

22.05.2025
Item No.5
Ct. No. 30
Aloke

WPA 9165 of 2025

**Delta Limited
Vs
The State of West Bengal & Ors.**

Mr. Soumya Majumder, Id. Sr. Adv.
Ms. Amrita Pandey
Ms. Sneha Singh
Mr. Supratim Ghose
... for the petitioner

Mr. Bipin Ghosh
... for the respondent nos. 2 and 3

Mr. Ashim Kr. Ganguly
Mr. Bellal Shaikh
... for the respondent nos. 1 and 2

Mr. Rananeesh Guha Thakurta
... for the respondent no. 4

1. The writ application has been preferred against orders dated 10.07.2024, 18.07.2024 and 09.04.2025, passed by the Certificate Officer, Howrah on the grounds :-

- (i) That despite full payment, the Certificate Officer, Howrah (Respondent No. 3) has erroneously calculated compound interest at 15% on the total amount of Rs.3,79,227/- which includes the simple interest already paid.
- (ii) The petitioner filed an application before the Certificate Officer praying for recalculation of compound interest at 6% only on the principal amount of Rs.2,17,820/-, but the same has not been considered.

- (iii) The Certificate Officer, vide impugned orders dated 10.07.2024, 18.07.2024 and 09.04.2025 passed by the Certificate Officer being respondent no. 3 mechanically proceeded with the erroneous calculation and initiated coercive recovery proceedings including issuance of warrant of arrest without adjudicating the petitioner's application.
- (iv) The petitioner thereafter filed a review application before the Certificate Officer which has been rejected vide the impugned order dated 9th April, 2025.

2. The petitioner's case is that the calculation of compound interest on the entire sum of Rs.3,79,227/- (including simple interest) is ex facie contrary to the statutory scheme of the Payment of Gratuity Act, 1972 as Section 8 of the Act permits imposition of compound interest only on the gratuity amount (Rs.2,17,820/-) and not on the amount that includes simple interest.

3. The Certificate Officer, Howrah has filed a report through the learned counsel for the State, stating therein that :-

“(1) That the controlling Authority has issued in exercise of the Power conferred by Section 8 of the Payment of Gratuity Act, 1972, a certificate for recovery of sum of Rs.3,79,227/- (Rupees Three Lakh Seventy-Nine Thousand Two Hundred Twenty-Seven) only as Gratuity which includes simple

interest @ 10% p.a. upto 09.07.2021 & compound interest thereon @ 15% p.a. from 09.08.2021 i.e. the date of expiry of the time mentioned in the direction till the date of recovery.

(3) That to execute the Certificate dated 17th December 2021 and as per Hon'ble High Court's Order dated 21.06.2024, computation process of Compound Interest was processed by the undersigned, Certificate Officer, Howrah and calculated as Rs.1,72,452/- (Rupees One Lakh Seventy-Two Thousand Four Hundred Fifty-Two) only.

(4) The definition of Compound Interest is very clear that interest is calculated not only on the initial principal amount, but also on the accumulated interest from previous periods.

(5) That the provision of Section 8 of the Payment of Gratuity Act, 1972 very clear that "Provided further that the amount of interest payable under this section shall in no case exceed the amount of gratuity payable under Act". Herein in this case the Compound Interest amount of R s.1,72,452/- (Rupees One Lakh Seventy-Two Thousand Four Hundred Fifty-Two) only has not exceeded the amount of gratuity of Rs.2,17,820.20/- (Rupees Two Lakh Seventeen Thousand Eight Hundred Twenty and Twenty Paisa) only."

4. **As no appeal has been preferred** against the order of the Controlling Authority by the petitioner herein, the following judgments relied upon by the petitioner are not applicable to the present case.

(i) *Gloster Jute Mills Ltd. vs. Deputy Secretary, Labour Department dated 5th July, 2002 of the Calcutta High Court.*

(ii) *Auckland International Ltd. vs. State of West Bengal & Ors. dated 9th September, 2005 of the Calcutta High Court.*

5. The sole point of contention of the petitioner in the present case is that compound interest is to be calculated only on the amount of gratuity (principal amount) which shall not include simple interest on the said principal amount of gratuity.

6. It is contended that, the Certificate Officer has erroneously calculated compound interest on the total amount being the principal amount of gratuity along with the simple interest as calculated till the date of order passed by the Controlling Authority.

7. It appears that as the petitioner failed to pay the said amount within the period specified by the Controlling Authority, **the said authority issued a Certificate for recovery of the total amount (principal and simple interest) as decided by the Controlling Authority.**

8. The Certificate Officer accordingly proceeded to recover the same as per Section 8 of the Payment of Gratuity Act, 1972.

9. **Section 8 of the said Act reads as follows:-**

“8. Recovery of gratuity- *IF the amount of gratuity payable under this Act is not paid by the employer, within the prescribed time, to the person entitled thereto, the controlling*

*authority shall, on an application made to it in this behalf by the aggrieved person, **issue a certificate for that amount to the Collector, who shall recover the same, together with compound interest thereon [at such rate as the Central Government may, by notification, specify], from the dates of expiry of the prescribed time, as arrears of land revenue and pay the same to the person entitled thereto.....***

10. **As such, the Certificate Officer herein has to act on the “Certificate” issued by the Controlling Authority and the “Certificate” issued includes the total amount being the principal amount of gratuity and the simple interest till the date of the order of the Controlling Authority.**

11. Accordingly, in view of the clear provisions of Section 8 of Payment of Gratuity Act, **the Certificate Officer has no other option but to calculate compound interest on the “Certificate” amount which is the principal amount along with simple interest calculated till the date of order of the Controlling Authority.**

12. Thus, the order under challenge dated 10.07.2024, 18.07.2024 and 09.04.2025, passed by the Certificate Officer, Howrah, being in accordance with law requires no interference.

13. **WPA 9165 of 2025 stands dismissed.**

14. There will be no order as to costs.

15. All connected applications, if any, stand disposed of.

16. Interim order, if any, stands vacated.

17. Urgent photostat certified copy of this order, if applied for, be supplied to the parties upon compliance with all requisite formalities.

(Shampa Dutt (Paul), J.)