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## **EMPLOYER CANNOT DENY STATUTORY BENEFITS DURING PROLONGED DISCIPLINARY PROCEEDING**

The Punjab and Haryana High Court (**HC**), in the *Ashok Kumar* case,<sup>1</sup> held on October 7, 2025, that employers cannot deny statutory benefits of an employee such as leave encashment, salary and retiral dues due to prolonged disciplinary inquiry as its prejudicial to the interest of the delinquent employee and causes undue financial hardship and mental agony before establishing guilt.

### **Brief Facts**

Ashok Kumar (**AK**) was placed under suspension in 2011 during a departmental inquiry conducted by Punjab State Civil Supplies Corporation Limited (**PSCS**) and was served with chargesheet after 6 months in 2011 of his suspension. Following this, the inquiry officer was appointed in March 2012 who submitted his report in October 2012, wherein AK was found guilty. However, the Managing Director opposed the findings of the report the findings of the inquiry officer. Meanwhile, AK was kept under suspension and punishment order was passed after over four years. The punishment was minor, and the report stated the period of suspension to be considered as leave. During his suspension AK was denied his salary. Being aggrieved by such denial and arbitrary findings of the report, AK filed a writ petition (**WP**) before the HC.

In the WP, AK prayed for the setting aside of the punishment order and to direct PSCS to release all retiral dues including gratuity, leave encashment and salary from during April-May 2011, with 18% per annum (**pa**) interest. AK further prayed for PSCS to release the revised pay scale for the post of Inspector Grade-II from December 2011, with 18% pa interest.

### **AK' Contentions**

- PSCS should have conducted the disciplinary proceedings within a reasonable time.
- The inquiry period cannot be converted into suspension mode prior to culmination of the disciplinary proceedings, considering it ran for more than three years.
- He was entitled to payment during the suspension period, release of retiral dues including gratuity with interest on account of delay and leave encashment.

<sup>1</sup>*Ashok Kumar v. Punjab State Civil Supplies Corporation Ltd. & Ors*, 2025 LiveLaw (PH) 401.

- Leave encashment cannot be withheld when the law does not permit the same and it should be treated as a part of the salary.

### PSCS' Contentions

The punishment order was well reasoned, and that AK had received his share of gratuity.

### HC's Judgement & Reasoning

The HC:

- Referred to the *Chamman Lal* case<sup>2</sup> wherein the Supreme Court (SC) held that disciplinary proceeding must be conducted soon after the irregularities are discovered and that delay in proceedings cause prejudice the delinquent employee.<sup>3</sup>
- Reiterated that a delinquent employee has a right to have disciplinary proceedings concluded in a timely manner. Undue prolongation causes financial agony and mental harassment which is a form of punishment.<sup>4</sup>
- Stated that prolonged inquiry defeats the purpose of the mechanism and reflects poorly on the employer, who cannot deny retiral dues and leave encashment during the prolonged tenure of the inquiry.<sup>5</sup>
- Directed PSCS to release all retiral dues including leave and gratuity with 6% pa interest on the delayed payment to be considered from two months from AK's retirement.

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<sup>2</sup> *State of Punjab v. Chaman Lal Goyal*, 1995(2) SCC 750.

<sup>3</sup> Paragraph 7 of the Judgement.

<sup>4</sup> Paragraph 9 of the Judgement

<sup>5</sup> Paragraph 10 of the Judgement.