

Maternity Benefits Beyond Fixed-Term Contract Expiry

Supreme Court's Landmark Ruling in Dr. Kavita Yadav

Can an employer stop maternity benefit payments simply because a fixed-term employment contract has expired? The Supreme Court of India held that an eligible woman can receive full statutory maternity benefits even when the benefit period extends beyond her contractual tenure.

In *Dr. Kavita Yadav v. The Secretary, Ministry of Health and Family Welfare Department & Ors.*, Civil Appeal No. 5010 of 2023, decided on 17 August 2023, the Court clarified that contractual employment does not, by itself, restrict statutory maternity benefits. The judgment has important implications for employers, HR professionals and payroll teams managing fixed-term employment.

1. Background of the Case

Dr. Kavita Yadav was appointed as a Senior Resident in Pathology at Janakpuri Super Speciality Hospital, an autonomous institution under the Government of the National Capital Territory of Delhi. Her appointment was initially for one year and could be extended annually up to a maximum of three years. Her final contractual term was due to expire on 11 June 2017.

On 24 May 2017, she applied for maternity benefits commencing 1 June 2017. The employer informed her that she would receive benefits only up to 11 June 2017, as her contractual tenure could not be extended further under the applicable scheme.

Dr. Yadav challenged the decision before the Central Administrative Tribunal and the Delhi High Court, but both rejected her claim. She subsequently appealed to the Supreme Court.

2. The Legal Issue

The principal question was whether an eligible woman employee could claim the full statutory maternity benefit when her employment contract expired during the maternity-benefit period. The employer argued that maternity benefits could not continue after the contractual relationship ended. The Supreme Court rejected this interpretation and held that the statutory entitlement could extend beyond the contract's expiry.

3. What Did the Supreme Court Hold?

The Court examined Sections 5, 8, 12 and 27 of the Maternity Benefit Act, 1961.

- **Section 5 — Entitlement to maternity benefit:** Section 5(2) prescribed the qualifying service requirement, generally 80 days of work during the 12 months immediately preceding the expected date of delivery. Once the applicable eligibility conditions were satisfied, the employee became entitled to statutory maternity benefits.
- **Section 12 — Protection against discharge:** Section 12(2)(a) protected an eligible woman against deprivation of maternity benefits in the circumstances covered by the provision. The Court held that “discharge” could include discharge upon expiry of the contractual period.
- **Section 27 — Overriding effect:** This provision ensured that the Act prevailed over inconsistent contractual terms or agreements of service.

The Supreme Court concluded that an employer could not enforce the contractual end date in a manner that deprived an eligible employee of her full statutory maternity benefit. It explained that the law creates a legal

fiction under which the employee is treated as continuing in employment for the limited purpose of availing maternity benefits.

The Court set aside the earlier decisions and directed the employer to provide the benefits due under Sections 5 and 8, after adjusting amounts already paid under the same heads.

4. Key Takeaways for Employers

- **Contractual status is not an automatic exclusion:** Fixed-term employees may be entitled to statutory maternity benefits if they satisfy the applicable eligibility conditions.
- **Contract expiry does not automatically end maternity-benefit liability:** An employer cannot rely solely on the contractual end date to deny the remaining statutory benefit.
- **Maternity benefits do not automatically extend employment permanently:** The judgment recognises continuation for the limited purpose of maternity benefits; it does not create an automatic right to renewal or permanent employment.
- **Contracts cannot override statutory protection:** Contractual clauses must be interpreted consistently with applicable maternity-benefit legislation.

Employers should ensure that HR and payroll teams assess maternity-benefit claims separately from the administration of contractual expiry.

5. Does Every Fixed-Term Employee Automatically Receive 26 Weeks?

No. The judgment does not remove statutory eligibility requirements or guarantee the same duration of benefits in every case. Under the former Maternity Benefit Act, the ordinary entitlement was up to 26 weeks for an eligible woman with fewer than two surviving children, subject to the Act's conditions. Different limits applied in specified circumstances.

Employers must assess the employee's eligibility, applicable benefit period, relevant employment facts and amounts already paid before determining the outstanding liability.

6. Relevance Under the Code on Social Security, 2020

The Supreme Court decided *Dr. Kavita Yadav* under the Maternity Benefit Act, 1961. For claims governed by the Code on Social Security, 2020, employers should examine the applicable provisions of the Code, commencement notifications, rules and transitional arrangements.

The judgment's reasoning remains important when considering statutory maternity protection for contractual employees. However, current claims should be assessed under the legislation applicable to the relevant facts and dates rather than relying exclusively on the former Act's section numbers.

Conclusion

The Supreme Court's decision sends a clear message: the expiry of a fixed-term contract does not, by itself, extinguish an eligible woman's statutory maternity-benefit entitlement.

Employers should review their employment contracts, maternity-benefit procedures and payroll practices to ensure that contractual expiry does not result in the denial of statutory benefits.

Case Reference

Dr. Kavita Yadav v. The Secretary, Ministry of Health and Family Welfare Department & Ors., Civil Appeal No. 5010 of 2023, Supreme Court of India, decided on 17 August 2023.

Full judgment: <https://indiankanoon.org/doc/93694161/>

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