

## Shri P.P. Vaidya and Others Vs IFCI Ltd. and Others

**Court:** Delhi High Court

**Date of Decision:** July 18, 2013

**Acts Referred:** Civil Procedure Code, 1908 (CPC) â€” Order 1 Rule 10

**Citation:** (2014) LabIC 897

**Hon'ble Judges:** Valmiki J Mehta, J

**Bench:** Single Bench

**Advocate:** Vishnu Mehra, for the Appellant; Dinkar Singh, for IFCI Ltd., for the Respondent

**Final Decision:** Dismissed

### Judgement

Valmiki J Mehta, J.

W.P. (C) 1319/2011, CM No. 2803/2011 (for directions) and CM No. 17164/2012 (under Order 1 Rule 10 CPC)

1. This writ petition is filed by 16 petitioners. All the 16 petitioners took voluntary retirement under the Voluntary Retirement Scheme (VRS) issued

by the respondent no. 1 employer/IFCI on 1st February, 2008. The petitioners claim that petitioners had qualified the necessary requirements of

the Scheme of Performance Linked Incentive (SPLI) dated 9th August, 2007 and since this amount was not paid to the petitioners at the time of

accepting VRS in spite of the petitioners having satisfied the requirements of the Scheme, the petitioners are entitled to be paid those amounts

although they have accepted the VRS and all the benefits specifically stated in the VRS. It is argued that benefits had accrued under the SPLI and

it was to be subsequently paid in instalments as per the SPLI, therefore, such benefits cannot be deprived of the petitioners.

2. Before I refer to the arguments on behalf of the petitioners, it is necessary to refer to the following paragraph 34 of the judgment of the Supreme

Court in A.K. Bindal and Another Vs. Union of India (UOI) and Others, :-

34. This shows that a considerable amount is to be paid to an employee ex-gratia besides the terminal benefits in case he opts for voluntary

retirement under the Scheme and his option is accepted. The amount is paid not for doing any work or rendering any service. It is paid in lieu of the

employee himself leaving the services of the company or the industrial establishment and foregoing all his claims or rights in the same. It is a

package deal of give and take. That is why in business world it is known as "Golden Handshake". The main purpose of paying this amount is to

bring about a complete cessation of the jural relationship between the employer and the employee. After the amount is paid and the employee

ceases to be under the employment of the company or the undertaking, he leaves with all his rights and there is no question of his again agitating for

any kind of his past rights, with his erstwhile employer including making any claim with regard to enhancement of pay scale for an earlier period. If

the employee is still permitted to raise a grievance regarding enhancement of pay scale from a retrospective date, even after he has opted for

Voluntary Retirement Scheme and has accepted the amount paid to him, the whole purpose of introducing the Scheme would be totally frustrated.

(emphasis added)

3. A reference to the aforesaid paragraph of the judgment of the Supreme Court makes it very clear that on acceptance of benefits of VRS, the

jural relationship between the employer and the employee ceases and the employee is not entitled to make any claim for past service rights as an

employee of the employer-organization. The Supreme Court has further clarified that the object of "Golden Handshake" for VRS would be

defeated if after taking the benefits under the VRS, the employees can again approach the Court for those past benefits which they claim that they

were entitled to as employees of the employer.

4. The petitioners in the present case opted the voluntary retirement under the Voluntary Retirement Scheme dated 1st February, 2008. Paras 7,

9.4 and 9.12 of the said scheme are relevant and they read as under:-

#### 7. Benefits Under The Scheme:-

An employee, whose application for voluntary retirement is accepted, shall be entitled to the following:-

7.1 The balance in Provident Fund Account of the employee payable as per the IFCI Employees' Provident Fund Regulations.

7.2 (i) Pension as per the IFCI Pension Regulations to those employees who have already opted for pension.

(ii) Pension as per the IFCI Pension Regulations to employees (in case they are not pension optees) who opt for VRS and seek pensionary

benefits in lieu of contributory Provident Fund.

7.3 Payment of lumpsum amount equivalent to pay plus allowances for the unavailed ordinary leave as on the date of relieving on voluntary

retirement subject to a maximum of ten months, as per rules of the IFCI.

7.4 Gratuity as admissible under the Rules of the IFCI.

7.5 Voluntary retirement amount equivalent to two months salary for each completed year of service rendered or the monthly salary at the time of

relieving on voluntary retirement multiplied by the balance complete calendar months of service left or Rs. 15 lakhs whichever is less. Service

rendered by an employee prior to joining the service of the IFCI shall not be reckoned for the purpose of calculating the voluntary retirement

amount (Fraction of service of six months and above will be reckoned as one year and fraction of service of less than six months will be ignored for

the purpose of calculating years of service rendered in IFCI).

7.6 Retirement fare concession on the same basis as applicable on normal retirement.

7.7 No other benefit, including the post retirement medical benefits under the Voluntary Welfare Scheme and Medical Scheme of the IFCI shall be

available to the employee opting for voluntary retirement under the scheme. The total amount, without interest, contributed by an employee under

IFCI Voluntary Welfare Scheme shall be refunded to him.

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9.4 The benefits payable under the scheme shall be in full and final settlement of all claims, whatsoever, whether arising under the scheme or

otherwise to the employee (or to his nominee in case of death). An employee, who is voluntarily retired under the scheme, will not have any claim

against the IFCI whatsoever and no demand or dispute will be raised by him or on his behalf, whether for re-employment or compensation or

back wages.

9.12 There will be no revision in the Voluntary Retirement amount on account of pay revision or any other account in future.

5. On behalf of the petitioners, it could not be disputed that the financial amounts specified in paras 7.1 to 7.6 of the VRS-2008 have been given to

the petitioners. Once that is so, para 7.7 makes it clear that no other benefit except such benefits stated in paras 7.1 to 7.6 can be granted.

6. VRS is a contract. A person may or may not opt for VRS. If a person voluntarily opts for VRS, he is bound by the contract as contained in the

terms of VRS Scheme and no other claim except provided in the VRS Scheme can be asked by him. Para 7.7 of VRS-2008 makes it clear that

except the benefits mentioned in paras 7.1 to 7.6, no other benefit would be granted. Whatever doubt remains, the same is clarified from para 9.4

reproduced above stating that benefits taken under the VRS shall be in full and final settlement of all claims whatsoever, whether arising under the

scheme or otherwise to the employee. An employee who voluntarily retires under the scheme, thus will not have any additional claim whatsoever

and no demand or dispute will be raised by him in this behalf whether for re-employment, or compensation or back wages against the

employer/IFCI/respondent No. 1.

7. The expression back wages as found in para 9.4 of VRS-2008 would additionally include all past benefits which would be available to an

employee during the course of his service with the employer prior to taking his VRS benefits.

8. In view of the above, taking as an assumed correct fact, that the petitioners had complied with the requirements of the SPLI Scheme, and that

the petitioners were to be paid in terms of paras of the SPLI Scheme which have been referred to in the course of arguments on behalf of the

petitioner, however, in view of the petitioners opting for VRS, no further claim or amounts can be granted to them.

9. Except such amounts which are provided in the VRS, other benefits including which are claimed, including under the SPLI Scheme dated 9th

August, 2007, cannot be granted to the petitioners as prayed for in the writ petition. In view of the above, the writ petition is dismissed, leaving the

parties to bear their own costs.