

UNION OF INDIA AND OTHERS

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v.

EX. HC/GD VIRENDER SINGH

(Civil Appeal No. 5545 of 2022)

AUGUST 22, 2022

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[SANJIV KHANNA AND BELA M. TRIVEDI, JJ.]

*Service Law – Central Civil Services (Revised Pay) Rules, 2008 – Modified Assured Career Progression Scheme (MACP scheme) – This Court framed three questions for consideration – (i) Whether the MACP Scheme is applicable and to be implemented with effect from 1st January 2006, the date from which the Central Civil Service (Revised Pay) Rules, 2008 were enforced, or in terms of O.M. dated 19th May 2009 with effect from 1st September 2008? – (ii) Whether under the MACP Scheme the respondents are entitled to financial upgradation equivalent to the pay scale/grade pay of the next promotional post in the hierarchy, or the immediate next grade pay bands as stated in section 1, Part A of the First Schedule to the Central Civil Services (Revised Pay) Rules, 2008? – (iii) Whether the respondents, who belong to the Central Armed Police Forces, are entitled to grant of financial upgradation under the MACP Scheme, if for administrative reasons they were unable to fulfil the pre-proportional norms? Held: MACP Scheme is applicable with effect from 1.9.2008 – Supreme Court in **Union of India and Others v. M.V. Mohanan Nair** has already answered the second issue – It was held that under the MACP Scheme, financial upgradations are granted at three regular intervals on completion of 10-20-30 years of service without promotion – MACP Scheme puts an end and rectifies the problem arising from inter-departmental disparities in re the pay scales of the next promotional post – It is seen that the term “grade pay in the next promotional post” is conspicuously absent in the entire body of the MACP Scheme – Under MACP the entitlement is to financial upgradation equivalent to immediate next grade pay and not to the immediate next promotional post – The third issue, which relates to the fulfilment of pre-promotional norms for grant of financial upgradation, is decided against the appellant-Union of India to the extent that this would not be insisted in the case of the Central Armed Forces personnel where, for*

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A *administrative or other reasons, they could not be sent or undergo the pre-promotional course.*

Disposing of the appeals, the Court

B **HELD: 1.1** As rightly held in R.K. Sharma, the reasoning given in the case of Balbir Singh Turn, in opinion of this Court, has not been accepted by the three Judge Bench decision in the case of M.V. Mohanan Nair, which in clear terms holds grant of financial upgradation under the MACP Scheme is not a matter of pay structure, but an incentive scheme brought into force to relieve stagnation which operates on its own terms. This Court
C may add that the pay scales are fixed and revised by the rules which are enacted in exercise of powers conferred by the proviso to Article 309 and clause (5) of Article 148 of the Constitution of India. Therefore, vide Notification dated 29th August 2008, the Central Civil Services (Revised Pay) Rules, 2008 were enacted vide G.S.R. No. 622(E). Rule 1(2) states that the Rules, as enacted,
D shall be deemed to have come into force on 1st January 2006. The aforesaid Rules neither postulate nor have any provision for grant of financial upgradation under the MACP Scheme. It is to be further noted, and it is an accepted position of both parties, that the MACP Scheme, as implemented, postulates grant of
E financial upgradation after 10, 20 and 30 years of regular service and not after 8, 16 or 24 years of regular service, as was originally envisaged in terms of Government Resolution dated 30th August 2008, or for that matter, 10 or 20 years of service, as was recommended by the Sixth Central Pay Commission. In our
F opinion, the Resolution of the Central Government dated 30th August 2008 cannot be read as conferring any right on the government employees. The resolution was not notified and enforced to confer a legal right. The Office Memorandum dated 19.05.2009 promulgates and operationalises the MACP Scheme with effect from 01.09.2008. The Office Memorandum states that
G financial upgradations as per the provisions of the earlier ACP Scheme would be granted till 30.08.2008. Further, past cases would not be re-opened and the difference in pay scales on account of grant of financial upgradation under the old ACP Scheme and the MACP Scheme shall not be construed as an anomaly. [Para 9][228-B-G; 229-A]

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1.2 The counsel for the government employees, inspite of being correct that M.V. Mohanan Nair does not refer to Balbir Singh Turn and does not overrule it specifically, misses the point that the entire ratio and reasoning given in M.V. Mohanan Nair, as rightly observed in R.K. Sharma, cannot be reconciled with the ratio in Balbir Singh Turn. M.V. Mohanan Nair has examined the MACP Scheme in depth and detail to settle the controversy, inter alia holding that supersession of the ACP Scheme by the MACP Scheme is a matter of government policy, and that “after accepting the recommendation of the Sixth Central Pay Commission, the ACP Scheme was withdrawn and the same was superseded by the MACP Scheme with effect from 1.9.2008.” The ACP Scheme and MACP Schemes were held to be in the nature of incentive schemes to relieve stagnation and not as a part of pay structure, which had revised the pay and the dearness allowance with effect from 1.1.2006. In these circumstances, we do not think a case for reference to a larger Bench of three Judges to reconsider the ratio in the decision of R.K. Sharma is made out. Therefore, the contention of the counsel for the respondents/government employees for reference of the matter is rejected. [Para 10][229-A-E]

1.3. On the third aspect, we should record the concession rightly made by the Additional Solicitor General during the course of the hearing that the personnel working in the Central Armed Forces would be granted financial benefit under the MACP Scheme on completion of prescribed years of regular service by relaxation in cases where, on account of administrative or other reasons, they could not be sent for participation in pre-promotional course. The appellant- Union of India has agreed to accept the directions given by the Delhi High Court in the case of Ram Avtar Sharma v. Director General of Border Security Force in this regard. A liberal, pragmatic and ameliorative approach is required to succour genuine grievances of the personnel doing duty for the nation, owing to which they forgo participation in pre-promotional courses. Accordingly, the third question is answered against the appellant-Union of India. [Para 11][229-E-H]

- A **2. In view of the aforesaid discussion, the appeals filed by the Union of India are partly allowed and impugned judgments, to the extent they hold that the MACP Scheme applies with effect from 1.1.2006 and that under the MACP Scheme the employees are entitled to financial upgradation equivalent to the next promotional post, are set aside. MACP Scheme is applicable with effect from 1.9.2008 and as per the MACP Scheme, the entitlement is to financial upgradation equivalent to the immediate next grade pay in the hierarchy of the pay bands as stated in Section 1, Part A of the First Schedule to the Central Civil Services (Revised Pay) Rules, 2008. The third issue, which relates to the fulfilment of pre-promotional norms for grant of financial upgradation, is decided against the appellant-Union of India to the extent that this would not be insisted in the case of the Central Armed Forces personnel where, for administrative or other reasons, they could not be sent or undergo the pre-promotional course. [Para 12][230-A-D]**
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Union of India and Others v. M.V. Mohanan Nair (2020) 5 SCC 421 : [2020] 7 SCR 851; *Union of India v. R. K. Sharma and Others* (2021) 5 SCC 579 – relied on.

- E *Union of India and Others v. Balbir Singh Turn and Another*, (2018) 11 SCC 99 : [2017] 12 SCR 421; *Bachhittar Singh v. State of Punjab & Another*, AIR 1963 SC 395 : [1962] Suppl. SCR 713; *State of Assam Etc. v. Kripanath Sarma and Others Etc.*, AIR 1967 SC 459 : [1967] SCR 499; *Ram Avtar Sharma v. Director General of Border Security Force W.P. (c) No. 5278 of 2013* – referred to.
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Case Law Reference

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|---|-----------------------|-------------|--------|
| | [2020] 7 SCR 851 | relied on | Para 3 |
| | [2017] 12 SCR 421 | referred to | Para 8 |
| G | [1962] Suppl. SCR 713 | referred to | Para 9 |
| | [1967] SCR 499 | referred to | Para 9 |

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CIVIL APPELLATE JURISDICTION: Civil Appeal No. 5545 of 2022. A

From the Judgment and Order dated 12.01.2021 of the High Court of Delhi at New Delhi in Writ Petition (C) No. 402 of 2021.

With

SLP (C) D.No.14322 of 2020, SLP (C) Nos.16065, 16179 of 2021, SLP (C) No. 4279 of 2022, Civil Appeal No. 1592 of 2021, SLP (C) D.No. 19618 of 2020, Civil Appeal No.1600 of 2021, SLP (C) D.No. 19905 of 2020, SLP (C) Nos. 11603, 12597, 11924, 11663 of 2020, Civil Appeal No. 1597 of 2021, SLP (C) Nos. 13066, 11899 of 2020, SLP (C) D.No. 26590 of 2020, SLP (C) D.No.15702 SLP of 2021, Civil Appeal Nos. 1603-1609 of 2021, SLP (C) D.Nos.16220, 17489 of 2020, SLP (C) Nos.11679, 12110, 12092, 11858 Of 2020, SLP (C) Nos.3775, 4012 Of 2021, SLP (C) D.nos.4311, 4350, 4357, 4362, 4359, 4405 Of 2021, SLP (C) Nos.4118, 4065 Of 2021, SLP (C) D.Nos. 4918, 4920, 4921, 4926, 4928, 4933, 4938 of 2021, SLP (C) No. 4011 of 2021, SLP (C) D.Nos. 4966, 4975 of 2021, SLP (C) Nos. 4407, 3833, 4493 of 2021, SLP (C) D.No. 5031 of 2021, SLP (C) No.3830 of 2021, SLP (C) D.No. 5041 of 2021, SLP (C) Nos. 4015, 5018 of 2021, SLP (C) D.Nos. 5916, 5954 of 2021, SLP (C) Nos. 5168, 4995 of 2021, SLP (C) D.No. 8333 of 2021, SLP (C) No. 6057 of 2021, SLP (C) D.No. 4972 of 2021, SLP (C) No. 6082 of 2021, SLP (C) D.Nos. 4934, 4993 of 2021, SLP (C) No. 4598 of 2021, SLP (C) D.Nos. 4924, 4989, 8463, 5039 of 2021, SLP (C) No. 4392 of 2021, SLP (C) D.No. 6848 of 2021, SLP (C) Nos. 5075, 5086, 4033, 6031, 6094, 8726, 6694, 6440, 8727, 8722, 5750, 7392, 8723, 6858, 8724, 7553, 7960, 7136, 8683, 8700, 8725, 8936, 8728 of 2021, SLP (C) No. 11738 of 2020, SLP (C) Nos. 10921, 7523, 4216, 5269, 3766, 10923, 8126, 10922, 8729, 8874, 11910, 11419 of 2021, SLP (C) D.No. 15753 of 2021, SLP (C) No. 12031 of 2021, SLP (C) D.Nos. 15751, 15705, 15714, 15700, 15713 Of 2021, SLP (C) No. 11532 of 2021, SLP (C) D.No. 15759 of 2021, SLP (C) Nos. 11568, 11019, 11682, 11681, 11700 of 2021, SLP (C) D.No. 15712 of 2021, SLP (C) Nos. 12030, 11048 of 2021, SLP (C) D.Nos. 15532, 15756, 15694 of 2021, SLP (C) No. 11542 of 2021, SLP (C) D.No. 15697 of 2021, SLP (C) Nos. 12495, 15093, 13493, 16411, 13803 of 2021, SLP (C) D.No. 18800 of 2021, SLP (C) No. 20257 of 2021, SLP (C) Nos. 307, 42 of 2022, SLP (C) D.No. 26989 of 2021, SLP (C) No.19129 of 2021, SLP (C) Nos. 370, 491, 381, 959, 377-378, 932 of 2022, SLP (C) Nos. 19290, 8721 of 2021, SLP (C) B
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- A D.No.19614 of 2020, SLP (C) Nos. 6053-6054, 9796, 9797, 5580, 9795, 9704, 7196, 9056, 9678, 8598, 12240, 12241 of 2022, Writ Petition (C) No. 561 of 2022, SLP (C) Nos. 13440, 13441, 9118 of 2022.

- Madhavi Divan, Vikramjit Banarjee, Ms. Aishwarya Bhati, ASGs, R. Balasubramanian, Sr. Adv., B. V. Balaram Das, Ms. Vimla Sinha, B Rajesh K. Singh, Ms. Seema Bengani, Prashant Singh, Amit Sharma, B., Shyamal Kumar, Ms. Vaishali Verma, Varun Chugh, Ms. Niddi Khanna, Ms. Aishani Narain, Ms. Shubha Yadav, Ms. Swarupama Chaturvedi, Ms. Nachiketa Joshi, Ms. Swati Ghildiyal, Manvendra Singh, BLN Shivani, Ms. Shreya Jain, Merusagar Samantray, Yogesh Pachauri, C P.V. Yogeswaran, Arvind Kumar Sharma, Sanjay Mani Tripathi, Pawan Kumar Sharma, Prakhar Sharma, Ali Jethmalani, Ms. Anu Gupta, Santosh Kumar, Ms. Ruchi Kohli, Amit Sharma, Anirudha Sharma, Aman Sharma, Ms. Shivika Mehra, Mukesh Kumar Maroria, Advs. for the Appellants.

- Manoj V. George, Ms. Shilpa Liza George, K.M. Vignesh Ram, Akriti Seth, Renjith V. Philip, Nasib Masih, Ms. Richa Ojha, Satish Kumar, D Ms. Lakshmi N. Kaimal, A.K. Trivedi, Vaibhav Trivedi, Dr. Ram Sankar, Ms. Suganthi R., G. Jai Singh, Ms. Usha Prabakaran, Ms. Sujatha Bagadhi, M/S. Ram Sankar & Co, Prashant Bhushan, Om Prakash Agarwal, Ms. Manjeet Chawla, Jatin Bhardwaj, Sansar Kumar, Rajesh Kumar, Amit Gaurav Singh, Ms. Rupali Sharma, K.K. Sharma, E. C. Vidya E Sagar, Arjun Garg, Shobhit Jain, Aakash Nandolia, Ms. Sagun Srivastava, Advs. for the Respondent.

The Judgment of the Court was delivered by

SANJIV KHANNA, J.

- F Delay is condoned and leave is granted.

2. These appeals by way of special leave raise three issues, all of which are connected and relate to the Modified Assured Career Progression Scheme¹, namely:

- G (a) Whether the MACP Scheme is applicable and to be implemented with effect from 1st January 2006, the date from which the Central Civil Service (Revised Pay) Rules, 2008 were enforced, or in terms of O.M. dated 19th May 2009 with effect from 1st September 2008?

H ¹ For short, the 'MACP Scheme'.

- (b) Whether under the MACP Scheme the respondents are entitled to financial upgradation equivalent to the pay scale/grade pay of the next promotional post in the hierarchy, or the immediate next grade pay in the hierarchy of the pay bands as stated in Section 1, Part A of the First Schedule to the Central Civil Services (Revised Pay) Rules, 2008? A
- (c) Whether the respondents, who belong to the Central Armed Police Forces, are entitled to grant of financial upgradation under the MACP Scheme, if for administrative reasons they were unable to fulfil the pre-proportional norms? B

3. The second question is covered by a three Judge Bench decision of this Court in *Union of India and Others v. M.V. Mohanan Nair*², which judgment explicates the similarities and the difference between the Assured Career Progression Scheme³, the erstwhile scheme which was replaced by the MACP Scheme. In a nutshell, it can be stated that the MACP Scheme, like the ACP Scheme, is an incentive scheme devised with the object of ensuring that the employees who have stagnated for lack of adequate promotional avenues are given benefit in the form of financial upgradation. The financial upgradation is personal, does not amount to regular or actual functional promotion, and does not require creation of a new post. It has no relevance to the seniority position and principles of reservation are not applicable. Financial upgradation is granted to only those employees who have not received actual or functional promotion even after completion of the requisite service period, though otherwise, they fulfil the prescribed conditions for promotion⁴. Having said so, the ACP Scheme and the MACP Scheme differ significantly. Under the ACP Scheme, a government servant is entitled to financial upgradation on completion of 12 and 24 years of her/his regular service, to the pay scale of the next promotional post in the hierarchy. Under the MACP Scheme, an employee is entitled to three financial upgradations on completion of 10, 20 and 30 years of regular service to the next higher grade pay in the hierarchy of the pay bands and grade pay as given in Section 1, Part A of the First Schedule of the Central Civil Services (Revised Pay) Rules, 2008. C
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² (2020) 5 SCC 421

³ For short, the 'ACP Scheme'

⁴ For upgradation under the MACP Scheme, the benchmark of 'good' and 'very good' is applicable till the grade pay of Rs.6600/- in pay band 3 and for grade pay of Rs.7600/- and above, respectively. H

A 4. The difference between the two Schemes, and in the form of
financial upgradation, has been lucidly explained by this Court in *M.V.
Mohanan Nair* (supra) by observing that the MACP Scheme has been
implemented after due deliberation and on consideration of the
recommendations made by the Sixth Central Pay Commission to bring
B systematic changes in the erstwhile ACP Scheme so that all employees,
irrespective of the existing hierarchical structure in their organisations/
cadres, get identical financial benefit of the next immediate grade pay
instead of the pay/grade pay applicable to the next promotional post.
The MACP Scheme puts an end and rectifies the problem arising from
inter- departmental disparities *in re* the pay scales of the next promotional
C post. The objective of the change is analysed and decoded in *M.V.
Mohanan Nair* (supra), in the following words:

“29...Under the MACP Scheme, financial upgradations are granted
at three regular intervals on completion of 10-20-30 years of service
without promotion. Hence, it is also intended to ensure that the
D employees are adequately incentivised to work efficiently despite
not getting promotion for want of promotional avenue. The change
in policy brought about by supersession of the ACP Scheme with
the MACP Scheme is after well- deliberated and well-documented
recommendations of the Sixth Central Pay Commission.
E Considering the various issues in the implementation of the ACP
Scheme, the Pay Commission expressed its views “the only other
way is to bring systematic changes in the existing Scheme of
ACP so that all the employees irrespective of the existing hierarchy
structure in their organisations/cadres, get some benefit under it”.
The Commission therefore, recommended that the existing scheme
F of ACP be continued with the modifications indicated thereon in
the report that the financial upgradation has to be in the next
immediate grade pay. One of the reasons for the expert body
recommending the MACP Scheme was that there were inter-
departmental disparities where several departments had varying
promotional hierarchies. As a result, the working of ACP Scheme
G under which an employee who stagnated for 12 years, was entitled
to pay in the pay scale of the next promotional post, led to inter-
departmental anomalies. The Pay Commission therefore,
recommended MACP Scheme with a view to putting an end to
the problem ensuing from inter- departmental disparities.

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30. By perusal of the MACP Scheme extracted earlier, it is seen that the words used in the Scheme are “placement in the immediate next higher grade pay in the hierarchy of the recommended revised pay bands”. The term “grade pay in the next promotional post” is conspicuously absent in the entire body of the MACP Scheme. The argument of the respondents that the benefit of MACP Scheme is referable to the promotional post, is dehors the MACP Scheme and cannot be accepted. Though ACP and MACP Schemes are intended to provide relief against stagnation, both the schemes have different features. Pay scales under the Sixth Pay Commission and the MACP Scheme are stated to be more beneficial since it extends to the employees with time intervals with higher pay bands and various facilities which were not available under the ACP Scheme including the three financial upgradations in shorter time span. In any event, MACP Scheme has not been challenged by the respondents. As rightly contended by the learned ASG, the respondents cannot be permitted to cherry-pick beneficial features from the erstwhile ACP Scheme and also take advantage of the beneficial features in the MACP Scheme.

31. The object behind the MACP Scheme is to provide relief against the stagnation. If the arguments of the respondents are to be accepted, they would be entitled to be paid in accordance with the grade pay offered to a promotee; but yet not assume the responsibilities of a promotee. As submitted on behalf of Union of India, if the employees are entitled to enjoy grade pay in the next promotional hierarchy, without the commensurate responsibilities as a matter of routine, it would have an adverse impact on the efficiency of administration.”

5. The judgment in *M.V. Mohanan Nair* (supra) defers to the Sixth Central Pay Commission recommendations as an expert body that had threadbare examined all the issues, disparities and even representations by employees before making their proposal, which thereafter upon careful consideration was accepted by the government with modifications. The courts would not normally interfere with well deliberated decisions by experts in the field, unless adoption is bad on account of statutory violation, the policy contravenes the overriding constitutional mandate of right to equality, is discriminatory, manifestly arbitrary or negates other fundamental rights. The Executive, by the Constitution, has been

- A conferred the right to choice as it has a duty to discharge, and is responsible and accountable for their action. The court examines the validity challenge, *albeit*, while performing the constitutional duty and exercising the power of judicial review, does not substitute its views on the choice of policy on merits. In fiscal matters, including pay fixation and terms of service, several factors like prevailing financial position, capacity to bear the additional liability are relevant and, therefore, the courts do tread carefully as interference may have serious impact on the public exchequer and have grave financial implications.

6. In *M.V. Mohanan Nair* (supra), the argument to adopt “purposive interpretation” or to apply the principle of ‘*equal pay for equal work*’ for grant of financial upgradation to the pay in the next promotional post as under the ACP Scheme, viz. financial upgradation to the next grade pay in the hierarchical pay scale, was rejected as financial upgradation cannot be equated with promotion. On merits, it has been held that the financial upgradation envisaged as per the MACP Scheme is not a case of hostile discrimination. The MACP Scheme is not irrational, unjust and prejudicial to a section of the employees, but a well-considered decision which has taken all material and relevant factors into consideration. Prescription of pay scales and incentives are a matter of decision taken by the government which, when based upon the recommendation of an expert body like the Central Pay Commission, should carry weight and the courts should be reluctant to substitute the policy with their own views on what would be more equitable and just. It is to be noted that the MACP Scheme postulates grant of three financial upgradations after a period of 10, 20 and 30 years, whereas the ACP Scheme had postulated grant of only two financial upgradations after a period of 12 and 24 years of regular service. Thus, the claim for grant of financial upgradation in the grade pay of the promotional hierarchy was rejected. Further, with effect from 1st September 2008, the ACP Scheme stands superseded by the MACP Scheme as a matter of government policy and hence, the employees, on and from the date of implementation of the MACP Scheme, cannot claim any benefit of the ACP Scheme. To hold so, this Court referred to the Joint Committee meetings held on 15th September 2010, 15th March 2011 and 27th July 2012, which were followed by a letter dated 4th November 2013. Minutes of these meetings reveal that some alternatives, including giving of individual option to choose between the ACP Scheme and MACP Scheme, were considered but not favoured as impracticable.

7. The first question has been answered by this Court in *Union of India v. R.K. Sharma and Others*⁵ in the following words:

“8. Ms Madhavi Divan, learned Additional Solicitor General of India appearing for the appellants submitted that this Court in *Balbir Singh Turn* held that payment under the ACPS is a part of the pay structure whereas in a later judgment in *Union of India v. M.V. Mohanan Nair* this Court was of the opinion that both ACP and MACP Schemes are in the nature of incentive schemes. These appeals deserve to be dismissed in terms of the judgment of this Court in *M.V. Mohanan Nair*. The contention of the appellant is that a policy decision was taken to implement the recommendation of the 5th Pay Commission in respect of revised scales of pay and dearness allowance for civilian employees with effect from 1-1-2006 and that revised allowance other than dearness allowance with effect from 1-9-2008. The learned Additional Solicitor General argued that the respondent is entitled to the incentive under the ACP Scheme which was in vogue till 31-8-2008. The respondent cannot seek applicability of MACPS with effect from 1-1-2006. According to the MACPS the financial upgradation is in the higher grade pay in the same pay band whereas financial upgradation as per the ACP Scheme was to the next grade pay of promotional post. The learned Additional Solicitor General stated that revision of financial upgradation granted to civilian officers by implementing MACPS from 1-1-2006 would be detrimental to the respondent and other similarly situated persons as huge amounts of money would have to be recovered from them.

9. For a better understanding of the dispute in these cases, it is necessary to examine the judgments of this Court in *Balbir Singh Turn* and *M.V. Mohanan Nair*. The point that was considered by this Court in *Balbir Singh Turn* relates to the applicability of the benefit of MACPS from 1-1-2006. The respondents therein approached the Armed Forces Tribunal which held that the benefit of ACP granted to an employee is part of the pay structure which affects the pay and also his pension. The Armed Forces Tribunal held that an ACP is not an allowance but a part of pay and therefore, in terms of the government resolution, the employees were entitled for MACP with effect from 1-1-2006. This Court in *Balbir Singh*

⁵ (2021) 5 SCC 579

- A *Turn* upheld the said finding recorded by the Armed Forces Tribunal. Instructions issued on 30-5-2011 were found to be contrary to the Resolution dated 30-8-2008 as, according to the resolution 1-1-2006 was the effective date for implementation of MACPS in matters relating to pay and dearness allowance.
- B 10. In *M.V. Mohanan Nair* a three-Judge Bench of this Court considered the ACPS as well as the MACPS to hold that the schemes are in the nature of incentive schemes which were brought into force to relieve stagnation. This Court was of the considered view that the respondents therein were entitled only to the benefit of next grade pay in the pay band and not to the benefit of grade pay of next promotional post. As the MACPS is a matter of government policy pursuant to the recommendations made by the Pay Commission, this Court refused to accept submissions of the employees that MACPS should be made applicable with effect from 1-1-2006.
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- D 11. In view of the judgment of this Court in *M.V. Mohanan Nair*, the respondents and other similarly situated employees are entitled for financial upgradation under MACPS only to the next grade pay and not to the grade pay of next promotional post. It is clear from the Resolution dated 30-8-2008 that the recommendation of the 6th Pay Commission was accepted by the Government and was made effective from 1-1-2006 in respect of civilian employees with regard to revised scales of pay and dearness allowances. Insofar as the revised allowances other than dearness allowance, recommendations of the 6th Pay Commission were given effect from 1-9-2008. The judgment in *M.V. Mohanan Nair* clinches the issue. Benefits flowing from ACP and MACP Schemes are incentives and are not part of pay. The Resolution dated 29-8-2008 is made effective from 1-9-2008 for implementation of allowances other than pay and DA which includes financial upgradation under ACP and MACP Schemes. Therefore, the respondents and other similarly situated officers are not entitled to seek implementation of the benefits of MACPS with effect from 1-1-2006 according to the Resolution dated 29-8-2008. Moreover, the implementation of MACPS by granting financial upgradation only to the next grade pay in the pay band and not granting pay of the next promotional post with effect from 1-1-2006 would be
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detrimental to a large number of employees, particularly those who have retired. We find force in the submission made by the learned Additional Solicitor General that uniform implementation of MACPS for civilian employees with effect from 1-1-2006 would result in large-scale recoveries of amounts paid in excess.” A

8. The aforesaid paragraphs refer to the decision by a three Judge Bench of this Court in *M.V. Mohanan Nair* (supra), which we have quoted and referred to above. It also refers to a two Judge Bench decision in the case of *Union of India and Others v. Balbir Singh Turn and Another*,⁶ which holds that notwithstanding O.M. dated 19th May 2009 stating that the MACP Scheme would be applicable with effect from 1st September 2008, the MACP Scheme would be applicable with effect from 1st January 2006. The judgment in *Balbir Singh Turn* (supra) reasons that the Central Government, on 30th August 2008, had resolved to accept the recommendations of the Sixth Central Pay Commission with regard to the personnel below the officer rank, subject to certain modifications. Reliance was placed upon clause (i) of the Resolution of the Central Government dated 30th August 2008, which reads as under: B C D

“(i) Implementation of the revised pay structure of pay bands and grade pay, as well as pension, with effect from 1-1-2006 and revised rates of allowances (except dearness allowance/relief) with effect from 1-9-2008;” E

It also refers to clause (ix) of the Resolution which reads as follows:

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

Thereafter, the judgment in *Balbir Singh Turn* (supra) says that the Sixth Central Pay Commission had recommended grant of benefit of the ACP Scheme after 10 and 20 years of service, but the Central Government had decided to grant ACP Scheme after 8, 16 and 24 years of service. Lastly, it holds that perusal of clause (i) of the Resolution dated 30th August 2008 indicates that the Central Government had decided to implement the revised pay scales of pay bands and grade pay, as well as pension, with effect from 1st January 2006. The second part of the said clause lays down that all allowances, except dearness allowance/relief, will be effective from 1st September 2008. The MACP Scheme, being a part of the pay structure and having effect on the grade pay of F G

⁶ (2018) 11 SCC 99

A the employees, cannot be said to be part of allowances. Benefit of MACP Scheme, if given to employees, would affect their pension and thereby also means that it has to be applied and given effect from 1st January 2006 as it is a part of the pay structure.

9. As rightly held in **R.K. Sharma** (supra), the aforesaid reasoning
 B given in the case of **Balbir Singh Turn** (supra), in our opinion, has not been accepted by the three Judge Bench decision in the case of **M.V. Mohanan Nair** (supra), which in clear terms holds grant of financial upgradation under the MACP Scheme is not a matter of pay structure, but an incentive scheme brought into force to relieve stagnation which
 C operates on its own terms. We may add that the pay scales are fixed and revised by the rules which are enacted in exercise of powers conferred by the proviso to Article 309 and clause (5) of Article 148 of the Constitution of India. Therefore, *vide* Notification dated 29th August 2008, the Central Civil Services (Revised Pay) Rules, 2008 were enacted *vide* G.S.R. No. 622(E). Rule 1(2) states that the Rules, as enacted, shall be
 D deemed to have come into force on 1st January 2006. The aforesaid Rules neither postulate nor have any provision for grant of financial upgradation under the MACP Scheme. It is to be further noted, and it is an accepted position of both parties, that the MACP Scheme, as implemented, postulates grant of financial upgradation after 10, 20 and
 E 30 years of regular service and not after 8, 16 or 24 years of regular service, as was originally envisaged in terms of Government Resolution dated 30th August 2008, or for that matter, 10 or 20 years of service, as was recommended by the Sixth Central Pay Commission. In our opinion, the Resolution of the Central Government dated 30th August 2008 cannot be read as conferring any right on the government employees. The
 F resolution was not notified and enforced to confer a legal right.⁷ The Office Memorandum dated 19.05.2009 promulgates and operationalises the MACP Scheme with effect from 01.09.2008. The Office Memorandum states that financial upgradations as per the provisions of the earlier ACP Scheme would be granted till 30.08.2008. Further, past
 G cases would not be re-opened and the difference in pay scales on account

⁷ See – **Bachhittar Singh v. State of Punjab & Another**, AIR 1963 SC 395, **State of Assam Etc. v. Kripanath Sarma and Others Etc.**, AIR 1967 SC 459, and other cases on the aspect of when an order/resolution would confer a legal right. It is to be noted that the doctrine of legitimate expectation has not been invoked and has no application in
 H the facts of this case.

of grant of financial upgradation under the old ACP Scheme and the MACP Scheme shall not be construed as an anomaly. A

10. Learned counsel for the government employees, inspite of being correct that *M.V. Mohanan Nair* (supra) does not refer to *Balbir Singh Turn* (supra) and does not overrule it specifically, misses the point that the entire ratio and reasoning given in *M.V. Mohanan Nair* (supra), as rightly observed in *R.K. Sharma* (supra), cannot be reconciled with the ratio in *Balbir Singh Turn* (supra). *M.V. Mohanan Nair* (supra) has examined the MACP Scheme in depth and detail to settle the controversy, *inter alia* holding that supersession of the ACP Scheme by the MACP Scheme is a matter of government policy, and that “after accepting the recommendation of the Sixth Central Pay Commission, the ACP Scheme was withdrawn and the same was superseded by the MACP Scheme with effect from 1.9.2008.”⁸ The ACP Scheme and MACP Schemes were held to be in the nature of incentive schemes to relieve stagnation and not as a part of pay structure, which had revised the pay and the dearness allowance with effect from 1.1.2006. In these circumstances, we do not think a case for reference to a larger Bench of three Judges to reconsider the ratio in the decision of *R.K. Sharma* (supra) is made out. Therefore, we reject the contention of the learned counsel for the respondents/government employees for reference of the matter. B C D E

11. On the third aspect, we should record the concession rightly made by the Additional Solicitor General during the course of the hearing that the personnel working in the Central Armed Forces would be granted financial benefit under the MACP Scheme on completion of prescribed years of regular service by relaxation in cases where, on account of administrative or other reasons, they could not be sent for participation in pre-promotional course. The appellant- Union of India has agreed to accept the directions given by the Delhi High Court in the case of *Ram Avtar Sharma v. Director General of Border Security Force*⁹ in this regard. A liberal, pragmatic and ameliorative approach is required to succour genuine grievances of the personnel doing duty for the nation, owing to which they forgo participation in pre-promotional courses. Accordingly, the third question is answered against the appellant-Union of India. F G

⁸ See paragraph no. 32 in *M.V. Mohanan Nair* (supra) as reported in (2020) 5 SCC 421.

⁹ W.P. (c) No. 5278 of 2013 decided on 12th August 2014

- A 12. In view of the aforesaid discussion, the appeals filed by the Union of India are partly allowed and impugned judgments, to the extent they hold that the MACP Scheme applies with effect from 1.1.2006 and that under the MACP Scheme the employees are entitled to financial upgradation equivalent to the next promotional post, are set aside. MACP Scheme is applicable with effect from 1.9.2008 and as per the MACP
- B Scheme, the entitlement is to financial upgradation equivalent to the immediate next grade pay in the hierarchy of the pay bands as stated in Section 1, Part A of the First Schedule to the Central Civil Services (Revised Pay) Rules, 2008. The third issue, which relates to the fulfilment of pre-promotional norms for grant of financial upgradation, is decided
- C against the appellant-Union of India to the extent that this would not be insisted in the case of the Central Armed Forces personnel where, for administrative or other reasons, they could not be sent or undergo the pre-promotional course.

All pending applications are disposed of.

Ankit Gyan
(Assisted by : Rahul Rathi, LCRA)

Appeals disposed of.