SUPREME COURT OF INDIA

National Insurance Co. Ltd

Vs.

General Insurance Dev. Officers Asson.

C.A.No.2438 of 2008

(Dr. Arijit Pasayat and P.Sathasivam,JJ.)

03.04.2008

JUDGMENT

Dr. Arijit Pasayat, J.

(Arising out of SLP (C) No. 8115 of 2003)

1. Leave granted.

2. These appeals are taken up along with Transfer Case (Civil) Nos.60-64/2004, 73/2004, 42/2005 and 47/2005

3.In all these cases the basic issue is the legality of General Insurance (Rationalization of Pay Scales and Other Conditions of Service of Development Staff) Amendment Scheme, 2003 (in short '2003 Scheme').

4. The present scheme purports to amend the earlier scheme framed under Section 17A of the General Insurance (Business Nationalization) Act, 1972 (in short the 'Act'). The principal scheme was framed in 1976 in exercise of powers under Section 16(1)(g) of the Act. The scheme was amended earlier in the years 1987, 1990 and 1996 and 2000. The principal scheme of 1976 was challenged but the challenge was turned down and legality of the scheme was upheld by this Court. Several writ petitions have been filed by Development Officers questioning legality of the scheme on the ground that there was unilateral change of service conditions of the Development Officers in Class II category. The declaration sought for in the writ petitions was that administrative guidelines dated 5.2.2003 were without power, jurisdiction and legal sanctity. It was pointed out that while changing service conditions of the Development Officers in Class II category the service conditions of other employees in Class I, III and IV were not touched. According to the Development Officers the following stipulations affected them: "Cost Norms: As per 2 (c) in the amendment, the proviso of clause 7 of the original scheme of 1976 as amended in 1990 was omitted.

The proviso inserted as per 1990 amendment is as follows:

"Provided that for the purposes of Para 11, 11A and 13 cost shall mean gross emoluments paid to the development officer during a performance year".The Development Officer Marketing governed by cost norms has to perform within stipulated cost ratio. As per the pre amended scheme he gets the benefit of two tier cost system i.e.

1. For the purpose of increment.

2. For the purpose of incentives.

5. Now by the 2003 amendment single cost system has been introduced whereby the cost system for the purposes has been withdrawn by deleting the proviso to clause 7. The comparison table is as follows:

Development Officer Operating at City/town	Applicable in Increment in As per 2003 Cost ratio	Existing cost ratio	Applicable in relation to incentives As per 2003 cost ratio	Existing cost ratio
A Cities	7%	8%	7%	7%
B Cities/Towns	8%	9%	8%	8%
C Other Centres	10%	11%	10%	10%

Existing scheme was amended in 1996."Cost ratio" is the ratio expressed as percentage of cost incurred on a person of the development staff to the scheduled premium income procured through him during the concerned year.

	SALARY	COSTRATIO	PREMIUM TO BE PROCURED
EXISITING	BASIC, DA, H RA,CCA Rs.2,55,096	8%	Rs.31,88,000 /
REVISED	BASIC, DA,HRA,CCA Rs.2,55,096 Add: Non-Coreallowance Rs. 54,000 Conveyance	7%	Rs.44,15,000 /

	+Entertain- Ment+Phone+TE Rs.3, 09,096		

6. Cost relaxation was done from time to time by amending the scheme. The 2003 amendment brought down the cost ratio by 1% in all centers thereby increasing the cost ratio beyond stipulated limits. This resulted in monetary loss by way of decrement. This would not only lead to reduction in salary but would ultimately result in termination of service.

7. Through the following illustration it is demonstrated that as to how the consequence of the 2003 amendment adversely affects a development officer having a basic pay of Rs.13, 630/-

8. The above illustration shows how a development officer put on constrain to maintain his cost in revised norms he has to procure an additional premium of Rs.12, 27,000/- in this competitive market scenario or other wise he will directly loose the monetary benefits proportionate to his premium income.

9. The core benefits that a Development Officer gets is as indicated in the original scheme in the shape of "gross emoluments" which is an aggregate of basic pay, dearness allowance, hill station allowance, house rent allowance and city compensatory allowance.

10. The Non-Core benefits such as Conveyance, Entertainment, Telephone allowance, Travelling Expenses incurred to procure premium, are exempted from Income Tax as per CBDT Rules. But through the 2003 Amendment the respondents have added the entire non core benefits to the cost ratio. Thereby as per the above illustration the development officer who was procuring a business of Rs.32,00,000/- premium has to now procure a business of Rs.43,36,000/- to maintain the cost ratio and to make himself eligible for an increment.

11. Deletion of ASPI Provision. As per the original scheme of 1976 para 12 indicates that a development officer shall have to procure a minimum premium income out of all or any of the following types of business namely:

> "1. All risk insurance,
>
> 2. Baggage insurance,
>
> 3. Cash-in-transit insurance,
>
> 4. Cattle insurance,
>
> 5. Insurance of pump sets and lifts,
>
> 6. Machinery breakdown insurance,
>
> 7. Pedal cycle insurance,
>
> 8. Personal accident insurance for individuals including the janata personal accident policies,
>
> 9. shop keepers or house holders comprehensive insurance,
>
> 10. Any other class of insurance notified by the Central Government from time to time in this behalf. This has been omitted by 2003 Amendment.
>
> The premium earned in this category is called Adjusted schedule premium income. If a development officer procures premium on this count the same is credited to his account with double benefit. Such a premium earned by a development officer gives him the benefit of adjusted premium income that is ASPI as the specified business prescribed by the company from time to time. If premium is not procured under this category the schedule premium income earned shall be notionally reduced by an amount equal to the short fall and such reduction shall not be deemed as penalty. Withdrawal of para 12 through the 2003 amendment pushes the development officer into an extreme difficulty in achieving the premium targets and fulfilling the cost norms. This not only results in monetary loss in the form of non core allowance but also leads to decrements thereby adversely affecting the service conditions."

12. Change in incentive Scheme Through paras 14, 14A and 15 a Development Officer would get Cost based Growth Incentive and Profit Incentive. The growth incentive and cost saving profit incentive is based on the performance of the development officer. The margin in cost ratio as provided in the amended scheme 1987 are withdrawn and replaced by one single incentive scheme which is totally based on the profitability as per the 2003 amendment. This incentive is directly related to the claims arising due to accidents, and natural calamities which are beyond the control of a development officer. This is arbitrary as in any industry it is universally accepted that the incentives to the marketing staff shall be linked to their sales performance.

13. No career prospects: The 2003 amendment gives a development officer an option to take a voluntary retirement or in the alternative to opt to be in the administration. But the scheme is silent in regard to career prospects of a development officer who opts to work in the administration. Without specifying as to what would be the promotional avenues for a person opting for working in administration. Such an option would be meaningless and the amended scheme would arbitrarily push the development officer out of the company.

14. Transfer: A Development Officer who works in a particular area invests his time and energy to familiarize himself with the market conditions and thereafter starts procuring business for the Company. Now by the 2003 amendment the respondent has brought in transfer policy where a Development Officer can be transferred to totally a new place even to a different State also. This would not only make the life of a Development Officer difficult but he would not be in a position to procure business for a company immediately. This action of the respondent virtually amounts to killing of the insurance business. It has been pointed out that because of the introduction of the scheme not only the Development Officers suffered financial loss but there shall be great deal of inconvenience caused because of the transfer modes. A Development Officer because of his personal efforts nourishes the locality and with his personal touch attracts more persons for being covered by insurance coverage. It is also submitted that though there is provision for being transferred to administrative posts, it is not clear as to what are the promotional prospects.

15. In response, learned counsel for the respondents submitted that Section 17A provides for framing, amending, adding to and altering schemes governing the conditions of service of the various classes of employees in various Public Sector General Insurance Companies. Section 17A(4) provides a copy of every such scheme is required to be laid before each House of Parliament. Section 17A(6) provides that every such scheme shall have effect notwithstanding any other law, award, instruments etc. The Central Government has power under Section 17A(2) to amend a scheme under Section 16(1)(g). The impugned amendment scheme was made taking into consideration the recommendations made by Malhotra Committee in its report which is known as "Malhotra Committee Report on Reforms in the Insurance Sector".

16. It is the stand of the respondents that as a matter of fact the report was foundation for introduction of the Insurance Regulatory and Development Authority Act, 1999 (in short

'IRDA Act'). On the basis of the recommendations amendments were made to the Act, Life Insurance (Business Nationalization) Act, 1956 and the Insurance Act, 1938 (in short the 'Insurance Act'). The Malhotra Committee examined the state of the insurance industry and gave specific suggestions regarding the working of Development Officers and other reforms inter-alia necessary for the growth of the insurance industry.

17. It is pointed out by learned counsel for the respondents that it is not correct to say that in every case in routine manner transfers will be affected. The cost ratio, it is pointed out, is the same as was in 1976. It is stated that normally a Development Officer who functions within the cost ratio will not be transferred. Presently, the practice is to transfer within 150 kms. It is also stated that promotional norms for Class I, III and IV category officers have been finalized. In case of Class II officers because of order of status quo passed by some High Courts the same is at the draft stage and the same shall be finalized after disposal of these cases. It is also pointed out that there is scope for wage revision on a five year basis. The periods to which these cases relate are Ist August, 2002 and Ist August, 2007. The revision has not been effected because of status quo order passed by this Court and various High Courts which are the subject matter of challenge in the Special Leave Petitions where leave has been granted.

18. It is true as contended by learned counsel for the writ petitioners that a personal factor has a role to play notwithstanding the overall importance of the entity. With opening of economy there is a remarkable change in the various sectors including the insurance sector. Since modifications appear to have been done for the purpose of rationalization, there is no scope for interference because essentially a policy decision is immune from judicial review unless it is founded on no rational basis or material to justify the change in policy.

19. It is to be noted that initially the Central Government had amended the scheme under Section 16(1)(g) which was struck down by a three-Judge Bench of this Court in *Ajoy Kumar Banerjee and Ors. v. Union of India and Ors*[1]. Thereafter the Act was amended in the year 1985 w.e.f. the appointed day under the Act i.e. 1.1.1973. By virtue of this amendment a new Section 17A was introduced in the Act and the Central Government was empowered to amend the scheme under Section 16(1)(g) and the authority was upheld in *Kishan Prakash Sharma and Ors. v. Union of India and Ors*[2]. It was inter-alia observed in the said case as follows:

> "2. The Preamble to the Act explains the purpose of the Act as to provide for the acquisition and transfer of shares in the Indian insurance companies and undertakings of other insurers in order to serve better the needs of the economy in securing development of general insurance business in the best interest of the community and to ensure that the operation of the economic system does not result in concentration of wealth to the common detriment for the regulation and control of such business and for matters connected therewith or incidental thereto. Section 2 declared that it was for giving effect to the policy of the State towards securing the principles specified in Article 39(c) of the Constitution and under Section 3(a) "acquiring company" has been defined as any Indian insurance company and where a scheme had been framed

involving the merger of one or more insurance companies in another or amalgamation of two or more such companies means the Indian insurance company in which any other company has been merged or the company which has been framed as a result of amalgamation. Section 4 provides that on the appointed day all the shares in the capital of every Indian insurance company shall be transferred to and vested in the Central Government free of all trusts, liabilities and encumbrances affecting these. Section 5 provides for transfer of the undertakings of other existing insurers. Section 6 provides for the effect of transfer of undertakings. Section 8 provides for provident fund, superannuation, welfare or any other fund existing. Section 9 stipulates that the Central Government shall form a government company in accordance with the provisions of the Companies Act to be known as "General Insurance Corporation of India" for the purpose of superintending, controlling and carrying on the business of general insurance. Section 10 stipulates that all shares in the capital of every Indian insurance company which shall stand transferred to and vested in the Central Government by virtue of Section 4 shall immediately on such vesting, stand transferred to and vested in the Corporation. Chapter 4 deals with the amounts to be paid for acquisition. Chapter 5 of the Act deals with the scheme for reorganisation of general insurance business. Sections 16 and 17 are important, to which we will advert to later and by amendment of the Act by an Ordinance issued in 1984 and subsequently replaced by an Act in 1985, the said provisions have been amended and a fresh provision was introduced as Section 17-A to which we will advert later in detail. After the Act came into force, several schemes have been framed by the Board of Directors and two Schemes, one dated 30-7-1977 amending the provisions regarding sick leave and another Scheme pertaining to the payments to be made to the provident fund were challenged before this Court in the case of Ajoy Kumar Banerjee v. Union of India. The main ground of attack in that writ petition is that the amended notification altering the conditions of service is illegal as the Central Government has no power to issue it under Section 16 of the Act and as such the notification framing the scheme is ultra vires Section 16(1) of the Act. It was contended that once the merger of the Indian companies had taken place and the process of reorganisation was complete on 1-1-1974 as stated before by forming the 4 insurance companies by 4 Schemes framed in 1973, there could be no further reorganisation of the general insurance business and the merger of more insurance companies inasmuch as in the amended Scheme there was no merger or reorganisation contemplated unlike the 1974 Scheme. Mere amendment of the terms and conditions of service of the employees unconnected with or not necessitated by reorganisation of the business or merger or amalgamation of the companies could not fall within Section 16(1)(g) of the Act. It was also noticed by this Court that under the Life Insurance Corporation Act and the Banking Companies Act provisions have been made to frame regulations independently of the reorganisation and there is no such comparable power under the Act and, therefore, the Schemes impugned herein are made without authority of the law. This contention found favour with this Court. On interpretation of the provisions it was held that the power under Section 16(1)(g) to frame scheme for rationalising the provisions regarding pay scales and other terms and conditions of service of officers and other employees wherever necessary if unrelated to the object envisaged

in sub-section (2) of Section 16 of the Act will not fall within the scope of exercise of powers and it would fall outside the same if the power exercised is beyond delegation and in view of the fact that the Scheme of 1980 so far as it does not relate to the amalgamation or merger of the insurance company is not warranted by Section 16(1) of the Act. Ultimately, this Court held that the Amended Scheme of 1980 was bad as beyond the scope of the authority of the Central Government under the Act. Further it was also made clear that the parties will be at liberty to adjust their rights as if the Scheme had not been framed and it was further made clear that this order will not prevent the Government, if so advised, to frame any appropriate legislation or make any appropriate amendment giving power to the Central Government to frame any scheme as it considers fit and proper.

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6. At this stage, we may notice the following amendments effected to the Act:

“(a) In the definition clause in Section 3(o), the expression "scheme" was altered to mean not only one framed under Section 16(1) but also "a scheme framed under Section 17-A".

(b) Section 16 of the principal Act was amended by introducing an additional sub-section (8) after sub-section (7) to the effect that the power to frame a scheme under sub-section (1), and the power conferred under sub-section (6) to add to, amend or vary any scheme framed under this section, shall include the power to frame such scheme with retrospective effect from a date not earlier than the appointed day.

(c) Section 17-A is introduced in which a validation clause and some consequential amendments have been added which we reproduce hereunder:

"17-A. (1) The Central Government may, by notification in the Official Gazette, frame one or more schemes for regulating the pay scales and other terms and conditions of service of officers and other employees of the Corporation or of any acquiring company.

(2) A scheme framed under sub-section (1) may add to, amend or vary any scheme framed under Section 16 including any addition, amendment or variation made therein by notification under sub-section (6) of Section 16 with respect to rationalization or revision of pay scales and other terms and conditions of service of officers and other employees of the Corporation or of any acquiring company, to provide for further rationalization or revision of such pay scales and other terms and conditions of service notwithstanding that such further rationalization or revision is unrelated to, or unconnected with, the amalgamation of insurance companies or merger consequent on nationalization of general insurance business.

(3) The Central Government may, by notification, add to, amend or vary any scheme framed under this section.

(4) The power to frame a scheme under sub-section (1), and the power conferred by sub-section (3) to add to, amend or vary any scheme framed under this section, shall include the power to frame such scheme, or, as the case may be, to make such addition, amendment or variation in any scheme framed under this section, with retrospective effect from a date not earlier than the appointed day.

(5) A copy of every scheme, and every amendment thereto, framed under this section shall be laid, as soon as may be after it is made, before each House of Parliament.

(6) The provisions of this section and of any scheme framed under it shall have effect notwithstanding anything to the contrary contained in any other law or any agreement, award or other instrument for the time being in force. (7)(1) Notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority or in any other law, agreement, award or other instrument for the time being in force, every scheme framed or purporting to have been framed with retrospective effect under sub-section (1) of Section 16 of the principal Act and every notification made or purporting to have been made with retrospective effect under sub-section (6) of that section before the commencement of the General Insurance Business (Nationalisation) Amendment Ordinance, 1984 shall be, and shall be deemed always to have been, for all purposes, as valid and effective as if the amendment made in the said Section 16 by Section 3 of this Ordinance had been part of that section and had been in force at all material times.

(2) Notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority or in any other law, agreement, award or other instrument for the time being in force,

(a) every scheme framed, or purporting to have been framed, by the Central Government under sub-section (1) of Section 16 of the principal Act; and

(b) every notification made, or purporting to have been made by the Central Government under sub-section (6) of the said Section 16, before the commencement of the General Insurance Business (Nationalisation) Amendment Ordinance, 1984, insofar as such scheme or notification provides (whether with or without retrospective effect) for any rationalisation or revision of pay scales or other terms and conditions of service of officers and other employees of the Corporation or of any acquiring company, otherwise than in relation to, or in connection with, amalgamation of insurance companies of merger consequent on nationalisation of general insurance business shall be, and shall be deemed always to have been, for all purposes, as valid and effective as if Section 17-A, as inserted in the principal Act by Section 4, of this Ordinance had been part of the principal Act, and had been in force at all material

times and such scheme or notification insofar as it provides as aforesaid had been framed or made, under the said Section 17-A:

Provided that nothing in this section shall apply to, or in relation to, the notification dated the 30th day of September, 1980, framing the General Insurance (Nationalisation and Revision of Pay Scales and Other Conditions of Service of Supervisory, Clerical and Subordinate Staff) Second Amendment Scheme, 1980.Explanation.In this section, the expressions "acquiring company" and "Corporation" shall have the meanings respectively assigned to them in the principal Act."

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10. Prior to 1972, there were about 106 general insurance companies both of Indian and foreign origin. The conditions of service of the employees of the said insurance companies were governed by the respective contracts of service between the companies and the employees. The set-up, working, management and employment of staff by the erstwhile insurance companies showed no uniformity. The erstwhile companies were managed in diverse managerial systems and no uniform pattern of management could be discovered by the Central Government after the nationalization. There was a pronounced disparity between one company and the other at all levels in the matter of remuneration and designations for similar posts. Employees of different companies were holding different designations and were paid differently for the same kind of work at the same station. Some companies gave very high-sounding designations and paid salaries which were not commensurate with the work. So the necessity for rationalization of the entire structure of general insurance business, including designations, pay scales and other conditions of service arose.

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17. The challenge now to the enactment is that this Court having held, the expression "scheme for reorganization of general insurance business" will not include a scheme made after the reorganization is complete; that no further schemes, except in connection with the reorganization of the general insurance business and merger of more insurance companies could be effected and the impugned Scheme did not involve any such merger; that therefore, this Scheme is ultra vires the Act; that the provision enabling the Central Government to frame the Scheme is bad and the provision which gives retrospectively to the said enactment is equally bad as there are no guidelines in Section 17-A. Though there can be no limitation regarding providing better terms and conditions of service the same cannot be modified to the detriment of the workmen. The power that has been conferred upon the Central Government to frame the Scheme without guidelines is bad and the guidelines have to be read into the provisions in such a manner that the benefit which is already given to the workmen should not be taken away and there should be enough scope for collective

bargaining particularly in the absence of consultation and when there is no limitation on upward revision, the conferment of the power upon the authority concerned is bad.

18. So far as the delegated legislation is concerned, the case-law will throw light as to the manner in which the same has to be understood and in each given case we have to understand the scope of the provisions and no uniform rule could be laid down. The legislatures in India have been held to possess wide power of legislation subject, however, to certain limitations such as the legislature cannot delegate essential legislative functions which consist in the determination or choosing of the legislative policy and of formally enacting that policy into a binding rule of conduct. The legislature cannot delegate uncanalised and uncontrolled power. The legislature must set the limits of the power delegated by declaring the policy of the law and by laying down standards for guidance of those on whom the power to execute the law is conferred. Thus the delegation is valid only when the legislative policy and guidelines to implement it are adequately laid down and the delegate is only empowered to carry out the policy within the guidelines laid down by the legislature. The legislature may, after laying down the legislative policy, confer discretion on an administrative agency as to the execution of the policy and leave it to the agency to work out the details within the framework of the policy. When the Constitution entrusts the duty of law-making to Parliament and the legislatures of States, it impliedly prohibits them to throw away that responsibility on the shoulders of some other authority. An area of compromise is struck that Parliament cannot work in detail the various requirements of giving effect to the enactment and, therefore, that area will be left to be filled in by the delegatee. Thus, the question is whether any particular legislation suffers from excessive delegation and in ascertaining the same, the scheme, the provisions of the statute including its preamble, and the facts and circumstances in the background of which the statute is enacted, the history of the legislation, the complexity of the problems which a modern State has to face, will have to be taken note of and if, on a liberal construction given to a statute, a legislative policy and guidelines for its execution are brought out, the statute, even if skeletal, will be upheld to be valid but this rule of liberal construction should not be carried by the court to the extent of always trying to discover a dormant or latent legislative policy to sustain an arbitrary power conferred on the executive. These very tests were adopted in Ajoy Kumar Banerjee case also to examine whether there is excessive delegation in framing schemes and reading the preamble, the scheme and the other provisions of the enactment taking note of the general economic situation in the country, the authorities concerned had to frame appropriate schemes. Therefore, it is not open to the petitioners to contend that there is excessive delegation in relation to the enactment to frame schemes.

19. In Ajoy Kumar Banerjee case this Court after holding that there is no excessive delegation observed that the Scheme framed was ultra vires the enactment for the Scheme could only be framed once. Now the argument is that once a scheme is framed no further scheme should be allowed to be framed. If the legislature recognizes the fact the rationalization resulting from the merger of several companies

are not yet over and on that basis enacts a law to enable the Government to frame appropriate schemes, we do not think that such step by the legislature is arbitrary or irrational as to be violative of Article 14 of the Constitution. In Ajoy Kumar Banerjee case this Court pointed out that though there is power in the Government to revise the pay scales, it cannot exercise the power more than once at the time of merging different companies for the purpose of rationalization and this power could have been exercised no further. But now the enactment itself specifically provides that every scheme framed or purporting to have been framed by the Central Government under Section 16(1) of the principal Act and every notification made or purporting to have been made thereunder insofar as such scheme or notification provides for rationalization or revision of pay scales or other terms and conditions of the officers and other employees of the Corporation are deemed always to have been for all purposes as valid and effective as made under Section 17-A of the Act. The retrospective effect given to the scheme is only to overcome the difficulty pointed out by this Court in Ajoy Kumar Banerjee case. That lacuna having been overcome, it is not open to the petitioners to contend that retrospective effect given is violative of Articles 14, 19 and 21 of the Constitution. Validation of invalid rule by amending the main enactment under which it is made is a well-known legislative device approved by this Court.

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24. The Central Government, in exercise of the powers conferred under Section 16(1)(g) of the Act, framed three Schemes for three different categories of employees relating to (i) supervisory, clerical and subordinate staff; (ii) officers; and (iii) development staff. The Schemes also provided, inter alia, various provisions like fixation of pay on promotion, increments, provident fund and gratuity, etc. When the process of categorisation and rationalisation was in progress, it was noticed that as per the 1974 Scheme, contribution to the provident fund was @ 8 per cent of the basic salary and dearness allowance with an equal contribution of GIC or any of its subsidiaries. However, LIC and nationalised banks were giving provident fund at different rates. So as to keep parity with other similar organisations, the Scheme was corrected by an amending notification issued on 1-6-1976 and it was provided that the provident fund shall be contributed by every employee at the rate of 10% of the basic pay plus personal pay and special pay, if any, in place of 8% of the basic salary and dearness allowance.

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26. The stand of the respondents is that amendments were made while the process of rationalisation of pay scales and other service conditions were still in progress and the process had not been finally completed to achieve uniformity and inter se rationalisation in terms and conditions of service of different categories of employees of merged companies. In 1977 various labour unions presented a charter of demands in relation to revision of pay scales and service conditions. The Scheme of 1974

contained a provision to the effect that the provisions of the Scheme relating to scales of pay, dearness allowance etc. will continue to be in force till the Government modified the same. After considering the demands of the unions and the view of the management, the Government formulated guidelines and requested the management to hold consultations and discussions with the unions so that final views of the unions may be known and may be taken into account by the Government before modifying the pay scales, etc. But this course will not indicate that there was an obligation cast on the Government to formally negotiate with the unions. However, in keeping with the democratic tradition and to maintain harmonious industrial relations the management had several rounds of discussions with the four major registered unions. The procedure of consultations and discussions was adopted in order to narrow down the differences to the minimum and to ensure that the viewpoint of the employees was kept in mind before any scheme was finalised by the Government."

20. It was further clarified that if the scheme is prima facie discriminated it is open to challenge.

21. In para 28 it was held that there was no need for any consultation with the employees. When the changes introduced by the scheme are considered in the background of the position in law and the decision of this Court by a Constitution Bench in Prakash Sharma's case (supra) there is no scope for interference in these appeals. However, it would be in the interests of the officers and the insurance companies if the Development Officers who work within the cost ratio are not transferred unless the transfer is required to be done in public interest. So far as the promotional prospects and the wage revision are concerned, a draft policy stated to have been formulated for the latter be finalized within a period of three months. The writ petitions filed in different High Courts stand dismissed because of this judgment. Consequentially, the interim orders passed which form the subject matter of challenge in the appeals are vacated subject to the directions given supra.

22. The appeals are allowed. The transfer petitions stand disposed of.

Judgment Referred.

[1]*(1984) 3 SCC 0127*
[2] *(2001) 5 SCC 0212*