CLAT PG Labour & Industrial Law Sample Paper – 4

Duration: 20 Minutes | Max Marks: 20

Instructions

- This paper contains **20 Multiple Choice Questions (MCQs)**.
- Each correct answer carries **+1 mark**.
- Each wrong answer carries a **penalty of -0.25 marks** (negative marking).
- Only **one option** is correct for each question.
- Syllabus: **Industrial Disputes Act 1947, Trade Unions Act 1926, Factories Act 1948, Contract Labour Act 1970, Payment of Gratuity Act 1972, Maternity Benefit Act 1961, Minimum Wages Act 1948, ESI Act 1948, Standing Orders Act 1946.**
- Use of calculators or any electronic devices is **strictly prohibited**.

SECTION A – Questions

Q1. Bharat Steel Ltd., an industrial establishment employing 120 workmen on a regular basis, suffered a sudden breakdown of its blast furnace in March 2024. The management issued a lay-off notice to 80 workmen for a period of 30 days. Ramesh, one of the laid-off workmen with more than one year of continuous service, demanded lay-off compensation from the employer. The management refused, contending that lay-off compensation applies only to establishments classified as seasonal factories and that a lay-off and a retrenchment are the same thing.

Which of the following best describes the legal position?

(A) Ramesh is entitled to lay-off compensation under s.25C of the Industrial Disputes Act, 1947, since Bharat Steel Ltd. employs more than 50 workmen, is not a seasonal factory, and Ramesh satisfies all eligibility conditions under s.25A; lay-off under s.2(kkk) is distinct from retrenchment, which involves permanent termination.

(B) Lay-off compensation is payable only when the lay-off period exceeds 45 consecutive days; since the present lay-off is for 30 days only, no statutory compensation is due under any provision of the Industrial Disputes Act, 1947.

(C) Lay-off and retrenchment are identical concepts under the Industrial Disputes Act, 1947, and therefore Ramesh must be paid one month's notice pay as the sole compensation irrespective of the number of workmen employed.

(D) Lay-off compensation under s.25C is available only to workmen employed in establishments with fewer than 50 workmen; larger establishments such as Bharat Steel Ltd. are completely exempt from paying any lay-off compensation.

Q2. Priya Textiles Ltd. employed 200 workmen in its weaving unit in Chennai. Due to a sharp fall in export orders, the management decided to retrench 40 workmen in October 2024. Among those retrenched was Suresh, who had completed three full years of continuous service. The management gave Suresh seven days' notice and paid wages for seven days in lieu thereof, without informing the appropriate government or paying any service-linked compensation. The retrenched workmen included several who had been employed more recently than other workmen who were retained, with no seniority principle applied.

Which of the following best describes the legal position?

(A) The retrenchment is valid because the Industrial Disputes Act, 1947 does not require payment of any compensation for workers with fewer than five years of service, and notice to the appropriate government is entirely optional.

(B) The retrenchment is unlawful as it violates s.25F of the Industrial Disputes Act, 1947, which mandates one month's notice or wages in lieu thereof, payment of 15 days' average pay for each completed year of service, and notice to the appropriate government; additionally, the "last come first go" principle under s.25G was not followed, and retrenched workmen have a preferential right of re-employment under s.25H.

(C) The retrenchment is valid because only workmen with more than ten years of continuous service are entitled to retrenchment compensation under the Industrial Disputes Act, 1947.

(D) Suresh's only remedy is to approach the Labour Commissioner for conciliation; he has no independent right to retrenchment compensation as the Act confers such rights only on permanent workmen employed in public sector undertakings.

Q3. National Jute Mills Ltd., operating a jute processing unit in West Bengal with 150 regular workmen, decided to close the unit permanently due to persistent losses. The management issued a closure notice and ceased operations within 30 days of that notice, without seeking or obtaining prior permission from the appropriate government. The workmen's union challenged the closure before the High Court, contending that the closure was illegal and that the workmen were entitled to full wages for the period during which the unlawful closure persisted.

Which of the following best describes the legal position?

(A) The closure is fully lawful because an employer possesses an absolute fundamental right to close its business under Article 19(1)(g) of the Constitution of India, and no prior government permission is required under any provision of the Industrial Disputes Act, 1947.

(B) The employer was required to give only 30 days' notice to the appropriate government before closing the undertaking; since notice was given for 30 days, the closure complies with the Act and the union's challenge must fail.

(C) The closure is unlawful under s.25O of the Industrial Disputes Act, 1947, which requires 90 days' advance notice to the appropriate government for establishments employing 100 or more workmen and makes closure subject to government permission; since the required notice period was not observed and no permission was obtained, the closure attracts consequences under s.25R, including the employer's liability to pay full wages to workmen throughout the unlawful closure period.

(D) The appropriate government's permission for closure is a mere procedural formality that cannot be refused on merits; therefore the union's challenge is legally misconceived and must be dismissed.

Q4. A group of 10 workers at Delta Chemicals Ltd. in Pune decided to form a trade union. Only five of them submitted an application for registration to the Registrar of Trade Unions, enclosing the union's rules and the prescribed fee. The Registrar called for additional information under s.8 and also pointed out a defect in the application. The five applicants insisted that registration must be granted because more than half of the total membership had signed, and further argued that a registered trade union and a recognised trade union are identical in law.

Which of the following best describes the legal position?

(A) A trade union application may be made by any three or more members; the Registrar has no discretion to refuse registration if the application form is otherwise complete, irrespective of the number of signatories.

(B) Registration requires the application to be supported by at least half the total membership; since five of ten members signed, the application is valid and must be registered without further inquiry.

(C) A registered trade union and a recognised trade union are identical under Indian labour law; once registration is granted under the Trade Unions Act, 1926, the union automatically obtains statutory collective bargaining rights.

(D) Under s.6 of the Trade Unions Act, 1926, an application for registration must be made by at least seven members of the trade union; since the application was subscribed by only five members, it is defective and the Registrar is entitled to reject it; a registered trade union and a recognised trade union are also distinct – registration confers legal status and immunities, while recognition confers collective bargaining rights and is governed by separate industrial relations frameworks.

Q5. The Bengal Workers' Welfare Union (BWWU), a registered trade union, called a lawful strike at Eastern Rail Components Ltd. in furtherance of a wage dispute. During the strike, the management lost several lucrative contracts and initiated a civil suit against the union for damages in tort, claiming that the strike constituted an unlawful interference with contractual business relations. BWWU contended that, as a registered trade union acting in furtherance of a trade dispute, it enjoyed full civil immunity from such an action.

Which of the following best describes the legal position?

(A) BWWU is protected by s.18 of the Trade Unions Act, 1926, which grants registered trade unions civil immunity from tortious liability for acts done in furtherance of a trade dispute; the civil suit by Eastern Rail Components Ltd. is therefore not maintainable, subject to the caveat that acts not done in furtherance of a trade dispute remain tortious and actionable.

(B) A registered trade union enjoys no civil immunity under Indian law; the management may sue the union for all economic losses caused by the strike, regardless of whether the strike was in furtherance of a trade dispute.

(C) The civil immunity conferred by the Trade Unions Act, 1926 applies exclusively to criminal proceedings and does not protect the union from a civil suit for damages in tort under any circumstances.

(D) The immunity under s.18 of the Trade Unions Act, 1926 is available only to individual workmen who participate in a strike and does not extend to the trade union as a legal entity.

Q6. The All India Textile Workers' Union, a registered trade union, passed a resolution at its annual general meeting to contribute Rs. 5 per member per month from the general fund towards supporting a political party aligned with labour interests. Member Govind refused to authorise any deduction for political purposes and demanded that his refusal should not affect his right to vote in union elections, hold office, or receive benefits from the general fund. The union president insisted that Govind's refusal amounted to disloyalty and could result in suspension of his membership.

Which of the following best describes the legal position?

(A) The general fund of a registered trade union may be used for any purpose approved by the executive committee, including direct contributions to political parties; no separate political fund is legally required under the Trade Unions Act, 1926.

(B) Under s.16 of the Trade Unions Act, 1926, a registered trade union may constitute a separate political fund for promoting civic and political interests, but contributions to it require a member's written consent; Govind's refusal to contribute to the political fund cannot lawfully affect his other membership rights, including receipt of benefits from the general fund and participation in union elections or office-holding.

(C) A member who withholds consent to contribute to the political fund may lawfully be expelled from the union, as the trade union's registered rules override the statutory provision in matters of internal discipline.

(D) The general fund and the political fund are treated as the same fund under the Trade Unions Act, 1926; once the executive committee approves a political expenditure, individual members have no statutory right to dissent or opt out.

Q7. Omega Plastics Pvt. Ltd. operates a unit in Hyderabad where 18 workers carry out a manufacturing process using electrically driven moulding machinery. Mr. Arvind Rao, the sole director and person in effective control of the unit, claims the premises are not a "factory" under the Factories Act, 1948 because fewer than 20 workers are employed. He also argues that his silent business partner, who never visits the premises and has no operational role, should be designated the "occupier" to avoid personal liability for statutory obligations.

Which of the following best describes the legal position?

(A) A unit qualifies as a "factory" only if it employs 20 or more workers regardless of whether power-driven machinery is used; since Omega employs only 18 workers, the Factories Act, 1948 does not apply.

(B) The definition of "worker" under s.2(l) of the Factories Act, 1948 excludes all persons employed in a managerial or supervisory capacity, so those workers are not counted towards the statutory threshold and the unit falls below the applicable limit.

(C) Under s.2(m) of the Factories Act, 1948, a premises qualifies as a "factory" where a manufacturing process is carried on with the aid of power and 10 or more workers are employed therein; since Omega employs 18 workers with power-driven machinery, it is a factory; the "occupier" under s.2(n) is the person who has ultimate control over the affairs of the factory, which is Mr. Arvind Rao; he therefore bears the primary statutory responsibility under s.7A and cannot avoid it by nominating a non-controlling partner.

(D) The Factories Act, 1948 applies only to establishments classified as hazardous industries under the Schedule; a plastics moulding unit does not fall within the Act's ambit unless specifically notified by the State Government.

Q8. Hindustan Heavy Industries Ltd. operates a manufacturing facility in Bhopal employing 1,200 workers. The management has neither prepared a written statement of general policy regarding health and safety nor appointed a Safety Officer, contending that such obligations arise only after a fatal accident has occurred at the workplace. The Chief Inspector of Factories issued a notice requiring immediate compliance with multiple provisions of the Factories Act, 1948.

Which of the following best describes the legal position?

(A) A written health and safety policy is required only under the Environment Protection Act, 1986 and not under the Factories Act, 1948; the Chief Inspector's notice is therefore legally unsustainable on this point.

(B) A Safety Officer is required only in factories that carry on "hazardous processes" listed in Schedule 1 of the Factories Act, 1948, regardless of the number of workers employed; Hindustan Heavy Industries is not subject to this requirement.

(C) The obligation to maintain a written health and safety policy under s.7A is triggered only after the first reportable accident, and the appointment of a Safety Officer becomes mandatory only when more than 2,000 workers are employed.

(D) Under s.7A of the Factories Act, 1948, every occupier must prepare, revise as necessary, and maintain a written statement of general policy on health, safety, and welfare of workers; under s.40B, every factory employing 1,000 or more workers is required to appoint at least one Safety Officer possessing the prescribed qualifications; Hindustan Heavy Industries Ltd. is in violation of both obligations and the Chief Inspector's notice is fully valid.

Q9. Sunrise Garments Ltd. in Tiruppur required its adult workers to work 10 hours per day for six days a week during the peak export season, resulting in a weekly total of 60 working hours. The spread-over from the time workers arrived at the factory gate to the time they were released was 13 hours daily. Workers who worked beyond 9 hours on any day were paid at ordinary wages without any overtime premium. The workers' union filed a complaint alleging multiple violations of the Factories Act, 1948.

Which of the following best describes the legal position?

(A) The factory is simultaneously in violation of s.51 (weekly hours exceeding the maximum of 48), s.54 (daily hours exceeding the maximum of 9), s.56 (spread-over exceeding 10.5 hours, which is extendable to 12 hours only under specific exemptions), and s.59 (overtime must be paid at twice the ordinary rate of wages); all four violations are established on the present facts.

(B) Under the Factories Act, 1948, adult workers may work up to 12 hours per day during declared peak seasons provided the employer gives written notice to the inspector; no overtime premium is payable for hours worked during an officially declared peak period.

(C) The weekly hour limit under the Factories Act, 1948 is 54 hours; since 60 hours per week exceeds only this higher limit and not the daily cap, there is a single violation only, and overtime payment is optional at the employer's discretion.

(D) The Factories Act, 1948 does not prescribe any maximum daily working hours for adult workers; it fixes only a weekly maximum of 48 hours, and the distribution of those hours across individual days is left entirely to the employer.

Q10. Apex Construction Co. engaged a contractor, M/s. Build Fast, to supply 25 contract labourers for civil maintenance work at its Gurgaon plant. Apex had not registered itself as a principal employer, and Build Fast had not obtained a licence under the Contract Labour (Regulation and Abolition) Act, 1970. When a contract labourer named Mukesh suffered a workplace injury, the question arose whether the Act applied to the arrangement and whether Apex bore any statutory liability for dues owed to the contract labourers.

Which of the following best describes the legal position?

(A) The Contract Labour (Regulation and Abolition) Act, 1970 applies only to establishments engaging 50 or more contract labourers; since only 25 are employed here, the Act does not apply and neither registration nor licensing is required.

(B) The Contract Labour (Regulation and Abolition) Act, 1970 applies to establishments engaging 20 or more contract labourers; Apex is required to register as the principal employer under s.7, and Build Fast is required to obtain a licence as contractor under s.12; failure of the contractor to comply with statutory obligations does not relieve the principal employer of liability for statutory dues payable to contract labourers.

(C) Registration of the principal employer and licensing of the contractor are optional measures under the Contract Labour Act, 1970; the Act imposes direct obligations solely on the contractor, and the principal employer bears no liability whatsoever for the contractor's defaults.

(D) The definition of "principal employer" under s.2(g) of the Contract Labour Act, 1970 is confined to establishments owned by or under the control of the Central or State Government; Apex, being a private company, is not a "principal employer" within the meaning of the Act.

Q11. The appropriate government issued a notification under s.10 of the Contract Labour (Regulation and Abolition) Act, 1970 abolishing contract labour in the housekeeping and sanitation operations of Bharat Airport Services Ltd. The 60 contract labourers engaged in those operations demanded direct absorption as regular employees of Bharat Airport Services Ltd. with effect from the date of the abolition notification. The management refused, citing that the Act itself does not mandate automatic absorption, and that the contractor had not paid the labourers their last two months' wages.

Which of the following best describes the legal position?

(A) An abolition notification under s.10 of the Contract Labour Act, 1970 automatically and mandatorily converts all contract labourers into permanent regular employees of the principal employer with full retrospective effect from the date of the notification.

(B) The appropriate government has no power under the Contract Labour (Regulation and Abolition) Act, 1970 to abolish contract labour in any specific process or operation; abolition can only be ordered by a court of competent jurisdiction following an industrial dispute reference.

(C) As held by the Supreme Court in *Air India Statutory Corporation v. United Labour Union*, an abolition notification under s.10 does not automatically result in the absorption of contract labourers as direct employees of the principal employer; absorption is not an automatic legal consequence of abolition and requires appropriate governmental action or directions; the principal employer remains liable under s.21 for statutory dues owed to contract labourers in the event of the contractor's default.

(D) After an abolition notification, the contract labourers are entitled only to retrenchment compensation from the contractor; the principal employer is discharged from all further liability upon the issuance of the notification.

Q12. Kavitha worked as a software analyst at TechServe Solutions Pvt. Ltd., a company employing 15 full-time employees, for a period of 4 years and 8 months before her services were terminated pursuant to a restructuring exercise. She claimed gratuity under the Payment of Gratuity Act, 1972. The employer denied the claim on two grounds: first, that she had not completed five years of continuous service; and second, that fixed-term contract employees are categorically ineligible for gratuity under any circumstance.

Which of the following best describes the legal position?

(A) Gratuity under the Payment of Gratuity Act, 1972 is payable only on voluntary resignation or superannuation; since Kavitha was terminated involuntarily, she has no claim to gratuity under any provision of the Act.

(B) The Payment of Gratuity Act, 1972 applies only to establishments employing 25 or more persons; TechServe Solutions, having fewer than 25 employees, is entirely outside the ambit of the Act and owes no gratuity to Kavitha.

(C) Fixed-term contract employees have never been held eligible for gratuity under any amendment to the Payment of Gratuity Act, 1972; the employer's second ground of refusal is therefore legally correct and decisive.

(D) Under s.4 of the Payment of Gratuity Act, 1972, gratuity eligibility ordinarily requires completion of five years of continuous service (except in cases of death or disablement); the Act applies to establishments with 10 or more employees; while the 2018 amendment clarified eligibility for fixed-term employees on completion of their contract term, Kavitha's termination was neither due to death nor disablement and she did not complete five years of service, so she is not entitled to gratuity on the present facts.

Q13. Dinesh retired from Sahara Insurance Ltd. after 28 years and 7 months of continuous service. His last drawn monthly emoluments comprised basic wages of Rs. 40,000, dearness allowance of Rs. 15,000, house rent allowance of Rs. 10,000, and an annual performance bonus of Rs. 60,000. The employer computed gratuity on basic wages alone, excluding dearness allowance, HRA, and bonus. Dinesh disputed the calculation and separately argued that the maximum gratuity ceiling applicable was Rs. 10 lakh.

Which of the following best describes the legal position?

(A) Gratuity for non-seasonal establishments is calculated under s.4 of the Payment of Gratuity Act, 1972 at the rate of 15 days' wages per completed year of service; "wages" for this purpose means basic pay plus dearness allowance, expressly excluding HRA, bonus, and commission; the fraction of 7 months, being more than 6 months, is treated as a complete year giving 29 completed years; the maximum gratuity ceiling is Rs. 20 lakh after the 2018 amendment, not Rs. 10 lakh as Dinesh claimed.

(B) Gratuity is calculated on total emoluments including HRA, bonus, and all other allowances; Dinesh is therefore entitled to a substantially higher amount than what the employer has computed, and no maximum ceiling applies.

(C) The gratuity formula for non-seasonal establishments is 30 days' wages per completed year of service, and the statutory ceiling of Rs. 10 lakh has never been revised by Parliament beyond the original figure.

(D) A fraction of service exceeding six months must be ignored for computing completed years of service; since Dinesh has only 28 complete years, gratuity must be calculated on 28 years at 15 days' wages on basic pay only, and HRA is included in wages for gratuity calculation purposes.

Q14. Sanjay was employed as a shift supervisor at Mumbai Chemicals Ltd. His services were terminated following a departmental inquiry that found him guilty of gross negligence resulting in damage to plant and equipment worth Rs. 5 lakh. The management issued an order forfeiting the entire gratuity payable to Sanjay, who had served for 12 years, citing the damage caused to the employer's property. Sanjay challenged the total forfeiture, arguing that the Act permits only partial forfeiture in cases of negligence causing property damage.

Which of the following best describes the legal position?

(A) Gratuity can never be forfeited under any circumstance; it is a statutory right accruing from employment and the employer has no power to withhold it even upon termination for the most serious misconduct.

(B) Sanjay's contention is correct; under s.4(6) of the Payment of Gratuity Act, 1972, total forfeiture of gratuity is permissible only where the termination is for an offence involving moral turpitude; forfeiture on account of wilful omission or negligence causing damage or loss to the employer's property is limited to the extent of the damage or loss caused, and does not extinguish the entire gratuity entitlement.

(C) Gratuity may be totally forfeited whenever an employee is terminated for any act of misconduct, whether or not it involves moral turpitude, provided a formal departmental inquiry has been conducted and the findings are recorded in writing.

(D) The Payment of Gratuity Act, 1972 contains no provision for forfeiture of gratuity in any situation; the employer's right to forfeit gratuity, if any, arises exclusively from the express terms of the contract of employment.

Q15. Ananya joined Sunrise Pharma Ltd. in January 2024 and worked regularly thereafter. She was expecting delivery in December 2024, having worked for 90 days in the 12 months preceding her expected date of delivery. This is her third pregnancy, her two earlier children being alive. Ananya applied for maternity leave and also enquired whether the company was obligated to pay a medical bonus, since the employer had made no pre-natal or post-natal care arrangements.

Which of the following best describes the legal position?

(A) A woman is entitled to maternity benefit only if she has worked for at least 160 days in the 12 months preceding the expected date of delivery; since Ananya has worked for only 90 days, she is not entitled to any maternity benefit or leave.

(B) Ananya is entitled to 26 weeks of paid maternity leave because the 2017 amendment to the Maternity Benefit Act, 1961 extended the 26-week benefit uniformly to all pregnancies regardless of the number of surviving children.

(C) Ananya satisfies the qualifying condition of 80 days of actual work in the 12 months preceding the expected delivery as required under the Maternity Benefit Act, 1961; for the third child onwards, she is entitled to 12 weeks of maternity leave and not 26 weeks (which applies only to the first two children under the 2017 amendment); she is also entitled to a medical bonus of Rs. 3,500 since the employer has not provided any pre-natal or post-natal care facility.

(D) Maternity leave duration is uniformly fixed at 12 weeks for all pregnancies under the original and amended Maternity Benefit Act, 1961, and the medical bonus is payable only if the employee submits a specific written request within 30 days of delivery.

Q16. Meena was employed at Radiant Technologies Ltd., which has 70 employees, and was on approved maternity leave. During her absence, the management terminated her services citing a company-wide reorganisation. After returning to work, Meena requested two nursing breaks daily for her 10-month-old child and also demanded access to a crèche facility, which the management had never established. The management denied all three reliefs and argued that none were legally mandated.

Which of the following best describes the legal position?

(A) An employer may lawfully terminate the services of a woman on maternity leave if the reason is genuine organisational restructuring; the Maternity Benefit Act, 1961 does not operate as an absolute bar on termination during the leave period.

(B) Nursing breaks are available to a nursing mother only for the first six months after delivery, and the obligation to establish a crèche facility applies only to establishments with 100 or more employees.

(C) The Maternity Benefit Act, 1961 prohibits dismissal during maternity leave but permits dismissal immediately upon the woman's return to work; nursing breaks are available but no statutory crèche obligation exists under the Act.

(D) The dismissal of Meena during her maternity absence is expressly prohibited under s.12 of the Maternity Benefit Act, 1961; under s.11, she is entitled to two nursing breaks per day until the child attains the age of 15 months; under s.11A inserted by the 2017 amendment, Radiant Technologies Ltd., employing 50 or more persons, is mandatorily obligated to provide a crèche facility; the management's denial of all three reliefs is unlawful.

Q17. The State Government of Rajasthan decided to fix minimum wages for construction workers, a scheduled employment under the Minimum Wages Act, 1948, without constituting a tripartite committee. Instead, it published a draft notification under s.5(1)(b) inviting representations from employers and workers. An employers' federation challenged the process in court, contending that minimum wages can be fixed only through the committee method. The workers' union countered that the notification method is equally valid and that the Advisory Board ought to advise on all such fixations.

Which of the following best describes the legal position?

(A) Under s.5 of the Minimum Wages Act, 1948, the appropriate government may fix or revise minimum wages either by constituting a tripartite committee (committee method under s.5(1)(a)) or by publishing a draft notification and considering representations (notification method under s.5(1)(b)); both methods are equally valid; the Advisory Board under s.7 advises on co-ordinating the work of committees, and the Central Advisory Board under s.8 advises the Central Government; minimum wages must be need-based, consistent with the judicial hierarchy of minimum wage, fair wage, and living wage.

(B) The Minimum Wages Act, 1948 mandates that minimum wages for any scheduled employment may be fixed only through the committee method; the notification method under s.5(1)(b) is available exclusively for revising wages that have already been fixed, not for initial fixation.

(C) The Advisory Board under s.7 of the Minimum Wages Act, 1948 must give its prior approval before any fixation or revision notification can be issued; no notification is valid unless the Advisory Board has specifically endorsed it, and the employers' federation's challenge on this ground must succeed.

(D) Minimum wages under the Minimum Wages Act, 1948 are fixed exclusively by the Central Government through the Central Advisory Board; State Governments have no independent power to fix or revise minimum wages for any scheduled employment within their territory.

Q18. An Inspector under the Minimum Wages Act, 1948 conducted a surprise inspection of Golden Harvest Farm in Punjab, where agricultural labour is a scheduled employment. The Inspector found that 30 agricultural labourers were being paid wages below the notified minimum rates. The employer argued that any claim for payment of minimum wages must be filed in a civil court, that the Inspector had no authority to direct payment of any wage difference, and that imprisonment as a penalty was unconstitutional.

Which of the following best describes the legal position?

(A) Agricultural labourers are specifically excluded from the purview of the Minimum Wages Act, 1948 and cannot be brought within a scheduled employment; the Inspector's action at Golden Harvest Farm is therefore entirely without jurisdiction.

(B) The employer's contention is incorrect; under s.20 of the Minimum Wages Act, 1948, claims for minimum wages are decided by the authority appointed thereunder and not by civil courts, whose jurisdiction is expressly excluded; the Inspector under s.19 is empowered to enter premises, examine registers, and take evidence; under s.22, the employer is liable to imprisonment and fine for non-payment of minimum wages; the authority can direct payment of the wage difference together with a penalty not exceeding ten times the difference.

(C) The Minimum Wages Act, 1948 does not empower any administrative authority to direct payment of wages; the only remedy for underpayment is criminal prosecution of the employer before a Magistrate, and the worker cannot recover the wage difference through any administrative channel.

(D) Civil courts have exclusive jurisdiction over all wage claims under the Minimum Wages Act, 1948; the Inspector's role is limited to lodging a police complaint; no administrative authority constituted under the Act can order payment of wages or any penalty.

Q19. Workers of Sunrise Bakery Pvt. Ltd. in Kolkata, a factory with 12 employees earning below Rs. 21,000 per month, were denied ESI benefits by the Employees' State Insurance Corporation on the ground that the employer had neither registered the establishment nor deposited any contributions. The employer contended that Sunrise Bakery, being a food processing unit, was exempt from the ESI Act, 1948, and that the workers' rights were contingent on the employer having made the required deposits.

Which of the following best describes the legal position?

(A) The ESI Act, 1948 applies only to factories and establishments employing 20 or more persons; Sunrise Bakery, employing only 12 persons, falls below the threshold and the employer's contention regarding applicability is correct.

(B) Food processing units and bakeries are specifically exempt from the ESI Act, 1948 regardless of the number of employees or the nature of the manufacturing process carried on in the premises.

(C) The ESI Act, 1948 applies to factories and notified establishments employing 10 or more persons under s.1(4); the employer's failure to register or deposit contributions does not extinguish the employees' right to ESI benefits; post-2019, the employer's contribution rate is 3.25% and the employee's contribution rate is 0.75%; the ESIC can recover dues from the defaulting employer, and workers are entitled to medical, sickness, maternity, disablement, and dependent's benefits; no exemption exists merely because the establishment is a food processing unit.

(D) The employer contribution rate under the ESI Act, 1948 is 4.75% and the employee contribution is 1.75%; these rates have remained unchanged since inception, and employees of an employer who has defaulted on contributions are legally barred from claiming any ESI benefits.

Q20. Rainbow Garments Ltd. operates an industrial establishment in Jaipur employing 110 workmen on a regular basis. It had never submitted draft standing orders to the Certifying Officer and instead relied on an internal HR manual for disciplinary matters. When workman Raju was placed under indefinite suspension without any written procedure or prior notice, the management argued that model standing orders under s.14 were merely advisory guidelines with no binding force in the absence of certified standing orders.

Which of the following best describes the legal position?

(A) The Industrial Employment (Standing Orders) Act, 1946 applies only to industrial establishments employing 500 or more workmen; Rainbow Garments Ltd., employing 110 workmen, is therefore entirely outside the ambit of the Act.

(B) In the absence of certified standing orders, an employer is free to regulate employment conditions through any internal policy of its choice; model standing orders under s.14 serve merely as illustrative guidance and have no binding legal force on any party.

(C) The Certifying Officer has no power to compel an employer to submit or certify standing orders; the employer's participation in the certification process is voluntary, and reliance on an internal HR manual is a legitimate alternative.

(D) The Industrial Employment (Standing Orders) Act, 1946 applies to industrial establishments employing 100 or more workmen (which the Central Government may extend to establishments with 50 or more workmen); under s.3, the employer is required to submit draft standing orders to the Certifying Officer within six months of the Act becoming applicable; where certified standing orders are not yet in place, the model standing orders prescribed under s.14 apply as the default and have full binding force; appeals against certification lie to the Appellate Authority under s.6; once certified, standing orders bind the employer and all workmen under s.13; Rainbow Garments Ltd.'s conduct is in violation of the Act.

SECTION B – Detailed Solutions

Sol.1.

Solution

Concept — Industrial Disputes Act, 1947: Lay-off (ss.2(kkk), 25A, 25C): Section 2(kkk) of the Industrial Disputes Act, 1947 defines "lay-off" as the failure, refusal, or inability of an employer to give employment to a workman due to shortage of coal, power, raw materials, breakdown of machinery, or any other reason, despite the workman's name being on the muster roll. Lay-off is categorically distinct from retrenchment, which involves permanent termination of surplus workers. Section 25C entitles laid-off workmen to compensation equal to 50% of their total basic wages and dearness allowance for the lay-off period, subject to s.25A eligibility conditions (establishment with 50 or more workmen, not a seasonal factory, and workman has completed one year of continuous service).

Analysis: Bharat Steel Ltd. employs 120 workmen, is not a seasonal factory, and Ramesh has more than one year of continuous service. All three conditions under s.25A are therefore satisfied. The management's contention that lay-off compensation applies only to seasonal factories is the direct opposite of the legal provision. The duration of 30 days does not affect eligibility; s.25C does not impose a minimum lay-off duration before compensation accrues.

Why other options are wrong:

- Option (A): Correctly states the legal position under ss.25A and 25C and the distinction from retrenchment. **Correct.**
- Option (B): No statutory minimum duration of 45 days is prescribed before lay-off compensation accrues; compensation runs from the first day of lay-off.
- Option (C): Lay-off and retrenchment are entirely distinct concepts; the legal consequences and compensation formulae differ fundamentally.
- Option (D): The threshold under s.25A is establishments with 50 or *more* (not fewer) workmen; the provision is reversed in this option.

Final Answer: Ramesh is entitled to lay-off compensation under s.25C as all eligibility conditions under s.25A are met. $\Rightarrow \boxed{\text{A}}$

Answer: (A) Go Back to Q1

Sol.2.

Solution

Concept — Industrial Disputes Act, 1947: Retrenchment (ss.25F, 25G, 25H): Section 25F lays down three mandatory pre-conditions for a valid retrenchment: (i) one month's notice in writing or wages in lieu thereof; (ii) retrenchment compensation at 15 days' average pay for each completed year of continuous service; and (iii) notice in the prescribed manner to the appropriate government. Section 25G prescribes the "last come first go" rule – among workmen in the same category, the one employed last must be retrenched first. Section 25H grants retrenched workmen a preferential right of re-employment when vacancies arise.

Analysis: Suresh received only seven days' notice (not one month), received wages for seven days only (not one month), received no retrenchment compensation (he was entitled to 15 days' pay $\times$ 3 = 45 days' pay), and the appropriate government was not notified. Additionally, junior workmen were retained while senior workmen like Suresh were retrenched, violating s.25G. All three s.25F conditions and the s.25G rule were violated.

Why other options are wrong:

- Option (A): Incorrect; s.25F applies irrespective of years of service (no minimum years required), and government notice is mandatory.
- Option (B): Correctly identifies all violations under ss.25F and 25G and the s.25H right. **Correct.**
- Option (C): No ten-year minimum service requirement exists for retrenchment compensation under the Act.
- Option (D): The right to retrenchment compensation is statutory and is not limited to permanent workmen in public sector undertakings.

Final Answer: The retrenchment violates ss.25F and 25G, entitling Suresh to full statutory compensation and re-employment preference. $\Rightarrow \boxed{\text{B}}$

Answer: (B) Go Back to Q2

Sol.3.

Solution

Concept — Industrial Disputes Act, 1947: Closure of Undertakings (ss.25O, 25N, 25R): Section 25O of the Industrial Disputes Act, 1947 imposes a mandatory requirement of 90 days' advance notice to the appropriate government before closure of any establishment employing 100 or more workmen. The government may grant or refuse permission for closure after hearing the parties. Section 25N similarly requires prior government permission before retrenchment in such units. Section 25R prescribes penalties for contravention of ss.25O and 25M, including the employer's liability to pay wages to workmen for the period of unlawful closure.

Analysis: National Jute Mills employs 150 workmen, well above the 100-workman threshold. It gave notice for only 30 days (not 90 days) and did not obtain government permission. The closure is therefore unlawful, and under s.25R the employer must pay full wages to workmen for the duration of the unlawful closure. The union's challenge before the High Court is legally sustainable.

Why other options are wrong:

- Option (A): Article 19(1)(g) is subject to reasonable restrictions; s.25O is a constitutionally valid restriction on the right to close a business.
- Option (B): The required notice period is 90 days, not 30 days; 30 days' notice does not satisfy the statutory requirement.
- Option (C): Correctly states the law under s.25O and the consequence under s.25R. **Correct.**

- Option (D): The government's permission is substantive and can be refused on legitimate grounds; it is not a mere formality.

Final Answer: The closure is unlawful under s.25O and the employer is liable under s.25R to pay wages for the unlawful closure period. $\Rightarrow \boxed{\text{C}}$

Answer: (C) Go Back to Q3

Sol.4.

Solution

Concept — Trade Unions Act, 1926: Registration Requirements (ss.6, 7, 8, 9): Section 6 of the Trade Unions Act, 1926 requires that an application for registration be made by at least seven members of the trade union subscribing their names to the rules. The Registrar is empowered under s.8 to call for further information before deciding the application. Section 7 sets out the Registrar's duties, and s.9 provides for the issue of a certificate of registration once the requirements are met. A registered trade union (holding a certificate under s.9) is distinct from a recognised trade union – registration confers legal entity status and immunities, while recognition is a separate process conferring collective bargaining rights.

Analysis: The application was signed by only five members against the statutory minimum of seven required under s.6. This is a fundamental defect. The Registrar is entitled to reject the application or call for a corrected submission. The applicants' argument that more than half the membership signed is irrelevant – the Act prescribes a floor of seven signatories, not a proportional threshold.

Why other options are wrong:

- Option (A): Three members are insufficient; s.6 mandates a minimum of seven member-signatories.
- Option (B): A proportional majority of members is not the statutory standard; the fixed minimum of seven applies.
- Option (C): Registration and recognition are legally distinct; registration alone does not confer collective bargaining rights.
- Option (D): Correctly states the s.6 minimum of seven members and the distinction between registration and recognition. **Correct.**

Final Answer: The application is defective for having fewer than seven signatories as required by s.6 of the Trade Unions Act, 1926. $\Rightarrow \boxed{\text{D}}$

Answer: (D) Go Back to Q4

Sol.5.

Solution

Concept — Trade Unions Act, 1926: Civil Immunity (s.18) and Criminal Immunity (s.17): Section 18 of the Trade Unions Act, 1926 grants a registered trade union civil immunity – it protects the union and its members from tortious liability for acts done in contemplation or furtherance of a trade dispute, including inducement of breach of contract and interference with business. This immunity is, however, limited: acts not done in furtherance of a trade dispute remain actionable. Section 17 separately provides criminal immunity for acts done in furtherance of a trade dispute. These are two distinct statutory protections operating in different legal domains.

Analysis: BWWU called the strike in furtherance of a wage dispute, which is clearly a "trade dispute" under the Act. The civil suit by Eastern Rail Components Ltd. for tortious losses flowing from the strike is therefore barred by s.18. The suit is not maintainable. The caveat is that if any act associated with the strike fell outside the scope of furtherance of a trade dispute, that act would remain tortious.

Why other options are wrong:

- Option (A): Correctly states the civil immunity under s.18 and its limitation. **Correct.**
- Option (B): Registered trade unions do enjoy civil immunity under s.18; the statement that no immunity exists is contrary to the Act.
- Option (C): Section 18 expressly provides civil (tortious) immunity, not merely criminal immunity; the two are separate provisions.
- Option (D): The immunity under s.18 extends to the trade union as an entity, not only to individual participating workmen.

Final Answer: BWWU enjoys civil immunity under s.18 of the Trade Unions Act, 1926 for acts done in furtherance of the trade dispute. $\Rightarrow \boxed{\text{A}}$

Answer: (A) Go Back to Q5

Sol.6.

Solution

Concept — Trade Unions Act, 1926: General Fund (s.15) and Political Fund (s.16): Section 15 of the Trade Unions Act, 1926 sets out the purposes for which the general fund of a registered trade union may be spent – these are restricted to specific labour-welfare objectives and do not include contributions to political parties. Section 16 permits a registered trade union to constitute a separate political fund for the furtherance of civic and political interests, but membership of such fund and contribution thereto require the individual member's written consent. A member's refusal to contribute to the political fund cannot affect their other membership rights, including the right to vote, hold office, or receive benefits from the general fund.

Analysis: The union cannot lawfully make political contributions from the general fund under s.15. If it wishes to make such contributions, it must constitute a separate political fund under s.16. Govind's refusal to contribute to the political fund is a statutory right, and his other membership rights cannot be impaired as a consequence. The union president's threat of suspension is unlawful.

Why other options are wrong:

- Option (A): The general fund cannot be used for political donations; s.15 restricts the purposes to which it may be applied.
- Option (B): Correctly states ss.15 and 16 and Govind's right to opt out without losing membership rights. **Correct.**
- Option (C): A member has a statutory right to withhold consent; expulsion for exercising this right is unlawful under s.16.
- Option (D): The general fund and political fund are legally distinct; s.16 mandates the establishment of a separate political fund with individual member consent.

Final Answer: Political fund contributions require written consent under s.16; Govind's refusal cannot affect his other membership rights. $\Rightarrow \boxed{\text{B}}$

Answer: (B) Go Back to Q6

Sol.7.

Solution

Concept — Factories Act, 1948: Definitions of Factory (s.2(m)), Worker (s.2(l)), and Occupier (s.2(n)), Primary Duty under s.7A: Section 2(m) defines a "factory" as any premises where a manufacturing process is being carried on with the aid of power and 10 or more workers are employed, or where manufacturing is carried on without power and 20 or more workers are employed. Section 2(l) defines "worker" to include all persons employed directly or through an agency in any manufacturing process or in cleaning or otherwise in connection with the manufacturing process. Section 2(n) defines the "occupier" as the person who has ultimate control over the affairs of the factory. Section 7A makes the occupier primarily responsible for health, safety, and welfare of workers.

Analysis: Omega Plastics uses power-driven machinery and employs 18 workers – well above the threshold of 10 for power-aided factories. It is therefore a "factory" under s.2(m). Mr. Arvind Rao, as the sole director exercising ultimate control, is the "occupier" under s.2(n) irrespective of his attempt to nominate a non-controlling partner. His personal statutory responsibility under s.7A cannot be avoided by nomination.

Why other options are wrong:

- Option (A): The 20-worker threshold applies only where manufacturing is carried on *without* power; the threshold with power is 10 workers.
- Option (B): While s.2(l) excludes managerial personnel, the question does not suggest that any of the 18 workers are managerial; this option misapplies the definition.
- Option (C): Correctly states the s.2(m) threshold for power-aided factories, the s.2(n) definition of occupier, and s.7A liability. **Correct.**
- Option (D): The Factories Act, 1948 applies broadly to all factories regardless of whether the process is hazardous; hazardous processes are a specific additional category within the Act.

Final Answer: Omega Plastics is a factory under s.2(m) (10+ workers with power); Mr. Arvind Rao is the occupier under s.2(n) bearing s.7A responsibility. $\Rightarrow \boxed{\text{C}}$

Answer: (C) Go Back to Q7

Sol.8.

Solution

Concept — Factories Act, 1948: Written Safety Policy (s.7A) and Safety Officers (s.40B): Section 7A of the Factories Act, 1948 imposes a proactive duty on every occupier to prepare and, as often as may be appropriate, revise a written statement of general policy with respect to health, safety, and welfare of workers and to bring it to the notice of all workers. This obligation exists irrespective of whether any accident has occurred. Section 40B requires every factory employing 1,000 or more workers to appoint one or more Safety Officers possessing the qualifications prescribed by the appropriate government; this too is a prospective obligation independent of accident history.

Analysis: Hindustan Heavy Industries employs 1,200 workers, satisfying the threshold under s.40B. The written policy obligation under s.7A also applies to it as an occupier. The management's contention that these obligations arise only after an accident is legally untenable; both duties are preventive and are triggered by the size and operational character of the establishment, not by the occurrence of an accident.

Why other options are wrong:

- Option (A): The written health and safety policy obligation is clearly prescribed in s.7A of the Factories Act, 1948, not under the Environment Protection Act.
- Option (B): Section 40B applies based on the number of workers employed (1,000+), not exclusively on the classification of the process as hazardous.
- Option (C): Neither the written policy nor the Safety Officer requirement has any connection to occurrence of accidents; both are mandatory from the outset.
- Option (D): Correctly states both obligations under ss.7A and 40B and their applicability to the present facts. **Correct.**

Final Answer: Both violations are established: s.7A (written policy) and s.40B (Safety Officer for 1,000+ workers). $\Rightarrow \boxed{\text{D}}$

Answer: (D) Go Back to Q8

Sol.9.

Solution

Concept — Factories Act, 1948: Regulation of Working Hours (ss.51, 54, 55, 56, 59): Section 51 fixes the maximum weekly hours for adult workers at 48 hours. Section 54 fixes the maximum daily hours at 9 hours. Section 55 requires at least half an hour's rest interval after five hours of continuous work. Section 56 provides that the spread-over of work (from first arrival to last departure) shall not exceed 10.5 hours, extendable to 12 hours only under a specific exemption. Section 59 mandates that overtime – hours worked beyond 9 per day or 48 per week – must be paid at twice the ordinary rate.

Analysis: At Sunrise Garments: (i) 60 hours/week violates s.51 (max 48); (ii) 10 hours/day violates s.54 (max 9); (iii) 13-hour spread-over violates s.56 (max 10.5 hours without exemption); (iv) paying overtime at ordinary rates violates s.59 (double rate required). All four violations are simultaneously established.

Why other options are wrong:

- Option (A): Correctly identifies all four simultaneous violations under ss.51, 54, 56, and 59. **Correct.**
- Option (B): No "declared peak season" exemption of 12 hours/day without overtime premium exists under the Act; overtime must always be paid at double rates.
- Option (C): The weekly limit is 48 hours, not 54; and even if only the weekly limit were violated, overtime payment would still be mandatory.
- Option (D): Section 54 does prescribe a maximum daily limit of 9 hours for adult workers; the Act does not leave daily distribution to the employer's absolute discretion.

Final Answer: Four simultaneous violations established under ss.51, 54, 56, and 59 of the Factories Act, 1948. $\Rightarrow \boxed{\text{A}}$

Answer: (A) Go Back to Q9

Sol.10.

Solution

Concept — Contract Labour (Regulation and Abolition) Act, 1970: Definitions, Threshold, and Obligations (ss.2(c), 2(g), 7, 12, 21): The Contract Labour Act, 1970 applies to establishments engaging 20 or more contract labourers (and to contractors employing 20 or more). Section 2(g) defines "principal employer" to include the owner or occupier of a factory or the head of any office or establishment of any private or public sector. Under s.7, the principal employer must register the establishment. Under s.12, every contractor is required to obtain a licence before deploying contract labour. Where the contractor fails to pay wages or provide amenities, s.21 makes the principal employer liable to make those payments.

Analysis: Apex engages 25 contract labourers – above the 20-worker threshold. Apex is therefore required to register under s.7, and Build Fast must obtain a licence under s.12. Neither has complied. The principal employer's liability for statutory dues is not extinguished by the contractor's default; Apex remains jointly responsible. The definition of "principal employer" under s.2(g) covers private sector establishments and is not limited to government entities.

Why other options are wrong:

- Option (A): The threshold is 20 or more contract labourers, not 50; the Act applies to Apex.
- Option (B): Correctly states the 20-worker threshold, the ss.7 and 12 obligations, and the principal employer's liability for contractor defaults. **Correct.**
- Option (C): Both registration and licensing are mandatory, not optional; and the principal employer bears statutory liability under s.21.
- Option (D): Section 2(g) expressly includes private sector owners and occupiers of factories; it is not limited to government establishments.

Final Answer: The Act applies (20+ contract labourers); both ss.7 and 12 obligations are mandatory; Apex bears liability for the contractor's defaults. $\Rightarrow \boxed{\text{B}}$

Answer: (B) Go Back to Q10

Sol.11.

Solution

Concept — Contract Labour Act, 1970: Abolition under s.10 and the Air India Ruling: Section 10 empowers the appropriate government to prohibit contract labour in any process, operation, or other work in any establishment after considering factors such as the perennial nature of the work and whether similar work is performed by regular employees. A fundamental question arising from such abolition is whether it automatically results in the absorption of contract labourers as permanent employees of the principal employer. The Supreme Court in *Air India Statutory Corporation v. United Labour Union* (1997) definitively held that abolition under s.10 does *not* automatically or mandatorily result in direct absorption; the Act contains no provision creating such an obligation. Section 21 retains the principal employer's liability for statutory dues owed by a defaulting contractor.

Analysis: The contract labourers' demand for automatic absorption has no statutory basis under the Contract Labour Act, 1970. Post-abolition, the appropriate government may take appropriate policy steps, but the legal position under the Act as interpreted by the Supreme Court does not support automatic absorption. However, the principal employer remains liable under s.21 for unpaid wages and statutory dues of the contractor's workers.

Why other options are wrong:

- Option (A): The Air India judgment directly negates automatic absorption; this option contradicts binding Supreme Court precedent.
- Option (B): Section 10 expressly grants the appropriate government power to prohibit contract labour in specific processes; judicial intervention is not required for abolition.
- Option (C): Correctly states the Air India ruling and the principal employer's continuing liability under s.21. **Correct.**
- Option (D): The principal employer's liability under s.21 does not disappear upon abolition; it continues for pre-abolition statutory dues.

Final Answer: Abolition under s.10 does not automatically absorb contract labourers (*Air India* case); s.21 liability of principal employer continues. $\Rightarrow \boxed{C}$

Answer: (C) Go Back to Q11

Sol.12.

Solution

Concept — Payment of Gratuity Act, 1972: Eligibility (s.4, s.2A) and Fixed-Term Employment (2018 Amendment): Section 4 of the Payment of Gratuity Act, 1972 provides that an employee becomes eligible for gratuity after rendering five years of continuous service. Exceptions exist for death or disablement, where the five-year requirement is waived. The Act applies to establishments employing 10 or more persons. "Continuous service" is defined in s.2A to include authorised leave, interruptions due to lay-off, retrenchment, and similar circumstances. The 2018 amendment addressed fixed-term employees by clarifying that a fixed-term employee who completes the term of his contract is entitled to gratuity proportionate to the service rendered, without the requirement of five years' service.

Analysis: TechServe employs 15 employees, which satisfies the 10-employee threshold. Kavitha has served 4 years and 8 months – less than five years. Her termination was not due to death or disablement, so the five-year exception does not apply. While fixed-term employees are now eligible after completing their contract term (2018 amendment), Kavitha's termination mid-service before completing five years does not attract the 2018 amendment benefit. She is not entitled to gratuity on these facts.

Why other options are wrong:

- Option (A): Section 4 applies on termination including involuntary termination; the nature of separation (voluntary or involuntary) does not alone determine eligibility.
- Option (B): The threshold under the Act is 10 employees, not 25; TechServe satisfies the threshold.
- Option (C): The 2018 amendment did make fixed-term employees eligible on completion of their contract term; the claim that fixed-term employees are never eligible is legally incorrect.
- Option (D): Correctly states the five-year eligibility condition, the 10-employee threshold, the 2018 amendment scope, and why Kavitha is not entitled on the present facts. **Correct.**

Final Answer: Kavitha is not entitled to gratuity as she has not completed five years and her termination was not due to death or disablement. $\Rightarrow \boxed{\text{D}}$

Answer: (D) Go Back to Q12

Sol.13.

Solution

Concept — Payment of Gratuity Act, 1972: Calculation Formula and Ceiling (s.4): Section 4 of the Payment of Gratuity Act, 1972 provides that gratuity for non-seasonal establishments is computed as: (15/26) $\times$ last drawn monthly wages $\times$ completed years of service. "Wages" for this purpose means basic wages plus dearness allowance; it expressly excludes HRA, bonus, commission, and any other variable allowances. A fraction of service exceeding six months in the final year is treated as a complete year. The maximum gratuity ceiling was enhanced to Rs. 20 lakh by the Payment of Gratuity (Amendment) Act, 2018.

Analysis: Dinesh's wages for gratuity = Basic (Rs. 40,000) + DA (Rs. 15,000) = Rs. 55,000 per month. Service: 28 years and 7 months. Since 7 months > 6 months, the fraction is treated as a complete year, giving 29 completed years. Gratuity = (15/26) $\times$ 55,000 $\times$ 29 = approx. Rs. 9.2 lakh, well within the Rs. 20 lakh ceiling. Dinesh's claim that the ceiling is Rs. 10 lakh is outdated; the 2018 amendment raised it to Rs. 20 lakh.

Why other options are wrong:

- Option (A): Correctly states the formula (15 days/year on basic+DA), the 29-year completed service (rounding up 7 months), and the Rs. 20 lakh ceiling after 2018. **Correct.**
- Option (B): HRA, bonus, and other variable allowances are expressly excluded from "wages" for gratuity purposes.
- Option (C): The formula is 15 days per year (not 30 days), and the ceiling was revised to Rs. 20 lakh in 2018.
- Option (D): A fraction exceeding six months must be *counted* as a full year (not ignored); and HRA is excluded from wages for gratuity, not included.

Final Answer: Gratuity = 15 days $\times$ (Basic + DA) $\times$ 29 years; ceiling Rs. 20 lakh post-2018 amendment. $\Rightarrow \boxed{\text{A}}$

Answer: (A) Go Back to Q13

Sol.14.

Solution

Concept — Payment of Gratuity Act, 1972: Forfeiture of Gratuity (s.4(6)): Section 4(6) of the Payment of Gratuity Act, 1972 provides a graduated forfeiture regime. Where an employee's service is terminated for any act, wilful omission, or negligence causing damage or loss to, or destruction of, property belonging to the employer, gratuity shall be forfeited to the extent of the damage or loss caused – this is *partial* forfeiture. Where the termination is for an act involving moral turpitude or commission of an offence involving moral turpitude, the entire gratuity may be forfeited – this is *total* forfeiture. The distinction is critical.

Analysis: Sanjay was found guilty of gross negligence causing property damage of Rs. 5 lakh. This falls squarely within the "wilful omission or negligence causing damage" category, attracting only *partial* forfeiture – limited to the extent of damage (Rs. 5 lakh). The employer cannot forfeit the *entire* gratuity, as total forfeiture requires an offence involving moral turpitude, which is not established here. Sanjay's gratuity for 12 years of service far exceeds Rs. 5 lakh; only the damage amount can be offset.

Why other options are wrong:

- Option (A): Section 4(6) expressly provides for forfeiture in specific circumstances; the claim that gratuity can never be forfeited is incorrect.
- Option (B): Correctly distinguishes total forfeiture (moral turpitude) from partial forfeiture (negligence/damage) and holds that total forfeiture is impermissible here. **Correct.**
- Option (C): Total forfeiture requires moral turpitude, not merely any misconduct established through a departmental inquiry.
- Option (D): The right and procedure for forfeiture are contained in s.4(6) of the Act itself; they are not dependent on the employment contract.

Final Answer: Only partial forfeiture (extent of damage) is permissible under s.4(6) for negligence; total forfeiture requires moral turpitude. $\Rightarrow \boxed{\text{B}}$

Answer: (B) Go Back to Q14

Sol.15.

Solution

Concept — Maternity Benefit Act, 1961: Qualifying Period, Duration (2017 Amendment), Adoptive/Commissioning Mothers, Medical Bonus: The qualifying period under the Maternity Benefit Act, 1961 is 80 days of actual work in the 12 months preceding the expected date of delivery. The 2017 amendment enhanced maternity leave to 26 weeks for the first two surviving children; for the third child onwards, the leave is 12 weeks. Adoptive mothers (child below 3 months) and commissioning mothers receive 12 weeks. Where the employer does not provide pre-natal and post-natal care, a medical bonus of Rs. 3,500 is payable to the eligible employee.

Analysis: Ananya has worked for 90 days, exceeding the 80-day qualifying threshold. This is her third pregnancy with two surviving children, so she is entitled to 12 weeks of maternity leave (not 26). Since no pre-natal or post-natal care has been arranged by the employer, she is also entitled to the medical bonus of Rs. 3,500. Both Option A's threshold (160 days) and Option B's claim of 26 weeks for all pregnancies are incorrect.

Why other options are wrong:

- Option (A): The qualifying threshold is 80 days, not 160 days; Ananya easily satisfies the actual requirement.
- Option (B): The 2017 amendment provides 26 weeks only for the first two children; for the third child it is 12 weeks.
- Option (C): Correctly states the 80-day qualifying period, the 12-week duration for the third child, and the Rs. 3,500 medical bonus for absence of employer-provided care. **Correct.**
- Option (D): The 12-week duration applies only to the third child onwards, not universally to all pregnancies; and the medical bonus does not require a special request within 30 days.

Final Answer: Ananya qualifies (90 days $>$ 80 days), gets 12 weeks leave (third child), and Rs. 3,500 medical bonus (no employer care). $\Rightarrow \boxed{\text{C}}$

Answer: (C) Go Back to Q15

Sol.16.

Solution

Concept — Maternity Benefit Act, 1961: Prohibition on Dismissal (s.12), Nursing Breaks (s.11), Creche Facility (s.11A, 2017 Amendment): Section 12 of the Maternity Benefit Act, 1961 prohibits the dismissal or discharge of a woman during or on account of her absence on maternity leave; any such dismissal is unlawful and the employee is entitled to all benefits. Section 11 entitles a nursing mother to two nursing breaks per day, in addition to the regular rest intervals, until the child attains the age of 15 months. Section 11A, inserted by the 2017 amendment, requires every establishment employing 50 or more employees to provide a crèche facility within a prescribed distance from the workplace.

Analysis: Radiant Technologies has 70 employees, comfortably above the 50-employee threshold for the crèche obligation under s.11A. Meena's child is 10 months old, below the 15-month threshold for nursing breaks under s.11. Her dismissal during maternity leave violates s.12. All three management denials are therefore unlawful.

Why other options are wrong:

- Option (A): Section 12 operates as an absolute prohibition on dismissal during maternity leave; restructuring does not constitute a lawful exception.
- Option (B): Nursing breaks are available until the child is 15 months (not 6 months); the crèche obligation threshold is 50 employees (not 100).
- Option (C): Section 12 prohibits dismissal both during and on account of maternity leave; it does not permit dismissal upon return; and the crèche obligation exists under s.11A.
- Option (D): Correctly states all three obligations under ss.12, 11, and 11A and finds all three management denials unlawful. **Correct.**

Final Answer: All three denials are unlawful: s.12 (dismissal), s.11 (nursing until 15 months), s.11A (crèche for 50+ employees). $\Rightarrow \boxed{\text{D}}$

Answer: (D) Go Back to Q16

Sol.17.

Solution

Concept — Minimum Wages Act, 1948: Procedure for Fixing Wages (s.5), Advisory Boards (ss.7, 8), Wage Hierarchy: Section 5 of the Minimum Wages Act, 1948 prescribes two equally valid methods for fixing or revising minimum wages: (i) the committee method under s.5(1)(a), by constituting a tripartite advisory committee; and (ii) the notification method under s.5(1)(b), by publishing draft proposals in the official gazette and inviting representations. Either method may be chosen by the appropriate government. Section 7 establishes an Advisory Board to co-ordinate the work of committees and advise the appropriate government. Section 8 establishes a Central Advisory Board to advise the Central Government and co-ordinate the work of State Advisory Boards. Judicially, the hierarchy of wages – minimum wage, fair wage, and living wage – has been recognised in decisions such as those of the Supreme Court, with minimum wages representing the floor of subsistence.

Analysis: Rajasthan's use of the notification method under s.5(1)(b) is fully valid in law. The employers' federation's challenge is misconceived. Both methods are legitimate and mutually substitutable. The Advisory Board advises but its prior approval is not a mandatory pre-condition for issuing a valid notification.

Why other options are wrong:

- Option (A): Correctly states the dual-method framework under s.5, the roles of Advisory Boards under ss.7 and 8, and the wage hierarchy. **Correct.**
- Option (B): Both methods under s.5 apply to both initial fixation and subsequent revision; the notification method is not confined to revisions only.
- Option (C): The Advisory Board advises but does not have veto power; its prior approval is not required for a valid notification under s.5(1)(b).
- Option (D): State Governments have concurrent power to fix and revise minimum wages for scheduled employments within their territory; the power is not exclusively Central.

Final Answer: Both methods under s.5 are equally valid; Rajasthan's notification method is lawful; Advisory Board advises but does not have veto power. $\Rightarrow \boxed{\text{A}}$

Answer: (A) **Go Back to Q17**

Sol.18.

Solution

Concept — Minimum Wages Act, 1948: Enforcement Mechanism (ss.18, 19, 20, 22): Section 18 requires every employer to maintain prescribed registers and records of wages. Section 19 empowers an Inspector to enter and inspect premises, examine registers, and take evidence. Section 20 creates an authority (appointed by the appropriate government) to hear and determine claims by employees for minimum wages; the jurisdiction of civil courts over such claims is expressly excluded. Section 22 provides for penalties including imprisonment and fine for employers who pay less than minimum wages. The adjudicating authority under s.20 may direct payment of the wage difference along with an additional penalty not exceeding ten times the unpaid difference.

Analysis: Agricultural labour is a scheduled employment under the Minimum Wages Act, 1948; the Act applies fully to Golden Harvest Farm. The Inspector's powers under s.19 are extensive. Civil courts have no jurisdiction over minimum wage claims – the employer's argument is wrong. The authority under s.20 can direct both payment and penalty; criminal prosecution under s.22 is a separate remedy.

Why other options are wrong:

- Option (A): Agricultural labour is typically included as a scheduled employment under the Act in most States; there is no blanket exclusion of agricultural workers.
- Option (B): Correctly states the enforcement framework under ss.19, 20, and 22 and confirms civil court jurisdiction is excluded. **Correct.**
- Option (C): The authority under s.20 can direct payment of wages and penalty; recovery of the wage difference through administrative proceedings is available.
- Option (D): Civil courts are expressly excluded by s.20(2); the Inspector's role includes evidence-gathering and inspection, not merely FIR lodgement.

Final Answer: Civil court jurisdiction is excluded (s.20); Inspector empowered under s.19; authority can direct wage difference plus 10$\times$ penalty under s.22. $\Rightarrow \boxed{\text{B}}$

Answer: (B) Go Back to Q18

Sol.19.

Solution

Concept — Employees' State Insurance Act, 1948: Coverage, Contribution Rates, and Employer Default (s.1(4), s.2(9)): Section 1(4) of the ESI Act, 1948 extends coverage to factories (as defined in the Factories Act, 1948) employing 10 or more persons, and to other notified establishments. The definition of "employee" under s.2(9) covers persons earning up to the wage ceiling prescribed from time to time (currently Rs. 21,000 per month). Post-2019, the employer's contribution rate is 3.25% and the employee's contribution rate is 0.75% of wages. Critically, an employer's failure to register or deposit contributions does not extinguish the employees' right to claim ESI benefits; the ESIC can recover dues from the defaulting employer.

Analysis: Sunrise Bakery is a factory with 12 employees, satisfying the 10-employee threshold under s.1(4). All 12 employees earn below Rs. 21,000 per month and are covered "employees" under s.2(9). No exemption exists for food processing or bakery units as such. The employer's non-registration and non-deposit are defaults for which the ESIC can take recovery action, but the workers' entitlement to benefits is not affected.

Why other options are wrong:

- Option (A): The coverage threshold under s.1(4) is 10 employees, not 20; Sunrise Bakery satisfies the threshold.
- Option (B): No sector-based exemption exists for food processing units under the ESI Act, 1948; the Act applies based on employee count, not industry type.
- Option (C): Correctly states the 10-employee threshold, the post-2019 contribution rates (3.25% employer, 0.75% employee), the non-extinguishment of benefit rights despite employer default, and the scope of ESI benefits. **Correct.**
- Option (D): The contribution rates cited (4.75% and 1.75%) are outdated pre-2019 rates; the post-2019 rates are 3.25% and 0.75%; and employees of defaulting employers do retain their right to benefits.

Final Answer: ESI Act applies (10+ employees); employer default does not extinguish benefit rights; post-2019 rates: 3.25% (employer) + 0.75% (employee). $\Rightarrow \boxed{\text{C}}$

Answer: (C) Go Back to Q19

Sol.20.

Solution

Concept — Industrial Employment (Standing Orders) Act, 1946: Applicability, Certification, Model Standing Orders, and Binding Force (ss.3, 6, 10, 13, 14): The Industrial Employment (Standing Orders) Act, 1946 applies to industrial establishments employing 100 or more workmen, which may be extended to establishments with 50 or more workmen by the Central Government. Section 3 requires the employer to submit draft standing orders to the Certifying Officer within six months of the Act becoming applicable. Section 14 provides that where standing orders have not yet been certified, the model standing orders prescribed under the Act have full binding force as the default. Section 6 provides for appeals against the Certifying Officer's decision to an Appellate Authority. Section 10 governs modification of certified standing orders. Section 13 makes certified standing orders binding on the employer and all workmen employed in the establishment.

Analysis: Rainbow Garments employs 110 workmen, satisfying the 100-workman threshold. The employer was obligated to submit draft standing orders under s.3. Having failed to do so, the model standing orders under s.14 apply by default and have full binding legal force – they are not merely guidelines. Raju's indefinite suspension without following any written procedure violates the model standing orders and is unlawful.

Why other options are wrong:

- Option (A): The threshold is 100 workmen (not 500); Rainbow Garments with 110 workmen is well within the Act's ambit.
- Option (B): Model standing orders under s.14 are not merely advisory – they are binding as default rules where certified standing orders are absent.
- Option (C): Section 3 imposes a mandatory obligation on the employer to submit draft standing orders; it is not a voluntary process.
- Option (D): Correctly states the 100-workman threshold, the s.3 submission obligation, the default binding force of model standing orders under s.14, appeal under s.6, modification under s.10, and binding force under s.13. **Correct.**

Final Answer: Standing Orders Act applies (100+ workmen); model standing orders under s.14 have default binding force; employer's reliance on HR manual is unlawful. $\Rightarrow \boxed{\text{D}}$

Answer: (D) Go Back to Q20

ANSWER KEY

1	A	2	B	3	C	4	D	5	A
6	B	7	C	8	D	9	A	10	B
11	C	12	D	13	A	14	B	15	C
16	D	17	A	18	B	19	C	20	D