



2025:DHC:9702



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*** IN THE HIGH COURT OF DELHI AT NEW DELHI****%*****Date of Decision: 03.11.2025*****+ W.P.(C) 16517/2025 and CM APPL.67690/2025****AMAN CARRIERS****.....Petitioner**

Through: Mr. Sandeep Sethi, Sr. Advocate
along with Mr. Avneesh, Mr. Ankit
Sharma, Mr. Krisna Gambhir and
Ms. Riya Kumar, Advocates.

versus**INDIAN OIL CORPORATION LTD & ANR.****.....Respondents**

Through: Mr. Siddhant Kumar and
Ms. Anshika Saxena, Advs. for R-1.
Ms. Shweta Bharti, Ms. Yashodhara
and Mr. Nayan Mittal, Advs. for R-2.
Mr. Amit Meharia and Mr. Abinash
Agarwal, Advs.

CORAM:**HON'BLE MR. JUSTICE SACHIN DATTA****SACHIN DATTA, J. (ORAL)**

1. At the outset, learned senior counsel for the petitioner does not press prayers (d) and (e) in the present petition, and seeks liberty to agitate the same in independent substantive proceedings before the concerned Roster Bench. Accordingly, prayers (d) and (e) are dismissed as withdrawn, with liberty as prayed for.
2. Respective counsel for the parties have been heard on the remaining prayers.
3. The present petition has been filed by the petitioner assailing the communication/order dated 20.08.2025 issued by the respondent no.1/Indian Oil Corporation Ltd. (IOCL), whereby the petitioner has been sought to be placed on the "holiday list" and debarred from entering into any contract



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with IOCL and Chennai Petroleum Corporation Limited. The said order further states that the petitioner stands removed from the list of approved vendors/contractors from 20.08.2025 to 18.10.2025. The said communication/order dated 20.08.2025 reads as under:-

To
AMAN CARRIERS
BC-29,MANGOLPURI, INDL AREA PH
BC-29,MANGOLPURI, INDL AREA PH
NEW DELHI-110034

Date:20.08.2025

Dear Sir(s),

Sub: Intimation of placement in Holiday list

This has reference to our show cause notice & other correspondences with you and considering all facts, it has been decided by our Management to place you & all your offices in Holiday list and be debarred from entering any contract with Indian oil Corporation Limited & Chennai Petroleum Corporation Limited and be removed from list of approved vendors/contractors from 20.08.2025 to 18.10.2025.



Yours Faithfully

Indian Oil Corporation Limited

Ghanshyam Dwivedy
General Manager (Mat & Cont)
Paradip Refinery
PO : Jhimani Via-Kujang,
Odisha -754141

4. The petitioner further assails the order dated 21.08.2025 issued by the respondent no.1, whereby the petitioner's PAN (AAMFA1527C) has been debarred on the 'eProcurement Portal' of respondent no.1.

5. The petitioner also impugns the order dated 19.08.2025 issued by respondent no.2/ Government e-Marketplace (GeM), whereby the transactions from the petitioner's GeM account have been suspended on the portal of on the respondent no.2 portal for the period from 19.08.2025 to 18.10.2025. The said communication reads as under:-



Dear Sir/ Madam,

Please note that in accordance with the GeM Incident Management policy and as decided by Competent Authority with regard to incident number 2206930, the transactions from your GeM account have been suspended for transaction for a period of 60 days starting from 19-Aug-2025 and ending on 18-Oct-2025. This is due to Withdraws or modifies or impairs or derogates from the bid in any respect within the period of its validity, if the value of bid is more than Rs 10 lakh for Product id-

During such time your carted products(if any), will be removed from cart(s) and you will not be able to:

- 1) Enter into fresh transactions.
- 2) Upload products.
- 3) Participate in bids/RA. If already participated in the ongoing bids, your bids/RA will be withdrawn.
- 4) Carted products will be taken out.

However, you will be able to complete the transactions already finalized, such as delivery, payment receipt etc.

Regards,
GeM Admin

For any queries : 1-800-419-3436, 1-800-102-3436 or helpdesk-gem@gov.in
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6. The factual background which led to the issuance of the impugned orders is set out hereunder:-

a) Respondent no.1 (IOCL) issued a tender through respondent no.2 (GeM Portal) on 03.05.2025 for the transportation of propylene via tanker trucks from IOCL's Mathura refinery to the Paradip refinery. As per the terms of the said tender, the bidders were supposed to quote a lump-sum amount. However, according to the petitioner there was ambiguity surrounding the manner in which the bid amount was to be entered. In view thereof, the petitioner opted to submit its bid in accordance with the standard practice of quoting the rate as "Rs. per km per ton", which is typically followed for tenders concerning the transportation of LPG and other gases. In line with past practices, the petitioner submitted its bid in the format of "Rs. per km per ton" instead of a lump-sum figure. When an explanation was sought, the petitioner clarified that the quoted rate was in the format of Rs. per km per ton and the rate can be multiplied by the total quantity to determine the bid amount.

b) IOCL and GeM authorities construed the above as a modification or upward revision of the bid. Consequently, a communication dated 22.07.2025 came to be issued by the respondent no.2 to the petitioner.

The same reads as under:-

Dear Madam/Sir,

The Buyer requires clarification from you in order to determine the financial viability of your offer. The Buyer has requested a price justification for 22-July-2025 09:23 against GEM/2025/B/6198848. The request can be viewed in the seller panel's 'Participated Bids' section. You must respond and submit your clarifications as requested by the Buyer by 24-July-2025 09:23. Submit your response as soon as possible as the buyer will proceed with determining financial suitability after the due date.

Regards,
Team GeM



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- c) The letter issued by respondent no.1, which formed the basis for the communication dated 22.07.2025, reads as under:-

To
M/s Aman Carriers
BC-29, Mangolpuri Industrial Area,
Mangolpuri,
Delhi

Tender No. **PDO1H25023**

GeM Bid no.: **GEM/2025/B/6196848**

Name of work: **Transportation of Propylene from IOCL-Mathura Refinery Marketing Terminal, Mathura, UP to IOCL-Paradip Refinery, Paradip, Odisha through dedicated Propylene tank trucks.**

Dear Sir,

Your offer against the subject tender is under evaluation. It is observed that you have quoted a lump sum price of **Rs 3.39 (Rupees Three and paise Thirty Nine only)** against our estimate of **Rs.18,24,17,508/- including GST.**

As per GeM NIT, the evaluation method is 'Total value wise evaluation' and the estimated cost including GST was mentioned in the GeM NIT.

GeM Terms & Conditions regarding prices also states that 'evaluation of the bid shall be on the basis of total all inclusive, landed price'.

A detailed Schedule of rates / BOQ indicating quantity and total amount i.e. Rs. 18,24,17,508 inclusive of GST was also published along with the NIT.

As per SITB cl. 21.6 regarding Price part and the schedule of rates, it was instructed that for Gem Tenders, quoted price shall be inclusive of GST.

In the Acceptance of tender documents, terms and conditions and undertakings by the tenderer(s) (page no 4 of 14 of Undertakings), you have also certified that you have fully read and thoroughly understood the tender requirements and accept all the terms and conditions of the tender.

Considering the above, you are requested to provide justification for your quoted price and workability of the job at your quoted price.

You are requested to furnish the above within the GeM timeline for price justification.

- d) In response to the aforesaid communication, the petitioner submitted a clarification stating that the quoted figure of Rs. 3.39 was not intended to represent the total price for the scope of work, but rather the standard rate per km per ton. It was further stated that the said rate was mistakenly entered into the GeM bid portal under a misconception/ *bonafide* mistake. It is submitted that the same was inadvertent and not in consonance with the requirement to submit a total, all-inclusive landed price. Petitioner's clarification, as submitted



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on 22.07.2025 reads as under:-

“Ref. No.....
The Tender Evaluation Committee
Indian Oil Corporation Limited

Dated 22.07.2025

Subject: Price Justification and Clarification for **Tender No. PDO1H25023**
GeM Bid No.: **GEM/2025/B/6196848**
Work: **Transportation of Propylene from IOCL-Mathura Refinery to IOCL-Paradip Refinery**

Respected Sir/Madam,

This is in reference to your communication regarding the justification of our quoted price of **Rs. 3.39** for the subject tender.

We respectfully submit that the quoted figure of ₹3.39 was not intended to represent the total price for the scope of work, but rather our standard rate per km per ton. This rate was calculated based on our extensive operational experience and is in line with typical market pricing for similar gas transportation contracts.

However, we mistakenly entered this unit rate directly into the GeM bid portal, unaware that the tender required a total, all-inclusive landed price in accordance with the BOQ quantities and format published in the NIT. Unfortunately, this led to the appearance of an unreasonably low lump sum amount, which was never our intention and does not reflect the actual commercial viability of the job.

We humbly submit that this was a genuine and unintentional error, arising from a misunderstanding of the pricing format specified for GeM-based tenders. In our 40+ years of experience transporting LPG, Propylene, LNG, and related gases across India - including for IOCL, BPCL, HPCL, and several private entities - we have always quoted on a per kilometer per ton basis, which has been the traditional norm in this industry. The current requirement of quoting total BOQ-based pricing through the GeM platform is relatively new to us, and we regret not fully adapting to the revised format in this instance.

We would also like to address your observation that we have certified having read and understood all terms and conditions of the tender. We fully acknowledge this certification and respectfully clarify that while we reviewed the documents thoroughly, the specific instruction regarding total landed price entry, as per BOQ, was inadvertently overlooked at the time of submission. This was not due to any disregard for the tender conditions, but rather a procedural oversight grounded in legacy practices we have followed for



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decades. This is our first experience dealing with this specific BOQ submission format on GeM, and we take full responsibility for not recognizing the deviation.

We would like to assure the committee of the following:

The rate of ₹3.39 per km per ton is realistic and workable, and derived from actual market and operational conditions.

- M/s Aman Carriers has the experience, fleet strength, and technical capability to execute this job reliably and in full compliance with IOCL's safety and service standards.

-There was no intention to mislead or underbid; the discrepancy is solely due to a procedural oversight.

In view of the above, we sincerely request your kind consideration to:

- 1. Permit us to revise our submission to reflect the correct total price as per the BOQ, OR*
- 2. Allow the evaluation of our unit rate in line with the published BOQ quantities, if procedurally permissible, OR*
- 3. Provide an opportunity to withdraw and re-submit the price bid correctly, in the interest of fair competition and transparency.*

We remain committed to supporting IOCL with the highest standards of service, and trust our explanation will be received in the genuine spirit with which it is offered.

Thank you for your time, patience, and understanding.

*Yours sincerely,
For Aman Carriers"*

- e) Despite the above clarification, respondent no.2 proceeded to issue a show cause notice dated 06.08.2025. The petitioner responded to the said notice on the same date, reiterating the explanation furnished vide the aforesaid communication/clarification dated 22.07.2025.
- f) However, on 07.08.2025, the respondent no.1 requested the respondent no.2 to take action against the petitioner as per the GeM incident policy. Consequently, the impugned suspension letter dated 19.08.2025 (enclosed as Annexure P-1) came to be issued by the



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respondent no.2. The same was followed by the impugned communications dated 20.08.2025 and 21.08.2025 (annexed as Annexure P-2 and Annexure P-3, respectively) issued by respondent no.1.

g) Learned counsel for the petitioner submits that the petitioner's holiday listing by IOCL, has led to the rejection of its bids for other tenders for supply for LPG in Punjab (Annexure P4) and Uttar Pradesh (Annexure P5), as a direct consequence of being holiday listed.

7. Learned senior counsel for the petitioner submits as under:-

- a) That there was no modification or upward revision of the bid by the petitioner. The format of petitioner's bid was consistent with prior IOCL tenders for transportation of LPG. It is unfathomable as to how the respondents have construed the petitioner's quoted rate of Rs.3.39 as a lump sum amount, when it clearly depicted the rate per km per ton. No reasonable person could have concluded that a lump sum bid of Rs. 3.39 was being submitted for the work which according to IOCL's own estimate is valued at a minimum of Rs. 18.24 Crores.
- b) The petitioner in its reply, *vide* communications dated 06.08.2025 and 22.07.2025, clarified that the error in the format in which the rate was quoted, was genuine and unintentional mistake, arising from a misunderstanding of bid format prescribed in the GeM tenders.
- c) No show cause notice was issued by IOCL prior to passing the impugned order of holiday listing the petitioner. The omission is contrary to the IOCL's own guidelines on holiday listing,



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which mandate the issuance of a show cause notice and even prescribe a format, which specifically requires that the noticee be informed that blacklisting action is contemplated against it.

d) The show cause notice issued by GeM nowhere states that an action of blacklisting/ holiday listing is proposed or contemplated against the petitioner.

8. Learned counsel for the respondent no.2 submits that the suspension letter dated 19.08.2025, issued by the respondent no.2 merely resulted in the suspension of the petitioner's account on the GeM portal for the period indicated in the order. It is submitted that the said suspension is neither stigmatic nor intended to have any cascading effect. It is further submitted that the said suspension has no bearing on tenders issued by respondent no.1 outside or independent of the GeM portal, even during the period of suspension.

9. Learned counsel for respondent no.1 submits that the impugned orders issued by respondent no.1 are consequential to: (i) the errors in the petitioner's bid; and (ii) the suspension action taken by respondent no.2. It is also submitted that the holiday listing of the petitioner is justified in terms of Clause-11 of the relevant policy of the respondent no.1, which reads as under:-

“11.GeM Tenders

In case of GeM procurements, incident Management (IIM) Policy of GeM shall be applicable Terminologies used in GeM shall be as defined in the relevant policy. Buying Unit to ensure that vendor suspended due to IOCL's incident raising is blocked in SAP for the period for which they have been put on Suspension list of GeM, and the same is also updated on IOCL e-tender portal, as is done for other holiday listed



vendors.”

10. It is further submitted on behalf of respondent no.1 that the impact of holiday listing is that during the period thereof, no bid submitted by the petitioner could be processed, even if the same was submitted prior to the commencement of the period referred to in the impugned holiday listing/debarring order issued by respondent no.1.

11. It is not disputed that the impugned orders issued by respondent no.1 were passed without issuing any independent show cause notice. However, it is sought to be urged that the show cause notice issued by respondent no.2 suffices for the purposes of the orders issued by respondent no.1

Reasoning and Findings

12. Upon consideration of the factual matrix and the rival contentions of the parties, this Court finds that the impugned orders dated 20.08.2025 and 21.08.2025 issued by respondent no.1/IOCL are unsustainable. The reasons for the same are as under:-

- i. The admitted position is that the impugned orders dated 20.08.2025 and 21.08.2025 were issued without any serving any show cause notice upon the petitioner. It is also apparent that the said orders are referable to the ‘holiday listing’ policy of the respondent no.1 which itself contains a provision for issuing show cause notice prior to putting any party on the holiday listing. The relevant provisions of the said policy are as under:-

“3. Show Cause Notice

a) Before placing the party on holiday list, a fair opportunity of hearing the party shall be given by means of a Show Cause Notice. The Show Cause Notice should be issued to the Party before placing the party on holiday list except for cases under Cl 2.2.



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b) A proforma of the Show Cause Notice is enclosed Attachment-1. A reasonable time (of 15 days) for a reply to the show cause notice shall be given. This time may be extended at the request of the party, if so warranted for a period not exceeding 7 days.

c) The Show Cause Notice shall be issued to the party and a copy may be endorsed to its CEO (Chairman/ President/ Managing Director/ Proprietor/ Managing Partner etc.)

d) The decision to place the party on holiday list shall be taken considering the reply, if any, of the party, and by passing a reasoned Speaking Order in respect of all the allegations contained in the Show- Cause notice.

- ii. The absence of the show cause notice strikes at the very root of the impugned orders dated 20.08.2025 and 21.08.2025.
- iii. It is incorrect on the part of respondent no.1 to content that the impugned orders are merely consequential to, and/or a reiteration of the suspension order dated 19.08.2025, issued by the respondent no.2. It has been clarified by the learned counsel for the respondent no.2 that the suspension order issued by the respondent no.2 has already worked itself out. It has also been clarified that the said suspension order does not impose any impediment on the petitioner's participation in respect of tenders which are issued by the respondent no.1, independent of the GeM portal.
- iv. It is evident that the impugned orders issued by the respondent no.1 have a wider and more pervasive impact which goes beyond the impact of the suspension order issued by the respondent no.2.
- v. Further, while the impugned order dated 19.08.2025 issued by the respondent no.2 is not intended to have any stigmatic/ cascading consequences (as confirmed by learned counsel for the respondent no.2 during the course of hearing), the subsequent order dated



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20.08.2025 specifically refers to holiday listing/ debarring of the petitioner. The latter is clearly stigmatic in nature and as such it was incumbent upon respondent no.1 to issue a show cause notice prior to the issuance of the said holiday listing/ debarring order.

- vi. The absence of a show cause notice is fatal to the impugned orders issued by respondent no.1. It is a settled position of law that no order of blacklisting can be passed unless a proper show cause notice is issued specifically, putting the concerned party to notice that an action of blacklisting/ debarring/ holiday listing is contemplated. In this regard, reference may be made to the following judgments of the Supreme Court:-

a) *UMC Technologies Pvt. Ltd. v. FCI* (2021) 2 SCC 551-

*“13. At the outset, it must be noted that it is the first principle of civilised jurisprudence that a person against whom any action is sought to be taken or whose right or interests are being affected should be given a reasonable opportunity to defend himself. The basic principle of natural justice is that before adjudication starts, the authority concerned should give to the affected party a notice of the case against him so that he can defend himself. Such notice should be adequate and the grounds necessitating action and the penalty/action proposed should be mentioned specifically and unambiguously. An order travelling beyond the bounds of notice is impermissible and without jurisdiction to that extent. This Court in *Nasir Ahmad v. Custodian General, Evacuee Property* [*Nasir Ahmad v. Custodian General, Evacuee Property*, (1980) 3 SCC 1] has held that it is essential for the notice to specify the particular grounds on the basis of which an action is proposed to be taken so as to enable the noticee to answer the case against him. If these conditions are not satisfied, the person cannot be said to have been granted any reasonable opportunity of being heard.*

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, particularised and unambiguous show-cause notice is particularly crucial due to the severe consequences of blacklisting and the



stigmatisation 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 take 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.

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21. Thus, from the above discussion, a clear legal position emerges that for a show-cause notice to constitute the valid basis of a blacklisting order, such notice must spell out clearly, or its contents be such that it can be clearly inferred therefrom, that there is intention on the part of the issuer of the notice to blacklist the noticee. Such a clear notice is essential for ensuring that the person against whom the penalty of blacklisting is intended to be imposed, has an adequate, informed and meaningful opportunity to show cause against his possible blacklisting.

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25. The mere existence of a clause in the bid document, which mentions blacklisting as a bar against eligibility, cannot satisfy the mandatory requirement of a clear mention of the proposed action in the show-cause notice. The Corporation's notice is completely silent about blacklisting and as such, it could not have led the appellant to infer that such an action could be taken by the Corporation in pursuance of this notice. Had the Corporation expressed its mind in the show-cause notice to blacklist, the appellant could have filed a suitable reply for the same. Therefore, we are of the opinion that the show-cause notice dated 10-4-2018 does not fulfil the requirements of a valid show-cause notice for blacklisting. In our view, the order of blacklisting the appellant clearly traversed beyond the bounds of the show-cause notice which is impermissible in law. As a result, the consequent blacklisting order dated 9-1-2019 cannot be sustained."

b) *Gorkha Security Services v. Government (NCT Delhi) and*

***Others (2014) 9 SCC 105***

“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.

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21. The central issue, however, pertains to the requirement of stating the action which is proposed to be taken. The fundamental purpose behind the serving of show-cause notice is to make the noticee understand the precise case set up against him which he has to meet. This would require the statement of imputations detailing out the alleged breaches and defaults he has committed, so that he gets an opportunity to rebut the same. Another requirement, according to us, is the nature of action which is proposed to be taken for such a breach. That should also be stated so that the noticee is able to point out that proposed action is not warranted in the given case, even if the defaults/breaches complained of are not satisfactorily explained. When it comes to blacklisting, this requirement becomes all the more imperative, having regard to the fact that it is harshest possible action.

22. The High Court has simply stated that the purpose of show-cause notice is primarily to enable the noticee to meet the grounds on which the action is proposed against him. No doubt, the High Court is justified to this extent. However, it is equally important to mention as to what would be the consequence if the noticee does not satisfactorily meet the grounds on which an action is proposed. To put it otherwise, we are of the opinion that in order to fulfil the requirements of principles of natural justice, a show-cause notice should meet the following two requirements viz:

- (i) The material/grounds to be stated which according to the department necessitates an action;*
- (ii) Particular penalty/action which is proposed to be taken. It is this second requirement which the High Court has failed to omit.*



We may hasten to add that even if it is not specifically mentioned in the show-cause notice but it can clearly and safely be discerned from the reading thereof, that would be sufficient to meet this requirement.

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31. When it comes to the action of blacklisting which is termed as “civil death” it would be difficult to accept the proposition that without even putting the noticee to such a contemplated action and giving him a chance to show cause as to why such an action be not taken, final order can be passed blacklisting such a person only on the premise that this is one of the actions so stated in the provisions of NIT.

vii. It is also apparent from the facts and circumstances of the case that, by no stretch of imagination, could the petitioner’s bid of Rs.3.39 (Rupees Three and Paise Thirty Nine Only) be construed as a lump sum figure in respect of a tender which itself sets out the estimate cost as being Rs.18,24,17,508/- (including GST). It is quite apparent that the figure quoted by the petitioner represented the “per km per ton” cost.

viii. In any event, even assuming that a clerical error was made by the petitioner, the action of debarring/ blacklisting the petitioner on that basis is arbitrary and disproportionate. In this regard reference may be made to the observations of the Division Bench of the Bombay High Court in *M/s. RKD SCPL (JV) vs. Ministry of Road Transport and Highway & Another*, Writ Petition No. 11818/2022.

“3. The petitioner submitted the bid. The bid offered by the petitioner was Rs.133.93. The Evaluation Committee considered the bid of the petitioner at Rs.133.93 and held that the lowest bid is 99.99% below the cost of work put to tender and considered the petitioner as L1. Subsequently, the petitioner wrote a letter to the respondents clarifying that a bid quoted by the petitioner is at Rs.133.93 Crores. Inadvertently, the power of attorney/employee of the petitioner did not write the word “Crores”. The respondents



thereafter under the impugned order held that the petitioner though was declared as L1, denied for further process in bidding as such, is debarred for a period of one year from participating/engagement in any future projects/bid of MORT&H projects in Maharashtra of/or to be taken by it either directly or indirectly, effective from the date of circular i.e. 17 March, 2022.

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9. Perusal of the tender, the estimated cost, it would be reasonable to accept that no person would bid at Rs.133.93. The explanation of the petitioner appears to be probable that the bid was in fact, of Rs.133.93 Crores. The respondents could not have been so irrational not to accept explanation of the petitioner that the word “Crores” was inadvertently left out.

10. In the facts and circumstances of the case, a man of reasonable ordinary prudence would have accepted the explanation of the petitioner. The action taken against the petitioner pursuant to the impugned circular does not stand to reason. It may be that the petitioner is not awarded the contract, however, blacklisting the petitioner for one year for such inadvertent error would be too disproportionate.”

- ix. The Division Bench of this Court in ***M/s. CEIGALL India Limited v. National Highway Authority of India & Anr.*** 2025 DHC 6797-DB, in an identical conspectus (where the bid amount referred to in figures was Rs. 1220,00,00,000/- but inadvertently, the same was stated in words as “*One Thousand Two Hundred and Twenty Only*”), held as under:-

*“Ergo, applying the law enunciated in **Omsairam** (supra) and **ABCI** (supra), we are of the considered opinion that the error or mistake on the part of the petitioner is bonafide and inadvertent. A fortiori, the penal action, as envisaged by NHAI, appears to be unsustainable.”*

- x. It has been consistently held by the Supreme Court that blacklisting is permissible only in cases of egregious misconduct or illegality and cannot be done in a routine manner. Blacklisting amounts to a civil death, carrying debilitating consequences and cannot be imposed for



an ordinary breach or an inadvertent mistake. In this regard reference is apposite to the following observations of the Supreme Court in ***Techo Prints v. Chhattisgarh Textbook Corporation and Another*** 2025 SCC OnLine SC 343:

“33. As observed by this Court in Erusian Equipment & Chemicals Ltd. v. State of W.B., (1975) 1 SCC 70, an order of blacklisting casts a slur on the party being blacklisted and is stigmatic. Given the nature of such an order and the import thereof, it would be unreasonable and arbitrary to visit every contractor who is in breach of his contractual obligations with such consequences. There have to be strong, independent and overwhelming materials to resort to this power given the drastic consequences that an order of blacklisting has on a contractor. The power to blacklist cannot be resorted to when the grounds for the same are only breach or violation of a term or condition of a particular contract and when legal redress is available to both parties. Else, for every breach or violation, though there are legal modes of redress and which compensate the party like the Corporation before us, it would resort to blacklisting and at times by abandoning or scuttling the pending legal proceedings.

34. Plainly, if a contractor is to be visited with the punitive measure of blacklisting on account of an allegation that he has committed a breach of a contract, the nature of his conduct must be so deviant or aberrant so as to warrant such a punitive measure. A mere allegation of breach of contractual obligations without anything more, per se, does not invite any such punitive action.

xi. In ***Blue Dreamz Advertising Pvt. Ltd. and Another v. Kolkata Municipal Corporation and Others*** 2024 SCC OnLine SC 1896, the Supreme Court observed as under:

“26. In other words, where the case is of an ordinary breach of contract and the explanation offered by the person concerned raises a bona fide dispute, blacklisting/debarment as a penalty ought not to be resorted to. Debarring a person albeit for a certain number of years tantamounts to civil death inasmuch as the said person is commercially ostracized resulting in serious consequences for the person and those who are employed by him.”



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13. In the circumstances, the impugned orders dated 20.08.2025 and 21.08.2025 issued by respondent no.1 are unsustainable. Accordingly, the same, as also all actions consequent thereto, are set aside.

14. The petition is disposed of in the above terms. Pending application also stands disposed of.

SACHIN DATTA, J

NOVEMBER 3, 2025/uk/ss