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PRADEEP S/O RAJKUMAR JAIN

v.

MANGANESE ORE (INDIA) LIMITED & ORS.

(Civil Appeal No. 7607 of 2021)

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DECEMBER 10, 2021

[K.M. JOSEPH AND

PAMIDIGHANTAM SRI NARASIMHA, JJ.]

Labour Laws – Reinstatement – Backwages – On facts, by the impugned order, the High Court ordered reinstatement of appellant (who was earlier terminated from service) but denied him the benefit of backwages – Denial of backwages to appellant – If justified – Held: When the question arises as to whether the backwages is to be given and as to what is to be the extent of backwages, these are matters which will depend on the facts of the case – In a case where it is found that the employee was not at all at fault and yet, he was visited with illegal termination or termination which is actually activated by malice, it may be unfair to deny him the fruits of the employment which he would have enjoyed but for the illegal / malafide termination – The effort of the Court must be to then to restore the status quo in the manner which is appropriate in the facts of each case – The nature of the charges, the exact reason for the termination as evaluated and, of course, the question as to whether the employee was gainfully employed would be matters which will enter into the consideration by the Court – In the present case, the appellant does not deny that he was indeed earning some amount during the period he was out of employment – However, there was hardly any worthwhile reason for the respondent to terminate the services – The impugned order of High Court itself shows that there was no basis for termination of the services of the appellant – When the appellant was qualified and particularly, when the appellant also has a case that all this was done for the reason that he had taken up certain issues relating to the manner in which the affairs of the respondent was being run, the High Court was in error in not making appropriate order relating to backwages.

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Deepali Gundu Surwase v. Kranti Junior Adhyapak Mahavidyalaya (D.Ed.) & Ors. (2013) 10 SCC 324: [2013] 9 SCR 1 – relied on.

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Talwara Cooperative Credit and Service Society Ltd. v. Sushil Kumar (2008) 9 SCC 486; [2008] 14 SCR 53; *Rajasthan State Road Transport Corporation, Jaipur v. Phool Chand (Dead) Through Legal Representatives* (2018) 18 SCC 299 : [2018] 11 SCR 448; *Manager R.B.I. Bangalore v. S. Mani & Ors.* (2005) 05 SCC 100 : [2005] 2 SCR 797; *Municipal Council Sujampur v. Surinder Kumar* (2006) 5 SCC 173 : [2006] 1 Suppl. SCR 914 and *Shambhu Nath Goyal v. Bank of Baroda and Others* (1983) 4 SCC 491: [1984] 1 SCR 85 – referred to.

Case Law Reference

[2013] 9 SCR 1	relied on	Para 6	
[2008] 14 SCR 53	referred to	Para 7	
[2018] 11 SCR 448	referred to	Para 7	
[2005] 2 SCR 797	referred to	Para 9	D
[2006] 1 Suppl. SCR 914	referred to	Para 10	
[1984] 1 SCR 85	referred to	Para 10	

CIVIL APPELLATE JURISDICTION : Civil Appeal No.7607 of 2021. E

From the Judgment and Order dated 04.04.2017 of the High Court of Judicature at Bombay, Nagpur Bench in Writ Petition No.1780 of 2009.

Mehul M. Gupta, R. P. Gupta, Advs. for the Appellant. F

Devashish Bharuka, Ms. Sarvshree, Justine George, Manas Syal, Advs. for the Respondents.

The Order of the Court was passed by

K. M. JOSEPH, J. G

(1) Leave granted.

(2) The appellant is a qualified Chartered Accountant. He was appointed as Manager (Finance) by order dated 22.10.1997. Thereafter, he was posted in 2005 at the Balaghat Mines as the Deputy Chief (Finance). In certain circumstances, which were on account of the death H

A of his father, he had to report late for work on three days. He was
served with a show cause and it was followed up by yet another show
cause. It was replied to. He came to be suspended on 05.10.2007. He
was served with a charge memo on 27.10.2007. Thereafter, he was
dismissed on 12.08.2008. The appeal carried by him was dismissed. He
B filed a writ petition. The writ petition filed was partly allowed by the
Division Bench and this has resulted in the present appeal.

(3) The controversy lies in a very narrow compass. While the
Division Bench has ordered reinstatement of the appellant, the Court
has denied him the benefit of backwages. In other words, this Court is
C called upon to decide whether there is justification to deny backwages
to the appellant.

(4) We have heard learned counsel for the appellant and learned
counsel for the respondent.

(5) The respondent is, undoubtedly, State under Article 12 of the
D Constitution. The contention of the appellant is that the appellant as a
Chartered Accountant has been victimised. There was no justification
at all in law, or in facts in launching the disciplinary proceedings against
the appellant and it has been so held by the High Court as well in the
impugned order. The High Court, however, has proceeded to take the
view that the appellant is not entitled to backwages. The reason given is
E as follows ‘specially when the appellant has not worked during the said
period’.

(6) Learned counsel for the respondent would oppose the appeal
by pointing out that the burden lay with the employee, if the appellant
wished to show that he had not worked during the period that he was
F kept out of the employment. The appellant’s counsel joins issue with this
proposition. He points out that judgments of this Court establish the
principle that all that is required is that the workman/appellant must plead
that he had not worked during the period when he was kept out of
employment by illegal termination. In this regard, the appellant drew
support from a large body of case law. In particular, he drew our attention
G to the judgment of this Court in *Deepali Gundu Surwase v. Kranti
Junior Adhyapak Mahavidyalaya (D.Ed.) & Ors.* (2013) 10 SCC
324. The Bench of two learned Judges in the said case has, after reviewing
of case law which included survey of two earlier three Judges Benches
of this Court, concluded as follows:

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“38. The propositions which can be culled out from the
aforementioned judgments are: A

38.1. In cases of wrongful termination of service, reinstatement
with continuity of service and back wages is the normal rule.

38.2. The aforesaid rule is subject to the rider that while deciding
the issue of back wages, the adjudicating authority or the court B
may take into consideration the length of service of the employee/
workman, the nature of misconduct, if any, found proved against
the employee/workman, the financial condition of the employer
and similar other factors.

38.3. Ordinarily, an employee or workman whose services are C
terminated and who is desirous of getting back wages is required
to either plead or at least make a statement before the adjudicating
authority or the court of first instance that he/she was not gainfully
employed or was employed on lesser wages. If the employer wants D
to avoid payment of full back wages, then it has to plead and also
lead cogent evidence to prove that the employee/workman was
gainfully employed and was getting wages equal to the wages he/
she was drawing prior to the termination of service. This is so
because it is settled law that the burden of proof of the existence
of a particular fact lies on the person who makes a positive E
avermnt about its existence. It is always easier to prove a positive
fact than to prove a negative fact. Therefore, once the employee
shows that he was not employed, the onus lies on the employer to
specifically plead and prove that the employee was gainfully
employed and was getting the same or substantially similar
emoluments. F

38.4. The cases in which the Labour Court/Industrial Tribunal
exercises power under Section 11-A of the Industrial Disputes
Act, 1947 and finds that even though the enquiry held against the
employee/workman is consistent with the rules of natural justice
and/or certified standing orders, if any, but holds that the punishment G
was disproportionate to the misconduct found proved, then it will
have the discretion not to award full back wages. However, if the
Labour Court/Industrial Tribunal finds that the employee or
workman is not at all guilty of any misconduct or that the employer
had foisted a false charge, then there will be ample justification
for award of full back wages. H

- A 38.5. The cases in which the competent court or tribunal finds that the employer has acted in gross violation of the statutory provisions and/or the principles of natural justice or is guilty of victimising the employee or workman, then the court or tribunal concerned will be fully justified in directing payment of full back wages. In such cases, the superior courts should not exercise power under Article 226 or 136 of the Constitution and interfere with the award passed by the Labour Court, etc. merely because there is a possibility of forming a different opinion on the entitlement of the employee/workman to get full back wages or the employer's obligation to pay the same. The courts must always keep in view that in the cases of wrongful/illegal termination of service, the wrongdoer is the employer and the sufferer is the employee/workman and there is no justification to give a premium to the employer of his wrongdoings by relieving him of the burden to pay to the employee/workman his dues in the form of full back wages.
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- C
- D 38.6. In a number of cases, the superior courts have interfered with the award of the primary adjudicatory authority on the premise that finalisation of litigation has taken long time ignoring that in majority of cases the parties are not responsible for such delays. Lack of infrastructure and manpower is the principal cause for delay in the disposal of cases. For this the litigants cannot be blamed or penalised. It would amount to grave injustice to an employee or workman if he is denied back wages simply because there is long lapse of time between the termination of his service and finality given to the order of reinstatement. The courts should bear in mind that in most of these cases, the employer is in an advantageous position vis-à-vis the employee or workman. He can avail the services of best legal brain for prolonging the agony of the sufferer i.e. the employee or workman, who can ill-afford the luxury of spending money on a lawyer with certain amount of fame. Therefore, in such cases it would be prudent to adopt the course suggested in *Hindustan Tin Works (P) Ltd. v. Employees* [(1979) 2 SCC 80 : 1979 SCC (L&S) 53] .
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- G 38.7. The observation made in *J.K. Synthetics Ltd. v. K.P. Agrawal* [(2007) 2 SCC 433 : (2007) 1 SCC (L&S) 651] that on reinstatement the employee/workman cannot claim continuity of
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service as of right is contrary to the ratio of the judgments of three-Judge Benches [*Hindustan Tin Works (P) Ltd. v. Employees*, (1979) 2 SCC 80 : 1979 SCC (L&S) 53], [*Surendra Kumar Verma v. Central Govt. Industrial Tribunal-cum-Labour Court*, (1980) 4 SCC 443 : 1981 SCC (L&S) 16] referred to hereinabove and cannot be treated as good law. This part of the judgment is also against the very concept of reinstatement of an employee/workman.

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“42. In the result, the appeal is allowed, the impugned order [*Kranti Junior Adhyapak Mahavidyalaya v. State of Maharashtra*, (2012) 1 Mah LJ 370] is set aside and the order passed by the Tribunal is restored. The management shall pay full back wages to the appellant within four months from the date of receipt of copy of this order failing which it shall have to pay interest at the rate of 9% per annum from the date of the appellant’s suspension till the date of actual reinstatement. It is also made clear that in the event of non-compliance with this order, the management shall make itself liable to be punished under the Contempt of Courts Act, 1971.”

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(7) Learned counsel for the respondent, on the other hand, sought support from another line of decisions which represent the later view adopted by this Court in *Talwara Cooperative Credit and Service Society Ltd. v. Sushil Kumar* (2008) 9 SCC 486. He also sought support from the judgment in *Rajasthan State Road Transport Corporation, Jaipur v. Phool Chand (Dead) Through Legal Representatives* (2018) 18 SCC 299.

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(8) Learned counsel for the appellant on being faced with this line of decisions, would, in the first place, point out that this Court in *Talwara Cooperative Credit and Service Society Ltd.* (supra) has adverted to Section 106 of the Evidence Act and therefore, the burden lay on the employee for which reference was made to an earlier judgment and he would point out that, in fact, in the earlier judgment, there is no reference to Section 106 of the Evidence Act.

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(9) We notice that it is true that in *Talwara Cooperative Credit and Service Society Ltd.* (supra), this Court has held *inter alia*:

“13. This Court in a large number of cases noticed the paradigm shift in the matter of burden of proof as regards gainful employment

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A on the part of the employer holding that having regard to the provisions contained in Section 106 of the Evidence Act, the burden would be on the workman. The burden, however, is a negative one. If only the same is discharged by the workman, the onus of proof would shift on to the employer to show that the employee concerned was in fact gainfully employed. In *Surinder Kumar* [(2006) 5 SCC 173 : 2006 SCC (L&S) 967] , this Court held :
 B (SCC p. 177, paras 12-14)

“12. The Labour Court and the High Court also proceeded wrongly on the premise that the burden of proof to establish non-completion of 240 days of work within a period of twelve months preceding the termination, was on the management. The burden was on the workman. (See *U.P. State Brassware Corpn. Ltd. v. Uday Narain Pandey* [(2006) 1 SCC 479 : 2006 SCC (L&S) 250 : JT (2005) 10 SC 344] and *State of M.P. v. Arjunlal Rajak* [(2006) 2 SCC 711 : 2006 SCC (L&S) 429].)”
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D 13. Equally well settled is the principle that the burden of proof, having regard to the principles analogous to Section 106 of the Evidence Act that he was not gainfully employed, was on the workman. (See *RBI v. S. Mani* [(2005) 5 SCC 100 : 2005 SCC (L&S) 609].)”

E 14. It is also a trite law that only because some documents have not been produced by the management, an adverse inference would not be drawn against the management. (See *S. Mani* [(2005) 5 SCC 100 : 2005 SCC (L&S) 609].)”

F In fact, the said judgment has made reference to the judgment reported in *Manager R.B.I. Bangalore v. S. Mani & Ors.* (2005) 05 SCC 100 for what is stated in para 13.

(10) We do not find, in fact, any reference to Section 106 of the Evidence Act being made in *Manager R.B.I. Bangalore* (supra). It is true, however, that in the judgment reported in *Municipal Council Sujapur v. Surinder Kumar* (2006) 5 SCC 173, there is a reference made to Section 106 of the Evidence Act and in the manner in which it is stated in paragraph 13 it is quoted also in *Talwara Cooperative Credit and Service Society Ltd.* (supra).
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H There is an earlier judgment of this Court rendered by a Bench of three learned Judges which is reported in *Shambhu Nath Goyal v. Bank*

of *Baroda and Others* (1983) 4 SCC 491 which has dealt with the
issue in the following words:

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The management is thus seen to have been taking steps
periodically to see that the dispute is not disposed of at an early
date one way or the other. The blame for not framing an issue on
the question whether or not the workman was gainfully employed
in the intervening period cannot be laid on the Tribunal alone. It
was equally the duty of the management to have got that issue
framed by the Tribunal and adduce the necessary evidence unless
the object was to rake up that question at some later stage to the
disadvantage of the workman as in fact it has been done. The
management appears to have come forward with the grievance
for the first time only in the High Court. There is no material on
record to show that the workman was gainfully employed
anywhere. The management has not furnished any particulars in
this regard even before this Court after such a long lapse of time.
The workman could have been asked to furnish the necessary
information at the earliest stage. The management has not resorted
to that course. The workman was not expected to prove the
negative. In these circumstances, we do not think that it would be
in the interest of justice to prolong any further the agony of the
workman whose power to endure the suffering of being out of
employment for such a long time and to oppose the management
Bank, a nationalised undertaking with all the money power at its
disposal in this prolonged litigation is very limited by allowing the
Bank to have the advantage belatedly sought in the application
dated February 8, 1979 in an industrial dispute which arose so
early as in 1965.

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.....”

It is, undoubtedly, true when the question arises as to whether the
backwages is to be given and as to what is to be the extent of backwages,
these are matters which will depend on the facts of the case as noted in
Deepali Gundu Surwase (supra). In a case where it is found that the
employee was not at all at fault and yet, he was visited with illegal

- A termination or termination which is actually activated by malice, it may be unfair to deny him the fruits of the employment which he would have enjoyed but for the illegal / malafide termination. The effort of the Court must be to then to restore the *status quo* in the manner which is appropriate in the facts of each case. The nature of the charges, the exact reason for the termination as evaluated and, of course, the question as to whether the employee was gainfully employed would be matters which will enter into the consideration by the Court.

- (11) As far as the present case is concerned, the reason given by the High Court in the impugned order for denying backwages clearly does not appeal to us. According to the appellant, the appellant has indeed stated that he was not working. The case of the respondent is that he was a Chartered Accountant and that he was indeed earning. The learned counsel for the appellant does not deny that the appellant was indeed earning some amount from doing accountancy related work and he had filed returns under the Income Tax Act. This means as things stand before us, it is a case where the appellant must be treated as not having been without any income at all during the period. He was earning. We have also, however, noticed that there was hardly any worthwhile reason for the respondent to terminate the services. The impugned order itself shows that there was no basis for termination of the services of the appellant. When the appellant was qualified and particularly, when the appellant also has a case that all this was done for the reason that he had taken up certain issues relating to the manner in which the affairs of the respondent was being run, we would think that the High Court was in error in not making appropriate order relating to backwages.

- (12) As regards the quantum of backwages, there are conflicting claims. According to the respondent, if what is described as performance allowance is not added, 100 per cent of the backwages which the appellant would be entitled to would be in the region of about Rs.66 lakhs. The appellant's claim is for over Rs.3 crores. However, he would, after getting instructions from his client state that the appellant may be given a sum of Rs.1.5 crores. He, particularly, points out that this is without taking into consideration the benefits of notional promotion.

We are not delving more into this issue as it is stated that litigation relating to right to notational promotion is pending consideration before the High Court.

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(13) On a conspectus of all facts and circumstances, we are of A
the view that the interest of justice would be sufficiently served if we
direct the appellant be paid a total sum of Rs.80 lakhs as the backwages
for the entire period for which the termination operated. Accordingly,
the appeal is partly allowed. The impugned order is modified and we
direct the respondent to pay a sum of Rs.80 lakhs to the appellant within B
a period of six weeks from today.

No orders as to costs.

Bibhuti Bhushan Bose

Appeal partly allowed.