

**IN THE HIGH COURT OF JUDICATURE AT PATNA**  
**Civil Writ Jurisdiction Case No.927 of 2025**

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Manglam Infra and Engineering Ltd (Formerly known as Manglam Associates) having its Registered office at 46, Nikhil Nestles, Jatkhedi, Hosangabad Road, Bhopal, Madhya Pradesh through its Managing Director, Yogendra Kumar Singh, aged about 52 years, Male, Son of Alakhdeo Singh, resident of 5, Nikhil Nestles, Jatkhedi, Hosangabad Road, P.S. Misrod, District Bhopal, Madhya Pradesh.

... .. Petitioner

Versus

1. The State of Bihar through the Principal Secretary, Rural Works Department, Government of Bihar, Patna.
2. The Additional Chief Executive Officer-cum-Secretary, Bihar Rural Road Development Agency, an Agency under Rural Works Department, Government of Bihar.
3. The Engineer in Chief-cum-Additional Commissioner-cum-Special Secretary, Rural Works Department, Government of Bihar, Patna.
4. The Chief Engineer, Rural Works Department, Government of Bihar, Patna.
5. The Executive Engineer, Rural Works Department, Works Division, District Araria, Bihar.

... .. Respondents

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**Appearance :**

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|---------------------|---|----------------------------------|
| For the Petitioner  | : | Mr. Prabhat Ranjan, Advocate     |
| For the Respondents | : | Mr. P.K. Shahi, Advocate General |
|                     |   | Mr. Vikas Kumar, AC to AG        |

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**CORAM: HONOURABLE THE CHIEF JUSTICE**

**and**

**HONOURABLE MR. JUSTICE PARTHA SARTHY**

**CAV JUDGMENT**

**(Per: HONOURABLE THE CHIEF JUSTICE)**

**Date : 22-08-2025**

The present petition has been filed under Article 226 of the Constitution of India in which the petitioner has prayed that the order dated 18.12.2024, passed by the Additional Chief Executive Officer-cum-Secretary (Respondent No.2) be quashed and the respondents be restrained from giving effect to the said



order during pendency of the present petition.

2. The facts of the present case in nutshell are as under:-

2.1. It is the case of the petitioner that the petitioner company engaged in providing consultancy services for various construction work. It is stated that agreement dated 27.12.2021 was executed between the petitioner and Respondent No.2 for providing consultancy services for project management and construction supervision of bridges on rural road in the State of Bihar at a financial rate of Rs.8,16,00,000.00 excluding GST. It is stated that the schedule for completion of the task under the agreement was two years with the possibility of extension based on the project requirement and satisfactory performance.

2.2. The petitioner has averred that the agreement was never extended and, as such, in terms of Clause 9 of the agreement, the said agreement expired on 27.12.2023 without any adverse report or complaint against the petitioner. It is stated that after the expiry of the agreement and after the petitioner ceased to have supervisory control over the construction works, the Engineer-in-Chief, vide his letter dated 18.07.2024 issued show-cause notice to the petitioner seeking clarification as to why the services being provided by the petitioner firm be not



treated as unsatisfactory. The reasons stated in the said show-cause is that there was damage to an under construction bridge under Package No. BR01P2R –49 (T05 – Nepal Border Jhala Chowky Jakirparast, Last Border) (Construction of HL Bridge at CH – 33.20 K.M. over River alignment, Length of Bridge 182.65 Meter) which got damaged on 18.06.2024.

2.3. The petitioner submitted reply to the show-cause notice on 23.07.2024. Two months thereafter, the petitioner received communication dated 10.09.2024 from Respondent No.2 in which Respondent No.2 placed reliance on preliminary report submitted by four members inspection team and asked the petitioner to show-cause as to why:

(i) The performance security be not forfeited;

(ii) All the pending payments be not stopped in terms of Clause 8(ii) of the agreement; and

(iii) The penalty amount be not recovered on account of damage caused to the bridge.

2.4. It is the case of the petitioner that the petitioner sent an e-mail dated 12.09.2024 and requested for copy of the preliminary inspection report. Thereafter, the petitioner submitted reply. It is the grievance of the petitioner that the complete copy of inspection report was never furnished. The



petitioner thereafter submitted reply on 30.09.2024. The grievance of the petitioner is that the Additional Secretary passed the impugned order on 18.12.2024 by relying upon Clause Nos.8, 13 and 16 of the agreement and proceeded to debar the petitioner from participating in all future tenders and further blacklisted the agency for a period of five years. The petitioner has, therefore, filed the present petition.

3. Heard Mr. Prabhat Ranjan, learned Advocate for the petitioner and Mr. P.K. Shahi, learned Advocate General assisted by Mr. Vikas Kumar, learned AC to AG for the respondents.

4. Learned counsel for the petitioner mainly submits that before passing the impugned order, no show-cause notice was issued to the petitioner and, in fact, there is no provision in the agreement for blacklisting the petitioner company. Learned counsel would further submit that Clause Nos.8, 13 and 16 of the agreement would not be applicable and the respondent has wrongly placed reliance upon the same while passing the impugned order. Learned counsel referred the relevant clauses of the agreement. At this stage, learned counsel for the petitioner has also submitted that the impugned order has been passed in violation of principles of natural justice and, in fact, the



petitioner demanded the report of four members inspection team upon which reliance is placed by the respondent authority at the time of passing of the order impugned. However, copy of the complete report was never furnished to the petitioner. It is further submitted that even assuming that there is breach of contract on the part of the petitioner even then the respondent authority could not have passed the order of blacklisting of the petitioner. Learned counsel further submits that, in fact, the agreement was for a period of two years only and the said period expired on 27.12.2023, however, the impugned order has been passed on 18.12.2024. Learned counsel for the petitioner, therefore, urged that the impugned order be quashed.

4.1. Learned counsel for the petitioner has placed reliance upon the decisions rendered by the Hon'ble Supreme Court in the case of **Gorkha Security Services v. Govt. (NCT of Delhi)**, reported in **(2014) 9 SCC 105**, **UMC Technologies (P) Ltd. v. Food Corpn. of India**, reported in **(2021) 2 SCC 551**, **Blue Dreamz Advertising Pvt. Ltd. & Anr. v. Kolkata Municipal Corporation & Ors.**, reported in **2024 SCC OnLine SC 1896** and **Techno Prints v. Chhattisgarh Textbook Corporation & Anr.**, reported in **2025 SCC OnLine SC 343**.

5. On the other hand, Mr. P.K. Shahi, learned



Advocate General appearing on behalf of the respondents has vehemently opposed the present petition. Learned Advocate General for the respondents has, at the outset, submitted that the petitioner is having alternative remedy as per Clause 17 of the agreement and, therefore, in case of any dispute between the parties, the same is required to be amicably settled. Further, if the dispute is not settled amicably, the matter is required to be referred to the Arbitrator for adjudication of the dispute. Learned counsel, therefore, urged that the present petition may be dismissed only on this ground.

5.1. Learned Advocate General appearing on behalf of the respondents would thereafter refer the counter affidavit, supplementary counter affidavit as well as the second supplementary counter affidavit filed on behalf of the respondents. Thereafter, learned Advocate General submits that the petitioner was under obligation to submit monthly progress report regarding condition/status of bridges coming under his supervision. In the monthly progress report submitted by the agency (petitioner), it was reported that the bridge in question was constructed with good quality and remarked as “OK”. Despite the satisfactory report submitted by the petitioner, the Araria bridge was damaged on 18.06.2024, which clearly



suggests that there is deficiency in service rendered by the petitioner. The show-cause notice was, therefore, issued to the petitioner. It is also contended that the damaged bridge was inspected by the departmental investigation team from 21.06.2024 to 23.06.2024 and the quality of the bridge was not found satisfactory in the preliminary investigation report dated 30.07.2024 submitted by the said team.

5.2. At this stage, the learned Advocate General appearing on behalf of the respondents submitted that due to poor work performance of the petitioner, the petitioner was directed to appoint key personnel vide departmental Letter No.4065, dated 14.11.2023, however, the petitioner did not comply the direction and, therefore, on 29.02.2024, show-cause notice was issued to the petitioner for taking punitive action under Clause 8(iii) of the agreement. The learned Advocate General further submits that as the report submitted by the petitioner was found to be contrary to the report submitted by the investigation team, show-cause notice dated 10.09.2024 came to be issued under Clause 8(iii) of the agreement. At this stage, it has been contended that the investigation of the damaged bridge was also made by the Testing and Research Institute, Road Construction Department, Technical Examiner Cell Monitoring



Department and IIT Patna during which it has been revealed that the material, concrete and reinforcement used in the construction work were found to be not up to the standard. It is also submitted that the show-cause notice was issued to the petitioner before passing the impugned order and, therefore, it is not correct on the part of the petitioner to contend that the respondent has not issued the show-cause notice and violated the principles of natural justice.

5.3. At this stage, the learned Advocate General further submits that as per Clause 9 of the agreement, the implementation of the project is envisaged for a period of two years with a possibility of extension based on the project requirement and satisfactory performance and, in fact, the supervisory control assigned to the petitioner over the construction work was never ceased by the respondent department. The learned Advocate General referred the averments made in para-18 of the second supplementary counter affidavit and thereafter contended that the agreement entered into between the parties has never been terminated/closed and the same still exists. Learned Advocate General for the respondents also submitted that the petitioner has not filed any rejoinder affidavit controverting the averments made in para-18 of the



second supplementary counter affidavit. Mr. Shahi, the learned Advocate General lastly contended that the decisions upon which reliance has been placed by the learned counsel for the petitioner would not be applicable to the facts of the present case. He, therefore, urged that the present petition be dismissed.

6. Having heard learned Advocates appearing for the parties and having gone through the materials placed on record, it is revealed that the agreement dated 27.12.2021 came to be executed between the petitioner and Respondent No.2 for providing consultancy services for project management and construction supervision of bridges on rural road in the State of Bihar. Clause 9 of the said agreement provides the schedule for completion of task as two years (24 months) with the possibility of extension based on the project requirement and satisfactory performance. Now, it is the case of the petitioner that the agreement expired on 27.12.2023 and thereafter the impugned order has been passed on 18.12.2024 by which the company has been blacklisted for a period of five years. However, it is relevant to note that it is the specific case of the respondent in the second supplementary counter affidavit and more particularly in para-18 of the said affidavit that the agreement has never been terminated/closed and the same still exists. It is relevant to



observe at this stage that the petitioner has not filed any rejoinder affidavit controverting the aforesaid averment. Keeping in view the aforesaid factual aspect, if the submissions canvassed by learned Advocates for the parties are examined, it is revealed that the petitioner was under obligation to submit monthly progress report regarding condition/status of bridges coming under his supervision and in the monthly progress submitted by the petitioner it was reported that Araria bridge (bridge in question) was constructed with good quality and remarked as "OK". However, thereafter it was found that Araria bridge was damaged on 18.06.2024 and, therefore, show-cause notice was issued to the petitioner. In fact, the petitioner submitted reply on 23.07.2024. It is relevant to observe that the damaged bridge was inspected by the departmental investigation team from 21.06.2024 to 23.06.2024 in which the quality of the bridge was not found satisfactory and, therefore, the preliminary investigation report was submitted by the said team on 30.07.2024. It is the case of the petitioner that copy of the complete report was not given to the petitioner. However, it is not the case of the petitioner that copy was not supplied to the petitioner. In fact, it is revealed from the record that the investigation of the damaged bridge was carried out by the



Testing and Research Institute, Road Construction Department, Technical Examiner Cell Monitoring Department and IIT Patna. During the said investigation, it was revealed that the material, concrete and reinforcement used in the construction work were found to be not up to the standard, despite which, the petitioner submitted report as everything is “OK”. At this stage, we would like to examine Clause 8, which provides various types of penalties, which can be imposed. Clause 13 provides for responsibility for accuracy. We are of the view that as per Clause 8(iii), order of blacklisting can be passed against the consultancy agency.

7. It is also required to be observed that the respondent, in para-12 of the second supplementary counter affidavit, has specifically stated that “Final Progress Report” was submitted by the petitioner on 08.02.2024 for the period between 8<sup>th</sup> February, 2022 to 7<sup>th</sup> February, 2024, however, the said report was not accepted by the Engineer-in-Chief-cum-Additional Commissioner-cum-Special Secretary, Rural Works Department. In fact, the petitioner was asked on 29.02.2024 as to why punitive action be not taken against the petitioner for not making appointment of key personnel with a direction to submit his clarification. Further, in para-7 of the second supplementary



counter affidavit, the respondent has specifically contended that the supervisory control assigned to the petitioner over the construction work was never ceased or even suspended by the respondent department. It is required to be observed, at this stage, that the petitioner has not filed any rejoinder affidavit controverting the aforesaid averments made in the second supplementary counter affidavit.

8. In view of the aforesaid facts and circumstances of the present case, we are of the view that when the committee of experts consisting of four different department investigated the bridge and when Araria bridge, i.e., the bridge in question, was found damaged on 18.06.2024, the respondent authorities were justified in initiating action under different clauses of the agreement and show-cause notice was issued to the petitioner before passing the impugned order of blacklisting. We are of the view that there is no violation of principles of natural justice as alleged by the petitioner.

9. In the case of **Gorkha Security Services** (supra), the Hon'ble Supreme Court has observed in paragraph nos.21 and 27 as under:

“21. The central issue, however, pertains to the requirement of stating the action which is proposed to be taken. The fundamental purpose behind the serving of show-cause notice is to



make the noticee understand the precise case set up against him which he has to meet. This would require the statement of imputations detailing out the alleged breaches and defaults he has committed, so that he gets an opportunity to rebut the same. Another requirement, according to us, is the nature of action which is proposed to be taken for such a breach. That should also be stated so that the noticee is able to point out that proposed action is not warranted in the given case, even if the defaults/breaches complained of are not satisfactorily explained. When it comes to blacklisting, this requirement becomes all the more imperative, having regard to the fact that it is harshest possible action.

27. We are, therefore, of the opinion that it was incumbent on the part of the Department to state in the show-cause notice that the competent authority intended to impose such a penalty of blacklisting, so as to provide adequate and meaningful opportunity to the appellant to show cause against the same. However, we may also add that even if it is not mentioned specifically but from the reading of the show-cause notice, it can be clearly inferred that such an action was proposed, that would fulfil this requirement. In the present case, however, reading of the show-cause notice does not suggest that noticee could find out that such an action could also be taken. We say so for the reasons that are recorded hereinafter.”

10. In the case of **UMC Technologies (P) Ltd.** (supra), the Hon’ble Supreme Court has observed in paragraph nos.13 and 14 as under:

“13. At the outset, it must be noted that



it is the first principle of civilised jurisprudence that a person against whom any action is sought to be taken or whose right or interests are being affected should be given a reasonable opportunity to defend himself. The basic principle of natural justice is that before adjudication starts, the authority concerned should give to the affected party a notice of the case against him so that he can defend himself. Such notice should be adequate and the grounds necessitating action and the penalty/action proposed should be mentioned specifically and unambiguously. An order travelling beyond the bounds of notice is impermissible and without jurisdiction to that extent. This Court in *Nasir Ahmad v. Custodian General, Evacuee Property* [*Nasir Ahmad v. Custodian General, Evacuee Property*, (1980) 3 SCC 1] has held that it is essential for the notice to specify the particular grounds on the basis of which an action is proposed to be taken so as to enable the noticee to answer the case against him. If these conditions are not satisfied, the person cannot be said to have been granted any reasonable opportunity of being heard.

14. Specifically, in the context of blacklisting of a person or an entity by the State or a State Corporation, the requirement of a valid, particularised and unambiguous show-cause notice is particularly crucial due to the severe consequences of blacklisting and the stigmatisation that accrues to the person/entity being blacklisted. Here, it may be gainful to describe the concept of blacklisting and the graveness of the consequences occasioned by it. Blacklisting has the effect of denying a person or an entity the privileged opportunity of entering into government contracts. This privilege arises because it is the State who is the counterparty in government



contracts and as such, every eligible person is to be afforded an equal opportunity to participate in such contracts, without arbitrariness and discrimination. Not only does blacklisting take away this privilege, it also tarnishes the blacklisted person's reputation and brings the person's character into question. Blacklisting also has long-lasting civil consequences for the future business prospects of the blacklisted person.”

11. In the case of **Blue Dreamz Advertising Pvt. Ltd.** (supra), the Hon’ble Supreme Court has observed in paragraph-26 as under:

“26. In other words, where the case is of an ordinary breach of contract and the explanation offered by the person concerned raises a bona fide dispute, blacklisting/debarment as a penalty ought not to be resorted to. Debarring a person albeit for a certain number of years tantamounts to civil death inasmuch as the said person is commercially ostracized resulting in serious consequences for the person and those who are employed by him.”

12. In the case of **Techno Prints** (supra), the Hon’ble Supreme Court has observed in paragraphs-27, 29 and 30 as under:

“27. This Court in *The Blue Dreamz Advertising Pvt. Ltd. v. Kolkata Municipal Corp.*, 2024 INSC 589 while quashing and set asiding the blacklisting order as affirmed by the High Court in almost identical facts observed as under:

1. In case there exists a genuine dispute between the parties based on the terms of the contract,



blacklisting as a penalty cannot be imposed.

2. The penalty of blacklisting may only be imposed when it is necessary to safeguard the public interest from irresponsible or dishonest contractors, and
3. The Corporation being a statutory body, have a higher threshold to satisfy before passing such blacklisting order and therefore, the measures undertaken by it should be reasonable.

**29.** However, what is important for us to say is that when there are guiding principles explained by this Court as to when & in what circumstances a blacklisting order can be passed then, in our opinion such principles should also be borne in mind by the Authority at the time of issuing a show cause notice. We say so because in the facts of a given case like the one on hand, on the face of which it could be said that there was no good reason for the Authority to issue a show cause notice calling upon the contractor why he should not be blacklisted. Why ask the contractor to face the proceedings when applying the aforesaid principles, the issue of show cause notice would be an empty formality. We are saying all this keeping in mind the peculiar facts of this case.

**30.** Therefore, the Authority is expected to be very careful before issuing a show cause notice. It is expected to understand the facts well and try to ascertain what sort of violation is said to have been committed by the contractor. As noted above, there is always an inherent power in the Authority to blacklist a contractor. But possessing



such inherent power and exercising such power are two different situations and connotations. There may be a power but there should be reasonable ground to exercise such power.”

13. We have gone through the aforesaid decisions upon which reliance has been placed by learned counsel for the petitioner. This Court cannot dispute the proposition of law laid down by the Hon’ble Supreme Court in the aforesaid cases, however, we are of the view that the aforesaid decisions would not render any assistance to the petitioner in the facts and circumstances of the present case. In the present case, the respondent authority has issued show-cause notice to the petitioner before passing the impugned order and the reference is also made with regard to the inspection report submitted by the concerned inspection team. It is the specific case of the respondents that as per the agreement, the petitioner was required to carry out the supervisory work of all the bridges mentioned in the said agreement and, in fact, the petitioner submitted its report with regard to the bridge in question wherein it is stated that the construction work is found to be “OK”. However, on 18.06.2024, it was found that the said bridge was damaged. The inspection team specifically stated with regard to poor quality of construction work carried out by the concerned person and the petitioner has failed to supervise the same and



submitted report that the work is found to be “OK”.

14. Looking to the seriousness of the matter, which is in connection with damage of the bridge because of poor quality of construction, which was not properly supervised, and as per the provisions contained in the agreement, when the respondent department has taken action of blacklisting the petitioner as per the agreement and after following the principles of natural justice, we are of the view that the aforesaid decisions would not be helpful to the petitioner.

15. In the facts and circumstances of the present case, we are not inclined to entertain the present petition. Accordingly, the petition stands dismissed.

**(Vipul M. Pancholi, CJ)**

**Partha Sarthy, J: I agree.**

**(Partha Sarthy, J)**

*Sanjay/-*

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