The company being a non-statutory body and one incorporated under the Companies Act, there was neither a statutory nor a public duty imposed on it by a statute in respect of which enforcement could be sought by means of a mandamus, nor was there in its workmen any corresponding legal right for enforcement of any such statutory or public duty.

[Case Brief] Praga Tools Corporation V/s. Shri C. A. Imanual & Ors.

Case name: Praga Tools Corporation Vs. Shri C. A. Imanual & Ors.

Case number: 1969 SCC (1) 585

Court: Supreme Court

Bench: Shelat, J
J.M. Bhargava, J
Vishishtha.J

Decided on: 19/02/1969

Relevant Act/Sections: Article 226, Constitution of India.
the Indian Companies Act, 1913

➢ BRIEF FACTS AND PROCEDURAL HISTORY:

1. The Praga Tools Corporation is a company incorporated under the Indian Companies Act, 1913. At the material time however, the Union Government and the Government of Andhra Pradesh between them held 56% and 32% of its shares respectively and the balance of 12% shares were held by private individuals. There were two rival workmen's unions in the company, the Praga Tools Employees Union and the Praga Tools Corporation Mazdoor Sabha.

2. On July 1, 1961 settlement was arrived at between the company and the union under which the workmen inter alia agreed to observe industrial truce for a period of three years and not to resort to strikes or stoppage. On December 10 1962, the company and the said union entered into a supplementary settlement under which the company agreed not to retrench or lay-off any of the workmen during the said period of truce on an assurance from the said union of cooperation and willingness of the workmen. The said two settlements were arrived at and recorded in the presence of the Commissioner of Labour under ss. 2(p) and 18(1) of the Industrial Disputes Act, 1947 and were to be in force until July 1, 1964.

3. On December 20 1963, however, the company entered into an agreement which recited that there were several disputes between the company and the union and that some of them were the subject-matter of conciliation proceedings and some were pending arbitration or adjudication. This agreement rendered the prior two agreements repealed. Clause (6) stated that there was an immediate, unavoidable need for reducing substantially the overhead expenditure of the company and a list was prepared of persons who would be retrenched after careful consideration and also evolved a voluntary retirement scheme.

4. The effect of this agreement was to enable the company notwithstanding the two earlier settlements to carry out retrenchment of 92 of the workmen with effect from January 1, 1964. Some of the affected workmen filed a writ petition under Art. 226 of the Constitution praying for a writ of mandamus against the company restraining it from giving effect to the said agreement. The Single Judge dismissed the petition on merits.

5. In appeal the Division Bench held that the company being one registered under the Companies Act and not having any statutory duty or function to perform was not one against which a writ petition for mandamus or any other writ could lie. No such petition could also lie against the conciliation officer who had signed the agreement, as on the facts of the case it was not, he who sought to implement the agreement. The Division Bench however held that though the writ petition was not maintainable it could-grant a declaration in favour of three of the petitioners that the impugned agreement was illegal and void. The competency of the High Court to make such a declaration was challenged by the company in appeal before this Court.

6. The competency of the High Court to make such a declaration was challenged by the company in appeal before this Court

➢ ISSUE BEFORE THE COURT:

1. Whether in the view that it took that the writ petition was not maintainable against the company the High Court could still grant the said declaration.

➢ RATIO OF THE COURT

1. It was contended by workmen that the said agreement dated December 20, 1963 was invalid as it was entered into by the union in collusion with the company and was in violation of the said two earlier settlements, that there could be no industrial dispute within the meaning of s. 2(k) of the Act as the said two earlier settlements, that the retrenchment of the 92 work-men was illegal and void as it was in breach of s. 25(F).

2. The impugned agreement was signed by the conciliation officer appointed by the State Government and was not valid and no retrenchment could validly be effected under the force of such agreement as the company is under the management of the Union Government.

3. The learned Single Judge negated these contentions holding that the company was neither an industry run by or under the authority of the Union Government nor under its management but being a company registered under the Companies Act the appropriate Government was the State Government. He held that the letter dated April 5, 1963 raised an industrial dispute and with the consent of the company and the union was brought for conciliation and agreement having been brought in the course of the conciliation proceedings was binding on all workmen. The single judge dismissed the writ petition on merits on the basis of the aforesaid findings given by him.

4. Division bench hearing the appeal held that since the dispute relating to the company's right to retrenchment was already settled under s. 18(1) by the said supplementary settlement of December 10, 1962, no industrial dispute could be said to exist or arise until the said settlement was duly terminated under S. 19(2), that therefore there could be no valid conciliation proceedings in respect of the question of retrenchment and that the impugned agreement permitting the company to retrench, though it bore the signature of the conciliation officer, was not a valid agreement.

5. The letter relied upon by the single judge did not raise any industrial dispute but only a question regarding wage structure. The bench however held that the company being one registered under the Companies Act and not having any statutory duty or function to perform was not one against

which a writ petition for a mandamus or any other writ could lie but held that that the impugned agreement was illegal and void and dismissed the writ petition subject to the said declaration.

6. The Supreme Court hearing the appeal held that the high court was right in claiming the writ petition was not maintainable. An application for mandamus will not lie for an order of restatement to an office which is essentially of a private character nor can such an application be maintained to secure performance of obligations owed by a company towards its workmen or to resolve any private dispute.

7. The company being a non-statutory body and one incorporated under the Companies Act, there was neither a statutory nor a public duty imposed on it by a statute in respect of which enforcement could be sought by means of a mandamus, nor was there in its workmen any corresponding legal right for enforcement of any such statutory or public duty.

8. The appeal was however against the declaration of the high court after holding the petition not maintainable. It is fairly clear that such a declaration can be issued against a person or an authority or a corporation where the impugned act is in violation of or contrary to a statute under which it is set up or governed or a public duty or responsibility imposed on such person, authority or body by such a statute.

9. The court observed that An order of mandamus is, In form, a command directed to a person, corporation or an inferior tribunal requiring him or them to do a particular thing therein specified which appertains to his or their office and is in the nature of a public duty. It is, however, not necessary that the person or the authority on whom the statutory duty is imposed need be a public official or an official body.

10. The High court relied upon two decisions of this court as justifying it to issue the said declaration but neither of these two decisions is a parallel case which could be relied on. These cases were not cases where writ petitions were held to be not maintainable as having been filed against a company and despite that fact a declaration of invalidity of an impugned agreement having been granted.

11. The court believed that once the writ petition was held to be misconceived on the ground that it could not lie against a company which was neither a statutory company nor one having public duties or responsibilities imposed on it by a statute, no relief by way of a declaration as to invalidity of an impugned agreement between it and its employees could be granted.

12. The High Court in these circumstances ought to have left the workmen to resort to the remedy available to them under the Industrial Disputes Act by raising an industrial dispute thereunder. The only course left open to the High Court was therefore to dismiss it. The high court was in error in granting the said declaration.

➢ DECISION HELD BY COURT:

1. The High Court in these circumstances ought to have left the workmen to resort to the remedy available to them under the Industrial Disputes Act by raising an industrial dispute thereunder. The only course left open to the High Court was therefore to dismiss it. No such declaration against a company registered under the Companies Act and not set up under any statute or having any public duties and responsibilities to perform under such a statute could be issued in writ proceedings in respect of an agreement which was essentially of a private character between it and its workmen.
2. The High Court, therefore, was in error in granting the said declaration. The result is that the appeal must be allowed and the said declaration set aside. In the circumstances of the case we make no order as to costs. Appeal allowed.