Workers Employed In Hirakud Dam

Vs

State of Orissa and Another

Civil Appeal No. 1492 of 1968

(V. Bhargava, J. M. Shelat, C. A. Vaidialingam JJ)

02.02.1971

JUDGMENT

VAIDIALINGAM, J. -

1. In this appeal by Special Leave the short question that arises for consideration is whether the State has got power to terminate the services of any member of the work-charged establishment under Paragraph 11 of the Central Public Works Department Code (hereinafter to be referred as the Code), on giving one month's notice or a month's pay in lieu of notice.

2. The circumstances leading up to this appeal may be stated : A decision was taken to construct three dams right across the Mahanadi river, one at Hirakud, the Second at Tikerpara and the third at Naraj as a multipurpose measure for preventing flood ravage in the Delta area, generating electricity and providing irrigation. The construction of Hirakud Dam was entrusted by the State of Orissa to the Central Waterways, Irrigation and Navigation Commission as their agent. For the purpose of the construction Hirkud Dam, the C.W.I.N. Commission employed a large number of persons in the work-charged establishment on scales of remuneration at the rate paid by the Central Public Work Department and the service conditions of the persons so employed were governed by the provisions contained in the Code.

3. After completion of the first stage of the Hirakud Dam Project, the State of Orissa decided to take over the said project from their agent the C.W.I.N. Commission with effect from April 1, 1960. The State further decided to proceed with the construction of second stage of the project through its own Public Works Department. An option was given by the State to the employees in the work-charged establishment to decide whether they would continue to work under the State on the same pay and allowances and subject to other conditions of service provided in the Code for the said work charged establishment. The employees agreed to work under the State of Orissa and accordingly the employees were allowed to continue under the State Government.

4. The State, however, later on found that the pay, allowances and conditions of service between the work-charged personnel of the Hirakud Dam Project who had been allowed to be continued and the work-charged personnel in the establishment of the State Public Works Department showed a marked difference giving rise to various complications. The Hirakud Control Board recommended to the State Government to terminate the services of the work-charged personnel of the Hirakud Dam by giving one month's notice with effect from March 31, 1963. Accordingly the State Government terminated the services of the said personnel with effect from March 31, 1963, by giving one month's notice; but the State also made it clear that such of those who elected to be re-employed on the scales of pay and conditions of service of the State Public Works Department

would be so re-employed. On the issue of the notice by the State, 1,200 out of 2,300 personnel who had continued from before in the work-charged establishment left their services and the remaining 1,100 agreed to be re-employed on scales of pay and conditions of service of the State Public Works Department. The employees were paid an amount equal to what they would have received by way of retrenchment compensation or by way of wages in lieu of notice.

5. Subsequently the personnel of the work-charged establishment raised a dispute contesting the termination of their services by the State. As conciliation failed, the government by its order, dated February 13, 1964, referred the dispute to the Industrial Tribunal, Orissa for adjudication. The points referred for adjudication were -

> 1. Whether the retrenchment of workmen by the authorities of Hirakud Dam Project effected in pursuance of the decision taken by the Control Board, Hirakud Dam Project on the 19th December, 1962, is valid and legal ? If not, what relief the workmen are entitled ?
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> 2. Whether the workers who are proposed to be retrenched in pursuance of the decision of the Control Board, Hirakud, and are still continuing in employment are entitled to their original conditions of service ?
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> 3. Whether the workmen, who have completed three years of services or more should be confirmed in their respective posts ?

6. The main stand taken by the employees before the industrial Tribunal was that their service conditions being governed by the Code, they are entitled to remain in service till the termination of the work connected with the Projects. The work connected with the Project not having come to an end, the State has no power to terminate their services. On the other hand, the State of Orissa took up the position that it has power under Paragraph 11 of the Code to terminate the services of an employee by giving one month's notice or one month's pay in lieu of notice even before the completion of the work.

7. The Industrial Tribunal recorded broadly the following findings; (1) the action of the State cannot be considered to be by way of retrenchment under the Industrial Disputes Act as this is not a case of discharge of surplus labour, (2) the mere fact that the employees have accepted the notice, pay or compensation does not stop them from challenging the legality of their termination, (3) Paragraph 11 of the Code does not authorise the State to terminate the services of an employee before the work is completed. The said paragraph gives only a limited power to terminate the services of an employee by way of a punitive action taken as a measure of punishment. In this connection the Tribunal has placed considerable reliance on the expression 'dismissed' used in Paragraph 11 of the Code, (4) as the work had not been completed and as the action had not been taken by way of punishment, the order of termination is without jurisdiction, (5) the termination of employment is arbitrary and anti-contractual, (6) the order of termination is invalid and inoperative. The contention raised by the State that the Project was not an industry was also overruled.

8. The Tribunal ultimately held that the action taken by the management of the Hirakud Dam Project in pursuance of the Notice dated February 9, 1963, was invalid and illegal and that the work-charged employees then working in different divisions of the Project and who had been recruited prior to April 1, 1960 and entitled to have their original conditions of service including scales of pay and dearness allowance. The Tribunal further held that the employees are entitled to

continuity of service and that their services cannot be terminated before the completion of work except as a measure of punishment.

9. The State challenged this award before the High Court of Orissa in Writ Petition (O.J.C. No. 58 of 1965), under Articles 226 and 227 of the Constitution. Though the State contended that the Hirakud Dam Project was not an industry and that the Tribunal has acted beyond the scope of reference when it gave certain directions regarding pay and allowances etc., ultimately these contentions we given up. The only contention pressed before the High Court was that the Industrial Tribunal had committed an error of law in construing Paragraph 11 of the Code when it held that the State had no power during the progress of the work to terminate simliciter the services of any of the work-charged employees.

10. The High Court agreed with the contention of the State and held that under Paragraph 11 of the Code, the State Government had power to terminate the Services of an employee even during the progress of the work on giving one month's notice or one month's pay in lieu of notice.

11. Mr. M. K. Ramamurthy, learned counsel for the appellants, contended that the construction placed by the High Court on Paragraph 11 of the Code is incorrect. His contentions ran as follows : The employees in the work-charged establishment were entitled to continue in service till the work for which the have been employed was completed. For serious misconduct the employer has got the power to dismiss such an employee without giving a month's notice or a month's pay in lieu of notice. But if an employee was being dismissed for reasons other than for serious misconduct, the employee is entitled to a month's notice or a month's pay in lieu of notice. There is no power in the employer to terminate simpliciter the service of an employee so long as the work has not been completed. The expression "dismissal" has always been understood and interpreted by the courts as action taken against an employee by way of punishment and that expression cannot be interpreted to include also the termination of the service of an employee otherwise than by way of punishment.

12. Mr. Bhandari, learned counsel for the State, on the other hand, urged that Paragraph 11 is really intended to govern the relationship between the employer and the employees of the work-charged establishment and the expression "dismissal" has not been used in the sense that action should necessarily have been only as and by way of punishment. According to the learned counsel the expression "dismissal" has been used in a loose sense meaning termination of the services of an employee either by way of punishment for misconduct or for any other reason.

13. We are not inclined to accept the contention of Mr. Ramamurthy that the expressing "dismissal" in Paragraph 11 has been used to denote only action taken against a workman as and by way of punishment. No doubt, the expression has not been very happily used in the said paragraph. Paragraph 11 of the Code is as follows :

> "11. Members of the temporary and work-charged establishments, who are engaged locally, are on the footing of monthly servants. If they are engaged for a specific work, their engagement lasts only for the period during which the work lasts. If dismissed, otherwise than the serious misconduct, before the completion of the work for which they were engaged, they are entitled, they are entitled to a month's notice or a month's pay in lieu of notice' but, otherwise, with or without notice, their engagement terminates when the work ends. If they desire to resign their appointments they must give a month's notice of their intention to do so, failing which they will be required to forfeit a month's pay in lieu of such notice. The terms

of engagement should be clearly explained to men employed in the circumstances mentioned above".

The following aspects emerge from Paragraph 11 of the Code -

(i) the members of the temporary and work-charged establishments, are treated to be on the footing of monthly servants;

(ii) it they are engaged for specific work, their services last only for the period during which the work lasts. To put it differently there will be automatic termination of the services of an employee when the specific work for which he was engaged is completed;

(iii) before the completion of a work, a workman can be dismissed for serious misconduct. In such a case no question of giving a month's notice or a month's pay in lieu of notice arises;

(iv) before the completion of the work, the workman can lso be dismissed otherwise than for serious misconduct, in which case the workman will be entitled to a month's notice or a month's pay in lieu of notice;

(v) in other cases the workman's services terminate when he work ends;

(vi) if the workman desires to resign his appointment, he must give on month's notice of his intention to do so, failing which he will be required to forfeit a month's pay in lieu of such notice.

14. That the above are terms of engagement of a workman, is clear from the concluding part of Paragraph 11 to the effect that "the terms of engagement should be clearly explained to men employed in the circumstances mentioned above.

15. The question that arises for consideration is about the connotation of the expression "dismissed" used in Paragraph 11. The contention of Mr. Ramamurthy that the expression "dismissed" has reference only to termination of the services of an employee as and by way of punishment is largely based upon the provisions contained in the Government of India Act. and in Article 311 of the Constitution. Based upon those provisions Mr. Ramamurthy claims that the expression "dismissal" is a technical word used in cases in which a person's services are tormented by way of punishment. Quite naturally he relied upon the Service Rules where the word "dismissal" has been used to denote a major punishment inflicted upon an employee for misconduct. Mr. Ramaurthy, no doubt, is well-founded in his contention that the word "dismissal" used in the Government of India Act as also in the Constitution and the Service Rules has been interpreted to mean termination of a person's service by way of punishment.

16. By Section 45 of the Government of India Act, 1919, read with Part I of the Second Schedule to that Act, several sections including Section 96-B were introduced in the Government of India Act, 1915. Among other things, Section 96-B provided that no person in the Civil Service of the Crown in India may be dismissed by any authority subordinate to that by which he was appointed. Section 96-B for the first time gave statutory recognition and force to the English Common Law rule that the servants of the Crown held their Office during the pleasure of the Crown. It also at the same time imposed one important qualification upon the exercise of the Crown's pleasure, namely, that a

servant might not be dismissed by an authority subordinate to that by which he had been appointed.

17. Section 96-B (1) was reproduced as sub-sections (1) and (2) of Section 240 of the Government of India Act, 1935 and a new section was added to Section 240 as Sub-section (3). Sub-section (2) of Section 240 provided that no person refereed to in sub-section (1) shall be dismissed from the service of His Majesty by any authority subordinate to that by which he was appointed. Sub-section (3) provided that no such person 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.

18. Then came our Constitution on January 26, 1950. Article 311(1) and (2) provided as follows :

> "311. (1) No person who is a member of a civil service of the Union or an All-India Service or a Civil Service of a State or holds a Civil Post under the union or a State shall be dismissed or removed by an authority subordinate to that by which he was appointed.
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> (2) No such person as aforesaid shall be dismissed or removed or reduced in rank except after an inquiry in which he has been informed of the charges against him and given a reasonable opportunity of being heard in respect of those charges and where it is proposed, after such inquiry, to impose on him any such penalty, until be has been given a reasonable opportunity of making representation on the penalty proposed, but only on the basis of the evidence adduced during such inquiry."

19. It will be noted that Article 311 gives a two-fold protection to persons who come within the article, namely, (i) against dismissal or removal by an authority subordinate to that by which they were appointed and (ii) as against dismissal or removal or reduction in rank without giving them a reasonable opportunity of showing cause against the action proposed to be taken in regard to them.

20. Discussing the above provisions in Parshotam Lal Dhingra V. Union of India ((1958) SCR 828.), this Court observed as follows :

> "It follows from the above discussion that both at the date of the commencement of the 1935 Act and of our Constitution the words 'dismissed', 'removed' and 'reduced in rank', as used the service rules, were all understood as signifying or denoting the three major punishments which could be inflicted on Government servants. The protection given by the rules to the Government servants against dismissal, removal or reduction in rank, which could not be enforced by action, was incorporated in sub-sections (1) and (2) of Section 240 to give them a statutory protection by indicating a procedure which had to be followed before the punishments of dismissal, removal or reduction in rank could be imposed on them and which could be enforced in law. These protections have now been incorporated in Article 311 of our Constitution........... Thus under Article 311(1) the punishments of dismissal, or removal cannot be inflicted by an authority subordinate to that by which the servant was appointed and under Article 311(2) the punishments of dismissal, removal and reduction in rank cannot be meted out to the Government servants without giving him a reasonable opportunity to defend himself."

21. If the interpretation placed upon the word "dismissal" in the Government of India Act and the Constitution as well as the service rules is adopted for construing the said word in Paragraph 11 of

the Code, the contention of Mr. Ramamurthy will have to be accepted. But there is a clear indication in Paragraph 11 of the Code that the word "dismissed" has not been used to denote the termination of the services of an employee only as and by way of punishment. Paragraph 11, in our opinion, contains the terms of engagement of the workmen. In view of the very nature of the employment in the work which may either finish quickly or may take a considerably long time for completion. Paragraph 11 has been incorporated to govern the relationship between the Central Public Works Department and a workman. In this case there is no controversy that even after the State took over the construction of the Project, relationship between the State and the employees in governed by Paragraph 11. Having made provisions for the automatic termination of the services of an employee, when the work comes to an end, it is but natural that provisions would be made to termination the services of an employee even when the work has not been completed. In this connection it should be noted that if the employee wants to give up the job, he has to give a month's notice, failing which he forfeits a month's pay in lieu of such notice. Having provided for the voluntary resignation by an employee eve when the work has not been completed, it will be odd to hold that a similar right has not been given to an employer to terminate the services of a workman, even though the work has not finished. It is quite understandable that provisions should be made for dismissing an employee even before the completion of the work, for serious misconduct. In such a case, it is admitted by the learned counsel for the appellants, that the question of giving a month's notice or a month's pay in lieu of notice does not arise. In that contingency, it is easy to hold that the termination of there services of an employee is dismissal as and by ways of punishment. Paragraph 11 further provides that if an employee is dismissed before the completion of the work otherwise than for serious misconduct, he will be entitled to a month's notice or a month's pay in lieu of notice. According to Mr. Ramamurthy, there is nothing incongruous in holding that when a workman is dismissed for a minor misconduct he will be entitled to a Month's notice or a month's pay in lieu of notice. In our opinion, it will be incongruous to hold that when a person is dismissed though not for a serious misconduct but even for a minor misconduct, the workman will be entitled to a month's notice or a month's pay in lieu of notice, if otherwise there can be a dismissal for a minor misconduct as and by way of punishment. So far as we could see no decision has laid down that even in case of dismissal a workman will be entitled to a month's notice or a month's pay. If it is a dismissal by way of punishment, so question of a month's notice or a month's pay in lieu of notice ever arises. The fact that Paragraph 11 provides for giving a month's notice or a month's pay when a workman is dismissed otherwise than for serious misconduct indicates that the work "dismissed" has not been used in the sense of termination of service by way of punishment alone but it covers also other cases of termination of the services of an employee even before the completion of the work. Interpreted in this manner, the position will be that the services of can employee can be terminated as punishment for serious misconduct and the services of an employee can be terminated also for other reasons. If the services are terminated for other reasons, Paragraph 11 provides for giving a month's notice or a month's pay in lieu of notice.

22. From the above reasoning it is clear that the word "dismissed" has been used loosely to denote both termination of service for misconduct by way of punishment and also termination of service simpliciter.

23. It must also be noted that the Code has been framed in 1929 long before the Government of India Act, 1935, came into force. In Burrows "Words and phrases" the word "dismissal" has been stated to be a word of very ambiguous meaning and that it is merely a convenient expression for the termination of an employment whatever its nature may be. The word "dismissed" according to its dictionary meaning is "to send away, to discard, to remove from office or employment........" The dictionary meaning makes it clear that in substance the word means "termination of service".

24. In Dr. Bool Chand v. The Chancellor, Kurukshetra University ((1968) 1 SCR 434.), the import of the expression "dismissed" came up for consideration before this Court. The appellant in that case, who was Professor and Head of the Department of Political Science in the Punjab University was appointed on June 18, 1965, as the Vice-Chancellor of the Kurukshetra University. On March 31, 1966, the Chancellor of the University suspended the appellant from the office of Vice-Chancellor and by another order the appellant was required to show cause why his services as Vice-Chancellor be not terminated. The appellant after submitting his representation, fled a writ petition in the Punjab High Court for quashing the order, dated March 31, 1966. On May 8, 1966, the Chancellor of the University, in exercise of the power under sub-clause (vi) of Clause 4 of Schedule I to the Kurukshetra University Act, 1956, read with Section 14 of the Punjab General Clauses Act, 1898, passed an order terminating the services of the appellant as Vice Chancellor with immediate effect. The writ petition was suitable amended challenging this order terminating the appellant's services as Vice-Chancellor. The relevant sub-clause (vi) of Clause 4 of Schedule I of the Kurukshetra University Act provided that the Vice-Chancellor will hold the office ordinarily for a period of three years.

25. One of the contentions raise before this Court was that the Chancellor of the University had no power to terminate the services of a Vice-Chancellor before the expiry of the period for which he was appointed and that Section 14 of the Punjab General Clauses Act, 1898, while providing for dismissal did not empower the appointing authority to terminate the services of an officer. While holding that there was no express provision in the Kurukshetra University Act or the statutes thereunder dealing with the termination of the tenure of office of the Vice-Chancellor, this Court held :

> "But on that account we are unable to accept the plea of the appellant that the tenure of office of a Vice-Chancellor under the Act cannot be determined before the expiry of the period for which he is appointed. A power to appoint ordinarily implies a power to determine the employment."

26. Regarding the further contention that Section 14 of the Punjab General Clauses Act only empowers the appointing authority to dismiss an officer by way of punishment, but not to determine an employment this Court after referring to Section 14 observed as follows :

> "But Section 14 of the General Clauses Act is a general provision : It does not merely deal with the appointment of public servants. It deals with all appointments, and there is no reason to hold, having regard to the context in which the expression occurs, that the authority invested with the power of appointment has the power to determine employment as a penalty, but not otherwise. The expression 'dismiss' does not in its etymological sense necessarily involve any such meaning as is urged by counsel for the appellant. The implication that dismissal of a servant involves determination of employment as a penalty has been a matter of recent development since the Government of India Act, 1935, was enacted. By that Act certain restrictions were imposed upon the power of the authorities to dismiss or remove members of the Civil Service, from employment. There is on warrant however for assuming that in the General Clauses Act, 1898, the expression 'dismiss' which was generally used in connection with the termination of appointments was intended to be used only in the sense of determination of employment as a measure of punishment."

27. From the above extract it is clear that the word "dismissal" has to be understood in the context in

which it occurs and that it denotes the determination of an employment as a penalty is a matter of recent development since the Government of India Act, 1935, was enacted. In the case before us, we have already pointed out that the Code has been framed as early as 1929 and there is no warrant for assuming that the expression "dismissed" has been used in the sense that the word was understood since the Government of India Act, 1935. Further the word "dismissed" occurring in the context in which the said expression occurs in Paragraph 11, as pointed out by us earlier, clearly denotes the termination of the services of an employee for serious misconduct and for other reasons. That expression is not used in the sense only to denote determination of employment as and by way of punishment.

28. Mr. Ramamurthy raised the contention that even if there is a power of termination simpliciter in the employer under Paragraph 11, the High Court should not have interfered with the award of the Industrial Tribunal as the Tribunal has recorded a finding that the State has not acted bona fide. In support of this contention, the learned counsel relied on the reasoning contained in Paragraph 18 of the award. We have gone through the reasoning contained in the said paragraph and we do not find any finding recorded by the Tribunal that the State has not acted bona fide, when it passed an order terminating the services of the employees. On the other hand, what the Tribunal has held in the said paragraph is that the termination of the services of the employees is invalid and illegal as it is not warranted by Paragraph 11 of the Code and hence the order of termination is invalid in law and inoperative. There is absolutely no basis for the contention that these findings are to the effect that the action of the State is not bona fide. Thus the findings recorded by the Tribunal are findings on the basis of the interpretation placed by it on Paragraph 11 that the State has no power to terminate simpliciter the services of a work-charged establishment. Therefore, this contention of Mr. Ramamurthy has to be rejected.

29. To concluded we are in agreement with the High Court in holding that expression "dismissed" in Paragraph 11 of the Code, has been used to take in the termination of the services of the employees mentioned therein both as a measure of punishment for serious misconduct as well as termination simpliciter of the services of an employee in which contingency one month's notice or a month's pay in lieu of notice is obligatory.

30. In the result the appeal is dismissed but in the circumstances without any order as to costs.

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