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IN THE HIGH COURT OF DELHI AT NEW DELHI

Judgment reserved on: 27.03.2026

Judgment pronounced on: 29.05.2026

Judgment uploaded on: 29.05.2026

+ W.P.(C) 12781/2024, CM APPL. 53286/2024 and CM APPL. 17282/2026

UNION OF INDIA & ORS.

.....Petitioners

Through:

versus

SUB TRILOK CHAND RETD NO. JC374073A & ANR.

.....Respondents

Through:

+ W.P.(C) 13535/2024

ASHOK KUMAR VOHRA & ORS.

.....Petitioners

Through:

versus

UNION OF INDIA & ANR.

.....Respondents

Through:

+ W.P.(C) 736/2025 and CM APPL. 3642/2025

SOHAN SINGH NEGI AND ORS

.....Petitioners

Through:

versus

UNION OF INDIA, THROUGH ITS SECRETARY
MINISTRY OF HOME AFFAIRS & ORS.

.....Respondents

Through:

+ W.P.(C) 825/2025 and CM APPL. 4069/2025

REWAT SINGH SHEKHAWAT AND ORS

.....Petitioners

Through:

versus



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UNION OF INDIA THROUGH THE SECRETARY
MINISTRY OF HOME AFFAIRS & ORS.Respondents

Through:

+ W.P.(C) 17005/2024
RETIRED RAILWAY PROTECTION FORCE EMPLOYEES
ASSOCIATION NORTHERN RAILWAY DELHI DIVISION
.....Petitioner

Through:

versus

UNION OF INDIA & ORS.Respondents

Through:

+ W.P.(C) 17877/2024
MAN MOHAN SINGH & ORS.Petitioners

Through:

versus

UNION OF INDIA & ORS.Respondents

Through:

+ W.P.(C) 17721/2024 and CM APPL. 75372/2024
RAVINDRA KUMAR GUPTA AND OTHERSPetitioners

Through:

versus

UNION OF INDIA AND OTHERSRespondents

Through:

+ W.P.(C) 55/2025 and CM APPL. 165/2025
INDIAN EX BORDERMEN MOVEMENT AND OTHERS
.....Petitioners

Through:

versus

UNION OF INDIA AND OTHERSRespondents



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Through:

+ W.P.(C) 10593/2025, CM APPL. 43930/2025, CM APPL. 43931/2025 and CM APPL. 19278/2026
SUNIL KUMAR AND ORSPetitioners

Through:

versus

UNION OF INDIA AND ORSRespondents

Through:

+ W.P.(C) 19636/2025 and CM APPL. 82015/2025
PREM DUTT SHARMA AND ORS.Petitioners

Through:

versus

UNION OF INDIA AND ORSRespondents

Through:

+ W.P.(C) 19729/2025, CM APPL. 82365/2025, CM APPL. 12369/2026 and CM APPL. 19392/2026
CENTRAL CIVIL PENSIONERS FORUM & ORS.

.....Petitioners

Through:

versus

UNION OF INDIA & ORS.Respondents

Through:

+ W.P.(C) 1015/2026, CM APPL. 4917/2026 and CM APPL. 4918/2026
HARBANS LAL AND ORS.Petitioners

Through:

versus

UNION OF INDIA AND ORS.Respondents

Through:



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+ W.P.(C) 1035/2026, CM APPL. 5020/2026 and CM APPL. 5021/2026

RAMESHWAR DAYAL AND ORS.Petitioners
Through:

versus

UNION OF INDIA AND ORS.Respondents
Through:

+ W.P.(C) 2267/2026, CM APPL. 10949/2026, CM APPL. 10950/2026 and CM APPL. 10951/2026

THE CSIR PENSIONERS WELFARE ASSOCIATION & ANR.Petitioners

Through:

versus

UNION OF INDIA & ORS.Respondents
Through:

+ W.P.(C) 2643/2026, CM APPL. 12858/2026 and CM APPL. 12859/2026

CENTRAL CIVIL PENSIONERS FORUM & ORS.Petitioners

Through:

versus

UNION OF INDIA & ORS.Respondents
Through:

+ W.P.(C) 2653/2026, CM APPL. 12933/2026 and CM APPL. 12934/2026

CENTRAL CIVIL PENSIONERS FORUM ACTING THROUGH & ORS.Petitioners

Through:

versus



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UNION OF INDIA & ORS.

.....Respondents

Through:

+ W.P.(C) 2656/2026, CM APPL. 12940/2026 and CM APPL. 12941/2026

CENTRAL CIVIL PENSIONERS FORUM & ORS.

.....Petitioners

Through:

versus

UNION OF INDIA & ORS.

.....Respondents

Through:

+ W.P.(C) 2666/2026, CM APPL. 12982/2026 and CM APPL. 12983/2026

ICAR PENSIONERS FORUM & ORS.

.....Petitioners

Through:

versus

UNION OF INDIA & ANR.

.....Respondents

Through:

Present:

For Petitioners:

Ms. Avshreya Pratap Singh Rudy, CGSC with Ms. Usha Jamnal, Ms. Nyasa Sharma, Mr. Ankit Khatri, Advs. with Maj. Anish Muralidhar (Army) for UOI in W.P.(C) 12781/2024.

Mr. Sarvesh Bisaria, Mr. Ashish Azad, Mr. Nishant Bhardwaj, Advs. in W.P.(C) 13535/2024.

Mr. Sahil Chandra, Mr. Jai Singh Saharan, Ms. Amrita Singh, Ms. Vanshika Jaiswal, Mr. Arya Harsh, Advs. in W.P.(C) 736/2025 & W.P.(C) 825/2025.

Ms. Saahila Lamba, Ms. Nidhi Sharma, Advs. in W.P.(C) 17005/2024 & W.P.(C) 17877/2024.

Ms. Sunita Singh, Mr. Abhigya Kushwah, Advs. in W.P.(C) 17721/2024.

Ms. Richa Ojha, Mr. A.K. Ojha, Advs. in W.P.(C) 55/2025.

Mr. Arun Bhardwaj, Senior Advocate with Mr. Yash Tayal, Ms. Ashu Tiwari, Mr. Pranava Rastogi, Advs. in W.P.(C) 10593/2025.



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Mr. Siddharth, Adv. Mr. Harshit Manwani, Ms. Himanshi Girdhar, Mr. Deepanshu Grover, Advs. in W.P.(C) 2267/2026.
Mr. Vidya Sagar, Mr. Amolak, Advs. in W.P.(C) 19729/2025, W.P.(C) 2643/2026 & W.P.(C) 2666/2026.

For Respondents:

Mr. US Maurya, Mr. SS Maurya, Advs. for R-1 in W.P.(C) 12781/2024.

Mr. Ripudaman Bhardwaj, CGSC with Mr. Vivek Nagar, GP for UOI in W.P.(C) 13535/2024 & W.P.(C) 17005/2024.

Mr. Rajesh Kumar Gautam, Ms. Likivi K Jakhalu, Mr. Aman Gahlot, Advs. for R-2 in W.P.(C) 13535/2024.

Mr Farman Ali, CGSC with Ms Usha Jamnal, Adv. in W.P.(C) 736/2025.

Mr. Satya Ranjan Swain, CGSC with Mr. Kautilya Birat, Adv. for UOI in W.P.(C) 825/2025.

Mr. Vinod Sawant, Law Officer, Insp. Athurv and Mr. Ramniwas Yadav, CRPF in W.P.(C) 825/2025 & W.P.(C) 1035/2026.

Mr. Hussain Taqvi, SPC with Ms. Soumya Saxena, Ms. Nazma Akhtar, Mr. Waseem, Ms. Madiha, Advs. for UOI in W.P.(C) 17005/2024 & W.P.(C) 17877/2024.

Mr. Shubham Saigal, Mr. Siddharth Jain, Ms. Shruti Mishra, Mr. Ashish Shukla, Ms. Bhavika Mehta, Advs. for R-2 & 3 in W.P.(C) 17721/2024.

Ms. Avshreya Pratap Singh Rudy, CGSC with Ms. Usha Jamnal, Ms. Nyasa Sharma, Mr. Ankit Khatri, Advs. with Maj. Anish Muralidhar (Army) for UOI in W.P.(C) 55/2025.

Ms. Ekta Chaudhary, SPC with Ms. Rushali Sikand, Mr. Kamaldeep GP in W.P.(C) 10593/2025.

Ms. Pratima N Lakra, CGSC with Mr. Chetan Jadon GP with Ms. Shivangi Rajawat, Ms. Upanita, Mr Shailendra Mishra, Advs. for UOI in W.P.(C) 19636/2025.

Mr. Sai Manik Sud, SPC with Mr. Amit Acharya, GP with Mr. Aryan Mishra, Adv. for UOI in W.P.(C) 19729/2025.

Ms. Rukhmini Bobde, CGSC Mr. Saurabh Kumar Nagar, GP in W.P.(C) 1015/2026.

Ms. Saumya Tandon, CGSC with Mr. Gaurav Singh Sengar, Adv. in W.P.(C) 1035/2026.

Ms. Shakun Sudha, SPC with Mr. Aditya Goel, GP with Ms. Aashna Mehra, Ms. Vaishnavstuti, Advs. for R-1, 3, 4 & 5 in



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W.P.(C) 2267/2026.

Mr. Suhail Malik, SPC with Ms. Rupali Sinha, GP with Mr. Aqib Zaman, Adv. for R-1 to 4 in W.P.(C) 2643/2026.

Mr. Sai Manik Sud, SPC with Ms. Rupali Sinha, GP for UOI in W.P.(C) 2653/2026 & W.P.(C) 2656/2026.

Mr. Neeraj Kumar, CGSC with Mr. Shashwat, Adv. in W.P.(C) 2666/2026.

Mr. Suhail Malik, SPC with Mr. Rajat Gaur, GP with Mr. Aqib Zaman, Adv. for R-1 to 6 in W.P.(C) 2666/2026.

CORAM:

HON'BLE MR. JUSTICE ANIL KSHETARPAL

HON'BLE MR. JUSTICE AMIT MAHAJAN

J U D G M E N T

ANIL KSHETARPAL, J.:

1. The present batch of Writ Petitions raises a common challenge to the continued recovery of the commuted portion of pension for a uniform statutory period of fifteen years prescribed under Rule 10A of the Central Civil Services (Commutation of Pension) Rules, 1981 [hereinafter referred to as 'CCS Commutation Rules'] and other analogous pension laws, in the backdrop of successive revisions in commutation factors following implementation of recommendations of various Central Pay Commissions [hereinafter referred to as 'CPCs'].

2. The connected Writ Petitions, though arising from different procedural backgrounds, broadly fall into the following categories:

i. Writ Petitions arising out of orders passed by the Central Administrative Tribunal, Principal Bench, New Delhi [hereinafter referred to as 'CAT'].

ii. Independent Writ Petitions instituted directly before this



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Court by retired employees and pensioners' associations seeking declaratory, constitutional and consequential reliefs concerning the operation of Rule 10A of the CCS Commutation Rules;

iii. Proceedings arising from orders of specialised tribunals, including W.P.(C) No. 12781/2024, wherein the Union of India has questioned interim directions of the Armed Forces Tribunal [hereinafter referred to as 'AFT'] restraining further recovery of the commuted portion of pension.

3. For the sake of convenience and to avoid repetition, the expression "Pensioner-Petitioners" shall hereinafter be used as a compendious reference to the applicants before the aforesaid Tribunals as well as those writ petitioners who have approached this Court seeking pensionary or constitutional reliefs, unless the context otherwise requires.

4. The Pensioner-Petitioners across these categories comprise retired personnel of diverse establishments under the Union of India and its instrumentalities, including Central Government departments, paramilitary forces, autonomous research bodies such as the Indian Council of Agricultural Research ('ICAR') and Council of Scientific and Industrial Research ('CSIR'), and other organisations governed by pension schemes adopting or substantially mirroring the CCS Commutation Rules.

5. Notwithstanding certain factual variations relating to service conditions or forum of origin and the mathematical calculation of the amount of pension commuted being recovered by the respective employer, the underlying controversy in all matters is common,



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namely, whether continuation of recovery of the commuted portion of pension for a fixed period of fifteen years remains legally sustainable despite successive revisions to actuarial commutation factors, which, according to the Pensioner-Petitioners, have altered the financial assumptions underlying the original restoration framework. This contention principally arises from successive revisions in commutation tables pursuant to CPCs recommendations, which, according to the Pensioner-Petitioners, altered actuarial assumptions underlying the original fifteen-year recovery period.

6. Since all these matters revolve around the same statutory framework and raise interconnected constitutional and administrative questions concerning commutation of pension, notwithstanding the distinct service frameworks governing certain categories of Pensioner-Petitioners, they have been heard together and are being disposed of by this common judgment.

FACTUAL MATRIX:

7. In order to appreciate the controversy in its proper perspective, it becomes necessary to notice the relevant statutory framework, historical evolution of the commutation scheme, and the factual background giving rise to the present batch of Writ Petitions.

8. The CCS Commutation Rules were framed to enable a retiring Government servant to commute a specified portion of pension into a lump-sum payment, calculated on the basis of actuarial commutation factors determined with reference to age at retirement.

9. Under the commutation scheme, a pensioner opting for



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commutation receives, at the time of retirement, a lump-sum amount representing the capitalised value of a portion of pension, whereafter the corresponding commuted portion is deducted from the monthly pension for a prescribed period, upon completion of which the full pension stands restored.

10. Originally, the commutation factors and the period governing restoration of pension were evolved on actuarial assumptions relating to life expectancy, interest rates and financial equivalence between the lump-sum payment and the deferred pensionary benefit. Over time, successive CPCs introduced revisions in pensionary benefits, including periodic revision of commutation tables and actuarial factors governing calculation of the commuted value of pension. Such revisions were intended to reflect changing economic conditions, demographic trends and revised longevity assumptions.

11. Following implementation of successive CPC recommendations, while commutation tables determining the lump-sum payable on commutation underwent revision from time to time, the period prescribed for restoration of pension continued to remain uniformly fixed at fifteen years under Rule 10A of the CCS Commutation Rules. This continuity of the restoration period, despite revisions in actuarial valuation tables, forms the foundational premise underlying the constitutional challenge raised in the present batch.

12. Rule 10A of the CCS Commutation Rules, as presently applicable, prescribes restoration of the commuted portion of pension after completion of a uniform period of fifteen years from the date of commutation, irrespective of the commutation factor applicable at the



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time of retirement.

13. The Pensioner-Petitioners contend that revisions in commutation factors recommended by successive CPCs have altered the actuarial basis on which the original fifteen-year recovery period was structured. It is their case that continuation of recovery for a fixed duration, irrespective of the applicable commutation factor, results in recovery exceeding the commuted value of originally paid.

14. Similar issues relating to restoration of commuted pension also arose before various High Courts and administrative authorities across the country. Certain interim judicial orders and administrative decisions were relied upon by the Pensioner-Petitioners to contend that continuation of recovery for a uniform period of fifteen years required reconsideration in light of evolving actuarial assumptions and financial conditions. These developments constitute the broader judicial and administrative backdrop in which the present batch of petitions came to be instituted.

15. The nature of proceedings instituted across the country varied. In certain cases, Pensioner-Petitioners challenged the rejection of representations before judicial *fora*. In others, constitutional challenges were directly mounted against Rule 10A of the CCS Commutation Rules itself. Interim protection against continued recovery was granted in some matters, leading to further proceedings questioning such interim orders.

16. The respective Tribunals, including the CAT, declined relief in several matters, primarily holding that restoration of pension is governed by the statutory prescription contained in Rule 10A of the



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CCS Commutation Rules and that alteration of the recovery period falls within the policy domain of the rule-making authority.

17. Aggrieved thereby, the affected Pensioner-Petitioners have instituted the present Writ Petitions challenging the orders of the CAT as well as the constitutional validity and continued operation of Rule 10A of the CCS Commutation Rules.

18. In W.P.(C) 12781/2024, interim directions were issued by the AFT, restraining further recovery of the commuted portion of pension. The Union of India has questioned such interim protection before this Court in the said Writ Petition.

19. It is in the aforesaid factual and statutory backdrop that the competing submissions concerning the legality of continued recovery of commuted pension for a uniform period of fifteen years fall for consideration.

CONTENTIONS OF THE PARTIES:

20. Heard learned counsel for the parties at length and perused the record placed before the Court.

21. Learned counsel appearing for the Pensioner-Petitioners, though represented by different advocates across the batch, advanced substantially common submissions, which may be summarised as follows:

I. Nature and Object of Pension Commutation:

i. Pension constitutes deferred wages and a vested statutory right and not a bounty, forming part of the social-security framework



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protecting retired employees.

ii. Commutation is intended to provide immediate financial assistance at the time of retirement and cannot operate as a mechanism for prolonged depletion of pensionary entitlement.

iii. The scheme, according to the Pensioner-Petitioners, contemplates recovery only of the commuted value and not continued reduction of pension beyond the period necessary for such recovery.

II. Excess Recovery and Unjust Enrichment:

iv. The commuted value, along with applicable interest components, stands substantially recovered within a shorter actuarial period.

v. Continuation of deductions for a fixed period of fifteen years allegedly results in recovery exceeding the commuted amount, amounting to unjust enrichment of the State.

III. Doctrine of Proportionality:

vi. Deductions must bear reasonable proportionality to the benefit received under the commutation scheme.

vii. Reliance is placed on the principle that pensionary benefits must broadly correspond to contributions and benefits flowing under statutory schemes, as recognised in ***Mafatlal Group Staff Association v. Regional Commissioner***¹.

viii. Continued deduction after recovery of the commuted value is

¹ (1994) 4 SCC 58



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alleged to impose a disproportionate burden upon pensioners, particularly retired employees belonging to economically vulnerable categories

IV. Challenge to the validity of the Impugned Rules:

ix. The continued application of a uniform fifteen-year restoration period under the CCS Commutation framework is assailed as arbitrary, irrational and violative of Articles 14, 21 and 300A of the Constitution.

x. Expert bodies and governmental deliberations have themselves recognised the need to reduce the restoration period, including recommendations of the Department of Pension & Pensioners' Welfare and the Supplemental Report (March 2021) of the Second National Judicial Pay Commission recommending restoration after twelve years.

V. Comparative State Practice and Discrimination:

xi. The Pensioner-Petitioners rely upon pension regimes adopted by certain State Governments, including Kerala and Gujarat, where restoration periods of twelve or thirteen years have been implemented.

xii. Such differential treatment, it is urged, results in hostile discrimination against Central Government and Defence pensioners despite forming a homogeneous class of retirees.

VI. Violation of Supreme Court Principles Governing Commutation:

xiii. Reliance is placed on the decision in *Common Cause (supra)*,



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wherein the Supreme Court emphasised that commutation principles should not be guided by life-insurance models or purely interest-based calculations.

xiv. Adoption of LIC-based commutation tables and fixation of recovery on interest assumptions is alleged to be contrary to the spirit of the said judgment.

VII. Absence of Actuarial Transparency:

xv. The Union and its instrumentalities are alleged to have failed to place updated actuarial data, mortality tables or interest-rate studies justifying continuation of the fifteen-year period despite changing economic conditions.

xvi. Earlier judicial proceedings dismissing challenges on lack of empirical material are relied upon to contend that reconsideration remains open upon production of appropriate data.

VIII. Interim Judicial Protection and Ongoing Litigation:

xvii. Pensioner-Petitioners rely upon interim protections granted by various Courts and Tribunals in similar matters, including orders granting *in-rem* protection or staying recovery after completion of twelve years, demonstrating continuing judicial concern regarding the restoration period. Illustratively, reliance is placed upon ***M.D. Nazeer Ahmed & Ors. v. The State of Telangana & Ors.***²; ***Ravindra Dhar & Ors. v. Union of India & Ors.***³ and ***Hari N. Saste & Ors. v. Union of***

² W.P. No.32177/2024 (Telangana High Court)

³ W.P.(C) NO.2199/2024 (J&K HC)



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India & Ors.⁴.

xviii. The judgments in ***FORIPSO*** (*supra*) and ***Shila Devi*** (*supra*) do not dismiss the Writ Petition on merits but on the lack of information which was required by the Court.

IX. No Waiver of Constitutional Rights:

xix. Opting for commutation does not amount to waiver of constitutional protections, and pensioners retain the right to challenge arbitrary pension conditions.

xx. There can be no estoppel against enforcement of Fundamental Rights, relying upon ***Olga Tellis v. Bombay Municipal Corporation***⁵.

X. Changed Economic Circumstances:

xxi. The fifteen-year rule, evolved decades earlier, is argued to have become outdated in light of revised financial assumptions, declining interest rates, increased longevity and subsequent expert recommendations advocating shorter restoration periods.

22. Learned counsel appearing for the Union of India in the respective matters forming part of the present batch, while addressing substantially common issues, advanced the following submissions:

I. Statutory Framework Governing Commutation:

i. It is submitted that restoration of the commuted portion of pension is governed strictly by the applicable statutory rules, including

⁴ O.A. No.860/2024 (CAT, Mumbai)

⁵ (1985) 3 SCC 545



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Rule 10A of the CCS Commutation Rules and analogous provisions contained in departmental pension rules.

ii. The said rules, framed under the proviso to Article 309 of the Constitution of India, possess statutory force and prescribe a uniform period of fifteen years for restoration of the commuted portion of pension.

iii. So long as the statutory rule remains operative, alteration of the restoration period through judicial directions would amount to rewriting the governing statutory framework.

II. Nature and Salient Features of the Commutation Scheme:

iv. Commutation of pension constitutes a welfare-oriented statutory scheme designed to provide immediate financial liquidity to a retiring employee at the threshold of retirement.

v. Commutation is purely voluntary in nature and a retiring employee is under no obligation to commute any portion of pension and may opt to draw full monthly pension without commutation.

vi. Under the applicable CCS Commutation Rules, a Central Government employee may commute pension up to the prescribed maximum limit (generally 40% of basic pension, and higher limits in specified services), while retaining complete discretion to commute a lesser portion or exercise the option subsequently after retirement.

vii. The commuted value of pension is calculated strictly in accordance with the statutory Commutation Table appended to the Rules, wherein the commutation factor is determined on the basis of



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the age of the next birthday of the retiree, representing pension deemed to have been received in advance.

viii. The commuted amount is released as a lump-sum advance and enjoys statutory tax exemption under Section 10(10A) of the Income Tax Act, 1961, whereas the regular monthly pension continues to remain taxable.

ix. In the event of death of the pensioner during the recovery period, no recovery is effected from legal heirs or family members and family pension becomes payable, thereby placing the entire mortality risk upon the Government.

x. Pension commutation is neither a commercial loan nor a recoverable debt transaction, and therefore principles governing banking or financial lending arrangements are wholly inapplicable to the statutory pension commutation scheme, which operates as a social security measure. Reliance is placed upon the judgment in ***T.R. Singla & Ors. v. State of Punjab & Ors.***⁶

III. Voluntary Acceptance and Binding Nature of the Option:

xi. By opting for commutation, the employee consciously accepts the statutory terms governing reduction and subsequent restoration of pension.

xii. Having voluntarily availed the benefit with full knowledge of its consequences, pensioners are estopped from subsequently seeking alteration of the recovery period based on individual financial

⁶ MANU/PH/1161/2002



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computations.

IV. Actuarial and Financial Basis of the Scheme:

xiii. The commutation scheme is founded upon actuarial valuation involving specialised economic assessment. The determination of commutation value incorporates multiple variables, including mortality rates, life expectancy projections, prevailing interest rates, actuarial risk, unsecured advance character of payment, and long-term fiscal sustainability of pension liabilities.

xiv. The Government assumes a significant financial risk since the lump-sum payment is never recoverable in the event of death of the pensioner prior to expiry of the recovery period. On this basis, the allegation of unjust enrichment is disputed.

xv. Interest assumptions underlying the commutation tables have evolved over time (including revision pursuant to Office Memorandum dated 02.09.2008), reflecting changing economic conditions rather than a simple repayment model.

xvi. The revision of the Commutation Table pursuant to the recommendations of the 6th CPC formed part of an integrated restructuring of pay scales and pensionary benefits and cannot be assessed in isolation by reference to selected figures alone.

xvii. The recovery period, therefore, does not represent mere arithmetical reimbursement of principal but includes actuarial balancing of interest loss, longevity risk, and administrative cost



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factors.

V. Policy Nature of the Fifteen-Year Restoration Period:

xviii. Pension, commutation of pension and restoration thereof fall within the domain of governmental policy, formulated on the basis of recommendations of successive CPCs and expert actuarial evaluation.

xix. Successive CPCs examined the question of commutation and restoration period:

- The 5th CPC recommended increase of commutation percentage to 40%, which was accepted, while the recommendation to reduce restoration period to 12 years was consciously not accepted by the Government;
- The 6th CPC recommended retention of the 15-year restoration period along with revised commutation table; and
- The 7th CPC likewise recommended no alteration in the restoration period, which position was accepted by the Government.

xx. The consistent acceptance of expert recommendations retaining the fifteen-year period demonstrates a sustained policy determination rather than arbitrary executive action.

VI. Limited Scope of Judicial Review:

xxi. Learned counsel emphasise that executive policy decisions



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relating to pay, pension and financial administration are amenable to judicial review only on limited grounds, namely where the policy is shown to be unconstitutional, contrary to statutory provisions, beyond delegated authority, or manifestly arbitrary.

xxii. In the absence of such infirmities, judicial interference with a uniformly applicable pension policy would, according to the Union, amount to re-engineering a fiscal framework best left to expert bodies and the executive domain. Reliance is placed upon the judgments in *Common Cause, a Registered Society v. Union of India*⁷; *R. Gandhi v. Union of India & Anr.*⁸; and *Forum of Retired IPS Officers (FORIPSO) v. Union of India*⁹.

VII. Absence of Any Excess Recovery or Constitutional Violation:

xxiii. The Union disputes the allegation of unjust enrichment, submitting that calculations relied upon by Pensioner-Petitioners proceed on an oversimplified assumption treating commutation as a recoverable loan transaction.

xxiv. According to the Union, what is characterised as “excess recovery” represents actuarially embedded components such as interest adjustment, mortality risk premium and fiscal balancing inherent in the statutory scheme.

xxv. The rule operates uniformly upon all pensioners governed by the respective service rules and therefore does not violate Articles 14, 16 or 21 of the Constitution of India.

⁷ (1987) 1 SCC 142

⁸ (1999) 8 SCC 106

⁹ 2019 SCC OnLine Del 6610



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VIII. Historical and Administrative Context:

xxvi. Prior to 01.04.1985, commuted pension was not restored during the lifetime of the pensioner, and the introduction of restoration itself reflects progressive liberalisation of pension policy.

xxvii. Changes in retirement age, revision of pay scales pursuant to Pay Commission recommendations and upward revision of pension benefits have simultaneously influenced commutation factors, demonstrating continuous policy recalibration by expert bodies.

IX. Reliance on Judicial Precedents:

xxviii. In support of the aforesaid submissions, reliance is placed upon settled judicial principles mandating restraint in matters involving economic policy and pensionary schemes founded upon actuarial and financial considerations. Various High Courts have consistently upheld the validity of the fifteen-year restoration period and declined similar constitutional challenges, *inter alia*, in ***Shila Devi & Ors. v. State of Punjab & Ors.***¹⁰; ***Ashok Kumar Agarwal & Ors. v. Union of India & Ors.***¹¹; ***Radheshyam Shukla & Ors. v. State of Uttar Pradesh & Ors.***¹²; ***Thupakula Venkateshwar Rao & Ors. v. State of Andhra Pradesh & Ors.***¹³; ***Dan Bahadur Yadav v. Managing Director & CEO, Bank of Baroda Corporate Centre Mumbai & Ors.***¹⁴; ***Kaushal Kishore Mishra & Ors. v. S.B.I. through its Chairman, Corporate Centre Maharashtra & Ors.***¹⁵; ***M.V.S.N.***

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¹¹ Writ-A No.17819/2024 (Allahabad High Court)

¹² 2025:AHC 32012

¹³ W.P. No.24822/2024 (Andhra Pradesh High Court)

¹⁴ Writ-A No.12905/2024

¹⁵ Writ-A No.4753/2025



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*Acharyulu & Ors. v. The State of Telangana*¹⁶ and *Trilokchand Dhaneriya v. State of Madhya Pradesh & Ors.*¹⁷

X. Erroneous Reliance on Interim Orders:

xxix. The AFT, while passing the impugned order dated 24.07.2024 in W.P.(C) No. 12781/2024, erroneously relied upon certain interim orders passed by the Punjab and Haryana High Court. The said interim orders have since lost all precedential value, as the writ petitions along with connected matters have subsequently been dismissed *vide* judgment dated 27.11.2024, thereby rendering reliance upon such interim directions legally unsustainable.

23. No other submissions were advanced on behalf of the counsel representing the parties.

ANALYSIS AND FINDINGS:

24. Commutation of pension is a statutory facility framed in exercise of powers under Article 309 of the Constitution of India. It enables a retiring government servant to receive, at the time of retirement, a lump-sum capitalised value representing a portion of future pension payable over time. The right to commute pension is therefore not contractual, but exists solely within the contours of statutory rules governing the pension regime.

25. Before examining rival submissions, it is necessary to notice Rule 10-A of the CCS Commutation Rules. The same is reproduced below for ready reference:

¹⁶ W.P. No.26042/2024 (Telangana HC)

¹⁷ 2025 SCC OnLine MP 4710



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“10-A. Restoration of commuted pension.- The commuted amount of the pension shall be restored on completion of fifteen years from the date the reduction of pension on account of commutation becomes operative in accordance with Rule 6:

Provided that, when the commutation amount was paid on more than one occasion on account of upward revision of pension, the respective commuted amount of the pension shall be restored on completion of fifteen years from the respective date(s).”

26. A plain reading of Rule 10-A of the CCS Commutation Rules reveals that restoration of the commuted portion occurs only after expiry of fifteen years from the date on which reduction becomes operative. Further, the Rule operates automatically and no discretion is vested either in the administrative authorities or in the courts to vary the period on individual considerations. The Rule thus establishes a uniform statutory standard applicable to all similarly situated pensioners.

27. A holistic reading of the CCS Commutation Rules, executive instructions, and policy materials demonstrates that the commutation scheme possesses the following essential characteristics:

- i. The scheme is conceived as a social security and welfare measure, intended to provide immediate financial liquidity at the time of retirement when employees typically face major financial obligations such as housing, medical needs, family responsibilities or debt settlement.
- ii. Participation in commutation is entirely voluntary. A retiree may elect to draw full monthly pension without any commutation whatsoever.
- iii. Only a limited fraction of pension is permitted to be



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commuted, ensuring continuity of assured monthly income and preserving post-retirement financial security. A retiree can opt for commutation of lower or lesser portion of their pension, i.e., any figure below 40% of the basic pension for Central Government employees and upto 50% for Judicial Officers.

iv. The commuted amount is paid as a lump sum, which is treated as tax exempt, while the residual monthly pension remains taxable.

v. Upon death of the pensioner, no recovery is effected from legal heirs, and family pension becomes payable independent of the commutation already received.

28. The modern framework of pension commutation traces its origin to the decision of the Supreme Court in ***Common Cause (supra)***, wherein the issue of restoration of commuted pension was examined upon consideration of expert material, actuarial inputs, and governmental policy evaluation. The same has been heavily relied upon by the learned counsel representing the parties. The relevant extracts of the same are reproduced for ready reference:

“2. The Central Civil Services (Commutation of Pension) Rules, 1981 are the appropriate rules in force so far as civilian employees under the Government of India are concerned. A set of regulations is in force in regard to defence personnel.

5. The petitioners have contended that the commuted portion out of the pension is ordinarily recovered within about 12 years and, therefore, there is no justification for fixing the period at 15 years. Commutation brings about certain advantages. The commuting pensioner gets a lump-sum amount which ordinarily he would have received in course of a spread over period subject to his continuing to live. Thus, two advantages are certainly forthcoming out of commutation — (1) availability of a lump sum amount, and (2) the risk factor. Again many of the State Governments have already



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formulated schemes accepting the 15 year rule. In this background, we do not think we would be justified in disturbing the 15-year formula so far as civilian pensioners are concerned.

9. In dealing with a matter of this nature, it is not appropriate to be guided by the example of life insurance; equally unjust it would be to adopt the interest basis. On the other hand, the conclusion should be evolved by relating it to the “years-of-purchase” basis. An addition of two years to the period necessary for the recovery on the basis of years of purchase justifies the adoption of the 15-year rule. That is more or less the basis which appears to be equitable. It may be that this would give rise to an additional burden on the exchequer but it would not be heavy and after all it would bring some relief to those who have served the cause of the nation at great sacrifice. We are, therefore, of the view that no separate period need be fixed for the armed forces personnel and they should also be entitled to restoration of the commuted portion of the pension on the expiry of 15 years as is conceded in the case of civil pensioners. And for them too, the effective date should be from April 1, 1985.”

(Emphasis supplied)

29. A careful reading of the aforesaid extracts demonstrates that the Supreme Court was directly confronted with the identical contention urged before this Court, namely, that since the commuted portion of pension is ordinarily recovered within approximately twelve years, fixation of a fifteen-year restoration period was arbitrary. The Court examined the nature of commutation, the advantages accruing to the pensioner, the actuarial basis underlying the scheme and the financial implications for the State.

30. The Supreme Court recognised two inherent advantages flowing from commutation: first, the immediate availability of a lump-sum amount which otherwise would have been received gradually over the life span of the pensioner; and second, the embedded risk factor, namely, that the State assumes the risk of premature death without recovery of the commuted amount.

31. Rejecting the mathematical comparison suggested by the



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Pensioner-Petitioners, the Supreme Court evolved the restoration period on the “years-of-purchase” basis, holding that addition of two years beyond the recovery period constituted an equitable balance between pensioner welfare and fiscal responsibility. The Court thus consciously approved the fifteen-year rule as a nationally uniform standard, extending the same even to defence personnel.

32. The “years-of-purchase” basis referred to in ***Common Cause*** (*supra*) is an actuarial concept. Under this methodology, restoration is not determined by simple arithmetical recovery of the lump sum but by maintaining actuarial equilibrium within the pension system. The addition of a marginal buffer period, accepted by the Supreme Court as equitable, accounts for longevity risk, financial uncertainty and systemic sustainability. The said reasoning clearly supports the stand of the Union of India that fixation of fifteen years forms part of an integrated actuarial policy rather than a recoverable loan transaction. It may also be noted that the judgment in ***Common Cause*** (*supra*) has been reaffirmed by the Supreme Court in ***R. Gandhi*** (*supra*).

33. Learned Counsel appearing for the parties have further apprised this Court that challenges identical to the present batch of Writ Petitions have been examined by several High Courts across the country. This Court has independently examined the judgments rendered by various High Courts and finds that consistent judicial opinion has emerged sustaining the validity of the fifteen-year restoration period. The same assumes relevance while examining the present constitutional challenge.

34. *Firstly*, a Division Bench of this Court in ***FORIPSO*** (*supra*)



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considered an identical challenge to the commutation scheme. The relevant extracts are reproduced for ready reference:

“12. Commutation of pension is an option and is exercised by choice. It is not mandatory and compulsory for the government servant to seek commutation. Additionally, the government servant has the option to commute a portion of pension upto a maximum of 40% of pension. In other words, a retiree can opt for commutation of lower or a lesser portion of his/her pension. A retiree need not ask for commutation of pension immediately on the date of retirement as option for commutation of pension can be made on a subsequent date. Commutation of pension is by choice and voluntary.

20. Increase in life expectancy and its effect on commuted pension cannot be viewed in isolation. Several factors, figures and the entire pension provisions on the whole including cost to the exchequer have to be taken into consideration. Commutation table can take into consideration periodical increase in salary and better saving capacity during service period due to increase and enhanced pay scales. **Courts would hesitate and not go by one formula and mathematical calculations on assumption and precept that the formula would be more fair, just and appropriate. There can be many formulas. Calculations are complex, convoluted and a tricky task. Fixation of payment of pension or commutation of pension, etc. are highly difficult and cumbersome exercise which the Court would not like to step into, undertake and even interfere unless there is complete arbitrariness and discrimination that is ex-facie apparent.** Courts on perceived wisdom would not declare the table as flawed, acting and preforming the role of an actuarial. Every government, including the Central Government, has to take into consideration their available resources and funds, for any increase and enhancement in pension requires money which may well have to be diverted from other schemes or would result in reduction of funds available for poor, the marginalized and needy.

21. Pension, commutation of pension, etc. are policy matters, which are examined and decided on the basis of recommendations of the Pay Commissions by the authorities. No doubt, an executive order or policy decision is not beyond the scope of judicial review but the Courts do not go into the nitty gritty of the policy to substitute the table by making various computations and calculations, which are possible by different formulas or by applying a particular formula. Broadly, policy decisions can be subjected to judicial review when they are unconstitutional being de hors the provisions of the Act and the Regulations, if the delegatee has acted beyond its power of delegation and if the executive policy is contrary to the statutory or larger policy in matters of price fixation, pay fixation, etc. Courts



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would not interfere unless formula or method adopted is *per se* and *ex facie* irrational, arbitrary or can be struck down on the four grounds mentioned above.

22. These aspects were kept in mind and highlighted by the Supreme in *Common Cause* (supra) when they rejected the contention that the commuted portion of pension would be ordinarily recovered within 12 years, and therefore, there was no justification for fixing period at 15 years. The Supreme Court observed that commutation brings about its advantages as a lump sum amount is received, which amount would have otherwise been paid over a period of time during a person's life-time. The Supreme Court had listed out two clear advantages, namely, availability of the lump sum as pension and the risk factor. We may add another advantage as the commutation of pension is presently untaxed under the Income Tax Act, 1961. This considerably adds to the monetary benefit accruing to the pensioners. Further, the rate of return on the funds invested by the pensioners could vary and depends upon market driven rate of interest. There are schemes for senior citizens in which the rate of returns is high. Computations made by the petitioner do not refer to the return by way of interest that the pensioner would earn. In the aforesaid background the Supreme Court had specifically rejected similar argument observing that while fixing the commutation period, the Court should not be guided or go by the example of life insurance. The Supreme Court had made the following observations on the said aspects in *Common Cause* (supra):—

“9. In dealing with a matter of this nature, it is not appropriate to be guided by the example of life insurance; equally unjust it would be to adopt the interest basis. On the other hand, the conclusion should be evolved by relating it to the “years-of-purchase” basis. An addition of two years to the period necessary for the recovery on the basis of years of purchase justifies the adoption of the 15-year rule. That is more or less the basis which appears to be equitable. It may be that this would give rise to an additional burden on the exchequer but it would not be heavy and after all it would bring some relief to those who have served the cause of the nation at great sacrifice. We are, therefore, of the view that no separate period need be fixed for the armed forces personnel and they should also be entitled to restoration of the commuted portion of the pension on the expiry of 15 years as is conceded in the case of civil pensioners. And for them too, the effective date should be from April 1, 1985.”

23. We would want most favourable terms for the pensioners, but there are restraints and the field experts and not the Court is the best judge to evaluate on different and somewhat conflicting factors that have to be taken into consideration. This is not to say that courts do



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not have jurisdiction and aggrieved pensioners/employees if they are unjustly treated cannot be granted relief, but for such interference the Court should come to a firm conclusion that a grave error had crept in which makes the court's interference absolute to do justice. Interference in such matter can result in creating all kinds of problems and cascading effects as these are highly complexed and difficult matters requiring balancing of various competing interests, which would to some extent include financial resources available.”

(Emphasis supplied)

35. The judgment in **FORIPSO** (*supra*) clearly affirms the settled legal position that the commutation of pension is purely voluntary, wherein the pensioner retains absolute discretion regarding both the quantum and the timing of such commutation. It is further observed that the formulation and periodic revision of commutation tables are tasks predicated upon complex actuarial evaluations and multifaceted economic variables. Judicial intervention in such specialized fiscal domains is warranted only in exceptional circumstances where the impugned action is found to be *ex facie* arbitrary, discriminatory, or in manifest violation of constitutional safeguards.

36. The Division Bench expressly relied upon the reasoning in **Common Cause** (*supra*) while rejecting the argument that recovery within twelve years invalidates the fifteen-year restoration period. It was further emphasised that pension economics involves balancing competing public interests and financial resources of the State.

37. It is also pertinent to note that the judgment in **FORIPSO** (*supra*) was carried in challenge before the Supreme Court by way of SLP (C) No.8852/2019, which came to be dismissed *vide* order dated 15.04.2019, thereby lending finality to the view taken by this Court.

38. The judgment in **FORIPSO** (*supra*) was subsequently relied



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upon by the Punjab and Haryana High Court in *Shila Devi* (*supra*) while dismissing a large batch of 808 Writ Petitions raising identical grievances regarding restoration of commuted pension. Relevant extracts of the same are reproduced hereinbelow:

“3. Writ-petitioners in all the petitions are retired employees of the State of Punjab having served its various departments. All of them opted for commutation of their pension in terms of applicable provisions of Chapter 11 of the Punjab Civil Services Rules, Volume-II (for short ‘PCS, Rules), Volume-II’). Question raised for consideration and adjudication is as to whether portion of pension commuted by the pensioner should be restored after completion of 15 years from actual date of commutation as provided in Rule 11.1 (2) of PCS Rules, Volume-II or it should be restored after a lesser period i.e., about 12 years.

22. As noted in the foregoing paras, 4th Punjab Pay Commission recommended continuation of commutation of pension not exceeding 1/3rd of the amount of pension with the same restoration period and to continue with existing commutation table and to adopt revised table when notified for Central Government Employees. It is a matter of record that Implementation Committee on considering recommendations of the 4th Punjab Pay Commission on 26.05.1998, recommended following of the Government of India Rules in toto i.e., commutation of pension to be allowed upto 40% of basic pension and restoration after 15 years. It is in pursuance thereto that notification dated 21.07.1998 was issued deciding that employees retiring on or after 01.01.1996 will be permitted to commute pension equivalent to 40% of their basic pension and restoration would be permitted after 15 years from the actual date of commutation.

26. It is pertinent to note at this stage that the 7th Central Pay Commission did not recommend any change in respect to commutation of pension including the period of restoration. The 6th Punjab Pay Commission on considering the report of the 7th Central Pay Commission as well as the representations of the Employees Association did not find any reason to differ and did not recommend any change. The observations and recommendations as reproduced in affidavit dated 04.11.2024 read as under:-

“Observations and recommendations

8.11.3 Employee Associations have represented that the commuted pension needs to be restored after 12 years and the commutation be allowed @ 40% of the pension as was



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previously the case. Moreover, the existing rate of commutation is 40% for Central Government pensioners.

8.11.4 The 7th CPC has not recommended any change either in maximum percentage of commutation or in the period of restoration. It has in this context referred to the Supreme Court judgment of 09.12.1986 wherein the hon'ble court specifically observed that though the amount is recovered in 12 years yet since there is a risk factor and some of the States are restoring pension after 15 years, the existing period of restoration should be retained.

8.11.5 The Commission has no reason to differ and recommends that the rate of commutation be raised to 40% with no change in the period of restoration of the commuted amount."

27. It is a matter of record that all the petitioners before us are retired employees who have admittedly availed of the benefit of commutation of pension. Admittedly, pension of some of the employees also stands restored. All the petitioners were in service at the time of issuance of notification dated 21.07.1998. They never raised any objection to the stipulated period of 15 years for restoration of pension. Having availed of a benefit which is clearly voluntary in nature, it is not open to the petitioners to raise the grievances as noted above, at this stage, to seek a variation in the terms and conditions accepted by them with open eyes. They are not entitled to seek recovery of the amount so deposited by them in accordance with the accepted terms and conditions.

28. In this factual matrix, the argument that it is a continuing cause of action as it pertains to pension, is clearly unacceptable. There is no question of any direction to the State to restore pension on expiry of 11.5 years or 12 years as prayed for or to refund the amount so recovered. It is necessarily for the State to take a considered decision thereon after delving into the complex questions and underlying parameters which would be involved for assessment of the issues. Admittedly, matters related to commutation of pension are complex affairs involving vexed issues traversing diverse field which calls for application of specialized expertise. It is a settled position that in such matters the Court would venture only in case of manifest and apparent arbitrariness. Learned counsel for petitioners were unable to point out any material on record to indicate that the formula adopted is per se and ex facie irrational or arbitrary which calls for interference by this Court."

(Emphasis supplied)

39. From the aforesaid extracts, it becomes evident that the Punjab and Haryana High Court noticed continued acceptance of the fifteen-



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year period by successive CPCs and held that pensioners who voluntarily exercised the option of commutation cannot subsequently seek alteration of accepted terms. It rejected the plea of continuing cause of action and emphasised that commutation policy involves specialised economic assessment warranting limited judicial review.

40. At this stage, it becomes necessary to deal with the submission advanced on behalf of the Pensioner-Petitioners that the judgments in *FORIPSO (supra)* and *Shila Devi (supra)* did not constitute decisions on merits and were allegedly rendered on account of absence of complete factual material before the respective Courts.

41. The said contention cannot be accepted. A plain reading of both judgments demonstrates that the constitutional challenge to the fifteen-year restoration period was substantively examined in light of actuarial principles, policy considerations governing pension schemes and the binding precedent of *Common Cause (supra)*. The observations regarding availability of data or expert material were made only in the context of emphasising judicial restraint in matters involving specialised economic evaluation. The dismissal of challenges was, therefore, not procedural or technical in nature but rested upon a conscious judicial conclusion that fixation of the restoration period forms part of a policy decision grounded in actuarial assessment and does not warrant interference under Article 226 in the absence of manifest arbitrariness.

42. Indeed, both judgments reaffirm that courts cannot substitute actuarial wisdom with isolated mathematical calculations suggested by individual pensioners. The attempt to characterise the said precedents



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as non-merits decisions is, therefore, misconceived.

43. Furthermore, the Andhra Pradesh High Court in **Thupakula Venkateshwar Rao** (*supra*) examined an analogous challenge to Rule 18 of the Andhra Pradesh Civil Pensions (Commutation) Rules, 1944, which prescribed an identical fifteen-year period for restoration of pension. After an exhaustive survey of precedent including **Common Cause** (*supra*) and **FORIPSO** (*supra*), the Court rejected the challenge and upheld the validity of the said rule. Relevant extracts of the same may be noticed below:

*“1. The petitioners in this batch of writ petitions are all retired Government Employees who formerly held various positions in the State of Andhra Pradesh. They retired from service on attaining the age of superannuation of 58 years. **The present batch of writ petitions has been filed challenging the validity of Rule 18 of the Andhra Pradesh Civil Pensions (Commutation) Rules, 1944.***

17. One of the issues that falls for our consideration is whether the petitioners can challenge Rule 18 and question the prescribed 15 year period for restoration of full pension inasmuch as the petitioners have themselves derived benefit of the Rules by way of commutation of pension.

In our opinion, the petitioners having derived the benefit of lump sum payment on commutation of pension cannot be permitted to now challenge the very Scheme under which they had obtained the said benefit. The maxim qui approbat non reprobat, that is one who approbates cannot reprobate, is a doctrine which is embodied in English common law and is applied by Courts in this country. The doctrine of approbate and reprobate which is a species of estoppel clearly applies in the instant case.

*20. In **Shyam Telelink Ltd. vs. Union of India**, (2010) 10 SCC 165, the Apex Court in paragraph 27 referred to the principle of estoppel by acceptance of benefits as per the American jurisprudence and held:*

“27. In America estoppel by acceptance of benefits is one of the recognised situations that would prevent a party from taking up inconsistent positions qua a contract or transaction under which it has benefited. American Jurisprudence, 2nd Edn., Vol. 28, pp. 677-80 discusses



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“estoppel by acceptance of benefits” in the following passage:

“Estoppel by the acceptance of benefits.— Estoppel is frequently based upon the acceptance and retention, by one having knowledge or notice of the facts, of benefits from a transaction, contract, instrument, regulation which he might have rejected or contested. This doctrine is obviously a branch of the rule against assuming inconsistent positions.

As a general principle, one who knowingly accepts the benefits of a contract or conveyance is estopped to deny the validity or binding effect on him of such contract or conveyance.

This rule has to be applied to do equity and must not be applied in such a manner as to violate the principles of right and good conscience.”

21. Keeping in view the aforementioned principles, in our opinion, it would not be open to the petitioners to challenge Rule 18 at all, having received the benefits under the very Scheme which is now sought to be questioned by them.

22. Notwithstanding the above, it can be noticed that a similar issue came up for consideration before the Apex Court, in **Common Cause vs. Union of India**, wherein, the Apex Court was considering certain provisions of the commutation of pension Rules applicable to civilian and defence pensioners on the ground that it permitted the Union of India to recover more than what was paid to the petitioners upon commutation. A direction was thus sought that an appropriate scheme rationalizing the provisions relating to commutation be brought into force.

In deference to the suggestions made by the Apex Court, Government of India took a decision that recovery from pension payable every month towards commuted value of pension would stop on completion of 15 years from the date of retirement on superannuation or on pensioner completing the age of 70 years, whichever was later.

The contention of the petitioners before the Supreme Court was that the commuted portion of the pension was ordinarily recovered within about 12 years and therefore there was no justification for fixing the period at 15 years.

The Apex Court upon consideration of the arguments held:

“5. The petitioners have contended that the commuted portion out of the pension is ordinarily recovered within about 12 years and, therefore, there is no justification for fixing the period at 15 years. Commutation brings about certain advantages. The commuting pensioner gets a



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lump-sum amount which ordinarily he would have received in course of a spread over period subject to his continuing to live. Thus, two advantages are certainly forthcoming out of commutation — (1) availability of a lump sum amount, and (2) the risk factor. Again many of the State Governments have already formulated schemes accepting the 15 year rule. In this background, we do not think we would be justified in disturbing the 15-year formula so far as civilian pensioners are concerned.”

6. The age of superannuation used to be 55 until it was raised to 58. It is not necessary to refer to the age of the commuting pensioner when the benefit would be restored. It is sufficient to indicate that on the expiry of fifteen years from the period of retirement such restoration would take place.

7. The respondent government has agreed that this benefit should be extended with effect from April 1, 1986. The writ applications were filed in 1983. The matter was placed on board for hearing in February 1984. The Union Government took some time for responding to the suggestion of the court and that is how the disposal was initially delayed. Thereafter, the hearing of the matter has again been delayed on account of pressing business in the court. In these circumstances, we think it just and equitable that the benefit agreed to be extended in respect of the commuted portion of the pension should be effective from April 1, 1985 so far as the civilian employees are concerned.”

23. A similar question arose before the Delhi High Court, in *Forum of Retired IPS Officers v. Union of India* [2019 SCC OnLine Del 6610]. While dealing with a challenge to the 15-year restoration period, it was held:

“20. Increase in life expectancy and its effect on commuted pension cannot be viewed in isolation. Several factors, figures and the entire pension provisions on the whole including cost to the exchequer have to be taken into consideration... Courts would hesitate and not go by one formula and mathematical calculations on assumption and precept that the formula would be more fair, just and appropriate. There can be many formulas. Calculations are complex, convoluted and a tricky task. Fixation of payment of pension or commutation of pension, etc. are highly difficult and cumbersome exercise which the Court would not like to step into, undertake and even interfere unless there is complete arbitrariness and discrimination that is ex-facie apparent.”



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24. **This Court also takes note of the fact that the risk factor involved in commutation is a significant consideration.** The State provides a lump sum amount upfront, and in case of premature death of the pensioner before the completion of the restoration period, the unrecovered amount is foregone by the State. This aspect cannot be overlooked.

25. This Court also notes that the commutation of pension provides certain advantages to the pensioner, as highlighted by the Supreme Court in **Common Cause** case, namely, the availability of a lump sum amount and the risk factor.

Additionally, the commutation of pension is presently not taxed under the Income Tax Act, 1961, which adds to the monetary benefit accruing to the pensioners.

26. **This Court finds merit in the submissions of the respondents that the 15-year period is a consistent policy followed by the State Government adopted and based on the Central Government's policy and upheld by the Supreme Court in Common Cause case. Matters relating to commutation of pension are policy matters, which are examined and decided on the basis of recommendations of expert bodies like the Pay Commissions.**

27. Furthermore, the respondents have placed before us the recommendations of the 6th and 7th Central Pay Commissions which recommended the 15 years period as the period for restoration of full pension. Apart from this the 9th, 10th and 11th Pay Revision Commissions constituted by the State Government also recommended the continuation of the 15 year period for restoration of full pension.

28. **The argument of the petitioners that the commuted portion is recovered with interest within 11 years and 3 months is based on a simplistic calculation that does not take into account various factors such as mortality risk, and the overall financial implications for the State.** As observed by the Delhi High Court, such calculations are complex, convoluted, and cannot be decided merely on mathematical formulae.

30. While it is true that Courts in exercise of the power of judicial review do not ordinarily interfere with the policy decisions of the executive yet equally settled is the principle that if the policy suffers from unfairness, arbitrariness, or can be faulted on mala fides, irrationality, or perversity, the same could render the policy unconstitutional. Equally settled is the principle that if a policy framed by the Government is based on a number of circumstances on facts, law including constraints based on its resources, the Court would dissuade itself from entering into the realm which belongs to the executive. Reference in this regard can be made to the Apex Court judgment in **State of Punjab v. Ram Lubhaya Bagga**, (1998) 4 SCC



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117.”

(Emphasis supplied.)

44. A similar challenge was thereafter considered by the Telangana High Court in **M.V.S.N. Acharyulu** (*supra*) concerning Rule 18 of the Telangana Civil Pensions (Commutation) Rules, 1944. The Court, after detailed consideration of the nature of commutation, the fiscal implications involved and the limits of judicial review in economic policy matters, declined interference and upheld the statutory framework. The relevant extracts may be noticed hereinbelow:

“8. So far as the set of employees of the first category i.e. the petitioners who have retired from the State Government service have challenged the **Rule 18 of the Telangana Civil Pensions (Commutation) Rules, 1944** (for short, the ‘Rules, 1944’) so far as the said rule of fixing restoration of full pension only on completion of 15 years of recovery. **There was also a prayer by the petitioners for a direction to the respondents for reduction of the period of 15 years prescribed under Rule 18 to 12 years.** In addition, there was also a prayer for a direction to the respondent to refund the excess amount of pension recovered from the petitioners beyond the period of actual recovery of commuted value along with interest.

34. Another contention was that since granting of pension and commutation of pension is a welfare measure, the State Government or the Banks, cannot be permitted to have undue enrichment by way of recovery of the amount more than the commuted amount so far as the Banks are concerned, and the commuted amount along with interest at the prevailing bank rate so far as the Government is concerned. This contention of the petitioners also may not be sustainable for the simple reason that, at the first instance, granting of pension itself is a welfare measure and within the welfare measure itself there was yet another welfare measure brought in by the employer by way of permitting commutation of pension. If that be so, under no circumstances can be employer be expected to permit commutation of pension without looking on the economics related to it i.e., the total amount of money to be disbursed by way of commutation of pension in a month or in a year, the total amount of funds to be generated for the same, the mode of recovery etc. Therefore, as discussed earlier, we are of the considered opinion that since all this relates to a fiscal policy, the Courts cannot be permitted to substitute itself as a body to determine what would be the most appropriate mode of recovery, which otherwise is to be left for the experts in the field who advise the



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Government and the banks in respect of the same.

35. What is still to be considered is the fact that when the Government had initially introduced the commutation of pension, the recovery was made life long without there being any fixed period of recovery. It is only subsequently that the schemes stood modified and the recovery was to be made for a fixed period of 15 years, which has been uniformly adopted by practically every employer.

36. The judgment of the **Common Cause** (supra) relied upon by either sides, when it is read, would clearly give an indication that nowhere had the Hon'ble Supreme Court restricted the employer or the Government from making the recovery for 15 years. Neither did the Hon'ble Supreme Court make any observations of recovering only the commuted amount paid to the pensioner or for that matter recovering only the commuted amount along with interest.

37. In the given factual backdrop and the legal precedents referred to in the preceding paragraphs, we are in full agreement and endorse the views taken by the Delhi High Court as also the Punjab and Haryana High Court and the Andhra Pradesh High Court decided under if not identical on similar facts, whereby all the three High Courts had dismissed the batch of writ petitions. As a consequence, this Bench also does not find any substance in the submissions made by the learned counsel for the petitioners, both, while challenging the commutation of pension rules, so also the Regulations dealing with the commutation of pension in the banking sector, those which are under challenge in this batch of writ petitions. This batch of writ petitions thus being devoid of merit, deserve to be and are accordingly, dismissed.”

(Emphasis supplied)

45. Recently, the Allahabad High Court in **Ashok Kumar Agarwal** (supra), **Dan Bahadur Yadav** (supra), **Kaushal Kishore Mishra** (supra) and **Radheshyam Shukla** (supra), after considering **Common Cause** (supra), **FORIPSO** (supra) and **Shila Devi** (supra), has reiterated the same position and upheld the fifteen-year restoration period, holding that pension commutation rules represent an integrated economic policy and cannot be invalidated merely on the basis of alternate financial calculations suggested by pensioners.

46. Similarly, the Madhya Pradesh High Court in **Trilokchand**



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Dhaneriya (*supra*), while examining Rule 10(1) of the Madhya Pradesh Civil Services (Commutation of Pension) Rules, 1996 (as amended), held that determination of commutation factors, rate assumptions and the period for restoration of pension fall squarely within the policy domain of the rule-making authority. Observing that such matters involve complex fiscal considerations guided by expert bodies, the Court declined judicial interference and dismissed a batch of writ petitions.

47. Further, the Pensioner-Petitioners have contended that successive CPCs had recommended reconsideration of the restoration period and that reduction thereof ought to have followed as a logical consequence of revision of pensionary benefits. The record, however, indicates that although the 5th CPC examined the question of restoration period, the Union of India, upon actuarial evaluation, consciously declined alteration of the existing framework. Significantly, both the 6th and 7th CPCs retained the fifteen-year restoration period. Such consistent retention across multiple expert bodies over decades evidences continuity of informed governmental policy rather than arbitrary fixation.

48. The revised commutation tables introduced in the year 2008 formed part of a comprehensive restructuring of pay and pension pursuant to implementation of revised pay scales. The enhancement of salaries and pensions, revision of longevity assumptions, recalibration of interest benchmarks and updated actuarial parameters constituted an integrated fiscal exercise. The commutation tables, therefore, cannot be examined in isolation divorced from the broader pension reform framework. Additionally, recommendations or observations



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made in departmental consultations, including those of the Department of Pension & Pensioners' Welfare and the Supplemental Report (March 2021) of the Second National Judicial Pay Commission suggesting a shorter period, remain advisory in nature. In the absence of their acceptance by the competent rule-making authority, such proposals do not alter the binding statutory framework presently in force.

49. A central misconception underlying the challenge lies in treating pension commutation as analogous to a loan repayable through instalments. The Court is unable to accept this foundational premise. The commuted value of pension is not computed as recovery of principal advanced to an individual pensioner but is determined through actuarial tables taking into account multiple macro-economic and demographic variables, including life expectancy trends, mortality distribution across pension cohorts, discount rates, opportunity cost of public funds, long-term pension liabilities of the State, and systemic risk arising from premature death of pensioners.

50. The commutation scheme therefore does not operate as a commercial borrowing transaction or lending arrangement. Rather, it represents a statutorily structured redistribution of pension payments across time, founded upon actuarial balancing applicable to a large pension population.

51. The aforesaid understanding of pension commutation stands authoritatively affirmed in *T.R. Singla (supra)*, wherein the Punjab and Haryana High Court recognised that payment of the commuted portion of pension does not partake the character of a loan or



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recoverable advance. The commutation amount constitutes a one-time settlement based upon actuarial evaluation, under which the Government assumes substantial financial risk. In the event of death of the pensioner prior to expiry of the restoration period, no recovery is effected from dependants and family pension becomes payable notwithstanding the unrecovered commuted value. The Court expressly acknowledged that, to account for such mortality risk and systemic financial balancing, recovery during the prescribed period may exceed a simplistic mathematical equivalence with the lump-sum amount received. The judgment therefore negates the foundational premise advanced by the Pensioner-Petitioners equating commutation with repayment of a financial borrowing.

52. The fifteen-year restoration period must therefore be understood as an actuarial equilibrium designed for the pension system as a whole rather than a mathematical recovery period relatable to each individual retiree. The contention that “recovery stands completed within twelve years” proceeds on a simplified financial comparison ignoring actuarial assumptions embedded in the statutory design and already recognised in binding precedent.

53. Considerable emphasis was placed by the Pensioner-Petitioners on reduction of commutation factors following implementation of the 6th CPC. It was urged that once revised tables altered commuted value calculations, proportional reduction of restoration period necessarily followed.

54. This submission cannot be accepted. Revision of commutation factors was one component of a composite economic restructuring



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involving simultaneous enhancement of pay scales, increase in pension quantum, revised longevity projections and altered fiscal assumptions. Policy elements forming part of an integrated economic framework cannot be selectively extracted to claim corresponding alteration of another component while ignoring the balancing factors underlying the scheme.

55. Further, the reliance placed by the Pensioner-Petitioners on ***Mafatlal Group*** (*supra*) is misplaced. The principle of broad correspondence between contributions and benefits was articulated in the context of a contributory social-security scheme and does not require mathematical equivalence in individual cases. The judgment itself emphasises evaluation on an overall actuarial basis rather than isolated instances. The commutation framework operates on system-wide actuarial balancing, and therefore the uniform fifteen-year restoration period cannot be held disproportionate merely on individual financial calculations.

56. It is well settled that courts exercise institutional restraint in matters involving economic or fiscal policy framed by the State, as consistently recognised in the judicial precedents noticed hereinabove

57. The same position stands reiterated in ***Rattan Chand v. Bhakra Beas Management Board & Ors.***¹⁸, wherein the Punjab and Haryana High Court, while tracing the evolution of pension commutation and restoration, held that fixation or revision of the commutation framework, including the period of restoration, falls squarely within the policy domain of the Executive Government acting upon expert

¹⁸ MANU/PH/1158/2002



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evaluation such as Pay Commission recommendations. It was emphasised that courts are not equipped to recalibrate actuarial assumptions or redesign pension policy. Restoration of commuted pension itself being a policy concession, judicial interference to alter the prescribed restoration period is impermissible in the absence of clear constitutional infirmity.

58. The Supreme Court has repeatedly held that judicial review in matters of economic policy is confined to examination of legislative competence, violation of constitutional limitations, manifest arbitrariness, or patent irrationality. Courts do not substitute judicially preferred economic models for those evolved by expert bodies possessing institutional competence and access to specialised data.

59. Pension commutation policy, involving actuarial projections and long-term fiscal planning affecting a vast class of retirees, squarely falls within this domain of policy deference. The revised commutation tables introduced with effect from 02.09.2008 operate prospectively within statutory authority and do not create enforceable retrospective entitlements.

60. The fifteen-year restoration rule applies uniformly to all pensioners governed by the relevant statutory framework. The Pensioner-Petitioners have not demonstrated existence of any hostile discrimination, artificial classification, or unequal treatment among similarly situated pensioners.

61. Comparisons sought to be drawn with pension regimes adopted by certain State Governments are misconceived. Separate rule-making authorities functioning under distinct fiscal conditions are



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constitutionally competent to adopt different pension models. Variation between Central and State schemes does not, by itself, attract Article 14 scrutiny.

62. There can be no dispute that pension constitutes a valuable statutory right and forms an important component of social security ensuring dignity in old age. However, regulation of pension through valid statutory rules framed under Article 309 cannot be characterised as deprivation of property.

63. Reduction in monthly pension during the commutation period arises solely from voluntary exercise of a statutory option enabling receipt of an immediate lump-sum benefit. The temporary reduction thus operates strictly in accordance with law and cannot be equated with unconstitutional deprivation.

64. At this stage, it becomes necessary to notice the doctrine of manifest arbitrariness as explained by the Supreme Court in ***Shayara Bano v. Union of India***¹⁹. The relevant extract reads as under:

“101. It will be noticed that a Constitution Bench of this Court in Indian Express Newspapers (Bombay) (P) Ltd. v. Union of India [Indian Express Newspapers (Bombay) (P) Ltd. v. Union of India, (1985) 1 SCC 641 : 1985 SCC (Tax) 121] stated that it was settled law that subordinate legislation can be challenged on any of the grounds available for challenge against plenary legislation. This being the case, there is no rational distinction between the two types of legislation when it comes to this ground of challenge under Article 14. The test of manifest arbitrariness, therefore, as laid down in the aforesaid judgments would apply to invalidate legislation as well as subordinate legislation under Article 14. Manifest arbitrariness, therefore, must be something done by the legislature capriciously, irrationally and/or without adequate determining principle. Also, when something is done which is excessive and disproportionate, such legislation would be manifestly arbitrary. We are, therefore, of the

¹⁹ (2017) 9 SCC 1



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view that arbitrariness in the sense of manifest arbitrariness as pointed out by us above would apply to negate legislation as well under Article 14.”

(Emphasis supplied)

65. The aforesaid exposition clarifies that a statutory rule or subordinate legislation may be invalidated only where it is shown to be capricious, irrational, lacking a discernible determining principle, or so excessive and disproportionate that it bears no reasonable nexus with the object sought to be achieved. The doctrine does not authorise judicial review on the basis that another policy choice may appear fairer or more beneficial. Courts examine only the constitutional legitimacy of the measure and not the relative desirability of competing fiscal or policy formulations, particularly in matters involving economic regulation and expert evaluation.

66. Tested on the above parameters, the prescription of a uniform fifteen-year restoration period cannot be characterised as manifestly arbitrary. The rule is founded upon actuarial assessment recognised in binding precedent, consistently retained by successive expert Pay Commissions, and uniformly applicable to all pensioners without discrimination. It reflects a calibrated balance between the immediate lump-sum advantage conferred upon the pensioner and the fiscal sustainability of the pension system. The provision therefore possesses a clear determining principle and rational nexus with its objective, and does not disclose caprice, irrationality or disproportionality so as to attract invalidation under Article 14 of the Constitution of India.

67. The Pensioner-Petitioners correctly submit that fundamental rights cannot be waived, a principle recognised in ***Olga Tellis (supra)***.



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However, the doctrine of non-waiver does not imply that consequences flowing from voluntary participation in a constitutionally valid statutory scheme cease to operate.

68. When a retiree consciously elects to commute pension and receive a substantial tax-free lump sum under clearly prescribed statutory conditions, the legal consequences attached to that choice remain operative so long as the underlying scheme is constitutionally valid. The Pensioner-Petitioners cannot seek retention of the advantage while selectively repudiating the accompanying statutory terms.

69. Fixation of commutation value and restoration period involves specialised economic judgment dependent upon actuarial science and macro-fiscal assessment. Courts have consistently recognised, including in *FORIPSO (supra)*, that judicial alteration of pension policy may generate cascading fiscal consequences impacting millions of pensioners and destabilising long-term budgetary planning.

70. The present challenge essentially invites the Court to replace actuarial policy with individual financial calculations advanced by the Pensioner-Petitioners. Such substitution lies beyond permissible judicial review in absence of demonstrated constitutional infirmity.

71. In W.P.(C) 12781/2024, the Petitioner-Union of India assails the interim order passed by the AFT. The AFT granted interim protection primarily relying upon interim directions issued in proceedings before the Punjab & Haryana High Court. It is undisputed that the Writ Petitions forming the basis of such reliance, including *Shila Devi (supra)*, have since been finally dismissed.



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72. Interim orders, by their very nature, are provisional measures founded upon *prima facie* consideration and do not constitute binding precedent. Once the substantive challenges themselves stood rejected, continuation of interim protection effectively suspending operation of statutory rules ceased to possess any legal foundation.

73. The Pensioner-Petitioners have also relied upon interim protections granted in certain proceedings before other High Courts and Tribunals, including *M.D. Nazeer (supra)*, *Ravindra Dhar (supra)* and *Hari N. Saste (supra)*, to contend that continued judicial scrutiny itself evidences infirmity in the fifteen-year restoration period. The submission cannot be accepted. Observations or protections granted at an interlocutory stage neither determine constitutional validity nor displace the presumption of legality attaching to a statutory rule.

74. Judicial concern expressed pending adjudication cannot substitute for an authoritative determination rendered after full examination of the statutory framework, actuarial material and policy considerations. The existence of interim relief in isolated proceedings, therefore, does not justify suspension of a uniformly applicable statutory scheme in the absence of a final declaration of unconstitutionality.

CONCLUSION:

75. For the reasons recorded in the preceding discussion, this Court finds that the challenge to Rule 10-A of the CCS Commutation Rules and analogous provisions governing other pension regimes is devoid of merit. The prescription of a uniform fifteen-year period for



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restoration of the commuted portion of pension represents a conscious policy determination founded upon actuarial evaluation, expert recommendations and long-standing statutory practice, and does not suffer from any constitutional infirmity warranting interference in exercise of writ jurisdiction.

76. Consequently, the impugned interim order dated 24.07.2024 passed by the AFT, which formed the subject matter of W.P.(C) 12781/2024 filed by the Union of India, cannot be sustained and is hereby set aside. W.P.(C) 12781/2024 is accordingly allowed.

77. All remaining writ petitions filed by the Pensioner-Petitioners assailing Rule 10-A of the CCS Commutation Rules and analogous provisions applicable to Railway, Defence, Banks and other pension establishments are dismissed. The validity of the uniform fifteen-year restoration period for commuted pension is upheld.

78. In view of the dismissal of the writ petitions, all interim orders, protections or directions operating in favour of the Pensioner-Petitioners in the present batch or in connected matters shall stand vacated. However, considering that recovery of the commuted portion remained stayed in certain cases during pendency of these proceedings, it is directed, in exercise of equitable jurisdiction under Article 226 of the Constitution, that the concerned employer shall not recover the deferred amount in a lump sum. Instead, recovery shall continue beyond the prescribed fifteen-year restoration period for the exact duration corresponding to the period during which such interim protection remained operative, so as to balance fiscal neutrality with avoidance of undue hardship to pensioners.



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79. All the pending applications stand disposed of.

ANIL KSHETARPAL, J.

AMIT MAHAJAN, J.

MAY 29, 2026

s.godara/shah