

Right under Article 19(1)(g) of the Constitution to carry on any trade or business includes the right to shut down that business

While considering the appeals filed by Harinagar Sugar Mills Ltd. (Biscuit Division) challenging the Bombay High Court's orders relating to the closure of its business, the Supreme Court in the case of **Harinagar Sugar Mills Ltd. (Biscuit Division) & Anr. v. State of Maharashtra & Ors. [2025 INSC 801] dated June 04, 2025**, clarified that the right under Article 19(1)(g) of the Constitution to carry on any trade or business includes the right to shut down that business. However, this right is not absolute and is subject to reasonable restrictions aimed at protecting workers and ensuring compliance with statutory procedures.

As per the background of the case, the Harinagar Sugar Mills Ltd. (HSML) had operated a biscuit manufacturing division exclusively for Britannia Industries Limited (BIL) for over three decades under Job Work Agreements (JWAs). In 2019, BIL terminated this agreement, triggering HSML to seek closure of its business under the Industrial Disputes Act, 1947. HSML filed its closure application on August 28, 2019, under Form XXIV-C as prescribed by the Maharashtra Rules. The Maharashtra Government's Deputy Secretary, however, rejected the application as incomplete, demanding resubmission. Despite HSML's efforts to provide additional information, the closure application was delayed. Workers' unions moved the Industrial Tribunal seeking to restrain closure, which was granted. HSML's petitions challenging this were dismissed by the High Court, leading to appeals before the Supreme Court.

The Supreme Court acknowledged the balance between the constitutional right to conduct business and the need for reasonable restrictions to protect employees. It held that the application dated August 28, 2019, was complete and triggered the statutory 60-day deemed closure period. The Court found that the Deputy Secretary was not the “appropriate Government” under Section 25-O of the Industrial Disputes Act, and the Minister had failed to independently apply their mind, unlawfully delegating authority. This rendered the communications from the Deputy Secretary invalid. The Court further noted that HSML had compelling reasons for closure, having no alternative business opportunities post-termination of the agreement with BIL.

The Supreme Court observed that the sum and substance are that Article 19(1)(g) includes the right to shut down a business, but is, of course, subject to reasonable restrictions. Emphasizing the interplay of Article 19(1)(g) and Section 25-O of the Act, the Court declared the closure application valid from August 28, 2019, and recognized the expiry of the 60-day period in October 2019, authorizing deemed closure. Additionally, the Court ordered that compensation paid to employees during litigation would not be recoverable.