BENEFICIAL INTERPRETATION IN WELFARE LEGISLATION: STUDY OF JUDICIAL DECISIONS IN INDIA

INTRODUCTION

A beneficial legislation is a statute which purports to confer a benefit on individuals or a class of persons. The nature of such benefit is to relieve said persons of onerous obligations under contracts entered into by them. Further individuals with whom they stand in certain relations may attempt to perpetrate oppressive acts upon the vulnerable party and a beneficial legislation tends to protect them in such instances.[1] When a statute is interpreted liberally and is given the widest possible meaning which the language permits it is known as Beneficial Interpretation. When a statute is meant for the benefit of a particular class and if a word in the statute is capable of two meanings i.e. one which would preserve the benefits and one which would not, then the meaning that preserves the benefit must be adopted.[2]Beneficial construction is an interpretation to secure remedy to the victim who is unjustly denied of relief. The interpretation of a statue should be done in such a way that mischief is suppressed and remedy is advanced.[3]

GOVERNING PRINCIPLES

In order to interpret a statute beneficially three important principles should be followed:

- Words in the statute should be interpreted in its widest form but only to the extent which the language permits or contains.
- The most complete remedy which a particular provision intends should be given.
- A statute should always purport to confer benefits on particular class or category for which the beneficial legislation is intended.

In construing welfare legislation following steps should be adopted

- liberal approach should be adopted , and

[1] M.N Rao, *N S Bindra's Interpretation of Statutes*, pg. 341(10th ed, 2007), Lexis Nexis Butterworths, New Delhi

[2]Hanumant, *On Beneficial Construction* available at http://hanumant.com/IOS-Unit7-BeneficialAndStrictConstruction.html last visited on August 18, 2012

[3] G. Granville Sharp, *Maxwell on interpretation of statutes*, pg 68 (10th ed. 1953),Sweet & Maxwell Limited, London

- Purposive construction which would effectuate the object of the welfare legislation should be given to the expressions used in the statute.[4]

As welfare statues are aimed at protection and promotion of social and economic well being of its citizen they should be construed widely and liberally. Such statutes should be interpreted in such a way that the power conferred by them is achieved and benefits the particular class or category of people for whom it was intended by the legislature.[5] Therefore it becomes the duty of the court to interpret a provision, especially a welfare statute by giving it a wider meaning rather than a restrictive meaning.

BENEFICIAL CONSTRUCTION OF WELFARE STATUTE

Industrial Disputes Act 1947 is one of welfare statute which intends to bring about peace and harmony between management and labour in an industry and improve the service conditions of industrial workers which in will turn accelerate productive activity of the country resulting in its prosperity.[6] As a result the prosperity of the country in turn will help to improve the conditions of the workmen. Therefore this statute should be interpreted in such a way that it advances the object and the purpose of the legislation and gives it a full meaning and effect so that the ultimate social objective is achieved.[7] The courts while interpreting labour laws have always stressed on the doctrine of social justice as enshrined in the Preamble of Constitution.[8]

There are certain provisions which can also be seen as beneficial to a particular class which is defined in Industrial Dispute Act i.e. industry, workman, industrial disputes etc. Industrial Dispute Act also gives certain special benefits like right to strike and lock out. However, the researcher would like to restrict the scope of the paper by interpreting Workman and Industry definition under Industrial Dispute Act through different case laws to find out the benefits of the welfare statute.

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[4] *Nagpur District Central Co-operative Bank v. State of Maharashtra*, 1987 Mah LJ 593

[5] G.P.Singh, *Principle of Statutory Interpretation*, (12th ed.2010), Lexis Nexis butterworths Whadwa, Nagpur.

[6] OP Malhotra's , *The Law of Industrial Disputes* ,pg. 46(6thed, Vol 1 ,2004) Lexis Nexis Butterworths, New Delhi

[7] *Workmen of Indian Standards Institution v Management of Indian Standards Institution*, (1976)1 LLJ 33,39(SC)

[8] *Ajaib Singh v Sirhind Co-op.Marketing –cum-Processing Service Society Ltd*. AIR 1999 SC 1351

The word 'industry' is defined in Section 2(j) and is the most crucial definition in the Industrial Dispute Act, 1947. Since this statute is welfare legislation the word 'industry' should be given a wider meaning. The interpretation of this term has varied from time to time and has been in controversy. Earlier in 1953 , Supreme Court held in the case of *DN Banerji v PR Mukherjee*[9] that though municipal activity cannot be regarded as trade or business adventure but will fall within the expression 'undertaking' and would be considered an industry.[10] By giving a wide coverage to the term 'industry', Municipal Corporation was brought under the purview of the term industry.

In The Hospital Mazdoor Sabha case[11] the services of respondents , engaged in the J. J. Group Of Hospital, Bombay, under State control and management were retrenched without payment of compensation as required by S. 25F(b) of the Industrial Disputes Act, 1947.[12] The argument given by the opposite party was that the J.J. Group and Hospitals does not constitute as industry. The court in this case held that the intent of the legislature was to give an extended meaning to the word industry as defined in Sec 2(j). Therefore for construing the definition one should not restrict the meaning but give a wider scope. Since some of the features such as cooperation of the employer and the employees and the object of satisfying material human needs is identical to the activities to which Sec 2(j) applies it can be said that the conduct and running of the hospitals by the appellant amounted to an undertaking under Sec2(j).

However, later in 1970, In Sufdarjung Hospital case[13] court held that the definition of the term industry should not be read in two parts but rather read as a whole because a collective enterprise exists only when there is a relationship between employers and employees where the former relies upon the services of the latter to fulfill their own occupation. This case overruled The Hospital Mazdoor Sabha case [14]and held that hospitals run by the Government or Charitable Institutions are not run on commercial lines and further the hospital in question is not industry as it does not run on terms analogous to trade or business. Thus interpretation of term industry was narrowed in this case.

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[9] AIR 1953 SC 58
[10] Ibid
[11] *State of Bombay v The Hospital Mazdoor Sabha*, AIR 1960 SC 610
[12] Ibid
[13] *Safdarjung Hospital v Kuldip Sethi* , AIR 1970 SC 1407
[14] *Supra* n. 9

In Landmark judgement of *Bangalore Water Supply And Sewerage Board* v. *A. Rajappa*[15], Supreme Court expanded the protection of Industrial Disputes Act by expanding the definition of Industry. It held that a worker oriented statute must receive an expansive construction so that maximum benefit is derived by the workers and community from such beneficial legislation. This case developed a working principle to determine whether an activity is an industry or not. This judgment has widened the scope of the definition. The judgment has broadened the principle of term industry. In dealing with the definition of 'Industry' of ID Act, Justice K. Iyer observed that:

"*The literal latitude of the words in the definition cannot be allowed grotesquely inflationary play, but must be read down to accord with the broad industrial sense of the nation's economic community of which labour is an integral part. To bend beyond credible limits is to break with facts, unless language leaves no option."*[16]

Another term which has been the subject-matter of controversy before the judiciary is 'workman'. The term workman has been defined in Sec2(s) of The Industrial Disputes Act,1947 which means any person (including an apprentice) employed in any industry to do any skilled or unskilled manual, supervisory, technical or clerical work for hire or reward.

The first part of the definition gives the statutory meaning of 'workman' and includes an apprentice or any person employed in an industry to do manual, unskilled, skilled, technical, operational, clerical or supervisory work for hire or reward. The second part is designed to include something more in what the term primarily denotes.[17]

In *National Buildings Construction v. Pritam Singh Gill*[18], the Supreme Court was faced with the question whether the term workman under Sec. 33C (2) of the Industrial Disputes Act would include such workmen who were dismissed prior to the date of application under Sec. 33C (2). It was argued by the Appellants that after his dismissal, the respondent had ceased to be a workman and therefore had no locus to approach the Labour Court under Sec. 33C (2). This argument was rejected by the Court which held that 'the primary purpose of the section being to provide the aggrieved workman with a form similar to the executing courts, it calls for a broad and beneficial construction consistently with other provisions of the Act, which

[15] AIR 1978 SC 548
[16] Ibid
[17] H.L.Kumar, *What everybody should know about Labour Laws,* Pg. 106(2nd Ed. 2003), Universal Law Publishing, New Delhi
[18] AIR 1972 SC 1579

should serve to advance the remedy and to suppress the mischief.'[19] The Court accepted the argument of the Respondent that simply because the respondent had been dismissed before he could apply to the Labour Court under Sec. 33C (2) would not deprive him of the status of being a workman under Sec. 33C (2).[20] Thus, the Supreme Court gave a beneficial construction to the term workman under the Industrial Disputes Act for the purpose of Section 33C in order to ensure that dismissed workmen were not deprived of the locus to approach the Labour Court under that Section.

In *Steel Authority of India Ltd. v. National Union Waterfront Workers*,[21] the Supreme Court held that, "In a case of ambiguity in the language of a beneficial labour legislation, the Courts have to resolve the quandary in favour of conferment of, rather than denial of, a benefit on the labour by the legislature but without rewriting and/or doing violence to the provisions of the enactment."[22] In this same case, the Supreme Court directed the industrial adjudicators to examine the true nature of the relationship between the laborers and their employers and contractors in order to verify whether the contract for service was not a mere ruse or camouflage to evade compliance of various beneficial legislations under the Contract Labour (Regulation and Abolition) Act. The Supreme Court also held that where the contract was shown to be a mere ruse, then the contract labour would have to be absorbed as regular workmen, irrespective of the language of the contract.

CONCLUSION

In line with the settled canons of construction, Courts must adopt that construction which advances the objects of the Statute in place of one that would defeat it. Beneficial legislation should be interpreted in the widest form and hence should be interpreted liberally. The welfare statutes and acts are aimed at improving the economic and social conditions of its people. Thus these statutes should be interpreted in such a manner that it fulfils the object and purpose of the statute. As discussed above a welfare statute in this paper The Industrial Disputes Act, 1947 aims at maintaining peaceful environment in industry and by interpreting it liberally courts have sought to benefit the workmen by construing the terms of the statute liberally.

[19] *Ibid*
[20] *Ibid*
[21] AIR 2001 SC 3527
[22] *Ibid*

However, the Courts have not pushed the use of the beneficial construction too far to the extent that the construction contradicts the statute. For example, in *A Sundarambal v. Government of Goa, Daman and Diu*[23], it was urged by the Appellant for the Court to declare a school teacher to be a workman under the Industrial Disputes Act. However, the Supreme Court took into account the words in the definition 'to do any skilled or unskilled manual, supervisory, technical or clerical work' (Sec. 2(s) and held that since a teacher would not fall into any of these categories, a teacher could not be held to be a workman under the Act.

However, the Indian judiciary has a tradition of interpreting labour statutes liberally with an eye on the welfare of the labour class. It is hoped that this tradition continues in this age of liberalization and privatization because ultimately labour statutes are meant for the welfare of the weaker working class.

[23] AIR 1988 SC 1700

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