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

**Date of Decision : 31.08.2026**

- 1. CM-5935-LPA-2026 and  
CM-5936-LPA-2026 in/and  
LPA-1549-2026 (O&M)**

**PEPSU ROAD TRANSPORT CORPORATION**

**.....Appellant**

**VERSUS**

**DALJEET SINGH AND OTHERS**

**.....Respondents**

- 2. CM-5933-LPA-2026 and  
CM-5934-LPA-2026 in/and  
LPA-1410-2026 (O&M)**

**PEPSU ROAD TRANSPORT CORPORATION AND ANOTHER**

**.....Appellants**

**VERSUS**

**JASDEEP SINGH AND OTHERS**

**.....Respondents**

- 3. CM-5947-LPA-2026 and  
CM-5948-LPA-2026 in/and  
LPA-1556-2026 (O&M)**

**PEPSU ROAD TRANSPORT CORPORATION**

**.....Appellant**

**VERSUS**

**ROHI RAM AND OTHERS**

**.....Respondents**

- 4. LPA-1529-2026(O&M)**

**PEPSU ROAD TRANSPORT CORPORATION**

**.....Appellant**

**VERSUS**

**RAVINDER SINGH AND OTHERS**

**.....Respondents**

**CORAM: HON'BLE MR. JUSTICE HARSIMRAN SINGH SETHI**

**HON'BLE MR. JUSTICE MINDERJEET YADAV**

Present: Mr. M.S Bedi , Advocate General, Punjab with  
Mr. Abhilaksh Gaiind, Standing Counsel, PRTC and  
Mr. Rakesh Roy, Advocate  
for the appellant in LPA No.1556 of 2026 (O&M).

Mr. Hardeep Singh, Advocate  
for the appellant in LPA No.1549 of 2026 (O&M).

Mr. Anupam Singla, Advocate  
for the appellants in LPA No.1410 of 2026 (O&M).

Mr. L.S Sidhu, Advocate  
for the appellants in LPA No.1529 of 2026 (O&M).

Mr. Rajiv Pratap Atma Ram, Senior Advocate with  
Mr. Arjun Pratap Atma Ram, Advocate and  
Ms. Shreya Kaushik, Advocate for  
the private respondents in  
LPA Nos.1549, 1410 and 1556 of 2026.

Dr. Sumati Jund, Advocate  
for the respondents in LPA No.1529 of 2026 (O&M).

Mr. Arvind Gupta, Legal Advisor, PEPSU.

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**HARSIMRAN SINGH SETHI, J. (Oral)**

**CM-5935-LPA-2026 in LPA-1549-2026 (O&M),  
CM-5933-LPA-2026 in LPA-1410-2026 (O&M) and  
CM-5947-LPA-2026 in LPA-1556-2026 (O&M)**

Present applications have been filed for grant of exemption  
from filing certified copies of Annexures R-1 to R-9.

Keeping in view the contents mentioned in the applications, the  
same are allowed.

Exempted from filing certified copies of Annexures R-1 to R-9.

**CM-5936-LPA-2026 in LPA-1549-2026 (O&M),  
CM-5934-LPA-2026 in LPA-1410-2026 (O&M) and  
CM-5948-LPA-2026 in LPA-1556-2026 (O&M)**

Present applications have been filed to place on record the additional affidavit of the respondents along with Annexures R-1 to R-9.

Keeping in view the contents mentioned in the applications, the same are allowed.

Additional affidavit of the respondents along with Annexures R-1 to R-9, are taken on record, subject to all just exceptions.

**Main cases**

1. Present are the bunch of four appeals, the details of which are mentioned in the heading involve common question of law in the context of common set of facts and thus they are being decided by a common order.
2. In the present bunch of appeals, the challenge is to the impugned order dated 22.04.2026 passed by the learned Single Judge in CWP No.5684 of 2026 titled as ***“Daljeet Singh and ors. versus State of Punjab and others”***, by which, a direction has been given to regularise the services of the respondents-employees, who are working through an outsourcing agency, i.e. the private employer.
3. Certain facts needs to be mentioned for the correct appreciation of the issue in hand.
4. It is a conceded fact that, from day one, the respondents have been working through an outsourcing agency i.e. M/s S.S Service Providers, which is a private agency, after such posts were advertised by the private agency. The appointments of the respondents were made by the private

agency, though they were posted with the PRTC for performing the duties of the posts, including Drivers, Conductors etc.

5. The respondents who are working in such capacity ultimately filed a writ petition claiming the benefit of regularisation of their services, not in terms of any Policy issued by the State of Punjab, but under the judgment of the Hon'ble Supreme Court of India in ***"Jaggo vs. Union of India 2025 AIR SC 296; Vinod Kumar and others vs. Union of India and ors. (2024) 9 SCC 327; and Shripal and another vs. Nagar Nigam, Ghaziabad 2025 SCC Online SC 221***, as well as the judgment of this Court in ***Hans Raj and others vs. PEPSU Road Transport Corporation*** (CWP No.1221 of 2021 decided on 03.09.2025 according to which, in case an employee has worked continuously for a period of 10 years, the services of such an employee need to be regularised.

6. The learned Single Judge, though, has noticed that the appointment of the private respondents is not by the PRTC but by an outsourcing private agency and that they are posted to perform the duties with the PRTC, but the PRTC has been taken as the employer of such respondent-employees for all intents and purposes, and a direction has been given to regularise their services with the PRTC and grant them other benefits as well, including the benefit of the Old Pension Scheme in case such an employee is working prior to 01.01.2004 in terms of the judgment rendered in ***Harbans Lal vs. State of Punjab, CWP No.2371 of 2010 and State of Haryana and ors. vs. Jai Bhagwan, LPA No.1892 of 2019***. The

said judgment as passed by the learned Single Judge is under challenge in the present bunch of appeals.

7. The learned Senior Counsel appearing on behalf of the PRTC argues that, in the absence of the master and servant relationship between the PRTC and the respondents, based upon the written documents and the presumption drawn by the learned Single Judge to grant the relief of regularisation, by treating the respondents as employees of the PRTC for all intents and purposes, is incorrect.

8. Learned Senior Counsel for the appellant-PRTC submits that not even a single document has been brought on record to show that there has been an appointment of such outsourced employees by the PRTC or that any status was given by the PRTC to the respondents by appointing them at any given point of time during their service career, in the absence of any such record, recording a finding that there exists a master and servant relationship between the PRTC and the respondents is contrary to the facts on record and is only based upon a presumption merely because they were deployed with the PRTC, they would gain the status of employees of the PRTC. The said finding given by the learned Single Judge is incorrect.

9. Learned Senior Counsel for the appellant(s)-PRTC also argues that the question of law as to whether an outsourced employee, who was working through an outsourcing private agency though working with the Government or its agency can claim the status of an employee of the Government or the Corporation, as the case may be, to seek regularisation,

has already been decided against such employees by the Division Bench of this Court in LPA Nos.469, 500, 501, 525, 552, 577, 578, 579, 580, 581, 640, 644, 675, 759, 795, 757 and 758 of 2013 titled as “***Nishan Singh and ors. vs. State of Punjab and ors.***”, decided on 30.09.2013. The said judgment clearly covers the case of the respondents, but still, the benefit of regularisation has been given to the respondents by the learned Single Judge by treating such outsourcing employees, working through the private agency, as employees of the PRTC.

10. Learned Senior Counsel appearing on behalf of the respondents submits that, though it is a conceded fact that the respondents are working through the private outsourcing agency but not only the Rules governing the services but also their continuous appointment and discharge of duties for the PRTC, coupled with the settled principle of law and the Punjab Ad hoc, Contractual, Daily Wage, Temporary, Work Charged and Outsourced Employees’ Welfare Act, 2016, justify the grant of such benefit of regularization by the PRTC to the respondents and the facts and the law has rightly been appreciated by the learned Single Judge, and a harmonious reading has been undertaken by the learned Single Judge to record a finding that, despite there being an appointment of such employees by a private agency, the respondents, for all intents and purposes, are to be treated as employees of the PRTC. Hence, keeping in view the fact that respondents have performed the duties on such post for such a long time, the benefit of regularisation has rightly been granted.

11. Learned Senior Counsel for the private respondents has placed reliance upon Paragraph No.6 of the judgment passed by the learned Single Judge, which deals with the said issue, and submits that the learned Single Judge, by placing reliance upon the settled principle of law has laid down the principle for prima facie determining the master and servant relationship and such relationship has rightly been determined between the respondents and the appellant(s) herein and, therefore, the grant of the benefit of regularisation of their services was perfectly valid and legal.

12. Learned Senior Counsel for the private respondents further submits that the Rules governing the service also envisage engagement through an outsourcing agency. Reliance is being placed upon the note to Rule 8 PEPSU Road Transport Corporation Employees (Conditions of Appointment and Service) Regulations, 1981 (hereinafter referred to as the “1981 Regulations”), which describes the method of recruitment, and it is submitted that once the outsourcing agency can be brought in to provide manpower, such manpower, can be treated as employees of the PRTC. Hence, the view taken by the learned Single Judge, holding that there is a master and servant relationship between the appellant-PRTC and the respondents-employees, is perfectly valid and legal and, therefore, the present bunch of appeals filed by the PRTC are liable to be rejected.

13. Learned Senior Counsel for the private respondents further places reliance upon Rules 2(q) and 2(o), which apply to all the PRTC employees governed to contend that the finding given by the learned Single

Judge that the respondents are to be treated as employees of the PRTC for the purpose of regularisation is perfectly valid and legal.

14. We have heard learned Senior Counsel for the PRTC along with other counsels and learned Senior counsels appearing on behalf of the respondents.

15. The first question which arises for determination is as to whether, there needs to be a master and servant relationship between the appellant(s)-PRTC and the respondents in order to seek regularisation of their services or whether such master and servant relationship, on a deemed basis, can be accepted for granting the benefit of regularization of services.

16. It is a settled principle of law that the master and servant relationship needs to be proved on the basis of written documents including the appointment order etc. In the facts and circumstances of the present case, there is no denial of the said fact that the Advertisement was issued by a private agency for recruitment to the posts including Drivers, Conductors etc.

17. The appointment orders of the private respondents have been issued by the said private agency, and the only duties being performed by the respondents with the PRTC upon deployment by this private agency is in pursuance to the contract for providing manpower between the PRTC and the said private outsourcing agency.

18. It is a conceded fact that there is no appointment order issued by the PRTC at any given point of time during the service career of the

respondents, nor has any status, including temporary, ad hoc or officiating, been conferred upon them by the PRTC even upto now.

19. Once there is no written appointment order issued by the PRTC in favour of the respondents, whether there can be a relationship of master and servant between the appellants and the respondents, that needs to be decided as per the settled principle of law.

20. As per the settled principle of law, the master and servant relationship needs to be established on the basis of documentary evidence and not merely on the basis of the nature of duties being performed or the supervisory control exercised over the employee of the Hon'ble Supreme Court of India in Civil Appeal No. 4014 of 2025 arising from (SLP (Civil) No. 19648 of 2023 titled ***"The Joint Secretary, Central Board of Secondary Education & Anr. v. Raj Kumar Mishra & Anr."***, decided on 17 March 2025. The relevant paragraph Nos. 6 to 9 of the judgment are as under:-

*"6. Having considered the facts and circumstances of the case(s) and submissions of learned counsel for the parties, we find substance in the contentions of learned counsel for the appellants. The issue whether the private respondents were employees of the appellants, is the crux of the matter. Whatever material has been placed and even the best point which was argued by the learned Senior Counsel for the private respondents before this Court was that since there was supervisory and jurisdictional control over the private respondents by the appellants, ipso facto, they would become employees of the appellants is noted only to be rejected.*

*7. This is not only a very simplistic approach, but also a totally erroneous approach in law. For a person to claim employment under any organization, a direct master-servant relationship has to be established on paper. In the present case(s), admittedly, the only document, which the private respondents have in their favour, is showing that they were posted at various places doing different nature of work.*

*8. This clearly in the considered opinion of the Court would not establish master-servant relationship.*

*9. Had it been the case where there were other materials also in favour of the private respondents in both cases showing that they may have a case for being considered as an employee of the appellants, we may not have interfered with the orders impugned and would have left it to the Labour Court to once again to go into the matter(s) on merits. However, when the best defence of the private respondents in both cases, as discussed supra, has been found to be totally of no consequence to the private respondents in both cases, we find that the remand would be an exercise in futility.”*

21. A bare perusal of the above reproduction would show that, in the present case, there being no written order at any given point of time appointing the respondents by the PRTC in any capacity and the appointment of private respondents have been made by the private outsourcing agency, which cannot be treated as an appointment made by the PRTC so as to burden the PRTC with the liability of regularizing such employees in the service of PRTC.

22. The learned Single Judge has placed reliance upon the continuous working of the respondents with the Corporation after they were selected and appointed.

23. As per the settled principle of law, outsourced employees cannot claim the pay admissible on the regular establishment or regularization. The Hon’ble Supreme Court of India in “***The Municipal Council, Rep. by its Commissioner, Nandyal Municipality, Kurnool District, A.P. v. K. Jayaram & Ors***”, 2026, LiveLaw (SC) 38, decided on 16.12.2025, wherein it has been held that no such benefit can be made

admissible to an outsourced employees even if they have worked for a long duration. Relevant paragraph Nos.7 and 8 of the said judgment are as under:-

*“7. Having considered the matter, we find substance in the contention of learned counsel for the appellant. The moot point on which the issue revolves is the nature of employment/ relationship of the appellant with the respondents. It is not in dispute that the appellant had engaged the respondents and other similarly situated persons through a contractor, which also had changed periodically. However, at the same time, the respondents may have continued to work for the appellant, though through some other contractor. Further, the respondents may have also continued for long periods. Thus, at first blush the reasoning may seem to be attractive that there was discrimination as they were also performing the duties as was being performed by other regular employees and were required to be suitably paid and, at least, the minimum time scale of the pay attached to the regular post, however, a deeper probe would reveal that the matter cannot be dealt with in such a simplistic way. The test which would actually throw light and would be relevant in the facts and circumstances of the present case is to whether the relationship, which is direct between two parties in whatever manner, can be differentiated with a relationship which had no direct connection with the two parties who are contesting, but rather the relationship is through a third-party which in the present case is the contractor.”*

*“8. From the facts discussed above, it is clear that the appellant had no direct connection with the actual persons who were employed by the contractor, i.e., the respondents. The obligation and responsibility of the appellant was to pay to the contractor the amount which had been contracted and agreed to between the appellant and the contractor, and the responsibility then was that of the contractor to ensure payment of wages and other emoluments as per the terms of the contract to the persons who were actually sent by the contractor to the appellant for performing various types of job.”*

24. Further, the issue with regard to the grant of benefit of regularisation to an outsourced employee is no longer res integra. The Division Bench of this Court, in **Nishan Singh's case (supra)**, has held that there is no provision, even under the judgment of the Hon'ble Supreme Court of India in Secretary, **State of Karnataka and others vs. Uma Devi**

*and others, AIR 2006 Vol. II SC 1806*, to grant the benefit of regularisation to an outsourced employee where there is no master-servant relationship between the employee and the concerned establishment. Such a claim was accordingly rejected. The relevant paragraph Nos.15 and 16 of the said judgment are reproduced as under:-

*“XXX..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 17.11.2011 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 regularization 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 regularization 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 regularization 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.”*

25. Learned Senior counsel for the respondents has not been able to dispute the said proposition of law but submits that the subsequent law on the said issue changes the scenario especially the judgment of the Hon'ble Supreme Court of India in ***Jaggo vs. Union of India 2025 AIR SC 296***, where such issue of outsourcing employees has been dealt with after noticing the same. The relevant paragraphs of the said judgment are as under:-

*“10. Having given careful consideration to the submissions advanced and the material on record, we find that the appellants’ long and uninterrupted service, for periods extending well beyond ten years, cannot be brushed aside merely by labelling their initial appointments as part-time or contractual. The essence of their employment must be considered in the light of their sustained contribution, the integral nature of their work, and the fact that no evidence suggests their entry was through any illegal or surreptitious route.*

*11. The appellants, throughout their tenure, were engaged in performing essential duties that were indispensable to the day-to-day functioning of the offices of the Central Water Commission (CWC). Applicant Nos. 1, 2, and 3, as Safaiwalis, were responsible for maintaining hygiene, cleanliness, and a conducive working environment within the office premises. Their duties involved sweeping, dusting, and cleaning of floors, workstations, and common areas—a set of responsibilities that directly contributed to the basic operational functionality of the CWC. Applicant No. 5, in the role of a Khallasi (with additional functions akin to those of a Mali), was entrusted with critical maintenance tasks, including gardening, upkeep of outdoor premises, and ensuring orderly surroundings.*

*12. Despite being labelled as “part-time workers,” the appellants performed these essential tasks on a daily and continuous basis over extensive periods, ranging from over a decade to nearly two decades. Their engagement was not sporadic or temporary in nature; instead, it was recurrent, regular, and akin to the responsibilities typically associated with sanctioned posts. Moreover, the respondents did not engage any other personnel for these tasks during the appellants’ tenure, underscoring the indispensable nature of their work.*

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.*

16. *The appellants' consistent performance over their long tenures further solidifies their claim for regularization. At no point during their engagement did the respondents raise any issues regarding their competence or performance. On the contrary, their services were extended repeatedly over the years, and their remuneration, though minimal, was incrementally increased which was an implicit acknowledgment of their satisfactory performance. The respondents' belated plea of alleged unsatisfactory service appears to be an afterthought and lacks credibility.*

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.*<sup>5</sup>, it was 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 [2024] 1 S.C.R. 1230 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.*

*24. The landmark judgement of the United State in the case of Vizcaino v. Microsoft Corporation<sup>7</sup> serves as a pertinent example from the private sector, illustrating the consequences of misclassifying employees to circumvent providing benefits. In this case, Microsoft classified certain workers as independent contractors, thereby denying them employee benefits. The U.S. Court of Appeals for the Ninth Circuit determined that these workers were, in fact, common-law employees and were entitled to the same benefits as regular employees. The Court noted that large Corporations have increasingly adopted the practice of hiring temporary employees or independent contractors as a means of avoiding payment of employee 97 F.3d 1187 (9th Cir. 1996) benefits, thereby increasing their profits. This judgment underscores the principle that the nature of the work performed, rather than the label assigned to the worker, should determine employment status and the corresponding rights and benefits. It highlights the judiciary's role in rectifying such misclassifications and ensuring that workers receive fair treatment.*

*25. It is a disconcerting reality that temporary employees, particularly in government institutions, often face multifaceted forms of exploitation. While the foundational purpose of temporary contracts may have been to address short-term or seasonal needs,*

*they have increasingly become a mechanism to evade long-term obligations owed to employees. These practices manifest in several ways:*

- *Misuse of "Temporary" Labels:  
Employees engaged for work that is*

*essential, recurring, and integral to the functioning of an institution are often labeled as "temporary" or "contractual,"*

*even when their roles mirror those of regular employees. Such misclassification deprives workers of the dignity, security, and benefits that regular employees are entitled to, despite performing identical tasks.*

- *Arbitrary Termination: Temporary employees are frequently dismissed without cause or notice, as seen in the present case. This practice undermines the principles of natural justice and subjects workers to a state of constant insecurity, regardless of the quality or duration of their service.*
- *Lack of Career Progression: Temporary employees often find themselves excluded from opportunities for skill development, promotions, or incremental pay raises. They remain stagnant in their roles, creating a systemic disparity between them and their regular counterparts, despite their contributions being equally significant.*
- *Using Outsourcing as a Shield:  
Institutions increasingly resort to outsourcing roles performed by temporary employees, effectively replacing one set of exploited workers with another. This practice not only perpetuates exploitation but also demonstrates a deliberate effort to bypass the obligation to offer regular employment.*
- *Denial of Basic Rights and Benefits:*

*Temporary employees are often denied fundamental benefits such as pension, provident fund, health insurance, and paid leave, even when their tenure spans decades. This lack of social security subjects them and their families to undue hardship, especially in cases of illness, retirement, or unforeseen circumstances.*

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.*

*27. In light of these considerations, in our opinion, it is imperative for government departments to lead by example in providing fair and stable employment. Engaging workers on a temporary basis for extended periods, especially when their roles are integral to the organization's functioning, not only contravenes international labour standards but also exposes the organization to legal challenges and undermines employee morale. By ensuring fair employment practices, government institutions can reduce the burden of unnecessary litigation, promote job security, and uphold the principles of justice and fairness that they are meant to embody. This approach aligns with international standards and sets a positive precedent for the private sector to follow, thereby contributing to the overall betterment of labour practices in the country.”*

26. Further, it may be noticed that nothing has come on record to show that such outsourcing agency was not entitled, under law, to provide manpower to the appellant-PRTC. In the absence of any such document having been brought on record, it cannot be said that the engagement of the respondents by the private agency was bad in any manner so as to treat them as employees of the PRTC, where they were actually posted by such outsourcing agency so as to regularise their services. Hence, merely because, after being appointed by a private agency, they are discharging their duties with the PRTC, they cannot be said to have gained the status of employees of the PRTC so as to claim regularization of the services with PRTC. Such a proposition cannot be accepted.

27. In the absence of any clear and unambiguous master and servant relationship, the observation of the learned Single Judge that, after being selected by the outsourcing agency, the respondents were performing

their duties with the PRTC and, therefore, the PRTC was to be treated as their employer, followed by a direction to regularise their services, would put the PRTC in financial difficulty, without there being any consideration as to whether such financial liability can be borne by the PRTC or not.

28. Learned Senior Counsel appearing on behalf of the respondents has placed reliance upon Paragraph No.6 of the judgment of the learned Single Judge to contend that the view taken by the learned Single Judge is correct and that the same is to be seen not only with regard to the performance of the duties and the control exercised by the PRTC over the employees, but the same has to be considered from the status of their employment.

29. Once, as per the judgment in abovementioned ***Raj Kumar Mishra's case (supra)***, master and servant relationship has to be proved through appointment. Mere working with the PRTC, will not be good enough to treat the respondents as the employee of the PRTC for regularising the services of the such an employee, which is clear as per the law laid down in ***K. Jayaram's case (supra)***.

30. It may be noticed that even qua the power of the PRTC to regulate the duties of such private respondents who are being posted by the outsourcing agency, nothing has come on record to show that disciplinary proceedings can be initiated by PRTC to impose punishment upon such employees.

31. It may be noticed that Clause 28 of the Agreement between the PRTC and the private agency only provides that, in case any employee of

the private agency, while performing duties with the PRTC, causes any loss, the same can be recovered from the Contractor.

32. The said power does not mean that the outsourced employees are under the control of the PRTC.

33. No other clause of the Agreement gives jurisdiction to the PRTC to invoke disciplinary proceedings and punish such employees directly has been brought to the notice of this Court.

34. Learned Senior Counsel for the respondents submits that the private respondents can be transferred by the PRTC. It may be noticed that as per the terms of the supply of manpower, liberty is given to post such employees at a particular place where benefit of such services can be derived, which cannot be concluded that such posting will result in a master and servant relationship. Hence, even the judgment which has been relied upon by the learned Single Judge in Para No. 6 of the judgment, keeping in view the facts of the present case, cannot be made applicable so as to hold that there is a master and servant relationship between the appellant(s)-PRTC and the respondents-employees, who are concededly working through an outsourcing agency.

35. Learned Senior Counsel for the respondents has mentioned that the learned Single Judge has lifted the veil in order to find out who is the actual employer of the respondents.

35. It may be noticed that lifting of the veil is a too broad proposition and, when applied in the case of an outsourcing agency, then, in every case of outsourcing, the employer will be where such employees are posted and performing their duties, which cannot be accepted. Terms and

conditions and recruitment made by outsourcing agency cannot be overlooked to declare an outsourced employee as the employee of the PRTC.

36. Such a broad proposition cannot be given, especially when claiming regularisation of their services, when there are financial difficulties in implementing the same, so as to treat an employee outsourced through an outsourcing agency as an employee of the PRTC where such employees were posted and also such would amount to Contractor escaping his liability for all intents and purposes by making the Company/State liable for everything.

37. It may be noticed that the provident fund of such respondents who have been employed by the outsourcing agency is being managed by the Contractor and not by the PRTC. Salary to all the respondent(s) is being paid by the Contractor. Once, the provident fund is being managed and paid by the outsourcing agency, holding the PRTC as an employer of the respondents so as to regularise the services of such employees with the PRTC, would be by ignoring certain facts, which are very obvious, which cannot be done.

38. Also, it is to be noticed that the provident fund is being deposited qua the respondents by the outsourcing agency where such outsourcing agency has been described as the employer of the respondent, which fact has gone un rebutted.

39. The judgment relied upon by the learned Single Judge cannot be made applicable, keeping in view the facts and circumstances of the present cases as the issue of outsourced employees claiming regular payscale

and regularisation has been negatived by the Hon'ble Supreme Court of India in *K. Jayaram's case (supra)*.

40. It may be noticed that the applicability of a judgment has to be determined on the basis of the facts of each case. An isolated reading of one paragraph of the judgment cannot result in its applicability while ignoring the facts and circumstances involved in the case in which such judgment is sought to be applied.

41. Learned Senior Counsel appearing on behalf of the respondents submits that the claim of the respondents is also covered under the 1981 Regulations, as amended from time to time where under the definition of a casual employee, an employee who is employed for work of a casual nature is covered. With regard to the definition of an employee/workman, any workman who is covered under Section 2 of the Industrial Employment (Standing Orders) Act, 1948, is also covered. A permanent employee means an employee who has been engaged by the Corporation and put on probation, such employee is to be deemed to be a permanent employee; however, anyone appointed under a contract by the PRTC is excluded from such definition. It may be noticed that at no given point of time, any appointment given by the PRTC to the respondents even on casual basis, hence, respondents who are the employees of the private contractors, cannot be termed as casual employees of the PRTC.

42. Learned Senior Counsel for the respondents further submits that, as per Regulation 8, Note 2(i) of the 1981 Regulations, manpower can be hired from an outsourcing agency on a purely temporary basis. Hence, keeping in view the scheme of the 1981 Regulations as a whole, the

respondents, who were hired through an outsourcing agency, which is a known source of appointment, were rightly granted the benefit of regularisation by treating such temporary employees as having been converted into regular appointments, and the same is perfectly valid and legal.

43. It may be noticed that it is only where direct recruitment is not possible and, in order to meet the requirement, employees may be filled on a temporary basis, or the manpower can be hired from an outsourcing agency. Nothing to Rule provides that such outsourcing of manpower, will be treated as the employee of the PRTC. No such Rule has been cited before us to hold that outsourced employee will be the employee of PRTC.

44. Further, as per the argument raised by the learned counsel for the private respondents, the definition of a temporary workman as per the 1981 Regulations under Clause 2(q), it has been mentioned that temporary workman refers to a workman who has been engaged for work which is essentially temporary in nature and, in case such an employee is employed continuously for a period of six months, he shall be deemed to be a probationer.

45. It may be noticed that such a temporary worker is one who has been appointed by the PRTC and not by the outsourcing agency.

46. It is a conceded position before this Court that, at no point of time during the course of their service, were the respondents ever appointed in any capacity by the PRTC. Hence, an appointment through a private contractor under an outsourcing arrangement cannot be termed as a temporary appointment by the PRTC so as to claim that the respondents

were employees of the Corporation. The finding to the contrary recorded by the learned Single Judge vide the impugned order dated 22.04.2026 cannot be accepted. There has to be a clear distinction between a temporary employee appointed by the Corporation and an outsourced employee provided by an outsourcing agency.

47. Learned Senior Counsel for the respondents has also argued that, under the 2016 Act, which is even now operational, the benefit of regularisation of their services is required to be extended to the respondents.

48. It may be noticed that the Notification dated 24.12.2016, which defines an outsourced employee under Rule 2(b) does not directly extend the benefit of regularisation to outsourced employees. Section 6 of the 2016 Act, which deals with the taking over of outsourced employees on contract, is reproduced as under:-

*“6. The outsourced employees recruited through private man power agency in the service of the State Government or its entities and working for a continuous period of not less than three years preceding the date of coming into force of this Act shall be taken on contract on yearly basis by the competent authority in such service of the State Government or its entities, subject to the following conditions, namely:-*

- (a) Fulfil the eligibility with regard to minimum and maximum age limit;*
- (b) Possess requisite educational qualification and experience as specified for the post under the service rules at the time of initial appointment;*
- (c) Satisfactory verification of antecedents;*
- (d) Have good character and conduct; and*
- (e) Have not been indicted or undergoing any civil, criminal or departmental proceedings*

*Provided that the entities of the State shall consider such contracts only if such entity is in a financial position to take the burden of such contract on its own without transferring any liability to the State exchequer.’*

*(2) Persons taken on contract under this Section shall be entitled to draw the same salary as was being paid to him by the private manpower agency.*

49. A bare perusal of the above reproduction would show that the State entities shall take outsourced employee on contracts with the establishment and then only if the concerned entity, is in a financial position to bear the burden of such contracts on its own, without transferring any liability to the State Exchequer, action can be taken under 2016 Act. Hence, nothing has come on record to show that the learned Single Judge, on the basis of the data placed before him, has recorded any finding that the PRTC has taken the respondent on contract basis with PRTC to change their status from outsourced employees and is financially capable of bearing the burden of the regular salary of the respondents without adversely affecting its financial health. Hence, in the absence of any such adjudication or finding, the argument of learned Senior Counsel for the respondents that the benefit is liable to be extended to them, cannot be accepted.

50. Further, it may be noticed that even the outsourced employees, who had been working for a period of three years upto 2016, were required to be taken on contract basis by such Corporation in order to avail the benefit of regularization which is clear from Section 6 of the Notification dated 24.12.2016.

51. Nothing has come on record that even as of now, the respondents have been granted the status of contractual worker in any manner in order to grant the benefit of PRTC.

52. Further, it may be noticed that the said 2016 Act came into being in 2016 and the benefit or regularization has been given by the learned Single Judge to the appointees of 2017 also, which is even otherwise not permissible even if, all the facts are to be read provisionally in favour of the respondents hence, even under the 2016 Act, the benefit cannot be granted.

53. A bare perusal of the aforesaid reproduction would show that the only observation made by the Hon'ble Supreme Court of India, as reproduced hereinbefore, is that where a person was initially appointed by a particular Corporation or the State and was thereafter transferred to an outsourcing agency only with a view to denying such employee the benefit otherwise available to him, the same has been held to be impermissible. However, not even a single observation has been made by the Hon'ble Supreme Court of India to the effect that an outsourced employee, who was recruited through an outsourcing agency at the first instance, would also be treated as an employee of the State or an authority of the State so as to claim the benefit of regularisation. Rather, in such cases, benefit has been denied by the Hon'ble Supreme Court of India in ***K. Jayaram's case (supra)***.

54. The Hon'ble Supreme Court of India has held that appointing persons through an outsourcing agency after terminating the services of employees who were recruited directly by the State or its agencies is impermissible, particularly when the work attached to the post continues to exist and the services of such employees were terminated only with a view to denying them the benefits attached to their employment and replacing them with persons engaged through an outsourcing agency.

55. In the present bunch of appeals, the facts are entirely different, as the respondents, from day one, were recruited by an outsourcing agency and have never been employees of the PRTC in any capacity, even till date. Hence, the observations made by the Hon'ble Supreme Court of India in ***Jaggo's case (supra)***, have to be read in the context of the facts of the case and cannot be read in isolation. When the said observations are read harmoniously, the benefit of regularisation cannot be extended to the respondents by treating them as employees of the Corporation merely on the ground that they were engaged through an outsourcing agency.

56. Reliance has been placed upon the judgment of the Hon'ble Supreme Court of India in Civil Appeal No. 1610 of 2026 (@ SLP (C) No. 29214 of 2019), titled as ***"Pawan Kumar and Ors. vs. Union of India and Ors."***, decided on 13.02.2026, which has also been relied upon by learned Senior Counsel for the respondents. The said judgment is also on the same footing, as it proceeds on the same view as laid down in ***Jaggo's case (supra)***, which has already been noticed hereinbefore. Hence, the said judgment also does not come to the rescue of the respondents to establish that they are employees of the appellant-Corporation so as to claim the benefit of regularisation.

57. At this stage, learned Senior Counsel for the respondents submits that the appellant-Corporation has already regularised the services of 110 similarly situated employees who were also working through an outsourcing agency. In support thereof, the orders passed in April, 2026 have been relied upon, whereby the benefit of regularisation has been extended to such employees.

58. Learned Senior counsel for the appellant submits that all such employees whose services have been regularised were on the Rolls of the PRTC as contractual employees and they were not working through the outsourcing agency.

59. Learned Senior counsel on behalf of the PRTC submits that there is an ample difference of status of an appointment between the respondents herein and the employees whose services have been regularized.

60. It may be noticed that once, the learned Senior counsel for the appellant has made a statement before this Court qua the different status of employment between the respondents herein and the contractual employees, whose services have been regularized, the benefit of such regularization given to the contractual employees directly working with the PRTC, cannot be equated with an outsourced employee working with the PRTC through an outsourcing agency.

61. Keeping in view the totality of the circumstances, the impugned order dated 22.04.2026 passed by the learned Single Judge in CWP No.5684 of 2026 and other connected cases, the view taken by the learned Single Judge is not supported by the facts and the law and, therefore, the same cannot be sustained.

62. Hence, the impugned order dated 22.04.2026 passed by the learned Single Judge in CWP No.5684 of 2026, is accordingly set aside and the writ petitions filed by the respondents, are hereby dismissed.

63. The present order was dictated in the open Court in presence of the respective counsels.

64. No further arguments were raised.

65. Present bunch of appeals stand allowed.
66. Pending application(s), if any, shall stand disposed of.
67. Photocopy of this order be placed on the files of other connected cases.

**(HARSIMRAN SINGH SETHI)**  
**JUDGE**

31-08-2026  
Sapna Goyal

**(MINDERJEET YADAV)**  
**JUDGE**

NOTE: Whether speaking/ reasoned: YES  
Whether reportable: YES