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WP No. 11870 of 2



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 27-01-2026

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THE HON'BLE MR.JUSTICE V. LAKSHMINARAYANAN

**WP No. 11870 of 2025 and
WMP.Nos.13434 and 13435 of 2025**

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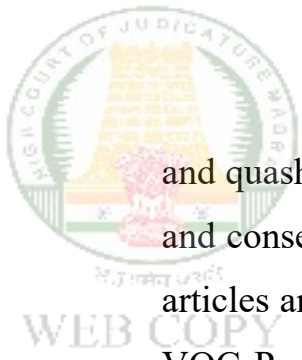
..Petitioner

Vs

1. Government Of Tamilnadu,
Rep. by the Secretary to Govt.
Department Of Municipal Administration &
Water Supply, Fort St. George,
Chennai 600009.
2. The Commissioner,
Coimbatore City Municipal Corporation,
Coimbatore.
3. The Assistant Commissioner,
Coimbatore City Municipal Corporation,
Central Zone, Coimbatore.

..Respondents

Writ Petition is filed under Article 226 of Constitution of India for a Writ of Certiorarified Mandamus calling for the records relating to (i) the Order bearing Na.Ka.No.10354/2023/A2(M) dt. 18.03.2025 on the file of the 2nd Respondent, (ii) the Order bearing Na.Ka.No. 10354/2023/A2(M) dt.24.02.2024 on the file of the 3rd respondent and (iii) the Tender Notification bearing Na.Ka.No.10354/2023/A2(M) dt.20.01.2025 on the file of the 2nd respondent



and quash the same and all consequent actions taken by them based on the same and consequently direct the Respondents- 2 and 3 to remove the seal, return his articles and permit him to continue in possession of the Canteen premises in the VOC Park, Coimbatore City as a lessee during the present and renewed lease periods.

For Petitioner:	Mr.T.P.Manoharan Senior Counsel for Mr.V.R.Adhith
For Respondents:	Mr.N.Naveenkumar Government Advocate (R1) Mr.N.Velmurugan Standing Counsel (R2 And R3)

ORDER

Heard Mr.T.P.Manoharan, learned Senior Counsel for Mr.V.R.Adhith for the petitioner, Mr.N.Naveenkumar, learned Government Advocate for the 1st respondent, as well as Mr.N.Velmurugan, learned Standing Counsel for the respondents 2 and 3.

2. The petitioner is aggrieved by the order of blacklisting passed by the 2nd respondent, on 24.02.2024, via proceedings no.Na.Ka.No.10354/2023/A2(M) cancelling the lease entered with him for a canteen situated in VOC park, and also the notification dated 20.01.2025, calling for tender of the canteen in VOC park for fresh lease.

3. The petitioner is in the business of running canteens. He had taken



several shops belonging to the Coimbatore City Municipal Corporation on lease for the said purpose. The first of the lease was granted to the petitioner in the year 2008 for a shop nos. 3,4 and 5, situated in the commercial complex in Munusamy Gardens, Nehru Stadium Road, Coimbatore. In the year 2018, the Canteen situated in VOC Park had been allotted in favour of one Rajalakshmi. She was not able to successfully operate the lease. Hence, the petitioner, with the permission of the 2nd respondent and based on Resolution No.343 passed by the Corporation, took over the said canteen and started running his business therein.

4. It is stated by the respondents that sometime in 2023, they inspected the shops situated at Munusamy Garden. To their shock and surprise, they found that the petitioner had removed the dividing walls between shop nos. 3 to 5, and had converted the same into one single unit to carry on his business. They issued a notice to the petitioner on 06.12.2023, calling upon him to explain under what authority he had removed the dividing walls. The petitioner submitted a reply on the very next day (07.12.2023). That not being satisfactory, the lease for the shops in Munusamy Garden was terminated by an order dated 22.12.2023. Not stopping with that, the Commissioner had also decided to blacklist the writ petitioner from participating in any further contracts with the Coimbatore City Municipal Corporation. He passed an order blacklisting him on 24.02.2024.



5. As a domino effect of the blacklisting, the license granted to the petitioner to operate his business was cancelled by an order dated 21.06.2024. Immediately, the petitioner approached this court by way of a writ petition in W.P.No.29790 of 2024. The Hon'ble Mr. Justice J.Sathyanarayana Prasad recorded the statement made by the learned standing counsel that, prior to passing the order dated 21.06.2024, the petitioner was not heard and therefore, set aside the order and remitted the matter to the 2nd respondent to reconsider the entire issue.

6. Consequent to the Order of remand passed by this Court, the impugned order dated 18.03.2025 has come to be passed. By virtue of this order, not only has the petitioner been blacklisted, but has also been called upon to surrender the possession of the canteen in VOC Park. Having passed this order, the Coimbatore City Municipal Corporation have also decided to bring the canteen for fresh tender. Challenging the order of blacklisting, cancelling his lease for the canteen situated at VOC Garden, and the consequential order bringing the canteen for tender, the petitioner is before this court.

7. Mr. T.P. Manoharan, urged that the petitioner had not removed the dividing walls, as alleged by the respondents, with respect to the shops at the commercial complex in Munusamy Garden. He adds that the respondents have



taken possession of the shops, and the petitioner has not challenged the said act.

He further states that in terms of Rule 244 of Tamil Nadu Urban Local Bodies Rules, 2023, the respondent does not have the power of blacklisting a lessee, as the said power can be exercised only with respect to a registered contractor, who has applied under that capacity in Form 1 of the said rule. He states that the act of blacklisting and giving effect permanently to such blacklisting is arbitrary and illegal. He urges, in any event, it cannot be given a retrospective effect, resulting in the cancellation of a validly executed lease in his favour, which expires only on 31.03.2027.

8. Per contra, Mr. Velmurugan urges that this court had remitted the matter to the 2nd respondent for re-consideration and the 2nd respondent had factually found that the petitioner had removed the dividing walls. As he had damaged the premises belonging to the 2nd respondent, it was decided that the petitioner should be blacklisted. He states that, as a consequence of the said blacklisting, all the contracts entered into between the petitioner and the 2nd respondent would stand nullified, and that the petitioner would not be entitled to participate in any future contracts. Hence, he pleads that the order passed by the 2nd respondent in blacklisting the petitioner and taking over the canteen in VOC Garden, as well as bringing the canteen for fresh auction is valid.

9. I have carefully considered the submissions on both sides and have



gone through the records.

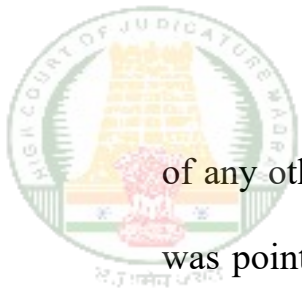
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10. It is not in dispute that the petitioner was enjoying two leases, one with respect to Munusamy Gardens and the other with respect to the canteen in VOC Park. Though Mr. Manohar pleads that the petitioner had not demolished the dividing walls, I am not in a position to appreciate that aspect in a Writ Petition under Article 226 of Constitution of India. This is for the simple reason that it is a factual finding returned by an Authority. The Authority, has stated in the counter affidavit that on 05.12.2023, he had caused a field inspection of the premises, and the removal of inner walls had come to their knowledge only on that day. Therefore, since it is a factual finding, I am not in a position to interfere with the same unless and until it is shown to be either perverse or tainted by malafides. The later vices not having been found in the impugned order, I am not in a position to hold that the petitioner did not remove the dividing walls. In fact, in paragraph no.3 of the affidavit, the petitioner has tacitly stated that he had closed the gaps that existed between the shops and had put up temporary structures.

11. In so far as the plea that Rule 244 of Tamil Nadu Urban Local Bodies Rules, 2023 does not apply to the petitioner as he is a lessee and not a registered contractor is concerned, a careful perusal of said Rule shows that it applies to any contract or work of general or special nature. A lease is a contract. When a



lessee demolishes a property which has been handed over to him, the lessor certainly has a right to ensure that such a person is not put into possession of a property belonging to the lessor, more so, in a case where it is owned by a public authority, so as to ensure that such demolition does not occur again and again. Even if Rule 244 of Tamil Nadu Urban Local Bodies Rules, 2023 is not applicable, I merely have to state the principles laid down by the Supreme Court in *Erusian Equipments case (Erusian Equipment & Chemicals Ltd. Vs. State of West Bengal, AIR 1975 SC 266)*, that in a contract, a State Authority has the power to blacklist a person. The only condition being that there must be adherence to the principles of natural justice before such an order is passed. An order blacklisting a contractor need not be in reference to any particular provision of law. Power to blacklist is an inherent right of any party granting the contract. This position has been settled by two Judgments of the Supreme Court in *M/s Patel Enginnering Ltd vs Union Of India & Anr (AIR 2012 SC 2342)* and *M/S Kulja Industries Ltd vs Chief Gen.Manager W.T.Proj.Bsnl & Ors (2014) 14 SCC 731*. Speaking for the bench consisting of himself and Hon'ble Mr. Justice Altamas Kabir, Justice Chelameswar held that the right to make the contract includes a right not to make a contract. He added, that a power to blacklist is inherent in every person legally capable of entering into a contract. Similarly in the case of *Kulja Industries*, at paragraph no.17, the Supreme Court specifically held that the power to blacklist a contract, whether the contract be for supply of material or equipment or for the execution



of any other work whatsoever is inherent in the party allotting the contract. It was pointed out that there was no need for any such power being specified by the statute or reserved by the contractor. The Court held that Blacklisting is 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. In the case of an act of blacklisting by the State, the decision can be judicially reviewed. The cardinal principles of judicial review being whether the State or State Authority had complied with the principles of natural justice and whether the decision so taken complies with the doctrine of proportionality. This principle has been reiterated by the Supreme Court recently in the judgment of *M/s.Techno Prints Vs. Chhattisgarh Textbook Corporation & Anr..2025 INSC 236*, wherein it has been held that while passing an order of blacklisting, in addition to the principles of natural justice, the authority must also consider the period of blacklisting, so that it is proportional to the charges proved against the Contractor.

12. A Perusal of the impugned order shows that the petitioner has been blacklisted without stipulating any period. Such permanent blacklisting will have disastrous consequences on the right to carry out any trade or profession enshrined under Article 19(1)(g) of the Constitution of India. The



Commissioner has not considered the aspect as to whether the blacklisting should be for a particular period. If an order is in violation of the doctrine of proportionality, it falls foul of the principles of natural justice and requires to be interfered with.

13. An additional factor which has to be seen in the order is that the Commissioner had come to a conclusion that this court, in W.P.No.29790/2024 had not stayed the operation of the impugned order, but had only set aside the same. This logic is totally beyond one's comprehension. When a Writ Petition is allowed, the impugned order no longer stands before the eyes of law. This court had set aside the order, which implies that the order is no longer in existence. To state that the order had not been kept in abeyance by an interim order after the final order had been passed shows non-application of mind on the part of the respondents.

14. Another reason that I feel the impugned order has to go is because the order of blacklisting, though passed in February 2024, has been given a retrospective effect by cancelling the lease that had been entered into between the petitioner and the respondent in the year 2018. Blacklisting implies that the Corporation will not enter into any new contract with the petitioner. This does not mean that whatever agreements have already been entered into, stand nullified. By the very nature, an order blacklisting a person can only be



prospective (see, *Caretel Infotech Ltd., Vs. Hindustan Petroleum Corporation Ltd. & Ors.*, 2019 SCC OnLine SC 558)

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14. Hence, the Writ Petition is ordered in the following terms:

(i) The impugned order calling upon the petitioner to surrender the canteen in VOC Park, Coimbatore City, is quashed. The petitioner will be entitled to enjoy the lease granted to him till 31.03.2027.

(ii) The respondent shall forthwith remove the seal put on the canteen situated at VOC park and permit the petitioner to operate the lease till 31.03.2027.

(iii) The order permanently blacklisting the petitioner alone is set aside. The 2nd respondent will go into the facts and decide whether the blacklisting should be for a particular period. As indicated by the Supreme Court, the respondent may decide whether it should be for a period of three years or for five years.

No costs. Consequently, connected Miscellaneous Petitions are closed.

27-01-2026

Index: Yes/No

Speaking/Non-speaking order

Neutral Citation: Yes/No

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Rep. By The Secretary To Govt. Department Of
Municipal Administration And Water Supply
Fort St. George, Chennai 600009.
2. The Commissioner
Coimbatore City Municipal Corporaiton,
Coimbatore.
3. The Assistant Commissioner
Coimbatore City Municipal Corporaiton,
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V.LAKSHMINARAYANAN, J.

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