



W.P(MD)No.10617 of 2024

BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

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DATED : 24.09.2025

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THE HONOURABLE MR.JUSTICE G.R.SWAMINATHAN

W.P(MD)No.10617 of 2024

and

W.M.P.(MD)Nos.9506 and 9507 of 2024

R.K.Patel and Co.,
Represented by its Proprietor,
R.K.Patel, S/o.K.J.Patel,
No.314, Phonix Complex,
Nr. Suraj Plaza, Sayajigunj,
Vadodara - 390 005.

... Petitioner

Vs.

The Executive Engineer and Estate Officer,
V.O.Chidambaranar Port Authority,
Ministry of Ports, Shipping and Waterways,
Government of India,
Administrative Office, Harbour Estate,
Tuticorin - 628 004

... Respondent

Prayer : Writ Petition filed under Article 226 of the Constitution of India, praying this Court to issue a Writ of Certiorarified Mandamus, calling for the records of the Respondent vide proceedings in No.E(C).56/13/2019/EST/D.2788 dated 19.10.2022 and quash the debarment as illegal and consequently direct the respondent to refund the forfeited Earnest Money deposit and performance security deposit.



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For Petitioner : Mr.P.Karthick

For Respondent : Mr.N.Dilipkumar

ORDER

Heard both sides.

2.The respondent issued notification dated 08.04.2022 inviting applications from eligible tenderers for carrying out the work of valuation of land assets of VOC Port Authority for fixation of lease rent. The petitioner applied in response thereto and he was chosen as the successful tenderer. The work order was also issued on 30.06.2022. The petitioner however failed to remit the performance security and also submit the draft report within time. Hence, the respondent vide order dated 19.10.2022 cancelled the work order and also forfeited the earnest money and performance security deposited by the petitioner. The petitioner was also debarred. Challenging the same, this writ petition has been filed.



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3. When the matter was taken up for hearing, the learned counsel for the petitioner submitted that the petitioner would not challenge the impugned order in its entirety. In other words, he would neither question the order of cancellation nor seek refund of the forfeited deposited amounts. He would only pray for quashing blacklisting by the respondent authority.

4. The respondent filed counter affidavit and the learned standing counsel took me through its contents. My attention was drawn to the guidelines on debarment of firm from bidding issued by the Ministry of Finance vide Office Memorandum dated 02.11.2021. The said Office Memorandum states that firms can be debarred under the following circumstances:-

“Debarment by a Single Ministry/Department

5. Orders for Debarment of a firm(s) shall be passed by a Ministry / Department / Organizations, keeping in view the following:-

(a)

(b)

(c) A bidder can also be debarred for any actions or omissions by



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the bidder other than violation of code of integrity, which in the opinion of the Ministry / Department, warrants debarment, for the reasons like supply of sub-standard material, non-supply of material, abandonment of works, sub-standard quality of works, failure to abide “Bid Securing Declaration” etc.”

According to the learned standing counsel, the case on hand would attract the aforesaid clause. He called upon this Court to dismiss this writ petition.

5.I carefully considered the rival contentions and went through the materials on record. The only question that calls for consideration is whether blacklisting of the petitioner has to be interfered with. Before passing the impugned order, the petitioner was not put on notice. On this sole ground, the impugned order has to be set aside to the extent prayed for by the writ petitioner. The Hon'ble Supreme Court in the decision reported in ***AIR 1975 Supreme Court 266 (Erusian Equipment & Chemicals Ltd Vs. State Of West Bengal)*** had held as follows:-

“15. The blacklisting order does not pertain to any particular contract. The blacklisting order involves civil consequences. It casts a slur. It creates a barrier between the persons blacklisted and the Government in the matter of transactions. The blacklists are “instruments of coercion”.



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...
20. Blacklisting has the effect of preventing a person from the privilege and advantage of entering into lawful relationship with the Government for purposes of gains. The fact that a disability is created by the order of blacklisting indicates that the relevant authority is to have an objective satisfaction. Fundamentals of fair play require that the person concerned should be given an opportunity to represent his case before he is put on the blacklist.”

6. Normally, when an order is set aside on the ground of breach of principles of natural justice, the usual course adopted by the Court is to remand the matter to the file of the very same authority for fresh consideration. But in the case on hand, I will have to stop with quashing the impugned order of blacklisting alone. I do not propose to remand the matter. This is in view of the decision of the Hon'ble Supreme Court reported in **2025 INSC 236 (Technoprints v. Chhattisgarh Text Book Corporation)**. The Hon'ble Supreme Court in the said decision had held that even if there is no express provision in the contract, the authority has the inherent power of blacklisting. But there should be reasonable ground to exercise such power. The Court reiterated the following three



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principles laid down in ***The Blue Dreamz Advertising Pvt. Ltd. Vs. Kolkata Municipal Corp. & Ors. (2024 INSC 589)*** :

“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.”

7.I am more than satisfied that the case on hand would not fall under any of the aforesaid parameters. The petitioner has been visited with enough adverse consequence for their omission. The work order has been cancelled and the performance security as well as the earnest money deposit, deposited by them has also been forfeited. The petitioner also has not challenged the same. He wants to give a quietus. If the petitioner is debarred, it will virtually result in his economic death. In future, the petitioner may have to compete in any other tender processes initiated by other firms. Invariably, the petitioner would be called upon



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to answer, if he was ever blacklisted. If the petitioner's answer is in the affirmative, then obviously his chances of succeeding in the said tender process also would be very bleak. It is for this reason, I am constrained to quash the impugned order of blacklisting. The order of blacklisting made by the respondent is alone quashed. In all other respects, the impugned order is left intact.

8.This writ petition is partly allowed. No costs. Consequently, connected miscellaneous petitions are closed.

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NCC : Yes/No
Index : Yes / No
Internet : Yes/ No
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G.R.SWAMINATHAN, J.

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