



2024:DHC:8438-DB



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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
+ W.P.(C) 3663/2018

GOVT OF NCT DELHI AND ORS.Petitioners
Through: Mr. Nitesh Kumar Singh, Ms.
Laavanya Kaushik, Ms. Aliza Alam for Mrs.
Avnish Ahlawat, Standing Counsel for
GNCTD.
Mr. B.S. Rawat, Advocate for CI DTTE.

versus

SURENDRA SINGHRespondent
Through: Mr. Ashok Agarwal, Mr.
Kumar Utkarsh, Mr. Manoj Kumar, Ms.
Ashna Khan, Advocates.

CORAM:
HON'BLE MR. JUSTICE C. HARI SHANKAR
HON'BLE DR. JUSTICE SUDHIR KUMAR JAIN

JUDGMENT (ORAL)

% **24.10.2024**

C. HARI SHANKAR, J

1. Aggrieved by the fact that his retiral benefits had not been paid to him, the respondent instituted OA 3177/2010 before the learned Central Administrative Tribunal¹, seeking re-fixation of his pay and pension and consequent payment of the differential amount which would become payable to the respondent on the re-fixed pay and pension with interest thereon. When the matter came up for hearing before the learned Tribunal on 12 July 2011, the learned counsel for the petitioners (the respondents before the learned Tribunal)

¹ "the learned Tribunal", hereinafter



submitted, on instructions, that the petitioners were agreeable to grant the relief sought by the respondent except for interest and costs. Accordingly, the learned Tribunal disposed of OA 3177/2010 with the following directions:

“3. In view of the statement made by the learned counsel for the respondents, the Applicant shall be granted the relief as enumerated above except interest and costs. If, however the payments towards various heads are not made over to the applicant within the time period, as mentioned above, he will be entitled to interest worked out at the rate of 10% per annum from the said date. Disposed of accordingly.”

2. The arrears of retiral benefits which had been directed to be paid by the learned Tribunal within four weeks of 12 July 2011 when the aforesaid order was passed came ultimately to be paid to the respondent only on 21 June 2013. However, while doing so, the petitioners except for a paltry amount of ₹ 86/-, did not pay the interest for the delay in payment of the retiral benefits, from the expiry of four weeks of 12 July 2011 i.e. from 10 August 2011 till 21 June 2013 despite directions to that effect contained in para 3 of the order dated 12 July 2011, extracted *supra*.

3. Accordingly, the respondent re-approached the learned Tribunal by way of OA 1511/2016, which has come to be disposed of by the judgment under challenge.

4. The learned Tribunal has, by the impugned judgment, directed the petitioners to forthwith pay, to the respondent, interest at the rate of 10% p.a. on the retiral benefits which were paid to the respondent



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on 21 June 2013, for the period 10 August 2011 to 21 June 2013. There can obviously be no cavil with this direction, as it flowed from the order dated 12 July 2011, originally passed in OA 3177/2010. Mr. Singh, learned Counsel for the petitioners, on the last date of hearing also agreed that the petitioners were not assailing the impugned order to the extent it directed the petitioners to pay interest on the retiral benefits from 10 July 2011 till 21 June 2013. The petitioners are, however, aggrieved by the further directions issued by the learned Tribunal in paras 13 and 14 of the impugned judgment, which read thus:

“13. The applicant has also successfully made out a case for payment of interest on the amount payable as interest on the pension arrears paid on 21.06.2013. It is not in dispute that the arrears due to the applicant were paid belatedly and without interest in violation of the directions of this Tribunal. Money has time value and, therefore, the respondents cannot get away by paying today what was payable on 21.06.2013 without interest. Accordingly it is held that the applicant is entitled to get an interest @ 10% on the interest that was payable to him on 21.06.2013 alongwith the arrears, which was not paid to him.

14. The respondents shall now pay the interest on arrears payable to the applicant from 10.08.2011 to 21.06.2013 after deducting an amount of Rs.86/-, alleged to have been paid as interest upto 21.06.2013. Further, an interest on interest shall be paid for the period from 22.06.2013 till the date of payment of such interest on interest at the rate of 10 percent.”

5. On the last date of hearing, Mr. Singh had sought to submit that the provisions of the Interest Act, 1978, prohibited awarding interest on interest. Reliance was placed, for this purpose, on Section 3 (3) (c)²

² 3. **Power of court to allow interest.** –

(1) In any proceedings for the recovery of any debt or damages or in any proceedings in which a claim for interest in respect of any debt or damages already paid is made, the court may, if it thinks fit, allow interest to the person entitled to the debt or damages or to the person making such claim, as the case may be, at a rate not exceeding the current rate of interest, for the whole or part of the following period, that is to say,—



of the Interest Act.

6. At a plain reading, this submission is not acceptable as Section 3 (3) of the Interest Act is a caveat on the power of the Court to award interest under Section 3 of the Interest Act. Section 3 (3) (c) ordains that the power of the Court to award interest under Section 3 of the Interest Act, would not extend to awarding interest on interest.

7. As such, it is clear that proscription to awarding interest on interest, as contained in Section 3 (3) (c) of the Interest Act, is applicable only where direction to pay interest is itself issued under Section 3 of the Interest Act. Inasmuch as in the present case,

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- (a) if the proceedings relate to a debt payable by virtue of a written instrument at a certain time, then, from the date when the debt is payable to the date of institution of the proceedings;
- (b) if the proceedings do not relate to any such debt, then, from the date mentioned in this regard in a written notice given by the person entitled or the person making the claim to the person liable that interest will be claimed, to the date of institution of the proceedings:
- Provided that where the amount of the debt or damages has been repaid before the institution of the proceedings, interest shall not be allowed under this section for the period after such repayment.
- (2) Where, in any such proceedings as are mentioned in sub-section (1),—
- (a) judgment, order or award is given for a sum which, apart from interest on damages, exceeds four thousand rupees, and
- (b) the sum represents or includes damages in respect of personal injuries to the plaintiff or any other person, or in respect of a person's death,
- then, the power conferred by that sub-section shall be exercised so as to include in that sum interest on those damages or on such part of them as the court considers appropriate for the whole or part of the period from the date mentioned in the notice to the date of institution of the proceedings, unless the court is satisfied that there are special reasons why no interest should be given in respect of those damages.
- (3) Nothing in this section,—
- (a) shall apply in relation to—
- (i) any debt or damages upon which interest is payable as of right, by virtue of any agreement; or
- (ii) any debt or damages upon which payment of interest is barred, by virtue of an express agreement;
- (b) shall affect—
- (i) the compensation recoverable for the dishonour of a bill of exchange, promissory note or cheque, as defined in the Negotiable Instruments Act, 1881 (26 of 1881); or
- (ii) the provisions of Rule 2 of Order II of the First Schedule to the Code of Civil Procedure, 1908 (5 of 1908);
- (c) shall empower the court to award interest upon interest.



direction to pay interest, whether in the order dated 12 July 2011 or in the impugned order was not passed under Section 3 of the Interest Act, the proscription on awarding interest on interest, as contained in Section 3 (3) (c) of the Interest Act would not apply.

8. In fact, viewed one way, the direction of the learned Tribunal, though styled as one to pay “interest on interest”, is not so. The order dated 12 July 2011, of the learned Tribunal, directed payment, by the petitioner, to the respondent, of an amount of which interest was an integrated and homogeneous part. The petitioner paid only part of the said amount to the respondent on 21 June 2023. The impugned order of the learned Tribunal merely directs payment of interest on the *balance unpaid amount*, till the date of its payment. The decision cannot be said to be infirm on the ground that it illegally directs payment of interest on interest.

9. Mr. Singh has today also placed reliance on the judgment of a Coordinate Division Bench of this Court in *National Projects Construction Corporation Ltd v Interstate Construction*³. Said decision has no application to the case at hand at all as the Court was in that case dealing with the power of an Arbitral Tribunal to award interest and examined the matter in the backdrop of Section 31(7) of the Arbitration and Conciliation Act, 1996.

10. On merits, the direction of the learned Tribunal was well justified. The order dated 12 July 2011 passed by the learned Tribunal in OA 3177/2010 specifically directed that, in the event of any delay

³ 303 (2023) DLT 232 DB.



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in payment of the retiral benefits of the respondent, the petitioners would also be required to pay interest from the expiry of four weeks from 12 July 2011 till the date when the retiral benefits were paid. The retiral benefits came to be paid only on 21 June 2013. The petitioners were therefore required *suo motu* on 21 June 2013 not only pay the retiral benefits but also interest thereon computed from 12 July 2011 till 21 June 2013 at the rate of 10% p.a.

11. In as much as this was not paid and the respondent has been denied the use of the said amount, there is no infirmity in the direction of the learned Tribunal to the petitioners to pay interest on the said amount till the date when it was actually disbursed.

12. It is submitted by Mr. Singh that interest on the retiral benefits for the period 10 July 2011 to 21 June 2013 was paid to the respondent, on the basis of the order dated 13 April 2018 passed by this Court. Mr. Agarwal, learned Counsel for the respondent, also confirms that the said amount was received by his client in May 2018.

13. Accordingly, as we are upholding the impugned judgment of the learned Tribunal, the petitioner would have to pay interest on the said amount of interest which was paid to the respondent on 21 June 2013, from 21 June 2013 till 13 April 2018, when it was paid. It is also submitted by Mr. Singh that a certain amount has been deposited with this Court.

14. Mr. Agarwal fairly seeks to set the dispute at rest by submitting, on instructions, that his clients would be satisfied if the said amount,



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deposited by the petitioner in this Court, is released to them. Accordingly, the said amount shall stand released to the legal heirs of the respondent.

15. The petition stands disposed of, in the aforesaid terms.

C. HARI SHANKAR, J.

DR. SUDHIR KUMAR JAIN, J.

OCTOBER 24, 2024/yg

[Click here to check corrigendum, if any](#)