

PRIVY COUNCIL

High Commissioner for India

Vs.

I.M. Lall

P.C.A.No.105 of 1945

(Lords Thankerton, Du Parcq, Oaksey, Morton of Henryton and Mr. M.R. Jayakar JJ.)

18.03.1948

JUDGMENT

LORD THANKERTON J.

1. This is an appeal by special leave from an order of the Federal Court of India dated 4.5.1945, Which varied a decree of the High Court of Judicature at Lahore dated 27.3.1944.
2. The respondent, who had been a member of the Indian Civil Service since 1922, instituted the present suit on 20.7.1942, against the Secretary of State for India, challenging the validity of an order by the latter dated 10.8.1940, which purported to remove the respondent from the Indian Civil Service.
3. The Secretary of State for India was the original appellant in this appeal, but, after the hearing before this Board in July last, the Indian Independence Act, 1947, came into operation on 15 August 1947. By Section 15(1) of the Act, the present appeal by the Secretary of State was abated, and by Section 15(2) the appeal was continued by the High Commissioner. By sub section (3) of that section, the expression "the High Commissioner" is defined for the purposes of the section. The High Commissioner for India and the High Commissioner for Pakistan have accepted that they should be treated as appellants in place of the Secretary of State for India by virtue of Section 15. Their Lordships find it convenient, however, for the purposes of their opinion, to continue to refer to the Secretary of State as the defendant in the suit and appellant in the Federal Court and before the Board.
4. In the plaint, the respondent claimed (1) a declaration that the order of removal was ultra vires of the defendant (2) that the order was not passed in due process of law and

was wrongful, illegal and of consequence whatever, (3) that he was still a member of the Indian Civil Service, and had a right to continue in it, and to hold office from which he was removed by the illegal order of the defendant, and (4) that as a member of the Indian Civil Service he was entitled to all rights secured to him by the covenant and rules and regulations issued from time to time by the appropriate authority.

5. The suit was originally instituted in the Court of the Subordinate Judge, First Class, Lahore, but it was transferred to the High Court and was ordered to be heard by a Division Bench as a Court of first instance. After trial, the High Court, on 27.3.1944, granted the present respondent a decree to the extent of granting a declaration that the order removing him from office was wrongful, void, illegal and inoperative and that he was still a member of the Indian Civil Service; the High Court also gave a certificate under Section 205(1), Government of India Act, 1935, that the case involved substantial questions of law as to the interpretation of the Act of 1935. On an appeal by the present respondent, the Federal Court, by a majority, on 4.5.1945, varied the decree of the High Court by ordering that,

"in place of the declaration that the order removing the plaintiff from office was wrongful, void, illegal and inoperative and that the plaintiff is still a member of the Indian Civil - Service there shall be substituted a declaration that the plaintiff Mr. I. M. Lall was wrongfully dismissed from Indian Civil Service on 4.6.1940."

The Federal Court remitted the suit to the High Court to take such action in regarding to any application by the respondent for leave to amend to claim damages and to the assessment of such damages as to the High Court should seem right.

6. The main questions raised in this appeal relate to the proper construction of Section 240 Government of India Act, 1935, and their Lordships propose to deal with these in the first instance. Some further narrative of the facts in the case is necessary for this purpose. The respondent was appointed to the Indian Civil Service in 1922, and on 1.9.1922, he entered into a covenant with the Secretary of State in Council. Two observations only occur on this document, viz., that the respondent's service was "to continue during the pleasure of His Majesty, His Heirs and Successors, to be signified under the hand of the Secretary of State for India," and that there is no covenant under which the respondent was given a right to his pay. The covenant is mainly concerned with the respondent's discharge of his duties.

7. In 1935, the respondent was stationed in Hoshiarpur, where he enlisted one Sundar

Das, a nephew of his wife, in the subordinate staff of one of the Courts under his control. Soon thereafter, the respondent took over charge as District and Sessions Judge at Multan. Early in April 1937, the respondent was transferred to be employed in the North - West Frontier Province. In September 1937, the respondent received a letter from the Judicial Commissioner, enclosing a letter from the Chief Secretary to the North - West Frontier Government, informing the Judicial Commissioner that the Punjab Government had decided to hold a departmental enquiry under Rule 55 of the Civil Service (Classification, Control and Appeal) Rules into the conduct of the respondent while stationed at Multan during 1935 - 36, and that eight charges had been framed against the respondent of which copies were enclosed. The letter proceeded to ask that steps should be taken to serve the charges on the respondent and that he should be asked to furnish within a reasonable time a written statement of his defence and to state whether he wished to be heard in person or not. The eight charges were divided into two categories, the first of which alleged improper favouritism or nepotism in connection with Sundar Das; the second category alleged improper victimisation of certain of the junior officials who had protested against the attempted promotion of Sundar Das by an order of the respondent in December 1936. At the end of each charge were indicated the witnesses or documents whereby it was proposed to attempt to prove the charge. Near the end there were two paragraphs interposed, which clearly related to all the charges and were as follows:

"That the above facts and his failure to offer any sufficient explanation up to the present are sufficient to prove that he had abused his position as an officer entrusted with the power of appointment on behalf of the Crown to show favor to a relation of his to the detriment of other officials serving under him, in contravention both of the recognized principles governing the conduct of Government servants as well as of the express orders of Government, and that he further abused his position as an officer entrusted with powers of discipline over other officers of the Crown to persecute various persons who sought to protect their own interests in a legitimate manner.

That he should show cause why he should not be dismissed, removed or reduced or subjected to such other disciplinary action as the competent authority may think fit to enforce for breach of Government rules and conduct unbecoming to a member of the Indian Civil Service."

The respondent put in his written statement in answer to the charges, and thereafter Mr. J. D. Anderson, Commissioner, Rawalpindi Division, was appointed to hold the

departmental enquiry, Mr. Anderson examined the respondent on 10th June 1938, in course of which the respondent pleaded guilty to the first two charges, and, without any further examination of witnesses, he made his report on 9th August 1938. As regards the remaining six charges, he found them unproven, but he indicated that he had not been able to make a full enquiry, and that a longer investigation, including a fortnight at Multan, and a further examination of documents were desirable before coming to final conclusions. Mr. Anderson's report was not disclosed to the respondent, and the Government appointed Mr. F. L. Brayne, Commissioner, Kural Reconstruction, Punjab, to complete Mr. Anderson's preliminary enquiry. Mr. Brayne took the matter up and wrote the respondent on 17th November 1938, relative thereto. After various procedure, in which, the respondent took part, and in the course of which the Government refused to disclose Mr. Anderson's report to him, Mr. Brayne made his report on 24th January 1939, in course of which he examined in detail all the eight charges, and found that the nepotism was "complete and deliberate," and that the charges of victimisation were all fully proved.

8. In view of the opinion which their Lordships have formed as to the proper construction of Section 240 of the Act of 1935, it is unnecessary to consider in further detail the validity of the enquiries held by Mr. Anderson and Mr. Brayne, and whether the respondent was afforded a reasonable opportunity thereof of answering the charges.

9. On 21st June 1939, the Government of the Punjab sent the records of the enquiry, including Mr. Anderson's and Mr. Brayne's reports, to the Federal Public Service Commission, and expressed their opinion that the respondent should be removed from the Indian Civil Service but should be granted a compassionate allowance. This Commission, in terms of Section 266(8) (c), Government of India Act of 1935, is consulted on all disciplinary matters affecting a person serving His Majesty in a civil capacity in India. The respondent made representations to the Commission, protesting against the procedure of the enquiry and submitting arguments on the merits. The Commission, in a letter dated 31st August 1939, agreed with Mr. Brayne and the Government of the Punjab that no other conclusion was possible than that the respondent had acted deliberately both in the matter of nepotism and the matter of victimisation, and agreed that the respondent should be removed from the service but should be granted a compassionate allowance, which should be equal to a two - thirds pension.

10. By Gazette Notification dated 10th August 1940, the appellant directed the

removal of the respondent from the Indian Civil Service, and the respondent was so informed by a letter of the same date from the appellant.

11. It is not disputed that the learned Chief Justice has correctly stated the respondent's position at this time as follows:

"Whatever representations were made it is clear that at no time before his removal from the service was Mr. Lall allowed to see the reports of either Mr. Anderson or Mr. Brayne, nor was he informed that either the Punjab Government or the Federal Public Service Commission or the Government of India or the Secretary of State were definitely proposing on the basis of these reports to remove him from the service. He had received the general invitation to show cause against possible dismissal (amongst other possible punishments) included at the end of the charges originally served on him. But no opportunity to show, cause against dismissal was given to him, after dismissal had passed from being a possible punishment to the punishment proposed and recommended. At no time was he given an opportunity, before dismissal, of making representations against the accuracy of facts found by Mr. Anderson or Mr. Brayne in their reports or against the adverse deductions drawn against him, particularly by Mr. Brayne."

12. Section 240, Government of India Act, 1935, provides as follows:

"240.-(1) Except as expressly provided by this Act, every person who is a member of a civil service of the Crown in India, or holds any civil post under the Crown in India, holds office during His Majesty's pleasure.

(2) No such person as aforesaid shall be dismissed from the service of His Majesty by any authority subordinate to that by which he was appointed.

(3) No such person as aforesaid shall be dismissed or reduced in rank until he has been given a reasonable opportunity of showing cause against the action proposed to be taken in regard to him:

Provided that this sub - section shall not apply-

(a) where a person is dismissed or reduced in rank on the ground of conduct which has led to his conviction on a criminal charge ; or

(b) where an authority empowered to dismiss a person or reduce him in rank is satisfied that for some reason, to be recorded by that authority in writing, it is not reasonably practicable to give to that person an opportunity of showing cause.

(4) Notwithstanding that a person holding a civil post under the Crown in India holds office during His Majesty's pleasure, any contract under which a person,

not being a member of a civil service of the Crown in India, is appointed under this Act to hold such a post may, if the Governor - General, or, as the case may be, the Governor, deems it necessary in order to secure the service of a person having special qualifications, provide for the payment to him of compensation if before the expiration of an agreed period that post is abolished or he is, for reasons not connected with any misconduct on his part, required to vacate that post."

13. Before dealing with the important questions of construction their Lordships may note that the terms "dismissal" and "removal from the service" were accepted as synonymous, and that the respondent did not maintain before the Board, as he had unsuccessfully maintained in the High Court and the Federal Court, that the appellant had not authority under the Constitution to remove a member of the Indian Civil Service from the service. Their Lordships may add that, in their opinion, this question is concluded by the terms of the respondent's covenant, already quoted, under which he agrees to accept the signification of His Majesty's pleasure under the hand of the appellant. Their Lordships have no doubt that the purported removal of the respondent was intended to operate by virtue of sub section (1) of section 240.

14. Three important questions of construction arise for decision, viz., first, is sub section (1) of Section 240 qualified by sub section (3) ?; secondly, is Sub - s. (3) mandatory, or permissive? and thirdly, What is the proper construction of the words in sub section (3) "the action proposed to be taken in regard to him ?"

15. On the first question the appellant laid stress on the words "except as expressly provided by this Act" in sub section (1) of Section 240 as excluding any exception not expressly provided for, and referred to Sections 200 (2) and 220 (2) as illustrations of such express provision in the case of Judges of the Federal Court and the High Courts. It will, however, be noted that neither of these sections states its provisions to be an exception, but makes an express provision which is necessarily inconsistent with sub section (1) of section 240. On the other hand sub section (4) of Section 240 begins, "Notwithstanding that a person holding a civil post under the Crown in India holds office during His Majesty's pleasure,..." which is clearly expressed as an exception, but the statutory provision which follows does not affect the terminability of the office. It provides for a payment of compensation in certain events, but does not curtail His Majesty's power to terminate at His pleasure. The appellant maintains that sub section (3) does not in terms make express provision such as is contemplated by sub section (1); but the opening words of sub - Sections (2) and (3)-"No such person as aforesaid"-

clearly indicate a qualification of, or exception to, an antecedent provision, which is plainly sub section (1). Their Lordships find it difficult to deal with this contention, irrespective of the decision of the next question. If sub section (3) is merely permissive, and not mandatory, there will be no substance in the first question; but, if sub section (3) is mandatory, their Lordships are of opinion that it would constitute an express provision of the Act, which would qualify the provisions of sub section (1) and provide a condition precedent to His Majesty's exercise of His power of dismissal provided by sub section (1).

16. In considering the second question of construction, it will be necessary to refer to the position prior to the Act of 1935, when the relevant statutory provision was made by Section 96B, Government of India Act, 1919, and, in particular, by sub section (1), which provided as follows :

"96B.- (1) Subject to the provisions of this Act and of rules made thereunder, every person in the civil service of the Crown in India holds office during His Majesty's pleasure, and may be employed in any manner required by a proper authority within the scope of his duty, but no person in that service may be dismissed by any authority subordinate to that by which he was appointed, and the Secretary of State in Council may (except so far as he may provide by rules to the contrary) reinstate any person in that service who has been dismissed....."

The later part of the sub - section gives a limited right of appeal, which is not relevant to the present purpose. Under sub section (2) of Section 96B, the Secretary of State in Council is empowered to make rules for regulating the classification of the civil services in India, the methods of their recruitment, their conditions of service, pay and allowances, and discipline and conduct. As already mentioned, the enquiry in the present case was conducted under Rule 55, Civil Services (Classification, Control and Appeal) Rules, which were authorized by this sub-section. Rule 55 provides:

"Without prejudice to the provisions of the Public Service Inquiries Act, 1850, no order of dismissal, removal or reduction shall be passed on a member of a Service (other than an order based on facts which have led to his conviction in a criminal Court) unless he has been informed in writing of the grounds on which it is proposed to take action, and has been afforded an adequate opportunity of defending himself. The grounds on which it is proposed to take action shall be reduced to the form of a definite charge or charges, which shall be communicated to the person charged together with a statement of the allegations on which each charge is based and of any other circumstances which it is

proposed to take into consideration in passing orders on the case. He shall be required, within a reasonable time, to put in a written statement of his defence and to state whether he desires to be heard in person. If he so desires, or if the authority so direct, an oral enquiry shall be held. At that enquiry oral evidence shall be heard as to such of the allegations as are not admitted, and the person charged shall be entitled to cross - examine the witnesses called, as he may wish, provided that the officer conducting the enquiry may, for special and sufficient reason to be recorded in writing, refuse to call a witness. The proceedings shall contain a sufficient record of the evidence and a statement of the findings and the grounds thereof. This rule shall not apply where the person concerned has absconded, or where it is for other reasons impracticable to communicate with him. All or any of the provisions of the rule may, in exceptional cases, for special and sufficient reasons to be recorded in writing, be waived, where there is a difficulty in observing exactly the requirements of the rule and those requirements can be waived without injustice to the person charged."

17. It is to be observed that the provisions of sub section (1) of Section 96B of the Act of 1919 are made "subject to the provisions of this Act and of rules made there under," that it makes express provision corresponding to sub - Sections (1) and (2) of Section 240 of 1935, but no express provision corresponding to sub section (3) of 1935; that matter was left to Rule 55. It is interesting to contrast two decisions of this Board, delivered on the same day in 1936. In 64 IA 40 it was held that a dismissal of a civil servant by an authority subordinate to that by which he was appointed was contrary to the provisions of section 96B, sub section (1) of the Act of 1919, and was bad and inoperative. Lord Roche, in delivering the judgment of the Board, said (at p. 53) :

"It is manifest that the stipulation or proviso as to dismissal is itself of statutory force and stands on a footing quite other than any matters of rule which are of infinite variety and can be changed from time to time."

18. In the other case, 64 IA 55, it was held by the same Board that failure to comply with the rules made under sub section (2) of Section 96B of 1919 did not give any right of action. Lord Roche, in delivering the judgment of the Board, said (at p. 64):

"Section 96B and the rules make careful provision for redress of grievances by administrative process, and it is to be observed that sub section (5) in conclusion reaffirms the supreme authority of the Secretary of State in Council over the civil service. These considerations have irresistibly led their Lordships

to the conclusion that no such right of action as is contended for by the appellant exists They regard the terms of the section as containing a statutory and solemn assurance that the tenure of office, though at pleasure, will not be subject to capricious or arbitrary action, but will be regulated by rule."

19. Contrasting the provisions of section 96B of 1919 with the provisions of Section 240 of 1935, their Lordships have no difficulty in holding-in agreement with both the High Court and the Federal Court - that the provision as to a reasonable opportunity of showing cause against the action proposed is now put on the same footing as the provision now in sub section (2) of Section 240 which was the subject of decision in 64 IA 401 and that it is no longer resting on rules alterable from time to time, but is mandatory, and necessarily qualifies the right of the Crown recognized in sub section (1) of Section 240 of 1935. The provisions of section 96B (1), now reproduced as sub section (2) of Section 240 of 1935, and of sub - Sections (2) and (3) of Section 240 are prohibitory in form, which is inconsistent with their being merely permissive.

20. The third question seeks the proper construction of the phrase "A reasonable opportunity of showing cause against the action proposed to be taken in regard to him." It might be stated more narrowly as the meaning of "the action proposed to be taken." In their judgment, the High Court said:

"The plaintiff's contention is that this opportunity should have been afforded to him after the finding of the enquiring officer had been considered and the punishment decided upon. With this contention we are unable to agree. Eight charges were served on the plaintiff and at the end he was asked to show cause why he should not be dismissed, removed or reduced or subjected to such other disciplinary action as the competent authority may think fit to enforce for breach of Government Rules and conduct unbecoming to the Indian Civil Service. He was aware from the very start of the enquiry against him that removal from service was one of the various actions that could have been taken against him in the event of some or all the charges being established, and in this sense he was showing cause during the course of the enquiry against the action proposed. The plaintiff's contention that there should be two enquiries the first to establish that he had been guilty and the second to determine what should be the appropriate punishment, and that in each stage he should have reasonable and independent opportunities to defend and show cause does not appear to be correct or intended by the Legislature."

In the Federal Court Varadachariar J. agreed with the conclusion of the High Court on

this question, but the majority of the Court held a contrary view, which is expressed by the learned Chief Justice as follows:

"It does however seem to us that the sub - section requires that as and when an authority is definitely proposing to dismiss or reduce in rank a member of the civil service he shall be so told and he shall be given an opportunity of putting his case against the proposed action and as that opportunity has to be a reasonable opportunity, it seems to us that the section requires not only notification of the action proposed but of the grounds on which the authority is proposing that the action should be taken and that the person concerned must then be given a reasonable time to make his representations against the proposed action and the grounds on which it is proposed to be taken. It is suggested that in some cases it will be sufficient to indicate the charges, the evidence on which those charges are put forward and to make it clear that unless the person can on that information show good cause against being dismissed or reduced if all or any of the charges are proved, dismissal or reduction in rank will follow. This may indeed be sufficient in some cases. In our judgment each case will have to turn on its own facts, but the real point of the sub - section is in our judgment that the person who is to be dismissed or reduced must know that that punishment is proposed as the punishment for certain acts or omissions on his part and must be told the grounds on which it is proposed to take such action and must be given a reasonable opportunity of showing cause why such punishment should not be imposed."

21. Their Lordships agree with the view taken by the majority of the Federal Court. In their opinion, sub section (3) of Section 240 was not intended to be, and was not, a reproduction of Rule 55 which was left unaffected as an administrative rule. Rule 55 is concerned that the civil servant shall be informed "of the grounds on which it is proposed to take action," and to afford him an adequate opportunity of defending himself against charges which have to be reduced to writing; this is in marked contrast to the statutory provision of "a reasonable opportunity of showing cause against the action proposed to be taken in regard to him." In the opinion of their Lordships, no action is proposed within the meaning of the sub - section until a definite conclusion has been come to on the charges, and the actual punishment to follow is provisionally determined on. Prior to that stage, the charges are unproved and the suggested punishments, are merely hypothetical. It is on that stage being reached that the statute gives the civil servant the opportunity for which sub section (3) makes provision. Their Lordships would only add that they see no difficulty in the statutory opportunity

being reasonably afforded at more than one stage. If the civil servant has been through an enquiry under Rule 65, it would not be reasonable that he should ask for a repetition of that stage, if duly carried out, but that would not exhaust his statutory right, and he would still be entitled to represent against the punishment proposed as the result of the findings of the enquiry.

22. On this view of the proper construction of sub section (3) of Section 240 it is not disputed that the respondent has not been given the opportunity to which he is entitled there under, and the purported removal of the respondent on 10th August 1940, did not conform to the mandatory requirements of sub section (3) of Section 240 and was void and inoperative. It therefore becomes unnecessary to consider the respondent's challenge of the proceedings under Rule 55, and the questions of fact relative thereto.

23. The Federal Court altered the finding of the High Court, and made a declaration "that the plaintiff Mr. I. M. Lall was wrongly dismissed from the Indian Civil Service on 4th June 1940, and has further ordered that the High Court aforesaid do take such action in regard to any application duly made by or on behalf of Mr. I. M. Lall for leave to amend to claim damages as to the High Court shall seem right;" and they remitted the case to the High Court. In the opinion of their Lordships, the declaration should be varied so as to declare that the purported dismissal of the respondent on 10th August 1940, was void and inoperative, and that the respondent remained a member of the Indian Civil Service at the date of the institution of the present suit on 20th July 1942. Any further action by the Crown that may have occurred since the raising of the action is not covered by the present suit.

24. The appellant appealed against the order of remit to the High Court for the assessment of damages, and the order of remit by the Federal Court was not maintained by the respondent before this Board, but, on the other hand, he maintained that he was entitled to recover by this action his arrears of pay from the date of the purported order of dismissal up to the date of action. It is unnecessary to cite authority to establish that no action in tort can lie against the Crown and therefore any right of action must either be based on contract or conferred by statute. It is sufficient to refer to the judgment of Lord Blackburn in the Scottish case in 1926 SC 842,3 in which the learned Judge, after reviewing the various authorities, states:

"These authorities deal only with the power of the Crown to dismiss a public servant, but they appear to me to establish conclusively certain important points. The first is that the terms of service of a public servant are subject to certain

qualifications dictated by public policy, no matter to what service the servant may belong, whether it be naval, military or civil, and no matter what position he holds in the service, whether exalted or humble. It is enough that the servant is a public servant, and that public policy, no matter on what ground it is based, demands the qualification. The next is that these qualifications are to be implied in the engagement of a public servant, no matter whether they have been referred to in the engagement or not. If these conclusions are justified by the authorities to which I have referred, then it would seem to follow that the rule based on public policy which has been enforced against military servants of the Crown, and which prevents such servants suing the Crown for their pay on the assumption that their only claim is on the bounty of the Crown and not for a contractual debt, must equally apply to every public servant: see (1920) 3 KB 663, 4 25 Rule 1125 and other cases there referred to. It also follows that this qualification must be read, as an implied condition into every contract between the Crown and a public servant, with the effect that, in terms of their contract, they have no right to their remuneration which can be enforced in a Civil Court of Justice, and that their only remedy under their contract lies in an appeal of an official or political kind."

Their Lordships are of opinion that this is a correct statement of the law. In the present case there is no obligation as to pay in the respondent's covenant, as already mentioned. The respondent sought to establish a statutory right to recover arrears of pay by action in the civil Court; he made reference to certain sections of the Government of India Act, 1935, viz., Sections 179 (9), 247 (4), 249 and 250, but it is enough to state that their Lordships are unable to derive from them any statutory right to recover arrears of pay by action. He also referred to Section 32, Government of India Act of 1919, which, by sub section (2), provides the same remedies against the Secretary of State in Council as might have been had against the East India Company if the Government of India Act, 1858, and the Act of 1919 has not been passed, but it has been settled ever since (1838) 5 Bing NC 262, that pay could not be recovered by action against the Company, but only by petition, memorial or remonstrance. It follows that the respondent fails in his claim to arrears of pay.

25. Their Lordships will humbly advise His Majesty that the judgment and order appealed from should be varied by substituting, in place of the declaration made therein, a declaration that the order of 10th August 1940, purporting to dismiss the respondent from the Indian Civil Service was void and inoperative, and that the respondent remained a member of the Indian Civil Service at the date of the institution

of the present action on 20th July 1942; that the order for a remit to the High Court should be set aside, and that otherwise the judgment and order should be affirmed. As prescribed by the Order in Council granting special leave, the costs of the respondent will be paid by the appellant as between solicitor and client. Their Lordships are not disposed to accede to the application made by the respondent during the hearing, at which he was represented by counsel, to be allowed the costs of his coming over to this country from India.

Judgment and order varied.