CHAPTER- VIII
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8.1. Introduction:

The law relating to investigation and settlement of industrial disputes namely, the Industrial Disputes Act, 1947, originally does not contain the provisions relating to closure of an industry. The provisions relating to law of closure were inserted in the year 1957 in view of the Supreme Court judgment.\(^1\) Subsequently over a period of years the law relating to closure, has undergone series of amendments from time to time and thus was consolidated to the present position in the year 1982. This particular area in the law relating to investigation and settlement of industrial disputes has undergone a close judicial scrutiny starting from later seventies. It is a unique law in India unlike in any industrialized country in the world.

It is in the fitness of things that the right to security in the event of unemployment has, though late, found legislative recognition in our country.\(^2\) The security of employment is necessary from the point of view of the workmen as well as the industry. If a worker sticks to his job he

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\(^2\) Article 25 of the Universal Declaration of Human Rights (1948).
becomes more efficient by experience and an efficient worker is sure to augment the production in the industry. 3 The protection to workmen in India had been made possible by an amendment of the Industrial Disputes Act, 1947 in the year 1957. The impact of the decision of the Supreme Court in Hariprasad Shivshankar Shuka v. A.D. Diwelkar,4 and Barsi Light Railway Co., Ltd., v. Jogelkar,5 made the policy makers feel the necessity for this amendment. In Barsi Light6 case the Supreme Court has held that such industry workers whose services were terminated by an employer, on real and bona fide closure of business or in case of transfer of ownership of undertaking from one employer to another, were not entitled to any relief under the Industrial Disputes Act, 1947, because their case was not covered by retrenchment7 within the meaning of section 25-F of the Industrial Disputes Act, 1947. Taking advantage of this judicial dictum a number of employers declared their undertakings as closed on one pretext or the other, throwing thereby a number of workmen out of employment without paying them a single penny as compensation.8

4. AIR 1957 SC 121.
6. Ibid.
7. Section 2(oo) of the Industrial Disputes Act, 1947 defines “Retrenchment” means the termination by the employer of the service of a workman for any reason whatsoever, otherwise than as a punishment inflicted by way of disciplinary action, but does not include,-
(a) voluntary retirement of the workman; or
(b) retirement of the workman on reaching the age of superannuation if the contract of employment between the employer and the workman concerned contains a stipulation in that behalf; or (bb) termination of the service of the workman as a result of the non-renewal of the contract of employment between the employer and the workman concerned on its expiry or of such contract being terminated under stipulation in that behalf contained therein; or )
(c) termination of the service of a workman on the ground of continued ill-health;]
8. Refer to the statement of “Objects and Reasons” for the introduction, of the Bill No.10 of 1957.
Therefore section 25-FFF was inserted,\textsuperscript{9} with a view to provide for involuntary unemployment, to create a sense of security in a worker and to raise the position and status of labour.\textsuperscript{10}

Prior to 1953 the only provision of the Act, which in those days, used the word "closure" was section 2(1) of the Industrial Disputes Act, invariably led Tribunal to hold that closure came within the ambit of the definition of "lock-out"\textsuperscript{11}, particularly because, unlike the 1929 definition, the 1947 - definition had no restrictive qualifying clause. The Labour Appellate Tribunal,\textsuperscript{12} the High Courts and the Supreme Court on other hand, (impressed by the Constitutional guarantee of the right to carry on any, trade, profession business or vocation) were at pains to emphasize that lock-out was the" closing of the business itself". Realizing the difficulty of maintaining this distinction in cases of temporary closures, and even independently of such difficulty, there developed a marked tendency to enquire into the reasons for the closure, and decisions-makers entered into detailed investigation of the \textit{bona fide} of management action.

\textsuperscript{9} Inserted, vide section 3 of the Industrial Disputes (Amendment) Act, 1957 (Act No. XVIII of 1957).
\textsuperscript{10} \textit{Raj Kumar Singh v/s. Authority Under Payment of Wages Act}, (1960) II LL.J. 543 (SC).
\textsuperscript{11} Section 2(1) of the Industrial Disputes Act, 1947 defines "Lock-out" means the (temporary closing of a place of employment), or the suspension of work, or the refusal by an employer to continue to employ any number of persons employed by him;
\textsuperscript{12} \textit{Annamalai Timber Trust Case}, (1952) II LL.J. 604 (L.A.T.).
The legislature intended to interpret the definition of retrenchment at its widest possible amplitude. But the Supreme Court in Barsi Light Railway Company v. Joglekar,\(^ {13}\) severally curtailed the scope and coverage of the statutory compensation of 'retrenchment' by holding that:

"Retrenchment as defined in section 2(00) and as used in Section 25F\(^ {14}\) has no wider meaning than the ordinary accepted connotation of the word: it means the discharge of surplus labour or staff by the employer for any reason whatsoever, otherwise than as a punishment inflicted by way of disciplinary action, and has no application where the service of all workmen have been terminated by the employer on a real and bona fide closure of business...." 

The Court accordingly held that termination of service as a result of transfer of ownership of an undertaking to another employer did not constitute 'retrenchment'. Section 25FF\(^ {15}\) and 25FFF\(^ {16}\) was, therefore,
undertaking to a new employer, every workman who has been in continuous service for not less than one year in that undertaking immediately before such transfer shall be entitled to notice and compensation in accordance with the provisions of section 25-F, as if the workman had been retrenched;

Provided that nothing in this section shall apply to a workman in any case where there has been a change of employers by reason of the transfer, if,-
(a) the service of the workman has not been interrupted by such transfer;
(b) the terms and conditions of service applicable to the workman after such transfer are not in any way less favourable to the workman than those applicable to him immediately before the transfer; and
(c) the new employer is, under the terms of such transfer 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 the transfer.

Section 25-FFF of the Industrial Disputes Act, 1947 provides that, compensation to workmen in case of closing down of undertakings. —

(1) Where an undertaking is closed down for any reason whatsoever, 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 25-F, as if the workman had been retrenched:

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 25-F, shall not exceed his average pay for three months.

[Explanation,— An undertaking which 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 undertakings engaged in mining operations, exhaustion of the minerals in the area in which 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].

[(1-A) 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 25-F, if --
(a) the employer provides the workman with alternative employment with effect from the date of closure 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.

(1-B) For the purposes of sub-section (1) and (1-A), the expressions 'minerals' and 'mining operations' shall have the meanings respectively assigned to them in clauses (a) and (d) of section 3 of the Mines and Minerals (Regulation and Development) Act, 1957 (67 of 1957).]

(2) Where any undertaking set-up for the construction of buildings, bridges, roads, canals, dams or other construction work is closed down on account of the completion of the work within two years from the date on which the undertaking had been set-up, no workman employed there in shall be entitled to any compensation under clause (b) of section 25-F, but if the construction work is not so completed within two years, he shall be entitled to notice and compensation under that
inserted by the Parliament in 1956 and 1957 respectively to plug the loop-holes in provisions relating to retrenchment and, in particular, to provide for payment of compensation to workmen on transfer and closure of an undertaking. These benefits further widened the scope of unemployment benefits.

8.2. The Law Relating to Closure under the Industrial Disputes Act, 1947:

According to Section 2(cc)\textsuperscript{17} of the Industrial Disputes Act, Closure of an industry means the permanent closing down of a place of employment or part thereof.

The term closure was used in the Act even prior to the insertion of this definition clause but was not defined as such. This led to divergence in judicial view as to when the closing down of a part of an establishment constituted closure and when it was an act of retrenchment. This controversy is resolved by the express terms of the definition clause itself. It is now made clear that closure arises even if a part of the place of employment is permanently closed down.

\textsuperscript{17}. Inserted by Industrial Disputes (Amendment) Act of 1982, (w.e.f. 21-8-1984)
No industrialist will like to close down an earning industry, unless there are compelling circumstances to do so. Various kinds of situations, such as labour trouble of unprecedented nature, recurring loss, paucity of adequate number of suitable persons for the purpose of management, non-availability of raw-materials, insurmountable difficulty in the replacement of damaged or worn-out machinery may arise in any industry, ultimately forcing its closure.

Prior to the amendment in 1982, section 25(O) of the Act provided an elaborate procedure for closing down of an industry. The Supreme Court in *Excel Wear v. Union of India*¹⁸ has struck down section 25(O) as unconstitutional. The Court held that the right to close down a business is an integral part of the right to carry on the business guaranteed under Article 19(1)(g) of the Constitution. Section 25(O) imposed restrictions on the said fundamental right which were highly unreasonable, excessive and arbitrary. These restrictions, in fact, amounted to destruction or negation of the right. The restrictions imposed were held to be manifestly beyond the permissible bounds of clause (6) of Article 19 of the Constitution. Taking into consideration the observations of the Supreme Court in the *Excel Wear* case,¹⁹ the provisions of section 25(O) were recast by the Amending Act 46 of 1982.

¹⁸. AIR 1979 SC 25.
¹⁹. Ibid.
8.3. The Norms relating to closure of an industry or establishments under the Industrial Disputes Act, 1947:

Section 25-O was inserted by the Industrial Disputes (Amendment) Act, 1976, with effect from March 5, 1976. It was replaced by the present new section 25-O by the Industrial Disputes (Amendment) Act, 1982. The old sec. 25-O read as follows:

1. An employer who intends to close down an undertaking of an industrial establishment to which this Chapter applies shall serve for previous approval at least ninety days before the date on which the intended closure is to become effective, a notice, in the prescribed manner, on the appropriate government stating clearly the reasons for the intended closure of the undertaking:

   Provided that noting in this section shall apply to an undertaking set up for the construction of buildings, bridges, roads, canals, dams or for other construction work.

2. On receipt of a notice under sub-section (1) the appropriate government may, if it is satisfied that the reasons for the intended closure of the undertaking are not adequate and sufficient or such closure is prejudicial to the public interest, by order, direct the employer not to close down such undertaking.
3. Where a notice has been served on the appropriate government by an employer under sub-section (1) of section 25FFA and the period of notice has not expired at the commencement of the Industrial Disputes (Amendment) Act, 1976 (32 of 1976), such employer shall not close down the undertaking but shall, within a period of fifteen days from such commencement, apply to the appropriate government for permission to close down the undertaking.

4. Where an application for permission has been made under sub-section (3) and the appropriate government does not communicate the permission or the refusal to grant the permission to the employer within a period of two months from the date on which the application is made, the permission applied for shall be deemed to have been granted on the expiration of the said period of two months.

5. Where no application for permission under sub-section (1) is made, or where no application for permission under sub-section (3) is made within the period specified therein or where the permission for closure has been refused, the closure of the undertaking shall be deemed to be illegal from the date of closure and the workman shall be entitled to all the benefits under any law for the time being in force as if no notice had been given to him.

6. Notwithstanding anything contained in sub-section (1) and sub-section (3), the appropriate government may, if it is satisfied that owing to such exceptional circumstances as accident in the undertaking or death of
employer or the like it is necessary so to do, by order, direct that the provisions of sub-section (1) or sub-section (3) shall not apply in relation to such undertaking for such period as may be specified in the order.

7. Where an undertaking is approved or permitted to be closed down under sub-section (1) or sub-section (4), every workman in the said undertaking who has been in continuous service for not less than one year in that undertaking immediately before the date of application for permission under this section shall be entitled to notice and compensation as specified in section 25N if the-said workman had been retrenched under that section."

This section was subject to constitutional validity before the Supreme Court in *Excel Wear v. Union of India*,\(^{20}\) wherein Court held that the whole of the provision as unconstitutional for violating the fundamental right that is guaranteed under Article 19(1)(g) of the Constitution. The highlights of the decision are summarized below:

(i) An employer has a right to close down his business and such a right cannot but be a fundamental right embedded in the right to carry on business guaranteed under Art. 19(1)(g) of the Constitution. In one sense such a right does appertain to property. But, such a faint overlapping of the right to property engrafted in Art. 19(1)(g) or Art. 31 must not be allowed to cast any shade on the simple nature of the

\(^{20}\) AIR 1979 SC 25.
right. However, as no right is absolute in its scope, so is the nature of this right. It can certainly be restricted, regulated or controlled by law in the interest of the general public.

(ii) Public interest and social justice do require the protection of labour. But, it is not reasonable to give them protection against all unemployment by affecting the interests of so many persons interested and connected with the management, apart from the employers.

(iii) Gradually the net has been cast too wide and the freedom of the employer tightened to such an extent by the introduction of sec. 25-O that it has come to a breaking point, from the point of view of the employers.

(iv) A situation may arise both from the point of view of law and order and the financial aspect that the employer may find it impossible to carry on the business any longer. He must not be allowed to be whimsical or capricious in the matter ignoring the interest of the labour. But, that can probably be remedied by awarding different slabs of compensation in different situations. It is not quite correct that because compensation is not a substitute for the remedy of prevention of unemployment, the latter remedy must be the only one. If it were so, then in no case closure can be, or should be, allowed.

(v) Sec. 25-O (2) does not require the giving of reasons in the order. Simply to say that the "reasons are not adequate and sufficient
(although they may be correct), or that the intended closure is prejudicial to public interest, is to beg the question. The latter reason will be universal in all cases of closure. The former demonstrates to what extent the order can be unreasonable. If the reasons given by the employer in great detail are correct, it is preposterous to say that they are not adequate and sufficient for a closure. Such an unreasonable order is possible to be passed because of the unreasonableness of the law. Whimsically and capriciously the authority can refuse permission to close down, in which case the employer will have no other alternative but to face ruination in the matter of personal safety and on the economic front. If he violates the order, apart from the civil liability which will be of a recurring nature, he incurs the penal liability not only under Sec. 25R of the Act but under many other statutes.

(vi) Intrinsically, no provision in Chapter VB of the Act suggests that the object of carrying on the production can be achieved by the refusal to grant permission. In any case it would be highly unreasonable to achieve that object by compelling the employer not to close down in public interest for maintaining production.

(vii) The order passed by the authority is not subject to any scrutiny by any higher authority or tribunal either in appeal or revision. The order cannot be reviewed either.
(viii) Nobody has got a right to carry on a business if he cannot pay even
the minimum wages. But, to tell him to pay and not to retire from
business even if he cannot pay, is pushing the matter to an extreme.

(ix) It is true that Chapter VB deals with certain comparatively bigger
undertakings and of a few types only. It may be a reasonable classi-
fication for saving the law from violation of Art. 14 but certainly it does
not make the restriction reasonable within the meaning of Article
19(6).

(x) Section 25-O is not hit by Article 31C of the Constitution.

Accordingly the Parliament in the year 1982 amended section 25-O
of the Act in light of the observations made by the Supreme Court in Excel
Wear\(^{21}\) case. The newly inserted section 25-O provides for the following:

1. Sub-section (1) requires an employer who intends to close down
an undertaking of an industrial establishment to which Chapter V-
B applies to apply:
   (i) to the appropriate Government
   (ii) in the prescribed manner,
   (iii) for prior permission to close the undertaking,
   (iv) at least 90 days before the date on which the intended closure is to
        become effective,

\(^{21}\) Ibid.
(v) stating clearly the reasons for the intended closure, and
(vi) to serve a copy of such application simultaneously on the representatives of the workmen in the prescribed manner.

By the proviso to sub-section(1) it is, however, provided that sub-section(1) shall not apply to an undertaking set up for the construction of buildings, bridges, roads, canals, dams or for other construction work.

2. Sub-section (2) requires the appropriate Government-
(i) after making such enquiry as it thinks fit, and
(ii) after giving a reasonable opportunity of being heard to the employer, the workmen and the persons interested in the intended closure,
(iii) having regard to the genuineness and adequacy of the reasons stated by the employer, the interests of the general public and all other relevant factors,
(iv) by order and for reasons to be recorded in writing,
(v) grant or refuse to grant the permission for, and
(vi) communicate to the employer and the workmen a copy of the order passed by it.

3. Sub-sec. (3) provides that where the appropriate Government does not communicate any order granting or refusing to grant permission within a period of 60 days from the date on which the application is made, the permission applied for shall be deemed to have been granted on the expiry of the said period of 60 days. Sub-sec. (4) provides, subject to the provisions of sub-sec. (5) that any order made
by the appropriate government in this behalf shall be final and binding on all the parties and shall remain in force for one year from the date of such order. Sub-sec. (5), to which sub-section (4) is subject, provides that the appropriate government may:

(i) either on its own motion, or
(ii) on the application made by the employer or any workman,
(iii) review its order granting or refusing to grant permission under sub-sec. (2), or
(iv) refer the matter to a tribunal for adjudication.

4. The proviso to sub-sec. (5) requires the tribunal to which a reference has been made to pass an award within a period of 30 days from the date of the reference.

5. Sub-sec. (6) declares a closure to be illegal from the date of closure:

(i) where no application for permission to close under sub-sec. (1) is made within the period specified therein, or

(ii) where the permission for closure has been refused, and entitles the workmen concerned to all the benefits under any law for the time in force as if the undertaking had not been closed down.
6. Sub-sec. (7) is an enabling provision authorising the appropriate Government, notwithstanding the earlier provisions:

(i) to direct that the provisions of sub-sec. (1) shall not apply in relation to such undertaking for such period as may be specified in the order, if-

(a) the Government is satisfied that owing to such exceptional circumstances such as accident in the undertaking or death of the employer or any like circumstance

(b) it is necessary to give a direction of exclusion from the application of sec.25-0.

7. Lastly, sub-section (8) provides that-

(i) where an undertaking is permitted to be closed down under sub-section(2), or

(ii) where permission for closure is deemed to be granted under sub-section (3), then,

(iii) every workman who is employed in the undertaking concerned before the date of application for permission to close.

(iv) Shall be entitled to receive compensation.

(v) Which shall be equivalent to 15 days' average pay for every completed year of continuous service or any part thereof in excess of six months.
Sub-section (2) of section 25-O requires the Government to state in writing the reasons for its order, and grant or refuse to grant permission to close, having regard to the genuineness and adequacy of reasons stated by the employer, the interests of the general public and all other relevant factors. Thus, one of the faults, namely, non-furnishing of the reasons for the order, is fully taken care of and removed, but can the same be said with regard to the objective criteria to be kept in view while making the order. Very doubtful. Previously, one of the objective criteria was the adequacy and sufficiency of the reasons for the intended closure. As against that, a criterion now is "genuineness and adequacy of the reasons stated by the employer". The "adequacy" factor is common: the "sufficiency" factor is replaced by the "genuineness" factor. But, does that make any real difference? A reason, which, in a given industrial situation, may be regarded as "sufficient", must necessarily be "genuine" also and vice versa. Besides, the word "genuine", as defined in the Law Lexicon, means "not spurious or counterfeit", or as explained in dictionaries "authentic, typical, pure". If a reason is not "spurious" or is "authentic; typical; pure" in the context of the closure of an undertaking, such as the slackening of demand for the products manufactured by the undertaking, or the existence of a climate of violence in the undertaking, or the source of the raw material having dried up, such a reason must necessarily be regarded as a "sufficient" reason. A mere suspicion on the part of the
Government as to the reasons will not, however, justify an inference of non-genuineness.\(^{22}\)

(2) Sub-sec. (2) of the old sec. 25-O *inter alia* required the Government to be satisfied that the closure was not prejudicial to the public interest. As against that, sub-sec. (2) of the present sec. 25-O requires the government to take into account "the interests of the general public and all other relevant factors". The Supreme Court observation in *Exel Wear*\(^{23}\) case that, though public interest and social justice did require the protection of labour, it was not reasonable to give them protection against all unemployment by affecting the interests of so many persons interested in and connected with the management, apart from the employer’s interest stand vitiated for genuine reasons.

**8.4. The Later Trend Exhibited by the Judiciary:**

In *C.R. Garu & Others v. State of Maharastra and others*,\(^{24}\) the writ petition filed by the employee for obtaining a declaration that the closure of M/s. Kirlsokar Pneumatic Company Ltd., at Nasik as illegal for non-compliance with the provisions of section 25-O read with section 25-K (1) was dismissed. A perusal of the facts involving in the case clearly lead to show that there was a violation of section 25-O by the employer. The

\(^{22}\) *Krishna Flour Mills v/s. CIT*, (1962) 44 ITR 501 (SC).
\(^{23}\) AIR 1979 SC 25.
\(^{24}\) 1997 II LLJ 1072.
contention of the workers that the factory had 659 employees preceding twelve months before the date of closure was rejected by the High Court.

In *Maharastra General Kamagar Union v. Vazir Glass Works Ltd., & others*,\(^{25}\) wherein the High Court elaborately discussed the financial and other factual aspects that led to closure and came to the conclusion that although it is true that merely because of the employer has not managed the undertaking properly it cannot be a ground for refusing the permission to close down the undertaking. This is another tactic employed by the employer with malafide intention to close down the undertaking.

In *Engineering Metals & General Works Union v. M. Jeevanlal Ltd., and others*,\(^{26}\) was a case wherein the company has failed to produce the products in accordance with I.S.I. standards and in accordance with the requirements of Essential Commodities Act, 1955, which resulted in the company going for lay-off and subsequently served a closure notice and closed down the industry in accordance with section 25-O of the Act. Though it was a malafide closure, yet the Court refused to interfere in the matter.

An apparent reading of the amended regime of section 25-O clearly provides an impression that this section is violative of Article 19(1)(g). But the safeguards included in the section classify it as

\(^{25}\) 1998 LL.J. (Supp) III 231 (Bom).
\(^{26}\) 1981 I LL.J. 31 (Bom).
reasonable restriction as required Article 19(6) of the Constitution. The employers lobby argue that section 25-O is a restriction on the fundamental right to carry on the trade or business. Closure as such has now become a matter of serious concern to trade unions and a subject of intense debate. The spate of closures during the last one and half decades has created a calamitous situation rendering lacks of workers jobless. An analysis of closures during the last one and half decades indicate that majority of closures are being effected without following due process of law. The owners have been adopting a modus operandi whereby they have been indulging in de-facto closures by making units defunct. The factory operation is brought to standstill through non-provision of raw-materials, non-payment of statutory dues or by provoking a prolonged labour unrest through non-payment of wages, bonus etc. The strategy is to divert the attention of workers from the main issue of closure and make them run helter-skelter for payment of wages and other dues. The owners revel the moment the dispute is referred to Court. But, the workers in frustration in many cases give up the flight half-way. Even in cases where Courts have ordered payment of dues, the orders are not implemented and that too in spite of intervention of State Government authorities. Thousands of workers of such defunct companies and mills are struggling for years for payment of their legitimate dues. The workers have been made jobless and homeless too. Those affected by closures are middle aged without any scope of alternate employment. During the
period of long struggle, many workers died due to starvation and lack of medication. Some of them including their family members committed suicides in desperation.\textsuperscript{27}

However, the workers and Trade Unions are not in a position to prove the hidden and real reasons of closure either before conciliation or in Courts. The time consuming and costly litigations, which is beyond the capacity of the workers, is another reason which discourages the workers/trade unions, to raise the dispute for stalling the impending closure. Over and above, the recent attitude of State Government machinery helpful to employers for closures has emboldened them resulting in the increased number of closures. The net effect is that the workers are made helpless and they reluctantly consent to downsizing/VRS thus making closure a smooth sailing.\textsuperscript{28}

8.5. The Attempted Regime:

The new Political Economy regime took its roots in India from the year 1991 onwards. The main theme of this regime is the initiation of globalization, privatization and liberalization process in the economic front of the nation. The State felt the necessity of foreign direct investment and free trade access into the country as a means to compete in the global market for the purpose of economic survival of the country. Within a span

\textsuperscript{28} Ibid at 2.
of ten years rapid developments have taken place in the country wherein
new trade initiatives have taken place rendering the old and traditional
industries in the country as out dated, and thereby rendering huge job loss
situation. The slogans of flexible labour concept and global competition
are the order of the day.

In this background the Government of India made several attempts
by constituting High Level Committees and High-Power Commissions to
examine *inter alia*, the simplification and rationalization of labour
legislations that are applicable to the organized sector. A mention of
these efforts and the major recommendations of the Second National
Commission on Labour, 2002 is made already in the third Chapter of this
work. The main thrust of these recommendations are pertaining to the
area of retrenchment and closure. The purpose is to increase the
application of the law relating to closure to the establishments wherein 300
or more workmen are employed. The idea is to do away the prior
permission of the State in respect of closure of an industry wherein less
then 300 workmen are employed. The basic idea of the provisions under
Chapters V-A and V-B under the Industrial Disputes Act, 1947 is to afford
an economic security to the industrial workers. If this theory, which is in
tune with Part IV of the Constitution, is intended to be done away the
plight of the industrial workers in the country would be miserable. One
cannot forget the social and economic scenario of working class
population in India in this present neo-liberalization era.