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**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

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CWP-238-2020 (O&M)**Date of Decision : 28.04.2026**

Punjab State Civil Supplies Corporation Ltd.

....Petitioner

VERSUS

Appellate Authority and Others

....Respondents

CORAM : HON'BLE MR. JUSTICE KULDEEP TIWARI

Present: Mr. Aman Sharma, Advocate and
Ms. Sital Sharma, Advocate for the petitioner.

Mr. T.P.S.Walia, AAG Punjab

Mr. Shiv Kumar, Advocate for respondent No.3
(through Video Conferencing)

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KULDEEP TIWARI J. (Oral)

1. Through the present petition, a challenge is thrown to the validity of the orders dated 07.10.2019 and 22.10.2019 passed by the Appellate Authority under the Payment of Gratuity Act, 1972, to the extent that an award of interest at 12% per annum on the gratuity amount has been given in favour of respondent No. 3.

2. While placing reliance upon the provision under Section 7(3)(a) of the Gratuity Act, learned counsel for the petitioner submits that the Authority is only within power to impose interest on delayed payment as notified by the Central Government, and as per the Notification issued by the Central Government dated 01.10.1987, a maximum interest which can be imposed is 10%. Therefore, the Appellate Authority exceeds its jurisdiction

for imposing the interest @12% per annum, whereas the learned ALC imposed the interest of only 10%.

3. Mr. Shiv Kumar, Advocate, appearing on behalf of respondent No.3, through Video Conferencing, has placed reliance upon the judgment passed by a co-ordinate Bench of this Court in ***The Punjab State Cooperative Bank Ltd. Vs. Deputy Chief Labour Commissioner (C), Chandigarh and Others, passed in CWP-20065-2022, decided on 13.12.2023*** and fairly submitted that as per the Notification the maximum interest @10% per annum can be awarded. The relevant part of the said judgment is extracted hereinafter:-

“9. Per contra, learned counsel for respondent No.3 has opposed the aforesaid submission made by learned counsel for the petitioner in respect of the interest payable. It is submitted that the authorities below have rightly granted the interest @ 10% per annum in terms of the Central Government Notification dated 01.10.1987 (Annexure R-3/1), which reads as under:-

"S.O. 873 (E) In exercise of the powers conferred by sub-section (3A) of Section 7 of the Payment of Gratuity Act, 1972 (39 of 1972), the Central Government hereby specifies ten per cent per annum as the rate of simple interest payable for the time being by the employer to his employee in cases where the gratuity is not paid within the specified period.

2. This notification shall come into force on the date of its publication in the official Gazette."

10. Learned counsel for respondent No.3 has further referred to the judgment rendered by the Hon'ble Supreme Court in "H.Gangahanume Gowda Vs. Karnataka Agro Industries Corpn. Ltd.", 2003(1) S.C.T. 937, wherein it has been held that interest on the delayed payment of gratuity beyond 30 days is statutory and the payment of interest is mandatory; and there is no discretion available with the Court or the authority, except in case the employee was himself responsible for delay.

11. I have heard learned counsel for the parties and gone through the paper book with their able assistance.

12. As regards the applicability of amended provisions of the 1972 Act upon respondent No.3 is concerned, the same stands clarified vide letter dated 10.02.2023 (Annexure R-3/3) issued by the Punjab State Cooperative Bank Ltd. The relevant extract thereof reads as under:-

"5. That since the Gratuity Act is applicable to the employees of the Cooperative Bank; hence all those employees who were superannuated after 29.03.2018 are entitled to get enhanced payment of gratuity as per the Amended Act of 2018. The employees who though were superannuated prior to 29.03.2018 but were relived after 29.03.2018 by virtue of extension in service are not

entitled to get enhanced payment of gratuity as per the Amended Act of 2018.

This issue with the concurrence of the Managing Director."

13. *In view of the above extract, there is no dispute about the fact that provisions of the 1972 Act (as amended up to date) would be applicable in the case of respondent No.3 and the petitioner-Bank is liable to pay the gratuity in terms of the amended provisions of Section 4(3) of the 1972 Act, whereby the maximum limit of gratuity was enhanced from Rs.10 Lacs to Rs.20 Lacs, w.e.f. 29.03.2018, as concededly, respondent No.3 retired from service on 30.04.2019."*

4. In view of the above, impugned orders dated 07.10.2019 and 22.10.2019, are modified, only to the extent that the respondent No. 3, is entitled for gratuity amount with 10% interest.

5. The present petition is **disposed of** in the above-said terms.

6. Pending application(s), if any, is/are disposed of.

April 28, 2026
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(KULDEEP TIWARI)
JUDGE

Whether speaking/non-speaking : Speaking
Whether reportable : Yes/No