

STATE OF RAJASTHAN

A

v.

GANESHI LAL

DECEMBER 10, 2007

[DR. ARIJIT PASAYAT AND P. SATHASIVAM, JJ.]

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Industrial Disputes Act, 1947—s. 2(s)—Termination of employee of Law department of State Government—Industrial dispute raised—Resisted on the ground that the department is not an ‘industry’—Courts below giving relief to workman holding it to be ‘industry’—On appeal, held: Law department is not an ‘industry’—However, since the employee had been reinstated, it is left to the department to consider continuance of the employee.

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Judgment—Precedential value of—Applicability—Held: Reliance on a judgment sans its factual background is impermissible—A judgment is a precedent on its own facts—Only the ratio has the binding effect and not every observation—Observations of courts should not be read as a statute—Precedent.

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Respondent was employed as a peon by Law Department of the appellant State as a temporary employee on contract basis. His services were terminated. He raised an industrial dispute alleging that the termination was in violation of Section 25-G of Industrial Disputes Act, 1947. The claim was resisted on the ground that Law Department of the State Government was not an ‘industry’. Labour Court held that Law Department was an ‘industry’ in view of the judgments of the Supreme Court holding various departments, hotel, Public Works Departments, Irrigation Department as an ‘industry’. The view was upheld by Single Judge as well as Division Bench of High Court. Hence the present appeal.

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Partly allowing the appeal, the Court

HELD: 1. The Law Department of the State Government

A cannot be considered as an 'industry'. The accepted concept of an industry cannot be applied to the Law department of the Government. The labour Court and the High Court have not even indicated as to how the Law Department is an industry. However, it appears that the respondent has been reinstated to the post he was holding at the time of termination. In view of this fact, even though it has been held that the orders passed by the courts below are clearly unsustainable, it is left to the appellant to consider whether the respondent can be continued, in view of the fact that he worked for some years.

[Paras 8, 10, 16 and 17] [1201-A, B; 1203-E-F]

C 2.1. Reliance by a court on a decision without looking into the factual background of the case before it is clearly impermissible. A decision is a precedent on its own facts. Each case presents its own features. Circumstantial flexibility, one additional or different fact may make a world of difference between conclusions in two cases. D Disposal of cases by blindly placing reliance on a decision is not proper. [Paras 11 and 14] [1201-C, D; 1203-A]

E 2.2. A decision is an authority for what it actually decides. What is of the essence in a decision is its ratio and not every observation found therein nor what logically flows from the various observations made in the judgment. The enunciation of the reason or principle on which a question before a Court has been decided is alone binding as a precedent. It is not everything said by a Judge while giving a judgment that constitutes a precedent. The only thing in a Judge's F decision binding a party is the principle upon which the case is decided and for this reason it is important to analyse a decision and isolate from it the *ratio decidendi*. A case is a precedent and binding for what it explicitly decides and no more. Judgments of Courts are not to be construed as statutes. The words used by Judges in their G judgments are not to be read as if they are words in an Act of Parliament. To interpret words, phrases and provisions of a statute, it may become necessary for judges to embark into lengthy discussions but the discussion is meant to explain and not to define. Judges interpret statutes, they do not interpret judgments. They H interpret words of statutes; their words are not to be interpreted as

statutes. Observations of Courts are neither to be read as Euclid's theorems nor as provisions of the statute and that too taken out of their context. These observations must be read in the context in which they appear to have been stated.

[Paras 11 and 12] [1201-D, E, F, G; 1202-B, C, D]

State of Orissa v. Sudhansu Sekhar Misra and Ors., AIR (1968) SC 647 and *Union of India and Ors. v. Dhanwanti Devi and Ors.*, [1996] 6 SCC 44, referred to.

Quinn v. Leathem, (1901) AC 495 (H.L.); *London Graving Dock Co. Ltd. v. Horton*, (1951) AC 737; *Home Office v. Dorset Yacht Co.*, (1970) 2 All ER 294 and *Herrington v. British Railways Board*, (1972) 2 WLR 537 and (1971) 1 WLR 1062, referred to.

CIVIL APPELLATE JURISDICTION : Civil Appeal No. 3021 of 2006.

From the Judgment and Order dated 21.05.2004 of the High Court of Judicature for Rajasthan at Jodhpur in D.B. Civil Special Appeal No. 391 of 2004.

Manish Kumar and Ansar Ahmad Chaudhary for the Appellant.

Nikilesh Ramachandran for the Respondent.

The Judgment of the Court was delivered by

DR. ARIJIT PASAYAT, J. 1. Challenge in this appeal is to the order passed by a Division Bench of the Rajasthan High Court, Jodhpur, upholding the view taken by the learned Single Judge. Before the High Court challenge was to the award of the Labour Court, Bikaner.

2. Background facts are almost undisputed and are as follows:

Respondent was working as a peon attached to the Public Prosecutor. He was getting an amount of Rs.1,000/- p.m. as a temporary employee on a contract basis. He was engaged under the Joint Legal Remembrance and Director, Litigation, Law Department, Jaipur. His services were terminated by notice dated 5.12.1998 w.e.f. 7.12.1998, and according to him, it was in violation of the provisions of Section 25-

A G of the Industrial Disputes Act, 1947 (in short the 'Act'). Therefore, a dispute was raised. A reference was made to the Labour Court, vide Notification No. F 1(1)(1145) L.F./2000 dated 31st July, 2000, under Section 10 of the Act. The reference was of the following dispute:

B "Whether the termination from service on 7.12.1998 of the applicant Shri Ganeshilal son of Shri Noratmal Barber by the non-applicant (1) Additional Public Prosecutor, Rajgarh District Churu (2) Joint Law Adviser and Director Litigation, Law Department, Rajasthan Churu is proper and valid? If not then to what relief the applicant is entitled for?"

C 3. The claim was resisted by the present appellant on the ground that the Law department is not an industry.

D 4. On a reference to the Labour Court the Presiding Officer, Labour Court, held that Law department was an industry in view of what has been stated by this Court in relation to various departments, hotel, school, public works department, irrigation department. This view has been accepted by learned Single Judge who held that there was no scope for interference under Article 226 of the Constitution of India, 1950 (in short 'the Constitution').

E 5. The Division Bench after referring to Section 2(s) of the Act held that the view of the Labour Court was correct.

F 6. Learned counsel for the appellant submitted that by no stretch of imagination the Law department can be considered to be an industry. Learned counsel for the respondent on the other hand submitted that the Labour Court and the High Court were justified in their views.

7. Section 2(s) of the Act defines "workman" as follows:

G "any person (including an apprentice) employed in any industry to do any manual, unskilled, skilled, technical, operational, Clerical or supervisory work for hire or reward, whether the terms of employment be express or implied, and for the purposes of any proceeding under this Act in relation to an Industrial Dispute, includes any such person who has been dismissed, discharged or retrenched in connection with, or as a consequence of, that dispute,

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or whose dismissal, discharge or retrenchment has led to that dispute.” A

8. For bringing in application of Section 2(s) of the Act, the workman must be employed in an industry. The Law department can, by no stretch of imagination, be considered as an industry. B

9. Learned counsel for the appellant submitted that whether any government department can be treated as industry is under consideration of a larger Bench of this Court.

10. The Labour Court and the High Court have not even indicated as to how the Law department is an industry. Merely stating that in some cases Irrigation department, Public Works Department have been held to be covered by the expression “industry” in some decisions. C

11. Reliance on the decision without looking into the factual background of the case before it is clearly impermissible. A decision is a precedent on its own facts. Each case presents its own features. It is not everything said by a Judge while giving a judgment that constitutes a precedent. The only thing in a Judge’s decision binding a party is the principle upon which the case is decided and for this reason it is important to analyse a decision and isolate from it the *ratio decidendi*. According to the well-settled theory of precedents, every decision contains three basic postulates – (i) findings of material facts, direct and inferential. An inferential finding of facts is the inference which the Judge draws from the direct, or perceptible facts; (ii) statements of the principles of law applicable to the legal problems disclosed by the facts; and (iii) judgment based on the combined effect of the above. A decision is an authority for what it actually decides. What is of the essence in a decision is its ratio and not every observation found therein nor what logically flows from the various observations made in the judgment. The enunciation of the reason or principle on which a question before a Court has been decided is alone binding as a precedent. [See: *State of Orissa v. Sudhansu Sekhar Misra and Ors.*, AIR (1968) SC 647 and *Union of India and Ors. v. Dhanwanti Devi and Ors.*, [1996] 6 SCC 44]. A case is a precedent and binding for what it explicitly decides and no more. The words used by Judges in their judgments are not to be read as if they are words in Act of Parliament. In *Quinn v. Leathem* (1901) AC 495 (H.L.), Earl of H

- A Halsbury LC observed that every judgment must be read as applicable to the particular facts proved or assumed to be proved, since the generality of the expressions which are found there are not intended to be exposition of the whole law but governed and qualified by the particular facts of the case in which such expressions are found and a case is only an authority for what it actually decides.
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12. Courts should not place reliance on decisions without discussing as to how the factual situation fits in with the fact situation of the decision on which reliance is placed. Observations of Courts are neither to be read as Euclid's theorems nor as provisions of the statute and that too taken out of their context. These observations must be read in the context in which they appear to have been stated. Judgments of Courts are not to be construed as statutes. To interpret words, phrases and provisions of a statute, it may become necessary for judges to embark into lengthy discussions but the discussion is meant to explain and not to define. Judges interpret statutes, they do not interpret judgments. They interpret words of statutes; their words are not to be interpreted as statutes. In *London Graving Dock Co. Ltd. v. Horton*, (1951) AC 737 at p.761, Lord Mac Dermot observed:

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E “The matter cannot, of course, be settled merely by treating the ipsissima verba of Willes, J as though they were part of an Act of Parliament and applying the rules of interpretation appropriate thereto. This is not to detract from the great weight to be given to the language actually used by that most distinguished judge.”

F 13. In *Home Office v. Dorset Yacht Co.* (1970) 2 All ER 294, Lord Reid said, “Lord Atkin's speech.....is not to be treated as if it was a statute definition. It will require qualification in new circumstances.” Megarry, J in (1971) 1 WLR 1062 observed: “One must not, of course, construe even a reserved judgment of Russell L.J. as if it were an Act of Parliament.” And, in *Herrington v. British Railways Board*, (1972) 2 WLR 537, Lord Morris said:

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H “There is always peril in treating the words of a speech or judgment as though they are words in a legislative enactment, and it is to be remembered that judicial utterances made in the setting of the facts of a particular case.”

14. Circumstantial flexibility, one additional or different fact may make a world of difference between conclusions in two cases. Disposal of cases by blindly placing reliance on a decision is not proper. A

15. The following words of Lord Denning in the matter of applying precedents have become locus classicus:

“Each case depends on its own facts and a close similarity between one case and another is not enough because even a single significant detail may alter the entire aspect, in deciding such cases, one should avoid the temptation to decide cases (as said by Cordozo) by matching the colour of one case against the colour of another. To decide therefore, on which side of the line a case falls, the broad resemblance to another case is not at all decisive.” B C

“Precedent should be followed only so far as it marks the path of justice, but you must cut the dead wood and trim off the side branches else you will find yourself lost in thickets and branches. My plea is to keep the path to justice clear of obstructions which could impede it.” D

16. As noted above, the accepted concept of an industry cannot be applied to the Law department of the Government. E

17. That being so, the view expressed by the Labour Court and the High Court is indefensible. However, it appears that the respondent has been reinstated to the post he was holding at the time of termination. In view of this fact, even though we have held that the orders passed are clearly unsustainable. We leave it to the appellant to consider whether the respondent can be continued, in view of the fact that he worked for some years. F

18. The appeal is allowed to the aforesaid extent without any order as to costs. G

K.K.T.

Appeal partly allowed.