



IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH

1. CWP-26546-2025 (O&M)

Charanjit Singh
.....Petitioner
Versus
State of Punjab and another
.....Respondents

2. CWP-36344-2025 (O&M)

Charanjit Singh
.....Petitioner
Versus
State of Punjab and another
.....Respondents

1.	Date when judgment was reserved	28.01.2026
2.	Date of pronouncement of judgment	23.02.2026
3.	Date of uploading judgment	23.02.2026
4.	Whether operative part or full judgment is pronounced	Full
5.	Delay, if any, in pronouncing of full judgment and reasons thereof	Not Applicable

CORAM: HON'BLE MR. JUSTICE HARPREET SINGH BRAR

Present: Mr. Himanshu Sharma, Advocate
for the petitioner in both the cases.

Mr. Vikas Arora, DAG, Punjab.

Mr. Animesh Sharma, Advocate
for respondent No.2 in CWP-26546-2025.

Mr. Sanjeev Sharma, Advocate
for respondent No.2 in CWP-36344-2025.

**HARPREET SINGH BRAR J. (Oral)**

1. This common order shall dispose of the aforementioned two writ petitions, as they arise from a similar factual matrix. **CWP-26546-2025** has been filed under Articles 226/227 of the Constitution of India seeking a writ in the nature of *mandamus* directing the respondents to set aside the speaking order dated 23.04.2025 (Annexure P-7) insofar as it denies the petitioner's claim for leave encashment, and to direct the respondents to release the petitioner's retiral benefits, i.e., Leave Encashment, and interest @ 18% per annum on the delayed payment of Gratuity. The petitioner further seeks the release of ex gratia/bonus amount for the year 2022-23 which was due on 01.07.2023.

2. The writ petition i.e. **CWP-36344-2025** has been filed seeking a writ of *certiorari* for quashing the charge-sheet dated 10.10.2025 (Annexure P-3 in CWP-36344-2025) issued by respondent-Corporation after the petitioner's retirement. Further prayer has been made for restraining respondent-Corporation from proceeding further with the impugned charge-sheet dated 10.10.2025 qua the petitioner.

CONTENTIONS

3. Learned counsel for the petitioner *inter alia* contended that the petitioner retired as Deputy Manager from the respondent-Corporation on 31.01.2024 (Annexure P-1 in CWP-26546-2025) upon attaining the age of superannuation. It is submitted that the petitioner's service record was unblemished and his conduct was appreciated

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throughout his career. Despite an office order dated 22.12.2023 (Annexure P-4) directing the release of Gratuity and Leave Encashment on the day of retirement, the respondents failed to disburse these benefits to the petitioner.

4. It is submitted that the respondents issued a show-cause notice dated 10.04.2023 (Annexure P-2) to the petitioner stating that a sum of ₹76,80,000/- was outstanding against M/s Punjab Wires, Nangal-Bhur, Pathankot as on 30.09.2020. Of this amount, ₹40,98,579.23 had been recovered, while a further sum of ₹35,81,420.23, along with interest at the rate of 15%, remained recoverable. It is alleged that the petitioner failed to take timely and appropriate steps to recover the said outstanding amount. The petitioner submitted a detailed reply on 27.04.2023 (Annexure P-3), explaining that the default occurred due to the party's account becoming a NPA and that the petitioner had actually recovered over ₹40 lakhs from the same party. The respondents had instituted a recovery suit against M/s Punjab Wires, Pathankot for the outstanding amount, which is presently pending adjudication.

5. Since the retiral benefits were not released, the petitioner issued a legal notice dated 12.11.2024 (Annexure P-5) to the respondents. The notice was duly received but it was neither replied to nor were the retiral benefits released. Consequently, the petitioner approached this Court by filing CWP No.33194 of 2024, which was

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disposed of on 10.12.2024 (Annexure P-6) with a direction to the respondents to consider and decide the legal notice dated 12.11.2024.

6. In compliance with the directions of this Court, the respondents passed a speaking order dated 23.04.2025 (Annexure P-7). Vide the said order, the respondents ordered to release the gratuity amount in favour of the petitioner. However, no interest on the gratuity amount was paid to the petitioner. Furthermore, the respondents did not release the leave encashment and other amounts due to the petitioner. The speaking order records that a show-cause notice dated 10.04.2023 was served upon the petitioner and is likely to be decided shortly. It further notes that, since the possibility of recovery from the petitioner subsists, the petitioner's leave encashment has been withheld at this stage in accordance with the Punjab Small Industries & Export Corporation Employees Service Bye-laws, 2016 (hereinafter, "Service Bye-laws") read with Rule 8.21(aa) of the Punjab Civil Services Rules, Volume I, Part I. Furthermore, it is argued that the petitioner was entitled to get the ex-gratia/bonus amount (Diwali bonus) for the year 2022-23 but the same was not paid. Aggrieved by the aforesaid speaking order dated 23.04.2025 (Annexure P-7), the petitioner has approached this Court by filing CWP-26546-2025.

7. Learned counsel for the petitioner argued that Rule 8.21(aa) of Punjab CSR Vol.1 Part-1 would not apply in the present case. Under the aforesaid Rule, Leave Encashment can be withheld only if the concerned employee retired from service on superannuation while under



suspension or while disciplinary or criminal proceedings were pending against him. Reliance is placed on the judgment of the Hon'ble Supreme Court in *Union of India v. K.V. Jankiraman, 1991 (3) SCT 317* to contend that departmental proceedings can only be termed as pending in case a charge-sheet is served. In the present case, neither was there a charge-sheet pending against the petitioner on the date of his retirement, nor were there any criminal proceedings pending before any competent court of law so as to entitle the respondents to withhold the retiral benefits of the petitioner.

8. Further reliance is placed on the judgment of the Full Bench of this Court in *A.S. Randhawa v. State of Punjab and others, 1997 (3) SCT 468*, wherein it has been held that delay in the release of retiral benefits entitles the employee to the grant of interest on the delayed payment. Therefore, it is argued that the petitioner is entitled to interest on delayed payment of the gratuity amount.

9. Learned counsel for the petitioner submitted that while CWP-26546-2025 was pending before this Court, the respondent-Corporation issued a charge-sheet dated 10.10.2025 (Annexure P-3 in CWP No.36344 of 2025) qua the petitioner. In this regard, it is argued that the impugned charge-sheet is illegal, vague, vindictive, bereft of material particulars, and issued as an afterthought solely to wrongly justify the withholding of the retiral benefits accrued and due to the petitioner upon his retirement.

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10. It is argued that the impugned charge-sheet stands vitiated by an inordinate, unexplained, and wholly unjustifiable delay. The event forming the basis of the allegations pertains to more than four years prior to the issuance of the charge-sheet. Learned counsel placed reliance on the judgment in *State of Punjab v. Chaman Lal Goyal, 1995(2) SCT 343*, wherein it has been held that disciplinary proceedings must be conducted soon after the irregularities are committed or soon after discovering the irregularities. They cannot be initiated after a considerable time as that would not be fair to the delinquent officer. Reliance is also placed on *Prem Nath Bali Versus Registrar, High Court of Delhi and another, 2016(1) SCT 603*.

11. Learned counsel contended that though the Punjab Civil Services Rules are not applicable to the service conditions of the petitioner, even if a reference is made to the said Rules, the charge-sheet will not survive against the petitioner. As per Rule 2.2(b) of the Punjab Civil Services Rules (Volume II), departmental proceedings, if not instituted while the officer was in service, shall not be instituted save with the sanction of the Government and shall not be in respect of any event which took place more than four years before such institution. In the present case, the event took place more than 4 years before the issuance of the charge-sheet. Furthermore, while referring to the Service Bye-Laws of the respondent-Corporation, it is argued that upon retirement of the petitioner, the relationship of master and servant or employer and employee came to an end. As such, no disciplinary



proceedings can be initiated against him under the aforesaid Service bye-laws.

12. *Per contra*, learned counsel for respondents submitted that withholding of Leave Encashment of the petitioner was justified under the PSIEC Service Bye-laws, read with Rule 8.21(aa) of Punjab Civil Services Rules, Volume I, Part I. It is contended that the petitioner was served with a Show-Cause Notice on 10.04.2023 (Annexure P-2), i.e., prior to his superannuation on 31.01.2024, and therefore, it can be said that disciplinary proceedings were pending against the petitioner before his retirement.

13. It is further argued that the charge-sheet dated 10.10.2025 (Annexure P-3 in CWP No.36344 of 2025) is in respect of an event that took place within four years of the institution of disciplinary proceedings against the petitioner. Therefore, the aforesaid charge-sheet is in consonance with Rule 2.2(b) of Punjab Civil Services Rules (Volume II).

14. Learned counsel submitted that the competent authority, in compliance with the directions of this Court in CWP No.33194 of 2024, passed a speaking order dated 23.04.2025 (Annexure P-7) and released the gratuity in favour of the petitioner. However, there was no direction by this Court to pay interest on gratuity. Moreover, the ex-gratia/bonus for the year 2022-23 was not released to the petitioner as a Show-Cause Notice dated 10.04.2023 had been issued to him. It is contended that the



judgments relied upon by the petitioner are distinguishable on both facts and law.

OBSERVATION & ANALYSIS

15. I have heard the learned counsel for the parties and have perused the record with their able assistance. At this stage, this Court finds it apposite to note that Clause 3.8(f) of the Service Bye-laws, 2016 of the respondent-Corporation provides that, in the absence of a corresponding provision in the Service Bye-laws, the rules and instructions of the Punjab Government shall continue to apply. Consequently, the Punjab Civil Services Rules would govern the service conditions of the employees of the respondent-Corporation in matters where the Service Bye-laws are silent. Clause 3.8(f) of the Service Bye-laws, 2016 is reproduced hereunder:

“3.8 GENERAL

xx xx xx xx

“(f) Apropos of the Punjab Govt. Rules/instructions which are and be continued to be followed on any point for which there is no corresponding provisions in the Service Bye-Laws of the Corporation.”

16. Rule 8.21(aa) of the Punjab Civil Services Rules, Volume I, Part I governs the payment and withholding of leave encashment to an employee and is reproduced hereunder:

*“8.21. (a) Leave at the credit of a Government employee in his leave account shall lapse on the date of his retirement:
Provided that the Government employee, –
(A) retiring on superannuation; or*

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(B) retiring prematurely, voluntarily or on invalidation; or

(C) retiring compulsorily as a measure of punishment and in whose case cut in the amount of pension has not been ordered by the competent authority;

shall, subject to the provisions of sub-rule (c), be entitled to cash payment in lieu of the unutilised earned leave due as leave preparatory to retirement as under :—

XX

XX

XX

XX

(aa) Notwithstanding anything contained in sub-rule (a), the authority competent to grant leave may withhold whole or part of cash equivalent of earned leave in the case of Government employee, who retires from service on superannuation while under suspension or while disciplinary or criminal proceedings are pending against him, if in the opinion of such authority, there is a possibility of some money becoming recoverable from him on conclusion of the proceedings against him and on conclusion of the proceedings, he shall become eligible to the amount so withheld after adjustment of Government dues, if any.”

(Emphasis added)

17. In view of the above, it is evident that leave encashment may be withheld only in cases where an employee retires on superannuation while under suspension **or** while disciplinary or criminal proceedings are pending against him, and the competent authority forms the opinion that some amount may become recoverable from him upon conclusion of such proceedings. It is settled law that disciplinary proceedings are initiated only when a charge-sheet is issued against the delinquent employee. A two-judge Bench of the Hon’ble Supreme Court in ***Girijan Cooperative Corporation Limited, Andhra Pradesh v. K.***



Satyanarayana Rao, 2010(15) SCC 322 has held as follows in this regard:

*“14. There cannot be any doubt or dispute that an employer can initiate a departmental proceedings and/or continue the same only in terms of the rules framed by it. **It is also a well settled law that the disciplinary proceedings are initiated only when a charge-sheet is issued. See: Union of India v. K.V. Jankiraman (sic), (1993) 23 ATC 322.***

15. This Court in UCO Bank & Anr. v. Rajinder Lal Capoor, 2007 (6) SCC 694., has held as under:

*"21. The aforementioned Regulation, however, could be invoked only when the disciplinary proceedings had clearly been initiated prior to the respondent's ceasing to be in service. The terminologies used therein are of seminal importance. Only when a disciplinary proceeding has been initiated against an officer of the bank despite his attaining the age of superannuation, can the disciplinary proceeding be allowed on the basis of the legal fiction created thereunder i.e. continue 'as if he was in service'. Thus, only when a valid departmental proceeding is initiated by reason of the legal fiction raised in terms of the said provision, the delinquent officer would be deemed to be in service although he has reached his age of superannuation. **The departmental proceedings, it is trite law, is not initiated merely by issuance of a show-cause notice. It is initiated only when a charge-sheet is issued (See Union of India v. K.V. Jankiraman, (1993) 23 ATC 322. This aspect of the matter has also been considered by this Court recently in Goal India Ltd. v. Saroj Kumar Mishra, 2007 (9) SCC 625., wherein it was held that date of application of mind on the allegations levelled against an officer by the competent authority as a result whereof a charge-sheet is issued would be the date on which the disciplinary proceedings are said to have been initiated and not prior thereto. Pendency of a preliminary enquiry, therefore, by***

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itself cannot be a ground for invoking Clause 20 of the Regulations."

*(See also **Ramesh Chandra Sharma v. Punjab National Bank and Anr., (2008) 3 SCC 494 .**"*

(Emphasis added)

18. Adverting to the facts of the present case, it is undisputed that the petitioner retired from the respondent-Corporation on 31.01.2024. While a show-cause notice dated 10.04.2023 (Annexure P-2) had been served upon the petitioner prior to his retirement, the formal charge-sheet was only issued on 10.10.2025 (Annexure P-3 in CWP No.36344 of 2025), i.e., after his retirement. In view of the settled law as noted above, disciplinary proceedings are legally deemed to be initiated and pending only when a charge-sheet is served upon the delinquent employee. Since no charge-sheet was served to the petitioner at the time of his retirement, it cannot be said that any disciplinary proceedings were pending against him so as to trigger Rule 8.21(aa) of the Punjab Civil Services Rules, Volume I, Part I. Therefore, this Court is of the considered opinion that the respondent-Corporation was not justified in withholding the leave encashment of the petitioner while relying on Rule 8.21(aa). The essential prerequisite for invoking the said rule, namely, that the employee must retire while disciplinary proceedings are pending, is conspicuously absent in the present case.

19. This Court vide order dated 10.12.2024 (Annexure P-6) in CWP 33194-2024 had directed the respondent-Corporation to consider and decide the claim of the petitioner by passing a speaking order. In

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compliance with the aforesaid order, the respondent-Corporation passed the order dated 23.04.2025 (Annexure P-7), wherein gratuity was directed to be released in favour of the petitioner. However, there was no direction by the respondent-Corporation regarding interest on delayed payment of gratuity. As per the stand taken by the learned counsel for the respondents, interest on delayed payment was not paid since there was no direction by this Court in this regard. This Court does not find merit in the aforesaid argument of the learned counsel for the respondents. Vide order dated 10.12.2024 (Annexure P-6), this Court had merely directed the respondent-Corporation to consider and decide the claim made by the petitioner in the legal notice by passing a speaking order. The Court had also directed that in case the petitioner is found entitled, necessary benefits shall be released to him. Thus, the respondent-Corporation cannot use the aforesaid order dated 10.12.2024 as a justification to deny interest on delayed payment of gratuity.

20. Furthermore, as noted above, no disciplinary proceedings were pending against the petitioner on the date of his retirement. As such, there is no justification in denying interest to the petitioner on account of the significantly delayed disbursement of the said retiral dues. At this juncture, a gainful reference can be made to the judgment rendered by a Full Bench of this Court in ***A.S. Randhawa vs. State of Punjab and others 1997 (3) SCT 468***, wherein it was opined that disbursement of pension and other benefits payable at retirement must be done in a timely manner. Any delay over a period of two months, qua

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the said disbursement would entitle the retired employee to claim interest on the amount due. Speaking through Justice N.K. Sodhi, the following was held:

“9. Since a Government employee on his retirement becomes immediately entitled to pension and other benefits in terms of the Pension Rules, a duty is simultaneously cast on the State to ensure the disbursement of pension and other benefits to the retiree in proper time. As to what is proper time will depend on the facts and circumstances of each case but normally it would not exceed two months from the date of retirement which time limit has been laid down by the Apex Court in M. Padmanabhan Nair's case (supra). If the State commits any default in the performance of its duty thereby denying to the retiree the benefit of the immediate use of his money, there is no gain saying the fact that he gets a right to be compensated and, in our opinion, the only way to compensate him is to pay him interest for the period of delay on the amount as was due to him on the date of his retirement. Again, as to what should be the rate of interest, it should, in our view, be generally 12% unless the circumstances of a particular case warrant the payment of a higher rate which may extend to even 18%.”

(Emphasis added)

Reliance in this regard may also be placed on the judgments rendered by the Hon’ble Supreme Court in ***S.K. Dua vs. State of Haryana, (2008) 3 SCC 44*** and ***State of Kerala vs. M. Padmanabhan Nair, (1985) 1 SCC 429***.

21. With regards to the non-payment of the ex gratia/festive (Diwali) bonus, learned counsel for the petitioner was unable to point out any specific statutory rule or provision under which such bonus can be claimed as a matter of right. On the contrary, Clause 4.2 of the

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Service Bye-laws of the respondent-Corporation provides that the appointing authority may, in recognition of exceptional service, grant an award not exceeding one month's pay or one or two increments in the time scale of the employee's post. Such payment is purely discretionary and not a vested entitlement. Accordingly, this Court is of the considered view that the petitioner cannot claim the ex gratia/Diwali bonus as a matter of right, and the respondent-Corporation cannot be faulted for exercising its discretion in declining to grant the same.

Clause 4.2 of the Service Bye-laws is reproduced as under:

“4.2 The appointing authority may in recognition of exceptional good service of an employee/ officer working in commercial/ operational unit, grant to him:-

i) An award not exceeding one month's Pay of the employee/ officer.

ii) One or two increments in the time scale of his/her post.

Provided that the benefit shall be given to an employee/officer subject to following conditions:-

a) The above benefit shall only be available to the employee(s)/officer(s) working in commercial/operational units of the Corporation

b) The benefit/profit earned by the employee(s)/officer(s) to the corporation should be quantifiable.

Provided that payment of incentive under the incentive scheme may be made to the sales and other staff, including class-IV, employees working under regular pay scales in the various emporiums being run by the Corporation.

c) M.D. may grant incentives upto Rs.1000/- per employee in a particular year to those employees working in non-commercial Sections.”

(Emphasis added)

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22. Adverting to the challenge against the impugned charge-sheet dated 10.10.2025 (Annexure P-3 in CWP No.36344 of 2025), the learned counsel for the petitioner has contended that the same is hit by the limitation prescribed under Rule 2.2(b) of the Punjab Civil Services Rules (Volume II), which prohibits the institution of departmental proceedings after the retirement of the concerned employee in respect of any event that took place more than four years prior to such institution. However, a perusal of the charge-sheet reveals that the allegations against the petitioner pertain to his failure to take timely steps to recover an outstanding amount of ₹35,81,420.23 including 15% interest from M/s Punjab Wires, which was recoverable from them as of 31.03.2022. Further, the specific allegation regarding the negligence in depositing the cheque for the said amount relates to a cheque dated 23.12.2022, which was deposited in the bank account of Suranassi Depot on 11.01.2023 and was subsequently returned by the bank on 12.01.2023 with a memo stating that the party's bank account had become an NPA. Given that the formal charge-sheet was issued on 10.10.2025, the events forming the basis of the charges clearly fall within the four-year window prior to the institution of the disciplinary proceedings. Consequently, the contention that the charge-sheet is barred by the four-year rule under Rule 2.2(b) is factually unsustainable and is hereby rejected.

23. Furthermore, it is settled law that ordinarily, a writ petition should not be entertained against a mere show-cause notice or charge-sheet as the same does not give rise to any cause of action and at that

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stage, the writ petition may be held to be pre-mature. A two-Judge Bench of the Hon'ble Supreme Court in *Union of India v. Kunisetty Satyanarayana*, (2006) 12 SCC 28, speaking through Justice Markandey Katju has observed as follows:

“13. The reason why ordinarily a writ petition should not be entertained against a mere show-cause notice or charge-sheet is that at that stage the writ petition may be held to be premature. A mere charge-sheet or show-cause notice does not give rise to any cause of action, because it does not amount to an adverse order which affects the rights of any party unless the same has been issued by a person having no jurisdiction to do so. It is quite possible that after considering the reply to the show-cause notice or after holding an enquiry the authority concerned may drop the proceedings and/or hold that the charges are not established. It is well settled that a writ lies when some right of any party is infringed. A mere show-cause notice or charge-sheet does not infringe the right of any one. It is only when a final order imposing some punishment or otherwise adversely affecting a party is passed, that the said party can be said to have any grievance.

14. Writ jurisdiction is discretionary jurisdiction and hence such discretion under Article 226 should not ordinarily be exercised by quashing a show-cause notice or charge-sheet.

15. No doubt, in some very rare and exceptional cases the High Court can quash a charge-sheet or show-cause notice if it is found to be wholly without jurisdiction or for some other reason if it is wholly illegal. However, ordinarily the High Court should not interfere in such a matter.”

(Emphasis supplied)

24. Similarly, in *Secretary, Ministry of Defence v. Prabhaskar Chandra Mirdha*, (2012) 11 SCC 565, another two-Judge Bench of the Hon'ble Supreme Court has held as follows:

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“13. Thus, the law on the issue can be summarised to the effect that charge-sheet cannot generally be a subject matter of challenge as it does not adversely affect the rights of the delinquent unless it is established that the same has been issued by an authority not competent to initiate the disciplinary proceedings. Neither the disciplinary proceedings nor the charge-sheet be quashed at an initial stage as it would be a premature stage to deal with the issues. Proceedings are not liable to be quashed on the grounds that proceedings had been initiated at a belated stage or could not be concluded in a reasonable period unless the delay creates prejudice to the delinquent employee. Gravity of alleged misconduct is a relevant factor to be taken into consideration while quashing the proceedings.”

(Emphasis supplied)

CONCLUSION

25. In view of the foregoing discussions, the writ petition i.e. **CWP-36344-2025** stands dismissed as no ground has been made out to warrant interference with the charge-sheet dated 10.10.2025 (Annexure P-3 in CWP-36344-2025) at this stage. However, the respondent-Corporation shall proceed further with respect to the said charge-sheet strictly in accordance with law, while affording the petitioner a fair and reasonable opportunity of hearing and ensuring due compliance with the principles of natural justice. The respondent-Corporation is directed to conclude the disciplinary proceedings against the petitioner expeditiously and without any unnecessary delay in terms of the directions issued by this Court in **CWP-9606-2022**, titled as ‘***Khairati Lal v. State of Haryana and others.***’

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26. The writ petition i.e. CWP-26546-2025 is disposed of in the following terms:

- a. *The impugned speaking order dated 23.04.2025 (Annexure P-7 in CWP-26546-2025) hereby stands quashed insofar as it denies the petitioner’s claim for leave encashment. The respondent-Corporation is directed to release the petitioner’s leave encashment along with interest at the rate of 6% per annum, calculated from the expiry of two months from the date of his retirement, i.e., 31.01.2024, until the date of actual payment.*
- b. *The respondent-Corporation is further directed to pay interest at the rate of 6% per annum on the delayed payment of gratuity, to be calculated from the expiry of two months from the date of the petitioner’s retirement until the date of actual disbursement of the gratuity amount.*
- c. *The petitioner cannot claim the amount of ex gratia/Diwali bonus as a matter of right. Accordingly, the respondent-Corporation cannot be faulted for exercising its discretion in declining to grant the same.*

27. Pending miscellaneous applications, if any, shall also stand disposed of.

28. A photocopy of this order be placed on the file of the connected case.

(HARPREET SINGH BRAR)
JUDGE

23.02.2026

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Whether speaking/reasoned:
Whether reportable:

Yes/No
Yes/No