

APHC010565912016



**IN THE HIGH COURT OF ANDHRA PRADESH
AT AMARAVATI
(Special Original Jurisdiction)**

**TUESDAY, THE TWENTY EIGHTH DAY OF OCTOBER
TWO THOUSAND AND TWENTY FIVE**

PRESENT

THE HONOURABLE SRI JUSTICE MAHESWARA RAO KUNCHEAM

WRIT PETITION NO: 5020 OF 2016

Between:

1. G. Ram Babu, S/o Panduranga Rao, Aged 51 years, R/o Door No.3-12, Mangada Village, Pamidimukkala Mandal, Krishna District, Andhra Pradesh.

...Petitioner

AND

1. The State of Andhra Pradesh Rep by its Secretary, Labour, Employment, Training & Factories (Labour-II) Department, Secretariat, Hyderabad.

2. The Labour Court Guntur Rep by its Presiding Officer, At Guntur.

3. M/s Krishna Industrial Corporation Ltd, Vuyyuru, Krishna District-521 165, Rep. by its Managing Director

...Respondents

Petition under Article 226 of the Constitution of India praying that in the circumstances stated in the affidavit filed therewith, the High Court may be pleased to issue an appropriate Writ, Order or direction more particularly one in the nature of Writ of Certiorari to call for the records pertaining to the impugned Award passed by the Responderit No.2 in I.D.No.82 of 2007 dated 02-07-2015, which was published vide G.O.Rt.No.571 dt.13-11-2015 on 30-12-2015 wherein the 2nd respondent

dismissed the petition filed by the petitioner u/s 2-A (2) of Industrial Disputes Act, 1947 challenging the retrenchment order dt.11-4-2007 issued by the 3rd respondent and quash the same and pass

Counsel for the Petitioner: G SAI NARAYANA RAO

Counsel for the Respondents: GP FOR LABOUR (AP)

Counsel for the Respondents: VENKATESWARA RAO VIKRAM

The Court made the following order:

THE HONOURABLE SRI JUSTICE MAHESWARA RAO KUNCHEAM

WRIT PETITION No.5020 of 2016

ORDER:

The writ petition is filed under Article 226 of Constitution of India seeking the following main prayer:-

“.....to Issue an appropriate Writ, Order or direction more particularly one in the nature of Writ of Certiorari to call for the records pertaining to the impugned Award passed by the Respondent No.2 in I.D.No.82 of 2007 dated 02-07-2015, which was published vide G.O.Rt.No.571 dt.13-11-2015 on 30.12.2015 wherein the 2nd respondent dismissed the petition filed by the petitioner u/S 2-A(2) of Industrial Disputes Act, 1947 challenging the retrenchment order dt.11-4-2007 issued by the 3rd respondent and quash the same and pass.....”

2. The instant writ petition is filed by the petitioner challenging the award dated 02.07.2015 in Industrial Dispute No.82 of 2007 passed by the 2nd respondent Industrial Tribunal-cum-Labour Court, Guntur (here in after referred to as ‘Labour Court, Guntur), and the same was published vide G.O.Rt.No.571 dated 13.11.2015 on 30.12.2015 by the Government of Andhra Pradesh.

3. Heard Sri G. Sai Narayana Rao, learned counsel for the petitioner and learned Assistant Government Pleader for Labour appearing for respondent Nos.1 & 2. No representation for the 3rd respondent Corporation.

Brief case of the petitioner:

4. The petitioner initially joined into service on 01.01.1999 as probationary worker in the 3rd respondent Corporation, which was confirmed on 01.03.2000. The petitioner continued his services in the Corporation till his retrenchment orders dated 11.04.2007 issued by the 3rd respondent Corporation. The said retrenchment orders were issued stating that due to ongoing rift between the 3rd respondent Corporation and its suppliers, the 3rd respondent Corporation had to stop its functioning and relieved the petitioner and others by enclosing two cheques towards full and final settlement, including gratuity, which were encashed by the petitioner under protest.

5. Aggrieved by the said action of the 3rd respondent Corporation, the petitioner filed Industrial Dispute *vide* I.D.No.82 of 2007 before the Labour Court, Guntur by invoking Section 2-A (2) of the Industrial Disputes Act, 1947, seeking to set aside the retrenchment orders dated 11.04.2007 and for a direction to reinstate him into service with continuity of service, back wages and attendant benefits. The said I.D. was dismissed *vide* award dated 02.07.2015 by the Labour Court, Guntur.

6. Being unsuccessful at the Labour Court, the petitioner has filed the present writ petition assailing the award dated 02.07.2015 passed in I.D.

No.82 of 2007 dated 02.07.2015, seeking interference of this Court under Article 226 of Constitution of India.

7. The State of Andhra Pradesh and the Labour Court, Guntur were arrayed as respondents 1 and 2 in the instant writ petition. But, no counter affidavit was filed by respondents 1 and 2.

Brief case of the 3rd respondent Corporation:

8. The 3rd respondent namely, M/s. Krishna Industrial Corporation Ltd., situated at Vuyyuru, Krishna District, filed its counter in detail along with material papers. The 3rd respondent Corporation is engaged in the business of purification of Raw carbon-dioxide (CO₂) gas and filling the same in cylinders. The raw CO₂ gas required for the said process is supplied by the neighbouring unit i.e., M/s. KCP Sugar & Industrial Corporation Ltd. While so, the supply of raw CO₂ gas was suddenly stopped by the Management of M/s. KCP Sugar & Industrial Corporation Ltd., on 02.09.2005, without any notice.

9. The 3rd respondent Corporation has made all its efforts in restoration of the supply from the neighbouring unit including filing of O.S. No.322 of 2005 before the Senior Civil Judge, Gudivada, but the same yielded no result, which ultimately led to closure of the 3rd respondent Corporation on 18.04.2007. It is stated that from the date of disconnection of CO₂ gas (02.09.2005), till the date of closure (18.04.2007), the 3rd

respondent Corporation had continued paying wages to all the 19 workers including the petitioner. At the time of closure, the Corporation issued termination/retrenchment order dated 11.04.2007 with all the reasons to the petitioner herein and 18 other workers by duly paying all the dues and compensation as per the provisions under Section 25 (FFF) of the I.D. Act, 1947, i.e., one month notice pay and balance of wages, gratuity etc.

10. According to the 3rd respondent Corporation, the provisions of Section 25 (F) and Section 25 (G) of the Industrial Disputes Act, 1947 are applicable only to the running units/Corporations where there is surplus man power, but not to the closed one. The petitioner has no right in claiming employment in any other unit of the 3rd respondent Corporation, which are registered separately under the Factories Act and located in far of districts.

11. Apart from the contentions, the 3rd respondent Corporation has denied all the averments made by the petitioner in the writ petition and specifically stated that due to *bonafide* closure of the unit by following due procedure only, the petitioner and other workers were terminated.

Summary of the Industrial Dispute:

12. In I.D.No.82 of 2007, the petitioner got examined himself as P.W.1 and on his behalf Sri N. Venkata Purnachandra Rao, Secretary of Employees Union was examined as P.W.2 and on behalf of the petitioner,

he got marked Ex.P.1 (copy of retrenchment order 11.04.2007 issued by the 3rd respondent), Ex.P.2 (letter of the petitioner dated 25.05.2007 submitted to the 3rd respondent Corporation), Exs.P.3 & P.4 (Legal Notice dated 12.08.2007 and Reply Notice dated 12.09.2007), Ex.P.5 (Certified copy of the judgment in O.S.No.322 of 2005 dated 03.03.2008), Ex.P.6 (Work Certificate of the petitioner dated 30.04.2007 issued by the 3rd respondent Corporation from 01.03.2000 to 18.04.2007), Ex.P.7 (Letter dated 29.02.2000) & Ex.P.8 (Office Order dated 08.01.1999).

13. Conversely, the Sales Manager of the 3rd respondent Corporation was examined as M.W.1. The documents marked on behalf of the 3rd respondent Corporation are Ex.M.1 (letter dated 06.09.2005 addressed to the Chairman, KCP Sugar Industrial Ltd., Vuyyuru), Ex.M.2 (letter dated 12.09.2005, Ex.M.3 (letter dated 10.10.2005), Ex.M.4 (proceedings dated 06.12.2005 of ACL), Ex.M.5 (copy of the plaint in O.S.No.322 of 2005), Ex.M.6 (Copy of returns submitted by the 3rd respondent Corporation to the Central Executive Department, Ex.M.7 (Termination Notice dated 11.04.2007), Ex.M.8 (Notice of closure of the unit dated 18.04.2007), Ex.M.9 (Letter addressed to the Andhra Bank), Ex.M10 (Letter written to the Inspector of Factories) & Ex.M.11 (the Attendance Registers of the workers).

14. Based on the evidence available on record, the Labour Court, Guntur framed the following points for determination:-

- 1) Whether the order of termination for the petitioner dated 11.04.2007 passed by the respondent is legal or void?
- 2) If not to what relief the petitioner is entitled?

15. Taking the overall facts and circumstances into consideration, the Labour Court, Guntur, by arriving its findings that there is no violation of the provisions of Industrial Disputes Act, dismissed the Industrial Dispute filed by the petitioner *vide* its award dated 02.07.2015.

Submissions of the learned counsel:

16. Sri G. Sai Narayana Rao, learned counsel for the petitioner advanced his arguments reiterating the averments made in the affidavit filed in support of the writ petition. The main contention of the learned counsel is that the termination orders dated 11.04.2007 passed by the 3rd respondent Corporation are against the provisions of the Industrial Disputes Act, 1947 and the cause of the 3rd respondent Corporation is not valid. He also submits that in view of the fact that the other units of the 3rd respondent Corporation situated in other Districts are functioning, the petitioner is entitled for reinstatement in those units.

17. The learned counsel for the 3rd respondent was not present, however, a counter affidavit has been filed on its behalf along with the material papers in the lis.

Analysis of the Court:

18. This Court has considered the submissions made and perused the material available on record.

19. The moot point fell for determination in the instant case is, *'Whether the award dated 02.07.2015 made in the I.D.No.82 of 2007 on the file of the Labour Court, Guntur is legally sustainable or not?'*

Consideration of the Court:

20. Evidently, the petitioner (PW.1) clearly deposed that M/s. KCP Sugar & Industrial Corporation Ltd., has suddenly stopped the supply of raw material i.e., CO₂ gas to the 3rd respondent Corporation in the year 2005 and since then the 3rd respondent Corporation stopped its production. The petitioner (PW1) also stated that the 3rd respondent Corporation employees union had also demonstrated the grievance of workers to protect the interest of the 3rd respondent Corporation by way of representations to the said M/s. KCP Sugar & Industrial Corporation Ltd. Admittedly, the petitioner (P.W.1) stated that the 3rd respondent Corporation has paid wages to the workers for 20 months even though there was no production for want of supply of raw materials. It was also stated by the petitioner (PW.1) that he received amount through cheque during his retrenchment and encashed the same.

21. P.W.2, who was the Secretary of the 3rd respondent Corporation clearly admitted about the abrupt shortage of raw materials from 02.09.2005 from M/s. KCP Sugar & Industrial Corporation Ltd., to the 3rd respondent Corporation. It is stated by P.W.2 that the payments were made to the workmen by the 3rd respondent Corporation upto 18.04.2007 through cheques.

22. A glance of the evidence adduced by M.W.1 (K. Satya Prasad), on behalf of the 3rd respondent Corporation coupled with documentary evidence of Exs.M1 to M.11, clearly reveals that the 3rd respondent Corporation was closed due to stoppage of CO₂ gas supply, which led to the 3rd respondent Corporation as well as the petitioner Workers Union to strive to review the supply of raw CO₂ to the 3rd respondent by way of representations and expressed their protest in different Forums. Since, the same remained futile, the 3rd respondent Corporation had shut down its production in unavoidable circumstances only.

23. The core issue fell for consideration in the instant lis is, whether the 3rd respondent Corporation is entitled to take shelter under Section 25F and 25G of the Industrial Disputes Act. If the 3rd respondent Corporation, in which the petitioner worked is closed, whether the petitioner is entitled for absorption in other units of the 3rd respondent Corporation situated in far places which are not closed and still functioning.

24. In order to answer the above point, it is appropriate to note the relevant section, i.e., Section 25F of the Industrial Disputes Act, 1947, which enunciated specific conditions precedent to retrenchment of workmen, is extracted hereunder:-

“.....25F. Conditions precedent to retrenchment of workmen.—

No workman employed in any industry who has been in continuous service for not less than one year under an employer shall be retrenched by that employer until-

(a) the workman has been given one month's notice in writing indicating the reasons for retrenchment and the period of notice has expired, or the workman has been paid in lieu of such notice, wages for the period of the notice;

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(b) the workman has been paid, at the time of retrenchment, compensation which shall be equivalent to fifteen days average pay [for every completed year of continuous service] or any part thereof in excess of six months; and

(c) notice in the prescribed manner is served on the appropriate Government [or such authority as may be specified by the appropriate Government by notification in the Official Gazette]......”

25. The above provision governs the conditions precedent to retrenchment of workmen by an employer. The said provision lays down the mandatory requirements that an employer must fulfil before effecting retrenchment, failing which such retrenchment would be deemed illegal and invalid under the law.

26. It is apposite to refer Section 25 FFF relating to the compensation of the workmen in the event of closing down of said

establishments/undertakings. For the sake of comprehensive view, the relevant portion of Sub-section (1) of Section 25 FFF of the Industrial Disputes Act., is reproduced hereunder:-

“.....225FFF. Compensation to workmen in case of closing down of undertakings.-(1) Where an undertaking is closed down for any reasonwhatsoever, every workman who has been in continuous service for not less than one year in that undertaking immediately before such closure shall, subject to the provisions of sub-section (2), be entitled to notice and compensation in accordance with the provisions of section 25F, as if the workman had been Provided that where the undertaking is closed down on account of unavoidable circumstances beyond the control of the employer, the compensation to be paid to the workman under clause (b) of section 25F, shall not exceed his average pay for three months.

'[Explanation.—An undertaking which is closed down by reason merely of-

- (i) financial difficulties (including financial losses); or
- (ii) accumulation of undisposed stocks; or
- (iii) the expiry of the period of the lease or licence granted to it; or
- (iv) in case where the undertaking is engaged in mining operations, exhaustion of the minerals in the area in which such operations are carried on,

shall not be deemed to be closed down on account of unavoidable circumstances beyond the control of the employer within the meaning of the proviso to this sub-section.]

2[(1A) Notwithstanding anything contained in sub-section (1), where an undertaking engaged in mining operations is closed down by reason merely of exhaustion of the minerals in the area in which such operations are carried on, no workman referred to in that sub-section shall be entitled to any notice or compensation in accordance with the provisions of section 25F, if-

(a) the employer provides the workman with alternative employment - with effect from the date of closure at the same remuneration as he was entitled to receive, and on the same terms and conditions of service as were applicable to him, immediately before the closure;

(b) the service of the workman has not been interrupted by such alternative employment; and

(c) the employer is, under the terms of such alternative employment or otherwise, legally liable to pay to the workman, in the event of his retrenchment, compensation on the basis that his service has been continuous and has not been interrupted by such alternative employment.].....”

27. The legislature by an amendment i.e., Act 46 of 1982 w.e.f. 21.08.1984 has officially defined the term ‘closure’ by inserting Section 2(CC) in the year 1982 to the Industrial Disputes Act, 1947. The complete text of Section 2(CC) is reproduced below:-

“....2. (cc) ‘closure’ means the permanent closing down of a place of employment or part thereof;”

28. The above provision crystal clears that if the establishment falls within the ambit of Section 25FFF of the Industrial Disputes Act, 1947, it is not necessary that the entire establishment of the employer be closed; rather, the closure of a unit or part of the undertaking that has functional integrity with other units amounts to closure within the meaning of Section 25FFF of the Industrial Disputes Act. In other words, if the entire establishment is not shut down but only a specific unit or an undertaking is closed, provided, such unit has no operational stability with other units or undertakings, the provisions of Section 25FFF of the ‘Act’ come into operation. Thus, in view of peculiar facts and circumstances involved in the instant case, the petitioner is entitled only for compensation as enunciated under Section 25FFF of the Industrial Disputes Act, 1947.

29. In this backdrop, it is relevant to note the case of **Maruti Udyog Ltd. Vs. Ram Lal**¹, wherein, the Hon'ble Supreme Court had held as under:-

“.....21. How far and to what extent the provisions of Section 25-F of the 1947 Act would apply in case of transfer of undertaking or closure thereof is the question involved in this appeal. A plain reading of the provisions contained in Section 25-FF and Section 25-FFF of the 1947 Act leaves no manner of doubt that Section 25-F thereof is to apply only for the purpose of computation of compensation and for no other. The expression 'as if' used in Section 25-FF and Section 25-FFF of the 1947 Act is of great significance. The said term merely envisages computation of compensation in terms of Section 25-F of the 1947 Act and not the other consequences flowing therefrom. Both Section 25-FF and Section 25-FFF provide for payment of compensation only, in case of transfer or closure of the undertaking. Once a valid transfer or a valid closure comes into effect, the relationship of employer and employee does not survive and ceases to exist. Compensation is required to be paid to the workman as a consequence thereof and for no other purpose.....”

30. Yet another aspect involved in the lis is that the scope of High Courts while exercising its power under Article 226 of Constitution of India, in interfering with the findings of the Tribunal/Labour Court. The Apex Court in **Bharti Airtel Limited Vs. A.S Raghavendra**², had held as under:-

“.....29. As regards the power of the High Court to reappraise the facts, it cannot be said that the same is completely impermissible under Articles 226 and 227 of the Constitution. However, there must be a level of infirmity greater than ordinary in a tribunal's order, which is facing judicial scrutiny before the High Court, to justify interference. We do not think such a situation prevailed in the present facts. Further, the ratio of the judgments relied upon by the respondent in support of his contentions, would not apply in the facts at hand.....”

¹(2005) 2 SCC 638

²(2025) 3 SCC 266

31. In the recent judgement of **Ajay Singh Vs. Khacheru and others**³, the Hon'ble Supreme Court has clearly stated in its vivid terms that the High Court, in exercise of its writ jurisdiction, does not act as an appellate authority over the findings of fact recorded by the Tribunal or Labour Court.

32. In view of the distinctive facts and circumstances involved in the present matter, it is hereby clarified that the scope of interference by this Court under Article 226 of the Constitution of India, in respect of an award rendered by the Labour Court, Guntur, is circumscribed and limited. This Court, in exercise of its writ jurisdiction, does not function as an appellate authority to re-assess the findings recorded by the Labour Court, Guntur, nor does it undertake a re-appreciation of evidence or substitute its own conclusions in place of those arrived at by the fact-finding body. Interference is warranted only in cases where the award manifests a glaring error of law apparent on the face of the record, involves breach of the principles of natural justice, or where the Tribunal/Labour Court, has acted without or in excess of its jurisdiction and so long as its conclusion is reasonably open, based upon evidence and the factual matrix, and is not perverse, this Court shall refrain from interference and the award is otherwise devoid of any legal infirmity.

³2025 (3) SCC 266

33. In that aspect, the Labour Court, Guntur after appreciating all the facts and circumstances by perceiving ground realities, had rightly held that the 3rd respondent has not violated the statutory provisions enunciated under the Industrial Disputes Act, 1947.

Conclusion:

34. Considering the matter in its entirety and in view of the above stated legal position, this Court does not find any infirmity, illegality or jurisdictional error in the award dated 02.07.2015 passed by the Industrial Tribunal-cum-Labour Court, Guntur in I.D.No.82 of 2007, which was published by the Government of A.P. in G.O.Rt.No.571 dated 13.11.2015.

Accordingly, the writ petition is dismissed. No costs. As a sequel, all pending applications shall stand closed.

JUSTICE MAHESWARA RAO KUNCHEAM

Date:28.10.2025
GVK/RNS

THE HON'BLE SRI JUSTICE MAHESWARA RAO KUNCHEAM

WRIT PETITION No.5020 of 2016

Date:28.10.2025

GVK/RNS