BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED : 28.10.2025

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THE HONOURABLE MR.JUSTICE G.R.SWAMINATHAN

W.P.(MD)No.2712 of 2016
AND
W.M.P.(MD)Nos.2395 & 2396 of 2016

Sri Paulthai Lorry Booking Office,
Through its Proprietor G.Jeyasing,
No.290 A/3, Sivanthakulam Road,
Tuticorin – 628 003. ... Petitioner

Vs.

1. The Regional Manager,
Tamil Nadu Civil Supplies Corporation,
SIPCOT Campus,
Tuticorin – 628 008.

2. The Managing Director,
Tamil Nadu Civil Supplies Corporation,
Head Office, Chennai – 10. ... Respondents

Prayer: Writ petition filed under Article 226 of the Constitution of India, to issue a Writ of Mandamus, calling for the records in connection with the impugned order passed by the second respondent vide proceedings Ref.No.nr.K.Miz.No.MD/10/50594 of 2011 dated 01.02.2016 and the consequential order passed by the second respondent vide ref.Na.Ka.No.MD10/50594 of 2011 dated 03.02.2016 and quash the same.

For Petitioner : Mr.Niranjan S.Kumar

For Respondents : Mr.R.Baskaran
Additional Advocate General
Assisted by Mr.K.R.Badurus Zaman
Government Advocate.

* * *

ORDER

Heard both sides.

2.The writ petitioner is a transport contractor. He was periodically awarded contracts of transportation of stocks from various places to the godowns run by the Tamil Nadu Civil Supplies Corporation (TNCSC). While so, show cause notice dated 28.06.2011 was issued putting the petitioner on notice that during 2008-09 when palm oil sachets were transported from Thoothukudi Region to various godowns, there was a shortfall of 699 packets. Whenever goods are despatched and delivered, four forms (party copy, transport copy, accounts copy and office copy) will have to be filled up. The stand of the Regional Manager, TNCS, Thoothukudi was that the petitioner had indulged in cheating by overwriting on the transport copies. As a result, the Corporation had suffered loss to the tune of Rs.34,950/-. The petitioner was called upon to explain as to why he should not be called upon to make good the loss. The petitioner's explanation was also sought as to why he should not be blacklisted. The alleged loss was recovered from the petitioner on the same day.

3.The writ petitioner offered his explanation on 04.07.2011. Not satisfied with the same, vide proceedings dated 05.07.2011, the petitioner's contract was cancelled and he was also blacklisted. Questioning the same, the petitioner filed an appeal before the Managing Director of TNCSC. He also filed W.P(MD) No.8063 of 2011. Vide order dated 20.07.2011 made in MP(MD) No. 1 of 2011, interim stay was granted on the grounds of violation of principles of natural justice. The writ petition was disposed of on 10.12.2015 in the following terms:

> “4.The learned counsel appearing for the first and second respondents submitted that in view of the pendency of the present writ petition, the appeal preferred by the petitioner before the second respondent could not be considered and disposed of. Therefore, without expressing any view on the merits and contentions raised in the writ petition, I only direct the second respondent to consider the appeal filed by the petitioner on merits and in accordance with law and pass appropriate orders within a period of four weeks from the date of receipt of a copy of this order. Till the second respondent passes an order, the interim stay, already granted by this Court, of the impugned order, shall continue.”

The appeal was howeveer dismissed on 01.02.2016 by the Managing Director, TNCSC. Challenging the same, this writ petition came to be filed.

4.The learned counsel appearing for the writ petitioner reiterated all the contentions set out in the affidavit filed in support of the writ petition and called upon this Court to set aside the impugned order and grant relief as prayed for.

5.Per contra, the learned Additional Advocate General assisted by the learned Standing Counsel for the Corporation contended that the writ petitioner was rightly blacklisted and that interference with the said order is not warranted. According to the respondents, the writ petitioner had manipulated the transport copies and made them appear as if 699 sachets had suffered leakage. As a result of such manipulations, wrongful loss was caused to the Corporation. The learned Additional Advocate General pointed out that the power to blacklist is very much found in the agreement entered into between the parties. The tender notification also specifically provided for the same. When the contractor had indulged in an act of fraud, the Corporation is left with no other option but to blacklist the contractor. Stress was laid on the fact that this is a matter of commercial contract and that there is limited scope for judicial review. The learned Additional Advocate General called upon this Court to dismiss the writ petition.

6.I carefully considered the rival contentions and went through the materials on record.

7.At the very outset, it must be noted that the alleged cause of action that led to blacklisting dated back to the year 2008-2009. The contract for the said year had already worked itself out. Performance certificate was also issued by the corporation in favour of the writ petitioner. The petitioner was the contractor for the Respondent Corporation for the subsequent years also ie., 2009-2010 and 2010-2011. A number of performance certificates issued by the Corporation in favour of the petitioner have been enclosed in the typed set of papers. The show cause notice was issued only on 28.06.2011. The cause of action pertains to the year 2008-09. There is absolutely no explanation for the belated issuance of show cause notice. The delay is gross and inordinate. If really the petitioner had indulged in manipulations and caused wrongful loss to the Corporation, it would have definitely been noticed either contemporaneously or shortly thereafter. The counter affidavit filed by the Corporation is silent on this aspect.

8.On the other hand, the writ petitioner has alleged that the impugned proceedings are a counter blast to a complaint made by him.

The writ petitioner challenged the award of contract to one T. Lawrence by filing WP No. 13573 and 13574 of 2011 on 09.06.2011. The show cause notice is dated 28.06.2011. To me, this is too much of a coincidence. It is plausible that because of the institution of the aforesaid writ petition, the petitioner invited the displeasure of the Corporation officials.

9.What clinches the issue in favour of the writ petitioner is the fact that enquiry was conducted into the allegation and the enquiry report exonerated the writ petitioner. The enquiry was done by the Regional Manager. There is a specific finding in the enquiry report that there is no discrepancy between the party copy and the transport copy and that there is no evidence to prove that the contractor modified the entries. The Enquiry Official did not find any incriminating material against the petitioner. But this report dated 21.07.2011 does not find any reference or mention in the impugned orders. It is well settled that any administrative order has to take into account all the relevant materials. The Hon'ble Supreme Court in the decision reported in ***(2006) 8 SCC 200 (Jayarajbhai Jayanthibhai Patel v. Anilbhai Nathubhai Patel)*** held that an administrative decision or action that excludes from consideration the relevant material may be struck down. The enquiry report submitted by the Regional Manager is definitely a relevant material. It has been submitted pursuant to the request from the Head office. Failure to advert to the same, definitely vitiates the impugned proceedings.

10.The Hon'ble Supreme Court in the decision reported in **2025 INSC 236** (***Techno Prints vs Chattisgarh Textbook Corporation)*** had held as follows:

> *"33.As observed by this Court in Erusian Equipment & Chemicals Ltd. Vs. State of W.B. reported in (1975) 1 SCC 70, an order of blacklisting casts a slur on the party being blacklisted and is stigmatic. Given the nature of such an order and the import thereof, it would be unreasonable and arbitrary to visit every contractor who is in breach of his contractual obligations with such consequences.* ***There have to be strong, independent and overwhelming materials to resort to this power given the drastic consequences that an order of blacklisting has on a contractor.***
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> *34.Plainly, if a contractor is to be visited with the punitive measure of blacklisting on account of an allegation that he has committed a breach of a contract, the nature of his conduct must be so deviant or aberrant so as to warrant such a punitive measure."*

From a reading of the above, one can conclude that an order of blacklisting must satisfy the test of proportionality. It cannot be lightly passed. The employer must be objectively satisfied that the contractor's conduct is such as to warrant the extreme penalty of blacklisting. The contractor must be put on notice. When the contractor disputes the premises on which the action is proposed, fairness requires that an enquiry at least of a summary nature is conducted. The manner in which the enquiry is conducted is certainly open to judicial review. In the case on hand, the enquiry report is in favour of the petitioner. The order of blacklisting is utterly silent as to why the enquiry report cannot be accepted. More than anything else, the allegations are absolutely insufficient to warrant the imposition of the penalty of blacklisting. When the act attributed to the petitioner itself has not been established, the imposition of the impugned penalty cannot be sustained.

11.The order impugned in the writ petition is quashed. This Writ Petition is allowed accordingly. No costs. Consequently, connected miscellaneous petitions are closed.

28.10.2025

NCC : Yes / No
Index : Yes / No
Internet : Yes/ No
MGA/skm

To:

1. The Regional Manager,
   Tamil Nadu Civil Supplies Corporation,
   SIPCOT Campus,
   Tuticorin – 628 008.

2. The Managing Director,
   Tamil Nadu Civil Supplies Corporation,
   Head Office, Chennai – 10.

G.R.SWAMINATHAN, J.

MGA

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