



IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

CWP-11105-2000 (O&M)

SHRI PAL SINGH

...PETITIONER

VERSUS

STATE OF HARYANA AND ORS.

....RESPONDENTS

1.	The date when the judgment is reserved	27.11.2025
2.	The date when the judgment is pronounced	13.02.2026
3.	The date when the judgment is uploaded	13.02.2026
4.	Whether only operative part of the judgment is pronounced or whether the full judgment is pronounced	Full
5.	The delay, if any of the pronouncement of full judgment and reason thereof.	Not applicable

CORAM: HON'BLE MR. JUSTICE SANDEEP MOUDGIL.

Present: Mr. Haneet Sharma, Advocate, for the petitioner.

Ms. Ruchi Sekhri, Addl. AG. Haryana

SANDEEP MOUDGIL, J

Prayer

1. The petitioner has approached this Court with a prayer for issuance of a writ in the nature of *certiorari* for quashing the orders dated 08.08.1999 (Annexure P-10) whereby the services of the petitioner have been de-regularized, with a further prayer to direct the respondents to maintain status quo with regard to regular service of the petitioner alongwith all consequential benefits in pursuance to the letter dated 08.11.1996.

Contentions

On behalf of Petitioner

2. It is argued on behalf of the petitioner that he is a matriculate and was appointed through proper channel i.e. of sponsorship by the Employment

Exchange in the office of Block & Development Panchayat Officer cum Executive Officer, Panchayat Samiti, Sadhaura as Mali-cum-Chowkidar on 12.03.1991 and due appointment letter was also issued, which has been referred to as Annexure P-1. His appointment was approved by the Deputy Commisisoner Yamuna Nagar and the wages were fixed by the Deputy Commissioner for appointment of the petitioner in the office of BDPO, Sadhaura, while Mr. Haneet Sharma, Advocate would lay stress on the fact that on 31.01.1996/18.03.1996 a policy for regularization was framed and issued for such employees, who have completed three years of continuous service without any break and were in service on 31.01.1996 having completed 240 days in each year.

3. It is stated that under the said policy services of the petitioner alongwith other 19 such similarly placed Mali-cum-Chowkidars working in different offices of Block Development and Panchayat Officers were regularized w.e.f. 01.02.1996 vide letter dated 08.04.1996 (Annexure P-4), which was against a vacant post in the scale of Rs.750-12-870-EB-14-940.

4. Learned counsel for the petitioner would assail the order dated 08.08.1999 alleging the same to be discriminatory whereby the petitioner's services were de-regularized by respondent No.2-Joint Secretary to Government of Haryana, Development and Panchayat Department on the ground that he was appointed by the Executive Officer, Sadhaura and as such is not a Government employee of the department/Government of Haryana.

5. Mr. Haneet Sharma, Advocate would further state that before passing of the impugned order dated 08.08.1999 (Annexure P-10), the pay scale was revised w.e.f. 01.01.1996 as Rs.2550-55-2660-EB-60-3200 with the annual increment felling due on 01.02.1997, 01.02.1998, 01.02.1999 with the

allocation of General Provident Fund No.HR/GA/41830, which was regularly deducted from the salary.

6. To counter the impugned order and the action of the respondents, the petitioner vehemently submit that under Section 33 of the Punjab Panchayat Samitis and Zila Parishads Act, 1961, the State Government has empowered the Panchayat Samitis to employ such services as it may consider necessary for efficient performance of its duties imposed upon by the Act and rules or the bye laws made thereunder, which was deleted vide Amendment Act of 1973 by the Haryana Government and a result thereof the Panchayat Samitis do not have any power to make appointments after 13.06.1973. Subsequently Haryana Panchayati Raj Act 1994 came into operation which also do not bestow any power to the Panchayat Samitis for the purpose of making appointments and neither there is any post of establishment except a saving clause vide Section 35(4), which reads as under:-

"The persons employed by the Panchayat Samiti before the 1st day of April, 1973 and serving them on the commencement of the Punjab Panchayat Samitis and Zila Parishads (Haryana Amendment) Act, 1973 shall continue to serve on the same terms and conditions on which they were employed by the Panchayat Samiti until they are absorbed in the Government service or retired in such manner as may be prescribed."

7. The reliance has also been made by the petitioner to a letter dated 05.01.1977 issued by the Secretary to Government of Haryana Development Department arguing that such employees of the Panchayat Samiti, who were appointed prior to 01.04.1973 will be absorbed in Government services treating them to be Government employee for all intents and purposes as is evident from Clause iv and vi of the said letter, which read as under:-

"(iv) These employees will be treated as Government Servants from the date they join provincialized posts and no benefit towards seniority etc. will be given/allowed.

(vi) They will be governed by Govt./State Service Rules and they will be entitled to all the benefits like Govt. employees, in future."

8. In addition to above, learned Advocate would assail on discriminatory treatment meted out to the petitioner while referring to other daily wager employees, who are similarly situated and were regularized alongwith the petitioner vide letter dated 08.11.1996 namely Sada Nand at Sr. No. 11, Pal Singh at Sr. No. 15 and Banta Singh (Annexure P-5 & P-6 respectively). Other 54 employees including one Phool Chand as can be culled out from an order dated 15.12.1993 in the Development and Panchayat Department alone from the post of Mali-cum-Chowkidar w.e.f. 01.04.1993 (Annexure P-9).

9. No other argument has been raised on behalf of the petitioner.

On behalf of Respondents

10. Notice of motion was issued on 24.08.2000 and after the respondents filed the written statement dated 17.05.2001, the petition was admitted on 11.12.2001 with the interim protection that the operation of impugned order dated 08.08.1999 (Annexure P-10) shall remain stayed.

11. Learned State counsel argued on the strength of written statement justifying de-regularizing of the petitioner on the ground that he is not a Government employee and was appointed by the Panchayat Samiti on 12.03.1991 which would be a local body and instructions issued by the Government of Haryana for regularization dated 18.03.1996.

12. Learned State counsel also lays much stress to the fact that the petitioner was erroneously regularized by the Government of Haryana

Development Department on 06.11.1996 but later on while rectifying the mistake de-regularized services of the petitioner vide order dated 18.08.1999 on the question of discrimination though an attempt was made to clarify that two other employees of Panchayat Samiti namely Sada Nand and Phool Chand were also regularized due to clerical error but on coming to know about the said mistake, notices have been issued to both the employees for de-regularization on 25.01.2001 and legal action has also been taken against them as per letter.

13. On merits submissions on behalf of the State is to the effect that respondent No.1 has given approval to appoint one Mali cum chowkidar and one part time Sweeper through employment exchange office at the DC rates, whereas rest of the submissions are repetitions of submissions as recorded hereinabove.

14. To the parity claimed by the petitioner being similarly placed as Banta Singh, the State would distinguish the case of the petitioner stating that Banta Singh was regularized vide order dated 12.06.1998 by the Development Department, Government of Haryana as he was a daily wager Government employee, therefore, is covered under the instructions/policy dated 08.04.1996. The arguments were concluded on behalf of the respondent/State with the submission that the de-regularization order dated (Annexure P-10) is legal and correct while praying for dismissal of the present petition.

15. During the course of hearing, a status report was called upon and Block Development and Panchayat Officer filed an affidavit of Krishan Lal, Deputy Chief Executive Officer, Zila Parishad, Kurukshetra holding the additional charge of BDPO, Shahbad District Kurukshetra and clarify on the facts that Shri Sada Nand and other similarly situated employee alongwith the petitioner, who were working on the post of Mali-cum-Chowkidar, were

regularized by the Joint Secretary, to Government of Haryana, Development and Panchayat Department Chandigarh vide order dated 06.11.1996. The case of Sadanand was also reconsidered and a notice was issued dated 24.01.2001 to which a reply was filed. The said reply stands rejected qua Sadanand as well but he preferred a CWP-9691-2001 for setting the order of reconsideration and impugned order dated 06.07.2001, while he claimed regularization of services as per policy decision dated 06.04.1990. The impugned order of termination dated 06.07.2001 was stayed by the High Court in CWP-9691-2001 Sada Nand vs. State of Haryana & Ors. During the pendency of said writ petition, he retired from the services and the petition was disposed off having been rendered infructuous.

16. In order to adjudicate the question involved before this Court status and nomenclature of Panchayat Samiti as well as its legal entity needs to be tested on the stone of Article 12 of the Constitution of India in order to address arguments raised by the learned state counsel that the petitioner was not an employee of the State Government but only of the Panchayat Samiti and, therefore, the policy for regularization for services dated 08.04.1996 would not apply to his case. In that endeavour on 09.09.2025 after hearing partly arguments State was called upon to file an affidavit categorically stating that how much funding is made by the State Government to the Panchayat Samiti and whether it exercises superintending deep and pervasive control on its functioning.

17. In response to the above said direction, the Block Development and Panchayat Officer, Shahabad, District Kurukshetra holding additional charge as that of Deputy Chief Executive Officer, Zila Parishad, District Kurukshetra filed an affidavit dated 17.09.2025.

Analysis

19. At the outset, before this Court undertakes an examination of the issues arising for consideration, it is considered appropriate to delineate the chronology of relevant dates, as the same would furnish the essential factual foundation for a proper appreciation of the controversy which are either admitted or borne out from the record, are enumerated hereunder:

Date	Event
13.06.1973	Amendment to the Punjab Panchayat Samitis and Zila Parishads Act, 1961 came into force, whereby powers of Panchayat Samitis to make fresh appointments were withdrawn.
05.01.1977	Letter issued by the Secretary to Government of Haryana, Development Department, providing for absorption of Panchayat Samiti employees appointed prior to 01.04.1973 into Government service.
12.03.1991	Petitioner appointed as Mali-cum-Chowkidar through Employment Exchange in the office of Block Development and Panchayat Officer-cum-Executive Officer, Panchayat Samiti, Sadhaura; formal appointment letter issued.
15.12.1993	Order issued by Development and Panchayat Department regularising services of several Mali-cum-Chowkidars w.e.f. 01.04.1993 (including similarly situated employees).
31.01.1996	Cut-off date under State policy for regularisation of daily-wage employees who had completed requisite service.
18.03.1996	Government of Haryana issued policy/instructions for regularisation of daily-wage employees completing three years of continuous service with 240 days in each year.
01.02.1996	Effective date from which the petitioner’s services were regularised against a vacant post pursuant to Government policy.
08.04.1996	Letter issued regularising services of the petitioner and other similarly situated Mali-cum-Chowkidars in the prescribed pay scale.
01.01.1996	Revised pay scales made applicable to the petitioner pursuant to Government revision.
01.02.1997	First annual increment granted to the petitioner after regularisation.
01.02.1998	Second annual increment granted.
01.02.1999	Third annual increment granted.
06.11.1996 / 08.11.1996	Joint Secretary to Government of Haryana, Development and Panchayat Department, issued letter confirming regularisation of petitioner and similarly situated employees; GPF number allotted and deductions commenced.
08.08.1999	Impugned order passed by the Joint Secretary, Development and Panchayat Department, de-regularising the services of the petitioner.
24.08.2000	Notice of motion issued by this Court in the present writ petition.
11.12.2001	Writ petition admitted; operation of impugned order dated 08.08.1999 stayed by this Court.
17.05.2001	Written statement filed by the respondents.
24.01.2001 / 25.01.2001	Notices issued to similarly situated employees for proposed de-regularisation.

Date	Event
06.07.2001	Order of termination passed against similarly situated employee Sada Nand.
2001	CWP No. 9691 of 2001 filed by Sada Nand challenging termination; interim stay granted.
09.09.2025	This Court directed the respondents to file an affidavit regarding State control and funding of Panchayat Samiti.
17.09.2025	Affidavit filed by Block Development and Panchayat Officer pursuant to Court direction.

20. Issues for Determination

The following issues arise for consideration:

- *Whether a Panchayat Samiti is an “authority” or “instrumentality of the State” under Article 12 of the Constitution of India?*
- *Whether the de-regularisation of the petitioner after valid regularisation under a Government policy is legally sustainable and the impugned order dated 08.08.1999 is arbitrary, discriminatory and violative of Articles 14 and 16 of the Constitution of India?*

Issue No. 1: Whether Panchayat Samiti falls within the meaning of “State” under Article 12 of the Constitution of India?

21. The first issue requires a determination of whether a Panchayat Samiti constitutes an authority or instrumentality of the State. To answer this question this court deems it appropriate to first go through the nomenclature of Panchayat Samiti.

22. A Panchayat Samiti is constituted under statutory enactments governing Panchayati Raj institutions and is presently regulated by the Haryana Panchayati Raj Act, 1994. With the insertion of Part IX of the Constitution (Articles 243 to 243-O), Panchayats have been accorded constitutional status as institutions of self-Government. They are entrusted

with implementation of developmental schemes, execution of welfare

measures, and discharge of governmental functions at the grass-root level.

23. The Supreme Court in **Rajasthan Electricity Board v. Mohan Lal AIR 1967 SC 1857**, considered the expression “other authorities” in Article 12 and held:

5. The meaning of the word "authority" given in Webster's Third New International Dictionary, which can be applicable, is "a public administrative agency or corporation having quasi-governmental powers and authorised to administer a revenue-producing public enterprise." This dictionary meaning of the word "authority" is clearly wide enough to include all bodies created by a statute on which powers are conferred to carry out governmental or quasi-Governmental functions. The expression "other authorities" is wide enough to include within it every authority created by a statute and functioning within the territory of India, or under the control of the Government of India; and we do not see any reason to narrow down this meaning in the context in which the words "other authorities" are used in Article 12 of the Constitution.

24. Applying the principles laid down in Mohan Lal (supra), it is clear that a Panchayat Samiti satisfies the test of being an “authority” under Article 12. Its statutory creation, exercise of public functions, and functioning under government control squarely bring it within the constitutional definition of “State”. A Panchayat Samiti, being a statutory creation entrusted with public duties, clearly satisfies this test.

25. Further the law on determining whether a body qualifies as “State” under Article 12 stands crystallised in **R.D. Shetty v. International Airport Authority of India, (1979) 3 SCC 489**, and **Ajay Hasia v. Khalid Mujib Sehravardi, (1981) 1 SCC 722** the Supreme Court held as under:

9. The tests for determining as to when a corporation can be said to be an instrumentality or agency of Government may now be culled out from the judgment in the International Airport Authority's case . These tests are not conclusive or clinching, but they are merely indicative indicia which have to be used with care and caution, because while stressing the necessity of a wide meaning to be placed on the expression "other authorities", it must be realised that

it should not be stretched so far as to bring in every autonomous body which has some nexus with the Government with the sweep of the expression. A wide enlargement of the meaning must be tempered by a wise limitation. We may summarise the relevant tests gathered from the decision in the International Airport Authority's case as follows :

(1) "One thing is clear that if the entire share capital of the corporation is held by Government it would go a long way towards indicating that the corporation is an instrumentality or agency of Government."

(2) "Where the financial assistance of the State is so much as to meet almost entire expenditure of the corporation, it would afford some indication of the corporation being impregnated with governmental character."

(3) "It may also be a relevant factor..... whether the corporation enjoys monopoly status which is the State conferred or State protected."

(4) "Existence of "deep and pervasive State control may afford an indication that the Corporation is a State agency or instrumentality."

(5) "If the functions of the corporation are of public importance and closely related to governmental functions, it would be a relevant factor in classifying the corporation as an instrumentality or agency of Government."

(6) "Specifically, if a department of Govt. is transferred to a corporation, it would be a strong factor supportive of this inference" of the corporation being an instrumentality or agency of Government".

If on a consideration of these relevant factors it is found that the corporation is an instrumentality or agency of government, it would, as pointed out in the International Airport Authority's case, be an 'authority' and, therefore, 'State' within the meaning of the expression in Article 12.

26. These principles were authoritatively reaffirmed by a Constitution

Bench in **Pradeep Kumar Biswas v. Indian Institute of Chemical Biology,**

(2002) 5 SCC 111, wherein it was held:

"67. It will be useful to understand what the terms - instrumentality, agency and authorities mean before embarking upon a review of judicial decisions dealing with the principal issue which arises for our consideration.

68. Black's Law Dictionary (Seventh Edition) defines 'instrumentality' to mean "a means or agency through which a function of another entity is accomplished, such as a branch of a governing body". 'Agency' is defined as "a fiduciary relationship

created by express or implied contract or by law, in which one party (the agent) may act on behalf of another party (the principal) and bind that other party by words or actions". Thus instrumentality and agency are the two terms which to some extent overlap in their meaning; 'instrumentality' includes 'means' also, which 'agency' does not, in its meaning. 'Quasi-Governmental agency' is "a government-sponsored enterprise or Corporation (sometimes called a Government-controlled corporation)". Authority, as Webster Comprehensive Dictionary (International Edition) defines, is "the person or persons in whom Government or command is vested; often in the plural". The applicable meaning of the word "authority" given in Webster's Third New International Dictionary, is 'a public administrative agency or corporation having quasi-Governmental powers and authorised to administer a revenue-producing public enterprise'. This was quoted with approval by Constitution Bench in RSEB's case (infra) wherein the Bench held - "This dictionary meaning of the word "authority" is clearly wide enough to include all bodies created by a statute on which powers are conferred to carry out Governmental or quasi-Governmental functions. The expression 'other authorities' is wide enough to include within it every authority created by a statute and functioning within the territory of India, or under the control of the Government of India; and we do not see any reason to narrow down this meaning in the context in which the words "other authorities" are used in Article 12 of the Constitution". (Emphasis supplied)"

27. Having noticed the settled legal position as laid down in R.D. Shetty (supra), Ajay Hasia (supra) and reaffirmed by the Constitution Bench in Pradeep Kumar Biswas (supra) this Court now proceeds to examine whether the Panchayat Samiti in the present case satisfies the indicia of being an instrumentality or agency of the State under Article 12 of the constitution of india .

28. The Supreme Court in Ajay Hasia (supra) has categorically held

that the tests are not to be applied mechanically, but the cumulative effect of the factors must be considered. Examined on that anvil, let's see whether the present case fulfills each of the parameters laid down.

29. ***The first and foundational test is whether the body is created by statute.***

In the present case, the Panchayat Samiti owes its very existence to statutory enactment, namely the Haryana Panchayati Raj Act, 1994, enacted pursuant to Part IX of the Constitution of India. It is not a voluntary association, nor a private body brought into existence by contract. As noticed by the Constitution Bench in ***“Rajasthan Electricity Board v. Mohan Lal, AIR 1967 SC 1857”***, and reiterated in ***Pradeep Kumar Biswas (supra)***, bodies created by statute and entrusted with governmental functions fall within Article 12. Thus, the first test stands fully satisfied.

30. ***The second and most significant test is the nature of functions discharged.***

Examining the Panchayat Samitis on the basis of second test this court is conscious that Panchayat Samitis are entrusted with: implementation of State and Central Government welfare schemes, execution of rural development programmes, administration of public funds, discharge of statutory obligations under the Panchayati Raj framework. The Apex court In ***Sukhdev Singh v. Bhagatram, (1975) 1 SCC 421***, observed as under:

“Institutions engaged in matters of high public interest and performing public functions are, by virtue of the nature of the functions performed, government agencies.”

The functions discharged by the Panchayat Samiti are indistinguishable from governmental functions, and are integral to governance

at the grass-root level. Accordingly, the second test is squarely fulfilled.

31. ***The third test is the existence of deep and pervasive State control as a decisive indicator under Ajay Hasia (supra).***

In the instant case, the State Government exercises control over constitution and supersession of Panchayat Samitis; approval of budgets, plans, and development works; sanction of posts, pay scales, and service conditions; audit, inspection, and administrative supervision. This control is not merely regulatory, but extends to functional, financial, and administrative dominance. Thus, the third test of deep and pervasive control is fully satisfied.

32. ***The fourth test relates to financial dependence on the State.***

In the present case salaries of employees, infrastructure expenditure, implementation of welfare schemes, are fully funded through State and Central Government grants. The Supreme Court has consistently held that complete or total funding is not a sine qua non. What is required is substantial and dominant financial support, which clearly exists here. Without funding from the State Government, the Panchayat Samiti cannot function at all. The development and welfare schemes of both the State and Central Governments, implemented for the benefit of the public, would be severely disrupted. Therefore, the Panchayat Samiti is an integral part of government functioning, working toward the fulfilment of its aims and objectives. Further, this view gains more strength from the Apex Court judgment passed in the case of ***Ajay Hasia (supra)***, wherein it was observed as under:

“Where the financial assistance of the State is so much as to meet almost the entire expenditure, it affords some indication of governmental character.”

Accordingly, in view of the overwhelming financial dependence and dominant State funding, the financial control test unequivocally stands

33. When the above factors are considered collectively, as mandated by *Ajay Hasia (supra)* and *Pradeep Kumar Biswas (supra)*, the conclusion is inescapable that the Panchayat Samiti is statutorily created, performs core governmental functions, functions under deep and pervasive State control, is substantially funded by the State. Thus, this Court holds that the Panchayat Samiti in the present case fully satisfies the parameters laid down in *Ajay Hasia (supra)* and reaffirmed in *Pradeep Kumar Biswas (supra)*. I therefore has no hesitation to hold that respondent No.3/Panchayat Samiti is an instrumentality of the State and falls within the meaning of “State” under Article 12 of the Constitution of India.

Issue No.2: *Whether the de-regularisation of the petitioner after his regularisation under a Government policy is legally sustainable, and whether the impugned order dated 08.08.1999 is arbitrary, discriminatory and violative of Articles 14 and 16 of the Constitution of India?*

34. Once this Court has held under Issue No. 1 that the Panchayat Samiti is an instrumentality of the State within the meaning of Article 12 of the Constitution of India, the principal foundation of the respondents’ defence that the petitioner was not a Government employee stands substantially eroded. The Court is, therefore, required to examine whether, after a valid regularisation under a Government policy, the respondents were justified in de-regularising the petitioner by order dated 08.08.1999.

35. The undisputed factual position emerging from the record is that the petitioner was appointed as Mali-cum-Chowkidar on 12.03.1991 through proper channel, i.e. sponsorship by the Employment Exchange, and an appointment letter was duly issued. The appointment was approved by the Deputy Commissioner, Yamunanagar, and the petitioner continuously worked

without any break thereafter. The Government of Haryana framed a policy for

regularisation of daily-wage employees vide instructions dated 18.03.1996, applicable to those employees who had completed three years of continuous service with 240 days in each year and were in service as on 31.01.1996. It is not in dispute that the petitioner fulfilled all the eligibility conditions under the said policy.

36. Pursuant thereto, the services of the petitioner, along with other similarly situated Mali-cum-Chowkidars, were regularised w.e.f. 01.02.1996 vide letter dated 08.04.1996, against a vacant sanctioned post in the regular pay scale of Rs.750-12-870-EB-14-940. This regularisation was further confirmed by the Joint Secretary to Government of Haryana, Development and Panchayat Department, vide letters dated 06.11.1996 / 08.11.1996.

37. Consequent upon such regularisation, the petitioner was granted revised pay scales w.e.f. 01.01.1996, annual increments falling due on 01.02.1997, 01.02.1998 and 01.02.1999, and a General Provident Fund number (HR/GA/41830) was allotted, with regular deductions being made from his salary. These facts clearly establish that the regularisation of the petitioner was not provisional or accidental, but a conscious and deliberate administrative act of the State.

38. After allowing the petitioner to continue as a regular employee for more than three years, the respondents issued the impugned order dated 08.08.1999, de-regularising his services on the ground that his initial appointment was made by the Panchayat Samiti and that he was not a Government employee. This reasoning, in the considered view of this Court, is legally untenable.

39. Firstly, once the State itself regularised the petitioner by applying the policy dated 18.03.1996, and extended all consequential service benefits

between 1996 and 1999, it is impermissible for the respondents to

subsequently withdraw the regularisation on the plea of lack of authority in the initial appointment. Any alleged defect in the appointment of 12.03.1991 cannot be used to unsettle a valid regularisation effected on 01.02.1996, particularly when no fraud, misrepresentation, or concealment is attributed to the petitioner.

40. Secondly, the de-regularisation order dated 08.08.1999 suffers from the vice of arbitrariness on account of inordinate delay. For over three years after regularisation, the petitioner was treated as a regular employee in all respects. Such prolonged acquiescence by the State creates a legitimate expectation in favour of the petitioner that his service status would not be disturbed. Administrative fairness does not permit the State to undo a settled position after such a lapse of time.

41. Thirdly, the action of the respondents is ex facie discriminatory. Other similarly situated employees, namely Sada Nand, Pal Singh and Banta Singh, were regularised under the same or similar policies. Though notices for de-regularisation were issued to some of them on 24.01.2001 / 25.01.2001, their cases either remained protected by interim orders of this Court or became infructuous upon retirement. Singling out the petitioner for de-regularisation in 1999, while extending protection or continued service to others similarly placed, amounts to hostile discrimination and violates Articles 14 and 16 of the Constitution of India.

42. Lastly, in view of the finding that the Panchayat Samiti is “State” under Article 12, the distinction sought to be drawn by the respondents between a Government employee and an employee of the Panchayat Samiti is artificial and unsustainable. The policy dated 18.03.1996 was framed to regularise long-serving daily-wage employees working under State-controlled

institutions, and the petitioner squarely fell within its ambit. Hence issue no.2 is answered in affirmative.

43. The Constitution is not a parchment of power but a living promise of justice. When the State confers regular status upon a workman through a declared policy and allows him to serve for years as a regular employee, it cannot later retreat behind technicalities of its own making to deny him the fruits of that status. Public power, exercised without fairness, degenerates into arbitrariness, which our Constitution firmly forbids.

44. The Panchayat Samiti having been held to be an instrumentality of the State under Article 12 of the Constitution of India, the petitioner was entitled to the full protection of Articles 14 and 16. The selective de-regularisation of the petitioner, while similarly situated employees were continued in service or protected by judicial orders, strikes at the root of equality before law and cannot be sustained.

45. Justice, in a constitutional democracy, is not served by postponement. When wages and service benefits are unlawfully withheld, delay itself becomes a form of denial. Interest, therefore, is not a penalty but a restitution for the loss suffered by the employee due to illegal State action.

Conclusion

46. Accordingly, the impugned order dated 08.08.1999 (Annexure P-10) is hereby quashed, and the petitioner shall be deemed to have continued in regular service w.e.f. 01.02.1996 with full continuity of service. The petitioner shall be entitled to all consequential benefits flowing therefrom, including pay fixation, grant of increments, and retiral benefits, if any. The arrears arising on account of such re-fixation shall be paid to the petitioner along with interest at the rate of 6% per annum, calculated from the date the amounts became due

till the date of actual payment. Before parting, this Court reiterates that the

State, as a model employer, must remember that those who serve it at the lowest rungs of administration are entitled not merely to wages, but to dignity secured by the Constitution.

- 47. The present petition is hereby allowed.
- 48. Pending application(s), if any shall be disposed off.

(SANDEEP MOUDGIL)
JUDGE

13.02.2026
Meenu

Whether speaking/reasoned : Yes/No
Whether reportable : Yes/No