



CWP-15976-2025 (O&M)

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103

**IN THE HIGH COURT OF PUNJAB & HARYANA
AT CHANDIGARH**

**CWP-15976-2025 (O&M)
Date of Decision: 20.08.2025**

M/s Nav Durga Rice Mills and others

..... Petitioners

Versus

State of Punjab and others

..... Respondents

CORAM: HON'BLE MR. JUSTICE HARSH BUNGER

Present: Mr. Daman Dhir, Advocate
for the petitioners.

Mr. Nirmaljit Singh Diwana, Sr. DAG, Punjab.

Mr. Manbir Singh Bath, Advocate
for respondents No.4 and 6.

Mr. K.K. Gupta, Advocate
for respondents No.8 to 10.

HARSH BUNGER J. (ORAL)

The instant writ petition has been filed under Articles 226/227 of the Constitution of India *inter alia* seeking issuance of a writ in the nature of Certiorari for quashing of the action of respondents in imposition of recoveries on account of differential cost of fortified rice and custom milled rice for entire lot/batch of fortified rice kernels pertaining to Kharif Marketing Season 2022-23 (Annexure P-1) whereas only one stack i.e. 174 MTS have been declared to be below rejection limit.

1.1 Another prayer has been made for setting aside the letter dated 19.12.2023 (Annexure P-9) to the limited extent whereby a decision has been



taken to recover the cost of fortification of stocks, manufactured by using the same batch of fortified rice kernels.

1.2 A further prayer has been made for setting aside the notices (Annexure P-11) issued to the petitioners, vide which recovery of cost of fortification of stocks manufactured by using the lot of same fortified rice batch, has been asked to be deposited.

2. A perusal of the instant writ petition would show that there are disputed questions of facts which are involved herein which would require leading of evidence and the same is not possible in the instant proceedings. Further, it is not disputed by learned counsel for the petitioners that in terms of the Custom Milling Policy for Kharif 2022-23 (Annexure P-1), there is a provision under Clause 24(d) stating that all the disputes and differences arising out of or in any manner touching or concerning the agreement whatsoever shall be referred to the sole arbitration of an arbitrator to be appointed by the State Procurement Agency and the award of the arbitrator shall be binding on the parties to the contract.

2.1 That apart, somewhat similar issues were considered by this court in CWP-27111-2023 and other connected matters, titled as “M/s Shri Ganesh Rice Mill and Others versus State of Haryana and Others”, the relevant extracts of which read as under:-

“1.1 Factual Matrix:-

With the consent of learned counsel representing the parties, a bunch of Civil Writ Petitions and COCPs, detail whereof is given at the foot of the judgment, shall stand disposed of by this common order.

1.2 Learned counsel representing the parties have agreed that for the purpose of noticing facts CWP-27111-2023, ‘M/s Shri Ganesh Rice Mill and others vs. State of Haryana and others’ be treated as lead case.



1.3 In all these writ petitions, the petitioners pray for issuance of a writ in the nature of certiorari to quash Food Corporation of India's (hereinafter referred to as 'FCI') order passed on 22.11.2023 (Annexure P-19), asking the petitioners to replace the stock of Custom Milled Rice, which has been found to be beyond the requisite parameters as contemplated by Government of India. In substance, the petitioners are challenging the FCI's direction to the rice millers to replace fortified rice, which was found beyond the prescribed standard.

1.4 xxx xxx xxx

1.5 The States of Punjab and Haryana contribute significant quantity of rice to the central pool. For that purpose, both the States have created its instrumentalities for the purpose of purchasing paddy from farmers through commission agents, which is then allocated to Rice Mills for dehusking (job work). For that purpose, every year a Custom Milling Policy is adopted by the States in order to bring transparency in allotment of the paddy and to regulate the supply of rice to the FCI. The petitioners are the Rice Mills, who after dehusking the paddy are expected to supply rice to the FCI on behalf of instrumentalities of the State. Before allotment of paddy, the Rice Mills and the instrumentalities of the State enters into contract which contains a Clause for referring the matter to the Arbitration for dispute resolution.

1.6 In the year 2019, Government of India took an initiative to address the problems of anemia and micro-nutrient deficiency/malnutrition amongst residents. For that purpose, blending of normal rice with Fortified Rice Kernels (hereinafter referred to as 'FRK') in the ratio of 1:100 was introduced, for which, additional payment was to be made to the Rice Miller. After blending FRK in the ratio of 1:100 with Custom Milled Rice, the Rice Miller is required to supply the fortified rice to the FCI. In the Kharif Marketing Season 2021-22, the fortified rice was delivered by the writ petitioner. However, huge quantity of fortified rice on subsequent analyses was found to be outside the prescribed norms. As per the terms, the Rice Miller is required to



replace the entire rejected stack within a specified time, failing which, the payment and the storage charges shall be recovered from the State or its instrumentalities.

1.7 While filing the reply, it has been disclosed that Custom Milled Rice/fortified rice should be having micro-nutrient level in the prescribed limits with blending ratio of 0.90% to 1.10% as per the SOP dated 15.03.2022. The range of micro-nutrients reads as under:-

<i>Micronutrient</i>	<i>Reference Range</i>
<i>Iron(Micronized Ferric Pyrophosphate)</i>	<i>28-42 mg/kg</i>
<i>Folic Acid</i>	<i>75-125 µg/kg</i>
<i>Vitamin B12</i>	<i>0.75-1.25 µg/kg</i>

1.8 It would be noted here that during the pendency of the writ petition, learned counsel representing the FCI has informed the Court that a decision has been taken to accept fortified rice as CMR, where micro-nutrient level is below the prescribed limit, subject to recovery of cost incurred on fortification of stacks. However, where micro-nutrient level is above the prescribed range, the FCI refuses to accept the supply. This dispute has led to filing of various writ petitions and contempt petitions.

2. xxx xxx xxx

3. Analyses, Discussion & Decision:-

3.1 First of all the scope of judicial review in policy decision is extremely limited, when it has been taken by the experts. In this case, the dispute is with regard to blending of FRK beyond the permissible limit. This fortified rice is for the consumption of citizens through public distribution supply/system. If the experts are of the opinion that such rice may not be safe for human consumption, this Court in exercise of writ jurisdiction is not expected to interfere.

3.2 Secondly, FCI is not a party to the bilateral agreement between State instrumentalities and Rice Mill. Hence, FCI cannot be forced to accept fortified rice which is beyond the prescribed limit. FCI is an instrumentality of the Central Government and is



bound by instructions issued by the Government of India. Its duty is to procure rice for public distribution supply through Ration Depots and under other schemes of the Central Government. In fact, this issue is squarely covered by the judgment of the Division Bench in M/s Inder Singh Ajit Singh's case (Supra). Learned Single Judge has allowed the writ petitions preferred by the Rice Mills, however, the same was reversed by the Division Bench on the ground that there is no privity of contract between FCI and Rice Mills. The Court has held that the directions issued by the FCI to receive rice which is beyond the permissible prescribed prescription is not appropriate.

3.3 With reference to the submissions of learned counsel representing the petitioners, it would be noticed that Annexure P-12 is an internal communication which cannot be made basis to claim that the FCI is bound to accept fortified rice, which is beyond the prescribed limit.

3.4 Similarly, the argument of learned counsel that FRK is not manufactured by the Rice Mills does not have legs to stand because the Rice Mills are liable to purchase the FRK from its manufacturers. Of course, manufacturers are empanelled by the State or its instrumentalities, however, FCI has no role to play. Similarly, the difference in the reports submitted by various Government approved laboratories does not help the petitioners because the report had been sought from multiple laboratories while giving opportunity to check the quality. It has been found that a significantly large number of sample sent for testing have been reported to be deficient to the standards till date.

3.5 Similarly, even if the agreement between Rice Mill and procurement Agency is totally silent regarding any penalty or replacement of low quality of FRK, it would have no adverse impact because FCI is not a party to the aforesaid agreement.

3.6 This Court has read the judgment in M/s Mahavir Rice and General Mills's case (Supra). In the aforesaid case, a Co-ordinate Bench has held that the Rice Mills should not be denied allotment of paddy for next year subject to furnishing of undertaking by the petitioners to the effect that if during the



course of investigation enquiry, if any, conducted by the FCI, it is found that they are guilty of alleged defects, they would replace BRL/defective stock or in alternative pay the cost of stock with interest. Thus, the aforesaid judgment does not help the petitioners.

3.7 Furthermore, the dispute between the manufacturer of the FRK and the Rice Millers or procurement Agency is not binding on FCI. The question whether the manufacturer of FRK is liable for rejection of stock and imposition of penalty is not subject matter of present writ petition. Moreover, in this case, predominantly the question is higher ratio of blending of FRK with Custom Milled Rice which is beyond permissible limit. The blending is to be carried out by the Rice Millers and not manufacturer of FRK. Similarly, failure on the part of the FCI to carry out joint sampling is disputed by FCI. In any case, subsequent samples were drawn after associating the petitioners.

3.8 While deciding the writ petitions under Article 226 of the Constitution of India, the Court is not expected to decide disputed questions of facts, which are required to be proved by leading evidence. In this case, more than one disputed question of fact is involved.

3.9 Keeping in view the aforesaid discussion, the petitioners are relegated to the alternative remedy and hence, all the writ petitions and COCPs are disposed of...”

3. Keeping in view the above and since an alternative remedy of arbitration was available to the petitioners, the present writ petition is dismissed; however leaving it open to the petitioners to avail their remedy in accordance with law.

4. All the pending application(s), if any, shall also stand closed.

20.08.2025

Himani

(HARSH BUNGER)
JUDGE

1. Whether speaking/reasoned	:	Yes/No
2. Whether reportable	:	Yes/No