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Supreme Court Rules: Employees Don’t Have an Absolute Right to Choose Their Retirement Timing

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Introduction

The Supreme Court of India recently adjudicated a crucial decision in the case Kashmiri Lal Sharma v. Himachal Pradesh State Electricity Board[1], concerning the retirement age of disabled employees. The case involved an appellant, a 60% locomotor-disabled electrician employed by the Himachal Pradesh State Electricity Board, who challenged his retirement at the age of 58. The appellant argued that this disparity violated Article 14 of the Constitution and the principles outlined in disability rights legislation. However, in 2019, the State withdrew the OM, reverting the retirement age for all categories to 58 years. The Court reaffirmed that determining the retirement age is a policy decision resting with the executive, governed by the principles of equality under Article 14. This judgment offers critical guidance on the interplay between administrative discretion and individual rights within service law.

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Background of the Case

The Supreme Court recently addressed a case involving an appellant, a 60% locomotor-disabled electrician employed by the Himachal Pradesh State Electricity Board, who was required to retire at the age of 58. In contrast, visually impaired employees were permitted to work until the age of 60. This disparity arose from an Office Memorandum (OM) issued on March 29, 2013, which raised the retirement age for visually impaired employees to 60 years. However, the State later withdrew this OM on November 4, 2019, reverting the retirement age to 58

The appellant, who retired on September 18, 2018, was granted an extension until the OM's withdrawal date. However, he contended that he should be allowed to continue in service until he reached 60 years, claiming equal treatment with visually impaired employees.

Rival Contentions

Appellant's Contentions:

The appellant strongly contended that the disparity in retirement age between himself and visually impaired employees constituted a clear violation of the principle of equality guaranteed under Article 14 of the Constitution. Furthermore, he claimed that he was entitled to remain in service until the age of 60, as the Office Memorandum (OM), which provided for this extended retirement age, was in effect during a significant portion of his employment. This, he maintained, established a legitimate expectation for him to benefit from the policy and continue in service under its provisions.

Respondent's Contentions:

The State government emphasized that setting the retirement age is inherently a policy decision that falls exclusively within the purview of the executive. They further contended that the withdrawal of the Office Memorandum (OM) on November 4, 2019, effectively invalidated any claims to an extended retirement age beyond that date, asserting that such policy changes could not create perpetual entitlements for employees.

Legal Provisions and Judgments

Article 14 of the Constitution guarantees equality before the law and prohibits arbitrary discrimination, ensuring fairness in administrative and legislative actions. The Court reaffirmed that determining the retirement age is fundamentally a policy decision that lies within the State's discretion. However, the State is obligated to exercise this power reasonably and in a manner that

upholds the principle of equality. The Court invoked the provisions of the Persons with Disabilities (PWD) Act, 1995, and the Rights of Persons with Disabilities (RPWD) Act, 2016, both of which mandate equal treatment for individuals with benchmark disabilities in employment-related benefits. Citing the precedent established in Bhupinder Singh v. State of Punjab (2014)[2], the Court reiterated that parity in service benefits is a legal requirement for all disability categories covered under these statutes.

Supreme Court Analysis

The Supreme Court bench, consisting of Justices Manoj Misra and K.V. Viswanathan, carefully examined the legal and factual aspects of the case. It concluded that although the appellant was entitled to the benefits provided under the Office Memorandum (OM) until its withdrawal on November 4, 2019, he did not possess a vested right to continue in service beyond that date. The Court underscored that the determination of retirement age is not an inherent right of employees but rather a policy decision made by the executive, guided by administrative requirements and broader policy considerations. Additionally, the Court clarified that there was no violation of the equality principle under Article 14, as the benefits extended to the appellant aligned with the timeframe during which the OM remained effective.

Final Decision

The Supreme Court, while partially allowing the appeal, provided specific relief to the appellant. It held that the appellant was entitled to receive full wages and all service-related benefits for the period from October 1, 2018, to November 4, 2019. Furthermore, the Court directed that his pension and other consequential entitlements be calculated based on this extended period of service. The Court mandated uniform treatment for all benchmark disabilities recognised under the Persons with Disabilities Act, 1995 (PWD Act), and the Rights of Persons with Disabilities Act, 2016 (RPWD Act). However, the Court clarified that the appellant was not entitled to continue in service beyond November 4, 2019, the date on which the Office Memorandum (OM) was withdrawn. The bench firmly stated, “No right vested in the appellant to continue in service up to the age of 60 years on the date the OM was withdrawn,” reinforcing the principle that retirement age is determined by policy decisions rather than inherent rights.

Concluding Remarks

This landmark ruling reinforces the principle that employees do not have a fundamental right to dictate their retirement age, as such decisions are firmly within the policy-making domain of the executive. It affirms that the determination of retirement age, like other policy decisions, is a prerogative of the executive, which must act with fairness and reasonableness while ensuring adherence to constitutional principles. The judgment also highlights the judiciary’s role in upholding the separation of powers by respecting the sanctity of administrative policy decisions. For those dealing with the complexities of service law, this case is a clear precedent on the boundaries of individual rights concerning policy-driven employment terms.

For further details write to contact@indialaw.in

[1] Kashmiri Lal Sharma v. Himachal Pradesh State Electricity Board Ltd. & Anr., (2025) INSC 472

[2] Bhupinder Singh v. State of Punjab & Ors., CRM No. M-26401/2014 (P&H HC, 2014)

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