



IN THE HIGH COURT OF HIMACHAL PRADESH, SHIMLA

LPA No.841 of 2025
Reserved on : 26.02.2026
Decided on : 17.03.2026

State of HP and Others ...Petitioners.

Versus

Bhupinder Singh Mehta & Ors. ...Respondents.

Coram

Hon'ble Mr. Gurmeet Singh Sandhawalia, Chief Justice.

Hon'ble Mr. Justice Bipin Chander Negi, Judge.

Whether approved for reporting?¹

For the petitioners : Mr. Pranay Pratap Singh, Additional Advocate General.

For the respondent(s) : M/s. Onkar Jairath, Anshul Jairath and Piyush Mehta, Advocates.

Bipin Chander Negi, Judge

The present appeal has been preferred against the impugned order dated 18.03.2025, passed by the learned Single Judge in ***CWPOA No.2979 of 2020, titled Bhupinder Singh Mehta and Ors. Vs. State of Himachal Pradesh and Others***, whereby the learned Single Judge has directed the present appellants to regularize the services of the present respondents, in terms of communication/instructions pertaining to regularization of contractual appointees issued by the Personnel Department of the Government of Himachal Pradesh, dated 04.05.2017 (Annexure A-VI in CWPOA

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Whether the reporters of the local papers may be allowed to see the Judgment? Yes

No.2979 of 2020) on completion of 3 years from the date of their respective contractual engagements by appellant No.3. Further the respondents herein have been held entitled to all consequential benefits from the date of regularization of the respective services as they had approached the Court in the year 2017 itself.

2. Admittedly, in the case at hand, the present respondents had been initially appointed as Computer Operators on a contract basis with effect from 01.03.2004 (Respondents No.1 and 3) and 08.03.2004 (Respondent No.2) till 30.06.2012. The aforesaid appointments had been made under the Upper Satluj Valley Watershed Development Society (USVWDS) Rampur (for short "Society"), constituted vide notification dated 23.10.2002 (page 140 of the paper book).

3. The "Society" had been created for implementation of the catchment area treatment plans of all hydel projects coming up or in existence in the Satluj Valley basin. Its staffing pattern was determined in the first governing body meeting held on 18.12.2002 (page 174 of the paper book). Therein need for adequate staff was determined keeping in view the fact that every hydel project above 10MW requires a

catchment area treatment plan and besides the existing hydel projects many hydel projects were under investigation and formulation in the Satluj Valley basin. Amongst other posts, six posts of computer operators were approved to be filled in on a contractual basis as catchment area treatment plans of all hydel projects were to be implemented in a time bound manner.

4. The present respondents had been selected as computer operators post their names being sponsored by the employment exchange and after an interview for the said post. The name of the "Society" was changed to Satluj Valley Watershed Development Society on 18.12.2008. The aforesaid Society was closed vide notification dated 05.05.2012 with effect from 30.06.2012.

5. Before closure of the society the conservator of forest Rampur circle vide letter dated 30.05.2012 had requested for the accommodation of the computer operators engaged in the society in his office as work of the society after its closure was to be looked after by his office and payment to the computer operators was sought to be made from Compensatory Afforestation Fund Management and Planning

Authority (for short, "CAMPA") (page 183 of the paper book).

On account of closure of the aforesaid Society, services of the present respondents had been terminated with effect from 30.06.2012.

6. Previously vide CWP No.8534 of 2011, the present respondents had approached this Court, seeking the following reliefs:-

"i) That the respondents may kindly be directed to grant the salary at par with the HP Electronic Corporation i.e. Rs.13,500/- instead of Rs.7,810/- per month w.e.f. 01.12.2009 with all consequential benefits.

ii) That respondents may kindly be directed to absorb the petitioners in the forest department, as is done in the case of Sh. Devinder Chauhan."

7. Since a writ of mandamus was being sought in CWP No.8534 of 2011, therefore, the Court had directed the present respondents to approach the authorities concerned for redressal of their grievances. Therefore, the aforesaid writ petition bearing No.8534 of 2011 was disposed of, vide order dated 22.11.2011. Subsequent thereto the respondents had approached the authorities, vide order dated 29.02.2012 (page 129 of the paper book) the authority concerned had rejected the claim of regularization made by the present

respondents.

8. The reason for rejection being that the respondents had been engaged on contract basis in a Society and in terms of rules/bye laws of the Society, the services of the respondents could not be regularized as Computer Operators in the Forest Department of Himachal Pradesh. Other than the aforesaid, in the rejection order it was categorically stated that there exist no sanctioned/created post of Computer Operators in the Forest Department of Himachal Pradesh.

9. Subsequent to the aforesaid, the present respondents had been re-engaged under the Himachal Pradesh "CAMPA" on contract basis with effect from 05.02.2013. The contract in this respect had been entered into between the present respondents and appellant No.3. On 04.05.2017, instructions were issued by the Additional Chief Secretary (Personnel) to the Government of Himachal Pradesh qua regularization of contractual employees (page 125 of the paper book).

10. Immediately thereafter on 25.05.2017 a case of regularization of the present respondents was forwarded by the Principal Chief Conservator of Forest (Hoff) HP to the

Additional Chief Secretary (Forest) (page 121 of the paper book) on the grounds that the names of the respondents had been sponsored by the employment exchange wherein after they had been selected through an interview by the society concerned and they have rendered almost 14 years of service.

11. On 23.06.2017, the Additional Chief Secretary (Forests) informed the Principal Chief Conservator of Forest (Hoff) Himachal Pradesh that the matter of regularization of the respondents had been examined in consultation with the Finance Department who had advised that the respondents be permitted to continue where they are working (page 131 of the paper book). The said case was rejected by the Additional Chief Secretary Forest on 5.09.2017 (page 124 of the paper book) on the ground that the respondents are employees of a Society engaged in CAT plan/CAMPA under CCF Rampur, hence not eligible for regularization in Government Departments.

12. It is in the aforesaid backdrop that the present respondents had invoked the jurisdiction of the Erstwhile State Administrative Tribunal, seeking regularization of their services. On the closure of the State Administrative Tribunal,

the Original Application filed by the respondents was transferred to this Court and was registered as CWPOA No.2979 of 2020.

13. The case of the present respondents was vehemently opposed by the present appellants. In the reply filed, it was categorically stated that the present respondents are employees of a Society and hence, are not eligible for regularization in the Forest Department.

14. Learned Single Judge after assessing the nature of the services of the present respondents, the fact that the services had been utilized by the appellants for about last 22 years, further the fact that the Society/CAMPA was nothing but an extended wing of the Government and keeping in view the legitimate expectation of the present respondents held that the present respondents in terms of communication/instructions pertaining to regularization of contractual appointees issued by the personnel department of the Government of Himachal Pradesh dated 04.05.2017 (Annexure A-VI in CWPOA No.2979 of 2020), on completion of three years from the date of contractual engagement by the present appellants, were entitled to regularization.

15. The first and foremost contention raised on behalf of the appellants is that the respondents are employees of Society/CAMPA and are hence, not entitled for regularization in the Forest Department. In the factual and legal matrix narrated herein below the said contention needs to be rejected.

16. For an effective implementation of the Catchment Area Treatment Plans (for short, "CAT Plans") of all Hydro Electric Projects in the Satluj Basin in public interest a "Society" was constituted vide Notification dated 23.10.2002. Eight CAT Plans were being implemented in the jurisdiction of the Rampur Circle. Out of a total capital outlay of Rs.132 crores in the aforesaid eight CAT Plans Rs.63 crores had been utilized upto 31.03.2012, during the last 10 years. Besides the eight CAT Plans which were being implemented by the Rampur Circle six CAT Plans were in the pipeline which in the near future would also be executed by the same Circle. The aforesaid facts are evident from the letter dated 17.05.2012 addressed by the DFO CAT plan Nichar at Rampur to the secretary of the Society Rampur (page 119/120 of the paper book). Vide notification dated 05.05.2012 (page 118 of the paper book), the said Society was ordered to cease functioning

latest by 30.06.2012.

17. From a perusal of the Notification dated 05.05.2012, it is evident that the Conservator of Forest Rampur was to be the "Successor" of the Society. Subsequent to 30.06.2012, in terms of the aforesaid notification dated 05.05.2012, the CAT Plans and Compensatory Afforestation of all Hydro Electric Projects in Satluj River Basin were to be implemented through the concerned Conservator of Forests.

18. In the aforesaid Society, the present respondents had been engaged as Computer Operators in the month of March, 2004. From letter dated 17.05.2012 (page 119 of the paper book) addressed by the DFO CAT Plan Nichar at Rampur to Member Secretary of the Society, it is evident that Computer Operators i.e. present respondents were engaged in the preparation of computerized forms, progress reports of CAT Plan activities (monthly, quarterly and annual), preparation of accounts, summary of funds utilized, preparation/compilation of APO's of CAT Plan, reconciliation of progress of funds with Project Officers of the Society, preparation of balance sheet, documentation of works executed and other office routine works assigned by the

concerned project officer. On account of the closure of the aforesaid project, the services of the respondents had been terminated.

19. From letter dated 17.05.2012 (page 119 of the paper book), addressed by the DFO CAT Plan, it is evident that the work being carried out by the present respondents on closure of the Society was now required to be performed by the existing staff posted in the Rampur Forest Circle and Division. In the letter it has been highlighted that there is an acute shortage of staff in the Rampur Circle. Besides the aforesaid, in the letter it has further been highlighted that there is a provision to engage contractual staff under ongoing various CAT Plans and for the same funds to the tune of almost Rs.69 crores were lying unutilized which can be utilized to engage staff of the erstwhile Society in CAMPA.

20. Besides the aforesaid in the letter it has been mentioned that the Computer Operators i.e. present respondents have an experience of about 8 years, during the period they were engaged on contract basis where they were looking after CAT Plan work at project level in the Society. Their conduct while working in the society had remained

satisfactory.

21. It is in the aforesaid backdrop that the respondents had been once again engaged on contractual basis by the present appellant No.3 i.e. the Chief Conservator of Forest. The engagement of the present respondents had been done in terms of Agreement dated 06.02.2013 (page 108 of the paper book). In the contract so entered, it had been categorically mentioned that the respondents shall remain in the deployment of CAMPA in the office of the Chief Conservator HP and State CAMPA was stated to be a separate legal entity (autonomous body). The appointment in terms of the contract was stated to be non-Governmental, which was not to continue after the expiry of the contract period. Emoluments to the respondents were to be paid by the DFO(Hqrs).

22. Vide notification dated 23.4.2004, issued by MoEF, in exercise of the powers conferred by sub-section (3) of Section 3 of the Environment Protection Act an authority known as "CAMPA" for the purpose of management of money towards compensatory afforestation, NPV and any other money recoverable in pursuance of the apex Court's orders and in compliance with the conditions stipulated by the Central

Government while according approval under the FC Act for non-forestry uses of the forest land was constituted. (See ***T.N. Godavarman Thirumulpad (87) v. Union of India, (2006) 1 SCC 1, at page 16***). The jurisdiction of CAMPA so notified is throughout India. (See ***T.N. Godavarman Thirumulpad v. Union of India, (2014) 6 SCC 150, at page 159***).

23. On 2.4.2009 MoEF has issued "the Guidelines of State Compensatory Afforestation Fund Management and Planning Authority (State CAMPA)". The State CAMPA has been set up as an instrument to accelerate activities for preservation of natural forests, management of wildlife, infrastructure development in the sector and other allied works. (See ***T.N. Godavarman Thirumulpad v. Union of India, (2014) 6 SCC 150, at page 162***).

24. By order dated 10.7.2009 **(2009) 16 SCC 481** the apex Court directed that the guidelines and structure of the State CAMPA as prepared by MoEF may be notified and implemented. The State CAMPA has been constituted for each State/Union Territory. It has a three-tier structure. The Executive Committee functions under the chairmanship of the

Principal Chief Conservator of Forests and is responsible for the Annual Plan of Operation (APO) for various works planned to be undertaken during each year. The Steering Committee under the chairmanship of the Chief Secretary is responsible for approving the APO for each year. The Chief Minister is the Chairman of the governing body which is responsible for overall guidance and policy issues. (See ***T.N. Godavarman Thirumulpad v. Union of India, (2014) 6 SCC 150, at page 162***).

25. Statutory recognition to the State Compensatory Afforestation Fund and Management and Planning Authority was given under the Compensatory Afforestation Fund Act, 2016, which came into effect on 30.09.2018 (herein after for purpose of brevity referred to as the act). The State Authority so constituted was to consist of a governing body, a Steering Committee and an Executive Committee. For the purpose of present appeal, we are concerned with Section 11(5) of the Act, which deals with the creation of posts in the State Authority. The same reads as follows:-

11. Steering committee and executive committee of State Authority.

(5) The governing body of the State Authority may with the prior concurrence of the State Government create posts in the State Authority at the level of Assistant Conservator of Forests and other officials to assist the steering committee and executive committee in performance of its functions under the Act.

26. In this respect, it would be appropriate to refer to relevant rules framed under the Act i.e. Rules 10, b12 and 13 of the Compensatory Afforestation Fund Rules, 2018, (herein after for purpose of brevity referred to as the rules) whereby pay and allowances of officials appointed on deputation or contract basis under Section 11(5) of the Act have been provided for. The same are reproduced herein below:-

10. Appointment of Officers of State Authority:- *The officers referred to in sub-Section (4) and sub-Section (5) of Section 11 shall be appointed on deputation basis by the State Government.*

12. Pay and Allowances of officials:- *The officials referred to in sub-Section (5) of Section 9 and sub-Section (5) of Section 11 and appointed on*

deputation basis shall be entitled to such pay and allowances as are admissible to the equivalent officials of the central government of Group "B" or Group "C", as the case may be.

13. Pay and Allowances of officials appointed on Contract Basis:- *The officials referred to in sub-Section (5) of Section 9 and sub-Section (5) of Section 11 and appointed on contract basis shall be entitled to such pay and allowances as are specified in their contract.*

27. Hence, after the promulgation of the Compensatory Afforestation Fund Act, 2016, since 30.09.2018 the governing body of the State CAMPA may with the prior concurrence of the State Government create posts in the State Authority. As per the rules framed under the act the officers referred to in sub-Section (4) and sub-Section (5) of Section 11 are to be filled in on deputation. In terms of the rules framed officials appointed on deputation basis are held entitled to such pay and allowances as are admissible to the equivalent officials of the central government. Insofar as officials appointed on a contract basis are concerned rules do not expressly provide for such a parity, however keeping in view principles of equality, fairness and equity similar parity

cannot be denied to officials appointed on a contract basis. In posts created for other officials under sub-Section (5) of Section 11 of the act there is no express or implied bar to Regular recruitment.

28. The nature of the work performed by the respondents is neither temporary nor occasional. Rather the recurring nature of duties reflects the nature of the work performed by the respondents was perennial and fundamental to the functioning of the CAMPA. In the aforesaid backdrop a fair and humane resolution becomes paramount when tasks inherently required to be performed on a regular basis for a prolonged, continuous period are performed as have been done in the case at hand by unblemished service. Absence of regular posts would be of no consequence. Moreover, refusing regularization would be contrary to principles of fairness and equity. In this respect it would be appropriate to refer to the authoritative pronouncement of the apex court in **Jaggo Versus Union of India and Others, 2024 INSC 1034(SLP(C) No.5580 of 2024)**. The relevant extract thereof reads as under:-

"13. The claim by the respondents that these were not regular posts lacks merit, as the nature of the work

performed by the appellants was perennial and fundamental to the functioning of the offices. The recurring nature of these duties necessitates their classification as regular posts, irrespective of how their initial engagements were labelled. It is also noteworthy that subsequent outsourcing of these same tasks to private agencies after the appellants' termination demonstrates the inherent need for these services. This act of outsourcing, which effectively replaced one set of workers with another, further underscores that the work in question was neither temporary nor occasional.

20. It is well established that the decision in Uma Devi (supra) does not intend to penalize employees who have rendered long years of service fulfilling ongoing and necessary functions of the State or its instrumentalities. The said judgment sought to prevent backdoor entries and illegal appointments that circumvent constitutional requirements. However, where appointments were not illegal but possibly "irregular," and where employees had served continuously against the backdrop of sanctioned functions for a considerable period, the need for a fair and humane resolution becomes paramount. Prolonged, continuous, and unblemished service performing tasks inherently required on a regular

basis can, over the time, transform what was initially ad-hoc or temporary into a scenario demanding fair regularization. In a recent judgement of this Court in Vinod Kumar and Ors. Etc. Vs. Union of India & Ors, it was held that held that procedural formalities cannot be used to deny regularization of service to an employee whose appointment was termed "temporary" but has performed the same duties as performed by the regular employee over a considerable period in the capacity of the regular employee. The relevant paras of this judgement have been reproduced below:

"6. The application of the judgment in Uma Devi (supra) by the High Court does not fit squarely with the facts at hand, given the specific circumstances under which the appellants were employed and have continued their service. The reliance on procedural formalities at the outset cannot be used to perpetually deny substantive rights that have accrued over a considerable period through continuous service. Their promotion was based on a specific notification for vacancies and a subsequent circular, followed by a selection process involving written tests and interviews, which distinguishes their case from the appointments through back door entry as discussed in the case of Uma Devi (supra). 7. The judgement in the case Uma Devi (supra) also distinguished between "irregular" and

"illegal" appointments underscoring the importance of considering certain appointments even if were not made strictly in accordance with the prescribed Rules and Procedure, cannot be said to have been made illegally if they had followed the procedures of regular appointments such as conduct of written examinations or interviews as in the present case..."

21. *The High Court placed undue emphasis on the initial label of the appellants' engagements and the outsourcing decision taken after their dismissal. Courts must look beyond the surface labels and consider the realities of employment: continuous, long-term service, indispensable duties, and absence of any mala fide or illegalities in their appointments.*

In that light, refusing regularization simply because their original terms did not explicitly state so, or because an outsourcing policy was belatedly introduced, would be contrary to principles of fairness and equity.

26. *While the judgment in **Uma Devi** (supra) sought to curtail the practice of backdoor entries and ensure appointments adhered to constitutional principles, it is regrettable that its principles are often misinterpreted or misapplied to deny legitimate claims of long serving employees. This judgment*

aimed to distinguish between "illegal" and "irregular" appointments. It categorically held that employees in irregular appointments, who were engaged in duly sanctioned posts and had served continuously for more than ten years, should be considered for regularization as a one-time measure. However, the laudable intent of the judgment is being subverted when institutions rely on its dicta to indiscriminately reject the claims of employees, even in cases where their appointments are not illegal, but merely lack adherence to procedural formalities. Government departments often cite the judgment in Uma Devi (supra) to argue that no vested right to regularization exists for temporary employees, overlooking the judgment's explicit acknowledgment of cases where regularization is appropriate. This selective application distorts the judgment's spirit and purpose, effectively weaponizing it against employees who have rendered indispensable services over decades."

29. The duties being performed by the respondents in the case at hand are integral to the day-to-day functioning of the organization. The practice adopted by appellants of engaging the respondents under the nominal labels of "contractual" in perpetuity and thereby exploiting them by not regularizing their positions is highly deprecable. Government

departments are expected to lead by example in ensuring fair and stable employment. In the case at hand the appellants have continued for years the exploitative engagement without undertaking regular recruitment. The culture of ad-hocism being perpetrated by the appellants is also highly deprecable. The Apex Court on several occasions has deprecated the practice of engaging employees under the nominal labels of “contractual” or “temporary” and has cautioned against a mechanical and blind reliance on **Umadevi**, and has strongly deprecated the culture of ad-hocism. In this respect reference can be made to the apex court judgement in **Bhola Nath Versus State of Jharkhand and Others, 2026 INSC 99 (SLP(C) No.30762 of 2024)**. The relevant extract reads as under:-

13.....

13.6. *This Court has, on several occasions, deprecated the practice adopted by States of engaging employees under the nominal labels of “part-time”, “contractual” or “temporary” in perpetuity and thereby exploiting them by not regularizing their positions. In **Jaggo v. Union of India**, this Court underscored that government departments must lead by example in ensuring fair and stable employment, and evolved the test of examining whether the duties performed by such*

temporary employees are integral to the day-to-day functioning of the organization.

13.7. In **Shripal v. Nagar Nigam**, and **Vinod Kumar v. Union of India**, this Court cautioned against a mechanical and blind reliance on **Umadevi** (supra) to deny regularization to temporary employees in the absence of statutory rules. It was held that **Umadevi** (supra) cannot be employed as a shield to legitimise exploitative engagements continued for years without undertaking regular recruitment. The Court further clarified that Umadevi itself draws a distinction between appointments that are "illegal" and those that are merely "irregular", the latter being amenable to regularization upon fulfilment of the prescribed conditions.

13.8. In **Dharam Singh v. State of U.P.**, this Court strongly deprecated the culture of "ad-hocism" adopted by States in their capacity as employers. The Court criticised the practice of outsourcing or informalizing recruitment as a means to evade regular employment obligations, observing that such measures perpetuate precarious working conditions while circumventing fair and lawful engagement practices.

13.9. The State must remain conscious that part-time employees, such as the appellants, constitute an integral part of the edifice upon which the machinery of the State continues to function. They are not merely ancillary to the system, but form essential components thereof. The equality mandate of our Constitution, therefore, requires that their service be reciprocated in a manner free from arbitrariness, ensuring that decisions of the State affecting the

careers and livelihood of such part-time and contractual employees are guided by fairness and reason.

30. The aforesaid contract, has been entered into between parties in the case at hand who are not equal in bargaining power. The inequality of bargaining power in the case at hand is the result of the great disparity in the economic strength of the contracting parties. The respondents in the case at hand have no choice, or rather no meaningful choice, but to give their assent to the contract no matter however unfair, unreasonable and unconscionable the clauses in the contract may be. In the said backdrop to secure social, economic justice and in order to conform to the mandate of the equality clause in Article 14 courts will not enforce and will, when called upon to do so, strike down an unfair and unreasonable contract, or an unfair and unreasonable clause in a contract, entered into between parties who are not equal in bargaining power. In the facts of the present case in view of the aforementioned it can safely be said that the mighty State (present appellants) and ordinary computer operators (present respondents), who are seeking regularisation, have an un-equal bargaining power. We are, therefore, of the

considered view that the reliance placed on the terms of Agreement dated 06.02.2013 (page 108 of the paper book) would be of no assistance to the case of the appellants. In this respect, reference can be made to ***Bhola Nath Versus State of Jharkhand and Others, 2026 INSC 99 (SLP(C) No.30762 of 2024)***. The relevant extract reads as follows:-

Unconscionable Agreements- Contract between Lion and Lamb:

12. In ***Central Inland Water Transport Corpn. v. Brojo Nath Ganguly***, this Court acknowledged the increasing imbalance in the bargaining power of contracting parties. The Court held thus: -

"89. . . . We have a Constitution for our country. Our judges are bound by their oath to "uphold the Constitution and the laws". The Constitution was enacted to secure to all the citizens of this country social and economic justice. **Article 14 of the Constitution guarantees to all persons equality before the law and the equal protection of the laws. The principle deducible from the above discussions on this part of the case is in consonance with right and reason, intended to secure social and economic justice and conforms to the mandate of the great equality clause in Article 14. This principle is that the courts will not enforce and will, when called upon to do so, strike down an unfair and unreasonable contract, or an unfair and unreasonable clause in a contract, entered into between parties who are not equal in bargaining**

power. It is difficult to give an exhaustive list of all bargains of this type. No court can visualize the different situations which can arise in the affairs of men. One can only attempt to give some illustrations. For instance, the above principle will apply where the inequality of bargaining power is the result of the great disparity in the economic strength of the contracting parties. It will apply where the inequality is the result of circumstances, whether of the creation of the parties or not. It will apply to situations in which the weaker party is in a position in which he can obtain goods or services or means of livelihood only upon the terms imposed by the stronger party or go without them. It will also apply where a man has no choice, or rather no meaningful choice, but to give his assent to a contract or to sign on the dotted line in a prescribed or standard form or to accept a set of rules as part of the contract, however unfair, unreasonable and unconscionable a clause in that contract or form or rules may be. This principle, however, will not apply where the bargaining power of the contracting parties is equal or almost equal. This principle may not apply where both parties are businessmen and the contract is a commercial transaction. In today's complex world of giant corporations with their vast infrastructural organizations and with the State through its instrumentalities and agencies entering into almost every branch of industry and commerce, there can be myriad situations which result in unfair and unreasonable bargains between parties possessing

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wholly disproportionate and unequal bargaining power. These cases can neither be enumerated nor fully illustrated. The court must judge each case on its own facts and circumstances.” (**emphasis laid**)

Therefore, the Court has held that the Constitution obliges courts to advance social and economic justice and to give effect to the equality mandate under Article 14. Consequently, courts will neither enforce nor hesitate to invalidate contracts, or contractual clauses, that are unfair or unreasonable when entered into between parties with unequal bargaining power.

12.1. Relying on the aforesaid reasoning, another two Judge Bench in **Pani Ram v. Union of India**, reiterated that the guarantee of equality under Article 14 extends even to situations where a person has no meaningful choice but to accept imposed contractual terms, however unfair or unreasonable they may be. Applying this principle to the facts before it, the Court observed thus: -

"23. **As held by this Court, a right to equality guaranteed under Article 14 of the Constitution of India would also apply to a man who has no choice or rather no meaningful choice, but to give his assent to a contract or to sign on the dotted line in a prescribed or standard form or to accept a set of rules as part of the contract, however unfair, unreasonable and unconscionable a clause in that contract or form or rules may be.** We find that the said observations rightly apply to the facts of the present case. Can it be said that the mighty Union of India and an ordinary soldier, who having fought for the country and retired from Regular Army, seeking re-employment in the Territorial Army, have an equal bargaining power. We

are therefore of the considered view that the reliance placed on the said document would also be of no assistance to the case of the respondents.”
(emphasis laid)

Therefore, it is clear that Courts are empowered to invalidate unconscionable elements of a contract where the parties lack the ability to exercise any real or meaningful choice in negotiating its terms. In the present case, the appellants were left with no alternative but to accept the conditions unilaterally prescribed by the respondent-State in order to secure their livelihood and sustain a source of income. It would be entirely unrealistic to assume that, in such circumstances, an employee seeking temporary employment could meaningfully negotiate or assert a position against the overwhelming might of the State machinery.

12.2. At this juncture, the analogy of apples and oranges serves as a useful reminder that certain relationships are inherently incapable of being assessed on an equal plane. A contract between the State and an employee stands on a similar footing. The State, in such a relationship, assumes the role of a metaphorical lion, endowed with overwhelming authority, resources and bargaining strength, whereas the employee, who is yet an aspirant, is reduced to the position of a metaphorical lamb, possessing little real negotiating power. To suggest parity between the two, i.e. the lion and the lamb, would be to ignore the stark imbalance that defines the relationship.

12.3. Therefore, where a lion contracts with a lamb, the inequality is not incidental but structural, and it is precisely this disproportion that calls for judicial sensitivity. In such situations, the conscience of Constitutional Courts must inevitably tilt in favour of protecting the lamb. We have no

hesitation in holding that Constitutional Courts are duty-bound to act to safeguard those who are vulnerable to exploitation, so that employees are not compelled to meekly submit to the demands of a vastly dominant contracting party like the State, but are instead assured that constitutional protections will intervene to prevent such exploitation.

31. To buttress the appellants first submission, reliance has been placed on ***T.M. Sampath v. Ministry of Water Resources, (2015) 5 SCC 333 .***

The appellants therein before the apex court were employees of National Water Development Agency ("NWDA") which was established as a society in July 1982 and was registered under the Societies Registration Act, 1860. The Society NWDA, fell under the aegis and control, both administrative and financial, of the Ministry of Water Resources, was fully funded by the Government of India, headed by the Union Minister for Water Resources as the President. NWDA had framed rules and regulations for its smooth functioning.

The Governing Body of NWDA in its 3rd meeting held on 31-3-1983 had approved introduction of Contributory Provident Fund Scheme for the employees of NWDA on the lines of the Contributory Provident Fund Rules (India), 1962. NWDA did not make any distinct CPF rules. The same were duly approved by the Governing Body of NWDA.

Pursuant to the recommendation of the Fourth Central Pay Commission, an Office Memorandum dated 1-5-1987 was issued by the Ministry of Personnel, Public Grievances and

Pensions, Department of Pensions and Pensioners' Welfare, for switch-over of employees from Contributory Provident Fund Scheme to Pension Scheme, according to which all Contributory Provident Fund (CPF) Scheme beneficiaries, who were in service of the Central Government on 1-1-1986, were deemed to have come over to the Pension Scheme unless they specifically opted out to continue under CPF Scheme. This Pension Scheme was formulated by the Government under the 1972 Pension Rules. The above switch-over was applicable to all the Central Government employees who were subscribing to the Contributory Provident Fund under the Contributory Provident Fund Rules, 1962.

The Governing Body of NWDA rejected the proposal for introduction of Pension-cum-GPF-DCRG Scheme in NWDA. The said rejection by the Governing Body, was assailed. The petitioners' before the apex court raised a specific contention that their fundamental rights under Articles 14 and 16 had been violated by not treating them on a par with their similar counterparts in the Central Government, when NWDA falls within the meaning of "State" as defined in Article 12 of the Constitution. The said contention was rejected by holding that NWDA is an autonomous body which has framed its own bye-laws for governing its employees and it has been time and again reiterated by the apex court that courts must adopt an attitude of total non-interference or minimal interference in the matter of interpretation of rules framed by autonomous institutions. Further it was held that NWDA cannot be treated as an instrumentality of the State under Article 12. Besides the aforesaid even if it is presumed that NWDA is "State" under Article 12 of the Constitution, the apex court was of the view that the appellants therein have failed to prove that they are on a par with their counterparts, with whom they claim parity. The relevant extract of the

judgement reads as follows;

15. *In light of the facts and circumstances of this case and the submissions made by the learned counsel on both sides, it can be concluded that NWDA had framed its regulation: the CPF Rules, 1982 and they were duly approved by the Governing Body of NWDA. As NWDA is an autonomous body under the Ministry of Water Resources, it has framed its own bye-laws governing the employees. It has been time and again reiterated that the court must adopt an attitude of total non-interference or minimal interference in the matter of interpretation of rules framed by autonomous institutions. In Kerala SRTC v. K.O. Varghese (2007) 8 SCC 231, this Court held: (SCC pp. 240-41, paras 18 & 21)*

"18. *... KSRTC is an autonomous corporation established under the Road Transport Corporations Act, 1950. It can regulate the services of its employees by making appropriate regulations in that behalf.*

* * *

21. *The High Court ... is not correct in thinking that there is any compulsion on KSRTC on the mere adoption of Part III of KSR to automatically give all enhancements in pension and other benefits given by the State Government to its employees."*

Thus, as the appellants are governed by the CPF Rules, 1982, the OM applicable to the Central Government employees is not applicable to them.

16. *On the issue of parity between the employees of NWDA and Central Government employees, even if it is assumed that the 1982 Rules did not exist or were not applicable on the date of the OM i.e. 1-5-1987, the relevant date of parity, the principle of parity cannot be applicable to the employees*

of NWDA. NWDA cannot be treated as an instrumentality of the State under Article 12 of the Constitution merely on the basis that its funds are granted by the Central Government. In *Zee Telefilms Ltd. v. Union of India* (2005) 4 SCC 649, it was held by this Court that the autonomous bodies having some nexus with the Government by itself would not bring them within the sweep of the expression "State" and each case must be determined on its own merits. Thus, the plea of the employees of NWDA to be treated on a par with their counterparts in the Central Government under sub-rule (6)(iv) of Rule 209 of the General Financial Rules, merely on the basis of funding is not applicable.

17. Even if it is presumed that NWDA is "State" under Article 12 of the Constitution, the appellants have failed to prove that they are on a par with their counterparts, with whom they claim parity. As held by this Court in *UT, Chandigarh v. Krishan Bhandari* (1996) 11 SCC 348, the claim to equality can be claimed when there is discrimination by the State between two persons who are similarly situated. The said discrimination cannot be invoked in cases where discrimination sought to be shown is between acts of two different authorities functioning as State under Article 12. Thus, the employees of NWDA cannot be said to be "Central Government employees" as stated in the OM for its applicability.

18. Thus, by reason that the employees are governed by the NWDA CPF Rules, 1982, the OM dated 1-5-1987 is not applicable to the appellant employees. Further, as they have not established that they are the Central Government employees, on a par with their counterparts, their claim of parity with the Central Government employees is also defeated.

32. The ratio that courts must adopt an attitude of total

non-interference or minimal interference in the matter of interpretation of rules framed by autonomous institutions has no applicability in the case at hand as the respondents in the case at hand had initially been engaged in a society in March 2004. In terms of the notification dated 05.05.2012 whereby the society was ordered to be closed, the CAT Plans and Compensatory Afforestation of all Hydro Electric Projects in Satluj River Basin were to be implemented through the concerned Conservator of Forests.

33. Moreover, after the society ceased to function on 30.06.2012 work being done by the respondents in the erstwhile society was now required to be performed by the existing staff posted in the Rampur Forest Circle and Division. Admittedly there was an acute shortage of staff in the Rampur Circle hence a fresh contract was entered into with the respondents. The conservator of forest Rampur circle vide letter dated 30.05.2012 had requested for the accommodation of the computer operators engaged in the society in his office as work of the society after its closure was to be looked after by his office and payment to the computer operators was sought to be made from "CAMPA" (page 183 of the paper book).

34. Besides funds to the State CAMPA are provided by the statutory national body CAMPA. As per the contract entered into between the parties the respondents were in the deployment of CAMPA in the office of the Chief Conservator HP. Once the Compensatory Afforestation Fund Act, 2016, came into vogue on 30.09.2018 the governing body of the State CAMPA could with the prior concurrence of the State Government create posts in the State Authority. With respect to such posts created there exists no bar for regular recruitment nor pay parity with equivalent post holders in the government especially when officers appointed on deputation have been given the benefit of pay parity with their equivalent counterparts. Hence even on the question of pay parity the judgement referred to by the appellants has no applicability.

35. The State CAMPA is performing governmental functions. Primarily consists of government functionaries. It is mainly funded by the national body. No fault can, therefore, be found with the finding returned that the State CAMPA is an extension of the government.

36. Other than the aforesaid, reliance has been placed on **2023 SCC Online SC 1417** titled **Ganesh Digamber**

Jambhrunkar and others versus **State of Maharashtra and others** to deny the claim of regularisation being raised in the case at hand. In the said case contractual appointment of the petitioners before the apex court had been made in the year 2011. Aggrieved by the regular recruitment initiated which had reached its culmination the same was assailed by the petitioners before the high court in 2016 who sought regularisation. The plea of regularisation was rejected by the apex court as there existed no policy for regularisation. The said judgement is clearly distinguishable as in the case at hand there exists a policy for regularisation.

37. Next reliance is placed on **Chanchal Goyal (Dr) v. State of Rajasthan, (2003) 3 SCC 485** to contend that the principle of legitimate expectation has no application in the case at hand.

The only point involved in the said case before the Apex Court was whether Chanchal Goyal's (Dr) termination from service was in order. Therein Chanchal Goyal's (Dr) appointment dated 27-11-1974 as Lady Doctor under the Municipal Council, Ganganagar contained a stipulation appointment that she was being posted purely on temporary basis for the period of six months or till the candidate selected by the Rajasthan Public Service Commission is available, whichever is earlier. Her working period continued to be extended. The appointment was made in exercise of

powers conferred under the relevant provisions of the Rajasthan Municipalities Act, 1959 read with the relevant Rajasthan Municipal Service Rules. In the interregnum she was selected by the Service Commission in October 1976 and August 1982 she did not join pursuant to such selection and continued on the basis of the orders of extension issued by the Local Self-Government Department of the Government. On 1-10-1988 her services were terminated on the ground that the candidate selected by the Service Commission was available. The learned Single Judge held that termination of the appellant's services was illegal since order was passed ignoring the fact that she had put in 14 years of service. The authorities were directed to adjudge her suitability within a period of one month and regularize her services with all benefits available to a substantively appointed member of the service. In appeal the Division Bench held that Chanchal Goyal (Dr) continued merely as a temporary employee on the basis of appointment made under the relevant Rule and as she had not been selected by the Service Commission in accordance with the Rules. She had no right to hold the post. In terms of interim orders passed she was allowed to continue in the service during the pendency of the matter before the Rajasthan High Court. The plea of legitimate expectation raised in the aforesaid backdrop was rejected by the apex court in the below mentioned terms.

It has not been shown as to how any act was done by the authorities which created an impression that the conditions attached in the original appointment order were waived. Mere continuance does not imply such waiver. No legitimate expectation can be founded on such unfounded impressions. It was not even indicated as to who, if any, and with what authority created such impression. No waiver which would be against requisite compliances can be countenanced.

Whether an expectation exists is, self-evidently, a question of fact. Clear statutory words override any expectation, however founded. (See R. v. Director of Public Prosecutions, ex p Kebilene (1999) 3 WLR 972 : (1999) 4 All ER 801 : (2000) 2 AC 326 (HL)).

38. The appointment in the case at hand was not made on a temporary basis or till a candidate selected was available, whichever is earlier. Rather in the case at hand the respondents have continued to discharge their duties on contractual posts for a considerable length of time. On account of repeated extensions the respondents have continued in service and have refrained from seeking alternative employment, notwithstanding the contractual nature of their engagement. In the aforesaid facts and attending circumstances it is but natural that a legitimate expectation arises that the appellants would, at some stage, recognize their long and continuous service. With respect to the legitimate expectation of the respondents in the case at hand, it would be relevant to refer to the binding judgement of the apex court in **Bhola Nath** (*supra*) wherein the case of similarly situated employees has been dealt with. The relevant extract thereof reads as under:-

Legitimate Expectation of the employees: -

13. Another facet requiring consideration in the case of contractual employees, such as the present appellants, is the doctrine of legitimate expectation. Where employees have continued to discharge their duties on contractual posts for a considerable length of time, as in the present case, it is but natural that a legitimate expectation arises that the State would, at some stage, recognize their long and continuous service. It is in this belief, bolstered by repeated extensions granted by the Executive, that such employees continue in service and refrain from seeking alternative employment, notwithstanding the contractual nature of their engagement. At this juncture, it is thus apposite to advert to the principles governing the doctrine of legitimate expectation as enunciated by this Court in *Army Welfare Education Society v. Sunil Kumar Sharma*, 8 wherein it was held as follows: -

"63. A reading of the aforesaid decisions brings forth the following features regarding the doctrine of legitimate expectation:

63.1. First, **legitimate expectation must be based on a right as opposed to a mere hope, wish or anticipation;**

63.2. Secondly, **legitimate expectation must arise either from an express or implied promise;** or a consistent past practice or custom followed by an authority in its dealings;

. . .

63.5. Fifthly, **legitimate expectation operates in the realm of public law, that is, a plea of**

legitimate action can be taken only when a public authority breaches a promise or deviates from a consistent past practice, without any reasonable basis.

...

64. **The aforesaid features, although not exhaustive in nature, are sufficient to help us in deciding the applicability of the doctrine of legitimate expectation to the facts of the case at hand. It is clear that legitimate expectation, jurisprudentially, was a device created in order to maintain a check on arbitrariness in State action.** It does not extend to and cannot govern the operation of contracts between private parties, wherein the doctrine of promissory estoppel holds the field.”

(emphasis laid)

It is, therefore, not difficult to comprehend the expectation with which such contractual employees continue in the service of the State. The repeated conduct of the employer-State in expressing confidence in their performance and consistently granting monetary upgrades & tenure extensions reasonably nurtures an expectation that their long and continuous service would receive further recognition.

39. Thus, we are of the considered view that the learned Single Judge has not erred in any manner in allowing the writ petition and we also do not find any plausible reason

to take a different view. Therefore, the present appeal is dismissed being devoid of merit and the judgment passed by learned Single Judge is upheld.

The present appeal is disposed of in the aforesaid terms, so also the pending application(s), if any.

(G.S. Sandhwalia)
Chief Justice

(Bipin Chander Negi)
Judge

17th March, 2026
(Gaurav Rawat)

High Court of H.P.