



LABOUR

Outsourced Workers Cannot Claim Promotion or Regularisation Based on Long Service: Uttarakhand High Court

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Background

In a significant ruling that reaffirms the legal boundaries of contractual employment in the public sector, the Uttarakhand High Court has dismissed a writ petition filed by two outsourced employees who challenged an order restoring their original job designations. The judgment, delivered by Justice Manoj Kumar Tiwari, makes it unequivocally clear that outsourced or contract employees do not automatically acquire the status of regular State employees, and that long years of service do not, by themselves, create a direct employer-employee relationship with the State Government.

The decision has significant implications for the large workforce of outsourced employees serving across various government departments and public sector undertakings in Uttarakhand and, by extension, may influence how courts across the country approach similar claims.

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The Facts: A Designation That Came and Went

The two petitioners at the centre of this case were engaged as Stenographers through Uttarakhand Power Corporation Limited (UPNL), an outsourcing agency (respondent no. 3). Uttarakhand Jal Sansthan had requested UPNL to supply manpower, and in response, UPNL sponsored the petitioners for contractual engagement, petitioner no. 1 in 2012 and petitioner no. 2 in 2014.

Everything proceeded without incident until February 2021, when the then Chief General Manager of Uttarakhand Jal Sansthan issued an order upgrading the designation of the petitioners from Stenographer to Senior Personal Assistant. The petitioners, naturally, welcomed this and continued serving in their new capacity.

However, in April 2026, a communication was issued by the Chief General Manager of Uttarakhand Jal Sansthan to the outsourcing agency, informing it that the competent authority had decided to restore the designation of outsourced persons to what had originally been mentioned by UPNL at the time of sponsoring them for engagement. In practical terms, this meant the petitioners were being brought back to the designation of Stenographer, undoing the 2021 upgrade.

The petitioners challenged this communication before the Uttarakhand High Court, arguing that having been designated as Senior Personal Assistants since 2021, they were entitled to continue in that position and that their status could not be unilaterally reduced.

What the Petitioners Argued

The case put forward by the petitioners rested on two main pillars.

First, they contended that the order dated 20 February 2021, issued by the then Chief General Manager, had conferred on them the status of Senior Personal Assistant. Having served in that capacity for several years, they argued, their designation could not simply be reversed by a communication addressed to the outsourcing agency. Their counsel submitted that the change amounted to a unilateral alteration of their service conditions and was therefore illegal.

Second, petitioners' counsel relied on Clause 3(6) of a Government Order dated 3 February 2026, arguing that this provision entitled them to the benefits admissible for the post against which they were presently serving i.e., Senior Personal Assistant.

The Counter: Jal Sansthan's Defence

Uttarakhand Jal Sansthan pushed back on all fronts. Its counsel argued that the petitioners were outsourced employees, not direct employees of the organisation, and the fundamental premise of their claim that they had been “promoted” was legally untenable. There is no direct master-servant relationship between an outsourced worker and the organisation that uses their services, counsel argued, and without that relationship, there can be no question of promotion to higher positions.

The counsel further pointed out that the designation upgrade carried out by the then Chief General Manager in 2021 had been done without any authority of law. An individual officer acting outside his legal mandate cannot confer permanent status on outsourced workers, and the petitioners cannot be permitted to benefit from what was, in essence, an error on his part.

Jal Sansthan also raised a broader concern: with the issue of regularisation of outsourced employees engaged through UPNL already pending consideration before the Court pursuant to earlier orders, the writ petition appeared to be a strategic move to establish a foothold on the post of Senior Personal Assistant, rather than Stenographer, which would give the petitioners an advantage in any future regularisation process. It was pointed out that the post of Senior Personal Assistant can only be filled through promotion, and regularisation is permissible only against posts filled through direct recruitment.

The Court's Analysis

Justice Manoj Kumar Tiwari, after hearing both sides, sided firmly with Uttarakhand Jal Sansthan and declined to interfere with the impugned communication.

On the question of Clause 3(6) of the Government Order dated 3 February 2026, the Court noted that while the petitioners relied on the first part of the clause, which speaks of benefits admissible for the post presently served, they overlooked the latter half. That portion provides that if the nature of work or duties of an outsourced employee has been changed, the employee shall be entitled to benefits for the post against which he or she was initially engaged. Read holistically, the Court found that the impugned communication did not deprive the petitioners of any benefits that might accrue to them in the future based on State Government decisions; it merely restored their original designation.

On the core legal question, the Court was unambiguous. Outsourced or contract employees do not automatically acquire the status enjoyed by regular State employees. The mere continuance of an outsourced employee in service for a long period does not, as a matter of law, establish a direct employer-employee relationship with the State Government. Engagement through an outsourcing agency also does not necessarily indicate the existence of a sanctioned post, outsourced workers can be engaged even where no such post exists.

The Court found that the petitioners had been sponsored by UPNL specifically for engagement as Stenographers, and had never been sponsored for the position of Senior Personal Assistant. The unilateral change in designation carried out by the then Chief General Manager was, therefore, without authority of law, and the competent authority was fully justified in correcting it. Such a correction, the Court held, carries no civil consequences for the petitioners.

The Court also reiterated the well-settled legal position that outsourced employees have no right to claim promotion. The upgrade in designation made by the Chief General Manager was therefore void ab initio, and restoring the original designation was a lawful exercise of authority.

The Outcome

Finding no reason to interfere with the communication dated 8 April 2026, the Court dismissed the writ petition. No order as to costs was made.

Why This Judgment Matters

This ruling is a clear articulation of where outsourced public sector workers stand under Indian law. While there is understandable sympathy for workers who have served for years and were told, officially, by a senior officer, that they had been upgraded, the Court's reasoning points to a structural reality: a person engaged through an outsourcing agency is not an employee of the government body they serve. The terms of their engagement are defined by their relationship with the outsourcing agency, not the end user.

The judgment is also a reminder that administrative orders issued without legal authority do not create enforceable rights. Officers acting outside their mandate cannot, even with the best of intentions, permanently alter the legal status of outsourced

workers. And when such errors are corrected by competent authorities, the correction is valid in law, even if it feels unjust to those on the receiving end.

For the thousands of outsourced workers serving across Uttarakhand's public bodies, this judgment draws a firm line: continuity of service, however long, does not transform the nature of the engagement. The path to regularisation, if any, must follow the prescribed legal route, not a back-door created by an erroneous designation upgrade.

Appearances: Ms. Priyanka Agrawal, Advocate, for the petitioners; Mr. Rakesh Kanwar, Additional CSC, for the State; Mr. Pankaj Chaturvedi, Advocate, for Uttarakhand Jal Sansthan; Mr. Pankaj Kumar, Advocate, i/b Mr. Neeraj Garg, Advocate, for UPNL.

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