

V.B. Rao

Vs

Steel Authority of India Limited and another

Civil Appeal Nos. 233 with 234 of 1989

(K. Jagannatha Shetty, Yogeshwar Dayal JJ)

24.04.1991

JUDGMENT

1. The appellant in Civil Appeal No. 233/1989 was an employee of the Steel Authority of India. His service was terminated on 8 February, 1975. He approached the Labour Court which has directed his reinstatement by award dated 15 Jan., 1985. The reinstatement was ordered with full backwages. The management approached the High Court and the High Court has set aside the award by directing payment of compensation in lieu of reinstatement. The High Court has observed that since the management has lost confidence with the appellant the reinstatement cannot be ordered.

2. The appellant has been awarded a sum of Rs. 1,20,000/- by way of compensation. The management being aggrieved by the quantum of compensation has preferred Civil Appeal No. 234/1989 and the employee seeking reinstatement or higher compensation has preferred appeal No. 233/1989. Both the appeals shall stand disposed of by his order.

3. We are not inclined to consider the question of reinstatement, firstly, in view of the fact that the employee is going to attain the age of superannuation on 31 May, 1991. Secondly, it is held by the High Court that the management has lost confidence with the employee since he was involved in criminal cases connected with certain misappropriation of funds. The reasons given by the High Court seem to be not irrelevant for not sustaining the award of reinstatement.

4. The question, however, is whether the compensation awarded to the employee is reasonable and just in the circumstances of the case. It is not in dispute that the employee was entitled to full wages from 1975 to 1985, had he been reinstated as per the award, and further he would have worked and drawn salary up to the date of his retirement in 1991. On the basis of the pay scale admissible to him the compensation awarded by the High Court in a sum of Rs. 1,20,000/- would meet his entitlement for the loss of his future service from 1985 till he reaches his age of superannuation. The High Court has not taken into consideration his entitlement to backwages from 1975 to 1985. That right cannot be completely denied to the employee while determining the compensation payable in lieu of reinstatement.

5. Taking into consideration the salary payable to the employee from 1975 to 1985 we consider that a portion of backwages shall also be paid to the employee by way of compensation. We determine that sum at Rs. 1,30,000/-. In all we direct that the management shall pay to the employee a sum of Rupees 2,50,000/- (Rupees two lakhs fifty thousand only) by way of compensation in lieu of reinstatement. It is said that the management has already paid certain sum to the employee at the direction of this Court or the High Court. The management could deduct the sum and pay the balance within two months from today. The appeal is accordingly allowed by modifying the order of

the High Court.

6. The amount payable to the employee may be spread over under S. 89 of the Incometax Act to enable the employee to secure benefit from payment of income-tax.

7. No costs.

Order accordingly.

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