

2025:PHHC-034910-DB



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

LPA-2872-2024 (O&M)

PUNJAB LAND DEVELOPMENT & RECLAMATION
CORPORATION WORKERS' UNION LUDHIANA

.....Appellant

Versus

PUNJAB AGRO INDUSTRIES CORPORATION LTD & ORS

.....Respondents

2. LPA-3097-2024

SURJIT SINGH & ORS

.....Appellants

Versus

STATE OF PUNJAB & ORS

.....Respondents

3. LPA-3310-2024

KHUSHWANT SINGH

.....Appellant

Versus

STATE OF PUNJAB & ORS

.....Respondents

4. LPA-3283-2024

MONICA NEGI & ORS

.....Appellants

Versus

STATE OF PUNJAB & ORS

.....Respondents

5. LPA-3259-2024

AMARJEET KAUR SANDHU & ANR

.....Appellants

Versus

STATE OF PUNJAB & ORS

.....Respondents

6. LPA-3255-2024

VIJAY KUMAR

.....Appellant

Versus

STATE OF PUNJAB & ORS

.....Respondents

7. LPA-3188-2024

HANS RAJ SAMAN & ORS

.....Appellants

Versus

STATE OF PUNJAB & ORS

.....Respondents

8. LPA-3245-2024

DEVI LAL NATH & ORS

.....Appellants

Versus

STATE OF PUNJAB & ORS

.....Respondents

9. LPA-3361-2024

NARINDER KAUR

.....Appellant

Versus

STATE OF PUNJAB & ORS

.....Respondents

10. LPA-3411-2024

PUNJAB LAND DEVELOPMENT & RECLAMATION
CORPORATION WORKERS UNION

.....Appellant

Versus

PUNJAB STATE WAREHOUSING CORPORATION & ORS

.....Respondents

11. LPA-3387-2024

PUNJAB LAND DEVELOPMENT & RECLAMATION
CORPORATION WORKER'S UNION

.....Appellant

Versus

FINANCIAL COMMISSIONER (DEVELOPMENT) PUNJAB &
ORS

.....Respondents

12. LPA-3239-2024

GURBINDER SINGH & ORS.

.....Appellant

Versus

STATE OF PUNJAB & ORS

.....Respondents

Reserved on:- 27.02.2025

Pronounced on: 12.03.2025

**CORAM: HON'BLE MR. JUSTICE SUDHIR SINGH
HON'BLE MRS. JUSTICE SUKHVINDER KAUR**

Present:- Mr. H.S. Dhandi, Advocate
for the appellant(s) in LPA-2872-20254; LPA-3411 and
LPA-3387-2024.

Mr. Ashok Bhardwaj, Advocate
for the appellant(s) in LPA-3097-2024; 3310-2024;3283-
2024; 3259-2024; 3255-2024; 3188-2024; 3245-2024;
3361-2024 and 3239-2024

Mr. Kuljit Singh, Addl.A.G., Punjab.

Mr. Akshay Bhan, Sr. Advocate with
Mr. Ranjit Singh Kalra, Advocate and
Ms. Mona Yadav, Advocate
for the respondent-Punjab Agro.

Mr. Y.P. Singla, Advocate
For respondents-PLDRCL.

SUDHIR SINGH, J.

This order shall dispose of the aforementioned 12 Letters
Patent Appeal arising out of the order dated 14.08.2024 passed by the
learned Single Judge, whereby while allowing CWP-28036-2022, the
other writ petitions were dismissed.

2. As LPA No.2872-2024 arises out of CWP-28036-2022,
wherein the main order was passed, the facts are taken from the said
writ petition.

3. Before the learned Single Judge, respondent No.1-Punjab
Argo Industries Corporation Limited had laid challenge to the award

dated 31.08.2022 (Annexure P-1 with the writ petition), whereby the reference was answered in favour of the workmen. The facts of the case are that respondent No.4-Punjab Land Development and Reclamation Corporation Limited (for short 'PLDRCL'), which was engaged in manufacturing and supply of gypsum closed down on 25.10.2002 and approval in terms of Section 25-O of the Industrial Disputes Act, 1947 (for short 'ID Act') was sought from the Labour Authorities. The workers' union filed various writ petitions before this Court assailing the closure of respondent No.4. This Court vide order dated 21.08.2002, had directed the Labour Authorities to reconsider the decision of the closure of the unit of respondent No.4. The decision of closure was approved on 29.10.2003 by the Government of Punjab, Department of Labour and Employment. It was noticed that the revival of the unit was not viable. The closure was made effective w.e.f. 30.11.2003. The employees of the respondent No.4-PLDRCL were ordered to be retrenched and paid compensation within a period of six months. The Managing Director of respondent No.4 vide order dated 28.11.2003 ordered payment of retrenchment compensation to the employees in terms of Section 25-O of ID Act on or before 31.05.2004. The Workers' Union filed a review petition before the Government against the order dated 29.10.2003 and had also preferred CWP-19929-2003 before this Court assailing the retrenchment order dated 04.12.2023 passed by PLDRCL. In the meantime, the Government of Punjab decided to amalgamate PLDRCL with Punjab Agro Industries Corporation Limited-respondent No.1. Vide order dated 06.08.2004, the Government of Punjab declared amalgamation

of PLDRCL with Punjab Agro Industries Corporation Limited-respondent No.1 with all assets and liabilities, including 199 retrenched employees, whose services were to be taken as a part of amalgamation plan “as is where is basis”. Pursuant to the said amalgamation scheme, the workers of PLDRCL were appointed by Punjab Agro Industries Corporation Limited-respondent No.1 vide order dated 15.09.2004. In view of the reappointment of the workers by Punjab Agro Industries Corporation Limited-respondent No.1, the review petition pending before the Government was disposed of vide order dated 16.09.2004. However, subsequently, vide order dated 19.11.2004, the State Government withdrew the amalgamation of PLDRCL with Punjab Agro Industries Corporation Limited-respondent No.1 with immediate effect and on account of withdrawal of the said amalgamation, all the workers of the PLDRCL were relieved vide order dated 19.11.2004 passed by the Additional Managing Director, Punjab Agro Industries Corporation Limited. CWP-19929-2003 and CWP-19148-2014 filed by the Workers’ Union were dismissed as withdrawn with liberty to the workman to raise an industrial disputes. Pursuant to that, the conciliation proceedings before the Labour authorities at Ludhiana remained unsuccessful. The Workers’ Union filed a petition before the Labour Court at Chandigarh. The said petition having been filed without any reference from the Government was objected to by the Punjab Agro Industries Corporation Limited. Subsequently, the Workers’ Union approached Chandigarh Administration which made a reference to the Labour Court and in this way, the earlier petition filed by the Workers’ Union

before the Labour Court was withdrawn. The Labour Court vide award dated 31.08.2022 held that the retrenchment order was legal and valid, but the Punjab Agro Industries Corporation Limited was held liable to pay compensation as also to reinstate the workmen because as per amalgamation scheme, the Punjab Agro Industries Corporation Limited had received 1500 acres land and once, such land was received pursuant to the amalgamation scheme, the said Corporation could not be allowed to backtrack in respect of the salary of the workers.

4. The learned Single Judge, after taking into consideration the rival contentions of the parties; documents on record and facts and circumstances of the case, allowed the writ petition and set aside the award dated 31.08.2022 passed by the Labour Court, as noticed above.

5. Learned counsel appearing for the appellants has vehemently argued that once the Government had taken a decision to amalgamate PLDRCL with the Punjab Agro Industries Corporation Limited, which are entities of the State Government and once, the Punjab Agro Industries Corporation Limited had received the land measuring 1500 acres as a result of the scheme of amalgamation, it was the liability of the Punjab Agro Industries Corporation Limited to absorb the workers of the PLDRCL and it cannot be allowed to shirk from its liability. It is further argued that merely because the workers were appointed for initial period of 06 month does not give any right to the Punjab Agro Industries Corporation Limited to relieve the

workers within a very short span of time i.e., two months and the Labour Court had rightly ordered reinstatement of the workmen with full back wages. It is also argued that merely because the Labour Court had found the retrenchment of the workmen as valid, is no ground to hold that their subsequent relieving by the Punjab Agro Industries Corporation Limited was also legal, especially when the State Government had taken a decision consciously and conscientiously to amalgamate the aforesaid two entities and absorb the employees of one of them i.e., PLDRCL. It is further argued that the learned Single Judge, while allowing CWP-28036-2022 has wrongly held that only a piece of 200 acres land was allotted to Punjab Agro Industries Corporation Limited by the Punjab Government to develop a food park and that the transfer of land of PLDRCL in favour of the Punjab Agro Industries Corporation Limited, in any case, could create right in equity but no right under the ID Act was created in favour of the workers of the PLDRCL. It is further argued that the finding of the learned Single Judge as regards the workmen being contractual employees and having been relieved within two months thereof and not being covered by the provisions of the ID Act as regards the Punjab Agro Industries Corporation Limited is legally unsustainable. It is, thus, argued that the impugned order not being tenable in the eyes of law, is liable to be set aside by this Court.

6. The contention of the learned counsel appearing for the appellants in the other writ petitions which were dismissed in light of the decision in CWP-28036-2022, is that the said appellants were also entitled to the benefit as was granted vide award dated 31.08.2022

passed by the Labour Court, Chandigarh. It is further argued that the appellants had served a legal notice upon the respondent-Management for implementation of the aforesaid award qua the present set of the appellants, but they had been intimated that the said legal notice was kept pending awaiting the decision of CWP-28036-2022, wherein the execution proceedings had been stayed by this Court. Learned counsel for the appellants in all these appeals have toed the line of arguments raised by the learned counsel for the appellants in LPA-2872-2024.

7. On the other hand, learned Senior counsel appearing for respondent No.1, while defending the impugned order passed by the learned Single Judge, has contended that once, the retrenchment was upheld by the Labour Court, there was no occasion for it to grant the directions as regards the reinstatement of the workmen. It is also argued that the Labour Court had no jurisdiction to adjudicate upon the issue of amalgamation. It is further argued that once the workmen after their reappointment, though on contractual basis, with respondent No.1, did not complete 240 days in one year or 180 days in six months, the provisions of the ID Act were not applicable to the workmen and even the very reference before the Labour Court was not maintainable. It is also argued that in respect of the dispute, if any, the Punjab Government was the appropriate Government and not the Chandigarh Administration. It is further argued that the Chandigarh Administration had no jurisdiction to make a reference nor the Labour Court at Chandigarh had any jurisdiction to adjudicate upon such reference. Lastly, it is argued that the findings of the learned Single Judge that the provisions of ID Act were not applicable to the

workmen as they had been appointed on contractual basis and were relieved within 2 month of their such appointment due to the failure of the amalgamation scheme, are totally illegal.

9. We have heard the learned counsel for the parties and have also gone through the impugned order passed by the learned Single Judge.

10. The only question that arises for consideration by this Court is whether the order passed by learned Single Judge, requires any interference.

11. The facts as regards the closure of PLDRCL and, thereafter, its proposed amalgamation with respondent No.1-Punjab Agro Industries Corporation Limited and failure of the amalgamation scheme, are not in dispute. The learned Single Judge has dealt with the matter threadbare to hold that in terms of Section 2 (oo) of the ID Act, the retrenchment did not include the termination of the service of the workmen as a result of non-renewal of the contract of employment on its expiry or being terminated under a stipulation in that behalf. It has further been held that the provisions of Section 25-N were not attracted as the workmen were in service for less than one year. Their appointment was contractual in nature and that they came to be relieved within two months from the date of the appointment. Their appointment was subject to outcome of the proposal of amalgamation of two limited companies and such amalgamation scheme did not materialize. The relevant extract from the order of the learned Single Judge, would read as under:-

“21. From the perusal of Section 2(oo) of the ID Act, it is evident that retrenchment does not include termination of the service of a workman as a result of non-renewal of the contract of employment on its expiry or being terminated under a stipulation in that behalf contained therein. Section 25-N of ID Act is applicable to a workman who has been in continuous service for not less than one year. Section 25-O of ID Act permits closure of an undertaking. The Labour Court has directed the petitioner to reinstate workers of respondent Union. They were appointed for a period of 06 months. It was a contractual appointment and they came to be relieved with two months from the date of appointment. The appointment was outcome of proposal of amalgamation of two limited companies. The amalgamation scheme did not materialize and respondents were relieved. They had not worked for a period of one year i.e. 240 days during the preceding 12 months. In the absence of completion of one year period, they were not entitled to protection guaranteed by Section 25-N of the ID Act. They were actually workers of PLDRCL and Labour Court has upheld their termination from their actual employer. Neither original employer has been asked to reinstate them nor pay back wages. The petitioner is an independent entity. It had engaged respondent, on contract, for a period of 06 months. No protection as contemplated by different

provisions of ID Act ensued in their favour because they never worked for a period of 240 days in the preceding 12 months.

22. The Labour Court has heavily relied upon averments of workman and cross-examination of one employee of petitioner. The Labour Court without any concrete evidence has concluded that land owned by PLDRCL was transferred to petitioner. It is noticed in the impugned order that land is reducing in the hands of the petitioner. The Court did not scrutinize balance sheet of petitioner which would have cleared the factual position. Land of a Limited Company cannot be transferred merely by communication. It is transferred by way of a registered sale deed and compliance of provisions of Companies Act. The respondent in the pleadings as well as during the course of arguments has specifically pleaded that they have not received land from PLDRCL. A piece of 200 acres of land was allotted by Punjab Government to develop food park. The said land also did not vest in petitioner. The transfer of land of PLDRCL in favour of petitioner, in any case, could create right in equity, however, no right in terms of ID Act was created in favour of workers of PLDRCL.
23. The Labour Court has upheld order of closure as well as retrenchment. The workers were entitled to retrenchment compensation. They have already been paid retrenchment compensation. The amount of

retrenchment compensation was charge on the assets of PLDRCL. Had compensation not been paid, the said amount could be recovered from the assets of PLDRCL. As soon as compensation was paid, there remained no right of the workers especially against Punjab Agro Industries. The compensation was to be paid by 31.05.2004 whereas it was paid in the month of November' 2004. On account of delayed payment of retrenchment compensation, the order of retrenchment at the most could be doubted, however, order of retrenchment has been upheld, thus, delayed payment of compensation has no effect. As soon as compensation was paid, there remained no charge of dues of workman on the assets of PLDRCL. In such circumstances, transfer of assets of PLDRCL to Punjab Agro Industries did not create any right in favour of workers.

12. Learned counsel for the appellants could not dispute the factum that their appointment was contractual in nature for six months, subject to outcome of the amalgamation scheme. It is not the case of the appellants that the amalgamation scheme had failed due to any *mala fide* on the part of the State Government or its entity(ies), including respondent No.1 i.e., Punjab Agro Industries Corporation Limited. We have to examine whether the right in equity, being claimed by the appellants can be equated with the provisions of the ID Act, which stipulate a procedure for adjudicating upon a dispute sought to be raised by way of a reference before the Labour Court.

Even if, the arguments of the learned counsel for the appellants that 1500 acres land stood transferred in favour of respondent No.1 i.e., Punjab Agro Industries Corporation limited, which land belonged to PLDRCL, the erstwhile employer of the appellants, then also, the right arising out of that transfer of the land, cannot be related to a dispute under the ID Act. Under the ID Act, it is to be adjudicated upon whether the retrenchment of the workman was as per the provisions of the said Act and whether such workman has been paid retrenchment compensation and/or while retrenching the workman, any domestic enquiry was held or not. In the instant case, as has been noticed by the learned Single Judge, the retrenchment of the workmen by their erstwhile employer was found to be valid. It was also found that the workmen had been paid retrenchment compensation. Therefore, we find that the alleged transfer of the land of the PLDRCL in favour of respondent No.1-Punjab Agro Industries Corporation Limited, if any, does not give any equitable right to the appellants to claim their reinstatement with respondent No.1. The learned Single Judge has rightly found that the workmen were only entitled to the retrenchment compensation from the assets and liabilities of their erstwhile employer i.e., PLDRCL and once, such compensation was paid, no right of the workmen as against respondent No.1-Punjab Agro Industries Corporation Limited had survived. We also find that the learned Single Judge has rightly not gone into the issue of jurisdiction as the very relief claimed by the workmen was not found to be tenable.

13. No other point has been urged.

14. In view of the above, finding no merit in the present appeal, the same is hereby dismissed.

15. Pending application(s), if any, shall stand disposed of.

[SUDHIR SINGH]
JUDGE

[SUKHVINDER KAUR]
JUDGE

12.03.2025

himanshu

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