

(1960) 12 GUJ CK 0012

In the Gujarat High Court

Case No : Special Civil Application No. 434 of 1960

Hathising Manufacturing Co. Ltd. and Another

APPELLANT

Vs

Ambalal M. Shah and Another

RESPONDENT

Date of Decision : 06-12-1960

Acts Referred:

Industries (Development and Regulation) Act, 1951 — Section 15, 16, 18A, 18A(1)

Citation : AIR 1961 Guj 73 : (1961) GLR 117

Hon'ble Judges : Desai, C.J;Bhagwati, J

Bench : Division Bench

Advocate : I.M. Nanavaty, for the Appellant; B.R. Sompura, Asst. Govt. Pleader, General and Asst. Govt. Pleader, for the Respondent

Final Decision : Allowed

Judgement

Bhagwati, J.—This petition raises an interesting question regarding the power of the Central Government to assume management or control of an industrial undertaking. The question turns on the interpretation of Section 18-A of the Industries (Development and Regulation) Act, 1951, to which we shall hereafter refer in this judgment as the "Act". It is a question of considerable importance and having regard to the full and detailed arguments which have been presented before us on this question on both sides, it is necessary to set out the facts in some fullness.

2. The first petitioner has an undertaking known as "Hathising Mills" situated in Ahmeda-bad and the first petitioner carries on inter alia the business of spinning cotton yam in the said undertaking. The second petitioner is the proprietor of the firm of M/S. Maneklal Mansukhbhai and Company who are the Managing Agents of the first petitioner. The second petitioner is also an ex officio Director of the first petitioner and along with his mother, he holds the majority of shares in the share capital of the first petitioner. The said undertaking is one of the oldest spinning units in the country having been established as far back as 1893 A. D. According to the petitioners the said undertaking is inherently an uneconomic

unit since in order to be an economic unit, a spinning unit must have at least 25,000 Spindles whereas the said undertaking has only 14,120 spindles.

3. Since 1949, the said undertaking started suffering heavy losses and during the period from 1947 to 1958, there were not more than two years in which the said undertaking could make some profits. According to the petitioners the losses were by reason of the said undertaking being inherently an uneconomic unit. The losses were so heavy that as a result thereof, the financial position of the first petitioner was considerably affected. At one time the Registrar of Companies, Bombay, requested the Central Government to authorise him to present a petition for winding up the first petitioner, but the first petitioner made a representation to the Central Government not to grant permission to the Registrar of Companies to institute any winding up proceedings against the first petitioner inasmuch as the institution of such winding up proceedings would result in the unemployment of about 350 workmen who were employed in the said undertaking -- a result which the petitioners wanted to avoid as far as possible. Certain correspondence thereafter took place between the Central Government and the first petitioner and ultimately the Central Government did not authorise the Registrar of Companies to present any petition for winding up the first petitioner. The case of the petitioners is that the losses suffered by the said undertaking were entirely due to the said undertaking being inherently an uneconomic unit and the first petitioner, therefore, made various representations to the Central Government during the past several years for permission to install looms so as to add a weaving unit in the said undertaking for the purpose of making the said undertaking an economic unit, but no such permission was granted to the first petitioner and all the attempts of the petitioners to make the said undertaking an economic unit were rendered unsuccessful by the non-co-operative attitude on the part of the Government authorities.

4. In view of the heavy losses continuously suffered by the said undertaking, the petitioners were obliged to close down the said undertaking from the mid-night of 27th April 1957. The Central Government thereupon in the exercise of its powers u/s 15 of the said Act, passed an order dated 29th May 1957 appointing a Committee of four persons under the Chairmanship of Shri Arvind Mafatlal for the purpose of making a full and complete investigation as set out in the said order. The investigation was ordered to be made as a result of the Central Government forming an opinion u/s 15(1)(a) of the said Act that there had been or was likely to be a substantial fall in the volume of production in respect of cotton textiles manufactured in the said undertaking, for which, having regard to the economic conditions prevailing, there was no justification. The committee appointed by the Order made a full and detailed investigation and submitted its report in the third week of February 1958. In the meantime, however, the working of the said undertaking was resumed by the first petitioner on 28th January 1958. It is the case of the petitioners that the first petitioner re-started the said undertaking as the first petitioner was assured by the Committee that if the working of the said undertaking was resumed, the Government would help

the first petitioner in every possible manner and particularly by advancing loans for working the said undertaking. According to the Union of India, which is the second respondent before us, no such assurances were given by the Committee and in any event the Committee had no authority to fiive any such assurances on behalf of the Government. Be that as it may, but the fact remains that the working of the said undertaking was resumed from 28th January .1958 and the Government, therefore, did not take any steps on the report submitted by the Committee. Ordinarily, we would not have referred to this fact as it is merely a matter Of history, but this fact has been relied upon by the petitioners as pointing to the conclusion that at that time the only grievance of the Government was that by reason of the closure of the said undertaking, there was a substantial tall in the volume of production in respect of cotton textiles manufactured in the said undertaking for which having regard to the economic conditions then prevailing, there was no justification, and that it was in respect of that grievance that the Committee made a full and complete investigation and made its report to the Government but that the cause of the said grievance was removed by the working of the said undertaking being resumed by the first petitioner and the Government, therefore, did not consider it necessary to take any steps on the report of the Committee. This fact shows -- so it has been contended by the petitioners -- that at that stage there was neither any allegation that the said undertaking was being managed in a manner highly detrimental to the scheduled industry or to public interest nor was any such allegation inquired into Or investigated and that the Committee also did not report in respect of any such, allegation. I? the Committee had investigated and reported that the said undertaking was being managed in a manner highly detrimental to the scheduled industry or to public interest, the Government would have taken action on the report and would not have desisted from doing so merely because the working of the said undertaking was resumed by the first petitioner, for the resumption of the working of the said undertaking -- though a solution of the problem regarding substantial fall in the volume of production in respect of cotton textiles manufactured in the said undertaking -- was no solution of the problem regarding mismanagement of the said undertaking. We shall consider this aspect of the matter a little more closely when we examine the arguments advanced before us by both the parties.

5. After resumption, the first petitioner worked the said undertaking upto 20th October 1959. It is the case of the petitioners that during this period, the Government did not render any assistance to the first petitioner either by way of financial help or by way of permission to instal additional spindles or to import new machinery in order to make the said undertaking an economic unit. The working of the said undertaking during this period resulted in further losses and the 1st petitioner was, therefore, once again obliged to close down the said undertaking from 20th October 1959. The Central Government once again appointed a Committee of Investigation by an order made on 24th December 1959 for the purpose of making a full and detailed investigation as Set out in the

Order. The Committee appointed under the Order consisted of three persons, the Chairman being Shri Madanmohan Mangaldas, a leading industrialist Of Ahmedabad. Considerable argument has been founded on the terms of the Order and in order to appreciate the contentions that have been urged before us, it is necessary to set out the Order in extenso. The Order was in the following terms:

"..... Whereas the Central Government is of the opinion that there has been, or is likely to be, a substantial fall in the volume of production in respect of cotton textiles manufactured in the industrial undertaking known as the Huthee-singh Manufacturing Co., Ltd., Ahmedabad, for which having regard to the economic conditions prevailing, there is no justification :

Now, therefore, in exercise of the powers conferred by Section 15 of the Industries (Development and Regulation) Act, 1951, (65 of 1951), the Central Government hereby appoints, for the purpose of making a full and complete investigation into the circumstances of the case, a body of persons consisting of :

1. Shri Madan Mohan Mangaldas ..Chairman.
2. Shri Thomas De SaMember. 3. Shri S. M. Yousuf Member."

As Shri Madan Mohan Mangaldas expressed his inability to serve on the Committee, Shri P. H. Bhuta was appointed Chairman of the Committee on 10th February 1960. It is a grievance of the petitioners that the appointment of Shri P. H. Bhuta as Chairman was not communicated to them, but nothing turns on that grievance in this petition.

6. The Committee thereafter started investigation. During the course of the investigation, the Committee sent a survey team to visit the said undertaking for the purpose of taking inspection of the books of account of the Said undertaking. The Committee also sent a pro forma statement to the first petitioner and required the first petitioner to furnish certain statistical information by filing in the said pro forma Statement, The first petitioner accordingly filled in the said pro forma statement and supplied the required information to the Committee. The Committee thereafter called the second petitioner and one M. R. Pandya who is the Manager of the said undertaking to give evidence before the committee. The Committee also visited the said undertaking and inspected the machinery of the said undertaking and thereafter recorded the statements of the second petitioner, M. R. Pandya and one Surottam Hutheesingh who was an adviser to the management of the said undertaking. The Committee also recorded the statements Of some representatives of the Textile Labour Association. The Statements of the representatives of the Textile Labour Association were, however, not recorded in the presence of the petitioners and the Committee did not at any time inform the petitioners as to what were the materials placed before the Committee by the representatives of the Textile Labour Association nor did the Committee give any opportunity to the petitioners to explain the said materials or to contradict or cross-examine any of the representatives of the Textile Labour Association whose statements were recorded. The Committee

thereafter submitted its report to the Government in the third week of March 1960. The first petitioner was not supplied a copy of the report and the first petitioner, therefore, by its letter dated 1st July 1960, applied to Shri Thomas De Sa, one of the members of the Committee, to supply a copy of the report to the first petitioner. Shri Thomas De Sa, however, by his letter in reply dated 8th July 1960, asked the first petitioner to refer to the Under Secretary, Government of India, Ministry of Commerce and Industry. The first petitioner thereupon addressed a letter dated 11th July 1960, to the Under Secretary, Government of India, Ministry of Commerce and Industry and requested him to supply a copy of the report to the first petitioner. The first petitioner did not receive any reply to this letter nor was a copy of the report submitted to the first Petitioner.

7. On 28th July 1960, the Central Government in exercise of its power u/s 18-A of the Act made an Order authorising the first respondent to take over the management of the whole of the said undertaking subject to the terms and conditions set out in the Order. It was recited in the Order that the Central Government was of the opinion that the said undertaking in respect of which an investigation had been made u/s 15 of the Act was being managed in a manner highly detrimental to public interest and the Order was made on the basis of the said opinion formed by the Central Government. The material portion of the said Order was as under:

"Whereas the Central Government is of the opinion that the Hutheesingh Mfg, Company Ltd., Ahmedabad, an industrial undertaking in respect of which an investigation has been made u/s 15 of the Industries (Development and Regulation) Act, 1951 (65 of 1951), is being managed in a manner highly detrimental to public interest;

Now, therefore, in exercise of the powers conferred by Section 18-A of the said Act, the Central Government hereby authorises Shri Ambalal M. Shah, (hereinafter referred to as the Authorised Controller) to take over the management of the whole of the said undertaking, namely, the Hutheesing Manufacturing Company Ltd., Ahmedabad, subject to the following terms and conditions...." Pursuant to the Order, the first petitioner attempted to take over the management of the said undertaking, but the petitioners refused to hand over possession of the said undertaking to the first respondent and immediately filed the present petition challenging the validity of the Order on various grounds which we shall presently mention,

8. When the petition was originally presented, the first respondent was the only respondent to the petition. We pointed out to Mr. Nanavaty, learned advocate on behalf of the petitioners, that the Order which was being challenged by the petitioners on the petition was an Order made by the Central Government and that it was difficult to, see how the Order could be challenged by the petitioners without making the Central Government a party to the petition. Mr. Nanavaty thereupon applied for leave to amend the petition by adding the Union of India as the second respondent and making consequential amendments in the petition.

We made an Order on 11th August 1960 granting leave to the petitioners to amend the petition and it was the amended petition which was admitted and in respect of which a Rule was issued by us.

9. In opposition to the Rule, the first respondent filed an affidavit stating that he had already taken over the management of the said undertaking before the petition was filed and that the petition was, therefore, not tenable in law. The first respondent asserted the validity of the Order and contended that he was entitled to exercise the powers conferred upon him under the Order. The main affidavit in reply was, however, filed on behalf of the second respondent and that affidavit was made by the Deputy Secretary to the Government of India, Ministry of Commerce and Industry. Various contentions were raised in this affidavit in support of the validity of the Order and it was urged that the grounds of attack against the Order contained in the petition were without any substance. We shall have occasion in the course of this judgment to refer to this affidavit in some detail. Suffice it to state at this stage that at the end of this affidavit, an objection in the nature of preliminary objection was raised regarding the jurisdiction of this Court in respect of the second respondent. It was contended that the second respondent was not amenable to the jurisdiction of this Court and that the petition which attacked the validity of an Order made by the second respondent was, therefore, not maintainable. This contention would have raised a rather interesting question regarding the scope and ambit of the jurisdiction of the High Court under Article 226 of the Constitution of India, but it was not pressed by the learned Advocate-General who appeared on behalf of the respondents and he argued the petition on merits. We need not, therefore, dwell on this contention any longer.

10. Before we proceed to examine the arguments advanced before us, it would be convenient at this stage to set out the relevant sections of the Act which have a bearing on the determination of the question arising before us. These sections are:

"15. Where the Central Government is of the opinion that--

(a) in respect of any scheduled industry or industrial undertaking or undertakings:

(i) there has been, or is likely to be, a substantial fall in the volume of production in respect of any article or class of articles relatable to that industry or manufactured or produced in the industrial undertaking or undertakings, as the case may be, for which, having regard to the economic conditions prevailing, there is no justification; or

(ii) there has been, or is likely to be, a marked deterioration in the quality of any article or class of articles relatable to that industry Or manufactured or produced in the industrial undertaking or undertakings, as the case may be, which could have been or can be avoided; or

(iii) there has been or is likely to be a rise in the price of any article or class of articles relating to that industry or manufactured or produced in the industrial undertaking or undertakings as the case may be, for which there is no justification; or

(iv) it is necessary to take any such action as is provided in this Chapter for the purpose of conserving any resources of national importance which are utilised in the industry or the industrial undertaking or undertakings, as the case may be; or

(h) any industrial undertaking is being managed in a manner highly detrimental to the scheduled industry concerned or to public interest; the Central Government may make or cause to be made a full and complete investigation into the circumstances of the case by such person or body of persons as it may appoint for the purpose."

"16(1). If after making or causing to be made any such investigation as is referred to in Section 15 the Central Government is satisfied that action under this section is desirable, it may issue such directions to the industrial undertaking or undertakings concerned as may be appropriate in the circumstances for all or any of the following purposes, namely:

(a) regulating the production of any article or class of articles by the industrial undertaking or undertakings and fixing the standards of production;

(b) requiring the industrial undertaking or undertakings to take such steps as the Central Government may consider necessary to stimulate the development of the industry to which the undertaking or undertakings relates or relate;

(c) prohibiting the industrial undertaking or undertakings from resorting to any act or practice which might reduce its or their production, capacity or economic value;

(d) controlling the prices, or regulating the distribution, of any article or class of articles which have been the subject-matter of investigation.

(2) Where a case relating to any industry or industrial undertaking or undertakings is under investigation, the Central Government may issue at any time any direction of the nature referred to in Sub-section (1) to the industrial undertaking or shall have effect until it is varied or revoked by the Central Government",

"18-A(1). If the Central Government is of Opinion that:

(a) an industrial undertaking to which directions have been issued in pursuance of Section 16 has failed to comply with such directions, or

(b) an Industrial undertaking in respect of which an investigation has been made u/s 15 (whether or not any directions have been issued to the undertaking in pursuance of Section 16), is being managed in a manner highly detrimental to the scheduled industry concerned or to public interest, the Central Government

may, by notified order, authorise any person or body of persons to take over the management of the whole or any part of the undertaking or to exercise in respect of the whole or any part of the undertaking such functions of control as may be specified in the order.

(2) Any notified order issued under Sub-section (i) shall have effect for such period not exceeding five years as may be specified in the order:

Provided that the Central Government, if it is of opinion that it is expedient in public interest so to do, may direct that any such notified order shall continue to have effect after the expiry of the period of five years aforesaid for such further period as may be specified in the direction and where any such direction is issued, a copy thereof shall be laid, as soon as may be, before both Houses of Parliament.

Explanation: The power to authorise a body of persons under this Section to take over the management of an industrial undertaking which is a company includes also a power to appoint any individual, firm or company to be the managing agent of the industrial undertaking on such terms and conditions as the Central Government may think fit."

11. Mr. Nanavaty on behalf of the petitioners attacked the validity of the Order on four grounds which he formulated in the following terms:

(a) The Order was invalid since the investigation which preceded the making of the Order was not initiated u/s 15(b), but was initiated under Clause (1) of Section 15(a) and in any event the investigation was not directed into the circumstances relating to the matter whether the said undertaking was being managed in a manner highly detrimental to the scheduled industry or to public interest;

(b) The Order was invalid since it was made without there being any materials in the report of the Committee which would show that the said undertaking was being managed in a manner highly detrimental to public interest and it was in fact conceded in the affidavit filed on behalf of the second respondent that the Order was based if not wholly, at least partly, on materials collected from sources other than the report of the Committee;

(c) The investigation which preceded the making of the Order was not conducted by the Committee in a quasi-judicial manner. No opportunity of being heard was also given by the Central Government to the petitioners before making the Order and that the Order was made in violation of the principles of natural justice, These two defects vitiated the Order and rendered the Order invalid; and

(d) The Order was arbitrary, capricious and mala fide and, therefore, invalid,

12. After hearing Mr. Nanavaty and the learned Advocate-General on the first ground, we felt that it would be possible to dispose of this petition on that

ground alone and that we need not consider and examine the other grounds of attack urged by Mr. Nanavaty on behalf of the petitioners. The learned Advocate-General, however, appealed to US to decide also the other grounds on which the Order was challenged by the petitioners inasmuch as the questions raised in those grounds were of general importance and likely to arise frequently and it would save considerable future litigation both in regard to this matter as well as other matters if these questions were decided by us and the law relating to these questions was finally settled and laid down by us. Having regard to the importance of the questions involved in the other grounds, we decided to hear the parties also on those grounds and asked Mr. Nanavaty on behalf of the petitioners to address his arguments to us on those grounds. Mr. Nanavaty on behalf of the petitioners thereupon stated before us that the petitioners were abandoning the Other grounds. Since the other grounds were abandoned by the petitioners, the only ground of attack which survived was the first ground, and full and detailed arguments were addressed to us on this ground by both the parties. It is this ground that we must, therefore, now turn to examine.

13. The argument on this point has been presented to us by Mr. Nanavaty on behalf of the petitioners in the following form. It has been argued by Mr. Nanavaty that u/s 15 the Central Government can make or cause to be made a full and complete investigation either when the Central Government is of the opinion that any of the circumstances mentioned in Clause (a) exists in respect of any scheduled industry or industrial undertaking or when the Central Government is of the opinion that an industrial undertaking is being managed in a manner highly detrimental to the scheduled industry or to public interest as mentioned in Clause (b). After such investigation, the Central Government may, if it is satisfied that such action is desirable, issue direction to the industrial undertaking, for all or any of the purposes mentioned in Section 16. If after issuing directions, the Central Government finds that the industrial undertaking to which directions have been issued has failed to comply with such directions, the Central Government may, by order u/s 18-A, audiorise any person or body of persons to take over management of the whole or any part of the undertaking or to exercise in respect of the whole or any part of the undertaking such functions of control as may be specified in the Order. The Central Government can also exercise this power u/s 18-A if after an investigation made u/s 15, the Central Government forms an opinion that the industrial undertaking is being managed in a manner righly de-trimental to the scheduled industry or to public-interest. Before this power can be exercised --so it has been argued by Mr. Nanavaty -- there are two conditions precedent which must be fulfilled; one is that there should be an investigation u/s 15 initiated on the basis of an opinion. that the industrial undertaking is being managed in a manner highly detrimental to the scheduled industry or to public interest and that in any event the investigation u/ s 15 should be into the circumstances relating to the particular matter whether the industrial undertaking was being managed in a manner highly detrimental to the scheduled industry or to public interest and the other is that after such

investigation, the Central Government should be of the opinion that the industrial undertaking is being managed in a manner highly detrimental to the scheduled industry or to public interest. The contention of Mr. Nanavaty is that in the present case the first condition precedent was not fulfilled inasmuch as the investigation which preceded the making of the Order was not initiated on the basis of an opinion that the said undertaking was being managed in a manner highly detrimental to public interest nor was it directed into the circumstances relating to that matter. It has been argued that since one of the conditions precedent was not fulfilled, the Central Government had no power to make the Order and the Order was, therefore, invalid.

14. It has on the other hand been argued by the learned Advocate-General that all that is required by the plain language of Section 18-A is that there should be an investigation u/s 15 before an Order can be made u/s 18-A on the ground that in the opinion of the Central Government the industrial undertaking is being managed in a manner highly detrimental to the scheduled industry or to public interest. There is nothing in the language of Section 18-A, argues the learned Advocate-General, which requires that the investigation which must precede the making of an Order u/s 18-A should be initiated on the basis of an opinion u/s 15(b) that the industrial undertaking is being managed in a manner highly detrimental to the scheduled industry or to public interest or should be directed into the circumstances relating to that matter. It is enough if there is an investigation u/s 15: it may have been initiated on the basis of an opinion under any of the clauses of Section 15(a) or on the basis of an opinion u/s 15(b); that is immaterial. Whether it is an investigation initiated on the basis of an opinion under any of the clauses of Section 15(a) or on the basis of an opinion u/s 15(b), it is still an investigation u/s 15 and satisfies the requirements of Section 18-A. According to the learned Advocate-General the condition mentioned in Section 18-A is satisfied if there is an investigation u/s 15 even though that investigation may have been initiated on the basis of an opinion under any of the clauses of Section 15(a) and not on the basis of an opinion u/s 15(b) and may not have been directed into the circumstances relating to mismanagement of the industrial undertaking. It is the contention of the learned Advocate-General that in the present case there was admittedly an investigation u/s 15 though that investigation was initiated on the basis of an opinion under Clause (i) of Section 15(a) that there had been, or was likely to be, a substantial fall in the volume of production in respect of cotton textiles manufactured in the said undertaking, for which, having regard to the economic conditions then prevailing, there was no justification and that there was, therefore, sufficient compliance with the requirement of Section 18-A so as to entitle the Central Government to make the Order under the said Section. The learned Advocate-General has also put forward an alternative contention, namely, that even though the investigation which preceded the making of the Order was initiated on the basis of an opinion under Clause (i) of Section 15(a), that investigation was in fact directed into the circumstances relating to the matter whether the said undertaking was being

managed in a manner highly detrimental to public interest and that the requirement of Section 18-A was, therefore, in any view of the matter satisfied and the Order was accordingly valid.

15. These rival contentions raise an interesting question of law which depends for its determination on a true interpretation of Section 18-A. Let us, therefore, examine the language of Section 18-A bearing in mind the cardinal rule of interpretation that the language used by the Legislature is the true repository of the legislative intent and that words and phrases occurring in a statute are to be taken not in an isolated or detached manner dissociated from the context but are to be read together and considered in the light of the purpose and object of the Act. Section 18-A finds place in Ch. III-A which is headed "Direct Management or Control of Industrial Undertakings by Central Govt. in certain cases." This Chapter was added to the Act by Amending Act 26 of 1953. Prior to that date the Central Government had no power to take over the management of the whole or any part of an industrial undertaking or to exercise any functions of control in respect of the whole or any part of the industrial undertaking. The only power of the Central Government to control the management of an industrial undertaking was that u/s 16 and in exercise of that power the Central Government could issue directions to an industrial undertaking for all or any of the purposes set out in that section. That power u/s 16 could not, however, be exercised unless there was an investigation u/s 15 and after such investigation the Central Government was satisfied that it was desirable to issue directions to the industrial undertaking for all or any of the purposes set out in that section. Now an investigation u/s 15 could be initiated and made or caused to be made by the Central Government if the Central Government formed an opinion under any of the clauses of Section 15(a) or an opinion u/s 15(b). If after such investigation the Central Government felt that it was necessary to take action, the Central Government could issue directions to the industrial undertaking u/s 16. The only sanction behind the directions issued by the Central Government u/s 16 was the penalty of imprisonment and fine provided in Section 24. There was, however, no provision for taking over the management of the industrial undertaking or exercising any functions of control in respect of the industrial undertaking if the directions issued by the Central Government u/s 16 were not obeyed by the industrial undertaking. There was also no provision for any other remedy if it was found that directions u/s 16 were not adequate for curing the mischief disclosed by the investigation u/s 15 and that no useful purpose was likely to be served by issuing such directions. The Legislature was not so much interested in punishing the persons in charge of and responsible for the conduct of the business of the industrial undertaking as in securing that there was no fall in the volume of production, no deterioration in quality and no rise in prices of any article or class of articles manufactured or produced in the industrial undertaking, that resources of national importance were conserved and that the industrial undertaking was managed in a proper and efficient manner conducive to public interest. The Legislature, therefore, added Chapter III-A and conferred power on the Central

Government u/s 18-A to authorise, by notified order, any person or body of persons to take over the management of the whole or any part of the industrial undertaking or to exercise in respect of the whole or any part of the industrial undertaking such functions of control as may be specified in the Order. The language of Section 18-A shows that this power can be exercised by the Central Government in two types of cases: either when the Central Government is of opinion under Clause (a) that the industrial undertaking to which directions, have been issued u/s 16 has failed to comply with such directions or when the Central Government is of opinion under Clause (b) that the industrial undertaking is one "in respect of which an investigation has been made u/s 15" and is being managed in a manner highly detrimental to the scheduled industry concerned or to public interest. In the present case the impugned Order has admittedly been made under Clause (b) of Section 18-A and the question, therefore, is whether the conditions mentioned in that clause are satisfied so as to entitle the Central Government to make the said Order. It is obvious and it has not been disputed before us by the learned Advocate-General that there are two conditions which must be fulfilled before an Order can be made by the Central Government under Clause (b) of Section 18-A and these conditions are in the nature of conditions precedent so that unless these conditions are satisfied the Central Government would not have the power to make an Order under the said clause. One of these conditions is that there should be an investigation in respect of the industrial undertaking u/s 15 and the other is that the Central Government should be of the opinion that the industrial undertaking is being managed in a manner highly detrimental to the scheduled industry concerned or to public interest. The latter condition is plainly a matter for the subjective satisfaction of the Central Government and it must be stated that no contrary submission in this regard has been made on behalf of the petitioners. The former condition is, however, a matter for objective determination by the Court and in every case where an Order made under Clause (b) of Section 18-A is challenged on the ground of non-fulfilment of this condition, the Court must determine whether an investigation, in respect of the Industrial undertaking has been made u/s 15 before the making of the Order: whether it can be said of the industrial undertaking that it is one "in respect of which an investigation has been made u/s 15". If the answer is in the negative, the condition cannot be said to have been satisfied and in that event the Order would be bad. The narrow question, therefore, is: can it be said of the undertaking in the present case that it was one in respect of which an investigation had been made u/s 15 within the meaning of Clause (b) of Section 18-A, before the impugned Order was made by the Central Government? This in its turn would again depend upon the answer to the question as to what is the exact scope and meaning of the words "in respect of which an investigation has been made u/s 15" in Clause (b) of Section 18-A. (15a) The key to the answer is to be found in the nature and object of the investigation u/s 15. An examination of the provisions of the Act shows that the only two sections which give power to the Central Government to interfere directly with the management of an industrial undertaking either wholly or in part are Sections 16 and 18-A. Before,

however, the Central Government can exercise the power either u/s 16 or u/s 18-A, there should be an investigation u/s 15. The exercise of the power is conditioned by the requirement of an investigation u/s 15; it is a restraint imposed upon the exercise of the power by the Central Government. The Central Government cannot interfere directly with the management of an industrial undertaking either u/s 16 or u/s 18-A-- and these are the only two sections which confer such a power -- unless there has been an investigation u/s 15. It is obvious that the investigation u/s 15 is provided in order to serve a twofold purpose. It is intended to instruct the mind of the Central Government so that the Central Government would be in a position to decide whether it is necessary or desirable to take any action. It is also meant to act as a safeguard against any arbitrary or capricious action on the part of the Central Government. Since it is left to the subjective satisfaction of the Central Government to decide whether it is desirable that any directions should be issued to an industrial undertaking u/s 16 for all or any of the purposes set Out in that section or whether the industrial undertaking is being managed in a manner highly detrimental to the scheduled industry concerned or to public interest So as to justify the making of an Order under Clause (b) of Section 18-A, the law has provided the safeguard of an investigation so that there may be proper and adequate material before the Central Government, before the Central Government can form an opinion or arrive at a satisfaction one way or the other and at the same time the owner of the industrial undertaking who would be prejudicially affected by the making of an Order u/s 16 or Clause (b) of Section 18-A would have an opportunity of placing proper and adequate material before the investigating authority, whether it be the Central Government or the Committee of Investigation appointed by the Central Government, to combat the prima facie opinion formed by the Central Government on the basis of which the investigation might have been initiated. If an investigation were not a condition precedent to the making of an Order u/s 16 or Clause (b) of Section 18-A, there is a possibility that proper and adequate material bearing on the subject in regard to which the Central Government has to form an opinion or to arrive at a satisfaction may not come to the knowledge of the Central Government and the opinion or satisfaction of the Central Government may be based on incorrect and insufficient material and an Order may be made by the Central Government u/s 16 or Clause (b) of Section 18-A which the Central Government would not have made if the entire material bearing on the subject had been brought to its notice. An Order u/s 16 or Clause (b) of Section 18-A has serious consequences to the owner of the industrial undertaking; in one case he is bound to carry out the directions which may be contained in the Order on pain of losing the entire management or control of the industrial undertaking under Clause (a) of Section 18-A while in the other case he immediately loses the management or control of the industrial undertaking and the person or body of persons mentioned in the Order steps in to take over the management of the industrial undertaking or to exercise such functions of control in respect of the industrial undertaking as may be specified In the Order. Both these are drastic consequences and before such drastic consequences can

be visited upon the owner of an industrial undertaking, it is necessary that the Central Government should fully inform itself about the matter in regard to which the Central Government has to form an opinion or to arrive at a satisfaction before making the Order entailing such drastic consequences. This the Central Government can do either by making an investigation itself or by causing an investigation to be made by a Committee of Investigation and that is why an investigation has been provided for in Section 15 and made a condition precedent to the making of an Order u/s 16 or Clause (b) of Section 18-A by the very language of those sections. The other equally important purpose which the investigation is intended to serve is to give an opportunity to the owner of the industrial undertaking to put forward his point of view supported by such materials as he likes showing that the prima facie opinion of the Central Government on the basis of which the investigation has been initiated is wrong. It may be, as the learned Advocate-General contends, that the investigation is not a judicial or quasi-judicial investigation --though it is not necessary for us to decide this question in view of Mr. Nanavaty having abandoned the other grounds of attack against the impugned Order -- but the investigation is intended to afford and does afford an opportunity to the owner of the industrial undertaking to explain the circumstances relating to the matter in respect of which the Central Government has formed a prima facie opinion and to place proper and adequate material showing that the opinion is incorrect and unjustified and there is, therefore, no necessity for any action u/s 16 or Clause (b) of Section 18-A. It is only fair and just that before the drastic consequences of an Order u/s 18 or Clause (b) of Section 18-A are visited upon the owner of an industrial undertaking, he should have an opportunity of showing that the ground on which such an Order might be made does not exist and that there is no warrant or justification for making such an Order, The investigation u/s 15 affords such an opportunity to the owner of an industrial undertaking. If the investigation were not a condition precedent to the making of an Order u/s 16 or Clause (b) of Section 18-A and the Order could be made without an investigation merely on the basis of the subjective satisfaction of the Central Government, the owner of an industrial undertaking would not have an opportunity as of right to place before the Central Government his explanation regarding the circumstances relating to the matter in respect of which the Central Government has to form an opinion or to arrive at satisfaction and in the absence of such explanation it is possible that an erroneous Order may be made by the Central Government entailing drastic consequences to the owner of the industrial undertaking, which the Central Government would not have made if all the material facts had come to its knowledge. The Legislature has, therefore, provided a safeguard in the shape of an investigation at which the owner of an industrial undertaking can place before the investigating authority his explanation regarding the matter on which the Central Government has to form an opinion or arrive at a satisfaction together with such material as he likes in support of that explanation so that the Central Government may be apprised of all the facts and circumstances relating to such matter and the Central Government may not erroneously form an opinion

or arrive at a satisfaction leading to the making of an Order u/s 16 of Clause (b) of Section 18-A. These two purposes which an investigation u/s 15 is intended to serve are really complementary as well as supplementary to each other. The Central Government cannot fully and fairly inform itself about the matter in regard to which it has to form an opinion or to arrive at a satisfaction unless the party against whom the investigation is directed is afforded an Opportunity of giving his explanation and placing all relevant material before the investigating authority. Any secret investigation is bound to be one-sided and imperfect and not likely to bring out all material and relevant facts and circumstances bearing upon the matter which is being investigated and such an investigation would not achieve the purpose of fully and fairly instructing the mind of the Central Government as regards the matter on which the Central Government has to form an opinion or to arrive at a satisfaction before making an Order u/s 16. or Clause (b) of Section 18-A. It will, therefore, be seen that each purpose really aids the other. If this two-fold purpose of an investigation u/s 15 is borne in mind, the interpretation of the words "in respect of which an investigation has been made u/s 15" in Clause (b) of Section 18-A does not present any difficulty.

16. Before we proceed to examine the language of Clause (b) of Section 18-A, it would be useful at this stage to dispose of an argument advanced by the learned Advocate-General as regards the scope and nature of an investigation u/s 15, for that has also a bearing on the question of interpretation of Clause (b) of Section 18-A. It was argued by the learned Advocate-General that an investigation u/s 15 may be initiated on the basis of an opinion under any of the clauses of Sub-section (a) or on the basis of an opinion under Sub-section, (b), but once an investigation, is properly initiated, the investigation is not confined to the matter in regard to which the opinion initiating the investigation was formed by the Central Government but the investigating authority has to investigate into all the circumstances of the industrial undertaking including other matters even though those matters might not have occasioned the investigation. The argument laid stress on the words "a full and detailed investigation" and it was submitted that these words clearly indicate that the area of the investigation is not narrow or limited but is wide enough to include all matters relating to the industrial undertaking even though the investigation may not have been initiated on the basis of an opinion on any of those matters. Since the investigation is to be a full and detailed investigation into all the circumstances relating to the industrial undertaking, it does not make any difference as to what was the opinion on the basis of which the investigation was initiated because in all cases the area of the investigation would be the same whether it was initiated under one or the other clauses of Section 15(a) or u/s 15(b). The nature and area of the investigation being the same, whatever be the cause of initiation, argued the learned Advocate-General, the Legislature has deliberately provided only for an investigation u/s 15 without insisting on any requirement that the investigation should have been initiated under any particular provision of Section 15. The final step in the argument was that all that is required under Clause (b) of Section 18-

A is that there should be an investigation u/s 15 and it does not matter under what provision of Section 15 the investigation has been initiated and that if after such an investigation the Central Government is of the opinion that the industrial undertaking is being managed in a manner highly detrimental to the scheduled industry concerned or to public interest, the Central Government can make an Order under Clause (b) of Section 18-A. We find it difficult to accept the argument. The argument is based on a wrong equation of the nature of an investigation with the area of it and in effect asks us to ignore the words "circumstances of the case" occurring at the end of Section 18-A. The words "full and detailed investigation" relied on by the learned Advocate-General define merely the nature of the investigation while the area of the investigation is limited by the words "circumstances of the case". The investigation has no doubt to be a full and detailed investigation, but the area of the investigation is that indicated by the words "circumstances of the case". Within that area, what is to be the nature of the investigation is indicated by the words "full and detailed investigation". The words "full and detailed investigation" cannot, therefore, be relied upon for enlarging the area of the investigation. In order to determine the area of the investigation, we must construe the words "circumstances of the case". It must be remembered that the exact colour and shape of the meaning of any words in an enactment is not to be ascertained by reading them in isolation; they must be read structurally and in their context, for their signification must vary with their contextual setting. Read in this manner the words "circumstances of the case" convey a meaning which is plain and simple and does not admit of any vagueness or ambiguity. The investigation is initiated because the Central Government finds that there is something wrong regarding a particular matter in relation to an industrial undertaking and the investigation has, therefore, necessarily to be into the circumstances relating to that particular matter. When the Central Government forms a prima facie Opinion that there is something wrong regarding a particular matter, the Central Government naturally wants to inform itself fully and completely about the circumstances relating to that particular matter so that it can take appropriate steps for the purpose of setting right that particular matter if it is found necessary to do so and the investigation is, therefore, directed into the circumstances relating to that particular matter. The cause or reason which initiates the investigation is necessarily related to the area or subject-matter of the investigation. The investigation is initiated not for the fun of it, but for a purpose and if the purpose is to be fulfilled, the area or the subject-matter of the investigation must be related to the purpose which initiates the investigation. The circumstances of the case into which the investigation is directed must, therefore, be the circumstances relating to the particular matter which occasions the investigation, for it is that particular matter as regards which the Central Government has come to a prima facie opinion that there is something wrong and which therefore requires to be investigated and set right. The circumstances of the case do not mean all circumstances of or relating to the industrial undertaking: the investigation is not a roving or fishing investigation into anything and everything connected with the

affairs of the industrial undertaking; the investigation is into a specific subject and within a specified area, namely, the particular matter as regards which the Central Government has formed an opinion, for it is that particular matter which requires to be set right and the investigation is directed to be made in order to aid the Central Government in deciding Upon any Steps necessary to be taken for the purpose of setting right that particular matter. This construction accords also with what we conceive to be the two fold purpose of the investigation of which we have already made mention. If one of the two purposes of the investigation is to give an opportunity to the owner of an industrial undertaking to explain the circumstances relating to the particular matter in respect of which the Central Government has formed a prima facie opinion and to place proper and adequate material showing that the opinion is incorrect and unjustified that purpose cannot be achieved if the investigation is to be a roving or fishing investigation into any thing and everything relating to the affairs of the industrial undertaking, for, in that event, the owner of the industrial undertaking would not know what is the matter in respect of which an explanation is needed. The owner of the industrial undertaking may give a full and detailed explanation regarding the circumstances relating to the particular matter which has initiated the investigation, but the investigating authority may investigate into a totally different matter and make its report without the owner of the industrial undertaking ever coming to know that the investigating authority is investigating into that different matter, so that the owner of the industrial undertaking would not have an opportunity of explaining the circumstances relating to that different matter and placing proper and adequate material which would clear up many points which may otherwise remain obscure and on which a prejudicial report may be made by the investigating authority. In such a case the safeguard of an investigation would be defeated. We are, therefore, of the opinion that on a true construction of the provisions of Section 15, the investigation initiated on the basis of an opinion in respect of any of the matters set out in one or the other clauses of Sub-section (a) or Sub-section (b) is to be a full and detailed investigation into the circumstances relating to that particular matter and it is that particular matter which is to be investigated by the investigating authority, whether it be the Central Government or a Committee of Investigation appointed by the Central Government, and the investigation is not to be a roving or fishing investigation into all the circumstances of or relating to the industrial undertaking.

17. This brings us to a consideration of the language of Clause (b) of Section 18A which is the section which must ultimately govern the decision of this case. As pointed out by us earlier in the course of this judgment, out of two conditions precedent which require to be fulfilled before an Order can be made under Clause (b) of Section 18A, one condition precedent is that there should be an investigation in respect of the industrial undertaking u/s 15. The argument of the learned Advocate General was that it is enough if there is an investigation u/s 15 and it does not matter under what provision of Section 15 the investigation is

initiated. According to the learned Advocate General, Clause (b) of Section 18A does not provide that the investigation should be initiated under any particular provision of Section 15 and there is, therefore, no reason why we should import any such limitation in the language of Clause (b) of Section 18A. The learned Advocate General drew our attention to Section 16 and argued that when Section 16 refers to an investigation u/s 15, it refers to any investigation u/s 15 and not to an investigation initiated under any particular provision of Section 15 and if that is so why should we read the expression "in respect of which an investigation has been made u/s 15" in Clause (b) of Section 18A as referring to an investigation initiated u/s 15(b). The argument is not sound and does not appeal to us for reasons which we shall immediately proceed to state. The argument lies in reading the words "in respect of which an investigation has been made u/s 15" in an isolated or detached manner dissociated from the context. These words must be read in their proper context. Of course when we speak of context we refer to it in a wide sense -- a sense which requires that all provisions which bear upon the same subject matter should be read in their entirety so as to lead to a construction which accords with the subject matter and the object of the enactment and does not produce a result which, it can be safely stated, the legislature did not intend to bring about. The interpretation of these words in Clause (b) of Section 18A does not present any difficulty if we bear in mind the nature and area of the investigation u/s 15 as also the purpose and object which such investigation is intended to serve. The Central Government can act under Clause (b) of Section 18A only if it is of opinion that the industrial undertaking is being managed in a manner highly detrimental to the scheduled industry concerned or to public interest and it is in the context of that provision that the requirement of an investigation u/s 15 has been provided in Clause (b) of Section 18A. The object of the investigation obviously is that before the Central Government may act under Clause (b) of Section 18A, the Central Government must fully and fairly inform its mind about the matter on which it has to form an opinion namely, whether the industrial undertaking is being managed in a manner highly detrimental to the scheduled industry concerned or to public interest and the owner of the industrial undertaking who is going to be prejudicially affected must have an opportunity of explaining all the circumstances relating to that matter and placing proper and adequate material to show that in fact the industrial undertaking is not being managed in a manner highly detrimental to the scheduled industry concerned or to public interest. How can this object be achieved if the investigation is not initiated on the basis of an opinion u/s 15(b) and is not directed into the circumstances relating to the question whether the industrial undertaking is being managed in a manner highly detrimental to the scheduled industry concerned or to public interest? Suppose the investigation is initiated on the basis of an opinion under any of the clauses of Section 15(a) and is directed only into the circumstances relating to existing or apprehended fall in the volume of production, deterioration in quality or rise in prices, or conservation of any resources of national importance and is not directed at all into the circumstances relating to the question whether the

industrial undertaking is being managed in a manner highly detrimental to the scheduled industry concerned or to public interest; in such a case it is difficult to see how the investigation could possibly instruct the mind of the Government as regards the question whether the industrial undertaking is being managed in a manner highly detrimental to the scheduled industry concerned or to public interest or afford any opportunity to the owner of [the industrial undertaking to explain the circumstances relating to that question and to place proper and adequate material showing that in fact the industrial undertaking is not being managed in a manner highly detrimental to the scheduled industry concerned or to public interest. How would such an investigation enlighten the Central Government, on the question on which it has to form an opinion before it can take any action under Clause (b) of Section 18A? What purpose would be served by such an investigation. In what way would such an investigation help the Government in coming to a decision whether the industrial undertaking is being managed in a manner highly detrimental to the scheduled industry concerned or to public interest? It is difficult to appreciate why the legislature should make such an investigation a condition precedent to the making of an Order under Clause (b) of Section 18-A. It would be unreasonable to suppose that the legislature intended that such an investigation which would be utterly futile and unrelated to the subject matter of Clause (b) of Section 18A should be sufficient compliance with the requirement of that clause. Such an investigation would have absolutely no bearing on the question on which the Central Government has to form an opinion under Clause (b) of Section 18A and would be merely an idle formality and the legislature certainly could not have intended that idle formality to be a condition precedent to the making of an Order under Clause (b) of Section 18A. The requirement of an investigation can take some meaning only if the investigation is related to the matter on which the Central Government has to form an opinion, namely, whether the industrial undertaking is being managed in a manner highly detrimental to the scheduled industry concerned or to public interest and a proper construction of clause (b) of Section 18A requires that the investigation which is made a condition precedent to the making of an Order under that clause should be an investigation into the matter whether the industrial undertaking is being managed in a manner highly detrimental to the scheduled industry concerned or to public interest. The construction contended for by the learned Advocate General leads to absurd results and the Court would be slow to accept any such construction unless the language of the enactment is clear and unambiguous and does not admit of any other construction which is more reasonable and accords better with the reason and object of the enactment. The construction which we are inclined to put upon Clause (b) of Section 18A is, we apprehend, in accordance with the general rule of construction that the Court must not only look at the words but must also look at the context, the collocation and the object of the words relating to the matter in regard to which they are used and "interpret the meaning according to what would appear to be the meaning intended to be conveyed by the use of the words under the circumstances". It is also significant to note that Clause (b) of

Section 18A uses the same expression namely that the "industrial undertaking is being managed in a manner highly detrimental to the scheduled industry concerned or to public interest" as that used in Section 15(b). In this connection Mr. Nanavaty on behalf of the petitioners cited before us a decision of the Supreme Court in Kamla Prasad Khetan Vs. The Union of India (UOI), and leaned heavily on the following observations of S. K. Das J., in that case:

".... The reason why the same expression is being managed in a manner highly detrimental etc. occurs both in Clause (b) of Section 15 and Clause (b) of Sub-section (1) of Section 18A of the Act is this: an investigation is ordered when the conditions mentioned in Section 15 are Fulfilled, one of the conditions being that the industrial undertaking is being managed in a manner highly detrimental to the scheduled industry concerned or to public interest. On such an investigation being made, the Central Government may issue directions u/s 16; those directions may or may not improve the situation. If they do not improve the situation, or if the mere giving of directions u/s 16 is not considered sufficient to meet the situation, the Central Government may pass an order u/s 18A; but one of the requisite conditions is that the Central Government must be of opinion that the industrial undertaking is still being managed in a manner highly detrimental to the scheduled industry concerned or to public interest...." We do not think these observations help us in any manner in arriving at a proper construction of Clause (b) of Section 18A. The question regarding the interpretation of Clause (b) of Section 18A which has been raised in the present case was not before the Supreme Court and these observations were made by the Supreme Court while analysing the scheme of the Act and it would not be correct or proper to found any argument on these observations. But apart from these observations, we have for the reasons set out above come to the conclusion that the investigation referred to in Clause (b) of Section 18A is an investigation into the circumstances relating to the matter whether the industrial undertaking is being managed in a manner highly detrimental to the scheduled industry concerned or to public interest and that such an investigation is a condition precedent which must be fulfilled before an order can be made under Clause (b) of Section 18A. Such an investigation would be initiated on the basis of an opinion u/s 15(b). Since in the present case the investigation was initiated on the basis of an opinion under Clause (i) of Section 15(a) and was therefore naturally directed into the circumstances relating to the question whether there had been or was likely to be a substantial fall in the volume of production in respect of cotton textiles manufactured in the said undertaking for which having regard to the economic conditions prevailing, there was no Justification, and there was no investigation into the circumstances relating to the question whether the said undertaking was being managed in a manner highly detrimental to the scheduled industry concerned or to public interest, the condition precedent was not fulfilled and the Order made by the Central Government was, therefore, bad.

18. An attempt was made by the learned Advocate General to support the validity of the Order on the ground that even though the investigation was

initiated on the basis of an opinion under Clause (i) of Section 15(a), the investigation was in fact directed into the circumstances relating to the question whether the said undertaking was being managed in a manner highly detrimental to the scheduled industry concerned or to public interest and that the condition precedent set out in Clause (b) of Section 18A was, therefore, fulfilled. In our opinion it would not be enough for the learned Advocate General to show that though the investigation was initiated on the basis of an opinion under Clause (i) of Section 15(a) and the Committee of Investigation was appointed to investigate into the circumstances relating to the question whether there had been or was likely to be a substantial fall in the volume of production in respect of cotton textiles manufactured in the said undertaking for which having regard to the economic conditions prevailing, there was no justification, as appears clearly from the Order dated 24-12-1959 appointing the Committee of Investigation -- which order was served on the first petitioner -- the Committee of Investigation in fact carried out investigation into the circumstances relating to the question whether the said undertaking was being managed in a manner highly detrimental to the scheduled industry concerned or to public interest. Such an investigation would be a secret and one-sided investigation carried out without the knowledge of the petitioners and without giving any opportunity to the petitioners to explain all the circumstances relating to the question of mismanagement and to place proper and adequate material before the Committee of Investigation showing that in fact the said undertaking was not being managed in a manner highly detrimental to the scheduled industry concerned or to public interest. Such an investigation would by its very nature be imperfect and would not fully and fairly instruct the mind of the Central Government on the question of mismanagement. As a matter of fact such an investigation would be misleading because the petitioners would always remain under the impression that the only question which is being inquired into by the Committee of Investigation is the question regarding fall in the volume of production and that there is no question of any mismanagement nor is there any investigation directed into the question of mismanagement with the result that the investigation would be entirely unfair, unjust and imperfect and would not serve the two-fold purpose for which it has been provided. We do not think that an investigation such as this is contemplated by Section 15 or that such an investigation would satisfy the requirement of Clause (b) of Section 18A. But apart from the question whether such an investigation would be sufficient compliance with the requirement of Clause (b) of Section 18A, we are not at all satisfied that there was in fact an investigation into the question whether the said undertaking was being managed in a manner highly detrimental to the scheduled industry concerned or to public interest. (After discussing the evidence, the judgment proceeded:)

Having regard to all these facts we are unable to hold that there was in fact any investigation into the circumstances relating to the question whether the said undertaking was being managed in a manner highly detrimental to the scheduled industry concerned or to public interest. If that is the position, the argument of

the learned Advocate General must fail and we must reach the conclusion that the order made by the Central Government was bad.

19. We were told by the learned Advocate-General that there is sufficient material in the report of the Committee of Investigation to justify the view that the said undertaking was being managed in a manner highly detrimental to public interest. In the view we have taken of the matter, we are not concerned with the question whether the said undertaking was in fact being managed in a manner highly detrimental to public interest. But if the-factual position is that the said undertaking was being managed in a manner highly detrimental to public interest, we have no doubt that, in the interest of the large number of workmen who were employed in the said undertaking and who are now idle as a result of the closure of the said undertaking, the Central Government will immediately take appropriate steps in the matter after complying with the requirements of law.

20. In the result the petition succeeds and the rule will be made absolute. There will be an order setting aside the order of the Central Government dated 28-7-1960 and directing the respondents not to interfere with or take over the management of the undertaking of the first petitioner namely, "Hat-hising Mills" by virtue of or in pursuance of the said order. The second respondent will pay the costs of the petitioners. There will be no order for costs against the first respondent.