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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

% *Date of Decision : 08.09.2026*

\# **CNR No. DLHC010151062025**

\+ **LPA 208/2025, CM APPL. 16832/2025 & CM APPL. 36023/2026**

ANITA .....Appellant

Through: Mr. Abhishek Kumar, Advocate along with Appellant-in-person.

versus

PUNJAB AND SIND BANK .....Respondent

Through: Mr. Rajat Arora, Mr. Niraj Kumar & Mr. Sourabh, Advocates.

CORAM:
HON'BLE THE CHIEF JUSTICE
HON'BLE MR. JUSTICE TEJAS KARIA

TEJAS KARIA, J. (*Oral*)

CM No. 56431/2026 (*Early Hearing*)

1. Having heard learned Counsel for the Parties and perused the averments made in the Application, the same is allowed.

2. The next date fixed, i.e., 29.09.2026 stands cancelled.

3. With the consent of learned Counsel for the Parties, the Appeal is taken up for hearing finally.

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LPA 208/2025

4. The present *intra court* Appeal has been preferred assailing the order dated 13.02.2025 ("**Impugned Order**") passed in W.P.(C) 13949/2024 ("**Writ Petition**"). By the Impugned Order, learned Single Judge dismissed the Writ Petition, holding that there was no illegality, arbitrariness or unreasonableness in the decision of the Respondent declining the request of the Appellant for compassionate employment.

5. The brief facts germane to the filing of the present Appeal are set out hereunder:

5.1. The Appellant's late husband, Mr. Ashok Kumar, entered the service of the Respondent on 18.09.1995 as a Peon in the subordinate cadre and remained in continuous employment until his demise on 23.09.2022. He was survived by the Appellant, his widow, who is the sole surviving member of his family.

5.2. With effect from 07.01.2023, the Appellant commenced receiving a pension of ₹3,000/- per month from the All India Punjab and Sind Bank Employees Welfare Society ("**Welfare Society**"). She also commenced receiving a family pension of ₹22,583/- per month with effect from 04.02.2023.

5.3. On 15.02.2023, the Appellant submitted an application to the Respondent seeking appointment on compassionate grounds. The Respondent rejected the said application on 10.12.2023.

5.4. On 30.12.2023, the Appellant submitted a revised application for appointment on compassionate grounds ("**Appointment Application**") to her home branch. On the same date, she

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surrendered her membership of the Welfare Society and refunded a sum of ₹42,000/-, representing the pension received by her over a period of fourteen months, as certified by the Welfare Society in its letter dated 20.02.2025.

5.5. Thereafter, the Appellant instituted W.P.(C) 10672/2024 before the learned Single Judge, seeking a direction to the Respondent to consider her for appointment to a suitable post on compassionate grounds as no decision was taken on the Appointment Application. By order dated 02.08.2024, this Court disposed of the said writ petition with a direction to the Respondent to consider the Appointment Application in accordance with the applicable guidelines, scheme or policy governing compassionate appointment and to take a decision thereon within six weeks. It was further directed that if the decision was averse to the Appellant a reasoned order shall be passed.

5.6. In compliance with the order dated 02.08.2024, the Competent Authority of the Respondent considered the Appellant's case and, by letter dated 10.09.2024 ("**Rejection Order**"), rejected the Appointment Application. The Rejection Order records that the Appellant's case was governed by Clause 5.1 of the scheme titled '*PSB Jeevan Sahara: Comprehensive Scheme For Appointment On Compassionate Grounds And Payment Of Ex-Gratia Amount In Lieu Of Appointment On Compassionate Grounds*', circulated by the Respondent vide Circular No. 722/2022-23 dated 18.11.2022 ("**Scheme**"). Annexure-A to the Rejection Order

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("**Annexure-A**") computes the Appellant's family income, including notional income, at ₹33,422.37 per month, which exceeded both 60% of the deceased employee's last drawn net salary and the prescribed threshold of ₹20,000/- per month.

5.7. Annexure-A to the Rejection Order further recorded that the Appellant received a sum of ₹18,22,540.19 towards provident fund, gratuity and group insurance. Upon adjustment of the liabilities of the deceased employee, aggregating ₹3,18,072.14, the net corpus was computed at ₹15,04,468.05. The investments available with the Appellant, comprising deposits and policies of the Life Insurance Corporation of India ("**LIC**") and aggregating ₹35,570/-, were also taken into account. Applying an annual rate of 6.65%, comprising the repo rate prevailing on the date of death together with an additional 1.25%, Annexure-A computed a monthly income of ₹8,337.26 on the net corpus and a further sum of ₹197.11 on the investments. The family pension of ₹21,888/- per month and the sum of ₹3,000/- per month received from the Welfare Society were added thereto, resulting in an aggregate monthly income of ₹33,422.37. Since the deceased employee's last drawn salary, net of taxes, was ₹53,953.10, of which 60% amounted to ₹32,371.86, the Rejection Order concluded that the Appellant was ineligible for compassionate appointment under the Scheme.

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5.8. The Appellant challenged the Rejection Order by filing the Writ Petition, which was dismissed by the Impugned Order. Aggrieved by the dismissal, the Appellant has preferred the present Appeal.

6. Learned Counsel appearing for the Appellant submitted that:

6.1. The Respondent erred in computing the Appellant's family income at ₹33,422.37 per month. No reasons were assigned for calculating monthly interest on the net corpus of terminal benefits at the repo rate prevailing on the date of death together with an additional 1.25%, or for treating the amount so computed as a component of the Appellant's family income. If the computation is made correctly without taking into consideration family pension, interest on the corpus and the investments, the Appellant's family income would fall below 60% of the deceased employee's last drawn salary as required by the Scheme.

6.2. No investment was made in LIC policies as recorded in the Rejection Order as the Appellant had already withdrawn the proceeds thereof upon the demise of her husband. Accordingly, neither the said amount nor any interest notionally attributable thereto could be included in the computation of the Appellant's income.

6.3. The monthly pension of ₹3,000/- received from the Welfare Society had been surrendered prior to the submission of the Appointment Application. Despite that the Respondent failed to take the said circumstance into consideration.

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6.4. Reliance was placed on the decision in ***Govind Prakash Verma v. Life Insurance Corporation of India***, (2005) 10 SCC 289, in support of the submission that compassionate employment cannot be denied merely because a member of the deceased employee's family has received benefits admissible under the applicable rules. It was held that the compassionate appointment is available independently of, and in addition to, the service benefits accruing to the legal representatives upon the death of the employee.

6.5. Reliance was also placed on the decision in ***Canara Bank v. M. Mahesh Kumar***, (2015) 7 SCC 412, in support of the submission that the grant of family pension or the payment of terminal benefits cannot be regarded as a substitute for compassionate employment. It was further held that the object of compassionate appointment is to enable the family of a deceased employee to overcome the sudden financial crisis occasioned by the employee's death and that such appointment is, therefore, granted on humanitarian considerations.

6.6. In the facts of the present case, no member of the deceased employee's family was in gainful employment and that the Appellant, being his widow, belonged to an indigent family within the meaning of Clause 5.1 of the Scheme.

6.7. Hence, the present Appeal be allowed and the Rejection Order as well as Impugned Order be set aside.

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7. Learned Counsel appearing for the Respondent submitted that:

7.1. Compassionate employment is not a matter of right, but constitutes an exception to the general rule of recruitment and must, therefore, be granted strictly in accordance with the policy and guidelines framed in that behalf.

7.2. The guidelines and criteria prescribed by the Respondent under the Scheme, including the income-eligibility requirement contained in Clause 5.1 thereof, are required to be strictly applied while determining eligibility. On the computation set out in Annexure-A, the Appellant was ineligible under the Scheme.

7.3. The Appellant's family income was computed in accordance with the Scheme by including interest on the net corpus of terminal benefits at the repo rate prevailing on the date of death together with an additional 1.25%, as well as the monthly income attributable to investments. This methodology constitutes a standard practice uniformly applied under the Scheme and was duly explained in the Rejection Order.

7.4. The computation did not include any income derived from LIC policies, no such amount having been taken into account in the assessment. Only financial data relevant as on the date of assessment were considered, while amounts that had already been withdrawn and no longer formed part of the family's continuing financial resources were excluded.

7.5. The Appellant has been receiving a family pension of ₹22,583/- per month since 28.02.2023 and a pension of ₹3,000/- per month

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from the Welfare Society since 07.01.2023. The alleged surrender of the pension received from the Welfare Society was not reflected in the Appellant's account statement and that a surrender effected after the submission of a representation could not establish eligibility.

7.6. The decisions in ***Govind Prakash Verma*** (*supra*) and ***Canara Bank*** (*supra*), relied upon by the Appellant, were inapplicable to the facts of the present case, since the Respondent had framed a Scheme governing the consideration of claims for compassionate employment. Such appointment could be granted only in accordance with the Scheme, which required the retiral benefits received by the family to be taken into account while assessing its financial condition. In support of this submission, reliance was placed upon the decision in ***Bank of Baroda v. Baljit Singh***, AIR 2023 SC 3214.

7.7. Accordingly, there is no infirmity with the Impugned Order and the present Appeal deserves to be dismissed.

8. We have heard learned Counsel appearing for the Parties and have perused the material placed on record.

9. To determine the eligibility of the Appellant to the compassionate appointment, it is necessary to determine whether the provisions of the Scheme are fulfilled having regard to the computation of the Appellant's family income. The Scheme provides the benefit of compassionate appointment to families that are indigent and require immediate assistance to alleviate financial destitution. In the case of a deceased employee belonging

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to the subordinate cadre, Clause 5.1(c) of the Scheme provides that the family shall be regarded as indigent where its income, including notional income, is less than 60% of the deceased employee's last drawn salary, net of taxes, or, where such family income exceeds 60%, but is less than ₹20,000/- per month. The relevant extract of Clause 5.1 of the Scheme is reproduced below:

> "*Clause 5.1 of 5- Eligibility;-*
>
> *Scheme for appointment on compassionate grounds will be applicable in case where the family is indigent and deserve immediate assistance for relief from financial destitution; and*
>
> *The family should be considered as indigent:*
>
> *c) Where deceased employee was in Sub ordinate Cadre-*
>
> *i. Where the family income (including notional income) is less than 60% of last drawn salary (net of taxes) of the deceased employee or*
>
> *ii. Where family income (including notional income) is more than 60% of last drawn salary (net of taxes) of deceased employee but less than Rs.20000.00 (Twenty thousand) p.m.*"

10. It is settled law that the compassionate employment is not a matter of right and may be granted only in accordance with the employer's scheme, if any. Any compassionate appointment, being an exception to the general rule that public employment must be offered on merit and made available to all eligible candidates, must be strictly considered and confined to the object it seeks to achieve.

11. In the facts of the present case, the Appellant's Appointment Application was rejected based on the computation of her family income set out in Annexure-A to the Rejection Order, to arrive at the conclusion that that the Appellant was ineligible for appointment under the Scheme.

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12. Annexure-A in Item 6 provided the computation of the "*Monthly income of family from all sources*". It calculated a sum of ₹8,337.26 per month described as notional interest on the net corpus of ₹15,04,468.05 representing the terminal benefits received by the Appellant upon the demise of her husband. Item 6(a) of Annexure-A computed monthly interest "*at the rate of repo rate (at the time of death) +1.25% of net corpus of terminal benefits*", whereas Item 6(b) of Annexure-A separately computes the "*Monthly income from investment*" in respect of investments.

13. Accordingly, the sum of ₹8,337.26 was computed on the assumption that the entire net corpus of terminal benefits had been invested at an annual rate of return of 6.65%. Annexure-A further assumes investments of ₹35,570/-, yielding a monthly income of ₹197.11. However, there is no material on record to establish that the Appellant invested the net corpus or any other amounts in the manner assumed. The computation also presumes that the entire corpus and the investments would remain unutilised throughout the Appellant's lifetime. Such an assumption is without basis, as the Appellant cannot be expected to not utilize the terminal benefits for her needs merely to preserve them as income-generating investments throughout her lifetime. Once the terminal benefits have been transferred to the Appellant, the Respondent cannot control the manner of its utilization.

14. We are of the considered view that neither the provision of the Scheme placed on record nor any other provision brought to our notice requires the family of a deceased employee to invest the terminal benefits received by it. Terminal benefits constitute service-related entitlements accruing to the legal representatives upon the employee's death. To capitalise the entirety of such

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benefits and attribute to the family a monthly income that it neither receives nor is obliged to earn would, in substance, amount to treating the receipt of terminal benefits as a disqualification for compassionate employment.

15. Clause 5.1 of the Scheme requires "*notional income*" to be considered. The expression "*notional income*" must, however, be construed in a manner consistent with the object of the Scheme, namely, to identify families that are indigent and require immediate assistance to alleviate financial destitution. Accordingly, the expression may include *income* actually received by the family or income capable of being generated from assets actually held by it. It cannot, however, extend to income notionally attributed to a corpus of terminal benefits which the family is under no obligation to retain in an income-bearing form and which, on the material before us, was not shown to have been so retained.

16. Accordingly, the inclusion of ₹8,337.26 per month in the computation of the Appellant's family income cannot be sustained. Upon exclusion of the said amount, the Appellant's family income stands reduced to ₹25,780.11 per month, which is below ₹32,371.86, being 60% of the deceased employee's last drawn salary, net of taxes, as computed in Annexure-A. The Appellant, therefore, falls within the scope of sub-clause (i) of Clause 5.1(c) of the Scheme.

17. We are further of the considered view that the inclusion of the family pension of ₹21,888/- per month and the sum of ₹3,000/- per month received from the Welfare Society as components of the Appellant's monthly family income in Annexure-A cannot be sustained. These amounts represent benefits accruing to the Appellant consequent upon the death of the employee and

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cannot, merely by reason of their receipt, operate as a substitute for, or a bar to, compassionate employment. In ***Govind Prakash Verma*** (*supra*), it was held that compassionate employment cannot be denied solely on the ground that a member of the deceased employee's family has received benefits admissible under the applicable rules. Such employment is available independently of, and in addition to, the service benefits that accrue to the legal representatives upon the death of the employee. The same principle was reiterated in ***Canara Bank*** (*supra*), wherein it was held that the grant of family pension or the payment of terminal benefits cannot be treated as a substitute for compassionate employment. The underlying object of compassionate appointment is to enable the family of a deceased employee to overcome the immediate financial hardship caused by the sudden loss of its source of livelihood. The consideration of such a claim must be based on the humanitarian purpose of the Scheme and cannot be defeated merely because the family has received pensionary or other service-related benefits to which it is otherwise lawfully entitled.

18. In view of the conclusion that the Appellant's case falls within the ambit of Clause 5.1 of the Scheme since the assumptions underlying the Respondent's computation having been found to be without basis, it is unnecessary to consider the Respondent's contention that the Appellant's surrender of the pension of ₹3,000/- per month received from the Welfare Society, having occurred after the submission of the Appointment Application, could not establish her eligibility.

19. For the foregoing reasons, the Impugned Order dated 13.02.2025 is set aside. Consequently, the Rejection Order dated 10.09.2024 is quashed and set

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aside. The present Appeal is accordingly allowed, with a direction to the Respondent to grant the Appellant compassionate appointment within two months from the date of this judgment. All pending Applications stand disposed of. There shall be no order as to costs.

TEJAS KARIA, J

DEVENDRA KUMAR UPADHYAYA, CJ

SEPTEMBER 8, 2026
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