BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED: 10.02.2026

CORAM:

THE HONOURABLE MR.JUSTICE B.PUGALENDHI

W.P(MD)No.3642 of 2026

T.Arumugashami ... Petitioner

Vs

1.The Managing Director,
Tamilnadu State Transport Corpn., (MDU) Ltd.,
Bye-Pass Road, Madurai-625 016.

2.The Financial Advisor,
Tamilnadu State Transport Corpn., (MDU) Ltd.,
Bye-Pass Road,
Madurai-625 016.

3.The Administrator,
TNSTC Employees Pension Trust,
SETC (TN) Ltd.,
No.2, Pallavan Salai,
Chennai-600 002. ...Respondents

PRAYER: Writ Petition filed under Article 226 of the Constitution of India, praying this Court to issue a Writ of Mandamus direct the respondents to disburse interest at the rate of 6 percent as per court direction for belated payment of terminal benefits like Gratuity, Provident Fund, Leave Salary and Commutation of the total amount comes to Rs. 63,11,856/- for a period of more than 18 months from 01.06.2024 to 02.12.2025 to him as per representation dated On 04.12.2025.

For Petitioner	: Mr.Thirugnana Sambandan K,
For R1 & R2	: Mr.S.Raja Standing Counsel
For R3	: Mr.S.C.Herold Singh Standing Counsel

O R D E R

This writ petition is filed for a Mandamus, directing the respondent to pay interest to the petitioner at the rate of 6% per annum, in paying the terminal benefits for the period of delay from the date of retirement to the date of actual disbursement, within the time stipulated by this Court.

2. The case of the petitioner is that he joined as a Assistant Engineer in the respondent Transport Corporation on 30.12.1998 and his service was regularized as Assistant Engineer

with effect from 01.09.1999. He retired from service as Assistant Manager on 31.05.2024. However, the retirement benefits, namely, Provident Fund, Gratuity and encashment of leave were settled to him only on 02.12.2025. Since the benefits have been settled belatedly, the respondent is liable to pay interest for the belated payment. Therefore, the petitioner gave a representation dated 05.12.2025 to the respondent, however, the same did not evoke any response. Therefore, the petitioner has filed this writ petition for the above said relief.

3.Mr.S.Raja, learned Standing Counsel takes notice for the respondents 1 & 2. Mr.S.C.Herold Singh, learned Standing Counsel takes notice for the third respondent and submits that the terminal benefits have been settled to this petitioner, however, belatedly.

4. By consent of both the parties, the writ petition is taken up for final hearing at the admission stage itself.

5. This Court paid its anxious consideration to the rival submissions made and also perused the materials placed on record.

6. The employer is liable to settle the retirement benefits to its employees without any delay and in case, if it is settled belatedly, it has to be compensated by way of interest for the belated payment. In this regard, the Hon'ble Apex Court in ***S.K.Dua vs. State of Haryana*** reported in ***2008 (3) SCC 44***, has held as follows:

> *"14. In the circumstances, prima facie, we are of the view that the grievance voiced by the appellant appears to be well founded that he would be entitled to interest on such benefits. If there are statutory rules occupying the field, the appellant could claim payment of interest relying on such rules. If there are administrative instructions, guidelines or norms prescribed for the purpose, the appellant may claim benefit of interest on that basis. But even in absence of statutory rules, administrative instructions or guidelines, an employee can claim interest under Part III of the Constitution relying on Articles 14, 19 and 21 of the Constitution. The submission of the learned counsel for the appellant, that*

retiral benefits are not in the nature of "bounty" is, in our opinion well founded and needs no authority in support thereof. In that view of the matter, in our considered opinion, the High Court was not right in dismissing the petition in living even without issuing notice to the respondents."

7. Following the same, in a similar issue, a Division Bench of this Court, in W.A.(MD)No.403 of 2010, etc. batch, vide common order dated 04.07.2014, has fixed the rate of interest at 6% per annum and held as under:-

"5. ..... even though there is no provision in the Tamil Nadu State Transport Corporation Employees Pension Fund for payment of interest, cannot stand in the light of the law laid down by the Supreme Court in S.K.Dua v. State of Haryana and another, reported in (2008) 3 SCC 44. As a matter of fact, the Rules do not contemplate belated payment of retirement benefits. The Rules contemplate prompt payment. When the Rules contemplate prompt payment and not bleated payment, the Rules will not contain a provision for payment of interest. The Pension Fund which was created as a Trust by the Corporation was supposed to act in trust for the

employees' benefit. If the Trust could not make payments within the time stipulated, then, irrespective of whether there is any provision for payment of interest or not, the Corporation is obliged to make payment."

8. Following the dictum laid down on this issue, the writ petition is disposed of with a direction to the respondent/Transport Corporation to pay interest for the belated payment of retirement benefits at the rate of 6% per annum from the date of retirement till the date of actual disbursement, within a period of six months from the date of receipt of a copy of this order. No costs.

10.02.2026

NCC: Yes/No
Index:Yes/No
Internet:Yes
vrn

To

1.The Managing Director,
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3.The Administrator,
TNSTC Employees Pension Trust,
SETC (TN) Ltd.,
No.2, Pallavan Salai,
Chennai-600 002.

B.PUGALENDHI, J.

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Order made in
W.P(MD)No.3642 of 2026

10.02.2026
(1/2)