

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 7TH DAY OF SEPTEMBER, 2026

PRESENT

THE HON'BLE MRS. JUSTICE ANU SIVARAMAN

AND

THE HON'BLE MR. JUSTICE VENKATESH NAIK T

WRIT APPEAL NO.873 OF 2024 (S-RES)

C/W

CIVIL CONTEMPT PETITION No.340 OF 2024

IN W.A.No.873 OF 2024:

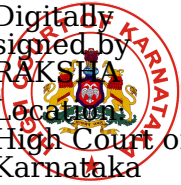
BETWEEN:

- 1 . THE PRINCIPAL SECRETARY
COMMERCE AND INDUSTRIES DEPARTMENT
GOVERNMENT OF KARNATAKA
VIKASA SOUDHA
DR. AMBEDKAR ROAD
BENGALURU-560 001
- 2 . THE COMMISSIONER AND DIRECTOR
DEPARTMENT OF INDUSTRIES AND COMMERCE
NO.49, SOUTH BLOCK
KHANIJA BHAVAN
DEVARAJ URS ROAD
BENGALURU-560 001
- 3 . THE ACCOUNTANT GENERAL
IN KARNATAKA
PARK HOUSE
BENGALURU-560 001
- 4 . THE DIRECTOR
PENSION PAYMENT TREASURY
BENGALURU-560 001

...APPELLANTS

(BY SMT. PRAMODHINI KISHAN, AGA)

Digitally
signed by
RAKSHA
Locatone
High Court of
Karnataka



AND:

- 1 . SRI. V. S. VENKATESH GOWDA
S/O. LATE SANNE GOWDA
AGED ABOUT 73 YEARS
RETIRED GENERAL MANAGER (P AND D/QAD)
KARNATAKA SOAPS AND DETERGENTS LTD.
RESIDING AT NO.100 'NIRVANA'
CIRCULAR ROAD
NANDINI DOLLARS SCHEME
NANDINI LAYOUT
BENGALURU-560 096
- 2 . THE MANAGING DIRECTOR
KARNATAKA SOAPS DETERGENTS LIMITED
(FORMERLY GOVERNMENT SOAPS AND SANDALWOOD OIL
FACTORY)
P.B. ROAD
RAJAJINAGAR
BENGALURU-560 055
- 3 . THE REGIONAL PROVIDENT FUND
COMMISSIONER
BHAVISHYA NIDHI BHAVAN
DR. RAJA RAM MOHAN RAI ROAD
BENGALURU-560 025

...RESPONDENTS

(BY DR. CHANDRASHEKAR U.P., ADV. FOR
SRI. H.P.GANESH GOWDA, ADV. FOR R1;
SRI. GURUMATH G. RUDRAMUNI SHARMA, SR. COUNSEL A/W
SRI. SHIVARUDRAPPA SHEKTAR, ADV. FOR R2;
SMT. B.V. VIDYULATHA, ADV. FOR R3)

THIS WRIT APPEAL IS FILED UNDER SECTION 4 OF THE
KARNATAKA HIGH COURT ACT, PRAYING TO SET ASIDE THE
ORDER DATED 26.09.2023 PASSED BY THE LEARNED SINGLE
JUDGE IN WRIT PETITION NO.19614/2021.

IN CCC No.340 OF 2024:**BETWEEN:**

V. S. VENKATESHA GOWDA
 S/O LATE SANNE GOWDA
 AGED ABOUT 71 YEARS
 RETD. GENERAL MANAGER (R AND D/QAD)
 KARNATAKA SOAPS AND DETERGENTS LTD.
 R/AT NO.100, 'NIRVANA' CIRCULAR ROAD,
 NANDINI DOLLARS SCHEME
 NANDINI LAYOUT
 BENGALURU-560 096

...COMPLAINANT

(BY SRI. DR. CHANDRASHEKAR U.P., ADV. FOR
 SRI. H. P. GANGESH GOWDA, ADV.)

AND:

- 1 . SRI. S. SELVAKUMAR, I.A.S.
 THE PRINCIPAL SECRETARY
 DEPARTMENT OF COMMERCE AND INDUSTRY
 VIKAS SOUDHA
 BENGALURU-560 001.
- 2 . SMT. GUNJAN KRISHNA, I. A. S.
 THE COMMISSIONER AND DIRECTOR
 DEPARTMENT OF INDUSTRIES AND COMMERCE
 NO.49, SOUTH BLOCK
 KHANIJA BHAVAN
 DEVARAJ URS ROAD
 BENGALURU-560 001
- 3 . DR. PRASHANTH P. K.
 THE MANAGING DIRECTOR
 KARNATAKA SOAPS AND DETERGENTS LIMITED
 (FORMERLY GOVERNMENT SOAPS AND
 SANDALWOOD, OIL FACTORY)
 P.B. ROAD
 RAJAJINAGAR
 BENGALURU-560 055

...ACCUSED

4 . THE STATE OF KARNATAKA
 REPRESENTED BY ITS
 PRINCIPAL SECRETARY
 DEPARTMENT OF COMMERCE AND INDUSTRY
 VIKAS SOUDHA
 BENGALURU-560 001

...PROFORMA RESPONDENT

5 . MS. SMITA GOPAL
 THE ACCOUNTANT GENERAL IN KARNATAKA
 PARK HOUSE
 BENGALURU-560 001

6 . DR. ARUNDATHI CHANDRASHEKAR
 THE DIRECTOR
 PENSION PAYMENT TREASURY
 V.V.TOWER, DR. B.R.AMBEDKAR ROAD
 BENGALURU-560 001

...ACCUSED

(BY SMT. SUNITA SRINIVAS, ADV. FOR R3;
 SMT. PRAMODHINI KISHAN, AGA FOR PROFORMA R4;
 A1, A2, A5 AND A6 ARE SERVED AND UNREPRESENTED)

THIS CCC IS FILED UNDER SECTIONS 11 AND 12 OF THE CONTEMPT OF COURTS ACT, PRAYING TO TAKE COGNIZANCE AND INITIATE CONTEMPT PROCEEDINGS AGAINST THE ACCUSED HEREIN FOR HAVING INTENTIONALLY AND DELIBERATELY DISOBEYED THE ORDER DATED 26.09.2023 PASSED BY THE LEARNED SINGLE JUDGE IN W.P.NO.19614/2021 (S-RES) VIDE ANNEXURE-A, BY PASSING APPROPRIATE ORDERS AS DEEM FIT AND PROPER.

THIS WRIT APPEAL AND CCC HAVING BEEN HEARD AND RESERVED FOR JUDGMENT ON 27.07.2026 AND COMING ON FOR PRONOUNCEMENT OF JUDGMENT THIS DAY, **ANU SIVARAMAN J.**, PRONOUNCED THE FOLLOWING:

CORAM: HON'BLE MRS. JUSTICE ANU SIVARAMAN
 and
 HON'BLE MR. JUSTICE VENKATESH NAIK T

CAV JUDGMENT**(PER: HON'BLE MRS. JUSTICE ANU SIVARAMAN)**

This appeal is preferred against the Order dated 26.09.2023 passed by the learned Single Judge in W.P.No.19614/2021(S-RES) and the Contempt of Court Case is filed alleging wilful disobedience of the same.

2. We have heard Shri. Gurumath Gangadhar, learned Senior counsel as instructed by Shri. Shivarudrappa Shetkar, learned Advocate appearing for respondent No.2 in W.A.873/2024, Smt. Pramodhini Kishan, learned Additional Government Advocate appearing for the appellants in W.A.873/2024 and accused No.4 in C.C.C.340/2024, Shri. H.P Ganesh Gowda learned counsel appearing for respondent No.1 in W.A.873/2024 and complainant in C.C.C.340/2024, and Smt. B.V Vidyulatha appearing for respondent No.3 in W.A.873/2024 and Smt. Sunita Srinivas appearing for accused No.3 in C.C.C.340/2024.

3. The brief facts of the case are as follows:-

Respondent No.1 herein joined respondent No.2 - Company (Government Sandalwood Oil Factories, Mysore Shivamogga) as a chemist on 13.10.1978. By Government Order dated 12.09.1980 respondent No.2 - Company merged with Karnataka Soaps and Detergents Limited ('KSDL'). Subsequently, respondent No.1 was promoted to the position of General Manager in respondent No.2 - Company. Respondent No.1 retired from service on attaining the age of superannuation. However, his pension was not sanctioned in the scale of General Manager on the basis of the last pay drawn by him at the time of retirement.

4. Thereafter, the respondent along with other petitioners filed W.P.No.48089 to 48247/2014 before this Court, seeking a direction to the State Government and other respondents to sanction and pay pension and pensionary benefits in accordance with the Karnataka Civil Service Rules from the date of retirement, and also as per the revised pay rules implemented from time to time. This Court directed the appellants to consider the representation

of the petitioners with regard to payment of pension and consequential benefits within four months of receipt of copy of order. Pursuant to the Order dated 27.03.2015 passed by this Court in W.P.No.48089 to 48247/2014, the State Government issued an Order dated 18.07.2018 which provided certain conditions in order to avail pensionary benefits and according to the same, the pension of respondent No.1 was fixed on the basis that he was discharging his duties as a Senior Chemist at that point of time.

5. The Additional Director, Department of Industries and Commerce, by letter dated 03.09.2020, forwarded the pension proposal to appellant No.3, describing respondent No.1 as having retired as Chemist on 31.08.2013 and requested recovery of Rs.15,82,411/- towards the Employer's EPF contribution with interest and Rs.10,00,000/- towards Gratuity from the pension arrears. Thereafter, appellant No.3 issued Pension Payment Order dated 05.11.2020 fixing the basic pension of respondent No.1 at Rs.21,600/- per month with effect from 01.09.2013,

and recoveries of Rs.1,65,648/- were effected from his DCRG and pension for the period 01.09.2013 to 30.11.2020. In addition, Rs.1,904/- per month continues to be deducted from his monthly pension towards recovery of EPF Pension sanctioned earlier by respondent No.3.

6. Aggrieved thereby, respondent No.1 submitted further representations dated 02.03.2021 to appellants No.1 and 2, in response to which the appellants, by communication dated 20.07.2021, informed respondent No.1 that he was not entitled to revised pension pursuant to the Government Order dated 18.07.2018, on the ground that he had availed promotion in the Company. Thereafter, respondent No.1 preferred W.P.No.19614/2021 challenging the endorsement dated 20.07.2021, which came to be allowed by the learned Single Judge by order dated 26.09.2023, directing the Appellant-authorities to re-fix his pay and refund Rs.1,65,648/- to respondent No.1. Aggrieved by the said judgment, the Appellant-authorities are in appeal. Respondent No.1 has also filed Civil Contempt

Petition No.340/2024 alleging wilful disobedience of the said judgment.

7. The learned counsel appearing for the appellants contended that the impugned Order of the learned Single Judge insofar as it related to the direction to refund respondent No.1 a sum of Rs.1,65,648/- which has been recovered from respondent No.1, is illegal and in violation of Government Order dated 18.07.2018. This is so because the State Government upon approval of Accountant General passed the Government Letter dated 13.08.2018 to implement the Court Order issued and settled the pension and pensionary benefits of respondent No.1 herein.

8. It is further contended that upon the merger of respondent No.2 - Company with KSDL, the State Government had provided an option to the employees either to continue in Government service or to opt for service under the Company. It is submitted that respondent No.1 did not exercise any such option, therefore, it must be presumed that he continued in the service of the Company. Further, respondent No.1 cannot claim the benefit of the

Karnataka Civil Services Rules or the Work Service Rules, as the same cannot simultaneously apply, especially when the promotion in question was granted by the Company after the merger with KSDL.

9. It is further contended that since respondent No.1 is already getting benefits under Karnataka Civil Service Rules, Work Service Rules cannot be applicable at the same time. It is further contended that condition that the promotions availed in the Company will not be considered for promotion, was also imposed on the employees of KSIC. Accordingly, the promotions availed by them in the corporation were not considered at the time of fixing the pension to the employees of KSIC, who had obtained Orders from this Court.

10. The learned counsel appearing for respondent No.1 contended that the Government Order dated 12.09.1980 clearly provides that the service conditions of employees of the three departmental undertakings shall continue to remain the same as they existed earlier. The State Government has also reiterated, in Annexure-H of the

Government Order that respondent No.1 is entitled to pensionary benefits under the KCSR, in terms of the directions issued by this Court in W.P.No.48089-247/2014 by Order dated 27.03.2015.

11. It is further contended that the records placed before this Court clearly establish that respondent No.1 is entitled to revision of pension in accordance with the applicable Government Orders, treating him as eligible for pension as General Manager. It is further contended that the recovery of EPF pension amount of Rs.1,65,648/- from respondent No.1 has been made illegally by applying inapplicable provisions of the Government Order dated 18.07.2018. The learned Single Judge rightly applied the relevant portion of the Government Order, which is applicable to respondent No.1. that the EPF contribution has effectively become contribution of respondent No.1, since the amounts relating to PF and gratuity payable by the employer have already been recovered from the arrears of pension of respondent No.1 as directed by the Additional Director of Industries. Consequently, the EPF pension

payable at Rs.1,904/- per month is from the respondent No.1's own contribution and cannot be recovered from the pension payable under the Karnataka Civil Services Rules.

12. It is further contended that respondent No.1 has not claimed any benefit from KSDL, as the PF and gratuity amounts have already been recovered from his pension arrears as directed by the competent authority. It is further contended that the stand taken by the appellants that the provisions of the Karnataka Civil Services Rules and the Work Service Rules cannot operate simultaneously is erroneous and contrary to the decision of this Court in W.P.Nos.16861 and 16870/1999 dated 30.03.2000. It is further contended that the said judgment clearly held that employees of the Government Soap Factory, which was a Government Industrial Concern, were governed by the Work Service Rules read with the Karnataka Civil Services Rules, and where the Work Service Rules were silent, the provisions of the Karnataka Civil Services Rules would apply. Consequently, the employees became entitled to death-

cum-retirement gratuity under the Karnataka Civil Services Rules.

13. It is further contended that the denial of pensionary benefits by reckoning the cadre and pay drawn at the entry stage of service in the year 1978, instead of the pay drawn at the time of retirement, is contrary to Rule 293(C) of the Karnataka Civil Services Rules. At the time of retirement, respondent No.1 was serving as General Manager drawing a basic pay of Rs.57,900/-, as reflected in the service records. It is further contended that Respondent No.1 joined service as a Chemist in the Directorate of Government Soap and Sandalwood Oil Factories and was subsequently promoted on the basis of seniority, merit and performance. Respondent No.1 continued to serve under the applicable service rules until his retirement, which was accepted by the Government of Karnataka. The service records clearly establish that the pay scales were drawn in accordance with the applicable rules.

14. Respondent No.1 further submits that despite the lapse of considerable time, the appellants have failed to

implement the said Order, which compelled the respondent to initiate contempt proceedings in C.C.C. No.340/2024 before this Court.

15. The learned Counsel appearing for respondent No.1 places reliance on the following judgments:-

- ***D.S.Nakara and Ors. v. Union of India*** reported in **(1983) 1 SCC 305;**
- ***State of Punjab and Ors. v. Senior Vocational Staff Master Association and Ors.*** reported in **(2017) 9 SCC 379;**
- ***D. D. Tewari (Dead) through Legal Representatives v. Uttar Haryana Bijli Vitran Nigam Limited and Ors.*** reported in **(2014) 8 SCC 894;**
- ***Grid Corporation of Orissa and Ors. v. Rasananda Das*** reported in **(2003) 10 SCC 297;**
- ***Dr. G. Sadasivan Nair v. Cochin University of Science and Technology represented by its Registrar & Ors.,*** order passed in ***Civil Appeal No.6994/2021*** by ***Supreme Court of India;***

- ***The Marathwada University v. Seshrao Balwant Rao Chavan***, reported in ***AIR 1989 SC 1582***;
- ***Bangalore Water Supply & Sewerage Board v. Dr. T.K.Puttaswamy Gowda*** reported in ***ILR 1993 KAR 278***;
- ***The State of Karnataka & Anr. v. Sri S.S.Jadhav & Others*** order passed in ***W.P.No.102439/2022*** by ***High court of Karnataka***;
- ***The State of Karnataka & Anr. v. Sri H.S.Somashekara & Others*** order passed in ***W.P.No.21581/2009 and W.P.22851 to 22893/2009*** by ***High court of Karnataka***;

16. The learned Senior Counsel appearing for respondent No.2 places reliance on the following judgments:-

- ***The State of Maharashtra & Anr. v. Bhagwan & Ors.***, reported in ***2022 SCC 20***; and
- ***The State of Karnataka & Anr. v. Sri. Yallagaiah G. & Ors.*** order passed in ***WA No.150/2024*** by ***High court of Karnataka***.

17. We have considered the contentions advanced. A true translation of the Government Order dated 18.07.2018 which is placed on record, reads as follows:

"In pursuance to the above factors explained, in the Government order No.CI 23 CMI 1980 dated 12.9.1980, earlier Government Soap Factory Bengaluru and Shimoga and Mysore Government Sandalwood oil factories, are merged with the Karnataka Soaps and Detergents Limited. And in the said factory working Sri. Krishnappa and others, while being transferred to the Karnataka Soaps and Detergents Limited, agreeing to the service rules of the Limited company have not submitted any kind of undertaking in written form. However, to these employees as per the Employees Act to be provided retirement benefits viz., provident Fund, Gratuity, Ex-gratia for VR employees, Earned Leave encashment facilities is being given. and as these employees are not merged with the Board, and the situation has arisen that they are continuing as employees of the Government soap factory, Bengaluru and Shimoga and Mysore Govt. Sandalwood Factories, in the manner given to the Government Silk Factory employees, the necessity has arisen that under the Karnataka Civil service rules the pension benefits are to be extended. And relating to the Government Silk Factory employees, those employees in the Court who have obtained the specific order to such retired employees only pension benefit is extended, Similarly in this case also, only to the retired employees who have approached through the Writ Petition No.48089-48247/2014 the Government have decided to extend this benefit and issue the order.

For the remaining employees, for merging with the company or to continue as the Government employees for expression of interest, six months time is given, and they in case if express their consent for merger with the company, and

they on the basis of the merit to merge and those employees who intend to continue as the Government employees are to be considered as employees on deputation. And when considered continued on deputation as Government Employees, the employees who are eligible for availing the pensionary benefits, it is accepted that they have to fulfill the below mentioned conditions/regulations.

1. In the company if they have obtained any promotion. They are not eligible for that and in this connection to them given additional increment is to be re-examined/revised. And to them State Government providing to its employees i.e., eligible for availing time bound promotion, automatic increment. And the pensionary benefits in this manner revised on the basic pay will be calculated and fixed.

2. On to 10.8.2001 in the Government order Special Voluntary Retirement Scheme, is applicable only to the Public Sector Department Employees. And this order is not applicable the Government employee. And in case this staff, under the VRS available ex-gratia and other additional benefits they have obtained, they have to return the same. And they as applicable to the Government Employees, they are eligible only for the Voluntary Retirement as defined under rule 285 of the KCST. And under such circumstances they will be eligible for the retirement benefits.

3. Such employees under the Corporation rendered service should be considered as Deputation/other service. And in this connection to the Government the pension subscription, leave subscription is to be calculated, for the entire period the employees have served should be calculated by the corporation.

4. And while considering such employees as Government employees they will be eligible only, to the retirement benefits which are provided to the Government employees, and from the KSDL obtained retirement pensionary benefits should be returned.

5. In connection with the ECF Scheme to be availed Retirement Pension, the conditions imposed in the Government order No.HD125 RAD 2011 dated 11.6.2012 is applicable.

6. In connection with continuing as the Government employees, to the ECF Account the employer contribution remittance, to be stopped from the date the decision is taken in this manner.

For any employees, the KCSR or Employee rules, as per any one of these the facilities/benefits can be availed, are not entitled to obtain both, in this regard to be carefully observed."

18. On a reading of the said Order, it is clear that the persons who had filed Writ Petitions No.48089 to 48247/2014 and obtained orders dated 27.03.2015, are entitled to retirement benefits sanctioned to employees working in government silk factories as per Government Order dated 11.05.2012. It was found that Shri. Krishnappa and others who were the petitioners in Writ Petitions No.48089 to 48247/2014 had not been absorbed by the Corporation, since there were no service rules in the Corporation and no pension facilities extended to its employees. Therefore, the Government had decided to grant pension benefits in accordance with the Karnataka Civil Service Rules ("KCSR" for short) by considering those employees as Government employees as in the case of

Government Silk Factory employees and to grant them pension. It is pertinent to note that the provisions of the KCSR are to be made applicable, pension payable is to be calculated in accordance with Chapter XIX of the KCSR. Rule 293-F of the KCSR General Rules on Pension specifically states as follows:

(1) x x x x x

(2) x x x x x

Explanation.—*The term "emoluments" for purpose of calculating various retirement and death benefits and family pension shall mean the basic pay drawn by a Government Servant in the scale of pay applicable to the post held by him on the date of retirement or death and also include.—*

(a) Stagnation increment, if any, granted to him above the maximum of the scale of pay;

(b) Personal pay, if any, granted to him under sub-rule (3) of Rule 7 of the Karnataka Civil Services (Revised Pay) Rules, 2007 and 2012; and

(c) Additional increments granted beyond the maximum of the time scale of pay for having completed 20 years of service, 25 years of service and 30 years of service in the same cadre.

19. The learned Single Judge specifically found that with regard to the petitioners in Writ Petitions No.48089 to 48247/2014, they are entitled to pension under the KCSR with no conditions attached. It is only in respect of other

persons who were not covered by the Court orders that the further conditions imposed in the Government Orders would be applicable. Though varied contentions have been raised on behalf of the respondents with regard to the applicability of the Government Order, we are clear in our minds that the contention urged by the writ petitioners has been rightly accepted by the learned Single Judge. In the light of the clear language of the Government Order dated 18.07.2018, we have no doubt that in respect of the application Writ Petitions No.48089 to 48247/2014, pension is payable in terms of the KCSR with no conditions attached. The conditions provided in the Government Order are applicable only to those who are not governed by the orders issued by this Court in Writ Petitions No.48089 to 48247/2014. If the writ petitioners are entitled to pension under the KCSR, then admittedly the last pay drawn by them is to be taken into consideration for the purpose of fixing their pension. If that be so, the pay drawn by them in the post from which they retired is obviously liable to be taken into consideration. Since the conditions provided in the second part of the

Government Order are not applicable to the writ petitioners, we find no error in the exercise of jurisdiction by the learned Single Judge. The judgment under appeal therefore warrants no interference.

20. In the result:-

- (i) The Writ Appeal is ***dismissed***.
- (ii) The Contempt of Court case is ***closed***.
Appellant No.4 is granted four weeks time to comply with the directions issued by the learned Single Judge.

All pending Interlocutory Applications shall stand *disposed of* in both the matters.

**Sd/-
(ANU SIVARAMAN)
JUDGE**

**Sd/-
(VENKATESH NAIK T)
JUDGE**

cp*