

UNREPORTED

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

+ LPA 70/2008 and CM No.2309/2008 (condonation of delay)

% Date of Decision: 15th February, 2008

K.L.CHANDNA

..... Appellant

Through: Mr. K.G. Misra and Mr. B.V.K.
Ahluwalia, Advocates

versus

PUNJAB NATIONAL BANK

..... Respondent

Through: Mr. Rajat Arora and Mr. M.K. Datta,
Advocates

CORAM:

HON'BLE THE CHIEF JUSTICE

HON'BLE MS. JUSTICE REVA KHETRAPAL

1. Whether reporters of local papers may be allowed to see the judgment?
2. To be referred to the Reporter or not?
3. Whether judgment should be reported in Digest?

JUDGMENT

% **15.02.2008**

: **DR. MUKUNDAKAM SHARMA, CJ. (ORAL)**

1. The present appeal is filed by the appellant being aggrieved by the order dated 27th July, 2006 passed by the learned Single Judge. The main grievance which is raised by the appellant in this appeal is that the learned Single Judge was not justified in directing for payment of only 6% as interest instead of 10%, which is interest due and payable in terms of the respondent's own circular dated 20th July, 1999.

2. It is submitted by the counsel appearing for the appellant that in view of the aforesaid mandate of the circular issued by the respondent themselves, the learned Single Judge was not justified in allowing only 6% interest on the late payment of the arrears of gratuity whereas it should have been 10%. Our attention was also drawn to the relevant guidelines regarding terminal benefits, which state as follows:

"As per provisions of the payment of Gratuity Act 1972, the bank has to pay full amount of gratuity within 30 days from the date it becomes payable to the person to whom gratuity is payable. If the amount of gratuity payable is not paid by the bank within the specified period (30 days), the bank has to pay from the date on which the gratuity becomes payable to the date on which it is paid, simple interest @ 10% p.a. Provided that no such interest shall be payable for delay in the payment due to the fault of the employee."

3. In the present appeal, the order passed by the learned Single Judge dated 10th January, 2008 on the review application is also under challenge as the said review application was dismissed. Although appellant has claimed 12% interest on the aforesaid late payment of gratuity, yet, in our considered opinion, in terms of the aforesaid provision contained in the circular issued by the respondent and the guidelines regarding terminal benefits, the appellant would be entitled to simple interest @ 10% per annum as the respondent has not been able to prove and establish that there was any delay in the payment of the aforesaid amount due to the fault of the appellant.

4. The only issue, therefore, arising in this appeal is regarding

payment of simple interest @ 10% on the delayed payment of gratuity. The said plea of the appellant has force and we allow the said prayer, directing the respondent to pay 10% simple interest on the delayed payment of the gratuity, which shall be paid within a period of eight weeks from today. In terms of the aforesaid order, the appeal is allowed to the aforesaid extent and LPA 70/2008 and CM No.2309/2008 stand disposed of accordingly.

CHIEF JUSTICE

REVA KHETRAPAL, J

FEBRUARY 15, 2008
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