2026:PHHC:064976

IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

249 CWP-32833-2024
Date of Decision: **28.04.2026**

Naval Khanna

....Petitioner

VERSUS

The Punjab State Federation Of Cooperative Sugar Mills Limited Through Its Managing Director

...Respondent

CORAM: HON'BLE MR. JUSTICE HARPREET SINGH BRAR

Present:- Mr. Lovedev Singh, Advocate
for the petitioner.

Mr. Kamal Gupta, Advocate
for the respondent.

<u>HARPREET SINGH BRAR, J. (Oral)</u>

1. The present writ petition has been filed under Articles 226/227 of the Constitution of India, praying for the issuance of writ in the nature of *mandamus* directing the respondent to release interest @ 18% per annum on the delayed payment of leave encashment.

2. Learned counsel for the petitioner, *inter alia*, contends that the petitioner was initially appointed as an Accounts Assistant on a temporary basis on 30.11.1988 and was thereafter regularized on 01.07.1989, as is discernible from Annexures P-2 and P-3, respectively. The petitioner took

premature retirement from the post of Chief Accounts Officer on 30.09.2022 (Annexure P-4). The gratuity and leave encashment of the petitioner were not released at the time of his retirement, compelling him to approach the Controlling Authority under the Payment of Gratuity Act. During the pendency of the said application, respondent–Sugarfed released the gratuity amount. The petitioner thereafter filed CWP-2651-2024 before this Court, seeking a direction to the respondents to release his retiral dues (including leave encashment) along with interest @ 18% per annum. This Court, vide order dated 07.02.2024 (Annexure P-8), disposed of the writ petition with a direction to the respondent–Federation to consider and decide the claim made by the petitioner in his representation.

2.2 Pursuant thereto, the petitioner submitted a fresh representation on 05.06.2024, whereafter the respondents released an amount of Rs. 6,32,960/- towards leave encashment on 16.07.2024 (Annexure P-10). However, although the petitioner had retired on 30.09.2022, the amount of Rs. 5,20,541/- towards leave encashment was ultimately credited to his account through RTGS only on 12.08.2024. It is further contended that a portion of the leave encashment amount has been withheld by the respondents. Accordingly, on account of the delay in payment, the petitioner is entitled to interest on the delayed release of leave encashment.

3. *Per contra*, learned counsel for the respondents, with reference to Annexure R-1, submits that the petitioner sought premature retirement

with immediate effect and requested that the salary for the three-month notice period be deducted from the dues payable to him upon retirement. Accordingly, three months' salary in lieu of notice was deducted from the leave encashment amount of Rs. 6,32,980/-, and the petitioner was paid Rs. 5,20,541/-. It is further submitted that the delay in releasing the retiral dues occurred as the petitioner had served at various sugar mills under the respondent-Federation and an inquiry regarding some theft was pending. However, learned counsel for the petitioner is unable to controvert the fact that, on the eve of his retirement, no charge-sheet had been issued and no disciplinary proceedings were pending against the petitioner.

4. Having heard learned counsel for the parties and upon perusal of the record, it transpires that the petitioner availed premature retirement on 30.09.2022 after rendering continuous service of more than 33 years. Further, on the eve of his retirement, there was no pending charge-sheet, and the petitioner retired with a clean record. Admittedly, the leave encashment amount of Rs. 5,20,541/- was credited to the petitioner's account through RTGS on 12.08.2024. Accordingly, on account of the delay, the petitioner is entitled to interest in terms of the judgment rendered by the Full Bench in ***A.S. Randhawa, Superintending Engineer (Retd.) vs. State of Punjab, 1998 (1) SCT 343***. Further, the respondent-Federation is justified in deducting the amount on account of three months' notice from the leave encashment.

5. The *lis* thus survives in a narrow compass, confined solely to the claim of interest on account of delayed disbursement of retiral benefits. The issue is no longer *res integra*. The claim of the petitioner is squarely governed by the authoritative pronouncement of the Full Bench in ***A.S. Randhawa (supra)***, wherein it has been unequivocally held that pensionary and retiral benefits are not in the nature of a bounty but constitute a vested and enforceable right accruing to an employee upon retirement. It has further been held that any culpable delay in the release of such dues beyond a reasonable period quantified therein as two months would entail a corresponding liability upon the employer to compensate the retiree by way of interest on the belated payments.

6. In the conspectus of the aforesaid facts and the settled position of law, and without embarking upon any further adjudication on ancillary or collateral issues, the present writ petition is allowed. The respondent-Federation/competent authority is directed to compute and release interest on the delayed payment of retiral dues of the petitioner, i.e., Rs. 5,20,541/-, @ 6% per annum. The interest shall be calculated after the expiry of two months from the date of retirement of the petitioner till the date it was credited i.e. 12.08.2024.

7. Let the aforesaid exercise be undertaken expeditiously, and the consequential monetary benefits be released to the petitioner within a period of three months from the date of receipt of a certified copy of this order.

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8. Pending miscellaneous application(s), if any, shall also stands disposed of.

(HARPREET SINGH BRAR)
JUDGE

28.04.2026
Parul Verma

Whether speaking/reasoned. :	Yes/No
Whether Reportable. :	Yes/No