

Pr: Smt. Ashima Sood, Counsel for the Applicant
Sh. Dushyant Swaroop, Counsel for the Respondent

A communication was received from Principal Chief Commercial Manager, Western Railway. Portion 'A' to 'A' of the said communication reads as under:-

"At present, various RCTs are awarding rate of interest ranging between 6% to 9% which is not as per the prevailing market interest rates. At present, the rate of interest in nationalized banks on savings and fixed deposits are ranging from 3.5% to 4.5% depending upon the time period of deposits. However, the Railway is bearing the cost of interest for the cases settled with the pendency of 04 to 05 yrs in RCTs at the rate ranging between 6% to 9%. It is suggested that for the period of pendency the rate of interest should be at Savings bank rate as Railway is not at fault for pendency of cases in RCTs. Once the decree is awarded and if there is a delay in settlement of the compensation amount from Railways side then only the enhanced rate of interest at the prevailing fixed deposit rate for deposits above 01 year should be awarded which will reduce the burden of heavy share of interest from the Govt. exchequer.

In admitted cases, where Railways, have consented to not contest the case, the agreed compensation amount as per schedule may be permitted to be deposited while reporting consent with RCT. This will automatically eliminate the burden of interest on such cases directly. If case is decided otherwise on the issue of dependency or admissibility then such amount should be returned back to Railways subsequently. The mention about the deposited amount by Railways should be made in the decree itself which will create a permanent record at both ends i.e. RCT and Railways.

No interest should be awarded in Lok Adalat cases:

During last few Lok Adalats, it is observed that the applicants are not coming forward for offering consent for the cases pending for more than 01 year old with a fear of not getting interest if settled in Lok Adalat. In this regard, it is suggested that on day of Lok Adalat, if the applicant or his Advocate is not appearing and giving his consent then it should be recorded on that day specifically stating that no interest will be awarded in regular board also for that case treating this as case settled by Railway in Lok Adalat and order should be passed for Railways to deposit the agreed amount as per schedule with Registrar and case should be treated as closed from Railways side."

It is stated in the application that in the last few years, the rates of interest offered by banks on fixed deposits have fallen drastically and

there is a need to revisit rate of interest awarded by the Tribunal in original claim applications filed against the Respondent Railways. The aforesaid said letter was received on 12.02.21 and upon that an order was passed by one of us (K.S. Ahluwalia, Chairman). It was ordered that portion 'A to A' of the application be suo moto treated as Miscellaneous Application. Consequently, the office has listed this case as Miscellaneous Application treating it as 'Court on its own motion ^{vs} ~~as~~ general public'.

The Monetary Policy Committee of the Reserve Bank of India fixes Repo Rate (Repurchasing rate). The Repo Rate fixed by the Reserve Bank of India gives an option to the Commercial lenders to fix the rate at which loans are to be advanced. It is common knowledge that in the last few years, the rates of fixed deposits have fallen drastically from 8% to 5%. A look into rate of interest on fixed deposits by the State Bank of India or by private banks like HDFC, Axis Bank etc. in the last three years can be examined if a comparative chart is filed by the Railways.

Reference can also be made to the provisions of the Interest Act, 1978.

In UOI v/s Rina Devi [CA No. 4945 of 2018, ACJ 1441] regarding the rate of interest awarded by the Tribunal, it has been observed as under:-

"Since it has been held that interest is required to be paid, the premise on which Rathi Menon (Supra) is based has changed. We are of the view that law in the present context should be taken to be that the liability will accrue on the date of the accident and the amount applicable as on that date will be the amount recoverable but the claimant will get interest from the date of accident till the payment at such rate as may be considered just and fair from time to time. In this context, rate of interest applicable in motor accident claim cases can be held to be reasonable and fair. Once concept of interest has been introduced, principles of Workmen Compensation Act can certainly be applied and judgment of 4-judge Bench in Pratap Narain Singh Deo (supra) will fully apply. Wherever it is found that the revised amount of applicable compensation as on the date of award of the Tribunal is less than the prescribed amount of compensation as on the date of accident with interest, higher of two amounts ought to be awarded on the principle of beneficial legislation. Present legislation is certainly a piece of beneficial legislation.

15.4 Accordingly, we conclude that compensation will be payable as applicable on the date of the accident with interest as may be considered reasonable from time to time on the same pattern as in accident claim cases. If the amount so calculated is less than the amount prescribed as on the date of the award of the Tribunal, the claimant will be entitled to higher of the two amounts. This order will not affect the awards which have already become final and where limitation for challenging such awards has expired, this order will not by itself be a ground for condonation of delay. Seeming conflict in Rathi Menon (supra) and Kalandi Charan Sahoo (supra) stands explained accordingly. The 4-Judge Bench judgment in Pratap Narain Singh Deo (supra) holds the field on the subject and squarely applies to the present situation. Compensation as applicable on the date of the accident has to be given with reasonable interest and to give effect to the mandate of beneficial legislation, if compensation as provided on the date of the award of the Tribunal is higher than unrevised amount with interest, the higher of the two amounts has to be given."


At present, the Tribunal is awarding interest at the rate of 9% p.a. in respect of the cases where incidents have taken place after 01.01.2017. We are of the view that before the rate of interest is reduced to the detriment of the claimants or to the benefit of the Railways, it will be necessary to hear all members of the Bar Associations of various Benches of the Tribunal. Thus, we give the following directions:-

- (A) A copy of the communication dated 25.01.21 received by the Chairman of the Tribunal on 12.02.21 from the Principal Chief Commercial Manager, Western Railway be uploaded on the RCT web portal alongwith this order of even date.
- (B) A copy of this order and communication received from Principal Chief Commercial Manager, Western Railway be sent to Additional Registrars of all Benches of the Tribunal through E-mail with a request that the same be served upon President and Secretary of respective Bar Associations of each Bench of the Tribunal.
- (C) A copy of this order alongwith the communication received from Principal Chief Commercial Manager/WR be placed before all Members of Benches of the Tribunal.
- (D) Ms. Ashima Sood, Sh. P.K. Singh, Sh. Dushyant Swaroop, Sh. Sukhdev

Singh, Ld. CLA Ms. Sarv Mangla and Sh. Rajesh Kumar who are present before us also undertake to inform other members of the Bar so that any member willing to address arguments in the matter can put forward his views before the Bench on the date so fixed.

by (P) We also direct Presenting Officer, RCT/Delhi to forward the communication received from Principal Chief Commercial Manager, Western Railway along with order of the Bench of this date to all Chief Commercial Managers of all zones of Indian Railways so that Railways put their best foot forward to advance their case by engaging a Counsel of eminence who can address the arguments on behalf of the Railways. This Division Bench consisting of Chairman and Sh. Sunil Mathur, Member (Technical) shall hear arguments on 17.03.21 at 10:30 AM.

The Tribunal shall hear arguments in the virtual hearing on 18.03.21 at 10:30 AM where members of respective Bar Associations or their representatives can address arguments.


Member (Technical)


Chairman