RAGHUNATH THAKUR
v.
STATE OF BIHAR & ORS.

NOVEMBER 8, 1988

[SABYASACHI MUKHARJI AND S. RANGANATHAN, JJ.]

Administrative Law: Black listing—Right to be heard—Making representation against the order—Necessity for.

The appellant has bid in an auction of Beni Country Liquor Shop in the District of Samastipur and was given the shop being the highest bidder but he failed to deposit the bid money in time.

The Collector, Samastipur by an order cancelled the bid and black listed the appellant. He then moved the High Court against the order of the Collector. The High Court upheld the order of the Collector.

The appellant appealed to this Court by special leave.

Disposing of the appeal, the Court,

HELD: 1. It is an implied principle of the rule of law that any order having civil consequences should be passed only after following the principles of natural justice. Black-listing any person in respect of business ventures has civil consequences for the future business of the person concerned in any event. [868H; 869A]

2. Even if the rules do not express so, it is an elementary principle of natural justice that parties affected by any order should have right of being heard and making representations against the order. [869B]

In the instant case, that portion of the order directing that the appellant be placed in the black-list in respect of future contracts under the Collector is set aside. So far as the cancellation of the bid of the appellant is concerned, that is not affected. [869B-C]

CIVIL APPELLATE JURISDICTION: Civil Appeal No. 4031 of 1988.

From the Judgment and Order dated 14.4.1988 of the Patna High

A Court in C.W.J.C. No. 1923 of 1988.

R.K. Jain, R.P. Singh and Y.D. Chandrachud for the Appellant.

U.S. Prasad for the Respondents.

B The Judgment of the Court was delivered by

SABYASACHI MUKHARJI, J. Special leave granted.

The order dated 25th March, 1988 of the Collector is under challenge in this appeal. The same reads as follows:

C

> "Shri Raghu Nath Thakur S/o Late Gorakh Thakur, Village Repura, P.S. Puksha, District Samastipur had bid for Rs.11,900 (Rupees eleven thousands only) per month Dak in an auction of Beni Country liquor shop held on 27.3.88 and he as given the shop of Beni Country liquor but
> D after signing in Bandobasti Register he did not deposit dak amount.
>
> The name of Shri Raghu Nath Thakur S/o Late Gorakh Nath Village Repura, P.S. Pusa, Distt. Samastipur is therefore placed in the black list for future under the
> E orders passed by the Collector, Samastipur."

This order was passed pursuant to the order of the Collector. The letter dated 25th March, 1988, states as follows:

> "The Collector of the district after perusal of the said office
> F note passed order on 25.3.88 which is produced in verbatim below:
>
> Ist bidder chunki defaulter hai atah security prapt kar len tatha bhavishya ke liae Black list karen."

G Indisputably, no notice had been given to the appellant of the proposal of black-listing the appellant. It was contended on behalf of the State Government that there was no requirement in the rule of giving any prior notice before black-listing any person. In so far as the contention that there is no requirement specifically of giving any notice is concerned, the respondent is right. But it is an implied princi-
H ple of the rule of law that any order having civil consequence should be

passed only after following the principles of natural justice. It has to be realised that black-listing any person in respect of business ventures has civil consequence for the future business of the person concerned in any event. Even if the rules do not express so, it is an elementary principle of natural justice that parties affected by any order should have right of being heard and making representations against the order. In that view of the matter, the last portion of the order in so far as it directs black-listing of the appellant in respect of future contracts, cannot be sustained in law. In the premises, that portion of the order directing that the appellant be placed in the black-list in respect of future contracts under the Collector is set aside. So far as the cancellation of the bid of the appellant is concerned, that is not affected. This order will, however, not prevent the State Government or the appropriate authorities from taking any future steps for black-listing the appellant if the Government is so entitled to do so in accordance with law, i.e. giving the appellant due notice and an opportunity of making representation. After hearing the appellant, the State Government will be at liberty to pass any order in accordance with law indicating the reasons therefor. We, however, make it quite clear that we are not expressing any opinion on the correctness or otherwise of the allegations made against the appellant. The appeal is thus disposed of.

S.K.A. Appeal disposed of.