

IN THE CENTRAL ADMINISTRATIVE TRIBUNAL
PRINCIPAL BENCH, NEW DELHI.

Regn. No. OA 2707/1990 Date of decision: 29.04.1992.

Shri Gurbaksh SinghApplicant

Vs.

Union of India and OthersRespondents

For the ApplicantShri Gurmeet

Singh, Counsel

For the RespondentsShri P.P.

Khurana, Counsel

CORAM:

THE HON'BLE MR. P.K. KARTHA, VICE-CHAIRMAN (J)

THE HON'BLE MR. I.K. RASGOTRA, ADMINISTRATIVE MEMBER

1. Whether Reporters of local papers may be allowed to see the Judgment? *Y*
2. To be referred to the Reporters or not? *N*

JUDGMENT (ORAL)

(of the Bench delivered by Hon'ble Shri P.K.
Kartha, Vice Chairman (J))

We have heard the learned counsel of both parties. The grievance of the applicant who voluntarily retired from the service of the

respondents on 05.05.1984 relates to delayed payment of a sum of Rs. 2,751/- towards Death-cum-Retirement Gratuity and a sum of Rs.1,549/- towards Leave Encashment. The respondents have paid the amount of gratuity mentioned above on 1.6.1990 together with interest at the rate of 7% for the first year and 10% for the remaining period. The amount towards leave encashment was paid in two instalments - a sum of Rs. 989/- in January, 1991 and a sum of Rs.660/- on 30th September, 1991. The respondents have not paid any interest on the delayed payment of leave encashment on the ground that there is no provision under the rules for payment of interest.

2. The learned counsel for the applicant relied upon the decision of the Supreme Court in State of Kerala Vs. M. Padmanabhan Nair, AIR 1985 SC 356 and the decisions of this Tribunal in support of his contention regarding payment of penal interest on the delayed payment of gratuity as well as leave encashment. The respondents have stated that the bulk of the amount of gratuity has been adjusted against the House Building Advance and interest payable by the applicant to the Government and the balance sum of Rs. 2,751/- had to be paid after delay. In order to deal with such cases of delay, the Government of India's instructions under Rule 68 of the CCS(Pension) Rules, 1972 contained in the OM

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dated 28.07.1984 issued by the Department of Personnel and Training stated that the interest has to be paid at the rate of 7% per annum for a period of delay upto one year and at the rate of 10% per annum beyond one year in respect of the gratuity. After hearing both sides, we are satisfied that the interest paid on the gratuity is in accordance with the Government of India's instructions on the subject and we do not see any justification for payment of penal interest at the rate of 18% as claimed by the applicant.

3. With regard to the delayed payment of leave encashment, we are of the opinion that even though there is no specific provision under the rules for payment of interest on delayed payment, in the interest of justice, the applicant should be paid interest at the rate of 12% per annum from the date it became due to the date of payment. The respondents shall release the necessary amount due to him on this basis within a period of 3 months from the date of communication of this order.

There will be no order as to costs.

Sukanya
(I.K. RASGOTRA)
MEMBER(A)

29.04.1992

Varma
(P.K. KARTHA)
VICE CHAIRMAN(J)
29.04.1992

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