



2026:CGHC:25363-DB

NAFR**HIGH COURT OF CHHATTISGARH AT BILASPUR****WPC No. 2380 of 2025**

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- 1** - M/s Sai Associates Through Its Authorized Partner Prasanjit Anand, Office Address D/20, Hospital Sector, Bhilai, District Durg, Chhattisgarh
- 2** - Prasanjit Anand S/o Shri Ajay Anand Aged About 56 Years R/o M.I.G.- 225, Padmanabhpur, Durg, District Durg, Chhattisgarh, Partner- M/s Sai Associates, Office Address D/20, Hospital Sector, Bhilai, District Durg, Chhattisgarh
- 3** - Smt. Ritu Anand W/o Shri Prasanjit Anand Aged About 49 Years R/o M.I.G.- 225, Padmanabhpur, Durg, District Durg, Chhattisgarh, Partner- M/s Sai Associates, Office Address D/20, Hospital Sector, Bhilai, District Durg, Chhattisgarh
- 4** - Miss Ritika Anand D/o Shri Prasanjit Anand Aged About 26 Years R/o M.I.G.- 225, Padmanabhpur, Durg, District Durg, Chhattisgarh, Partner- M/s Sai Associates, Office Address D/20, Hospital Sector, Bhilai, District Durg, Chhattisgarh

--- Petitioners**versus**

- 1** - Steel Authority Of India Limited (Sail) Through The Chairman Regd. Office Ispat Bhawan, Lodi Road, New Delhi- 110003
- 2** - Bhilai Steel Plant Through The Director In Charge Bhilai, District Durg, Chhattisgarh
- 3** - Executive Director (Materials Management) (Ed (Mm)), Bhilai Steel Plant, Bhilai, District Durg, Chhattisgarh
- 4** - General Manager Contract Cell Works (Cc-W), Bhilai Steel Plant, Sanyantra Bhawan, Bhilai, District Durg, Chhattisgarh

5 - General Manager (Orgn. And Methods) Cum Convener Sbc Bhilai Steel Plant, Bhilai, District Durg, Chhattisgarh

6 - General Manager Civil Engineering Department, Bhilai Steel Plant, Bhilai, District Durg, Chhattisgarh

--- **Respondents**

WPC No. 2395 of 2025

1 - M/s Sai Associates Through Its Aothorized Partner Prasanjit Anand Offic Address D/20 Hospital Sector, Bhilai District- Durg Chhattisgarh

2 - Shri Prasanjit Anand S/o Shri Ajay Anand Aged About 56 Years R/o M.I.G. -225, Padmanabhpur Durg District - Durg Chhattisagrh Partner M/s Sai Associates Office Address D/20, Hospital Sector . Bhilai District - Drug Chhattisgarh

3 - Smt. Ritu Anand W/o Shri Prasanjit Anand Aged About 49 Years R/o M.I.G. -225, Padmanabhpur Durg District - Durg Chhattisagrh Partner M/s Sai Associates Office Address D/20, Hospital Sector . Bhilai District - Drug Chhattisgarh

4 - Miss Ritika Anand D/o Shri Prasanjit Anand Aged About 26 Years R/o M.I.G. -225, Padmanabhpur Durg District - Durg Chhattisagrh Partner M/s Sai Associates Officer Address D/20, Hospital Sector . Bhilai District - Drug Chhattisgarh

---**Petitioners**

versus

1 - Steel Authority Of India Limited (Sail) Through The Chairman Regd. Office Ispat Bhawan Lodi Road New Delhi – 110003

2 - Bhilai Steel Plant Through The Director In Charge Bhilai District- Durg Chhattisgarh

3 - Executive Director (Materials Management (Ed (Mm) , Bhilai Steel Plant Bhilai District- Durg (C.G.)

4 - General Manager Contract Cell Works (Cc- W), Bhilai Steel Plant Sanyantra Bhawan Bhilai District - Durg Chhattisgarh

5 - General Manager (Orgn. And Methods) Cum Convener Sbc, Bhilai Steel Plant Bhilai District- Durg (C.G.)

6 - General Manager Refractory Engineering Department Bhilai Steel Plant Bhilai District - Durg Chhattisgarh

... Respondents

(Cause-title taken from Case Information System)

For Petitioners	:	Mr. Harshwardhan Parganiha, Advocate
For Respondent No.5	:	Mr. Avinash Singh, Advocate

Hon'ble Shri Ramesh Sinha, Chief Justice
Hon'ble Shri Ravindra Kumar Agrawal, Judge

Order on Board

Per Ramesh Sinha, Chief Justice

22.06.2026

1. Heard Mr. Harshwardhan Parganiha, learned counsel for the petitioners as well as Mr. Avinash Singh, learned counsel appearing for respondent No.5.
2. Since common questions of fact are involved in the present writ petitions, they are being referred to and dealt with collectively. The only distinction between the two petitions is that while WPC No. 2380 of 2025 arises out of Banning Order bearing No. EDMM/2025/18 dated 21.02.2025, WPC No. 2395 of 2025 arises out of Banning Order bearing No. EDMM/2025/19 dated 21.02.2025. The facts, grounds of challenge and issues involved in both petitions are otherwise identical.
3. In WPC No.2380/2025, the petitioners have prayed for following relief(s) :-

“10.1) The Hon'ble Court may kindly be pleased to call for the entire records leading to passing of the impugned order dated 28.04.2025 (Annexure P/1) from the possession of respondent no. 3, for the kind perusal of this Hon'ble Court.

10.2) The Hon'ble Court may further kindly be pleased to quash the impugned order dated 28.04.2025 (Annexure P/1) passed by the respondent no. 3, vide which the appeal preferred by the petitioners got dismissed.

10.3) The Hon'ble Court may further kindly be pleased to quash the impugned order dated 21.02.2025 (Annexure P/2) passed by respondent No. 5 and thereby, may kindly be pleased to direct the respondents to permit the petitioners to participate in the future upcoming biddings/tenders.

10.4) Any other relief which this Hon'ble Court deems fit and proper may also kindly be granted to the petitioners, in the interest of justice.”

4. In WPC No.2395/2025, the petitioners have prayed for following relief(s) :-

“10.1) The Hon'ble Court may kindly be pleased to call for the entire records leading to passing of the impugned order dated 28.04.2025 (Annexure P/1) from the possession of respondent no. 3, for the kind perusal of this Hon'ble Court.

10.2) The Hon'ble Court may further kindly be pleased to quash the impugned order dated 28.04.2025 (Annexure P/1) passed by the respondent no. 3, vide which the appeal preferred by the petitioners got dismissed.

10.3) The Hon'ble Court may further kindly be pleased to quash the impugned order dated 21.02.2025 (Annexure P/2) passed by respondent No. 5 and thereby, may kindly be pleased to direct the respondents to permit the petitioners to participate in the future upcoming biddings/tenders.

10.4) Any other relief which this Hon'ble Court deems fit and proper may also kindly be granted to the petitioners, in the interest of justice.”

5. By way of the present writ petitions under Article 226 of the Constitution of India, the petitioners have challenged the respective appellate orders dated 28.04.2025 affirming the banning/blacklisting orders dated 21.02.2025 passed by the respondent authorities, whereby the petitioners have been banned from undertaking business dealings with Steel Authority of India Limited (SAIL) and Bhilai Steel Plant (BSP) for a period of three years with effect from 21.02.2025.
6. The petitioner firms are established contractors having been engaged in contractual works for several decades and have been executing various works for SAIL, BSP and other organizations. The petitioners employ a large number of contractual workers

and have maintained a satisfactory record in the execution of contractual works.

7. Pursuant to a Notice Inviting Tender dated 21.09.2021 issued by the respondents for sweeping of roads by mechanical means, hiring of excavator-cum-loader and disposal of muck and debris from various locations inside the plant area, the petitioners participated in the tender process and were awarded the respective contracts. In terms of the tender conditions, the petitioners were required to submit documents relating to payment of wages and statutory dues to contractual workers for obtaining Statutory Dues Clearance (SDC).
8. The controversy arose when the respondents alleged that certain documents submitted by the petitioners in support of SDC contained discrepancies vis-à-vis the records obtained from the concerned bank. On the basis of the said allegation, the respondents suspended the petitioners from business dealings vide suspension order dated 04.10.2024 without furnishing any prior notice, copy of the complaint or copy of the suspension order. The petitioners came to know about the suspension only through a show cause notice dated 25.11.2024.
9. Upon receipt of the show cause notice, the petitioners conducted an internal inquiry and found that the discrepancies had occurred due to inadvertent manual/typographical errors committed by the concerned accountant while preparing the details of payments

made through the bank. According to the petitioners, there was no discrepancy in the total statutory amount payable to the workers, no worker suffered any financial loss, and no undue advantage accrued to the petitioners. The petitioners immediately undertook corrective measures, rectified the discrepancies, obtained acknowledgments and consent letters from the concerned workers confirming receipt of their dues, and initiated action against the concerned employee responsible for the error.

10. The petitioners submitted detailed replies to the show cause notices explaining that the discrepancies were inadvertent clerical errors devoid of any fraudulent intent, dishonest motive or mens rea and that all corrective measures had already been taken. Despite the said explanation, the respondents proceeded to pass the respective banning/blacklisting orders dated 21.02.2025, namely Banning Order No. EDMM/2025/18 in WPC No. 2380 of 2025 and Banning Order No. EDMM/2025/19 in WPC No. 2395 of 2025, debarring the petitioners from business dealings with SAIL/BSP for a period of three years.
11. Aggrieved thereby, the petitioners initially approached this Hon'ble Court. The earlier writ petitions were disposed of with liberty to avail the appellate remedy. Accordingly, the petitioners preferred appeals before the Director In-Charge, BSP, who, in terms of Clause 1.3 of the Procedure dated 04.06.2021 governing banning of business dealings, is the designated appellate

authority. However, the appeals came to be dismissed vide orders dated 28.04.2025 issued under the signature of the Executive Director (Materials Management), Respondent No. 3, affirming the respective banning orders.

12. Learned counsel for the petitioners submits that the impugned appellate order dated 28.04.2025 as well as the impugned banning/blacklisting orders dated 21.02.2025 are wholly arbitrary, illegal, unreasonable, stigmatic and unsustainable in law. It is contended that the appellate order itself is without jurisdiction, having been passed by Respondent No. 3, who is not the competent appellate authority under Clause 1.3 of the Procedure dated 04.06.2021 governing banning of business dealings, wherein the Director In-Charge, BSP has been specifically designated as the appellate authority. It is further submitted that the impugned orders have been passed in gross violation of the prescribed procedure and principles of natural justice inasmuch as the petitioners were suspended from business dealings without any prior notice, without furnishing a copy of the complaint and without even supplying the suspension order.
13. Learned counsel further submits that the entire action is founded upon an inadvertent clerical/manual error committed by the accountant of the petitioners while furnishing documents relating to SDC. There was neither any fraudulent intent nor any dishonest motive on the part of the petitioners to derive any

undue advantage. Immediately upon being apprised of the discrepancy, the petitioners undertook corrective measures, rectified the error, obtained confirmations from the concerned contractual workers regarding receipt of their dues and initiated action against the concerned employee. Despite the aforesaid undisputed facts, the respondents proceeded to treat the documents as fabricated and imposed the extreme penalty of blacklisting for three years.

14. It is further argued that neither the Standing Banning Committee nor the competent authority has recorded any finding regarding mens rea, fraudulent intent, wrongful gain to the petitioners, loss to the respondents, or prejudice to any contractual worker. The impugned orders do not disclose as to which specific ground under Rule 6 of the Guidelines on Banning of Business Dealings stood attracted in the facts of the case and are therefore non-speaking orders. It is also contended that the punishment imposed is ex facie disproportionate to the nature of the alleged lapse and violates the doctrine of proportionality, which forms an integral part of Article 14 of the Constitution of India.
15. Learned counsel further submits that Clause 7.9 of the Guidelines on Banning of Business Dealings prescribes a banning period ranging from one to two years depending upon the severity of the lapse, whereas the petitioners have been blacklisted for three years, thereby exceeding the limits contemplated under the

guidelines. It is also submitted that while dismissing the appeals, the appellate authority merely reiterated the findings recorded in the banning orders without independent application of mind and despite acknowledging that corrective measures had been undertaken by the petitioners.

16. Lastly, it is argued that the impugned action has resulted in grave civil consequences not only for the petitioners but also for hundreds of contractual workers dependent upon them for their livelihood. Reliance has been placed upon the decisions of the Hon'ble Supreme Court in ***Kulja Industries Ltd. v. Chief General Manager, Western Telecom Project, BSNL [(2014) 14 SCC 731]*** and ***Techno Prints v. Chhattisgarh Textbook Corporation [2025 SCC OnLine SC 343]*** to contend that blacklisting, being a drastic and stigmatic measure, must satisfy the tests of fairness, natural justice and proportionality and cannot be sustained merely on allegations of contractual irregularities in the absence of cogent material establishing deliberate misconduct. On the aforesaid grounds, it is prayed that the impugned orders deserve to be quashed and set aside.
17. Per contra, learned counsel appearing for respondent No. 5 opposes the submissions advanced on behalf of the petitioners and submits that the present writ petitions are devoid of merit and are liable to be dismissed. It is submitted that the petitioners were awarded the contract vide Letter of Award dated 21.02.2022 and,

in terms of the contractual conditions, were under a statutory and contractual obligation to ensure compliance with labour laws and to furnish genuine documents relating to payment of wages and statutory dues to contract labourers for obtaining SDC. During verification of the documents submitted by the petitioners, serious discrepancies were detected between the particulars furnished by the petitioners and the records obtained from the concerned bank. Upon such verification, the respondent authorities had sufficient reasons to conclude that the documents submitted by the petitioners as proof of payment to contract labourers were fabricated and forged.

18. Learned counsel submits that after detection of the discrepancies, a detailed show-cause notice dated 25.11.2024 was issued to the petitioners, granting them adequate opportunity to explain their conduct. The petitioners submitted their reply before the Standing Banning Committee, wherein they admitted the discrepancies and sought to explain the same as an oversight or typographical error committed by their staff. The said explanation was duly considered by the competent authority. However, having regard to the nature and seriousness of the misconduct, the Standing Banning Committee found the explanation unsatisfactory and consequently recommended banning of business dealings with the petitioners for a period of three years. Accordingly, the banning orders dated 21.02.2025 came to be passed.

19. It is further submitted that the petitioners were afforded every opportunity of hearing at all stages of the proceedings. Even after the banning orders were passed, the petitioners approached this Court in an earlier round of litigation and, pursuant to the liberty granted by this Court, preferred statutory appeals. The appeals were duly considered by the competent appellate authority and were dismissed after affording adequate opportunity of hearing to the petitioners.
20. With regard to the objection raised concerning the competency of Respondent No. 3 to issue the appellate order dated 28.04.2025, learned counsel submits that the appeal was, in fact, considered and decided by the designated Appellate Authority, namely the Director-In-Charge, Bhilai Steel Plant. The order was merely communicated under the signature of Respondent No. 3 in accordance with the internal circular dated 30.09.2023, which authorizes the HOMM/Head of Projects to convey the decision taken by the Appellate Authority. Therefore, it is contended that the appellate order cannot be faulted on the ground of lack of jurisdiction.
21. It is contended that there is no dispute regarding the existence of discrepancies in the documents submitted by the petitioners and the corresponding bank records. The respondents were, therefore, justified in treating the documents as fabricated and in initiating proceedings under the applicable Guidelines on Banning

of Business Dealings. It is contended that the punishment imposed cannot be said to be disproportionate, inasmuch as the petitioners have not been permanently blacklisted and have only been debarred from business dealings for a limited period of three years. Considering the seriousness of submitting fabricated documents before a public sector undertaking, the punishment imposed is stated to be reasonable and commensurate with the misconduct established against the petitioners. As such, learned counsel for respondent No. 5 prays for dismissal of the writ petitions.

22. By filing the rejoinder, learned counsel for the petitioners reiterates the grounds urged in the writ petitions and specifically refutes the stand taken by the respondents in their return. It is submitted that the respondents have proceeded on an erroneous assumption that the alleged discrepancy in the wage payment records conclusively establishes forgery or fabrication, whereas no independent finding supported by cogent material has been recorded to establish any fraudulent intent, wrongful gain or deliberate misconduct on the part of the petitioners. It is further contended that the vigilance report relied upon by the respondents was merely an internal opinion and could not have been treated as conclusive proof of guilt. The petitioners maintain that the discrepancy was the result of an inadvertent clerical error committed by the concerned staff member, which was immediately rectified upon detection, and that the wages of the

concerned workmen had in fact been duly paid. The petitioners further submit that the respondents failed to supply the complete material relied upon against them, thereby depriving them of an effective opportunity of defence. It is also reiterated that the competent appellate authority under the applicable guidelines is the Director In-Charge, BSP, whereas the appellate order has admittedly been issued under the signature of Respondent No.3, rendering the same vulnerable on the ground of jurisdiction. The petitioners additionally contend that the respondents themselves continued to extend and utilize the petitioners' contractual services even after issuance of the impugned banning orders, which, according to the petitioners, demonstrates that the respondents did not consider them unsuitable for execution of contractual obligations. On these grounds, it is urged that the impugned banning order dated 21.02.2025 and the appellate order dated 28.04.2025 deserve to be quashed as being arbitrary, disproportionate, violative of principles of natural justice and unsustainable in law.

23. At this stage, learned counsel for respondent No. 5 has further placed on record two amendment orders issued by the Bhilai Steel Plant in respect of Work Order No. 4270012484 dated 28.05.2022. It is submitted that vide amendment order dated 17.06.2025, the contract awarded to the petitioner was extended up to 31.10.2025 on the same rates, terms and conditions without levy of LD. It is further pointed out that by subsequent

amendment order dated 30.12.2025, the said contract was further extended up to 31.03.2026, though with a reduction in the overall contract value. On the strength of the aforesaid documents, it is contended that despite the banning orders, the respondents have not acted arbitrarily towards the petitioner and have continued the contractual arrangement in accordance with administrative requirements and decisions taken by the competent authority.

24. We have heard learned counsel for the parties at length, considered their rival submissions and carefully perused the material available on record.
25. The scope of judicial review in contractual and tender matters is limited. Unless the decision-making process is shown to be arbitrary, irrational, mala fide or in violation of the terms of the tender, interference under Article 226 of the Constitution of India is not warranted. The Court does not sit as an appellate authority to re-evaluate the bids or substitute its own decision for that of the tendering authority.
26. The Apex Court, in the matter of ***Banshidhar Construction Pvt. Ltd. v. Bharat Coking Coal Ltd. & Others***, {Civil Appeal No. 11005 OF 2024, decided on 04.10.2024}, taking note of the decisions rendered in various other celebrated judgments, observed as under:-

“21. There cannot be any disagreement to the legal proposition propounded in catena of decisions of this

Court relied upon by the learned counsels for the Respondents to the effect that the Court does not sit as a Court of Appeal in the matter of award of contracts and it merely reviews the manner in which the decision was made; and that the Government and its instrumentalities must have a freedom of entering into the contracts. However, it is equally well settled that the decision of the government/ its instrumentalities must be free from arbitrariness and must not be affected by any bias or actuated by malafides. Government bodies being public authorities are expected to uphold fairness, equality and public interest even while dealing with contractual matters. Right to equality under Article 14 abhors arbitrariness. Public authorities have to ensure that no bias, favouritism or arbitrariness are shown during the bidding process and that the entire bidding process is carried out in absolutely transparent manner.

22. At this juncture, we may reiterate the well-established tenets of law pertaining to the scope of judicial intervention in Government Contracts.

*23. In **Sterling Computers Limited vs. M/s. M & N Publications Limited and Others**¹, this Court while dealing with the scope of judicial review of award of contracts held: -*

“18. While exercising the power of judicial review, in respect of contracts entered into on behalf of the State, the Court is concerned primarily as to whether there has been any infirmity in the “decision making process”. In this connection reference may be made to the case of Chief Constable of the North Wales Police v. Evans [(1982) 3 All ER 141] where it was said that: (p. 144a)

“The purpose of judicial review is to ensure that the individual receives fair treatment, and not to ensure that the authority, after according fair treatment, reaches on a matter which it is authorised or enjoined by law to decide for itself a conclusion which is correct in the eyes of the court.”

By way of judicial review the court cannot examine the details of the terms of the contract which have been entered into by the public bodies or the State.

¹ (1993) 1 SCC 445

Courts have inherent limitations on the scope of any such enquiry. But at the same time as was said by the House of Lords in the aforesaid case, Chief Constable of the North Wales Police v. Evans [(1982) 3 All ER 141] the courts can certainly examine whether “decision-making process” was reasonable, rational, not arbitrary and violative of Article 14 of the Constitution.”

24. In **Tata Cellular vs. Union of India**², this Court had laid down certain principles for the judicial review of administrative action.

“94. The principles deducible from the above are:

(1) The modern trend points to judicial restraint in administrative action.

(2) The court does not sit as a court of appeal but merely reviews the manner in which the decision was made.

(3) The court does not have the expertise to correct the administrative decision. If a review of the administrative decision is permitted it will be substituting its own decision, without the necessary expertise which itself may be fallible.

(4) The terms of the invitation to tender cannot be open to judicial scrutiny because the invitation to tender is in the realm of contract. Normally speaking, the decision to accept the tender or award the contract is reached by process of negotiations through several tiers. More often than not, such decisions are made qualitatively by experts.

(5) The Government must have freedom of contract. In other words, a fair play in the joints is a necessary concomitant for an administrative body functioning in an administrative sphere or quasi-administrative sphere. However, the decision must not only be tested by the application of Wednesbury principle of reasonableness (including its other facts pointed out above) but must be free from arbitrariness not affected by bias or actuated by mala fides.

(6) Quashing decisions may impose heavy administrative burden on the administration and

² (1994) 6 SCC 651

lead to increased and unbudgeted expenditure. Based on these principles we will examine the facts of this case since they commend to us as the correct principles.”

25. It has also been held in **ABL International Limited and Another vs. Export Credit Guarantee Corporation of India Limited and Others**³, as under: -

“53. From the above, it is clear that when an instrumentality of the State acts contrary to public good and public interest, unfairly, unjustly and unreasonably, in its contractual, constitutional or statutory obligations, it really acts contrary to the constitutional guarantee found in Article 14 of the Constitution.”

26. In **Jagdish Mandal vs. State of Orissa and Others**⁴, this Court after discussing number of judgments laid down two tests to determine the extent of judicial interference in tender matters. They are: -

“22. (i) Whether the process adopted or decision made by the authority is mala fide or intended to favour someone; or Whether the process adopted or decision made is so arbitrary and irrational that the court can say: “the decision is such that no responsible authority acting reasonably and in accordance with relevant law could have reached;”

(ii) Whether public interest is affected. If the answers are in the negative, there should be no interference under Article 226. Cases involving blacklisting or imposition of penal consequences on a tenderer/contractor or distribution of State largesse (allotment of sites/shops, grant of licences, dealerships and franchises) stand on a different footing as they may require a higher degree of fairness in action.”

27. In **Mihan India Ltd. vs. GMR Airports Ltd. and Others**⁵, while observing that the government contracts granted by the government bodies must uphold fairness, equality and rule of law while dealing with the contractual matters, it was observed in Para 50 as under: -

³ (2004) 3 SCC 553

⁴ (2007) 14 SCC 517

⁵ (2022) SCC OnLine SC 574

“50. In view of the above, it is apparent that in government contracts, if granted by the government bodies, it is expected to uphold fairness, equality and rule of law while dealing with contractual matters. Right to equality under Article 14 of the Constitution of India abhors arbitrariness. The transparent bidding process is favoured by the Court to ensure that constitutional requirements are satisfied. It is said that the constitutional guarantee as provided under Article 14 of the Constitution of India demands the State to act in a fair and reasonable manner unless public interest demands otherwise. It is expedient that the degree of compromise of any private legitimate interest must correspond proportionately to the public interest.”

28. It was sought to be submitted by the learned Counsels for the Respondents relying upon the observations made in **Central Coalfields Limited and Another vs. SLL-SML (Joint Venture Consortium) and Others**⁶, that whether a term of NIT is essential or not is a decision taken by the employer which should be respected. However, in the said judgment also it is observed that if the employer has exercised the inherent authority to deviate from the essential term, such deviation has to be made applicable to all the bidders and potential bidders. It was observed in Para 47 and 48 as under:-

“47. The result of this discussion is that the issue of the acceptance or rejection of a bid or a bidder should be looked at not only from the point of view of the unsuccessful party but also from the point of view of the employer. As held in Ramana Dayaram Shetty [Ramana Dayaram Shetty v. International Airport Authority of India, (1979) 3 SCC 489] the terms of NIT cannot be ignored as being redundant or superfluous. They must be given a meaning and the necessary significance. As pointed out in Tata Cellular [Tata Cellular v. Union of India, (1994) 6 SCC 651] there must be judicial restraint in interfering with administrative action. Ordinarily, the soundness of the decision taken by the employer ought not to be questioned but the decision-making

6 (2016) 8 SCC 622

process can certainly be subject to judicial review. The soundness of the decision may be questioned if it is irrational or mala fide or intended to favour someone or a decision “that no responsible authority acting reasonably and in accordance with relevant law could have reached” as held in Jagdish Mandal [Jagdish Mandal v. State of Orissa, (2007) 14 SCC 517] followed in Michigan Rubber [Michigan Rubber (India) Ltd. v. State of Karnataka, (2012) 8 SCC 216].

48. Therefore, whether a term of NIT is essential or not is a decision taken by the employer which should be respected. Even if the term is essential, the employer has the inherent authority to deviate from it provided the deviation is made applicable to all bidders and potential bidders as held in Ramana Dayaram Shetty [Ramana Dayaram Shetty v. International Airport Authority of India, (1979) 3 SCC 489] . However, if the term is held by the employer to be ancillary or subsidiary, even that decision should be respected. The lawfulness of that decision can be questioned on very limited grounds, as mentioned in the various decisions discussed above, but the soundness of the decision cannot be questioned, otherwise this Court would be taking over the function of the tender issuing authority, which it cannot.”

27. Recently, the Apex Court in the matter of **M/S. Steag Energy Services (India) Pvt. Ltd. v. GSPC Pipavav Power Company Ltd. (GPPC) & Ors. {SLP (C) No(S).30209-30210 of 2025}**, decided on **25.03.2026** held that the final choice is of the owner, and it is for the owner to take the final decision with necessary flexibility and pragmatism. While exercising judicial review of contractual matters, constitutional courts do not exercise, should not exercise ex-ante jurisdiction to pre-empt executive actions. On this count, High Court has exceeded the first principle of

judicial restraint in contractual matters.

28. The foundational facts giving rise to the present controversy are largely undisputed. The petitioners were awarded contracts by the respondent-authorities and, in terms of the contractual conditions, were under an obligation to furnish authentic documents relating to payment of wages and statutory dues to contractual labourers for obtaining SDC. It is also not in dispute that upon verification of the documents submitted by the petitioners, discrepancies were noticed between the particulars furnished by the petitioners and the records obtained from the concerned bank. The petitioners themselves, in their replies submitted before the Standing Banning Committee, attributed such discrepancies to oversight, typographical mistakes and manual errors committed by their staff. Thus, the existence of discrepancies in the documents submitted before the respondent-authorities is not a matter of dispute.
29. The principal contention of the petitioners is that the discrepancies occurred inadvertently and without any fraudulent intent and, therefore, the punishment imposed is disproportionate. Though attractive at first blush, the said submission does not persuade this Court to exercise its extraordinary jurisdiction. The respondent-authorities, after issuing show-cause notice, considering the explanation submitted by the petitioners and examining the relevant material, arrived at a conclusion that the documents furnished by the petitioners as

proof of payment to contract labourers could not be accepted as genuine. The Standing Banning Committee, which is an expert body constituted for such purposes, considered the entire matter and recommended banning of business dealings. The decision was thereafter subjected to appellate scrutiny.

30. It is trite law that this Court, while exercising powers of judicial review, does not sit as an appellate authority over administrative decisions. The Court is concerned with the decision-making process and not the decision itself. Unless the action is demonstrated to be arbitrary, mala fide, irrational or in violation of statutory provisions or principles of natural justice, interference is not warranted merely because another view may also be possible.
31. In the present cases, the petitioners were issued a show-cause notice, were afforded opportunity to submit their explanation, participated in the proceedings before the Standing Banning Committee and thereafter availed the appellate remedy. The records do not disclose any denial of reasonable opportunity after initiation of the banning proceedings. Merely because the explanation offered by the petitioners was not accepted by the competent authority would not furnish a ground for judicial review.
32. So far as the challenge regarding competency of Respondent No.3 is concerned, this Court finds substance in the submission advanced on behalf of respondent No.5 that the appeal was

considered by the Director-In-Charge, Bhilai Steel Plant, who is the designated appellate authority, and the decision was merely communicated through Respondent No.3 in terms of the internal administrative circular dated 30.09.2023. No material has been placed before this Court to establish that the appellate authority did not consider the appeal or that the decision was independently taken by Respondent No.3. In absence of any such material, the challenge founded on lack of jurisdiction cannot be accepted.

33. Equally untenable is the contention that the impugned orders suffer from non-application of mind. The banning orders as well as the appellate orders indicate consideration of the allegations, the reply submitted by the petitioners and the findings recorded by the competent authorities. Whether such findings are ultimately correct or otherwise is not a matter which can be re-appreciated by this Court in exercise of writ jurisdiction as if sitting in appeal over the administrative decision.
34. The plea founded on the doctrine of proportionality also does not merit acceptance in the facts of the present case. Submission of documents relating to payment of wages and statutory dues to contract labourers is not a mere procedural formality. Such documents form the basis for ensuring compliance with labour welfare obligations and are required to inspire confidence in the fairness and transparency of contractual dealings with a public sector undertaking. Once discrepancies were found in the

documents submitted by the petitioners and the explanation offered by them was found unsatisfactory by the competent authority, the decision to impose a ban cannot be said to be so outrageous or disproportionate as to shock the conscience of this Court.

35. This Court is also unable to accept the contention that the impugned action deserves interference merely because the petitioners have employed a large number of contractual workers. While the consequences of blacklisting may undoubtedly have an impact upon the business operations of the petitioners, such consideration alone cannot override the authority of the respondents to ensure integrity, transparency and accountability in contractual dealings, particularly when public interest is involved.
36. Another significant circumstance which cannot be lost sight of is that the respondent-authorities have placed on record amendment orders dated 17.06.2025 and 30.12.2025 showing continuation/extension of contractual arrangements in respect of Work Order No.4270012484. The said documents lend support to the contention of the respondents that the action taken was not actuated by mala fides or arbitrariness but was guided by administrative considerations and contractual requirements.
37. The judgments relied upon by learned counsel for the petitioners, including **Kulja Industries Ltd.** (supra) and **Techno Prints**

(supra), undoubtedly reiterate that blacklisting has civil consequences and must satisfy the requirements of fairness and proportionality. However, the said decisions do not lay down that every order of blacklisting is liable to be interfered with by the writ court. On the contrary, the law consistently recognizes the right of the State and its instrumentalities to blacklist a contractor where circumstances so warrant, subject to observance of principles of natural justice. In the present case, this Court is satisfied that the petitioners were afforded adequate opportunity and that the decision-making process cannot be said to be arbitrary or vitiated by procedural illegality.

38. In view of the law laid down by the Hon'ble Supreme Court in ***Banshidhar Construction Pvt. Ltd.*** (supra), ***Tata Cellular*** (supra), ***Jagdish Mandal*** (supra), ***Mihan India Ltd.*** (supra) and the recent decision in ***M/s Steag Energy Services (India) Pvt. Ltd.*** (supra), this Court is of the considered opinion that no ground is made out for exercising the power of judicial review. The impugned decisions are neither shown to be mala fide nor so arbitrary and irrational that no reasonable authority could have arrived at such conclusions.
39. Consequently, finding no merit in these writ petitions, WPC No.2380 of 2025 and WPC No.2395 of 2025 are hereby dismissed. The impugned banning orders dated 21.02.2025 and the appellate orders dated 28.04.2025 do not warrant interference by this Court.

40. No order as to costs.

Sd/-

(Ravindra Kumar Agrawal)
Judge

Sd/-

(Ramesh Sinha)
Chief Justice

Anu