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KARNATAKA HC ON BETTER SERVICE CONDITIONS IN EMPLOYMENT

A. Introduction

Karnataka High Court (“**HC**”) in the *Karnataka State Medical and Sales Representatives Association*¹ case held that better service conditions are only based on the terms and conditions prescribed in the appointment letter and not those conditions which the employee fancies.

B. Facts

1. Shanmugasundaram (“**SS**”) joined Astra Zeneca Pharma India Limited (“**Astra-Zeneca**”) as trainee-Professional Sales Representative (“**PSR**”) in June 1995. In August 1996, SS’ probation period was extended due to unsatisfactory performance. Post his extended probationary period, SS was appointed as a PSR.
2. SS was transferred to various work locations between 2002 and 2005. In 2006, post Federation of Medical and Sales Representatives’ Associations of India’s (FMRAI) intervention, he was posted at Bangalore.
3. SS could not afford accommodation in the city and hence stayed at the guest house of Karnataka State Medical and Sales Representatives Association (“**Association**”). He claimed that Astra-Zeneca was not tolerant towards this development and hence started harassing him.
4. He was called for inquiry in June 2007 where he claimed that he was not given an opportunity to defend his case, post which, he was terminated from his services.
5. Application filed by him before the labour court was rejected. Aggrieved, along with the Association, he filed a writ petition before the HC.

C. SS’ Contentions before HC

1. Order of the labour court was perverse, arbitrary and illegal.
2. Astra-Zeneca did not hold an inquiry prior to terminating his services.
3. Was frequently transferred and was not provided any accommodation, transport allowance, supply of study material for sales promotion etc. This deprived SS of the legitimate expectation of better service conditions. As such, there was discrimination and violation of Article 14² of the Constitution.

¹*Karnataka State Medical and Sales Representatives Association and Ors. v. Astra Zeneca Pharma India Ltd.* (12.05.2022 – Kar HC): MANU/KA/2004/2022.

² Equality before law – “*The State shall not deny to any person equality before the law or the equal protection of the laws within the territory of India.*”

D. Reasoning & Judgment

Kar HC:

1. Explained the concept of 'legitimate expectation' as follows: "*Such an expectation arises where a person responsible for taking a decision has induced in someone who may be affected by the decision a reasonable expectation that he will receive or retain a benefit or that he will be granted a hearing before the decision is taken.*"
2. Relied on Lord Diplock's³ definition of legitimate expectation which is: "*...the decision must affect the other person by depriving him of some benefit or advantage which either (i) he had in the past been permitted by the decision-maker to enjoy and which he can legitimately expect to be permitted to continue to do until there has been communicated to him some rational grounds for withdrawing it on which he has been given an opportunity to comment; or (ii) he has received assurance from the decision-maker will not be withdrawn without giving him first an opportunity of advancing reasons for contending that they should not be withdrawn*".
3. Explained that the doctrine of legitimate expectation is an aspect of Article 14 of the Constitution, which acts as a test to ensure government authorities do not act in an arbitrary manner and it is not an enforceable right.
4. Held that legitimate expectation means 'the terms and conditions which are in the appointment letter' and does not mean "*illegitimate flight of fancy.*" Post acceptance of terms and conditions, an employee or workman is barred from making allegations in relation to better service conditions.
5. Dismissed the petition and upheld the order of the labour court.

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³ [1981] 2 ALL E R 93 at 102, [1982] AC 617 at 637.