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IN THE HIGH COURT OF DELHI AT NEW DELHI

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Date of Decision: 20th March, 2026

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W.P.(C) 12216/2024 & CM APPL. 50832/2024, CM APPL. 50833/2024

UNION OF INDIA & ORS.

.....Petitioners

Through: Ms. Suruchi Mittal, SPC for
Union of India with Mr.
Shubham Soni, Adv.

versus

NARESH KUMAR GUPTA

.....Respondent

Through: None.

CORAM:**HON'BLE MR. JUSTICE ANIL KSHETARPAL****HON'BLE MR. JUSTICE AMIT MAHAJAN****J U D G M E N T (O R A L)****ANIL KSHETARPAL, J.**

1. The present Petition has been filed assailing the impugned order dated 29.04.2024 passed by the learned Central Administrative Tribunal, Principal Bench, New Delhi (hereinafter referred to as 'Tribunal') in O.A. No. 3071/2023, whereby the learned Tribunal granted the Respondents the benefit of increment on the basis of the judgment passed by the Hon'ble Supreme Court in ***The Director (Admn. And HR) KPTCL & Ors. v. C.P. Mundinamani & Ors: 2023 SCC OnLine SC 401***. The relevant extract is reproduced as under: -

“ 4. Accordingly, in view of the above quoted deliberations, the instant OA is allowed at the admission stage itself. Respondents are hereby directed to issue one notional increment to the applicants and further issue revised PPO(s) in this regard. However,



arrear payment of only three years preceding to the date of filing of this original application shall be made to the applicants @6% simple interest per annum. The said exercise must be completed within a period of three months from the date of this order without fail.”

2. Learned counsel representing the Petitioners contends that the Respondent was working/posted as A.F.A. at Baroda House, Head Quarters' Office, Northern Railway, New Delhi and he superannuated on 30.06.2021 and the increment was due to him only on 01.07.2021 i.e. a day after the Respondent retired. Hence, the learned Tribunal has erred in relying upon the judgment passed by the Hon'ble Supreme Court in the case of ***the Director (Admn. and HR) KPTCL & Ors. (supra)***. It is also contended that the learned Tribunal has erred in granting interest @ 6 p.a. which was not prayed for by the Applicant in his O.A.

3. This Court has considered the submissions and it emerges that the present issue has been squarely covered by the above judgment. The Hon'ble Supreme Court in ***the Director (Admn. and HR) KPTCL & Ors. (supra)*** was dealing with the case where the employees, who had retired one day earlier than the date on which the annual increment became payable, and despite completion of one year of service preceding the due date of retirement and having earned one annual increment, the increment was denied on the ground that the date on which the increment accrued, i.e., the 366th day, the employee was not in service. It was held by the Hon'ble Apex Court that the increment is earned for rendering their services for one year preceding the date of retirement and only because the benefit accrues on a day after the retirement, the benefit cannot be denied. The relevant extract



is reproduced hereinunder: -

“ 16. Now, so far as the submission on behalf of the appellants that as the increment has accrued on the next day on which it is earned and therefore, even in a case where an employee has earned the increment one day prior to his retirement but he is not in service the day on which the increment is accrued is concerned, while considering the aforesaid issue, the object and purpose of grant of annual increment is required to be considered.

*17. A government servant is granted the annual increment on the basis of his good conduct while rendering one-year service. Increments are given annually to officers with good conduct unless such increments are withheld as a measure of punishment or linked with efficiency. Therefore, the increment is earned for rendering service with good conduct in a year/specified period. Therefore, the moment a government servant has rendered service for a specified period with good conduct, in a timescale, he is entitled to the annual increment and it can be said that he has earned the annual increment for rendering the specified period of service with good conduct. Therefore, as such, he is entitled to the benefit of the annual increment on the eventuality of having served for a specified period (one year) with good conduct efficiently. **Merely because the government servant has retired on the very next day, how can he be denied the annual increment which he has earned and/or is entitled to for rendering the service with good conduct and efficiency in the preceding one year.***

18. In Gopal Singh [Gopal Singh v. Union of India, 2020 SCC OnLine Del 2640] (sic Nand Vijay Singh [Nand Vijay Singh v. Union of India, 2021 SCC OnLine All 1090]) in paras 20, 23 and 24, the Delhi (sic Allahabad) High Court has observed and held as under : (Nand Vijay Singh case [Nand Vijay Singh v. Union of India, 2021 SCC OnLine All 1090] , SCC OnLine All)

“20. Payment of salary and increment to a central government servant is regulated by the provisions of F.R., CSR and Central Civil Services (Pension) Rules. Pay defined in F.R. 9(21) means the amount drawn monthly by a central government servant and includes the increment. A plain composite reading of applicable provisions leaves no ambiguity that annual increment is given to a government servant to enable him to discharge duties of the post and that pay and allowances are also



attached to the post. Article 43 of the CSR defines progressive appointment to mean an appointment wherein the pay is progressive, subject to good behaviour of an officer. It connotes that pay rises, by periodical increments from a minimum to a maximum. The increment in case of progressive appointment is specified in Article 151 of the CSR to mean that increment accrues from the date following that on which it is earned. The scheme, taken cumulatively, clearly suggests that appointment of a central government servant is a progressive appointment and periodical increment in pay from a minimum to maximum is part of the pay structure. Article 151 of CSR contemplates that increment accrues from the day following which it is earned. This increment is not a matter of course but is dependent upon good conduct of the central government servant. It is, therefore, apparent that central government employee earns increment on the basis of his good conduct for specified period i.e. a year in case of annual increment. Increment in pay is thus an integral part of progressive appointment and accrues from the day following which it is earned.

23. Annual increment though is attached to the post & becomes payable on a day following which it is earned but the day on which increment accrues or becomes payable is not conclusive or determinative. In the statutory scheme governing progressive appointment increment becomes due for the services rendered over a year by the government servant subject to his good behaviour. The pay of a central government servant rises, by periodical increments, from a minimum to the maximum in the prescribed scale. The entitlement to receive increment therefore crystallises when the government servant completes requisite length of service with good conduct and becomes payable on the succeeding day.

24. ... In isolation of the purpose it serves the fixation of day succeeding the date of entitlement has no intelligible differentia nor any object is to be achieved by it. The central government servant retiring on 30th June has already completed a year of service and the increment has been earned provided his conduct was good. It would thus be wholly arbitrary if the increment earned by the central government employee on the basis of his good conduct for a year is denied only on the ground that he was not in employment on the succeeding day when increment became payable. In the case of a government servant retiring on 30th of June the next day on which increment falls due/becomes



payable loses significance and must give way to the right of the government servant to receive increment due to satisfactory services of a year so that the scheme is not construed in a manner that it offends the spirit of reasonableness enshrined in Article 14 of the Constitution of India. The scheme for payment of increment would have to be read as whole and one part of Article 151 of CSR cannot be read in isolation so as to frustrate the other part particularly when the other part creates right in the central government servant to receive increment. This would ensure that scheme of progressive appointment remains intact and the rights earned by a government servant remains protected and are not denied due to a fortuitous circumstance.”

19. The Allahabad High Court in Nand Vijay Singh [Nand Vijay Singh v. Union of India, 2021 SCC OnLine All 1090] while dealing with the same issue has observed and held in para 24 as under : (SCC OnLine All)

“24. Law is settled that where entitlement to receive a benefit crystallises in law its denial would be arbitrary unless it is for a valid reason. The only reason for denying benefit of increment, culled out from the scheme is that the central government servant is not holding the post on the day when the increment becomes payable. This cannot be a valid ground for denying increment since the day following the date on which increment is earned only serves the purpose of ensuring completion of a year's service with good conduct and no other purpose can be culled out for it. The concept of day following which the increment is earned has otherwise no purpose to achieve. In isolation of the purpose it serves the fixation of day succeeding the date of entitlement has no intelligible differentia nor any object is to be achieved by it. The central government servant retiring on 30th June has already completed a year of service and the increment has been earned provided his conduct was good. It would thus be wholly arbitrary if the increment earned by the central government employee on the basis of his good conduct for a year is denied only on the ground that he was not in employment on the succeeding day when increment became payable. In the case of a government servant retiring on 30th of June the next day on which increment falls due/becomes payable loses significance and must give way to the right of the government servant to receive increment due to satisfactory services of a year so that the scheme is not construed in a manner that it offends the spirit of reasonableness enshrined in Article 14 of the



Constitution of India. The scheme for payment of increment would have to be read as whole and one part of Article 151 of CSR cannot be read in isolation so as to frustrate the other part particularly when the other part creates right in the central government servant to receive increment. This would ensure that scheme of progressive appointment remains intact and the rights earned by a government servant remains protected and are not denied due to a fortuitous circumstance.”

20. Similar view has also been expressed by different High Courts, namely, the Gujarat [State of Gujarat v. Takhtsinh Udesinh Songara, 2022 SCC OnLine Guj 2522] High Court, the Madhya Pradesh [Yogendra Singh Bhadauria v. State of M.P., 2020 SCC OnLine MP 4654] High Court, the Orissa [Arun Kumar Biswal v. State of Odisha, 2021 SCC OnLine Ori 2368] High Court and the Madras [P. Ayyamperumal v. Central Administrative Tribunal, 2017 SCC OnLine Mad 37963] High Court. As observed hereinabove, to interpret Regulation 40(1) of the Regulations in the manner in which the appellants have understood and/or interpreted would lead to arbitrariness and denying a government servant the benefit of annual increment which he has already earned while rendering specified period of service with good conduct and efficiency in the last preceding year. It would be punishing a person for no fault of him. As observed hereinabove, the increment can be withheld only by way of punishment or he has not performed the duty efficiently. Any interpretation which would lead to arbitrariness and/or unreasonableness should be avoided. If the interpretation as suggested on behalf of the appellants and the view [Principal Accountant-General, A.P. v. C. Subba Rao, 2005 SCC OnLine AP 47] taken by the Full Bench of the Andhra Pradesh High Court is accepted, in that case it would tantamount to denying a government servant the annual increment which he has earned for the services he has rendered over a year subject to his good behaviour. The entitlement to receive increment therefore crystallises when the government servant completes requisite length of service with good conduct and becomes payable on the succeeding day.

21. In the present case the word “accrue” should be understood liberally and would mean payable on the succeeding day. Any contrary view would lead to arbitrariness and unreasonableness and denying a



government servant legitimate one annual increment though he is entitled to for rendering the services over a year with good behaviour and efficiently and therefore, such a narrow interpretation should be avoided.”

(Emphasis Supplied)

4. Hence, it has already been settled by the Hon’ble Supreme Court that the employee earns increment for the period he has already worked, which, in the present case stood completed on the day of retirement i.e. 30.06.2021 and the increment was admittedly due on the next day i.e. 01.07.2021.

5. The Petitioners have also not been able to dispute that the Respondent had earned the increment for rendering their services for the period preceding the date of retirement by showing good behaviour and efficiency. As held by the Hon’ble Supreme Court, the word *accrued* should be understood liberally to mean that the benefit would be payable on the succeeding day, and any contrary view denying a government servant legitimate increment which he is entitled to for rendering the services would lead to arbitrariness and unreasonableness.

6. This Court has also considered a similar issue in Order dated 09.02.2026 passed in W.P. (C) 1802 /2026 ***Union of India v. Kulbir Singh and Ors.***, wherein the Petitioners who had sought voluntarily retirement w.e.f. 31.01.2020 have been granted annual increments which accrued to them on 01.02.2020 i.e. on the next day of their retirement in light of ***the Director (Admn. And HR) KPTCL & Ors.*** (*supra*).

7. In the considered opinion of this Court, we see no reason why the benefit of the above judgment passed in ***the Director (Admn. And***



HR) KPTCL & Ors. (supra) should not be given to the Respondents when it is not disputed that the Respondents completed 6 months of service (01.01.2021 to 30.06.2021) and had earned the increment. The Department cannot deny the benefit which has already been earned by the employee, though payable on a subsequent date due to the administrative rules.

8. As regards to the issue of interest, the Petitioner has not been able to place anything on record in support of the arguments pressed and thus, this Court is not inclined to interfere with the impugned order passed by the learned Tribunal.

9. Accordingly, the present Petition is dismissed, along with pending application(s), if any.

ANIL KSHETARPAL, J

AMIT MAHAJAN, J

MARCH 20, 2026

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