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

\+ W.P.(C) 5719/2020

TARUN KUMAR & ORS. .....Petitioners

Through: Ms. Saahila Lamba, Advocate.

versus

UNION OF INDIA & ORS. .....Respondents

Through: Mr Satya Ranjan Swain, CGSC with Mr. Kautilya Birat, Mr. Ankush Kapoor, Mr. Vishwadeep, Advocates for R-1.
Mr. Digvijay Rai, Standing Counsel with Mr. Archit Mishra, Advocate along with Mr. Jayesh, JE (Law) for AAI.

\+ W.P.(C) 1035/2023

ABHIJIT BANERJI & ORS. .....Petitioners

Through: Ms. Saahila Lamba, Advocate.

versus

UNION OF INDIA & ORS. .....Respondents

Through: Mr. Sandeep Tyagi, Senior Panel Counsel for UOI/R-1.
Mr. Digvijay Rai, Standing Counsel with Mr. Archit Mishra, Advocate along with Mr. Jayesh, JE (Law) for AAI.

CORAM:
HON'BLE MR. JUSTICE SANJEEV NARULA

O R D E R

% **12.02.2026**

1. These petitions raise identical grounds of challenge, rest on a common factual foundation and seek substantially the same relief. Considering the overlapping questions of law, they are being disposed of by this common order.

2. The Petitioners are officers in the executive cadre of the Airports Authority of India[1] (except Petitioner No. 15) ; one has since superannuated. The controversy turns on AAI's incentive framework for employees who acquire professional or higher qualifications during service. Specifically, on the cut-off principle for determining eligibility, namely whether entitlement is governed by the policy in force when permission to pursue the course was granted or by the policy applicable on the date the qualification is actually acquired, as identified by the declaration of result.

Facts:

3. On 19th August, 1998, AAI introduced an "Incentive Scheme on acquiring Professional/Additional Qualifications". The object was to encourage its employees to improve their professional competence by pursuing higher studies relevant to organisational needs. Under that scheme, employees could earn one or two additional increments upon acquiring an eligible qualification.

4. Under the scheme, an employee was required to seek departmental permission before enrolling for higher qualification. AAI, in turn, would consider and grant permission with conditions. The memorandum granting permission to one of the applicants for sake of ready reference is extracted hereinbelow:

> *"Subject: Permission for higher studies.*

[1] "AAI"

Reference his application dated 19.11.2008.

The competent authority is pleased to accord permission to Shri Tarun Kumar, Asstt. Manager (ATC), Guwahati Airport to acquire higher qualification; MBA through correspondence course from Sikkim Manipal University with the following terms & conditions:

01. The permission can be withdrawn at any time without assigning any reason.

02. The permission for such studies will not adversely affect his official duties and regular attendance.

03. No exemption/deferment or cancellation on transfer/tour will be granted on account of such studies.

04. No leave can be claimed for attending classes/examination.

05. The qualification acquired will be considered for incentive as well as promotion as per AAI policy and R&P Rules and further subject to recognition of the institution/course by Govt. regulatory bodies from time to time.

Other terms and conditions will be governed as per CHQ letter No. A.60011/61/98-PP dated 19.08.1998."

5. All the petitioners obtained such permissions prior to 25th March, 2010. They pursued their respective courses thereafter.

6. On 25th March, 2010, AAI issued a circular superseding the 1998 scheme for the category of employees whose pay scales stood revised w.e.f. 1st January, 2007. The increment-based incentive was replaced with a lump-sum incentive scheme w.e.f. 1st January, 2007. The circular reads as under:

"Sub. Incentive Scheme on acquiring Professional! Additional Qualifications

In supersession of letter No.A.50011/61/98-PP dated 19th August, 1998 and other related instructions issued on the above mentioned subject, the following has been decided:-

2. The existing scheme of Incentive for grant of one and for two increments for acquiring professional / additional qualification, in respect of employees whose pay scales have been revised we.f 01.01.2007 has been replaced by the scheme of lump-sum incentive as enclosed at Annex-1. The same shall be applicable to such employees of AAI w.e.f. 01.01.2007.

3. On adjustment due to para 2 above, difference payable, if any, will be paid. Instructions regarding recovery, if any, will be issued separately.

4. As regards, the other employees whose pay scales are yet to be revised we.f. 01.01.2007. separate instructions will be issued.
5. This issues with the approval of Competent Authority."

7. The retrospective sweep of that circular triggered litigation before the Kerala High Court initiated by employees, who had already acquired higher qualifications after 1st January, 2007, but before 25th March, 2010. The Kerala High Court by judgment rendered on 05th December, 2017, held as follows:

> *"W.P.(C) No.22395 of 2010 is filed by the officers working in the executive cadre in the Airport Authority of India(AAI). W.P.(C) No.24105 of 2011 is filed by the officers working in the non-executive cadre in the AAI. In both the writ petitions, the petitioners challenge Ext.P32 in W.P.(C) No. 22395 of 2010 and Ext.P16 in W.P. (C) No.24105 of 2011.*
> *2. The AAI decided to give incentives for higher qualifications acquired by the employees. This was brought in as an incentive scheme on acquiring Professional/Additional qualifications. The employee needs to acquire the qualification during his service with the AAI. The first of the scheme was brought as per the Scheme dated 19.8.1998. It is specifically stated in the Scheme that the scheme is liable amended/improved/withdrawn at the discretion of the Management without any notice and without assigning any reason thereof. Admittedly, by implementation of the Scheme, the management decided to grant additional increments for a maximum of two increments depending upon the nature of the qualification acquired. Being a public sector, the AAI is bound by the policy decision taken by the Union Government from time to time. This scheme, in fact, was evolved based on the policy decision of the Union Government. However, the Union Government, as early as on 9.4.1999, had decided to discontinue the scheme which was implemented by the AAI as early as in the year 1998 by substituting lumpsum incentive scheme for such employees who are acquiring fresh qualification. The AAI did not take any steps to implement the policy. The AAI decided to implement the policy with effect from 25.3.2010. The decision is Ext.P32. Ext.P32 is the circular communicating the decision that is impugned in both the writ petitions. The said circular reads as follows:*
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> > *"In supersession of letter No.A.60011/61/98-PP dated 19th August, 1998 and other related instructions issued*

on the above mentioned subject, the following has been decided:-

2. The existing scheme of Incentive for grant of one and /or two increments for professional/additional qualification, in respect of employees whose pay scales have been revised w.e.f. 01.01.2007 has been replaced by the scheme of lump-sum incentive as enclosed at Annex-I. The same shall be applicable to such employees of AAI w.e.f. 01.01.2007.

3. On adjustment due to para 2 above, difference payable, if any, will be paid. Instructions regarding recovery, if any, will be issued separately.

4. As regards, the other employees whose pay scales are yet to be revised w.e.f. 01.01.2007, separate instructions will be issued.

5. This issues with the approval of Competent Authority."

3. By the said circular, the AAI adopted Union Government's decision to implement lumpsum incentive scheme instead of additional increments, which were given based on the scheme implemented in the year 1998. The new scheme is given retrospective effect, i.e., with effect from 1.1.2007. Essentially, in both the writ petitions, the parties are aggrieved by the stipulation contained in the circular giving retrospective effect. Admittedly, in all these writ petitions, the petitioners acquired additional qualifications after 01.01.2007, prior to the issuance of Ext.P32 circular dated 25.3.2010.

4. The AAI is justified in issuing Ext.P32 circular, inter alia on the ground that the AAI had reserved such right by implementing the scheme in the year 1998. It was also the case that, in fact, they have only implemented the Union Government's policy. It is also pointed out the non-executive cadre through the Union had entered into a settlement accepting Ext.P32. This settlement is produced as Ext.R1(C) and therefore, it is contended that it would bind all the employees working with the AAI.

5. Essentially, the argument raised by the learned senior counsel for the petitioners is that the officers in the Executive cadre has been discriminated arbitrarily by giving retrospective effect to operation of lumpsum scheme. According to the senior counsel, the AAI treated equal class differently with reference to a date (1.1.2007) on which pay revision was introduced. It is submitted that it has no nexus with purpose with which incentives were given.

6. The learned counsel for the officers working in the non-executive cadre challenges the decision of the AAI on the ground that they are not bound by the settlement entered into between the Union and the Management and the Management cannot take away the right already *accrued to them by virtue of the scheme and therefore, any settlement repugnant to such right of the employees had to be discarded.*

7. On the other hand, the learned Standing Counsel appearing for the AAI justified the action and argued that the, cut off date, i.e., 1.1.2007, has been fixed with reference to the pay revision and there is no arbitrariness in fixing such cut off date. The learned Standing Counsel also pointed out when the non-executive cadre officers have agreed for such course, it was not open for the executive cadre officers to have a different approach in this matter. The organization can view all the employees as a single class and therefore, the policy decision as such would bind them all equally.

8. No doubt, the AAI reserved the right to amend/withdraw the scheme. The employees, who acquired the qualification after 1998, the implementation of the scheme, form into a single class demanding equal treatment. The AAI is empowered to withdraw/amend the scheme. However, while amending/withdrawing the scheme, those who have acquired equal status cannot be separated into a distinct class merely with reference to the date on which the pay revision came into force. The pay revision has no nexus or object for the purpose for which the additional increments were given. The additional increments or incentives were given to employees to encourage them to acquire qualification, which may ultimately improve the functions discharged by them in the organization. The objective of incentive is very clear from the purpose for which it was given that is to say that the improvement of quality of functions discharged by them.; That being the object, all those who acquired the qualification would form into a same class. Ext.P32 was issued on 25.3.2010. It is open for the AAI to withdraw the earlier scheme by introducing a new scheme. The employee cannot question such wisdom. However, those who have acquired qualification before such decision forming into the same class are entitled for the same and equal treatment. There cannot be any difference among them.

9. If that be so, all the persons forming into single class prior to 25.3.2010 need to be treated equally and there cannot be any differentiation among them.

10. The non executive cadre entered into a settlement with the management. It is open for the employee to give up the claim. The learned Standing Counsel appearing for the AAI argued that the settlement is having a statutory colour in terms of Section 18 of the Industrial Disputes Act and therefore, it can be enforced against all the employees who are working in the non-executive cadre. In such a situation, this Court, invoking the power under Article 226 of the Constitution of India cannot unsettle such settlement. It is not proper for this Court to hold that such settlement is vitiated by arbitrariness. In a matter where both parties have agreed on certain terms and *conditions, it cannot be said that there is an element of arbitrariness in such settlement. The action or decision of the AÁI can be questioned only if it is vitiated by arbitrariness.*

11. In that view of the matter, W.P.(C) No.22395 of 2010 is allowed. All the officers who have acquired the qualification prior to 25.3.2010 would be entitled for the increments which they were enjoying prior to that date. The writ petition filed by the officers working in the non-executive cadre (W.P.(C) No.24105 of 2011) is failed and accordingly, it is dismissed. The non-executive officers are at liberty to raise industrial disputes before the appropriate forum. No order as to costs."

8. AAI thereafter acted on the Kerala High Court judgment and issued Corporate HRM Circular No. 46/2019 dated 1st August, 2019. This circular approved grant of additional increment(s) to all such officials who were drawing the increment benefit prior to the issuance of the circular dated 25th March, 2010. It further directed re-fixation of pay and grant of arrears, with adjustment of any lump-sum amounts paid in lieu of increments for the period 1st January, 2007 to 24th March, 2010. Importantly, AAI also clarified that the lump-sum incentive scheme would operate prospectively from 25th March, 2010, instead of 1st January, 2007. The Circular reads as follows:

*"**CHRM Circular No.46/2019***

Sub: Incentive Scheme Qualifications on acquiring Professional/Additional Reference CHRM Circular No.09/2010 dated 25.03.2010 m the subject wherein the existing scheme of incentive for grant of one and fur two increments for acquiring professional/additional qualifications was replaced by the scheme of lump-sum incentive w.e.f. 01.1.2007.

2. In accordance with the Hon'ble High Court of Kerala judgment in capot of WP (C) No 22395/2010 the competent authority has. proved grant of additional increment (s) on account of acquiring professional/additional qualifications to all such officials as was being drawn by them before the issue of CHRM Circular dated 25.03.2010 Accordingly, the pay of all such officials shall be re-fixed and arrears to the effect shall also be granted w.e.f. 01.01.2007 or thereafter as the case may be i.e. with effect from the actual date of grant of additional increment (s). The lumpsum amount, if any, granted to all such officials in lieu of additional increment (s) on

account of acquiring professional/additional qualifications during the period of 01.01.2007 to 24.03.2010 shall be adjusted from the arrears payable to them.
3. For the purposes of implementation of the aforesaid Court judgment, the other terms and conditions for grant of additional increment (s) and arrears to the effect shall be governed in accordance with letter No.A.60011/61/PP dated 19.08.1998.
4. The lump-sum incentive scheme as per CHRM Circular No.09/2010 dated 25.03.2010 shall now be applicable from 25.03.2010 instead of 01.01.2007.
5. The re-fixation of pay due to implementation of above order shall be duly vetted by the Deptt of Finance before disbursement.
This issues with the approval of Competent Authority."

9. Subsequently, AAI issued CHRM Circular No. 46(a)/2019 dated 09/11th October, 2019 purporting to clarify the earlier circular. By the said clarification, the benefit of additional increments was restricted only to those officials who had actually been granted increments prior to 25th March, 2010 and from whom such increments had later been recovered. The circular reads as follows:

*"**CHRM Circular No. 46 (a)/2019*** dated 09/11th October, 2019

Sub: Incentive Scheme on acquiring Professional / Additional qualifications - clarification
Reference CHRM Circular No. 46/2019 dated 01.08.2019, it is clarified that the said circular shall be applicable only for such officials who were granted increments on acquiring professional/additional qualifications before 25.03.2010 in accordance with letter dated 19.08.1998 and subsequently recovered.
This issues with the approval of Competent Authority."

10. In continuation of the earlier clarifications and purporting to consolidate the position, AAI issued Corporate HRM Circular No. 46(c)/2019 dated 23rd December, 2020. By this circular, AAI expressly stipulated that eligibility for increment incentive would depend upon the date of declaration of result, and confined the benefit to officials who had

acquired the qualification up to 24th March, 2010. The circular reads as follows:

> *"<u>Corporate HRM Circular No. 46 (c) / 2019</u>*
> *Sub: <u>Incentive Scheme on acquiring Professional/ Additional qualifications</u> Reference CHRM Circular No. 09/2010 dated 25.03.2010, CHRM Circular No. 46/2019 dated 01.08.2019, CHRM Circular No. 46 (a)/2019 dated 11.10.2019 and CHRM Circular No. 46 (b)/2019 dated 31.12.2019.*
> *2. The competent authority has approved that all those officials who have acquired additional qualification upto 24.03.2010, in accordance with incentive scheme dated 19.08.1998, shall be eligible for grant of increment(s) incentive.*
> *3. The date of declaration of result by the concerned Board/ University/ Institute shall be considered for grant of increment(s) for deciding the cut-off date. The claimant shall be required to submit the Provisional mark sheet / certificate issued by the concerned Institute/University indicating that the result was declared upto 24.03.2010. In case the official has not cleared all the exams upto 24.03.2010 or result not declared upto 24.03.2010, in that case the official shall not be eligible for increment(s) incentive.*
> *4. The other terms and conditions shall remain same except to the extent modified above.*
> *This issues with the approval of competent authority."*

11. Although the petitions on record assail the clarification circular dated 11th October, 2019, the substance of the challenge lies in the restrictive regime as it ultimately emerged. The challenge, therefore, must be understood as directed against the stipulation that eligibility for increment incentive depends upon the date of declaration of result being on or before 24th March, 2010. Put differently, the 2019 clarification does not exist in isolation; it stands absorbed into the later clarification consolidated by Corporate HRM Circular No. 46(c)/2019 dated 23rd December, 2020. The Court, therefore, examines the Petitioners' grievance as directed against the policy as it presently stands.

Petitioner's submissions

12. Counsel for the Petitioner urges the following grounds in support of the reliefs sought:

12.1 The challenge, in essence, is to a shifting policy being used to deny a benefit after the Petitioners had already been permitted by AAI to embark upon higher studies. The incentive scheme introduced on 19th August, 1998 was framed as an encouragement to employees to invest their own time and resources in acquiring qualifications relevant to the organisation's work.

12.2. Each Petitioner, before enrolling, sought and obtained written permission from the competent authority. Those permissions were formal administrative approvals issued with specific conditions. Importantly, they conveyed that the qualification so acquired "will be considered for incentive as well as promotion as per AAI policy and R&P Rules", subject to recognition by regulatory bodies. This was a clear representation that the endeavour was being approved within the framework of the then prevailing policy and that successful completion would be evaluated for incentive benefits under that policy.

12.3. While the Petitioners were in the course of pursuing the approved qualifications, AAI issued the circular dated 25th March, 2010, superseding the 1998 scheme. The core grievance is the manner in which the cut-off has been applied so as to deny them the "increment incentive" despite the permission having been granted earlier, and the endeavour having been undertaken on the strength of that permission.

12.4. Reliance is placed on the reasoning adopted by the High Court of Kerala in W.P.(C) No. 22395 of 2010 (decided on 5th December, 2017), which found that employees who had acquired the qualification prior to the issuance of the circular dated 25th March, 2010 formed a single class and could not be split into sub-classes on a cut-off that had no rational nexus with the object of encouraging higher learning.

12.5. The permission letters and the 1998 scheme collectively generated a legitimate expectation that, upon successful completion of the approved qualification, the employee would be considered for the incentive structure then governing such permissions. Legitimate expectation requires the decision-maker to act fairly, particularly in relation to those who have already altered their position relying on an official representation.

12.6. The impugned circular treats employees who were granted permission prior to 25th March, 2010 unequally vis-à-vis others solely on account of the fortuity of the date of the result, and is thus violative of Article 14 of the Constitution. The line drawn bears no real nexus to the purpose of the incentive scheme, which was to encourage employees to improve professional competence. The cut-off results in unequal treatment within an otherwise homogeneous group.

12.7. The phrase "as per AAI policy" must be read in the context in which permission was granted. At that time, the governing incentive structure was one of additional increments. The expression cannot be construed so broadly as to make the permission wholly subject to any future policy shift, particularly after the employee had acted upon it.

AAI's submissions

13. On the other hand, counsel for the Respondent opposes the petition on the following grounds:

13.1. An incentive scheme is a policy framework, not an immutable service right. The Court's role in judicial review is limited to testing legality, not to substituting a preferred policy outcome. The 1998 scheme itself expressly reserved to the management the discretion to amend, improve, or withdraw the scheme. The Petitioners, therefore, cannot claim a vested right to a particular form of incentive.

13.2. The permission letters do not amount to a promise of increments. The permissions contain explicit safeguards: permission can be withdrawn; studies must not affect duties; no special leave or exemption can be claimed; and, crucially, incentive consideration is "as per AAI policy" and subject to recognition by regulatory bodies "from time to time". The thrust is that the employee is put on clear notice that incentives are policy-contingent and not guaranteed in a fixed form.

13.3. The circular dated 25th March, 2010 reflects a policy shift undertaken in implementation of the Union Government's decision to replace the increment-based incentive scheme with a lump-sum model. The 1998 scheme itself expressly reserved to the management the discretion to amend or withdraw the incentive framework. The substitution of increments with a lump-sum incentive was thus a policy realignment rather than an individualised decision affecting particular employees.

13.4. The ratio of the Kerala High Court judgment is confined to the limited issue of retrospective operation. The Kerala High Court interfered only because the new lump-sum scheme was given retrospective effect from 1st January, 2007, resulting in unequal treatment among employees who had already acquired qualifications prior to 25th March, 2010. The present Petitioners do not fall within that category as they acquired the qualifications after 25th March, 2010.

13.5. The subsequent circulars were issued to give effect to the Kerala High Court judgment within defined limits. The circular dated 1st August, 2019 restored increments to those who had been drawing them prior to 25th. March, 2010, with adjustment of lump-sum amounts already paid. The clarification dated 9th/11th October, 2019 confined the benefit to those whose increments had been granted and later recovered. The circular dated 23rd December, 2020 further clarified that eligibility would be determined with reference to the date of declaration of result, which, according to AAI, constitutes the date of acquisition of the qualification.

13.6. No enforceable legitimate expectation can arise in the face of the express reservation in the 1998 scheme permitting amendment or withdrawal.

13.7. The resulting classification does not violate Article 14. The cut-off date is tied to the change in policy brought about on 25th March, 2010. Employees who acquired the qualification prior to that date form one class, while those who acquired it thereafter form another, and the distinction is directly linked to the transition from the increment-based scheme to the lump-sum model.

13.8. The Petitioners are not left without benefit. For qualifications acquired after 25th March, 2010, they are eligible under the lump-sum incentive scheme, and the MBA qualification has been included in the list of lump-sum incentives by the circular dated 13th February, 2023 with effect from 25th March, 2010. The Petitioners' claim, in substance, is for a higher benefit in the form of increments, which is precisely what the policy moved away from.

13.9. The writ court should resist converting an incentive policy into a permanent financial entitlement. Once it is shown that the policy classification is coherent and the Petitioners fall outside the category protected by the Kerala judgment, mandamus cannot be issued to grant increments.

<u>Analysis and findings</u>

Scope of review

14. It is settled that incentives linked to pay structure and service policy lie primarily in the domain of the employer, particularly where the policy is shaped by binding governmental guidelines. Judicial review does not convert into an appellate exercise over the wisdom of the policy. Interference is warranted only where the measure is patently arbitrary, produces an irrational classification, violates binding statutory rules, or is vitiated by mala fides.

15. This limitation has special force where the relief sought would effectively compel the employer to grant a monetary benefit contrary to the incentive regime in force, or to extend an earlier withdrawn benefit to a fresh class of employees. Courts do not grant pay incentives on equity. They test legality.

What exactly is the "trigger" under the 1998 scheme

16. The Petitioners do not claim to have acquired the qualification prior to 25th March, 2010; their case is that, having obtained permission to pursue the course before that date, they are entitled to the pre-2010 increment scheme notwithstanding that the qualification was acquired thereafter.

17. The fulcrum of the Petitioners' case, therefore, is the permission granted by AAI prior to 25th March, 2010. The permission letter, however, does not create a vested right to the incentive that existed on the date of permission. It does three things: (i) it allows the employee to pursue the course subject to service exigencies; (ii) it reserves the power to withdraw

permission; and (iii) it states that the qualification "will be considered for incentive as well as promotion as per AAI policy" and subject to recognition by regulatory bodies "from time to time".

18. The phrase "as per AAI policy" cannot be read as "as per the policy that existed on the date permission was granted". It naturally reads as "as per the policy governing incentives when the claim is considered", which happens only upon acquisition of the qualification and production of the proof. The incentive, whether increments under the 1998 scheme or lump-sum under the 2010 scheme, is not consideration for seeking permission. It is consideration for actually acquiring the qualification and then satisfying the policy conditions attached to the incentive.

19. Put differently, the permission is an enabling step. The accrual of entitlement, if any, arises only on acquisition of the qualification in the manner recognised by the policy and within the policy window. The Petitioners' attempt is to shift the decisive date from "acquisition/result declaration" to "permission to pursue". That shift has no anchor in the policy, and it introduces an eligibility determinant that the scheme itself never adopted.

The cut-off date and the Kerala High Court principle

20. The Petitioners rely heavily on the Kerala High Court decision rendered in W.P.(C) No. 22395 of 2010, which held that employees who acquired qualifications prior to 25th March, 2010 could not be split into separate classes merely because the 2010 circular was given retrospective effect from 1st January, 2007. The underlying rationale was that those who acquired the qualification before 25th March, 2010 constituted one class and had to be treated alike.

21. That principle does not assist the Petitioners. It draws the line at 25th March, 2010, and protects those who had already acquired the qualification within the pre-amendment regime. It does not say that employees who merely obtained permission before 25th March, 2010 must be deemed to have acquired the qualification before that date. Nor does it say that the employer must continue the increment incentive beyond 25th March, 2010 for employees who complete their qualification later.

22. In fact, the Petitioners' interpretation would dilute the cut-off into irrelevance. If permission prior to 25th March, 2010 is treated as the governing determinant, then an employee could complete the course years later and still demand increments under a withdrawn scheme. This would convert a cut-off meant to separate two incentive regimes into an open-ended grandfathering mechanism. That is neither the Kerala judgment's ratio nor a permissible judicial reconstruction of the policy.

The "permission letter" and the plea of legitimate expectation and promissory estoppel;

23. The Petitioners' core submission is that they commenced the course after obtaining departmental permission when the 19th August, 1998 regime was in force. They argue that since the permission letters issued prior to 25th March, 2010 recorded that the qualification would be considered "for incentive", AAI must process the incentive under the increment regime.

24. The submission, though attractive at first glance, overlooks the intent and purpose of such "permission". In service jurisprudence, permission to pursue higher studies is, in substance, an administrative clearance. It protects the employer's operational interest by ensuring that studies do not conflict with duty. It does not, by itself, crystallise a right to a particular monetary

benefit. Monetary entitlement under an incentive scheme ordinarily accrues upon acquisition of the qualification, evidenced by declaration of result or award of the degree. Until such acquisition, the claim remains inchoate.

25. Even on the Petitioners' own foundation, the permission letter is not framed as a promise that the increment regime will apply regardless of later policy changes. The operative stipulation is that the qualification *"will be considered for incentive ... as per AAI policy and R&P Rules"* and is "*subject to recognition ... by Govt. regulatory bodies from time to time*." In plain terms, the letter incorporates the policy framework as it stands when the qualification is actually acquired and processed. It therefore falls short of the "clear, unambiguous representation" required to found a substantive enforceable expectation to a particular incentive scheme. Legitimate expectation, by itself, does not crystallise into a vested right or guarantee substantive relief. At its core, the doctrine ensures fairness in administrative action; it does not compel the grant or continuation of a financial benefit merely because an expectation had arisen.[2]

26. The doctrine of legitimate expectation does not freeze policy. Where a public authority changes policy in a bona fide manner, particularly for administrative or financial reasons, the court does not compel continuation of an earlier regime merely because some employees arranged their affairs on the previous footing. At its highest, legitimate expectation may entitle the person affected to fair consideration and a non-arbitrary decision. The doctrine of legitimate expectation does not require the decision-maker to grant or continue a substantive benefit where the governing policy has been

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[2] ***Union Of India And Ors vs Hindustan Development Corpn.,*** 1993 SCC (3) 499

lawfully altered, unless the change is shown to be irrational or arbitrary.[3]

27. For the same reason, the argument is better tested as promissory estoppel, but it does not travel farther. Estoppel requires a clear promise intended to be acted upon, followed by alteration of position. Here, the permission letter is qualified by the governing policy "from time to time", and the employer's reserved power to alter an incentive regime is inherent in the very structure of such schemes. In any event, even where promissory estoppel is otherwise attracted, it yields where public interest or a legitimate policy shift so demands.

28. An incentive scheme of this nature is tied to acquisition of the qualification, not to the date of permission. The "permission date" is an administratively fragile marker. It does not establish completion, does not establish successful acquisition, and may cover courses of widely varying duration. If permission alone were treated as anchoring the governing regime, the policy change of 25th March, 2010 could be diluted for years, depending on when an employee chose to begin, pause, or resume a course. By contrast, the "result declaration date" is objective, verifiable, and corresponds to the first point at which the qualification can be said to have been acquired. Fixing eligibility with reference to that date is a workable and rational policy choice, closely connected to the purpose of the scheme.

29. Continuity of pursuit cannot, therefore, substitute the qualifying event. The Petitioners may have embarked on the course when the increment regime existed, but entitlement to incentive arises only upon acquisition. Once AAI adopted a prospective cut-off tied to acquisition, and once the post-25th March, 2010 regime governs qualifications acquired thereafter, the

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[3] ***Punjab Communications Ltd vs Union Of India & Others***, 1999 (4) SCC 727

court's review remains confined to testing arbitrariness or illegality. In the absence of a vested right having accrued before the cut-off, the permission letters, read as a whole, do not supply a legally enforceable bridge to carry the increment regime beyond 25th March, 2010.

Article 14 and the alleged discrimination

30. The Article 14 argument proceeds on the premise that all employees who were permitted to pursue higher qualifications before 25th March, 2010 form one homogeneous class. That premise is flawed for the reasons already discussed. The incentive is not linked to "permission granted". It is linked to "qualification acquired" within the policy architecture. The Court is unable to hold that such a classification is devoid of nexus, or that it produces hostile discrimination.

31. For the reasons discussed above, there is no merits in the petitions and the same are dismissed.

SANJEEV NARULA, J

FEBRUARY 12, 2026/ab