

D.N. Banerji Vs P.R. Mukherjee and Others

Court: Supreme Court Of India

Date of Decision: Dec. 5, 1952

Acts Referred: Constitution of India, 1950 " Article 132(1)
Industrial Disputes Act, 1947 " Section 2

Citation: AIR 1953 SC 58 : (1953) 1 MLJ 195 : (1953) 4 SCR 302

Hon'ble Judges: M. Patanjali Sastri, C.J; Vivian Bose, J; N. Chandrasekhara Aiyar, J; Ghulam Hasan, J; B. K. Mukherjea, J

Bench: Full Bench

Final Decision: Dismissed

Judgement

Chandrasekhara Aiyar, J.

Pratul Chandra Mitra was the Head Clerk, and Phanindra Nath Ghose, the Sanitary Inspector of the Budge

Budge Municipality, and they were also members of the Municipal Workers" Union. On receipt of complaints against them for negligence,

insubordination and indiscipline, the Chairman of the Municipality suspended them on 13th July, 1949, drew up separate proceedings, and called

for an explanation within a specified date. After the explanations were received, they were considered at a meeting of the Commissioners held on

6th August, 1949, and by a majority, the Commissioners confirmed the order of suspension and directed the dismissal of the two employees. At

the instance of the Municipal Workers" Union, who questioned the propriety of the dismissal, the matter was referred by the State of West Bengal

on 24th September, 1949, to the Industrial Tribunal for adjudication under the Industrial Disputes Act. The Tribunal made its award on 13th

February, 1950, that the suspension and punishment of the two employees were cases of victimisation, and it directed their reinstatement in their

respective offices.

2. The Municipality took the matter to the High Court at Calcutta by means of a petition for a writ of certiorari under articles 226 and 227 of the

Constitution. There were prayers in the petition for quashing the proceedings before the Tribunal, for cancellation of the award, and for an order

restraining the authorities from giving effect to the award and from taking any steps in pursuance thereof. At the instance of the High Court, a

separate application was filed under article 227. Both the petitions were heard by Harries C.J. and Sambhu Nath Banerjee J.

3. The points raised before them on behalf of the petitioners were five in all : (a) that there was no industrial dispute, and therefore there could be

no reference under the Industrial Disputes Act to any Tribunal; (b) that the said Act was not applicable to disputes with Municipalities; (c) that

even if it did, it was ultra vires; (d) that the Tribunal should not have directed reinstatement of the dismissed employees; and (e) that the award was

bad on the merits. These contentions were negated by the learned Judges, and the petitions were dismissed. But leave was granted under article

132(1) of the Constitution, and that is how the matter has now come up before us.

4. It is not necessary to dwell at any length on points (c), (d) and (e). If the Industrial Disputes Act applies to Municipalities and their employees,

the power to reinstate dismissed employees, held in *Western India Automobile Association v. Industrial Tribunal, Bombay and Others* [1949]

F.C.R. 321, to be within the competence of a Tribunal under the Act, will trench no doubt on the power to appoint and dismiss conferred on the

Chairman and Commissioners of Municipalities under sections 66 and 67 of the Bengal Municipal Act. This invasion of the provincial field of

legislation does not however render the Industrial Disputes Act of the central legislature invalid, as we have to pay regard primarily to the pith and

substance of the challenged Act in considering the question of conflict between the two jurisdictions. Industrial and labour disputes are within the

competence of the central legislature, and the impugned Act deals with this subject and not with local government. The point is covered by Profulla

Kumar Mookerjee v. Bank of Commerce Ltd., Khulna (1947) L.R. 74 A.I. 23.

5. Whether on the facts of a particular case the dismissal of an employee was wrongful or justified is a question primarily for the Tribunal to decide,

and here the Tribunal held that the dismissals were clear cases of victimisation and hence wrongful. Unless there was any grave miscarriage of

justice or flagrant violation of law calling for intervention, it is not for the High Court under articles 226 and 227 of the Constitution to interfere.

6. Points (a) and (b) are interlaced. The dismissal of the two employees was taken up by the Municipal Workers' Union who challenged it as

grossly improper. Thus it is clear that there was a dispute between the employer, viz., the Municipality on the one side, and the workmen

represented by the Union on the other. But what is urged by the Municipality is that it was not an "industrial dispute" within the meaning of the Act,

and hence there was no jurisdiction in the Government to refer the dispute to a Tribunal. It is contended on their behalf that the Municipality in

discharging its normal duties connected with local self-government is not engaged in any industry as defined in the Act. It is this question that we

have to consider, and for this purpose it becomes necessary to examine rather closely some of the provisions in the Act to ascertain their true

scope and meaning.

7. "Industry" and "industrial dispute" are defined in the Act in section 2, clauses (j) and (k) as follows :

(j) "industry" means any business, trade, undertaking, manufacture or calling of employers and includes any calling, service, employment,

handicraft, or industrial occupation or avocation of workmen;

(k) "industrial dispute" means any dispute or difference between employers and employees, or between employers and workmen, or between

workmen and workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour,

of any person.

8. As clause (k) refers to workmen, we must also look at the definition of "workman" in clause (s) which is in these terms :

"workman" means any person employed (including an apprentice) in any industry to do any skilled or unskilled manual or clerical work for hire or

reward and includes, for the purposes of any proceedings under this Act in relation to an industrial dispute, a workman discharged during that

dispute, but does not include any person employed in the naval, military or air service of the Government.

9. Corresponding definitions of "trade dispute" and "workman" are found in section 8 of the Industrial Courts Act, 1919 (9 and 10, Geo. V, c. 69),

and they run in these terms :

The expression "trade dispute" means any dispute or difference between employers and workmen, or between workmen and workmen

connected with the employment or non-employment, or the terms of the employment or with the conditions of labour of any person :

The expression "workman" means any person who has entered into or works under a contract with an employer whether the contract be by way

of manual labour, clerical work, or otherwise, be expressed or implied, oral or in writing, and whether it be a contract of service or of

apprenticeship or a contract personally to execute any work or labour.

10. "Trade dispute" as defined in the English Act and "industrial dispute" as defined in our Act mean the same thing practically.

11. It has to be conceded, even at the outset, that an industry can be carried on by or under the authority of the Central, or State Government, or

by or on behalf of a local authority. This is made clear not only by the provision in sub-clause (i) of clause (a) of section 2 but also by the definition

of ""employer"" in clause (g) to the following effect :

"employer" means -

(i) in relation to an industry carried on by or under the authority of any department of the Central Government or a State Government, the authority

prescribed in this behalf, or where no authority is prescribed, the head of the department;

(ii) in relation to an industry carried on by or on behalf of a local authority, the chief executive officer of that authority;.

12. Where a dispute arises in such an industry between the employees on the one side and the Central Government or the State or the local body

on the other, it would be an industrial dispute undoubtedly. But where a dispute arises in connection with the discharge of the normal activities of

Government or of a local body, it is argued for the appellant that the dispute cannot be regarded as an industrial dispute. The soundness of this

contention falls to be examined.

13. In the ordinary or non-technical sense, according to what is understood by the man in the street, industry or business means an undertaking

where capital and labour co-operate with each other for the purpose of producing wealth in the shape of goods, machines, tools etc., and for

making profits. The concept of industry in this ordinary sense applies even to agriculture, horticulture, pisciculture and so on and so forth. It is also

clear that every aspect of activity in which the relationship of employer and employee exists or arises does not thereby become an industry as

commonly understood. We hardly think in terms of an industry, when we have regard, for instance, to the rights and duties of master and servant,

or of a Government and its secretariat, or the members of the medical profession working in a hospital. It would be regarded as absurd to think so;

at any rate the layman unacquainted with advancing legal concepts of what is meant by industry would rule out such a connotation as impossible.

There is nothing however to prevent a statute from giving the word ""industry"" and the words ""industrial dispute"" a wider and more comprehensive

import in order to meet the requirements of rapid industrial progress and to bring about in the interests of industrial peace and economy, a fair and

satisfactory adjustment of relations between employers and workmen in a variety of fields of activity. It is obvious that the limited concept of what

an industry meant in early times must now yield place to an enormously wider concept so as to take in various and varied forms of industry, so that

disputes arising in connection with them might be settled quickly without much dislocation and disorganisation of the needs of society and in a

manner more adapted to conciliation and settlement than a determination of the respective rights and liabilities according to strict legal procedure

and principles. The conflicts between capital and labour have now to be determined more from the standpoint of status than of contract. Without

such an approach, the numerous problems that now arise for solution in the shape of industrial disputes cannot be tackled satisfactorily, and this is

why every civilised government has thought of the machinery of conciliation officers, Boards and Tribunals for the effective settlement of disputes.

14. It is therefore incumbent on us to ascertain what the statute means by ""industry"" and ""industrial dispute"", leaving aside the original meaning

attributed to the words in a simpler state of society, when we had only one employer perhaps, doing a particular trade or carrying on a particular

business with the help of his own tools, material and skill and employing a few workmen in the process of production or manufacture, and when

such disputes that occurred did not go behind individual levels into acute fights between rival organisations of workmen and employers, and when

large scale strikes and lock-outs throwing society into chaos and confusion were practically unknown. Legislation had to keep pace with the march

of times and to provide for new situations. Social evolution is a process of constant growth, and the State cannot afford to stand still without taking

adequate measures by means of legislation to solve large and momentous problems that arise in the industrial field from day to day almost.

15. These remarks are necessary for a proper understanding of the meaning of the terms employed by the statute. It is no doubt true that the

meaning should be ascertained only from the words employed in the definitions, but the set-up and context are also relevant for ascertaining what

exactly was meant to be conveyed by the terminology employed. As observed by Lord Atkinson in *Keates v. Lewis Merthyr Consolidated*

Collieries [1911] A.C. 641 at 642, ""In the construction of a statute it is, of course, at all times and under all circumstances permissible to have

regard to the state of things existing at the time the statute was passed, and to the evils which, as appears from its provisions, it was designed to

remedy."" If the words are capable of one meaning alone, then it must be adopted, but if they are susceptible of wider import, we have to pay

regard to what the statute or the particular piece of legislation had in view. Though the definition may be more or less the same in two different

statutes, still the objects to be achieved not only as set out in the preamble but also as gatherable from the antecedent history of the legislation may

be widely different. The same words may mean one thing in one context and another in a different context. This is the reason why decisions on the

meaning of particular words or collection of words found in other statutes are scarcely of much value when we have to deal with a specific statute

of our own; they may be helpful, but cannot be taken as guides or precedents.

16. The words "industrial dispute" convey the meaning to the ordinary mind that the dispute must be such as would affect large groups of workmen

and employers ranged on opposite sides on some general questions on which each group is bound together by a community of interests - such as

wages, bonuses, allowances, pensions, provident fund, number of working hours per week, holidays and so on. Even with reference to a business

that is carried on, we would hardly think of saying that there is an industrial dispute where the employee is dismissed by his employer and the

dismissal is questioned as wrongful. But at the same time, having regard to the modern conditions of society where capital and labour have

organised themselves into groups for the purpose of fighting their disputes and setting them on the basis of the theory that in union is strength, and

collective bargaining has come to stay, a single employee's case might develop into an industrial dispute, when as often happens, it is taken up by

the trade union of which he is a member and there is a concerted demand by the employees for redress. Such trouble may arise in a single

establishment or a factory. It may well arise also in such a manner as to cover the industry as a whole in a case where the grievance, if any, passes

from the region of individual complaint into a general complaint on behalf of all the workers in the industry. Such widespread extension of labour

unrest is not a rare phenomenon but is of frequent occurrence. In such a case, even an industrial dispute in a particular business becomes a large

scale industrial dispute, which the Government cannot afford to ignore as a minor trouble to be settled between the particular employer and

workman.

17. When our Act came to be passed, labour disputes had already assumed big proportions, and there were clashes between workmen and

employers in several instances. We can assume therefore that it was to meet such a situation that the Act was enacted, and it is consequently

necessary to give the terms employed in the Act referring to such disputes as wide an import as reasonably possible. Do the definitions of

industry", "industrial dispute" and "workman" take in the extended significance, or exclude it? Though the word "undertaking" in the definition of

industry" is wedged in between business and trade on the one hand and manufacture on the other, and though therefore it might mean only a

business or trade undertaking, still it must be remembered that if that were so, there was no need to use the word separately from business or

trade. The wider import is attracted even more clearly when we look at the latter part of the definition which refers to "calling, service,

employment, or industrial occupation or avocation of workmen." "Undertaking" in the first part of the definition and "industrial occupation or

avocation"" in the second part obviously mean much more than what is ordinarily understood by trade or business. The definition was apparently

intended to include within its scope what might not strictly be called a trade or business venture.

18. Another provision in the Act defining ""public utility service"" and contained in sub-clause (n) of section 2 is very relevant and important in the

interpretation of ""industry"" and ""industrial dispute"" and it is to the following effect :

"public utility service" means -

(i) any railway service;

(ii) any section of an industrial establishment, on the working of which the safety of the establishment or the workmen employed therein depends;

(iii) any postal, telegraph or telephone service;

(iv) any industry which supplies power, light, or water to the public;

(v) any system of public conservancy or sanitation;

(vi) any industry specified in the Schedule which the appropriate Government may, if satisfied that public emergency or public interest so requires,

by notification in the official Gazette declare to be a public utility service for the purposes of this Act, for such period as may be specified in the

notification;

Provided that the period so specified shall not, in the first instance, exceed six months but may, by a like notification, be extended from time to

time, by any period not exceeding six months, at any one time if in the opinion of the appropriate Government public emergency or public interest

requires such extension.

19. A public utility service such as railways, telephones and the supply of power, light or water to the public may be carried on by private

companies or business corporations. Even conservancy or sanitation may be so carried on, though after the introduction of local self-government

this work has in almost every country been assigned as a duty to local bodies like our Municipalities or District Boards or Local Boards. A dispute

in these services between employers and workmen is an industrial dispute, and the proviso to section 10 lays down that where such a dispute

arises and a notice u/s 22 has been given, the appropriate Government shall make a reference under the sub-section. If the public utility service is

carried on by a corporation like a Municipality which is the creature of a statute, and which functions under the limitations imposed by the statute,

does it cease to be an industry for this reason ? The only ground on which one could say that what would amount to the carrying on of an industry

if it is done by a private person ceases to be so if the same work is carried on by a local body like a Municipality is that in the latter there is nothing

like the investment of any capital or the existence of a profit earning motive as there generally is in a business. But neither the one nor the other

seems a sine qua non or necessary element in the modern conception of industry.

20. In specifying the purpose to which the municipal fund is applicable, section 108 of the Bengal Municipal Act (XV of 1932) enumerates under

36 separate heads several things such as the construction and maintenance of streets, lighting, water supply, conservancy, maintenance of dairy

farms and milk depots, the taking of markets on lease etc. They may be described as the normal functions or ordinary activities of the Municipality.

Some of these functions may appertain to and partake of the nature of an industry, while others may not. For instance, there is a necessary element

of distinction between the supply of power and light to the inhabitants of a Municipality and the running of charitable hospitals and dispensaries for

the aid of the poor. In ordinary parlance, the former might be regarded as an industry but not the latter. The very idea underlying the entrustment of

such duties or functions to local bodies is not to take them out of the sphere of industry but to secure the substitution of public authorities in the

place of private employers and to eliminate the motive of profit-making as far as possible. The levy of taxes for the maintenance of the services of

sanitation and conservancy or the supply of light and water is a method adopted and devised to make up for the absence of capital. The

undertaking or the service will still remain within the ambit of what we understand by an industry though it is carried on with the aid of taxation, and

no immediate material gain by way of profit is envisaged.

21. In *National Association of Local Government Officers v. Bolton Corporation* [1943] A.C. 166, after referring to the definitions of "trade

dispute" and "workman" contained in the order of reference to the National Arbitration Tribunal and pointing out that they are identical with and

have the same meaning as the definitions contained in the Industrial Courts Act, 1919, Lord Wright observed as follows at page 184 of the Report

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The appellant contended that they include the members of the appellant trade union. The respondents disputed this because, they said, the

definitions do not include employees of a public or local authority like the respondents, and, in particular, such employees who are engaged in

professional, technical or administrative services. In my opinion, the respondents' contention would unduly narrow and limit the wide connotation

which should here be given to "trade" and to "workman". Section 11 of the Act of 1919 shows that "trade" is used as including "industry" because

it refers to a trade dispute in the industry of agriculture. The same inference appears from the short title. It is described as an Act to provide for the

establishment of an industrial court in connexion with trade disputes. Trade and industry are thus treated as interchangeable terms. Indeed "trade"

is not only in the etymological or dictionary sense, but in the legal usage, a term of the widest scope. It is connected originally with the word "tread"

and indicates a way of life or an occupation. In ordinary usage it may mean the occupation of a small shopkeeper equally with that of a commercial

magnate. It may also mean a skilled craft. It is true that it is often used in contrast with a profession. A professional worker would not ordinarily be

called a tradesman, but the word "trade" is used in the widest application to the appellation "trade unions". Professions have trade unions. It is also

used in the Trade Boards Act to include industrial undertakings. I see no reason to exclude from the operation of the Industrial Courts Act the

activities of local authorities, even without taking into account the fact that these authorities now carry on in most cases important industrial

undertakings. The order expressly states in its definition section that "trade" or "industry" includes the performance of its functions by a "public

local authority". It is true that these words are used in Part III, which deals with "recognized terms and conditions of employment", and in Part IV,

which deals with "departures from trade practices" in "any industry or undertaking," and not in Part I, which deals with "national arbitration" and is

the part material in this case, but I take them as illustrating what modern conditions involve - the idea that the functions of local authorities may

come under the expression "trade or industry." I think the same may be said of the Industrial Courts Act and of Reg. 58-AA, in both of which the

word "trade" is used in the very wide connotation which it bears in the modern legislation dealing with conditions of employment, particularly in

relation to matters of collective bargaining and the like.

22. The justification for this rather long quotation is that it deals with the specific point now in issue before us.

23. The same question as the one now before us came up for decision in an Australian case reported in *Federated Municipal and Shire Council*

Employees' Union of Australia v. Melbourne Corporation 26 Com. L.R. 508, and the judgments of some of the learned Judges are instructive.

There was a Union called the *Federated Municipal and Shire Council Employees' Union of Australia*, which was registered as an organisation

under the Commonwealth Conciliation and Arbitration Act, 1914-1915, as having been constituted in connection with municipal and shire councils,

municipal trusts and similar industries. The organisation made claims in respect of work done by its members employed by certain municipal

corporations in respect of the making, maintenance, control and lighting of public streets. The original reference stated the dispute as one which

relates to such operations of the said municipal corporation as do not consist of municipal trading," but it was subsequently amended during

argument by substituting for the words "as do not consist of municipal trading" the words "as consist of the making, maintenance, control and

lighting of public streets or any of them." Two points were argued before the High Court. The first one raised the question of the existence and

extent of the immunity of municipalities as instrumentalities of Government of the States, but it has no relevance here. The second point which is

material was whether the employees of municipalities could be said to be engaged in an industrial dispute within the meaning of section 51, sub-

section 35, of the Constitution. The corporations contended that they were not carrying on any industry but only the normal functions assigned to

them under the statute, and that there was therefore no industrial dispute that could be referred to the arbitration court. The meaning of the words

industrial disputes" used in the said sub-section had therefore to be ascertained and adjudged. The majority of the learned Judges - four against

two - decided in favour of the Union. Each side put forward an extreme contention. For the claimant it was urged that "industrial" meant simply

relating to industry in the abstract," whether it be in the exercise of trade, commerce, science or learned professions. The corporations contended

that "industrial dispute" meant a "trade dispute", and that "trade dispute" meant "a dispute in trade carried on by the employer for profit." A formula

midway between these two extremes was postulated in these terms by Isaacs and Rich JJ. who were two out of the four who constituted the

majority :

Industrial disputes occur when, in relation to operations in which capital and labour are contributed in co-operation for the satisfaction of human

wants and desires, those engaged in co-operation dispute as to the basis to be observed, by the parties engaged, respecting either a share of the

product or any other terms and conditions of their co-operation.

24. After giving copious extracts from the report of the Royal Commission appointed in 1890 in England to deal with labour problems, they

summed up their final conclusion in these words at page 564 :

The question of profit-making may be important from an income tax point of view, as in many municipal cases in England; but, from an industrial

dispute point of view, it cannot matter whether the expenditure is met by fares from passengers or from rates.

25. Dealing with the insistence by the corporations of the need for the profit-making motive as an essential element before one can say that a trade

dispute or industrial dispute has arisen, Powers J. who was also the Deputy President of the Arbitration Tribunal observed :

So far as the question in this case is concerned, as the argument proceeded the ground mostly relied upon (after the Councils were held not to be

exempt as State instrumentalities) was that the work was not carried on by the municipal corporations for profit in the ordinary sense of the term,

although it would generally speaking be carried on by the Councils themselves to save contractors' profits. If that argument were sufficient, then a

philanthropist who acquired a clothing factory and employed the same employees as the previous owner had employed would not be engaged in

an occupation about which an industrial dispute could arise, if he distributed the clothes made to the poor free of charge or even if he distributed

them to the poor at the bare cost of production. If the contention of the respondents is correct, a private company carrying on a ferry would be

engaged in an industrial occupation. If a municipal corporation carried it on, it would not be industrial. The same argument would apply to baths,

bridge-building, quarries, sanitary contracts, gas-making for lighting streets and public halls, municipal building of houses or halls, and many other

similar industrial undertakings. Even coal-mining for use on municipal railways or tramways would not be industrial work if the contention of the

respondents is correct. If the works in question are carried out by contractors or by private individuals it is said to be industrial, but not industrial

within the meaning of the Arbitration Act or Constitution if carried out by municipal corporations. I cannot accept that view.

26. Having regard to the definitions found in our Act, the aim or objective that the Legislature had in view and the nature, variety and range of

disputes that occur between employers and employees, We are forced to the conclusion that the definitions in our Act include also disputes that

might arise between municipalities and their employees in branches of work that can be said to be analogous to the carrying out of a trade or

business. It is unnecessary to decide whether disputes arising in relation to purely administrative work fall within their ambit. After all, whether there

is an industrial dispute at all is for the Government primarily to find out, for it is only then it has jurisdiction to refer. Moreover, it is not every case

of an industrial dispute that the Government is bound to refer. They may refer some, but may not also. It is a question of expediency.

27. There was no ground urged before us or before the High Court that the Sanitary Inspector and the Head Clerk of the Municipality were

officers and not "workmen" within the meaning of the Act. The dispute raised on their behalf by the Workers' Union of which they were members

is, in our view, an "industrial dispute" within the meaning of the Act.

28. The order of the High Court is affirmed, and this appeal is dismissed with costs, only one set to be shared between respondent 2 and

respondent 3.

29. Appeal dismissed.