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## **WORKMEN OF HINDUSTAN TIMES PVT LTD V HINDUSTAN TIMES PVT LTD (1962) SCR 234**

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**Equivalent citations: AIR 1963 SC 1332, 1963 (6) FLR 313, (1963) ILLJ 108 SC, 1964 1  
SCR 234**

**Bench: J Shah, K Dasgupta, K Wanchoo, P Gajendragadkar**

### **FACTS OF THE CASE:**

Two appeals were made by both the employer and the workmen through a special appeal in the Supreme court of India. These appeals arose out of an industrial dispute between the employer and the workmen of Hindustan Times Pvt Ltd. The dispute was first referred for adjudication to the Industrial Tribunal Delhi by the order of the Chief Commissioner, Delhi. The award was made by the tribunal on March 16, 1959.

The employer challenged the award as regards Scales of pay, Dearness allowance, adjustments, Leave Rules, Gratuity and the retrospective effect of the award. The workmen also challenged the award as regards the scales of pay and dearness allowance in addition to attacking the awards on the grounds of Working hours, leave rules, night shift allowance, retirement age and procedure for taking disciplinary action.

### **Points of contention raised before the Supreme Court of India:**

The particular issues raised in this case were as follows:

1. Scales of pay
2. Dearness Allowance
3. Adjustments
4. Leave rules

## 5. Gratuity

The **employer** raised the issues of scales of pay, dearness allowance, adjustments, Leave rules, Gratuity and the retrospective effect of the award.

The **employees** raised the issue of Scales of Pay, Dearness Allowance, working hours, leave rules, night shift allowance, retirement age and procedure for taking disciplinary action.

### **The Statutes involved in this case:**

- Minimum Wages Act, 1948
- Industrial disputes Act, 1947
- Delhi Shops and Establishment Act, 1954

### **Ratio Decidendi is provided by the Supreme Court:**

#### **1. Scales of pay**

The supreme court stated that the adjudication authority when constructing the wage scale of the industry should take into consideration two points that are - “Social philosophy” and “economic necessities”. The court then went on to iterate that at the lowest level of the wage scale there is the minimum basic wage which the employer of any industry must pay to be allowed to operate an industry. Above this level is the fair wage which is adequate to cover the needs of the average employee living as a human being in a civilised society. And above the level of fair wage exists the Living wage which maintains the workman in the highest state of industrial efficiency by enabling him to provide for his family all the material things which are needed for their health and safety and physical wellbeing enough to enable him to qualify his discharge his duties as a citizen.

The court stated that the industrial tribunals in this country generally confine their horizon to the target of fixing a fair wage while considering the economic factors. For this reason, the court emphasised the need of considering this issue on an industry cum region basis and also to carefully consider the ability of the industry to pay the wages of the workmen.

The court also rejected the contention that paying wages to the workmen according to the wage scale as fixed by the tribunal was too heavy on the company. The reason stated by the

court was that even after the award given by the industry tribunal regarding the wage scale was implemented to the company and they were directed to pay the wages according to the wage scale provided by the tribunal, the company still made profits in that year and also owned assets like aeroplanes and immovable property of considerable value. The court also pointed out that the increased news mindedness and the literacy rate of the people in our country show good prospects for the newspaper industry to which the company belongs.

There was also a comparison drawn between the company (Hindustan Times) and other companies established in the same industry such as Times of India, and Delhi. And the Statesman, Delhi. Even though the wage scale of these companies is much smaller than the Hindustan times, it has to be taken into consideration that both of these companies are much smaller units and are mere adjuncts to Times of India, Bombay and the Statesman, Calcutta, respectively.

Therefore, even if the rivalling companies have a smaller wage scale than the company in question. Still, that would have been no ground for modifying the assured in favour of the company.

2. On the question of raising the **wage scale**, the court stated that since the present employees are given some reliefs which otherwise would have been given by raising the wage scale, the court decided to not modify the wage scales fixed by the tribunal.
3. On the point of **dearness allowance**, the court stated that the whole purpose of providing dearness allowance to the workers was to balance a portion of the increase in the cost of living by providing more income to the worker. Therefore, it should be on a sliding scale with an increase when the cost of living is high and a decrease when the cost of living is low. Lastly, the court stated that it sees no point in changing the directions of the tribunal.
4. The issue of the **adjustments to the income** will be made against the outcome and need not be compiled as it will harm the workmen of the establishment. The supreme court set aside the directions given by the tribunal that adjustments will remain unaffected and directed that the adjustments be made according to the said interim agreement.
5. On the issue of the **leave rules**, the supreme court pointed out that the provisions established by the company were sufficient and that the directions given by the

tribunal as regards this issue was unnecessary, therefore the supreme court removed the provision.

6. As the issue of **gratuity** was concerned, the court stated that the gratuity scheme as given in the directions by the tribunal was proper and appropriate and they did not give any undue disadvantage to the company. Therefore, no modifications will be done to the directions to the tribunal.

### **OBSERVATIONS OF THE CASE:**

In this particular judgement, the main contention on which the Supreme court particularly touched upon and provided a detailed decision was fixing the wage structure. The court while providing their judgement explained in detail how there are three types of wages which are given to the workmen in an industrial establishment. First is the **living wage** which allows the workmen to afford all the basic sustenance necessary to maintain the efficiency of the worker as well as frugal comforts. Second is the **Fair wage**, which is the kind of wage which allows the worker to afford the best kind of sustenance which can be afforded for him and his family members. Then comes the **minimum wage** which is vital only to maintain the efficiency of the worker. As it is the bare minimum wage which should be provided by the employer therefore it should be the sole responsibility of the Government that all the workers are provided with the minimum wages by their employers. These according to the court are the standards of wage fixation set by the industrial adjudication. While the adjudication authority will be more than happy to fix living wages as the set form of wages. But it is still something to be dreamt of for the future. Therefore, realistically the adjudication authority always fixes Fair wages. But here too, the economic conditions of the industrial establishment should be taken into consideration. To provide an effective problem to this solution the court always iterates that the wages should be fixed according to the Industry cum Region formula. This formula proves to be an effective method as it takes into consideration both the nature of the industry in which the worker is employed and the area where the industry or industries are established.

Secondly, another point which was thoroughly discussed by the honourable court was the complexity of fixing wages while taking into consideration the economic conditions of a state as well as the social conscience. Here the court believed that fixing high wages can hamper the profits of the commercial establishment which in turn will lead to fewer investments and

industrial establishments which can lead to stunting the growth of the national income.

Complex factors like economy and social philosophy have to be borne in mind when solving the issue of wage fixation. In today's economy, fixing wages for the workers is not confined to a mere arithmetic problem but it has evolved into a problem which consists of various other factors too.

On the issue of fixing the wages, the court iterated that how the sometimes-giving higher wages to workers can lead to an increase in the cost of the goods which can, in turn, lead to inflation which affects the workmen too. But inflation can be induced in the economy by factors other than the wages of the workmen. Stating that wages can induce inflation can lead to employers fixing wages with the sole purpose of keeping the costs of their products low for protecting their profits and can also close any prospect of increasing wages in the future. An employer should always fix wages taking into consideration the social conscience of the society and the prospect of progressively increasing the wages which will not only make workers more efficient but also be in line with the welfare policy of the state.

In conclusion. This judgement established the standards by which wages should be fixed. It provided a clear distinction between the three types of wages available in society. And also pointed out to both the workmen and the employers that wages should be fixed taking into consideration both the economic conditions of the establishment as well as the social philosophy of the society. The workers should be provided with wages which not only maintain their efficiency in the workplace but also provide them with basic factors of sustenance like health, education, insurance, residence and if possible, provide some frugal comforts that both he and their families can enjoy. The employer should realise that a workplace is as good as its workmen, therefore both the workers and the employers of an industrial establishment should harmonise with each other to ensure proper working of the establishment which can lead to an increase in the national income of the state.