



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

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**CWP-7351-2026
Decided on 11.03.2026**

ANITA LAMBA

.....Petitioner

VS

STATE OF HARYANA AND ANOTHER

.....Respondents

CORAM: HON'BLE MR. JUSTICE SANDEEP MOUDGIL

Present: Mr. Samrat Malik, Advocate for petitioner.

Ms. Mayuri Lakhanpal Kalia, DAG Haryana.

SANDEEP MOUDGIL, J (ORAL)

The Civil Writ Petition has been filed under Article 226 of the Constitution of India for the issuance of a writ in the nature of mandamus to release gratuity and leave encashment of her late husband Shri N.K. Lamba, Deputy Excise and Taxation Commissioner (Retired).

Ms. Mayuri Lakhanpal Kalia, DAG Haryana, having been served an advance copy of the petition accepts notice on behalf of respondent-State on instructions from the office of Excise Department Haryana submits that the necessary amount qua the gratuity and leave encashment of petitioner's late husband Mr. N.K. Lamba, Deputy Excise and Taxation Commissioner (Retired) shall be released within a period of three months.

Considering the fact that two charge sheets were issued to Late Mr. N.K. Lamba, Deputy Excise and Taxation Commissioner

(Retired) dated 01.05.2006 and 23.06.2016, one of which was dropped but no final decision was taken on the one dated 01.05.2006.

The disciplinary action came to be questioned by the deceased husband of the petitioner approaching the court vide CWP No.18803 of 2021 which was decided on 28.08.2023 (Annexure P-1) and it is only on the account of the pendency of the said charge-sheet that the amount of gratuity and leave encashment had been withheld and has now been released.

This court is convinced to the assertion made in the petition qua entitlement of the petitioner to the interest on the delayed payment which ought to have been released once the disciplinary proceedings stood concluded and the charge-sheet dated 01.05.2006 came to be dropped on 28.01.2026.

There can be no dispute on the legal preposition that gratuity and leave encashment are hard earned legal right of the petitioner which has been denied to the petitioner and the employee was made to approach the court on an earlier round of litigation as well.

This court is of the opinion that arrears of salary and retiral benefits cannot be arbitrarily withheld by the State and in case of delayed payment thereof, the employee is entitled to compensatory interest. In “*State of Kerala v. M. Padmanabhan Nair, (1985) 1 SCC 429*”, the Supreme Court held that pension and gratuity are no longer a bounty and that culpable delay in their disbursement must be visited with payment of interest. Relevant extract of the same is as under:

“Pension and gratuity are no longer any bounty to be distributed by the Government to its employees on their retirement but have become, under the decisions of this Court, valuable rights and

property in their hands and any culpable delay in settlement and disbursement thereof must be visited with the penalty of payment of interest at the current market rate till actual payment.

2. Usually the delay occurs by reason of non-production of the L.P.C. (Last Pay Certificate) and the N.L.C. (No Liability Certificate) from the concerned Departments but both these documents pertain to matters, records whereof would be with the concerned Government Departments. Since the date of retirement of every Government servant is very much known in advance we fail to appreciate why the process of collecting the requisite information and issuance of these two documents should not be completed atleast a week before the date of retirement so that the payment of gratuity amount could be made to the Government servant on the date he retires or on the following day and pension at the expiry of the following month. The necessity for prompt payment of the retirement dues to a Government servant immediately after his retirement cannot be over-emphasised and it would not be unreasonable to direct that the liability to pay penal interest on these dues at the current market rate should commence at the expiry of two months from the date of retirement”

Similarly, in “**S.K. Dua v. State of Haryana, (2008) 3 SCC 44**”, it was held by the Apex court that even in the absence of statutory rules, an employee is entitled to claim interest on delayed payment under Articles 14 and 21 of the Constitution, while observing that,

*“The fact remains that proceedings were finally dropped and all retiral benefits were extended to the appellant. But it also cannot be denied that those benefits were given to the appellant after four years. 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 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.”*

Furthermore, in “**D.D. Tewari (D) through LRs v. Uttar Haryana Bijli Vitran Nigam Ltd., (2014) 8 SCC 894**”, the Supreme Court reiterated that denial of timely payment of lawful dues warrants award of interest as compensation, while categorically holding that,

“4. It is an undisputed fact that the appellant retired from service on attaining the age of superannuation on 31.10.2006 and the order of the learned single Judge after adverting to the relevant facts and the legal position has given a direction to the employer-respondent to pay the erroneously withheld pensionary benefits and the gratuity amount to the legal representatives of the deceased employee without awarding interest for which the appellant is legally entitled, therefore, this Court has to exercise its appellate jurisdiction as there is a miscarriage of justice in denying the interest to be paid or payable by the employer from the date of the entitlement of the deceased employee till the date of payment as per the aforesaid legal principle laid down by this Court in the judgment referred to supra. We have to award interest at the rate of 9% per annum both on the amount of pension due and the gratuity amount which are to be paid by the respondent.”

In view of the above, this court holds that withholding legally due arrears without justification cannot be sustained in law. Accordingly, the petitioner shall be entitled to interest at the rate of 6% P.A. on the delayed payment of gratuity and leave encashment from the date of accrual till it's actual realization.

In the above terms, the present writ petition stands disposed of.

(SANDEEP MOUDGIL)
JUDGE

11.03.2026
Lalita-II

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