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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

Reserved on: 1 April 2026
Pronounced on: 01 July 2026

\+ LPA 274/2013, CM APPL. 2932/2014

DEVENDER KUMAR .....Appellant

Through: Mr. Anuj Aggarwal, Mr. Shubham Bahl, Mr. Pradeep Kumar, Mr. Nikhil Pawar, Ms. Kritika Matta, Ms. Tanya Rose, Ms. Anjali Bansal, Ms. Bhumica Kundra and Mr. Lovekesh Chauhan, Advs.

versus

DELHI FINANCIAL CORPORATION .....Respondent

Through: Mrs. Avnish Ahlawat, SC with Mr. Nitesh Kumar Singh, Ms. Aliza Alam and Mr. Mohnish Sehrawat, Advs.

CORAM:
HON'BLE MR. JUSTICE C. HARI SHANKAR
HON'BLE MR. JUSTICE OM PRAKASH SHUKLA

% **JUDGMENT**
01.07.2026

C. HARI SHANKAR, J.

1. The services of the appellant, who was working as a peon with the respondent Delhi Financial Corporation[1], were terminated with effect from 22 May 1990. The appellant raised an industrial dispute

[1] "DFC" hereinafter

under the provisions of the Industrial Disputes Act, 1947[2] which was referred by the competent Government for adjudication to the learned Labour Court with the following term of reference:

> "Whether the termination of services of Shri Devender Kumar is illegal and/or unjustified and if so, to what relief is he entitled and what directions are necessary in this respect?"

2. The learned Labour Court framed the following issues as arising for consideration before it:

> "1. Whether the respondent is not an Industry within the meaning of Section 2(j) of the I.D. Act?
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> 2. As in terms of reference."

3. *Vide* award dated 14 February 1997, the learned Labour Court held the termination of the appellant to amount to retrenchment within the meaning of Section 2(oo)[3] of the ID Act and, having been effected without complying with the provisions of Section 25F of the ID Act, to be illegal and void.

4. Following this finding, the learned Labour Court addressed the issue of the relief to which the appellant would be entitled, thus, in

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[2] "ID Act" hereinafter

[3] (oo) "retrenchment" means the termination by the employer of the service of a workman for any reason whatsoever, otherwise than as a punishment inflicted by way of disciplinary action, but does not include—

(a) voluntary retirement of the workman; or

(b) retirement of the workman on reaching the age of superannuation if the contract of employment between the employer and the workman concerned contains a stipulation in that behalf; or

(bb) termination of the service of the workman as a result of the non-renewal of the contract of employment between the employer and the workman concerned on its expiry or of such contract being terminated under a stipulation in that behalf contained therein; or

(c) termination of the service of a workman on the ground of continued ill-health;

paras 10 to 12 of the award:

> "10. The next question arises whether the workman is entitled to the normal relief of reinstatement with full back wages, or adequate reasonable compensation, the workman has been in service for a period of more than 3 years under the management. More than six years have passed since the termination of the services of the workman. The workman in his affidavit states that he is not gainfully employed sine the termination of his service. The management has also not established the workman to be gainfully employed. The Ld. Authorised Rep. for the management stated that the workman in his cross-examination has clearly admitted that he did not get his name registered with employment exchange and he has not made any written application for employment. So it be deemed that he made no efforts for seeking employment.
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> 11. The management is a statutory Corporation. Keeping in view all the facts and circumstances of the case mentioned above and last wages drawn by the workman, the period lapsed, no proof of his being gainfully employed he being the victim of unfair labour practice it would meet the ends of justice if the workman is awarded a meet the ends of justice if the workman is awarded a lump-sum compensation in lieu of the normal relief. The amount of Rs. 50,000/- in the opinion of the court would be an adequate and reasonable compensation to the workman who has worked on daily wages for more than a period of 3 years under the management and now more than six years have lapsed since the termination of his service.
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> 12. In the light of above discussion, it is held that it is proved that the termination of service of Devender Kumar was illegal and unjustified and the management is directed to pay a lump-sum compensation of ₹ 50,000/- to the workman."

5. The aforesaid award was challenged, before this Court, both by the DFC as well as by the appellant, by way of WP (C) 4330/1997[4] and WP (C) 75/1998[5].

[4] **Mgt. of Delhi Financial Corpn. v. P.O. Labour Court**
[5] **Devender Kumar v. Secy. Labour, Govt. of NCT**

6. Both these writ petitions stand disposed of, by a learned Single Judge of this Court, *vide* judgment dated 28 January 2013, which is subject matter of challenge in the present appeal at the instance of the appellant. We may note that the DFC has not chosen to challenge the judgment of the learned Single Judge.

7. The learned Single Judge has upheld the impugned order in its entirety. The contention of the DFC to the effect that the services of the appellant had been termination by efflux of time, as his contract had come to end and that, therefore, would not amount to "retrenchment" within the meaning of Section 2 (oo) of the ID Act, has been rejected. The learned Single Judge has held that, even where the services of a workman are terminated consequent to the expiry of the contract, it is open to the Court to lift the veil and examine whether any unfair labour practice had taken place. The learned Single Judge has agreed with the findings of the learned Labour Court, on this aspect, thus, in paras 8 and 9 of the impugned judgment:

> "8. In the present case on a perusal of the appointment letters exhibited it is evident that the Petitioner was employed for the following periods i.e. from 20th January, 1987 for a month, then again for a month with effect from 20th February, 1987. Thereafter for six months on 20th April, 1987. Thus a break was given in March. Thereafter again on 30th October, 1987 he was employed for a period of one month from the date of joining, thereafter for two months and so on and so forth till the date of termination i.e. 22nd May, 1990. The last contract of the workman with the management was for a period of three months from 23rd February, 1990. Thus, on efflux of the said time, no further appointment letter was issued. The job of a Peon is perennial in nature. From the various appointment letters it is evident that the work was being taken continuously from the workman.

> 9. The judgments relied upon by learned counsel for the management have no application as in the present case no doubt the contract had come to an end however on lifting the veil it would be seen that the workman's contract of service was being extended from time to time with artificial breaks and thus it is not a case covered under Section 2(oo)(bb) ID Act simplicitor. I do not find any infirmity in the impugned award passed by the learned Trial Court holding the action of the Petitioner as an unfair labour practice."

8. Thus, there is a concurrent and categorical finding, both by the learned Labour Court as well as by the learned Single Judge, that the termination of the appellant amounted to an unfair labour practice and was in the teeth of Section 25 F of the ID Act.

9. However, as regards the writ petition filed by the appellant, in which he had sought reinstatement with full back wages instead of compensation as awarded by the learned Labour Court, the learned Single Judge held, thus, in para 10 of the impugned judgment:

> "10. As regards the relief of compensation, it may be noted that the Petitioner was not a regular employee and his appointment was not through employment exchange. In view of the decision in ***Jagbir Singh Vs. Haryana State Agriculture Marketing Boad and Anr***.[6] the Petitioner is entitled to compensation. An award of compensation of ₹ 50,000/- passed in the year 1997 cannot be said to be inadequate in view of the fact that the Petitioner had worked in Group 'D' post for nearly three and half years."

10. It is the afore-extracted para 10 of the impugned judgment which forms subject matter of challenge before us at the instance of the appellant.

11. At the cost of repetition, we may note that the DFC has not challenged the impugned judgment. Accordingly, the finding that the termination of the appellant's services amounted to retrenchment as well as an unfair labour practice have attained finality.

12. We are, therefore, only required to examine whether the learned Labour Court, as well as the learned Single Judge, were justified in restricting the relief granted to the appellant to compensation of ₹ 50,000/- or whether the appellant was entitled to be reinstated in service with full back wages.

13. We have heard Mr. Anuj Aggarwal, learned Counsel for the appellant and Mrs. Avnish Ahlawat, learned Standing Counsel for the respondent at length.

14. Mr. Aggarwal submits that, once retrenchment of a workman had taken place in contravention of Section 25F of the ID Act, and a finding of unfair labour practice has been returned, reinstatement is the rule. He relies, for this purpose, on the judgment of the Supreme Court in ***Deepali Gundu Surwase vs Kranti Junior Adhyapak & Ors***[7]**,** which was followed by the Supreme Court in ***Jasmer Singh v. State of Haryana***[8]. Both these decisions, submits Mr. Aggarwal, hold that reinstatement was the rule once termination of a workman was found to amount to retrenchment and had been effected in violation of

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[6] **(2009) 15 SCC 327**
[7] **(2013) 10 SCC 324**
[8] **(2015) 4 SCC 458**

Section 2(oo)(bb) of the ID Act, and that it amounted to unfair labour practice.

15. In ***Maharashtra State Road Transport Corporation v. Mahadeo Krishna Naik***[9]**,** it was held that, at the highest, the Court could modulate the amount of backwages which were to be awarded, *inter alia,* taking into account the issue of whether the workman had been in gainful employment after his termination. In any event, submits Mr. Aggarwal, reinstatement is the norm.

16. Without prejudice, Mr. Aggarwal submits that the compensation awarded is unreasonably low.

17. Responding to Mr. Aggarwal's submissions, Ms. Ahlawat contends that the scope of Letters Patent Appeal[10] jurisdiction is extremely circumscribed and that the aspect of the relief to be awarded to the workman was a matter of discretion. Unless the exercise of discretion by the learned Single Judge was found to be perverse, this Court ought not to interfere. To emphasise the scope of LPA jurisdiction, she cites a judgment rendered by this Bench in ***Delhi Transport Corporation v. Bahadur Singh***[11].

18. Ms. Ahlawat submits that the learned Single Judge has upheld the decision to compensate the appellant with payment of ₹ 50,000/-,

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[9] **(2025) 4 SCC 321**
[10] "LPA" hereinafter
[11] **2026 SCC OnLine Del 1282**

as awarded by the learned Labour Court, relying on the judgment of the Supreme Court in ***Jagbir Singh***. Given the period of time for which the appellant had served, and the fact that he was working as a Peon, drawing a salary, at that time, of ₹ 750/- per month, Ms. Ahlawat submits that the compensation of ₹ 50,000/- cannot be said to be unreasonable, as it amounted to the salary which would have been drawn by the appellant for almost a period of six to seven years.

19. Ergo, submits Ms. Ahlawat, no case for interference is made out.

20. In rejoinder, Mr. Aggarwal seeks to point out that the judgment in ***Jagbir Singh*** was considered by the Supreme Court in ***Deepali Gundu Surwase.***

21. The issue in controversy is no longer *res integra*. Following the judgments in ***Deepali Gundu Surwase*** and ***Jagbir Singh***, the Supreme Court has recently, in ***Dinesh Chandra Sharma v. Bhartiya Paryatan Vikas Nigam Limited***[12]**,** held that, once retrenchment of a workman is found to be illegal, reinstatement with back wages is the normal rule. In its judgment in ***Dinesh Chandra Sharma,*** the Supreme Court has upheld reinstatement with 50% back wages.

22. The order of appointment of the appellant reveals that he was appointed on wages of ₹ 750/- per month. In the LPA, it has been

[12] **2025 SCC OnLine SC 3003**

sought to be contended that the wages being drawn by the appellant at the time of his termination were ₹ 1185/- per month. The issue of back wages would have to be reckoned only till the date of the passing of the award by the learned Labour Court. Between the date of his termination and the passing of the award by the learned Labour Court, approximately seven years elapsed. Even if one were to compute the wages of the appellant a little over ₹ 1000/- per month, the total backwages which the workman would have drawn between the date of his termination and the date of the award by the learned Labour Court would be in the region of ₹ 1 lakh.

23. Inasmuch as the learned Labour Court has awarded compensation of ₹ 50,000/-, the amount awarded cannot be said to be unreasonably low and is in fact in sync with the law laid down by the Supreme Court in that regard.

24. Needless to say, the compensation would be treated as back wages.

25. Mr. Aggarwal is, however, right in his contention that the appellant would be entitled to reinstatement in service.

26. As we have already noted, the DFC has not challenged the impugned judgment of the learned Single Judge. As such, the finding that the appellant would be deemed to be in continuous service from the date of his termination has also attained finality.

27. As a result, we allow the present appeal in part, to the extent that the DFC is directed to reinstate the appellant in service. We maintain the compensation of ₹ 50,000/- awarded to the appellant by the learned Labour Court as upheld by the learned Single Judge, but hold that the amount would be treated as 50% of the back wages which the appellant would have drawn had he continued in service. The appellant would also be entitled to continuity of service from the date of his initial appointment, with all consequential reliefs except back wages beyond what we have upheld.

28. The appeal is allowed in part to the above extent with no order as to costs.

C. HARI SHANKAR, J.

OM PRAKASH SHUKLA, J.

JULY 01, 2026
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