IN THE HIGH COURT OF JHARKHAND AT RANCHI

W.P.(C) No. 3115 of 2025

M/s Jin Mata Traders represented through its Partner cum authorized representative and signatory Rohit Agarwal, S/o. Shree Bhagwan Agarwal, R/O. Panchet Road, Chirkunda, Nirsa cum Chirkunda PO & PS- Chirkunda , District: Dhanbad, Jharkhand.

…. …. Petitioner

Versus

1. State of Jharkhand through its Secretary, Food Public Distribution and Consumers Affairs. PO: Doranda, PS: Doranda, District: Ranchi, Pin: 834002.
2. Secretary, Food Public Distribution and Consumers Affairs. PO: Doranda, PS: Doranda, District: Ranchi, Pin: 834002.
3. Director, Food Public Distribution and Consumers Affairs. PO: Doranda, PS: Doranda, District : Ranchi, Pin: 834002.

…. …. Respondents.

CORAM: HON'BLE THE CHIEF JUSTICE
HON'BLE MR. JUSTICE RAJESH SHANKAR

For the Petitioner	:	Mr Pravin Chandra, Advocate Mr Nikhil Ranjan, Advocate Mr Ishan Ashish, Advocate
For the Resp-State	:	Mr Devesh Krishna, SC (Mines)-III Mr Faisal Allam, AC to SC(M)-III

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05 /Dated: 14.09.2026

1. Heard Mr Pravin Chandra, who appears for the petitioner, with Mr Ishan Ashish, and Mr Devesh Krishna, learned SC (Mines)-III, who appears for the respondents, with Mr Faisal Allam.

2. Rule. The Rule is made returnable immediately at the request and with the consent of the learned counsel for the parties.

3. This petition challenges the order dated 08.10.2024, by which the petitioner has been blacklisted for three years and, further, orders forfeiture of the petitioner's security deposit.

4. Insofar as the forfeiture of the security deposit is concerned, it is submitted by Mr Devesh Krishna, the learned counsel for the respondents, that the forfeiture was in accordance with the contractual terms and after considering the responses furnished by the petitioner. He pointed out that, despite several opportunities, the petitioner did not complete the supply

works in question for supplying sugar to the beneficiaries; therefore, consistent with the contractual terms, the security deposit was forfeited.

5. Mr Krishna further submitted that the contract contains an arbitration clause and therefore, the disputes now raised in this petition may not be considered. He submitted that since the petitioner has an alternate and efficacious remedy, this petition may be dismissed, if necessary, by giving the petitioner liberty to invoke the alternate remedy.

6. Insofar as the forfeiture of the security deposit is concerned, in our view, any determination would involve adjudication of disputed questions of fact. Since the contract contains an arbitration clause, it is appropriate that such issues be raised, adjudicated, and determined under the specialised machinery accepted by the parties themselves.

7. For the above two reasons, we do not wish to adjudicate or determine the issue of forfeiture of the security deposit in this petition. However, we grant the petitioner liberty to invoke the remedy of arbitration or any other appropriate remedy as may be available to the petitioner to agitate the issue of forfeiture of the security deposit. All contentions of all parties on this issue are left open.

8. Insofar as the issue of blacklisting is concerned, however, in the facts of the present case, there is no question of relegating the petitioner to any alternate remedy.

9. The petitioner has contended that the blacklisting order was not preceded by any specific show cause notice referring to the proposed action of blacklisting. He submitted that even the circumstances on record did not evince any intention of blacklisting the petitioner. He submitted that merely stating that action would be initiated in accordance with law is not sufficient to pass any harsh order of blacklisting. He therefore submitted that the

impugned order dated 08.10.2024, to the extent it orders the blacklisting of the petitioner, was made in violation of the principles of natural justice and fair play.

10. The Petitioner submits that one of the exceptions to the practice of relegating the parties to an alternate remedy is where the impugned action is in violation of the principles of natural justice and fair play. He submitted that no disputed questions of fact are involved in determining the issue of failure of natural justice.

11. Mr Devesh Krishna, learned counsel for the respondents, submitted that the petitioner was granted full opportunity to supply sugar to the beneficiaries and, despite the same, failed to complete the works or take any remedial measures. In such circumstances, he submitted that blacklisting was warranted and the impugned order warrants no interference.

12. In the cases of ***Gorkha Security Services v. Govt. (NCT of Delhi)***, (2014) 9 SCC 105, ***UMC Technologies (P) Ltd. v. Food Corpn. of India***, (2021) 2 SCC 551 and ***Vetindia Pharmaceuticals Ltd. v. State of U.P.***, (2021) 1 SCC 804, the Hon'ble Supreme Court has held that blacklisting carries serious civil and commercial consequences. Therefore, failure to specify the proposed action of blacklisting in the show cause notice deprives the affected parties of a meaningful opportunity to respond. The Hon'ble Supreme Court has held that blacklining without specific reference to the proposed action of blacklisting, or where the circumstances on record do not imply proposed action of blacklisting, is unsustainable and in violation of the principle of natural justice and fair play.

13. In the present case, we have perused the show cause notices dated 09.02.2024, 06.05.2024 and 31.05.2024. All these notices simply state that "*action in accordance with law*" would be initiated against the petitioner.

Thus, there is no specific reference to any proposed action of blacklisting, nor can it be inferred from the circumstances on record that the respondents intended to blacklist the petitioner.

14. Thus, no disputed questions of fact are involved in determining the issue of failure of natural justice. In such circumstances, the exception to the practice of relegating the parties to an alternate remedy applies where the impugned action is in violation of the principles of natural justice and fair play.

15. On the above grounds and by following the above-referred decisions of the Hon'ble Supreme Court, we interfere with the impugned order dated 08.10.2024 to the extent it blacklists the petitioner. This means that the portion of the impugned order dated 08.10.2024 blacklisting the petitioner is hereby quashed and set aside.

16. Since we quashed the blacklisting order only on the grounds of failure of natural justice, such quashing will not preclude the respondents from issuing a fresh show cause notice to the petitioner specifying the proposed action of blacklisting and thereafter acting in accordance with law after duly considering the petitioner's response.

17. The Rule is disposed of in the above terms, without any order as to costs.

18. I.A. No. 2323 of 2026 for early hearing does not survive and is disposed of.

(M.S. Sonak, C.J.)

(Rajesh Shankar, J.)

September 14, 2026
Ranjeet / R.Kr.
AFR
Uploaded on: 15.09.2026