126 IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

CWP-8812-2026
Date of decision: 23.03.2026

Parambir Singh Duggal and others ....Petitioners

Versus

Punjab Gramin Bank and others ...Respondents

CORAM: HON'BLE MR. JUSTICE HARPREET SINGH BRAR

Present: Mr. H.C. Arora, Advocate and
Ms. Sunaina, Advocate
for the petitioners.

Mr. Bhushan Bhatia, Advocate
for the respondent-Bank (through V.C.).

HARPREET SINGH BRAR, J. (ORAL)

1. The present civil writ petition has been filed under Article 226 of the Constitution of India for issuance of a writ in the nature of *certiorari* for quashing the order dated 16.01.2026 (Annexure P-8) passed by the respondents. Further, for issuance of a writ in the nature of *mandamus* directing the respondents to pay interest to the petitioners on the amount of leave encashment.

2. Learned counsel for the petitioners *inter alia* contends that the rejection of the claim of the petitioners to interest is contrary to the judgment rendered by this Court in CWP No.103 of 2021 titled as ***Rajiv Soi Vs. Punjab Gramin Bank, Kapurthala and others*** decided on 05.09.2023 (Annexure P-3) in which interest @ 6% per annum on the leave encashment has been allowed. The aforesaid judgment has been further upheld by the Division Bench of this Court passed in LPA No.1814 of 2024 titled as ***Punjab Gramin Bank,***

Kapurthala and other Vs. Rajiv Soi decided on 16.09.2024 (Annexure P-4) by dismissing the intra Court appeal. Further, once the respondent-Bank has granted interest on account of delay to the identically circumstanced employees, the petitioners cannot be denied the benefit of interest in the same terms.

3. *Per contra,* learned counsel for the respondent-Bank reiterates the speaking order dated 16.01.2026 (Annexure P-8) and relies upon the notification dated 08.07.2024 (Annexure P-2/1) to submit that imposition of interest is not justified, inasmuch as the petitioners had voluntarily retired prior to 08.07.2024.

4. Having heard learned counsel for the parties and after perusal of the record with their able assistance, it transpires that the notification dated 08.07.2024 has already been considered by a Division Bench of this Court in LPA No.1814 of 2024 titled ***Punjab Gramin Bank, Kapurthala and others vs. Rajiv Soi***, decided on 16.09.2024 (Annexure P-4), wherein, the entitlement of an employee to interest on leave encashment was examined and the following was observed:-

> *"3. Learned Single Bench while deciding CWP-103-2021 and connected matters has duly taken note of the fact that appellant-Bank had even proceeded to create a lien on the fixed deposits of employees and had proceeded to freeze the FDR accounts. Sole reason on the basis of which such recovery notices were issued, amounts deducted and liens created, was on account of communication dated 12.11.2020 from NABARD that admissibility of Leave Encashment to staff of respondent-Bank, who retired from services voluntarily and compulsorily is under consideration. It is stated in the communication dated 12.11.2020 that*

"We are in receipt of several references from RRBs and Sponsor Bank in regard to admissibility of Leave Encashment to the staff of RRBs who are retiring from the services voluntarily and retired compulsorily.

In this connection, we inform that the matter has been examined by us and taken up with DFS GOI for appropriate decision at their level which is still under correspondence and decision is awaited."

4. Learned Single Bench in paras 10 to 12 of impugned order dated 05.09.2023 reproduced the relevant Rules, Regulations and applicable provisions including the definition of 'retirement' which includes voluntarily retirement in accordance with provisions contained in Regulation 20 of the Punjab Gramin Bank (Employees') Pension Regulations, 2018 besides Regulation 27 & 28 of the said Regulations and specifically held that the Punjab Gramin Bank (Employees') Pension Regulations, 2018 read with Punjab Gramin Bank (Officers & Employees) Service Regulations, 2010, do not create any distinction between an employee retiring on attaining the age of superannuation or an employee who retires voluntarily from service for the purpose of grant of retiral benefits i.e. Pension, PF and Leave Encashment. Therefore, no artificial discrimination can be created between the employees who have retired on attaining the age of superannuation or the employees who have retired voluntarily. It is further noted that there is no specific direction or order from NABARD or from the Government of India with regard to any bar to admissibility of benefit in question which can justify recovery of amount in question. It is categorically observed that there is no misrepresentation or concealment on the part of employees and that in the wake of no specific bar being there with the employees in fact being entitled to the benefit in question, there was any justification for issuing the impugned recovery notices. Present appellants/respondents were directed to refund the amount in question which was illegally recovered from the saving account of *writ petitioners with interest @ 6% per annum from the date of recovery till its realization. In respect to the writ petitioners in LPA-1929-2024, it was further directed that benefit which has been withheld qua some of employees should also be released. Aggrieved therefrom present appeals have been filed.*

5. Learned counsel for appellants points out that subsequently the matter has been finally decided and notification dated 08.07.2024 has been issued whereby it is provided that "Provided also that where an officer or employee voluntarily retires from service on or after the 1 of April 2018, after giving due notice under sub-regulations (1) and (2) of regulation 27 of the Punjab Gramin Bank (Employees') Pension Regulations, 2018, he shall be eligible to be paid a sum equivalent to the emoluments for the period of privilege leave he had accumulated, subject to sub-regulation (4) of regulation 61." Learned counsel for appellants submits that pursuant to interim orders passed in writ petitions, amount in question had in fact been released to writ petitioners. The only question which would survive, would be the imposition of interest @ 6% by learned Single Bench. Learned counsel for appellant vehemently argues that imposition of interest is not justified in view of the fact that appellant had acted only on the basis of communication dated 12.11.2020 which had been received from NABARD, therefore, it should not be saddled with the liability of interest.

6. This has been opposed by learned counsel for respondents/caveator in LPA-1814-2024.

7. Heard learned counsel for parties and have gone through the files with their able assistance.

8. In the given factual matrix, we do not find any ground to interfere in the direction issued by learned Single Bench directing release of interest @ 6% per annum for the period the amount in question was wrongfully recovered by appellants. It is apparent that there was no bar whatsoever to release of amount of Leave Encashment to the employees who had been permitted to retire *voluntarily. In fact the applicable regulations providing for the same is cemented by the subsequent notification dated 08.07.2024. Merely on the basis of a communication to the effect that matter was under consideration cannot entitle the appellants to adopt the course as was done in the present matters. Trite it is that retiral benefits are not a bounty but the hard earned fruit of the employee for long years. It is a settled position that an employee cannot be deprived thereof without justifiable reason and in accordance with law.*

9. In the given factual matrix, learned counsel for appellants is unable to point out any infirmity or illegality in the impugned orders dated 05.09.2023, which call for interference by this Court."

5. Further, in view of the fact that learned counsel for the respondents is not in a position to distinguish the case of the present petitioners from that of the petitioners in ***Rajiv Soi's case (supra)***, the present petition is allowed in terms of the judgment rendered by the Division Bench of this Court in the said case. The impugned order dated 16.01.2026 (Annexure P-8) is hereby set aside with a direction to the respondents to pay interest @ 6% per annum on account of delay in releasing the leave encashment to the petitioners within a period of three months from the date of receipt of certified copy of this order, till its actual realization.

(HARPREET SINGH BRAR)
JUDGE

23.03.2026
Neha

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