

LHC Rules on Back Benefits After Reinstatement

In 2026 LHC 5569, the Lahore High Court set aside an unreasoned denial of back benefits after reinstatement and ordered a fresh decision within two months.

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THE HOLDING

Reinstatement does not make full back pay automatic, but an authority cannot deny it mechanically. It must decide whether full, partial, or no back benefits are justified through relevant evidence and clear reasons.

Case reference

Case	Baber Masih v. Cantonment Executive Officer, Sargodha and another
Proceeding	Writ Petition No. 17945 of 2025
Citation	2026 LHC 5569
Court	Lahore High Court, Lahore
Judge	Justice Shireen Imran
Decision	3 September 2026
Status	Approved for reporting
Result	Denial of back benefits set aside; fresh departmental decision ordered within two months from receipt of a certified copy

What the Lahore High Court decided

The Lahore High Court has held that back benefits cannot be denied mechanically after an employee is reinstated, particularly where the competent authority itself finds that the employee's absence was beyond his control, no misconduct remains against him, and the department produces no material showing that he earned income elsewhere during the intervening period.

In Baber Masih v. Cantonment Executive Officer, Sargodha and another, 2026 LHC 5569, the Court set aside the departmental orders only to the extent that they denied back benefits. It remitted that question to the departmental appellate authority for a fresh, reasoned decision within two months from receipt of a certified copy of the judgment.

Justice Shireen Imran delivered the reportable judgment on 3 September 2026 in Writ Petition No. 17945 of 2025.

The ruling in one sentence

Reinstatement does not make full back pay automatic, but an authority cannot rely only on the fact that no work was performed; it must consider the circumstances of the absence, the basis of reinstatement, surviving misconduct, possible gainful employment, and the governing principles of fairness before granting full, partial, or no back benefits.

Why the employee challenged the departmental orders

Baber Masih was appointed as a Sanitary Worker on 6 October 2011, and his services were regularized on 30 December 2011. The judgment records that he was implicated in FIR No. 655 of 2012 and remained in judicial custody, which prevented him from attending duty.

The judgment further records that the department struck him off service and that the Lahore High Court later acquitted him on 11 November 2021 in Criminal Appeal No. 166-J of 2017.

His departmental appeal was partly accepted through an order dated 13 December 2024. A consequential order dated 10 January 2025 reinstated him with effect from 26 November 2012. The authority, however, denied back benefits and treated the intervening period as Extra Ordinary Leave, commonly described as EOL.

The employee challenged only that financial consequence. His position was that the authority had accepted that his absence was caused by circumstances beyond his control and therefore could not refuse back benefits without applying the law governing reinstatement.

The respondents argued that he had performed no work during the period and that no mala fide or ill-will could be attributed to the departmental authorities.

Why the writ petition was maintainable

The respondents objected that no fundamental right had been infringed. The Court rejected that objection.

It held that the employee sought enforcement of the right to fair treatment under Article 10-A of the Constitution and service rights arising from orders of the competent authorities. A denial of consequential service benefits following reinstatement remains open to judicial review when it is alleged to lack lawful justification.

The Court therefore treated the legality and reasoning of the departmental decision as a reviewable question. The absence of an allegation against a particular officer did not prevent scrutiny of whether the impugned action was lawful.

Back benefits are the norm, but the result is not automatic

The judgment brings together two propositions that must be read together.

First, back benefits are ordinarily granted where an employee has been unlawfully deprived of his position. Full back pay is described in the governing Supreme Court authority as the normal

position, and the authority must identify compelling reasons if it chooses to depart from that position.

Second, the remedy is not automatic or governed by a rigid formula. Depending on the facts, the authority may award back pay in full, award it partly, or decline it. What the law does not permit is an arbitrary choice unsupported by the record and reasons.

Relevant considerations may include the nature of the appointment, length and quality of service, any proved misconduct, whether the employee was gainfully employed elsewhere, the reason for the interruption in service, and other circumstances bearing on fairness. The decision-maker must identify the material considered and explain why it justifies the result.

Why the no-work argument was insufficient in this case

The High Court did not abolish the principle commonly expressed as no work, no pay. It held that the mere fact that the petitioner did not physically perform duties was not enough on the particular record before it.

Three facts were decisive. The employee's absence resulted from incarceration in a criminal case in which he was later acquitted. The departmental appellate authority itself found that the absence was beyond his control and did not leave any misconduct standing against him. The respondents also produced no material showing that he was gainfully employed or earned income elsewhere during the intervening period.

In those circumstances, a bare reliance on non-performance did not amount to a legally sufficient justification. The authority was required to consider the claim in the light of the employee's reinstatement, the findings already made in his favour, and the Supreme Court's guidance on reasoned administrative discretion.

EOL and back benefits answer different questions

One of the judgment's most useful points is its distinction between regularization of the service period and payment of back benefits.

Treating an intervening period as Extra Ordinary Leave may explain how the absence will appear in the service record. It may preserve continuity relevant to pension, promotion, seniority, and other service benefits. It does not, by itself, decide whether salary and other financial benefits should be paid for that period.

The authority had treated the period as EOL but used that treatment as the effective answer to the financial claim. The High Court held that the two questions had to be addressed separately. EOL could not be used, without a lawful and reasoned basis, to defeat the consequences of reinstatement.

Supreme Court authorities applied by the High Court

The High Court principally relied on three recent Supreme Court decisions:

- Shafique Ahmed and three others v. Provincial Police Officer, Khyber Pakhtunkhwa and others, Civil Petition Nos. 1935 to 1938 of 2018 and connected matters, decided on 3 December 2025;

- The Province of Sindh through Chief Secretary, Government of Sindh and others v. Raj Kumar Lohana and others, 2026 PLC (C.S.) 404; and
- Tahir Kazmi and another v. Inspector General of Police, Punjab, Lahore and others, 2026 PLC (C.S.) 510.

The first authority explains that statutory discretion over back pay must be exercised through reason, justice, transparency, and relevant considerations. It recognizes full back pay as the general standard but permits full, partial, or no back pay where the particular record justifies that result.

Raj Kumar Lohana explains that reinstatement ordinarily restores the employee to the former position and protects associated service rights and benefits lost through an unjust or wrongful termination.

Tahir Kazmi describes back benefits as a remedy intended to restore the economic position affected by unlawful employer action. It treats grant as the norm and denial as an exception requiring clear justification, including evidence relevant to gainful employment during the intervening period.

What the authority must decide on remand

The High Court did not substitute its own calculation or order immediate payment. It directed respondent No. 2 to decide the back-benefits claim afresh.

The fresh decision must address, at minimum:

- the authority's own finding that the absence was beyond the employee's control;
- the effect of the acquittal and the absence of surviving misconduct;
- whether any reliable material shows gainful employment or income during the intervening period;
- the distinction between EOL for service-record purposes and entitlement to financial benefits;
- whether full, partial, or no back benefits are justified on the complete record; and
- the reasons for any departure from the normal grant of back pay identified by the superior courts.

The two-month period begins when the competent authority receives a certified copy of the High Court judgment.

What the judgment does not hold

The decision should not be read as a direct award of arrears to the petitioner. The amount and extent of any back benefits remain for the departmental authority to determine afresh.

It also does not hold that every reinstated employee automatically receives full salary for the entire intervening period. The judgment expressly recognizes that relief may be full, partial, or refused on legally relevant facts supported by reasons.

The Court did not adopt a universal rule that every acquittal is honourable or that acquittal alone creates a right to back pay. That proposition appeared in the petitioner's submissions. The

operative reasoning instead rests on the combined circumstances of acquittal, absence beyond the employee's control, no surviving misconduct, and no material of gainful employment.

Nor does the judgment invalidate EOL. It holds that EOL and back benefits serve different legal purposes and that one cannot replace a reasoned decision on the other.

Practical importance for service-law cases

For employees, the decision shows that a reinstatement order should be examined separately for continuity of service and financial consequences. A favourable reinstatement order may still leave an unlawful gap if back benefits are rejected without evidence or reasons.

For departments, a standard statement that the employee performed no work is unsafe where the absence was involuntary or the removal was later undone. The authority should collect the relevant employment and income record, consider the nature of the case, and explain why the selected outcome is fair and lawful.

For counsel, the record should distinguish three issues: whether reinstatement was granted, how the intervening period was regularized, and what financial relief follows. Evidence about alternative employment, income, misconduct, and the exact findings of the reinstating authority can determine whether full, partial, or no back pay is appropriate.

The judgment also reinforces a broader administrative-law principle: discretion is not an answer by itself. A lawful discretionary decision requires a rational connection between the evidence, the governing legal standard, and the conclusion reached.

Accuracy note on the service-action dates

The supplied judgment contains two different references to the service action. Paragraph 1 states that reinstatement took effect from 26 November 2012, described there as the date of dismissal. Paragraph 2 refers to an order dated 12 February 2014 by which the department struck the petitioner off service.

The complete departmental record would be required to reconcile those dates. This article records both exactly as they appear and does not assume that either reference can be substituted for the other.

Final outcome

The Lahore High Court allowed Writ Petition No. 17945 of 2025. It set aside the orders dated 13 December 2024 and 10 January 2025 only to the extent that they denied back benefits.

The matter was remitted to respondent No. 2 for a fresh decision guided by the principles stated in Shafique Ahmed, Raj Kumar Lohana, and Tahir Kazmi. The authority must complete that exercise within two months from receipt of a certified copy of the judgment.

The immediate legal result is therefore reconsideration, not an automatic monetary award.

Judgment source and verification note

This analysis is based on the supplied 10-page Lahore High Court judgment in Baber Masih v. Cantonment Executive Officer, Sargodha and another, Writ Petition No. 17945 of 2025, decided on 3 September 2026. The judgment is approved for reporting, and the Lahore High Court's official judgments index identifies it as 2026 LHC 5569.

The judgment was checked page by page. The downloadable document is the supplied court-issued copy and is not represented as a certified copy. The complete departmental record, certified judgment, current service rules, and later appellate treatment should be checked before reliance in litigation.

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