

**GOVERNMENT OF ANDHRA PRADESH
FINANCE (PENSION-I) DEPARTMENT**

Circular Memo No.16077/135/A.2/Pen.I/2004 Dt:-20-02-2006.

Sub: Pensions-Settlement of pensionary benefits in time-Avoiding payment of penal interest in case of delay- Rate of interest - Instructions-Regarding.

- Ref: 1. G.O. Ms No. 268 Finance & Planning (FW-Pen. I) Department dated 07-10-1986.
2. Circular Memo No. 37989/A/494/A.2/ Pen.I/98 dated 21-04-1999 of Finance & Planning (FW-Pen. I) Department.
3. Circular Memo No. 16077/135/A.2/ Pen.I/ 2004 dated 11-08-2005 of Finance (Pen. I) Department.

Based on the instructions of Government of India, orders were issued in the reference 1 st cited that interest may be allowed on delayed payments of Retirement Gratuity in cases of administrative delay, at the rate of 7% per annum for the period beyond 3 months and upto one year and beyond one year, 10% per annum, after the gratuity becomes due and payable till the end of the month preceding the month in which the payment is actually made.

2. Further instructions were issued in the reference 2 nd cited, stipulating certain conditions for payment of interest on delayed payment of gratuity. The conditions are as follows:-

- i) Should be sanctioned by the administrative Department concerned with the concurrence of Finance Department.
- ii) Where disciplinary or judicial proceedings are pending interest is payable from the date of conclusion of the proceedings.
- iii) The delay should be on account of administrative lapse or for reasons beyond the control of the Government servant concerned.

3. It has come to the notice of the Government that most of the banks have reduced their interest rates given to the public in the recent past and Nationalised Banks are paying interest on Fixed Deposits at 4.5% for 3 months and 5% upto one year.

4. Thus, keeping this in view and in supersession of the orders issued in the reference 3 rd cited, an amendment is issued to para 10 of the orders issued in the reference 2 nd cited.

A M E N D M E N T

Existing instruction	Read as
10. Further interest shall be allowed on delayed payment of retirement Gratuity. The rate of interest is 7% p.a for the period beyond 3 months and upto 1 year and 10% p.a beyond 1 year after the gratuity becomes due and payable till the end of the month preceding the month in which the payment is actually made. The interest is allowed on the following conditions:	10. Further interest shall be allowed on delayed payment of retirement Gratuity. The rate of interest is 4.5% p.a for the period beyond 3 months and upto 1 year and 5% p.a beyond 1 year after the gratuity becomes due and payable till the end of the month preceding the month in which the payment is actually made. This interest is allowed on the following conditions:

5. The memo is available on Internet and can be accessed at the address <http://www.aponline.gov.in> .

**RANJEEV R ACHARYA
SECRETARY TO GOVERNMENT (FP)**