APHC010562422006

IN THE HIGH COURT OF ANDHRA PRADESH
AT AMARAVATI **[3633]**
(Special Original Jurisdiction)

*** THE HONOURABLE SRI JUSTICE RAVI NATH TILHARI**

***THE HONOURABLE SMT. JUSTICE SUNITHA GANDHAM**

+WRIT PETITION NO: 18779/2006

%29.09.2026

Government of Andhra Pradesh and others.

……Petitioners

And:

$1. Sri Bollapalli Venkata Krishna Murthy & others

….Respondents.

!Counsel for the petitioner : Sri Challa Srinivas

^Counsel for the respondents : Sri K. Upender Reddy

<Gist:

>Head Note:

? Cases referred:

1. 1985 SCC (L&S) 278
2. 1997 SCC Online P&H 705
3. (2014) 8 SCC 894
4. (2001) 9 SCC 687

HIGH COURT OF ANDHRA PRADESH AT AMARAVATI

* * * *

WRIT PETITION NO: 18779/2006

Between:

Government of Andhra Pradesh and others.

……Petitioners

AND

Sri Bollapalli Venkata Krishna Murthy & others

….Respondents.

DATE OF JUDGMENT PRONOUNCED:29.09.2026

SUBMITTED FOR APPROVAL:

THE HON'BLE SRI JUSTICE RAVI NATH TILHARI

&

THE HONOURABLE SMT. JUSTICE SUNITHA GANDHAM

1. Whether Reporters of Local newspapers may be allowed to see the Judgments? Yes/No
2. Whether the copies of judgment may be marked to Law Reporters/Journals Yes/No
3. Whether Your Lordships wish to see the fair copy of the Judgment? Yes/No

RAVI NATH TILHARI, J

SUNITHA GANDHAM,J

THE HONOURABLE SRI JUSTICE RAVI NATH TILHARI

THE HONOURABLE SMT JUSTICE SUNITHA GANDHAM

WRIT PETITION No: 18779/2006

ORDER: *(per Hon'ble Smt. Justice Sunitha Gandham)*

This writ petition is filed by the Government of Andhra Pradesh questioning the order dated 21.03.2006 passed by the Andhra Pradesh Administrative Tribunal, Hyderabad (hereinafter referred to as 'the APAT') in O.A.No.4410 of 2001, insofar as the APAT directed payment of interest at 18% per annum on the delayed payment of pensionary and retirement benefits to respondent No.1.

2. The case of the petitioners, in brief, is that while working as Mandal Parishad Development Officer, Roddam, respondent No.1 incurred expenditure of Rs.7,75,848/- towards purchase of stationery, furniture, maps and charts and sanction of interest-bearing loans, and diverted amounts from other heads of account, to which the Audit Department took objection. Respondent No.1 retired from service on 31.08.1995. The Commissioner, Panchayat Raj & Rural Employment, submitted proposals for initiation of disciplinary proceedings against respondent No.1 vide Letter No.17407/CPR-12/97, dated 19.06.1999, under Rule 9 of the A.P. Revised Pension Rules, 1980. On examination

of the matter, it was found that disciplinary action could not be initiated owing to the lapse of time. The Finance and Planning Department also agreed with the said position, but advised the department either to initiate criminal action or to recover the loss caused to the Government.

3. The matter was thereafter examined by the department and the irregularities committed by respondent No.1 were classified accordingly. As per Letter No.13/99/G4, dated 28.02.2001, of the Chief Executive Officer, Zilla Parishad, Ananthapur, respondent No.1 was stated to have committed financial irregularities resulting in a loss of Rs.7,75,848/-. The Audit Department had already dropped audit objections relating to amounts of Rs.59,254/- and Rs.3,16,200/-, leaving a balance amount of Rs.4,00,384/-. Respondent No.1 thereafter filed O.A.No.4410 of 2001 before the APAT seeking release of all pensionary benefits together with interest at 18% per annum.

4. While the matter was pending, the Chief Executive Officer submitted a report vide Letter No.13/99/G4, dated 09.09.2002, recommending recovery of Rs.7,007/- towards the excess amount paid to the printers. Respondent No.1 remitted the said amount. Thereafter, the pensionary benefits of respondent No.1 were released pursuant to G.O.Rt.No.251, PR&RD (E.VII.1) Department, dated 26.02.2003. By order dated 21.03.2006, the APAT directed the Government to release

the full pension and other retirement benefits with interest at 18% per annum for the delayed period from the date of retirement.

5. The petitioners contend that, owing to the lapse of time, departmental proceedings could not be initiated and that, since respondent No.1 had remitted the amount of Rs.7,007/-, he was deemed to have been found guilty. They further contend that, in terms of Government Circular Memo No.37989/494/A2/Pen.I/98, dated 21.04.1999, interest on delayed payment of retirement gratuity was prescribed at 7% per annum for the period beyond three months and up to one year and at 10% per annum beyond one year. Subsequently, by Government Circular Memo No.16077/135/A2/Pen.I/04, dated 20.02.2006, further instructions were issued prescribing 4.5% per annum for the period beyond three months and up to one year and 5% per annum beyond one year. It is therefore contended that the direction of the APAT to pay interest at 18% per annum is unsustainable.

6. Heard Sri Challa Srinivas, learned Assistant Government Pleader for Services-III appearing for the petitioners. There is no representation on behalf of the respondents.

7. We have perused the writ petition and the material available on record. The short question that arises for consideration is as to the rate

of interest payable on the delayed payment of pensionary benefits to respondent No.1.

8. It is not in dispute that respondent No.1 retired from service on 31.08.1995 and that he approached the APAT in O.A.No.4410 of 2001 seeking release of his pensionary benefits together with interest at 18% per annum from the date of retirement. It is also not in dispute that the petitioners did not file a counter before the APAT and did not place before it the Government circulars relied upon in the present writ petition. The APAT, on the material placed before it, allowed the application and directed payment of interest at 18% per annum from the date of retirement.

9. If the petitioners had any grievance with regard to the rate of interest claimed by respondent No.1, it was incumbent upon them to place the relevant facts and the applicable Government circulars before the APAT by filing an appropriate counter. The failure to do so cannot ordinarily be ignored. Nevertheless, since the question of the appropriate rate of interest is before this Court and the relevant material has been placed on record, the same can be considered in order to do complete justice between the parties.

10. We are unable to accept the contention of the petitioners that, merely because respondent No.1 remitted the amount of Rs.7,007/-, he must be treated as having been found guilty of the alleged financial irregularities. Admittedly, no departmental proceedings were initiated against respondent No.1. A finding of misconduct or guilt cannot be inferred merely from the fact of recovery of an amount. Such a finding has to be recorded in accordance with law, after following the procedure applicable to disciplinary proceedings. The remittance of Rs.7,007/- was admittedly made pursuant to the direction of the Government and, by itself, cannot constitute a finding of guilt.

11. It is also relevant to bear in mind that a government employee, on retirement, becomes entitled to pension and other retiral benefits in accordance with the applicable pension rules. A corresponding duty is cast upon the State to ensure that such benefits are disbursed within a reasonable time. What constitutes reasonable time depends upon the facts and circumstances of each case; however, ordinarily, the delay ought not to extend beyond the period indicated by the Hon'ble Supreme Court in ***State of Kerala and others v. M. Padmanabhan Nair***[1],. Where the State, without sufficient justification, delays payment of amounts

[1] 1985 SCC (L&S) 278

lawfully due to a retiree, the retiree is entitled to appropriate compensation by way of interest for the period of such delay.

12. As regards the rate of interest, the Full Bench of the Hon'ble Punjab & Haryana High Court in ***A.J. Randhawa, Supg. Engineer (Retd.) v. State of Punjab***[2], has observed that a reasonable rate of interest upto 18% may ordinarily be awarded, and that a higher rate may be justified depending upon the circumstances of the particular case. The rate must therefore be determined having regard to the facts of the case, the period of delay, the conduct of the parties and the applicable Government instructions.

13. In the present case, respondent No.1 retired on 31.08.1995, whereas the Government released his pensionary benefits pursuant to G.O.Rt.No.251, PR&RD, dated 26.02.2003. The explanation offered by the Government is that respondent No.1 had committed financial irregularities, that time was consumed in submitting reports and obtaining instructions from the competent authorities, and that an amount of Rs.7,007/- was ultimately recovered from him on 29.08.2002. However, as already observed, there was no departmental finding holding respondent No.1 guilty of misconduct. The delay in payment of

[2] 1997 SCC Online P&H 705

pensionary benefits therefore cannot be attributed to any established misconduct on the part of respondent No.1.

14. In **D.D. Tewari (dead) through Legal representatives vs. Uttar Haryana Bijli Vitran Nigam Limited and others**[3]**,** the retiral benefits of the appellant were withheld by the Government on the ground that some amount was due to the employer. The disciplinary proceedings were not pending against the appellant on the date of his retirement. The appellant had retired from service on attaining the age of superannuation on 31.10.2006. The High Court had directed the employer to pay the pensionary benefits and the gratuity amount to the legal representatives as the employee since deceased but without awarding the interest. The Hon'ble Apex Court reiterated that the pension and gratuity are no longer any bounty to be distributed by the Government to its employees on the retirement but are valuable rights and property in their hands and any culpable delay in settlement and disbursement thereof must be visited with payment of interest.

15. The petitioners' counsel had relied upon the Government Circular Memo dated 21.04.1999, under which interest beyond one year was prescribed at 10% per annum. Thus, he contended that the direction of the APAT granting interest at 18% per annum cannot be sustained.

16. With respect to the circular memo, we are of the view that if the State of its own had processed the retiral benefits and in such process

[3] (2014) 8 SCC 894

there was delay, the interest at the rate as per the circular memo date 21.04.1999 could have been paid to the employee. But, here the employee had to approach the Tribunal for redressal of his grievance. The payment became due on superannuation on 31.08.1995 but was actually paid afterwards on 26.02.2003. The circular memo shall not bind the court or the Tribunal for interest at the rate mentioned therein. It could grant interest at the higher rate.

17. In **Vijay L. Mehrotra vs. State of U.P and others**[4], most of the payments of the retiral benefits were made to the petitioner therein long after the retirement on 31.08.1997. The Hon'ble Apex Court observed that it was expected that all the payments of the retiral benefits should be made on the date of retirement or soon thereafter, if for some unforeseen circumstances the payment could not be made on the date of retirement. The Hon'ble Apex Court directed for payment of the interest at the rate of 18% p.a with effect from the date of retirement till the date of payment. Paras 3 and 4 of **Vijay L. Mehrotra** (supra) read as under:

> "3. In case of an employee retiring after having rendered service, it is expected that all the payment of the retiral benefits should be paid on the date of retirement or soon thereafter if for some unforeseen circumstances the payments could not be made on the date of retirement.

[4] (2001) 9 SCC 687

> 4. In this case, there is absolutely no reason or justification for not making the payments for months together. We, therefore, direct the respondent to pay to the appellant within 12 weeks from today simple interest at the rate of 18 per cent with effect from the date of her retirement, i.e, 31-8-1997 till the date of payments."

18. In the present case, the Tribunal has awarded the interest @ 18% p.a for the delayed payments from the date of retirement till the date of actual payment, holding that there was no reasonable cause to skip pensionary benefits. In view of **Vijay L. Mehrotra** (supra), we find no illegality in the order of the Tribunal in awarding interest @ 18% p.a.

19. The writ petition is devoid of merit and is dismissed. There shall be no order as to costs.

20. The petitioners shall release the due amount without delay to the claimant/respondent.

As a sequel thereto, pending miscellaneous petitions, if any, shall stand closed.

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JUSTICE RAVI NATH TILHARI

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JUSTICE SUNITHA GANDHAM

29.09.2026
Vns

Whether the order is :

✓
Speaking Yes/No / Reasoned Yes/No

✓
Reportable Yes/No / Non-Reportable Yes/No

Note:L.R. copy to be marked.