

Order on tagging and Common Interim Order against precipitation:

Upon hearing Mr. K Kasturi, the learned Senior Counsel and Mr. Prashanth B K, the learned counsel on record for the petition WP No.12931 of 2025 and these writ petitions, as also Mr. L. Muralidhar Peshwa and Ms. Maitreyi Krishnan who are on record for the respondents - Unions in the connected matters, the petition in WP No.12931 of 2025 is also directed to be tagged with the petitions. The learned Senior Counsel and the learned counsels are also heard on the petitioners' request for interim order against coercive measures for failure to pay insurance premium as is contemplated under the Karnataka Compulsory Gratuity Insurance Rules 2024 [for short, 'the Insurance Rules'] and the possible coercive measures that could be sanctioned for failure to pay amount.

Mr. Kasturi K and Mr. Prashanth B K submit that this Court will have to interfere and strike down the Insurance Rules on grounds, amongst others, that [a] the Insurance Rules compel employers to pay gratuity insurance premium even regarding employees who have not completed five years when it cannot be disputed that only on completion of five years of service employee will be entitled to gratuity and [b] the Insurance Rules do not distinguish between the employers based on their financial status and other parameters and this aspect will have to be considered because the insurance premium will have to be paid before the gratuity becomes payable and would visit the small scale industries with a financial burden beyond their profits.

On the request for interim order today, Mr. Kasturi K and Mr. Prashanth B K point out that this Court has called upon the Government to take a stand and produce records, but the records have not been produced, but the notices are being issued without initiation of coercive measures.

Mr. Muralidhar L Peshwa and Ms. Maitreyi Krishnan, on the other hand, submit that the Insurance Rules have come about many decades though Section 4-A is introduced into the Payment of Gratuity Act 1972 [for short, 'the Gratuity Act'] in the 1989 and the Rules are to ensure that the employees are not driven to multiple litigation in the hierarchy provided for under the Gratuity Act. The learned counsels emphasize that there would be no justification to stay the operation of the Insurance Rules enabling the employers to pay premium even in respect of those employees who have completed five years of eligible service. The pleadings are yet to be completed, and at this stage, this Court is of the opinion that there should be no precipitation without canvassing as aforesaid remaining at large. However, a stay of the operation of the Insurance Rules could mean that even employers who could pay the insurance premium contemplated may not, and this must be avoided. If initiation of coercive measures is stayed on just terms, the interests of all the concerned will be balanced. Hence, the State Government is called upon not to take coercive measures until the next date of hearing against the petitioners for default in paying Gratuity Insurance Premium under the Insurance Rules if they pay insurance premium payable for the employees who have completed five years of service. In W.P. No.12931/2025:

To ensure that all the parties concerned are heard in all these petitions, the following who are represented by respectively by Mr. Maitreyi Krishnan or by Mr. Muralidhar L. Peshwa are permitted to be impleaded holding that they would be proper parties.

[a] All India Central Council of Trade Union [AICCTU]

Having its office at No.18, Infantry Road,
Bengaluru - 560 001

Rep. by its State President

[b] Centre of Indian Trade Unions [CITU]

Having its office at
Suri Bhavan, No.40/5,
2nd 'B' Main, 16th Cross,
Sampangiramnagar
Bengaluru - 560 027

Mr. J Pradeep Kumar, the learned counsel on record for the petitioner shall ensure that the amendment is carried out to implead these parties, and the amended memorandum of petition is filed within four weeks.

In W.P. No.10140/2024:

Upon hearing Mr. B K Prashanth, the learned counsel for the petitioner, Mr. Muralidhar, the learned counsel for the applicant, I.A. No.3/2025, for reasons of parity and for reasons as aforesaid, this application is allowed.

Mr. B K Prashanth shall ensure that amendment is carried out and amended petition is filed within four weeks.

Common Order on pleadings and the next date of hearing:

The parties in these petitions are reserved with liberty to complete the pleadings, and the Office is directed to re-list the petitions on 03.06.2025.

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