HC-KAR

NC: 2026:KHC:59921
WP No. 12018 of 2022

CNR: KAHC010268032022

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 28TH DAY OF OCTOBER, 2026

BEFORE

THE HON'BLE MR. JUSTICE H.T. NARENDRA PRASAD

WRIT PETITION NO. 12018 OF 2022 (L-PG)

BETWEEN:

SRI LAKSHMI NARAYANA
CO OPERATIVE BANK LIMITED
NO.1627/1, PARK ROAD
RAMA MOHANAPURA
BENGALURU 560 021
REP. BY ITS GENERAL MANAGER
SRI. MAHESH KUMAR B M
AGED ABOUT 39 YEARS
REGISTERED UNDER SECTION 7 OF THE MYSORE
CO-OPERATIE SOCIETIES ACT 1959.

…PETITIONER

(BY SRI. MANU D GOWDA, ADVOCATE FOR
SRI. NAGARAJ D., ADVOCATE)

AND:

1. THE STATE OF KARNATAKA
   DEPARTMENT OF LABOUR
   REP. BY ITS PRINCIPAL SECRETARY
   M.S. BUILDING, DR. B.R. AMBEDKAR VEEDHI
   BENGALURU-560 001.

2. THE ASSISTANT LABOUR
   COMMISSIONER AND APPELLATE
   AUTHORITY
   UNDER THE PROVISIONS OF PAYMENT OF
   GRATUITY ACT, BENGALUR DIVISION-1
   ROOM NO. 14-15, FIRST FLOOR

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HAREKOPPA THIMMANNA GOWDA

KARNATAKA STATE LABOUR RESEARCH
INSTITUTE BUILDING, BAGALAKUNTE
MANJUNATHANGAR, BENGALURU-560 073.

3. THE LABOUR OFFICER AND
CONTROLLING OFFICER
UNDER THE PROVISIONS OF PAYMENT
OF GRATUITY ACT 1972
BENGALURU SUB DIVISION I
KARMIKA BHAVAN, BANNERGHATTA ROAD
BENGALURU-560 029.

4. SRI.S.N UMESH
S/O S.D NARAYANA
AGED ABOUT 54 YEARS
R/AT NO. 1722/23
6TH MAIN D BLOCK
RAJAJINAGAR 2ND STAGE
BENGALURU-560 010.

…RESPONDENTS

(BY SRI.M RAJAKUMAR, AGA FOR R1 TO R3:
SRI. K. SRINIVASA, ADVOCATE FOR R4)

THIS WRIT PETITION IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA PRAYING TO QUASH THE ORDER DATED: 07.05.2022 BEARING NO.SAKAAABEM-1/PGA(A)/CR-12/2019-20, PASSED BY THE R2-APPELLATE AUTHORITY, VIDE ANNEXURE-E AND ETC.

THIS PETITION, COMING ON FOR PRELIMINARY HEARING IN 'B' GROUP, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE H.T. NARENDRA PRASAD

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HAREKOPPA THIMMANNA GOWDA

ORAL ORDER

This writ petition is filed under Articles 226 and 227 of the Constitution of India, challenging the order dated 07.05.2022 passed by the second respondent vide Annexure-E, determining the gratuity payable at Rs.3,49,170/- and directing the petitioner to pay the differential amount of Rs.1,51,949/- along with interest at 10% p.a. to the fourth respondent.

2. The brief facts of the case are that the petitioner is a Co-operative Society, carrying on banking business since 1972. The fourth respondent was an employee of the petitioner-Bank. He resigned from service on 23.12.2015, after having rendered 15 years and 3 months of service. After his resignation, he filed an application under the Payment of Gratuity Act, 1972 (for short, 'the Act'), seeking payment of gratuity. The Controlling Authority, vide Annexure-D, determined the gratuity payable at Rs.2,01,444/- and directed the petitioner to pay the differential amount of Rs.4,223/- along with interest @

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10% p.a. Being aggrieved by the same, the fourth respondent preferred an appeal before the Appellate Authority under Section 7(7) of the Act. By the impugned order, the Appellate Authority directed the petitioner to pay a differential amount of Rs.1,51,949/- to the fourth respondent along with interest @ 10% p.a.. Being aggrieved by the said order, the petitioner is before this Court.

3. The only grievance of the petitioner is that, as per the bye-laws of the Society, the average monthly salary drawn by the employee during the last year of his active service is required to be taken into consideration for calculating the gratuity. However, while calculating the gratuity, the Appellate Authority has taken the gross monthly salary of the fourth respondent as Rs.23,278/-.

4. The learned counsel for the petitioner has produced the salary certificate pertaining to the fourth respondent. As on the date of his resignation, he was

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drawing a basic salary of Rs.17,200/- and dearness allowance of Rs.5,590/-, totalling Rs.22,790/- per month. Therefore, the average monthly salary drawn by the fourth respondent has to be taken as Rs.22,790/-. However, the Appellate Authority, while calculating the gratuity, has taken the salary as Rs.23,278/-, which is contrary to the material available on record. Since no material was placed before the Appellate Authority by the petitioner to substantiate the actual salary drawn by the fourth respondent, the Appellate Authority proceeded to take the gross monthly salary as Rs.23,278/-. Since the salary certificate has now been produced along with a memo before this Court, the average monthly salary of the fourth respondent is required to be taken as Rs.22,790/-.

5. As per the bye-laws of the Society, every employee who has rendered more than 10 years of service, whether he resigns or retires from service or dies while in service, is entitled to gratuity not exceeding one

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month's pay for every completed year of service, calculated on the basis of the pay drawn by him as on the date of resignation, retirement or death, as the case may be.

6. In the present case, the fourth respondent has rendered 15 years of service and his average monthly salary was Rs.22,790/-. Accordingly, the gratuity payable to him works out to Rs.3,41,850/- (Rs.22,790/- × 15). Out of the said amount, the petitioner has already paid a sum of Rs.1,59,530/-, and a further sum of Rs.37,691/- has been deposited before the Controlling Authority. Therefore, after deducting the aforesaid amounts from the total gratuity payable, the balance amount of Rs.1,44,629/- is required to be paid by the petitioner to the fourth respondent. The impugned order is liable to be modified to that extent.

7. Accordingly, the following order is passed:

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ORDER

(i) The writ petition is allowed in part.

(ii) The impugned order is modified. The petitioner is directed to pay a sum of Rs.1,44,629/- to the fourth respondent towards the balance gratuity payable along with interest @ 10% p.a. from 30.03.2016 till the date of deposit before the third respondent.

(iii) The Controlling Authority is directed to release the sum of Rs.37,691/- deposited by the petitioner before it in favour of the fourth respondent.

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(H.T. NARENDRA PRASAD)
JUDGE

CM
LIST NO.: 1 SL NO.: 23