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GUJARAT HC ON ENDING FIXED-TERM EMPLOYMENT

A. Introduction:

The Gujarat High Court (“**HC**”) in *Rajendrabhai Chandubhai Gondaliya v. Dy. Engineer and Anr.*¹ case, on 5th July 2021, held that complying with retrenchment compensation payment under the Industrial Disputes Act, 1947 (“**ID Act**”) is not mandatory while separating a fixed-term employee.

B. Brief Facts:

1. Gondaliya was employed as ‘*khalasi*’² with the respondent from 1979.
2. In January 1984, the respondent terminated Gondaliya’s services without complying with the mandatory conditions under Section 25F of the ID Act including notice or pay in lieu thereof and retrenchment compensation.
3. Gondaliya then challenged the retrenchment before the Bhavnagar Labour Court (“**Labour Court**”), which rejected his plea of reinstatement with full back wages and continuity of service.
4. Aggrieved by the order of the Labour Court, he approached the HC.

C. Petitioner’s Contention:

He claimed that his termination was in breach of Section 25F of the ID Act.

D. Respondent’s Contentions:

1. Respondent claimed that Gondaliya’s services were only used in the rainy season, and he was a seasonal worker. It did not renew the contract. Therefore, his separation due to non-renewal of contract did not amount to retrenchment.
2. As Gondaliya was only employed during the rainy season every year, the respondent submitted he did not meet the condition of completion of 240 days of ‘continuous service’ in a particular year to be entitled to retrenchment benefits under the ID Act.

E. Labour Court Order:

The Labour Court held that Gondaliya was not entitled to the relief sought for the following reasons:

¹ [R/SCA/20674/2018](#).

² *Khalasi* refers to a skilled workman engaged in constructing handmade, seagoing Uru boats.

1. He had not deposed or produced any evidence to show that he had completed 240 days of continuous service with the respondent as per Section 25B of the ID Act.³
2. His employment came to an end because of non-renewal of the employment contract, and such cases are expressly excluded from the definition of retrenchment under Section 2(o)(bb) of the ID Act.⁴

F. HC Order:

HC upheld the order of the Labour Court and reiterated that as Gondaliya had not completed 240 days of continuous service, and as his separation was an outcome of non-renewal of contract, he was not entitled to any retrenchment benefits.

G. Conclusion:

HC observed that a workman is entitled to claim a breach of Section 25F of the ID Act only if the separation of such employee requires the fulfilment of all the conditions relating to retrenchment.

This *Counselence Connect* contains information in a nutshell on a recent change in law.

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³ Paragraph 11 of the HC Order.

⁴ Paragraph 12 of the HC Order.

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