



2026:DHC:5229-DB



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**IN THE HIGH COURT OF DELHI AT NEW DELHI**  
**Judgment reserved on: 11.05.2026**  
**Judgment pronounced on: 01.07.2026**

+ W.P.(C) 8244/2024

MRS PROMILA SAWHNEY .....Petitioner  
Through: Mr. Arun Bhardwaj, Sr. Adv.  
with Mr. Om Prakash, Mr. Rajeev Ranjan  
Pathak, Ms. Rashmi Prakash, Ms. Muskan  
Jain and Mr. Pranava Rastogi, Advs.

versus

UNION OF INDIA AND ORS. ....Respondents  
Through: Mr. Gigi George and Ms. Neha  
Sharma, Advs.

**CORAM:**

**HON'BLE MR. JUSTICE C.HARI SHANKAR**  
**HON'BLE MR. JUSTICE OM PRAKASH SHUKLA**

**JUDGMENT**

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**01.07.2026****OM PRAKASH SHUKLA, J.**

1. Two writ petitions came to be filed interdicting the judgment dated 27<sup>th</sup> February, 2024 passed by the Central Administrative Tribunal<sup>1</sup>, Principal Bench, New Delhi, wherein (i) Writ Petition(C) No. 1941/2025 had been filed by the Union of India challenging the decision of the Tribunal to the extent it has awarded any interest to Promila. The contention of the UOI was that Promila is not entitled to interest whatsoever and on the other hand, (ii) Promila has filed Writ Petition No. 8244/2024 (present writ Petition), challenging the same judgment of the Tribunal to the extent of the rate of interest granted to

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<sup>1</sup> "the Tribunal", hereinafter



her as well as the date up to which interest has been granted by the Tribunal. She prayed that the interest be granted @ 12% per annum with effect from 31 October 2000 till the date of actual payment.

2. The Writ petition (civil) No. 1941/2025 (Union of India V/s Promila Swahney), came to be decided by this Court vide judgment dated 01.07.2025 wherein Union of India had already been directed to release the terminal gratuity payment to the petitioner, in terms of the following conclusion;

“44. We, therefore, are of the opinion that, to the extent that the Tribunal has allowed Promila’s claim to terminal gratuity with interest, the impugned judgment is unexceptionable. There is, therefore, no substance, whatsoever, in WP (C) 1941/2025, preferred by the UOI.

**45. We feel, however, that the issue of whether the Tribunal was justified in restricting payment of interest to Promila till 1 August 2019, and fixing the rate of interest at 1.5% p.a., merits consideration. We say so, because of the communication dated 1 August 2019, whereby the UOI refused to release terminal gratuity to Promila unless she agreed to forgo her claim to interest. The legality of such a condition, as imposed on Promila, to our mind, is seriously disputable. The finding of the Tribunal that the delay in payment of gratuity was owing to confusion which prevailed for 15 years may also be open to debate, in view of the fact that her entitlement to gratuity had been vouchsafed by the Director in the Tourist Office as far back as on 7 November 2001, and, even thereafter, the UOI did not deem it appropriate to respond to any communication addressed by Promila, till she issued a legal notice on 26 October 2018.**

**46. We, therefore, feel that the issues raised by Promila in WP (C) 8244/2024, deserve consideration.**

47. Before taking a decision in the said writ petition, however, we deem it appropriate to extend, to the UOI, an opportunity to file a formal response, inter alia for the reason that there is no concession, by the UOI, to disposal of WP (C) 8244/2024 solely on the merits of the submissions made at the Bar.



48. Accordingly, we issue notice in WP (C) 8244/2024, to be served on the UOI through Mr. Gigi C. George, learned Standing Counsel, to show cause as to why rule nisi be not issued, returnable on 17 September 2025. Counter-affidavit be filed within four weeks with advance copy to learned counsel for Promila, who may file rejoinder thereto, if any, within 4 weeks thereof.

49. Inasmuch as the dispute pertains to interest on retiral benefits, and Promila is the seventh decade of her life, no extension of time for filing counter affidavit and rejoinder shall be granted. The writ petition shall be shown in the supplementary list on the next date of hearing, and would be taken up for disposal. It shall be open to learned Counsel for both sides to place, on record, in addition to their pleadings, short written submissions, not exceeding four pages each, precisely setting out the contentions, with advance copy to learned Counsel for the opposite party, at least a week in advance of the next date of hearing, with a separate copy emailed to the Court Masters.

50. We are not, however, inclined to issue notice in WP (C) 1941/2025 which is, therefore, dismissed in limine, with no orders as to costs.

51. We direct that the terminal gratuity of Promila, along with interest as granted by the Tribunal, be released by the UOI within a period of four weeks from today, and a compliance report be placed on record before this Court before the next date of hearing in WP (C) 8244/2024.

52. This shall, however, remain subject to the outcome of WP (C) 8244/2024.”

3. Thus, in this present writ petition, we are only concerned as to whether the learned CAT was justified in granting 1.5% p.a. rate of interest on the accrued gratuity payment and restricting the said payment of interest to the petitioner till 01.07.2019.

4. The facts of the case are already well elucidated in the judgment dated 01.07.2025, thus we feel that the present order may not be further burdened with narration of facts of the present case.



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5. Coming straight to the subject matter for consideration, we find that broadly the petitioner's case is that the learned tribunal erred in granting simple interest only @1.5% per annum on the payable gratuity amount US\$ 23879.94, and that too, only for the period w.e.f. 01.11.2000 till 01.08.2019.

6. Mr. Arun Bhardwaj, learned senior counsel appearing for the petitioner submitted that the learned tribunal failed to appreciate various representations of Petitioner demanding payment of gratuity with interest, including, the letters dt. 01.08.2001, 30.06.2002, 10.06.2016, 05.07.2016, 27.12.2016, 21.04.2017, 06.06.2017, 26.10.2018, 31.10.2018, 06.12.2018 and 31.12.2018 till filing of the OA No.1940/2021 before the Learned CAT, New Delhi.

7. Mr. Bhardwaj, thus vehemently submitted that the delay in payment of the gratuity is exclusively attributable to the Respondents and this has been conclusively held in the judgement dated 01.07.2025 of this Court.

8. According to Mr. Bhardwaj, the gratuity has been held as "earned right" and not bounty. He further submitted that the judgement of Hon'ble the Supreme Court in *S.K. Dua Vs. State of Haryana*<sup>2</sup>, *Syed Maqdoom Mohiuddin Vs. Saudagar Anwar*<sup>3</sup> and *Vijay L. Mehrotra Vs. State of U.P.*<sup>4</sup> has recognized that in the absence of penal

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<sup>2</sup> (2008) 3 SCC 44

<sup>3</sup> (1998) 5 SCC 729

<sup>4</sup> (2001) 9 SCC 687



provisions, constitutional principle of non-arbitrariness and fairness justify payment of adequate interest as compensation for unlawful delay.

9. It was further emphasized that under the Payment of Gratuity Act, 1972, gratuity must be paid within 30 days and failure to do so empowers recovery with interest at the prescribed rate and presently, the Government of India has fixed the standard rate of 10% per annum on overdue gratuity.

10. Mr. Bhardwaj submitted that the interest granted @1.5% in the impugned final order is grossly inadequate and the rate is even far below the GPF or statutory norms. It was emphasized that even if measured in US\$, the nominal 1.5% is trivial against almost 25 years of inordinate delay and high inflation abroad.

11. Mr. Bhardwaj submitted that the Apex Court and High Courts have held that pension/gratuity are not mercy/courtesy shown by the Government, payment of interest on delayed gratuity is a “compulsory statutory obligation” and the employees do not have to prove any separate loss or damage. Reliance was placed on *State of Himachal Pradesh & Ors. V/s. Rajesh Chandra Sood* <sup>5</sup>, *H. Gangahanume Gowda v. Karnataka Agro Industries Corporation Ltd.*,<sup>6</sup> & *D.D. Tiwari (dead) through LRs v. Uttar Haryana Bijli Vitran Nigam Ltd*<sup>7</sup>.

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<sup>5</sup> (2015) 9 SCC 540

<sup>6</sup> (2003) 3 SCC 40

<sup>7</sup> (2014) 8 SCC 894



12. It was contended that in *State of Kerala & Ors. v. 3 M. Padmanabhan Nair*<sup>8</sup>, the Apex Court has observed that pension and gratuity are valuable rights and property in the hands of the employees held in trust and as such any culpable delay in settlement and disbursement thereof must be visited with the penalty of payment of interest at the current market rate till actual realization of payment by the employees. Reliance in this context, was made on *D.S. Nakara & Ors. V/s. Union of India*<sup>9</sup>, *Aloke Sharnker Pandey v. Union of India*<sup>10</sup>, *Dr. A. Selvaraja V/s. C.B.M. College & Ors*<sup>11</sup>., *K.L. Manhas V/s. Union of India & Ors.*<sup>12</sup>.

13. *Per contra*, Mr. Gigi George, learned counsel for Respondents, appearing virtually, pointed out para 5.3 of the impugned judgement, to contend that the delay in payment of gratuity was due to petitioner. He has submitted that the impugned order was discretionary in nature and also emphasized that the petitioner herself did not pursue her claim from 2001 till 2016. It was further contended that the petitioner thereafter declined to accept the gratuity and as such the petitioner cannot be allowed to take advantage of her own wrong and/or delay in pursuing for her claim and subsequently refusing to accept the legitimate gratuity payable to her.

14. It was also brought to our attention that the learned Tribunal directed 1.5% interest, keeping in mind the foreign currency component and the prevailing interest in India. Lastly, it was contended that no

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<sup>8</sup> (1985) 1 SCC 429

<sup>9</sup> (1983) 1 SCC 305

<sup>10</sup> (2007) 3 SCC 545

<sup>11</sup> (2022) 4 SCC 627

<sup>12</sup> 2015 SCC OnLine Del 12258



interest ought to have been awarded by the Tribunal, and in case this court is of the view that Interest is required, then no interference is required in the rate of interest granted by the Tribunal

**15.** We have heard both the learned Counsels and perused the record.

**16.** The minimal issue which falls for our consideration is whether the learned tribunal was justified in (i) directing 1.5% rate of interest on gratuity and (ii) granting the gratuity amount from 31.10.2000 till 01.08.2019.

**17.** With respect to issue no.1 i.e. the rate of interest, at the outset, we must take a look at the reasoning of the learned tribunal while directing the impugned rate of interest.

**18.** We find it relevant to look whether the order was discretionary or there was some reasoning. If there is some reasoning behind the rate of interest, it becomes necessary to enquire whether the reasoning is sustainable in law, at all.

**19.** The learned tribunal on the aspect of rate of interest held as follows:

*“5.4 In the present case, as mentioned above, the responsibility for delay is both on the applicant as well as the respondents. As the facts and circumstances of the present case are distinguishable from the cases cited above, a judicious view needs to be taken in the instant case.*

*5.5 The applicant is claiming interest on delayed*



payment of gratuity in dollar terms. The dollar has appreciated significantly vis-a-vis the Indian rupee. Moreover, the rate of interest prevailing in USA for various periods since 2002 till date is significantly different than what was/is prevailing in India. The interest rate in India is dependent upon the Consumer Price Index prevailing in India, which is significantly different than the inflation which prevailing in the United States.

5.6 Considering all these facts, I am of the view that the applicant should not claim significant interest on the dollar payment of gratuity, considering the interest rate prevailing in India on Indian rupees. However, considering all the facts and circumstances, I would like to award simple interest of 1.5% on the amount of gratuity payable to the applicant in dollar terms from the date of retirement of the applicant. The respondents are directed to release the gratuity amount to the applicant with simple interest of 1.5% on the dollar amount of gratuity from 01.11.2000 till 01.08.2019 when the respondents offered the gratuity amount to the applicant. This exercise shall be completed within eight weeks from the date of receipt of a certified copy of this order.”

**20.** It could be understood that while passing the aforesaid order, the learned tribunal attributed contributory negligence of delay to both the parties. Additionally, the learned tribunal noted that (i) gratuity was payable in US dollars and not Indian rupees (ii) the dollar had appreciated against rupee (iii) Indian interest rates and US interest or inflation rates were different.

**21.** Thus, considering the above circumstances, the learned tribunal in view of the facts of the case, granted 1.5% rate of interest.



**22.** It is a settled law that while exercising supervisory jurisdiction, this court does not sit in appeal over the Tribunal's discretion and would not substitute its own view merely because another view is possible. Further, this court cannot reappreciate or reweigh evidence, and cannot substitute its own decision for that of the inferior court or tribunal on well-defined grounds of perversity, no evidence, grave dereliction, or flagrant violation of fundamental principles of law or justice.<sup>13</sup>

**23.** Adverting to the facts, the tribunal has clearly laid out its line of reasoning and then directed 1.5% interest. The payment to petitioner is in dollar and it is common knowledge that dollar has sufficiently grown against the rupees in the past years.

**24.** It is also undisputed that the interest is awarded as a compensation for wrongful withholding of the amount by the employer. The statutory basis in payment of interest in gratuity cases can be found in section 7(3A) of the payment of gratuity act, 1972.

**24.1** Section 7(3A) stipulates that if gratuity amount is not paid within the stipulated timeframe, the employer shall pay simple interest from the date on which gratuity became payable to the date of actual payment. The only exception to this is when the delay is due to the employee, and not the employer, or when the employer has obtained written permission from the controlling authority.

**25.** However, this is not a case where no rate of interest has been

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<sup>13</sup> *Celina Coelho Pereira (Ms) and Others v. Ulhas Mahabaleshwar Kholkar and Others*, (2010) 1 SCC; *Achutananda Baidya v. Prafulla Kumar Gayen*, (1997) 5 SCC 76



granted. The tribunals in the facts of the case, and the circumstances discerned above has granted 1.5% rate of interest.

**26.** This court speaking through one of us (C. Hari Shankar, J) in the decision of *Municipal Corporation of Delhi v. Bijender Singh*<sup>14</sup> has held the rate of interest is a matter which is within the province of discretion of the learned Tribunal.

**27.** According to us, Mr. Bhardwaj, even though with his persuasive skills, was unable to point out any legal infirmity in fixing 1.5% rate of interest, especially in circumstances when the gratuity was payable in US dollars and not Indian rupees and it is a common knowledge that the dollar had significantly appreciated against the rupee.

**28.** As we are not sitting in appeal, we are unable to interfere with the impugned order as to rate of interest.

**29.** On the second aspect i.e. the duration till which gratuity is payable, Mr. Bhardwaj contends that gratuity must be payable till the date of actual payment.

**30.** The tribunal has granted interest on gratuity amount from 01.11.2000 till 01.08.2019. The reasoning given is that the petitioner must be given till the date when she was offered the amount.

**31.** On this aspect also, we find no infirmity in the impugned order,

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<sup>14</sup> 2024: DHC:8576-DB



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as there is no error in law *per se*, which would warrant our interference under article 226/227.

**32.** The tribunal has exercised its discretion by balancing equities, keeping the foreign currency component, and the fact that petitioner denied to accept the gratuity amount solely on the ground that interest is not included.

**33.** Even though we may feel otherwise, we remind ourselves that we are not sitting in an appeal but exercising supervisory jurisdiction and the settled principle for our interference are not available in the present facts & circumstances.

**34.** Thus, due to the limited scope of interference available and in view of *Bijender Singh* (supra), we find no infirmities in the impugned order.

**35.** The writ petition is dismissed, no order as to costs.

**OM PRAKASH SHUKLA, J.**

**C.HARI SHANKAR, J.**

**JULY 01, 2026/ss/at**