

**INTERIM ORDERS ON I.A.I & II**

The applicant-establishment has filed the main application seeking to set aside the order passed by the respondent U/s.45-A of the ESI Act vide No. KAR.INS-73 000380520001099, dated 23.08.2024 & SRO.MYS.CP/No.-73000380520001099, dated 15.07.2025.

2. Along with the main application, the applicant has filed IA.No.I seeking to stay the operation of the order aforesaid orders and IA.No.II for waiver of the ESI contribution amount to be deposited by the applicant before this court in the interest of justice.

3. The case of the applicant is that she had obtained ESI code from the respondent in order to supply manpower. However, after obtaining contract labour license, the applicant was unsuccessful in obtaining any contract work and as such, her establishment could not take off. Such being the case, the respondent issued Show cause notice on 27.03.2024. However, as the establishment was closed the same was not served on the applicant. Thereafter, the respondent passed order U/s.45-A of ESI Act dated 27.03.2024, demanding contribution to the tune

of Rs.2,86,440/- for the default period i.e., from 08/2021 to 02/2024, by taking into consideration the number of employees as 20. Subsequently, the respondent passed the Garnishee Order U/s.45-G of the ESI Act, directing the Branch Manager, Axis Bank, Nanjangud to deduct Rs.3,74,726/- from the account of the applicant and transfer the same to the account of the applicant. The applicant came to know the same only after the Bank Manager informed the same to him. At no point of time, the applicant has performed any work and has engaged any employee in her establishment. Under such circumstances, the applicant was not liable to pay any contribution to the respondent. Furthermore, the respondent has calculated the monthly contribution by taking into consideration the assumed wages and assumed employees, which is unreasonable and unsustainable in law.

4. In order to substantiate the aforesaid contentions, the applicant has produced along with her application the GST Returns from 01/2023 to 12/2024, the bank account statement for the period from 01.08.2024 to 05.08.2025 and IT returns for the relevant period. A perusal of the said documents, prima-facie indicates that the applicant-establishment had not taken off and the applicant had not obtained any labour work or engaged any employee during the default period. Such being the case, the circumstances under which the impugned order came to be passed can be determined only after the appearance of the respondent.

5. The applicant establishment under the said circumstances has therefore, clearly made out a prima facie case for grant of stay of the impugned order as sought for by it under IA No.1. Furthermore, for the aforesaid reasons this Court is also of the opinion that IA.No.2 deserves to be allowed and consequently, it

would be appropriate to waive deposit of any amount before this Court by the applicant in the interest of justice. With the above observations, this court proceeds to pass the following-

**ORDER**

IA No.I & II are hereby allowed.

The impugned Order passed by the respondent U/s.45-A of the ESI Act dated 23.08.2024 and U/s.45-G of the ESI Act dated 15.07.2025, is hereby stayed till further orders.

The deposit of contribution by the applicant as required under Section 75(2)(B) of the ESI Act is hereby waived off.

Issue notice on main application, I.A.No.I & II, to the respondent along with the Stay Order through R.P.A.D.

For appearance of the respondent, Call on:  
**14.10.2025.**

sd/-  
**JUDGE,**  
**ESI Court, Mysuru.**