

The Oil and Natural Gas Commission

Vs

The Workmen

Civil Appeal No. 391 Of 1972

(CJI S. M. Sikri, A. N. Ray, I. D. Dua JJ)

28.09.1972

JUDGMENT

DUA, J. -

1. This is an appeal by special leave from the award of the National Industrial Tribunal, New Delhi, dated November 18, 1971. While granting special leave on February 24, 1972, this Court directed that costs of the respondents should in any event be paid by the appellant.

2. By notification, dated August 21, 1968 (No. S.O. 3088) the Central Government constituted a National Industrial Tribunal at Dhanbad with Shri Kamal Sahai as the Presiding Officer and referred to it for adjudication the following industrial dispute :

"SCHEDULE

(1) Whether the demand of the workmen that the Oil and Natural Gas Commission, Baroda, should stop the extra hours of work which is being taken from the office/administrative staff in workshop and fix their working hours on the lines of those of the office staff of the Commission is justified ?

(2) Whether the demand that the Commission should pay compensation to the administrative staff for the extra hours of work taken from them from June, 1965, at the overtime rate or pay Factory allowance at the rate of 20 per cent. of the pay to the office/administrative staff, who have been asked to work for eight hours from June, 1965, is justified ?

(3) If so, to what reliefs are the workmen entitled ?"

As a result of the retirement of Shri Kamal Sahai, the Central Government on December 10, 1970, referred the said dispute to the Tribunal presided over by Mr. Justice N. Chandra. On the pleadings of the parties the learned Tribunal settled the following issues for determination :

"(1) Whether the demand of the workmen that the Oil and Natural Gas Commission, Baroda should stop the extra hours of work which is being taken from the office/administrative staff in workshop and fix their working hours on the lines of those of the office staff of the Commission is justified ?

(2) Whether the demand that the Commission should pay compensation to the

administrative staff for the extra hours of work taken from them from June, 1965, at the overtime rate or pay factory allowance at the rate of 20 per cent. of the pay to the office/administrative staff who have been asked to work for eight hours from June, 1965, is justified ?

(3) If so, to what reliefs are the workmen entitled ?

(4) Was there a valid and binding settlement between the parties on January 20, 1968, as alleged ? If so, is the reference beyond the jurisdiction of this Tribunal ?

(5) Are the demands of the staff working in Purchase, P & D and Accounts sections and Stores Department not covered by the present Reference and beyond the jurisdiction of this Tribunal ?"

Issues 4 and 5 were not pressed before us by the learned Attorney-General. The principal controversy in this Court is thus confined to issues Nos. 1 to 3.

3. The appellant, the Oil and Natural Gas Commission, has several projects and workshops in the country. At Baroda it has a central workshop which controls all the workshops in the western region. The workmen are liable to be transferred for exigencies of service from one workshop to another as also from one region to another. At Baroda, when the workshop was under construction and there was insufficient accommodation at the site of the workshop, the office/administrative staff used to work in a shed at a distance of about 2 k.m. from the workshop. At that time the working hours of the administrative staff were from 10 a.m. to 5 p.m. with an interval of half an hour. These working hours lasted from December, 1964 to June, 1965, when on completion of the construction at the site of the workshop the administrative staff shifted there. With this shifting of the office to the site of the factory the working hours of the administrative staff were fixed from 8 a.m. to 5 p.m. with an interval of one hour. These facts are not in dispute. The workmen claimed that working hours of the administrative staff should have continued to be 6 1/2 hours per day and complained that fixation of eight hours per day with effect from June, 1965 was violative of Section 9-A of the Industrial Disputes Act (hereinafter called the Act). It was further complained that the fixation of eight hours per day was not justified from the point of view of convenience and was also at variance with the practice uniformly prevailing in other administrative offices of the workshops of the Oil and Natural Gas Commission.

4. The Tribunal came to the conclusion that there was nothing to show that it was a condition of service of the employees in the administrative office to work only for 6 1/2 hours per day. There was no term to that effect in the appointment letters of employees. The contention that since the workmen had as a matter of fact been working from December, 1964 till June, 1965 for only 6 1/2 hours a day, it had become a condition of their service was also repelled. The Tribunal observed that the mere fact that while the workshop was under construction and there was not enough accommodation for the office/administrative staff in the workshop building at the site, they were accommodated in another building which worked there along with other clerks for only 6 1/2 hours a day for a period of six months does not mean that 6 1/2 hours a day was a condition of their service. The Tribunal was also not satisfied that the administrative staff in all the projects of the Oil and Natural Gas Commission worked only for 6 1/2 hours per day. It was pointed out that in the Jammu project three persons of the administrative staff worked for nine hours including one hour's rest interval and two persons for 8 1/2 hours including half-an-hour's rest interval. In the headquarters central auto-workshop, Dehra Dun, three persons of office staff worked for 8 1/2

hours, including half an hour's rest interval. In the Cauvery project some clerks work for 8 1/2 hours including half an hour's rest interval. In other projects of the Oil and Natural Gas Commission, the administrative staff is working 6 1/2 hours or less than eight hours excluding rest interval. After referring to these instances the Tribunal observed that there was no uniform practice of working either for 6 1/2 hours only or for eight hours, excluding rest intervals for office staff, at all places. In the opinion of the Tribunal, therefore, there was no presumption of there being any condition of service either way. On this reasoning Section 9-A of the Act was held inapplicable to the case of the workmen at Baroda.

5. The Tribunal next dealt with the contention that the change in the hours of work was not justified from the point of view of convenience and that the workmen being transferable all over the country and the pay scales being similar, hours of work in the Baroda workshop should not have been changed from 6 1/2 hours, including half an hour rest interval to nine hours, including rest interval for one hour. It was successfully contended by the workmen that though under the Factories Act the workmen may be asked to work for 48 hours a week or 8 hours a day, it does not necessarily follow that the clerical staff should also be made to work 8 hours a day when they had been working for only 6 1/2 hours a day from December, 1964 to June, 1965. Emphasis was laid on behalf of the workmen on the submission that industrial law recognises the distinction between workers in factories and worker in offences. This approach found favour with the Tribunal. The workmen further contended that the management had wrongly claimed that work in the factory would suffer by reducing the working hours of the clerical staff from 8 hours to 6 1/2 hours. The Tribunal also agreed with this submission, basing its conclusion on the evidence of Shri S. Hassan (M.W. 1). In the case of time-keepers and the store-keepers, however, the Tribunal felt that reducing the working hours in their case would prejudicially affect the working of the factory. The contention on behalf of the management that change in the working hours of the clerical staff from 8 hours to 6 1/2 hours is likely to give rise to dissatisfaction among other workers was repelled on the ground that in case of two projects, namely, Cambay and Navagaon, the working hours of the clerical staff were less than those of the technical staff. According to the Tribunal the technical staff generally works for 8 hours a day while the clerical staff in many projects of the workshop itself work only for 6 1/2 hours a day.

6. Dealing with issue No. 2 the Tribunal observed the compensation at the rate of 10% of pay to the office/administrative staff (excluding time-keepers and store-keepers) was justified for the period for which they were made to work for 8 hours a day.

7. On appeal the learned Attorney-General has assailed the line of reasoning and the conclusion of the Tribunal. On behalf of the respondent also the conclusion of the Tribunal that there was no term or condition of service fixing the daily working hours of the administrative staff at 6 1/2 hours was questioned. It was contended on their behalf that it was a term of their service that they should work only for 6 1/2 hours per day, and, therefore, change from 6 1/2 hours to 8 hours per day without proper notice was violative of Section 9-A of the Act.

8. In our opinion, on the facts and circumstances of this case it cannot be said that 6 1/2 working hours a day was a term of service, for the simple reason that it was only during a period of the first six months, when the factory was being constructed at the site of the workshop that, due to short-age of accommodation, the administrative office was, as an interim arrangement, temporarily located in tents at a place about 2 k.m. away, that the staff in this office was not required to work for more than 6 1/2 hours per day. There is no evidence that 6 1/4 hours per day was a condition of service : neither is there any such term of service in their letters of appointment, nor is such a term of service

otherwise discernable from other material on the record. As soon as the construction at the site of the factory was complete and the workshop was ready to start its normal and regular working, the administrative office was shifted to its permanent abode at the site of the factory. It was then that the proper regular working of the administrative office and its staff started at the site of the factory with working hours being appropriately fixed at 8 hours per day so as to facilitate efficient functioning of the workshop to the expected capacity.

9. The Tribunal dealt with this part of the case in these words :

"There is nothing to show that it was a condition of service that an employee would work 6 1/2 hours only. Nor is there anything to that effect in the appointment letter of the employee. Nor is it a condition of service that he would work 8 hours. There is nothing to that effect either in the appointment letter.

The contention on behalf of the workmen is that since they had been working from December 1964 till June 1965 only for 6 1/2 hours a day, it had become a condition of their service. This contention is without force. The mere fact that while the workshop was under completion and there was not enough accommodation for the office/administrative staff in the workshop building, they were accommodated in another building and worked there along with other clerks for only 6 1/2 hours in a day for a period of 6 months, will not make it a condition for their service."

Nothing cogent has been urged against this reasoning with which we are in complete agreement. Incidentally, looking at the terms of reference also it is clear that no specific dispute was raised by the workmen on the basis of any claim that the term of their employment to work only for 6 1/2 hours per day had been varied without the requisite notice under Section 9-A. This challenge against the award by the respondents is accordingly repelled.

10. The controversy indeed mainly rests on the question whether fixation of 8 hours of work per day is otherwise objectionable and the working hours have been rightly reduced by the Tribunal to 6 1/2 hours a day and whether the Tribunal has rightly directed payment of overtime compensation at 10% of pay to the office/administrative staff (exclusive of time-keeper and store-keepers) for the extra work taken from them in the past. The rival contentions raised before the Tribunal on this aspect may be stated in the words of the Tribunal itself :

"The next contention on behalf of the workmen is that the change in the hours of work was not justified from the point of view of convenience and that services are transferable all over the country and pay scales are one and the same and that consequently the hours of work in the Baroda workshop should not have been changed from 7 hours including half an hour's rest interval, to 9 hours including one hour's rest interval. There is no doubt that a change has been made in June 1965 from 6 1/2 hours of work to 8 hours of work after the staff was shifted to the workshop premises. The contention on behalf of the management is that the Factories Act applies to the workshops and that consequently the management is not doing anything wrong in asking the administrative staff in the workshop to work for 8 hours. It is also contended by the management that if this is not done, the work in the workshop will suffer."

The Tribunal noticed that under the Factories Act a workman may be required to work for 48 hours

a week but in its view "it does not necessarily follow that the clerical staff should also be made to work 8 hours a day although they had been working only 6 1/2 hours a day from December 1964 to June 1965" for even in the case of working shifts, many shifts work for less than 8 hours a day. The Tribunal, after referring to the decision in the Workmen of B.O.A.C. v. B.O.A.C. ([1962] 1 LLJ 257 : ([1962] 4 FLR 210) and to the decision in Nawabganj Sugar Mills v. Its Workmen ([1964] 1 LLJ 750 : ([1964] 8 FLR 294) observed that it was "a question for consideration whether in the other projects of the ONGC, itself and other offices in Baroda, the Administrative/Office Staff was made to work 8 hours a day or only 6 1/2 hours a day." According to the Tribunal the technical staff generally works for 8 hours a day whereas the clerical staff in many of the projects of the workshop itself works only 6 1/2 hours a day. The Tribunal also observed that it was not correct that the factory would suffer if the working hours of the clerical staff in the Baroda workshop were reduced from 8 hours to 6 1/2 hours a day. For this conclusion reference has been made in the award to the statement of M.W. 1. Shri S. Hassan, Deputy Manager (Establishment).

11. The learned Attorney-General has submitted that the ratio of the decision in the B.O.A.C. case (supra) to which the Tribunal has referred in the award does not support the view taken by it. Our attention has been invited to the following passage in that judgment :

"It is in the light of all these features of the service expected of the appellants that we have to consider the question as to whether the Tribunal was right in fixing the weekly hours of work at forty-eight. It is clear that until 1954 there was no occasion to prescribe the weekly hours as such because the extent and volume of the work did not justify any such fixation. Sometimes, employees in the three respective categories were not required to do as much weekly work as was regarded as normal. Sometimes, if the work was heavier, and the vagaries of the arrival or departure of the aircraft imposed additional burden, the normal working hours were exceeded. Until 1954 no question of payment of overtime wages arose. In 1954, the respondent started paying overtime wages in the manner already indicated. Therefore, the question as to whether in fixing forty-eight hours as the normal working hours in a week, the tribunal has committed an error must be judged not so much by a reference to the existing normal working weekly hours but by a reference to the principles generally apply to the fixation of weekly working hours. In our opinion, judged in that way, it would be difficult to sustain the argument of the appellants that forty-eight hours in a week is either unduly reasonable (unreasonable ?) or excessive. That is why we do not think that the general argument urged by the appellants that the existing working hours should be standardized can be accepted."

The reported case dealt with an establishment which had peculiar characteristics. It had three categories of employees, one of which used to work for 36 hours and the other for 39 hours and the third for 42 hours. The respondent corporation in that case fixed 48 hours per week as normal duty hours for all employees. The Tribunal had held that the Corporation was entitled to so fix the working hours. On appeal by the workmen, after nothing the peculiar features of the service expected of the workmen, this Court made the above observation. In regard to the office staff which had always been working for 36 hours a week it was conceded in that case that it, should work only for 36 hours a week as it used to do. This decision, therefore, in our opinion, does not help the respondents. Nawabganj Sugar Mills (supra) dealing with rationing allowance is equally - if not more - unhelpful. The learned Attorney-General drew our attention to the decision in May & Baker (P.) Ltd. v. Their Workmen ([1961] II LLJ 94 : (1961) 2 FLR 594 : (1960-61) 20 FJR 1471 : AIR 1967 SC 678) for the proposition that it is not open to the Industrial Tribunal to reduce the working

hours either directly or indirectly where the employer was following the working hours prescribed by a statutory provision. In this reported case the relevant provision of Delhi Shops and Establishment Act, 1954 fell for consideration. Reference was also made by the learned Attorney General to the decision to the Andhra Pradesh High Court in Workmen Hindustan Shipyard (P.) Ltd. v. Industrial Tribunal Hyderabad ([1961] II LLJ 526) in support of the proposition that the management has the power to vary the working hours within the limits prescribed by law. In that case the provisions of the Factories Act and of the Madras Shops & Establishment Act, 1948 fell for consideration by the Court. The learned Attorney-General also drew our attention to Associated Cements Staff Union v. Associated Cement Company Ltd. ([1964] 1 LLJ 12 : (1964) 8 FLR 198 : (1963-64) 25 FJR 305 : AIR 1964 SC 914) where this Court pointed out that it was not the function of industrial adjudication to fix the working hours with an eye to enable the workmen to earn over-time wages and it pointed out that the various factors relevant for fixing hours of work. The learned Attorney-General emphasised the fact that the Tribunal failed to consider the question of adverse effect of the reduced working hours of the office staff on production which is a relevant factor to consider. He further contended that 8 hours a day is not shown to impair the health of workmen. It was also argued that there is no general uniform pattern of 6 1/2 hours of work per day in the offices of the other projects of the Oil and Natural Gas Commission and the each project has its own pattern to suit its requirements. Considerable stress has also been laid on the submission that administrative offices attached to all factories of the appellant have to work for 48 hours a week. It must be particularly so in the case of the administrative office attached to the central workshop at Baroda which, according to the appellant's submission, controls all the workshops in the western region.

12. In our opinion, there is merit in the learned Attorney-General's submission. The management must, in our opinion, have full power and discretion in fixing the working hours of the administrative staff within the limits prescribed by the statute. When the change in the working hours is covered by Section 9-A, read with the First Schedule of the Act, compliance with the said section would undoubtedly be necessary for its sustenance. In the present case, as already observed, Section 9-A is not concerned. When the administrative office at Baroda was temporarily located about a couple of kilometers away awaiting completion of its permanent abode, the factory was in the process of being constructed and there was no question of fixing the working hours of the administrative office on a permanent basis. Perhaps there was not even enough work for the office staff to keep them occupied for more than 6 1/2 hours per day. It was only when the factory was completed and the administrative staff attached to it shifted to its own building at the factory site, that the management apparently on an overall assessment of its requirements fixed 8 working hours per day. This, in our opinion, was within the competence of the management. The Tribunal was also, in our view, not right when it observed that the work in the factory would not suffer by reducing the working hours of the clerical staff in the Baroda workshop from 8 hours to 6 1/2 hours a day. According to the Tribunal itself Shri Hassan had stated that he did not think that working of the factory would be adversely affected if the timings of the general staff and the office staff are changed with the number of working hours remaining the same and that change of half an hour this way or that way is done at times when required. In other words the Tribunal itself did not understand Shri Hasan to refer to the regular reduction of working hours by an hour and a half on a permanent basis. We may now turn to the actual statement of Shri Hasan (M.W. 1). He has stated :

"The Baroda workshop differs from the other workshops of the Commission as it is a Central Workshop and taken up major repairs and controls all other shops in the Western Region. There are 8 to 9 departments in the office of the workshop. They are : (1) Office Administration, (2) Technical Administration, (3) Stores, (4) Accounts, (5) Transport, (6) Security, (7) Works Manager (I), (8) Works Manager (II), (9)

Planning and Designing. All these Departments have different controlling heads.

If the hours of the staff working in the office of the workshop are reduced, it will adversely affect the working because the whole work is connected. It would certainly affect other workshops of the Commission because there will be agitations and dissatisfaction in other workshops.

Transfers from the office of the main workshop to other workshops offices are quite frequent. The staff may be transferred to any part of India. Similarly, the staff from other parts of India may be transferred to the office of the Baroda workshops."

The passage on which the Tribunal has relied on for its view is :

"I do not think that the working of the factory would be adversely affected if the timings of the 'general shift' and the office staff are changed with the number of working hours remaining the same. Change of half an hour this way or that way is done at times when required.

If a change is made of one hour in the timings with the number of working hours remaining the same, it is likely to affect adversely the working."

This passage does not in any way contract from the categorical statement made earlier that if the hours of staff, working in the office of the Workshop, are reduced, it will adversely affect the working because of the whole work is connected. The Tribunal does not seem to have correctly read Shri Hasan's statement. The view of the Tribunal that reduction in the hours of work of office staff from 8 to 6 1/2 hours would not adversely affect the working is, in our opinion, not only not supported by the evidence on the record but appears to be contrary to the statement of Shri Hasan.

13. The Tribunal was also not right in saying that in other projects the working hours of administrative office are 6 1/2 hours. Working hours in these offices, according to the material on the record, vary and there is no uniform practice. But the fact that in some of the other offices, the working hours are 6 1/2 hours per day, cannot be the determining factor. The office at Baroda being the controlling office its requirements and exigencies of work are such that fixing of 8 hours work a day is, in our opinion, fully justified, and the Tribunal was wrong in reducing its working hours to 6 1/2 hours a day. The mere fact that the staff at Baroda is liable to transfer to some other projects is, in our view, of little importance. Assuming that by transfer to some other projects the employee concerned would have to work for 6 1/2 hours a day, that would not render the fixation of 8 hours a day for the administrative office at Baroda objectionable or open to interference by the Tribunal. The Tribunal has itself already observed that in the other projects the working hours in the administrative offices vary. If that is so then this could not be a cogent ground for reducing the working hours from 8 to 6 1/2 in the Central Office at Baroda. Once it is found that 8 hours a day has been properly fixed for work in the administrative office there can be no question of payment of any compensation, for working for 8 hours a day in the past.

14. The respondent's learned counsel, Shri Bhandare, has submitted that this Court should not interfere with the conclusion of the Tribunal under Article 136 of the Constitution as these conclusions are based on an appreciation of evidence. However erroneous they may be, according to Shri Bhandare, it is not the practice of this Court to interfere with such conclusions. In our view, the Tribunal has not only made some contradictory observations about the practice prevailing in the

other projects of the Oil & Natural Gas Commission but has also misread the statement of Shri Hasan (M.W. 1). It has indeed wrongly interfered with the appellant's decision in fixing the hours of work of which was fully within its competence, and was not open to any valid objection. The conclusions of the Tribunal are, therefore, tainted with serious infirmity justifying re-appraisal of the evidence by this Court for coming to its own independent conclusion on such re-appraisal.

15. The result, therefore, is that this appeal succeeds and allowing the same we set aside the award reducing the working hours from 8 to 6 1/2 hours per day in the Baroda Central Office and also set aside the order granting compensation at 10% of the salary. The appellant will of course pay the costs of the respondent in this court.

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