



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 7TH DAY OF JANUARY, 2026

BEFORE

THE HON'BLE MR. JUSTICE H.T. NARENDRA PRASAD

WRIT PETITION NO. 20698 OF 2023 (S-R)

BETWEEN:

1. SRI C S ANANTHARAMAIAH
S/O C.S. SATHYANARAYANRAO
AGED ABOUT 64 YEARS
R/AT ANANTHAKRUPA
SHANTHAMMA LAYOUT, SIDDESHWARA NAGARA
VIDHYANAGAR POST, SHIVAMOGGA-577203.
2. SRI. S.K. NAYAKODE
AGED ABOUT 64 YEARS
BASAVANAGAR, MUDDEBIHAL
BIJAPURA DISTRICT-586212.

...PETITIONERS

(BY SRI. UDAYA KUMAR R L., ADVOCATE)

AND:

1. THE REGISTRAR OF CO-OPERATIVE SOCIETIES
NO.1, ALI ASKAR ROAD
BENGALURU-560001.
2. THE MEMBER SECRETARY
COMMON CADRE COMMITTEE
FOR EMPLOYEES OF P.C.A. AND R.D. BANKS
IN THE STATE OF KARNATAKA
ALUR VENKATA RAO ROAD
CHAMRAJPET, BENGALURU-560018

...RESPONDENTS

(BY SRI.SPOORTHY HEGDE N, HCGP FO R1:
SRI. P ANAND, ADVOCATE FOR R2)

THIS WRIT PETITION IS FILED UNDER ARTICLES 226
AND 227 OF THE CONSTITUTION OF INDIA PRAYING TO

Digitally signed by
MALATHI CHALUVA
IYENGAR

Location: HIGH
COURT OF
KARNATAKA



QUASH THE ENDORSEMENT NO. CCC / WRIT BRANCH/871/2023-24, DATED:16/08/2023 ISSUED TO THE 1ST PETITIONER PRODUCED AT ANNEXURE-G AND ENDORSEMENT NO. CCC/WRIT BRANCH /870/2023-24 DATED 16/08/2023 ISSUED TO THE 2ND PETITIONER PRODUCED AT ANNEXURE-H AND ETC.

THIS PETITION, COMING ON FOR PRELIMINARY HEARING IN 'B' GROUP, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE H.T. NARENDRA PRASAD

ORAL ORDER

1. This writ petition is filed under Articles 226 and 227 of the Constitution of India challenging the endorsements dated 16.08.2023 issued by respondent No.2 at Annexures-G and H, whereby the request of the petitioners for payment of the differential gratuity amount along with interest has not been considered.

2. Brief facts of the case of the petitioners are that petitioner No.1 retired from service on 31.10.2019 while working at PCA & RD Bank, Channagiri, and petitioner No.2 retired from service on 31.05.2019 while working at Muddebihal PCA & RD Bank. As per the provisions of the Payment of Gratuity Act, 1972 (hereinafter referred to as "the Act" for short), the petitioners are entitled for



payment of gratuity. Accordingly, respondent No.2 paid the gratuity amount to the petitioners by restricting the same to the ceiling limit of Rs.10,00,000/-, as applicable prior to the amendment of the Act.

The amendment of Payment of Gratuity Act, which came into force on 29.03.2018, enhanced the maximum limit of gratuity from Rs.10,00,000/- to Rs.20,00,000/-. Since the petitioners retired after the amendment of the Act, they are entitled for gratuity in accordance with the amended provisions of the Act. As the gratuity payable to the petitioners exceeded Rs.10,00,000/-, they submitted representations dated 04.11.2022 and 02.12.2022 to respondent No.2 seeking payment of the differential gratuity amount as per the amended provisions of the Act. Since respondent No.2 did not consider the said representations, the petitioners approached this Court by filing W.P.No.6068/2023. This Court, by order dated 20.03.2023, disposed of the writ petition directing respondent No.2 to consider the representations within an



outer limit of eight weeks from the date of receipt of the order.

Thereafter, respondent No.2 issued the impugned endorsements at Annexures-G and H, stating that though the amendment to the Payment of Gratuity Act enhanced the ceiling limit from Rs.10,00,000/- to Rs.20,00,000/-, the Co-operative Societies CCC Rule 30, which increased the gratuity limit to Rs.20,00,000/-, came into force only from 27.11.2019, i.e., subsequent to the retirement of the petitioners. Since the petitioners have retired before the CCC Rule 30 came into force, they are not entitled to payment of the differential gratuity amount and accordingly, their requests have been rejected. Being aggrieved by the same, the petitioners are before this Court.

3. Heard the learned counsel for the parties and perused the writ petition papers.



4. Section 4(3) of the Act states that the amount of gratuity payable to the employee shall not exceed such amount as may be notified by the Central Government from time to time. Till 29.03.2018, the amount of gratuity payable to the employee shall not be exceed Rs.10,00,000/-.

5. On 29.03.2018, the Central Government, in exercise of its powers under sub-section (3) of Section 4 of the Payment of Gratuity Act, 1972, issued a notification stating that the amount of gratuity payable to an employee under the said Act shall not exceed Rs.20,00,000/-.

6. Even though amendment to the Co-operative Societies CCC Rule 30, has been made on 27.11.2019, in view of Section 14 of Payment of Gravity Act, the petitioners are entitled for the differential gratuity amount. Section 14 is extracted below.

"Section: 14



Act to override other enactments, etc.

The provisions of this Act or any rule made there under shall have effect notwithstanding anything inconsistent therewith contained in any enactment other than this Act or in any instrument or contract having effect by virtue of any enactment other than this Act."

7. It is very clear from Section 14 of the Act that the said provision has an overriding effect over all other enactments, rules, or provisions which are inconsistent with the provisions of the Act. The Apex Court in the case of **Y.K.SINGLA vs. PUNJAB NATIONAL BANK AND OTHERS** reported in **(2013) 3 SCC 472** has considered the scope and effect of Section 14. The relevant paragraph Nos.22 to 25 are extracted below.

"22. In order to determine which of the two provisions (the Gratuity Act or the 1995 Regulations) would be applicable for determining the claim of the appellant, it is also essential to refer to Section 14 of the Gratuity Act, which is being extracted hereunder:

"14. Act to override other enactments, etc. The



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provisions of this Act or any rule made there under shall have effect notwithstanding anything inconsistent therewith contained in any enactment other than this Act or in any instrument or contract having effect by virtue of any enactment other than this Act.

(emphasis supplied)

d A perusal of Section 14 leaves no room for any doubt that a superior status has been vested in the provisions of the Gratuity Act vis-à-vis any other enactment (including any other instrument or contract) inconsistent therewith. Therefore, insofar as the entitlement of an employee to gratuity is concerned, it is apparent that in cases where gratuity of an employee is not regulated under the provisions of the Gratuity Act, the legislature having vested superiority to the provisions of the Gratuity Act over all other provisions/enactments (including any instrument or contract having the force of law), the provisions of the Gratuity Act cannot be ignored. The term "instrument" and the phrase "instrument or contract having the force of law" shall most definitely be deemed to include the 1995 Regulations, which regulate the payment of gratuity to the appellant.

23. Based on the conclusions drawn hereinabove, we shall endeavour to determine the present



controversy. First and foremost, we have concluded on the basis of Section 4 of the Gratuity Act that an employee has the right to make a choice of being governed by some alternative provision/instrument other than the Gratuity Act, for drawing the benefit of gratuity. If an employee makes such a choice, he is provided with a statutory protection, namely, that the employee concerned would be entitled to receive better terms of gratuity under the said provision/instrument, in comparison to his entitlement under the Gratuity Act. This protection has been provided through Section 4(5) of the Gratuity Act.

24. Furthermore, from the mandate of Section 14 of the Gratuity Act, it is imperative to further conclude that the provisions of the Gratuity Act would have overriding effect with reference to any inconsistency therewith in any other provision or instrument. Thus viewed, even if the provisions of the 1995 Regulations had debarred payment of interest on account of delayed payment of gratuity, the same would have been inconsequential. The benefit of interest ensuring to an employee, as has been contemplated under Section 7(3-A) of the Gratuity Act, cannot be denied to an employee whose a gratuity is regulated by some provision/instrument other than the Gratuity Act. This is so because the



terms of payment of gratuity under the alternative instrument have to ensure better terms than the ones provided under the Gratuity Act. The effect would be the same when the provision concerned is silent on the issue. This is so because the instant situation is not worse than the one discussed above, where there is a provision expressly debarring b payment of interest in the manner contemplated under Section 7(3-A) of the Gratuity Act. Therefore, even though the 1995 Regulations are silent on the issue of payment of interest, the appellant would still be entitled to the benefit of Section 7(3-A) of the Gratuity Act. If such benefit is not extended to the appellant, the protection contemplated under Section 4(5) of the Gratuity Act would stand defeated. Likewise, even the mandate contained in Section 14 of the Gratuity Act deliberated in detail hereinabove would stand negated.

25. We, therefore, have no hesitation in concluding that even though the provisions of the 1995 Regulations are silent on the issue of payment of interest, the least that the appellant would be entitled to are terms equal to the d benefits envisaged under the Gratuity Act. Under the Gratuity Act, the appellant would be entitled to interest on account of delayed payment of gratuity (as has already been concluded above). We therefore hold



that the appellant herein is entitled to interest on account of delayed payment, in consonance with sub-section (3-A) of Section 7 of the Gratuity Act."

8. In view of the above, even though respondent No.2 has amended the Co-operative Societies CCC Rule 30 on 27.11.2019, since the amendment to Section 4(3) of the Payment of Gratuity Act was brought into force on 29.03.2018 by enhancing the maximum amount of gratuity payable to an employee to Rs.20,00,000/-, the cases of the petitioners are required to be considered in terms of the amended provisions of the Payment of Gratuity Act, 1972.

9. Since the petitioners retired after the amendment of the Act, the impugned endorsements, issued contrary to the statutory provisions, are unsustainable in law and are liable to be quashed.

10. The petitioners are also entitled to interest for the delayed payment of gratuity in terms of Section 7(3A) of the Act, which mandates that the employer shall pay the



gratuity amount within 30 days from the date on which it becomes payable to the employee and in the event of any delay, the employee is entitled to interest as prescribed under the Act.

11. Hence, I pass the following order:

ORDER

- a) The writ petition is ***allowed***.
- b) Impugned endorsements dated 16.08.2023 issued by respondent No.2, are quashed.
- c) Respondent No.2 is directed to consider the representations of the petitioners vide Annexures-D and E, keeping in view of observation made in this order, within three months from date of receipt of copy of this order.

Sd/-
(H.T. NARENDRA PRASAD)
JUDGE