



W.A.No.2999 of 2025

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 09.10.2025

CORAM :

THE HONOURABLE MR. JUSTICE M.S. RAMESH

AND

THE HONOURABLE MR. JUSTICE R. SAKTHIVEL

W.A.No.2999 of 2025
and C.M.P.No.24163 of 2025

Villupuram District Central
Co-operative Bank Ltd.,
Rep. by its Managing Director,
2, Hospital Road, Villupuram.

... Appellant

Vs.

1.Additional Commissioner of Labour
(Appellate Authority under Payment of Gratuity Act)
6th Floor, DMS Compound,
Teynampet,
Chennai – 600 006.

2.The Assistant Commissioner of
Labour, (Authority under Payment of Gratuity Act),
Vellore – 1.

3.M.Manokaran

... Respondents



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Prayer: Writ Appeal filed under Clause 15 of the Letters Patent, seeking to set aside the order dated 21.04.2025 in WP.No.14595 of 2019 and allow the Writ Appeal.

For Appellant : Mr.R.Arumugam

For R1 & R2 : Mr.G.Ameedius,
Government Advocate

JUDGMENT

(Judgment of the Court was made by *M.S.RAMESH, J.*)

Heard Mr.R.Arumugam, learned counsel appearing for the appellant and Mr.G.Ameedius, learned Government Advocate appearing for the respondents 1 and 2. In view of the final order to be passed in this appeal, notice to the third respondent herein, is dispensed with.

2. The main ground on which the gratuity payable to the third respondent/workman has been withheld is that he has caused certain loss to the Bank, for which, the surcharge proceedings are pending.



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3. According to the learned counsel for the appellant, since the loss that has occurred to the Bank has to be recovered from the third respondent, they are not in a position to disburse the gratuity amount.

4. We are not in agreement with the objection raised by the learned counsel for the appellant. Admittedly, the surcharge proceedings against the third respondent herein has not reached to its logical conclusion. Unless and until the alleged loss is determined by the concerned authority in the surcharge proceedings, the cause of action for recovery would not arise. On a mere anticipation that the surcharge proceedings will conclude in favour of the Bank, withholding the statutory gratuity amount payable to the third respondent herein, would be illegal.

5. The first respondent herein had also reversed the order passed by the second respondent/Controlling Authority, directing the appellant herein to pay the gratuity of Rs.10,00,000/- together with statutory interest of 10% to the third respondent. The learned Single Judge had



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also found that the reason assigned by the Co-operative Bank does not fall under the exception of Section 4(6)(a)&(b) of the Payments of Gratuity Act and accordingly, upheld the order of the first respondent. Thus, we do not find any illegality in the aforesaid orders.

6. Incidentally, the Writ Court, while dismissing the Writ Petition filed by the Co-operative Bank, had reduced the interest awarded by the first respondent from 10% to 6%. Section 7(3A) of the Payments of Gratuity Act provides for statutory payment of 10% interest on belated disbursement of gratuity amount. Since the statutory payment for the rate of interest under Payments of Gratuity Act is fixed at 10%, it would not be permissible for reduction of the said interest.

7. Accordingly, there are no merits in the grounds raised in the present Writ Appeal and hence, the same stands dismissed. Insofar as the direction in the order dated 21.04.2025 in W.P.No.14595 of 2019, to pay the gratuity amount at 6% interest is concerned, the same is modified to payment of the entire amount of gratuity at 10% interest, from the date of



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its due, till the date of disbursement. The appellant shall disburse the gratuity amount to the third respondent, as expeditiously as possible, in any event, within a period of two (2) weeks from the date of receipt of a copy of this order. No costs. Connected miscellaneous petition is closed.

[M.S.R, J.]

[R.S.V, J.]

09.10.2025

Index: Yes/No

Speaking order/Non-speaking order

Internet: Yes/No

Neutral Citation: Yes/No

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To

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