BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED :**02.04.2026**

CORAM:

THE HONOURABLE MRS JUSTICE S.SRIMATHY

W.P(MD)No. 8864 of 2026

P.Selvam ... Petitioner

Vs

1. The Managing Director,
Tamil Nadu State Transport Corporation (MDU) Ltd.,
Bye-Pass Road, Madurai.

2. The Administrator,
Tamil Nadu State Transport Corporation Pension Fund Trust,
Thiruvalluvar Illam,
Pallavan Salai,
Chennai-02. ... Respondents

PRAYER: Writ Petition filed under Article 226 of the Constitution of India, praying this Court to issue a Writ of Mandamus to direct the respondents to pay the 6% interest on the delayed payment of retirement benefits paid to the petitioner, from the date of his retirement i.e., 28.02.2025 to actual payment made on 11.03.2026, in view of the petitioners representation dated 12.03.2026.

For Petitioner	:	Mr.SP.Vijaynivas
For R1	:	Mr.P.F.Ferlin Castro Standing Counsel
For R2	:	Mr.S.C.Herold Singh Standing Counsel

O R D E R

The present writ petition has been filed for a Mandamus to direct the respondents to pay 6% interest from the belated payment of retirement benefits.

2. The learned counsel for the petitioner would submit that the petitioner is a retired employee of the Tamil Nadu State Transport Corporation (MDU) Ltd. and the petitioner has retired from service on 28.02.2025. However, the respondents has disbursed the retirement benefits to the petitioner on 11.03.2026. Hence, the petitioner is now claiming 6% interest for the belated payment of retirement benefits.

3. Heard both sides and perused the records.

4. Even though the petitioner has not given any break up for the retirement benefits, this Court is of the considered opinion that the petitioner is entitled to 6% interest for the belated payment of Earned Leave, Gratuity, Provident Fund from the date of retirement till the date of actual disbursement.

5. The learned Standing Counsel appearing for the respondents, however, relied on the order of the Hon'ble Division Bench in the case of ***the Government of Tamil Nadu vs. M.Deivasigamani,*** reported in ***(2009) 3 MLJ 1***, wherein it is stated as under:

> *"6. The contention of the appellant that as per the Government norms, interest can be paid only on Death-cum-Retirement Gratuity, in case of delay and the same cannot be awarded to any other retiral benefits, is not tenable, in view of the decision of the Supreme Court in S.K.Due v. State of Haryana reported in 2008 (3) SCC 44. In the reported case, the appellant therein was served with three charge sheets/show cause notices in June 1998, few days before his retirement. However, he retired on 30.06.1998 on reaching the age of superannuation. He was paid provisional pension, but other retiral benefits were not given to him, which included commuted value of pension, leave encashment, gratuity, etc. They were withheld till the finalisation of disciplinary proceedings. While answering the issue as to whether the appellant therein was entitled to interest on delayed payment of retiral benefits, in the absence of any statutory rules/administrative instructions or guidelines, the Supreme Court, at Paragraph 14 of the judgment, 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 the 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 limine even without issuing notice to the respondents."

7. In view of the judgment of the Supreme Court, it is now well settled that an employee is entitled to interest on belated payment of pension and other retiral benefits, even in the absence of statutory rules/administrative instructions or guidelines and he can make his claim for interest, under

Part III of the Constitution, relying on Articles 14, 19 and 21 of the Constitution".

6. In the said Division Bench judgment, it has been held that interest is payable not only on gratuity but also on other retiral benefits. However, the issue of commutation of pension was not specifically addressed therein.

7. In ***S. Balasubramaniam vs. The Tamil Nadu State Transport Corporation (Kumbakonam) Ltd.*** (W.P.(MD) No.16402 of 2022, order dated 13.08.2024), has held as under:

> *9. As per Rule 17-A of the Tamil Nadu State Transport Corporation Pension Rules, the employees are entitled to opt for commutation of pension up to a maximum of 1/3 of their pension and the said amount has to be paid to the employees on the date of retirement or on the next day. Therefore, it forms part of the terminal benefits of the employee concerned.*
>
> *10. In the present case, the commuted value of pension has not been disbursed on the due date, but, it has been disbursed one year thereafter. However, the Transport Corporation has proceeded to pay only 2/3 pension to the employees for that one year period as if they have already*

disbursed the commuted value of pension. Not only that, the Corporation has proceeded to calculate interest for the unauthorised payment of 1/3 alone and paid interest to the employee."

8. In the above case, the learned Single Judge held that commutation of pension forms part of terminal benefits and must be paid on the date of retirement or immediately thereafter. In that case, delay in disbursement and improper calculation of pension components were noted. However, the said judgment did not refer to the Tamil Nadu Pension Rules. The ingredients stated in the Tamil Nadu Pension Rules may be taken for the respondent's institution also.

9. As per Rules 45-1A of the Tamil Nadu Pension Rules, as far as commutation of pension is concerned, the respondents are liable to pay the interest from date of lapse of three months from the date of retirement till the date of disbursement.

10. In view of the above, this Writ Petition is disposed of with the following directions:

(i) The respondents are directed to pay interest at the rate of 6% per annum on the belated disbursement of retirement benefits, namely Earned Leave encashment, Gratuity and Provident Fund, from the date of retirement till the date of actual disbursement;

(ii) Insofar as the commutation of pension is concerned, the respondents are directed to pay interest at the rate of 6% per annum from the expiry of three months from the date of retirement till the date of actual disbursement;

(iii) The above exercise shall be completed and the amount shall be paid to the petitioner within a period of three months from the date of receipt of a copy of this order.

02.04.2026

NCS : Yes/No
Index : Yes / No
Internet : Yes / No
apd

To
1. The Managing Director,
Tamil Nadu State Transport Corporation (MDU) Ltd.,
Bye-Pass Road, Madurai.

2. The Administrator,
Tamil Nadu State Transport Corporation Pension Fund Trust,
Thiruvalluvar Illam, Pallavan Salai, Chennai-02.

S.SRIMATHY.,J.

apd

ORDER MADE IN

W.P(MD)No. 8864 of 2026

02.04.2026
(2/3)