



Circular No – 060/2024

Date: 09.10.2024

To
All Members of The Association

PARLE FACTORY CLOSURE UPHELD BY KARNATAKA HIGH COURT

1. Parle Products Pvt Ltd commenced commercial production at its factory at Bengaluru on Bengaluru – Tumkuru Road in the year 2002. The factory was manufacturing biscuits and confectionaries and printed rappers for internal consumption. The factory was employing about 250 workmen.
2. The industrial relation at the factory were stable and satisfactory up to 2007. The workmen resorted to agitation from October 2007 to press the management to agree to the new charter of demands which were highly exorbitant. The workmen went on strike to press their unreasonable demands. The efforts of the management to resolve the issues by mutual discussion were not successful. The charter of demands referred to for adjudication. The matter was pending for adjudication. During pendency of adjudication, a settlement was signed between the management and the union. Joint application was made before the Industrial Tribunal to pass the award in terms of the settlement. Accordingly, Industrial Tribunal was pleased to pass the Award in terms of the settlement.
3. Even after the Award of the Tribunal as above, there was no improvement in the industrial relation scenario at the factory.



4. The workmen of the factory at the instance of the Parle Workers Union had been resorting to strike repeatedly. They had resorted to strike in the year 2007 for a period of 3 ½ months. After the new set of Office Bearers took over, under the outside leadership (President of the Union) the Union has been creating unwarranted and unnecessary hurdles in the smooth functioning of the factory. During the year 2011 and 2012 except 58 workmen, the remaining workmen who were the members of the Parle Workers Union remained on strike. Under these circumstances, it had become impossible for operating the factory. The workmen were on illegal stay-in-strike for long period. Their continued stay in strike caused serious safety threat to the factory and the neighbourhood. Thus, the Industrial Relations scenario had reached such a situation and the unit was declining fast towards unviability.
5. Therefore, the management was constrained to approach the Government of Karnataka seeking permission for closure of the factory under section 25-O of the ID Act as the factory had employed more than 100 workmen. After lengthy deliberations and on hearing arguments of both the sides, the Secretary to the Government of Karnataka Labour Department by order dated 03.08.2013 granted permission to close the factory with effect from 13.09.2013. It may be noted that in the recent past, it is one of the first orders granting permission to close the factory on the ground of continued industrial unrest, violence on the part of the workmen, damages to the property of the company and consequent financial loss.



6. The management closed the factory from 13.09.2013 by terminating all the workmen under section 25FFF of ID Act by paying compensation and other statutory dues etc.
7. The order passed by the Government under section 25-O of ID Act was challenged by the Trade Union by filing writ petition before the Hon'ble High Court of Karnataka in W.P.No. 39433/2013. The Hon'ble High Court by order dated 02.09.2024 upheld the order passed by the Government of Karnataka under section 25-O of ID Act 1947 with the following observation:

“28. The management has filed the application under section 25-O of the ID Act, seeking for permission for closing the factory with effect from 09.09.2013, after hearing the petitioner Union and the employer, regarding the genuineness and adequacy of the reasons stated by the employer and feeling it substantially and adequately proved beyond doubt, intention of the employer not to be in the business and suffer further financial loss, the industrial unrest in the unit, respondent no.1 has rightly after application of mind allowed the application and accordingly, the point framed for consideration is answered in favour of respondent management.”

8. The factual background as narrated above clearly indicate that the union and the workmen had created such a situation where it became impossible to run the operations of the factory. The management had shown restraint and patience for couple of years with the hope that better sense will prevail and workmen would realize that agitation on unreasonable and illegal grounds will not be in their own interest. However, expectations of the management were belied and management had to reluctantly seek the permission of the





Government. The factory was closed after the permission from the Government was received by paying compensation in accordance with statutory provisions and terminal dues of the employees. The closure of the factory has attained finality after 12 years of legal battle.

For KARNATAKA EMPLOYERS' ASSOCIATION
Sd/
[B C Prabhakar]
President