2026 INSC 99

REPORTABLE

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NO. OF 2026
(ARISING OUT OF SLP (CIVIL) NO. 30762 OF 2024)

BHOLA NATH ...APPELLANT(S)

VERSUS

THE STATE OF JHARKHAND & ORS. ...RESPONDENT(S)

WITH

CIVIL APPEAL NO. OF 2026
(ARISING OUT OF SLP (CIVIL) NO. 28352 OF 2024)

CIVIL APPEAL NO. OF 2026
(ARISING OUT OF SLP (CIVIL) NO. 3430 OF 2025)

J U D G M E N T

VIKRAM NATH, J.

1. Leave granted.

2. The appellants in the above-captioned appeals are the employees of the respondent-State. The relevant particulars pertaining to the appellants, necessary for adjudication of the issues arising for consideration herein, may be summarized as follows:

Sr. No.	Name of lead petitioner	Case No. before Single Judge	Case No. before Division Bench	Special Leave Petition No.
1.	Bhola Nath	WP S No. 2597 of 2023	LPA No. 390 of 2024	SLP C No. 30762 of 2024
2.	Uday Kant Yadav	WP S No. 129 of 2023	LPA No. 356 of 2024	SLP C No. 28352 of 2024
3.	Prakash Kumar	WP S No. 3621 of 2023	LPA No. 368 of 2024	SLP C No. 3430 of 2025

3. The present appeals are directed against the judgments dated 17th September, 2024, 15th October, 2024 and 2nd December, 2024, passed by the High Court of Jharkhand at Ranchi[1] in Letter Patent Appeal Nos. 390 of 2024, 356 of 2024 and 368 of 2024, respectively, whereby the Division Bench dismissed the intra-Court appeals preferred by the appellant-employees and, in consequence, affirmed the common judgment dated 14th May, 2024, passed by the learned Single Judge dismissing the three writ petitions (*supra* table) filed by the appellants.

4. Brief facts, in a nutshell, essential for the disposal of the present appeals, are as follows: -

4.1. *Vide* Office Order No. 1395 dated 6th September, 2012, the Director of Soil Conservation stated, *inter alia*, that a total of 22 regular posts of Junior Engineers (Agriculture) stood sanctioned for the Land

[1] Hereinafter, referred to as "High Court".

Conservation Directorate of the respondent-State and its subordinate offices. Pursuant thereto, in September 2012, respondent No. 5 issued an advertisement inviting applications for appointment against the aforesaid 22 sanctioned posts. The terms and conditions of the advertisement stipulated that the appointments would be temporary and on a contractual basis and that the respondent-State would not be liable to regularize the appointees. It was further provided that the initial term of engagement would be for a period of one year, extendable thereafter subject to satisfactory performance.

4.2. Upon conclusion of the aforesaid recruitment process, the appellants were declared successful *vide* Office Order dated 27th December, 2012, and were thereafter allotted their respective postings *vide* Office Order dated 29th December, 2012.

4.3. The appellants were granted extensions on completion of their annual contractual terms. During this period, respondent No. 5, *vide* letter dated 25th August, 2015, forwarded their representation to the respondent-State apropos regularization of services of the appellants and proposed that steps be taken to frame rules and consider regularization of their services.

4.4. The respondent-State continued to grant yearly extensions to the appellants from time to time. However, by the last extension orders issued for the period from

December 2022 to February 2023, the appellants apprehended that their engagement was likely to be discontinued and that the said extension would be the final one. In this backdrop, the appellants submitted representations to the respondents, requesting regularization of their long years of dedicated service and invoking the obligation of the State to act as a model employer.

4.5. Aggrieved by the persistent inaction on the part of the respondents, the appellants approached the High Court by filing writ petitions seeking, *inter alia*, a writ of mandamus directing the respondent-State to regularize and absorb them against the vacant sanctioned posts of Junior Engineers (Agriculture), and also seeking a declaration that Office Order dated 28th February, 2023, whereby stipulations were introduced declining further extension of their engagement, was illegal, arbitrary and unsustainable in law.

4.6. The learned Single Judge, *vide* common judgment dated 14th March, 2024, dismissed the writ petitions, holding that the appellants possessed no legal right to seek renewal or extension of their contractual engagement and that no corresponding obligation was cast upon the respondent-State to renew or extend such contractual appointments.

4.7. Aggrieved by the judgment of the learned Single Judge, the appellant-Bhola Nath preferred an intra-

Court appeal. The Division Bench, by judgment dated 17th September, 2024, dismissed the appeal, holding that the appellant's engagement being purely contractual in nature, no interference with the decision of the learned Single Judge was warranted, and accordingly affirmed the same.

4.8. Thereafter, the remaining appellants also preferred intra-Court appeals before the High Court, which came to be dismissed by separate judgments dated 15th October, 2024 and 2nd December, 2024, respectively, following and relying upon the decision rendered by the Division Bench in the intra-Court appeal preferred by appellant-Bhola Nath.

5. Aggrieved thereby, the appellants have preferred the present appeals before this Court assailing their respective impugned judgment and orders passed by the High Court.

SUBMISSIONS ON BEHALF OF THE APPELLANTS:

6. Shri K. Parameshwar, learned senior counsel appearing for the appellants strenuously assailed the concurrent judgments of the High Court, contending, *inter alia*, as follows: -

6.1. that the appellants were appointed against vacant and sanctioned posts pursuant to a duly issued advertisement and after undergoing the prescribed

selection process, including roster clearance. Upon joining service, the appellants were subjected to transfers, postings and other service incidents ordinarily applicable to regular employees. The appellants have rendered continuous service without any break and there is no adverse material on record against them. Their performance has consistently been found satisfactory, as is evident from repeated recommendations for extension and the uninterrupted renewals granted to them over the years.

6.2. that the appellants have rendered service for a period exceeding a decade and are entitled to consideration for regularization in the light of the decision of this Court in ***State of Karnataka v. Uma Devi***.[2] Denial of such consideration, while continuing to take advantage of their unequal bargaining position, is contended to be contrary to the principles of equity and fairness and violative of the constitutional mandate to ensure dignity in public employment.

6.3. that the stipulation contained in the appellants' appointment letters barring any claim for regularization or permanent absorption is contrary to public policy and hit by Section 23 of the Indian Contract Act, 1872. It is contended that at the time of initial appointment, the appellants were unemployed job seekers and, therefore,

[2] (2006) 4 SCC 1.

did not possess any real or equal bargaining power *vis-à-vis* the respondent-State.

6.4. that the appellants were appointed against sanctioned and vacant posts and, having worked on such posts for a period of nearly 10 years, are fit to be considered for regularization in accordance with the existing policy of the respondent-State.

6.5. that the refusal of the respondent-State to regularize the appellants is violative of their fundamental rights under Articles 14 and 16 of the Constitution of India[3]. It is contended that although the appellants have been treated at par with regular employees in matters relating to service conditions, including postings, transfers and increments, they have been denied the benefit of regularization. It is further urged that similarly situated persons have been extended favourable treatment, while the appellants have been singled out without any rational or justifiable basis.

6.6. that the appellants have crossed the age of eligibility for alternative public employment and that discontinuation of their services after years of dedicated public service would leave them and their dependents in a precarious financial condition, contrary to the

[3] Hereinafter, referred to as "Constitution".

obligation of the State, as a model employer, to ensure fairness, dignity and welfare of its employees.

6.7. that the appellants' long and uninterrupted service has given rise to a legitimate expectation of consideration for regularization. It is contended that having diligently served for over a decade pursuant to a due process of selection, the appellants justifiably believed that their services would be regularized and that discontinuation at this stage would result in grave hardship.

On the aforesaid grounds, the learned senior counsel urged this Court to set aside the impugned judgments passed by the High Court, allow the present appeals, and issue appropriate directions to the respondent-State for regularization of the services of the appellants.

SUBMISSIONS ON BEHALF OF THE RESPONDENTS:

7. *Per contra*, learned counsel appearing for the respondents opposed the submissions advanced on behalf of the appellants and made the following submissions: -

7.1. that the appellants were engaged purely on a contractual basis for a period of one year by Office Order issued vide Memo No. 1893 dated 27th December, 2012, wherein Clause 1 of the terms and conditions expressly stipulated that the engagement was temporary and contractual in nature and that the respondent-State

was under no obligation to regularize or absorb the appointees. It was further pointed out that Clause 10 of the said terms barred any claim for regular appointment on the basis of such contractual engagement.

7.2. that the appellants entered into an agreement with the respondent-State with full knowledge of the terms and conditions governing their engagement, including an express stipulation that no claim for regularization or absorption would be made in future. Having voluntarily accepted such conditions, the appellants are precluded from resiling therefrom or seeking to deviate from the contractual terms.

7.3. that the appellants were appointed on a purely contractual basis and continued in service only by virtue of periodic renewals for specified terms, and therefore did not acquire any enforceable right to seek continuation of service or regularization in the absence of any applicable scheme governing regularization of contractual employees.

7.4. that the appellants, having expressly accepted the terms and conditions of their contractual engagement and rendered services accordingly, cannot now seek directions under Article 226 of the Constitution, as any such relief would amount to re-writing the contract between the parties, which is impermissible in law.

On these grounds, the learned counsel for the respondents prayed that the present appeals be

dismissed and the impugned judgments passed by the High Court be upheld.

ISSUES BEFORE THIS COURT:

8. Having heard learned senior counsel for the appellants and learned counsel for the respondents, the following issues arise for our consideration: -

I. Whether the judgments passed by the High Court warrant interference by this Court in exercise of its jurisdiction under Article 136 of the Constitution of India?

II. Whether the action/inaction of the respondent-State in not recognizing the appellants' continuous service for the purpose of regularization is arbitrary and violative of Article 14 of the Constitution of India?

ANALYSIS AND DISCUSSION:

ISSUE I. Whether the judgments passed by the High Court warrant interference by this Court in exercise of its jurisdiction under Article 136 of the Constitution of India?

9. Both the learned Single Judge as well as the Division Bench, in the intra-Court appeals, have rejected the claim of the appellants seeking regularization. We are conscious that the appellants are assailing concurrent findings of the High Court; nevertheless, the scope and ambit of this Court's

jurisdiction under Article 136 of the Constitution stands well settled by a catena of decisions of this Court.

9.1. Article 136 of the Constitution confers upon this Court a plenary and discretionary power to entertain appeals against any judgment, decree, determination, sentence or order passed or made by any court or tribunal within the territory of India. The only limitation on this power is contained in Article 136(2), which excludes decisions of tribunals constituted by or under any law relating to the Armed Forces. The non obstante clause, namely the expression "notwithstanding anything in this Chapter", accords overriding effect to the power vested in this Court under Article 136 over the other provisions contained in the preceding and succeeding Articles of this Chapter.

9.2. Therefore, it is beyond cavil that this Court, in exercise of its jurisdiction under Article 136 of the Constitution, is competent to interfere with concurrent findings of the High Court where such findings are shown to be perverse, rendered in violation of the principles of natural justice or in disregard of statutory provisions, or where the operation of the impugned judgment would result in substantial and grave injustice. In this context, it is apposite to refer to the three-Judge Bench decision of this Court in ***Chandra***

Singh v. State of Rajasthan,[4] wherein it was held as follows: -

> **"43.** Issuance of a writ of certiorari is a discretionary remedy. (See *Champalal Binani* v. *CIT* [(1971) 3 SCC 20].) **The High Court and consequently this Court while exercising their extraordinary jurisdiction under Article 226 or 32 of the Constitution of India may not strike down an illegal order although it would be lawful to do so. In a given case, the High Court or this Court may refuse to extend the benefit of a discretionary relief to the applicant. Furthermore, this Court exercised its discretionary jurisdiction under Article 136 of the Constitution of India which need not be exercised in a case where the impugned judgment is found to be erroneous if by reason thereof substantial justice is being done**. [See *S.D.S. Shipping (P) Ltd.* v. *Jay Container Services Co. (P) Ltd.* [(2003) 4 Supreme 44]] **Such a relief can be denied, *inter alia*, when it would be opposed to public policy or in a case where quashing of an illegal order would revive another illegal one**. This Court also in exercise of its jurisdiction under Article 142 of the Constitution of India is entitled to pass such order which will do [Corrected as per Official Corrigendum No. F.3/**Ed.** B.J./11/2004 dated 27-1-2004] complete justice to the parties.
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> **...**
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> **45.** This Court said that this principle applies to all kinds of appeals admitted by special leave under Article 136, irrespective of the nature of the subject-matter. **So even after the appeal is admitted and special leave is granted, the appellants must show that exceptional and special circumstances exist, and that, if there is no interference, substantial and grave injustice will result and that the case has features of sufficient gravity to warrant a review of the decision appealed against on merits**. So this Court may declare the law or point out the lower court's error, still it may not interfere if special circumstances are not shown to exist and the justice of the case on facts does not require interference or

[4] (2003) 6 SCC 545

if it feels the relief could be moulded in a different fashion.**”**

(emphasis laid)

It therefore follows that an appellant must demonstrate the existence of exceptional and special circumstances warranting interference by this Court in exercise of its jurisdiction under Article 136 of the Constitution; failing which, interference would be declined unless non-interference is likely to result in substantial or grave injustice.

9.3. In the present case, the respondent-State has engaged the services of the appellants for a period exceeding 10 years. Upon completion of this long tenure, the respondents, as apprehended by the appellants, declined to grant any further extension on the ground that the engagement was contractual in nature. Such a decision necessarily warrants examination on the touchstone of the equality principles enshrined in the Constitution, which obligate the State to act as a model employer and to take decisions free from arbitrariness. In our consideration of the second issue, we shall examine whether non-interference with the impugned judgments would result in substantial and grave injustice to the appellants.

ISSUE II. Whether the action/inaction of the respondent-State in not recognizing the appellants’

continuous service for the purpose of regularization is arbitrary and violative of Article 14 of the Constitution of India?

10. The learned Single Judge, *vide* common order, dismissed the writ petitions filed by the appellants seeking a writ of mandamus directing the respondent-State to regularize their services. In doing so, the writ Court placed reliance on the terms and conditions of the employment agreement entered into between the appellants and the respondents. The learned Single Judge, in this regard, recorded the following findings: -

i. The appellants were appointed on a purely contractual basis pursuant to a decision of the Finance Department to fill 22 sanctioned posts through contractual engagement, the expenditure being met from non-plan funds. Following issuance of an advertisement and completion of the selection process, the appellants were appointed by entering into contracts of employment for an initial period of one year, extendable from time to time for fixed durations.

ii. The appellants were granted extensions periodically, with the last extensions having been issued in the year 2023 as a one-time measure. The respondent-State treated the said decision as a conscious policy determination,

which, according to the learned Single Judge, did not warrant interference by the Court.

iii. The appellants were held not entitled to regularization under the regularization scheme framed by the respondent-State in the year 2015, as modified in 2019, which prescribed completion of ten years of continuous service as on the cut-off year 2019. It was further noted that the appellants had not laid any challenge to the validity of the said regularization scheme.

iv. Since the appellants were appointed on a contractual basis and continued only through periodic extensions, it was held that they did not possess any statutory or legal right to continue in service once the contractual period, including its extensions, came to an end.

v. Emphasis was laid on the fact that the appellants were fully aware, and were put to notice on each occasion of renewal, that their engagement was contractual and limited to a specified tenure. In view thereof, the learned Single Judge held that no question of legitimate expectation or enforceable right to renewal or regularization could arise, nor could any right be said to have crystallised in their favour.

vi. It was further noted that the appellants had not been replaced by another set of contractual

employees. On the contrary, the material on record indicated that the respondent-State had undertaken regular recruitment and appointed nine persons as regular employees through a fresh advertisement.

10.1. Aggrieved by the decision of the writ Court, the appellants preferred intra-Court appeals before the High Court. The learned Division Bench upheld the judgment of the writ Court and recorded the following findings: -

i. The law relating to regularization or absorption of contractual employees was held to be well settled, namely that such employees are governed by the terms and conditions of their engagement, the relationship being founded upon a bilateral contract between the employee and the employer.

ii. It was further held that the terms and conditions of a contract cannot be altered, nor can new conditions be introduced, by issuance of judicial directions, as doing so would amount to impermissible re-writing of the contract. Once the parties have consciously entered into contractual terms, they cannot subsequently resile therefrom or question those conditions.

State as model employer: -

11. At the outset, we find it necessary to express our disapproval of the manner in which the High Court has

approached the present *lis*. The controversy before the Court was not one of mere acquiescence or implied waiver of rights. The High Court, in our view, has proceeded on a mechanical application of precedents without engaging with the core constitutional issues involved, thereby reducing the dispute to one of acceptance of contractual terms, divorced from its larger constitutional context.

11.1. This Court has consistently held that the State, being a model employer, is saddled with a heightened obligation in the discharge of its functions. A model employer is expected to act with high probity, fairness and candour, and bears a social responsibility to treat its employees in a manner that preserves their dignity. The State cannot be permitted to exploit its employees or to take advantage of their vulnerability, helplessness or unequal bargaining position.

11.2. It therefore follows that the State is required to exercise heightened caution in its role as an employer, the constitutional mandate casting upon it a strict obligation to act as a model employer, an obligation from which no exception can be countenanced.

Fundamental Rights and their waiver:

11.3. In the present case, the appellants were appointed by the respondent-State against sanctioned posts of Junior Engineers (Agriculture), with the engagement being described from the inception as contractual in

nature. The terms and conditions governing the engagement stipulated that the appointment would be for an initial period of one year, extendable thereafter subject to satisfactory performance.

11.4. The respondent-State accordingly granted extensions to the appellants from time to time until the year 2023, when it was expressly clarified that the extension being granted would be the last. It was thereafter that the appellants approached the High Court by filing writ petitions seeking a writ of *mandamus* directing the State to regularize their services.

11.5. The consistent case of the appellants has been that the respondent-State's refusal to grant regularization is arbitrary and therefore warrants judicial interference. Article 14 of the Constitution casts a negative obligation upon the State to treat all persons equally, and arbitrariness, being antithetical to the equality principle, is proscribed as violative of Article 14.

11.6. The Constitution Bench in ***Basheshar Nath v. Comm. Income Tax***,[5] long ago clarified that fundamental rights guaranteed under the Constitution are incapable of waiver. Consequently, if the action of the respondent-State is found to be violative of Article 14 of the Constitution, the mere fact that the appellants'

[5] 1958 SCC OnLine SC 7

engagement was governed by contractual terms and conditions cannot be construed as a waiver of their fundamental rights.

Unconscionable Agreements- Contract between Lion and Lamb:

12. In ***Central Inland Water Transport Corpn. v. Brojo Nath Ganguly***,[6] this Court acknowledged the increasing imbalance in the bargaining power of contracting parties. The Court held thus: -

> **"89.** . . . We have a Constitution for our country. Our judges are bound by their oath to "uphold the Constitution and the laws". The Constitution was enacted to secure to all the citizens of this country social and economic justice. **Article 14 of the Constitution guarantees to all persons equality before the law and the equal protection of the laws. The principle deducible from the above discussions on this part of the case is in consonance with right and reason, intended to secure social and economic justice and conforms to the mandate of the great equality clause in Article 14. This principle is that the courts will not enforce and will, when called upon to do so, strike down an unfair and unreasonable contract, or an unfair and unreasonable clause in a contract, entered into between parties who are not equal in bargaining power. It is difficult to give an exhaustive list of all bargains of this type. No court can visualize the different situations which can arise in the affairs of men. One can only attempt to give some illustrations. For instance, the above principle will apply where the inequality of bargaining power is the result of the great disparity in the economic strength of the contracting parties. It will apply where the inequality is the result of circumstances, whether of the creation of the parties or not. It will apply to situations in which the weaker party is in a**

[6] (1986) 3 SCC 156

> **position in which he can obtain goods or services or means of livelihood only upon the terms imposed by the stronger party or go without them. It will also apply where a man has no choice, or rather no meaningful choice, but to give his assent to a contract or to sign on the dotted line in a prescribed or standard form or to accept a set of rules as part of the contract, however unfair, unreasonable and unconscionable a clause in that contract or form or rules may be**. This principle, however, will not apply where the bargaining power of the contracting parties is equal or almost equal. This principle may not apply where both parties are businessmen and the contract is a commercial transaction. In today's complex world of giant corporations with their vast infrastructural organizations and with the State through its instrumentalities and agencies entering into almost every branch of industry and commerce, there can be myriad situations which result in unfair and unreasonable bargains between parties possessing wholly disproportionate and unequal bargaining power. These cases can neither be enumerated nor fully illustrated. The court must judge each case on its own facts and circumstances.**"**
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> **(emphasis laid)**

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

12.1. Relying on the aforesaid reasoning, another two-Judge Bench in ***Pani Ram v. Union of India***,[7]

[7] (2021) 19 SCC 234

reiterated that the guarantee of equality under Article 14 extends even to situations where a person has no meaningful choice but to accept imposed contractual terms, however unfair or unreasonable they may be. Applying this principle to the facts before it, the Court observed thus: -

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

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

employee seeking temporary employment could meaningfully negotiate or assert a position against the overwhelming might of the State machinery.

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

12.3. Therefore, where a lion contracts with a lamb, the inequality is not incidental but structural, and it is precisely this disproportion that calls for judicial sensitivity. In such situations, the conscience of Constitutional Courts must inevitably tilt in favour of protecting the lamb. We have no hesitation in holding that Constitutional Courts are duty-bound to act to safeguard those who are vulnerable to exploitation, so that employees are not compelled to meekly submit to the demands of a vastly dominant contracting party like

the State, but are instead assured that constitutional protections will intervene to prevent such exploitation.

Legitimate Expectation of the employees: -

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

> **"63.** A reading of the aforesaid decisions brings forth the following features regarding the doctrine of legitimate expectation:
>
> **63.1.** *First*, **legitimate expectation must be based on a right as opposed to a mere hope, wish or anticipation**;

[8] (2024) 16 SCC 598

> **63.2.** *Secondly*, **legitimate expectation must arise either from an express or implied promise**; or a consistent past practice or custom followed by an authority in its dealings;
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> . . .
>
> **63.5.** *Fifthly*, **legitimate expectation operates in the realm of public law, that is, a plea of legitimate action can be taken only when a public authority breaches a promise or deviates from a consistent past practice, without any reasonable basis**.
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> . . .
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> **64. The aforesaid features, although not exhaustive in nature, are sufficient to help us in deciding the applicability of the doctrine of legitimate expectation to the facts of the case at hand. It is clear that legitimate expectation, jurisprudentially, was a device created in order to maintain a check on arbitrariness in State action.** It does not extend to and cannot govern the operation of contracts between private parties, wherein the doctrine of promissory estoppel holds the field.**"**
>
> **(emphasis laid)**

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

13.1. Another Constitution Bench in ***State of Karnataka v. Umadevi***,[9] cautioned that the doctrine of legitimate expectation cannot ordinarily be extended to persons whose appointments are temporary, casual or contractual in nature. The relevant extract of the judgment reads as follows: -

> **"47. When a person enters a temporary employment or gets engagement as a contractual or casual worker and the engagement is not based on a proper selection as recognised by the relevant rules or procedure, he is aware of the consequences of the appointment being temporary, casual or contractual in nature. Such a person cannot invoke the theory of legitimate expectation for being confirmed in the post when an appointment to the post could be made only by following a proper procedure for selection and in cases concerned, in consultation with the Public Service Commission. Therefore, the theory of legitimate expectation cannot be successfully advanced by temporary, contractual or casual employees**. It cannot also be held that the State has held out any promise while engaging these persons either to continue them where they are or to make them permanent. The State cannot constitutionally make such a promise. It is also obvious that the theory cannot be invoked to seek a positive relief of being made permanent in the post.**"**
>
> **(emphasis laid)**

However, this Court in ***Umadevi*** (*supra*) clarified that the bar against invocation of the doctrine of legitimate expectation applies only to those temporary, contractual or casual employees whose engagement was not preceded by a proper selection process in

[9] (2006) 4 SCC 1

accordance with the extant rules. Consequently, where such engagement is made after following a due and lawful selection procedure, there is no absolute bar in law preventing such employees from invoking the doctrine of legitimate expectation.

Limits on Perpetual Contractual Engagements:

13.2. In the present case, the respondent-State had engaged the services of the appellants on sanctioned posts since the year 2012. It was only towards the end of the year 2022 that the respondents communicated that no further extension of the appellants' engagement was likely to be granted.

13.3. In our considered opinion, the aforesaid action is not only vitiated by arbitrariness but is also in clear derogation of the equality principles enshrined in Article 14 of the Constitution. The respondent-State initially engaged the appellants in their youth to discharge public duties and functions. Having rendered long and dedicated service, the appellants cannot now be left to fend for themselves, particularly when the employment opportunities that may have been available to them a decade ago are no longer accessible owing to age constraints.

13.4. We are unable to discern any rational basis for the respondent-State's decision to discontinue the appellants after nearly ten years of continuous service.

We are conscious that the symbiotic-relationship between the appellants and the respondent-State was mutually beneficial, the State derived the advantage of the appellants' experience and institutional familiarity, while the appellants remained in public service. In such circumstances, any departure from a long-standing practice of renewal, particularly one that frustrates the legitimate expectation of the employees, ought to be supported by cogent reasons recorded in a speaking order.

13.5. Such a decision must necessarily be a conscious and reasoned one. An employee who has satisfactorily discharged his duties over several years and has been granted repeated extensions cannot, overnight, be treated as surplus or undesirable. We are unable to accept the justification advanced by the respondents as the obligation of the State, as a model employer, extends to fair treatment of its employees irrespective of whether their engagement is contractual or regular.

13.6. This Court has, on several occasions, deprecated the practice adopted by States of engaging employees under the nominal labels of "part-time", "contractual" or "temporary" in perpetuity and thereby exploiting them by not regularizing their positions. In ***Jaggo v. Union of India***,[10] this Court underscored that government

[10] 2024 SCC OnLine SC 3826

departments must lead by example in ensuring fair and stable employment, and evolved the test of examining whether the duties performed by such temporary employees are integral to the day-to-day functioning of the organization.

13.7. In ***Shripal v. Nagar Nigam***,[11] and ***Vinod Kumar v. Union of India***,[12] this Court cautioned against a mechanical and blind reliance on ***Umadevi*** (*supra*) to deny regularization to temporary employees in the absence of statutory rules. It was held that ***Umadevi*** (*supra*) cannot be employed as a shield to legitimise exploitative engagements continued for years without undertaking regular recruitment. The Court further clarified that *Umadevi* itself draws a distinction between appointments that are "illegal" and those that are merely "irregular", the latter being amenable to regularization upon fulfilment of the prescribed conditions.

13.8. In ***Dharam Singh v. State of U.P.***[13]**,** this Court strongly deprecated the culture of "*ad-hocism*" adopted by States in their capacity as employers. The Court criticised the practice of outsourcing or informalizing recruitment as a means to evade regular employment obligations, observing that such measures perpetuate

[11] 2025 SCC OnLine SC 221
[12] (2024) 9 SCC 327
[13] 2025 SCC OnLine SC 1735

precarious working conditions while circumventing fair and lawful engagement practices.

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

13.10. In the aforesaid backdrop, we are unable to persuade ourselves to accept the respondent-State's contention that the mere contractual nomenclature of the appellants' engagement denudes them of constitutional protection. The State, having availed of the appellants' services on sanctioned posts for over a decade pursuant to a due process of selection and having consistently acknowledged their satisfactory performance, cannot, in the absence of cogent reasons or a speaking decision, abruptly discontinue such engagement by taking refuge behind formal contractual clauses. Such action is manifestly arbitrary, inconsistent with the obligation of the State to act as a

model employer, and fails to withstand scrutiny under Article 14 of the Constitution.

FINAL CONCLUSION:

14. In light of our discussion, in the foregoing paragraphs, we summarize our conclusions as follows:

I. The respondent-State was not justified in continuing the appellants on sanctioned vacant posts for over a decade under the nomenclature of contractual engagement and thereafter denying them consideration for regularization.

II. Abrupt discontinuance of such long-standing engagement solely on the basis of contractual nomenclature, without either recording cogent reasons or passing a speaking order, is manifestly arbitrary and violative of Article 14 of the Constitution.

III. Contractual stipulations purporting to bar claims for regularization cannot override constitutional guarantees. Acceptance of contractual terms does not amount to waiver of fundamental rights, and contractual stipulations cannot immunize arbitrary State action from constitutional scrutiny.

IV. The State, as a model employer, cannot rely on contractual labels or mechanical application of ***Umadevi*** (*supra*) to justify prolonged *ad-hocism* or

to discard long-serving employees in a manner inconsistent with fairness, dignity and constitutional governance.

V. In view of the foregoing discussion, we direct the respondent-State to forthwith regularize the services of all the appellants against the sanctioned posts to which they were initially appointed. The appellants shall be entitled to all consequential service benefits accruing from the date of this judgment.

15. Accordingly, the present appeals are disposed of and all writ petitions are allowed and the judgments dated 17th September, 2024, 15th October, 2024 and 2nd December, 2024, in LPA Nos. 390 of 2024, 356 of 2024 and 368 of 2024, respectively, passed by the High Court of Jharkhand at Ranchi are set aside.

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

.....J.
[VIKRAM NATH]

.....J.
[SANDEEP MEHTA]

NEW DELHI
JANUARY 30, 2026