

Definition of Industry: Remembering the Benchmark Set in the Case of Bangalore Water Supply And Sewerage Board v. A. Rajappa, 1978

*Debopriya Chattaraj*¹

ABSTRACT

This case comment examines the landmark decision in Bangalore Water Supply and Sewerage Board v. A. Rajappa, which significantly expanded the interpretation of the term “industry” under Section 2(j) of the Industrial Disputes Act, 1947. The judgment addressed the longstanding ambiguity surrounding the scope of industrial establishments by laying down the Triple Test and the Dominant Nature Test as the governing principles for determining whether an establishment qualifies as an industry. The article analyses the factual background, legal issues, judicial reasoning, and the broader implications of the decision for labour jurisprudence in India. It further evaluates the Court’s approach in balancing employee welfare with the functional character of organisations and discusses the continued relevance of the ruling in the context of evolving workplaces and public sector institutions. The case comment concludes that the judgment remains a foundational precedent in Indian labour law, providing a structured framework for interpreting the concept of “industry” while continuing to influence contemporary debates on the applicability of labour legislation to diverse organisations.

KEYWORDS

Industry, Labour Law, Triple Test, Dominant Nature, Industrial Disputes, Employee Welfare

INTRODUCTION

The 19th century ushered in the era of industrialization and brought in a revolution along with it. However, this sparked a debate as to what comes within the purview of ‘industry’. In this literal hotbed, the only respite was given by the landmark judgement of *Bangalore Water Supply and Sewerage Board v. A. Rajappa 1978*² that provided a substantive definition of what comes under the purview of ‘industry’. This case contemplated that, an Establishment comes under the purview of industry provided it passes the Triple test and Dominant nature test, This

¹ Debopriya Chattaraj, Student at St. Xavier’s University Kolkata.

² Bangalore Water Supply and Sewerage Board v. A. Rajappa, (1978) 2 SCC 213.

case mainly gives us the definition of industry and an exhaustive list as to what is to be included and excluded to be called an 'industry'.

FACTS

A. Rajappa, an employee of the Bangalore Water Supply and Sewerage Board (BWSSB), was fined for charges of misconduct. The employees claimed such action of the board, a violation of the principles of Natural Justice and held such action as 'unjust'. A case was filed before the Court where the employees contested for their violation of principles of Justice. The Complainant i.e. the employees took shelter under Section 33(2)³ of the Industrial Dispute Act, 1947 and claimed their basic amenities to be provided by the Board. The defendant i.e. the Bangalore Water Supply and Sewerage Board (BWSSB), on the other hand raised objection on two grounds. Firstly, they questioned the jurisdiction of the Labour Court before which the case was filed, and secondly questioned the definition of 'industry' under Section 2(j)⁴ of the Industrial Dispute Act 1947. They argued that since, their establishment was not within the purview of 'industry', they were not liable for any violation of the principles of Natural Justice or any principles of Labour Law. They further claimed that the Board was not an industry within the definition of Section 2(j) of The Industrial Dispute Act 1947, thus they were not legally liable to provide any basic amenities or labour welfare facilities to the Complainant, and that the Labour Court before which the case was filed, had no jurisdiction to hear the case.

However, such objection raised by the BWSSB was rejected by the Court. Subsequently, an appeal was filed by the Board (here the appellant) before the Karnataka High Court at Bangalore. The High Court at Karnataka reaffirmed the judgment of the Labour Court and held that BWSSB is an industry within the definition of an industry as provided under Section 2(j) of The Industrial Dispute Act, 1947. Therefore, the Board is liable to provide basic amenities and Labour welfare facilities to the Employees.

ISSUES RAISED

In this instant petition, the following issues were raised:

1. Whether Bangalore Water supply and Sewerage Board was an industry within the purview of Section 2(j) of The Industrial Dispute Act, 1947?

³ Industrial Disputes Act, 1947, § 33(2), No. 14, Acts of Parliament, 1947 (India).

⁴ Industrial Disputes Act, 1947, § 2(j), No. 14, Acts of Parliament, 1947 (India).

2. Whether charitable institutions of the Cooperative society can be considered 'industry'?
3. Whether industries, colleges, clubs or many other organisations will fall under the Act or not?
4. The basic meaning of 'industry' should be explained that what should fall within the purview of industry and what not?

JUDGEMENT

In this case, the definition of 'industry' under Section 2(j) of the Industrial Dispute Act, 1947 was broadened. Firstly, it categorically and exhaustively mentioned what should fall within the definition of 'industry' and what should be excluded. Secondly, it provided relief to the Employees of the Bangalore Water Supply and Sewerage Board and brought the Board within the purview of 'industry' under Section 2(j) of The Industrial Dispute Act 1947.

The striking feature of this case is that it gave two tests to determine what comes under the purview of industry as provided in Section 2(j) of the Industrial Dispute Act, 1947.

The Triple Test: This test contemplates three things to fall within the purview of an 'industry' within the meaning of Section 2(j) of The Industrial Dispute Act, 1947 namely Systematic operation in the organization; Employer- employee relationship; Production, sale or manufacture of goods and services for a commercial gain from the public to which such goods or services are being sold or produced for.

In this case, the employer employee relationship was not the focus. Here, there was a shift in focus from the employer employee relationship to profit motive of the board. Additionally it was held that certain professions like medical, University or colleges, legal profession, etc. are not an industry within the purview of Section 2(j) of The Industrial Dispute Act, 1947.

The Domain Nature Test: This test focuses on the domain on which a person works. In simple words, this test states that in order to determine whether an Establishment is an industry, the domain where the person is working has to be considered in its real sense. Further, even after qualifying the Triple test, the determination of 'industry' may not be possible considering the mischief of the nature of work done. This test contemplates the following things to determine whether an Establishment is an industry within the purview of the Industrial Dispute Act, 1947.

Some of the considered parameters for determining the definition of an 'industry' are following where there are several activities some qualify for the exemption and some do not, where some

of the employees in the undertaking are not 'workmen', where some departments are not productive of the goods and services if isolated, the nature of the department should be the true test, the whole undertaking will be under the purview of the definition of 'industry' although those who are not under the definition of 'workmen' will not benefit from the status.

CRITICAL ANALYSIS

In order to critically analyse this instant case from the lens of the present situation, we will consider the following:

Whether the Court was appropriate in giving the judgment?

This case not only gave a substantive definition of industry as provided in Section 2(j) of The Industrial Dispute Act 1947, but also gave an exhaustive list of Establishment as to what should fall within the purview of industry and what not. Therefore, the Court was appropriate in giving the judgment.

Whether the judgment confronts to the present law?

Section 2(j) of The Industrial Dispute Act, 1947 provides that if there are more than ten employees, the Establishment is an industry and vice versa. In the present era, it is a matter of concern as to what comes under the purview of industry, so as to access certain rights and liabilities of the employer and the employees. Therefore this judgement confronts to the present law as it clarifies that definition of an industry.

Whether the Court omitted any issue pertaining to the matter?

The main issue in this case was 'whether BWSSB is an industry within the meaning of Section 2(j) of the Industrial Dispute Act' and 'whether A. Rajappa (the Complainant) is an employee of the Board?'. Both of the issues were properly dealt and answered in this case. Hence, there remains no issue omitted.

What are the policy implications of the judgment? Are there any possible alternatives to the policy implication?

As a policy implication of this judgement, certain institutions like the legal profession, charitable trusts, etc. were excluded from the purview of an industry within the purview of Section 2 of the Industrial Dispute Act, 1947. As a result, these excluded establishments are

exempted from any Labour Welfare liabilities. Therefore, this was the policy implication of this judgement which leaves room for no other alternative.

CONCLUSION

Therefore, in the light of this case, we can aptly conclude that this is a landmark case which gave a new dimension to the definition of an industry as well as became a torch bearer to determine what should be included within the purview of industry and what should not be. Before this, no other statutory definition or judgment could provide a substantive definition of industry. Neither was there any exhaustive definition of industry to act as a yardstick to determine what should be included in industry and what should not be.

Recently, in *State of Uttar Pradesh v. Jai Bir Singh*⁵, there is an ongoing discussion regarding the definition of 'industry' within the purview of Section 2(j) of The Industrial Dispute Act, 1947, as it stands in the present day, with the advent of modern industries. Therefore, this case has set the bedrock of the exhaustive definition of industry within the purview of Section 2(j) of the Industrial Dispute Act, 1947.

⁵ State of Uttar Pradesh v. Jai Bir Singh, CA 897/2002.