



**IN THE HIGH COURT OF ANDHRA PRADESH
AT AMARAVATI
(Special Original Jurisdiction)**

[3209]

MONDAY, THE NINTH DAY OF FEBRUARY
TWO THOUSAND AND TWENTY SIX

PRESENT

THE HONOURABLE SRI JUSTICE NINALA JAYASURYA

WRIT PETITION NO: 19936/2019

Between:

1.C N SUBRAMANYAM, S/O. C NARAPURAM, AGED ABOUT 50
YEARS, FORMER STAGE II CONTRACTOR, R/O TADIPATARI
VILLAGE AND MANDAL, ANANTAPURAM DISTRICT.

...PETITIONER

AND

1.ANDHRA PRADESH STATE CIVIL SUPPLIES CORPORATION LTD,
REP BY ITS VICE-CHAIRMAN AND MANAGING DIRECTOR, CIVIL
SUPPLIES BHAVAN, VIJAYAWADA, A P.

2.THE MANAGING DIRECTOR, A.P STATE CIVIL SUPPLIES
CORPORATION LTD, CS BHAVAN, VIJAYAWADA, A.P.

3.THE JOINT COLLECTOR AND EXECUTIVE DIRECTOR, AP STATE
CIVIL SUPPLIES CORPORATION LTD, KADAPA, YSR KADAPA
DISTRICT, A.P

4.THE DISTRICT MANAGER, A P STATE CIVIL SUPPLIES
CORPORATION LTD, KADAPA, YSR KADAPA DISTRICT.

...RESPONDENT(S):

Counsel for the Petitioner:

1.D LINGA RAO

Counsel for the Respondent(S):

1.P HEMA CHANDRA (SC FOR CIVIL SUPPLIES CORP LTD)

The Court made the following Order:

Heard Mr. N B Chandrasekhar, learned counsel representing the learned counsel for the petitioner. Also heard the learned counsel for Civil Supplies Corporation Limited.

2. The present writ petition is filed seeking to set aside the proceedings dated 09.09.2019 issued by the respondent No.3, black-listing the petitioner/contractor without issuing any notice and holding the amounts towards security deposit and bank guarantee as arbitrary, illegal, unjust, opposed to principles of natural justice, etc., and for consequential directions.

3. The petitioner was appointment as Transport Contractor for the year 2017-2018 i.e., up to 31.03.2018, for movement of the essential commodities from LR.Palli MLS point to FP Shops attached to LR Palli, Ramapuram. Even after expiry of the contract period on 31.03.2018, the petitioner was allowed to transport up to 30.08.2019 by way of extension. Thereafter, it appears that contract was not extended further. In spite of request for refund of the total security amount of Rs.1,75,000/- and the bank guarantee of Rs.2,25,000/-, *vide* proceedings dated 09.09.2019 the petitioner was black-listed on the premise that he intentionally stored the PDS stock in the MLS point unauthorizedly without any permission and transported the PDS stock to the black market through lorry bearing No. AP 27 TX 5804 in the early hours of 05.09.2019.

4. The learned counsel for the petitioner while making the submissions with reference to the averments made in the affidavit filed in support of the writ petition, contends that before black-listing the petitioner, no notice was issued and it is settled position in law that the action of black-listing entails serious consequences and any proceedings of black-listing a contractor without issuance of notice is unsustainable. In this regard, he places reliance on the decision reported in 1975 (1) SCC 70, etc.

5. The learned counsel had also refers to the copy of the FIR No.122 of 2019 registered by Lakkireddipalli Police Station (Ex.P5) and submits that the petitioner's name is not referred to in the said FIR. He submits that in the light of the above stated legal and factual position, the proceedings of the respondent No.3 are liable to be set aside, as the same was issued for the extraneous reasons.

6. On the other hand, the learned counsel representing the Corporation made submissions to sustain the impugned order. He submits that the basis and reasons for initiating action of black-listing were clearly mentioned in the impugned proceedings and therefore, the submissions made on behalf of the petitioner merit no acceptance. He submits that there are no merits in the writ petition and the same is liable to the dismissed.

7. This Court has considered the submissions made and perused the material on record.

8. At the outset, it is appropriate to mention that no counter-affidavit is filed on behalf of the respondents. Though time was granted on 20.01.2026, for producing the record pertaining to the black-listing of the petitioner, the same is not placed before this Court. Be that as it may.

9. As seen from the impugned proceedings, there is no mention about issuance of any notice prior to black-listing of the petitioner. Had a notice been issued, the same would have definitely been mentioned in the impugned proceedings and if the petitioner has not responded to the same, the said aspect would also been stated in the impugned proceedings. In the said circumstances, this Court has no option except to treat that no prior notice was issued to the petitioner before black-listing him. Further, as seen from the impugned proceedings, the contractor was kept under black-listing until further orders, which is also not sustainable.

10. The issue of black-listing a contractor without notice is no longer *res integra*.

11. In M/s. Erusian Equipment case referred to supra, the Hon'ble Supreme Court *inter alia* held as follows:

“15. The blacklisting order does not pertain to any particular contract. The blacklisting order involves civil consequences. It casts a slur. It creates; a barrier between the persons blacklisted and the Government in the matter of transactions. The blacklists are “instruments of coercion”.

12. In ***Kulja Industries Limited Vs. Chief General Manager, Western Telecom Project, Bharat Sanchar Nigam Limited*** reported in 2014 (14) SCC 731, the Hon'ble Apex Court held 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 pre-condition 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...”

13. In the light of the well settled legal position, the proceedings dated 09.09.2019 of the respondent No.3 are not sustainable and the same are accordingly set aside. This Order, however, will not preclude the respondent No.3 to issue appropriate notice to the petitioner and pass orders strictly in accordance with law, as expeditiously as possible, within a period of six (06) weeks, from the date of receipt of copy of this order.

14. In the event, the respondent No.3 fails to pass order within the stipulated time, the security deposit and bank guarantee furnished by the petitioner shall be released.

15. With the above observations, this Writ Petition is disposed of. No costs. Miscellaneous petitions pending, if any, shall stand closed.

JUSTICE NINALA JAYASURYA

Date:09.02.2026

Ksj