IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

RSA No.1336 of 2015(O&M)
Date of Decision: 16.05.2017

Secretary, Punjab State Electricity Board,
(now PSPCL) The Mall, Patiala & others ...Appellants

Vs.

Jaspal Singh ...Respondent

CORAM:- HON'BLE MR.JUSTICE RAJIV NARAIN RAINA

Present: Ms. Jaspal Kaur Gurna, Advocate,
for the appellants.

None for the respondent.

RAJIV NARAIN RAINA, J. (Oral)

No one appears on behalf of the respondent despite appearing once on 25.02.2016. The only point for consideration in this appeal is whether interest on delayed payments and pensionary entitlements could be ordered @ 18% per annum.

Notice of motion was issued in this case on the strength of the decision of the Supreme Court rendered in Megh Varan Sharma vs. State of U.P & others, 2015 (1) SCT 12. By subsequent interim order the rate of interest at 9% per annum of the interest element in suit decreed 18% was stayed. In *Megh Varan Sharma's* case their Lordships of the Supreme Court have held that even when action of withholding retrial benefits is unjustified even then claimant would be entitled to the highest of the maximum rates, at which scheduled Banks are currently paying interest on fixed deposits.

The term "current rate of interest" has been defined under Section 2(b) of the Interest Act, 1978 which reads as follows:-

"2(b)"current rate of interest" means the highest of maximum rates at which interest may be

> *paid on different classes of deposits (other than those maintained in savings account or those maintained by charitable or religious institutions) by different classes of scheduled banks in accordance with the directions given or issued to banking companies generally by the Reserve Bank of India under the Banking Regulation Act, 1949 (10 to 1949).*
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> *Explanation. - In this clause, "scheduled bank", means a bank, not being a co-operative bank, transacting any business authorised by the Banking Regulation Act, 1949 (10 of 1949)."*

The judgment in appeal awarding 18% per annum interest on delayed payment of money due on retirement runs counter to the aforesaid provision of law as applied and interpreted in *Megh Varan Sharma's* case arising in similar facts and circumstances. The question of law is answered in the same terms as in the judgment of the Supreme Court in the main case.

Ms. Jaspal Kaur Gurna, Advocate informs that payments have been made either in 2010 or 2011 without payment of interest.

Accordingly, this appeal is allowed to the extent that the decree is modified as far as interest is concerned to rest at the rate of interest on long term fixed deposits in Scheduled Banks prevailing three months beyond the date of retirement of the plaintiff i.e 28.02.2006. Amount of interest be determined and paid to the respondent within two months from the date of receipt of order.

(RAJIV NARAIN RAINA)
JUDGE

16.05.2017
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Whether speaking/reasoned *Yes*

Whether reportable *No*