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IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 06-10-2026

CORAM

THE HON'BLE DR JUSTICE G. JAYACHANDRAN

AND

THE HON'BLE MR.JUSTICE E.MANOHARAN

WA No.494 of 2026
CNR:{HCMA012727722025}
AND
WA No.1743 of 2026

Case QR

W.A.No.494/2026 :

K.Arun Kumar

..Appellant(s)

Vs

Tata AIG General Insurance Company Limited
Rep. by its Manager
II Floor, Samson Towers, 403-L Pantheon Road,
Sulaiman Zackeria Avenue,
Egmore, Chennai-600 008.

..Respondent(s)

WA No. 1743 of 2026

Case QR

CNR:{HCMA010695022026}

TATA AIG General Insurance Co. Ltd
Rep.by its authorized representative,
Having its Chennai Branch office at 2nd Floor,
Samson Towers, 403-L Pantheon Road,
Suliaman Zakia Avenue, Egmore,
Chennai, Tamil Nadu 600 008.
India.

..Appellant(s)

Vs

K.Arunkumar

..Respondent(s)

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Writ Appeals under Clause 15 of the Letters Patent against the order dated 09.07.2025 passed in WP No.25090 of 2022 on the file of this Court.

For Appellant in W.A.No.494/2026 & Respondent in W.A.No.1743/2026 :	Mr K.Arun Kumar, Party-in-Person.
For Respondent in W.A.No.494/2026 & appellant in W.A.No.1743/2026 :	Mr.S.Dhakshnamoorthy

COMMON JUDGMENT

(Judgment of the Court was delivered by Dr.G.Jayachandran J.)

K.Arun Kumar, appellant – employee - party-in-person in W.A.No.494 of 2026 was appointed as Channel Sales Manager in TATA AIG General Insurance Company Limited on 13.08.2018 at Hosur Branch and subsequently transferred to Erode Branch on 18.06.2019. For misusing the authority given to him by the company and serious dereliction of duty, Local Ethics Committee of the company conducted investigation and submitted a report to the Management about the malpractice and misuse. Based on the report, the Management has terminated the employee from service vide order, dated 06.11.2019. Challenging the order of termination, the employee raised an industrial dispute under Section 2 (A) (1) of the Industrial Disputes Act,1947, in I.D.No.34 of 2021 on the file of Labour Court, Hosur, to set aside the termination order and

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direct the Management to reinstate him in service with arrears of salary and back wages.

2. The Labour Court, Hosur, considering the nature of the dispute and the documents relied upon on either side, held that the sum of Rs.44,000/- collected by the employee was not remitted to the account and the employee, in cross-examination, admitted about the non-remittance of the amount immediately, but remitting it in three instalments subsequently. Therefore, the Labour Court held that the termination order was justifiable.

3. Being aggrieved by the dismissal of the petition by the Labour Court, Hosur, the employee filed W.P.No.25090 of 2022 on the file of this Court. The learned single Judge, after considering the grounds raised in the writ petition and also the evidence adduced by the employee and the Management before the Labour Court, held that since no domestic inquiry was conducted and the termination was without any inquiry, the termination order suffers infirmity. However, considering the serious allegation levelled against the employee, in lieu of reinstatement, a compensation of Rs.5.00 lakhs along with interest at 12% per annum was awarded to the employee. Challenging the order of the learned single Judge, the employee has filed the present W.A.No.494 of 2026, while the Management W.A.No.1473 of 2026.

4. The appellant - employee, who appeared in person, would submit that a permanent employee cannot be terminated without following due process of law. Admittedly, no domestic inquiry was conducted before termination.

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Termination simpliciter without inquiry was bad in law. The Labour Court, without considering the incurable infirmity in the termination order, had upheld the termination order. The learned single Judge, though found that the termination order suffers infirmity, instead of reinstatement, ordered compensation, which was neither just nor equitable.

5. Counsel for the respondent Management submitted that the dispute raised by the employee – Arun Kumar before the Labour Court was not maintainable in view of the Industrial Disputes (Banking and Insurance Companies) Act,1949. That apart, the grave misconduct of misappropriation had been admitted by the employee and hence no prejudice caused to the employee in not conducting the domestic inquiry. The learned single Judge ought not to have awarded compensation, considering the nature of misconduct and the relationship between the employee and the employer being purely on trust. The fact of insurance premium paid by the customer having been misappropriated and the cheque forged, which had larger ramifications in the insurance industry, was not properly appreciated by the learned single Judge, while awarding compensation.

6. Though legal and factual aspects have been canvassed in the intra court appeals, we are particularly concerned about jurisdiction and competency of the Labour Court, which had entertained the dispute raised by the employee - workman under Section 2 (A) (1) of the Industrial Disputes Act,1947, vis-a-vis the Industrial Disputes (Banking and Insurance Companies) Act,1949.

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7. Chapter 2 of the Industrial Disputes Act,1947, deals with the authorities under the Act. Section 4 empowers the appropriate Government to notify in the Official Gazette Conciliation Officers charged with the duty of mediating and promoting the settlement of industrial disputes. Section 2 (A) defines 'appropriate Government'.

8. As far as insurance companies are concerned, a special Act, namely, Industrial Disputes (Banking and Insurance Companies) Act,1949, applies, after amendment to the Industrial Disputes Act,1947, and the enactment of Industrial Disputes (Banking and Insurance Companies) Act,1949. Under Section 4 of the Industrial Disputes (Banking and Insurance Companies) Act,1949, there is a prohibition of references by State Governments in cases of industrial disputes arising from insurance and banking sectors.

9. This was a case where an individual had raised a dispute under Section 2 (A) of the Industrial Disputes Act,1947, before the Labour Court and the same been entertained. The legal infirmity in entertaining the appeal on this ground was not raised by the Management at the first instance, but they only questioned the status of the employee, whether he was a workman or not. The Labour Court had gone into that issue and held that the employee – Arun Kumar, Channel Sales Manager, was a workman.

10. Now, having brought to the notice of this Court Section 4 of the Industrial Disputes (Banking and Insurance Companies) Act,1949, which causes a legal embargo on the State Government to refer the disputes, which equally

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applies for the individual disputes arising in insurance and banking sector also, we find that the Labour Court, Hosur, which had entertained the industrial dispute in I.D.No.34 of 2021, lacked competency. The workman ought to have approached the Central Government Industrial Tribunal, if he had any grievance over the termination order. On this ground, we set aside the order passed by the learned single Judge in W.P.No.25090 of 2022, dated 09.07.2025, so also the award passed by the Labour Court, Hosur, in I.D.No.34 of 2021, dated 01.06.2022. It is open to the workman - employee- Arun Kumar to approach appropriate forum for redressal of his grievance. If any such appeal is filed, the same shall be entertained, taking note of the delay caused due to pendency of the appeals before the Labour Court, Hosur, and also the Writ Court. The delay in courts shall not cause any prejudice either to the workman or to the Management.

11. Writ Appeals are disposed of as above. No costs. Consequently, the connected C.M.P.Nos.4858 and 16037 of 2026 are closed.

(G.J.,J.) (E.M.,J.)
06-10-2026

Index: Yes
Speaking/Non-speaking order
Neutral Citation: Yes/No

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