



*Sakshi Singhal*  
*Senior Associate*

## GUJARAT HGH COURT ON AUTOMATIC REINSTATEMENT

On April 18, 2024, the High Court of Gujarat (“**HC**”) in the *Jetpur Navagadh Municipality* case<sup>1</sup> held that when the labour court or industrial tribunal comes to a conclusion that there was a breach of provisions of Section 25F of the Industrial Disputes Act, 1947 (“**Act**”), it cannot necessarily or automatically entail the relief of reinstatement for the workmen. It can, instead, grant compensation.

### Brief Facts

Certain workmen of Jetpur Navagadh Municipality (“**JNM**”) invoked the jurisdiction of the Labour Court, Rajkot (“**LC**”) by filing a reference against the decision of the JNM terminating them.

The LC awarded declaring the termination of the workmen illegal and directed the reinstatement of the workmen with continuity of service and 20% back wages. It found breaches of Sections 25F, 25G, and 25H of the Act in the termination process.

JNM filed a Special Civil Application before a Single Judge of the HC (“**SJ**”) challenging the LC’s judgment and award.

The SJ modified the judgment directing lump-sum compensation instead of reinstatement of all the workmen. Aggrieved by this, both the Municipality and the workmen filed cross appeals against the SJ’s order before the co-ordinate bench of the HC.

### HC’s Judgement and Reasoning

The HC dismissed the appeal preferred by the Municipality and confirmed the order passed by the SJ.

It relied on a plethora of judgements and held that<sup>2</sup> “*the ordinary principle of grant of reinstatement with full back wages, when the termination is found to be illegal is not applied mechanically in all cases*” and “*therefore, the normal rule that the dismissed employee is entitled to reinstatement in cases of wrongful dismissal has been held to be not without exception. Insofar as wrongful termination of daily-rated workers is concerned, this Court has laid down that consequential relief would depend on host of factors, namely, manner and method of appointment, nature of employment and length of service. Where the length of engagement as daily wager has not been long, award of reinstatement should not follow and rather compensation should be directed to be paid. A distinction has been drawn between a daily wager and an employee holding the regular post for the purposes of consequential relief.*”

\*\*\*\*

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

This is not legal advice and must not be treated so. For any clarifications, please contact us at: [info@counselence.com](mailto:info@counselence.com). Past issues of *Counselence Connect* are available at the ‘Newsletters’ page of our website ([www.counselence.com](http://www.counselence.com)).

<sup>1</sup> *Jetpur Navagadh Municipality v. Pathan Yunus Khan Jamiyalkhan*, 2024 LiveLaw (Guj) 56.

<sup>2</sup> *Bhopal v. Santosh Kumar Seal*, (2010) 6 SCC 773; *Jagbir Singh v. Haryana State Agriculture Marketing Board*, (2009) 15 SCC 327; *Rajasthan Development Corporation v. Gitam Singh*, (2013) 5 SCC 136; *Uttaranchal Forest Development Corporation v. M.C. Joshi* (2007) 9 SCC 353; and *BSNL v. Bhurumal*, (2014) 7 SCC 177.