

IN THE SUPREME COURT OF INDIA

CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NO. 2937 OF 2008  
 [Arising out of SLP (C) No.14923 of 2004]

PUNJAB MANDI BOARD

... APPELLANT

Vs.

HARMINDER PAL SINGH & ORS.

... RESPONDENTS

O R D E R

Delay condoned. Leave granted.

2. The appellant-Board was paying Conveyance Allowance to its employees, revised from time to time in terms of its resolutions, with the approval of the State Government. The Government of Punjab by letter dated 10.5.2002, directed that the pay scales, allowances and perquisites of employees of Public Sector Undertakings and Statutory Corporations shall not be higher than their counterparts in the Government Service and therefore steps should be taken by Public Sector Undertakings, local bodies and statutory bodies, to ensure that the pay scales, allowances and perquisites of their employees were brought in "alignment" with the pay scales, allowances and perquisites of Government servants; and that while doing so, their pay should be protected, but the higher allowances and perquisites enjoyed by them which was not admissible to Government servants should be withdrawn prospectively. The concerned Ministry brought the said direction to the notice of the appellant- Board and other authorities by Circular dated 28.6.2002. This was followed by an order dated 30.7.2002 issued by the Department of Agriculture advising the appellant-Board that Conveyance Allowance to its employees should be withdrawn in anticipation of the Board

approval.

3. The said order dated 30.7.2002 was challenged by some employees of the Board, by filing Writ Petition No. 12038 of 2002. Writ petitioners also sought a direction to the respondents to release the Conveyance Allowance as was being paid prior to the order dated 30.7.2002. The said writ petition was allowed by a Division Bench of the Punjab & Haryana High Court, by order dated 28.3.2003, on the ground that the direction issued by the Government was not adopted or approved by the Board and therefore the said order could not be implemented. The High Court, therefore, ordered that the writ petitioners will be entitled to payment of Conveyance Allowance till the same was withdrawn in accordance with law. The said order is challenged in this appeal.

3

4. The appellants have now produced the Minutes of the Meeting of the Board of Directors of the appellant-Board dated 3.12.2002 whereby it was resolved to stop the Conveyance Allowance to its employees with effect from 1.7.2002, in compliance with the Government direction dated 10.5.2002. It was further resolved that instead, a travelling allowance at the rate of Rs. 75/- per month be paid to its Class IV employees with effect from 1.7.2002. The appellant submits that this resolution could not be brought to the notice of the High Court at the time of disposal, as the counter affidavit filed by the Board was prepared prior to the said resolution and that therefore the High Court had disposed of the matter without reference to the said resolution.

5. The High Court is right in observing that unless Board of Directors of appellant adopted or accepted the directive of the Government, its employees cannot be denied

the benefit of Conveyance Allowance. But the High Court has itself made it clear that the employees of the Board will be entitled to payment of Conveyance Allowance only till the same is withdrawn in accordance with law. As the Board has withdrawn the same by resolution dated 3.12.2002, petitioners will not be entitled for Conveyance Allowance with effect from 3.12.2002. As the Government directed

4

withdrawal only prospectively, the Conveyance Allowance could be stopped only prospectively. We are also informed that the Board has subsequently restored the Conveyance Allowance at different rates by Circular dated 25.8.2008. Be that as it may.

6. We therefore allow this appeal in part and modify the order of the High Court to the effect that the appellant will not be liable to pay Conveyance Allowance from 3.12.2002 till its restoration in 25.8.2008. The respondents will therefore be entitled to the Conveyance Allowance only till 3.12.2002 and again from 25.8.2008.

.....J.  
( R.V. RAVEENDRAN )

.....J.  
( R.M. LODHA )

New Delhi;  
April 1, 2010.

5

ITEM NO.201

COURT NO.4

SECTION IVB

S U P R E M E C O U R T O F I N D I A  
RECORD OF PROCEEDINGS

Petition(s) for Special Leave to Appeal (Civil) No(s).14923/2004

(From the judgement and order dated 28/03/2003 in CWP No. 12038/2002 of The HIGH COURT OF PUNJAB & HARYANA AT CHANDIGARH)

