

IN THE HIGH COURT OF JUDICATURE AT PATNA
Civil Writ Jurisdiction Case No.14508 of 2024

Yogendra Paswan son of Shri Chulhay Paswan, Proprietor of M/s Amla Bharatgas Gramin Vitrak, Bharatgas Distributor, Resident of Village and Gram Panchayat-Manjhaura, Block-Uda Kishanganj, Police Station-Bihariganj, District-Madhepura (Bihar).

... .. Petitioner/s

Versus

1. M/s Bharat Petroleum Corporation Limited A Government of India Enterprise, Having its registered office situated at Bharat Bhawan, 4 and 6, Currimbhoy Road, Ballard Estate, Post Box Number-688, Mumbai-400001 (Maharashtra), India.
2. Territory Manager (LPG) Purnea M/s Bharat Petroleum Corporation Limited, Purnea LPG Territory, having its office situated at 1st Floor, BSNL Office, Girija Chowk, Purnea, Pin Code-854301 (Bihar).

... .. Respondent/s

Appearance :

For the Petitioner/s	:	Mr. NK Agarwal, Sr. Adv.
	:	Mr. Pawan Kumar, Adv.
	:	Mr. Kumar Rajdeep, Adv.
For the Respondent/s	:	Mr. Siddhartha Prasad, Adv.

CORAM: HONOURABLE MR. JUSTICE A. ABHISHEK REDDY
ORAL JUDGMENT

Date : 05-08-2025

Heard the learned counsel for the parties.

The present writ petition has been filed for the following

relief(s):-

“a. For issuance of a writ in the nature of Certiorari or any other appropriate writ, order, direction for quashing of the Letter bearing No. LPG.ER.PUR.AMLA (cc206643) dated 24.07.2024 issued by the Territory Manager (LPG)- Purnea, M/s Bharat Petroleum Corporation Limited, Purnea LPG Territory (Respondent No. 2) whereby the Liquefied Petroleum Gas (LPG) distributorship (hereinafter be referred to as "LPG") of the Petitioner was suspended with immediate effect on totally non-est and erroneous grounds in completely mechanical manner-without even considering the reply of the Petitioner.



b. For issuance of a direction to stay the operation of the Letter bearing No. LPG.ER.PUR.AMLA (cc206643) dated 24.07.2024 (Annexure-P1) issued by the Respondent No. 2 till the disposal of the present writ application.

c. For issuance of a direction to restore the LPG Distributorship of the Petitioner with immediate effect.

d. For any other relief(s) as this Hon'ble Court may deem fit and proper in the interest of justice."

Re: I.A. No. 01 of 2024.

For the reasons mentioned in the above Interlocutory Application, the same is allowed.

The following reliefs has been added by way of IA. No. 01 of 2024.

"1. I. That this Interlocutory Application is being filed for amending the prayer in the writ petition for quashing of the Letter no LPG. HQ. 11. Amla Gas dated 26.11.2024 issued by the Business Head (LPG), BPCL whereby the Liquified Petroleum Gas (LPG) distributorship of the petitioner is terminated with immediate effect.

II That for issuance of a direction to stay the operation of the Letter Bearing No. LPG. HQ. 11. Amla Gas dated 26.11.2024 till the disposal of the present writ petition."

5. It is the case of the petitioner that pursuant to the advertisement dated 17.06.2017 issued by the respondent-Corporation for appointment of fresh LPG dealership, the petitioner has submitted his application and by draw of lots, he was selected. The letter of intent (LOI) was issued in his favour on



15.06.2018 and thereafter, an agreement was entered with the petitioner on 21.12.2018. The said agreement is subsisting for a period of ten years.

6. Learned counsel for the petitioner has stated that the authority has terminated the dealership of the petitioner solely on the ground that the petitioner has suppressed in his application that he is having PDS dealership. Learned counsel has stated that there is nothing in the advertisement issued by the Corporation or the agreement entered between the parties which prohibits the petitioner from carrying on any business subsequent to the grant of the LPG dealership. Learned counsel has stated that an applicant to the LPG dealership was only obligated to disclose, if he has any prior business at the time of application. That there is no clause which prohibits the petitioner from carrying on any business after the LPG dealership agreement was entered between the parties. Learned counsel has drawn the attention of this Court to various clauses in the agreement as well as the LOI issued by the Corporation to buttress his case. Further, it is submitted that the cancellation of the LPG dealership by the respondent authority on such frivolous grounds is without any legal basis and the same has to be necessarily be set aside by allowing the present writ petition.



Learned counsel has therefore, prayed this Hon'ble Court to allow the present writ petition.

7. *Per contra*, the learned counsel for the respondent-Corporation has vehemently opposed the very maintainability of the present CWJC and the prayer sought for by the petitioner. Learned counsel has stated that the petitioner has suppressed material fact while obtaining the LPG dealership. That the authority on coming to know about the fact that the petitioner was having PDS dealership has rightly cancelled the same. Learned counsel has stated that the agreement as well as the LOI issued by the authorities are clear to the effect that the applicant should disclose about having any other business or that he is employed. In case the applicant is employed, he should resign from the said post before entering into the agreement. However, the petitioner has not disclosed the fact that he is having a PDS dealership and, therefore, violated the terms of the agreements. Learned counsel has therefore, prayed this Hon'ble Court to dismiss the present writ petition.

8. In order to appreciate the issue involved in the present case, it is necessary to extract the relevant portions of the LOI dated 15.06.2018 as well as the agreement dated 21.12.2018 entered between the parties.



9. The relevant portion of LOI dated 15.06.2018 are read as below;

"4. Personal Supervision:

You should personally manage the LPG distributorship operations.

If already employed, you should have to submit acceptance of resignation letter from your employer prior to the issuance of Appointment Letter by us. In addition to the above, you should also submit a Notarized Affidavit certifying that you are not employed in private sector or are not drawing any salary/perks/emoluments (other than pension) from the State/Central Government before the issuance of Letter of Appointment by us as per the attached format."

5.5 If already employed, you should have to submit acceptance of resignation letter from your employer prior to the issuance of Appointment Letter by us.

10. The relevant portion of agreement dated 21.12.2018 are read as below;

"8. The Distributor will not during the currency of this Agreement distribute/sell or be in any way concerned in distributing similar products of any other company or product without the previous consent in writing of the Corporation. Infringement of this clause will entitle the Corporation to terminate the Agreement11. The Distributor shall faithfully and diligently observe and carry out all directions, orders, terms and conditions as may be issued by the Corporation from time to time and as may be contained in the Corporation's "LP Gas Manual " and any amendments or modification as may be made by the Corporation thereto from time to time. The Distributor hereby confirms that he has received the copy of the LP Gas Manual and



the General Directions as circulated by the Corporation on the date of this Agreement and agrees to abide by and perform the same.

22. The Distributor undertakes that he and his servants and agents will observe and perform the provisions of the petroleum act, 1934 or any statutory reenactment or modification thereof for the time being in force and all rules and regulation made thereunder and all other government or municipal, local or such like acts, laws, regulations and by-laws, as may be in force from time to time. If there is any violation on the part of the Distributor of the aforesaid provision or statutory rules regulations, the Corporation will have absolute right to discontinue the supplies and take any other action including the termination of this Agreement as a Corporation may at its absolute discretion think fit.

23.(a) The Distributor undertakes faithfully and promptly to carry out, observe and perform all directions and orders or rules made from time to time by the Corporation or its representatives for the proper carrying on of the distributorship of the Corporation.

(b) It shall be paramount condition of the Agreement that the Distributor himself(if he be an individual) or both the partners of the distributor's firm(if the Distributor is a partnership firm consisting of two partners only) or the majority of the partners of the distributor's firm (If the Distributor is a firm consisting of more than two partners) or the majority of the office bearers/elected members of the distributors Co-operative Society(if the Distributor is a cooperative society, Managing/whole time or elected directors (if the Distributor is a private limited company) as the case may be shall take active part in the management and running of the distributorship and shall personally supervise the same and shall not under any



circumstances do so through any other person, firm or body.

(c) Except with the previous written consent of the Corporation-

(ii) the Distributor himself (If he is an individual) or the partners themselves (if the Distributor is a partnership firm) or the whole time office bearers/elected members (if the Distributor is a Co-operative society) shall not, (without prior permission in writing of the Corporation) take up any other employment or engage in any other business apart from the operation of the distributorship which is the subject matter of this Agreement,

28. Notwithstanding anything to the contrary herein contained, the Corporation shall also be at liberty at its entire discretion to terminate this Agreement forthwith upon or at any time after the happening of any of the following events, namely:-

(a) if the Distributor shall commit a delay, breach or default of any of the terms, conditions, covenants and stipulations contained in the Agreement and fail to remedy such as breach within four days of the receipt of a written notice from the Corporation in that regard;

(l) If any information given by the Distributor in his application for appointment as a Distributor shall be found to be untrue or incorrect in any material particular;

(n) If the Distributor shall either by himself or by his servants or agents commit or suffer to be committed any act which, in the opinion of the General manager of the Corporation for the time being at Mumbai whose decision in that behalf shall be final, is prejudicial to the interest or good name of the Corporation or its products; the General Manager shall not be bound to give reasons for such decision.



The Corporation's right to terminate this agreement under the terms of this clause shall be without prejudice to and without affecting any of its other rights and remedies against the distributor. In the event of the Corporation terminating this Agreement under the provision of this clause, it shall not be liable to pay for any loss or compensation in respect of such termination PROVIDED THAT the supply of any LPG product by the Corporation to the Distributor, pending expiry of any notice of termination or after any act, contravention or omission by the Distributor entitling the Corporation to terminate this Agreement shall have become known to the Corporation, shall not in any way prejudice or affect the right of the Corporation to revoke and or enforce the termination of this Agreement and the licence granted hereunder.

30. Any acquiescence or waiver by the Corporation of any delay, breach or default committed by the Distributor shall not be deemed to be or considered as estoppel against the Corporation or prevent the Corporation from effecting termination of this agreement under any of the aforesaid provisions (including clauses 27 and 28) in respect of any matter or transaction antecedent of whatsoever nature."

VIII. We have received a web complaint alleging that despite possessing a PDS license, you obtained LPG distributorship license in the name of M/s Amla Bharatgas Gramin Vitrak & another of the Department of Fertiliser & Consumer Protection, Govt. of Bihar. Based on the complaint, explanation was sought from you vide our letter ref. LPG.ER.PUR.6.AMLA BG.2023-24 dated 17.07.2023. We have received your reply dated 20.08.2023, wherein you have accepted that you are holding two licenses - one in the name of M/s Amla Bharatgas Gramin Vitrak & another obtained from Govt. of Bihar under Public Distribution System Control Order vide



*PDS Licence no. 37/07-. You have stated that you are a commission agent under both the licences and thus there is no illegality in holding two such licenses. Copy of the web complaint, our letter dated 17.07.2023 and your reply dated 20.08.2023 are collectively enclosed herewith and marked as **Annexure - 5.***

11. In the Show Cause Notice dated 15.05.2024 issued to the petitioner by the respondent-Corporation, the above clauses have been extracted and it has been alleged that the petitioner had suppressed material information and not disclosed that he was already having a PDS license. That one of the products for which the PDS license was granted is Kerosene and why the license should not be terminated. In reply dated 21.06.2024, the petitioner had categorically denied that he has suppressed any material facts and further stated that Kerosene was not one of the items distributed under the PDS license in the State of Bihar and requested that the proceedings may be dropped.

12. A perusal of the above clauses mentioned in the advertisement as well as the agreement clearly postulate that in case an applicant for LPG dealership is an employee, he should first resign from the said post before any agreement is entered with the Corporation. That the applicant without prior permission in writing shall not take up any other business. In case the applicant intends to do so, he should make an application and the authority,



duly taking into consideration the facts and circumstances of the case, could accord permission to the applicant to run the same. However, it is to be noted that the LPG Dealership was given to the petitioner in the year 2018 whereas PDS dalership was allotted to the petitioner in the year 2007 itself. There is absolutely nothing in either the agreement or the LOI issued by the respondent-Corporation which prohibits an LPG dealer from carrying out any another business which existed prior to the date of issuance of LOI agreement. When there is no such prohibition which curtails the rights of the person from carrying on the prior business, the authority cannot terminate the dealership on the ground that he is already having the PDS License. The question of suspending the dealership and thereafter, terminating the LPG dealership on a ground of suppression is totally illegal, bad and contrary to the provisions of the law and is an exercise of power not vested in the said authority. Unless and until the LOI, the agreement, contain a specific clause which totally prohibit the applicant from carrying on any type of business either before or after the LPG dealership is granted, the authorities cannot restrict the applicant from continuing the other business which was in existence prior to the date of LOI. In this particular case also there is absolutely nothing on record to show that there is any clause which prohibits the



petitioner from disclosing that he was having some other business prior to the date of the LPG dealership being granted in his favour. Further, it is to be noted that in case any person is desirous of starting any other business after LPG dealership is granted, he has to make an application and the authority after due scrutiny will give permission to the said person to start his business. However, it is very strange to see that when there is no clause which prohibits any person from disclosing that he has some other business before the dealership is granted in his favour, the authorities are coming with a stand that the petitioner has failed to disclose the same. Though the counsel for the respondent-Corporation has laid much stress on the fact that the case of the petitioner falls under clause 8 of the agreement, contending that the petitioner has suppressed information that he was already having PDS license and that one of the products under the supply to beneficiaries is Kerosene and the same is a petroleum product which is similar to LPG. That clause 8 of the agreement prohibits the dealer from indulging in any business similar to the LPG dealership. However, it is pertinent to note that in the State of Bihar; Kerosene is not one of the products that is meant for distribution from the PDS shops. Therefore, the above argument also fails. By no stretch of imagination can it be said that the petitioner has suffered material



fact either at the time of making his application or at the time of entering into the agreement. Further, it is to be noted that there is no column in the application which mandates an applicant to disclose his existing business, in the absence of any such column, it cannot be said that the petitioner has suppressed material facts or information.

13. Having regard to the above mentioned facts and circumstances, the impugned orders passed by the authorities on 24.07.2024 & 26.11.2024 are both quashed. The LPG dealership of the petitioner stands restored, the authorities are directed to resume the supplies to the petitioner at the earliest.

14. The present writ petition is accordingly, allowed to the extent indicated above.

(A. Abhishek Reddy, J)

Ayush/-

AFR/NAFR	NAFR
CAV DATE	NA
Uploading Date	01.09.2025.
Transmission Date	NA

