IN THE HIGH COURT OF PUNJAB & HARYANA AT CHANDIGARH

RSA No. 673 of 2006 (O&M)
Date of Decision : 27.10.2016

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Punjab National Bank ....Appellant

vs.

R.D. Kamboj and others ....Respondents

Coram: Hon'ble Mr. Justice P.B. Bajanthri

Present: Mr. O.P. Narang, Advocate for the appellant

Mr. S.K. Sud, Advocate for respondent No.1.

Mr. Keshav Gupta, AAG, Haryana.

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P.B. Bajanthri, J.

The appellant – Punjab National Bank questioned the validity of the order dated 31.8.2005 passed by the Appellate Court.

2) The respondent – R.D. Kamboj attained the age of superannuation and retired from service on 30.4.1997. 6th Pay Commission was given effect w.e.f. 1.1.1996. As on the date of giving effect of 6th Pay Commission i.e. 1.1.1996, respondent was very much in service, since he has retired on 30.4.1997. Thus the question for consideration in the present appeal is whether the respondent is

entitled to interest on belated settlement of arrears of pension and revised commutation value of pension or not. Further recovery of a sum of Rs.7,501/- with reference to calculation of pension.

3) The respondent has been denied interest on arrears of pension, as well as, commutation value of pension. The same has been settled belatedly. The department and appellant – bank have settled the claim of the respondent belatedly by few months. Thus the trial Court held that the respondent is entitled to interest @ 10% for a sum of Rs.1,04,736/- for a period from 19.8.1998 to 28.7.1999, whereas the Appellate Court while deciding the appeal of the appellant, as well as, respondents appeal, while accepting the respondents appeal No. 4 of 2005 and rejected the appeal No. 14 of 2005 filed by defendants No. 1 to 3. It was directed that interest shall be paid by defendant No.4 (Bank) to the plaintiff within 45 days from the passing of the judgment. Thus the appellant – bank has presented the present appeal.

4) Learned counsel for the appellant – bank submitted that the respondent is not entitled to interest on arrears of pension, as well as, commutation value of pension, in view of the Government Notification dated 9.3.1998 and circular dated 10.6.1999. Therefore, the trial Court, as well as, the Appellate Court, fell error in granting relief to the respondent. It was further contended by the appellant – bank that it is only a disbursing authority would dealt with matter with reference to Government orders issued from time to time. Therefore, the Appellate Authority failed to appreciate the same,

while directing the appellant - bank to pay interest.

5) Heard learned counsel for the parties.

6) The question for consideration in the present appeal is whether the respondent is entitled to interest on revised pay and arrears of pension or not and interest on commuted value of pension or not. The respondent retired on 30.4.1997, whereas the revised pay scale with reference to 6th Pay Commission was given effect from 1.1.1996 in the year 1998. Therefore, the respondent is not entitled for interest from 30.4.1997 till June 1998. His claim was settled in the month of August 1998. In so far as pension is concerned, at the best he is entitled to interest for the months of July and August, 1998. Therefore, the respondent – department is directed to pay interest @ 9% per annum on arrears of pension for the aforesaid period.

7) The claim relating to interest on commuted value of pension, is concerned, the respondent is not entitled for any interest on commuted value of pension for the reasons that it is the employee like respondent who will opt for commutation value of pension. Therefore, if the respondent had revised his commuted value of pension pursuant to implementation of 6th Pay Commission, thus there is no lapses or delay on the part of the department, so as to seek interest on commutation of value of pension. Thus the trial Court, as well as, Appellate Court fell into error in granting relief to the respondent and directing the appellant to pay interest on both arrears of pension, as well as, commutation value of pension for belated settlement.

8) In view of the above facts and circumstances, orders of the trial Court as well as Appellate Court are modified to the above extent. The department, who committed error in not granting/releasing arrears of pension timely, pursuant to 6^{th} Pay Commission, is liable to pay interest on arrears of revised pension @ 9% per annum. The same shall be paid to the respondent within a period of 6 months from today.

9) The appeal stands disposed of accordingly.

(P.B. Bajanthri)
Judge

October 27^{th}, 2016
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Whether speaking / reasoned Yes / No

Whether reportable Yes / No