11.05.2026
ct no. 10
Sl. 06
AGM

WPA 4012 of 2026

M/s. Begampur Indane Gramin Vitrak & Ors.
-Versus-
Indian Oil Corporation Limited & Ors.

Mr. Surajit Nath Mitra, Sr. Advocate.
Mr. Ramesh Dhara
Mr. Gourav Banerji
...for the petitioner

Mr. Amit Kumar Nag,
Mr. Parth Banerjee
Ms. Rishita Sarkar.
...for the OICL (Respondent No. 1 to 5)

Mr. Sorbananda Syanal
Mr. Hamidur Rahaman
...for the Private Respondent No.6

1. The petitioners seek a writ of certiorari to quash the speaking order dated 21.01.2026 passed by the competent authority being the respondent no. 4 herein. The impugned order confirms the revocation of approval for the reconstitution of the partnership firm in respect of the petitioners' distributorship, primarily on the ground of failure to execute the formal distributorship agreement.

2. The petitioners in the instant case prays inter alia, for the following reliefs:

> ***"a) Declaration declaring Clause 3.17.12 of Guideline of May 202 of Indian Oil corporation Limited, being contrary to and dehors the 1932 Act, be declared null and void;***
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> ***b) A writ of and/or in the nature of Mandamus Commanding the respondents IOCL to withdraw and/or rescind and/or***

cancel the impugned memo dated 22nd January 2026, forthwith;

c) A Writ of and/or in the nature of Certiorari calling upon the respondents IOCL and each of them to certify and transmit the records of the case culminating in impugned memo dated 22nd January 2026, so that upon perusal thereof, conscionable justice may be rendered to the petitioners by quashing the same:

d) A Writ of and/or in the nature of Prohibition, prohibiting the IOCL authority from giving any effect and/or further effect to the impugned memo dated 22nd January 2026, in any manner whatsoever;

e) Direction directing the IOCL to conclude the reconstitution process in terms of approval order dated 21st February 2024, forthwith;

f) Rule N I S I in terms of prayer (a), (b), (c), (d) and (e) above and to make the Rule absolute if no cause or insufficient cause is shown;

g) An interim order of injunction restraining the respondent authorities from giving any effect and/or further effect to the impugned memo dated 22nd January 2026, in any manner whatsoever;

h) Stay of operation of the impugned memo dated 22nd January 2026;

i) Ad interim order in terms of prayers (g) and (h) above;

j) costs and incidental arising out of the instant petition;

k) Such other or further order or orders as to Your Lordships may deem fit and proper."

3. Apropos the facts of the case, it is stated that the respondent no. 6 herein is the sole proprietor of a firm under the name and style of M/s. Begumpur Indane Gramin Vitrak.

4. The licence has been granted by Indian Oil Corporation Ltd., being the respondent No. 1

herein by executing an agreement on 06.07.2020 for running the LPG distributorship business. However, upon facing several problems in operating the same, mainly due to financial constraints, respondent No. 6 submitted a representation to respondent No. 1 on 06.10.2023 seeking reconstitution of the said business from a proprietorship to a partnership by inducting petitioner Nos. 2 to 4 as partners in the said LPG distributorship business.

5. Thereafter, the representation of the respondent No. 6 has been considered by the respondent No. 1 at a meeting held on 17.01.2024 wherein the respondent No. 6 expressed her willingness to continue running the said LPG business and requested the officials of the respondent No. 1 to induct the petitioner Nos. 2 and 4 as partners for the smooth running of the business.

6. Accordingly, a proposed partnership deed has been executed amongst the petitioner Nos. 2 to 4 and the respondent No. 6 along with an affidavit.

7. The respondent No. 6 also executed an affidavit stating her willingness to induct the petitioner Nos. 2 to 4 as partners, declaring inter alia, that she has no objection to respondent No. 1 permitting of the said LPG distributorship firm from proprietorship to partnership.

8. The reconstitution of the said LPG Distributorship business from a proprietorship to partnership has been approved on 21st February 2024.

9. Thereafter, respondent No. 1 requested the respondent No. 6 to submit the relevant documents for completing reconstitution process and accordingly, the said documents have been submitted.

10. For the purpose of reconstitution, the relevant statutory licences required for running the said business has also been duly obtained from the respective authorities in the name of the partnership firm on 13.03.2025 valid upto 31.12.2025, after cancelling the proprietorship licence standing in the name of respondent No. 6. By virtue of the licences so granted, the respondent No. 1 permitted the continuance of the said LPG distributorship on a partnership basis and continued to supply LPG cylinders to the petitioners.

11. On 11th June 2025, during the pendency of the reconstitution, the husband of the respondent No. 6 lodged a complaint before the concerned police authorities regarding shortage of cylinders from the LPG godown. Cognizance has been taken pursuant to the order of this court dated 15th July 2025 passed in WPA No. 13845 of 2025.

12. Thereafter, on 26th August 2025, the respondent No. 1 suspended the LPG distributorship on the ground of expiry of the statutory licence granted in favour of the proprietorship firm.

13. The respondent No. 1, by a Memo dated 19th November 2025 revoked the in-principal approval for reconstitution for the LPG distributorship by invoking clause 3.17.12 of the guidelines of the respondent No. 1 of May 2022 without affording any opportunity of hearing to the petitioner.

14. The petitioners contend that the reconstitution approval order dated 21st February 2024 has been revoked by a Memo dated 19th January, 2025 which has been confirmed by an Order dated 22nd January, 2026 and the same is arbitrary and perverse having been passed without proper application of mind.

15. The respondent No. 1 has acted arbitrarily without giving any cogent reason, despite having approved the induction of petitioner Nos. 2 to 4 as partners of petitioner No. 1.

16. The petitioner submit that, in compliance with the in-principal letter dated

21.02.2024, all relevant documents have been submitted to complete the reconstitution process.

17. Despite submission of such relevant documents, respondent No. 6, being the erstwhile proprietor of the firm, refused to sign the distributorship agreement pursuant to the revised reconstitution. The petitioner submits that until the date of the order of suspension, the respondent No. 1 continued to supply LPG cylinders to the petitioners.

18. The petitioner submits that by virtue of the order of approval dated 21st February 2025, a right has been accrued in favour of the petitioners to run the LPG distributorship business, since all the statutory licences have been issued in the name of the partnership firm.

19. It is submitted that an order of approval can be cancelled or withdrawn only in a case where a partner of the partnership firm makes any misrepresentation or suppresses any material facts with regard to the reconstitution of the LPG distributorship from proprietorship to partnership. In the instant case, no such occasion arose for suppression or misrepresentation of any fact arose and hence there exists no ground for cancellation of the order of approval.

20. The petitioners submit that the minutes dated 15.01.2026 being Annexure "P-21" at page 165, Clause 8, paragraph 4 (H, I and K), demonstrate that none of the licences submitted before the respondent No. 1 have been reverted back to the proprietorship firm. The clause H, I and K are reproduced below:

> ***"h) Kabita Mandal was asked by the corporation to clearly specify whether her claims towards submission of reconstitution requiest earlier was out of ignorance which has informed in her earlier letter or due to back mailing which she is presenting in this meeting. No firm response was provided by Ms. Kabita Mandal to this question.***
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> ***i) Ms. Kabita Mandal had complained to IOCL as well as enforcement authorities regarding alleged theft of cylinders from her distributorship godown by Mr. Nimai Mondal, Mr. Mahamaya Kabiraj & Mr. Pashupati Mondal. The incoming parters in this context submitted the court order dated 03.12.2025 reg: GR-3212/2025 by AJM, Lalbagh Murshidabad for dismissal of the accused in this case. Ms. Kabita Mandal further submitted that she has appealed to higher court against this order of Lalbagh court.***
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> ***k) Ms. Kabita Mandal was asked about the status of conversion of various licences following issued of IOCL's letter dated 19.11.2025 revoking the in-principle approval to reconstitution to which she replied that none of the licences have been reverted yet. Finally, both parties were asked to give their final submissions to which they repeated the above points."***

21. The Learned Counsel appearing for the respondent No. 1 vehemently opposes the contention of the petitioners and submits that, till the date of the order of suspension no LPG cylinders have been supplied to the partnership firm. The order of suspension has been issued in the name of the proprietorship firm instead of the partnership firm.

22. It is further submitted that since the reconstitution has not been completed by execution of the distributorship agreement, the impugned order does not suffer from any infirmity and is a well reasoned speaking order. The clause 3.17.12 of the reconstitution policy (May 2022) clearly envisages that unless the new distributorship agreement is signed, respondent No. 1 can cancel the in-principal letter and forfeit the application fees. The extracts of the clause 3.17.12 of the reconstitution policy is reproduced below:-

> ***i) "Cases where in-Principle letter for reconstitution is issued by OMC and new Distributorship agreement is not signed, the IMC may agree to accept request from signatories of the existing distributorship agreement to cancel the In-Principle letter aid for felt the application fees, if any. Changes made in statutory licenses shall be***

reverted back and the proprietor/partner(s) shall indemnity the OMC against any claims or demands."

ii) "By virtue of the said clause in-principal approval dated 21.02.2024 has been revoked and the reconstitution process has been cancelled by imposing a penalty to the tune of Rs. 12,13,289.2 for equipment shortages and irregularities."

23. It is submitted by the petitioners that all substantial requirements have been fulfilled for the reconstitution of the firm as per the guidelines dated 9.6.2020.

24. The failure to sign the distributorship agreement is attributable to the unwillingness of respondent No. 6, being the original license holder to complete the reconstitution process.

25. The revocation is the disproportionate to the alleged lapse. The petitioners submit that mere delay in signing a document should not lead to the civil death of the business. It is further contended that the competent authority, while passing the speaking order in pursuant to the earlier directions given by the Coordinate Bench of this Court failed to consider and appreciate the merits of the petitioners' explanation.

26. Per contra, the learned counsel appearing for the respondent/oil company submits that the execution of the distributorship agreement is a mandatory condition precedent for the recognition of any reconstituted partnership.

27. Under the policy, approvals for reconstitution are conditional. Failure to execute the distributorship agreement within the stipulated period leads to automatic lapse/revocation, as per Clause 3.17.12 of the guidelines dated May 2022. It is expressly provided that if the new distributorship agreement is not signed, the OMC may agree to accept request from signatories of the existing distributorship agreement to cancel the in principle letter and forfeit the application fees, by the reverting the statutory licenses in favour of the original license holder. The respondent submits that multiple reminders have been sent both to the petitioners and the private respondent, but the same remained unheeded, thereby necessitating the revocation to protect the commercial interest of the corporation. The learned counsel appearing for the respondent no. 1 to 5 relies upon the following judgments-

Tata Cellular-vs- Union of India reported in **(1994) 6 SCC 651**-

"73. *Observance of judicial restraint is currently the mood in England. The judicial power of review is exercised to rein in any unbridled executive functioning. The restraint has two contemporary manifestations.*

One is the ambit of judicial intervention; the other covers the scope of the court's ability to quash an administrative decision on its merits. These restraints bear the hallmarks of judicial control over administrative action.

74. *Judicial review is concerned with reviewing not the merits of the decision in support of which the application for judicial review is made, but the decision-making process itself.*

75. *In Chief Constable of the North Wales Police v. Evans [(1982) 3 All ER 141, 154] Lord Brightman said:*

> *"Judicial review, as the words imply, is not an appeal from a decision, but a review of the manner in which the decision was made.*
>
> ***
>
> *Judicial review is concerned, not with the decision, but with the decision-making process. Unless that restriction on the power of the court is observed, the court will in my view, under the guise of preventing the abuse of power, be itself guilty of usurping power."*

In the same case Lord Hailsham commented on the purpose of the remedy by way of judicial review under RSC, Ord. 53 in the following terms:

> *"This remedy, vastly increased in extent, and rendered, over a long period in recent years, of infinitely more convenient access than that provided by the old prerogative writs and actions for a declaration, is intended to protect the individual against the abuse of power by a wide range of authorities, judicial, quasi-judicial, and, as would originally have been thought when I first practised at the Bar, administrative. It is not intended to take away from those authorities the powers and discretions properly vested in them by law and to substitute the courts as the bodies making the decisions. It is intended to see that the relevant authorities use their powers in a proper manner (p. 1160)."*

In R. v. Panel on Take-overs and Mergers, ex p Datafin plc [(1987) 1 All ER 564] , Sir John Donaldson, M.R. commented:

> *"An application for judicial review is not an appeal."*

In Lonrho plc v. Secretary of State for Trade and Industry [(1989) 2 All ER 609] , Lord Keith said:

> *"Judicial review is a protection and not a weapon."*

It is thus different from an appeal. When hearing an appeal the Court is concerned with the merits of the decision under appeal. In Amin, Re [Amin v. Entry Clearance Officer, (1983) 2 All ER 864] , Lord Fraser observed that:

> *"Judicial review is concerned not with the merits of a decision but with the manner in which the decision was made.... Judicial review is entirely different from an ordinary appeal. It is made effective by the court quashing the administrative decision without substituting its own decision, and is to be contrasted with an appeal where the appellate tribunal substitutes its own decision on the merits for that of the administrative officer."*

76. *In R. v. Panel on Take-overs and Mergers, ex p in Guinness plc [(1990) 1 QB 146 : (1989) 1 All ER 509] , Lord Donaldson, M.R. referred to the judicial review jurisdiction as being supervisory or 'longstop' jurisdiction. Unless that restriction on the power of the court is observed, the court will, under the guise of preventing the abuse of power, be itself guilty of usurping power.*

77. *The duty of the court is to confine itself to the question of legality. Its concern should be:*

1. *Whether a decision-making authority exceeded its powers?*
2. *Committed an error of law,*
3. *committed a breach of the rules of natural justice,*
4. *reached a decision which no reasonable tribunal would have reached or,*

5. abused its powers.

Therefore, it is not for the court to determine whether a particular policy or particular decision taken in the fulfilment of that policy is fair. It is only concerned with the manner in which those decisions have been taken. The extent of the duty to act fairly will vary from case to case. Shortly put, the grounds upon which an administrative action is subject to control by judicial review can be classified as under:

(i) Illegality : This means the decision-maker must understand correctly the law that regulates his decision-making power and must give effect to it.

(ii) Irrationality, namely, Wednesbury unreasonableness.

(iii) Procedural impropriety.

The above are only the broad grounds but it does not rule out addition of further grounds in course of time. As a matter of fact, in R. v. Secretary of State for the Home Department, ex Brind [(1991) 1 AC 696] , Lord Diplock refers specifically to one development, namely, the possible recognition of the principle of proportionality. In all these cases the test to be adopted is that the court should, "consider whether something has gone wrong of a nature and degree which requires its intervention".

Balco Employees' Union (Regd.) –vs- Union of India & Ors. (2002) 2 SCC 33-

"57. *Even though the employees of the company may have an interest in seeing as to how the Company is managed, it will not be possible to accept the contentions that in the process of disinvestment, the principles of natural justice would be applicable and that the workers, or for that matter any other party having an interest therein, would have a right of being heard. As a matter of good governance and administration whenever such policy decisions are taken, it is desirable that there should be wide range of consultations including considering any representations which may have been filed, but there is no provision in law which would require a hearing to be* *granted before taking a policy decision. In exercise of executive powers, policy decisions have to be taken from time to time. It will be impossible and impracticable to give a formal hearing to those who may be affected whenever a policy decision is taken. One of the objects of giving a hearing in application of the principles of natural justice is to see that an illegal action or decision does not take place. Any wrong order may adversely affect a person and it is essentially for this reason that a reasonable opportunity may have to be granted before passing of an administrative order. In case of the policy decision, however, it is impracticable, and at times against the public interest, to do so, but this does not mean that a policy decision which is contrary to law cannot be challenged. Not giving the workmen an opportunity of being heard cannot per se be a ground of vitiating the decision. If the decision is otherwise illegal as being contrary to law or any constitutional provision, the persons affected like the workmen, can impugn the same, but not giving a predecisional hearing cannot be a ground for quashing the decision."*

28. The learned counsel appearing for the respondent no. 6 submits that she has been coerced into signing documents relating to reconstitution and conversion of statutory licenses. It is further submitted that, without her consent and taking advantage of her ignorance, the petitioners being caretakers of the proprietorship firm blackmailed and compelled her to sign the relevant documents submitted before the competent authority for reconstitution. It has been further submitted that the petitioners have also been involved in theft of LPG Cylinders from the godown, in respect of which a complaint has been lodged and criminal cases has been initiated against the petitioners. The learned counsel appearing for the respondent no.6 relies upon the judgment **State of UP & Ors. Vs. Bridge and Roof Co. (India) Ltd.** Reported in **(1996) 6 SCC 22** on the proposition of dismissal of writ petition on the ground of availability of effective alternative remedy wherein it has been held that the contract between the parties not being a statutory contract is in the realm of private law.

In **M/S Bimala Gas Services & Anr. Vs. Indian Oil Corporation Limited (WPA/12206W/2014)** the Hon'ble Coordinate Bench was pleased to hold in this case that reconstitution is a conditional process subject to strict adherence to Oil Marketing Company (OMC) guidelines, including verification of documents, eligibility of partners and previous written approval for any changes from the sole proprietor for entering into the distributorship license.

In **Monmohan Dutta & Anr. Vs. Bharat Petroleum Corporation Ltd & Ors.** Reported in **2023 SCC Online Cal 2225-**

> *"28. For the reasons as aforesaid this Court is of the considered view that a writ of mandamus cannot be issued directing BPCL to renew the LPG distributorship agreement*

> *on the signature of the appellants alone. The appellants do not have any right to carry on the distributorship business to the exclusion of the 9th respondent. BPCL cannot be directed to continue its supplies in the absence of a valid distributorship agreement. In view thereof this Court holds that BPCL was justified in issuing the letter dated 26.09.2022 to suspend supplied to the distributorship."*

29. In this context, the petitioners vehemently opposes the same and submit that in respect of the allegations made by respondent No. 6 regarding coercion/blackmail, no FIR or criminal case alleging such coercion or blackmail have been filed by the respondent no. 6 against such alleged offences.

30. In conspectus of the above adumbrated herein, I find that the decision in the impugned order dated 21.01.2026 taken by the respondent no. 4 is a well reasoned speaking order and does not suffer from any infirmity. The petitioners have already invoked the arbitration clause as embodied in the Reconstitution Policy of LPG distribution.

31. The court does not sit as a court of appeal to apprise evidence or substitute its own opinion for that of the administrative authority. The role of the court is limited to examine the decision making process and not the merits of the decisions.

32. The scope of the judicial review in the present matter is circumscribed, inasmuch as the issues involve complex questions of policy and technical considerations pertaining to the grant of LPG distributorship. However, it is trite law that judicial review is not ousted where the action of the State is arbitrary, irrational, or in violation of the principles of natural justice.

33. The petitioners challenge to the order of confirming the revocation of the in-principal approval, is premature. The reconstitution of the firm from a proprietorship to a partnership has not attained finality since the revised distributorship agreement remains unexecuted. Although the names of the partners have been incorporated in the requisite statutory licences submitted for the purpose of reconstitution, the licences continued to stand in the name of the proprietorship of Respondent No. 6.

34. Having heard the parties and upon careful perusal of records, this court is of the considered view that the competent authority has rightly exercised its discretion in confirming the revocation of the in-principal approval by way of a speaking order. The petitioners have failed to adhere to the stipulated timeline despite multiple reminders issued by the respondent corporation.

35. In view of the above the Writ Petition being **WPA No. 4012 of 2026 is dismissed**. No order as to costs.

36. Urgent photostat certified copy of this order, if applied for, be given to the learned counsel for the parties on usual undertakings.

(Smita Das De, J.)