



RSA-3875-2000 (O&M)

Sr.No.220

**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

RSA No.3875 of 2000 (O&M)

Date of Decision: 22.08.2024

The State of Punjab and others

....Appellants

Versus

Joginder Singh

....Respondent

CORAM: HON'BLE MR. JUSTICE PANKAJ JAIN

Present:- Mr. Solomon Partap Singh, A.A.G., Punjab
for the Appellants.

Mr. Varun Jain, Advocate for
Mr. Arun Jindal, Advocate
for the respondent.

PANKAJ JAIN, J. (ORAL)

State of Punjab is in appeal against judgments and decrees passed by the Courts below, whereby the plaintiff/respondent has been awarded interest @ 18% per annum on the delayed payments of retiral benefits.

2. Plaintiff filed a suit seeking declaration to the effect that he is entitled to interest @ 18% per annum on the delayed payment of pensionary benefits i.e. D.C.R.G., G.P.F. and Proficiency Step-up. He also prayed for

**RSA-3875-2000 (O&M)**

decree of permanent/mandatory injunction directing the defendants/appellants to pay all the amounts within a period of 2 months from the date of order along with interest.

2.1. On notice, the defendants/appellants admitted that plaintiff retired as Block Development and Panchayat Officer on 31.03.1992. However, it was denied that there was any delay on the part of department. It was claimed that plaintiff was facing departmental action in various cases which led to delay in the payment of pensionary benefits.

2.2. On the basis of pleadings, the Trial Court framed following issues:-

1. Whether the plaintiff is entitled to the relief of declaration as prayed for? OPP
2. Whether the plaintiff is entitled to the relief of mandatory injunction, as prayed for? OPP
3. Whether the plaintiff has no cause of action to file the present suit? OPD
4. Whether the suit is not properly valued? OPD
5. Relief.

2.3. Trial Court found that it is the defendants who was responsible for the delay in payment of pensionary benefits and held the plaintiff entitled for payments along with interest @ 12% per annum for the period of delay. Plaintiff preferred an appeal claiming enhanced interest @ 18% per annum on the delayed payments. State did not prefer any appeal. The Lower Appellate Court while relying upon a Division Bench judgment of this Court rendered in *Moti Ram Gupta, Ex. Excise Inspector vs. State of Haryana*

RSA-3875-2000 (O&M)

and another, 1993(1) Recent Services Judgments 799, held the plaintiff entitled for enhanced rate of interest @ 18% per annum and modified the decree passed by the Trial Court.

3. Learned counsel for the State submits that the precise issue with respect to rate of interest and maintainability of the writ petition for claiming interest on the delayed payments came up for consideration before the Full Bench of this Court in ***A.S. Randhawa vs. State of Punjab, 1997(3) S.C.T. 468***, wherein the Full Bench of this Court while holding the writ petitions maintainable, allowed interest @ 12% per annum and held as under:-

“xxxx xxxxx xxxxx

8. 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's case* (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% unless the circumstances of a particular case warrant the payment of a higher rate which may extend to even 18%.

xxxx xxxx xxxx”



RSA-3875-2000 (O&M)

4. Learned counsel for the plaintiff/respondent has not been able to show any law which mandates rate of interest @ 18% per annum.
5. In view of above, this Court finds that keeping in view the factum of law laid down by Full Bench of this Court in *A.S. Randhawa's case (supra)*, the present appeal deserves to be disposed off. Resultantly, the judgment and decree passed by the Lower Appellate Court is set aside and that passed by the Trial Court is ordered to be restored. It is held that plaintiff is entitled for interest @ 12% per annum on the delayed payments for the period of delay as ordered by the Trial Court. Any amount if not paid till date to the plaintiff, be paid within a period of 4 weeks from the date of receipt of a certified copy of this judgment. In case the amount/s (if any due) is not disbursed to the plaintiff within a period of 4 weeks as mentioned above, the State shall be bound to make the delayed payment along with interest @ 18% per annum from the date of accrual till the date of actual realization.
6. Appeal stands disposed off.
7. Pending application(s), if any, shall also stand disposed off.

(PANKAJ JAIN)
JUDGE

August 22, 2024
ashish

Whether speaking/reasoned:	Yes/No
Whether reportable:	Yes/No