CORPORATION OF CITY OF NAGPUR VS. ITS EMPLOYEES

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BACKGROUNDS OF THE CASE

The Corporation in Nagpur city, which was set up by the City of Nagpur Corporation Act[1] 1948, had disagreements among its workers about a range of issues, including salaries, incentives, welfare benefits, and more. In accordance with section 39 of the Act[2], the Madhya Pradesh government referred the concerns to the State Industrial Court in Nagpur. At first, the Corporation disputed the Industrial Court's authority, alleging it not to be an industry as per above the Act.

The Industrial Court determined that the Corporation, including all of its departments, did serve as an industry, which led to another cause of discontent for the Corporation as the award emphasis on the employees' major requests. The submission of the petition before the Bombay High Court in Nagpur disallowed measures to challenge the award under Article 226[3] of the Constitution.

The Industrial Court was instructed to revise which Corporation departments fell under the Act's definition of "industry" and to revise the award accordingly after the High Court rejected the petition submitted by the Corporation. After reviewing, the Industrial Court found that all Corporation departments—aside from a few selected ones—fell with the Act's definition of "industry." Consequently, the Corporation filed an appeal under a special leave petition before the Supreme Court challenging the High Court's order

ISSUES INVOLVED

1. Are municipal operations of "the Corporation of Nagpur City" termed as "industry" for the interpretation of C.P. & Berar Industrial Disputes Settlement Act[4], 1947, Section 2(14), and Industrial Disputes Act[5], 1947, Section 2(j)?

2. Is the dispute in the current case classified as an industrial dispute according to the

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[1] The City of Nagpur Corporation Act 1948
[2] The City of Nagpur Corporation Act 1948, s 39
[3] Constitution of India 1950, art 226
[4] The C.P. & Berar Industrial Disputes Settlement Act 1947, s 2(14)
[5] The Industrial Disputes Act 1947, s 2(j)

Industrial Disputes Act's definition under Section 2(j)?

3. What are the differences between the definitions of "industry" under Section 2(j) of the Industrial Disputes Act and Section 2(14) of the C.P. & Berar Industrial Disputes Settlement Act, 1947?

4. Can it be argued that the Corporation's actions, through legislative delegation, embody regal functions?

ARGUMENTS FROM THE PETITIONER'S SIDE

For a number of reasons, the petitioners contested the Corporation's designation under the Act to be an industry. Initially, they argued that neither of those services offered by the Corporation fit into the Act's section 2(14) definition of "industry". Services have to reflect a company or trade for it to satisfy the prerequisites, though some may fall under the Act's description. Furthermore, as stated by the petitioners, to ensure that the Corporation's operations are labelled as an industry, they must have similar characteristics. In light of this, they disagreed with the Industrial Court's assessment that multiple departments of the Corporation met the requirements for classification as industries, asserting that the services these departments provided did not satisfy the two subsequent tests outlined below in the ruling.

ARGUMENTS FROM RESPONDENT'S SIDE

The respondents claim that only the principal and essential inherent operations of a constitutional government," or fundamental governmental duties, should be covered within the Corporation's purview. They defended that, in a contemporary State, its autonomy includes all statutory obligations, with the exception of trade and business carried out in a quasi-private power. They affirmed that the activities performed by the Corporation of the City of Nagpur are industrial activities as outlined by the Industrial Court.

Hence, the employees call for the appeal to be dismissed and the Corporation to be acknowledged as an industry. They advocate for providing the workers with the perks and privileges equivalent to those of employees in an industry.

JUDGEMENT

After two previous pronouncements against the appellant, the initial question—whether the Corporation conforms to the Act's definition of an industry—has already been firmly

addressed. A precedent was set when this Court decided in the case D. N. Banerji v. P. R. Mukherjee[6] that such municipal conservancy operations qualified as an industry. A municipality's electric power department has been recognized as an industry under the Doctrine of Pith & Substance, a ruling that was upheld in Baroda Borough Municipality v. Its Workmen[7]. Owing to these instances, the Industrial Disputes Act was construed to include a wide range of municipal duties and functions.

There are differences when these sections are contrasted: Whereas the C.P. & Berar Industrial Disputes Settlement Act establishes three categories, the Industrial Disputes Act defines "industry" in a broader manner, incorporating a variety of aspects. Furthermore, under the former Act, "undertaking" is limited by these terms, whereas under the IDA, it is separate from "manufacturing or mining." However, these variances do not warrant departing from previous court decisions. Clause (a) pertains to employers and clause (b) to employees. By excluding "manufacturing or mining undertaking" from clause (a), the remaining terms cover all categories embraced by the Industrial Disputes Act. The Court referred to legislative history and definitions within the Act, affirming that an interpretation of the definitions corresponding to s. 2(14)(b) of the C.P. & Berar Industrial Disputes Settlement Act aligns with a broader understanding of the industry, inclusive of a diverse array of organized activities serving the community's interests.

Five implicit limitations within the provisions of the Act address the question about the validity of the Corporation's operations, which must reflect common features of industries. Manufacturing or distributing goods or services, bringing the demands of others before oneself, employer-employee collaboration, engaging in business transactions, and excluding formal government obligations are the prerequisites. The Industrial Disputes Act's definition of "industry" was examined in the State of Bombay v. The Hospital Mazdoor Sabha[8] case, setting up fundamental principles and the non-culture, a social doctrine that only fosters construction and cannot supersede deliberate legislative objectives. This doctrine cannot be adopted if the Legislature's intent is obvious.

Although the Act's definition of industry expressly excludes the State's regal functions, municipal corporations are legal entities with the ability to sue on their behalf and perform

[6] *D. N. Banerji v P. R. Mukherjee* 1953 SCR 302
[7] *Baroda Borough Municipality v Its Workmen* 1957 AIR 110
[8] *State of Bombay v The Hospital Mazdoor Sabha* 1960 SCR (2) 866

either governmental or non-governmental functions without strictly conforming to trade or business paradigms.

The meaning of undertaking has been widely construed by Australian courts in a number of judgements. Industrial conflicts can arise from a municipality's non-trading operations, as demonstrated by the Australian case of The Municipal and Shire Council Employees Union of Australia v. Melbourne Corporation[9]. The idea that an activity must involve trade in order to qualify as an industry is refuted by this precedent, which was set in The Federated State School Teachers Association of Australia v. The State of Victoria[10].

It states unequivocally that if a person's service is regarded as an industry, it continues the same even if it is provided by a company.

Furthermore, the requirement for a quid pro quo, i.e. the profit-making intent in services, is rejected, as it is not a necessary element in defining industry. The Act encompasses a wide range of activities beyond traditional trade or business ventures. The Court further underscored that the Act's definition of industry is intentionally comprehensive, enshrining perspectives from both employer and employee standpoints.

Ultimately, the Court upholds the State Industrial Court's decision, affirming that most Corporation departments qualify as industries under the Act. Consequently, the employees of these departments were allowed to claim the statutory benefits and protections afforded by the Act. However, five departments were found not to align with the Act's definition of industry. In conclusion, the Court dismissed the appeals, thereby upholding the State Industrial Court's ruling, and levied costs against the appellants.

COMMENTS

The aforementioned judgement highlights several important points, such as the Act's broad definition that takes into account the views of employees as well as employers, the elimination of regal functions, the incorporation of commercial services as industries, the right to statutory profits for employees of corresponding departments, and a breakdown of mixed-function departments according to their primary functions. In general, the Industrial Disputes Act assures expediency and justice in settling labour disputes while conforming to modern socio-

[9] *The Municipal and Shire Council Employees Union of Australia v Melbourne Corporation* (1919) 25 ALR 309
[10] *The Federated State School Teachers' Association of Australia v The State of Victoria* (1929) HCA 11

economic parameters.

The case explores the evolving interpretation of "industry" in Indian labour law, particularly under the Industrial Disputes Act. The impact of court rulings, such as those rendered by the Supreme Court, on the scope of an industry is emphasized, along with how this has affected the adjudication of labour disputes.

The courts, through this verdict, have brought labour law up to date by expanding the concept to encompass corporations other than conventional enterprises, such as municipalities. The current case studies take into account individual service provision rather than merely commercial aspects, which helps to further enhance this concept.

Since the Australian Act and its Indian modification have similar goals and the meaning and order of the term "industry" are nearly identical, Indian courts have relied significantly on Australian precedents in this case. Improving working conditions for employees engaged in organized activities has consistently been the top concern for labour laws in both India and England. Even though "industry" has a broad definition, regal or sovereign powers of the State are expressly exempted. Though there may be disagreements over the precise parameters of these roles, this consensus serves as a backbone for legal contentions.

The preamble and history of the Industrial Dispute Act show that its goal was to promote industries and resolve conflicts between employers and employees in regulated operations, failing to include individual services. Ultimately, these legal advancements guarantee efficacy and equity in settling conflicts and defending rights in the Indian labour force.

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