



IN THE HIGH COURT OF KARNATAKA

KALABURAGI BENCH

DATED THIS THE 25TH DAY OF MARCH, 2026

PRESENT

THE HON'BLE MR. JUSTICE SURAJ GOVINDARAJ

AND

THE HON'BLE DR. JUSTICE CHILLAKUR SUMALATHA

WRIT PETITION NO. 200925 OF 2026 (S-KAT)

BETWEEN:

1. THE STATE OF KARNATAKA,
REPRESENTED BY ITS
SECRETARY TO GOVT., DEPT. OF FINANCE,
VIKASA SOUDHA, DR.AMBEDKAR VEEDHI,
BENGALURU – 580 001.
2. THE COMMISSIONER OF TREASURIES
IN KARNATAKA, 5TH AND 6TH FLOOR,
KPCL, GREEN BUILDING,
#3 PALACE ROAD, BENGALURU – 580 001.
3. THE ACCOUNTANT GENERAL (A AND E)
IN KARNATAKA, P.B.NO.5329,
PARK HOUSE ROAD, BENGALURU – 580 001.
4. THE JOINT DIRECTOR OF TREASURY OFFICER
OF THE DISTRICT TREASURY OFFICER,
KALABURAGI - 585 102.
5. ASSISTANT DIRECTOR OF TREASURIES
SUB TREASURY OFFICE,
NEAR POLICE STATION, SEDAM - 585 222.

...PETITIONERS

(BY SMT. MAYA T.R., HCGP)

AND:

SUBHASH CHANDRA
S/O LATE MALKAJAPPA,



AGED ABOUT 71 YEARS,
OCC: RETD. GAZETTED SUB TREASURY OFFICER,
R/O: H.NO.10-934/21,
MALAXMI LAYOUT, OPP: FIRE STATION,
KALABURAGI - 585 102.

...RESPONDENT

(BY SRI. KRUPA SAGAR PATIL, ADVOCATE)

THIS WRIT PETITION IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA, PRAYING TO ISSUE A WRIT OF CERTIORARI OR ANY OTHER APPROPRIATE WRIT, ORDER OR DIRECTION SETTING ASIDE THE IMPUGNED ORDER DATED 14-10-2024 IN APPLICATION NO.20548/2024 ON THE FILE OF THE HON'BLE KARNATAKA ADMINISTRATIVE TRIBUNAL KALABURAGI AS AT ANNEXURE-B.

THIS PETITION COMING ON FOR PRELIMINARY HEARING IN 'B' GROUP, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE SURAJ GOVINDARAJ
and
HON'BLE DR. JUSTICE CHILLAKUR SUMALATHA

ORAL ORDER

(PER: HON'BLE MR. JUSTICE SURAJ GOVINDARAJ)

1. The State is before this Court seeking for the following reliefs:

"a) Call for the records in Application No.20548/2024 on the file of the Hon'ble Karnataka Administrative Tribunal, Kalaburagi.

b) Issue a writ of certiorari or any other appropriate writ, order or direction setting aside the impugned order dated 14.10.2024 in Application No.20548/2024 on the file of the Hon'ble Karnataka Administrative Tribunal Kalaburagi as at Annexure-B.



c) Grant such other suitable relief or reliefs as this Hon'ble Court deems fit to grant in the interest of justice and equity."

2. The Karnataka State Administrative Tribunal, Kalaburagi (KSAT) vide order dated 14.10.2024 in Application No.20548/2024 has passed the following order:

"ORDER

i. Application is disposed of.

ii. Directing the respondents to reconsider the order dated 12.10.2023 (Annexure-A3) with reference to the table/calculation given by the applicant with reference to the Government order dated 25.08.2016 and decision rendered by this Tribunal in A.No.3861/2023 decided on 08.02.2024 (Annexure- A6) within a period of four months from the date of receipt of copy of this order and extend the benefits and also furnish the calculation which are made. Needless to say, that upon order for recalculation endorsement has to be set-aside."

3. In an earlier matter in Application No.3861/2023, the KSAT on 08.02.2024 had passed the following order:

"10. In view of the discussions above, the Application succeeds and we direct as follows.

1. The Applicant shall be paid interest on unpaid Basic and unpaid authorised DA at 12% per annum from July 2002 until July 2003 until paid and thereafter at 8% per annum until paid. Compliance shall not be later than three months from the date of this order.



2. The clarification in subject 2 of the circular of 2-09-2004 as at Annexure A3 that is interpreted to the effect that no interest shall be payable on the DA component of the Pension with regard to the provisions of Rule 296 of KCSRs is set aside as being perverse in nature since no such inference can be drawn from a plain reading of the said Rule. DA on pension is a variable component of pension and when ordered to be paid applicable from a particular date, it is to be paid on the same terms as the Basic component of pension and a differentiation made between basic component of pension and the DA component of pension to the extent of payment of interest on arrears of DA component that is due and payable with regard to the government order itself, is untenable under law."

4. Though the order passed in Application No.3861/2023 has not been challenged, the State is before this Court challenging the order passed in Application No.20548/2024.
5. Smt. Maya T.R., learned High Court Government Pleader, would contend that the computation placed before the KSAT by the respondent-applicant ought not to have been accepted, as it proceeds on an erroneous premise that interest is payable on arrears of salary and allied retiral benefits. She submits that, in law, no interest is leviable on arrears of salary, nor



on arrears of pension, the commuted value of pension, or the Dearness Allowance component.

6. Elaborating further, she places reliance on the Government Circular dated 02.09.2004, which, according to her, explicitly stipulates that interest is not payable on certain components, particularly Dearness Allowance and the commuted value of pension. It is her submission that the said Circular, being binding on the administrative authorities, clearly excludes the liability to pay interest on the aforesaid components.
7. In that view of the matter, she contends that the KSAT has committed a manifest error in law in directing payment of interest in terms of the computation furnished by the respondent, which includes impermissible components. On this ground, she submits that the writ petition deserves to be allowed and the impugned order of the KSAT is liable to be set aside.
8. Sri Krupa Sagar Patil, learned counsel for the respondent, would submit that the issue pertaining to the Government Circular dated 02.09.2004 has already been comprehensively examined by the Tribunal in Application No.3861/2023. He points out



that the Tribunal, upon detailed consideration, has categorically held that interest is payable even on the component of Dearness Allowance and has, in fact, set aside the clarification contained in Subject No.(2) of the said Circular.

9. It is his submission that once the said clarification has been expressly set aside by a competent judicial forum, and the said order has not been assailed by the State, it is no longer open to the State to re-agitate or rely upon the very same Circular in the present proceedings. According to him, the principle of finality would squarely apply, thereby disentitling the State from reopening an issue that has already attained conclusiveness inter partes.
10. On that premise, he contends that the respondent is clearly entitled to interest on the belated payment of Dearness Allowance.
11. Insofar as interest on arrears of salary is concerned, learned counsel places reliance on the judgment of a Co-ordinate Bench of this Court dated **12.06.2019 in W.P. No.9694/2018**. He submits that the said decision, after adverting to the law laid down by the Hon'ble Supreme Court in ***State of Kerala vs. Padmanabhan Nair (AIR 1987 SC 2257)*** and the



HC-KAR

judgment in ***B.C. Boregowda vs. State and Another (1989 KSLJ 605)***, has upheld the grant of interest at the rate of 6% per annum on delayed payment of monetary benefits.

12. He emphasises that the Co-ordinate Bench has clearly held that it cannot be contended that there is no provision for payment of interest on arrears of salary arising out of revision of pay scales, and that an employee who has been deprived of legitimately due amounts is entitled to compensation by way of interest, having regard to the time value of money.
13. Applying the aforesaid principles to the present case, he submits that the delay in payment of salary extends to more than 16 years and 10 months as on the date of the Tribunal's order, and has since further increased. Such inordinate delay, according to him, unequivocally justifies the award of interest.
14. Extending the same reasoning, he submits that the delay in disbursement of pensionary benefits, including commuted value of pension, exceeds 9 years and 9 months as on the date of the Tribunal's order, and has further prolonged thereafter. In view of such prolonged deprivation, the respondent, having been unjustly kept out of the amounts



legitimately due, is entitled to interest on arrears of pension as well as on the commuted value of pension.

15. Heard Smt.Maya T.R., learned High Court Government Pleader for the petitioners-State and Sri.Krupa Sagar Patil, learned counsel for the respondent.
16. The points that would arise for determination are as under:
 - (i) **Whether the KSAT was justified in awarding interest on arrears of salary and retiral benefits, including pension, commuted value of pension, and Dearness Allowance?**
 - (ii) **Whether the Government Circular dated 02.09.2004 operates to exclude payment of interest on Dearness Allowance and commuted value of pension, and if so, whether the KSAT was justified in disregarding the same?**
 - (iii) **Whether, in light of the order passed by the KSAT in Application No.3861/2023 setting aside the relevant clarification in the Circular dated 02.09.2004, the State is precluded from re-agitating the applicability of the said Circular?**
 - (iv) **Whether the respondent is entitled to interest on account of inordinate delay in disbursement of salary and retiral dues, on**



principles of equity and compensation for deprivation of money?

(v) Whether the impugned order of the KSAT warrants interference under Articles 226 and 227 of the Constitution of India?

(vi) What Order?

17. We answer the above points as under:

18. Answer to Point No. (i): Whether the KSAT was justified in awarding interest on arrears of salary and retiral benefits, including pension, commuted value of pension, and Dearness Allowance?

18.1.The justification for award of interest must be examined in the context of the nature of the underlying entitlement and the conduct of the employer in effecting payment. The respondent's entitlement to arrears of salary and retiral benefits is not in dispute. What is in issue is the consequence of delayed disbursement of such admitted dues.

18.2.It is a settled principle that salary and pensionary benefits are not ex gratia payments, but constitute vested rights accruing to an employee by virtue of service rendered. Pension, in particular, has been consistently



characterised as a form of deferred compensation. Therefore, any delay in settlement of such dues directly impacts the financial rights of the employee.

18.3.The KSAT, while awarding interest, has essentially recognised that the respondent was kept out of monies lawfully due for a prolonged period. The award of interest, in such circumstances, is neither penal nor discretionary in the strict sense, but is grounded in the principle that a party deprived of the use of money is entitled to be compensated.

18.4.The Co-ordinate Bench of this Court in ***W.P. No.9694/2018***, following the law laid down by the Hon'ble Supreme Court in ***Padmanabhan Nair*** and the decision in ***Boregowda*** and Another, has upheld the grant of interest on delayed payment of salary and retiral dues. The said principle squarely applies to the facts of the present case. The rationale is that denial of interest would, in effect, permit the State to unjustly retain and utilise monies belonging to



the employee without any corresponding liability.

18.5. In the present case, the delay extends over an extraordinary period, running into more than a decade in respect of certain components. Such delay cannot be characterised as trivial or administrative in nature. In the absence of any cogent justification for the delay, the KSAT was well within its jurisdiction in awarding interest on all components of arrears.

18.6. Accordingly, the award of interest by the KSAT is legally sustainable and does not call for interference.

19. Answer to Point No. (ii): Whether the Government Circular dated 02.09.2004 operates to exclude payment of interest on Dearness Allowance and commuted value of pension, and if so, whether the KSAT was justified in disregarding the same?

19.1. The Circular dated 02.09.2004 is relied upon by the State to contend that interest is not payable on certain components, namely Dearness Allowance and commuted value of pension. While it is not in dispute that such circulars are



binding on departmental authorities, their legal efficacy must be assessed within the broader framework of constitutional and administrative law.

19.2. An executive instruction cannot override or curtail rights that are otherwise recognised by law or by judicial pronouncement. Nor can such a circular operate to immunise the State from the consequences of its own delay. The liability to pay interest, particularly in cases of inordinate delay, arises not merely from statutory prescription but also from equitable principles that have been consistently recognised by constitutional courts.

19.3. The KSAT, in the present case, has not ignored the Circular; rather, it has evaluated its applicability in the factual context and has declined to give it overriding effect where doing so would result in denial of just compensation to the respondent.

19.4. It is also relevant to note that the Circular does not, in express terms, address situations involving extraordinary delay of the nature present in the instant case. Even assuming that



it seeks to exclude interest on certain components, such exclusion cannot be read as absolute, particularly where it would lead to manifest inequity.

19.5. While administrative circulars are binding on departmental authorities, it is trite that such circulars cannot override judicial pronouncements nor can they operate to defeat equitable entitlements recognised in law. The question of grant of interest, particularly in cases of inordinate delay, is not solely governed by executive instructions, but is amenable to judicial determination based on settled principles.

19.6. Therefore, the KSAT was justified in not treating the Circular as a bar to the grant of interest, and in giving primacy to the equitable entitlement of the respondent.

20. Answer to Point No. (iii): Whether, in light of the order passed by the KSAT in Application No.3861/2023 setting aside the relevant clarification in the Circular dated 02.09.2004, the State is precluded from re-agitating the applicability of the said Circular?



20.1.The doctrine of finality of judicial decisions is an integral facet of the rule of law. Once an issue has been adjudicated by a competent forum and the decision has attained finality, the same parties cannot be permitted to reopen the issue in subsequent proceedings.

20.2.In Application No.3861/2023, the KSAT has specifically examined the validity and effect of the Circular dated 02.09.2004 and has set aside the clarification denying interest on Dearness Allowance. The State, despite being a party to the said proceedings, has not chosen to challenge the said order before a higher forum.

20.3.The consequence of such inaction is that the findings recorded by the KSAT have attained finality and are binding inter partes. The State cannot be permitted to indirectly circumvent the effect of that order by re-agitating the same issue in the present proceedings.

20.4.The principle applicable in this context is not confined to strict res judicata under the Code of Civil Procedure, but extends to the broader doctrine of issue estoppel and judicial discipline. Allowing the State to re-open the issue would



undermine the sanctity of judicial determinations and lead to uncertainty in adjudication.

20.5. Accordingly, the State is clearly precluded from relying upon the very same Circular to deny interest in the present case.

21. Answer to Point No. (iv): Whether the respondent is entitled to interest on account of inordinate delay in disbursement of salary and retiral dues, on principles of equity and compensation for deprivation of money?

21.1. The entitlement to interest in cases of delayed payment is anchored in the concept of restitution and the time value of money. Where a person is deprived of funds that are legitimately due, the law recognises a corresponding right to compensation for such deprivation.

21.2. In service jurisprudence, this principle assumes greater significance, as employees often depend on timely payment of salary and retiral benefits for their livelihood and post-retirement security. Delay in such payments can cause substantial prejudice, both financial and otherwise.



21.3. In the present case, the delay is not marginal but substantial, extending over several years. There is no material on record to indicate that such delay was occasioned by any fault on the part of the respondent. On the contrary, the delay appears to be attributable entirely to administrative inaction.

21.4. In such circumstances, denial of interest would amount to permitting the State to unjustly enrich itself at the expense of the respondent. The courts have consistently held that the State, being a model employer, is expected to act fairly and ensure timely disbursement of dues.

21.5. Therefore, the respondent's claim for interest is not only legally tenable but is also supported by equitable considerations. The KSAT was justified in recognising this entitlement.

22. Answer to Point No. (v): Whether the impugned order of the KSAT warrants interference under Articles 226 and 227 of the Constitution of India?

22.1. The jurisdiction of this Court under Articles 226 and 227 is supervisory in nature and is not intended to substitute the Court's view for that



of the Tribunal on matters of fact or discretion, unless the impugned order suffers from patent illegality, perversity, or jurisdictional error.

22.2.A careful perusal of the order passed by the KSAT indicates that the Tribunal has:

22.3.Considered the relevant factual aspects, including the extent of delay;

22.4.Examined the applicability of the Government Circular;

22.5.Taken note of binding judicial precedents; and

22.6.Rendered a reasoned conclusion supported by legal principles.

22.7.No material irregularity or error of jurisdiction is demonstrated. The conclusions arrived at by the KSAT are plausible and supported by established legal doctrine.

22.8.Interference in such circumstances would amount to re-appreciation of the merits, which is impermissible within the limited scope of supervisory jurisdiction.



22.9. Accordingly, this Court finds no ground to interfere with the impugned order.

23. Answer to Point No. (vi): What Order?

23.1. In the aforesaid circumstances, when there is an order of the KSAT directing payment of interest, setting aside the subject No.(2) of the Circular dated 02.09.2004 holding that interest is liable to be paid on delayed payment of Dearness Allowance, the order dated 12.06.2019 passed by a Co-ordinate Bench of this Court in W.P.No.9694/2018, holding that interest is liable to be paid on delayed payment of salary and a Government Order has been issued on 25.08.2016, indicating that interest is liable to be paid on delayed payment of commuted pension, it fails to reason as to why the present writ petition has been filed when there are no grounds available at all.

23.2. In that view of the matter, we pass the following:

ORDER

- (i) The Writ Petition is dismissed with exemplary costs of Rs.50,000/- payable to



the respondent within four weeks from the date of receipt of the certified copy of this order, for having made the respondent to approach the KSAT on two earlier occasions and also to appear before this Court in the present writ petition.

Sd/-
(SURAJ GOVINDARAJ)
JUDGE

Sd/-
(DR.CHILLAKUR SUMALATHA)
JUDGE

NB
List No.: 2 Sl No.: 44
Ct: Vk