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Case Comment: Bangalore water-supply & sewerage board, etc. v R. Rajappa & Ors.

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FACTS OF THE CASE[1]

- A Rajappa was an employee of the Bangalore water supply and sewerage board. A dispute arose between the board and the employees.
- The dispute was that the employees of the board were fined multiple charges for conduct and various fines were recovered from them.
- The employees then applied section 33(2) of the Industrial Disputes Act claiming that the said punishment and charges claimed on them were a violation of the natural justice principle.
- The board raised objections before the labour court that the board is a statutory body performing regal functions by providing the basic amenities to the citizens, it was claimed by them that they are not an industry within the meaning of section 2(j) of the Industrial Disputes Act and parallelly the employees were not the workmen of the board and

[1] *Bangalore Water-Supply & Sewerage Board, Etc. v R. Rajappa & Ors* [1978] AIR 548

therefore the Labour court had no jurisdiction to hear and decide the case filed by the workmen.

- This objection was rejected by the court and so the appellant board filed two Writ petitions before the Karnataka High Court at Bangalore. The court supposedly rejected the petition and stated that the board is an industry under section 2(j) of the Industrial Disputes Act, of 1947[2].
- As per the claims stated in this case, it was clear that a clear meaning of the "industry" under the section 2(j) of the Industrial Disputes Act should be made clear, comprehensive, and conclusive so that the common man is also able to understand and apply the law in any respective form as the case may be.

ISSUES OF THE CASE

- Whether the Bangalore Water Supply will fall under section 2(j) of the Industrial Dispute Act?
- Whether the charitable institutions of the cooperative society be considered Industries?
- Whether universities, colleges, clubs, or many other organizations will fall under the Act or not?
- The basic meaning of 'Industry' should be explained that specifically what should fall under the Act and what should not.

ARGUMENTS OF THE CASE

ARGUMENTS BY THE PETITIONER:

- The main argument by the petitioner was that under the definition of "industry" sectors will fall and what will not as per section 2(j) of the Industrial Disputes Act.
- The petitioner in the pleadings laid down the meaning of "industry" that "every organisation who works for profit creation should be considered industry and should be

[2] Industrial Disputes Act 1947, s 2(j)

bound by the rules and regulations that every other industry follows or which the system governs.

- Also, the contention laid by the petitioner was that the plantation act has arisen and so the agriculture sector should also fall under the term industry as in country India the agricultural sector comprises 70% of the economic wealth, and the agricultural sector plays a major role in the overall national GDP and growth.

ARGUMENTS BY THE RESPONDENT:

- The defendant has refuted all of the allegations imposed by the petitioner against the defendant.
- The defendant contended that the act does not specify what sectors should fall within the term industry or not.
- As stated in Section 33C of the Act, the workers are entitled to any financial or other advantage that a regular employee would be entitled to. As a result, the regulations were in line with standards and labour laws.

JUDGEMENT OF THE CASE

It was held that the Bangalore water supply and sewerage board will fall under the ambit of the definition of section 2(j) 'industry' of the Industrial Disputes Act, 1947.

- The Court has held and stated the decision by stating the proper definition of the term industry under section 2(j) of the Industrial Disputes Act so that the knowledge about the matter that what sectors should fall within the category of the industry.
- It was held that the organisation whether profit oriented or not must be considered under the act.
- There were some of the points emphasized in the case such as industry must not include spiritual or religious services, the venture can be public, private, or other, and also because philanthropy drives the project, the organisation does not stop being a trade or company.

- Despite all, the true focus was entirely practical and decisive in character, explicitly emphasising the improvement of employee relations with fellow employees. The project should, most notably, be contextual and associative to resemble the organization's toughness. By referencing cults, creeds, and an inner sense of incongruity to produce the economic processes, the ideology of the Act should be upheld with logical reach.

In this case, there were two tests laid down for determining the activities that fall under the term "industry" as per section 2(j) of the Industrial Disputes Act, of 1947.

The two tests were:

1. The Triple Test
2. Dominant Nature Test

THE TRIPLE TEST

It consists of the following elements:

- Systematic activity
- The co-operation of employees and employers
- Production and distribution of goods and services for the satisfaction of material requirements of the people.

It was also laid down that the profit motive for the Triple Test is irrelevant. Its primary focus is on the true nature of the genuine nature of actions in question and employer-employee relations are the main areas of focus. Additionally, professional services including medical and educational services were included in the definition of "material services," which was a notable departure from previous Supreme Court decisions.

Also, section 2(j) uses the words of the wildest amplitude in its two forms, the meaning cannot be magnified to over-stretch itself.

DOMINANT NATURE TEST

With the help of this test, it can be determined whether an 'establishment' falls within the ambit of the 'industry' or not if suppose one of its activities satisfies the Triple test and the other does not.

To determine the dominant nature of the undertaking, some of the guidelines were laid down, such as:

- Where there are several activities some qualify for the exemption and some do not.
- Where some of the employees in the undertaking are not "workmen".
- Where some departments are not productive of the goods and services if isolated.
- The nature of the department should be the true test.
- The whole undertaking will be under the purview of the definition of 'industry' although those who are not under the definition of 'workmen' will not benefit from the status.

Also, if suppose some departments carry out sovereign functions and suppose there are certain units that are industries and they are severable in nature, they will be considered under the purview of section 2(j) of the Industrial Disputes Act, 1947.

AUTHORS OBSERVATION

In the personal opinion of the author, the decision of the Court was justified. The case's judgement is very knowledgeable as it extended the definition of 'industry' under section 2(j) of the Industrial Disputes Act, 1947. Through the definition, it should be made clear to the public what comes under the ambit of the word 'industry' and what does not. There should be no confusion so that the people can claim their rights if any of it is being violated from working in a venture that is considered to be 'industry'. The triple test and the dominant test are very significantly stated and ruled out in this case and for the benefit of the people. The tests have helped in sorting and figuring out the sectors which can be classified as the 'industry' and which cannot be. The case has helped in framing a wider view of the different aspects of labour law and how justice can be achieved for the aggrieved parties or the labour force.

CONCLUSION

In conclusion, this case marked some of the most significant changes in labour law. The word 'industry' was also given wider scope through the judgement of this case. Without noticing it, the Supreme Court in the Bangalore Water Supply gave the term "industry" a very broad definition and, by implication, included charitable organisations, educational institutions, and all other liberal professions in its purview. The reason is that every time one of the many elements of the triple test was met, an organisation that did not intend to be an industry still found itself falling under its purview. The Supreme Court's decision mentioned above has broad implications. Nearly the entire labour force in the nation will be covered by the triple test and the dominating nature test. Hospitals, schools, and other research institutions are examples of philanthropic or missionary organisations. Municipal companies, chartered accounting firms, law firms, etc. that were previously not considered to be in the "industry" are now included in the term.