

Payment of Interest for delay in payment of Leave Encashment

The Bank has been receiving representations from employees, who have ceased to be in employment of the Bank, for payment of interest for delay in payment of leave encashment. The matter was being pursued by the Bank with the Indian Banks' Association (IBA). The Managing Committee of IBA decided that it may be left to the discretion of the individual Banks to decide on the issue.

In view of the liberty granted by the IBA, the matter has been further examined and analyzed at Bank level ours and it has been decided as under:

For the employees retiring from the service of the Bank on attaining the age of superannuation and against whom no judicial or disciplinary proceedings are pending, the leave encashment should be settled expeditiously within one month. In case the same is not settled within the stipulated period, he shall be entitled for interest @10% (simple) per annum on delayed payment of leave encashment, from the date of his superannuation.

In case the disciplinary proceedings, pending against an officer employee on the date of the superannuation, culminate in imposing any penalty as stipulated under the PNB Officer Employees' (Discipline and Appeal) Regulations, 1977, on the delinquent, he shall not be entitled for interest for delay in payment of leave encashment. However, in case the same result in his exoneration, then he shall be paid interest @10% (simple) per annum for the period of delay in payment of leave encashment, from the date of his superannuation.

An employee, who retires from the service of the Bank on attaining the age of superannuation and against whom judicial proceedings are pending at the time of his superannuation, shall be entitled for the leave encashment as due to him. As such, the same should be settled expeditiously within one month. In case the same is not settled within the stipulated period, he shall be entitled for interest @10% (simple) per annum for the period of delay in payment of leave encashment, from the date of his superannuation.

Further, it has also been circulated vide HRD Circular No. 688 dated 09.06.2015 and HRD Circular No. 730 dated 11.12.2015 that the benefit of encashment of privilege leave shall be extended to all employees who were imposed the punishment of Compulsory Retirement. Such employees shall also be entitled for interest @10% (simple) per annum for belated settlement of leave encashment.

For any delay in settlement, the employee would become eligible for interest in terms of the aforesaid guidelines from the date he becomes eligible for payment of leave encashment.

The effective date of payment of interest on leave encashment to the ex-employees, in question, would be the date the punishment of Compulsory Retirement was imposed upon the employees.

The interest amount is to be paid from the suspense account of respective establishments where the employees were last posted. Subsequently, this amount is to be claimed by the concerned Circle Office from the Finance Division, Head Office, in a consolidated basis for necessary adjustments of suspense entries at the earliest.

(HRMD Circular Nos. 291 dated 02.02.2016 and 298 dated 29.02.2016)