$~12 & 13

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

\+ CONT.CAS(C) 1765/2025

DSFDC EMPLOYEES WELFARE ASSOCIATION .....Petitioner

Through: Mr. Sanjay Ghosh, Senior Advocate with Ms. Prerna Mehra, Mr. Rohan Mandal, Mr. Manoj Kumar, Advocates.

versus

PRASHANT GOYAL .....Respondent

Through: Mrs. Avnish Ahlawat, SC for GNCTD Services with Mr. N.K. Singh, Ms. Aliza Alam and Mr. Mohnish Sehrawat, Advocates for R-1, 3 & 4.

\+ W.P.(C) 15123/2023, CM APPL. 60419/2023, CM APPL. 5471/2026 & CM APPL. 7342/2026

DSFDC EMPLOYEES WELFARE ASSOCIATION .....Petitioner

Through: Mr. Sanjay Ghosh, Senior Advocate with Ms. Prerna Mehra, Mr. Rohan Mandal, Mr. Manoj Kumar, Advocates.

versus

DELHI SC ST OBC MINORITIES HANDICAPPED FINANCIAL DEVELOPMENT CORPORATION LTD & ORS. .....Respondents

Through: Mr. Sameer Vashisht, Standing Counsel (Civil) for GNCTD with Ms. Harshita Nathrani, Mr. Aryaman Vachher, Mr. Dinanath, Advocates for R-1.

CORAM:
HON'BLE MR. JUSTICE SANJEEV NARULA

<u>O R D E R</u>

%   12.03.2026

W.P.(C) 15123/2023

1. This writ petition presents a distressingly simple grievance. The members of the Petitioner association are regular employees of the Delhi SC/ST/OBC Minorities and Handicapped Financial and Development Corporation Limited/Respondent No. 1. They are not before the Court seeking indulgence. They seek something more elementary: payment, on a regular basis, of the salaries and service dues that have accrued to them for work admittedly taken from them.

2. The Petitioner is an association of employees serving with the Respondent Corporation. It is not in dispute that its members are regular employees. It is equally not in dispute that, subject to the applicable service rules, they are entitled to salary and to such service benefits as are lawfully admissible, including time-bound progression and reimbursement claims. The controversy, therefore, is not about the existence of those entitlements. The controversy is that salaries and connected dues have not been paid with any degree of regularity, compelling the employees to repeatedly approach this Court.

3. When the writ petition was instituted, the immediate grievance was non-payment of arrears from 16th July, 2023 onwards. The petition also sought a continuing direction to ensure that salaries and current emoluments are paid regularly. That prayer, far from being expansive, merely asks that an employer to discharge the most basic incident of a subsisting contract of service.

4. The history of these proceedings is important because it shows that the present crisis is not accidental, momentary, or disputed in principle. It

has engaged this Court repeatedly over past few years. By order dated 9th May, 2024, this Court recorded that the Respondent Corporation had been constituted for the benefit of deprived sections of society and observed that the salaries of its employees could not be left hostage to a continuing tug of war between the Corporation, the Government of NCT of Delhi,[1] and Union of India/Respondent No. 2. The Court then directed that, so long as the institution continued to function, salaries of the members of the Petitioner-association could not be denied and that, if Respondent No. 1 failed to pay, GNCTD would have to step in.

5. The position, however, did not improve. By order dated 21st November, 2024, this Court again recorded that arrears remained unpaid and that even the salary for October, 2024 had been released only in part. It was then stated on behalf of the Respondents that a proposal for release of grant-in-aid had been placed before the Cabinet for clearing of arrears and for meeting salary liabilities for the ensuing period. The matter thus had to be deferred once again on the strength of that assurance.

6. The persistent non-compliance eventually drove the matter into contempt proceedings. On 23rd January, 2025, the contempt petition was disposed of on the basis of a statement made on behalf of the Respondents that salaries up to January, 2025 would be released within two weeks and that the salaries for February and March, 2025 would thereafter be paid by the 7th of the succeeding month. When even this assurance failed to translate into compliance, the Managing Director of the Respondent Corporation respondent was summoned to Court. By orders dated 17th February, 2025 and 18th February, 2025, this Court expressed its serious dissatisfaction at

[1] "GNCTD"

the manner in which solemn statements made before the Court had been treated. Yet, even then, the Court stopped short of reviving the contempt proceedings in the expectation that salary payments would at last be brought into order.

7. The application [CM APPL. 7342/2026] and the material now brought on record make it plain that the difficulty has continued unabated. The petitioner has pointed to a budgetary provision of ₹7 crores made by the Government of NCT of Delhi for the Respondent Corporation under the head of salary grant-in-aid for the financial year 2025-26. The Corporation, in its reply, does not dispute that such a provision exists. It also does not dispute that, upon release of that amount, the salary arrears and current liabilities can be addressed. Its stand is more confined: that it has repeatedly taken up the matter with the Government, that the requisite formal orders of release have yet to be issued, and that, in the meantime, it is not financially positioned to discharge salary obligations from its own resources.

8. At the same time, the Respondent Corporation has attempted to justify the present state of affairs by reference to financial mismanagement, rising NPAs, an allegedly unsustainable pay structure, and broader institutional weakness. GNCTD has adopted an even more emphatic position, contending through counsel that it is under no legal duty to continue bearing the salary burden of an autonomous corporation, particularly when the corporation is alleged to be overstaffed, fiscally indiscipline, and structurally unviable.

9. The Court is unable to accept that these considerations answer the grievance before it. If there has been mismanagement, weak recovery, imprudent financial decisions, or an unsound staffing pattern, the law furnishes ample means to address those failures. What the law does not

permit is something far simpler and far harsher: that regular employees, kept in service and not lawfully separated from it, should continue to work or remain bound to employment while their salaries are indefinitely deferred because the shareholders and the management have not resolved the future of the enterprise.

10. Pertinently, and regrettably, it has been brought to the notice of this Court that one of the employees of the Petitioner association has committed suicide and certain others have passed away during the pendency of the present petition, allegedly on account of acute financial distress and the inability to afford medical treatment. In these circumstances, and having regard to the financial constraints pleaded by the Respondent Corporation, this Court is of the opinion that the State cannot entirely disassociate itself where a situation of such grave human consequence has arisen in a government-controlled undertaking.

11. In ***Kapila Hingorani v. State of Bihar***,[2] the Supreme Court was confronted with the prolonged non-payment of salaries to employees of State-owned corporations. Noticing instances of starvation deaths and suicides attributed to such non-payment, the Court issued certain interim directions, observing that the State cannot evade its responsibility where a serious human rights problem, including starvation deaths or suicides, arises on account of non-payment of salaries. This Court is conscious that, issuing such directions, the Supreme Court did not lay down any general principle regarding the direct or vicarious liability of the State to discharge the salary obligations of government companies. Nor can those interim directions be treated as a binding precedent mandating such liability, as subsequently

clarified *in State of Assam v. Barak Upatyaka D.U. Karmachari Sanstha*.[3] However, the principle that clearly emerges is that the State cannot remain indifferent where circumstances disclose a grave human rights concern arising from the functioning of a State-controlled entity.

12. That principle fits the present case in material respects. The Respondent Corporation is not a purely private enterprise, but a government-controlled corporation with 51% shareholding of GNCTD and 49% shareholding of the Union of India. The Corporation itself says it is dependent upon grant-in-aid and that the salary grant for the current financial year has in fact been budgeted by GNCTD. The State, therefore, cannot simultaneously keep the Corporation alive, continue to take work through its regular employees, acknowledge a salary head in the budget, and yet resist responsibility when salary is not paid month after month.

13. There is another dimension which cannot be overlooked. Salary lawfully earned is not a concession to be released at will. The Supreme Court has repeatedly emphasised that pension is not a bounty but a vested right, and that accrued monetary service entitlements partake the character of a legal and enforceable claim. In ***State of Jharkhand v. Jitendra Kumar Srivastava***,[4] the Court reaffirmed that such rights cannot be withheld except under authority of law, and that a mere executive stance unsupported by law cannot furnish justification for deprivation. Though that case arose in the setting of pension and gratuity, the constitutional principle that underlies it is of wider application: once a monetary service entitlement has accrued in favour of an employee under the applicable service framework, it cannot be

---

[2] (2003) 6 SCC 1.
[3] (2009) 5 SCC 694.

denied or deferred merely because the employer finds itself in administrative or financial difficulty.

14. The same conclusion follows here, though on an even more urgent footing. The issue is not of a disputed service benefit arising at the margins. It is monthly salary for regular employees. For an employer to say, in substance, that salary is due but cannot presently be paid because grant-in-aid has not yet been formally released is not a legal answer. It is an explanation of administrative difficulty. Administrative difficulty does not extinguish the employee's right.

15. This Court is equally unpersuaded by the attempt to shift responsibility wholly onto the Corporation. That the Respondent Corporation is a separate legal entity is true, but only to a point. In a dispute of ordinary commercial obligation, that distinction may matter. It does not, however, answer a case of the present kind, where the Corporation is government-controlled, salary support has in fact been budgeted by the State, repeated assurances have been tendered before this Court, and the employees have nonetheless been left without regular payment while the fate of the institution remains in administrative limbo. The State, in these facts and circumstances, cannot disclaim all responsibility for the human consequences that follow.

16. The Court also cannot overlook the position in which employees of the Petitioner association have been placed. They are not asking the Court to run the Corporation, design a revival framework, prescribe financial policy, or immunise the undertaking from a lawful decision on restructuring or closure. Their claim is more limited, and in law entirely legitimate: for so

---

[4] (2013) 12 SCC 210.

long as the Corporation is kept alive and they continue in service, their salaries and due service benefits cannot be withheld, postponed, or made contingent upon unresolved administrative choices about the future of the institution.

17. At the same time, the Court must remain within constitutional limits. It is not for this Court to decide whether the Respondent Corporation ought ultimately to be revived, restructured, downsized, merged, or wound up. That lies within the domain of policy and administration, to be considered by the shareholders and the competent governmental authorities in accordance with law. What does fall within the Court's remit is narrower, but no less important: until such a lawful decision is taken and implemented, employees who continue to be retained in service cannot be left in a suspended condition where the institution continues, the employment relationship continues, but salaries are indefinitely withheld.

18. The repeated assurances recorded in earlier orders reinforce that conclusion. On more than one occasion, the Respondents accepted before this Court that salaries would be released and that budgetary support was being processed or had been approved. Those statements were not casual. They shaped the course of this litigation. It would be wholly unjust to now reduce the matter to a fresh plea of helplessness.

19. In these circumstances, the petition warrants final disposal by clear operative directions rather than continued management through successive interim orders. The relief must, however, be moulded with restraint. It would be inappropriate to require the Government, by judicial fiat, to fund the Respondent Corporation indefinitely regardless of any future lawful decision concerning its structure or continuance. But it would be no less unacceptable

to leave the Petitioners at the mercy of the same pattern of promise, non-compliance, and repeated adjournment that has persisted until now.

20. Accordingly, the following directions are issued:

(i) Respondent No. 3, being the concerned department of GNCTD dealing with the Respondent Corporation, shall take a final decision within three weeks from today on release of the already budgeted grant-in-aid amount of ₹7 crores earmarked towards salary liabilities of the Corporation for the financial year 2025-26. If no legal impediment subsists, the said amount shall be released forthwith and, in any event, not later than one week thereafter.

(ii) Upon receipt of the said amount, the Respondent Corporation shall, within one week, disburse all outstanding salary arrears then due to the members of the Petitioner association.

(iii) The Respondent Corporation shall ensure that current monthly salaries are thereafter disbursed by the 7th of the succeeding month.

(iv) In the event the Respondent Corporation is unable, for want of immediate liquidity, to maintain regular salary disbursal in terms of direction (iii), Respondent No.3/GNCTD shall take such lawful interim financial measures as may be necessary to ensure that no further default occurs in payment of salaries to the members of the Petitioner association.

(v) In respect of other service dues claimed by the Petitioner association, including medical reimbursement, tuition fee reimbursement, MACP-related financial progression, LTC, and other admissible emoluments, the Respondent Corporation shall examine and process such claims in accordance with the applicable rules, circulars, and approvals, and shall release such amounts as are found due within eight weeks. In the event any individual claim is proposed to be rejected, a brief reasoned communication shall be furnished to the concerned employee.

(vi) GNCTD and Respondent No. 2 shall, through their competent Secretaries or authorised senior officers, constitute a joint committee within four weeks to take a considered decision on the future course in relation to the Respondent Corporation, including its financial revival, restructuring, continued funding pattern, or any other lawful course open to them.

(vii) The committee shall complete the aforesaid exercise within three months and communicate its decision to the Respondent Corporation and to the Petitioner association forthwith.

(viii) It is made clear that this Court has not directed any particular policy outcome. The competent authorities shall remain free to take such decision as they consider appropriate in law. However, any such decision shall be taken lawfully, within the aforesaid timeframe, and with due regard to the service rights and accrued monetary dues of the existing employees.

(ix) Until such decision is taken and lawfully implemented, the salaries of the members of the Petitioner association shall continue to be paid regularly in the manner indicated above and shall not be allowed to fall into arrears again.

21. A copy of this judgment shall be forwarded to the Principal Secretary, Government of NCT of Delhi, the Secretary, Department for the Welfare of SC/ST/OBC, GNCTD, and the concerned Secretary of Respondent No. 2, so that the issue is addressed at the appropriate level without further administrative delay.

22. The writ petition is disposed of in the above terms. Pending applications, if any, also stand disposed of.

CONT.CAS(C) 1765/2025

23. This petition had been filed during the pendency of the aforesaid writ petition, alleging that the Respondents have acted in contempt of the order dated 9th May, 2024 passed therein, as well as the subsequent assurances recorded by this Court regarding payment of salaries to the employees of the Petitioner association in orders dated 21st November, 2024 and 20th December, 2024.

24. However, by the order passed today in the writ petition, this Court has issued several directions to the Respondents with a view to ensuring the timely disbursal of salaries and other dues, if any, payable to the employees of the Petitioner association. The Court expects that the said directions shall be duly complied with. In view thereof, this Court is of the opinion that no further directions are required to be issued in the present contempt petition.

25. In the event of non-compliance of the final directions, the Petitioners shall be at liberty to take recourse to appropriate remedies for implementation of the same.

26. Disposed of.

SANJEEV NARULA, J

MARCH 12, 2026/ab