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

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**RSA-405-2018 (O&M)  
Date of Decision: 24.04.2025**

**HAFED THROUGH THE MANAGING DIRECTOR AND OTHERS  
.....Appellants**

Versus

**BABU LAL AGGARWAL** .....Respondent

**CORAM: HON'BLE MS. JUSTICE LAPITA BANERJI**

Present:- Mr. Vikas Chatrath, Advocate,  
Mr. Sachit Katoch, Advocate, and  
Mr. Preet Agora, Advocate,  
for the appellants.

Mr. Aditya Yadav, Advocate,  
for respondent.

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**LAPITA BANERJI, J.(Oral)**

**CM-1034-C-2018**

This is an application for condonation of delay of 476 days in re-filing the appeal.

Perused the grounds in the application.

Such grounds are found sufficient.

The application is allowed and delay of 476 days in re-filing the appeal is condoned.

**CM-1035-C-2018**

This is an application for condonation of delay of 38 days in filing the appeal.

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Perused the grounds in the application.

Such grounds are found sufficient.

The application is allowed and delay of 38 days in filing the appeal is condoned.

**Main case:-**

1. In the present appeal, the employer-HAFED has challenged the grant of 12% interest per annum from April 2010 till the realization of the retiral benefits to the respondent-employee vide order dated March 21, 2016 passed by the First Appellate Court. The appellant-HAFED was directed to pay the said interest on the retiral benefits to the respondent-plaintiff within a period of 03 months from the date of the order.

2. The trial Court vide judgment and decree dated January 31, 2015 decided against the plaintiff (respondent-employee). In the suit, the plaintiff-employee had challenged the charge-sheet issued against him on November 23, 2007 and the punishment order dated January 19, 2011. The plaintiff also claimed arrears of retiral dues along with interest for late payment of retiral dues w.e.f. January 01, 2008 till such time the entire payment was made.

3. The trial Court held that the plaintiff was unable to prove its case and therefore dismissed the suit. The First Appellate Court vide impugned judgment and an order dated March 21, 2016 modified the decree and judgment passed by the trial Court and allowed 12% interest per

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annum from April 12, 2010 till the entire retiral benefits have been disbursed to the plaintiff.

4. The first Appellate Court discussed the issues in detail and came to the finding that since the plaintiff had superannuated from service on December 31, 2007 and the Enquiry Officer presented its report on October 12, 2009 and the punishment order was passed belatedly on January 19, 2011, the disciplinary proceedings could not be kept pending for an indefinitely long period of time.

5. The First Appellate Court deemed the proceedings to be concluded on January 11, 2010 by way of legal fiction and held that the retiral benefits should have been paid within a period of 03 months from the deemed conclusion of the disciplinary proceedings i.e., by April 11, 2010. Since the retiral benefits were released between February 28, 2011 and April 2, 2011, the defendants were held liable to pay interest from April 12, 2010.

6. In coming to the deemed conclusion of the disciplinary proceedings, the First Appellate Court relied on the Government instructions dated October 16, 1986 on suspension. It was reiterated in the said memo that the time schedule prescribed by the Government instructions dated February 19, 1982 should be adhered to meticulously.

7. The relevant extract of the said 1986 instructions with regard to the final orders is reproduced hereinbelow:-

*“(iii) It should be a matter of firm principles, to be deviated from only in cases of rare urgency, that no official is*

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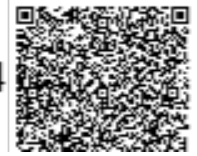
*suspended until a proper chargesheet is served upon him and his explanation obtained and found unsatisfactory. A departmental enquiry can only begin at this stage and it should be started forthwith. Since it may not be possible to complete the enquiry in all cases in **one month**, Government has decided that the enquiry officer should complete all the proceedings and submit his report within a period of **three months** and the punishing authority should not take much longer time to decide the case (obtaining the advice of the Hr. Public Service Commission/S.S.S. Board where required, expeditiously). In no case should the period between suspension, if ordered and final order exceed **six months**.”*

8. By relying on the Government instructions while giving relief to the plaintiff-employee the First Appellate Court committed no error of law. No argument could be made out as to why the Government instructions were not required to be adhered to in case of the plaintiff. The next question that falls for consideration is the correctness of the rate of interest awarded to the plaintiff-employee.

9. Vide notice of motion order dated February 23, 2018, a Co-ordinate Bench of this Court directed interest @ 9% on the retiral benefits to be granted to the employee-respondent within a period of 08 weeks from the date of the order. The appellants have already complied with the said order and 9% interest has been paid to the employee-respondent.

10. The rate of interest in a fixed deposit of a nationalized bank available to a senior citizen was around 7% to 7.75%, in 2016. Therefore,

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this Court modifies the rate of interest from 12% passed by the First Appellate Court to 9% per annum. Since the entire interest @ 9% has already been calculated and disbursed to the respondent-employee, nothing further remains to be adjudicated in the present regular second appeal.

11. Accordingly, the **RSA-405-2018** is **disposed of**.
12. Connected application(s), if any, are accordingly disposed of.

**24.04.2025**  
*Jyoti Thakur*

**(LAPITA BANERJI)**  
**JUDGE**

<i>Whether speaking/reasoned:</i>	<i>Yes/No</i>
<i>Whether reportable:</i>	<i>Yes/No</i>