



IN THE HIGH COURT OF ORISSA AT CUTTACK

W.A. No.788 of 2024

Mukunda Behera ***Appellant***

Mr. S.K. Purohit, Advocate

-versus-

State of Odisha & Others ***Respondents***

Mr. S.B. Mohanty, AGA
(for Respondent Nos. 1 to 3)

Mr. Sudhir Kumar Patra, Advocate
(for Respondent No.4)

CORAM:
JUSTICE KRISHNA SHRIPAD DIXIT
JUSTICE CHITTARANJAN DASH

ORDER
09.04.2026

Order No.

03. This Intra-Court Appeal by the Pensioner calls in question a learned Single Judge's order dated 31.01.2024 entered in his WPC (OAS) Nos.71 of 2016 & 12 of 2017, whereby a direction has been made to release his terminal benefits with interest @ of 7% per annum.

2. The Appellant grieves before this Court that the rate of interest awarded by the learned Single Judge is militantly inadequate and therefore, the same needs to be enhanced to 18% per annum keeping in view a Co-ordinate Bench decision of this Court in OJC No.6886 of 1999 between



Dhruba Charan Panda vs. State of Orissa, disposed off vide order dated 08.09.1999.

3. Learned counsel for the Appellant vehemently argues that pension is no longer a bounty in view of decision of the Apex Court in **D.S. Nakara vs. Union of India** AIR 1983 SC 130 and therefore, when it is not paid to the Pensioner in time, the same needs to be levied with reasonable interest. He tells us that the Appellant's money was withheld by the State during the period between 01.07.2009 and 21.11.2023 quantified at Rs.7,53,398/-. Learned AGA Mr. Mohanty, appearing for the State and its officials resists the Appeal making submission in justification of the impugned order and the reasonings of the learned Single Judge.

4. Having heard learned counsel for the Parties and having perused the Appeal papers, we are inclined to grant indulgence in the matter, as under broadly agreeing with the submission made on behalf of the Appellant. Since pension is no longer a bounty and it is treated as consideration for the past services rendered by an employee, there is a justiciable right in him to seek immediate release of the pension & other terminal benefits on attaining the age of superannuation, and if there is delay in releasing of the same, the Pensioner will have a right to interest on the withheld amount. This is consistent with the decision of Apex Court in **State of**



Kerala vs. M. Padmanabhan Nair 1985 (1) SCC, 429.

Although learned Single Judge has levied interest, the rate is militantly low i.e. 7% per annum.

5. A Co-ordinate Bench of this Court in Dhruba Charan Panda (*Supra*) has observed as under:

"We dispose of this application with a direction to the State Government to administratively instruct all the Heads of Department and the concerned officials to ensure that different steps prescribed to be taken under the Rules are rigidly followed and any non-observance thereof is to be strictly viewed. If there is any delay in payment of pension the pensioner shall be entitled to 18% interest per annum for the period of delay and this interest shall be recovered from the person/persons responsible for the delay. While fixing the rate of interest we have kept in view the minimum bank rate, of interest charged for borrowing from bank. This aspect shall also be notified to all concerned. We are sure, if such stringent steps in addition to those, which the State Government may feel necessary to impose, are taken there shall be strict compliance of the requirement of law and in future the old-retired persons shall not be required to move in the corridors of the Court with tears in their eyes and a faint ray of hope of getting remedy early, and not posthumous."

Learned counsel for the Appellant is right in pressing into service the Apex Court decision in **Vijay L. Mehrotra vs. State of U.P.** (2001) 9 SCC 687, wherein interest @ 18% per annum is awarded on all the terminal benefits, including the leave encashment. All this has not been adverted to by



the learned Single Judge and thus, there is error apparent on the face of the impugned order to that extent. Accordingly, Government has issued circular to give effect to the same. One such circular is Public Grievances & Pension Administration Department No. Pen (Addl.)35/99-7029(210) PGPA dt.30.12.99.

In the above circumstances, this Appeal succeeds; the impugned order is modified to the effect that the interest payable by the Respondents shall be 18% and not 7% for the withheld amount during the period between 01.07.2009 and 21.11.2023. The remittance of interest in terms of this direction shall be made within a period of eight (08) weeks, failing which the interest rate would stand enhanced to 24% with retrospective effect instead of 18%. The interest component may be recovered from the erring officials of the department.

Costs made easy.

Web copy of order to be acted upon by all concerned.

(Krishna Shripad Dixit)
Judge

(Chittaranjan Dash)
Judge