

**114 IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

CWP No.12274 of 2020

Date of Decision : 30.09.2020

Kumar Saurabh and others

...Petitioners

Versus

State of Haryana and others

...Respondents

CORAM: HON'BLE MR. JUSTICE HARSIMRAN SINGH SETHI

Present: Mr. Sube S. Kaushik, Advocate
for the petitioners.

Ms. Safia Gupta, AAG, Haryana.

HARSIMRAN SINGH SETHI, J.(ORAL)

Present petition has been filed seeking quashing of order dated 31.01.2020 (Annexure P-5), which has been passed by Ding Man Power & Securities Services Pvt. Ltd. (hereinafter referred as 'Outsourcing Agency'), addressed to the Chief Manager of the Sirsa Central Co-operative Bank Ltd. (hereinafter referred as 'respondent-Bank'), requesting for relieving the employees, who were appointed through their agency, on completion of their contract with the respondent-Bank. The further prayer of the petitioners is for quashing the orders, by which, certain employees, who were appointed by the subsequent outsourcing agency of M/s Sona Enterprises, Panchkula in June/July, 2020.

Before the prayer of the petitioners is adjudicated upon, the question, which arises for determination before this Court as to whether the present writ petition is maintainable or not?

It is an admitted fact that petitioners were recruited by an outsourcing agency, namely, Ding Man Power & Securities Services Pvt. Ltd. They were posted with the Sirsa Central Co-operative Bank Ltd. keeping in view the agreement between the respondent-Bank and the said outsourcing agency. The appointment orders were issued to the petitioners by the said outsourcing agency only and no appointment orders appointing them in the respondent-Bank were issued in their favour by the respondent-Bank at any given point of time. That being so, the petitioners are employees of the said outsourcing agency and not the respondent-Bank, against whom the present writ petition has been preferred by the petitioners. Once, the terms of the agreement between outsourcing agency, which appointed the petitioners and respondent-Bank came to an end, simultaneously the period of contractual appointment of the employees, who were appointed by the said outsourcing agency and posted with the respondent-Bank, also came to an end and upon request of the said outsourcing agency, the petitioners were relieved. The order dated 31.01.2020 (Annexure P-5) impugned in the present writ petition is passed by the said outsourcing agency and not the respondent-Bank. It is clear that there is no master-servant relationship between the respondent-Bank and the petitioners who are admittedly the employees of the outsourcing agency, namely, Ding Man Power & Securities Services Pvt. Ltd.

It is a settled principle of law that a writ can only be issued against the State or any instrumentality of the State. In the present case, the

petitioners are praying for a direction to their employer that their services be continued. The said directions can only be issued to the employer of the petitioners and no other and admittedly the employer of the petitioners is an outsourcing agency, which is a non-State entity.

The only issue which arises before this Court is that once, it is conceded that the employer of the petitioners is the outsourcing agency, whether a direction can be issued by this Court to an entity which is neither a State nor “any other authority” as envisaged under Article 12 of the Constitution of India, by entertaining the present writ petition.

Nothing has been placed on record before this Court to show that the outsourcing agency, which appointed the petitioners, is a Government Society or in any manner funded or administered by the Government so as to bring the same under 'other authority' as envisaged under Article 12 of the Constitution of India making the present writ petition maintainable.

Learned counsel for the petitioners submits that as the petitioners were discharging the duties in a respondent-Bank, they shall be treated to be employees of the respondent-Bank for all intent and purposes. Though, the said argument has been raised, but nothing has been placed on record to show that the petitioners were ever appointed by the respondent-Bank to discharge the duties with the respondent-Bank rather the conceded position is that the petitioners are the employees of the private contractor, who have been given the contract by the respondent-Bank to provide the manpower by outsourcing agency.

That being so, the petitioners cannot claim themselves to be the employees of the respondent-Bank so as to claim the benefit of continuity in service especially when there is no master servant relationship.

This Court had an occasion to consider somewhat similar claim of the contractual employees employed through service provider, wherein also claim was raised that contractual employees working through Contractor by way of outsourcing, are to be treated as Government employees. A Co-ordinate Bench of this Court considered this aspect while deciding CWP-18619-2011 titled as 'Nishan Singh and others Vs. State of Punjab', along with other connected cases, vide judgment dated 28.02.2013 and decided as under: -

“A perusal of this policy would show that it is applicable to the employees, who were working as daily wagers/workcharge/contract basis on permanent posts and were appointed by the State of Punjab after fulfilling eligibility criteria as per the proper procedure. Policy dated 18.3.2011 dealt with regularization of the services of not only contractual employees, but the daily wagers/workcharge employees working in different departments of the Government. By this policy dated 17.11.2011, the benefit of regularization of services was extended to the daily wagers/workcharge employees and employees working on contract basis in different departments, i.e. Boards/Corporations/Cooperative Societies/other Societies and other autonomous bodies. A perusal of both the above policies would clearly spell out that the petitioners who are employees of the Service Providers in the Departments of Revenue and Excise and Taxation, Punjab, in pursuance to the contract entered into between their employer and respondent departments. There is no relationship of employer and employee between the petitioners and respondent-department. In the absence of such a relationship, petitioners cannot claim any right against the respondents. Even the policies of regularization do not contemplate or provide for benefit of regularization of services of the employees who have been deputed by the Service Providers.

It has been asserted by the petitioners that as a matter of fact, the petitioners are for all intents and purposes employees of the respondent-department and the services providers have been used as a camouflage to deny the petitioners of their right of regularization and others statutory benefits, especially when the petitioners fulfil all the other mandated conditions for regularization of their services except that the petitioners have been appointed directly on contract basis by the respondents. It has further been asserted that in the case of some of the petitioners, their initial appointment was with the principal employer and later on shown through contractor which was with an intention to cover up the claim of the petitioners of they being contract employee of the department. It has further been asserted that the so called service provider/contractor is an unregistered contractor who has not obtained any license under Section 12 of the Contract Labour (Regulation and Abolition Act) 1970 and, therefore, the petitioners will be for all intents and purposes treated to be the employees of the principal employer, i.e. department concerned, entitling them to the claim of regularization as per the policies of the Government of Punjab and, therefore, a direction to that effect be issued. This contention of the counsel for the petitioners cannot be accepted in the light of the latest Full Bench judgment of this Court in CWP No. 13619 of 2012 titled as Union of India and another Versus Ram Pal and others, decided on 22.2.2013, wherein apart from referring to two conflicting judgments passed by the Division Benches of this Court and to resolve the dispute therein, reliance was placed upon the judgment of the Hon'ble Supreme Court in Steel Authority of India Limited's case (supra) to assert that the question of policy of contract labour could neither be decided by the Labour Court nor the Writ Court and as a fortiori by the Tribunal as held in the said case. It was within the exclusive domain of the appropriate Government under the Labour Contract Prohibition Act. While dealing with this question, this Court held as follows :-

“11. On going through the judgment in SAIL (supra), we are of the view that decision of the Division Bench in Ramesh Singh (supra) is correct view and that of Kiran Pal (supra) would not hold the field, as it is directly opposed to the judgment of the Supreme Court in SAIL (supra). Detailed reasons given by the Division Bench in Ramesh Singh (supra), taking note of all the relevant cases, are reproduced below, as we agree with the said reasoning :-

“The issue whether a workman engaged by the Contractor can be deemed to be an employee of the principal employer in the event of prohibition of engagement of Contract Labour in terms of Contract Labour (Regulation and Abolition) Act, 1970 or where there is no notification prohibiting engagement of contract labour was subject matter of consideration before the Hon'ble Supreme Court in Steel Authority of India's case (supra). The Supreme Court has reversed its earlier judgment in Air India Statutory Corp. Versus United Labour Union (1997) 9 SCC 377 prospectively. It was held that the provisions of the Contract Labour (Regulation and Abolition) Act, 1970 neither expressly or by necessary implication provide for automatic absorption of contract labour on issuing a notification by the appropriate Government prohibiting engagement of contract labour.

In Municipal Corporation of Greater Mumbai Versus K.V. Shramik Sangh and others (2002) 4 SCC 609, it was held by Hon'ble Supreme Court that absorption of contract labour cannot be automatic and is not for the Court to give such direction and the appropriate forum is, to seek remedy before an industrial adjudicator. In A.P. SRTC and others Versus G. Srinivas Reddy and others (2006) 3 SCC 674, there was a dispute whether there was no notification prohibiting engagement of contract labour. The Supreme Court considered its earlier judgment in Air India's case (supra) and Secretary, Haryana SEB Versus Suresh (1999) 3 SCC 601 and held to the following effect:-

11. In this case, there was no notification under Section 10(1) of the CLRA Act, prohibiting contract labour. There was also neither a contention nor a finding that the contract with the contractor was sham and nominal and the contract labour working in the establishment were, in fact, employees of the principal employer himself. In view of the principles laid down in Steel Authority the High Court could not have directed absorption of the respondents who were held to be contract labour, by assuming that the contract labour system was only a camouflage and that there was a direct relationship of employer and employee between the Corporation and the respondents. If the respondents want

the relief of absorption, they will have to approach the Industrial Tribunal/Court and establish that the contract labour system was only ruse/camouflage to avoid labour law benefits to them. The High Court could not, in exercise of its jurisdiction under Article 226, direct absorption of the respondents, on the ground that work for which the respondents were engaged as contract labour, was perennial in nature.

Later on in Steel Authority of India Ltd. Versus Union of India and others (2006) 12 SCC 233, it was reiterated that neither the Labour Court nor the writ Court could determine the question as to whether the contract labour should be abolished or not. The same is within the exclusive domain of the appropriate Government. It was held to the following effect :-

24. When, however, a contention is raised that the contract entered into by and between the management and the contractor is a sham one, in view of the decision of this Court in Steel Authority of India Ltd. an industrial adjudicator would be entitled to determine the said issue. The industrial adjudicator would have jurisdiction to determine the said issue as in the event if it be held that the contract (sic) purportedly awarded by the Management in favour of the contractor was really a camouflage or a sham one, the employees appointed by the contractor would, in effect and substance, be held to be direct employees of the management.”

12. No doubt at the time when the judgment in Ramesh Singh (supra) was rendered, the SLP of the Union of India in Kiran Pal (supra) was pending in the Supreme Court and that fact was not taken note of. However, ultimately, the said SLP was dismissed in limine without passing any reasoned order. Therefore, the dismissal of the said SLP is not necessarily affirmation of the view taken in Kiran Pal (supra).”

That apart, in the absence of a notification by the Central Government, prohibiting the employment of contract labour, persons so employed would remain the employees of the contractor and not of the department, i.e. the principal employer. Relevant para-16 of the judgment in the case of Gian Singh and others Versus Senior Regional

Manager, Food Corporation of India, Punjab Region, Chandigarh, 1991 (1) PLR 1 reads as follows :-

“16. Now let us examine the contentions of the learned counsel for the appellants that if there is violation of the provisions of the Act, to the effect that the principal employer does not get registration as required under Section 7 of the Act and or the contractor does not get the licence under Section 12 of the Act, the persons so appointed by the principal employer through the contractor would be deemed to be the direct employees of the principal employer. We see no such inference deducible from the violation of the provisions of the Act. Section 9 of the Act prohibits the employment through the contractor in case of non-registration. But if a principal employer does employ persons through the contractor in spite of non-registration, the only penal provisions are Sections 23 and 24 of the Act i.e the principal employer can be proceeded against under these sections but the Act nowhere provides that such employees employed through the contractor would become the employees of the principal employer. If such was the interpretation then the Supreme Court in cases of Food Corporation of India Workers' Union's and B.H.E.L. Workers' Association (supra), would have straightaway granted the relief and would have held that the employees employed through the contract labour had become the employees of the principal employer and were entitled to all the benefits which were available to the regular employees, but as seen above the Supreme Court never granted such a prayer. Moreover, it would be seen from the title of the Act that it is to provide for the abolition of the contract labour and for providing certain facilities to such contract labour. As far as the abolition is concerned, as to whether in a particular establishment such contract labour should be abolished or not, the power has been given to the appropriate Government under Section 10 of the Act. The facilities which are to be provided to such contract labour by the principal employer have been provided under the Act and if such facilities are not provided, the remedies are also provided; but by no stretch of imagination it can be said that the contract labour would become the employees of the principal employer under the provisions of the Act. As far as the Division Bench judgment of this Court in Food Corporation of India, Haryana Region, Sector-17, Chandigarh Versus The Presiding Officer, Central Government

Industrial Tribunal, Chandigarh and another, is concerned, it may be noticed that the above mentioned two authorities of the Supreme Court were not noticed by the Division Bench. Otherwise also one of the Judges who was a member of that Division Bench has dismissed the writ petitions against which the present Letters Patent Appeals have been filed and while dealing with the said Division Bench judgment, the learned Single Judge has observed as under :-

“This being the position in law, the facts pleaded by the Corporation in their written statement assume importance, as it has been specifically pleaded that throughout the State of Punjab there is not a single establishment where the labour employed by the contractors has exceeded ten in number. On that basis, the possession of licence by the contractors becomes immaterial under Section 12 of the Act of 1970, as persons engaged by the contractors and deployed by them on food storage as Security Guards shall remain the contract labour of the respective contractors. This precisely is the ratio of the Division Bench judgment of this Court in Food Corporation of India, Haryana Region Versus The Presiding Officer, Central Government Industrial Tribunal, Chandigarh and another.”

The Hon'ble Supreme Court in Dena Nath's case (supra) in para22 of the said judgment held as follows (which has been approved by Five Judges Bench of the Hon'ble Supreme Court in Steel Authority of India Limited's case (supra) in para 96 thereof) :-

“22. It is not for the High Court to inquire into the question and decide whether the employment of contract labour in any process, operation or in any other work in any establishment should be abolished or not. It is a matter for the decision of the government after considering the matter, as required to be considered under Section 10 of the Act. The only consequences provided in the Act where either the principal employer or the labour contractor violates the provision of Sections 9 (sic 7) and 12 respectively is the penal provision, as envisaged under the Act for which reference may be made to Sections 23 and 25 of the Act. We are thus of the firm view that in proceedings under Article 226 of the Constitution merely because contractor or the employer had violated any provision of

the Act or the rules, the Court could not issue any mandamus for deeming the contract labour as having become the employees of the principal employer. We would not like to express any view on the decision of the Karnataka High Court or of the Gujarat High Court (supra) since these decisions are under challenge in this Court, but we would place on record that we do not agree with the aforequoted observations of the Madras High Court about the effect of non-registration of the principal employer or the non-licensing of the labour contractor nor with the view of Bombay High Court in the aforesaid case. We are of the view that the decisions of the Kerala High Court and Delhi High Court are correct and we approve the same.”

In the light of the above, petitioners cannot be granted any benefit in the present writ petition as none of the grounds pressed into service by the petitioners carry any weight. The writ petitions being devoid of merit stands dismissed. ”

Thereafter, an appeal was preferred against the said judgment and the Division Bench upheld the judgment of the learned Single Judge, while deciding LPA No.469 of 2013 alongwith other connected appeals and held as under: -

“15. Reverting to the facts of the present case, the question for determination is whether the policy decisions of the Government dated 18.03.2011 and 17.11.2012 cover the case of the appellants for regularization? The learned Single Judge after elaborate discussion of the law on the point has rightly reached the conclusion that ‘the above policy do not apply to the appellants claim and, therefore, right of regularisation pressed by the petitioners (the appellants) cannot be accepted’. Learned counsel for the appellants could not advance any meaningful arguments to impress us to reach a different conclusion. The submissions that the appellants are employees engaged by the respondent Departments and the service provider has been used as a camouflage to deny the appellants their status as Government employees or consequent at regularisation under the Government Policy and other statutory benefit has no substance or legal basis. Learned Single Judge has expansively dealt with the facts and law on this point and we find no cogent or convincing reason to take a contrary view.

16. The State has taken a policy decision for regularisation of services of the contractual employees who were appointed after fulfilling eligibility criteria as per 'proper procedure'. In the case of appellants neither they were selected under the Service Rules applicable to the regular employees of the Punjab State nor there was any advertisement issued by the State under which they applied for their engagement as regular or contractual employee of the State. It was the service provider who entered into an agreement with the State agency to provide work force on certain terms and conditions. The service provider selected the candidates and supplied the same to the Government Department. A service provider is not an agency of the State to make the recruitment against the civil posts. The selection made by the service provider, if taken as appointment made by the State, will have serious repercussions and violates the rights of thousands of more meritorious candidates who might not have applied for engagement by a Service Provider but would definitely be keen to seek 'public employment' under the State. The acceptance of claim of the appellants shall thus amount to back door entry to public employment in total disregard to the mandate of Articles 14 and 16 of the Constitution.”

The same question of law was considered by a Co-ordinate Bench of this Court in **CWP-13348 of 2018** titled as '**Rajiv Kumar and others** Vs. **State of Punjab and others**', decided on 10.12.2018, wherein it was held that as the petitioners were not the employees of Municipal Corporation, therefore, they are not entitled for regularization as there is no master-servant relationship keeping in view the fact that petitioners were employed through an outsourcing agency and the Municipal Corporation was not their employer. The relevant part of the judgment is as under: -

“Admittedly, Petitioners are working as contractual employees under an outsourced manpower agency till the year 2016-17 and it is for the first time for the year 2017-18, that petitioners were offered contractual employment under the respondent-Corporation vide appointment letter/s Annexure P-3.

To understand the matter in right perspective, it is necessary to go into the background of the case.

It is seen that respondent-Corporation is totally dependent upon the policies and decisions taken by the Department of Local Government, Punjab who is entrusted with the work of regulating Corporations like respondent no.3, as all the funds for working of the Corporations are released by said Department. On 21.05.1999, respondent no.1-Department continued took a conscious decision to the effect that all private employees of all Corporations would be engaged through a manpower agency/contractor, who would be responsible for engaging the employees and paying them their salaries etc and the Corporations shall be paying the manpower contractors a lump-sum amount. It is further evident that the said practice continued for the year 2016-17 as well, and respondent-Corporation had also invited tenders through open bids and the contract for the year 2017 stood awarded to various contractors i.e. Markanda Khurad Co -op L/C Society Limited, M/s Kamal Electrical and The Capital Co-op L/C Society Ltd. In the meantime, respondent no.1-Local Government, Punjab had promulgated the Punjab Ad hoc, Contractual, Daily Wage, Temporary, Work Charged and Outsourced Employees Welfare Act, 2016 (in short the Act of 2016) vide Notification dated 24.12.2016, under which a criteria was laid down for Group A, B, C and D employees working on contractual/temporary/daily wages etc under the State Government and its entities. The said Notification/Act, 2016 was adopted by the Corporation vide resolution dated 26.12.2016 and accordingly, the petitioners were directly engaged as contractual employees for one year i.e. 2017 by the Corporation. However, said appointment was subject to approval by the respondent no.2-Director Local Government, Punjab of the resolution dated 26.12.2016, as the Corporation is bound by approval from the Local Government Department.

Consequently, the said resolution was sent to respondent no.2-Director for his approval, however, the same was not approved and instead a communication was sent by him to the Corporation that in view of the fact that Notification dated

24.12.2016 is under challenge before this Court in a separate matter, therefore, the resolution be not given effect. Thus, it was directed by the Director that the status of employees such as the petitioners would be as if they have been engaged through manpower contractor, who would be liable to pay their salaries etc. This fact further stands reiterated by the respondent no.1-Department, while approving the funds for respondent no.3-Corporation vide its letter dated 21.05.2018 (R-3/2-B) . These facts are even more fortified from the documents Annexure R-3/10 to R-3/18, whereby respondent no.3-Corporation is shown to have invited open tender/s from manpower agents and the contract for the year 2017 & 2018 has been given to many contractors on the basis of their successful bids. Even further, the contractor/s have supplied a list of employees who have been engaged for discharging various duties, which included the names of petitioners (Annexure R-3/23 to R-3/25). Meaning thereby, the petitioners were engaged by the respondent no.3 through the said contractor.

From the afore-stated facts, this Court has no hesitation to hold that the petitioners were very well in the knowledge of the aforesaid developments all this time, as they were being paid their salaries by the manpower contractor himself. Factum of drawing their salaries from the said contractor has been candidly admitted by petitioners in their writ petition itself and not denied during the course of arguments.

Hence, it is seen that the petitioners were being paid salary by the said manpower contractor and not by the respondent no.3-Corporation as alleged. It is further seen that the said engagement entered into between petitioners and respondent no.3-Corporation through appointment letter (P-3) directly at one stage, stood frustrated/not acted upon , in view of the communication received by the Corporation from respondent no.2-Director. Therefore, this Court has no hesitation to hold that petitioners are not the employees of respondent no.3-Corporation. Unfortunately, the said manpower contractors are not even party respondent in the present case, despite specific objection having been raised by respondent-Corporation, so as to

elicit any response from them qua the assertions made of non-release of salary.

Since, this Court has held that the petitioners are not even employees under the respondent no.3-Corporation, therefore, it is needless to say that they are not entitled to any relief of regularization under the respondent no.3-Corporation.

As far as the arguments of learned Counsel for the Petitioners that they are being replaced by another set of contractual employees, which is impressible under law, is concerned, it is seen that they are working under the private contractors, who have been entrusted with the job of providing employees for the respondent no.3-Corporation. It is not the Corporation who has removed the Petitioners from services and it is the manpower contractors who have removed them. There is no binding contract between the petitioners and respondent no.3-Corporation. In case, there is any cause of action/grievance of petitioners, same accrues against the manpower contractors and not the respondent no.3-Corporation. Thus, the judgments relied upon by learned Counsel for the petitioners are not at all applicable to the facts of present case.

In view of the foregoing discussion, all the aforesaid three writ petitions are hereby dismissed.”

Apart from the above, again a Co-ordinate Bench of this Court had an occasion to consider the similar question of law while deciding **CWP No.19762 of 2018** titled as '**Vikash Vs. The State of Haryana and others**', on 11.12.2019, whereby, it has been held that the writ petition is not maintainable against the outsourcing agency being a private entity. The relevant order is as under: -

“The grievance of the petitioner in this case was with regard to the order dated 09.05.2018 (Annexure P-3), whereby the Municipal Corporation, Gurugram, informed the outsourcing agency, the fifth respondent herein, that it had decided that the services of the petitioner were no longer required.

By order dated 18.08.2018 passed in this writ petition, this Court directed the Municipal Corporation, Gurugram, to consider the case of the petitioner keeping in view the judgment of the Supreme Court in Hargurpratap Singh Vs. State of Punjab (2007) 13 SCC 292. Be it noted that the case of Hargurpratap Singh related to a contractual employee and not an outsourced employee. In any event pursuant to the above order, the Municipal Corporation, Gurugram, passed order dated 27.11.2018, stating the reasons as to why it did not want to continue with the services of the petitioner, even on outsourcing basis. In the light of the aforesaid development, this writ petition, as framed, no longer survives for consideration on merits.

Further, this Court is of the opinion that no writ petition would lie against an outsourcing agency, being a private entity which is not an authority in terms of the Article 12 of the Constitution. Admittedly, the petitioner has no direct relationship with the Municipal Corporation, Gurugram.

The writ petition is accordingly dismissed.

This order shall not preclude the petitioner from taking recourse to appropriate remedies available to him in accordance with law before the competent forum, if he has any grievance with regard to the action of the outsourcing agency, the fifth respondent.

No order as to costs.”

From the above, it is clear that no writ petition would lie against an outsourcing agency, being a private entity as the same is not covered within the meaning of Article 12 of the Constitution of India. In the present case, the claim of the petitioners is against their employer, which is admittedly an outsourcing agency and is a private entity, therefore, the writ petition will not be maintainable.

Further, the employer i.e. the outsourcing agency has not been impleaded as a party in the present writ petition. Once, the petitioners are

the employees of the outsourcing agency and the outsourcing agency is not even a party, no relief can be granted to the petitioners in the absence of necessary parties.

With regard to the challenge of the petitioners to the appointments, which have been made in June/July, 2020, vide order dated 31.01.2020 (Annexure P-5), have been made by the outsourcing agency, which got contract after the expiry of the contract of the outsourcing agency, which appointed the petitioners. Neither the said outsourcing agency is a party in this petition nor the candidates, who have been posted with the respondent-Bank by the said outsourcing agency, namely, M/s Sona Enterprises, Panchkula, are the parties. That being so, the grievance of the petitioners in respect of subsequent appointments and that too by an outsourcing agency cannot be gone into by this Court in the absence of the necessary parties.

Keeping in view the above, the present writ petition is not maintainable as the relief sought is against a private agency, which is the employer of the petitioners and no writ can be issued against a private agency.

The present writ petition is accordingly dismissed as not maintainable.

(HARSIMRAN SINGH SETHI)
JUDGE

September 30, 2020
naresh.k

Whether speaking/reasoned:	Yes/No
Whether reportable:	Yes/No