

SUPREME COURT OF INDIA

Management of the Kodaneri Estate

Vs.

Its Workmen

C.A.No.496 of 1958

(P. B. Gajendragadkar, K. Subba Rao and K. C. Das Gupta, JJ.)

22.02.1960

JUDGEMENT

SUBBA RAO, J.:

1. This appeal by special leave is preferred against the award of the Labour Court, Coimbatore, dated December 30, 1957, in Industrial Dispute No. 40 of 1957.

2. The appellant is a concern of a joint Hindu family, which owns the Kodaneri Estate in Kotagiri, a hill station in the Madras State. The Estate consists of 53 acres of coffee and 40 acres of tea plantations. The workmen of the Estate raised an industrial dispute in regard to bonus for the years 1952 to 1956. The Government of Madras, by its notification dated June 21, 1957, referred the following question for adjudication to the Labour Court, Coimbatore:

"Whether the workers are eligible for any bonus for the years 1952, 1953, 1954, 1955 and 1956 and if so, to fix the quantum." The Labour Court held that the workers were entitled to bonus for 10 days in 1953, one month in 1954 and 15 days in 1956. In this appeal the Management of the Estate questions the correctness of that finding.

3. Learned counsel for the appellant contends that the Labour Court erroneously disallowed all the prior charges to which the appellant was entitled under the Bombay Formula. It is pointed out in particular that the Labour Court wrongly disallowed- (i) any return on the capital invested; (ii) any reserves for rehabilitation; and (iii) legitimate remuneration for the managing partner who devoted his full time and energy to the business of the joint family, apart from investing his capital.

4. Learned counsel for the respondents argues that the appellant did not place any material before the Labour Court for ascertaining with any definiteness any one of the aforesaid facts and therefore the Labour Court had no option but to reject the appellant's claim under the said heads.

5. We must observe at the outset that neither party bestowed sufficient care either to place the relevant material or to bring out the salient points before the Labour Court. Even so, we are satisfied that on the available material no case has been made out for awarding bonus for the years 1953, 1954 and 1956.

6. Before the Labour Court both the workers and the management of the Estate filed their statements. On behalf of the workers, two statements were filed, one on July 11, 1957, and the other

on September 16, 1957. In the first statement filed, they averred that the wages paid were very low and so they were entitled to bonus. They further stated that, after a perusal of the balance sheets and profits and loss account for the years under reference, they would submit their claim regarding the quantum of bonus. In the statement filed on September 16, 1957, they repeated their vague assertions in paragraph 4 thus:

"Further the respondent management has made no case for totally refusing to pay any bonus. The balance sheets of the estate have not been produced. It is only on the production of audited balance sheets can we proceed on the basis of determining the quantum of bonus on a unitinise bonus."

The management of the Estate filed its statement on July 30, 1957, wherein it stated that the claim for bonus for the years in question was belated and therefore it should be rejected. As regards balance sheets, the management stated that the Estate was a joint family concern and hence no balance sheets as such were published, but if the Court so directed, audited balance sheets and profit and loss account for the years in question would be prepared and produced as confidential documents. Thereafter on November 18, 1957, the management submitted to the Court the financial statements listed below:

"(1) Estate working and Profit and Lost Account for the year ended the 30th June, 1952.

(2) Estate working and Profit and Loss Account for the year ended the 30th June, 1953.

(3) Balance Sheet and Profit and Loss Account for the year ended 30th June, 1954, together with schedules.

(4) Balance Sheet and Profit and Loss Account for the year ended 30th June, 1955, together with the schedule.

(5) Balance Sheet and Profit and Loss Account for the year ended 30th June, 1956, together with the schedule."

The balance sheets so filed gave a broad picture of the financial state of the Estate during the relevant years and the schedules showed the particulars of the rehabilitation amounts to be provided and also the extent of the capital employed and the rate of interest payable thereon. On November 30, 1957, the respondents filed a statement before the Labour Court raising some specific objections to the particulars given in the statements filed by the management. It may be mentioned that no specific objection had been taken in that statement as regards either to extent of the capital invested or the fixed assets or reserves utilised as working capital; nor did they question the correctness of the rehabilitation amount claimed in the particulars furnished by the management. They also did not dispute the right of the managing member of remuneration, though they conceded the claim of the management to remuneration only to the extent of Rs. 100 per mensem. Thereafter, on December 6, 1957, both the parties filed a joint memorandum in the Court stating that they had no evidence to adduce apart from the documentary evidence already filed in the Court. It may, therefore, be held that both the parties accepted the correctness of the figures in the balance sheets and the particulars given by the management and the dispute was confined only to the objections raised by the workers in their statement filed on November 30, 1957. The Labour Court decided the dispute on the basis of the figures disclosed therein.

7. If that were so, it cannot be disputed that on the basis of the figures accepted by both the parties, even after making, reasonable deductions to offset any possible exaggeration or inflation in the

value of the capital assets and the reserves utilised as working capital, the interest payable thereon to the management being deducted as a prior charge, there will not be any surplus left for distribution as bonus to the workers. That apart, there is another item, namely, the remuneration payable to a member of the joint family managing the Estate. Having regard to the modest nature of the Estate and its income, we think that Rs. 1,000 per mensem as remuneration to the managing partner is too high and that Rs. 100 per mensem is too low and that Rs. 250 per mensem may be accepted as reasonable in the circumstances and for the purpose of this appeal.

8. If the said three items are taken into account, it is not disputed that there will not be any surplus left for giving bonus for any of the disputed years. As there is no clear evidence in the case, we propose not to mention any definite figure, so that this decision will only govern the bonus years in question. We must make it clear that this decision is not intended to be a precedent to govern the question of bonus for any future year.

9. In the result, the award of the Labour Court giving bonus to the workers is set aside and the appeal is allowed, but, in the circumstances of the case, without costs.

Appeal allowed.

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