respondent, forwarding the Last Pay Certificates of five staff members who were absorbed by the first respondent. Subsequently, the petitioner joined the service of the first respondent as a Junior Assistant. However, upon coming to know that a separate cadre was being maintained for the absorbed employees and that there was no avenue for promotion, the petitioner approached this Court by filing the present writ petition.

3. Mr. V. Govardhanan, learned counsel for the petitioner, submitted that the petitioner had categorically given her consent for absorption only on the specific assurance that her job security, including seniority, would be protected. He further submitted that the fourth respondent had issued a circular expressly stating that job security, including seniority, would be maintained and protected. Contrary to the terms of absorption and the circular issued by the fourth respondent, the first respondent has maintained a separate seniority list in respect of the absorbed employees, thereby denying the legitimate right of the petitioner to be considered for promotion. According to the learned counsel, such action is arbitrary, discriminatory, and violative of

Articles 14 and 16 of the Constitution of India.

4. In support of his submissions, the learned counsel placed reliance on the following decisions:

(a) ***Sub-Inspector Rooplal and Another v. Lt. Governor through Chief Secretary, Delhi and Others, (2000) 1 SCC 644***; and

(b) ***The Chairman, Canara Bank, Bangalore v. M.S. Jasra and Others, 1992 (SC) 214***.

5. In response, the learned counsel appearing for the second respondent submitted that the circular issued by the fourth respondent assuring job security, including seniority, to the absorbed employees is not binding on the first respondent. He further submitted that the petitioner and five other Junior Assistants were relieved from the services of the fourth respondent on 25.01.2006, subject to the specific condition that their seniority would be maintained separately and would not be merged with the seniority list of the regular Junior Assistants working in the first respondent Corporation.

6. It was further submitted that the Board passed a resolution on 27.09.2006, whereby the absorption of the petitioner and five other individuals was ratified with effect from 01.02.2006, and it was decided to maintain a separate seniority and payroll for the absorbed staff, without mingling them with the regular staff of the first respondent Corporation, pending finalisation of their service conditions.

7. It was further submitted that the absorbed employees were treated as a special cadre in the same pay scale/salary with other benefits as extended by the fourth respondent Federation, and that their monetary benefits would be fixed in due course, as and when such benefits were extended by the fourth respondent to its employees, subject to the approval of the Board. Pursuant to the said resolution, the petitioner and the other five individuals submitted a representation dated 08.01.2007 seeking calculation and payment of revised salary and arrears as per the Fifth Pay Commission recommendations, which had been extended to the regular employees of the fourth respondent Federation.

8. The learned counsel further submitted that though no avenue for promotion is available to the petitioner in terms of the directions issued by the Registrar of Cooperative Societies, the petitioner, upon completion of ten years of service in the same cadre of Junior Assistant as on 01.04.2010, is entitled to one special increment in the revised scale. In cases of stagnation in the time scale, a stagnation increment is granted at the rate of 2.5% of the basic pay of the employee. Therefore, despite stagnation in the time scale and the absence of promotional avenues, the job security of the petitioner stands fully protected pursuant to the orders passed by the Registrar of Cooperative Societies.

9. It was further contended that the petitioner, having accepted absorption without any demur, cannot now turn around and seek merger of her seniority with that of the regular employees of the first respondent Corporation. In the absence of any statutory right and in the absence of any obligation on the part of the first respondent to merge the seniority of the absorbed employees with that of the regular employees, the writ petition is devoid of merit and is liable to be dismissed.

10. This Court has carefully considered the submissions advanced by the learned counsel on either side and the materials placed on record.

11. The first respondent, in its 49th Board Meeting held on 20.07.2012, observed that under Clause 10 of the Agency Agreement, it had been categorically stated that PASCO would not be liable for the employees or workmen of CONFED. It was further noted that taking over the staff of CONFED into the Corporation would be detrimental to the senior staff working in PASCO. Therefore, the Board unanimously decided that the Government's suggestion to take over nine staff members of CONFED by PASCO should be conveyed back to the Government of Puducherry with a request to review the said decision.

12. Subsequently, in the Board Meeting dated 07.03.2015, it was resolved to convene a meeting between PAPSCO, the officials of the Cooperative Department, and CONFED.

13. After a decision was taken to absorb nine out of the eighteen employees of the fourth respondent, the first respondent Corporation deliberated upon the issue in its various meetings. In its 67th meeting held on

29.09.2006, the Board of the Corporation passed the following resolution, which reads as follows:

> *"Further Resolved that the act of absorption of the following 6 (six) staff of CONFED w.e.f 01.2.2006 be and is hereby ratified. Further decided to maintain a separate seniority and pay roll for the absorbed staff not mingling with the regular staff of PAPSCO pending finalization of their service condition and as special cadre in the same present pay scale / salary with other benefits, as extended by CONFED. Their monetary benefits shall be fixed then and there, in due course, as and when extended by CONFED to their employees subject to the approval of the Board."*

14. The fourth respondent had earlier issued a letter dated 06.06.2005 to the first respondent furnishing the biodata of nine employees proposed to be absorbed, along with the terms and conditions referred to supra.

15. In the given circumstances, after addressing communications to the first respondent stating that status quo should be maintained in respect of the employees' cadre, the fourth respondent issued a circular dated 16.06.2005 stating that salary protection, job security, and position security must be ensured for the employees. However, the said circular was addressed only to the nine Junior Assistants and not to the first respondent Corporation.

Therefore, the circular dated 16.06.2005 is not binding on the first respondent.

16. Further, the fourth respondent issued a communication dated 25.01.2006 to the first respondent stating that five individuals working as Junior Assistants, including the petitioner, were relieved from service on the afternoon of 24.01.2006 and were to be absorbed by the first respondent, subject to the terms and conditions already enumerated hereinabove.

17. While the petitioner was working under the first respondent, the fourth respondent issued another communication dated 17.07.2006 to the first respondent stating that, as per the orders of the Registrar of Cooperative Societies, the pay scales of the employees of the fourth respondent had been revised. Accordingly, the pay scales of the employees absorbed by the first respondent were revised to Rs.4,400–100–6,400–12–11,200.

18. Thereafter, the first respondent passed a resolution dated 27.09.2006 ratifying the absorption of six staff members of the fourth respondent with effect from 01.02.2006 and decided to maintain a separate seniority and payroll for the absorbed staff, without mingling them with the

regular staff of the first respondent Corporation, pending finalisation of their service conditions. It was further resolved to treat them as a special cadre in the same existing pay scale/salary with other benefits as extended by the fourth respondent, and that their monetary benefits would be fixed in due course, as and when extended by the fourth respondent to its employees, subject to the approval of the Board.

19. Pursuant thereto, the petitioner and the other five individuals submitted a request to the fourth respondent seeking revision of pay scale on par with the regular employees of the fourth respondent. The said request was acceded to, and the pay scale of the petitioner was revised and arrears of salary were also paid.

20. In this regard, the fourth respondent passed a further resolution dated 18.04.2007. The petitioner, having accepted absorption subject to the condition that status quo be maintained in respect of the employees' cadre, without any demur, cannot now contend that the seniority list of the absorbed Junior Assistants should be mingled with the seniority list of the regular Junior Assistants of the first respondent Corporation. Such a claim is untenable, as the absence of promotional avenues does not create a legal right to seek

merger of cadres or seniority. Having accepted absorption subject to a separate cadre, the petitioner cannot later challenge the arrangement in the absence of any statutory or regulatory mandate.

21. The learned counsel for the petitioner placed reliance on the decision of the Hon'ble Supreme Court in ***Chairman, Canara Bank, Bangalore (supra)***, wherein it was held that the right of employees of the banking company in the transferee bank, on continuance of service by virtue of a provision in the scheme under Clause (i) of sub-section (5), is confined to what is contained in the proviso thereto, namely, that the transferee bank shall treat them on par with its own employees of corresponding rank or status, subject to qualifications and experience, irrespective of the earlier terms and conditions of service. In other words, where the scheme provides for continuance of service beyond a period of three years from the date on which the scheme is sanctioned by the Central Government, the transferee bank cannot discriminate between such employees and its other employees of corresponding rank or status. The said decision is not applicable to the facts of the present case, as the scheme therein expressly provided for parity after a specified period, which is absent in the present case.

22. In ***Sub-Inspector Rooplal (supra)***, the Hon'ble Supreme Court held that there was no reason why the appellants, on being absorbed in an equivalent cadre in the transferred post, should not be permitted to count their service in the parent department.

23. However, in the present case, the first respondent had taken a conscious and informed decision to absorb nine employees of the fourth respondent subject to the condition of maintaining a separate cadre. Any merger of the said cadre would adversely affect the seniority of the existing Junior Assistants of the first respondent Corporation.

24. It is also relevant to note that the petitioner has been extended the benefit of revision of pay scale on par with the regular employees of the fourth respondent under the provisions of the Cooperative Societies Act. Having accepted the benefit of revised pay scale and arrears of salary, the petitioner cannot now contend that her seniority should be mingled with that of the regular employees of the first respondent Corporation.

25. The Registrar of Cooperative Societies issued directions under Section 81 of the Puducherry Cooperative Societies Act, 1972, by proceedings

dated 12.01.2012, wherein it was noted that the Fifth Pay Committee was constituted to revise the existing pay scales of the employees of the Federation. In respect of fixation of pay, it was decided that if an employee completed ten years of service in the same cadre, he or she would be granted one special increment in the revised scale. It was further decided that in cases of stagnation in the time scale, a stagnation increment shall be worked out at the rate of 2.5% on the basic pay of the employee.

26. However, the said directions issued by the Registrar of Cooperative Societies have not been given effect to by the first respondent, nor have the benefits thereunder been extended to the petitioner. The petitioner has sought extension of benefits under the Fifth Pay Committee. The first respondent has undertaken to extend the said benefits to the petitioner as and when the Government releases funds to the first respondent Corporation, which is presently under liquidation.

27. In the light of the above discussion, this Court is of the considered view that the petitioner is not entitled to seek mingling of her seniority with that of the regular employees of the first respondent Corporation. However, the petitioner is entitled to the benefits under the Fifth Pay Committee Report.

Accordingly, the first respondent is directed to compute and disburse the benefits under the Fifth Pay Committee recommendations to the petitioner within a period of four months from the date of receipt of a copy of this order. It is open to the petitioner to claim interest for any belated payment before the appropriate forum if permissible, in accordance with law.

28. With the above directions, the writ petition stands disposed of. Consequently, the connected miscellaneous petition is closed. There shall be no order as to costs.

02.02.2026

Index : Yes / No
Neutral Citation : Yes / No
Speaking / Non-speaking
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Pondicherry Agro Products,
Food and Civil Supplies Corporation Limited
(PAPSCO), Thattanchavady, Puducherry.
2. The Director, Department of Civil Supplies and Consumer Affairs
Puducherry.
3. The Registrar of Co-operative Societies
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HEMANT CHANDANGOUDAR, J.,

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