



CWP-13435-2024 and other connected cases -1-

IN THE HIGH COURT OF PUNJAB & HARYANA
AT CHANDIGARH

107

CWP-13435-2024

Date of decision: 31.07.2024

THE PUNJAB STATE COOPERATIVE BANK LTD

....PETITIONER

Vs.

DEPUTY CHIEF LABOUR COMMISSIONER (CENTRAL)

CHANDIGARH AND OTHERS

...RESPONDENTS

CWP-14057-2024

THE PUNJAB STATE COOPERATIVE BANK LTD

....PETITIONER

V/S

DEPUTY CHIEF LABOUR COMMISSIONER (CENTRAL)

CHANDIGARH AND OTHERS

...RESPONDENTS

CWP-14061-2024

THE PUNJAB STATE COOPERATIVE BANK LTD

....PETITIONER

V/S

DEPUTY CHIEF LABOUR COMMISSIONER (CENTRAL)

CHANDIGARH AND OTHERS

...RESPONDENTS

CWP-14065-2024

THE PUNJAB STATE COOPERATIVE BANK LTDPETITIONER

V/S

DEPUTY CHIEF LABOUR COMMISSIONER (CENTRAL)

CHANDIGARH AND OTHERS

...RESPONDENTS

CWP-14188-2024

THE PUNJAB STATE COOPERATIVE BANK LTD

....PETITIONER

V/S

DEPUTY CHIEF LABOUR COMMISSIONER (CENTRAL)

CHANDIGARH AND OTHERS

...RESPONDENTS



CWP-13435-2024 and other connected cases -2-

CORAM: HON'BLE MR. JUSTICE JAGMOHAN BANSAL

Present: Mr. C.L. Pawar, Advocate
for the petitioner (in all cases).

Mr. Padamkant Dwivedi, Advocate
for respondent No. 3 (in all cases).

JAGMOHAN BANSAL, J (ORAL)

1. By this common order CWP-13435-2024, CWP-14057-2024, CWP-14061-2024, CWP-14065-2024 and CWP-14188-2024 are being disposed of since issues involved in all the petitions and prayer sought are common. With the consent of parties and for the sake of brevity, facts are borrowed from CWP-13435-2024.

2. The petitioner through instant petition under Articles 226/227 of the Constitution of India is seeking setting aside of order dated 15.04.2024 (Annexure P-13) whereby respondents have been granted simple interest on delayed payment of gratuity @ 10% in terms of notification dated 01.10.1987.

3. On being confronted with order dated 13.12.2023 passed in CWP-20065-2022 and order dated 22.07.2024 passed in CWP-16728-2024, learned counsel for the petitioner concedes that issue involved in the instant petitions is squarely covered by aforesaid orders, however, he submits that respondents are entitled to interest @ 7.1% as per notification dated 03.01.2022 instead of @ 10% as prescribed by notification dated 01.10.1987.

4. This Court vide order dated 13.12.2023 in CWP-20065-2022 and order dated 22.07.2024 in CWP-16728-2024 has dismissed identical petitions wherein petitioner was disputing liability of interest. In those petitions, the petitioner was disputing liability of interest and in the instant petitions, the



petitioner is claiming that rate of interest as per notification dated 03.01.2022 issued by Government of India should be 7.1% instead of 10%.

5. Section 7(3) of Payment of Gratuity Act, 1972 (for short '1972 Act') provides that employer shall pay gratuity within 30 days from the date it becomes payable. Sub-section (3A) of Section 7 further provides that employer shall be liable to pay interest at the rate as specified by Central Government by way of notification from time to time. The rate of interest cannot exceed the rate notified by Central Government from time to time for the payment of long term deposits. Sub-section (3A) of Section 7 of 1972 Act is reproduced as below:-

"(3A) If the amount of gratuity payable under sub-section (3) is not paid by the employer within the period specified in sub-section (3), 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:

Provided that no such interest shall be payable if the delay in the payment is due to the fault of the employee and the employer has obtained permission in writing from the controlling authority for the delayed payment on this ground."

6. From the perusal of afore-cited sub-section, it is quite evident that rate of interest cannot be more than the rate notified by Central Government from time to time for payment of long term deposits. The Central Government has to notify interest to be payable on delayed payment of gratuity. Interest is simple and it cannot be compound. The Central Government in exercise of power conferred by sub-section (3A) of Section 7 has issued notification dated 01.10.1987 which is reproduced as below:-



“S.O. 873 (E) – In exercise of the powers conferred by subsection (3A) of Section 7 of the Payment of Gratuity Act, 1972 (39 of 1972), the Central Government hereby specifies ten per cent per annum as the rate of simple interest payable for the time being by the employer to his employee in cases where the gratuity is not paid within the specified period. 2. This notification shall come into force on the date of its publication in the official Gazette.”

7. From the perusal of aforesaid notification, it is evident that employer is liable to pay simple interest @ 10% for delayed payment of gratuity.

8. Learned counsel for the petitioner is heavily relying upon notification dated 03.01.2022 issued by Central Government. The said notification is reproduced as below:-

“F No. 5(4)-B(PD)/2021-It is hereby notified that the deposits made under the Special Deposit Scheme for Non-Government Provident, Superannuation and Gratuity Funds, announced in the Ministry of Finance (Department of Economic Affairs) Notification No.F.16(1)-PD/75 dated 30th June, 1975, shall with effect from 1st January, 2022 to 31st March, 2022 bear interest at 7.1% (seven point one percent). This rate will be in force w.e.f. 1st January, 2022”.

The reliance placed upon said notification by Mr. C.L. Pawar, Advocate is misplaced. It seems to be a case of mis-reading of Section 7(3A) of 1972 Act. Section 7 (3A) clearly provides that rate of interest shall be notified by Government by way of notification. The Government has issued notification dated 01.10.1987 in exercise of power conferred by sub-section (3A) of Section 7 whereas notification dated 03.01.2022 has not been issued in exercise of aforesaid power.

9. In the wake of above discussion and findings, this Court is of the considered opinion that contention of petitioner that respondents are entitled to



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simple interest @ 7.1% in terms of notification dated 03.01.2022 cannot be countenanced. The contention of petitioner deserves to be rejected and accordingly rejected.

10. All the petitions stand dismissed in terms of order dated 13.12.2023 passed in CWP-20065-2022 and order dated 22.07.2024 passed in CWP-16728-2024 as well as above findings.

31.07.2024
manoj

[JAGMOHAN BANSAL]
JUDGE

Whether speaking/reasoned	Yes/No
Whether reportable	Yes/No