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**(1962) 07 KAR CK 0011**  
**In the Karnataka High Court**  
**Case No : Writ Petition No. 601 of 1960**

Shivasankarappa K.

APPELLANT

Vs

His Workmen and Others

RESPONDENT

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**Date of Decision :** 16-07-1962

**Acts Referred:**

Industrial Disputes Act, 1947 — Section 10

**Citation :** (1964) 2 LLJ 448

**Hon'ble Judges :** B.M. Kalagate, J;A.R. Somnath Ayyar, J

**Bench :** Division Bench

**Advocate :** E.S. Venkataramayya, for the Respondent

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## Judgement

Somnath Ayyar, J.—The management of the industry called "Jayalakshmi Textiles" is the Petitioner before us, and the complaint made on its behalf is against one portion of the award made by the labour court, Bangalore, in a reference made to it under S. 10 of the Industrial Disputes Act, at the instance of the workmen of the industry. Many demands were made by those workmen and an award pursuant to the reference made under S. 10, was made granting most of them. But the only part of the award which is challenged in this writ petition is the dearness allowance allowed by the labour court at a flat rate of Rs. 6.50 for each workman a month. Although the labour court in Para. 17 of its award did address itself to the question whether the financial stability and economic condition of the industry justified the award of any dearness allowance to the workmen, it did not proceed to rest its decision on any finding that there was such basis for the fixation or the award of any dearness allowance, but thought that because the industry has made some profits in the year 1957-58 and had also reduced its wage expenses by about Rs. 9,000 there was a case for the award of dearness allowance.

2. Sri Venkataramayya complained that the award in this regard is arbitrary and does not rest upon an intelligible principle or ground. This complaint is, to our mind, substantial. Now. It is a very well-recognized principle that dearness

allowance could be awarded in cases in which the scales of pay falls short of the living wage. The application of the mind of the labour court was, therefore, necessary to the question whether the scales of pay obtaining in the industry fell short of the living wage and how far that gap between the living wage and the scale of pay could be neutralized by the award of dearness allowance, having due regard to the advantages enjoyed by the workmen, and which the industry had the capacity to pay. Far from addressing itself to these considerations which form the foundation of the award for the payment of the dearness allowance by the labour court, it took into consideration extraneous circumstance such as that the industry made some profits in the years 1957 and 1958, and that there was diminution in the amount of wages paid by it to its workers during those years. That part of the award by which the workmen were awarded dearness allowance cannot be sustained. It is accordingly quashed. There will, however, be no order as to costs.