

K. C. Joshi v. Union of India and Others

Civil Appeal No. 3187 of 1982

[1985] 3 SCR 869 | 1985-04-23

Income-tax relief under section 89 when back wages and compensation in lieu of reinstatement are paid as a lump sum after wrongful termination

Income-tax Act, 1961: sections 17(3), 89, 192 | Income-tax Rules, 1962: rule 21A | Constitution of India: articles 12, 14, 16

Two-judge bench; judgment delivered by D. A. Desai, J. | D. A. Desai, J. | Ranganath Misra, J.

Historical ruling; verify current law

The tax direction accompanied an employment remedy and the Court accepted a specific year-by-year computation. Current rule 21A procedure and the payment's components must be verified.

01 FACTS OF THE CASE

ONGC terminated a regularly continued storekeeper who had been active in the employees' union. Eighteen years later the Court found the termination arbitrary and unlawful. At the employee's choice, ONGC agreed to pay Rs.2 lakh as back wages and compensation instead of reinstatement, supported by a year-by-year calculation.

Source: [Primary judgment: facts and procedural setting](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court treated ONGC as State for fundamental-right purposes and held that the termination could not stand. Because a single lump-sum payment might trigger salary withholding under section 192 at a higher rate, the Court followed Sant Raj and applied section 89 with rule 21A to spread the arrears and compensation for relief.

Source: [Primary judgment: reasoning](#)

03 JUDICIAL DECISION

The employee was entitled to section 89 relief because the award included eighteen years of salary arrears and compensation in lieu of reinstatement; ONGC was to assist with any required application.

Source: [Primary judgment: holdings](#)

04 OUTCOME / IN WHOSE FAVOUR

Appeal allowed; High Court judgment set aside; ONGC directed to pay Rs.2 lakh within four weeks. No order as to costs.

Source: [Primary judgment: operative disposition](#)

05 AKHB REVIEW POINT

AKHB analysis: preserve the year-wise composition of a lump-sum employment award before withholding and section 89 work. The judgment supports relief analysis, but entitlement and calculation still depend on the governing rule, payment character and competent application.

Source: [Primary judgment: review-point basis](#)

SOURCE & VERIFICATION

[Supreme Court Reports scan - public eSCR mirror](#)

Complete 12-page SCR report read in page-preserving text and every page image inspected, from the reported opening page through the operative disposition.

[Open cited source rendition](#)

Exact catalogue SHA-256 and 12-page count verified; every page was read and visually inspected.

STATUTORY SCOPE

Historical statutory provisions are described as they appeared in the report. Verify the current enactment, amendments and later judicial treatment before reliance.

LATER TREATMENT

Source checked 2026-10-12. No comprehensive later-treatment or present-law clearance is represented. The note reports the historical statutory text and result in this primary report only.

AI DISCLOSURE

This AKHB research note was prepared with AI assistance from the identified primary report and has not been represented as independently human-reviewed.

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