BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED: 24.03.2026

CORAM

THE HONOURABLE MR.JUSTICE HEMANT CHANDANGOUDAR

Writ Petition(MD)No.529 of 2026
and
WMP(MD)Nos.478 & 479 of 2026

M/s Kodaikanal International School,
Rep. by its Director - Finance, Legal & Property,
Dr.Samraj Ganga Christus,
PO Box No.25, Seven Roads Junction,
Kodaikanal - 624 101.

.. Petitioner

Vs

The Regional Provident Fund Commissioner,
Employee's Provident Fund Organization,
Regional Office,
Bavishya Nidhi Bhavan,
Chokkikulam,
Madurai - 625 002.

..Respondent

Prayer: Writ Petition filed under Article 226 of the Constitution of India, praying this Court to issue a Writ of Certiorari to call for the records in Proceeding No.TN/RO/MDU/20673/7Q/Exemption/2024 in Order dated 20.12.2024 passed by the respondent and to quash the same.

For Petitioner : Mr.G.Kalyan Chand Jhabakh
For Respondents : Mr.Robert Chandra Kumar

ORDER

The petitioner challenges the order dated 20.12.2024 passed by the respondent under Section 17B of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, whereby the petitioner has been called upon to pay a sum of Rs. 52,53,047/- towards belated remittance of provident fund accumulations.

2. The petitioner, an educational institution, was granted exemption under Section 17(1)(a) of the Act with effect from 01.08.1982. Subsequently, the petitioner, on its own volition, surrendered the exemption with effect from 01.06.2003, and was permitted to comply as an unexempted establishment by order dated 25.05.2023.

3. As per the said order, the petitioner was required to transfer the provident fund accumulations of its members within the stipulated time, namely, ten (10) days in the case of liquid cash and thirty (30) days in the case of securities. However, the petitioner belatedly transferred the amounts after liquidating its assets, which led to the initiation of proceedings under Section 17B of the Act. After

affording an opportunity of hearing, the respondent passed the impugned order.

4. Learned counsel for the petitioner contended that the levy of interest at the rate of 12% per annum is excessive and arbitrary, particularly since the delay was not wilful but occasioned due to the time taken to liquidate assets. In support of this contention, reliance was placed on Central Board of Trustees vs. Bake 'N' Joy Hot Bakery (2024 SCC OnLine Ker 11) and Employees' State Insurance Corporation vs. HMT Ltd. [(2008) 3 SCC 35].

5. Per contra, learned counsel for the respondent submitted that, in terms of the order dated 25.05.2023, the petitioner was bound to transfer the provident fund accumulations within the prescribed time. Since the petitioner failed to comply with the same, the respondent has rightly exercised powers under the Act and passed the impugned order.

6. This Court has considered the submissions made on either side and perused the materials on record.

7. By order dated 25.05.2023, the petitioner was permitted to surrender the exemption and function as an unexempted establishment. In terms of Section 17(5) of the Act read with Paragraph 28 of the EPF Scheme, 1952, the petitioner was required to transfer the provident fund accumulations within ten (10) days in the case of liquid cash and thirty (30) days in the case of securities.

8. Admittedly, the petitioner failed to transfer the provident fund accumulations within the stipulated time. Consequently, proceedings were initiated under the Act.

9. Section 7Q of the Act mandates that the employer shall be liable to pay simple interest at the rate of 12% per annum, or such higher rate as may be specified, on any delayed payment from the date on which the amount becomes due till the date of actual payment.

10. A plain reading of Section 7Q makes it clear that the levy of interest at 12% per annum is mandatory and does not confer any discretion on the authority to reduce the rate. Therefore, the contention of the petitioner that the interest is excessive or arbitrary cannot be accepted.

11. The decisions relied upon by the petitioner relate to the levy of damages under Section 14B of the Act, where discretion is vested with the authority. However, such discretion is not available under Section 7Q, which deals with statutory interest. Hence, the said decisions are not applicable to the present case.

12. However, it is seen that a notice dated 02.11.2023 was issued by the respondent calling upon the petitioner to pay a sum of Rs. 49,77,828/- towards interest. The impugned order, however, directs payment of Rs. 52,53,047/-, which exceeds the amount specified in the notice. Such enhancement without due notice is impermissible.

13. In view of the above, the impugned order requires modification to the limited extent indicated below.

14. Accordingly, the writ petition is partly allowed. The impugned order dated 20.12.2024 is modified by directing the petitioner to pay a sum of Rs. 49,77,828/- within a period of one (1) month from today (24.03.2026), failing which the petitioner shall be liable to pay interest at the rate of 6% per annum from the date of default till the date of actual payment.

15. The petitioner is also entitled for a credit to a sum of Rs. 56,829/- already recovered from its bank account. No costs. Consequently, the connected miscellaneous petitions are closed.

24.03.2026

NCC : Yes/No

Index : Yes/No

Internet:Yes

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To
The Regional Provident Fund Commissioner,
Employee's Provident Fund Organization,
Regional Office,
Bavishya Nidhi Bhavan,
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HEMANT CHANDANGOUDAR, J.

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