

[2013] 1 S.C.R. 679

ASST. ENGINEER, RAJASTHAN DEV. CORP. & ANR.

v.

GITAM SINGH

(Civil Appeal No. 8415 of 2009)

JANUARY 31, 2013.

[R.M. LODHA AND SUDHANSU JYOTI  
MUKHOPADHAYA, JJ.]

*Labour Laws:*

*Industrial Disputes Act, 1947 – 25-F – Termination of workman – Who worked only for eight months as a daily wager – Courts below holding the termination to be in contravention of s. 25-F and directing reinstatement with continuity of service with 25% back wages – On appeal, held: In a case of wrongful termination of a daily wager, who had worked for a short period, the award of reinstatement is not proper – Award of compensation would be in consonance with the demand of justice – Compensation of Rs. 50,000/- awarded.*

**The question for consideration in the present appeal filed by the management was where a workman had worked only for eight months as a daily wager and his termination has been held to be in contravention of s. 25-F of Industrial disputes Act, 1947, whether the direction to the employer for reinstatement with continuity of service and 25% back wages was legally sustainable.**

**Partly allowing the appeal, the Court**

**HELD: 1. In a case of wrongful termination of a daily wager, who had worked for a short period, the award of reinstatement cannot be said to be proper relief and rather award of compensation in such cases would be in consonance with the demand of justice. Before exercising its judicial discretion, the Labour Court has to**

- A keep in view all relevant factors, including the mode and manner of appointment, nature of employment, length of service, the ground on which the termination has been set aside and the delay in raising the industrial dispute before grant of relief in an industrial dispute. [Para 29]
- B [695-E-G]

2. In the instant case, the workman was engaged as daily wager and he worked hardly for eight months. The labour court failed to exercise its judicial discretion appropriately. The judicial discretion exercised by the labour court suffers from serious infirmity. The Single Judge as well as the Division Bench of the High Court also erred in not considering the above aspect at all. The award directing reinstatement of the respondent with continuity of service and 25% back wages in the facts and circumstances of the case cannot be sustained and has to be set aside. Compensation of Rs. 50,000/- by the appellant to the respondent shall meet the ends of justice. [Para 31] [696-F-G; 697-A]

E *Assam Oil Company Limited, New Delhi v. Its Workmen* AIR 1960 SC 1264: 1960 SCR 457; *M/s. Hindustan Steels Ltd., Rourkela v. A.K. Roy and Ors.* (1969) 3 SCC 513: 1970 (3) SCR 343; *M/s. Ruby General Insurance Co. Ltd. v. Shri P.P. Chopra* (1969) 3 SCC 653; *The Management of Panitole Tea Estate v. The Workmen* (1971) 1 SCC 742: 1971 (3) SCR 774; *M/s. Tulsidas Paul v. The Second Labour Court, W.B. and Ors.* (1972) 4 SCC 205; *Manager, Reserve Bank of India, Bangalore v. S. Mani and Ors.* (2005) 5 SCC 100: 2005 (2) SCR 797; *Nagar Mahapalika (Now Municipal Corpn.) v. State of U.P. and Ors.* (2006) 5 SCC 127: 2006 (1) Suppl. SCR 681; *Municipal Council, Sujapur v. Surinder Kumar* (2006) 5 SCC 173: 2006 (1) Suppl. SCR 914; *Haryana State Electronics Development Corporation Ltd. v. Mamni* (2006) 9 SCC 434: 2006 (1) Suppl. SCR 638; *Regional Manager, SBI v. Mahatma Mishra* (2006) 13 SCC

H

**727: 2006 (8) Suppl. SCR 216;** *Haryana Urban Development Authority v. Om Pal* (2007) 5 SCC 742:s 2007 (4) SCR 1091 ; *Uttaranchal Forest Development Corporation v. M.C.Joshi* (2007) 9 SCC 353: 2007 (3) SCR 114; *Madhya Pradesh Administration v. Tribhuban* (2007) 9 SCC 748: 2007 (4) SCR 918; *Mahboob Deepak v. Nagar Panchayat, Gajraula and Anr.* (2008) 1 SCC 575: 2007 (13) SCR 672; *Telecom District Manager and Ors. v. Keshab Deb* (2008) 8 SCC 402: 2008 (7) SCR 835; *Talwara Co-operative Credit and Service Society Limited v. Sushil Kumar* (2008) 9 SCC 486: 2008 (14) SCR 53 ; *Jagbir Singh v. Haryana State Agriculture Marketing Board and Anr.* (2009)15 SCC 327:2009 (10) SCR 908; *Uttar Pradesh State Electricity Board v. Laxmi Kant Gupta* (2009) 16 SCC 562: 2008 (13) SCR 1051; *Senior Superintendent Telegraph (Traffic), Bhopal v. Santosh Kumar Seal and Ors.* (2010) 6 SCC 773; *Bharat Sanchar Nigam Limited v. Man Singh* (2012) 1 SCC 558 – relied on.

*Harjinder Singh v. Punjab State Warehousing Corporation* (2010) 3 SCC 192: 2010 (1) SCR 591; *Devinder Singh v. Municipal Council, Sanaur* (2011) 6 SCC 584: 2011 (4) SCR 867 – distinguished.

*L. Robert D'Souza v. Executive Engineer, Southern Railway and Anr.*(1982) 1 SCC 645: 1982 (3) SCR 251; *In-charge Officer and Anr. v.Shankar Shetty* (2010) 9 SCC 126: 2010 (10) SCR 773 – referred to.

**Case Law Reference:**

1982 (3) SCR 251	Referred to	Para 2	
2010 (10) SCR 773	Referred to	Para 3	G
1960 SCR 457	Relied on	Para 5	
1970 (3) SCR 343	Relied on	Para 6	
(1969) 3 SCC 653	Relied on	Para 7	H

A	1971 (3) SCR 774	Relied on	Para 8
	(1972) 4 SCC 205	Relied on	Para 9
	2005 (2) SCR 797	Relied on	Para 11
B	2006 (1) Suppl. SCR 681	Relied on	Para 13
	2006 (1 ) Suppl. SCR 914	Relied on	Para 14
	2006 (1) Suppl. SCR 638	Relied on	Para 15
	2006 (8) Suppl. SCR 216	Relied on	Para 16
C	2007 (4) SCR 1091	Relied on	Para 17
	2007 (3) SCR 114	Relied on	Para 18
	2007 (4) SCR 918	Relied on	Para 19
D	2007 (13) SCR 672	Relied on	Para 20
	2008 (7) SCR 835	Relied on	Para 21
	2008 (14) SCR 53	Relied on	Para 22
E	2009 (10) SCR 908	Relied on	Para 23
	2008 (13) SCR 1051	Relied on	Para 24
	(2010) 6 SCC 773	Relied on	Para 25
F	2010 (1) SCR 59	Distinguished	Para 29
	2011 (4) SCR 867	Distinguished	Para 29
	(2012) 1 SCC 558	Relied on	Para 30

G CIVIL APPELLATE JURISDICTION : Civil Appeal No. 8415 of 2009.

From the Judgment & Order dated 20.08.2008 of the High Court of Judicature for Rajasthan at Jaipur in D.B. Civil Special Appeal No. 4 of 2002.

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Shobha, Atul Chaubey, Ashok Singh for the Appellants. A

Sushil Kumar Jain, Puneet Jain, Naushad Ahmad Khan,  
Nakibru Rahman (for Aftab Ali Khan) for the Respondent.

The Judgment of the Court was delivered by

B

**R.M. LODHA, J.** 1. The short question that arises for consideration in this appeal, by special leave, is where the workman had worked for only eight months as daily wager and his termination has been held to be in contravention of Section 25-F of the Industrial Disputes Act, 1947 (for short, 'ID Act'), whether the direction to the employer for reinstatement with continuity of service and 25 per cent back wages is legally sustainable. C

2. We were not disposed to undertake the detailed exercise but the same has become necessary in view of very vehement contention of Mr. Sushil Kumar Jain, learned counsel for the respondent (workman), that reinstatement must follow where termination of a workman has been found to be in breach of Section 25-F of ID Act. He heavily relied upon three decisions of this Court in *L. Robert D'Souza v. Executive Engineer, Southern Railway and Another*<sup>1</sup>, *Harjinder Singh v. Punjab State Warehousing Corporation*<sup>2</sup> and *Devinder Singh v. Municipal Council, Sanaur*<sup>3</sup>. D E

3. On behalf of the appellant, Ms. Shobha, learned counsel, challenged the finding of the Labour Court that the respondent had worked for 240 days continuously in the year preceding the date of termination. Alternatively, she submitted that the award of reinstatement with continuity of service and 25 per cent back wages in the facts of the case was unjustified as the respondent was only a daily wager; he worked for a very short period from 01.03.1991 to 31.10.1991 and for last more F G

1. (1982) 1 SCC 645.

2. (2010) 3 SCC 192.

3. (2011) 6 SCC 584.

H

A than 20 years he is not in the service due to interim orders. Relying upon the decisions of this Court in *Haryana State Electronics Development Corporation Ltd. v. Mamni*<sup>4</sup>, *Mahboob Deepak v. Nagar Panchayat, Gajraula and Another*<sup>5</sup>, *Jagbir Singh v. Haryana State Agriculture Marketing Board and Another*<sup>6</sup>, *Senior Superintendent Telegraph (Traffic), Bhopal v. Santosh Kumar Seal and Others*<sup>7</sup> and *In-charge Officer and Another v. Shankar Shetty*<sup>8</sup>, she submitted that respondent was at best entitled to some compensation for unlawful termination.

C 4. It is not in dispute that respondent was engaged as a daily wager. The Labour Court, Bharatpur, in its award dated 28.06.2001 has recorded the findings that the respondent had worked as technician (Mistri) under the appellant for 240 days for the period from 01.03.1991 to 31.10.1991 and the  
 D termination of his service by an oral order on 31.10.1991 was violative of Section 25-F of the ID Act. We are not inclined to disturb the findings recorded by the Labour Court; we take them to be correct. The question, as noted above, is whether  
 E direction for reinstatement of respondent with continuity in service along with 25 per cent of back wages in view of the above findings is just and proper.

F 5. More than five decades back, this Court in *Assam Oil Company Limited, New Delhi v. Its Workmen*<sup>9</sup> observed that the normal rule in cases of wrongful dismissal was reinstatement but there could be cases where it would not be expedient to follow this normal rule and to direct reinstatement. Having regard to the facts of that case, this Court set aside the order of reinstatement although dismissal of the employee was

- G 4. (2006) 9 SCC 434.  
 5. (2008) 1 SCC 575  
 6. (2009) 15 SCC 327.  
 7. (2010) 6 SCC 773.  
 8. (2010) 9 SCC 126.  
 H 9. AIR 1960 SC 1264.

found to be wrongful and awarded compensation. A

6. In *M/s. Hindustan Steels Ltd., Rourkela v. A.K. Roy and Others*,<sup>10</sup> this Court noted that there have been cases where reinstatement has not been considered as either desirable or expedient. B

7. In *M/s. Ruby General Insurance Co. Ltd. v. Shri P.P. Chopra*<sup>11</sup>, this Court reiterated what was stated in *Assam Oil Company Limited*<sup>9</sup>. In paragraph 6 (pgs. 655-656) of the Report, this Court said : C

“6. The normal rule is that in cases of invalid orders of dismissal industrial adjudication would direct reinstatement of a dismissed employee. Nevertheless, there would be cases where it would not be expedient to adopt such a course. Where, for instance, the office of the employer was comparatively a small one and the dismissed employee held the position of the secretary, a position of confidence and trust, and the employer had lost confidence in the concerned employee, reinstatement was held to be not fair to either party.....” D E

8. This Court in *The Management of Panitole Tea Estate v. The Workmen*<sup>12</sup>, while dealing with the judicial discretion of the Labour Court or the Tribunal under ID Act in directing appropriate relief on setting aside the wrongful dismissal of a workman, stated in paragraph 5 (pgs. 746-747) as follows: F

“.... The question whether on setting aside the wrongful dismissal of a workman he should be reinstated or directed to be paid compensation is a matter within the judicial discretion of the Labour Court or the Tribunal, dealing with the industrial dispute, the general rule in the G

10. (1969) 3 SCC 513.  
11. (1969) 3 SCC 653.  
12. (1971) 1 SCC 742. H

A absence of any special circumstances being of  
reinstatement. In exercising this discretion, fairplay towards  
the employee on the one hand and interest of the employer,  
including considerations of discipline in the establishment,  
on the other, require to be duly safeguarded. This is  
B necessary in the interest both of security of tenure of the  
employee and of smooth and harmonious working of the  
establishment. Legitimate interests of both of them have  
to be kept in view if the order is expected to promote the  
desired objective of industrial peace and maximum  
C possible production. The past record of the employer, the  
nature of the alleged conduct for which action was taken  
against him, the grounds on which the order of the  
employer is set aside, the nature of the duties performed  
by the employee concerned and the nature of the industrial  
D establishment are some of the broad relevant factors  
which require to be taken into consideration. The factors  
just stated are merely illustrative and it is not possible to  
exhaustively enumerate them. Each case has to be  
decided on its own facts and no hard and fast rule can be  
E laid down to cover generally all conceivable  
contingencies.....”

9. In *M/s. Tulsidas Paul v. The Second Labour Court, W.B. and Others*,<sup>13</sup> this Court relied upon *M/s. Hindustan Steels Ltd.*<sup>10</sup> and held as under:

F “9. In *Hindustan Steels Ltd. v. Roy* [(1969) 3 SCC 513]  
we recently held, after considering the previous case-law,  
that though the normal rule, in cases where dismissal or  
removal from service is found to be unjustified, is  
reinstatement, Industrial Tribunals have the discretion to  
G award compensation in unusual or exceptional  
circumstances where the tribunal considers, on  
consideration of the conflicting claims of the employer on

H <sup>13</sup>. (1972) 4 SCC 205.

the one hand and of the workmen on the other, A  
reinstatement inexpedient or not desirable. We also held  
that no hard and fast rule as to which circumstances would  
constitute an exception to the general rule can be laid down  
as the tribunal in each case must, in a spirit of fairness and  
justice and in keeping with the objectives of industrial B  
adjudication, decide whether it should, in the interest of  
justice, depart from the general rule.”

10. In *L. Robert D'Souza*<sup>1</sup>, this Court in paragraph 27 (pg.  
664) held as under :

“27. ....Therefore, assuming that he was a daily-rated C  
worker, once he has rendered continuous uninterrupted  
service for a period of one year or more, within the  
meaning of Section 25-F of the Act and his service is  
terminated for any reason whatsoever and the case does D  
not fall in any of the excepted categories, notwithstanding  
the fact that Rule 2505 would be attracted, it would have  
to be read subject to the provisions of the Act. Accordingly  
the termination of service in this case would constitute  
retrenchment and for not complying with pre-conditions to E  
valid retrenchment, the order of termination would be illegal  
and invalid.”

11. What has been held by this Court in *L. Robert  
D'Souza*<sup>1</sup> is that Section 25-F of the ID Act is applicable to a F  
daily-rated worker. We do not think that there is any dispute on  
this proposition.

12. In *Manager, Reserve Bank of India, Bangalore v. S.  
Mani and Others*<sup>14</sup>, this Court in paragraph 54 (pg. 120) of the G  
Report held as under:

“54. Mr. Phadke, as noticed hereinbefore, has referred to  
a large number of decisions for demonstrating that this

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14. (2005) 5 SCC 100.

A Court had directed reinstatement even if the workmen concerned were daily-wagers or were employed intermittently. No proposition of law was laid down in the  
 B aforementioned judgments. The said judgments of this Court, moreover, do not lay down any principle having  
 C universal application so that the Tribunals, or for that matter the High Court, or this Court, may feel compelled to direct reinstatement with continuity of service and back wages. The Tribunal has some discretion in this matter. Grant of relief must depend on the fact situation obtaining in a particular case. The industrial adjudicator cannot be held to be bound to grant some relief only because it will be lawful to do so.”

D 13. In *Nagar Mahapalika (Now Municipal Corpn.) v. State of U.P. and Others*<sup>15</sup>, this Court, while dealing with the non-compliance with the provisions of Section 6-N (which is *pari materia* to Section 25-F) of U.P. Industrial Disputes Act held that the grant of relief of reinstatement with full back wages and continuity of service in favour of retrenched workmen would not automatically follow or as a matter of course. Instead, this Court  
 E modified the award of reinstatement with compensation of Rs. 30,000/- per workman.

F 14. In *Municipal Council, Sujapur v. Surinder Kumar*<sup>16</sup>, this Court after having accepted the finding that there was violation of Section 25-F of the ID Act, set aside the award of reinstatement with back wages and directed the workman to be paid monetary compensation in the sum of Rs. 50,000/-.

G 15. In *Mamni*<sup>4</sup>, this Court modified the award of reinstatement passed by the Labour Court, though the termination of the workman was in violation of Section 25-F of the ID Act, by directing that the workman should be compensated by payment of a sum of Rs. 25,000/-.

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15. (2006) 5 SCC 127.

H 16. (2006) 5 SCC 173.

16. In *Regional Manager, SBI v. Mahatma Mishra*<sup>17</sup>, this Court observed that it was one thing to say that services of a workman were terminated in violation of mandatory provisions of law but it was another thing to say that relief of reinstatement in service with full back wages would be granted automatically. A

17. In *Haryana Urban Development Authority v. Om Pal*<sup>18</sup>, this Court in paragraphs 7 and 8 (pg. 745) of the Report held as under : B

"7. Moreover, it is also now well settled that despite a wide discretionary power conferred upon the Industrial Courts under Section 11-A of the 1947 Act, the relief of reinstatement with full back wages should not be granted automatically only because it would be lawful to do so. Grant of relief would depend on the fact situation obtaining in each case. It will depend upon several factors, one of which would be as to whether the recruitment was effected in terms of the statutory provisions operating in the field, if any. C

8. The respondent worked for a very short period. He only worked, as noticed hereinbefore, in 1994-95. The Industrial Tribunal-cum-Labour Court, therefore, in our opinion committed an illegality, while passing an award in the year 2003, directing the reinstatement of the respondent with full back wages. Although we are of the opinion that the respondent was not entitled to any relief, whatsoever, we direct the appellant to pay him a sum of Rs. 25,000." D E F

18. In *Uttaranchal Forest Development Corporation v. M.C.Joshi*<sup>19</sup>, the Court was concerned with a daily wager who had worked with Uttaranchal Forest Development Corporation from 01.08.1989 to 24.11.1991 and whose services were held G

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17. (2006) 13 SCC 727.

18. (2007) 5 SCC 353.

19. (2007) 9 SCC 353. H

A to be terminated in violation of Section 6-N of the U.P. Industrial Disputes Act. The Labour Court had directed the reinstatement of the workman with 50 per cent back wages from the date the industrial dispute was raised. Setting aside the order of reinstatement and back wages, this Court awarded  
 B compensation in a sum of Rs. 75,000/- in favour of the workman keeping in view the nature and period of service rendered by the workman and the fact that industrial dispute was raised after six years.

C 19. In *Madhya Pradesh Administration v. Tribhuban*<sup>20</sup>, this Court upheld the order of the Industrial Court passed in its jurisdiction under Section 11A of the ID Act awarding compensation and set aside the judgment of the Single Judge and the Division Bench that ordered the reinstatement of the workman with full back wages. The Court in paragraph 12 (pg.  
 D 755) of the Report held as under:

E “12. In this case, the Industrial Court exercised its discretionary jurisdiction under Section 11-A of the Industrial Disputes Act. It merely directed the amount of compensation to which the respondent was entitled had the provisions of Section 25-F been complied with should be sufficient to meet the ends of justice. We are not suggesting that the High Court could not interfere with the said order, but the discretionary jurisdiction exercised by  
 F the Industrial Court, in our opinion, should have been taken into consideration for determination of the question as to what relief should be granted in the peculiar facts and circumstances of this case. Each case is required to be dealt with in the fact situation obtaining therein.”

G 20. In *Mahboob Deepak*<sup>5</sup>, this Court stated that an order of retrenchment passed in violation of Section 6-N of the U.P. Industrial Disputes Act may be set aside but an order of reinstatement should not however be automatically passed. The Court observed in paragraphs 11 and 12 (pg. 578) of the Report  
 H as follows:-

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GITAM SINGH [R.M. LODHA, J.]

"11. The High Court, on the other hand, did not consider the effect of non-compliance with the provisions of Section 6-N of the U.P. Industrial Disputes Act, 1947. The appellant was entitled to compensation, notice and notice pay. A

12. It is now well settled by a catena of decisions of this Court that in a situation of this nature instead and in place of directing reinstatement with full back wages, the workmen should be granted adequate monetary compensation. (See *M.P. Admn. v. Tribhuban*<sup>20</sup>)." B

21. In *Telecom District Manager and Others v. Keshab Deb*<sup>21</sup>, this Court said that even if the provisions of Section 25-F of the I.D. Act had not been complied with, the workman was only entitled to just compensation. C

22. In *Talwara Co-operative Credit and Service Society Limited v. Sushil Kumar*<sup>22</sup>, this Court in paragraph 8 (pg. 489) of the Report held as under : D

"8. Grant of a relief of reinstatement, it is trite, is not automatic. Grant of back wages is also not automatic. The Industrial Courts while exercising their power under Section 11-A of the Industrial Disputes Act, 1947 are required to strike a balance in a situation of this nature. For the said purpose, certain relevant factors, as for example, nature of service, the mode and manner of recruitment viz. whether the appointment had been made in accordance with the statutory rules so far as a public sector undertaking is concerned, etc., should be taken into consideration." E F

23. In *Jagbir Singh*<sup>6</sup>, this Court, speaking through one of us (R.M. Lodha, J.) while dealing with the question of G

20. (2007) 9 SCC 748.

21. (2008) 8 SCC 402.

22. (2008) 9 SCC 486. H

A consequential relief arising from the facts quite similar to the present case, ordered compensation of Rs. 50,000/- to be paid by the employer to the workman instead of reinstatement. In paragraph 14 (pg.335) of the Report, this Court held as under:

B “14. It would be, thus, seen that by a catena of decisions  
 in recent time, this Court has clearly laid down that an order  
 of retrenchment passed in violation of Section 25-F  
 although may be set aside but an award of reinstatement  
 should not, however, be automatically passed. The award  
 C of reinstatement with full back wages in a case where the  
 workman has completed 240 days of work in a year  
 preceding the date of termination, particularly, daily wagers  
 has not been found to be proper by this Court and instead  
 compensation has been awarded. This Court has  
 distinguished between a daily wager who does not hold a  
 D post and a permanent employee.”

24. In *Uttar Pradesh State Electricity Board v. Laxmi Kant Gupta*<sup>23</sup>, this Court stated, “... now there is no such principle that for an illegal termination of service the normal rule is  
 E reinstatement with back wages, and instead the Labour Court can award compensation”.

25. In *Santosh Kumar Seal*<sup>24</sup>, while dealing with a case of  
 F workmen who were engaged as daily wagers about 25 years  
 back and had hardly worked for two or three years, this Court  
 speaking through one of us (R.M. Lodha, J.) held that  
 reinstatement with back wages could not be said to be justified  
 and instead monetary compensation would subserve the ends  
 of justice. It was held that compensation of Rs. 40,000/- to each  
 G of the workmen would meet the ends of justice.

26. From the long line of cases indicated above, it can be said without any fear of contradiction that this Court has not held

H <sup>23</sup>. (2009) 16 SCC 562.

as an absolute proposition that in cases of wrongful dismissal, the dismissed employee is entitled to reinstatement in all situations. It has always been the view of this Court that there could be circumstance(s) in a case which may make it inexpedient to order reinstatement. Therefore, the normal rule that dismissed employee is entitled to reinstatement in cases of wrongful dismissal has been held to be not without exception. Insofar as wrongful termination of daily-rated workers is concerned, this Court has laid down that consequential relief would depend on host of factors, namely, manner and method of appointment, nature of employment and length of service. Where the length of engagement as daily wager has not been long, award of reinstatement should not follow and rather compensation should be directed to be paid. A distinction has been drawn between a daily wager and an employee holding the regular post for the purposes of consequential relief.

27. We shall now consider two decisions of this Court in *Harjinder Singh*<sup>2</sup> and *Devinder Singh*<sup>3</sup> upon which heavy reliance has been placed by the learned counsel for the respondent. In *Harjinder Singh*<sup>2</sup>, this Court did interfere with the order of the High Court which awarded compensation to the workman by modifying the award of reinstatement passed by the Labour Court. However, on close scrutiny of facts it transpires that that was a case where a workman was initially employed by Punjab State Warehousing Corporation as work-charge motor mate but after few months he was appointed as work munshi in the regular pay-scale for three months. His service was extended from time to time and later on by one month's notice given by the Managing Director of the Corporation his service was brought to end on 05.07.1988. The workman challenged the implementation of the notice in a writ petition and by an interim order the High Court stayed the implementation of that notice but later on the writ petition was withdrawn with liberty to the workman to avail his remedy under the ID Act. After two months, the Managing Director of the Corporation issued notice dated 26.11.1992 for retrenchment

A of the workman along with few others by giving them one month's pay and allowances in lieu of notice as per the requirement of Section 25-F(a) of the ID Act. On industrial dispute being raised, the Labour Court found that there was compliance of Section 25-F but it was found that the termination  
 B was violative of Section 25-G of the ID Act and, accordingly, Labour Court passed an award for reinstatement of the workman with 50 per cent back wages. The Single Judge of that High Court did not approve the award of reinstatement on the premise that the initial appointment of the workman was not  
 C in consonance with the statutory regulations and Articles 14 and 16 of the Constitution and accordingly, substituted the award of reinstatement with 50 per cent back wages by directing that the workman shall be paid a sum of Rs. 87,582/- by way of compensation. It is this order of the Single Judge that was set  
 D aside by this Court and order of the Labour Court restored. We are afraid the facts in *Harjinder Singh*<sup>2</sup> are quite distinct. That was not a case of a daily-rated worker. It was held that Single Judge was wrong in entertaining an unfounded plea that workman was employed in violation of Articles 14 and 16. *Harjinder Singh*<sup>2</sup> turned on its own facts and is not applicable  
 E to the facts of the present case at all.

28. In *Devinder Singh*<sup>3</sup>, the workman was engaged by Municipal Council, Sanaur on 01.08.1994 for doing the work of clerical nature. He continued in service till 29.09.1996. His  
 F service was discontinued with effect from 30.09.1996 in violation of Section 25-F of ID Act. On industrial dispute being referred for adjudication, the Labour Court held that the workman had worked for more than 240 days in a calendar year preceding the termination of his service and his service  
 G was terminated without complying with the provisions of Section 25-F. Accordingly, Labour Court passed an award for reinstatement of the workman but without back wages. Upon challenge being laid to the award of the Labour Court, the Division Bench set aside the order of the Labour Court by  
 H holding that Labour Court should not have ordered

reinstatement of the workman because his appointment was  
contrary to the Recruitment Rules and Articles 14 and 16 of the  
Constitution. In the appeal before this Court from the order of  
the Division Bench, this Court held that the High Court had  
neither found any jurisdictional infirmity in the award of the  
Labour Court nor it came to the conclusion that the award was  
vitiating by an error of law apparent on the face of the record  
and notwithstanding these the High Court set aside the direction  
given by the Labour Court for reinstatement of the workman by  
assuming that his initial appointment was contrary to law. The  
approach of the High Court was found to be erroneous by this  
Court. This Court, accordingly, set aside the order of the High  
Court and restored the award of the Labour Court. In *Devinder  
Singh*<sup>3</sup>, the Court had not dealt with the question about the  
consequential relief to be granted to the workman whose  
termination was held to be illegal being in violation of Section  
25-F.

29. In our view, *Harjinder Singh*<sup>2</sup> and *Devinder Singh*<sup>3</sup> do  
not lay down the proposition that in all cases of wrongful  
termination, reinstatement must follow. This Court found in those  
cases that judicial discretion exercised by the Labour Court was  
disturbed by the High Court on wrong assumption that the initial  
employment of the employee was illegal. As noted above, with  
regard to the wrongful termination of a daily wager, who had  
worked for a short period, this Court in long line of cases has  
held that the award of reinstatement cannot be said to be proper  
relief and rather award of compensation in such cases would  
be in consonance with the demand of justice. Before exercising  
its judicial discretion, the Labour Court has to keep in view all  
relevant factors, including the mode and manner of  
appointment, nature of employment, length of service, the  
ground on which the termination has been set aside and the  
delay in raising the industrial dispute before grant of relief in  
an industrial dispute.

30. We may also refer to a recent decision of this Court in

A *Bharat Sanchar Nigam Limited v. Man Singh*<sup>24</sup>. That was a  
 case where the workmen, who were daily wagers during the  
 year 1984-85, were terminated without following Section 25-F.  
 The industrial dispute was raised after five years and although  
 the Labour Court had awarded reinstatement of the workmen  
 B which was not interfered by the High Court, this Court set aside  
 the award of reinstatement and ordered payment of  
 compensation. In paragraphs 4 and 5 (pg.559) of the Report  
 this Court held as under:

C “4. This Court in a catena of decisions has clearly laid down  
 that although an order of retrenchment passed in violation  
 of Section 25-F of the Industrial Disputes Act may be set  
 aside but an award of reinstatement should not be passed.  
 This Court has distinguished between a daily wager who  
 does not hold a post and a permanent employee.

D 5. In view of the aforementioned legal position and the fact  
 that the respondent workmen were engaged as “daily  
 wagers” and they had merely worked for more than 240  
 days, in our considered view, relief of reinstatement cannot  
 E be said to be justified and instead, monetary  
 compensation would meet the ends of justice.”

31. In light of the above legal position and having regard  
 to the facts of the present case, namely, the workman was  
 engaged as daily wager on 01.03.1991 and he worked hardly  
 F for eight months from 01.03.1991 to 31.10.1991, in our view,  
 the Labour Court failed to exercise its judicial discretion  
 appropriately. The judicial discretion exercised by the Labour  
 Court suffers from serious infirmity. The Single Judge as well  
 as the Division Bench of the High Court also erred in not  
 G considering the above aspect at all. The award dated  
 28.06.2001 directing reinstatement of the respondent with  
 continuity of service and 25% back wages in the facts and  
 circumstances of the case cannot be sustained and has to be

H <sup>24</sup>. (2012) 1 SCC 558.

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set aside and is set aside. In our view, compensation of Rs. A  
50,000/- by the appellant to the respondent shall meet the ends  
of justice. We order accordingly. Such payment shall be made  
to the respondent within six weeks from today failing which the  
same will carry interest @ 9 per cent per annum.

32. The appeal is partly allowed to the above extent with B  
no order as to costs.

K.K.T.

Appeal partly allowed.