BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED : 07.03.2023

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THE HONOURABLE MR.JUSTICE G.R.SWAMINATHAN

W.P(MD)No.4866 of 2023

C.Murugan ... Petitioner

Vs.

1.The Tamil Nadu State Transport
Corporation (Tirunelveli) Ltd.,
Represented by its Managing Director,
Tirunelveli.

2.The General Manager,
Tamil Nadu State Transport Corporation
(Tirunelveli) Ltd.,
Tirunelveli Region,
Tirunelveli. ... Respondents

Prayer : Writ Petition filed under Article 226 of the Constitution of India, praying this Court to issue a Writ of Mandamus, to direct the respondents to settle interest at the rate of 6% per annum for the belated payment of petitioner's terminal benefits including provident fund, gratuity, terminal leave salary and surrender leave salary from the date of his retirement to till the date on which the said benefits were settled to him.

For Petitioner : Mr.A.Rahul

For Respondents : Mr.D.Jebaraj
Standing Counsel

ORDER

Heard the learned counsel on either side.

2. The petitioner was employed as Traffic Manager by the respondent corporation. He retired from service on 31.08.2020.

3. It is admitted that his terminal benefits were not settled immediately but only belatedly. The only question that arises for consideration is as regards the rate of interest payable on the belated settlement.

4. The learned standing counsel appearing for the corporation drew my attention to the order dated 22.12.2022 in W.P.(MD)No.28772 of 2022 by which the Corporation was directed to pay 4% interest for the belated payment of terminal benefits. He also emphasized that in many writ petitions, the Principal Seat of the Madras High Court awarded only 4% interest.

5. I am not persuaded by the submission made by the learned standing counsel. If any definite principle of law has been laid down, then, this Court would be obliged to follow the same. It is true that the Principal Seat has been awarding only 4% interest in the recent past but that was on account of Covid-19. We have fortunately come out of the Pandemic. The Hon'ble Division Bench vide order dated 18.03.2014 in W.A.(MD)Nos.403 of 2010 etc. batch had held as follows:-

> "12.There are few employees who have come up with review applications on the ground that though by the previous orders passed in the writ appeals of the Corporation, the Corporation was directed to pay interest, no time limit was fixed for eventual payment. There are few other employees who have come up with writ petitions seeking for a direction to pay the balance gratuity and other retirement benefits within a time frame, by considering their representations. Some other employees have come up with writ appeals in W.A.(MD)Nos.15 to 27 of 2010 in this respect. But we do not think that a time limit could be fixed. We are in agreement with the orders of the learned single Judges directing payment of interest. A few Judges have granted interest at 6% p.a., and a few Judges have granted interest at 9% p.a. Taking into account the overall facts and circumstances, and the precarious position in which the corporation is now placed, we are of the view that application of uniform rate of interest at 6% would suffice. There is one more reason for us to arrive at this conclusion. The persons in whose favour only interest at 6% was allowed, have not come up with a prayer for awarding interest at 9%. Therefore, if we do not apply an uniform rate, a few persons will get 6% and a few persons will get 9%. Such a disparity created by Court has to be levelled. Therefore, while dismissing the writ appeals filed by the Corporation, we direct the Corporation to apply

> uniform rate of interest at 6% p.a., and make disbursements in accordance with seniority. Though we do not wish to fix a time limit for the Corporation to make payment, in view of the condition in which the Corporation is placed, we are of the view that in their own interest, the Corporation should settle the benefits as soon as possible, so that further liability of interest can be avoided."

6. My attention has already been drawn to RBI Circular which indicates that the weighted average domestic term deposit rate has been fixed at 5.90% in January 2023. The State Bank of India which is a nationalised Bank offers interest at the rate of 7.30 % for senior citizens for term deposits of one year.

7.I am therefore of the view that fixing the rate of 6% would be not only just and equitable but also in consonance with the law laid down by the Hon'ble Division Bench. My attention has also been drawn to yet another order dated 22.07.2021 in W.A.(MD)No.1413 of 2021 in which, it has been held that the Corporation must pay interest at the rate of 6% per annum for the period of delay.

8. The Writ Petition is allowed by directing the respondent management to pay interest at the rate of 6% per annum for the belated settlement of the petitioner's terminal benefits. This shall be done within a period of three months from the date of receipt of a copy of this order. No costs.

07.03.2023

Index : Yes / No
Internet : Yes/ No
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G.R.SWAMINATHAN, J.

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