



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

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**CWP-24877-2025 (O&M)
Date of decision: 26.08.2025**

Bhajan Singh and others

....Petitioners

Versus

The Punjab State Cooperative Bank Limited and another

....Respondents

CORAM: HON'BLE MR. JUSTICE HARPREET SINGH BRAR

Present: Mr. Vikas Singh, Advocate
for the petitioners.

HARPREET SINGH BRAR J. (Oral)

1. Prayer in this writ petition filed under Article 226 of the Constitution of India, is for issuance of a writ in the nature of mandamus, directing the respondents to pay interest @ 10% on account of delay in payment of gratuity and for quashing the order dated 26.03.2025 (Annexure P-6), whereby the representation dated 02.12.2024 (Annexure P-4) of the petitioners, has been declined.
2. Learned counsel for the petitioners, *inter alia*, contends that the petitioners are entitled to simple interest on the delayed payment of gratuity @ 10% and in terms of the service conditions, governing the petitioners, they were also entitled to payment of gratuity as no pension is payable for the service rendered by the petitioners with



respondent/Bank. As such, only leave encashment and gratuity would constitute the retiral benefits. The petitioners were not paid gratuity immediately on their retirement rather the gratuity was released after a delay of several years. The details of payments made to each petitioner, as provided in Para 4 of the writ petition, reads as follows:-

Sr. No.	Name/Father's Name	Date of Retirement	Payment of Gratuity
1	Bhajan Singh s/o Maghi Singh	30.09.2019	03.02.2020 Rs.10 Lakh 16.08.2023 Rs.10 Lakh
2	Satnam Singh s/o Roor Singh	30.04.2020	30.06.2020 Rs.10 Lakh 10.09.2023 Rs.10 Lakh
3	Inderjit Singh s/o Shiv Ram	31.10.2021	28.01.2022 Rs.10 Lakh 08.12.2023 Rs.10 Lakh
4	Jasbir Singh s/o Jaswant Singh	30.11.2021	04.02.2022 Rs.10 Lakh 20.07.2023 Rs.10 Lakh
5	Rajinder Singh Mann son of Gurcharan Singh Mann	30.06.2021	August, 2021 Rs.10 Lakh 01.09.2023 Rs.10 Lakh

2.1. Learned counsel for the petitioners has relied upon the judgment rendered by this Court in **CWP No.13435 of 2024**, titled as ***The Punjab State Cooperative Bank Limited vs Deputy Chief Labour Commissioner (Central) Chandigarh and others***, decided on **31.07.2024** and submits that similarly situated counter-parts of the petitioners have been awarded 10% simple interest on the delayed payment.

3. Notice of motion.



4. On the asking of the Court, Mr. Naginder Singh Vashist, Advocate, who is present in the Court accepts notice on behalf of respondent/Bank and could not controvert the fact that gratuity was not released immediately, after the retirement of the petitioners.

5. The issue of delayed payment of gratuity is squarely governed by Section 7(3) and (3A) of the Payment of Gratuity Act, 1972 (in short 'the Act of 1972'). As per sub-section (3) of Section 7 of the Act of 1972, the employer is required to release the gratuity within a period of 30 days from the date it becomes payable. Sub-section (3A) of the Act of 1972 mandates that if the gratuity amount is not paid within the stipulated time, the employer shall be liable to pay simple interest for the period of delay at the rate notified by the Central Government. The said rate is not to exceed the interest notified for repayment of long-term deposits. In this regard, the Central Government, vide Notification No.S.O. 873(E) dated 01.10.1987, has specified the applicable rate of simple interest as 10% per annum for such delayed payments. Therefore, in the absence of any default attributable to the petitioners or any written permission obtained by the employer from the competent authority justifying the delay, the petitioners are legally entitled to receive simple interest @ 10% per annum on the delayed payment of gratuity. This legal position has already been upheld by this Court in ***The Punjab State Cooperative Bank Limited's case (supra)***, wherein similarly situated employees were granted interest at the same rate.



6. In view of the above, the present petition is disposed of. The respondent/Bank is directed to pay simple interest @ 10% per annum on the delayed payment of gratuity, which shall be payable to the petitioners within a period of four months from the date of receipt of certified copy of this order.

(HARPREET SINGH BRAR)
JUDGE

26.08.2025
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Whether speaking/reasoned:	Yes/No
Whether reportable:	Yes/No