



ANALYZING THE SUPREME COURT'S RULING REGARDING MATERNITY BENEFITS FOR FIXED-TERM EMPLOYEES

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ABSTRACT

In the life of the woman the motherhood is the most special experience. It provides a new beginning in the life of a woman. This is the reason why and how the concept of maternity leave evolved. Maternity Benefit Act, 1961 enacted by the government which was later on amended in the year 2017 was enacted by the government "to regulate the employment of women in certain establishments for certain period before and after child -birth and to provide for maternity benefit and certain other benefits." Although the amendments in the Act brought so many positive changes, the Act still has certain gaps to be filled. The law benefits majority of those women who are working in the organized sector ignoring the others who are domestic workers, self- employed and engaged in unorganized sector. The judiciary has played a very active role in extending the benefits to all irrespective of the nature of employment.

KEYWORDS : Motherhood, Maternity Benefit, employment

INTRODUCTION:

Recently, the Hon'ble Supreme Court in a significant ruling in the case of *Dr. Kavita Yadav V. The Secretary, Ministry of Health and Family Welfare Department & Others ("Kavita Yadav Case")* held that women who have been engaged as fixed-term employees and who fulfill the eligibility criteria for maternity benefit under the Maternity Benefit Act 1961 ("MB Act") would be entitled to full 'maternity benefit' even if the period of such benefit exceeds the term of their contract of employment.

The question of whether a fixed-term female employee can access maternity benefits extending beyond her contract duration had remained unresolved until this judgment. Section 12(2)(a) of the MB Act inter alia provides that if a woman is "discharged" from her job while she is pregnant, and if she would have been eligible for maternity benefits, getting "discharged" will not stop her from receiving those benefits. Given the wide import and potential ambiguity surrounding the term "discharge", this question had been a recurring bone of contention, with inconsistent opinions of different High Courts.

Two different schools of thought had emerged, leading to debates and challenges. One school of thought postulates a narrow interpretation, asserting that maternity benefits are available to all employed women, but they cease upon termination of their employment. A contractual position naturally ends when the agreed-upon time expires, and the person in that role has no right to continue or retain its benefits. This school of thought has been upheld by the Delhi High Court in (i) *Artiben R. Thakkar V. Delhi Pharmaceuticals Science & Research University* and (ii) *State (NCT of Delhi) V. Priyanka Mittal and Jharkhand High Court in Priti Kumari Gope V. Punjab National Bank*.

The other school of thought opts for a pro-employee stance, advocating for the full implementation of the benefits provided to female employees under Section 5 of the MB Act once the conditions outlined therein are met by the female employee. The MB Act is regarded as a social legislation that should be applied in a manner that advances the well-being of both the female employee and the child, both during pregnancy and after childbirth and without adequate financial support, the welfare of the female employee and her child could be significantly compromised. This school of thought has been upheld by the Delhi High Court in (i) *Bharti Gupta V. Rail India Technical and Economical Services Ltd. (Rites)* and (ii) *Dr. Baba Saheb Ambedkar Hospital V. Krati Mehrotra*.

The Supreme Court's ruling, as discussed below, provides clarity on the legal position on this issue.

Facts of the case:

The appellant, a pathology doctor, was appointed as Senior Resident (Pathology) at Janakpuri Super Speciality Hospital on June 6, 2004. Her appointment letter stated one-year employment initially, extendable up to three years. She started on June 12, 2014, with extensions on June 12, 2015, and June 12, 2016, each for one year, concluding on June 11, 2017. She applied for maternity benefits on May 24, 2017, starting from June 1, 2017, under the MB Act. Her employer approved only 11 days of maternity benefits due to her tenure ending on June 11, 2017.

The aggrieved appellant filed an application with the Central Administrative Tribunal in New Delhi, seeking maternity leave relief. The Tribunal held that her three-year contract ended on June 11, 2017, making maternity leave beyond that period inadmissible. Subsequently, she filed an application before the Hon'ble Delhi High Court. The High Court observed that Section 5(1) of the MB Act stipulates that every woman is entitled to maternity benefits at the average daily wage rate "for the period of her actual absence." This implies that she would be expected to be "present" if not for maternity leave. However, in cases of time-bound contractual employment that ends during pregnancy or shortly after childbirth, when maternity benefits are due, the woman is not actually "absent" since her contractual employment has already terminated. The MB Act's purpose is not to extend the contract period. Granting 180 days of leave when the contract is about to expire would unintentionally extend the contractual employment, which is not the intention of the MB Act. Consequently, the applicant's applications before both the forums were unsuccessful.

Appeal before the Supreme Court and the Court's ruling:

An appeal was then filed by the applicant before the Supreme Court challenging the order of the Delhi High Court.

The appellant argued that once she met the conditions for maternity benefits outlined in Section 5(2) of the MB Act, even as a contractual employee, she should receive full benefits. There is no dispute about a contractual employee's entitlement to these benefits, as the employer had previously provided them during the appellant's first pregnancy. Additionally, the appellant met the requirement of working for more than 80 days in the 12 months leading up to her expected delivery, as specified in Section 5(2) of the MB Act. In this regard, Section 5(2) of the MB Act is reproduced hereunder:

"No woman shall be entitled to maternity benefit unless she has actually worked in an establishment of the employer from whom she claims maternity benefit, for a period of not less than (eighty days) in the twelve months immediately

preceding the date of her expected delivery..." (emphasis supplied)

The respondent-employer defended the rationale presented in the Delhi High Court's contested judgment. Their primary contention was that when the contract's term concludes, there cannot be an implied extension by granting the employee full benefits under the MB Act, as outlined in Section 5(2) of the MB Act. It was argued that any entitlements for the appellant should be limited to the contractual period.

The Supreme Court placed reliance on Section 12(2)(a) of the MB Act extracted below:

"The discharge or dismissal of a woman at any time during her pregnancy, if the woman but for such discharge or dismissal would have been entitled to maternity benefit or medical bonus referred to in section 8, shall not have the effect of depriving her of the maternity benefit or medical bonus..." (emphasis supplied)

On Section 12(2)(a), the Court observed as under:
"Section 12(2)(a) of the MB Act contemplates entitlement to the benefits under the 1961 Act even for an employee who is dismissed or discharged at any time during her pregnancy if the woman, but for such discharge or dismissal, would have been entitled to maternity benefits or medical bonus. Thus, continuation of maternity benefits is inbuilt in the statute itself, where the benefits would survive and continue despite the cessation of employment. In our opinion, what this legislation envisages is entitlement to maternity benefits, which accrues on fulfillment of the conditions specified in Section 5(2) thereof, and such benefits can travel beyond the term of employment also. It is not co-terminus with the employment tenure."

The Supreme Court also referred to its previous rulings in (i) *Municipal Corporation of Delhi v. Female Workers (Muster Roll) & Anr.* and (ii) *Deepika Singh v. Central Administrative Tribunal and Others*, wherein benefit of the provisions of the MB Act was extended to the female employees engaged on casual basis and on muster roll on daily wage basis.

In the light of the above judgments read with Section 27 of the MB Act, which gives overriding effect to the MB Act over any award, agreement, or employment contract, the Supreme Court opined that Delhi High Court made an error in denying maternity benefits to the appellant beyond June 11, 2017. The Supreme Court, in its analysis, observed that the term "discharge" as used in Section 12(2)(a) encompasses "discharge on conclusion of the contractual period". In such instances, the MB Act establishes a legal construct, deeming a female employee to remain in employment for the specific purpose of accessing maternity benefits. The Supreme Court observed that effectively, in the above judgments, daily wage workers employment stood notionally extended so far as applicability of the MB Act was concerned. Drawing a parallel to the facts in hand, the Court held that benefits should also stand extended beyond contractual termination as well. Additionally, the Court observed that the last proviso to Section 5(3) of the MB Act makes the benefits applicable even in a case where the applicant woman dies after delivery of the child, for the entire period she would have been otherwise entitled to.

Based on the above, the Supreme Court concluded that once the appellant met the eligibility criteria outlined in Section 5(2) of the MB Act, she qualified for full maternity benefits, even if they extended beyond her contract's duration. The Supreme Court upheld the appeal, instructing the respondent-employer to provide the full maternity benefit to the appellant under the MB Act.

Analysis and comments:

The significance of the Supreme Court's decision in the Kavita Yadav Case is worth noting as it has settled the legal position arising from contradictory High Court rulings. While the judgment aims at maximizing the legislative intent and extending the reach of beneficial legislation to its broadest plausible extent, it inadvertently introduces challenges in its practical application. The ruling's unintended consequences could have economic repercussions for employers, particularly in sectors reliant on workforce engaged on short-term contractual project basis.

In case, an employer fails to pay the maternity benefit to a female employee, he/she could be punished with imprisonment up to three months or a fine of up to INR 500, or both imprisonment and fine. Additionally, the Court will make such an employer pay the unpaid maternity benefit to the intended recipient female employee.

Given the potential complexities and unintended implications, employers need to take note of the judgment and assess the impact on their businesses and make suitable provisions in their employment policies.

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