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

113 **CWP-8711-2024**
Date of decision: 20.04.2024

AJAY SINGH ….PETITIONER

Vs.

UNION OF INDIA AND OTHERS ...RESPONDENTS

CORAM: HON'BLE MR. JUSTICE JAGMOHAN BANSAL

Present: Mr. Nikhil Anand, Advocate
for the petitioner.

Mr. Shivoy Dhir, Senior Panel Counsel
for the respondents-Union of India.

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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 direction to respondents to pay interest @ 12% per annum on arrears of pay and allowances.

2. The petitioner was terminated from service vide order dated 17.02.2014 passed by Competent Authority. He preferred CWP-9025-2018 before this Court against the order of termination which came to be allowed vide order dated 04.09.2019 (Annexure P-2).

3. In compliance of order dated 04.09.2019 passed by this Court, Deputy Inspector General (Law), Directorate General, CRPF, New Delhi issued signal dated 20.03.2020 observing that petitioner is entitled to re-instatement and realization of pay and allowances for the period for which he was out of service.

4. The respondent passed order dated 30.04.2020 (Annexure P-3) whereby petitioner was re-instated. He re-joined service w.e.f. 29.05.2020. The respondent paid him backwages along with allowances in April’ 2024.

5. Mr. Nikhil Anand, Advocate submits that petitioner may not be entitled to interest on backwages from the date of his termination, however, he is entitled to interest from the date of re-joining service. He re-joined service on 29.05.2020, thus, respondent was bound to clear backwages and allowances especially when order of re-instatement was passed on 30.04.2020.

6. Notice of motion.

7. Mr. Shivoy Dhir, Senior Panel Counsel for Union of India accepts notice on behalf of respondents-Union of India and waives service.

8. On being confronted with afore-stated facts Mr. Shivoy Dhir, Senior Panel Counsel expressed his inability to controvert the fact that petitioner was re-instated vide order dated 30.04.2020 (Annexure P-3) and he was paid backwages in April' 2024. The backwages relate to the period from February' 2014 to April' 2020.

9. I have heard the arguments of learned counsel for the parties and perused the record.

10. From the perusal of record, it comes out that petitioner was dismissed from service in February' 2014 and he remained out of service till 28.05.2020. He was permitted to re-join on 30.04.2020 but he actually rejoined on 29.05.2020. The respondent principally accepted to pay backwages in March' 2020. However, backwages were cleared in April' 2024. The petitioner may not be entitled to interest from February' 2014, however, he is entitled to interest from the date of re-joining.

11. 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 a similar 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.*"

12. It is a settled proposition of law that interest is compensatory in nature. A man who withholds money belonging to another person is liable to pay interest for depriving its owner to use said money.

13. In the wake of aforesaid judgments and considering the fact that there is a gap of almost 1 month between the date of order of re-instatement and order of rejoining, the respondents are hereby directed to pay interest @ 6% per annum on arrears of pay and allowances from the date of re-joining to the date of payment.

14. Disposed of in above terms.

20.04.2024 **[JAGMOHAN BANSAL]**
manoj **JUDGE**

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