

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED 14.10.2019

CORAM

THE HONOURABLE MR. JUSTICE S.M.SUBRAMANIAM

W.P.No.34556 of 2003

and

W.M.P.No. 41973 of 2003

Pollachi Sarvodaya Sangh,
Rep.by its Secretary,
36, Venkatraman Street,
Pollachi - 642 001,
Coimbatore District, Tamil Nadu.

... Petitioner

..Vs..

1. The Assistant Commissioner of Labour,
Authority under Payment of Gratuity Act 1972,
Office of the Deputy Commissioner of Labour,
Dr.Balasundaram Road,
Coimbatore - 641 018.
- 2.The Joint Commissioner of Labour,
Appellate Authority under Payment of Gratuity Act 1972,
Dr.Balasundaram Road,
Coimbatore - 641 018.

3.R.Palanisamy

... Respondents

PRAYER : Petition filed Under Article 226 of the Constitution of India praying to issue a Writ of Certiorarified Mandamus, after calling for the records from the first respondent relating to his order dated 14.11.2003 in NGA No.352 of 2002, quash the same and consequently direct the third respondent to refund a sum of Rs.2.73 lakhs as admitted by him vide his letter dated 22.10.2001 and 25.10.2001 with interest of 15% p.a.

For Petitioner : Mr.Ravi

for M/s.Gupta and Ravi

For Respondents: Mr.D.Suriyanarayanan

Additional Government Pleader

for R1 & R2

Mr.R.Raja Srinivas for R3

O R D E R

The order dated 14.11.2003 in PGA No.352 of 2002 is sought to be quashed.

2. The learned counsel for the writ petitioner contended that the first respondent, The Assistant Commissioner of Labour, had not furnished the facts and circumstances as well as the documents produced by the writ petitioner. The third respondent employee is not entitled to receive any gratuity, as the resignation of the third respondent was accepted on condition that he will not claim the gratuity amount, as an allegation of misappropriation to the tune of Rs.2.73 lakhs was pending against the third respondent. It is further contended that the third respondent committed misappropriation of funds of the writ petitioner Sangh and the disciplinary proceedings were also initiated. At that point of time, the management provided an option to the third respondent that in the event of foregoing the gratuity amount, the resignation of the third respondent would be accepted. In fact, the offer itself was made by the third respondent and the Management was willing to consider the same.

3. The learned counsel for the writ petitioner states that the offer made by the third respondent was considered and accordingly he was relieved from service. However, these factors were not taken into consideration by the first respondent authority.

4. This Court is of the considered opinion that making such an offer and accepting the same are the illegal contracts between the employer and employee. In respect of the misappropriation of the public funds, there cannot be any compromise either by the employer or by the Authorities Competent. Though the disciplinary proceedings were rightly initiated, but offer made by the employee ought not to have accepted and in the event of such practices, the principles of Conduct Rules and its very purpose and object is defeated. The cases of misappropriation cannot be diluted by accepting such officers by the employer concerned and such cases are to be dealt with in accordance with the Disciplinary Rules and therefore, the acceptance of such offer made by the third respondent employee is illegal and not in consonance with the established principles of law. However, all these aspects are to be adjudicated with reference to the original files and based on

the evidences. The writ petitioner has not exhausted the statutory appeal remedy provided under the Gratuity Act. Admittedly, the writ petitioner filed the present writ petition without exhausting the Appellate Remedy.

5. The writ petition is kept pending and in this regard, the learned counsel appearing on behalf of the third respondent submits that the High Court has granted an interim stay and therefore, the Gratuity amount is yet to be paid to the third respondent. In this regard, the learned counsel for the third respondent cited the judgment of this Court dated 02.08.2018, passed in W.P.No.29653 of 2017 and the relevant paragraphs are extracted hereunder:

"3. The learned counsel appearing on behalf of the 2nd respondent - workmen opposed the contention by stating that there is an appeal remedy under the Statute. Section 7(7) of the payment of gratuity act provides remedy for filing of an appeal and the same read as under:

"7. Any person aggrieved by an order under sub-section (4) may, within sixty days from the date of the receipt of the order, prefer an appeal to the appropriate Government or such other authority as may be specified by the appropriate Government in this behalf:

Provided that the appropriate Government or the appellate authority, as the case may be, may, if it is satisfied that the appellant was prevented by sufficient cause from preferring the appeal within the said period of sixty days, extend the said period by a further period of sixty days.

[Provided further that no appeal by an employer shall be admitted unless at the time of preferring the appeal, the appellant either produces a certificate of the controlling authority to the effect that the appellant has deposited with him an amount equal to the amount of gratuity required to be deposited under sub-section (4), or deposits with the appellate authority such amount]."

4. The writ petitioner admittedly has not exhausted the appeal remedy provided under the Act itself. Thus, the writ petition cannot be entertained.

5. This Court is of an opinion that section 7(7) provides an appeal remedy against the order passed by the original authority under Sub Section (4) of Section 7 of the Act. The Appellate Authorities under the provisions of the Act are exercising quasi-judicial function and all the legal points including the non compliance of the principles of natural justice shall be considered by the Appellate Authority while adjudicating the appeal, if any preferred by the writ petitioner. Thus, the grounds raised in this writ petition shall be considered by the Appellate Authority under the provisions of the Act, in view of the fact that the Appellate Authority is performing the quasi judicial functions.

6. This Court has elaborately adjudicated the maintainability of the writ petition in the event of not preferring the statutory appeal provided under the Statutes in W.P.No.22508 of 2017 [M/s.Hyundai Motor India Limited Vs. The Deputy Commissioner of Income Tax, Transfer Pricing Officer - 2(1), Room No.506, 5th Floor, Tower-I, BSNL Building, No.16, Greams Road, Chennai - 600 006 and another] and the relevant paragraphs are extracted hereunder:

'19.Unnecessary or routine invasion into the statutory powers of the competent authorities under a statute should be restrained by the Constitutional Courts. Frequent or unnecessary invasions in the executive power will defeat the constitutional perspectives enshrined under the Constitution of India. Undoubtedly, the separation of powers under the Indian Constitution has been narrated and settled in umpteen number of judgments. Separation of powers demarcated in the Constitution of India is also to be considered, while exercising the powers of judicial review in the matter of dispensing with the appeal remedy provided for an aggrieved person under a statute. If the High Courts started interfering with such Appellate powers without any valid and substantiated reasons, then the very purpose and object of the statute and provision of appeal under the statute became an empty formality and the High Courts also should see that the provisions of appeal contemplated

under the statutes are implemented in its real spirit and in accordance with the procedures contemplated under the rules constituted thereon. While entertaining a writ petition as narrated by the Apex Court, the provision of efficacious alternative remedy under the statute also to be considered. If the writ petitions are entertained in a routine manner, by not allowing the competent Appellate authority to exercise their powers under the provisions of the statute, then this Court is of an opinion that the power of judicial review has not exercised in a proper manner. Thus, it is necessary for this Court to elaborate the legal principle settled in respect of the separation of powers under the Constitution of India.

1. Madras Bar Association vs. Union of India (UOI) (25.09.2014 - SC) : MANU/SC/0875/2014

If the historical background, the preamble, the entire scheme of the Constitution, relevant provisions thereof including Article 368 are kept in mind there can be no difficulty in discerning that the following can be regarded as the basic elements of the constitutional structure. (These cannot be catalogued but can only be illustrated):

- (1) The supremacy of the Constitution.
- (2) Republican and Democratic form of government and sovereignty of the country.
- (3) Secular and federal character of the Constitution.
- (4) Demarcation of power between the Legislature, the executive and the judiciary.
- (5) The dignity of the individual secured by the various freedoms and basic rights in Part III and the mandate to build a welfare State contained in Part IV.
- (6) The unity and the integrity of the Nation.

2. Holiness Kesavananda Bharati Sripadagalvaru v. State of Kerala and Anr. [MANU/SC/0445/1973] : (1973) 4 SCC

225].

That separation of powers between the legislature, the executive and the judiciary is the basic structure of the Constitution is expressly stated by Sikri, C.J.

3. P. Kannadasan and Ors. v. State of T.N. and Ors. [MANU/SC/0650/1996 : (1996) 5 SCC 670] the Supreme Court noted that the Constitution of India recognised the doctrine of separation of powers between the three organs of the State, namely, the legislature, the executive and the judiciary. The Court said:

It must be remembered that our Constitution recognises and incorporates the doctrine of separation of powers between the three organs of the State, viz., the Legislature, the Executive and the Judiciary. Even though the Constitution has adopted the parliamentary form of government where the dividing line between the legislature and the executive becomes thin, the theory of separation of powers is still valid.

4. State of Tamil Nadu and Ors. vs. State of Kerala and Ors. (07.05.2014 - SC) : MANU/SC/0425/2014

121. On deep reflection of the above discussion, in our opinion, the constitutional principles in the context of Indian Constitution relating to separation of powers between legislature, executive and judiciary may, in brief, be summarized thus:

(i) Even without express provision of the separation of powers, the doctrine of separation of powers is an entrenched principle in the Constitution of India.

The doctrine of separation of powers informs the Indian constitutional structure and it is an essential constituent of rule of law.

In other words, the doctrine of separation of power though not expressly engrafted in the Constitution, its sweep, operation and visibility are apparent from the scheme of

Indian Constitution. Constitution has made demarcation, without drawing formal lines between the three organs- legislature, executive and judiciary. In that sense, even in the absence of express provision for separation of power, the separation of power between legislature, executive and judiciary is not different from the constitutions of the countries which contain express provision for separation of powers.

(ii) Independence of courts from the executive and legislature is fundamental to the rule of law and one of the basic tenets of Indian Constitution.

Separation of judicial power is a significant constitutional principle under the Constitution of India.

(iii) Separation of powers between three organs--legislature, executive and judiciary--is also nothing but a consequence of principles of equality enshrined in Article 14 of the Constitution of India. Accordingly, breach of separation of judicial power may amount to negation of equality Under Article 14. Stated thus, a legislation can be invalidated on the basis of breach of the separation of powers since such breach is negation of equality Under Article 14 of the Constitution.

(iv) The superior judiciary (High Courts and Supreme Court) is empowered by the Constitution to declare a law made by the legislature (Parliament and State legislatures) void if it is found to have transgressed the constitutional limitations or if it infringed the rights enshrined in Part III of the Constitution.

(v) The doctrine of separation of powers applies to the final judgments of the courts. Legislature cannot declare any decision of a court of law to be void or of no effect. It can, however, pass an amending Act to remedy the defects pointed out by a court of law or on coming to know of it aligned.

In other words, a court's decision must

always bind unless the conditions on which it is based are so fundamentally altered that the decision could not have been given in the altered circumstances.

(vi) If the legislature has the power over the subject-matter and competence to make a validating law, it can at any time make such a validating law and make it retrospective. The validity of a validating law, therefore, depends upon whether the legislature possesses the competence which it claims over the subject-matter and whether in making the validation law it removes the defect which the courts had found in the existing law."

20. This Court is of a strong opinion that institutional respects are to be maintained by the constitutional Courts. Whenever there is a provision for an appeal under the statute, without exhausting the remedies available under the statute, no writ petition can be entertained in a routine manner. Only on exceptional circumstances, the remedy of appeal can be waived, if there is a gross injustice or if there is a violation of fundamental rights ensured under the Constitution of India. Otherwise, all the aggrieved persons from and out of the order passed by the original authority is bound to approach the Appellate Authority. The Constitutional Courts cannot make an appeal provision as an empty formality. Every Appellate Authority created under the statute to be trusted in normal circumstances unless there is a specific allegation, which is substantiated in a writ proceedings. Thus, the institutional functions and exhausting the appeal remedies by the aggrieved persons, are to be enforced in all circumstances and writ proceedings can be entertained only on exceptional circumstances. Rule is to prefer an appeal and entertaining a writ is only an exception. This being the legal principles to be followed, this Court cannot entertain the writ petitions in a routine manner by waiving the remedy of appeal provided under the statute.

21. Now, let us look into the legal principles settled by the Apex Court for exhausting the efficacious alternative remedy provided under the statute.

22. When an effective alternative remedy is available, a writ petition cannot be maintained

1. In *City and Industrial Development Corporation v. Dossu Aardeshir Bhiwandiwalla and Ors.* MANU/SC/8250/2008 : (2009) 1 SCC 168, this Court had observed that:

The Court while exercising its jurisdiction under Article 226 is duty-bound to consider whether:

(a) adjudication of writ petition involves any complex and disputed questions of facts and whether they can be satisfactorily resolved;

(b) the petition reveals all material facts;

(c) the Petitioner has any alternative or effective remedy for the resolution of the dispute;

(d) person invoking the jurisdiction is guilty of unexplained delay and laches;

(e) ex facie barred by any laws of limitation;

(f) grant of relief is against public policy or barred by any valid law; and host of other factors.

2. *Kanaiyalal Lalchand Sachdev and Ors. vs. State of Maharashtra and Ors.* (07.02.2011 - SC) : MANU/SC/0103/2011

It is well settled that ordinarily relief Under Articles 226/227 of the Constitution of India is not available if an efficacious alternative remedy is available to any aggrieved person. (See *Sadhana Lodh v. National Insurance Co. Ltd.*; *Surya Dev Rai v. Ram Chander Rai* and *SBI v. Allied Chemical Laboratories.*)

3. *Commissioner of Income Tax and Ors. v. Chhabil Dass Agarwal*, MANU/SC/0802/2013 : 2014

(1) SCC 603, as follows:

Para 15. while it can be said that this Court has recognised some exceptions to the Rule of alternative remedy i.e. where the statutory authority has not acted in accordance with the provisions of the enactment in question, or in defiance of the fundamental principles of judicial procedure, or has resorted to invoke the provisions which are repealed, or when an order has been passed in total violation of the principles of natural justice, the proposition laid down in Thansingh Nathmal case, Titaghur Paper Mills case and other similar judgments that the High Court will not entertain a petition Under Article 226 of the Constitution if an effective alternative remedy is available to the aggrieved person or the statute under which the action complained of has been taken itself contains a mechanism for redressal of grievance still holds the field. Therefore, when a statutory forum is created by law for redressal of grievances, a writ petition should not be entertained ignoring the statutory dispensation.

4. Authorized Officer, State Bank of Travancore and Ors. vs. Mathew K.C. (30.01.2018 - SC) : MANU/SC/0054/2018

The petitioner argued that the SARFAESI Act is a complete code by itself, providing for expeditious recovery of dues arising out of loans granted by financial institutions, the remedy of appeal by the aggrieved under Section 17 before the Debt Recovery Tribunal, followed by a right to appeal before the Appellate Tribunal under Section 18. The High Court ought not to have entertained the writ petition in view of the adequate alternate statutory remedies available to the Respondent. The interim order was passed on the very first date, without an opportunity to the Appellant to file a reply. Reliance was placed on United Bank of India vs. Satyawati Tandon and others, 2010 (8) SCC 110, and General Manager, Sri Siddeshwara Cooperative Bank Limited and another vs. Iqbal and others, 2013 (10) SCC 83. The writ petition ought to

have been dismissed at the threshold on the ground of maintainability. The Division Bench erred in declining to interfere with the same. The Supreme Court agreed to the arguments and held the same also noted that the writ petition ought not to have been entertained and the interim order granted for the mere asking without assigning special reasons, and that too without even granting opportunity to the Appellant to contest the maintainability of the writ petition and failure to notice the subsequent developments in the interregnum.

5. State of Himachal Pradesh v. Gujarat Ambuja Cement Ltd. reported at AIR 2005 SC 3856, the Supreme Court explained the rule of 'alternate remedy' in the following terms

Considering the plea regarding alternative remedy as raised by the appellant-State. Except for a period when Article 226 was amended by the Constitution (42nd Amendment) Act, 1976, the power relating to alternative remedy has been considered to be a rule of self imposed limitation. It is essentially a rule of policy, convenience and discretion and never a rule of law. Despite the existence of an alternative remedy it is within the jurisdiction of discretion of the High Court to grant relief under Article 226 of the Constitution. At the same time, it cannot be lost sight of that though the matter relating to an alternative remedy has nothing to do with the jurisdiction of the case, normally the High Court should not interfere if there is an adequate efficacious alternative remedy. If somebody approaches the High Court without availing the alternative remedy provided the High Court should ensure that he has made out a strong case or that there exist good grounds to invoke the extraordinary jurisdiction.

6. K.S. Rashid and Sons v. Income Tax Investigation Commission and Ors., AIR (1954) SC 207; Sangram Singh v. Election Tribunal, Kotah and Ors., AIR (1955) SC 425; Union

of India v. T.R. Varma, AIR (1957) SC 882; State of U.P. and Ors. v. Mohammad Nooh, AIR (1958) SC 86 and M/s K.S. Venkataraman and Co. (P) Ltd. v. State of Madras, AIR (1966) SC 1089,

Constitution Benches of the Supreme Court held that Article 226 of the Constitution confers on all the High Courts a very wide power in the matter of issuing writs. However, the remedy of writ is an absolutely discretionary remedy and the High Court has always the discretion to refuse to grant any writ if it is satisfied that the aggrieved party can have an adequate or suitable relief elsewhere. The Court, in extraordinary circumstances, may exercise the power if it comes to the conclusion that there has been a breach of principles of natural justice or procedure required for decision has not been adopted.

7. First Income-Tax Officer, Salem v. M/s. Short Brothers (P) Ltd., [1966] 3 SCR 84 and State of U.P. and Ors. v. M/s. Indian Hume Pipe Co. Ltd., [1977] 2 SCC 724.

There are two well recognized exceptions to the doctrine of exhaustion of statutory remedies. First is when the proceedings are taken before the forum under a provision of law which is ultra vires, it is open to a party aggrieved thereby to move the High Court for quashing the proceedings on the ground that they are incompetent without a party being obliged to wait until those proceedings run their full course. Secondly, the doctrine has no application when the impugned order has been made in violation of the principles of natural justice. We may add that where the proceedings itself are an abuse of process of law the High Court in an appropriate case can entertain a writ petition.

23. Considering the above judgments of the Apex Court, this Court is of an opinion that the writ petitioner has not established that there is a violation of principles of natural justice nor there is an error

apparent on record. No exceptional circumstances have been established in the present writ petition. If at all, the writ petitioner is aggrieved in respect of the fixing of average rate of royalty payment, then it is left open to them to approach the Disputes Resolution Panel and thereafter, if they are further aggrieved in respect of the fixing of average rate of royalty payment, then they are liberty to approach "the ITAT" constituted for the purpose of adjudicating the issues. This being the efficacious remedy available under the statute for the writ petitioner, there is no reason to entertain a writ petition under Article 226 of the Constitution of India, so as to adjudicate the merits and the demerits now raised before this Court in the present writ petition in respect of fixing of average rate of royalty payment.

24. Under these circumstances, this Court is of an undoubted opinion that the writ petitioner has not made out any case for the purpose of waiving the efficacious alternate remedy available to the writ petitioner under the provisions of the Act and therefore, this Court is not inclined to entertain the writ petition on merits and adjudicate the issues involved in respect of fixing of average rate of royalty payment.

25. Accordingly, the writ petition stands dismissed. However, there shall be no order as to costs. Consequently, connected miscellaneous petition is closed.

7. In view of the above legal principles settled by this Court in the earlier judgment based on the judgment of the Hon'ble Supreme Court of India, the writ petitioner is at liberty to approach the Appellate Authority under the provisions of the Payment of Gratuity act for readdressing their grievances."

6. The learned counsel for the writ petitioner states that subsequently, the disciplinary proceedings were continued and the third respondent was dismissed from service by an order dated 08.08.2003. However, all these merits are to be adjudicated by the respective parties before the Appellate Authority.

7. In view of the legal principles considered by this Court in the Judgment cited supra, the petitioner is bound to approach the Appellate Authority under the Provisions of the Act for the purpose of adjudicating the issues on merits. The Appellate Authority, in the event of any appeal to be filed by the writ petitioner, shall entertain the same without reference to the delay and decide the matter on merits and in accordance with law by affording an opportunity to all the parties concerned.

8. The learned counsel for the writ petitioner states that the appeal will be filed within a period of four weeks from the date of receipt of a copy of this order. In the event of receiving any such appeal, the Appellate Authority shall consider the same and dispose of as expeditiously as possible, uninfluenced by the observations made in this writ petition.

9. With these observations, the writ petition stands disposed of. No costs. Consequently, connected miscellaneous petition is closed. Sd/-

Assistant Registrar(CCC)

//True Copy//

Sub Assistant Registrar

Pns

To

1.The Assistant Commissioner of Labour,
Authority under Payment of Gratuity Act 1972,
Office of the Deputy Commissioner of Labour,
Dr.Balasundaram Road,
Coimbatore - 641 018.

2.The Joint Commissioner of Labour,
Appellate Authority under Payment of Gratuity Act 1972,
Dr.Balasundaram Road,
Coimbatore - 641 018.

+1cc to M/s.Gupta & Ravi, Advocate SR.85764

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and
W.M.P.No. 41973 of 2003

LN(CO)
CB(21/11/2019)