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**IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH**

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Date of decision : 08.08.2025

Orient Steel & Industries Ltd.

... Appellant

Versus

The Ld. Presiding Officer, Industrial Tribunal-cum-Labour Court-III
Faridabad and another

... Respondents

**CORAM : HON'BLE MR. JUSTICE ANUPINDER SINGH GREWAL
HON'BLE MR. JUSTICE DEEPAK MANCHANDA**

Present:- Mr. Aditya Vermani, Advocate for the appellant.

Anupinder Singh Grewal, J. (Oral)**CM-5902-LPA-2025**

1. This is an application seeking condonation of delay of 01 day in filing the appeal.
2. Heard.
3. For the reasons stated in the application, the same is allowed and delay of 01 day in filing the appeal is condoned.

Main appeal

1. The appellant/employer has impugned the judgment of the Single Bench dated 24.04.2025 whereby the writ petition preferred by it against the award of the Labour Court dated 24.12.2024 (Anneuxre P-5) has been dismissed.
2. Learned counsel for the appellant submits that the termination of respondent No.2 was in accordance with law having complied with the



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procedure laid down in the Industrial Disputes Act, 1947 (hereinafter referred to as 'the Act') and therefore, no case was made out for holding the termination to be illegal and further directing compensation to the workman/employee (respondent No.2). He further submits that the judgment of the learned Single Judge as well as the Award of the Labour Court are erroneous as they have returned a finding that the retrenchment was illegal as Clause (c) of Section 25-F of the Act had not been complied with. Clause (c) unlike Clause (a) and (b) is only directory in nature and not mandatory. Its non-compliance cannot vitiate the retrenchment by the employer. In support of his submissions, he has placed reliance on the judgment of the Supreme Court in the case of “*Manju Saxena Vs. Union of India*”, (2019) 2 SCC 628.

3. Heard.

4. Respondent No.2/workman was working with the appellant on the post of Fitter w.e.f 17.07.1995. The appellant-company decided to retrench the surplus workman as certain departments of the company were being closed due to their economic non-viability. On 26.09.2017, his services were terminated. He was paid Rs.3,42,456/- as retrenchment compensation and wages for the notice period, vide DD No.513026 dated 25.09.2017. On 26.09.2017, respondent No.2 served the appellant-company with a demand notice challenging his termination/retrenchment. The industrial dispute was referred under Section 10(1)(c) of the Act to the Labour Court, Faridabad. The Labour Court by its award dated 24.12.2024 (Annexure P-5) held that the retrenchment was illegal as the appellant/employer had failed to comply with the provision of Clause (c) of Section 25F of the Act, as no notice in the prescribed manner



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was served upon the appropriate government or such authority, before retrenchment of the workman. The appellant was further directed to pay additional compensation amounting to Rs.57,544/- to respondent No.2/workman in lieu of his claim for reinstatement/back-wages and other service benefits. The Award of the Labour Court had been upheld in *toto* by the Single Bench by relying upon the judgment of the Supreme Court in the case of “**Raj Kumar Vs. Director of Education and others**”, (2016) 6 SCC 541, wherein it has been held that clause (c) of Section 25-F of the Act is a condition subsequent, but is still a mandatory condition and the employer is duty bound to serve a notice to the Government/appropriate authority when it proposes to retrench its workman. Its non-compliance would vitiate the retrenchment order.

5. Learned counsel for the appellant has submitted that Clause (c) is only directory in nature and its non-compliance will not vitiate the order of retrenchment, and therefore, no further compensation is to be paid to the workman. No other ground has been raised before us. Since the only issue before us is the nature of Clause (c), we deem it appropriate to reproduce Section 25-F of the Act which reads as under:-

25F. Conditions precedent to retrenchment of workmen.--No workman employed in any industry who has been in continuous service for not less than one year under an employer shall be retrenched by that employer until--
(a) the workman has been given one months notice in writing indicating the reasons for retrenchment and the period of notice has expired, or the workman has been paid in lieu of such notice, wages for the period of the notice;
(b) the workman has been paid, at the time of retrenchment, compensation which shall be equivalent to fifteen days' average pay for every completed year of continuous service or any part thereof in excess of six months; and
(c) notice in the prescribed manner is served on the appropriate Government or such authority as may be specified by the appropriate Government by notification in the Official Gazette.



6. A bare reading of Section 25F of the Act shows that 'retrenchment' within the meaning of Section 2(oo) of the Act must satisfy the following requirements:-

- (i) *That the workman has been given one month's notice:(a) in writing, and (b) indicates the reasons for retrenchment;*
- (ii) *that the retrenchment must take effect after the expiry of the period of notice i.e. one month or else the workman should be paid in lieu of such notice, wages for the period of the notice;*
- (iii) *that at the time of retrenchment the workman has been paid compensation equivalent to 15 days average pay for every completed year of continuous service or any part thereof in excess of six months; and*
- (iv) *that the notice in the prescribed manner is served on the appropriate government or on the specified authority as notified.*

7. In ***Gurmail Singh Vs. State of Punjab, (1991) 1 SCC 189*** the nature of Section 25F of the Act was under consideration before a three-Judge Bench of the Supreme Court. The appellants therein were working as Tubewell Operators in the Irrigation Branch of the Punjab State. In 1982, the State took a decision that the posts were no longer required in public interest. The appellants therein were served notices in terms of Section 25F of the Act terminating their services w.e.f. 30.11.1982. These notices were challenged by the workmen before the High Court *inter alia* on the ground that the impugned notices did not fulfill the requirements of Clauses (b) and (c) of Section 25F. This contention was however, rejected by the High Court by holding that the notices did not suffer from any defect as the drafts of the compensation amount had been dispatched to the divisional offices and the requisite notice in the prescribed form 'P' had been sent to the Secretary to the Government, Labour Department and the Employment Exchange concerned by personal delivery. The appellants however, had contended that the notice under Clause (c) was required to be sent by registered post and as that had not been done, the retrenchment was illegal. The Supreme Court held that the requirement of



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notifying the government by 'registered post' when an employer proposes to retrench its workman, is directory and not mandatory. It was further held that it would be erroneous to hold that, unless sent by registered post, the notices cannot be treated as complying with the statute. The relevant extract of the judgment is reproduced hereinbelow:-

"2.The relevant records showing the despatch of these drafts were also produced in the court. The High Court was satisfied that the State had despatched individual bank drafts in respect of each of the employees well in advance of the date of expiry of the notice period and that the despatch of these drafts to the divisional offices constituted a good and valid tender of the compensation amount to the appellants. The court held that this was sufficient compliance with the provisions of clause (b) of section 25-F. So far as the provisions of clause (c) of section 25-F were concerned, the High Court was satisfied that the requisite notice in the prescribed form 'P' was sent to the Secretary to Government, Labour Department and the Employment Exchange concerned by personal delivery duly acknowledged in the peon book of the Department. Pointing out that the requirements of clause (c) of section 25-F were only directory and not mandatory, the High Court was of the opinion that the notices were not vitiated due to non-compliance with clause (c) of section 25-F.

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The contention based on clause (c) of section 25-F is equally baseless. It has been verified that notices were sent to the Labour department as well as to the employment exchange through the peon book. There is no reason to doubt the entries in these books. The suggestion is that they should have been sent by registered post. As rightly pointed out by the High Court, such a requirement can be treated only as directory and not mandatory and it would be erroneous to hold that, unless sent by registered post, the notices cannot be treated as complying with the statute. We, therefore, reject this contention as well."

7.1. Nowhere did the Supreme Court hold that the employer could give a complete go by to Clause (c) of Section 25F of the Act. It is only the nature/format of the notice and not the notice itself, which is directory in



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nature. The view in Gurmail Singh's case (Supra) was followed by a two Judge-Bench of the Supreme Court in the case of ***Promod Jha and others Vs. State Bihar and others, (2003) 4 SCC 619***, wherein it was held that a substantial compliance of Clause (c) of Section 25F would be enough. The relevant extract is reproduced hereinbelow:-

“10. We have given our anxious consideration to submission and counter-submission made before us in the light of the pleadings and undisputed documents available on record. We are of the opinion that the appeals are devoid of any merit and liable to be dismissed. The underlying object of Section 25F is two-fold. Firstly, a retrenched employee must have one month's time available at his disposal to search for alternate employment, and so, either he should be given one month's notice of the proposed termination or he should be paid wages for the notice period. Secondly, the workman must be paid retrenchment compensation at the time of retrenchment, or before, so that once having been retrenched there should be no need for him to go to his employer demanding retrenchment compensation and the compensation so paid is not only a reward earned for his previous services rendered to the employer but is also a sustenance to the worker for the period which may be spent in searching for another employment. Section 25F nowhere speaks of the retrenchment compensation being paid or tendered to the worker along with one month's notice; on the contrary clause (b) expressly provides for the payment of compensation being made at the time of retrenchment and by implication it would be permissible to pay the same before retrenchment. Payment of tender of compensation after the time when the retrenchment has taken effect would vitiate the retrenchment and non-compliance with the mandatory provision which has a beneficial purpose and a public policy behind would result in nullifying the retrenchment.

11. ***Compliance with clauses (a) and (b) of Section 25F strictly as per the requirement of the provision is mandatory. However, compliance with clause (c) is directory, as held in Gurmail Singh and Ors. Vs. State of Punjab and Ors. (1991) 1 SCC 189 and a substantial compliance would be enough.***”

8. Learned Single Judge placed reliance on the judgment of the Supreme Court in ***Raj Kumar's*** case (supra), wherein it was held that there is



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nothing to indicate that Clause (c) of Section 25F was intended to be directory while the other two sub-sections of the same section were mandatory in nature. Clause (c) is a condition subsequent, but is still a mandatory condition required to be fulfilled by the employer before the order of retrenchment of the workman is passed. The relevant extract of the judgment in **Raj Kumar's** case (supra) is reproduced hereinbelow:-

*“32. The learned counsel further contends that the conditions precedent prescribed under Section 25F of the ID Act have not been complied with before retrenching the appellant. **It is submitted that the notice required to be sent to the appropriate government in the prescribed form, as provided for under Section 25F (c) of the ID Act has not been sent.***

33. On the other hand, Mr. S.S. Ray, the learned counsel appearing on behalf of the respondent-School contends that the reason for the retrenchment of the appellant has been explained in detail in the notice dated 07.01.2003. The respondent school had only one car left, while there were three drivers, as the two other cars had been rendered unfit for use. That being the case, the respondent school required the services of only one driver and accordingly, the two junior most drivers were retrenched from service, the present appellant being the junior most driver. It is submitted that all the mandatory conditions as laid down under Section 25F of the ID Act were complied with, including the payment of retrenchment compensation to the appellant.

*34. **We are unable to agree with the reasoning adopted by the Tribunal as well as the High Court in the instant case. Admittedly, the notice under Section 25F(c) of the ID Act has not been served upon the Delhi State Government. In support of the justification for not sending notice to the State Government reliance has been placed upon the decision of this Court in the case of Bombay Union of Journalists Vs. State of Bombay, AIR 1964 SC 1617. This decision was rendered in the year 1963 and it was held in the said case that the provisions of Section 25F (c) of the ID Act is directory and not mandatory in nature. What has been ignored by the Tribunal as well as the High Court is that subsequently, the Parliament enacted the Industrial Disputes (Amendment) Act, 1964. Section 25F (c) of the ID Act was amended to include the words:***

“25F (c).....or such authority as may be specified by the appropriate Government by notification in the Official Gazette.”



The statement of objects and reasons provides:

“Opportunity has been availed of to propose a few other essential amendments which are mainly of a formal or clarificatory nature.”

35. Nothing was done on part of the legislature to indicate that it intended Section 25F(c) of the ID Act to be a directory provision, when the other two sub-sections of the same section are mandatory in nature. The amendment was enacted which seeks to make it administratively easier for notice to be served on any other authority as specified.

36. Further, even the decision in the case of Bombay Journalists (supra) does not come to the rescue of the respondents. On the issue of interpretation of Section 25F(c) of the ID Act, it was held as under:

“12.....The hardship resulting from retrenchment has been partially redressed by these two clauses, and so, there is every justification for making them conditions precedent. The same cannot be said about the requirement as to clause (c). Clause (c) is not intended to protect the interests of the workman as such. It is only intended to give intimation to the appropriate Government about the retrenchment, and that only helps the Government to keep itself informed about the conditions of employment in the different industries within its region. There does not appear to be present any compelling consideration which would justify the making of the provision prescribed by clause (c) a condition precedent as in the case of clauses (a) & (b). Therefore, having regard to the object which is intended to be achieved by clauses (a) & (b) as distinguished from the object which clause (c) has in mind, it would not be unreasonable to hold that clause (c), unlike clauses (a) & (b), is not a condition precedent.” (emphasis supplied)

Thus, this Court read the ID Act and the relevant Rules thereunder together and arrived at the conclusion that Section 25F(c) is not a condition precedent for retrenchment. By no stretch of imagination can this decision be said to have held that there is no need for industries to comply with this condition at all. At the most, it can be held that Section 25F(c) is a condition subsequent, but is still a mandatory condition required to be fulfilled by the employers before the order of retrenchment of the workman is passed.

37. This Court in the case of Mackinnon Mackenzie & Company Ltd. v. Mackinnon Employees Union, (2015) 4 SCC 544, held as under:

“34.....Further, with regard to the provision of Section 25F Clause (c), the Appellant-Company has not been able to produce cogent evidence that notice in the prescribed manner has been



served by it to the State Government prior to the retrenchment of the concerned workmen. Therefore, we have to hold that the Appellant-Company has not complied with the conditions precedent to retrenchment as per [Section 25F](#) Clauses (a) and (c) of the [I.D. Act](#) which are mandatory in law.”

38. *In the instant case, the relevant rules are the Industrial Disputes (Central) Rules, 1957. Rule 76 of the said Rules reads as under:*

*“76. Notice of retrenchment.- If any employer desires to retrench any workman employed in his industrial establishment who has been in continuous service for not less than one year under him (hereinafter referred to as 'workman' in this rule and in rules 77 and 78), he shall give notice of such retrenchment as in Form P to the Central Government, the Regional Labour Commissioner (Central) and Assistant Labour Commissioner (Central) and the Employment Exchange concerned and such notice shall be served on that Government, the Regional Labour Commissioner (Central), the Assistant Labour Commissioner (Central), and the Employment Exchange concerned by registered post in the following manner :- (a) where notice is given to the workman, notice of retrenchment shall be sent within three days from the date on which notice is given to the workman;
(emphasis supplied)*

Rule 76(a) clearly mandates that the notice has to be sent to the appropriate authorities within three days from the date on which notice is served on the workman. In the instant case, the notice of retrenchment was served on the appellant on 07.01.2003. No evidence has been produced on behalf of the respondents to show that notice of the retrenchment has been sent to the appropriate authority even till date.”

9. Learned counsel for the appellant has placed reliance on the judgment of the Supreme Court in the case of **Manju Saxena’s** case (supra), which is distinguishable on facts from the instant case, as in that case, it was held that the appellant therein had voluntarily abandoned her service and therefore, Section 25F of the Act would cease to apply on her. Relevant extract of the judgment reads as under:-

“6.4. In the case before us, the intentions of the Appellant can be inferred from her refusal to accept any of the 4 alternative positions offered by the R2 Bank. It is an admitted position that the alternative positions were on the same pay scale, and did not involve any special training or technical knowhow. In any event, the claims raised by the Appellant before various



forums were with respect to enhancement of compensation, which are monetary in nature. The Appellant's conduct would constitute a voluntary abandonment of service, since the Appellant herself had declined to accept the various offers of service in the Bank. Furthermore, even during conciliation proceedings she has only asked for an enhanced severance package, and not reinstatement.

6.5. Once it is established that the Appellant had voluntarily abandoned her service, she could not have been in "continuous service" as defined under S. 2(oo) the I.D. Act, 1947. S. 25F of the I.D. Act, 1947 lays down the conditions that are required to be fulfilled by an employer, while terminating the services of an employee, who has been in "continuous service" of the employer. Hence, S. 25F of the I.D. Act, would cease to apply on her."

10. In view of the above, it cannot be said that there is no need for the employer to comply with Clause (c) of Section 25F. At the most, it can be held that unlike Clauses (a) and (b), Clause (c) is a condition subsequent. However, it is still a mandatory condition required to be fulfilled by the employer before the order of retrenchment of the workman is passed. No evidence had been led on behalf of the appellant either before the Labour Court or before this Court, to show that notice of retrenchment has been sent to the Government/appropriate authority.

11. Resultantly, we are of the considered view that there is no illegality in the judgement of the Single Bench dismissing the writ of appellant challenging the award of the Labour Court. It had been duly established before the Labour Court that services of the workman had been illegally terminated by the appellant and he had been retrenched without following the procedure laid down in Clause (c) of Section 25F of the Act.



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12. Consequently, the instant Letters Patent Appeal being devoid of merit stands dismissed. All pending miscellaneous application(s) shall also stand disposed of.

(ANUPINDER SINGH GREWAL)
JUDGE

(DEEPAK MANCHANDA)
JUDGE

August 08, 2025
sonia gugnani

Whether speaking/reasoned	:	Yes/No
Whether reportable	:	Yes/No