
(1997) 11 P&H CK 0031
In the Punjab And Haryana At Chandigarh
Case No : C.W.P. No. 11791 of 1996

State of Punjab

APPELLANT

Vs

Hari Dass and Another

RESPONDENT

Date of Decision : 17-11-1997

Acts Referred:

Civil Procedure Code, 1908 (CPC) — Section 11
Industrial Disputes Act, 1947 — Section 2

Citation : (1999) 3 LLJ 1435 : (1999) 121 PLR 425

Hon'ble Judges : V.S. Aggarwal, J

Bench : Single Bench

Advocate : S.K. Sharma, D.A.G, for the Appellant; K.S. Dadwal, for the Respondent

Final Decision : Dismissed

Judgement

V.S. Aggarwal, J.—By this common judgment, two Civil Writ Petition Nos. 11791 and 13993 of 1996 can conveniently be disposed of together because the questions involved in both these petitions are identical.

2. State of Punjab assails the order passed by the Presiding Officer, Labour Court, Jalandhar. The relevant facts in the case of State of Punjab v. Hari Dass and Anr. are that Hari Dass had alleged that he was employed as a Beldar in the Public Works Department (Building and Roads), Provincial Division, Hoshiarpur on August 10, 1990. He worked continuously upto July 8, 1981. His services were terminated without any notice, charge-sheet or retrenchment compensation. He was getting Rs.385/- per month as his wages. He gave a demand notice and a reference was made to the Labour Court. The said reference was declined by the Labour Court only on the ground that the Public Works Department is not an industry. A fresh reference was made in view of the judgment of the Supreme Court wherein the Supreme Court has categorically stated that the Public Works Department is an industry. In the reply filed, State of Punjab has contested the same. It was insisted that the Public Works Department (Building and Roads) is

not an industry within the meaning of the Industrial Dispute Act. The workman is stated to have not completed 240 days and, therefore, the reference was not maintainable. Plea was raised that the workman had been engaged for a specific period for a specific job and, therefore, it was not a case of retrenchment.

3. The learned Labour Court framed the issues and held that the principle of *res judicata* is not attracted. It was held that the petitioner P.W.D. (B&R) Department is an industry and that services were terminated without any enquiry and the respondent workman had completed more than 240 days in the preceding 12 months before his retrenchment. Accordingly, the reference was allowed. The termination order of respondent-workman was set aside. Keeping in view the delay and the earlier reference that had been answered, it was held that the workman would be entitled to 1/3rd of wages after October 27, 1988 till July 20, 1995 and full wages from that date onwards. Of course, he was not reinstated.

4. Similar were the facts in the case of Executive Engineer, Central Works Division, P.W.D. (B&R) Branch, Hoshiarpur v. Hardev Singh. Herein, there was no earlier reference which had been declined. The learned Labour Court on September 7, 1995 accepted the reference and set aside the order of termination. It was directed that he be taken back into service with continuity of service and with one third of the back wages with benefit of increments.

5. Learned counsel appearing on behalf of the State urged that in the present case retrenchment had been made because the work for which the workman had been engaged was completed. The proposition of law in this regard cannot be disputed that if it was so, the same could be considered. But in the present case there is no such material that had been brought before this Court or before the Labour Court to show that the work for which the workman was engaged had been completed. Therefore, this particular plea is simply stated to be rejected.

6. The main argument advanced was that the Public Works Department (Building and Roads) is not an industry and, therefore, no relief could be granted to the workman.

7. The leading case on the subject is Bangalore Water Supply and Sewerage Board Vs. A. Rajappa and Others, . The dominant nature test for deciding whether the department is an "industry" or not has been summarised in para 143 of the judgment of the Supreme Court which is as under :-

"143. The dominant nature test:

(a) Where a complex of activities, some of which qualify for exemption others not, involves employees on the total undertaking, some of whom are not "workmen" as in the University of Delhi case (*supra*) or some departments are not productive of goods and services if isolated, even then, the predominant nature of the services and the integrated nature of the departments as explained in the Corporation of Nagpur (*supra*), will be the true test. The whole undertaking will be "industry" although those who are not "workmen" by

definition may not benefit by the status.

(b) Notwithstanding the previous clauses, sovereign functions, strictly understood, (alone) qualify for exemption, not the welfare activities or economic adventures undertaken by government or statutory bodies.

(c) Even in departments discharging sovereign functions, if there are units which are industries and they are substantially severable, then they can be considered to come within Section 2(j).

(d) Constitutional and competently enacted legislative provisions may well remove from the scope of the Act categories which otherwise may be covered thereby."

8. This question had been considered by the Supreme Court subsequently in case of *Des Raj and Ors Vs. State of Punjab and Ors*, . The question for consideration was if the irrigation department was an "industry" or not? The Supreme Court scanned through the earlier decisions of the Supreme Court and referred to the dominant nature test already referred to above. It was held that it was an industry. Earlier Full Bench decision of this Court was not approved. Supreme Court held as under :-

"The Administrative Report of the facts found by the High Court in the instant case have attempted to draw out certain special features. The legal position has been indicated in the earlier part of our judgment. On the tests, as already laid down in the judgments, we do not think these facts found in this case can take out the Irrigation Department outside the purview of the definition of "industry". We have already referred to the Dominant Nature Test evolved by KRISHNA IYER J. The main functions of the Irrigation Department when subjected to the Dominant Nature test clearly come within the ambit of industry."

9. More recently, the Supreme Court in the case of *General Manager Telecom v. S. Srinivasa Rao and Ors*. 1998 I LLJ 255 was considering as to whether the Telecom Department of the Union of India is an industry or not? It was held to be so and the Supreme Court further held as under :-

"A two-Judge Bench of this Court in *Sub-Divisional Inspector of Post, Vaikam, and others Vs. Theyyam Joseph, etc.,*, held that the functions of the Postal Department are part of the sovereign functions of the State and it is, therefore, not an "industry" within the definition of Section 2(j) of the Industrial Disputes Act, 1947. Incidentally, this decision was rendered without any reference to the seven-Judge Bench decision in *Bangalore Water Supply (supra)*. In a later two-Judge Bench decision in *Bombay Telephone Canteen Employees' Association, Prabhadevi Telephone Exchange Vs. Union of India* and another, , this decision was followed for taking the view that the Telephone Nigam is not an "industry". Reliance was placed in *Theyyam Joseph's* case (supra) for that view. However, in *Bombay Telephone Canteen Employees' Association* case (i.e. the later decision), we find a reference to the *Bangalore Water Supply* case. After referring to the

decision in Bangalore Water Supply, it was observed that if the doctrine enunciated in Bangalore Water Supply is strictly applied, the consequence is catastrophic. With respect, we are unable to subscribe to this view for the obvious reason that it is in direct conflict with the seven Judge Bench decision in Bangalore Water Supply case (supra) by which we are bound. It is needless to add that it is not permissible for us, or for that matter any Bench of lesser strength, to take a view contrary to that in Bangalore Water Supply (supra) or to bypass that decision so long as it holds the field. Moreover, that decision was rendered long back nearly two decades earlier and we find no reason to think otherwise. Judicial discipline requires us to follow the decision in Bangalore Water Supply case (supra). We must, therefore, add that the decision in Theyyam Joseph, (supra) and Bombay Telephone Canteen Employees' Association, (supra) cannot be treated as laying down the correct law..."

10. In the present case it has not been shown that functions purely were sovereign. The Building and Roads Department, once it is not shown to be performing purely sovereign functions of the State, therefore, was rightly held to be an industry. The dominant nature test as laid down by the Supreme Court in the case of Bangalore Water Supply and Sewerage Board's case (supra) would clearly go against the petitioner because welfare activities or economic adventures undertaken by the government have been excluded. Consequently, it must follow that the Labour Court rightly held the petitioner to be an industry. In this regard, reference can well be made to the Division Bench decision of this Court in the case of State of Punjab v. Hari Chand and Anr., C. W.P. No. 11790 of 1996 decided on November 11, 1997. The same question pertaining to the P.W.D. (B&R) Department was under consideration. The Division Bench held the same to be an industry. There is no ground to take a different view.

11. However, on behalf of the State, in the case of Hari Dass it was alleged that earlier there was a reference which had been declined holding that the P.W.D. (B&R) Department was not an industry and, therefore, the second reference was not maintainable. It was contended that it was barred by the principle of res judicata. However, it has not been disputed that the same was based on the earlier decision of the Full Bench of this Court and it was also not being disputed that the said decision has not been approved by the Supreme Court. When such is the position, then the erroneous decision on the point of law will not operate as resjudicata. Supreme Court considered this question in the case of Mathura Prasad Bajoo Jaiswal and Others Vs. Dossibai N.B. Jeejeebhoy, and held that an erroneous decision in law will not operate as res judicata and in paragraph 9 of the judgment it was observed as under :-

"..... A question relating to the jurisdiction of a Court cannot be deemed to have been finally determined by an erroneous decision of the Court. If by an erroneous interpretation of the statute the Court holds that it has no jurisdiction, the question would not, in our judgment, operate as resjudicata. Similarly by an erroneous decision if the Court assumes jurisdiction which it does not possess

under the statute the question cannot operate as res judicata between the same parties, whether the cause of action in the subsequent litigation is the same or otherwise.

12. Similar question again came up for consideration in the case of Jaisingh Jairam Tyagi and Others Vs. Mamanchand Ratilal Agarwal and Others, . It was held by the Supreme Court that where the executing Court had refused to exercise jurisdiction and to execute the decree on the ground that the decree was a nullity as the Bombay Rents, Hotel and Lodging House Rates Control Act, 1947, had no application to buildings in Cantonment areas, that defect having been removed and all decrees obtained on the basis of the Bombay Rent Law applied to the Bombay Cantonment. It cannot be said that the earlier decision operated as res judicata. Similarly, in the present case, when the earlier decision was erroneous and contrary to law, it will not operate as resjudicata. The learned Labour Court rightly had not awarded any compensation or wages for that period.

13. No other point has been urged.

14. For these reasons, both the civil writ petitions being without merit must fail and are accordingly dismissed.