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IN THE HIGH COURT OF DELHI AT NEW DELHI

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W.P.(C) 8688/2007

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Judgment dated 26.03.2014

M/S.VERMA RATION SHOP

..... Petitioner

Through : Mr.Pradeep Gupta, Advocate

versus

GOVT. OF N.C.T. OF DELHI & ORS

..... Respondents

Through : Mr.S.D. Salwan and Ms.Latika Dutta,
Advocate

CORAM:

HON'BLE MR. JUSTICE G.S.SISTANI

G.S.SISTANI, J (ORAL)

1. Present petition has been filed by petitioner under Articles 226/227 of the Constitution of India for issuance of a writ of certiorari or any other writ directing respondent no.1 to 3 to quash the show cause notice dated 10.9.2007 issued by respondent no.2, Assistant Commissioner (West).
2. Rule. With the consent of counsel for the parties, present writ petition is set down for final hearing and disposal.
3. The necessary facts for disposal of the present writ petition are that the petitioner had been granted /issued licence on 5.9.1985 for running the Fair Price Shop (for short, 'FPS') No.7020 in Circle No.39, which was renewed upto 29.3.2009, by the respondent no.2. A copy of the license dated 5.9.1985, granted in favour of the petitioner, has been filed along with the writ petition, as Annexure P-2.
4. On 17.9.1987 an inspection was carried out by the Food & Supplies Delhi Administration and upon inspection it was found that (i) authorization

letter of the FPS was not available at the time of visit; (ii) On 30.8.87 there was no sale of 2 kgs. Palmolin packs, but in stock register it had been shown as a pack of 2 kgs. palmolin; (iii) rapeseed oil was found excess by 45 kgs.; (iv) RBD palm oil was found excess by 15 kgs.; (v) Sale of RBD palm oil was made excess by 19 kgs. (w.e.f. 1.9.1987 to 17.9.1987) total stock was 30 kgs. but in this period sale had been shown as 49 kgs.; (vi) stock of palmolin packs was found short by 1 pack (2 kgs.); (vii) stock of sugar was found short by 25,600/- kgs.; (viii) stock of rice was found excess by 3 kgs.; and (ix) stock of wheat was found excess by 15,700 kgs. On the basis of the abovesaid discrepancies, an FIR No.600/22-9-87 was registered at Police Station Delhi Cantt. against the owners of the petitioner firm. On 26.11.1987 the Assistant Commissioner (West) ordered that the entire security amount of Rs.500/- of the petitioner be forfeited. It has also been noticed in the order the Assistant Commissioner (West) dated 26.11.1987 that the suspension of Fair Price Shop authorization No.7020 has already been revoked by CFS vide its order dated 9.10.1987. On 18.09.1989 petitioner was sentenced to imprisonment till rising of the court and fine of Rs.250/- was imposed under the proceedings under Section 7 of the Essential Commodities Act.

5. It is the case of the petitioner that petitioner was running the FPS for the last 20 years after passing of the order dated 9.10.1987; and the impugned show cause notice was issued for cancellation of the licence by respondent no.2 solely on the basis of the judgment of ASJ, vide which while disposing of the proceedings, the learned Judge has imposed fine of Rs.200/- and TRC in default of 30 days each SI after pleaded guilty by the accused.
6. Counsel for the petitioner submits that it is clear that the Show Cause Notice dated 10.9.2007 was issued by respondent no.2 on the basis of the

directions / letter dated 4th July, 2007 passed by the higher authorities [Central Vigilance Committee].

7. Learned counsel for the petitioner submits that the petitioner cannot be punished for an offence committed by him twenty years ago. Counsel further submits that during the period of twenty three years the license of the petitioner was renewed from time to time. Counsel also contends that the license of the petitioner cannot be cancelled after such a long gap without any cogent or plausible explanation with regard to delay on the part of the respondents. Counsel also contends that on account of the delay the respondent has condoned the act of the petitioner and the action of the respondent is stale.
8. Counsel further submits that there are no reasons, which have been given in the order/notice, which would justify the action of cancellation against the petitioner. Counsel contends that it is the case of the petitioner that after the Committee was formed by the Supreme Court of India, sweeping actions were taken without any application of mind and under the fear of strictures being passed and action being taken against the erring officials.
9. Mr.Salwan, learned counsel for the respondent, submits that once the petitioner had committed breach and he was convicted, the respondent was well within its right to take action as per Clause 7 of the 1981 Order dated 12.01.1981, i.e. Delhi Specified Articles (Regulations of Distribution) Order, 1981 which reads as follows:

“7. Cancellation of authorization upon Conviction.-
Notwithstanding anything contained in this clause where an authorized wholesaler or a fair price shop holder has been convicted by a court of law in respect of contravention of any of the provisions of this Order or any other order made under Section 3 of the Essential Commodities Act, 1955 (10 of 1955), the Deputy Commissioner may, by order, in writing cancel his authorization forth with :

Provided that where such conviction is set aside in appeal or revision the Deputy Commissioner may on application by the person whose authorization has been cancelled re-issue the authorization to such person.”

10. Counsel for the respondent submits that the delay is procedural, as in the period of 18 years, 24 Assistant Commissioners had been transferred in one zone, and in another zone 12 Assistant Commissioners were transferred in 10 years, and, thus, the delay cannot be attributed to the respondent.
11. Learned counsel for the respondent, while placing reliance on the report of Justice Wadhwa Committee, contends that the Supreme Court of India passed an order in WP(C) 196/2001 constituting Central Vigilance Committee to be headed by Mr. Justice D.P. Wadhwa, a retired Judge of the Supreme Court to be assisted by Dr. N.C. Saxena, Commissioner, earlier appointed by Court. The Committee was required to look into the maladies affecting the proper functioning of Public Distribution System (PDS) and to suggest remedial measures. In particular, the Committee was asked to focus on (a) The mode of appointment of the dealer; (b) the ideal commission or the rate payable to the dealers; (c) modalities as to how the Committees already in place, can function better; and (d) modes as to how there can be transparency in allotment of the food stock to be sold at the shops. The Supreme Court further directed that “while dealing the question of mode of appointment, the Committee would also suggest as to a transparent mode in the selection of the dealers. The Committee would also indicate as to how more effective action can be taken on the report of the Vigilance Committee already appointed. The direction was issued initially for the Government of Delhi to be followed on all India basis. This report details with Delhi.

12. It is submitted by counsel for the petitioner that the scope of the directions of the Committee was not to look into the genuine cases and old matters where action had already been taken many years prior to the formation of the Wadhwa Committee. It is further submitted that the petitioner has already suffered the rigours of trial, as he was convicted till the rising of the Court and he also paid fine and, thus, he should not be punished twice for the same offence.
13. Learned counsel for the respondent submits that as per Clause 7 of Delhi Specified Articles (Regulations of Distribution) Order, 1981, it was mandatory upon the respondent to cancel the license of the petitioner after he was convicted by a court of law. Counsel further submits that the action was optional as the word, which has been used is 'may' and the same cannot be read as 'shall'. Counsel also submits that there is no question of double jeopardy as the action for cancellation of the license has been taken pursuant to Clause 7 of Delhi Specified Articles (Regulations of Distribution) Order, 1981, which would come into play after the order of conviction has been passed.
14. I have heard learned counsel for the parties and considered their rival submissions. In this case, admittedly, Authorisation No.7020 in Circle No.39, was granted in favour of the petitioner for running a Fair Price Shop. An inspection of the shop of the petitioner was carried out. The Inspector of respondents found the following discrepancies : (i) authorization letter of the FPS was not available at the time of visit; (ii) On 30.8.87 there was no sale of 2 kgs. Palmolin packs, but in stock register it had been shown as a pack of 2 kgs. palmolin; (iii) rapeseed oil was found excess by 45 kgs.; (iv) RBD palm oil was found excess by 15 kgs.; (v) Sale of RBD palm oil was made excess by 19 kgs. (w.e.f. 1.9.1987 to 17.9.1987) total stock was 30 kgs. but in this period sale had

been shown as 49 kgs.; (vi) stock of palmolin packs was found short by 1 pack (2 kgs.); (vii) stock of sugar was found short by 25,600/- kgs.; (viii) stock of rice was found excess by 3 kgs.; and (ix) stock of wheat was found excess by 15,700 kgs. Based on the inspection, FIR No.600/22-9-87 was registered at Police Station Delhi Cantt. against the owners of the petitioner firm. Trial was conducted and vide judgment dated 18.9.1989 the petitioner was convicted with imprisonment till the rising of the Court together with a fine of Rs.250/-.

15. On 10.9.2007 the impugned Show Cause Notice was issued to the petitioner under Clause 7 of Delhi Specified Articles (Regulation of Distribution) Control Order 1981 to explain as to why his license should not be cancelled for the offence committed. The petitioner was also called upon to appear in person or through his representative on 15.9.2007 at 2:30 p.m.
16. Admittedly, no administrative action was taken by the respondent against the petitioner for more than 20 years and in fact the license of the petitioner was renewed from time to time.
17. A careful reading of Clause 7 of Delhi Specified Articles (Regulations of Distribution) Order, 1981, would show that the word, which has been used is 'may' and not 'shall' and, thus, it is not for the Court to substitute its interpretation or to give a meaning to a word unless the clause is unhappily worded or requires an interpretation to be given. In my view the word 'may' is to be read as it is and should not be substituted for 'shall' for the reason that the nature of offence committed by an individual would depend on the facts of each case.
18. In this case, trial court has already imposed sentence on the petitioner till rising of the court and also imposed fine of Rs.250/-. The reason why the petitioner must succeed in this writ petition is that there is gross delay on

the part of the department i.e. as long as approximately 20 years. In my view the respondents have condoned the acts of the petitioner by renewing the license of the petitioner year after year and moreover there is no explanation for the gross delay in the matter and further from the date of inspection, which took place in the year 1987, there is no complaint against the petitioner till date. Any action of cancellation would, therefore, cause great prejudice to the petitioner.

19. Petition is allowed. The rule is made absolute.

G.S.SISTANI, J

MARCH 26, 2014

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