



W.P(MD)No.373 of 2023

WEB COPY BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED: 06.07.2026

CORAM

THE HONOURABLE MR.JUSTICE M.DHANDAPANI

W.P(MD)No.373 of 2023

and

W.M.P(MD)No.349 of 2023

The General Manager/Administration,
Tamil Nadu State Transport Corporation
(Kumbakonam) Limited,
Thirumayam Road,
Pudukkottai.

... Petitioner

Vs

M.Duraisamy

... Respondent

PRAYER: Writ Petition filed under Article 226 of Constitution of India, to issue a Writ of Certiorari, calling for the records relates to the order passed by the Appellate Tribunal under Payment of Gratuity Act, 1972, Tiruchirappalli in PG Appeal No.93 of 2017 dated 23.05.2018 and to quash the same in so far as the direction of payment of gratuity for 26 years and fixation of interest at the rate of 10% per annum for the belated payment of Gratuity.



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For Petitioner : Mr.S.C.Herold Singh

For Respondent : Mr.S.Bharathy Kannan

ORDER

The present Writ Petition has been filed challenging the order dated 23.05.2018 passed in P.G. Appeal No.93 of 2017.

2.The respondent/workman filed an application claiming the arrears of gratuity payable to him. By the impugned order dated 23.05.2018, the Appellate Authority directed the petitioner/Management to pay the arrears of gratuity together with interest at the rate of 10% per annum from the date of retirement till the date of payment. Aggrieved only by the rate of interest awarded, the petitioner/Management has filed the present Writ Petition.

3.The learned counsel appearing for the petitioner/Management, placing reliance upon the order passed by this Court in W.P.(MD) Nos.2334



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to 2357 of 2019, dated 01.02.2019, submitted that, in identical circumstances, this Court had restricted the rate of interest payable on the gratuity amount to 8.5% per annum. In support of the said submission, the learned counsel relied upon paragraphs 4, 5 and 6 of the said order, which read as follows:

“4. I am not able to subscribe to the aforesaid submission. As rightly pointed out by the learned Standing Counsel for the management, no doubt, the special notification issued by the Central Government under Section 7(3)A of the Act stipulates awarding of 10% interest and that it has not been modified till date. But then, a notification issued under a statutory provision cannot be applied, if it would run counter to the statutory mandate. Section 7(3A) of the Act states that the employer shall pay from the date on which the gratuity becomes payable to the date on which it is paid, simple interest at such rate, not exceeding the rate notified by the Central Government from time to time for repayment of long-term deposits, as that Government may, by notification specify. In other words, this provision provides a upper ceiling limit for the rate of interest to be awarded. The upper ceiling limit is the rate notified by the Central Government



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5.It is not in dispute that for the period in question, the rate notified by the Central Government for repayment of long term deposit was between 8.7% per annum to 8.5% per annum. If the notification of the year 1987 that was originally issued under the provision is applied that would certainly run counter to the restriction laid down in Section 7(3A) of the Payment of Gratuity Act. Therefore, I am of the view that the appellate authority erred in awarding 10% interest. Considering the facts and circumstances of this case, the same is modified and reduced to 8.5% per annum.

6. Mr.Ajay Ghose was requested to be an amicus curiae. Notice to the respondents was dispensed with only because the learned Standing Counsel for the management on instruction gave an undertaking that the modified award amount would be disbursed to the respective claimants within a period of six weeks from the date of receipt of a copy of this order.”

4.The learned counsel appearing for the respondent/workman fairly submitted that the respondent is agreeable to receive interest on the



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arrears of gratuity at the rate of 8.5% per annum, in terms of the aforesaid order passed by this Court.

5.Having considered the submissions made on either side and in view of the consensus arrived at between the parties, this Court is inclined to modify the impugned order only with regard to the rate of interest.

6.Accordingly, the Writ Petition is allowed in part. The impugned order dated 23.05.2018 passed in P.G.Appeal No.93 of 2017 is modified to the extent that the petitioner/Management shall pay interest at the rate of 8.5% per annum on the arrears of gratuity from the date of retirement of the respondent/workman till the date of actual payment, after giving credit to the amount, if any, already paid. The aforesaid payment shall be made within a period of six (6) weeks from the date of receipt of a copy of this order.



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7. With the above modification, the Writ Petition is allowed in part. There shall be no order as to costs. Consequently, the connected Miscellaneous Petition is closed.

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NCC : Yes / No

Index : Yes / No

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To

The Appellate Tribunal under Payment of Gratuity Act,
Tiruchirappalli.



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M.DHANDAPANI, J.

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