



2026:CGHC:21310-DB

NAFR

HIGH COURT OF CHHATTISGARH AT BILASPUR

WPC No. 2284 of 2026

1 - M/s. H R K Solutions Limited Through its Operation Manager Shahid Khan, Authorized Representative of The Petitioner, Having Registered Office At 3rd Floor, Office No. 308 to 310, Sacred World Mall, Vitthal Rao Shivarkar Road, Wanwadi, Pune, Maharashtra.

... Petitioner

versus

1 - The Union of India Through its Secretary, Ministry of Railways, Rail Bhawan, New Delhi – 110001

2 - South Eastern Central Railway Through its Divisional Railway Manager, Bilaspur, District- Bilaspur (C.G.)

3 - The General Manager, South East Central Railway, Bilaspur Division, Bilaspur, Chhattisgarh.

4 - The Divisional Railway Manager, South East Central Railway, Bilaspur Division, Bilaspur, Chhattisgarh.

5 - Sr. Divisional Mechanical Engineer (Sr. DME) South East Central Railway (SECR), Bilaspur Division, Chhattisgarh.

6 - Sr. CDO/BSP, South East Central Railway, Bilaspur, Chhattisgarh.

7 - Asst. Divisional Mechanical Engineer (ADME) South East Central Railway (SECR), Bilaspur Division, Chhattisgarh.

... Respondents

(Cause title taken from Case Information System)

 For Petitioner : Mr. Gagan Tiwari, Advocate.

 For Union of : Mr. Ramakant Mishra, Deputy S.G. with
 India/Respondents Mr. Niraj Baghel and Ms. Sweta Rai,
 Union Govt. Counsel.

Hon'ble Shri Ramesh Sinha, Chief Justice**Hon'ble Shri Ravindra Kumar Agrawal, Judge****Order on Board****Per Ramesh Sinha, C.J.****07-05-2026**

1. The present petition has been filed by the Petitioner seeking the following relief(s):-

- “1] That, this Hon'ble Court may kindly be pleased to issue suitable directions/orders/writs to the respondent authorities to set-aside the impugned order dated 24.07.2025 (Annexure P-1) issued by Respondent No.5 by which the Petitioner has been debarred for a period of 02 years and the contract dated 13.09.2024 has been terminated by the Respondent No.05 for being illegal and arbitrary;
- 2] That, this Hon'ble Court be pleased to direct the respondent authority to refund forfeited amount of Performance Guarantee, set-aside exorbitant penalties and payment of admitted dues for work already executed by the Petitioner, in the intrest of justice;
- 3] That, to grant any other relief(s)/order(s)/direction(s) in favor of the petitioner, which may deem fit and proper in the facts and circumstances of the case, may also be allowed.”

2. The brief facts of the case, as mentioned in the petition are that,

the Petitioner which is a company engaged in providing railway facility management and coach cleaning services, was awarded Tender No. Mech-BSP-05-Station dated 05.06.2024 vide GeM Contract dated 13.09.2024 valued at Rs. 1,05,65,810/- for cleaning and watering of trains at various stations under SECR Bilaspur and it commenced work from 20.09.2024 after furnishing a Performance Guarantee of Rs. 5,28,400/-. It is case of the petitioner that during execution of the contract, the Petitioner also carried out additional work as directed by the Respondents; however, despite satisfactory performance, the Respondents permitted a third-party agency to undertake part of the contractual work and subsequently issued letter dated 14.06.2025 indicating vague deficiencies and notice 07.07.2025 without furnishing any detailed inspection report or supporting material. Although the Petitioner submitted detailed replies and sought verification of actual performance, the Respondents, without conducting any enquiry or granting an opportunity of hearing, arbitrarily terminated the contract vide notice dated 24.07.2025 under Clause 7.4 of GCC (Service) 2018, forfeited the Performance Guarantee and debarred the Petitioner from participating in tenders for two years without issuance of any separate show cause notice for blacklisting/debarment. The Petitioner further contends that despite execution of work for approximately 308 days and raising bills amounting to Rs. 44,57,903/-, the Respondents failed to release legitimate dues and instead imposed excessive penalties amounting to Rs. 87,01,431/-. Repeated representations and legal notice seeking release of payments, refund of the Performance

Guarantee and revocation of the illegal debarment remained unanswered, compelling the Petitioner to approach this Hon'ble Court.

3. Learned counsel for the Petitioner submits that the impugned termination and debarment order dated 24.07.2025 issued by Respondent No.05 is wholly arbitrary, illegal and unsustainable in law, inasmuch as no specific show cause notice was ever issued to the Petitioner indicating that the Respondents were contemplating the extreme action of debarment/blacklisting against the Petitioner. The only notice issued to the Petitioner was the vague 7-day notice dated 07.07.2025, which merely contemplated action under Clause 7.4 of GCC (Service) 2018 relating to termination/rescission of the contract and nowhere disclosed any proposal for blacklisting or debarment. Consequently, the subsequent action of debarring the Petitioner for a period of two years travels beyond the scope of the said notice and is therefore without jurisdiction and liable to be quashed. It is further submitted that neither the General Conditions of Contract nor the Special Conditions of the contract dated 13.09.2024 contain any provision authorizing the Respondents to impose the penalty of debarment in the facts and circumstances of the present case. The impugned action of blacklisting/debarment, which entails serious civil and commercial consequences affecting the Petitioner's right to participate in future tenders and carry on business, could not have been imposed without issuance of a separate and specific show cause notice and without affording an adequate opportunity of hearing, as mandated under settled principles of natural justice. The Petitioner had

satisfactorily executed the contractual work continuously for more than 300 days by deploying adequate manpower, machinery and supervision and had duly replied to every communication issued by the Respondents while undertaking corrective measures wherever required; however, the Respondents failed to conduct any independent inspection or verification before passing the impugned order. The 7-day notice itself was vague, non-speaking and devoid of any specific particulars or supporting documents, thereby denying the Petitioner a meaningful opportunity to effectively respond to the allegations. The impugned order dated 24.07.2025 is cryptic, non-speaking and passed mechanically without consideration of the detailed replies submitted by the Petitioner and therefore stands vitiated by arbitrariness and violation of principles of natural justice. The law on the issue is well settled by the Hon'ble Supreme Court in **UMC Technologies (P) Ltd. v. Food Corporation of India**, reported in (2021) 2 SCC 551, wherein it has been categorically held that for a show cause notice to constitute a valid basis for blacklisting, the notice must clearly spell out the intention to blacklist so as to afford the noticee an adequate and meaningful opportunity to show cause against such proposed action. Since admittedly no such notice contemplating debarment was ever issued to the Petitioner, the impugned order deserves to be quashed and set aside.

4. On the other hand, Mr. Ramakant Mishra, learned Deputy Solicitor General appears on behalf of the respondents-Railways fairly submits that the notice which was issued to the Petitioner prior to issuance of

the impugned order dated 24.07.2025 by which the contract dated 13.09.2024 has been cancelled and further the Petitioner has been debarred from participating in the bid for a period of two years, did not had the mention of any debarment/blacklisting of the Petitioner for future tenders. He further submits that clause 8.2 of the General Terms and Conditions provides for demand of Arbitration and the Petitioner ought to have taken recourse to the said provision before approaching this Hon'ble Court.

5. We have heard learned counsel appearing for the parties, perused the pleadings and documents appended with the petition.

6. The grievance of the Petitioner is that after award of the work order, the respondents/Railways availed the services from the Petitioner but without any fault the Petitioner's contract was terminated without affording proper opportunity of hearing. Further, the notice issued to the petitioner on 07.07.2025 (Annexure P/8) states that if the performance of the petitioner did not improve, on expiry of the period of 7 days', the contract shall stand rescinded and the services under the said contract would be carried out independently without his participation and the performance guarantee would also be encashed/forfeited. However, the said does not state anything with regard to blacklisting/debarment of the Petitioner from participation in future tenders floated by the Respondents. When the Petitioner did not had the notice of blacklisting/debarment, then the question of giving any reply by the Petitioner does not arise and as such, without affording proper opportunity of hearing on that aspect, the Respondent authorities could

not have passed the order debarring the Petitioner for a period of two years.

7. The Hon'ble Supreme Court, ***Gorkha Security Services v. Government (NCT of Delhi)***, reported in (2014) 9 SCC 105, has described blacklisting as being equivalent to the civil death of a person because blacklisting is stigmatic in nature and debars a person from participating in government tenders thereby precluding him from the award of government contracts. It was held thus:

“16. It is a common case of the parties that the blacklisting has to be preceded by a show-cause notice. Law in this regard is firmly grounded and does not even demand much amplification. The necessity of compliance with the principles of natural justice by giving the opportunity to the person against whom action of blacklisting is sought to be taken has a valid and solid rationale behind it. With blacklisting, many civil and/or evil consequences follow. It is described as “civil death” of a person who is foisted with the order of blacklisting. Such an order is stigmatic in nature and debars such a person from participating in government tenders which means precluding him from the award of government contracts.”

8. The said principle has been reiterated by the Hon'ble Supreme Court in ***UMC Technologies Pvt. Ltd. v. Food Corporation of India***, reported in (2021) 2 SCC 551, which reads as under:

“14. Specifically, in the context of blacklisting of a person or an entity by the state or a state corporation, the requirement of a valid, particularized and unambiguous show cause notice is

particularly crucial due to the severe consequences of blacklisting and the stigmatization that accrues to the person/entity being blacklisted. Here, it may be gainful to describe the concept of blacklisting and the graveness of the consequences occasioned by it. Blacklisting has the effect of denying a person or an entity the privileged opportunity of entering into government contracts. This privilege arises because it is the State who is the counterparty in government contracts and as such, every eligible person is to be afforded an equal opportunity to participate in such contracts, without arbitrariness and discrimination. Not only does blacklisting takes away this privilege, it also tarnishes the blacklisted person's reputation and brings the person's character into question. Blacklisting also has long-lasting civil consequences for the future business prospects of the blacklisted person."

9. In light of the said decisions, it is clear that a prior show cause notice granting a reasonable opportunity of being heard is an essential element of all administrative decision-making and particularly so in decisions pertaining to blacklisting which entail grave consequences for the entity being blacklisted. In this case, furnishing of a valid show cause notice is critical and a failure to do so would be fatal to any order of blacklisting pursuant thereto.

10. With respect to the dispute between the parties whether the petitioner had failed to provide optimum services as required by the respondent authorities, this Court cannot adjudicate the said issue as it involves disputed questions of facts as according to the Petitioner, the Petitioner was executing the contract in a smooth and satisfactory

manner, on the other hand, as per the Respondents, it was the Petitioner who was not desirous of fulfilling its obligations under the contract, sincerely. Even otherwise, Clause 8.2 of the General Conditions of Contract provides for demand of arbitration which the Petitioner may take recourse to. However, so far as the order dated 24.07.2025 (Annexure P/1) only with respect to blacklisting/ debarment of the Petitioner for a period of two years is concerned, the same stands quashed.

11. Consequently, this petition stands **partly allowed**.

Sd/-
(Ravindra Kumar Agrawal)
Judge

Sd/-
(Ramesh Sinha)
Chief Justice