

INDIAN OXYGEN LTD.

v.

STATE OF BIHAR & ORS.

FEBRUARY 16, 1990

(K. JAGANNATHA SHETTY AND KULDIP SINGH, JJ.)

Bihar Industrial Establishments (National and Festival Holidays and Casual Leave) Act, 1977/Bihar Industrial Establishments and Festival Holidays and Casual Leave Rules, 1979: Section 3 and 13/Rule 3—National and Festival holidays—Whether International Labour Day (1st May) should be a paid holiday in addition to holidays allowed under settlement between employees and management.

The appellant—a Public Limited Company had two establishments in the State of Bihar. The holidays available to the employees of the appellant-company were provided by the settlement dated 14th March, 1971. The settlement provided for a total number of 18 holidays for office staff and 14 holidays for the factory staff.

There was a dispute between the management and the employees as to whether the International Labour Day (1st May) which was declared as a mandatory holiday under the Bihar Industrial Establishments (National and Festival Holidays and Casual Leave) Act, 1977 should be a paid holiday in addition to the existing holidays. While the management wanted to declare 1st May as holiday by adjusting the holidays allowed in the settlement, employees wanted it to be given as an additional holiday. Negotiations having failed and the conciliation officer being unable to bring about settlement, the statutory authorities directed the company to declare 1st May as holiday in addition to the holidays provided for in the settlement. The appellant-company filed a Writ Petition before the High Court, challenging the direction of the authorities. Dismissing the Writ Petition, the High Court held that the holiday on 1st May prescribed under the Act being compulsory in nature, must be in addition to the privileges already granted to the workmen under the agreement. Hence the appeal by the Company.

Allowing the appeal, by special leave, this Court.

HELD: Section 3 of the Bihar Industrial Establishments (National and Festival Holidays and Casual Leave) Act, 1977 provides for three National holidays, one International Labour Day and four

festival holidays. It thus statutorily fixes eight paid holidays; for out of them are left to the choice of the management and employees for festival occasions. These eight holidays, however, are not in addition to the holidays that are mutually agreed upon in the settlement. They are the minimum holidays which the employees are entitled to. If the employees are entitled to more than eight holidays under any contract or usage applicable to the said establishment, or under any other law for the time being in force, those rights and privileges are saved by Section 13. This is the requirement of the statute. [407B-D]

In the present case, the festival holidays have not been identified or specified in the settlement. They have to be selected and declared as holidays with notice to employees every year. It is only three National holidays that have been specified therein in addition to Vishwakarma Puja day for the factory staff and factory general staff. Now, the statute prescribes the same three National holidays, besides International Labour Day and four festival holidays. But these 8 holidays are not to the exclusion of or in addition to the total number of holidays agreed upon under the settlement. The total number of 14 holidays under the settlement as against 8 holidays under the statute remains undisturbed by section 13 of the Act since it is more favourable to the employees than the rights and privileges conferred by the Act. That being the position, the management would be entitled to adjust the International Labour Day as a paid holiday within the fourteen days allowed under the settlement. The demand of the employees that it should be in addition to fourteen days has no support either under the settlement or by the terminology of the statute. [468E-H; 469A]

Tata Oil Mills Co. v. K.V. Gopalan & Ors., [1966] 3 SCR 760, referred to.

CIVIL APPELLATE JURISDICTION: Civil Appeal No. 1130 of 1990.

From the Judgment and Order dated 19.6.1989 of the Patna High Court in L.P.A. No. 51 of 1987.

G.B. Pai, S.K. Patri and J.R. Das for the Appellant.

Dr. S.K. Ghose, Mrs. M. Qammaruddin and M. Qammaruddin (NP) for the Respondents.

The Judgment of the Court was delivered by

A K. JAGANNATHA SHETTY, J. Special Leave granted.

B Whether International Labour Day (1st May) should be paid holiday in addition to the existing holidays for the employees of the appellant Company is the sole question for determination in this appeal. The appellant is a public limited company having manufacturing units and selling outlets in the different parts of the country. In the State of Bihar the company has an establishment at Mona Road, Burma Mines, Jamshedpur manufacturing Industrial and Medical Cases and there is another establishment located at Ranchi manufacturing liquid Oxygen Explosives.

C The holidays available to the employees of the company's establishment are provided by the settlement dated 14 March 1971. The settlement provides for a total number of 13 holidays for office staff and 14 holidays for the factory staff. The relevant portion of the settlement reads:

D "Provision of Settlement dated 14.3.1971

ARTICLE: Leave and Holidays

E (c) The number of National/Festival Holidays to which the factory staff and factory general staff are entitled will be enhanced from the present number of 10 to 14 days including 3 National Holidays viz. Republic Day, Independence Day, Mahatma Gandhi's birthday and Viswakarma Puja.

F (d) The number of National/Festival holidays for office and office general staff will be enhanced from 17 to 18 days per calendar year including 3 National Holidays viz. Republic Day, Independence Day and Mahatma Gandhi's birthday."

G In 1977, the State of Bihar enacted the Bihar Industrial Establishments (National and Festival Holidays and Casual Leave) Act, 1971 (Act No. 17 of 1977) (called shortly as the 'Act') making provisions for National/Festival holidays and casual leave for workers. We are concerned with Sections 3 and 13 of the Act which must be set out in full:

H "*Section 3*

National and Festival Holidays:

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(1) Every employee shall be granted following in each calendar year in such manner and on such terms and conditions as may be prescribed:

(a) Three National Holidays on the 26th January, 15th August and 2nd October.

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(b) Four other holidays on any festival out of the festivals mentioned in the schedule.

(c) International Labour Day on 1st May.

C

(2) The Government may add to or exclude a festival from the Schedule by a notification in the official Gazette and on publication of such notification, the Schedule shall be deemed to be amended accordingly."

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Section 13 of the Act

"Right and privileges under any other law not to be affected:—Where any employee of an industrial establishment is entitled to such rights and privileges under any other law for the time being in force or under any contract or custom or usage applying to the said establishment, which are more favourable to him, than any right and privileges conferred by this Act, nothing contained in this Act shall affect such rights or privileges."

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It will be convenient if at this stage, we also read sub-rule 3 of the Rule 3(2) of the Bihar Rules framed under Section 14 of the Act:

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"Rule 3. National Festival Holidays:

(1) xxx

xxx

xxx

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(2) Each employer of an industrial establishment shall at the beginning of each calendar year or within 60 days from the date of commencement of work in the case of new industrial establishments, display a notice asking his employees to indicate their choice in respect of 4 festival holidays out of the list of festival holidays mentioned in the

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A schedule under sub-section (1)(b) of Section 3 of the Act.”

Section 3 makes it mandatory to declare holidays on 6th January, 15th August, 1st May and 2nd October, besides 4 other holidays on festivals out of the festivals mentioned in the schedule. Sub-rule (2) of rule 3 provides procedure for fixing the four festival holidays at the beginning of each calendar year. The employer shall display a notice asking his employees to indicate their choice in respect of 4 festival holidays out of the list of festival holidays mentioned in the schedule to section 3(1)(b).

C Section 13 provides that the rights and privileges of the workmen under any other law or under any contract or custom or usage applicable to the establishment which are more favourable to the workmen than that conferred by the Act shall not be affected. Since the employees of the company's establishment at Jamshedpur were allowed more favourable holidays every year i.e. 18 (for office staff) and 14 (for factory staff) against the total of 3 holidays provided for in the Act, the company wanted to declare the first May as holiday by adjusting the holidays allowed in the settlement. The workmen, however took the stand that the first May should not be adjusted within the total number of holidays provided in the settlement but should be given as an additional holiday.

E Negotiations followed but neither side was willing to give up its claim. The conciliation officer could not bring about settlement. Upon failure of conciliation, the statutory authorities directed the company to declare 1st May as holiday in addition to the holidays provided for in the settlement. The company moved the High Court under Article 226 of the Constitution challenging the direction of the authorities.
F The High Court dismissed the writ petition observing thus:

G “Under the existing arrangement, the employees are having 14/18 paid holidays in an year and that cannot be defeated by Section 3 of the Act. But section 13 expressly provides that if the rights and privileges in respect of paid holidays enjoyed by the employees are more favourable than are prescribed by section 3, their existing rights and privileges as to the total number of holidays will not be prejudiced by section 3. It is clear that section 3 is not intended to prescribe a minimum number of paid holidays in addition to the existing ones. The holiday on the 1st May
H prescribed under the Act being compulsory in nature,

therefore, must be in addition to the privileges already granted to the workmen under the agreement.”

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We are afraid we cannot agree with this line of reasoning adopted by the High Court. In fact, the conclusion and the reasoning seem to be inconsistent with each other. Section 3 provides for three National holidays, one International Labour Day, and four festival holidays. It thus statutorily fixes eight paid holidays, four out of them are left to the choice of the management and employees for festival occasions. These eight holidays however, are not in addition to the holidays that are mutually agreed upon in the settlement. They are the minimum holidays which the employees are entitled to. If there is existing settlement by which the employees are entitled to more than eight holidays the management could not take away that rights and privileges. To protect the employees in such cases the Statute intervenes by Section 13. If the employees are entitled to more than eight holidays under any contract or usage applicable to the said establishment, or under any other law for the time being in force that rights and privileges are saved by section 13. This seems to be the requirement of the statute.

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The case with not a dissimilar problem was in *Tata Oil Mills Co. v. K.V. Gopalan & Ors.*, [1966] 3 SCR 760. There this Court considered the scheme and scope of sections 3 and 11 of the Kerala Industrial Establishment (National and Festival Holidays, 1958) Act, 1958 which are similar in terms with sections 3 and 13 of the Act with which we are concerned.

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Section 3 of the Kerala Act provides:

“Grant of National and Festival holidays:

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“Every employee shall be allowed in each calendar year a holiday of one full day on the 26th January, 15th August and the 1st May and four other holidays each of one whole day for such festivals as the Inspector may, in consultation with the employer and the employees specify in respect of any industrial establishment.”

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Section 11 of the Kerala Act reads:

“Rights and privileges under other laws, etc. are not

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A affected—Nothing contained in this Act shall adversely
 affect any rights or privileges which any employee is
 entitled to with respect to national and festival holidays on
 the date on which this Act comes into force under any other
 law, contract, custom or usage, if such right or privileges
 B are more favourable to him than those to which he would be
 entitled under this Act.”

Considering the rights of workmen under those provisions
 Gajendragadkar, C.J., speaking for this Court observed (at 764):

C “If under the existing arrangement the employees are
 entitled to have more than 7 paid holidays, that right will
 not be defeated by s. 3, because s. 11 expressly provides
 that if the rights or privileges in respect of paid holidays
 enjoyed by the employees are more favourable than are
 prescribed by s. 3, their existing rights and privileges as to
 D the total number of holidays will not be prejudiced by s. 3.
 The scheme of s. 11 thus clearly shows that s. 3 is not
 intended to prescribe a minimum number of paid holidays
 in addition to the existing ones, so that the respondents
 should be entitled to claim the seven holidays prescribed by
 s. 3 plus the six holidays to which they are entitled under
 E the existing arrangement.”

In the present case it may be relevant to note that the festival
 holidays have not been identified or specified in the settlement. They
 have to be selected and declared as holidays with notice to employees
 every year. It is only three National holidays that have been specified
 F therein in addition to Vishwakarma Puja day for the factory staff and
 factory general staff. Now, the statute prescribes the same three
 National holidays, besides International Labour Day and four festival
 holidays. But these 3 holidays are not to the exclusion of or in addition
 to the total number of holidays agreed upon under the settlement.
 Indeed, it could not be so, since three National holidays are common
 G both in the settlement and statute. The total number of 14 holidays
 under the settlement as against 3 holidays under the statute remains
 undisturbed by section 13 of the Act since it is more favourable to the
 employees than the rights and privileges conferred by the Act. When
 thus being the position, the management would be entitled to adjust
 the International Labour Day as a paid holiday within the fourteen
 H days allowed under the settlement. The demand of the employees that

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it should be in addition to fourteen days has no support either under A
the settlement or by the terminology of the statute.

In the result the appeal is allowed. The judgment of the High
Court is set aside. There will be, however, no order as to costs.

N.P.V.

Appeal allowed. B