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

**LPA-1192-2026 (O&M)
Date of Decision: 29.04.2026**

Punjab State Civil Supplies Corporation Limited Appellant

Versus

Surinder Nath Respondent

**CORAM: HON'BLE MR. JUSTICE JASGURPREET SINGH PURI
HON'BLE MRS. JUSTICE AMARJOT BHATTI**

Present: Mr. Deepak Gupta, Advocate,
for the appellant.

JASGURPREET SINGH PURI, J. (ORAL)

CM-2909-LPA-2026

The present application has been filed for condonation of delay of 67 days in filing the present appeal.

For the reasons mentioned in the application, the same is allowed and the delay of 67 days in filing the appeal, is hereby condoned.

Main Case

1. The present is an intra-court appeal filed by the appellant assailing the judgment dated 16.01.2026 passed by learned Single Judge in CWP-4979-2017.

2. Learned counsel for the appellant submitted that the respondent was an employee of the appellant-Department and retired on 31.12.2014 as a Sub-Inspector. At the time of his retirement, he was not facing any kind of disciplinary or criminal proceedings, although an explanation had been sought from him. However, a charge-sheet was issued to the respondent on 28.12.2017 and pursuant thereto, it was ultimately decided to file a recovery



suit against him. He further submitted that although retiral/pensionary benefits were not paid to the respondent after his retirement and there was a delay of about 7½ years in the payment of gratuity and about 11 years in the payment of leave encashment, but these payments were made to the respondent during the pendency of the writ petition itself. He also submitted that the learned Single Judge has granted interest @ 6% per annum on the aforesaid delayed payments which are to be calculated from the expiry of two months after his retirement till the date of actual payment. He further submitted that there were allegations against the respondent, on account of which, no 'No Objection Certificate' was issued to him, causing delay in disbursement of his retiral benefits. It is an admitted position that at the time of retirement, the respondent was not facing any disciplinary proceedings or criminal proceedings. He submitted that since the learned Single Judge has allowed interest @ 6% per annum on the delayed payments, the respondent is not entitled thereto for the aforesaid reasons.

3. We have heard learned counsel for the appellant.

4. The appellant is the Punjab State Civil Supplies Corporation Limited (PUNSUP), which is an instrumentality of the State. The respondent was an employee of the appellant, who retired as Sub-Inspector on 31.12.2014. It is an admitted case and rather so specifically stated by the appellant that at the time of retirement, the respondent was not facing any disciplinary proceedings or criminal proceedings and only an explanation had been sought from him. After about three years, a charge-sheet was issued to him. During the pendency of the writ petition, all the retiral/pensionary benefits were paid to the respondent with delay. Gratuity was paid after a delay of about 7½ years and leave encashment was paid



after a delay of about 11 years. Learned Single Judge has only granted interest @ 6% per annum from two months after the date of retirement till the date of actual payment.

5. It is a settled law that the interest payable on delayed payment of retiral benefits is not to be construed as a penalty rather it constitutes interest on the amount wrongfully withheld by the employer, which is paid later. Therefore, the aforesaid interest @ 6% per annum granted by the learned Single Judge was only in the nature of compensation which the appellant-PUNSUP earned as interest because retiral benefits were kept by them unlawfully. After the master-servant relationship ceased to exist on superannuation, no such charge-sheet could have been issued except in those situations where the event could be proved to have taken place during preceding four years. However, no such plea has been taken by the appellant before this Court or before learned Single Bench. Therefore, withholding of the retiral benefits was clearly without authority of law.

6. The retiral benefits stood paid to the respondent during the pendency of the writ petition and therefore, the only cause of action that survived before learned Single Judge was for grant of interest. A Constitutional Bench of Hon'ble Supreme Court way back in the year 1971 in "**Deokinandan Prasad Vs. State of Bihar**", 1971(2) SCC 330, observed that pension is not a bounty of the State and it is a valuable right. It is the duty cast upon the State or its instrumentality to pay the lawful retiral benefits at the time of superannuation. The relevant portion of the aforesaid judgment is reproduced as under:-

“31. The matter again came up before a Full Bench of the Punjab and Haryana High Court in K.R.



Erry v. The State of Punjab, ILR (1967)1 Punj and Har 278 (FB). The High Court had to consider the nature of the right of an officer to get pension. The majority quoted with approval the principles laid down in the two earlier decisions of the same High Court, referred to above, and held that the pension is not to be treated as a bounty payable on the sweet-will and pleasure of the Government and the right to superannuation pension including its amount is a valuable right vesting in a Government servant. It was further held by the majority that even though an opportunity had already been afforded to the officer on an earlier occasion for showing cause against the imposition of penalty for lapse or misconduct on his part and he has been found guilty, nevertheless, when a cut is sought to be imposed in the quantum of pension payable to an officer on the basis of misconduct already proved against him, a further opportunity to show cause in that regard must be given to the officer. This view regarding the giving of further opportunity was expressed by the learned Judges on the basis of the relevant Punjab Civil Service Rules. But the learned Chief Justice in his dissenting judgment was not prepared to agree with the majority that under such circumstances a further opportunity should be given to an officer when a reduction in the amount of pension payable is made by the State. It is not necessary for us in the case on hand, to consider the question whether before taking action by way of reducing or denying the pension on the basis of disciplinary action already taken, a further notice to show cause should be given to an officer. That question does not arise for consideration before us. Nor are we concerned with the further question regarding the procedure, if any, to be adopted by the authorities



before reducing or withholding the pension for the first time after the retirement of an officer. Hence we express no opinion regarding the views expressed by the majority and the minority Judges in the above Punjab High Court decision, on this aspect. But we agree with the view of the majority when it has approved its earlier decision that pension is not a bounty payable on the sweet-will and pleasure of the Government and that, on the other hand, the right to pension is a valuable right vesting in a government servant.

32. This Court in State of Madhya Pradesh v. Ranojirao Shinde and another, 1968-3 SCR 489 had to consider the question whether a "cash grant" is "property" within the meaning of that expression in Articles 19(1)(f) and 31(1) of the Constitution. This Court held that it was property, observing "it is obvious that a right to sum of money is property".

7. A Full-Bench of this Court in **"A.S. Randhawa Vs. State of Punjab and others"**, 1997(3) SCT 468, held that rather a separate petition would lie seeking only interest component.

8. The Right to receive the retiral/pensionary benefits at the time of retirement is not only a Statutory Right but also a Constitutional Right under Article 300-A of the Constitution of India.

9. In view of the above, this Court does not find any merit in the present Letters Patent Appeal and the same is hereby dismissed with ₹10,000/- (Rupees Ten Thousand Only) as costs. The appellant is hereby directed to deposit the aforesaid costs with the High Court Legal Services Committee within a period of 3 months from today and thereafter, furnish a receipt of the same in the Registry of the Court.

10. In case, the receipt is not furnished before the Registry, then the

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Registry shall put up this case for compliance purposes after 3 months and thereafter, further necessary action will be considered in accordance with law.

(JASGURPREET SINGH PURI)
JUDGE

29.04.2026
Bhumika

(AMARJOT BHATTI)
JUDGE

1. Whether speaking/reasoned:

Yes/No
2. Whether reportable:

Yes/No