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W.P.No.7355 of 2023

IN THE HIGH COURT OF JUDICATURE AT MADRAS

Dated :23.07.2025

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THE HONOURABLE Ms. JUSTICE P.T. ASHA

W.P.No.7355 of 2023
and W.M.P.Nos.7434 and 7435 of 2023

The Management,
Tamil Nadu State Transport
Corporation(Salem) Limited,
No.12, Ramakrishna Road,
Salem

... Petitioner

VS-

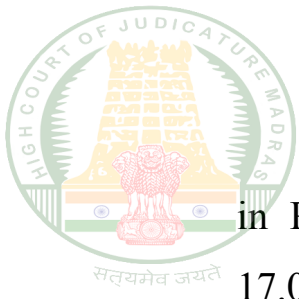
1. The Appellate Authority/ Additional Commissioner of Labour,
(Appellate Authority under Payment of Gratuity Act, 1972)
Coimbatore.

2. The Controlling Offiver,
Under the Payment of Gratuity Act, 1972,
Office of the Joint Commissioner of Labour,
Salem.

3. R. Gunasekaran

...Respondents

Prayer: Writ Petition filed under Article 226 of the Constitution of India praying to issue a Writ of Certiorari to call for records pertaining to the impugned order dated 29.09.2021 passed by the first Respondent



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in P.G.A.No. 07 of 2021 by confirming the impugned order dated 17.09.2019 passed by the second respondent in P.G.No. 84 of 2019 and quash the same as illegal, arbitrary and unconstitutional.

For Petitioner : Mr. K. Raja

For Respondents-1&2 : M/S M. Jayanthi
Additional Government Pleader

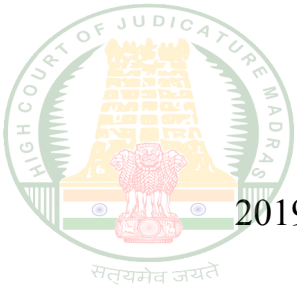
For Respondent-3 : Mr. R. Dillikumar

ORDER

This Writ Petition is filed for the following relief:

“To issue a Writ of Certiorari to call for records pertaining to the impugned order dated 29.09.2021 passed by the first Respondent in P.G.A.No. 07 of 2021 by confirming the impugned order dated 17.09.2019 passed by the second respondent in P.G.No. 84 of 2019 and quash the same as illegal, arbitrary and unconstitutional.”

2. In W.P.Nos.33897 etc. Batch, where a similar relief was claimed against the petitioner herein by other workmen, the Coordinate Bench of this Court had partly allowed the Writ Petition by reducing the interest from 10% to 8.5%. The learned Judge had relied upon two earlier orders of this Court made in W.P.(Md) Nos.1247 of 2021 and W.P(Md) Nos.2334 to 2357 of



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2019 wherein it has been held as follows:

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4. This court vide order dated 22.02.2024 made in

W.P.(MD) No. 1247/2021 has passed the following order:

"4. The very same issue has fallen for consideration before this Court in W.P.(MD)Nos.2334 to 2357 of 2019 and this Court by order dated 01.02.2019 has held as under:

"3. The learned counsel appearing for the workmen contended that the orders passed in these writ petitions do not warrant any interference. His submission is that as per Section 7(3A) of the Payment of Gratuity Act, 1972, a notification was already issued by the Central Government and it provides for awarding 10% interest. He would contend that the notification that was issued as early as in 1987 is still holding good and no modification notification has been issued. His specific contention is that the management is not justified in placing reliance on a notification issued by the Central Government setting out the rate for repayment of long term deposit and that a special notification under Section 7(3A) of the Act is required. In as much as the notification earlier issued under this provision is still holding the field, this Court will have to necessarily abide by the same."

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



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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 for repayment of long term deposits.

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.”

5. In the light of the above, this Court is not inclined to examine the matter afresh and inclined to follow the decision of this Court as noted above. Accordingly, the impugned order is modified only to the extent of awarding



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of interest at 10% and accordingly, the rate of interest payable to the respondent herein shall be 8.5% on the delayed payment of gratuity amount.

6. With the above direction, this writ petition is partly allowed. There shall be no order as to costs. Consequently, connected miscellaneous petitions is closed.

In the above said judgment, this Court had declined to interfere with the order passed by the appellate authority/the 1st respondent herein and had only modified the interest from 10% to 8.5%.

3. Since the facts of this case are identical to that of the above said batch of writ petitions, this Writ Petition is **disposed of** on the same lines and the interest alone is modified from 10% to 8.5%. No costs. Consequently, connected miscellaneous petitions are closed.

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Index: Yes/No
Speaking order/non-speaking order
Neutral Citation: Yes/No
srn



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To,

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P.T.ASHA, J.,

srn

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