IN THE HIGH COURT OF PUNJAB & HARYANA AT CHANDIGARH

LPA No. 581 of 2019 (O&M)
Date of Decision: 18.03.2019

UCO Bank, Head Office, 3-4 DD Block, Salt Lake, Kolkata and another

…..Appellants

versus

Satpal …..Respondent

CORAM: HON'BLE MR.JUSTICE KRISHNA MURARI, CHIEF JUSTICE
HON'BLE MR. JUSTICE ARUN PALLI, JUDGE

Present : Mr. Munish Mittal, Advocate, for the appellants.

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KRISHNA MURARI, CHIEF JUSTICE (oral)

CM No. 1373-LPA of 2019

Heard. For the reasons mentioned in the application, delay of 6 days in filing the appeal is condoned. Application stands disposed of.

LPA No. 581 of 2019

This intra-court appeal filed by the appellant bank is directed against the judgment and order dated 18.01.2019 passed by the learned Single Judge holding that the respondent-petitioner was entitled for payment of interest at the rate of 9% per annum on delayed payment of gratuity and leave encashment from the date when the said amount became due to be paid.

2. Facts lie in a narrow compass and in brief can be summarized as under:-

Petitioner-respondent who was working in the bank in the cadre of Scale-II officer was compulsory retired from service vide order dated 25.07.2005 by way of a penalty imposed upon him. The order was affirmed in appeal and attained finality. However, the amount of leave encashment and gratuity due to him was not released after retirement. It is an admitted case between the parties that the gratuity was paid on 18.04.2013 and amount of leave encashment was released on 07.05.2016 during pendency of the writ petition. The claim in the writ petition was in respect of the leave encashment along with interest on the delayed payment of gratuity as well. However, since during the pendency of the writ petition, the amount of leave encashment was released, the claim came to be restricted only with respect to interest and delayed payment of the gratuity and leave encashment.

3. The answer to the claim of the petitioner-respondent was dependent upon the fact as to whether the delay in making the payment was attributable to the petitioner (respondent herein) or there was no fault on his part. In the event of first contingency, he would not be entitled to payment of any interest.

4. The case set up by the appellant bank was that delay in making the payment was attributable to the respondent, though he retired on 25.07.2005 it was only on 13.10.2010 he completed the papers for settlement of the terminal benefits and thus he was not entitled for payment of any interest. Further ground set up by the appellant-bank was that since the bank was of the view that leave encashment is not admissible to an employee, who retired compulsorily, hence initially the said amount was not released

but subsequently in view of the clarification received from the Head Office, the said benefit was released and thus the delay cannot be attributed to the appellant-bank.

5. During the pendency of the writ petition, learned Single Judge required the appellant bank to file an affidavit with respect to the rules regarding requirement of an employee to submit the claim papers regarding release of leave encashment and gratuity. On analysis of the affidavit filed by the appellant bank annexing therewith various circulars and orders on the subject, learned Single Judge came to a finding that there was no provision which cast a duty upon the retiree to fulfill a particular requirement before the terminal benefits could be settled. Learned Single Judge further found that there is no material on record to indicate that the bank ever expressed any requirement to be completed by the respondent employee, for want whereof the terminal benefits were not liable to be released.

6. Learned Single Judge further found that in view of the provisions of Section 7(2) of the Payment of Gratuity Act, the respondent was entitled for payment of the same immediately upon his retirement. Accordingly, the respondent-petitioner was found entitled for payment of interest on the delayed payment of gratuity.

7. In respect of the leave encashment, the case set up by the appellant bank that the delay had occurred for want of clarification from the authorities has rightly not been accepted by the learned Single Judge. The matter of clarification was an internal matter between the branch from where the respondent retired and its Head office. In case there has been a delay in either seeking clarification or clarifying the situation by the Head office, the petitioner-respondent had no role to play in it and the delay is clearly

attributable to the appellant bank. Thus, there is no illegality if the interest liability has been fastened upon the appellant bank.

8. It is an undisputed fact that there is unexplained delay in making the payment of gratuity as well as the leave encashment which were paid during the pendency of the writ petition. Thus the appellant bank was under an obligation to pay interest on the delayed payment. Learned Single Judge has rightly allowed the payment of interest at the rate of 9% per annum on the amount of gratuity and leave encashment from the date when it became due till it has actually been paid and we find no illegality in the same.

9. The appeal is devoid of merits and accordingly stands dismissed in limine.

(KRISHNA MURARI)
CHIEF JUSTICE

(ARUN PALLI)
JUDGE

18.03.2019
ravinder

Whether speaking/reasoned	√Yes/No
Whether reportable	Yes/No√