



**IN THE HIGH COURT OF JUDICATURE AT BOMBAY,
NAGPUR BENCH, NAGPUR.**

WRIT PETITION NO. 7084 OF 2025

Western Coalfields Limited, A Government of India
Undertaking, having its Office at Sillewara Sub-Area,
Post Khaparkheda, Tahsil Saoner, District Nagpur-441109
(M.S.) Through its Colliery Manager/Sub-Area Manager.

PETITIONER

VERSUS

1. Deputy Chief Labour Commissioner (Central),
Appellate Authority under the Payment of Gratuity
Act, 1972, having Office at Mumbai, Incharge Nagpur
Office at: 1st Floor, Block-C, CGO Complex, Seminary
Hills, Nagpur – 440006.
2. Assistant Labour Commissioner (Central),
Controlling Authority under the Payment of Gratuity
Act, 1972, having Office at Nagpur. Office at: 1st Floor,
Block-C, CGO Complex, Seminary Hills,
Nagpur- 440006.
3. Virendra Rampratap Singh, Ex-Trammer, Ward No.3,
Walni Colliery, Tahsil Kamptee, District Nagpur -
441102 (M.S.).

RESPONDENTS

WITH

WRIT PETITION NO. 8338 OF 2025

Western Coalfields Limited, A Government of India
Undertaking, having its Office at Sillewara Sub-Area,
Post Khaparkheda, Tahsil Saoner, District Nagpur-441109
(M.S.) Through its Colliery Manager/Sub-Area Manager.

PETITIONER

VERSUS

1. Deputy Chief Labour Commissioner (Central),
Appellate Authority under the Payment of Gratuity
Act, 1972, having Office at Mumbai, Incharge Nagpur
Office at: 1st Floor, Block-C, CGO Complex, Seminary
Hills, Nagpur – 440006.
2. Assistant Labour Commissioner (Central),
Controlling Authority under the Payment of Gratuity
Act, 1972, having Office at Nagpur. Office at: 1st Floor,
Block-C, CGO Complex, Seminary Hills,
Nagpur- 440006.
3. Mohd. Acchan Hasanuddin, Ex-Munshi, Qtr.no.D.30,
Post Sillewara, Tahsil Saoner, District Nagpur -
441109 (M.S.).

RESPONDENTS

Shri R.R. Dawda, counsel for the petitioner.
Shri S.A. Chaudhari, counsel for the respondent nos.1 and 2.
Shri S.S. Gupta with Shri D.M. Rohankar, counsel for the respondent no.3.

CORAM : PRAFULLA S. KHUBALKAR, J.

DATE : APRIL 24, 2026

ORAL JUDGMENT

RULE. Rule made returnable forthwith. Heard finally with consent of the learned counsel for the parties.

2. Since the controversy involved in all these writ petitions is identical and even the counsel for the respective parties have advanced same arguments in support of both the petitions, they are being decided by this common judgment.

3. The petitioner-Western Coalfields Limited (for short, 'the Employer) has challenged the order dated 13.10.2023 passed by the Controlling Authority and the order dated 18.06.2025 passed by the Appellate Authority granting interest on the amount of gratuity to be paid to the employee.

4. The short controversy involved in these petitions is with respect to the entitlement of the employee to claim interest on the amount of gratuity despite the fact that the petitioner-Employer has deposited the entire amount of gratuity with the Controlling Authority. Undisputedly, the respondent no.3-Employee has worked with the petitioner-Employer and got superannuated. Despite end of his service, the respondent no.3 failed to vacate the company provided accommodation-Quarter and resultantly, the amount of gratuity was not immediately paid to the employee.

5. As a result of this, the employee filed claim petition under Section 7(4) of the Payment of Gratuity Act, 1972 by filing Form-N before the Controlling Authority which decided the application by order dated 13.10.2023 and directed release of gratuity in favour of the employee alongwith simple interest at the rate of 5% per annum from 01.12.2022 to 13.10.2023. The petitioner-Employer challenged this order by filing appeal before the Appellate Authority which came to be dismissed by order dated 18.06.2025 and the direction to pay interest was maintained.

6. The petitioner-Employer has challenged the direction to pay interest on the ground that the amount of gratuity was already deposited with the Controlling Authority and thus the petitioner-Employer has fulfilled its obligation regarding payment of gratuity and hence, the employer need not be burdened with payment of interest.

7. While opposing the contentions of the petitioner-Employer, the learned counsel for the respondent no.3-Employee submitted that the petitioner-Employer was not entitled to withhold the gratuity on any count. He submitted that the respondent no.3-Employee had already vacated the quarter and as such the reason for withholding the gratuity was baseless and resultantly the respondent no.3-Employee is entitled for grant of interest as rightly directed by the Controlling Authority and the Appellate Authority.

8. To buttress this submission, the learned counsel for the petitioner-Employer has placed reliance on the judgment of the Principal Seat in

Gundu Daji Desai Versus M/s Aplab Ltd. [Writ Petition No.2875 of 2025 alongwith connected Writ Petitions], decided on 07.03.2026 and submitted that the imposition of interest upon the petitioner-Employer despite the deposit of the entire amount with the Controlling Authority is unjustified and unsustainable in law. By inviting attention to paragraphs 32 and 33 of the said judgment, he submitted that the controversy involved in the instant petitions is covered and the impugned orders to the extent of direction to pay interest are unsustainable in law. Paragraphs 32 and 33 are reproduced hereunder:-

“32. Another relevant circumstance is that the employee was required to wait for the balance amount of gratuity until the dispute was adjudicated by the authority. The delay in receiving the unpaid portion cannot be ignored. Interest under Section 7(3A) operates as compensation for such delay. Whenever an amount which is legally payable under the statute remains unpaid and no sufficient justification is shown, the employee becomes entitled to interest on that amount. At the same time, the fact that the employer deposited the admitted amount cannot be overlooked. Once the admitted amount was deposited before the authority, the employee was not deprived of that portion thereafter. Therefore, the employer's liability to pay interest must be considered in a balanced manner. The deposit made by the employer reduces its responsibility to the extent of the amount already deposited.

33. For this reason interest on the amount which was admitted and deposited by the employer cannot continue to run from the date of deposit. Once that amount was placed before the Controlling Authority, the employer had fulfilled its obligation in respect of that part of the claim. Therefore, directing payment of interest on the deposited amount even after the date of deposit would not be justified.”

9. In view of aforesaid position of law, it becomes clear that once the Employer has deposited the amount of gratuity with the Controlling Authority, it has fulfilled its obligation in respect of the dues of gratuity and as such, the imposition of interest on the deposited amount would not be justified. It is also crucial to note that despite end of his service, the respondent no.3-Employee failed to vacate the quarter and he failed to put forth any justifiable reason in this regard. Be that as it may, in view of the position of law as clarified by the aforesaid judgment, the imposition of interest on the petitioner-Employer is not justified. Hence, the impugned orders directing payment of interest on the deposited amount are unsustainable in law.

10. In view of the abovementioned factual and legal aspects, it is directed that the petitioner-Employer is not liable to pay any interest on the gratuity amount and the impugned orders passed by the Controlling Authority and the Appellate Authority to this extent are quashed and set aside.

11. Rule is made absolute in aforesaid terms with no order as to costs.

(PRAFULLA S. KHUBALKAR, J.)