IN THE HIGH COURT OF JUDICATURE AT MADRAS

**DATED: 23-02-2026**

CORAM

**THE HON'BLE MR.JUSTICE S.M.SUBRAMANIAM**
**AND**
**THE HON'BLE MR.JUSTICE C.KUMARAPPAN**

**W.A.No.1804 of 2023 and**
**C.M.P.No.15803 of 2023**

1. The State of Tamil Nadu,
   Rep. by its Secretary to Government,
   Environment and Forests Department,
   Fort St.George, Chennai-600 009.

2. The Managing Director,
   Arasu Rubber Corporation Ltd.,
   Vadaserry, Nagercoil.

…Appellants/
Respondents

-vs-

V.Shunmugam

… Respondent/Petitioner

Prayer: Writ Appeal filed under Clause 15 of the Letters Patent to set aside the impugned order dated 01.02.2021 passed in W.P.No.13025 of 2007.

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| For Appellants: | Mr.P.Muthukumar, AAG<br>Assisted by Mr.R.Mugunthan |
| For Respondent: | Mr.M.Ravi |

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**J U D G M E N T**

**(Judgment of the Court was delivered by S.M.Subramaniam J.)**

Under assail is the Writ Order dated 01.02.2021 passed in W.P.No.13025 of 2007. State of Tamil Nadu represented by Secretary to Government, Environment and Forests Department and Managing Director, Arasu Rubber Corporation Limited jointly filed the present Intra Court Appeal.

2. The core issue raised on behalf of the appellant is whether Lineman working in Arasu Rubber Corporation Limited is entitled to get the equivalence scale of pay as applicable to Lineman working in the Government of Tamil Nadu Department. Writ prayer is to quash the rejection order passed by the Government and to fix the scale of pay for the post of Lineman at Rs.610-1075 from 01.06.1988 and subsequent fixation and to fix 5% personal pay from 01.08.1992 onwards. Writ Court, relying on Rule 34 of Arasu Rubber Corporation Service Rules granted the relief. Thus, the present appeal came to be instituted.

3. Mr.Muthukumar, learned Additional Advocate General appearing on behalf of the appellants would mainly contend that for implementing the equivalent scale of pay, Government approval is mandatory. It is true that Rule 34 contemplates that the pay and allowances will be paid to Corporation employees at the rates applicable to State Government employees from time to time. Approval of the Government is required and in the present case, the approval, since rejected, the respondent is not entitled for the pay and allowances as applicable to employees of the State Government. In support, he would submit the Government Letter Nos.1999/Finance (BPE)/2025 dated 04.10.2025, e2868988/Finance (BPE)/2025-1 dated 25.02.2025, 38307/Finance (BPE)/2022-1 dated 18.08.2022 and 48070/BPE/2010-1

dated 23.09.2010. These letters would indicate that "No Government Order applicable to Government employees shall be adopted by Public Sector Undertakings / Statutory Boards without the prior approval of the Government unless such extension has been explicitly notified; before placing any such proposal before the Board of Directors, the full financial implications, sustainability of the measure and confirmation of prior Government approval, wherever applicable, must be formally endorsed by the Finance Head of the entity, failing which individual accountability will be fixed.” Clause (g) of the Government Letter No.48070/BPE/2010-1 dated itself would state as follows:

> “(g) Extension of Government Orders relating to implementation of the revised scales of pay to the Government employees based on the recommendations of One Man Commission to the employees of State Public Sector Undertakings / Boards should not be done in a routine manner. The proposals shall have proper and full justification for adoption of the Government Order.”

4. In view of the above Government Orders, the benefit cannot be routinely extended and prior approval of the Government is to be obtained. Thus, Writ Court has committed an error.

5. Mr.M.Ravi, learned counsel for the respondent would strenuously oppose, by stating that once the Service Rules contemplates that pay and allowances will be paid to Corporation employees at the rates applicable to State Government employees from

time to time, it would be sufficient to establish the entitlement of employees for equivalent scale of pay. In the present case, Linemen in Government Departments are getting the scale of pay at Rs.610-1075 from 01.06.1988 and therefore, the said scale of pay is to be fixed to employees of Arasu Rubber Corporation Limited. Thus, the Writ Court has rightly considered the issue. Learned counsel for the respondent would further contend that no prior approval is required in the present case, since Service Rules provide that the benefit should be extended on par with State Government employees from time to time. Once Service Rules reiterate the said position, it would be unnecessary to secure Government approval for grant of such benefits. In the present case, Board extended the benefit, by passing a Resolution. Thus, the same is to be implemented and therefore, the present appeal is to be rejected.

6. This Court has examined the spirit of Rule 34 of Arasu Rubber Corporation Service Rules in the context of the powers of the Government, since Arasu Rubber Corporation is wholly owned by the Government of Tamil Nadu. It is a Public Sector Undertaking. Under these circumstances, whether the Government approval is required for revising the scale of pay of Corporation employees on par with the State Government Department employees.

7. Service Rules of Arasu Rubber Corporation Limited was approved in G.O.No.46 Environment and Forests (FRVIII) Department dated 11.08.1988. Pertinently, Draft Service Rules were approved by the Government and only after approval by the Government, Rules came into force. When the Rule came into existence pursuant to the approval granted by the Government, it is to be considered whether approval for amending the Rules or extending the monetary benefits on par with Government employees is required to be examined. Rule 2 (xi) defines "Government" means Government of Tamil Nadu. Rule 6 provides power to amend the Rules.

8. Rule 7 is relevant to the present context and provides power of the Government of Tamil Nadu, which states that "**the directives issued by the Government of Tamil Nadu to the Corporation shall prevail over the Rules**". Therefore, the directives issued by the Government is binding on the Corporation and would prevail over the Rules. The directives issued by the Government in various letters as stated supra would indicate that prior approval of the Government is required for extending the benefit of Government employees to employees of Corporation. When the directives issued by the Government of Tamil Nadu is unambiguous and contemplates prior

approval to be secured for implementation of scale of pay, the said directives are binding on the Board and shall prevail over the Rules.

9. Rule-34 no doubt provides a Clause that pay and allowances will be paid to Corporation employees at the rates applicable to State Government employees from time to time. Therefore, Rule 34 contemplates eligibility of employees of Corporation to secure rates applicable to State Government employees from time to time. However, for securing such rates applicable to State Government employees, approval of the Government is mandatory, since Rule 7 provides powers of the Government of Tamil Nadu to the extent that directives issued by the Government of Tamil Nadu to the Corporation shall prevail over the Rules. In the present case, directives have also been issued that prior approval must be obtained for revision of scale of pay or to upgrade the scale of pay on par with State Government employees.

10. Since the directives of the Government will prevail over and Government has not granted any approval in the present case, the benefit cannot be extended in a routine manner. High Court in exercise of powers of judicial review cannot conduct an enquiry in respect of pay parity. In the present case, Government approval is mandated and has not been granted by the Government of Tamil Nadu. That being the

factum, Writ Order is running counter to Rule 7 as well as directives issued by the Government in various letters as stated supra and therefore, Writ Order is to be interfered with.

11. Mr.M.Ravi, learned counsel for the respondent would submit two Division Benches of this Court has decided the issue. In the case of ***Arasu Rubber Corporation Limited and Another Vs. S.Karunanithi*** in W.A.(MD).No.1411 of 2015, dated 04.10.2016, the Division Bench, in the context of Service Rule 34 of Corporation has held that the appeal filed by the Arasu Rubber Corporation Limited was dismissed.

12. However, in the case of ***State of Tamil Nadu represented by Principal Secretary to Government, Environment, Climate Change and Forests*** in W.A.(MD).No.614 of 2025, dated 19.03.2025, appeal filed by the State of Tamil Nadu came to be allowed by the Division Bench, mainly on the ground that, it is a policy decision taken by the Government not to extend scale of pay applicable to the Government employees to the Corporation employees. If such claims are entertained, other similarly placed persons in other Corporations and Board will also claim the same. The Court held that financial implication of the Government is also to be taken into consideration by the Government.

13. This Court has carefully gone through the two judgments relied on in the case of ***Arasu Rubber Corporation Limited and Another Vs. S.Karunanithi*** and ***State of Tamil Nadu represented by Principal Secretary to Government, Environment, Climate Change and Forests.*** In both the cases, the Division Benches have not dealt with the scope of the directives issued by the Government with reference to the powers of the Government of Tamil Nadu conferred under Rule 7 of the Arasu Rubber Corporation Services Rules. Rule 7 in unequivocal terms states that the directives issued by the Government of Tamil Nadu to the Corporation shall prevail over the rules. Government directives issued on various occasions right from the year 2010 would indicate that regarding implementation of revised scales of pay to the Corporation employees on par with the Government employees should not be done in a routine manner, and an approval is to be obtained from the Government. Corporation is fully funded by the Government and therefore, the financial constraints are to be considered by the Government. No doubt 'Equal Pay for Equal Work' was considered by the Courts, but principle would apply if the employees are working in the same institution and duties and responsibilities are same and there cannot be any comparison in respect of the employees working in public sector undertakings as well

as Government departments. Since Service Rules are different and distinct, question of applying the principles of 'Equal Pay for Equal Work' does not arise at all. Thus, the judgments relied on by the respondent, where in one case in W.A.(MD).No.1411 of 2015, where Government of Tamil Nadu is not a party, and in respect of W.A.(MD).No.614 of 2025 filed by the State of Tamil Nadu came to be allowed. In view of the above position, the reliance placed on by the respondent would be of no avail to them to secure any relief from the hands of this Court.

14. Accordingly, Writ Order dated 01.02.2021 passed in W.P.No.13025 of 2007 is set aside and the writ appeal is allowed. No costs. Consequently, the connected miscellaneous petitions are closed.

**(S.M.S.,J.) (C.K.,J.)**
**23-02-2026**

Index: Yes
Speaking Order
Neutral Citation: Yes/No
AR/GD

**<u>S.M.SUBRAMANIAM J.</u>**
**<u>AND</u>**
**<u>C.KUMARAPPAN J.</u>**
**AR/GD**

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