

2024:PHHC:119894



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**IN THE HIGH COURT OF PUNJAB & HARYANA
AT CHANDIGARH**

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CWP-7513-2000 (O&M)
Date of Decision : 12.09.2024

PUNJAB FINANCIAL CORPORATION PETITIONER

V/S

RATTAN SINGH AND OTHERS RESPONDENTS

CORAM : HON'BLE MR. JUSTICE JAGMOHAN BANSAL

Present : Mr. G.S.Bal, Sr. Advocate with
Ms. Gurneet Kaur, Advocate and
Mr. Dilshad S.Gill, Advocate
for the petitioner.

Mr. B .B.Sharma, Advocate
for respondent No.1.

JAGMOHAN BANSAL, J. (Oral)

1. The petitioner through instant petition under Articles 226/227 of the Constitution of India is seeking setting aside of order dated 23.09.1999 (Annexure P-7) passed by appellate authority and order dated 25.04.2000 (Annexure P-9) passed by controlling authority under Payment of Gratuity Act, 1972 (for short '1972 Act')

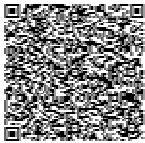
2. The respondent-employee joined petitioner w.e.f. 28.05.1987. He submitted his resignation which was accepted w.e.f. 01.08.1996. The employee did not complete 10 years' service, thus, the petitioner as per its PFC (Payment of Gratuity to Employees)



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Regulations, 1964 (for short '1964 Regulations') did not pay gratuity because as per said Rules, minimum required service was of 10 years. The 1972 Act came into force w.e.f. 21.08.1972. Section 14 of the said Act provides that the provisions of this Act or any rule made thereunder shall have effect notwithstanding anything inconsistent therewith contained in any enactment other than this Act or in any instrument or contract. Section 4 of 1972 Act requires 05 years' service for payment of gratuity whereas 1964 Regulations of petitioner requires 10 years' service. There is apparent contradiction between 1972 Act and 1964 Regulations. In view of Section 14 of 1972 Act, 1964 Regulations are bound to give passage to 1972 Act. The workman has concededly completed more than 05 years' service, thus, he is entitled to gratuity in terms of 1972 Act.

3. On being confronted with provisions of Section 4 and 14 of 1972 Act, Mr. G.S.Bal, Sr. Advocate expressed his inability to controvert the fact that 1972 Act is having overriding effect and provisions of all other Acts/instruments/contracts which are contrary to 1972 Act are bound to give passage to 1972 Act. He further submits that as per Section 7 (3-A) of 1972 Act, rate of interest payable to an employee is notified by Central Government and which vide notification dated 03.01.2022 has prescribed 10% simple rate of interest for delayed payment of gratuity. The workman is entitled to simple interest @ 10% whereas controlling authority has granted higher rate of interest and that too compounded.



4. Mr. B.B.Sharma, Advocate expressed his inability to controvert the fact that as per Section 7(3-A) read with notification dated 03.01.2022 issued by Central Government, an employee is entitled to simple interest @ 10% from the expiry of 30 days from which gratuity became payable.
5. In the wake of afore-cited legal and factual position as well as statement of both sides, the impugned order stands modified to the extent that respondent-employee is entitled to simple interest @ 10%.
6. Disposed of.
7. Pending miscellaneous application (s), if any, shall also stand disposed of.

(JAGMOHAN BANSAL)
JUDGE

12.09.2024
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Whether speaking/reasoned : Yes/No
Whether Reportable : Yes/No