(2026) 01 JH CK 1744

In the Jharkhand High Court

Case No : Writ Petition (C) No. 4723 Of 2012

M/s Prabhat Udyog — APPELLANT

Vs

The Employees Provident Fund Organization through its Central Provident Fund Commissioner — RESPONDENT

Date of Decision : 07-01-2026

Acts Referred:
- Constitution of India, 1950 — Article 226
- Code of Civil Procedure, 1908 — Section 34
- Employees Provident Fund and Miscellaneous Provisions Act, 1952 — Section 7A, 7(2), 8A

Citation : (2026) 01 JH CK 1744

Hon'ble Judges : Gautam Kumar Choudhary, J

Bench : Single Bench

Advocate : Ayush Aditya, Akash Deep, P. Dayal, A. Prabhakar, Dharmendra Kr. Maltiyar, Arvind Kumar Mehta

Final Decision : Disposed Of

Judgement

Gautam Kumar Choudhary, J

Heard, learned counsel for the parties.

1. The instant Writ Petition (Civil) has been filed under Article 226 of the Constitution of India for refund of the access amount of Rs.77441/-realized in excess from the petitioner under Section 8A of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 in February, 1994.

2. The amount was deducted from time to time against the contributions made by the petitioner’s firm to the Employees Provident Fund Organization with regard to the employer’s contribution.

3. After making the deductions vide Letter No.3588 dated 16.11.2011, the petitioner’s firm was informed about the balance of Rs.17,249/- which was to be refunded to the petitioner’s firm.

4. The main grievance of the petitioner's firm is that illegal attachment was made in the year 1994 and part of the principal amount has been adjusted, but it has not received the interest on the amount deducted in excess.

5. From the Letter dated 06.11.2000 (Annexure-7), it is evident that Rs.77,441.54/- was attached and the same attachment was withdrawn vide Letter dated 10.07.1995 (Annexure-5) of the Assistant Provident Fund Commissioner, Ranchi.

6. This fact has not been disputed and has been admitted in the counter-affidavit filed on behalf of Respondent(s)-EPFO at Para-6 on 27.02.2013.

7. The dispute is only with respect to the interest to which the respondents-EPFO is liable to pay to the petitioner on the said amount of Rs.77,451.54/-Part of which was adjusted against the subsequent contributions to be made with balance amount of Rs.17,249/-.

8. In order to compute the interest over the outstanding amount, the matter was referred to the Member Secretary, JHALSA, Ranchi, for calculation of the interest amount to be made by the person well-versed in the accountancy, but the same did not resolve the dispute and finally, vide order dated 07.07.2025, the matter was referred to the Principal Accountant General, Jharkhand, to depute a competent Accountant to calculate the amount of interest accrued thereon.

9. In compliance to the order, the calculation chart has been presented on behalf of the Principal Accountant General, Jharkhand supported by an affidavit dated 29.10.2025 whereby two calculation charts have been submitted vide Annexure-A and Annexure-B along with the affidavit. Annexure-A is the calculation as per the simple interest @12% per annum. Annexure-B is the calculation as per the compound interest @12% per annum.

10. Heard, learned counsel for the parties.

11. There is no dispute with regard to calculation made. The only question that has been raised is whether the respondent(s)- EPFO is liable to pay compound interest on the principal amount which was attached or it is to pay simple interest on the said principal amount.

12. It is argued by learned counsel for the petitioner's firm that the object of payment of interest in the present case was to recompense the petitioner's firm for the loss accrued due to illegal attachment of the amount. It is argued that if the amount would not have been attached, the firm could have utilized the said capital in business and would have earned profit on the same. Even if the said amount would have been deposited in fixed deposit account, the petitioner's firm would have gained compound interest.

13. It is submitted that principle of law has been set out in Section 34 of the CPC, which provides for interest in commercial transaction, or where there is no contractual rate, the rate at which money or advanced by nationalized bank in

relation to commercial transaction. Reliance is placed in (2011) 8 SCC 161, Indian Council for Enviro Legal Action Vs. Union of India & Ors., wherein it has been held that compound interest could be allowed as per the prevalent rate of interest in the nationalized bank.

14. It is further argued that in a matter arising out of a recovery and illegal attachment under Section 7A of Employees Provident Fund and Miscellaneous Provisions Act, the Delhi High Court in L.P.A. No.552 of 2004 [Delhi Transport Corporation Vs. K. K. Berry] ordered for refund of principal amount with compound interest @ 12% per annum.

15. It is also submitted that there is error in the computation made by the Account General in column no. 1, wherein Rs. 25,332/- which was assessed under Section 7A of the Act in October, 2000 was deducted from the initial balance of the Year, 1994.

16. It is argued by the learned counsel on behalf of the respondents-EPFO that on the rate of interest Section 7(2) of the Act is specific that the applicable interest will be at rate of 12% per annum and there is no provision of compound rate of interest.

17. It is argued that the ratio laid down by the Delhi High Court will not apply in the facts and circumstances of the present case because on factual matrix, the case authority relied is not about refund of the amount to the employer, rather it was concerned with the payment of pension amount to the petitioner in the said case and, therefore, the Delhi High Court directed the payment @ 12% per annum compound interest by the employer to the employee.

18. Having heard the arguments advance on behalf of both sides and considering the materials on record, the short question that falls for consideration is whether the interest on the attached amount is to be simple or compound? Meaning, thereby whether a total sum of Rs 71,295.13 as per simple interest (Table A) or Rs 9,19,795.05 (Table B) as per compound interest, as computed by the Accountant General Office, is to be paid?

19. This Court is of the view that Section 7(2) of the Act will not apply in the present case for the reason that this is not a claim by the employee against the employer for which Section 7(2) of the Act will apply. The ratio of Delhi High Court will also not apply, as the order of refund was made in the said case in favour of the employees whose contributions were deducted by the EPFO, but the same was not paid. Heart and soul of the matter is that neither the party can be permitted to unjust enrichment under default or designed.

20. Admittedly in the present case, the recovery of excess amount was made from the employer by the EPFO and part of which has been adjusted against the contributions to be made. The petitioner is a small-scale industry and the recovery of the amount must have strained the fragile financial health of the firm. The principle of law as set out in Section 34 of the CPC as enunciated in

Indian Council for Enviro Legal Action (supra) is that a complete restitution for the loss of wrongful recovery should be made.

21. Under the circumstance, this Court is of the view that a sum of Rs.9,19,795.05 as per the compound rate of interest and calculation made and set out in Table-B be refunded to the petitioner within a period of one months of this order.

The writ petition stands allowed. Pending I.A., if any, stands disposed of..

