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

1) CWP-28640-2025
Date of decision: 24.09.2025

Harmesh KumarPetitioner

Versus

Punjab State Civil Supplies Corporation
Ltd. and another ...Respondents

2) CWP-28654-2025

Subhash JoharPetitioner

Versus

Punjab State Civil Supplies Corporation
Ltd. and another ...Respondents

CORAM: HON'BLE MR. JUSTICE HARPREET SINGH BRAR

Present: Mr. Parveen Kumar Garg, Advocate
for the petitioner(s).

HARPREET SINGH BRAR, J. (ORAL)

1. This common order shall dispose of the aforementioned civil writ petitions as they arise from a similar factual matrix. However, for the sake of brevity, the facts are taken from CWP-28640-2025.

2. The present civil writ petition(s) has been filed under Articles 226/227 of the Constitution of India for issuance of a writ in the nature of *certiorari* for quashing the impugned order dated 27.09.2024 (Annexure P-3) as well as the impugned letters dated 19.03.2025 and 28.04.2025 (Annexures P-5 & P-6, respectively).

3. Learned counsel for the petitioner(s) *inter alia* contends that the petitioner(s) retired on 31.12.2011 as a District Manager. However, his retirement



dues were withheld on account of pending show cause notice. After the retirement of the petitioner(s), 21 charge sheets were issued. Eventually, all proceedings were dropped and petitioner(s) earned a clean chit. Thereafter, gratuity was released to the petitioner along with an interest @ 12% as per the order from the Controlling Authority. The leave encashment which is considered as a part of salary has been paid to the petitioner after a delay of 13 years i.e. on 05.12.2024, without any legislative mandate. As such, there was no longer any 'ingredient or element' to justify withholding the retiral dues once the petitioner was exonerated. Further, this Court in 'Dhir Chand Vs. State of Haryana and others' 2019 (1) SCT 134, has categorically held that leave encashment has to be paid even to a dismissed employee as it is a part of earned salary. The petitioner has moved a representation claiming interest on account of delay in releasing the leave encashment from the date of retirement i.e. 31.12.2011 until the date of payment i.e. 05.12.2024. The respondent-Corporation, being a commercial entity, has utilized the funds of the petitioner(s) for 13 years. He further submits that similarly situated co-employee, namely, Sarwan Singh, who is identically circumstanced retired from the services of the respondents, was also not released his retirement benefits and has approached this Court by way of filing CWP No.15238 of 2013 titled as 'Sarwan Singh Vs. Punjab State Civil Supplies Corporation Limited and another' and the same was disposed of and the petitioner therein has been paid interest on account of delayed release of financial benefits after dropping of the charge sheet, from the date it became due as discernible from Annexure P-8. Further, the respondent-Corporation has issued instructions on 04.05.1998 (Annexure P-7) and has taken conscious decision to pay interest on



the delayed payment to the employees and their dependents.

4. Having heard the learned counsel for the petitioner and after perusing the record with his able assistance, the present petition is being decided in *limine* in order to save litigation cost of the respondent and judicial time of the Court.

5. It is evident that the petitioner retired on 31.12.2011 and all the charge sheets were admittedly issued after the retirement of the petitioner and all the charge sheets were consigned to record and no punishment has been awarded to the petitioner. The petitioner has only been censured in one of the charge sheets bearing SCN No.13/3493 issued on 22.04.2013 which creates no impediment in release of retiral dues. As such, the petitioner cannot be denied the interest on the delayed payment. The petitioner has further relied upon the order passed in the case of *Sarwan Singh (supra)* (Annexure P-8) in which the payment of interest for delay was allowed and the case of the petitioner is identically circumstanced to that of Sarwan Singh.

6. In that vein, a gainful reference can be made to the judgment rendered by a Full Bench of this Court in *A.S. Randhawa Supg. Engineer (Retd.) vs. State of Punjab 1998 (1) SCT 343* wherein it was opined that disbursement of pension and other benefits payable at retirement must be done in a timely manner. Any delay over a period of two months, qua the said disbursement would entitle the retired employee to claim interest on the amount due. Speaking through Justice N.K. Sodhi, the following was held:

“9. Since a Government employee on his retirement becomes immediately entitled to pension and other benefits in terms of the Pension Rules, a duty is simultaneously cast on the State to ensure the disbursement of pension and other benefits to the retiree in proper time.



As to what is proper time will depend on the facts and circumstances of each case but normally it would not exceed two months from the date of retirement which time limit has been laid down by the Apex Court in *M. Padmanabhan Nair's case (supra)*. If the State commits any default in the performance of its duty thereby denying to the retiree the benefit of the immediate use of his money, there is no gainsaying the fact that he gets a right to be compensated and, in our opinion, the only way to compensate him is to pay him interest for the period of delay on the amount as was due to him on the date of his retirement. Again, as to what should be the rate of interest, it should, in our view, be generally 12% unless the circumstances of a particular case warrant the payment of a higher rate which may extend to even 18%.”(emphasis added)

7. In view of the discussion above, the present revision petitions are allowed and the impugned order dated 27.09.2024 (Annexure P-3) as well as impugned letters dated 19.03.2025 and 28.04.2025 (Annexures P-5 & P-6, respectively) are hereby set aside. Respondent-Corporation is directed to release the interest @ 6% per annum on the delayed payment of leave encashment to the petitioners from the date of retirement (to be calculated two months after the date of retirement) till the date of actual payment, within a period of three months from the date of receipt of certified copy of this order.
8. A photo copy of this order be placed on the file of connected case.

(HARPREET SINGH BRAR)
JUDGE

24.09.2025
Neha

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