

**IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION**

CIVIL APPEAL NO(S). _____ OF 2026

(Arising out of SLP (Civil) No(s). 11007 of 2024)

**BIHAR STATE RAJYA PATH
PARIVAHAN NIGAM
KARAMCHARI SANGATHANAPPELLANT(S)**

VERSUS

**THE STATE OF BIHAR
AND OTHERSRESPONDENT(S)**

ORDER

1. Heard.
2. Leave granted.
3. The appellant, Bihar State Rajya Path Parivahan Nigam Karamchari Sangathan¹, has approached this Court by way of the instant appeal, by special leave under Article 136 of the Constitution

¹ Hereinafter, referred to as “appellant-Union”.

of India, assailing the judgment and order dated 5th October, 2023 passed by the Division Bench of the High Court of Judicature at Patna² in Letters Patent Appeal No. 593 of 2018. By the impugned judgment and order, the Division Bench dismissed the appeal filed by the appellant-Union and declined to interfere with order dated 2nd April, 2018 passed by the learned Single Judge in Civil Writ Jurisdiction Case No. 12436 of 2017, whereby the writ petition instituted by the appellant-Union came to be dismissed. The said writ petition had been filed seeking quashing of the order dated 23rd September, 2016 passed by the Labour Commissioner, Bihar.

4. The appellant-Union is a registered union espousing the cause of the workmen who had been engaged by the Bihar State Road Transport Corporation³ on casual/ad-hoc basis during the period between the years 1980 and 1985. At the relevant point of time, the appellant-Union represented approximately 925 such workmen who

² Hereinafter, referred to as “High Court”.

³ Hereinafter, referred to as “Corporation”.

had been continuously discharging duties under the Corporation for several years.

5. The grievances of the aforesaid workmen first came to be considered in proceedings culminating in Civil Appeal No. 1509 of 1987 before this Court, wherein the Court *vide* order dated 16th December, 1987 directed the Corporation to frame an appropriate scheme for regularization of the concerned casual labourers and to ensure payment of wages to them at par with regular employees with effect from 1st January, 1987.

6. Pursuant to the aforesaid directions of this Court, a settlement/agreement dated 11th July, 1988 came to be executed between the management of the Corporation and the appellant-Union, whereby it was agreed that the process of regularization would be undertaken in two phases.

7. In terms of the first phase of the aforesaid settlement, 425 conductors/clerks and 162 casual helpers came to be regularized in service. However, the remaining approximately 500 workmen, who were to be considered in the second phase of

regularization, were never absorbed into regular service, despite rendering long and continuous service under the Corporation.

8. The implementation of the second phase of regularization could not materialize on account of the deteriorating financial condition of the Corporation. Owing to the mounting financial crisis, the Corporation progressively curtailed the engagement of casual labourers and, by the year 1995, the availability of work for such employees had substantially diminished.

9. Ultimately, by order dated 2nd September, 2009, the services of the remaining workmen were dispensed with on the ground of severe financial crisis and inability of the Corporation to sustain their engagement.

10. Being aggrieved by the aforesaid action, the concerned workmen and the appellant-Union initiated various legal proceedings challenging the termination/removal of the workmen from service. However, the reliefs sought by the appellant-Union did not find favour before the Courts concerned.

11. Thereafter, the matter reached this Court in Special Leave Petition (C) No. 22998 of 2010, wherein the Court, while taking note of the prolonged service rendered by the workmen as well as the inability of the Corporation to implement the settlement dated 11th July, 1988, observed that the issue may appropriately be resolved through determination of a one-time settlement in lieu of regularization. Accordingly, the Labour Commissioner, Bihar, was directed to examine the matter and determine suitable compensation payable to the concerned workmen.

12. Pursuant thereto, the Labour Commissioner, Bihar, passed an order dated 23rd September, 2016 directing payment of lump sum compensation to the concerned workmen while treating the matter as one of retrenchment under the Industrial Disputes Act, 1947. However, according to the appellant-Union, the amounts so determined ranged merely between Rs.10,000/- and Rs. 55,000/- approximately, despite the fact that several workmen had rendered nearly 19 years of continuous service under the Corporation.

13. The appellant-Union challenged the aforesaid order dated 23rd September, 2016 and consequent determination of the aforesaid amounts, on the ground that the compensation awarded was wholly illusory, arbitrary and shockingly inadequate, having no reasonable nexus with the length of service rendered by the workmen, the legitimate expectations arising from the settlement dated 11th July, 1988, and the repeated assurances extended over the years regarding their absorption in regular service.

14. The challenge raised by the appellant-Union, however, came to be rejected by the learned Single Judge of the High Court in Civil Writ Jurisdiction Case No. 12436 of 2017, and the Letters Patent Appeal preferred thereagainst, being LPA No. 593 of 2018, has also been dismissed by the Division Bench of the High Court *vide* the impugned judgment and order dated 5th October, 2023.

15. Being aggrieved, the appellant-Union is before this Court by way of present appeal by special leave.

16. Learned counsel for the appellant-Union submits that the High Court, while passing the impugned

judgment, failed to appreciate that the controversy before it was no longer confined to the issue of regularization, which had attained finality in earlier proceedings, but rather pertained to the fairness, adequacy and reasonableness of the one-time settlement and compensation determined pursuant to the directions issued by this Court.

17. It was submitted that the appellant-Union is presently espousing the cause of approximately 330/338 surviving members/workmen, many of whom had devoted prime years of their working lives in service of the Corporation without being accorded the status and benefits of regular employees.

18. It is pertinent to note that during the course of present proceedings i.e., 16th February, 2026, we made an observation that payment of a lump sum amount of Rs. 10 lakhs to each of the affected workmen may constitute a fair and reasonable settlement in the peculiar facts and circumstances of the case.

19. However, the aforesaid proposal has been opposed by the learned counsel appearing on behalf

of the Corporation as well as the State of Bihar on the ground that the financial condition of the Corporation continues to remain extremely precarious and burdened with substantial accumulated losses, thereby rendering it incapable of bearing any further financial liability.

20. We have given our thoughtful consideration to the submissions advanced at bar and have carefully gone through the impugned judgment and the material placed on record.

21. The controversy involved in the present matter cannot be examined in a purely technical or adversarial manner. The case pertains to a group of workmen who had continued in service of the Corporation for a considerable length of time pursuant to arrangements and assurances extended by the employer itself and whose claims have remained unresolved for decades despite repeated rounds of litigation and intervention by this Court.

22. In the aforesaid backdrop, we are of the considered view that the stand adopted by the Corporation and the State of Bihar is wholly

untenable in facts and law and contrary to the Fundamental Right to Life guaranteed under Article 21 of the Constitution of India. The workmen represented by the appellant-Union had rendered long, continuous and uninterrupted service to the Corporation and had continued to discharge duties against perennial and regular nature of work. Despite the settlement dated 11th July, 1988 and the assurances regarding their absorption, the concerned workmen were ultimately denied the benefits of regularization and were left remediless for several years.

23. The plea of financial incapacity, raised by the Corporation and State of Bihar, cannot be permitted to defeat the legitimate and equitable claims of the workmen, particularly when the inability of the Corporation to implement the second phase of regularization was neither attributable to any fault on the part of the workmen nor within their control. The concerned workers had devoted the most productive years of their service career to the Corporation with a legitimate expectation that the settlement entered

into pursuant to the directions of this Court would be honoured in its true letter and spirit.

24. Prolonged denial of fair and reasonable compensation to the concerned workmen has resulted in grave injustice, especially when many of them have either attained advanced age or are no longer in a position to secure alternative means of livelihood. In such circumstances, the perceived reference to the alleged financial distress of the Corporation cannot constitute a valid ground to deny the affected workmen just, fair and equitable monetary relief. The Corporation being an entity under the pervasive control of the State of Bihar, the latter is under a moral, legal and constitutional obligation to satisfy and indemnify the legitimate claims of the destitute workers.

25. In view of the aforesaid discussion, and upon balancing the competing considerations arising in the present matter, including the prolonged service rendered by the concerned workmen on the one hand and the precarious financial condition of the Corporation on the other, we deem it appropriate to direct the State of Bihar to pay a lump sum amount

of Rs. 7,50,000/- (Rupees Seven Lakh Fifty Thousand only) to each of the 330/338 members of the appellant-Union towards full and final settlement of their claims. The State of Bihar shall ensure that the aforesaid amount is disbursed to the concerned members of the appellant-Union within a period of three months from today.

26. Accordingly, the impugned judgment and order is set aside and the appeal is allowed.

27. Pending application(s), if any, shall stand disposed of.

28. The State of Bihar shall file a compliance affidavit by 31st August, 2026. List on 1st September, 2026 for perusal of the said compliance affidavit.

.....**J.**
(VIKRAM NATH)

.....**J.**
(SANDEEP MEHTA)

NEW DELHI;
MAY 22, 2026.