

IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH

201

CWP-7303-1997 (O&M)
Date of decision:09.03.2018

Steel Authority of India Ltd.

...Petitioner

Versus

Presiding Officer and others

.... Respondents

2.

CWP-7720-1997 (O&M)

Steel Authority of India Ltd.

...Petitioner

Versus

Presiding Officer and others

.... Respondents

3.

CWP-7721-1997 (O&M)

Steel Authority of India Ltd.

...Petitioner

Versus

Presiding Officer and others

.... Respondents

4.

CWP-7722-1997 (O&M)

Steel Authority of India Ltd.

...Petitioner

Versus

Presiding Officer and others

.... Respondents

CORAM: HON'BLE MR. JUSTICE P.B. BAJANTHRI

Present: Mr.Arjun Sharma, Advocate for the petitioner.

None for respondent No.2.

Ms. Abha Rathore, Advocate for respondent No.3-workman.

P.B. BAJANTHRI, J. (ORAL)

This order shall dispose of the aforementioned 4 petitions. However, for convenience and clarity, facts are being taken from petition bearing No. 7303 of 1997.

2. In the present writ petition, petitioner has challenged the award passed by the labour court dated 27.02.1997 (Annexure P7) insofar as retrenchment compensation to the respondents. Learned counsel for the petitioner submitted that petitioner entered into agreement with respondent No.2-M/s Amit and Company relating to handling of contract with the petitioner during the period from 16.04.1985 to 15.04.1988. Initially it was up to 15.04.1987. Thereafter it was extended. The respondent No.3-workman services were retrenched on 18.08.1989 by respondent no.2.

Consequently, respondent No.3 raised a dispute before the labour court. Labour court passed award in favour of respondent No.3 while directing the petitioner to ensure the payment of amount mentioned in the relief clause of the award. Learned counsel for the petitioner submitted that even though, labour court has recorded that petitioner stands indemnified due to any liability arising out of the contract in view of the contract period from 16.04.1985 to 15.04.1987 and from 16.04.1987 to 15.04.1988. Since respondent No.3 services have been retrenched after 15.04.1988 i.e. on 08.09.1989 thus labour court has erred in fixing responsibility on the petitioner insofar as extending the benefit and back wages to respondent No.3-workman.

3. Despite giving sufficient time there is no representation on behalf of respondent No.2.

4. Learned counsel for respondent No.3 submitted that there is no error committed by the Labour court in view of the Section 21 of the Contract Labour (Regulation and Abolition) Act, 1970 (for short 'Act, 1970').

5. Heard learned counsel for the parties.

6. Crux of the matter in the present petition is whether the petitioner would be liable to take responsibility of making payment of back wages to a retrenched employee when there is no relationship of employer and employee between the petitioner and respondent No.3? Undisputed facts are that respondent No.3 services were engaged by respondent No.2. Petitioner and 2nd respondent entered into agreement relating to execution of certain

contract in the first petitioner's Company. During the period from 16.04.1985 to 15.04.1988. Whereas respondent No.3 services were engaged by the 2nd respondent and third respondent services were utilized in execution of the contract/agreement entered into between the petitioner and 2nd respondent. In this back ground, labour court has erred in fixing liability on the petitioner insofar as payment of full back wages to respondent No.3-retrenched employee. Section 21 of the Act, 1970 would come into play as and when the contract between two persons were existing. In the absence of existence of contract question of determining principal employer do not arise. In the present case, title of the principal employer to the petitioner ceases as and when contract between the petitioner and respondent No.2 was ended on 15.04.1988. Since third respondent-workman's services were terminated on 18.08.1989 status of principal employer of the petitioner ceases on 15.04.1988. Therefore, labour court has erred in directing the petitioner to take all necessary steps to ensure the payment of amount mentioned in the relevant clause to respondent No.3 which is illegal and arbitrary. Accordingly, award passed by the labour court dated 27.02.1997 insofar as petitioner is concerned is set aside.

7. With the above observation, CWP stands disposed of.

09.03.2018

pooja saini

**(P.B.BAJANTHRI)
JUDGE**

Whether speaking/reasons

Yes/No

Whether Reportable:

Yes/No