

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

Civil Writ Petition No.20605 of 2015

Date of decision: 28.10.2015

M/s JCB India Limited

... Petitioner

Versus

Omi Singh and others

... Respondents

CORAM: HON'BLE MR. JUSTICE RAJIV NARAIN RAINA

Present: Mr.Akshay Bhan, Sr.Advocate with
Mr.Sanjeev Sharma, Advocate,
Mr.Suyash Srivastava, Advocate,
Mr.Alok Mittal, Advocate,
Mr.Abhishek Shilpuri, Advocate,
for the petitioner.

Mr.Anil Shukla, Advocate,
for the caveator-respondents.

1. To be referred to the Reporters or not?
2. Whether the judgment should be reported in the Digest?

RAJIV NARAIN RAINA, J.

This order will dispose of thirty three writ petitions* arising out of a common award dated May 27, 2015 passed by the Presiding Officer, Labour Court-III, Faridabad. The thirty three references dated May 15, 2009 were clubbed together by a common order since questions of law and fact are similar in all the cases. The lead reference is Omi Singh and others v. M/s JCB India Limited and the facts have been taken from CWP No.20605 of 2015 titled M/s JCB India Limited v. Omi Singh and others for the sake

of convenience.

2. The respondent before the Labour Court apart from M/s JCB India Limited was M/s Parkash Contractors Private Limited, Faridabad. The trials have been held separately and, the evidence has been recorded separately, however, the cases are all of a similar nature. The question referred by the appropriate Government to the Labour Court in each of the thirty three cases is identical and is reproduced below: -

“Whether the appellant/employee is the employee of M/s J.C.B. India Limited, Faridabad or of the contractor.

In case it is held that he is the employee of M/s JCB India Limited, Faridabad whether the termination of his services was illegal? If the answer is in affirmative then to what consequential reliefs the employee is entitled to?”

3. The thirty three workers before this Court were employed either as house-keeping employees or as safai karamcharis from the dates mentioned in the respective claim statements. The engagement was oral in nature, and there is no written letter of engagement. The period of service falls between May, 1996 and June 8, 2007. The last drawn salary of Omi Singh was ` 2553.84. The deductions towards Employees State Insurance Fund and Provident Fund contributions were made from the salary of Omi Singh and likewise in the case of the other workmen. The moot point was whether the workman was a direct employee of M/s JCB India Limited or a contractual worker engaged through contractor.

4. M/s JCB argues that there is no relationship of master and servant between the 33 workers and M/s JCB India Limited. There is a go-between i.e. the contractor M/s Parkash Contractors Private Limited, Faridabad which breaks the thread of direct employment.

5. Mr. Akshay Bhan learned senior counsel has elucidated a collection of 10 infirmities in the impugned award. He submits that the facts and evidence in all the thirty three references are different and a common order could not have been passed by the Labour Court. Moreover, the thirty three trials were conducted separately; Section 7 and 12 of the Contract Labour & Regulations Act, 1972 are found to have not been violated by M/s JCB and M/s Parkash Contractors Private Limited, Faridabad. However, assuming that these provisions have been violated, the consequences are only penal in nature; the workman and contractor cannot become employees of M/s JCB; the services of the workers were never terminated; only the contract with the Contractor was terminated and, therefore, the workers did not have a right to raise the disputes and issue demand notices under Section 2-A of the Industrial Disputes Act, 1947; the Labour Court instead of noting the stand of the Contractor that the workers were its employees and he was ready to take them back, has failed to give finding on the point; the Labour Court has failed to consider the fact that there was no employer-employee relationship between M/s JCB and the workers and consequently, failed to adjudicate upon issue No.1 framed by it.

6. Issue No.1 is exactly identical to the one that was referred to the Labour Court by the appropriate Government as reproduced above. The Labour Court has erroneously drawn an adverse inference against M/s JCB and considered the workers in question as its direct employees. The impugned order is solely based on the pay slips which have been placed on record only in two of the references and meal allowance i.e. Mark-A which have been placed on record is only four of the references which do not in

any manner prove or suggest that the workers are the employees of M/s JCB. The deductions made toward ESI and PF contributions from the wages of Omi Singh and Satpal as evidenced in their respective pay slips does not prove that they were employees of M/s JCB. They were casual workers engaged by M/s JCB for a few months; deductions towards ESI and PF is a statutory obligation of the principal employer and does not in any way prove that the workers were direct employees of M/s JCB or that such a relationship would necessarily flow from the facts presented; the Contractor i.e M/s Parkash Contractors Private Limited has placed on record the documents and deductions made toward ESI and PF contributions, payment of wages and grant of leaves and this aspect has not been dealt with in its proper perspective by the Labour Court. Lastly, it is urged that no unfair labour practice can be attributed to M/s JCB. The attendance register was not maintained by M/s JCB, rather the same has been duly maintained by the Contractor and a copy of the attendance register has been produced by the contractor on the record. The above ten moot points emerge from the award which is pointed out from pages 45, 46, 47, 48, 49, 51, 52 and 53 of the paper-book.

7. It may be mentioned that the worker/s raised a dispute under Section 2-A read with Section 10(1)(c) of the Industrial Disputes Act, 1947 which has been rejected by the Labour Department, Government of Haryana on 8th August, 2008 and the following order was passed when the reference was declined: -

“You are hereby informed that the Labour Department does not consider your case as an appropriate one to refer it for judicial determination, as after enquiry it has come to our

notice that you have worked with Respondent No.2 contractor and the contractor is ready to employ you at another site where he has got a tender. There is no justification for the demand notice pertaining to reinstatement issued against Respondent No.1. In these circumstances, your demand notice is rejected.”

8. The appropriate Government changed its view on April 23, 2009 and referred the dispute for adjudication to the Labour Court-III, Faridabad.

9. Mr.Akshay Bhan submits that this led to confusion when the Government on the one hand stated that after inquiry, it was found that the worker is employed through contractor and then changed its view. There exists no anomaly in such a change since the reference order is an administrative order which can be changed or varied but not withdrawn. No opportunity of hearing is required to be afforded to the management and it is not correct to argue that there was no new document or evidence for the Labour Department to have re-considered its decision. This is a well settled position in law and the references cannot be berated or declared void on this account.

10. The first avenue of attack is that a common order was passed by the Labour Court making therein the case of Omi Singh as the pilot reference; which is said to be on an erroneous basis that the other 32 references involve common and identical questions of law whereas the facts are not similar in any way as is evident from the claim statements, evidence by way of affidavit(s) and the documents produced on record in the references.

11. It has also not been pointed out in the petition except for making general statements therein or in the submissions made at the time of hearing as to what is the real difference among the 33 references which could possibly alter the decision one way or the other. There is a common thread running through all the cases. In all, 33 employees were employed prior to 2006 and 17 of them even prior to November 14, 1999. I, therefore, do find any infirmity in the discretion judicially exercised by the Labour Court in making Omi Singh's case the pilot case and proceeding to decide all the 32 cases together in one award. This procedure has not caused any prejudice or manifest injustice to the petitioner M/s JCB in the defence of the references.

12. I inquired from the learned senior counsel whether M/s JCB had ever objected to such a course being adopted before the Labour Court when it proceeded to make the award, and the answer was in the negative. Neither did the management make a request to the Labour Court, in order to extol the difference in each of the cases so that independent arguments may be placed forth in individual cases nor was a request made to the Labour Court before it turned *functus officio* to point out the defects in the decision-making process on account of clubbing of all 33 cases for rendering an award. On account of the omissions on the part of the management the complaint against the Labour Court for consolidating all the 33 cases for a common award is not tenable. Neither prejudice nor manifest injustice has followed because of the common award. This is not to say that separate awards could not have been passed. They could have been decided separately, but since there is presented a *fiat accompli* then there is nothing

really per se illegal or unlawful in making a common award covering 33 similar cases all involving the primary question of relationship of employer-employee and whether it was direct or indirect employment. The objection is thus overruled.

13. As a reminder, it is noted that these cases involve the job of sanitation and house-keeping. The first contract between M/s Escorts JCB Limited and M/s Parkash Contractors Private Limited is Ex.WD dated November 12, 1999 [P-3] covering the period from November 15, 1999 to November 14, 2000 in the field of house-keeping and sanitation with man power numbering 43, i.e., 40 house boys, 1 Supervisor and 2 Assistant Supervisors to work in the premises of M/s Escorts JCB Limited, 23/7, Mathura Road, Ballabgarh. There is then a contract of sanitation/house-keeping entered with M/s Mohinder Sharma, Faridabad Ex.W3 dated January 29, 2002 covering period from January 1, 2002 to December 31, 2002. Mohinder Sharma is not a party in Omi Singh's case. Thereafter, the management jumps to February 24, 2006 [P-5] which is a contract between the petitioner and M/s Parkash Contractor Private Limited Ex.WA covering the period from March 1, 2006 to December 31, 2006.

14. The next contract is Ex.WB dated January 1, 2007 [P-6] entered with respondent No.2-Parkash Contractors. This letter evidences that it is further to the contract dated February 24, 2006 Ex.WA with reference to request dated September 27, 2006 for renewal of the contract. The contract was renewed with effect from January 1, 2007 to February 28, 2007 on the terms and conditions mentioned in Annexure-I. The services of the workman were terminated on June 9, 2007. No orders of termination have

been placed on the record of the Labour Court.

15. On facts, it is submitted by Mr. Shukla that Omi Singh was appointed as Safai Karamchari in May, 1996. The defence of the action by M/s JCB India Limited before the Labour Court was that the reference was bad in law, the claimant was not a workman under Section 2(s) of the Industrial Disputes Act, there was no industrial dispute between M/s JCB and the workman; references to the Labour Court were not as per the pleadings of the parties, the absence of relationship between the M/s JCB and the workmen cannot result in industrial dispute and therefore, reference is without jurisdiction; what to speak of the M/s JCB the applicant is not even a person employed by the Contractor. On merits, various issues were raised denying the claim. The written statement was verified on September 16, 2009.

16. M/s Parkash Contractors filed a separate written statement stating that workman Omi Singh was employed by it on March 2, 2006 on monthly wages/salary of ` 106.43 per day. On completion of the contract, the workman was called to the office so that he could be engaged at any other place but neither did the workman turn up nor did he send any message. In such circumstances, the workman was deemed not to be interested in work. The Contractor was willing to take back the workman but the workman refused saying that he was willing to work only with M/s JCB but since the contract had come to an end with M/s Parkash Contractor nothing could be done. In para. 4 of the written statement, it is stated that respondent No.2 offered to pay the entire legal dues of the workman but the workman refused to accept the same. The tenure of the workman with

respondent No.2 was only for fifteen months. Respondent No.2 paid and cleared all pending wages and other benefits till the last day of his employment and nothing is due toward him.

17. The workman filed a rejoinder to the written statement of respondents No.1 and 2 asserting his pleadings to the statement of claim.

18. The first and foremost question arises as to compliance of law in Contract Labour (Regulation & Abolition) Act, 1970. M/s JCB is registered under Contract Labour (Regulation and Abolition) Act, 1970 vide Ex.M2 dated March 1, 2006 valid upto December 31, 2006. In Form 1 which is the application for registration of establishment employing contract labour, the name of M/s Parkash Contractor is mentioned involving the work of Horticulture between January 1, 2006 to December 31, 2006. The requirement of contract labour by M/s JCB for work of Horticulture assigned to M/s Parkash Contractor was given for engaging 8 workers on each day and no more. Mohinder Sharma at serial No.4 was a Contractor who was assigned the work of Sanitation/Parking and miscellaneous jobs with a command of 75 contract labour on any day to work with M/s JCB. The question arises that for the period of contract with M/s Parkash contractors from February 24, 2006 with effect from March 1, 2006 to December 31, 2006 extended up to February 28, 2007, M/s Parkash Contractor could not have employed a *safai karamchari* like Omi Singh. The work of sanitation had been provided to some other contractor i.e. Mohinder Sharma and Mr.Akshay Bhan has been at pains to explain this when it was pointed out by Mr.Shukla appearing for the worker. The name of M/s Parkash Contractor falls at Serial No.4 authorizing employment of

53 contract labour in the job of sanitation but interestingly for the period January 1, 2007 to December 31, 2007.

19. Indisputably, Omi Singh was employed as a direct casual labour by the management of M/s JCB in the year 1997-98. This fact has not been controverted by M/s JCB nor possibly can, that there was indeed an apparent direct relationship of employer-employee between M/s JCB and the present workers and the contract system was introduced only in 2006 barring one contract entered with M/s Parkash Contractors dated November 12, 1999 Ex.WD but with no further details or list of employees is on record, which has not been explained. There is also nothing on record of the lower court requisitioned by this Court on September 28, 2015 and perused which connects Ex.WD with any of the workmen in the present set of cases. No evidence has been placed on record to clear the air. If the registration certificate under CLRA Act dated March 1, 2006 is on record as Ex.M2, the licenses issued to the Contractors including M/s Parkash Contractor have not come on record which would have possibly been the best evidence.

20. In order to understand the arrangement, it becomes necessary to look to the evidence by way of affidavit of respondent No.2 deposed to by Satya Deo, Manager, M/s Parkash Contractors Private Limited, Faridabad where the witness solemnly affirms and declares as follows : -

- (i) That I am fully conversant with all material facts of this matter and I am competent to swear this evidence affidavit in the Court.
- (ii) That my organization has signed a contract for Sanitation/house-keeping with M/s JCB India Limited, Ballabgarh i.e. respondent No.1 on 24.2.2006 to provide services for labour for sanitation & Housekeeping services from 1.3.2006 to 31.12.2006 and further also renewed the said contract up to February, 2007.
- (iii) That respondent No.1 agreed to pay a sum of Rs.1,93,286/-

(Rupees one lakh ninety three thousands two hundred eighty six) only per month to defendant No.3 firm towards the cost of providing 1 Supervisor, 2 Asstt. Supervisors and 47 house-keeping boys.

(iv) That it is pertinent to mention that before operation of my firm agreement, the employee worked with another contractor in the premises of defendant No.1 for the job and my firm on instructions and precedence stated by defendant No.1 my company deployed you in the same capacity to the respondent No.1 with effect from 02.03.2006 on the daily wages @ Rs.106.43 per day and @ Rs.117.59 per day on 08.06.07 respectively and you worked with defendant No.1 up to 08.06.2007 on the basis of my firm contract verbally renewed with defendant No.1. If you done on overtime in the performance of your job, in that case overtime amount is admissible as per law has already been paid to you.

(v) That my firm has already deposited the monthly contribution towards E.S.I.C and provident fund in the account maintained by ESIC and Provident Funds Office for the period you worked on daily wages in the premises of Respondent No.1 regularly. The office copy of the receipts as proof of deposits will be submitted before the Hon'ble Court as and when required by Hon'ble Presiding Officer.

(vi) That my contract is terminated with effect from Feb. 2007 and I informed the same development to you accordingly, you should report to the undersigned office so that your services will be deployed in another company on the same term and condition. It is stated that you have not reported in our firm till now.

(vii) That my firm has paid full wages to you for those days worked with defendant No.1 premises as deployed worker form my firm to the defendant No.1 as per agreement signed between defendant No.1 and defendant No.2. Your daily wages is worked out on the basis of the statement of attendance received from defendant No.1.

(viii) That the complainant made my firm as a party in this matter and no relief is sought from respondent No.2 by the complainant in this Hon'ble Court.

(ix) That the respondent No.2 mentioned before the Conciliation Officer in this particular matter that nobody was refused to be taken back on duty after the termination of the said contract with defendant no.1 and further stated in the Hon'ble Court that if you will intent to join in defendant No.2 firm on the daily wages approved by the Government of Haryana in that case my firm door is always for you.

(x) That it is mention that the main function of this firm to arrange

manpower and further to deploy the manpower arranged to different companies, where we have continuing the service contracts.

(xi) That in this particular matter on the request of the defendant No.1, I have deployed you as daily wager to the defendant No.1, if you worked with the defendant No.1 on the basis of deployment of earlier contractor. Hence no liability will be created on defendant no.2 because my firm is getting the professional fees for deploying the manpower to company, where our firm got contract on the basis of minimum wages prescribed by the State Govt. or Central Government.

For Parkash Contractors Pvt. Ltd.

Manager

Deponent

VERIFICATION

Verified at Faridabad on 7.02.2012 and the contents stated from para (i) to Para's (xi) are true and correct on the basis of my personnel knowledge and belief and no material is hidden therefrom.

For Parkash Contractors Pvt. Ltd.

Manager

Deponent

21. MW2 Ved Parkash on being cross-examined by the workman
deposed as follows : -

“He did not know whether the claimant workman was with the company or not before 1.3.2006 and was on whose pay role but stated that he was not working with them. He deposed that he had brought the attendance register, ESI and PF return for the period from 1999 to 2007 of respondent No.1/Omi Singh. He stated that it is correct that he had not brought the record in the court from 1996 to 1999 of respondent No.1 because it may have the names of the claimants, Omi Singh had PF code and ESI code. The management used to provide to its employees, the wages slip, identity card, appointment letter, uniform and leave card etc. Omi Singh was an employee of the contractor though he did not know for which period. He had no documents from where he could say that the contractor had

made payment of wages to the workman in the presence of the representative of the company as required under Contractor Labour Regulatory Law. He stated and this was material that he did not know whether the contract of Prakash Contractor was in existence with effect from 15.11.1999 till 14.11.2000. He did not know whether Omi Singh was an employee of the contractor for that period. He stated that now a days, the work of cleaning has been given to the contractor and its employees are doing the work....”

22. When recalled for cross-examination, Mr.Satya Deo, Manager of M/s Parkash Contractor stated that he worked as Supervisor and then Manager with M/s Parkash Contractor from April, 1980 till date of deposition. He stated that M/s Parkash Contractor had a contract for deputing *Safai Karamcharis* from March 1, 2006 to March 8, 2007.

23. This was an incorrect statement made before the court. M/s Parkash Contractor did not have a subsisting contract for *safai karamchhari* work but for the work of Horticulture which can refer to *Malis, Baildars* etc. The sanitation work at best would have started from January 1, 2007 and, therefore, the period from January 1, 2006 to December 31, 2006 is where the heart of this case bleats, has no reference to the present 33 workers because it is not the case set up that they were inducted through Mohinder Sharma who was assigned the sanitation work and was licensed to bring in 75 employees on daily basis through the contract system. This period from January 1, 2006 to December 31, 2006 is a chink in the armour of M/s JCB and the only inference that can validly be drawn in the absence of corroborative evidence with respect to Mohinder Sharma is that Omi Singh and the rest of the workers were contract employees of M/s JCB. This situation factual as it is and coming from the record of M/s JCB clinches the

case against it and, therefore, the Labour Court committed no error to my mind in holding that they were direct employees of M/s JCB even though the award may lack in articulation or on the niceties of law, marshalling of cognitive facts in the award and weaving it with judicial reasoning. Nevertheless, since it is a judicial order, it will be open to this Court to supply reasoning to support the conclusion reached by the Labour Court-III, Faridabad though on somewhat different reasoning which may fit the facts more truly. Since the Court is not dealing with an administrative order, the question of remanding the case does not arise for opportunity to cure the defects as may be found on judicial review of the impugned award.

24. There is another serious flaw in the contention raised on behalf of M/s JCB that the licenses have not been produced either by the petitioner or respondent No.2 [before the Labour Court]. It is not, therefore, enough to argue on the strength of ***Dena Bank*** that M/s JCB and the Contractor can be visited by penal consequences alone that there cannot be any declaration of direct relationship between the workers and the M/s JCB.

25. The law has been elaborately laid down in **Steel Authority of India Limited and others v. National Union Waterfront Workers and others** ; (2001) 7 SCC 1. The question before the Supreme Court in the aforesaid case was whether the concept of automatic absorption of contract labour in the establishment of the Principal Employer on issuance of abolition notification is implied under Section 10 of the CLRA Act and in answering the question, the Supreme Court traced the history of the practice of contract labour since pre-independence era from 1929 when a Royal Commission was appointed by the British Government to study and report

on all the aspects of engaging such labour in industry. This effort was known as the Whitley Commission. This was followed by the Rege Committee. The object of CLRA Act was to regulate contract labour to ultimately achieve the goal of abolition. There are two clear sights of the view in favour of the management and against the direct absorption. In para. 89, the Supreme Court observed that it was unable to perceive in Section 10 any implicit requirement of automatic absorption of contract labour by the principal employer in the establishment concerned on issuance of notification by the appropriate Government under Section 10(1) prohibiting the employment of contract labour in a given establishment. The Supreme Court discussed its earlier dicta in **Standard Vacuum Refining Co. of India Limited v. Workmen**; AIR 1960 SC 948, **Vegoils (P) Ltd. v. Workmen**; (1971) 2 SCC 724, **Gammon India Ltd. v. Union of India**; (1974) 1 SCC 596 where the constitutional validity of CLRA Act and the rules framed thereunder were considered in a petition filed under Article 32 of the Constitution of India. The Supreme Court dealt with a matter wherein work of construction of a building for a banking company entrusted to the petitioner building contractors who engaged contract labour for construction work at site. While upholding the constitutional validity of the CLRA Act and the rules framed thereunder, the Supreme Court summed up the object of the Act and its purpose as follows : -

“The Act was passed to prevent the exploitation of contract labour and also to introduce better conditions of work. The Act provides for regulation and abolition of contract labour. The underlying policy of the Act is to abolish contract labour, wherever possible and practicable, and where it cannot be abolished altogether, the policy of the Act is that

the working conditions of the contract labour should be so regulated as to ensure payment of wages and provision of essential amenities. That is why the Act provides for regulated conditions of work and contemplates progressive abolition to the extent contemplated by Section 10 of the Act. Section 10 of the Act deals with abolition while the rest of the Act deals mainly with regulation. The dominant idea of Section 10 of the Act is to find out whether contract labour is necessary for the industry, trade, business, manufacture or occupation which is carried on in the establishment.”

26. The Supreme Court referred to **Dena Nath and others v. National Fertilizers Limited and others**; (1992) 1 SCC 695 where as a consequence of non-compliance with Sections 7 and 12 of the CLRA Act by the principal employer and the licensee respectively, the contract labour employed by the principal employer would become the employees of the principal employer. On the question, the Court held that the only consequence for non-compliance was penal provisions under Sections 23 and 25 as envisaged under the CLRA Act and that merely because the contractor or the employer had violated any provision of the Act or the Rules, the High Court in proceedings under Article 226 of the Constitution could not issue any mandamus for deeming the contract labour as having become the employees of the principal employer. The Supreme Court thus resolved the question of conflict among various High Courts. It was further held that neither Act nor the Rules framed by the Central Government or by any appropriate Government provided that upon abolition of the contract labour, the labourers would be directly absorbed by the principal employer.

Dena Nath's case arose out of the writ proceedings and did not come via labour court and tribunals and the evidenced adduced by the parties on their

respective stand. The Supreme Court referred to its earlier ruling in **R.K.Panda v. Steel Authority of India and others**; (1994) 5 SCC 304 where the contract labour system had persisted for the period between two decades. It was found that though the management was changing the contractors, yet under the terms of the agreement, the incoming contractors were obliged to retain the contract labour engaged by the outgoing contractors. The moot issue elucidated was whether the contract labourers had become employees of the principal employer in the course of time or whether the engagement and employment of labourers through a contractor was a mere camouflage and a smokescreen, the Supreme Court took the view that it was a question of fact and had to be established by the contract labourers on the basis of the requisite material in the Industrial Court or the Industrial Tribunal. The Supreme Court refused to issue a direction of absorption of contract labour on abolition of the contract labour system.

27. In para. 103, the Supreme Court considered its earlier dicta in **Air India Statutory Corporation v. United Labour Union**; (1997) 9 SCC 377 and paraphrased the earlier law holding as follows : -

“(1) though there is no express provision in the CLRA Act for absorption of the contract labour when engagement of contract labour stood prohibited on publication of the notification under Section 10(1) of the Act, from that moment the principal employer cannot continue contract labour and direct relationship gets established between the workmen and the principal employer; (2) the Act did not intend to denude the contract labour of their source of livelihood and means of development throwing them out from employment; and (3) in a proper case the Court as sentinel on the qui vive is required to direct the appropriate authority to submit a report and if the finding is that the

workmen were engaged in violation of the provisions of the Act or were continued as contract labour despite prohibition of the contract labour under Section 10(1), the High Court has a constitutional duty to enforce the law and grant them appropriate relief of absorption in the employment of the principal employer. Justice Majmudar, in his concurring judgment, put it on the ground that when on the fulfillment of the requisite conditions, the contract labour is abolished under Section 10 (1), the intermediary contractor vanishes and along with him vanishes the term principal employer and once the intermediary contractor goes the term principal also goes with it; out of the tripartite contractual scenario only two parties remain, the beneficiaries of the abolition of the erstwhile contract labour system, i.e. the workmen on the one hand and the employer on the other, who is no longer their principal employer but necessarily becomes a direct employer for erstwhile contract labourers. The learned Judge also held that in the provision of Section 10 there is implicit legislative intent that on abolition of contract labour system, the erstwhile contract workmen would become direct employees of the employer on whose establishment they were earlier working and were enjoying all the regulatory facilities under Chapter V in that very establishment. In regard to the judgment in Gujarat Electricity Boards case (supra), to which he was a party, the learned Judge observed that he wholly agreed with Justice Ramaswamys view that the scheme envisaged by Gujarat Electricity Board case was not workable and to that extent the said judgment could not be given effect to.”

28. The Supreme Court in para. 105 observed as follows :

“The principle that a beneficial legislation needs to be construed liberally in favour of the class for whose benefit it is intended, does not extend to reading in the provisions of the Act what the legislature has not provided whether expressly or by necessary implication, or substituting remedy or benefits for that provided by the legislature. We have already noticed above the intendment of the CLRA Act that it regulates the conditions of service of the contract

labour and authorizes in Section 10(1) prohibition of contract labour system by the appropriate Government on consideration of factors enumerated in sub-section (2) of Section 10 of the Act among other relevant factors. But, the presence of some or all those factors, in our view, provide no ground for absorption of contract labour on issuing notification under sub-section (1) of Section 10. Admittedly when the concept of automatic absorption of contract labour as a consequence of issuing notification under Section 10(1) by the appropriate Government, is not alluded to either in Section 10 or at any other place in the Act and the consequence of violation of Sections 7 and 12 of the CLRA Act is explicitly provided in Sections 23 and 25 of the CLRA Act, it is not for the High Courts or this Court to read in some unspecified remedy in Section 10 or substitute for penal consequences specified in Sections 23 and 25 a different sequel, be it absorption of contract labour in the establishment of principal employer or a lesser or a harsher punishment. Such an interpretation of the provisions of the statute will be far beyond the principle of ironing out the creases and the scope of interpretative legislation and as such clearly impermissible. We have already held above, on consideration of various aspects, that it is difficult to accept that the Parliament intended absorption of contract labour on issue of abolition notification under Section 10(1) of CLRA Act. “

29. Mr.Shukla relies on para. 125 (5) and (6) in *Steel Authority of India's* case [supra] to contend that it is within the jurisdiction and domain of the Labour Court and Industrial Tribunal to see whether the contract is genuine or is merely a ruse or camouflage to evade compliance with various beneficial provisions of the law so as to deprive the workers of their rights thereunder and if it comes to the view that the contract is not genuine but a mere camouflage, then the so-called contract labour will have to be treated

as employees of the principal employer. Two significant paragraphs read as follows : -

“125....

(5) On issuance of prohibition notification under Section 10 (1) of the CLRA Act prohibiting employment of contract labour or otherwise, in an industrial dispute brought before it by any contract labour in regard to conditions of service, the industrial adjudicator will have to consider the question whether the contractor has been interposed either on the ground of having undertaken to produce any given result for the establishment or for supply of contract labour for work of the establishment under a genuine contract or is a mere ruse/camouflage to evade compliance of various beneficial legislations so as to deprive the workers of the benefit thereunder. If the contract is found to be not genuine but a mere camouflage, the so-called contract labour will have to be treated as employees of the principal employer who shall be directed to regularise the services of the contract labour in the concerned establishment subject to the conditions as may be specified by it for that purpose in the light of para 6 hereunder.

(6) If the contract is found to be genuine and prohibition notification under Section 10(1) of the CLRA Act in respect of the concerned establishment has been issued by the appropriate Government, prohibiting employment of contract labour in any process, operation or other work of any establishment and where in such process, operation or other work of the establishment the principal employer intends to employ regular workmen he shall give preference to the erstwhile contract labour, if otherwise found suitable and, if necessary, by relaxing the condition as to maximum age appropriately taking into consideration the age of the workers at the time of their initial employment by the contractor and also relaxing the condition as to academic qualifications other than technical qualifications.”

30. In short, the industrial adjudicator can lift the ball and put into the nature of contract and where it satisfies the test in para. 125 of *Steel Authority of India's* case [supra].

31. It may be recorded that this is a case falling under Section 10 of CLRA as there is no notification prohibiting the contract labour in M/s JCB. The principles involved in para. 125 thus would have to be paid due regard.

32. The petitioners rely on the decision of the Supreme Court in **Balwant Rai Saluja v. Air India Ltd.**; (2014) 9 SCC 407 where tests have been laid down to determine whether the employer-employee relationship exists between the principal employer and the workmen.

33. The Supreme Court held following to be the relevant factors in deciding the issue: (i) who appoints the workers; (ii) who pays the salary/remuneration; (iii) Who has the authority to dismiss; (iv) who can take disciplinary action; (v) whether there is continuity of service; and (vi) the extent of control and supervision i.e. whether there exists complete control and supervision.

34. In regard to the above principles, Mr. Bhan to further his case relies on the authority in **International Airport Authority of India v. International Air Cargo Workers' Union and another**; (2009) 13 SCC 374 to contend that if the Tribunal has failed to adjudicate upon the issue as to whether the petitioner had primary control or secondary control over the contractor, then the result could not be achieved as has been awarded. The tests of primary and secondary control are relevant in determining the relationship of employment. The Presiding Officer, Labour Court has also not dealt with the question of ultimate supervision and control and whether

it lay in the domain of respondent No.1 or respondent No.2.

35. It may be true that the Labour Court has not examined the issue extensively from all the possible angles it could have but still the fact remains and the admitted position stands which cannot be disputed before this Court was that the workers were to begin with employed directly by M/s JCB as casual workers and continued to serve till their services were terminated in 2007. M/s JCB ought not to be approved of its unilateral action in changing the track, nature and character of employment and the conditions of service without notice of change and sharing the views of labour at the point of transition.

36. The issue in this case is with respect to change-over from direct to indirect employment. When we look at the indirect employment part of the relationship, then the Court is confronted with lack of authority in directing M/s Parkash Contractor to have employed *safai karamcharis* while holding a contract for Horticulture. Therefore, *ex facie*, the contract was not genuine and reeks of a sham and bogus transaction. It is inherent in the issue raised in these cases that the nature of the contract would have to be gone into as inherent in the argument. Therefore, it matters little whether a document which was marked was read or slips of papers of PF and ESI receipts or paid meal allowance since inventive of events of 2006-07 dissuades this Court from holding that the 33 respondents-workmen have no case for declaration as granted by the learned Labour Court. If a view has been taken on the materials presented before the Labour Court in exercise of its judicial discretion exercised in a particular way which is both plausible and not impossible, then it is not for the writ Court to set about substituting

its opinion with that of the industrial adjudicator only to reach a different conclusion on the same evidence. It may be true that the payments of ESI and PF contributions are alone not enough to establish employer-employee relationship and to that extent, Mr.Bhan is correct when he cites **Cement Corporation of India Limited v. Presiding Officer, Labour Court-cum-Industrial Tribunal and others;** (2010) II LLJ 548 where this Court held as follows : -

“The aspects relating to contribution to ESI and PF, it was conceded even by the learned counsel appearing for the workmen, were statutory liabilities on the principal employer and, therefore, they would themselves not prove that workmen had been directly engaged by them.”

It was further held by this Hon'ble Court : -

“Let us assume for the moment that even if the workmen had directly been provided these provisions like shoes or uniform, it ought not to be taken as a decisive factor to consider the alleged sham character of the contract.”

37. The more serious question is of corroborative evidence. In this case, the more one looks at two contracts, the more one is convinced that for the period of 2006 and 2007, there was no relationship between the 33 workers and M/s Parkash Contractors and in some of the cases with Mohinder Sharma contractor.

38. The petitioners have relied on a selection of judgments on different points and they may be noticed briefly. These rulings are in **Atlas Cycle (Haryana) Limited v. Kitab Singh;** (2013) 12 SCC 573. The Supreme Court held that interference would be justified where a finding of fact is based on no evidence, then such error of law can be corrected by a

writ of certiorari. Although the High Court issuing writ of certiorari would not be permitted to assume role of appellate court, however, if it is shown that Tribunal/Labour Court in recording its finding erroneously refused to admit admissible and material evidence or admitted any inadmissible evidence the writ court would be well within its power to interfere. However, in the present case, the Labour Court could have taken a view on the evidence as it is. There is no error apparent on the face of record. The principles of interference and non-interference are succinctly elucidated by the Supreme Court in **Surya Dev Rai v. Ram Chander Rai**; (2003) 6 SCC 675. The Supreme Court has guided that the High Court in exercise of certiorari or supervisory jurisdiction will not convert itself into a court of appeal and indulge in re-appreciation or evaluation of evidence or correct errors in drawing inferences or correct errors of mere formal or technical character. There is no patent error in the award of the Presiding Officer, Labour Court in this case which can be perceived or demonstrated without involving any lengthy or long drawn process of reasoning. Where two inferences are reasonably possible and the subordinate court has chosen to take one view, the error cannot be called gross or patent. Moreover, some errors of law and fact cannot be corrected by a writ of certiorari unless (i) the error is manifest and apparent on the face of the proceedings such as when it is based on clear ignorance or utter disregard of the provisions of law, and (ii) a grave injustice or gross failure of justice has occasioned thereby. The question is of overstepping or crossing the limits of jurisdiction to a point of perversity and irrationality. It cannot be said that this case falls in these categories of flaws which are fundamental in nature.

39. The petitioners then rely on **Geeta Devi v. Updater Services (P) Ltd. and others**; 2015 (145) Factory Law Reports 1062 : MANU/DE/1876/2015. The case is decided under Section 2-A of the Industrial Disputes Act and the argument is that violation of Section 2-A can only be at the hands of an employer. If there is a contractor in between, then the case could not fall under Section 2-A of the ID Act. In any case, the workman cannot insist upon its employer to assign a particular duty to him. He is required to work wherever he is asked. This is in respect of rights and liabilities of the contractor and reference is to the pleading of the contractor that the company asked the labourers to work in another project since its contracts came to an end with M/s JCB.

40. The next reliance is placed on the ruling in **Shamsher Singh [deceased] through his LRs v. Gobind Singh and others**; 2008 (2) ILR (P & H) 1, a case arising in regular second appeal and cited on the point that the exhibited documents, let alone marked documents, cannot be relied upon only for the reason that they have been marked as exhibits and they also have to be proven first by legal mode of proof. There is no dispute with the proposition laid down by the learned Single Judge of this Court. Nothing will be depended completely on the marked documents in this case from where the argument arose. It is the totality of facts and circumstances that have to be taken into consideration while evaluating the work of a Tribunal within the restrictions placed on the High Court in **Syed Yakoob v. K.S. Radhakrishnan**, AIR 1964 SC 477.

41. Similarly, in the decision of the High Court of Delhi in **Sudhir Engineering v. Nitco Roadways**; 1995 (34) DRJ, Justice R.C.Lahoti as His

Lordship then was, on March 23, 1995 held in the ruling that under Order 13 Rule 4 an admission of document has no effect and does not bind the parties nor become evidence without formal proof. Mere endorsement of exhibit number on the documents does not *per se* prove the documents to enable it to be admissible in evidence. Section 3 of the Evidence Act, 1872 does not dispense with the necessity of formal proof of documents. There is no dispute with this proposition either and the answer lies in the ruling cited by Mr.Bhan in **Municipal Corporation, Faridabad v. Siri Niwas;** (2004) 8 SCC 195. In this case, the Supreme Court held that the provisions of the Indian Evidence Act, 1872 are *per se* not applicable in the industrial adjudication. The Labour Court follows the procedure which it thinks fit and all its actions when translated in an award have to be in consonance with the well established principles of natural justice. I do not see how these rulings help the petitioners in any significant manner so as to turn the tide in their favour.

42. However, I may record that the petitioner is correct when it says that there was no necessity for the Labour Court to have noticed and relied on cases of the genre in **Santosh Gupta v. State Bank of Patiala**, 1980 FLR 373 (SC), **Harinder Singh v. Punjab State Warehousing Corporation;** 2010 (1) SCT 725, **Ramon Services (P) Limited v. Subhash Kapoor;** (2001) 1 SCC 118 and **Glaxo Laboratories (India) Limited v. Presiding Officer** (1984) 1 SCC 1. The discussion should have been confined to the relevant case law on contract labour laws and especially the successive judgments of the Supreme Court from **Dena Bank to Steel**

Authority of India [supra] etc on the CLRA Act.

43. At this stage of the arguments addressed Mr. Shukla places reliance on the decision of the Supreme Court in **Secretary, Haryana State Electricity Board v. Suresh and others**; which directly dealt with the provisions of CLRA Act, 1970. The Supreme Court had before it a case involving *safai karamcharis* who was/were engaged through a contractor by the Board to keep the plants, machinery and stations of the Electricity Board clean, tidy and hygienic. Such an activity cannot be ascribed to be of seasonal nature. The Supreme Court found that there was no genuine contract labour and so the called contractor was a mere name lender of name and not a licensed contractor. The Court held the view that the so called contract system was a mere camouflage and directed reinstatement with continuity of service of *safai Karamcharis* by affirming the view in the order in appeal. The workman claimed direct relationship with the Board. The Supreme Court agreed and directed reinstatement with continuity of service but without back wages. The High Court had placed reliance on the decision of the Supreme Court in classic vintage; **Hussainbhai v. Alath Factory Tezbilali Union**; 1978 (37) FLR 136 (SC). In this case, Justice Krishna Iyer summed up the position observing : -

“Who is an employee, in Labour Law? That is the short, die-hard question raised here but covered by this Court's earlier decisions. Like the High Court, we give short shift to the contention that the petitioner had entered into agreements with intermediate contractors who had hired the respondent-Union's workmen and so no direct employer- employee vinculum juris existed between the petitioner and the workmen.

This argument is impeccable in laissez faire economics 'red in tooth and claw' and under the Contract Act rooted in English Common Law. But the human gap of a century

yawns between this strict doctrine and industrial jurisprudence. The source and strength of the industrial branch of Third World Jurisprudence is social justice proclaimed in the Preamble to the Constitution. This Court in Ganesh Beedi's case 1974 (1)LLJ 367 has raised on British and American rulings to hold that mere contracts are not decisive and the complex of 1075 considerations relevant to the relationship is different. Indian Justice, beyond Atlantic liberalism, has a rule of law which runs to the aid of the rule of life. And life, in conditions of poverty aplenty, is livelihood and livelihood is work with wages. Raw societal realities, not fine-spun legal niceties, not competitive market economics but complex protective principles, shape the law when the weaker, working class sector needs succour for livelihood through labour. The conceptual confusion between the classical law of contracts and the special branch of law sensitive to exploitative situations accounts for the submission that the High Court is in error in its holding against the petitioner.

The true test may, with brevity, be indicated once again. Where a worker or group of workers labours to produce goods or services and these goods or services are for the business of another, that other is, in fact, the employer. He has economic control over the workers' subsistence, skill, and continued employment. If he, for any reason, chokes off, the worker is, virtually, laid off. The presence of intermediate contractors with whom alone the workers have immediate or direct relationship ex contractu is of no consequence when, on lifting the veil or looking at the conspectus of factors governing employment, we discern the naked truth, though draped in different perfect paper arrangement, that the real employer is the Management, not the immediate contractor. Myriad devices, half-hidden in fold after fold of legal form depending on the degree of concealment needed, the type of industry, the local conditions and the like, may be resorted to when labour legislation casts welfare obligations on the real employer, based on Articles 38, 39, 42, 43 and 43-A of the Constitution. The court must be astute to avoid mischief and

achieve the purpose of the law and not be misled by the maya of legal appearances.”

44. The Supreme Court noticed its earlier dicta in **Dena Nath's** case, **Gujarat Electricity Board v. Hind Mazdoor Sabha and others;** 1995 (71) FLR 102 (SC), **Air India's** and **R.K.Panda's** cases [supra]. The Supreme Court held : -

“Once the Board was not a principal employer and the so called contractor Kashmir Singh was not a licensed contractor under the Act, the inevitable conclusion that had to be reached was to the effect that the so called contract system was a mere camouflage, smoke and a screen and disguised in almost a transparent veil which could easily be pierced and the real contractual relationship between the Board, on the one hand, and the employees, on the other, could be clearly visualized.”

45. This decision goes a long way in helping the respondents to cement their cases in their favour. It may be noted that the decision in *Air India's* case [supra] was specifically overruled in *Steel Authority of India's* case [supra]. The job of cleaning was found perennial in nature as it is here too and is a relevant factor.

46. Before parting with the order, I may notice that the petitioner confined its arguments to the period March 1, 2006 to June 8/9, 2007. I have no reason to disbelieve the work or the finding of the Labour Court when it records that the M/s JCB failed to produce original documents regarding the attendance of the workmen prior to March 1, 2006 and, therefore, if its stand during the period from March 1, 2006 to June 8/9, 2007 is falsified in part, the whole of fabric must fall apart and asunder. As the saying goes, if any one part of the sentence is false, the whole sentence is false despite many

other true statements.

47. For the foregoing reasons any interference in the present bunch of cases is not warranted. The petition has more mass than merit and lacks intrinsic substance. The labour court award does in its conclusion substantial justice which does not deserve to be upset despite its few shortcomings.

48. For the reasons recorded above, all the thirty three petitions are dismissed. However, parties will bear their own costs.

(RAJIV NARAIN RAINA)
JUDGE

October 28, 2015
Paritosh Kumar

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S.No.	Case No.	Party's Name
1.	CWP No.20605 of 2015	M/s JCB India Ltd. v. Omi Singh and others
2.	CWP No.20606 of 2015	M/s JCB India Ltd. v. Sukhbir and others
3.	CWP No.20607 of 2015	M/s JCB India Ltd. v. Mange Ram and others
4.	CWP No.20608 of 2015	M/s JCB India Ltd. v. Chander and others
5.	CWP No.20609 of 2015	M/s JCB India Ltd. v. Ram Kishan and others
6.	CWP No.20610 of 2015	M/s JCB India Ltd. v. Subhas and others
7.	CWP No.20611 of 2015	M/s JCB India Ltd. v. Braham Pal and others
8.	CWP No.20612 of 2015	M/s JCB India Ltd. v. Ashok Kumar and others
9.	CWP No.20613 of 2015	M/s JCB India Ltd. v. Gagan and others
10.	CWP No.20614 of 2015	M/s JCB India Ltd. v. Rajbir and others
11.	CWP No.20615 of 2015	M/s JCB India Ltd. v. Vijay and others
12.	CWP No.20616 of 2015	M/s JCB India Ltd. v. Sugadh Pal and others
13.	CWP No.20617 of 2015	M/s JCB India Ltd. v. Rohtash and others
14.	CWP No.20618 of 2015	M/s JCB India Ltd. v. Jeet Singh and others
15.	CWP No.20619 of 2015	M/s JCB India Ltd. v. Satpal and others
16.	CWP No.20620 of 2015	M/s JCB India Ltd. v. Mahesh Kumar and others
17.	CWP No.20621 of 2015	M/s JCB India Ltd. v. Mahender and others
18.	CWP No.20622 of 2015	M/s JCB India Ltd. v. Kale and others
19.	CWP No.20623 of 2015	M/s JCB India Ltd. v. Vinod and others
20.	CWP No.20624 of 2015	M/s JCB India Ltd. v. Braham Pal and others
21.	CWP No.20625 of 2015	M/s JCB India Ltd. v. Ravi and others
22.	CWP No.20626 of 2015	M/s JCB India Ltd. v. Indraj and others
23.	CWP No.20627 of 2015	M/s JCB India Ltd. v. Bir Singh and others

S.No.	Case No.	Party's Name
24.	CWP No.20636 of 2015	M/s JCB India Ltd. v. Babu Ram and others
25.	CWP No.20728 of 2015	M/s JCB India Ltd. v. Surender and others
26.	CWP No.20729 of 2015	M/s JCB India Ltd. v. Ramesh and others
27.	CWP No.20730 of 2015	M/s JCB India Ltd. v. Rajesh and others
28.	CWP No.20731 of 2015	M/s JCB India Ltd. v. Suraj Kumar and others
29.	CWP No.20732 of 2015	M/s JCB India Ltd. v. Babu Ram and others
30.	CWP No.20733 of 2015	M/s JCB India Ltd. v. Sunder Pal and others
31.	CWP No.20734 of 2015	M/s JCB India Ltd. v. Sanjay and others
32.	CWP No.20735 of 2015	M/s JCB India Ltd. v. Bijender and others
33.	CWP No.20736 of 2015	M/s JCB India Ltd. v. Narender and others

(RAJIV NARAIN RAINA)
JUDGE

October 28, 2015
Paritosh Kumar