

WP(MD). No.2754 of 2026

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BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

Dated : 03.02.2026

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THE HONOURABLE MR. JUSTICE B.PUGALENDHI

WP(MD)No.2754 of 2026

K.Nagarajan

... Petitioner

Vs

1. The Managing Director,
Tamilnadu State Transport
Corporation (MDU) Ltd.,
Bye-pass Road,
Madurai – 625 016.
2. The Financial Advisor,
Tamilnadu State Transport
Corporation (MDU) Ltd.,
Bye-pass Road,
Madurai – 625 016.
3. The Administrator,
TNSTC Employees Pension Trust,
SETC (TN) Ltd., No.2, Pallavan Salai,
Chennai – 600 002.

... Respondents

Writ Petition filed under Article 226 of the Constitution of India,
praying this Court to issue a Writ of Mandamus to direct the respondents
to disburse interest at the rate of 6% as per court direction for belated
payment of terminal benefits, like, Gratuity, Provident Fund, Leave



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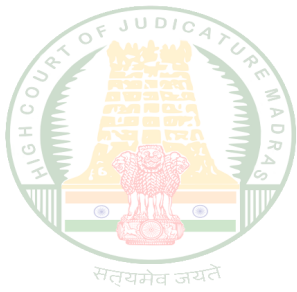
Salary and Commutation of the total amount comes to Rs.40,27,470/- for a period of more than 16 months from 01.05.2024 to 25.08.2025 to him as per representation dated 15.09.2025.

For Petitioner : Mr.K.Thirugnana Sambandan

For Respondents : Mr.SC.Herold Singh,
Standing Counsel

ORDER

The petitioner was appointed as Driver in the Transport Corporation on 30.07.1995 and after rendering 28 years of service, he retired from service as Special Grade Driver on 30.04.2024. However, the terminal benefits, namely, Gratuity, Provident Fund, Leave Salary and Commutation, due to the petitioner were settled only on 25.08.2025. Seeking interest for the belated payment, the petitioner gave a representation to the respondents on 15.09.2025, however, it was not considered by the respondents. Therefore, the petitioner has filed this writ petition for the above said relief.



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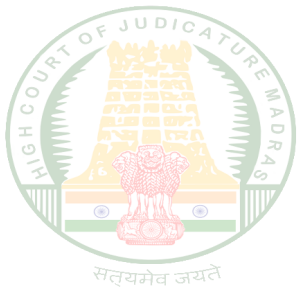
2. Mr.SC.Herold Singh, learned Standing Counsel, who takes notice on behalf of the respondents, submits that the terminal benefits have been settled to the petitioner, however belatedly.

3. By consent of both the parties, the writ petition is taken up for final hearing at the admission stage itself.

4. This Court paid its anxious consideration to the rival submissions made and also perused the materials placed on record.

5. The employer is liable to settle the retirement benefits to its employees without any delay and in case, if it is settled belatedly, it has to be compensated by way of interest for the belated payment. In this regard, the Hon'ble Apex Court in ***S.K.Dua vs. State of Haryana*** reported in **2008 (3) SCC 44**, has held as follows:

“14. In the circumstances, prima facie, we are of the view that the grievance voiced by the appellant appears to be well founded that he would be entitled to interest on such benefits. If there are statutory rules occupying the field, the appellant could claim payment of



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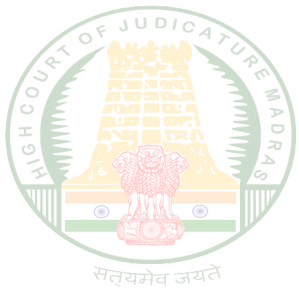


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interest relying on such rules. If there are administrative instructions, guidelines or norms prescribed for the purpose, the appellant may claim benefit of interest on that basis. But even in absence of statutory rules, administrative instructions or guidelines, an employee can claim interest under Part III of the Constitution relying on Articles 14, 19 and 21 of the Constitution. The submission of the learned counsel for the appellant, that retiral benefits are not in the nature of “bounty” is, in our opinion well founded and needs no authority in support thereof. In that view of the matter, in our considered opinion, the High Court was not right in dismissing the petition in living even without issuing notice to the respondents.”

6. Following the same, in a similar issue, a Division Bench of this Court, in W.A.(MD)No.403 of 2010, etc. batch, vide common order dated 04.07.2014, has fixed the rate of interest at 6% per annum and held as under:-

“5. even though there is no provision in the Tamil Nadu State Transport Corporation Employees Pension Fund for payment of interest, cannot stand in the light of the law laid down by the Supreme Court in



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S.K.Dua v. State of Haryana and another, reported in (2008) 3 SCC 44. As a matter of fact, the Rules do not contemplate belated payment of retirement benefits. The Rules contemplate prompt payment. When the Rules contemplate prompt payment and not belated payment, the Rules will not contain a provision for payment of interest. The Pension Fund which was created as a Trust by the Corporation was supposed to act in trust for the employees' benefit. If the Trust could not make payments within the time stipulated, then, irrespective of whether there is any provision for payment of interest or not, the Corporation is obliged to make payment.”

7. Following the dictum laid down on this issue, the writ petition is allowed with a direction to the respondents to pay interest, for the belated payment of retirement/terminal benefits of the petitioner, at the rate of 6% p.a., within a period of six months from the date of receipt of a copy of this order. No costs.

03.02.2026

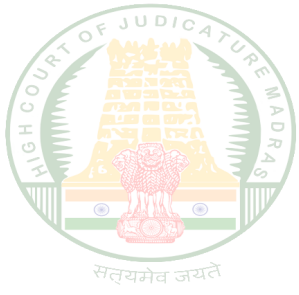
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B.PUGALENDHI, J.

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