

(2023) 04 MP CK 0109
In the Madhya Pradesh High Court
Case No : Writ Appeal No. 1102 Of 2021

AVTEC Limited

APPELLANT

Vs

State Of Madhya Pradesh And Others

RESPONDENT

Date of Decision : 28-04-2023

Acts Referred:

Constitution Of India, 1950 — Article 32, 226, 227
Madhya Pradesh Uchcha Nyayalaya (Khand Nyayapeeth Ko Appeal) Adhiniyam, 2005
— Section 2, 2(2)
Industrial Disputes Act, 1947 — Section 10D, 10(1), 25N, 25N(5), 25N(6), 25O
Uttar Pradesh Industrial Disputes Act, 1947 — Section 4K

Citation : (2023) 04 MP CK 0109

Hon'ble Judges : Vijay Kumar Shukla, J; Anil Verma, J

Bench : Division Bench

Advocate : J.P.Cama, Kirti Patwardhan, Umesh Gajankush, Brian D? Silva, Shashank Sharma

Final Decision : Dismissed

Judgement

Vijay Kumar Shukla, J

1. The present Writ Appeal is filed under Section 2(2) of Madhya Pradesh Uchcha Nyayalaya Khandpeeth Ko Appeal Adhiniyam 2005 being aggrieved by the order dated 21.10.2021 passed in WP No.5344/2020 by which the writ petition filed by the respondent No.3 and 4 has been allowed and the order dated 17.2.2020 rejecting reference application u/S.25-N(6) has been set aside and the respondent No.2 has been directed to refer the dispute to the Tribunal for adjudication.

2. Facts of the case are that the appellant AVTEC Limited submitted an application on 25.10.2019 u/S.25-N of the Industrial Disputes Act, 1947 (hereinafter referred as "Act") seeking permission for retrenchment of workmen from its Pithampur plant. The notices were issued by the Labour Commissioner and on an objection raised by the Union/Workmen, the said application was

rejected for want of procedure and liberty was granted to the appellant to file fresh application u/S.25-N of the Act. The respondent No.3 Union moved an application for reference on the said order whereby the appellant was permitted to file fresh application. Since the application filed by the appellant was not rejected and, therefore, no reference could have been made to industrial court. The reference is permissible against an order granting or refusing to grant permission for retrenchment, however, Union challenged the order dated 19.12.2019 in WP No.247/2020 before this Court and since the permission for retrenchment was already granted during the pendency of the petition the said petition was dismissed having been rendered infructuous by order dated 7.2.2020. According to the appellant, the plant was facing financial problem and was struggling for its existence and, therefore, the application for permission for retrenchment was filed u/S.25-N of the Act. It was also stated that appellant faced dire financial conditions and accumulated loss of Rs.141.19 crores in the last six financial years between 2013-2014 to 2018-2019 and, therefore, sought permission for retrenchment of 217 workmen out of 356 workmen. The authority specified in the Act vide its order dated 3.2.2020 passed an order granting permission to appellant to retrench 217 workmen as had been applied for. After passing the order dated 3.2.2020 the respondent Union and the workmen had submitted an application seeking reference to the industrial tribunal and few workmen submitted application seeking review of the order as per the provisions of Sec.25-N(6) of the Act. Specified authority by order dated 14.2.2020 rejected the application submitted by three workmen and decided not to review the order on the application and also rejected the application for reference filed by respondent No.3 and 4 on the ground that since the application for review has already been refused and, therefore, the prayer for reference at the instance of the respondent No.3 and 4 cannot be decided as per the provisions of Sec.25-N(6) and the law laid down by the division bench of this court in WP No.1368/1997 Ujjain Mill Mazdoor Sangh and others Vs. State of MP (1999) 1 LLJ 1197 (MP) wherein it has been held that in Sec.25-N(6) it is not mandatory for the authority to refer the case to the tribunal. This is voluntary provision and since by speaking order the prayer for review has already been rejected filed by three employees, the application for reference filed by the respondents No.3 and 4 was rejected. It was further held that there is no propriety or legal basis for the trial on the same point as the detailed speaking order has been passed as per the provisions of Sec.25-N(3) of the Act. Being aggrieved by the said order, the respondent No.3 and 4 filed a Writ petition No.5344/2020 and challenged the order and sought relief of quashment of orders Annexure P/5 and P/8 by which the reference was declined and sought a direction to the respondent No.2 to refer the matter for adjudication to the industrial tribunal.

3. Senior Counsel for the appellant submitted that before the specified authority there were two applications; one set of application was filed by the three employees for review of the order for permission of retrenchment and the other application was filed by respondent No.3 and 4 seeking a reference to the

tribunal. The authority had discretion to decide either of the application and the authority decided the review application and dismissed the same and on the same date after affording opportunity to the respondent No.3 and 4 also decided the application filed by respondent No.3 and 4 declining reference on the ground that the review filed by the other employees has already been rejected. It is argued that once the review application was decided, as per the provisions of Sec.25-N(6) the reference cannot be granted. The order passed by the learned Single Judge is contrary to the judgment passed by the division bench of this court in the case of Ujjain Mill Mazdoor Sangh (supra) and the judgment passed by the Apex Court in the case of Cable Corporation of India Ltd Vs. Addl.

Commissioner of Labour and others (2008) 7 SCC 680 where it has been held that once the application for review has been dismissed, the appropriate authority cannot refer the dispute to the industrial tribunal for adjudication. Only two options are available to the specified authorities either to consider the review application or to reference application for adjudication to the industrial tribunal. After exercising one option another cannot be exercised. He referred to paragraphs five to twelve of the said judgment and submitted that in view of the aforesaid paragraphs there can either review or a reference but not both. He also argued that in Cable Corporation of India (supra) the Court observed that had the legislature intended that the reference could be made after the government or the specified authority deals with the review power, it would have said so specially by specified words. It could have provided for a direct reference. The parameters of review are different from a reference, therefore, the legislature has not provided for a direct reference and the power has vested with the specified authority either to invoke the power of review or a reference, then it is not open for judicial scrutiny. He also referred para 15 of the said judgment and submitted that the Apex Court has opined that it is the domain of specified authority either to decide, review or refer the matter to the tribunal and such discretionary power cannot be subjected to judicial scrutiny. Learned counsel for appellant further asservated that the Division Bench of this court in the case of Ujjain Mill Mazdoor Sangh (supra) in para 6 and 7 held that the appropriate government may either on its own motion or on the application made by the employer or any workman, review its order for granting or refusing to grant permission under Section 2 or refer the matter to the Tribunal for adjudication. The word 'may' makes it optional for the government to either review the order granting or refusing permission for closure or to refer the matter to the tribunal for adjudication. It is not mandatory for the government to resort to both options simultaneously or one after the other. The word "or" assumes significance in this context. It may or may not resort to either option or may take one option. When it elects to take review option that ends the matter. It cannot be then asked to take recourse to make reference to the Tribunal. There could be cases where word 'may' used in the provision could be treated directory as done by the Rajasthan High Court but that would depend upon the facts and circumstances of each case. In any case, the employee cannot ask for either option as a matter of

right more so when one option of review stands exhausted.

4. He also argued that the judgment passed by the Apex court in the case of Orissa Textile & Steel Ltd. Vs. State of Orissa (2002) 2 SCC 578, the constitutional validity of Sec.25-O of the Act was under consideration which is akin to provisions of Sec.25-N. He referred para 10 of the Cable Corporation of India (supra) and submitted that in the said case the Apex Court has held in para 10 that on a close reading of the judgment it is clear that in the said case the issues presently under consideration did not fall for consideration. What was stated in essence was that the provisions for amended Section 25-O relates to review and reference would be in addition to judicial review under Article 226 or Article 32 of the Constitution. The Court was really considering the question as to whether provisions for review and reference were in addition to judicial review. It never said that they are cumulative and not alternative. He also referred para 9 of the Cable Corporation of India (supra) where the Apex Court after referring to the judgment passed in the case of Workmen Vs. Vs. Meenakshi Mills Ltd (1992) 3 SCC 336 held that the scope and ambit of Sec.25-N as it stood then, prior to its substitution by the Industrial Disputes (Amendment) Act, 1984, was considered. Section 25-O was recast with effect from 21.8.1984 by Act 46 of 1982. Similarly, changes were brought in Section 25-N by Act 49 of 1984 w.e.f. 18.8.1984. Under Section 25-N(5) finality is given subject to sub-section (6). A plain reading of the provision shows that two options are available i.e. to decide itself or refer to the Tribunal. It cannot be said that the Tribunal is additional forum for fresh look at the matter.

5. It is further argued that the learned Single Judge could not have issued a writ of mandamus directing to refer dispute to the Tribunal for adjudication. The said discretion is conferred on the authority u/S.25-N(6) of the Act. In support of his submission he has placed reliance on the judgment passed by the Apex Court in the case of Bank of India and others Vs. T. Jogram (2007) 7 SCC 236. He also referred the judgment of the Apex Court in the case of Govind Sugar Mills Ltd. and another Vs. Hind Mazdoor Sabha and others (1976) 1 SCC 60. The Apex Court considered Sec.4-K of U.P. Act which is *pari materia* with Sec.10(1) of the Industrial Disputes Act held that power u/S.10(1) of the Central Act is discretionary and it is open to the government under certain circumstances by taking into consideration the relevant factors to refuse to make a reference. The High Court quashed the order of refusing to make a reference and directed to make a reference. It was held that the Court could not have given peremptory direction to make a reference. At the most High Court could ask the government to reconsider the matter. The same view was taken by the Apex Court in the case of M/s. Avon Services Production Agencies Vs. Industrial Tribunal, Haryana and others (1979) 1 SCC 1. On the basis of aforesaid judgment, it is argued that the learned Single Judge has committed an illegality in issuing a writ of mandamus. He further argued that it is well settled principle of law that judicial review is not against the decision, it is against the decision making process. In the instant case, there are no allegations of procedural irregularities, illegality and also there

is no allegation of violation of principle of natural justice and, therefore, the learned Single Judge could not have substituted his view. He referred para 15 of the judgment passed in the case of Bank of India Vs. T. Jogram (supra). He also argued that the order passed u/S.25-N is an order – in rem and, therefore, once the order of refusal of review is passed it would apply to all the workmen.

6. Learned counsel for respondent No.1 and 2 supported the order of the authority and rejection of reference. He submits that the authority has rightly rejected the reference application u/S.25-N(6) as the review application filed by the three workmen was already rejected. He also relied on the judgments passed by the Division Bench in Ujjain Mills Mazdoor Sangh (supra) and Cable Corporation of India (supra) which have been referred by the Senior Counsel for the appellant. The order of Single Judge is contrary to the provisions of Section 25-N(6) and judgment of Supreme Court and appeal deserves to be allowed.

7. Learned counsel for respondents No.3 and 4 supported the order of Single Judge and relied on the judgment of the Apex Court in the case of Orissa Textile & Steel Ltd. (supra). He referred para 5,10,14 and 16 of the said judgment. It is submitted that the Apex Court was considering the constitutional validity of Sec.25-O of the Act 1947 and the provisions of Sec.25-O is akin to the provisions of Sec.25-N. In Workmen vs. Meenakshi Mills Ltd (supra) (1992) 2 SCC 336 while considering the constitutional validity of Sec.25-N the Apex Court pointed out the differences between 25-O and 25-N and held that the considerations which have weighed in the case of Excel Wear Vs. Union of India (1978) 4 SCC 224 could not be applied for judging the validity of Sec.25-N. In Workmen Vs. Meenashi Mills Ltd. (supra), the Apex Court held that the provisions of Sec.25-O has been enacted to give effect to the directive principles of the Constitution. He also argued that as per para 16 of the Orissa Textile (supra), the authority is bound to decide the application for reference. He submitted that the judgments relied by the counsel for appellant in the case of Ujjain Mill Mazdoor Sangh (supra) and Cable Corporation of India Ltd. (supra) would not apply to the facts of the present case.

8. It is further urged that a right is vested with the respondent No.3 and 4 under the provisions of Sec.25-N(6) either to make an application for review or to make application for reference. The respondents submitted an application for reference which has been dismissed by the impugned order only on the ground that the review application was already rejected filed by other three workmen. Their application for reference has not been decided on merit. He also alleged that those three workmen have been later-on re-employed by the appellant, therefore, the judgments relied by the counsel for appellant in the case of Ujjain Mill Mazdoor Sangh and Ors. (supra) and Cable Corporation of India (supra) would not apply to the facts of the case. The respondents 3 and 4 did not file application for review. They had chosen to file application for reference which ought to have been decided by the Authority despite dismissal of review application by three workmen. Counsel for respondent No.3 and 4 also submitted

that the judgments relied by the counsel for appellant in the case of T. Jogram (supra), Govind Sugar Mills Ltd (supra), M/s. Avon Services Production Agencies (supra) would not apply to the present case as those cases were dealing with the provisions of Sec.10-D of the Act where the authority has to first adjudicate existence of a dispute and then only a reference can be made, and, therefore, the Apex Court held that a direction cannot be issued to make reference by way of writ of mandamus. The learned Single Judge has rightly set aside the order and issued direction for reference.

9. We have heard the learned counsel for parties at length and carefully examined the provisions of Section 25-N of the Act and various judgments cited before us by both the parties.

10. It would be apposite to refer the relevant provisions of Sec.25-N of the Act which reads as under:-

"25N. Conditions precedent to retrenchment of workmen.- (1) No workman employed in any industrial establishment to which this Chapter applies, who has been in continuous service for not less than one year under an employer shall be retrenched by that employer until,-

(a) the workman has been given three months' notice in writing indicating the reasons for retrenchment and the period of notice has expired, or the workman has been paid in lieu of such notice, wages for the period of notice; and

(b) The prior permission of the appropriate Government or such authority as may be specified by that Government by notification in the Official Gazette (hereafter in this section referred to as the specified authority) has been obtained on an application made in this behalf.

(2) An application for permission under sub-section (1) shall be made by the employer in the prescribed manner stating clearly the reasons for the intended retrenchment and a copy of such application shall also be served simultaneously on the workmen concerned in the prescribed manner.

(3) Where an application for permission under sub-section (1) has been made, the appropriate Government or the specified authority, after making such enquiry as it thinks fit and after giving a reasonable opportunity of being heard to the employer, the workmen concerned and the person interested in such retrenchment, may, having regard to the genuineness and adequacy of the reasons stated by the employer, the interests of the workmen and all other relevant factors, by order and for reasons to be recorded in writing, grant or refuse to grant such permission and a copy of such order shall be communicated to the employer and the workmen.

(4) Where an application for permission has been made under sub- section (1) and the appropriate Government or the specified authority does not communicate the order granting or refusing to grant permission to the employer within a period of sixty days from the date on which such application is made,

the permission applied for shall be deemed to have been granted on the expiration of the said period of sixty days.

(5) An order of the appropriate Government or the specified authority granting or refusing to grant permission shall, subject to the provisions of subsection

(6), be final and binding on all the parties concerned and shall remain in force for one year from the date of such order.

(6) The appropriate Government or the specified authority may, either on its own motion or on the application made by the employer or any workman, review its order granting or refusing to grant permission under sub-section (3) or refer the matter or, as the case may be, cause it to be referred, to a Tribunal for adjudication:

Provided that where a reference has been made to a Tribunal under this sub-section, it shall pass an award within a period of thirty days from the date of such reference."

11. Upon perusal of the provisions of Sec.25-N, it is axiomatic that conditions have been prescribed which are precedent before retrenchment of a workmen. In sub section (1) it has been provided that no workmen employed in any industrial establishment to which this Chapter applies, who has been in continuous service for not less than one year under an employer shall be retrenched by that employer unless the conditions prescribed under sub-clause (a) and (b) are fulfilled. Sub clause (a) provides that the workman has to be given three months notice in writing indicating the reasons for retrenchment and the period of notice has expired, or the workman has been paid in lieu of such notice, wages for the said period and the prior permission of the appropriate Government or such authority as may be specified by the government has been obtained on an application made in this behalf. Sub-section (2) provides that an application for permission under sub-section (1) shall be made by the employer in the prescribed manner stating clearly the reasons for the intended retrenchment and a copy of such application shall also be served simultaneously on the workman concerned in the prescribed manner. Sub-section (3) provides that where an application for permission under sub-section (1) has been made, the appropriate Government or the specified authority shall make an enquiry as it thinks fit and after giving reasonable opportunity of being heard to the employer, the workman concerned and the person interested in such retrenchment, may, having regard to the genuineness and adequacy of the reasons stated by the employer, the interests of the workmen and all other relevant factors, by order and for reasons to be recorded in writing, grant or refuse to grant such permission and a copy of such order shall be communicated to the employer and the workmen. Sub-section (4) further provides that when an application for permission has been made under sub-section (1) and the appropriate Government or the specified officer does not communicate the order granting or refusing to grant permission to the employer within a period of 60 days from the date on which such

application is made, the permission applied for shall be deemed to have been granted on the expiration of the said period of sixty days. Sub-section

(5) provides that an order of appropriate Government or the specified authority granting or refusing to grant permission shall subject to the provisions of sub-section (6), be final and binding on all the parties concerned and shall remain in force for one year from the date of such order. Sub-section (6) provides that the appropriate Government or the specified authority may, either on its own motion or on the application made by the employer or any workman, review its order granting or refusing to grant permission under sub-section (3) or refer the matter or, as the case may be, cause it to be referred, to a Tribunal for adjudication provided that where a reference has been made to a Tribunal under this sub-section, it shall pass an award within a period of thirty days from the date of such reference.

12. From reading the aforesaid clauses of Sec.25-N, it is axiomatic that these are the conditions precedent for retrenchment of workmen. The entire provision has to be read together and on careful reading, it is manifest that a protection is provided to the workmen before his retrenchment as the permission has to be sought from the appropriate government or the authority. The employer, the workmen and the person interested in such retrenchment has to be provided reasonable opportunity of being heard. The authority has to consider the genuineness and adequacy of reasons stated by the employer, the interest of the workmen and all other relevant facts and the authority has to record reasons in writing to grant or refuse permission and the said order has to be communicated to the employer and the workmen. Sub-section (6) provides remedy against the order of permission or refusal of permission for retrenchment that the appropriate Government or the specified authority may either on its own motion or an application made by the employer or any workmen review its order granting or refusing to grant permission under sub-section (3) or refer the matter or as the case may be caused to be referred to a Tribunal for adjudication.

13. Thus, on harmonious reading of sub-section (1) to (6), it is crystal clear that a right has been conferred on employer and employee to make an application for review or reference against the order of granting or refusing to grant permission. Thus, the provisions of Sub-section (6) of 25-N of the Act confers vested right to an employer or employee to make review or reference against the order of granting or refusing permission to retrench a workmen. The provision is beneficial legislation. The authority may exercise its power on its own motion as well. The word "or" used in sub-section (6) of 25-N has been considered in the case of Cable Corporation of India Limited (*supra*) in para 11. In the case of *Fakir Mohd. Vs. Sitaram* (2002) 1 SCC 741 it was held that the word "or" is normally disjunctive. The use of the word "or" in a statute manifests the legislative intent of the alternatives prescribed under law.

14. In the case of Cable Corporation of India Ltd. (*supra*), the Apex Court has held that once the authority has declined to review the order, then the order for

reference cannot be passed to the Tribunal for adjudication because the word "or" used in it. It is correct that the authority in exercise of the power u/S.25-N(6) of the Act either on its own motion or application made by the employer or any workmen review its order granting or refusing to grant permission of retrenchment or refer the matter to the Tribunal for adjudication as the case may be. Prior to the said judgment, a Division Bench of this Court in the case of Ujjain Mill Mazdoor Sangh (supra) also held that option is granted to the government to either review the order or granting or refusing permission for closure or to refer the matter to the Tribunal for adjudication. It is not mandatory for the Government to resort to both options simultaneously or one after the other. It may or may not resort to either option or may take one option. When it elects to take review option that ends the matter. Employee cannot ask for either options as a matter of right more so when one option of the review stand exhausted.

15. In the case of Orissa Textile & Steel Ltd. (supra), the Apex Court held that the reference after rejection of the review is not an additional protection. In the case of Meenakshi Mills Ltd. (supra), it is held that there is no additional Forum u/S.25-N(6). In respect of provisions of Sec.25-N(6) it is well settled that the workmen after seeking review cannot seek reference by filing another application or in the case if composite application is filed by workmen for review and reference and once the application is rejected for review, the reference cannot be made as the remedy is optional. In the case of Ujjain Mills Mazdoor Sangh (supra), the appellants after rejection of review application filed the application for reference and, therefore, the division bench held that once the review application has been decided, then the authority was not under obligation to decide reference application. The applicants were the same who had earlier filed review application and then were seeking reference. In the case of Cable Corporation of India (supra) also as per para 2 of the judgment, the Union has applied for review of the decision or to refer the matter for adjudication by composite application and the authority rejected the application on the ground that once the prayer for review was rejected, then the workmen cannot ask to decide reference being composite application by the same workmen. In the present case, the respondent No.3 and 4 filed application for reference in terms of the order u/S.25-N(6) prior in time to filing the application for review by three workmen but the authority instead of deciding the application for reference decided the review application filed by three workmen and rejected the application for reference by the Union – respondent No.3 and 4 on the ground that review has already been rejected.

16. In the present case, the respondent No.3 and 4 have not filed application for review. They filed application for reference before the authority and subsequent to that, three workmen filed application for review of the order of permission for retrenchment which was rejected. The appellant has sought only reference and a right is vested with a workmen u/S.25-N(6) either to seek review or reference and the authority is under obligation to decide the same. The application filed by the appellant for reference was prior in time but the authority had chosen to

decide the application for review of permission filed by three workmen and declined the review and thereafter rejected the application for reference without considering on merit only on the basis of the rejection of the review and the judgment passed in the case of Ujjain Mill Mazdoor Sangh (supra) without advertng to the merits of the application and examining the validity of order of granting permission for retrenchment of 217 workmen.

17. If the contention of the appellant that once the review application of three workmen was rejected, the Authority had no option but to reject the application of other workmen for reference is accepted, then, the right conferred on the workmen granting protection against the illegal retrenchment is frustrated and the provisions of Section 25-N of the Act would become redundant. The option for a workmen is either to make application for review or to make an application for reference. Once one prayer is declined, the other cannot be considered, but in the present case the application for reference filed by the respondent No.3 and 4 has been rejected only on the ground that the review filed by three workmen has already been rejected. None of the judgments pressed into service before us by the learned counsel for appellant lays down that if review application of one workmen is rejected, the application of other workmen would be liable to be rejected on the said ground.

18. Further, there is no merit in the contention of learned counsel for appellant that the writ court could not have issued a direction for reference but on reading of the provisions of Sec.25-N, it is axiomatic that a remedy is provided to a workmen and employer to make review or reference of order granting or refusing to grant permission for retrenchment and the authority is under obligation to decide the said application and, therefore, the learned Single Judge has rightly issued a direction for reference. In view of the provisions of Section 25-N of the Act, the argument of the learned counsel for the appellant cannot be accepted that the order passed under the said provision is judgment-in-rem. Section 25-N(6) confers a right on a workmen to make review or reference against order granting or refusing permission for retrenchment. Power of judicial review of High Court under Article 226/227 of the Constitution and the power of Supreme Court under Article 32 of the Constitution of India has been held to be a part of basic structure of the Constitution in the case of L.Chandra Kumar Vs. Union of India (1997) 3 SCC 261.

19. In the case of Baddula Lakshmaiah and others Vs. Sri Anjaneya Swami Temple and others (1996) 3 SCC 52, the Apex Court ruled that in an intra-court appeal, the appellate court is a Court of correction which corrects its own orders, in exercise of the same jurisdiction as was vested in the Single Bench. Such is not an appeal against an order of subordinate court. In such appellate jurisdiction the High Court exercises the powers of a Court of error.

20. We do not find any illegality in the impugned order passed by the learned Single Judge warranting any interference in this intra-court appeal. Accordingly, the writ appeal deserves and is hereby dismissed. No order as to costs.