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IN THE HIGH COURT OF PUNJAB & HARYANA AT
CHANDIGARH

(110)

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ABID AND ANOTHER

... PETITIONERS

Versus

BHARAT PETROLEUM CORPORATION LIMITED AND OTHERS

... RESPONDENTS

Judgment Reserved on	Judgment Pronounced on	Judgment Uploaded on	Whether only the operative part of the judgment is pronounced	Whether the full judgment is pronounced
06.07.2026	30.07.2026	31.07.2026	No	Yes

CORAM:- HON’BLE MR. JUSTICE SUVIR SEHGAL
HON’BLE MR. JUSTICE DEEPINDER SINGH NALWA

Present:- Mr. Manpreet Singh Longia, Advocate
for the petitioners.

Mr. Raman Sharma, Advocate and
Mr. Arnav Sharma, Advocate,
for the respondents/BPCL.

SUVIR SEHGAL, J.

1) Petitioners have approached this Court, *inter-alia*, for a writ of certiorari, for quashing order dated 24.01.2026, Annexure P-12, whereby Bharat Petroleum Corporation Limited (for short “the Corporation”) has



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terminated the transportation agreement, blacklisted the entire fleet, along with carrier, for two years and forfeited the security deposit.

2) Brief facts deserve to be noticed. Petitioner No.1 is a differently abled individual with 75% disability and is running an oil carrier-petitioner No.2. Pursuant to a tender notice, petitioner No.1 was awarded a transportation contract for five years from 23.11.2024 and a Letter of Intent (LOI) dated 08.11.2011, Annexure P-3, was issued to him. Petitioners operate a fleet of five lorries. On 12.01.2026, one of the lorries bearing registration number PB-65BG-8477 was loaded at Nalagarh depot and was dispatched to a retail outlet at Shimla. The vehicle tracking system revealed that there was a route deviation. The vehicle was found to be parked near a roadside dhaba in village Malikpur, Roopnagar. An FIR was registered against the driver for alleged attempt at oil pilferage. Upon receiving information, petitioner No.1 made unsuccessful attempts to contact the driver and rushed to the site. As the vehicle had been taken in police custody, he applied for *sapurdari* and the vehicle was released on 19.01.2026. Vehicle was handed to the Nalagarh depot of the Corporation, who verified the cargo quantity and found that there was no shortage of the petroleum in the carrier, except beyond the permissible technical limits. Corporation issued a show cause notice on 15.01.2026, Annexure P-10, via e-mail and petitioner No.1 responded by submitting a detailed reply on 21.01.2026, Annexure P-11, explaining that he was not personally involved and the steps taken by him. By impugned order, Annexure P-12, Corporation took penal steps against petitioner No.1 mentioned above.

3) Mr. Manpreet Singh Longia, counsel for the petitioner has urged that



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the impugned order violates the principles of natural justice as the show cause was limited to a single offending vehicle, but the Corporation has proceeded to blacklist the entire fleet. It is his argument that no material before the Corporation to show that the attempt to pilfer had been made with the consent or connivance of petitioner No.1. He emphasizes that such a harsh punishment inflicts a lethal blow on petitioner's fundamental right to trade under Article 19 (1) (g) of the Constitution of India. He has placed reliance upon

(i) *M/s Techno Prints Versus Chhattisgarh Textbook Corporation and another, 2025 (3) SCR 208;*

(ii) *M/s Radhika Logistics Versus Union of India and others, Law Finder Doc Id #2653964;* and

(iii) *K.L.Jinto Versus Bharat Petroleum Corporation Limited, Law Finder Doc Id # 1166683.*

4) *Per contra*, Mr. Raman Sharma, counsel for the Corporation, while making a reference to the short reply filed on behalf of respondent, states that the carrier had deviated from the approved route without any prior intimation or authorization from the Corporation. He has made a reference to the terms and conditions of the Transport Agreement dated 20.11.2024, Annexure R-1, to contend that petitioners have violated the mandatory guidelines and the action taken is justified. It is also his case that the movement of the vehicle could be easily tracked by petitioner No.1 on GPS, but he failed to do so. Mr. Sharma states that although the quantity of the product was found to be



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within the permissible limits, but motive for the deviation from the approved route was to pilfer the petroleum product, which is a critical lapse and impugned action is justified.

5) We have considered the rival contentions of counsel for parties as well as examined the documents referred to by them.

6) In **Blue Dreamz Advertising Pvt. Ltd. and another Versus Kolkata Municipal Corporation and others, 2024 INSC 589**, Supreme Court has observed that penalty of blacklisting may only be imposed when it is necessary to safeguard public interest from irresponsible or dishonest contractors. In case there exists a genuine dispute between the parties based on the terms of the contract, blacklisting as a penalty cannot be imposed. When such an order is passed by a Government authority or Corporation, a higher responsibility vests on it. In **M/s Techno Prints's** case (supra), Supreme Court has held that although there is an inherent power in an authority to blacklist a contractor, but there must be a reasonable ground to exercise such a power. An order of blacklisting, if passed, would put an end to the business of the person concerned. In case, such a drastic step is taken, a contractor is left with no option, but to approach the High Court by invoking the writ jurisdiction. An authority must have a strong, independent and overwhelming material to resort to this power given the drastic consequences that an order of blacklisting has on the contractor.

7) A blacklisting order can always be tested by a writ Court on the ground

(i) as to whether a sufficient and reasonable opportunity has been



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given to the contractor to explain the default complained of;

(ii) as to whether the blacklisting order contains sufficient reasons for taking the harsh step; and

(iii) whether the penalty imposed is proportionate to the default established against the contractor. A writ Court can always intervene when the penalty imposed by the authority shocks the conscience of the Court.

8) The facts of the present case have to be examined in the background of the above noticed legal position.

9) Show cause notice, Annexure P-9, has been issued to petitioners, calling upon them to

“X. In view of the above, you are hereby called upon to SHOW CAUSE within a period of seven (7) days from the date of receipt of this notice as to why appropriate action should not be initiated against you, including but not limited to suspension and/or blacklisting of the subject Tank Lorry and its associated crew, termination of Transport Agreement and any other action as may be deemed fit and permissible under the terms of the agreement, the Industry Transport Discipline Guidelines (ITDG) and applicable law.”

10) A careful reading of the show cause notice as well as the proposed penalty reveals that the allegation levelled against petitioners is that a lone vehicle was involved in the deviation of route. Petitioners have been called upon to show cause as to why “the subject tank lorry and its associated crew” be not blacklisted, besides termination and forfeiture etc. Yet, vide impugned



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order, Annexure P-12, the entire fleet along with its crew has been blacklisted for a period of two years. The final order expanded the punitive scope to encompass the entire fleet of five lorries along with its crew without any prior notice to petitioners to do so. It is established that petitioners have been inflicted with a severe penalty without any clear or explicit notice detailing the exact intention of the Corporation.

11) Petitioner No.1 has been denied with a fair opportunity to explain the reason as to why the entire fleet should be blacklisted. Doctrine of proportionality mandates that an administrative punishment must reasonably fit the nature of the misconduct. It should never be unnecessarily excessive. Specific stand taken by petitioner No.1 is that he had no personal role or criminal intent in the incident and he acted diligently upon receiving the information. A joint inspection of the lorry confirmed that there was no loss of fuel. In this background, this Court is of the opinion that the penal action of blacklisting the entire fleet along with its crew is highly disproportionate to the alleged default committed by petitioners. The punishment imposed shocks the judicial conscience of this Court. The observations made by the Telangana High Court in **M/s Radhika Logistics's** case (supra) and Kerala High Court in **K.L.Jinto's** case (supra) are fully applicable to the facts of the present case. In **K.L.Jinto's** case (supra), it has been held that blacklisting and termination of contract stemming from an isolated malpractice must be restricted to the specific vehicle caught in the infraction. The other unaffected compliant vehicles must be allowed to continue operations under contractual terms. As a consequence, this Court holds that blacklisting of the entire fleet fails the test



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of proportionality and cannot be sustained and the matter deserves to be re-examined by the competent authority.

12) For the foregoing reasons, impugned order, Annexure P-12, is set aside in totality and the matter is remanded to the competent authority to re-consider it uninfluenced by its earlier decision. Competent authority shall re-examine the entire matter, afford a reasonable opportunity of personal hearing to petitioner No.1 and pass an appropriate order in accordance with law in conformity the principles of natural justice. The exercise be completed within a period of four weeks from the date of communication of a copy of this order.

13) It is clarified that although the impugned order, Annexure P-12, has been set aside, but petitioners shall not be entitled to seek revival of the contract and the contract shall remain terminated till the time a fresh order is passed by the competent authority.

14) With the above directions, writ petition is disposed of.

(SUVIR SEHGAL)
JUDGE

(DEEPINDER SINGH NALWA)
JUDGE

30.07.2026
Kamal

Whether Speaking/Reasoned	Yes
Whether Reportable	Yes