

REPORTABLE

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION

CIVIL APPEAL DIARY NO. 3744 OF 2016

Union of India and Ors.

.... Appellant(s)

Vs.

Balbir Singh Turn & Anr.

....Respondent(s)

WITH

CIVIL APPEAL DIARY NO. 5183 OF 2017

CIVIL APPEAL DIARY NO. 5184 OF 2017

CIVIL APPEAL DIARY NO. 6249 OF 2017

CIVIL APPEAL DIARY NO. 7888 OF 2017

CIVIL APPEAL DIARY NO. 18265 OF 2016

CIVIL APPEAL NO. 244 OF 2017

CIVIL APPEAL DIARY NO. 31768 OF 2016

CIVIL APPEAL DIARY NO. 38019 OF 2016

CIVIL APPEAL DIARY NO. 42810 OF 2016

CIVIL APPEAL DIARY NO. 42879 OF 2016**DIARY NO. 4546 OF 2017****DIARY NO. 11491 OF 2017****DIARY NO. 11871 OF 2017****DIARY NO. 13664 OF 2017****DIARY NO. 13665 OF 2017****DIARY NO. 13666 OF 2017****DIARY NO. 18186 OF 2017****DIARY NO. 18048 OF 2017****DIARY NO. 18045 OF 2017****DIARY NO. 18185 OF 2017****DIARY NO. 22593 OF 2017****DIARY NO. 30116 OF 2017****DIARY NO. 23164 OF 2017****DIARY NO. 11493 OF 2017****DIARY NO. 28798 OF 2017****J U D G M E N T****Deepak Gupta, J.**

1. Applications for condonation of delay in filing and refiling the appeals are allowed.

2. This bunch of appeals is being disposed of by a common judgment since similar questions of law are involved.

3. The 6th Central Pay Commission was set up by the Government of India to make recommendations in matters relating to emoluments, allowances and conditions of service amongst other things. The Pay Commission also made recommendation with regard to armed forces personnel. On 30th August, 2008, the Central Government resolved by a resolution of that date to accept the recommendation of the 6th Central Pay Commission ('CPC' for short) with regard to the Personnel Below Officer Rank (PBOR) subject to certain modifications. Clause (i) of the Resolution reads as follows :-

“(i) Implementation of the revised pay structure of pay bands and grade pay, as well as pension, with effect from 01.01.2006 and revised rates of allowances (except Dearness Allowance/relief) with effect from 01.09.2008;”

Clause 9 of the Resolution reads as follows :-

“(ix) Grant of 3 ACP up-gradation after 8, 16 and 24 years of service to PBORs;”

4. Under the recommendations made by the 5th CPC there was a provision for Assured Career Progression (ACP). Vide this scheme, if an employee was not promoted he was entitled to get the next higher scale of pay after completion of 12/24 years of service. The 6th CPC recommended the grant of benefit of ACP after 10 and 20 years of service. The Union of India, however decided to grant 3 ACP upgradations, after 8, 16 and 24 years of service to PBORs, as per Clause (ix) extracted above. However, it would be pertinent to mention that the 6th CPC did away with the concept of pay scales and reduced the large number of pay scales into 4 pay bands and within the pay bands there was a separate grade pay attached to a post.

5. For the purpose of this judgment we are dealing with the facts of Civil Appeal Diary No. 3744 of 2016. It would be pertinent to mention that all the petitioners before the Armed Forces Tribunal ('AFT' for short) who are respondents before us are persons below officer rank. The respondents in this case retired after 01.01.2006 but prior to 31.08.2008. They

claim that the benefit of the Modified Assured Career Progression ('MACP' for short) was denied to them on the ground that the MACP was made applicable only with effect from 01.09.2008. The respondents approached the AFT praying that they are entitled to the benefit of MACP w.e.f. 01.01.2006, i.e., the date from which the recommendation of the 6th CPC with regard to pay and benefits were made applicable. The stand of the Union of India was that the MACP was applicable only w.e.f. 01.09.2008 and, therefore, the respondents who had retired prior to the said date were not entitled to the benefit of the MACP. The AFT vide the impugned order dated 21.05.2014 held that the benefit of ACP granted to an employee is part of the pay structure which not only affects his pay but also his pension and, therefore, held that the ACP is not an allowance but a part of pay and, therefore, in terms of Clause (i) of the Government Resolution the MACP was payable w.e.f. 01.01.2006.

6. The question that arises for decision is whether the benefit of MACP is applicable from 01.01.2006 or from 01.09.2008.

7. The answer to this question will lie in the interpretation given to the Government Resolution, relevant portion of which has been quoted hereinabove. A bare perusal of Clause(i) of the Resolution clearly indicates that the Central Government decided to implement the revised pay structure of pay bands and grade pay, as well as pension with effect from 01.01.2006. The second part of the Clause lays down that all allowances except the Dearness Allowance/relief will be effective from 01.09.2008. The AFT held, and in our opinion rightly so, that the benefit of MACP is part of the pay structure and will affect the grade pay of the employees and, therefore, it cannot be said that it is a part of allowances. The benefit of MACP if given to the respondents would affect their pension also.

8. We may also point out that along with this Resolution there is Annexure-I. Part-A of Annexure-I deals with the pay

structure, grade pay, pay bands etc., and Item 10 reads as follows :-

10	Assured Career Progression Scheme for PBORs. The Commission recommends that the time bound promotion scheme in case of PBORs shall allow two financial upgradations on completion of 10 and 20 years of service as at present. The financial upgradations under the scheme shall allow benefit of pay fixation equal to one increment along with the higher grade pay. As regards the other suggestions relating to residency period for promotion of PBORs Ministry of Defence may set up an Inter-Services Committee to consider the matter after the revised scheme of running bands is implemented (Para 2.3.34)	Three ACP upgradation after 8, 16 and 24 years of service has been approved. The upgradation will take place only in the hierarchy of Grade Pays, which need not necessarily be the hierarchy in that particular cadre.
----	---	---

Part-B of Annexure-I deals with allowances, concessions & benefits and Conditions of Service of Defence Forces Personnel. It is apparent that the Government itself by placing MACP in Part-A of Annexure-I was considering it to be the part of the pay structure.

9. The MACP Scheme was initially notified vide Special Army Instructions dated 11.10.2008. The Scheme was called the Modified Assured Career Progression Scheme for Personnel Below Officer Rank in the Indian Army. After the Resolution

was passed by the Central Government on 30.08.2008 Special Army Instructions were issued on 11.10.2008 dealing with revision of pay structure. As far as ACP is concerned Para 15 of the said letter reads as follows:-

“15. Assured Career Progression. In pursuance with the Government Resolution of Assured Career Progression (ACP), a directly recruited PBOR as a Sepoy, Havildar or JCO will be entitled to minimum three financial upgradations after 8, 16 and 24 years of service. At the time of each financial upgradation under ACP, the PBOR would get an additional increment and next higher grade pay in hierarchy.

xx

xx

xx”

Thereafter, another letter was issued by the Adjutant General Branch on 03.08.2009. Relevant portion of which reads as follows:-

“.....The new ACP (3 ACP at 8, 16 and 24 years of service) should be applicable w.e.f. 1 Jan 2006, and the old provns (operative w.e.f. the Vth Pay Commission) would be applicable till 31 Dec. 05. Regular service for the purpose of ACP shall commence from the date of joining of a post in direct entry grade.

xx

xx

xx”

Finally, on 30.05.2011 another letter was issued by the Ministry of Defence, relevant portion of which reads as follows:-

“5. The Scheme would be operational w.e.f. 1st Sep. 2008. In other words, financial up-gradations as per the provisions of the, earlier ACP scheme (of August 2003) would be granted till 31.08.2008.”

Therefore, even as per the understanding of the Army and other authorities up till the issuance of the letter dated 30.05.2011 the benefit of MACP was available from 01.01.2006.

10. As already held by us above, there can be no dispute that grant of ACP is part of the pay structure. It affects the pay of the employee and he gets a higher grade pay even though it may be in the same pay band. It has been strenuously urged by Col. R. Balasubramanian, learned counsel for the UOI that the Government took the decision to make the Scheme applicable from 01.09.2008 because many employees would have lost out in case the MACP was made applicable from 01.01.2006 and they would have had to refund the excess

amount, if any, paid to them. His argument is that under the old Scheme if somebody got the benefit of the ACP he was put in the higher scale of pay. After merger of pay scales into pay bands an employee is only entitled to higher grade pay which may be lower than the next pay band. Therefore, there may be many employees who may suffer.

11. We are only concerned with the interpretation of the Resolution of the Government which clearly states that the recommendations of 6th CPC as modified and accepted by the Central Government in so far as they relate to pay structure, pay scales, grade pay etc. will apply from 01.01.2006. There may be some gainers and some losers but the intention of the Government was clear that this Scheme which is part of the pay structure would apply from 01.01.2006. We may also point out that the Resolution dated 30.08.2008 whereby the recommendation of the Pay Commission has been accepted with modifications and recommendations with regard to pay structure, pay scales, grade pay etc. have been made applicable from 01.01.2006. This is a decision of the Cabinet.

This decision could not have been modified by issuing executive instruction. The letter dated 30.05.2011 flies in the face of the Cabinet decision reflected in the Resolution dated 30.08.2008. Thus, administrative instruction dated 30.05.2011 is totally ultra vires the Resolution of the Government.

12. Col. R. Balasubramanian, learned counsel for the UOI relied upon the following three judgments viz. **P.K. Gopinathan Nair & Ors. v. Union of India and Ors.**¹, passed by the High Court of Kerala on 22.03.2017, **Delhi Urban Shelter Improvement Board v. Shashi Malik & Ors.**², passed by the High Court of Delhi on 01.09.2016, **K.K. Anandan & Ors. v. The Principal Accountant General Kerala (Audit) & Ors**³ passed by the Central Administrative Tribunal, Ernakulam Bench, Kerala on 08.02.2013. In our view, none of these judgments is applicable because the issue whether the MACP is part of the pay structure or allowances were not considered in any of these cases.

¹ WP(C) No.23465 of 2013(G)

² LPA 405 of 2016

³ O.A. No. 541 of 2012

13. In this view of the matter we find no merit in the appeals, which are accordingly disposed of. All pending applications are also disposed of.

.....**J.**
(Madan B. Lokur)

.....**J.**
(Deepak Gupta)

New Delhi
December 08, 2017