IN THE HIGH COURT OF JUDICATURE AT PATNA
Civil Writ Jurisdiction Case No.10278 of 2026

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M/s Cobra Industrial Security Forces (India) Ltd. a company duly registered under the provisions of the Companies At, 1956, having its registered office at Tiwary Mansion, Kamla Nagar, Near Akash Trading, P.O. Kokar, P.S. Sadar, District Ranchi (Jharkhand) and one of its Local Office at Samvedan, Ravikar Lane, Gujral Path, Keshari, Nagar, P.S.- Shastrinagar, Patna, through its Director Sunil Kumar Tiwary, Son of Late Capt. S.N. Tiwari, Resident of village- Booti, P.O. Booti, P.S. Sadar, Ranchi (Jharkhand).

... ... Petitioner/s

Versus

1. The State of Bihar Department of Environment, Forest and Climate Change, Rajbansi Nagar, P.O. Rajbansi Nagar, P.S. Rajbansi Nagar, District Patna- 800001, through its Secretary.
2. The Director, Ecology and Environment, Patna having his Office at Aranya Bhawan, 2nd Floor, Peer Ali Khan Marg, P.O. Sheikhpura, P.S.- Sheikhpura, District- Patna- 800014.
3. The Director, Sanjay Gandhi Biological Park, Patna, having his office at Baily Road, P.O. G.P.O., P.S. Rajbanshi Nagar, Patna- 800001.
4. Assistant Conervator of Forest-cum-Forest Range Officer, Sanjay Gandhi Biological Park, Patna, having his office at Baily Road, P.O. G.P.O., P.S. Rajbansi Nagar, Patna- 800001.

... ... Respondent/s

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Appearance :

For the Petitioner/s	:	Mr. Bijay Shankar Choubey, Advocate
For the State	:	Mr. Anil Kr. Verma, AC to AAG-9

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CORAM: HONOURABLE THE ACTING CHIEF JUSTICE
and
HONOURABLE MR. JUSTICE RAJESH KUMAR VERMA
ORAL JUDGMENT
(Per: HONOURABLE THE ACTING CHIEF JUSTICE)

Date : 22-07-2026

Heard learned counsel for the parties.

2. Following is the relief sought for in the present writ application:-

> *"i. For quashing and setting aside the order contained in Letter 967 dated 18.05.2026*

(Annexure-P/9) issued by the Director, Sanjay Gandhi Biological Park, Patna (Respondent No. 3), whereby and where under, the said Authority in a quite illegal, arbitrary and malafide manner, without jurisdiction and in complete violation of principles of natural justice, passed an ex-parte order by which the Petitioner has been blacklisted for a period of three years, in participating in any Tender floated by the Respondent Department and also passed an order to cancel the work order and Agreement and forfeited the Bank Guarantee of Rs. 6,64,111/- deposited by the Petitioner in terms of the Contract/NIT No. 01/ePROC/SGBP/2025-26 (Annexure-P/1).

ii. For restraining the Respondent Authorities from prohibiting the execution of the contract by the Petitioner and the Petitioner may be allowed to continue with the Tender Work, which was duly awarded to the Petitioner in the month of January, 2026 and the Petitioner is executing the Tender work since the February, 2026 and instead of releasing the Monthly Bills (Annexure-P/8 Series) to the Petitioner, the Respondent No. 3, in a arbitrary and malafide manner blacklisted the Petitioner for a period of three years in participating in any Tender floated by the Respondent Department apart from cancelling the work order and Agreement and forfeiture of Bank Guarantee of Rs. 6,64,111/- deposited by the Petitioner.

iii. For a direction upon the Respondent No. 3 to immediately and forthwith release the monthly bills (Annexure-P/8 Series) raised by the Petitioner, which has not been paid even after providing the work for three months.

iv. For any other relief/reliefs for which the petitioner may be deemed fit and proper by this Hon'ble Court under the facts and circumstances of this case."

3. The brief facts of the present case are that the respondent authorities issued Notice Inviting e-Tender No. 01/ePROC/SGBP/2025-26 dated 20.08.2025 for providing sanitation services at Sanjay Gandhi Biological Park, Patna, for a period of one year. The petitioner participated in the tender process and emerged as the successful (L-1) bidder. Consequently, Letter No. 115 dated 20.01.2026 was issued in its favour directing it to deposit the requisite security amount and execute the agreement.

4. Pursuant thereto, an agreement dated 31.01.2026 was executed between the parties for the period from 01.02.2026 to 31.01.2027, whereafter the petitioner commenced execution of the contractual work by deploying the required manpower.

5. During the subsistence of the contract, the respondent authorities issued Letter No. 339 dated 18.02.2026 alleging certain deficiencies in the execution of work and calling upon the petitioner to explain as to why the agreement be not cancelled and the petitioner be not blacklisted. The

petitioner submitted its reply on 24.02.2026 asserting that the deficiencies had been duly rectified. Subsequently, another communication dated 14.03.2026 was issued alleging misbehaviour by one of the deployed sanitation workers with a visitor, to which the petitioner immediately responded on the same day stating that the concerned workers had been removed from service.

6. The grievance of the petitioner arises from Letter No. 967 dated 18.05.2026 issued by the respondent authorities whereby the petitioner was blacklisted for a period of three years from participating in future tenders of the department, the work order was cancelled, the agreement was terminated and the security deposit furnished by way of bank guarantee was forfeited.

7. Learned counsel appearing for the petitioner submits that the petitioner had been executing the contractual work in terms of the agreement and, whenever any deficiency was pointed out by the respondent authorities, the same was immediately rectified and appropriate replies were submitted. Despite such compliance, the respondents proceeded to pass the impugned order without affording the petitioner any effective opportunity of hearing.

8. It is further submitted that blacklisting has serious civil and commercial consequences affecting the petitioner's reputation and future business prospects and, therefore, such an order could not have been passed without issuance of a proper show-cause notice specifically proposing blacklisting and without granting an adequate opportunity to explain its stand.

9. Learned counsel further submits that the respondents have acted arbitrarily in cancelling the work order, terminating the agreement, forfeiting the security deposit and blacklisting the petitioner simultaneously, despite the petitioner having rendered services under the contract. It is also contended that the respondents have withheld the petitioner's legitimate contractual dues for the work already executed.

10. In support of the aforesaid submissions, reliance has been placed upon the judgments of the Hon'ble Supreme Court in ***Erusian Equipment & Chemicals Ltd. v. State of West Bengal,*** reported in ***AIR 1975 SC 266***, and ***Gorkha Security Services v. Government (NCT of Delhi),*** reported in ***(2014) 9 SCC 105***, to contend that an order of blacklisting cannot be sustained unless the affected party is afforded a fair opportunity of hearing and the show-cause notice specifically indicates the proposed action of blacklisting.

11. *Per contra*, learned counsel appearing for the respondents submits that the impugned order has been passed strictly in accordance with the terms and conditions of the tender and the agreement. It is contended that the petitioner committed several breaches during execution of the contract and, despite being afforded adequate opportunity, failed to rectify the deficiencies. Accordingly, the competent authority rightly cancelled the work order, terminated the agreement, forfeited the security deposit and blacklisted the petitioner. It is, therefore, submitted that the impugned order suffers from no legal infirmity warranting interference.

12. The limited issue which arises for consideration before this Court is as to whether the impugned order dated 18.05.2026, whereby the petitioner has been blacklisted for a period of three years, the work order has been cancelled, the agreement terminated and the security deposit forfeited, suffers from any illegality, arbitrariness or violation of the principles of natural justice warranting interference by this Court in exercise of its writ jurisdiction under Article 226 of the Constitution of India.

13. The principal challenge in the present writ petition is to the order dated 18.05.2026 whereby the petitioner has been

blacklisted for a period of three years, the work order has been cancelled, the agreement terminated and the security deposit forfeited. The foundation of the challenge is that the impugned action has been taken in violation of the principles of natural justice without affording the petitioner an adequate opportunity of hearing.

14. From a perusal of the impugned order, it is evident that the respondents have recorded a series of defaults and deficiencies committed by the petitioner during execution of the contract. The impugned order further reflects that the petitioner was repeatedly called upon to explain the deficiencies through several communications issued from time to time. The showcause dated 10.12.2026, issued to the petitioner also sought response from the petitioner on the point that why he should be not blacklisted for the irregularities. The petitioner admittedly submitted replies to such notices and also undertook corrective measures on certain occasions. The competent authority has taken into consideration the petitioner’s explanations before arriving at the conclusion that the petitioner had failed to satisfactorily perform its contractual obligations.

15. The contention that the impugned order has been passed without any opportunity of hearing is, therefore, not

borne out from the record. The requirement of the principles of natural justice is to afford a reasonable opportunity to the affected party before an adverse decision is taken. It does not contemplate repeated or endless opportunities until the authority is satisfied with the explanation offered. Once the affected party has been informed of the allegations and afforded an opportunity to submit its response, the requirement of *audi alteram partem* stands substantially complied with.

16. The Hon'ble Supreme Court ***in Patel Engineering Ltd. v. Union of India,*** reported in ***(2012) 11 SCC 257***, has held that blacklisting is a recognised power of the State and may be exercised in public interest, provided the action is fair, reasonable and preceded by compliance with the principles of natural justice. The Court observed that judicial review is confined to examining the legality of the decision-making process and not the merits of the administrative decision itself. The relevant part of the said order reads as follows:

> *"**14.** The nature of the authority of the State to blacklist the persons was considered by this Court in the abovementioned case and took note of the constitutional provision (Article 298), which authorises both the Union of India and the States to make contracts for any purpose and to carry on any trade or business. It also authorises the acquisition, holding and disposal of property.*

This Court also took note of the fact that the right to make a contract includes the right not to make a contract. By definition, the said right is inherent in every person capable of entering into a contract. However, such a right either to enter or not to enter into a contract with any person is subject to a constitutional obligation to obey the command of Article 14. Though nobody has any right to compel the State to enter into a contract, everybody has a right to be treated equally when the State seeks to establish contractual relationships. The effect of excluding a person from entering into a contractual relationship with the State would be to deprive such person to be treated equally with those, who are also engaged in similar activity.

15. *It follows from the above judgment in Erusian Equipment case that the decision of the State or its instrumentalities not to deal with certain persons or class of persons on account of the undesirability of entering into the contractual relationship with such persons is called blacklisting. The State can decline to enter into a contractual relationship with a person or a class of persons for a legitimate purpose. The authority of the 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 the 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."*

17. Likewise, in ***Kulja Industries Ltd. v. Chief General Manager, Western Telecom Project, BSNL,*** reported in ***(2014) 14 SCC 731***, the Hon'ble Supreme Court reiterated that while blacklisting visits a contractor with serious civil consequences, the power to blacklist is inherent in every authority awarding public contracts, subject to observance of fairness and natural justice. It was further held that the scope of judicial review is limited to examining whether the decision is arbitrary, mala fide or suffers from procedural impropriety and not to substitute the Court's opinion for that of the competent authority. The relevant part of the said order reads as follows:

> ***"17.*** *That apart, the power to blacklist a contractor whether the contract be for supply of material or equipment or for the execution of any other work whatsoever is in our opinion inherent in the party allotting the contract. There is no need for any such power being specifically conferred by statute or reserved by contractor. That is because "blacklisting" simply signifies a business decision by which the party affected by the breach decides not to enter into any contractual relationship with the party committing the breach. Between two private parties the right to take any such decision is absolute and untrammelled by any constraints whatsoever. The freedom to contract or not to contract is unqualified in the case of private*

> *parties. But any such decision is subject to judicial review when the same is taken by the State or any of its instrumentalities. This implies that any such decision will be open to scrutiny not only on the touchstone of the principles of natural justice but also on the doctrine of proportionality. A fair hearing to the party being blacklisted thus becomes an essential precondition for a proper exercise of the power and a valid order of blacklisting made pursuant thereto. The order itself being reasonable, fair and proportionate to the gravity of the offence is similarly examinable by a writ court.*
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> ..
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> ***20.*** *It is also well settled that even though the right of the writ petitioner is in the nature of a contractual right, the manner, the method and the motive behind the decision of the authority whether or not to enter into a contract is subject to judicial review on the touchstone of fairness, relevance, natural justice, non-discrimination, equality and proportionality..."*

18. The petitioner has placed reliance upon ***Erusian Equipment & Chemicals Ltd. (supra)*** and ***Gorkha Security Services v. Government (NCT of Delhi) (supra)***. There can be no quarrel with the proposition laid down in the aforesaid decisions that an order of blacklisting cannot be passed without complying with the principles of natural justice and that the notice should fairly apprise the noticee of the proposed action. However, the said judgments do not advance the petitioner's case in the facts of the present matter. The impugned order itself

demonstrates that the petitioner was repeatedly put on notice regarding deficiencies in performance, called upon to furnish explanations and warned of consequential action. The petitioner, in fact, submitted replies to such communications. Thus, the petitioner cannot legitimately contend that it was taken by surprise or denied an opportunity to represent its case.

19. It is equally well settled that in matters arising out of government contracts and tender conditions, the scope of interference under Article 226 of the Constitution is limited. Unless the decision is shown to be arbitrary, mala fide, irrational or in violation of statutory provisions, the High Court does not sit as an appellate authority over administrative decisions. In ***Tata Cellular v. Union of India,*** reported in ***(1994) 6 SCC 651***, the Hon'ble Supreme Court held that judicial review is directed against the decision-making process and not the decision itself. The relevant part of the said order reads as follows:

> ***"77.*** *The duty of the court is to confine itself to the question of legality. Its concern should be:*
>
> *1. Whether a decision-making authority exceeded its powers?*
>
> *2. Committed an error of law,*
>
> *3. committed a breach of the rules of natural justice,*
>
> *4. reached a decision which no reasonable tribunal*

would have reached or,

5. abused its powers.

Therefore, it is not for the court to determine whether a particular policy or particular decision taken in the fulfilment of that policy is fair. It is only concerned with the manner in which those decisions have been taken. The extent of the duty to act fairly will vary from case to case. Shortly put, the grounds upon which an administrative action is subject to control by judicial review can be classified as under:

(i) Illegality : This means the decision-maker must understand correctly the law that regulates his decision-making power and must give effect to it.

(ii) Irrationality, namely, Wednesbury unreasonableness.

(iii) Procedural impropriety.

....

***94.** The principles deducible from the above are:*

(1) The modern trend points to judicial restraint in administrative action.

(2) The court does not sit as a court of appeal but merely reviews the manner in which the decision was made.

(3) The court does not have the expertise to correct the administrative decision. If a review of the administrative decision is permitted it will be substituting its own decision, without the necessary expertise which itself may be fallible.

(4) The terms of the invitation to tender cannot be open to judicial scrutiny because the invitation to

tender is in the realm of contract. Normally speaking, the decision to accept the tender or award the contract is reached by process of negotiations through several tiers. More often than not, such decisions are made qualitatively by experts.

(5) The Government must have freedom of contract. In other words, a fair play in the joints is a necessary concomitant for an administrative body functioning in an administrative sphere or quasi-administrative sphere. However, the decision must not only be tested by the application of Wednesbury principle of reasonableness (including its other facts pointed out above) but must be free from arbitrariness not affected by bias or actuated by mala fides.

(6) Quashing decisions may impose heavy administrative burden on the administration and lead to increased and unbudgeted expenditure..”

20. In the present case, this Court finds no material to conclude that the decision-making process adopted by the respondents suffered from procedural unfairness or arbitrariness. The competent authority has assigned reasons for the action taken and has acted after considering the petitioner’s explanations. Merely because the petitioner disputes the findings recorded by the respondents would not furnish a ground for this Court to reappreciate the factual determination in exercise of its writ jurisdiction.

21. Accordingly, this Court is of the considered view

that the impugned order dated 18.05.2026 does not suffer from any illegality, arbitrariness or violation of the principles of natural justice warranting interference under Article 226 of the Constitution of India. The issue is, therefore, answered against the petitioner.

22. Accordingly, the present writ application stands dismissed.

23. Pending application(s), if any, shall also stand disposed of.

(Sudhir Singh, ACJ)

(Rajesh Kumar Verma, J)

Sachin/-

AFR/NAFR	A.F.R.
CAV DATE	N.A.
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