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IN THE HIGH COURT OF JUDICATURE AT MADRAS
RESERVED ON 27.10.2025
PRONOUNCED ON 09.01.2026
CORAM

THE HONOURABLE MRS. JUSTICE N.MALA

WP.No.13285/2025 & WMP.No.14868/2025

Management
Caterpillar India Private Limited
Melnallathur Gramam
Thiruvallur District 602 002
rep.by its Authorised Signatory. .. Petitioner

Versus

General Secretary
Caterpillar India Private Thozhilalar Sangam
Melnallathur Gramam
Thiruvallur District 602 002. .. Respondent

Prayer in WP.No.13285/2025: Writ petition filed under Article 226 of the Constitution of India praying for issuance of a writ of certiorarified mandamus calling for the records from the Industrial Tribunal, Chennai in IA.No.1/2024 in OP.No.18/2023, to quash the order dated 25.03.2025 and direct the Industrial Tribunal to pass an Award in terms of the Section 18[1] Settlement signed by the Management with the majority of the workmen.

For Petitioner	:	Mr.A.L.Somayaji, Senior counsel for Mr.G.Anandgopalan for Agam Legal Advocates
For Respondent	:	Mr.V.Prakash, Senior counsel for Mr.B.Gokul



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ORDER

(1) This writ petition is filed by the Management of Caterpillar India Private Limited for a writ of certiorarified mandamus, to quash the order dated 25.03.2025, passed in I.A.No.1 of 2024 in OP No.18 of 2023, by the Industrial Tribunal, Chennai, and further to direct the Tribunal to pass an order in terms of Section 18[1] settlement signed by the Management with the majority of the workmen.

(2) For the sake of convenience, the petitioner will be referred to as 'Management' and the respondent will be referred to as 'Union'.

FACTS IN BRIEF:

MANAGEMENT'S CASE:

(3) The Management is a part of a Multi-National Company in existence for many decades and is engaged in the manufacture of off-road heavy vehicles, such as earth-movers, etc and also exports manufactured earth moving vehicles to various countries across the world. The Management has a history of signing long-term wage settlements through collective bargaining with the respondent Union. The last of such settlements covered the period between 2015–2018. The Management states that



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though the Union was repeatedly invited for negotiations after the settlement of 2016 expired on 31.12.2018, the internal office-bearers did not participate, resulting in a stalemate for more than ten months, due to which the workmen themselves voluntarily approached the management and signed individual settlements under Section 18[1] on 04.11.2019 and 05.11.2019. The Union hence raised an industrial dispute alleging unfair labour practices which was referred as O.P.No.23 of 2019. However, the dispute was not pursued by the Union since all workmen signed individual settlements. Later, the Tribunal passed an Award on 12.10.2021. The Management states that after the settlement dated 04.11.2019, ended on 31.12.2022, the Management and the Union submitted their respective charter of demands on 12.10.2022 and 23.12.2022. Since the internal office-bearers again failed to participate in the discussions despite notices and invitations, a settlement could not be reached and so an industrial dispute was referred to the Industrial Tribunal, Chennai, and numbered as O.P. No. 18 of 2023. The Management states that during the pendency of the dispute, due to prolonged inaction from the union, 230 out of 326 workmen approached



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the Management and voluntarily accepted the wage proposal. Hence, a Section 18[1] settlement was signed on 14.02.2023 and 15.02.2023. Thereafter, some more workmen signed the 18[1] settlement and finally 246 out of the 326 workmen signed the settlement. The Management states that since the office bearers of the Union attempted to influence workers to deny voluntary consent, the management appointed a retired Judicial Magistrate as an observer to verify free consent. The observer verified the consent of the workmen on 20.02.2023, 21.02.2023 and 08.03.2023 and confirmed that 246 workmen voluntarily signed the Section 18[1] settlement. The Management states that since majority of the workmen (246/326) had signed the 18[1] settlement, the Management filed an I.A.No. 1 of 2024, seeking an Award in terms of the 18[1] settlement signed upto 31.12.2026. The Management states that the Industrial Tribunal passed an order on 25.03.2025, dismissing the I.A.No. 1 of 2024, despite its own finding that the majority had signed voluntarily and despite the settled legal position that an Award must be passed when the majority workers accept a settlement. The Management further states that even though the Management filed a Memo on 29.01.2024,



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expressing its readiness to extend the benefits of the settlement to the remaining non-signatory workmen without prejudice to their rights in the pending dispute before the Court, the Union rejected the proposal. Contrarily, the respondent Union filed I.A.No. 2 of 2024, seeking an Interim relief of Rs.20,000/- per month. The Management states that the Industrial Tribunal erroneously allowed the respondent Union's prayer for an interim relief of Rs.20,000/- per month, to the non-signatory workmen by its order dated 25.03.2025, overlooking not only the fact that a substantial majority of workmen had accepted the settlement, but also that the Union had not furnished any explanation on what basis Rs.20,000/- was claimed. The Management states that the tribunal failed to note that the claim of the Union was much higher than the wage increase under the Settlement. The Management, under the aforesaid circumstances, filed the writ petitions in W.P.Nos. 13285 & 13279 of 2025, praying to quash the order dated 20.03.2025 passed by the Industrial Tribunal in I.A.No's. 1 of 2024 and I.A.No. 2 of 2024 filed in O.P.No. 18 of 2023 and for further direction to the Industrial tribunal to pass an Award in terms of the 18[1] settlement.



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UNION'S CASE:

(4)The Union did not file a counter in WP.Nos. 13285 & 13279 of 2025.

The Union's counsel prayed that the averments in WP No.23686 of 2025 filed by it, may be treated as counter to the Management's writ petition's.

The Union filed W.P.No. 23686 of 2025, against the Government and the Management, for a Writ of Mandamus directing the 1st respondent Government to pass orders on the dispute raised by it before the 2nd respondent, on 18.02.2019, covered by the conciliation failure report dated 23.12.2019, under Section 10(1) of the Industrial Disputes Act, expeditiously within a time stipulated by this Court.

(5)The Union states that it is a recognized Union in the Management's factory, having previously signed five long-term settlements, with the last wage settlement expiring in December 2018. Following the expiry of the last settlement, the Union raised a charter of demands for wage revision for the period 2019 to 2022, but the Management refused to negotiate with external office bearers of the Union. The Union states that since the management failed to negotiate on the charter of Demands of the Union, an industrial dispute was raised before the 2nd respondent i.e. Deputy



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Commissioner of Labour, Conciliation-II, on 18.02.2019. The Union states that the Management deliberately undermined the Collective Bargaining process by refusing to negotiate with external office bearers and suspending the then General Secretary on 12.02.2019. The Management subsequently obtained an objectionable '18[1] settlement' from individual workman under threat and coercion on 04.11.2019. The Union states that conciliation in the dispute raised on 18.02.2019, ended in failure on 23.12.2019. The Commissioner of Labour recorded a failure report on 23.12.2019 (Ref: **ந.க.என்.அ**/141/2019) and forwarded it to the Government, but the Government failed to pass any orders referring the dispute for adjudication, constraining the Union to file W.P.No. 23686 of 2025 for the aforesaid relief. The Union states that after the objectionable 18[1] settlement expired on 31.12.2022, a new charter of demands for the period 2023 to 2025 was placed on 23.12.2022, which the management again refused to negotiate, objecting to the participation of external office-bearers in the negotiations. The Union states that an industrial dispute dated 30.01.2023, was raised regarding wage revision for 2023–2025, and as conciliation failed, the matter was referred for adjudication by the



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Government via G.O.(D).No.667 dated 15.12.2023, now pending in O.P.No.18 of 2023. The Union also separately challenged the legality of the initial objectionable "18[1] settlement" dated 04.11.2019, which was referred via G.O.(D).No. 296 dated 12.06.2024 and is pending as O.P. No. 08 of 2025. The respondent/Union states that during the pendency of O.P. No. 18 of 2023, the Management, signed individual 18[1] Settlements with individual workman [246/326]. On the basis of the said individual Settlements, the Management filed IA No. 1 of 2024, seeking an Award in terms of the settlement, but the Industrial Tribunal, dismissed the petition on 25.03.2025.

(6)The Union states that the entire history of the dispute, coupled with the suspension of the General Secretary and obtaining of individual settlements under duress, proved that the Management had engaged in Unfair Labour Practice with a view to bypassing the recognized Union and destroying the spirit of Collective Bargaining. The Union therefore states that the Tribunal was justified in rejecting the Management's prayer for an Award in terms of individual Settlements (IA No. 1 of 2024) and in protecting the non-signatory workmen by granting interim relief to them



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(IA No. 2 of 2024). The Labour Court, after considering the entire materials on record, concluded that though the individual settlements entered into between the Management and the majority of individual workman [247/326] were valid, the same were however not binding on the Union and its non signatory members. The Labour Court, while rejecting the Management's application for passing of an Award, in terms of individual 18[1] settlements, allowed the Union's application for grant of interim Award of Rs.20,000/- per month per worker, pending the dispute. Aggrieved by the impugned orders passed by the Industrial Tribunal, the Management preferred WP.Nos.13285 and 13279/2025.

(7)The Union further states that due to prolonged inaction of the Government on the conciliation failure report dated 23.12.2019 bearing Ref: **ந.க.எண்.அ/141/2019**, the respondent/Union filed the writ petition, seeking a Writ of Mandamus directing the Government to pass orders under Section 10(1) of the Industrial Disputes Act, pursuant to the conciliation failure report dated 23.12.2019, expeditiously.

ARGUMENTS ADVANCED:

(8)The learned Senior Counsel for the Management submitted that the



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Industrial Disputes Act, 1947, [hereinafter called 'the ID Act'] promotes collective bargaining for convenience, but does not bar settlements with individual workman. The scheme of the Act requires the consent of the majority of workmen, making the settlement binding even on the dissenting minority workmen. The learned Senior Counsel, submitted that admittedly 246 out of 326 workmen had signed the settlement, and even as per the finding of the Industrial Tribunal, there was no evidence of threat or coercion and hence, the Settlements were voluntary and valid. The learned Senior Counsel, submitted that the Union failed to discharge the burden of proving that the settlements were unfair or involuntary. The learned Senior Counsel, submitted that a settlement signed by a vast majority of workmen, containing identical clauses, cannot be deemed an "individual settlement", but must be treated as a collective settlement binding on all, since judicial precedents ordain that majority settlements, accepted with "eyes open," are presumed to be just and fair and ought not to be ignored. The learned Senior Counsel, therefore submitted that the Tribunal erred in dismissing the Management's application (IA No. 1 of 2024) seeking to record an Award in terms of the majority settlement.



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Furthermore, the learned Senior Counsel, submitted that the Tribunal's decision to grant interim relief (IA No. 2 of 2024) was flawed as the non-signatory minority cannot claim balance of convenience when the majority had already accepted the terms of the settlement. The learned Senior Counsel, submitted that the Union's opposition is legally untenable as Section 18[1] uses the term "workman" (singular), demonstrating legislative intent to allow individual settlements, even for collective disputes. The Management's historical engagement (five settlements between 2003 and 2018) refutes the allegation of undermining collective bargaining. The learned Senior Counsel, therefore prayed that the Management's writ petitions be allowed.

(9)The learned Senior Counsel, for the Union submitted that the Industrial Disputes Act, is a special legislation, whose foundational principle is to regulate and preserve Collective Bargaining. The scheme of the Act is based on the premise that an individual worker is in a weaker position than the employer, requiring collective action to achieve fair terms. The learned Senior Counsel, submitted that the dispute concerning wages, is a collective dispute covered by Section 2[k] of the ID Act and therefore,



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requires to be settled collectively, and not individually, as individual workman recedes to the background in Collective Bargaining negotiations. The learned Senior Counsel, submitted that the expression "workman" in the singular form in Section 18[1] must be read as plural in the case of collective disputes under Section 2[k], as Section 2A (allowing individual's locus standi) was only introduced in 1965. The learned Senior Counsel, submitted that permitting individual settlements for collective disputes would result in death blow to collective bargaining, end trade Unionism and violate the object and provisions of the ID Act. The learned Senior Counsel, submitted that the Management's refusal to negotiate with outside office bearers amounted to Unfair Labour Practice. The learned Senior Counsel, submitted that the Trade Unions Act, 1926, and ILO principles ensure that outside office bearers participate to guarantee the independence of the recognized union to bargain without fear. The learned Senior Counsel, submitted that the Division Bench judgment of the Madras High Court in *L. Balasubramaniam case*, is a binding precedent that distinguishes the Supreme Court's *SBI case* and supports the right of external office bearers to negotiate. The learned Senior



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Counsel, submitted that the signatures were not obtained out of free will or volition, but under the fear instilled by the Management in suspending key office bearers immediately before securing individual signatures. The learned Senior Counsel, submitted that the Management's claim of an "Independent Observer" (Retired Judicial Magistrate) was a mere eye wash, as the observer previously acted as an Enquiry Officer for the Management. Even the video footage showed that there was no negotiation, but only signatures being obtained by the departmental heads (Section Managers/VSMs), who hold authority over the workers. The learned Senior Counsel, submitted that the Management engaged in Unfair Labour Practice by systematically refusing to negotiate with outside office bearers since 2019. The learned Senior Counsel, for the respondent submitted that a settlement of Section 2[k] dispute must be signed as prescribed under Rule 58 and 25 of the Central Rules and Tamil Nadu Industrial Disputes Rules, respectively, to be legal and binding. Since Rules require signing by the Union office bearers or elected representatives, the individual signatures obtained by the Management do not conform to the prescribed manner and are thus illegal and invalid.



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The learned Senior Counsel, submitted that the Industrial Tribunal's order dismissing the Management's application (IA No. 1/2024) to record an Award and granting interim relief does not suffer from any manifest error of law to merit interference under the limited scope of Article 226, in Certiorari jurisdiction.

(10) Heard both the learned Senior Counsels and perused the materials placed on record.

(11) At the threshold, I would want to point out that the learned Senior counsels on both sides agree that the dispute as projected before this Court, namely, that a collective dispute relating to wage revision raised by the Union under Section 2[k] of the Act, cannot be settled by individual workman under Section 18[1] of the Industrial Disputes Act, has never arisen before any other Court and hence, there is no direct precedent on the issue raised before this Court.

(12) Before advertng to the merits of the case, this Court considers it apposite to advert to the scheme of the Industrial Disputes Act, 1947.

(13) The preamble of the Industrial Disputes Act, shows that it was enacted to make provision for investigation and settlement of industrial disputes and



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for certain other purposes.

(14)**Chapter I** is the definition section. **Section 2(j)** defines “industry” as any business, trade, undertaking, manufacture or calling of employers and includes any calling, service, employment, handicraft or industrial occupation or avocation of workmen. **Section 2(k)** defines “industrial dispute” as any dispute or difference between employers and employees, or between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour, of any person. **Section 2(p)** defines “settlement”, as a settlement arrived at in the course of conciliation proceeding and includes a written agreement between the employer and workmen arrived at otherwise in the course of conciliation proceeding where such agreement has been signed by the parties thereto in such manner as may be prescribed and a copy thereof has been sent to an officer authorised in this behalf by] the appropriate Government and the Conciliation officer. **Section 2(qq)** defines “trade union”, as a trade union registered under the Trade Unions Act, 1926. **Section 2(ra)** defines



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“unfair labour practice”, as any of the practices specified in the Fifth Schedule. **Section 2A** was introduced by Act 35 of 1965 and relates to Dismissal etc. of an individual workman and deems it to be an industrial dispute.

(15)**Chapter II** of the Act relates to the authorities under the Act which are the 1) Works Committee 2) Conciliation officers 3) Board of Conciliation 4) Courts of Inquiry 5) Courts of industrial Tribunal. The aforesaid authorities are conferred with different powers and the purpose for which they are set up and their functions are also prescribed in the Act.

(16)**Chapter III** provides for reference of disputes to Boards, Courts or Tribunals and the main Section is Section 10, which provides for reference of dispute by the appropriate Government for settlement or adjudication. **Chapter IV**, prescribes Procedure, Powers and duties of authorities constituted under the Act. **Chapter V**, contains provisions regarding strikes and lock-outs. **Chapter V-A**, which was introduced by Act 43 of 1953, contains provisions for lay-off and retrenchment of workmen. **Chapter V-B** provides for special provisions relating to lay off, retrenchment and closure in certain establishments. **Chapter V-C** refers



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to unfair labour practices. **Chapter VI** relates to Penalties. **Chapter VII** relates to Miscellaneous provisions.

(17) There are Five Schedules. **First Schedule**, relates to industries which may be declared as public utility services under sub-clause (vi) of clause (n) of section 2. **Second Schedule**, relates to the matters within the jurisdiction of Labour Courts. **Third Schedule**, relates to the matters within the jurisdiction of Industrial Tribunals. **Fourth Schedule**, relates to conditions of service for change of which notice is to be given and the **Fifth Schedule**, relates to unfair labour practise. This is the overall scheme of the Act.

(18) Before proceeding further with the merits of the case, the object of the Act as explained in a consistent line of judgments of the Hon'ble Supreme Court are referred to.

(19) In the case of *The Workmen and Others Versus M/s.Hindustan Lever Ltd.*, reported in *1984 (1) SCC 728*, the Hon'ble Supreme Court, succinctly expounded the object of the Act as follows:

“.....The Act was designed to provide a self-contained code to compel the parties to resort



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to industrial arbitration for the resolution of existing or apprehended disputes without prescribing statutory norms for varied and variegated industrial relation norms so that the forums created for resolution of disputes may remain unhampered by any statutory control and devise rational norms keeping pace with improved industrial relations reflecting and imbibing socio-economic justice. If this is the underlying object behind enactment of the Act, the Court by interpretative process must strive to reduce the field of conflict and expand the area of agreement and show its preference for upholding agreements sanctified by mutuality and consensus in larger public interest, namely, to eschew industrial strife, confrontation and consequent wastage.”

(20) This Court in the case of ***Management of Binny Limited Versus Presiding Officer and others***, reported in ***1997 SCC OnLine Mad 1463***, also considered the object of the Act, and held as follows:

“19. It is not the object of the industrial law that disputes should be kept alive for long number of years or the adjudication should be dilatory. If



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the parties themselves have reached the settlement, that is the best possible manner of resolving the disputes, and when it is the case pleaded before the Tribunal that all the workmen concerned have, in fact, reached such settlements, such plea should be examined, and should be decided before embarking on a long-drawn enquiry, which may turn out to be a wholly a futile exercise, if the settlement is found to be fair and legal. The Tribunal in the impugned order has lost sight of this object of industrial adjudication."

(21) In ***Ajaib Singh Versus Sirhind Cooperative Marketing-cum-Processing Service Society Limited and Another***, reported in **1999 (6) SCC 82**. The Hon'ble Supreme Court observed that the provisions of the Act, have to be interpreted in a manner which advances the object of the legislature contemplated in the statement of objects and reasons. The Hon'ble Supreme Court held as follows:

"5.....The Act is intended not only to make provision for investigation and settlement of industrial disputes but also to serve industrial peace so that it may result in more production and



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improve the national economy. In the present socio-political economic system, it is intended to achieve cooperation between the capital and labour which has been deemed to be essential for maintenance of increased production and industrial peace. The Act provides to ensure fair terms to workmen and to prevent disputes between the employer and the employees so that the large interests of the public may not suffer. The provisions of the Act have to be interpreted in a manner which advances the object of the legislature contemplated in the Statement of Objects and Reasons. While interpreting different provisions of the Act, attempt should be made to avoid industrial unrest, secure industrial peace and to provide machinery to secure the end. Conciliation is the most important and desirable way to secure that end. In dealing with industrial disputes, the courts have always emphasized the doctrine of social justice, which is founded on the basic ideal of socio-economic equality as enshrined in the Preamble of our Constitution. While construing the provisions of the Act, the



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courts have to give them a construction which should help in achieving the object of the Act.”

(22) From the aforesaid judgments of the Hon'ble Supreme Court, it is explicit that the Act is primarily aimed at achieving industrial peace and harmony through machinery provided thereunder. The central object of the Act is to resolve disputes and to secure peace over conflicts. The Act aims at promoting peace between the labour and Management, so as to ensure the smooth functioning of the industry, which accelerates productive activity of the country, resulting in its prosperity. The prosperity of the country in its turn, helps to improve conditions of labour **[1999 (6) SCC 82]**.

(23) Keeping in view, the avowed object of the Act, I now venture to consider the merits of the rival submissions.

(24) The issues that arise for consideration before me are whether the individual workman are legally entitled to enter into settlement with the Management in respect of collective disputes raised by the Union which are pending adjudication and whether such individual settlements, though entered into with a majority of workmen is binding on all other non



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signatory workmen. Whether the contentions of the Union that only a collective settlement through Union can conclude a collective dispute is tenable in the light of Section 2[k], 2[p] and 18[1] of the Industrial Disputes Act. The other issues relate to unfair labour practice and the scope and limit of certiorari jurisdiction under Article 226 of the Constitution.

(25) To appreciate the submissions of the learned Senior counsels, the relevant provisions of the Industrial Disputes Act and the Central and State Rules, have to be necessarily referred to.

Section 2[k] defines “Industrial Dispute”, and it reads as follows:

"2[k] “industrial dispute” means any dispute or difference between employers and employers, or between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour, of any person."

Section 2[p] defines "settlement", and it reads as follows:

"2[p] “settlement” means a settlement arrived at in



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the course of conciliation proceeding and includes a written agreement between the employer and workmen arrived at otherwise than in the course of conciliation proceeding where such agreement has been signed by the parties thereto in such manner as may be prescribed and a copy thereof has been sent to an officer authorised in this behalf by the appropriate Government and the Conciliation Officer."

Section 18 of the Industrial Disputes Act, 1947, relates to the **binding nature of settlements and Awards**. It reads as follows:

18. Persons on whom settlements and Awards are binding –

(1) A settlement arrived at by agreement between the employer and workman otherwise than in the course of conciliation proceeding shall be binding on the parties to the agreement.

(2) Subject to the provisions of sub-section (3), an arbitration award, which has become enforceable shall be binding on the parties to the agreement who referred the dispute to arbitration.

(3) A settlement arrived at in the course of conciliation



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proceedings under this Act [or an arbitration award in a case where a notification has been issued under sub-section (3A) of section 10A or an award of a Labour Court, Tribunal or National Tribunal which has become enforceable] shall be binding on—

(a) all parties to the industrial dispute;

(b) all other parties summoned to appear in the proceedings as parties to the dispute, unless the Board, arbitrator, Labour Court, Tribunal or National Tribunal, as the case may be, records the opinion that they were so summoned without proper cause;

(c) where a party referred to in clause (a) or clause (b) is an employer, his heirs, successors or assigns in respect of the establishment to which the dispute relates;

(d) where a party referred to in clause (a) or clause (b) is composed of workmen, all persons who were employed in the establishment or part of the establishment, as the case may be, to which the dispute relates on the date of the dispute and all persons who subsequently become employed in that establishment or part.

Section 58 of the Industrial Disputes (Central) Rules, 1957, relates to the



procedure for settlements and reads as follows:

58. Memorandum of settlement. – (1) *A settlement arrived at in the course of conciliation proceedings or otherwise, shall be in Form 'H'.*

(2) The Settlement shall be signed by –

(a) in the case of an employer, by the employer himself, or by his authorised agent, or when the employer is an incorporated company or other body corporate, by the agent, manager or other principal officer of the corporation;

[(b) in the case of the workmen, by any officer of a trade union of the workmen or by five representatives of the workmen duly authorised in this behalf at a meeting of the workmen held for the purpose;]

[(c) in the case of the workmen, in an industrial dispute under section 2A of the Act, by the workman concerned,]

Explanation. – In this rule “officer” means any of the following officers, namely: –

(a) the president;

(b) the vice-president;

(c) the secretary (including the General Secretary);

(d) a Joint Secretary;

(e) any other officer of the trade union authorised in this behalf by the President and Secretary of the Union.

(3) Where a settlement is arrived at in the course of conciliation proceeding the Conciliation Officer shall send a report thereof to the Central Government together with a copy



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of the memorandum of settlement signed by the parties to the dispute.

(4) Where a settlement is arrived at between an employer and his workmen otherwise than in the course of conciliation proceeding before a Board or a Conciliation Officer, the parties to the settlement shall jointly send a copy thereof to the Central Government, the Chief Labour Commissioner (Central), New Delhi, and the Regional Labour Commissioner (Central) and to the [Assistant Labour Commissioner (Central)] concerned.

Section 25 of the Industrial Dispute Rules, 1958, reads as follows:

25. Memorandum of settlement. – *(1) A settlement arrived at in the course of conciliation proceedings or otherwise, shall be Form 'B'.*

(2) The settlement shall be signed by –

(a) in the case of an employer by the employer himself or by his authorised agent, or when the employer is an incorporated company or other body corporate, by the agent, manager or other principal officer of the corporation; and

*(b) in the case of workmen, either by the [President or Secretary] of a registered trade union of workmen or by two office-bearers of the union authorised by the [President or Secretary] or by five representatives of workmen duly authorised in this behalf at a meeting of the workmen held for the purpose and attended by a majority of the workmen concerned: **Provided** that where the number of workmen affected is not more than 2, the settlement may be signed by the workman or workmen concerned;*

[(c) in the case of an industrial dispute raised in



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pursuance of section 2A, by the workmen concerned.]

(3) The parties to a settlement arrived at otherwise than in the course of conciliation proceedings shall send a copy thereof to the Conciliation Officer concerned, the Commissioner of Labour, Madras and the Secretary to the Government of Madras in-charge of Labour.

(4) The Conciliation Officer shall maintain a record of all settlements effected under the Act in respect of disputes in the area within his jurisdiction in a register in Form 'C'.

(26) It is relevant to point out here that Section 2A of the Act giving a right to individual workman to raise an industrial dispute regarding his discharge, dismissal, retrenchment or termination otherwise of his services was inserted by way of an amendment on 31.12.1965, by Act 35/1965. By the aforesaid amendment, a dispute raised by the workman with reference to the matters referred to therein was deemed to be an industrial dispute.

(27) The learned Senior Counsel for the Management contends that, there is absolutely no bar for an individual workman to settle a 2[k] dispute relating to wage revision. The learned Senior Counsel heavily relies on phraseology of Section 18[1] of the Act, to contend that the legislative intent was clear and that there was absolutely no embargo on an individual workman to settle disputes relating to wage revision, since at



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the end of the day, it is the cause of the individual workman, that the Union seeks to espouse. The learned Senior counsel further contends that a settlement, though individual, entered into by the employer with a majority of workmen was binding on all other non-signatory workmen also.

(28)The learned Senior counsel further submits that since the majority of the workmen signed the 18[1] settlement, voluntarily accepting the wage revision proposed by the management, and as the Tribunal itself found on facts, that there was no evidence of any threat or coercion on the workmen to sign the 18[1] settlement, the Labour Court, erred in rejecting IA No.1 of 2025. The learned Senior Counsel relied on various judgments of the Hon'ble Supreme Court in support of his submission, that the settlement entered into with the majority of workmen, was binding on the minority workmen and that an Award could be passed in terms of such settlement.

(29)The learned Senior Counsel for the Union replying to the aforesaid arguments submitted that any matter not covered by Section 2A, could be raised only by the Union or group of workmen. According to the learned Senior Counsel, a collective dispute pertaining to the conditions of service



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can be raised only under Section 2[k] of the ID Act. Consequently, an individual workman has no independent role to play in matters involving collective disputes. It is contended that the legislature has not conferred upon the individual workman the authority to initiate a collective dispute. The learned Senior counsel, therefore submits that as a necessary corollary, an individual workman cannot seek to settle a collective dispute raised under Section 2[k], since he is incapable of raising such a dispute in the first place. The learned Senior Counsel submitted that, when an individual workman had no right under the scheme of the Act, to individually raise a dispute regarding a common cause like wage revision, it was futile to contend that the individual workman could settle such collective dispute. The learned Senior Counsel, also relied on several judgments of this Court as well as the Hon'ble Supreme Court to drive home the point, that a collective dispute cannot be settled individually under Section 18[1] of the Act. The learned Senior counsel extensively referred to materials on the concept of collective bargaining, tracing its history to industrial revolution. The learned Senior counsel, submitted that, if the argument of the Management is countenanced, the concept of



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collective bargaining and Trade Unionism, which is the back bone of the Industrial Disputes Act, will be rendered nugatory, resulting in chaotic consequences.

(30) In my view, the submissions of the learned Senior counsel, for the Union may be conveniently examined under 2 distinct aspects. As one relating to the concept of collective bargaining and trade unionism, which are according to him, the back bone of the Industrial Disputes Act, being rendered purposeless, if individual settlement are entertained in collective dispute and the other aspect relating to the embargo placed on individual settlement under the Scheme and the provisions of the Act for settling collective dispute under Section 2[k] of the Act.

ON THE CONCEPT OF COLLECTIVE BARGAINING AND TRADE UNIONISM:-

(31) Elaborating his arguments, the learned Senior counsel, for the Union submitted that, if collective disputes were permitted to be settled through individual workman, the concept of collective bargaining and trade unionism will be rendered redundant. The learned Senior counsel, for the union contended that concept of collective bargaining constitutes



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animating principle of the industrial disputes act and that the thread of trade unionism pervades the entire statutory scheme. It was argued that the acceptance of individual settlement in respect of disputes which are by nature, collective disputes, would not merely dilute the role of Unions, but would also imperil the protective object of the legislation itself. Such an approach would render weaker class of workman vulnerable to the superior economic strength of the employer, thereby facilitating exploitation and engendering industrial unrest and chaos. The learned Senior counsel submitted that the concept of collective bargaining, which emerged out of the industrial revolution was a social necessity, since individual workman who were by no means equal to the employers could receive fair terms of employment only through collective bargaining. In other words, the learned Senior Counsel contended that the worker who was individually in a weaker position, than the employer, could only attain fairness in the terms of the employment only through collective bargaining.

(32)The learned Senior counsel, for the Union relied on several judgments of the Hon'ble Supreme Court in support of the aforesaid submissions,



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namely, *Ram Prasad Viswakarma Vs. The Chairman, Industrial Tribunal* reported in *AIR 1961 SC 857*, *P.Vridachalam & Ors. Vs. The Management of Lotus Mills*, reported in *1998 (1) SCC 650*, *KCP Limited vs. The Presiding Officer*, reported in *1996 (10) SCC 446*, *Associated Cement Companies Ltd. Vs. Workmen and Ors*, reported in *1960 (1) LLJ*, *K.C.P. Employees' Association, Madras vs Management of K.C.P. Ltd., Madras and others*, reported in *1978 (2) SCC 42*, *National Small Industries Corporation Ltd. Vs. Presiding Officer and another*, reported in *2005(3)LLN 719*, *Central Inland Water Transport Corporation Limited and another Vs. Brojo nath Ganguly and others*, reported in *1986 (3) SCC 156*.

DISCUSSIONS:

(33)The Hon'ble Supreme Court in the case of *Ram Prasad Viswakarma Vs. The Chairman, Industrial Tribunal* reported in *AIR 1961 SC 857*, held as follows:-

“7. This view which has been re-affirmed by the Court in several later decisions recognizes the great importance in modern industrial life of



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collective bargaining between the workman and the employers. It is well known how before the days of collective bargaining labour was at a great disadvantage in obtaining reasonable terms for contracts of service from his employer. As trade unions developed in the country and collective bargaining became the rule the employers found it necessary and convenient to deal with the representatives of workmen, instead of individual workmen, not only for the making or modification of contracts but in the matter of taking disciplinary action against one or more workmen and as regards all other disputes.”

(34)The facts of the case show that the workmen whose cause was espoused by the Union, prayed for representation by a person of his choice, as he had lost faith in the secretary of the Union. The Hon'ble Supreme Court while considering the question whether the petitioner was entitled to separate representation, despite the Union espousing his cause, held that the importance of collective bargaining has to be remembered. In that context, the Court held as above.

(35)The Hon'ble Supreme Court in the case of ***P.Vridachalam & Ors. Vs.***



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The Management of Lotus Mills, reported in ***1998 (1) SCC 650***, held as follows:

“9. It has to be kept in view that the Act is based on the principle of collective bargaining for resolving industrial disputes and for maintaining industrial peace. Thus principle of industrial democracy is the bedrock of the Act. The employer or a class of employers on the one hand and the accredited representatives of the workmen on the other are expected to resolve the industrial dispute amicably as far as possible by entering into the settlement outside the conciliation proceedings or if no settlement is reached and the dispute reaches the conciliator even during conciliation proceedings. In all these negotiations based on collective bargaining the individual workman necessarily recedes to the background. The reins of bargaining on his behalf are handed over to the union representing such workman. The unions espouse the common cause on behalf of all their members. Consequently, settlement arrived at by them with management would bind at least their members and if such settlement is arrived at during



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conciliation proceedings, it would bind even non-members.....”

(36)The discussion on collective bargaining was made in the context of the binding nature of 18(3) settlement entered into by some Unions on non-signatory workmen/Unions.

(37)The Hon’ble Supreme Court in the case of ***KCP Limited vs. The Presiding Officer***, reported in 1996 (10) SCC 446, held as follows:

“25. It has to be kept in view that under the scheme of labor legislations like the Act in present case, collective bargaining and the principle of industrial democracy permeate the relations between the management on the one hand and the Union which resorts to collective bargaining on behalf of its members-workmen with the management on the other.....”

(38)Even in this case, the issue was the binding nature of the settlement entered into by the authorised Union on behalf of the individual workman, whose cause was espoused by it. The individual workmen disputed the settlement as not binding on them. In that context it was held as above.

(39)The Hon'ble Supreme Court in the case of ***Associated Cement***



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Companies Ltd. Vs. Workmen and ors. Reported in (1960) 1 LLJ 491,

held as follows:

“8.....Ordinarily, an individual dispute which is not sponsored by the union or is otherwise not supported by any group of workmen is not regarded as an industrial dispute for the purposes of the Act. A provision like that contained in s. 33A is of course an exception to this rule. The basis of industrial adjudication recognised by the province of the Act clearly appears to be that disputes between employers and their employees would be governed by the Act where such disputes have assumed the character of an industrial dispute. An element of collective bargaining which is the essential feature of modern trade union movement is necessarily involved in industrial adjudication.....”

(40)The dispute in the said case was whether a registered trade union representing minority workmen governed by an Award, could give notice to the other party intimating its intention to terminate the Award under Section 19(6) of the ID Act. The issue in the case related to the



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interpretation of the expression “Any party bound by the Award”. The Court held that the expression "any party bound by the Award" did not cover individual workman, but covered minority workmen.

(41)The issue in the case of **K.C.P. Employees' Association, Madras vs Management of K.C.P. Ltd., Madras and others**, reported in **1978 (2) SCC 42**, related to a bonus dispute. The Hon'ble Supreme Court while considering the bonus issue held as follows:

“5.....In Industrial Law, interpreted and applied in the perspective of Part IV of the Constitution, the benefit of reasonable doubt on law and facts, if there be such doubt, must go to the weaker section, labour.”

(42)This Court in the case of **National Small Industries Corporation Ltd. Vs. Presiding Officer and another**, reported in **2005 (3) LLN 719**, held as follows:

“16. In our opinion the whole approach of industrial law is that employer and employee do not stand on an equal bargaining position.



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Industrial law recognizes that the workers are in a weaker position than the employers who have financial resources, management skills, connections etc. Hence, the whole object of industrial law is to help the weaker section in the society (the workmen) and give them protection from exploitation.”

(43)The Hon'ble Supreme Court in the case of ***Central Inland Water Transport Corporation Limited and another Vs. Brojo Nath Ganguly and others***, reported in ***1986 (3) SCC 156***, while dealing with the question whether a Government company was a state within the Meaning of Article 12 of the Constitution and whether an unconscionable term in a contract of employment was void under Section 23 of the Contract Act, held as follows:

“102. It was also submitted on behalf of the appellants that Rule 9(i) was supported by mutuality inasmuch as it conferred an equal right upon both the parties, for under it just as the employer could terminate the employee's service by giving him three months' notice or by paying him three months' basic pay and dearness allowance in lieu thereof, the



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employee could leave the service by giving three months' notice and when he failed to give such notice, the Corporation could deduct an equivalent amount from whatever may be payable to him. It is true that there is mutuality in Rule 9(i)—the same mutuality as in a contract between the lion and the lamb that both will be free to roam about in the jungle and each will be at liberty to devour the other. When one considers the unequal position of the Corporation and its employees, the argument of mutuality becomes laughable.”

(44)I have thoroughly gone through the aforesaid judgments. There is no dispute on the legal proposition adverted to in the above judgments with regard to the importance of collective bargaining. However the facts therein reveal that the contest in most of the cases was between individual workman and the Union or between minority and majority Unions. I find that in none of the judgments it is held that collective bargaining is the only exclusive mode of settlement. I am of the view that while collective bargaining is a cherished principle of industrial jurisprudence, the Industrial Disputes Act, does not recognize it as the sole and exclusive mode of dispute resolution. The statutory scheme of the act which will be



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dealt with elaborately hereafter, maintains a fine balance between collective representation and individual choice.

(45)The Hon'ble Supreme Court on more than one occasion recognised the object of the Act, which is to encourage settlement of industrial disputes at the earliest possible stage and through multiple consensus avenues. The apprehension that individual settlement would dilute trade unionism is in my considered view misplaced. The statute does not confer a monopoly of representation on Unions in every collective dispute, nor does it compel the workman to await an uncertain collective outcome, when a lawful and beneficial settlement is available to him. I am unable to accept the contention that recognition of individual settlement under Section 18[1] would erode the fabric of collective bargaining undermining trade unionism. The industrial disputes act is a welfare legislation intended to secure industrial peace through diverse mechanisms of dispute resolution provided under the statutory framework. The Act consciously accommodates both collective and individual settlements. In my view, the freedom of individual workman to enter into voluntary settlement



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cannot be extinguished, merely because, collective dispute is espoused on a collective plane. To hold otherwise would amount to subordinating individual economic agency to institutional control which the act does not contemplate.

(46) It is to be noted that every individual settlement is a product of free will and is subject to scrutiny under the statutory machinery. The Act is intended to resolve disputes and not to prolong collective negotiations, which may or may not fructify. The workmen cannot be compelled to await the uncertain collective outcome, when an immediate and beneficial settlement is available. In my view, the denial of the right to individual workman to settle the dispute, would elevate trade unionism to monopoly authority, and will be contrary to the object of the act, which seeks to foster industrial harmony, rather than industrial supremacy. Therefore, I find that the apprehension of the Union that individual settlement would erode trade unionism and collective bargaining is misplaced and hence, rejected.

BAR UNDER THE PROVISIONS OF THE ACT:-

(47) The second aspect of argument of the learned Senior counsel for the



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Union, hinges on the provisions of the Act. The learned Senior counsel, contended that a reading of Section 2[k], 2[p], and 18 of the Industrial Disputes Act, as it stood prior to insertion of Section 2[A] on 1965, makes it clear that settlements under Section 18[1] were contemplated only in the context of collective dispute between the employer and body of workmen, since no statutory recognition existed at that time for an individual dispute to constitute industrial dispute. The learned Senior counsel, therefore contended that the expression workmen occurring under Section 18[1] though couched in the singular must necessarily be construed in the plural, while dealing with the disputes under Section 2[k]. Argued, the learned Senior counsel that Section 2[A] was introduced later in 1965, creating a distinct category of industrial disputes and only thereafter, enabled a settlement to be executed by a single workman in respect of the dispute. According to the learned Senior counsel, the term workman in Section 18[1] requires plural interpretation, so as to advance the object of collective dispute resolution and industrial peace. The learned Senior counsel, for the Union referring to the aforesaid provisions of the Act and Rules, contends that the answer to 2[k] dispute can only be collective



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bargaining settlement arrived at, as prescribed by the Rules. The learned Senior counsel, submits that though Section 18[1] refers to the term ‘workman’ in singular, it should be interpreted to read as ‘workmen’ in plural. In support of the said contention, the learned Senior counsel relied on the provisions of Section 13 of the General Clauses Act, which states that unless there is anything repugnant to the subject or context the word singular would include plural and *vice versa*. The learned Senior counsel relied on the judgments of the Hon’ble Supreme Court in the case of *Collector of Customs, Bombay Versus United Electrical Industries Limited*, reported in *2000 (10) SCC 31* and in the case of *Bhanushali Housing Cooperative Society Limited Versus Mangilal and others*, reported in *2015 (10) SCC 277*, in support of his contention. The learned Senior counsel for the Union contended that the definition of settlement under Section 2[p] of the ID Act, stipulates that a settlement by way of an agreement entered into, otherwise than in the course of conciliation proceedings, required to be signed by the parties, in a manner that may be prescribed. The learned Senior counsel, further contends that Rule 25 of the Tamil Nadu Industrial Disputes Rules, and under Rule 58 of the



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Industrial Disputes (Central) Rules, lay down the procedure for entering into a settlement. The learned Senior counsel contends that Rule 25[2(c)] of the Tamil Nadu Industrial Disputes Rules which was introduced with effect from 09.07.1968, provides for settlement of 2[A] disputes and that all the settlements under Section 2[k] are covered by Rule 25[2(b)]. The learned Senior counsel, therefore contends that any settlement of a collective dispute under Section 2[k], in contravention of the prescribed procedure under the above Rules cannot be construed as settlement as defined under Section 2[p] of the Act.

(48)The learned Senior counsel for the Management on the other hand contends that from the Scheme of Section 18, it can be discerned that a clear distinction is maintained between 18[1] settlements and 18[3] settlements. Hence, the term workman in Section 18[1] cannot be read in plural, without collapsing this statutory distinction and that, unless the context clearly reveals a contrary intention, Rule 13 of the General Clauses Act that singular includes plural has no application to Section 18[1] of the Act. The learned Senior Counsel submits that Rules provide only for procedure and that they cannot override the substantive rights



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conferred by the Statute.

DISCUSSION:-

(49) In order to appreciate the contentions of the respective learned Senior counsels, the relevant provisions which have already been extracted above are discussed.

(50) Section 18[1] refers to individual settlement between the employer and workman and Section 18[3] refers to collective settlements. Whereas, the individual settlements are binding only on the parties to the settlement arrived at otherwise, in the course of conciliation proceedings, 18[3] settlements have wider binding effect. The Tamil Nadu Industrial Disputes Rules as well as Central Rules provide for procedure for entering into a Memorandum of Settlement.

(51) Before introduction of Section 2A on 31/12/1965 under Act 35/65 in the ID Act, the individual disputes concerning the discharge, dismissal or any other termination of an individual workman could not be raised by the workman. It was only after the introduction of Section 2A, that an individual workman could raise a dispute regarding his non-employment. Under the Scheme of the Act, collective disputes can be raised only by the



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Union, however, the question that arises for consideration is whether under the provisions of the ID Act, the individual workman is precluded from settling such collective dispute. In other words, does the act prohibit the individual workman from settling a collective dispute raised under Section 2[k] ?

(52) Reading of Section 2[k] of the Act with Section 2(A) no doubt leads to the conclusion that individual workman cannot raise a collective dispute relating to service conditions etc. However, settlement of such collective dispute raised through Union, in my view, under the scheme of the Act, and its object, is not precluded. A collective dispute raised by the Union is, at the end of the day, one espoused for the benefit of individual workman. Therefore, in the absence of a settlement by the Union of such dispute, an individual workman cannot be prohibited from exercising his right of settling the dispute under Section 18[1] of the Act. In my view, there is no impediment for an individual workman to enter into a settlement for the resolution of the collective dispute, since there is no explicit bar under the Act.

(53) The language of Section 18[1] does not impose any embargo on the



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workman to enter into individual settlement. It is the golden rule of interpretation of statutes that when the language of a statute is plain, clear and unambiguous, the Court is bound to give effect to it, as it stands even, if the result appears harsh and inconvenient. It is also fairly well settled that departure from the language of the statute and the literal meaning attached to it, is permissible, only to avoid absurdity and that too to a minimum extent. It is also a cardinal rule that legislative language is presumed to be deliberate and purposeful. Admittedly, Section 18[1] is in existence in the Act even before Section 2[A] was introduced. Therefore when the legislature amended Section 2[A], the legislature in its wisdom, refrained from amending Section 18[1], leaving it open to the employer and workmen to settle their disputes, privately and individually.

(54) Further, the Act is a social welfare legislation enacted with an object to promote industrial peace, regulate relationship between the employer and employees, provide a mechanism for the settlement of the disputes, which may impede production or disturb industrial harmony. The legislative architecture reflects a duality : on the one hand, it recognises collective character of industrial disputes : on the other, it accepts individual



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economic interest of the workman. Section 2[k] of the Act defines, 'industrial disputes' to include any dispute or difference between employers and employers, or between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment. In certain cases, legislature by way of statutory fiction under Section 2[A], has treated the individual disputes as industrial disputes, to ensure access to the dispute resolution machinery envisaged by the Act. Section 18[1] of the Act empowers a workman to arrive at settlement of a dispute between him and the Management. The provision, on its face, contemplates a liberal settlement between the employer and the individual workman irrespective of who raises the dispute. The legislative choice of the term 'workman', in my view, is not accidental or inconsequential. It must be accorded effect in a manner consistent with settled legal principles of statutory interpretation. Therefore, a purposive construction of Section 18[1] reveals that the legislature intended to preserve autonomy of individual workman to resolve the collective dispute with the employer through settlement, even without a special procedure for settlement. If the



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legislature had intended to preclude such settlement in respect of disputes which have been espoused or have assumed to have collective character, it would have made express provisions to that effect. The absence of such restriction is indicative of deliberate legislative choice.

(55)The distinction between the disputes that inherently require collective resolution and those which, while often raised collectively, retain an individual economic dimension, is well founded in industrial jurisprudence. The disputes such as layoff, strike, lockout, closure or other matters of broad industrial concern, typically involve multiple workman and contemplate collective bargaining. Those disputes by their very nature require settlement by collective bargaining. Disputes concerning wage revision, although effect a class of workmen also bear upon individual economic rights of each workman. It is one thing to say that the Union or cohort of workmen may pursue redress collectively, it is quite another to say that the statute deprives an individual workman of his capacity to settle his own claim.

(56)The wording in Section 18[1] must therefore be read in consonance with the object of the Act – to facilitate peaceful resolution of disputes.



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Further, if an individual workman, acting voluntarily without coercion with full knowledge of his rights, chooses to settle a dispute relating to his wages, there is no rational basis for a statutory embargo to such settlement, merely because the dispute has been espoused collectively under Section 2[k].

(57) In my view, to hold otherwise would produce an enormous result. It would compel a workman to forgo the resolution of his own claim, notwithstanding his willingness to settle, by placing him at the behest of a protracted collective negotiations, which the Act seeks to ameliorate. The facts of the present case fortify the view of this Court that the legislature consciously and with definite purpose, has not thought it fit to impose any statutory embargo on the settlement of collective disputes through individual workman. The writ petition filed by the Union in WP.No.23686/2025 is itself illustrative of this position. The dispute relating to the wage revision for the year 2019 culminated in a Failure Report, however, even thereafter, the dispute has not been referred for adjudication till date. It is only after an inordinate lapse of nearly six years that the Union has approached this Court seeking the writ of



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mandamus. Such prolonged inaction on the part of the Union cannot be countenanced to the detriment of the workmen concerned. If a Trade Union seeks to retain its relevance and representative character, it must equally recognise that wage revision disputes cannot be allowed to linger endlessly, leaving the workmen in a state of perpetual uncertainty. The law does not compel a workman to await indeterminate adjudicatory process, when an immediate and tangible benefit is available. Pragmatism, as much as principle, must guide industrial relations for a concrete benefit in hand, cannot be likely sacrificed for a speculative and uncertain outcome in future.

(58) It is well settled that the settlement under Section 18[1] operates as a bar to any further proceedings in respect of that dispute, insofar as it affects the parties to the settlement. The salutary object of this provision is to confirm finality and to incentivise the settlement as a preferred mode of dispute resolution (*Amalgamated Coffee Estates Ltd. and others vs. Their Workmen and others*, reported in 1965 (2)LLJ 110, *Herbertsons Limited vs. The Workmen of Herbertsons Limited and Others*, reported in 1976 (4) SCC 736, *New Standard Engineering Company Ltd vs.*



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N.L.Abhyankar and Ors., reported in **1978 (2) SCC 133** and **TATA Chemicals Ltd. vs Workmen Represented by Chemicals Kamdar Sangh**, reported in **1978 (3) SCC42**) Interpreting Section 18[1] to preclude individual settlement in respect of wage revision disputes, in my view, would undermine the object of the Act and diminish the very efficacy of the statutory machinery for settlement.

(59) In view of the above discussion, I am of the view that the judgments relied on by the learned Senior counsel for the Union in **Collector of Customs, Bombay vs United Electrical Industries Limited**, reported in **2000 (10) SCC 31** and in **Bhanushali Housing Cooperative Society Limited vs. Mangilal and others**, reported in **2015 (10) SCC 277**, for the legal proposition that under Section 13 of the General Clauses Act, singular shall include plural and *vice versa*, are not applicable, since the legislative intent is clear under Section 18[1], to empower individual workman to settle disputes including wage revision with the employer. Such settlements are not ousted merely because, the dispute has been espoused collectively, what is required in each case is an enquiry into voluntariness and lawfulness of the settlement – if the settlement is free



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from vitiating factors and accords with the aforesaid statutory scheme, it must be upheld. From the facts of the case, it is noted, the Tribunal found that there were no vitiating circumstances in 18[1] settlements signed with the individual workman.

(60) Heavy reliance was placed on Rule 58[2(b)] of the Industrial Disputes (Central) Rule and 25[2(b)] of the Tamil Nadu Industrial Disputes Rules, to contend that the 2[k] settlement can be signed only by any officer of the Trade Union of workmen or five representatives duly authorized in this behalf at the meeting held for the purpose. In the case of State Rules, the settlement can be signed only by the President or Secretary of a registered Trade Union of workmen or by two office bearers of the union authorised by the President or Secretary or by five representatives of workmen duly authorized in this behalf at a meeting of the workmen held for the purpose and attended by a majority of the workmen concerned; provided that where the number of workmen affected is not more than two, the settlement may be signed by the workman or workmen concerned. Based on the said provision, the learned Senior counsel for the Union vehemently contended that any settlement in violation of the aforesaid



procedure is not a settlement at all.

(61)The aforesaid Rules are admittedly, procedural in nature providing for the manner of entering into and recording of settlements. It is trite in law that rules providing for procedure cannot override substantive rights conferred by the statute. Though the law is well settled, a reference to the judgment of the Hon'ble Supreme Court in the case of ***Ispat Industries Ltd. Versus Commissioner of Customs, Mumbai***, reported in **2006 (12) SCC 583**, can be made here. The Rules have to be read in conjunction with the main provision. Therefore, while interpreting the rule, it has to be seen if it sub-serves the main object of the provisions in the parent statute. The Hon'ble Supreme Court in the said judgment held as follows:

“29. The Customs Act falls in the second layer in this hierarchy whereas the Rules made under the Act fall in the third layer. Hence, if there is any conflict between the provisions of the Act and the provisions of the Rules, the former will prevail. However, every effort should be made to give an interpretation to the Rules to uphold its validity. This can only be possible if the Rules can be interpreted in a manner so as to be in



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conformity with the provisions in the Act, which can be done by giving it an interpretation which may be different from the interpretation which the rule could have if it was construed independently of the provisions in the Act. In other words, to uphold the validity of the rule sometimes a strained meaning can be given to it, which may depart from the ordinary meaning, if that is necessary to make the rule in conformity with the provisions of the Act. This is because it is a well-settled principle of interpretation that if there are two interpretations possible of a rule, one of which would uphold its validity while the other which would invalidate it, the former should be preferred.”

(62)The contention with regard to the Rules, in my view cannot be countenanced, for the simple reason that the Rules are merely facilitative and regulatory in character and cannot have the effect of abrogating or diluting the statutory right expressly recognised under Section 18[1], enabling the individual workman to enter into voluntary settlement with the employer.

(63)To construe the Rules as disabling the individual workman would be to



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convert the procedural safeguard into a substantive fetter. It is pertinent to note that it is well settled legal position that Rules cannot override the Act. When Section 18[1] specifically creates a right in individual workman to enter into individual settlement with the Management otherwise, than through conciliation, the procedure provided under the Rules 58 and Rule 25 of the central and State Rule respectively cannot extinguish the statutory right conferred on the workmen to settle the dispute.

(64)Further, Section 2[p] which defines settlement, contemplates two categories of settlements. One, in the course of conciliation proceedings and the other entered into otherwise than in the course of conciliation. The provision includes within itself, a written agreement signed by the parties in such manner as may be prescribed. The procedural requirements under Rule 58 of the Central Rules and the Rule 25 of the State Rules, in my considered view, governs settlement entered into with the Union in collective disputes as well as settlements relating to disputes under Section 2[A]. The expression "as may be prescribed" occurring in Section 2[p] is directory in nature. Settlement under Section 18[1], being a



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product of private negotiation between the Management and the individual workmen, is essentially bilateral, contractual and binding only on the parties to the agreement. Therefore, no specific procedure is statutorily mandated for such a 18[1] settlement. When the Rules are read harmoniously with the substantive provision, it becomes evident that the rigour of procedural requirements is intended to operate primarily in respect of settlements entered into through the Union in the context of collective disputes and in respect of settlements concerning disputes falling under Section 2[A] where the consequences travel beyond the contracting parties. In such situations, the procedure prescribed under the Rules requires strict adherence. In any event, the Rules are intended to facilitate expeditious attainment of the substantive object of industrial justice rather than to defeat the settlement entered into voluntarily. *[1997 SCC Online Mad 1463]*.

BINDING EFFECT OF THE SETTLEMENT:-

(65)The next question would be the binding effect of the 18[1] settlement arrived at between Management and the majority of the individual



workman on the non-signatory workmen, whose dispute is pending adjudication.

(66)The learned Senior counsel, for the Management submitted that the 18[1] settlement arrived at with majority of the workmen was binding on all other non-signatory workmen whose reference was pending adjudication. The learned Senior counsel, relied on the following judgments of the Hon'ble Supreme Court in the cases of *Amalgamated Coffee Estates Ltd. and others vs. Their Workmen and others*, reported in 1965 (2)LLJ 110, *Herbertsons Limited vs. The Workmen of Herbertsons Limited and Others*, reported in 1976 (4) SCC 736, *Tata Engineering & Locomotive Company Ltd vs. Their Workmen*, reported in 1981 (4) SCC 627, *New Standard Engineering Company Ltd vs. N.L.Abhyankar and Ors.*, reported in 1978 (2) SCC 133 and *TATA Chemicals Ltd. vs Workmen Represented by Chemicals Kamdar Sangh*, reported in 1978 (3) SCC42, in support of his submission.

(67)In the case of *Amalgamated Coffee Estates Ltd. and others vs. Their Workmen and others*, reported in 1965 (2)LLJ 110, the Hon'ble Supreme Court in para 5 held as follows:



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“5. The settlement appears to us also to be a fair one. We are therefore of opinion that the two appeals should be decided in accordance with the settlement. Even those estates which were not parties to the settlement are prepared to abide by it. We think that in the interest of uniformity and industrial peace the settlement should bind all estates which were represented before the Special Tribunal.”

(68)The Hon’ble Supreme Court in the said judgment recognized that fair settlement could be accepted as binding, if it was in the interest of uniformity and industrial peace. The judgment in ***Herbertsons Limited vs. The Workmen of Herbertsons Limited and Others***, the Hon’ble Supreme Court in para 27 held as follows:

“27.....These factors, apart from what has been stated above, and the need for industrial peace and harmony when a union backed by a large majority of workmen has accepted a settlement in the course of collective bargaining have impelled us not to interfere with this settlement.”



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(69)In the case of *New Standard Engineering Company Ltd vs. N.L.Abhyankar and Ors.*, the Hon'ble Supreme Court in para 7, held as follows:

“7. Settlement of labour disputes by direct negotiation or settlement through collective bargaining is always to be preferred for, as is obvious, it is the best guarantee of industrial peace which is the aim of all legislation for the settlement of labour disputes. In order to bring about such a settlement more easily, and to make it more workable and effective, it is no longer necessary, under the law, that the settlement should be confined to that arrived at in the course of a conciliation proceeding, but now includes, by virtue of the definition in Section 2[p] of the Act, a written agreement between the employer and the workmen arrived at otherwise than in the course of a conciliation proceeding where such agreement has been signed by the parties in the prescribed manner and a copy thereof has been sent to the authorised officer....”

(70)The learned Senior Counsel for the Management referring to the



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aforesaid para in the said judgments, submitted that the Hon'ble Supreme Court acknowledged that the settlement of disputes by direct negotiations is to be preferred, since it is the best guarantee of industrial peace, which is the main object of the Act and therefore, industrial settlements entered into with a majority of workmen were binding on non-signatory workmen, whose dispute was pending adjudication.

(71)The judgments relied on by the learned Senior counsel for the Management, in my view do not support the contention of the Management.

(72)From the facts of the aforesaid judgments, it is evident that the disputes arose out of settlements entered into with the Unions, either majority or minority and therefore the Hon'ble Supreme Court on being satisfied that the settlements were fair and reasonable, declared the same as binding.

(73)In none of the judgments relied on by either side, the question of binding effect of an 18[1] settlement entered into by majority of individual workman, on non-signatory workman or Union arose.

(74)The scheme of the Act leaves no ambiguity on the binding effect of



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settlements contemplated under Section 18. Section 2[p] envisages two distinct categories of settlements – the first being the settlement arrived at by negotiation between the employer and the workman and the second, being a settlement concluded in the course of conciliation proceedings. It is in the recognition of this dual framework, that the legislature, under Section 18, calibrated the extent of the binding force. A settlement falling under Section 18[1] being the product of bilateral arrangement arrived at outside of conciliation, is statutorily binding only upon parties who are signatories thereto. Conversely, a settlement under Section 18[3] having been arrived at in the course of conciliation, carries a vital effect and extends to the entire body of the workmen specified therein including the non-signatory workman. If the contention of the learned Senior counsel for the Management that Section 18[1] settlement entered into with majority individual workmen is binding, is accepted, it will, in my view, amount to obliterating the clear legislative distinction between the two categories of settlements and would in effect, re-write the statutory scheme. Such a construction would be contrary to the express language of the provision and would render nugatory the manifest legislative intent



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underlying Section 2[p] and Section 18. In my view, the distinction drawn by the legislature between the two classes of settlements, is both deliberate and substantive. Though the settlements are recognized as an integral part of dispute resolution mechanism, their binding force must be confined to the statutory text. In this context, the judgment of the Hon'ble Supreme Court in the case of *M/s.TATA Chemicals Ltd. vs The Workmen Represented by Chemicals Kamdar Sangh*, reported in **1978 (3) SCC 42**, is worthy of reference.

(75)The Hon'ble Supreme Court in the said judgment examined and analysed Section 18 of the Act and held as follows:

“12. The consequences of the aforesaid two categories of settlement which are quite distinct are set out in Section 18 of the Act which reads as under:

“18. (1) A settlement arrived at by agreement between the employer and workmen otherwise than in the course of conciliation proceeding shall be binding on the parties to the agreement.

(2) Subject to the provisions of sub-section (3), an arbitration Award which has become enforceable



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shall be binding on the parties to the agreement who referred the dispute to arbitration.

(3) A settlement arrived at in the course of conciliation proceeding under this Act or an arbitration Award in a case where a notification has been issued under sub-section (3-A) of Section 10-A or an Award of a Labour Court, Tribunal or National Tribunal which has become enforceable shall be binding on—

(a) all parties to the industrial dispute;

(b) all other parties summoned to appear in the proceeding as parties to the dispute, unless the Board, Arbitrator, Labour Court, Tribunal or National Tribunal, as the case may be, records the opinion that they were so summoned without proper cause;

(c) where a party referred to in clause (a) or clause (b) is an employer, his heirs, successors or assigns in respect of the establishment to which the dispute relates;

(d) where a party referred to in clause (a) or clause (b) is composed of workmen, all persons who are employed in the establishment or part of the establishment, as the case may be, to which the dispute relates on the date of the dispute and all persons who subsequently become employed in that establishment or part.”

13. A bare perusal of the above quoted section would show that whereas a settlement



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arrived at by agreement between the employer and the workmen otherwise than in the course of conciliation proceeding is binding only on the parties to the agreement, a settlement arrived at in the course of conciliation proceeding under the Act is binding not only on the parties to the industrial dispute but also on other persons specified in clauses (b), (c) and (d) of sub-section (3) of Section 18 of the Act. We are fortified in this conclusion by a decision of this Court in Ramnagar Cane & Sugar Co. Ltd. v. Jatin Chakravorty where it was held as follows (SCR pp. 772-73):

“When an industrial dispute is thus raised and is decided either by settlement or by an Award the scope and effect of its operation is prescribed by Section 18 of the Act. Section 18[1] provides that a settlement arrived at by agreement between the employer and the workmen otherwise than in the course of conciliation proceeding shall be binding on the parties to the agreement; whereas Section 18(3) provides that a settlement arrived at in the course of conciliation proceedings which has become enforceable shall be binding on



all the parties specified in clauses (a), (b), (c) and (d) of sub-section (3). Section 18(3)(d) makes it clear that, where a party referred to in clause (a) or clause (b) is composed of workmen, all persons who are employed in the establishment or part of the establishment, as the case may be, to which the dispute relates on the date of the dispute and all persons who subsequently become employed in that establishment or part, would be bound by the settlement.... In order to bind the workmen it is not necessary to show that the said workmen belong to the Union which was a party to the dispute before the conciliator. The whole policy of Section 18 appears to be to give an extended operation to the settlement arrived at in the course of conciliation proceedings, and that is the object with which the four categories of persons bound by such settlement are specified in Section 18, sub-section (3).”

(76)The Hon'ble Supreme Court, in the aforesaid judgment, reiterated that the Court cannot enlarge the scope of settlement beyond what the statute contemplates, nor can it impose collective binding effect when the



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legislature expressly confined it to the executing parties. The judgment underscores the distinction between the two categories of settlements, is not merely procedural but structural and jurisdictional. To extend Section 18[1] Settlement, to non-signatory workmen would amount to effacing the statutory demarcation and negate the carefully crafted legislative scheme. The contention of the Management, if accepted, would amount to reading into Section 18[1], a consequence expressly reserved by the legislature for settlements in conciliation under Section 18[3]. In my view, such an interpretation, not only defeats the plain language of the provision, but also renders otiose the very distinction that the Act has consciously preserved.

(77)To sum up, [1]Section 2[p] contemplates two distinct categories of settlements:-Settlements by private negotiations and settlements in the course of conciliation. [2]Section 18 gives effect to the legislative classification by prescribing two different binding regimes ; [3] settlement under Section 18[1] is binding only upon the parties to the settlement, namely, the employer and the signatory workman ; and [4]settlement under Section 18[3] being one concluded in conciliation alone carries an



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extended binding effect upon the non-signatory workmen and others specified therein.

(78) Extending the binding effect of Section 18[1] settlement to non-signatory workmen, would be contrary to the express language of the statute and inconsistent with the law declared by the Hon'ble Supreme Court. I am therefore of the view, that the contention that settlement under Section 18[1] binds non-signatory workmen, cannot be sustained as it is in direct violation of the statutory framework embodied in Section 2[p] and Section 18 of the ID Act.

(79) Under the circumstances, the order of the Industrial Tribunal upholding the individual 18[1] settlements, but at the same time, rejecting the Managements, prayer for an Award in terms of the individual settlements arrived at by the majority workman, is in consonance with the legislative scheme and thus suffers from no infirmity.

(80) The plea of the Union regarding the conduct of the Management in not permitting the outside office bearers in engaging and negotiating the bargaining process with the Management on the ground that it amounts to unfair Labour Practice, is not discussed in view of the aforesaid finding of



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this Court that the individual workman are not precluded under the Act from entering into individual settlements of the collective disputes, raised under Section 2[k] regarding wage revision. Further, since this Court has found that the settlement regarding wage revision [2[k] dispute] can be settled under Section 18[1] of the Act, the contention that the Management indulged in unfair labour practice by not permitting the outside office bearers to engage in the negotiation process, need not be considered and discussed here. In any event, the Union is at liberty to raise the issue before the Industrial Tribunal in the pending proceeding. The other factual contentions raised by the learned Senior counsel for the Management do not also deserve consideration since this Court has found that the settlement is not binding on the Union and other non-signatory workmen but is binding only on the Management and the individual workman.

(81)On the submission of the learned Senior counsel for the Union, regarding the scope and ambit of interference under Article 226 of the Constitution of India, in certiorari jurisdiction, I find that it is not necessary to consider the issue, since the impugned order of the Industrial



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Tribunal is not interfered with.

(82)For all the above reasons, I find that the impugned order of the Industrial Tribunal is fair, just and reasonable and in consonance with the law and therefore, the same does not call for any interference. **Hence, the writ petition is dismissed.** No costs. Consequently, connected miscellaneous petition is closed.

09.01.2026

Index:Yes

Neutral Citation:Yes

Speaking Order

Internet:Yes

dsn/AP

To

1.The General Secretary
Caterpillar India Private Thozhilalar Sangam
Melnallathur Gramam
Thiruvallur District 602 002.

2.The Authorised Signatory,
Management,
Caterpillar India Private Limited
Melnallathur Gramam
Thiruvallur District 602 002



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N.MALA, J.,

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