
(1973) 03 SC CK 0035

In the Supreme Court Of India

Case No : Civil Appeal No. 698 of 1968

The Management of Tournamulla Estate

APPELLANT

Vs

Workmen

RESPONDENT

Date of Decision : 26-03-1973

Acts Referred:

Payment of Gratuity Act, 1972 — Section 4(6)

Citation : AIR 1973 SC 2344 : (1973) LabIC 1465 : (1973) 2 LLJ 241 : (1973) 2 SCC 502 : (1973) 3 SCR 762

Hon'ble Judges : S.N. Dwivedi, J;C. A. Vaidyalingam, J;A. N. Grover, J

Bench : Full Bench

Advocate : G.B. Pai Bhavnesh kumari and O.C. Mathur, for the Appellant; K.S. Nambiyar, for the Respondent

Final Decision : Allowed

Judgement

A.N. Grover, J.—This is an appeal by special leave from an award of the Labour Court, Quilon (Kerala State)

2. The point before us is simple. The workman concerned was charge-sheeted in respect of riotous and disorderly behavior for having assaulted a tea maker Shri U. M. Abdul Kadar on May 29, 1965, inside the factory. A departmental enquiry was held wherein, it is said, he was given every opportunity to fully participate. He was found guilty of misconduct by the domestic tribunal and was accordingly dismissed. There was a scheme of gratuity in force, which was and is not challenged by the respondent. Clause 4 of that scheme, which is called "Terms of Agreement", provides that if a dispute arises regarding a claim for payment of gratuity of a workman who has been dismissed for misconduct, such a dispute shall be referred to the labour court having jurisdiction, for decision. As a dispute arose with regard to the payment of gratuity, the matter was referred to the Labour court. Before that court, in the statement of case submitted by the Secretary of the Malabar Estate Workers Union, it was stated in Clause (c) as follows :

The worker was not paid gratuity on dismissal, in spite of making a request for the same. There is a gratuity scheme applicable to this estate and as per the terms of the scheme if a dispute arises regarding the payment of gratuity to a dismissed workman, the same is left open to be decided by this Court. The allegations of misconduct leveled against the worker in this case cannot be considered to be one, which by its nature disentitles the worker to claim gratuity. Even if the allegation is true the same does not involve any question of moral turpitude or cause any financial loss to the company. Any allegations of misconduct do not impose (sic) disentitle the workmen for gratuity. Hence in this particular case it is submitted that the worker is entitled for gratuity as claimed. The worker has put in 18 years of service and as such he is entitled to get at the rate of 15 days wages based on last draw wage rate for every completed years of service.

In reply, which was filed by the management, the facts which have been set out above and the circumstances in which the dismissal was directed, were fully given. Before the Labour court, there seems to have been no dispute whatsoever that the dismissal of the respondent workman was on account of misconduct consisting of behaving in a riotous and disorderly manner and having assaulted a tea maker (supervisor). The Labour court, However, referred to the judgment of this Court in *State of Punjab Vs. Suraj Parkash Kapur etc.*, in which the general argument was not accepted that in all cases where services of an employee are terminated for misconduct, gratuity should not be paid to him. However, this Court has had occasion to consider in detail the various circumstances in which gratuity would be liable to forfeiture for misconduct of a particular nature. It was laid down in *Delhi Cloth and General Mills Co., Ltd. Vs. Workmen and Others etc.*, that the object of Having a gratuity scheme is to provide a retiring benefit to workmen who have rendered long and unblemished service to the employer and thereby contributed to the prosperity of the employer, and it is, therefore, not correct to say that no misconduct however grave, may not be visited with forfeiture of gratuity. Misconduct could be of three kinds, (1) technical misconduct which leaves no trail of indiscipline, (2) misconduct resulting in damage to the employer's property which might be compensated by forfeiture of gratuity or part thereof, and (3) serious misconduct such as acts of violence against the management or other employees or riotous or disorderly behavior in or near the place of employment, which, though not directly causing damage, is conducive to grave indiscipline. The first should involve no forfeiture, the second may involve forfeiture of the amount equal to the loss directly suffered by the employer in consequence of the misconduct and the third will entail forfeiture of gratuity due to the workman. In other words, according to this decision, if a workman is guilty of a serious misconduct of the third category, then, his gratuity can be forfeited in its entirety.

3. In yet another case in *Remington Rand of India Ltd. Vs. The Workmen*, one of the questions was whether a provision can be made in a gratuity scheme that if the misconduct is a gross one, involving violence, riotous behavior, etc., the

qualifying period should be limited to fifteen years of continuous service. The earlier decision in Delhi Cloth and General Mills Ltd., was discussed and reference was made to it. The Court expressed agreement with the decision in the earlier case that matters which had impact on the discipline and the working of the concern, require a different treatment in the matter of forfeiture of gratuity. It is significant that in Section 4(6)(b) of the Payment of Gratuity Act, it has been provided as follows:

the gratuity payable to an employee shall be wholly forfeited-(i) if the services of such employee have been terminated for his riotous or disorderly conduct or any other act of violence on his part,...

Although the provisions of this statute would not govern the decision of the present case, the importance of the enactment lies in the fact that the principle which was laid down in the Delhi Cloth Mills case with regard to forfeiture of gratuity in the event of commission of gross misconduct of the nature mentioned above, has been incorporated in the statute itself. Even otherwise, such a rule is conducive to industrial harmony and is in consonance with public policy.

4. Learned counsel for the respondents has not been able to show how the rule laid down in the Delhi Cloth Mills case would not be applicable if the concerned workman was guilty of the kind of misconduct mentioned above. His sole contention has been that the Labour court did not apply its mind to the nature and degree of the misconduct committed, and, therefore, the matter should be remitted to that court for a decision in accordance with law. In our opinion, it is not necessary to send the matter to the labour court, because the facts were not in dispute before it.

5. For the reasons given above, the appeal is allowed and the award of the Labour Court is set aside. It is hereby declared that the concerned workman will not be entitled to the gratuity earned by him. The respondents will be entitled to costs in view of the order already made by this Court on February 1, 1968.