IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

220(2)

2025:PHHC:156241-DB

Date of decision: 12th November, 2025

(I) CWP No. 9858 of 2021 (O&M)

Rita Passi

..Petitioner

Versus

Central Administrative Tribunal and others

..Respondents

(2) CWP No. 19059 of 2021 (O&M)

Kendriya Vidyalaya Sangathan and others

..Petitioner

Versus

Rita Passi and another. **..Respondents**

CORAM: HON'BLE MR. JUSTICE HARSIMRAN SINGH SETHI

HON'BLE MR. JUSTICE VIKAS SURI

Present: Mr. Inder Pal Singh Parmar, Advocate, for petitioner in CWP No. 9858 of 2021 and for respondent No.1 in CWP No. 19059 of 2021.
Mr. Harsh Aggarwal, Advocate for the petitioners in CWP-19059 of 2021 and for respondent in CWP-9858 of 2021.

HARSIMRAN SINGH SETHI, J(Oral)

CM No. 8889-CWP-2024 in CWP No. 9858 of 2021

The present application is for fixing actual date of hearing.

By consent of parties main cases are taken on board today.

Application is allowed.

Main cases

1. In the present set of petitions, the challenge is to the order dated 22.01.2021 (Annexure P-3) passed by the Central Administrative Tribunal (in short 'Tribunal') by both the parties i.e. the applicant before the Tribunal as well as the respondent before the Tribunal. Facts are taken up from Civil Writ Petition No. 9858 of 2021.

2. Vide the impugned order dated 22.1.2021 (Annexure P-3), direction has been given to the respondent-school that the delayed payment of pensionary benefits admissible to petitioner/applicant Rita Passi will also carry interest at the rate of 4%, which rate of interest has been challenged by the applicant/petitioner before this Court on the ground that same is inadequate, whereas the grant of benefit of interest on the delayed release of pensionary benefits to petitioner has been challenged by the Department.

2. Certain facts needs to be noticed for the correct appreciation of the issue in hand.

Rita Passi retired on attaining the age of superannuation on 30.06.2019. Upon the retirement, certain pensionary benefits were to be made admissible to Rita Passi including gratuity, leave encashment and commutation of pension. The "commutation of pension" though sanctioned on 21.06.2019 i.e. prior to retirement of Rita Passi but as the respondents were not having funds, the same was not made applicable and full pension without cut was released in favour of Rita Passi until the said funds were made available and the computation benefits were allowed to Rita Passi from 31.03.2020 onward. With regard to gratuity and leave encashment, the same was also paid on 31.03.2020. The question which arises for consideration is that whether the grant of benefit of interest by the Tribunal upon the delayed release of pensionary benefits to petitioner is correct or not.

3. Learned counsel for the respondent-department argues that there was no intentional delay at the hands of department but on the other hand concedes that there was a procedural delay in disbursing the amount of pension due to the paucity of the funds, hence the same cannot entitle the employee's for benefit of interest, as the funds are to be released by the Union of India, which were not released. Learned counsel for the Department argues

that in the facts and circumstance of present case, when the respondent-department was not at fault for the delayed payment, the grant of benefit of interest in favour of the employee was incorrect, which fact has not been appreciated by the Tribunal in the correct prospective.

4. It may be noticed that once an employee retires, it becomes the duty of the department/employer, so as to release all the pensionary benefits so as to admissible to retired employee expeditiously preferably within a period of two months otherwise it becomes difficult for a retired employee to live a dignified life as only the source of livelihood for a retired employer remains the pension and the pensionary benefits after retirement. Concededly, the leave encashment and the gratuity were paid to the employee namely Rita Passi on 31.3.2020 i.e. after a period of 9 months of the retirement.

5. That being so, upon the amount of gratuity as well as leave encashment, the benefit of interest granted by the Tribunal is perfectly valid and legal as paucity of funds cannot be made a ground to delay the retiral benefits.

6. With regard to commutation of pension, it may be noticed that full pension was being paid to the employee starting from 1.07.2019 onward upto 31.03.2020 and when the commutation was paid, the pension was reduced that being so, no fault can be found on the said procedure adopted by the Department qua the payment of commutation. Hence, the employee was entitled for interest only on leave encashment as well as gratuity from the date the same became due till the actual payment of the same.

7. The question of interest @ 4% granted by the Tribunal vide the impugned order has been challenged by the petitioner-employee concerned. It may be noticed that nothing has been mentioned by the Tribunal qua the

aspect as to how the interest at the rate of 4% has been granted when the bank rate is of 6%.

8. Even as per Section 34 of CPC, which stipulates as to how much interest is to be given, the bank rate has to be followed for the grant of interest, which is 6%. .

9. Learned counsel for the respondent-Department has not been able to dispute that the bank rate admissible to petitioner-employee was at least 6% when the employee retired in June 2019. That being so, the interest rate granted to petitioner upon delayed payment of pensionary benefit is enhanced from 4 % to 6% per annum from the date the amount became due till the actual payment of the same.

10. The order passed by the Tribunal is modified to the said extent.

11. The writ petitions are disposed of accordingly.

12. Let the amount of interest be released in favour of employee with a period of 8 weeks on the receipt of copy of this order.

13. Pending application(s), if any, stands disposed of.

14. Photocopy of this order be placed on the file of another connected case.

(HARSIMRAN SINGH SETHI)
JUDGE

12th November, 2025 **(VIKAS SURI)**
reema **JUDGE**

Whether speaking/reasoned : Yes
Whether reportable : No