



WP(MD). No.5562 of 2026

BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

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Dated : 27.02.2026

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THE HONOURABLE MR. JUSTICE B.PUGALENDHI

WP(MD)No.5562 of 2026

P.Arumugam

... Petitioner

Vs

1. The Government of Tamil Nadu,
Rep. by its Secretary,
Transport Department,
Secretariat, Chennai – 600 009.
2. The Managing Director,
Tamil Nadu State Transport Corporation
(Kumbakonam) Ltd.,
Kumbakonam,
Thanjavur District.
3. The General Manager,
Tamil Nadu State Transport Corporation
(Kumbakonam) Ltd.,
Kumbakonam,
Thanjavur District.

... Respondents

Writ Petition filed under Article 226 of the Constitution of India, praying this Court to issue a Writ of Mandamus directing the respondents to settle the interest for the belated payment of retirement benefits such as Gratuity, Earned Leave, Provident Fund and other retirement benefits payable to the petitioner with 6% rate of interest within the time frame



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that may be stipulated by this Court.

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For Petitioner : Mr.N.Sudhagar Nagaraj
For R1 : Mr.G.V.Vairam Santhosh,
Additional Government Pleader
For R2 and R3 : Mr.K.Ramaiah,
Standing Counsel

ORDER

The petitioner joined the services in the respondent Transport Corporation on 30.03.1994 and after rendering 30 years of service, he retired from service as Special Grade Conductor on 30.06.2024. However, the retirement benefits, namely, Gratuity, Earned Leave and Provident Fund, due to the petitioner were settled only on 02.12.2025. Seeking interest for the belated payment, the petitioner gave a representation to the respondents on 05.02.2026, however, it was not considered by the respondents. Therefore, the petitioner has filed this writ petition for the above said relief.

2. Mr.K.Ramaiah, learned Standing Counsel, who takes notice on behalf of the respondents 2 and 3, submits that the retirement benefits have been settled to the petitioner, however belatedly.



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

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

5. 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.”

6. 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,



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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.”

7. Following the dictum laid down on this issue, the writ petition is allowed with a direction to the respondent Transport Corporation to pay interest, for the belated payment of retirement/terminal benefits of the petitioner, at the rate of 6% p.a., within a period of six months from the date of receipt of a copy of this order. No costs.

27.02.2026

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Index : Yes / No.

Internet: Yes / No.

NCC : Yes / No.

To

1. The Secretary,
Transport Department,
Secretariat, Chennai – 600 009.



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B.PUGALENDHI, J.

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