

**COURT No.2  
ARMED FORCES TRIBUNAL  
PRINCIPAL BENCH: NEW DELHI**

**OA 3526/2024 with MA 470/2025**

**Sub Jai Shankar Prasad(Retd)**

**..... Applicant**

**VERSUS**

**Union of India and Ors.**

**..... Respondents**

**For Applicant : Mr. S.S Pandey, Advocate**  
**For Respondents : Mr. Prabodh Kumar, Sr. CGSC**  
**Maj Satvik Grover, OIC, Legal Cell.**

**CORAM**

**HON'BLE MS. JUSTICE ANU MALHOTRA, MEMBER (J)**  
**HON'BLE REAR ADMIRAL DHIREN VIG, MEMBER (A)**

**ORDER**

**MA 470/2025**

This is an application filed on behalf of the respondents for condonation of delay of **16** days in filing the counter affidavit. In view of the reasons explained in MA and in the interest of justice, the MA 470/2025 is allowed and the delay in filing the counter affidavit is condoned.

**OA 3526/2024**

The applicant vide the present OA makes the following prayers :

***"(a) Call for the records on the basis of which the Respondents despite being fully aware of non withdrawal of AFPP Fund by the Applicant though sanctioned to the tune of Rs. 1,50,000/- illegally effected deductions on such amount along with interest aggregating Rs. 5,19,795 vide FSA dated 08/2023 by putting the onus on the Applicant to provide the Non Payment Certificate and thereafter quash the same.***

***(b) Issue further directions to the Applicant to refund Rs. 5,19,795 to the Applicant without any delay along with Penal interest @18% from the date of deduction till its payment to the Applicant.***

***(c) Pass any other order/orders as deemed appropriate by this Hon'ble Tribunal in the facts and circumstances of the present case."***

2. The applicant JC-378432A Ex Subedar Jai Shankar Prasad was recruited in the Indian Army on 26.08.1995 and was discharged from service on 31.08.2023(Afternoon) under Army Rule 13(3) item I(i)(a) on fulfilling of terms of engagement. He had been promoted:

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to the rank of Naik with effect from 01.12.2007,

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to the rank of Havildar with effect from 13.01.2008,

→  
to the rank of Naib Subedar with effect from 01.09.2008 and,

→  
to the rank of Subedar with effect from 01.09.2012,

as averred by the respondents vide their Counter affidavit dated 09.02.2025.

3. During the course of his tenure whilst the applicant was posted with 12 Corps Signal Regiment, he applied for withdrawal of AFPP fund of an amount of Rs.1,50,000/- in June/July 2005 which was sanctioned vide PAO(OR) Corps of Signals letter no. 916912/letter/Contingent Bill no. 0691/Sigs /Acct/AFPP Fund dated 22.09.2005. In the meantime, the applicant was detailed in Military Course at MCTE Mhow and was thereafter posted to another unit i.e. 19 Infantry Divisional Signal Regiment as submitted by the applicant and not refuted by the respondents vide their Counter affidavit vide averments in Para-4 thereof. The said amount of Rs. 1,50,000/- on account of the final withdrawal of AFPP fund was not reflected in the IRLA/ Dolphin system of the applicant. The applicant has submitted that in view of non-receipt of the AFPP fund as also his new posting to Barammullah in 2007, he withdrew his request of AFPP fund of Rs. 1,50,000/- and communicated the same to 1 TTR(ISTC) Jabalpur and thus the amount of Rs. 1,50,000/- was not issued to him. During the FSA of the

applicant in 08/2023, PAO(OR) Corps of Signals deducted the amount of Rs. 5,19,795/- (Rs. 1,50,000/- Rs. 3,69,795/-) on account of final withdrawal of AFPP Fund by the IRLA/ Dolphin system of the individual. The said amount of Rs. 3,69,795/- as per the FSA/ Last pay on certificate for 08/2023 indicates that the amount of Rs. 3,69,795/- related to interest on the purported arrears of Rs. 1,50,000/- which the applicant had sought to withdraw but had not so withdrawn.

4. Though the applicant had sought the non-payment certificate from the 12 Corps Signal Regt(AREN), Jodhpur, Rajasthan due to there being no record of the issuance of the AFPP fund as well as the communication denying withdrawal, the applicant was denied the issuance of the non-payment certificate. Thereafter even though the non drawl certificate was issued by the concerned unit as stated in Para-13 of the counter affidavit of the respondents, the amount was not refunded by the PAO(OR) Corps of Signals.

5. The applicant thus filed the present OA with the prayers adverted to in Para-1 hereinabove. During the course of the

present proceedings, however, the respondents vide Para-13 of their Counter affidavit stated to the effect:-

***“However on reply to the Original Application filed by the petitioner the PAO(OR) have agreed that deducted amount for Rs. 5,19,795/-(Rs 1,50,000/- + Rs. 3,69,795/-) have been processed for disbursement and the same will be credited to individuals bank account by 10/2024”***

On 05.05.2025, learned counsel for the applicant submitted that the deducted amount of Rs. 5,19,795/- had been received by the applicant on 28.11.2024.

6. On behalf of the applicant, it is thus submitted that the applicant is entitled to the grant of interest in view of the erroneous deduction having been made by the respondents. The applicant had thus been directed vide order dated 15.05.2025 to specify as to when the deduction of Rs. 5,19,795/- had been made and it was submitted that the said deduction was made in August, 2023 as per the Final FSA/Last pay drawn certificate for August, 2023, which is also so borne out through the said document placed at Page-23 as Annexure-A5(Colly).

7. On behalf of the applicant, reliance has been placed on the RBI Circular no. dated 13.04.2012 to submit to the effect that the applicant is entitled to interest @8% penal interest in view of the delayed payment of arrears due to him. The respondents vide their Counter affidavit and submissions made do not refute the contentions of the applicant that the sum of Rs. 5,19,795/- had erroneously not been paid to the applicant and that he was entitled to the same and which has since been paid to him. **In the circumstances, the applicant is undoubtedly entitled to the grant of interest on the delayed payment of Rs. 5,19,795/- which had to be paid to the applicant on 31.08.2023 on his retirement and has been paid only on 28.11.2024.** The applicant is thus entitled to the grant of interest @8% per annum on the amount of Rs. 5,19,795/- from the period 01.09.2023 to 28.11.2024 in view of RBI Circular no. DGBA.GAD No. H-6760/45.01.001/2011-12 dated 13.04.2012 which the respondents are directed to pay to the applicant within a period of three months from the date of this order, failing which, interest @8% per annum shall further accrue on the interest as to be paid hereinabove, which is also so to be

paid as per the RBI website [www.rbi.org.in/commonman/English/Scripts/FAQs.aspx?Id=354](http://www.rbi.org.in/commonman/English/Scripts/FAQs.aspx?Id=354) updated on April 1, 2025 whereby FAQ no. 8 which reads to the effect:-

***"Whether a pensioner is entitled for any compensation from the agency banks for delayed credit of pension/arrears of pension?"***

is answered as follows:-

***"Yes, pension paying banks should compensate the pensioner for delay in crediting pension/arrears thereof at a fixed interest rate of 8 per cent per annum for the delay after the due date of payment. This compensation should be credited to the pensioner's account automatically without any claim from the pensioner on the same day when the bank affords credit for revised pension/pension arrears, in respect of all delayed pension payments made since October 1, 2008"***

8. The OA 3526/2024 is disposed of accordingly.

Pronounced in the open Court on the 22 day of May, 2025.

**[REAR ADMIRAL DHIREN VIG]**  
**MEMBER (A)**

**[JUSTICE ANU MALHOTRA]**  
**MEMBER (J)**

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