

111 IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

CWP-33907-2025 (O/M)
Date of decision : 01.12.2025

M/s Khushi Agro Feed Industry Petitioner

Versus

State of Punjab and others Respondents

CORAM : HON'BLE MR. JUSTICE HARSH BUNGER

Present :- Mr. Rose Gupta, Advocate
for the petitioner.

Mr. Nirmaljit Singh Diwana, Senior DAG Punjab.

Mr. Amit Kumar Saini, Advocate
for caveator-respondent No. 6.

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HARSH BUNGER, J. (ORAL)

CM-17740-CWP-2025

1. This is an application filed under Section 151 CPC for placing on record certain documents as Annexure P-14 to Annexure P-17.
2. For the reasons mentioned in application, same is allowed and documents (Annexure P-14 to Annexure P-17) are taken on record, subject to all just exceptions.
3. Application is accordingly disposed of.

CWP-33907-2025

1. Prayer in the instant civil writ petition filed under Article 226 of Constitution of India, inter alia, is for issuance of a writ in the nature of certiorari for setting aside order dated 10.10.2025 (Annexure P-13), passed by Principal Secretary, Food Civil Supplies and

Consumer Affairs, Punjab (respondent No. 2 herein) to the extent whereby while deciding an appeal against order dated 05.09.2025 (Annexure P-11) and remanding the matter back to District Allotment Committee, a further direction has been issued to award punishment to defaulting mill as per the provisions of Custom Milling Policy 2019-20 (CMP 2019-20), if warranted and in case CMP 2019-20 does not provide for any punishment for wrong submission of documents, then the District Allotment Committee can still pass a speaking order and blacklist the firm if it is of the considered opinion that the documents submitted in 2019-20, 2020-21, 2021-22 and 2022-23 were forged.

2. Briefly, petitioner-firm is stated to have installed a rice mill having 1 ton capacity in the year 2019. It is stated that as per instructions dated 10.09.2007 (Annexure P-2), the land required for the installation of 1 ton capacity rice mill was 1.5 acres (12 kanals), whereupon the petitioner-firm is stated to have submitted documents of ownership of land, comprised in khasra No. 539 (8-0), khasra No. 525/1 (7-5) and khasra No. 546/2 (3-16), total area measuring 19 kanal - 1 marla.

2.1 It is averred that petitioner-firm's rice mill was duly registered by the department, vide registration No. 104257 and petitioner-firm was allotted to PUNGRAIN agency for Kharif Milling Season (KMS) 2019-20, 2020-21, 2021-22 and for KMS 2022-23, petitioner-firm was allotted to PUNSUP agency. It is stated that on account of some family dispute, petitioner-firm closed its business after completion of milling for 2022-23.

2.2 It transpires that a few complaints were submitted against petitioner-firm, out of which one was by his own brother Shri Krishan

Gopal, which was inquired into and dealt with by District Allotment Committee, who, vide order dated 15.07.2025 (Annexure P-6), ordered blacklisting of petitioner-firm for a period of three years, the relevant extract thereof reads as under :-

“From the report received from the Food and Supplies Officer, Kapurthala, it is clearly evident that the miller had obtained the allotment during the Kharif Season 2021-22 by submitting false documents and has violated Clause 9-a-x of the Custom Milling Policy for the year 2024-25, which is as under :-

“Any submission of any fake information/document(s) for the purpose of registration of mill, allotment of the mill or allocation of paddy”

Therefore, in the meeting of the District Allotment Committee, Kapurthala, held today on 15.07.2025, it was unanimously decided by all the committee members present and the Chairman, District Allotment Committee, that M/s Khushi Agro Feed Industries, Kapurthala, has violated the provisions of the Custom Milling Policy for the year 2024-25. Accordingly, M/s Khushi Agro Feed Industries, Kapurthala, is hereby blacklisted for a period of three years.”

2.3 Feeling aggrieved, petitioner-firm preferred an appeal against order dated 15.07.2025 (Annexure P-6) and appellate authority, vide order dated 05.09.2025 (Annexure P-11), set aside order dated 15.07.2025 (Annexure P-6).

2.4 Being dis-satisfied, Shri Krishan Gopal (complainant) challenged the order dated 05.09.2025 (Annexure P-11) by filing an appeal before second appellate authority, which came to be decided, vide

order dated 10.10.2025 (Annexure P-13), the relevant extract whereof reads as under :-

“5. In view of my above finding I, Rahul Tewari, set aside the orders of DAC dated 15.07.2025 and orders dated 05.09.2025 of First Appellate Authority-cum-Director, Food Civil Supplies and Consumer Affairs, Punjab. Consequently, I remand the matter back to DAC with directions that they may re-hear the matter and award punishment to the defaulting mill as per the provisions of CMP 2019-20 if warranted. In case that CMP 2019-20 does not provide for any punishment for wrong submission of documents, then DAC can still pass a speaking order and blacklist the firm if it is of the considered opinion that the documents submitted in 2019-20, 2020-21, 2021-22 and 2022-23 were forged.”

3. In the aforementioned circumstances, the petitioner-firm has filed the instant civil writ petition before this Court seeking relief(s), as noticed hereinabove.

4. Heard.

5. Learned counsel for petitioner-firm contends that although, vide impugned order dated 10.10.2025 (Annexure P-13), the matter has been remanded to District Allotment Committee, however, petitioner-firm is aggrieved against concluding part, which reads as under :-

“ In case that CMP 2019-20 does not provide for any punishment for wrong submission of documents, then DAC can still pass a speaking order and blacklist the firm if it is of the considered opinion that the documents submitted in 2019-20, 2020-21, 2021-22 and 2022-23 were forged.”

5.1 Learned counsel for petitioner submits that order for blacklisting a firm can be passed only if there is a clause in the custom

milling policy and in terms of above said direction, District Allotment Committee has been directed to blacklist petitioner-firm even if custom milling policy does not provide for any such punishment.

6. I have considered the aforesaid contention raised on behalf of petitioner-firm, however, I find no merit in the same especially in the light of observations made by Hon'ble the Supreme Court of India in the case of ***"M/s Patel Engineering Limited Versus Union of India and others, reported as 2012 (11) SCC 257***, the relevant extract of which reads as under :-

"12. It follows from the above judgment that the decision of State or its instrumentalities not to deal with certain persons or class of persons on account of the undesirability of entering into contractual relationship with such persons is called blacklisting. State can decline to enter into a contractual relationship with a person or a class of persons for a legitimate purpose. The authority of State to blacklist a person is a necessary concomitant to the executive power of the State to carry on the trade or the business and making of contracts for any purpose, etc. There need not be any statutory grant of such power. The only legal limitation upon the exercise of such an authority is that State is to act fairly and rationally without in any way being arbitrary - thereby such a decision can be taken for some legitimate purpose. What is the legitimate purpose that is sought to be achieved by the State in a given case can vary depending upon various factors."

6.1 Keeping in view the aforesaid observations made by Hon'ble the Supreme Court in the case of ***M/s Patel Engineering Limited*** (supra), it is clear that the authority of State to blacklist a person is a necessary concomitant to the executive power of the State to carry on the trade or

business or making of contracts for any purpose and that there is no need of any statutory grant of such power.

6.2 In view of above, contention raised on behalf of petitioner-firm, assailing the observations made by Principal Secretary, Department of Food Civil Supplies and Consumer Affairs, Punjab, while remanding the matter with the observation that the District Allotment Committee can still pass a speaking order and blacklist the firm even if custom milling policy does not provide for any punishment, is hereby rejected.

7. In view of the above, this writ petition fails and same is accordingly dismissed; however, it is observed that the authorities shall act fairly, rationally and in a non-arbitrary manner, while deciding the remanded case, in pursuance to order dated 10.10.2025 (Annexure P-13)

8. Pending application (s), if any, shall also stand closed.

(HARSH BUNGER)
JUDGE

01.12.2025
sjks

Whether speaking/reasoned : Yes / No

Whether reportable : Yes / No