



**IOIN-1-CWP-11427-2013 in/and
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**217 IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH**

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CWP-11427-2013**

Date of Decision: 22.05.2025

**MANAGING DIRECTOR, HRY. DAIRY DEV. COOP. FED. LTD.
(VITA) ... PETITIONER**

VS.

**PRESIDING OFFICER, LABOUR COURT AND ORS.
.. RESPONDENTS**

CORAM: HON'BLE MR. JUSTICE HARSIMRAN SINGH SETHI

Present: Mr. Rahul Dev Singh, Advocate and
Mr. Sanjeev Goel, Advocate,
for the petitioner.

None for the respondents.

HARSIMRAN SINGH SETHI, J.(ORAL)

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Papers have been put up before me by the Registry as service upon respondent No.3 is incomplete.

The same has been perused.

Mr. Rahul Dev Singh, Advocate appears on behalf of petitioner and filed *vakalatnama*. The same is taken on record.

For the reasons mentioned, the IOIN stands disposed of and main case is taken up on Board today itself.

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1. In the present petition, the challenge is to the award dated 14.03.2012 (Annexure P-3) passed by the Labour Court, Hisar, by which,



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the benefit of interest on the retiral benefits which were delayed has been granted.

2. Learned counsel appearing on behalf of the petitioner submits that the claim qua the release of retiral benefits alongwith interest has wrongly been adjudicated by the Tribunal as no such jurisdiction exists. Hence, the direction of payment of interest @ 9% on difference amount paid to the petitioner towards leave encashment from the date the amount qua said benefit became due, is arbitrary.

3. No one appears on behalf of the respondents.

4. I have learned counsel for the petitioner and have gone through the record with his able assistance.

5. The master and servant relationship between the petitioner and the respondent(s)-workmen has not been denied. Further, the liability to pay the retiral benefits after the workmen had retired has also not been denied. The only challenge is that the benefit of interest on the retiral benefits @ 9% per annum should not have been given.

6. Once, the respondent(s)-workmen was working with the petitioner and he was entitled for benefit of leave encashment which was not released immediately upon retirement, the workmen was required to be compensated by grant of interest. Reliance can be placed upon the judgment of Full Bench of this Court in **A.S.Randhawa Vs. State of Punjab and ors, 1997 (3) SCT 468**, wherein it has been held that in case, when there is no impediment in the release of the pensionary benefits of an employee, the same have to be released within a period of two months of the retirement and if the same is not done, the employee has to be compensated by grant of



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interest on the said delayed amount. The relevant paragraph of the judgment is as under:-

“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.”

7. Not only this, a Coordinate Bench of this Court in **J.S.Cheema Vs. State of Haryana and ors, 2014(13) RCR (Civil) 355**, has held that where an amount belonging to an employee has been retained and used by the Department, the employee become entitled for interest on account of delayed payment of said amount. The relevant paragraph of the said judgment is as under:-

“The jurisprudential basis for grant of interest is the fact that one person's money has been used by somebody else. It is in that sense rent for the usage of money. If the user is compounded by any negligence on the part of the person with whom the money is lying it may result in



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higher rate because then it can also include the component of damages (in the form of interest). In the circumstances, even if there is no negligence on the part of the State it cannot be denied that money which rightly belonged to the petitioner was in the custody of the State and was being used by it.”

8. Learned counsel for the petitioner has not been able to point out any jurisdiction existing with the petitioner to with-hold the pensionary benefits. Hence, the direction for release of the pensionary benefits alongwith interest needs no interference by this Court.

9. Dismissed.

**(HARSIMRAN SINGH SETHI)
JUDGE**

22.05.2025
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Whether speaking/reasoned : Yes
Whether Reportable : No