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W.P. No.22762 of 2022

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 11.06.2025

CORAM

THE HONOURABLE Mr. JUSTICE P.DHANABAL

W.P. No.22762 of 2022

and W.M.P. Nos.21802 and 21806 of 2022

The Managing Director,
Dharmapuri District Co-operative Sugar Mills Ltd.,
Jerthalav Post,
Palacode Taluk,
Dharmapuri District - 636 808. .. Petitioner

vs.

1. The Appellate Authority /
Additional Commissioner of Labour,
(Appellate Authority under the Payment of
Gratuity Act, 1972),
Coimbatore - 18.

2. The Controlling Authority,
under the payment of Gratuity Act, 1972,
Office of the Joint Commissioner of Labour,
Salem.

3. C. Peruma W/o. Chinnasamy (late) .. Respondents

PRAYER: The Writ petition filed under Article 226 of the Constitution of India seeking to issue a Writ of Certiorari calling for the records relating to the order dated 01.03.2021 passed in P.G. No.71 of 2020 on the file of the



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2nd respondent and quash the same.

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For Petitioner : Mr. R. Balaramesh

For Respondents : Mr. G. Ameetius,
Government Advocate [for R1 & R2]

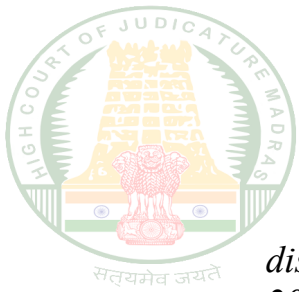
Ms. D. Geetha [for R3]

ORDER

When the case was taken up for hearing today, the learned counsel appearing for the petitioner has fairly conceded that already this Court dismissed a batch of Writ petitions through an order dated 12.09.2023 in W.P. Nos.18381 of 2022 and batch and this petition is also covered by the said judgment.

2. This Court in the order passed in W.P. Nos.18381 of 2022 and batch, in paragraph nos.7 to 9, held as follows:-

"7. Admittedly, the contesting third respondent in all the writ petitions were employed with the petitioner/Mill and they got retired subsequently, after rendering more than 40 years of service. Thereafter, the workmen claimed gratuity in terms of the calculation made under Section 4 of the Act. In their claim applications, they claimed that they put in more than 40 years of service and as per their last drawn wages, they claimed the total amount of gratuity. The Controlling Authority allowed the applications filed by the workmen, against which, the petitioner/Mill preferred appeals and the appeals were rejected for non-deposit of the gratuity amount awarded by the second respondent and the said fact was not in



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dispute. This Court perused the order passed in W.P.No.28325 of 2008 dated 07.02.2012 and the relevant portion of the order passed is as follows:-

2. The writ petition was admitted on 27.11.2008. Pending the writ petition, interim stay was granted by this Court after observing that the entire amount has been lying in deposit with the Controlling Authority. Thereafter, the contesting respondent filed M.P.No.1 of 2009 seeking for permission to withdraw the amount. That petition came to be disposed of by order dated 08.07.2009 permitting him to withdraw 50% of the amount lying in deposit. The Controlling Authority was directed to deposit the balance amount in any one of the nationalised banks for two years and the workman was permitted to withdraw the interest every six months.

3. It is seen from the records that the contesting third respondent was employed in the petitioner mill and got retired from service on 30.12.2003. The workman claimed that he was in employment from 27.12.1977 and after getting retired from service, he claimed gratuity in terms of calculation made under Section 4 of the Payment of Gratuity Act, 1972. In his claim application, he claims that he had put in 25 years 11 months and 3 days of service and his last drawn salary was Rs.169.80 per day and the total amount of gratuity claimed by him was Rs.66,092/-. Since there was a delay in filing the application, he has also filed I.A.No.11 of 2004 to condone the delay. This application was resisted by the petitioner mill. Notwithstanding the same, the Controlling Authority condoned the delay and took up the gratuity case on his file as P.G.No.130 of 2004. The Controlling Authority, by his order dated 25.10.2006, held that the total length of service of the workman was only 10 years and he will be eligible for gratuity at the rate of 15 days for every completed year of service and computed the gratuity at Rs.29,337/-. Before the authority, heavy reliance was placed upon the circular issued by the Commissioner of Sugars dated 25.07.1990. In the circular, the authority directed all the sugar mills as follows:

"It is hereby ordered that the employees of the co-operative and public refer sugar mills, who retire as seasonal employee will be paid gratuity at the wages per year of service provided they have put in the minimum period of twenty years of service in the mills. For the purpose of computing twenty years service, the service as NMR/Casual will not be counted. In respect of



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missed employees, gratuity will be paid in accordance with the provisions of the Payment of Gratuity Act, 1972."

4. Aggrieved by the order passed by the Controlling Authority, the petitioner management filed an appeal under Section 7(7) of the Payment of Gratuity Act to the Appellate Authority. The said appeal was taken on file as P.G.A.No.9 of 2007. As a condition precedent for preferring an appeal, the amount was also deposited before the Controlling Authority. The contention raised by the management before the Appellate Authority was that the grant of gratuity at the rate of 15 days was contrary to second proviso to Section 4(2) as for seasonal establishment, only 7 days wages will be made available for every completed year of service and therefore, the Controlling Authority was erroneous. The Appellate Authority had entertained the appeal and issued notice to the third respondent. Thereafter, after hearing both sides, the Appellate Authority dismissed the appeal. The authority held that the circulars issued by the Commissioner of Sugars dated 25.07.1990 and 31.07.1991 inasmuch as provides full gratuity for even seasonal worker, who had put in 20 years of service, the said circulars will apply to the case of the third respondent and he also found that he had put in 23 years of service as seasonal worker and therefore, he is eligible to get the benefit of the said circular. In such circumstances, the authority held that the restriction placed under the second proviso to Section 4(2) will not apply to the case of the workman. The contention of the management that since the third respondent is only a NMR worker, the circular will not apply, was rejected by the Appellate Authority. In fact, it is open to an employer to provide better terms of gratuity and if any such better offer is given by the employer, the same is protected in terms of Section 4(5) of the Payment of Gratuity Act, wherein it is clearly stated that the provisions of the Act, more particularly, Section 4(1) will not affect the right of the employee to receive better terms of gratuity without any award or agreement or contract with the employer. It is not the case of the petitioner mill that these two circulars are not binding on them or that they are not accepting the circulars in respect of other workers other than NMR workers. If once it is stated that the circular holds the field, the authority was correct in holding that the circular will apply even to NMRs, who have rendered 20 years of service. Even that is accepted, then, calculation should be made on the basis of 15 days wages for every completed year of service. The authority held that the workman had put in 23 years of service and there is no dispute regarding the last drawn wages and therefore, calculated the amount as Rs.58,478/- It is challenging the same, the writ petition came to be filed.



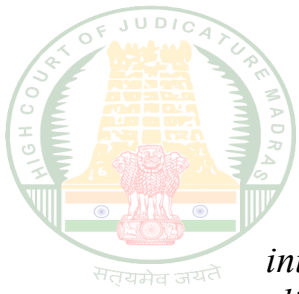
5. The contention raised by Ms. Thilakavathy, learned counsel appearing for the petitioner sugar mill was that there is no proof that the workman had worked continuously upto 20 years. According to the petitioner, the circular dated 25.07.1990 excludes the benefit to casual labours and therefore, the authority cannot read the circular in a piece meal manner. The invocation of Section 4(5) of the Payment of Gratuity Act is inappropriate in this case.

6. It must be noted that when the workman sent a notice in terms of Payment of Gratuity Act and also filed a claim petition before the Controlling Authority, in the counter statement, excepting a bald denial about his length of service, no other details were furnished. Though there is a claim that for one season i.e. during April, 2001, he was stopped from work, no materials were produced before the Controlling Authority. Therefore, the Controlling Authority did not have opportunity to go into the actual length of service. The workman did not file any cross appeal for enhancing the length of service. Yet, the Appellate Authority is entitled to correct the error committed by the Controlling Authority as ultimately the object of the Payment of Gratuity Act is to pay gratuity on any one of the contingencies set out under Section 4(1) of the Payment of Gratuity Act.

7. Considering the grave mistake made by the Controlling Authority by taking into account the length of service mentioned in the provident fund slips, which has no relevance to the length of service in terms of Section 2A of the Payment of Gratuity Act and considering the fact that the Payment of Gratuity Act do not make any distinction between the casual, temporary or NMR worker while calculating the length of service, this Court do not find any grave error committed by the Appellate Authority by passing the impugned order. Ultimately, the interest of justice must be upheld and inasmuch as the first respondent has not committed any grave error either in terms of law or in terms of fact, this Court is not inclined to entertain the writ petition. Accordingly, the writ petition shall stand dismissed. No costs.

8. In view of the dismissal of the writ petition, the third respondent is entitled to withdrawn the balance amount lying in deposit with the nationalised bank".

8. From the above, it is seen that, this Court, in categorical terms arrived a conclusion that, the Controlling Authority by taking



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into account of the length of service mentioned in the Provident Fund slips, which has no relevance to the length of service in terms of Section 2A of the Act and considering the fact that the Act do not make any distinction between the casual, temporary or NMR worker while calculating the length of service and dismissed the writ petition.

9. In view of the above, this Court is inclined to extend the very same benefit to the workmen herein also and it is made clear that the third respondent/workmen are entitled for the gratuity amount as awarded by the second respondent/Controlling Authority. Insofar as the writ petitions filed by the petitioner, challenging the orders passed by the appellate authority is concerned, the petitioner has not preferred the appeals within the prescribed period of limitation as per 7(7) of the Payment of Gratuity Act 1972. Hence, the same cannot be interfered with".

3. In view of the above said judgment passed by this Court, this petition also covered by the said Judgment and this Writ petition is dismissed. There shall be no order as to costs. Consequently, the connected miscellaneous petitions are closed.

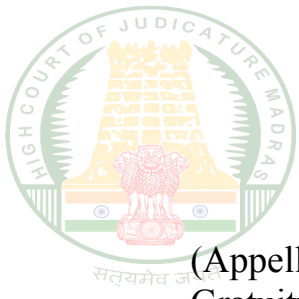
11.06.2025

Index : Yes/No
Speaking order/non-speaking order
mjs

P. DHANABAL, J.,

mjs

To
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Additional Commissioner of Labour,



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