

IN THE HIGH COURT OF PUNJAB AND HARYANA  
AT CHANDIGARH

201

CWP-6101-2021  
Date of Decision : 20.04.2024

RANJIT SINGH

... PETITIONER

Versus

STATE OF PUNJAB AND OTHERS

... RESPONDENTS

**CORAM: HON'BLE MR. JUSTICE JAGMOHAN BANSAL**

Present : Mr.R.S.Dadwal, Advocate  
for the petitioner.

Mr. Pawan Kumar, DAG, Punjab.

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**JAGMOHAN BANSAL, J. (Oral)**

1. The petitioner through instant petition under Articles 226/227 of the Constitution of India is seeking directions to respondents to pay interest @18% on delayed payment of retiral dues.
2. The petitioner joined respondent as Junior Basic Teacher on 11.01.1978. He attained the age of superannuation on 30.11.2015, however, he was granted 02 year extension, thus, he finally retired on 30.11.2017. He was entitled to retiral dues. The respondent delayed disbursing of his retiral dues. The respondent has paid interest on delayed payment on GPF, however, no interest has been paid on delayed payment of death-cum-retirement gratuity as well as leave encashment. The detail of payment of gratuity and leave encashment is as below:

| Sr. No. | Pensionary benefits                  | Date of payment | Total amount (in Rs.) |
|---------|--------------------------------------|-----------------|-----------------------|
| 1       | DCRG (Death-cum-Retirement Gratuity) | 18.03.2019      | 9,11,312/-            |

|   |                     |            |            |
|---|---------------------|------------|------------|
| 2 | Leave<br>Encashment | 31.03.2018 | 3,78,580/- |
|---|---------------------|------------|------------|

3. As per reply and statement of State counsel, the State gets three months time to pay retiral dues. The State is not liable to pay interest if retiral dues are cleared within three months from the date of retirement.
4. On being confronted with the date of retirement and date of payment of retiral dues, Mr. Pawan Kumar, DAG, Punjab concedes that there is delay in disbursing retiral dues beyond the prescribed period of three months.
5. The Apex Court in ***S.K. Dua v. State of Haryana, 2008 (3) SCC 44*** has clearly held that an employee can claim interest in terms of Part III of Constitution of India in case of delay in disbursal of retiral benefits. The relevant extracts of the said judgment read as:

*“13. Having heard the learned counsel for the parties, in our opinion, the appeal deserves to be partly allowed. It is not in dispute by and between the parties that the appellant retired from service on 30-6-1998. It is also undisputed that at the time of retirement from service, the appellant had completed more than three decades in government service. Obviously, therefore, he was entitled to retiral benefits in accordance with law. True it is that certain charge-sheets/show-cause notices were issued against him and the appellant was called upon to show cause why disciplinary proceedings should not be initiated against him. It is, however, the case of the appellant that all those actions had been taken at the instance of Mr Quraishi against whom serious allegations of malpractices and misconduct had been levelled by the appellant which resulted in removal of Mr Quraishi from the post of Secretary, Irrigation. The said Mr Quraishi then became Principal Secretary to the Chief Minister. Immediately thereafter chargesheets were issued to the appellant and proceedings were initiated against him. The*

*fact remains that proceedings were finally dropped and all retiral benefits were extended to the appellant. But it also cannot be denied that those benefits were given to the appellant after four years.*

*14. In the circumstances, prima facie, we are of the view that the grievance voiced by the appellant appears to be well founded that he would be entitled to interest on such benefits. If there are statutory rules occupying the field, the appellant could claim payment of interest relying on such rules. If there are administrative instructions, guidelines or norms prescribed for the purpose, the appellant may claim benefit of interest on that basis. But even in absence of statutory rules, administrative instructions or guidelines, an employee can claim interest under Part III of the Constitution relying on Articles 14, 19 and 21 of the Constitution. The submission of the learned counsel for the appellant, that retiral benefits are not in the nature of “bounty” is, in our opinion, well founded and needs no authority in support thereof. In that view of the matter, in our considered opinion, the High Court was not right in dismissing the petition in limine even without issuing notice to the respondents.”*

6. A Full Bench of this Court in **A.J. Randhawa, Supg. Engineer (Retd.) v. State of Punjab, 1997 SCC OnLine P&H 705** has adverted with an identical issue and held that an employee normally would be paid retiral benefits within two months and in case of payment beyond two months, he shall be entitled to interest. The relevant extracts of the said judgment read as:

*“9. Since a Government employee on his retirement becomes immediately entitled to pension and other benefits in terms of the Pension Rules, a duty is simultaneously cast on the State to ensure the disbursement of pension and other benefits to the retiree in proper time. As to what is proper time will depend on the facts and circumstances of each case but*

*normally it would not exceed two months from the date of retirement which time limit has been laid down by the Apex Court in M. Padmanabhan Nair case [1985 (2) L.L.N. 18] (vide supra). If the State commits any default in the performance of its duty thereby denying to the retiree the benefit of the immediate use of his money, there is no gainsaying the fact that he gets a right to be compensated and, in our opinion, the only way to compensate him is to pay him interest for the period of delay on the amount as was due to him on the date of his retirement. Again, as to what should be the rate of interest, it should, in our view, be generally 12 per cent unless the circumstances of a particular case warrant the payment of a higher rate which may extend to even 18 per cent.”*

7. In the wake of aforesaid judgments, it is quite evident that an employee is entitled to interest if payment of retiral dues is made beyond two months from the date of retirement. The respondent has paid interest @ 7.8% on delayed payment of GPF. As per respondent, retiral dues may be paid in 03 months.

8. In view of above facts and findings, it is hereby held that the petitioner is entitled to interest @ 7.8% per annum on delayed payment of gratuity and leave encashment. The period of interest would start from the expiry of 03 months from the retirement.

9. Disposed of in above terms.

(JAGMOHAN BANSAL)  
JUDGE

20.04.2024  
anju

|                           |        |
|---------------------------|--------|
| Whether speaking/reasoned | Yes/No |
| Whether reportable        | Yes/No |