[2025] 1 S.C.R. 1427 : 2025 INSC 144

Shripal & Anr.
v.
Nagar Nigam, Ghaziabad

(Civil Appeal No. 8157 of 2024)

31 January 2025

[Vikram Nath* and Prasanna B. Varale, JJ.]

Issue for Consideration

Whether the services of the appellant-workmen (gardeners) were terminated without complying with Sections 6E and 6N of the U.P. Industrial Disputes Act, 1947. Appellants, if entitled to reinstatement with back wages as also regularization of their services.

Headnotes†

U.P. Industrial Disputes Act, 1947 – ss.6E, 6N – Non-compliance with:

Held: The pattern of direct oversight and wage disbursement negates the stand of the Respondent-Employer that the Appellant-Workmen were "contractor's personnel" – Appellants were pressing for regularization and proper wages through pending conciliation proceedings, however, the Employer proceeded to discontinue their services, without issuing prior notice or granting retrenchment compensation – Discontinuation of the Appellants' services, effected without compliance with ss.6E and 6N was illegal – Appellants were performing the same tasks of planting, pruning, general upkeep as regular Gardeners – The principle of "equal pay for equal work" cannot be casually disregarded when workers continuously served for extended periods in roles resembling those of permanent employees – Long-standing assignments under the Employer's direct supervision belie any notion that these were mere short-term casual engagements – Employer's plea of lack of an employer-employee relationship is not supported by evidence – Furthermore, reliance on a general "ban on fresh recruitment" cannot be used to deny labor protections to long serving workmen – *Uma Devi* cannot be used to justify exploitative engagements persisting for years without the Employer undertaking legitimate recruitment – Impugned order of the High Court, to the extent it confines the

* Author

Appellants to future daily-wage engagement without continuity or meaningful back wages, is set aside – Orders/communications terminating services, quashed – Respondent shall reinstate and regularize the Appellants – Appellants to be treated as continuing in service from the date of their termination, entitled to 50% of the back wages in the terms directed. [Paras 10, 13, 11,18]

Labour Laws – Labour jurisprudence – Failure of Employer to produce muster rolls – Adverse inference can be drawn against the Employer:

Held: Failure of the Employer to furnish muster rolls in full despite directions, leads to an adverse inference – Indian labour law strongly disfavors perpetual daily-wage or contractual engagements in circumstances where the work is permanent in nature – Morally and legally, workers who fulfil ongoing municipal requirements year after year cannot be dismissed summarily as dispensable, particularly in the absence of a genuine contractor agreement. [Para 15]

Case Law Cited

Secretary, State of Karnataka v. Umadevi **[2006] 3 SCR 953 : (2006) 4 SCC 1 – held inapplicable.**

Jaggo v. Union of India **[2024] 12 SCR 1235 : 2024 SCC OnLine SC 3826 – relied on.**

List of Acts

U.P. Industrial Disputes Act, 1947.

List of Keywords

Sections 6E, 6N of the U.P. Industrial Disputes Act, 1947; Gardeners; Permanent employees; Horticulture Department; Ghaziabad Nagar Nigam; Municipality; Termination; Reinstatement; Back wages; Regularization of service; Direct oversight; Wage disbursement; Employer-employee relationship; Employer's direct supervision; Casual engagements/employees; Municipal functions; Pending conciliation proceedings; Discontinuation of services; "equal pay for equal work"; Contractor; Third-party contractor; Daily-wage engagement; Daily-wage; Contractual engagements; Muster rolls; Contractual Hiring; Public Employment; Prior notice; Retrenchment compensation; Municipal duties; Permanent posts; Labour laws; Labour jurisprudence; "ban on fresh recruitment".

Shripal & Anr. v. Nagar Nigam, Ghaziabad

Case Arising From

CIVIL APPELLATE JURISDICTION: Civil Appeal No. 8157 of 2024

From the Judgment and Order dated 01.03.2019 of the High Court of Judicature at Allahabad in WC No. 13381 of 2012

With

Civil appeal No(s). 8158-8179 Of 2024

Appearances for Parties

Ms. Amiy Shukla, Shakti Vardhan, Shantanu Kumar, Malak Manish Bhatt, Ms. Neeha Nagpal, Ms. Sukanya Joshi, Advs. for the Appellants.

Shakti Vardhan, Ms. Amiy Shukla, Shantanu Kumar, Malak Manish Bhatt, Ms. Amiy Shukla, Shakti Vardhan, Ms. Dipa Rakesh Kumar, Devanshu Yadav, Kartik Yadav, Gautam Awasthi, Ms. Anzu. K. Varkey, Girijesh Pandey, Dr. M P Singh, Ms. Alpana Pandey, Ajay Kumar Tiwari, Avanish Pandey, Sriram P, Advs. for the Respondent.

Judgment / Order of the Supreme Court

Judgment

Vikram Nath, J.

1. These appeals, one filed by certain workmen (hereinafter, the workmen in all the appeals are referred to as the Appellant Workmen) and the other by the employer department i.e., Ghaziabad Nagar Nigam (hereinafter referred to as the Respondent Employer as the employer in all the appeals), arise out of a common final judgment and order dated 01.03.2019, passed by the High Court of Judicature at Allahabad in Writ Petition No. 13381 of 2012 and connected matters.

2. By the impugned judgment, the High Court considered the legality of two conflicting sets of awards passed by the Labour Court, Ghaziabad—one set allowing reinstatement of some workmen with partial back wages, and another set denying relief altogether to other similarly placed workmen.

3. The factual matrix leading up to the appeal before us is as follows:

   3.1 The Appellant Workmen claim to have been engaged as Gardeners (Malis) in the Horticulture Department of the

Respondent Employer, Ghaziabad Nagar Nigam, since the year 1998 (in some instances, since 1999). According to them, they continuously discharged horticultural and maintenance duties—such as planting trees, maintaining parks, and beautifying public spaces—under the direct supervision of the Respondent Employer. They further allege that no formal appointment letters were ever issued to them, and that they were persistently denied minimum wages, weekly offs, national holidays, and other statutory benefits.

3.2 In 2004, the Appellant Workmen, along with many other similarly situated employees, raised an industrial dispute (C.B. Case No. 6 of 2004) before the Conciliation Officer at Ghaziabad, seeking regularization of their services and the requisite statutory benefits. They contend that, upon learning of this demand, the Respondent Employer began delaying their salaries and subjected them to adverse working conditions. Eventually, around mid-July 2005, the services of numerous workmen were allegedly terminated orally, without any notice, written orders, or retrenchment compensation.

3.3 Since the above termination took place during the pendency of the conciliation proceedings, the Appellant Workmen argue it violated Section 6E of the U.P. Industrial Disputes Act, 1947. Consequently, the State Government referred the disputes concerning both (i) regularization and (ii) legality of the alleged termination, to the Labour Court, Ghaziabad for adjudication.

3.4 The Labour Court proceeded to decide the references vide two orders:

(i) Order dated 03.06.2011: In numerous adjudication cases (e.g., Adjudication Case Nos. 448, 451, 467 of 2006, etc.), the Labour Court passed awards holding the terminations illegal for want of compliance with Section 6N of the U.P. Industrial Disputes Act, 1947, and directed reinstatement with 30% back wages.

(ii) Order dated 11.10.2011: However, in about 41 other adjudication cases (e.g., Adjudication Case Nos. 269, 270, 272, etc.), the Labour Court arrived at a contrary conclusion, dismissing the claims on the finding that the concerned workmen had not been engaged directly by the Nagar Nigam but rather through a contractor, and hence

had no enforceable right to reinstatement or regularization against the Respondent Employer.

3.5 Aggrieved by the adverse portion of the awards (i.e., those granting reinstatement), the Respondent Employer, Ghaziabad Nagar Nigam, filed several writ petitions before the High Court of Judicature at Allahabad, challenging the Labour Court's findings. On the other hand, the workmen whose claims were dismissed by the other set of awards also approached the High Court by filing their own writ petitions. All these writ petitions were heard together, culminating in the common judgment dated 01.03.2019, which partly modified the Labour Court's conclusions.

3.6 Through the impugned judgment, the High Court held that while the Labour Court was correct in exercising jurisdiction under the U.P. Industrial Disputes Act (since municipalities could be treated as "industry"), there remained factual complexities as to whether the workmen were genuinely on the rolls of the Nagar Nigam or were provided by contractors. The High Court also noted that the State Government had, by notifications/orders, placed a ban on fresh recruitments in Municipal Corporations, thereby restricting direct appointments to any post. Ultimately, the High Court partially modified the relief granted, directing re-engagement of the workmen on daily wages, with pay equivalent to the minimum in the regular pay scale of Gardeners, while allowing future consideration of their regularization if permissible by law.

4. Both the Appellant Workmen and the Respondent Employer have now approached this Court by way of Special Leave Petitions. The workmen primarily seek full reinstatement with back wages and a direction to secure their regularization, whereas the Respondent Employer seeks to quash the modifications ordered by the High Court on the ground that the High Court exceeded its jurisdiction by granting partial relief akin to regular employees, contrary to constitutional provisions and the State's ban on recruitment.

5. Learned counsel for the Appellant Workmen made the following submissions:

I. Continuous Service & Comparable Duties: The Appellant Workmen had continuously discharged horticultural and maintenance duties—like planting trees, upkeep of public parks,

and general beautification—under the direct supervision and control of the Respondent Employer for periods often exceeding a decade. They insist such long-standing, continuous work parallels that of permanent Gardeners.

II. **Direct Engagement & Wage Disbursement**: They aver that their wages, though inadequate, were paid directly by the Horticulture Department of the Respondent Employer, nullifying the Employer's claim of contractual hiring. Muster rolls and internal notes are cited to show direct employer-employee relations.

III. **Illegal Termination**: Alleging violation of Sections 6E and 6N of the U.P. Industrial Disputes Act, 1947, the Appellant Workmen maintain their abrupt termination in July 2005 (during pendency of conciliation proceedings) was devoid of due process and statutory payments, rendering it patently illegal.

IV. **Entitlement to Reinstatement & Regularization**: Given their long service and the principle of "equal pay for equal work," the Appellant Workmen submit they deserve full reinstatement with back wages and a legitimate pathway to regularization, as opposed to the partial relief of mere daily-wage re-engagement prescribed by the High Court.

6. On the other, the learned counsel for the Respondent Employer, Ghaziabad Nagar Nigam made the following submissions:

I. **Compliance with Constitutional Requirements**: Emphasizing the constitutional scheme of public employment, it is urged that there was (and remains) a ban on fresh recruitment in Municipal Corporations, and no proper selection process was ever followed to appoint the Workmen on any sanctioned posts.

II. **No Direct Employer-Employee Relationship**: The Respondent Employer contends that all horticulture work was carried out through independent contractors appointed via tender processes. It claims any partial wage documentation cited by the Workmen fails to establish direct engagement.

III. **Inapplicability of Regularization**: Relying on **Secretary, State of Karnataka vs. Umadevi**[1] , it is asserted that no daily

1 (2006) 4 SCC 1

wager can claim permanent absorption without adherence to constitutional requirements and availability of duly sanctioned vacancies.

IV. Inadequate Proof of 240 Days' Service: The Respondent Employer points out that the Workmen did not convincingly demonstrate they completed 240 days of continuous work in any calendar year, thus undermining the assertion that their cessation from service was illegal.

V. Challenge to Modified Relief: Finally, it argues that the High Court's direction to pay minimum-scale wages and to consider the Workmen for future regularization oversteps legal boundaries, disregards the recruitment ban, and fosters an impermissible avenue of public employment. The Respondent Employer, therefore, seeks the quashing of the impugned judgment.

7. Having heard the arguments and submissions of the learned counsel for the parties and having perused the record, this Court is of the considered opinion that the nature of engagement of the Appellant Workmen, the admitted shortage of Gardeners, and the circumstances under which their services were brought to an end, merit closer scrutiny.

8. It is undisputed that, while the Appellant Workmen were pressing for regularization and proper wages through pending conciliation proceedings, the Respondent Employer proceeded to discontinue their services, without issuing prior notice or granting retrenchment compensation. At this juncture, it is to have a look at the requirements of Section 6E of the U.P. Industrial Disputes Act, 1947 which has been reproduced hereunder:-

> "6E. [Conditions of service, etc. to remain unchanged in certain circumstances during the pendency of proceedings. [Inserted by U.P. Act No. 1 of 1957.]
>
> (1) During the pendency of any conciliation proceeding before a Conciliation Officer or a Board or of any proceeding before a Labour Court or Tribunal in respect of an industrial dispute, no employer shall, -
>
> (a) in regard to any matter connected with the dispute, alter, to the prejudice of the workmen concerned in such dispute,

the conditions of service applicable to them immediately before the commencement of such proceeding, or

(b) for any misconduct connected with the dispute, discharge or punish, whether by dismissal or otherwise any workman concerned in such dispute save with the express permission in writing of the authority before which the proceeding is pending.

(2) During the pendency of any such proceeding in respect of an industrial dispute, the employer may, in accordance with the standing orders applicable to a workman concerned in such dispute, -

(a) alter, in regard to any matter not connected with the dispute, the conditions of service applicable to that workman immediately before the commencement of such proceeding, or

(b) for any misconduct not connected with the dispute, discharge or punish, whether by dismissal or otherwise :

Provided that no such workman shall be discharged or dismissed, unless he has been paid wages for one month and an application has been made by the employer to the authority before which the proceeding is pending for approval of the action taken by the employer.

(3) Notwithstanding anything contained in sub-section (2) no employer shall during the pendency of any such proceeding in respect of an industrial dispute, take any action against any protected workman concerned in such dispute, -

(a) by altering, to the prejudice of such protected workman, the conditions of service applicable to him immediately before the commencement of such proceeding, or

(b) by discharging or punishing, whether by dismissal or otherwise, such protected workman, such with the express permission in writing of the authority before which the proceeding is pending.

Explanation. - For the purposes of this sub-section, a 'protected workman' in relation to an establishment, means

> a workman who, being an officer of a registered trade union connected with the establishment, is recognized as such in accordance with rules made in this behalf.
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> (4) In every establishment, the number of workmen to be recognized as protected workmen for the purposes of sub-section (3) shall not exceed one per cent of the total number of workmen employed therein subject to a minimum number of five protected workmen and a maximum number of one hundred protected workmen and for the aforesaid purpose, the State Government may make rules providing for the distribution of such protected workmen among various trade unions, if any, connected with the establishment and the manner in which they may be chosen and recognized as protected workmen.
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> (5) Where an employer makes an application to a Board, Labour Court or Tribunal under the proviso to sub-section (2) for approval of the action taken by him, the authority concerned shall, without delay, hear such application and pass, as expeditiously as possible, such order in relation thereto as it deems fit."

9. On a plain reading of this section, we can deduce that any unilateral alteration in service conditions, including termination, is impermissible during the pendency of such proceedings unless prior approval is obtained from the appropriate authority. The record in the present case does not indicate that the Respondent Employer ever sought or was granted the requisite approval. Prima facie, therefore, this conduct reflects a deliberate attempt to circumvent the lawful claims of the workmen, particularly when their dispute over regularization and wages remained sub judice.

10. The Respondent Employer consistently labelled the Appellant Workmen as casual employees (or workers engaged through an unnamed contractor), yet there is no material proof of adherence to Section 6N of the U.P. Industrial Disputes Act, 1947, which mandates a proper notice or wages in lieu thereof as well as retrenchment compensation. In this context, whether an individual is classified as regular or temporary is irrelevant as retrenchment obligations under the Act must be met in all cases attracting Section 6N. Any termination thus effected without statutory safeguards cannot be undertaken lightly.

11. Furthermore, the Employer's stance that there was never a direct employer-employee relationship is wholly unsubstantiated. If, in fact, the Appellant Workmen had been engaged solely through a contractor, the Employer would have necessarily maintained some form of contract documentation, license copies, or invoices substantiating the contractor's role in hiring, paying, and supervising these workers. However, no such documents have been placed on record. Additionally, the Employer has failed to establish that wages were ever paid by any entity other than its own Horticulture Department, which strongly indicates direct control and supervision over the Workmen's day-to-day tasks is a hallmark of an employer-employee relationship. Had there been a legitimate third-party contractor, one would expect to see details such as tender notices, contract agreements, attendance records maintained by the contractor, or testimony from the contractor's representatives. The absence of these crucial elements undermines the Employer's claim of outsourced engagement. In fact, it appears that the Workmen were reporting directly to the Horticulture Department officials, receiving instructions on their duties, and drawing wages issued under the Municipality's authority. This pattern of direct oversight and wage disbursement substantially negates the narrative that they were "contractor's personnel." Consequently, the discontinuation of their services carried out without compliance with statutory obligations pertaining to notice, retrenchment compensation, or approval under Section 6E of the U.P. Industrial Disputes Act, stands on precarious ground. The very foundation of the Employer's defense (i.e., lack of an employer-employee relationship) is not supported by any credible or contemporaneous evidence.

12. The evidence, including documentary material and undisputed facts, reveals that the Appellant Workmen performed duties integral to the Respondent Employer's municipal functions specifically the upkeep of parks, horticultural tasks, and city beautification efforts. Such work is evidently perennial rather than sporadic or project-based. Reliance on a general "ban on fresh recruitment" cannot be used to deny labor protections to long-serving workmen. On the contrary, the acknowledged shortage of Gardeners in the Ghaziabad Nagar Nigam reinforces the notion that these positions are essential and ongoing, not intermittent.

13. By requiring the same tasks (planting, pruning, general upkeep) from the Appellant Workmen as from regular Gardeners but still

compensating them inadequately and inconsistently the Respondent Employer has effectively engaged in an unfair labour practice. The principle of "equal pay for equal work," repeatedly emphasized by this Court, cannot be casually disregarded when workers have served for extended periods in roles resembling those of permanent employees. Long-standing assignments under the Employer's direct supervision belie any notion that these were mere short-term casual engagements.

14. The Respondent Employer places reliance on **Umadevi** (supra)[2] to contend that daily-wage or temporary employees cannot claim permanent absorption in the absence of statutory rules providing such absorption. However, as frequently reiterated, **Uma Devi** itself distinguishes between appointments that are "illegal" and those that are "irregular," the latter being eligible for regularization if they meet certain conditions. More importantly, **Uma Devi** cannot serve as a shield to justify exploitative engagements persisting for years without the Employer undertaking legitimate recruitment. Given the record which shows no true contractor-based arrangement and a consistent need for permanent horticultural staff the alleged asserted ban on fresh recruitment, though real, cannot justify indefinite daily-wage status or continued unfair practices.

15. It is manifest that the Appellant Workmen continuously rendered their services over several years, sometimes spanning more than a decade. Even if certain muster rolls were not produced in full, the Employer's failure to furnish such records—despite directions to do so—allows an adverse inference under well-established labour jurisprudence. Indian labour law strongly disfavors perpetual daily-wage or contractual engagements in circumstances where the work is permanent in nature. Morally and legally, workers who fulfil ongoing municipal requirements year after year cannot be dismissed summarily as dispensable, particularly in the absence of a genuine contractor agreement. At this juncture, it would be appropriate to recall the broader critique of indefinite "temporary" employment practices as done by a recent judgement of this court in **Jaggo v. Union of India**[3] in the following paragraphs:

2 (2006) 4 SCC 1.

3 2024 SCC OnLine SC 3826

"22. The pervasive misuse of temporary employment contracts, as exemplified in this case, reflects a broader systemic issue that adversely affects workers' rights and job security. In the private sector, the rise of the gig economy has led to an increase in precarious employment arrangements, often characterized by lack of benefits, job security, and fair treatment. Such practices have been criticized for exploiting workers and undermining labour standards. Government institutions, entrusted with upholding the principles of fairness and justice, bear an even greater responsibility to avoid such exploitative employment practices. When public sector entities engage in misuse of temporary contracts, it not only mirrors the detrimental trends observed in the gig economy but also sets a concerning precedent that can erode public trust in governmental operations.

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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 labelled 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."

16. The High Court did acknowledge the Employer's inability to justify these abrupt terminations. Consequently, it ordered re-engagement on daily wages with some measure of parity in minimum pay. Regrettably, this only perpetuated precariousness: the Appellant Workmen were left in a marginally improved yet still uncertain status. While the High Court recognized the importance of their work and hinted at eventual regularization, it failed to afford them continuity of service or meaningful back wages commensurate with the degree of statutory violation evident on record.

17. In light of these considerations, the Employer's discontinuation of the Appellant Workmen stands in violation of the most basic labour law principles. Once it is established that their services were terminated without adhering to Sections 6E and 6N of the U.P. Industrial Disputes Act, 1947, and that they were engaged in essential, perennial duties, these workers cannot be relegated to perpetual uncertainty. While concerns of municipal budget and compliance with recruitment rules merit consideration, such concerns do not absolve the Employer

of statutory obligations or negate equitable entitlements. Indeed, bureaucratic limitations cannot trump the legitimate rights of workmen who have served continuously in de facto regular roles for an extended period.

18. The impugned order of the High Court, to the extent they confine the Appellant Workmen to future daily-wage engagement without continuity or meaningful back wages, is hereby set aside with the following directions:

I. The discontinuation of the Appellant Workmen's services, effected without compliance with Section 6E and Section 6N of the U.P. Industrial Disputes Act, 1947, is declared illegal. All orders or communications terminating their services are quashed. In consequence, the Appellant Workmen shall be treated as continuing in service from the date of their termination, for all purposes, including seniority and continuity in service.

II. The Respondent Employer shall reinstate the Appellant Workmen in their respective posts (or posts akin to the duties they previously performed) within four weeks from the date of this judgment. Their entire period of absence (from the date of termination until actual reinstatement) shall be counted for continuity of service and all consequential benefits, such as seniority and eligibility for promotions, if any.

III. Considering the length of service, the Appellant Workmen shall be entitled to 50% of the back wages from the date of their discontinuation until their actual reinstatement. The Respondent Employer shall clear the aforesaid dues within three months from the date of their reinstatement.

IV. The Respondent Employer is directed to initiate a fair and transparent process for regularizing the Appellant Workmen within six months from the date of reinstatement, duly considering the fact that they have performed perennial municipal duties akin to permanent posts. In assessing regularization, the Employer shall not impose educational or procedural criteria retroactively if such requirements were never applied to the Appellant Workmen or to similarly situated regular employees in the past. To the extent that sanctioned vacancies for such

duties exist or are required, the Respondent Employer shall expedite all necessary administrative processes to ensure these longtime employees are not indefinitely retained on daily wages contrary to statutory and equitable norms.

19. In view of the above, the appeal(s) filed by the workmen are allowed, whereas the appeal(s) filed by the Nagar Nigam Ghaziabad are dismissed.

20. All pending applications stand disposed of. No orders as to costs.

Result of the case: Appeals disposed of.

†*Headnotes prepared by:* Divya Pandey