

IN THE HIGH COURT AT CALCUTTA
(Constitutional Writ Jurisdiction)
APPELLATE SIDE

Present:

The Hon'ble Justice Krishna Rao

W.P.A. No. 19200 of 2022

With

CAN No. 1 of 2026

Mamta Singh

-Versus-

Indian Oil Corporation Limited & Ors.

Mr. Abhrajit Roy Chowdhury

....For the petitioner.

Mr. Swapan Kr. Dutta, Ld. GP

Mr. Nilotpall Chatterjee

Mr. Suddhadev Adak

.... For the State.

Mr. Amit Kumar Nag

Mr. Partha Banerjee

Ms. Rishita Sarkar

.... For the IOCL.

Hearing Concluded On : 16.04.2026

Judgment on : 22.04.2026

Krishna Rao, J.:

1. The petitioner has filed the present writ petition challenging the communication dated 21st July, 2022, issued by the DLSH, Kolkata by withdrawing the Letter of Intent, herein after referred to as “LOI” being reference No. 2019/IN000164/WB/000051/2111/00014 dated 2nd August, 2019 with immediate effect and the amount of Rs. 50,000/- deposited by the petitioner is forfeited and also withdrawn the intended Sheheri Vitrak distributorship under the name and style of New Alipore Indane Gas Service at New Alipore, District- Kolkata.
2. The respondents have filed an application being CAN No. 1 of 2026 praying for vacating the interim order passed by this Court dated 7th November, 2022 or for modification of the interim order.
3. When the matter is taken up for hearing, this Court finds that the pleadings with respect to writ petition is completed with the consent of both the parties, the writ petition along with CAN is taken up for final hearing.
4. Three (3) Oil Companies, namely, Bharat Petroleum Corporation Limited, hereinafter referred to as “BPCL”, Hindusthan Petroleum Corporation Ltd. herein after referred to as “HPCL” and Indian Oil Corporation Limited, hereinafter referred to as “IOCL” jointly published an advertisement on 16th October, 2018, for appointment of LPG

Distributorship in different places of the State of West Bengal. The petitioner has applied for appointment of Sheheri LPG Distributor at New Alipore under Block-KMC, District-Kolkata for Open Category has been declared by the IOCL Authority. On receipt of the application of the petitioner, it was informed to the petitioner by a memo dated 20th December, 2018, that the petitioner has qualified for online computerized draw of lots for selection of LPG Distributorship at New Alipore, District- Kolkata under Open Category. Online computerized draw of lots was held on 28th December, 2018 and on 29th December, 2018, the IOCL informed the petitioner that the petitioner had been declared as successful candidate in the draw of lots and instructed the petitioner to deposit an amount of Rs. 50,000/- within seven working days. The petitioner has deposited an amount of Rs.50,000/- on 4th January, 2019.

5. On 21st February, 2019, Field Verification of Credential herein after referred to as “FVC” was conducted by the IOCL. After FVC, it was found by the IOCL that the land offered by the petitioner, is having some discrepancies by a Memo dated 23rd February, 2019, instructed the petitioner to offer an alternative land for showroom and godown as per requirement provided in the advertisement at the advertised location. On 2nd August, 2019, the IOCL has issued Letter of Intent in favour of the petitioner. The petitioner has informed the IOCL that the name of the Distributorship will be “M/s. New Alipore Indane Gas Service”. On 2nd December, 2019, the petitioner has made request to

the IOCL for extension of time period of four months i.e. up to 2nd April, 2020 to purchase or to take on lease as an alternative land for showroom.

- 6.** Mr. Abhrajit Roy Chowdhury, Learned Advocate representing the petitioner submits that the petitioner has tried her level best to purchase or take on lease an alternative land for showroom but in the mean time on 2nd January, 2020, the IOCL has issued show cause notice for withdrawal of LOI. He submits that in the meantime in the month of March, 2020, due to pandemic COVID-19, lockdown was declared, due to which the petitioner was unable to arrange alternative land for showroom and was also unable to submit reply to the show cause notice. On 26th June, 2020, a Deed of Lease was executed by the petitioner with some third party for providing alternative land for showroom which was registered on 29th June, 2020. After registration of lease deed, the petitioner has submitted reply on 18th July, 2020 with the request for approval for alternative land for showroom and godown. On 21st July, 2020, the IOCL has issued explosive licence in favour of the petitioner with respect to the land for godown.
- 7.** On receipt of reply submitted by the petitioner, the IOCL has granted approval to the petitioner for alternative land and directed the petitioner to start construction work of godown and showroom. The petitioner failed to start construction work due to pendency of an application for conversion of land before the District Land and Land Reforms Officer. On 10th November, 2020, the IOCL has issued show

cause notice to the petitioner informing the petitioner that even after more than one year from the date of issuance LOI, the petitioner has not informed about the status of progress of the commissioning of distributorship and directed the petitioner to submit explanation within 7 days, failing which appropriate action will be taken for withdrawal of the LOI. The IOCL has again issued a show cause notice to the petitioner on 11th May, 2021, requesting the petitioner to explain the progress of the work within 7 days from receipt of notice, failing which the IOCL will take appropriate decision for withdrawal of the LOI.

- 8.** Mr. Chowdhury submits that the petitioner was engaged in procuring documents from the concern authority for conversion of the land and in the mean time the petitioner has completed construction of show room but on 21st July, 2022, the IOCL has issued the impugned notice by withdrawing the LOI issued in favour of the petitioner dated 2nd August, 2019 and also forfeited an amount of Rs. 50,000/-.
- 9.** Mr. Amit Kumar Nag, Learned Advocate representing the IOCL submits that as per the conditions of the Letter of Intent as well as the selection guidelines, the petitioner is under obligation to commission the LPG Distributorship within four (4) months from the date of the Letter of Intent but the petitioner failed to commission the LPG Distributorship within four (4) months and violated the terms of the LOI as well as selection guidelines.

10. Mr. Nag submits that as per the request made by the petitioner, the IOCL granted two months' time i.e. till 2nd February, 2020, to complete the commissioning of the LPG Distributorship but even after granting extension, the petitioner failed to make any progress for commissioning the LPG Distributorship. He submits that the IOCL has issued show cause notice to the petitioner on 2nd January, 2020 but the petitioner has not submitted any reply and on 18th July, 2020, the petitioner informed the IOCL that the petitioner unable to construct LPG godown on the plot offered by the petitioner for construction of showroom and is not suitable to run her business and requested for grant of permission to construct LPG showroom and godown at the alternative plots. The petitioner also submitted an undertaking by way of an affidavit declaring that the petitioner will complete all the work and obtain permissions to commission the LPG Distributorship within 31st October, 2020.

11. Mr. Nag submits that as per the request of the petitioner, the respondents have inspected two plots identified by the petitioner and found to be suitable, the IOCL has allowed the petitioner to construct the LPG godown and showroom at the alternate plots. He submits that even in the alternative plots also the petitioner was unable to construct showroom and godown for the purpose of LPG Distributorship within 31st October, 2020. The IOCL has again issued a show cause notice to the petitioner on 10th November, 2020 but the petitioner failed to give any reply to the said notice within the stipulated time. On 28th

December, 2020, the petitioner by a letter dated 19th November, 2020, informed the respondents that the petitioner has arranged a fund of Rs. 6,00,000/- to complete the construction and 55% of the construction work of godown is completed and construction of showroom is totally completed and ready for use. The petitioner also informed that the formalities for obtaining other documents are under process and prayed for extension of time till 28th February, 2021.

- 12.** Mr. Nag submits that inspite of undertaking submitted by the petitioner and extension of time granted to the petitioner, the petitioner failed to take necessary steps to commission the LPG Distributorship and again for the third time, the IOCL has issued show cause notice to the petitioner on 11th May, 2021, to explain why the LOI shall not be withdrawn. The petitioner has neither submitted any reply nor completed the construction for commissioning the LPG Distributorship. The IOCL has again issued a show cause notice to the petitioner on 14th March, 2022, calling upon the petitioner to explain why the LOI shall not be withdrawn but the petitioner has not submitted any reply to the show cause notice nor has complied with the undertaking by commissioning the LPG Distributorship. On 6th June, 2022, again a notice was issued to the petitioner for inspection of the plots on 9th June, 2022. The plots were inspected in the presence of the brother of the petitioner and found that the ground floor work where the showroom is to be constructed is on hold and no progress has been seen from the last inspection. It is further noticed that no construction

of godown was started. As the petitioner failed to complete the work and commenced LPG Distributorship and failed to comply with the terms and conditions of the LOI and the guidelines, the respondents have withdrawn the Letter of Intent.

- 13.** Mr. Nag submits that after issuance of the notice of withdrawal, the petitioner has filed the present writ application and obtained an order of stay and since then the petitioner is enjoying the interim order even this time also the petitioner has not completed the construction of show room and godown for commissioning of LPG Distributorship.
- 14.** The Special Revenue Officer-I and the Sub-Divisional Land and Land Reforms Officer has filed report by disclosing the order passed by the Sub-Divisional Land and Land Officer dated 7th September, 2022, wherein it reveals that the applicant who has applied for conversion of the land is not in possession of the said plots and as per the documents, the applicant who has applied for conversion already sold the land by way of sale deed dated 12th October, 2006.
- 15.** The respondent no.1 along with other two Oil Companies i.e. Bharat Petroleum Corporation Limited and Hindusthan Petroleum Corporation Ltd. invited online application for appointment of LPG Distributorships at different locations. The selection process for appointment of LPG Distributorship is governed by the provisions of Unified Guidelines for Selection of LPG Distributorships, 2017. For the purpose of decision of

the present writ application, relevant provisions of the said guidelines reads as follows:

“7.1 Showroom facility

For Sheheri Vitrak, Rurban Vitrak and Gramin Vitrak the Letter of Intent (LOI) holder shall construct or provide a readily constructed LPG Showroom of minimum outer dimensions 3 M X 4.5 M as per the standard layout and colour scheme within the time period mentioned in the Letter of intent (LOI). The showroom should be easily accessible to general public through a suitable approach road.

For Durgam Kshetriya Vitrak (DKV), provision of land for Showroom or provision of ready built showroom is not an eligibility criteria, the Letter Of Intent (LOI) holder may provide a showroom of dimensions 2.6 M x 3.0 M constructed at the Godown or in an nearby existing shop or in the village. The showroom should be easily accessible to general public through a suitable approach road.

7.3 Godown for Storage of LPG in Cylinders

The LOI holder should construct or provide a readily constructed LPG godown to store LPG of the stipulated capacity and obtain necessary approvals from all statutory bodies including Petroleum & Safety Organization (PESO) within the time period mentioned in the LOI.

LPG Distributor should have a Godown duly approved and licensed by Chief Controller of Explosives of Petroleum and Explosives Safety Organisation (PESO) with dimensions and storage capacity as per Table 7.1.

12.12 During the FVC process, in case the land mentioned by the applicant for godown/showroom in his application is found not meeting the eligibility conditions/requirements as stipulated in the advertisement/brochure/application and if the applicant is having any alternate land in his

name/member(s) of the Family Unit of the applicant with date of registration on or before the last date for submission of application as specified either in the advertisement or corrigendum (if any), the same can be considered. However, the same if considered has to be duly verified for its suitability during the FVC. In case at the time of FVC, the candidate expresses inability to make available an all weather motorable approach road upto the godown in future, then the selected candidate can also offer an alternate land for godown as per above criteria. Such alternate land if considered has to be duly verified during the FVC for its suitability for providing LPG godown and showroom facility as mentioned hereinabove.

12.13 In case the land mentioned in the application is suitable as per the criteria given in the text of advertisement/application and the candidate has an alternate plot of land which is more suitable for construction of godown/showroom, then the selected candidate can be allowed to construct the facilities at alternate plot of land. However, the same if considered has to be duly verified for its suitability during the FVC.

12.23 Letter of Intent (LOI):

*On receipt of the approval to issue LOI from the State LPG Head Regional/Zonal Office, the Head of Area/Territory/Regional office will issue the LOI as per formats given in **Appendix-Q** for LPG distributorship reserved under SC/ST category opting for Financial Assistance Scheme. LOI format as per **Appendix-Q1** will be issued to other than SC/ST category individuals. The distributor select, after receipt of LOI should fulfil the conditions specified in the LOI within a period of four months from the date of LOI failing which, the concerned OMC can withdraw the LOI and proceed with conducting a Online computerized draw from the balance eligible applicants.*

12.24 Extension of LOI:

a. Field Officer should maintain a constant follow up with the selected applicant for timely commissioning of the LPG Distributorship and provide guidance to complete the formalities as stipulated in the LOI.

b. If no progress is made by the distributor select within the period of 4 months, action should be taken to withdraw the LOI as per procedure.

c. In case where the Distributor select has made sufficient progress but due to certain genuine difficulties it has not been possible for him/her to fulfil the conditions laid down in the LOI within 4 months, in such cases Area/Territory/Regional Manager can give initial extension of 2 months.

d. For further extension, Area/Territory/Regional office should send proposal for taking approval of the Head of State/Regional Zonal Office for extending the validity of the time limit of the LOI. Head of State/Regional/Zonal Office may extend the time limit as deemed fit.

While forwarding the proposal to the Head of State/ Regional/ Zonal Office, the proposal should contain the following:

a. A letter from the LOI holder indicating the progress made and assurance that the facilities would be arranged within a specified time.

b. A report from the Area /Territory/Regional Office indicating the progress made by the party and their assessment whether the party would be able to arrange the facilities as mentioned in the LOI within the recommended extended time.

12.25 Withdrawal of LOI

In cases selected candidate is unable to develop facilities within the specified time or due to nonfulfillment of terms & conditions of LOI by the LOI holder, or is not available or not responding, then Head of Area/Territory/Regional Office should send letter (in the form of show cause notice) by Regd. AD/Speed Post to the selected candidate calling for explanation within 7 days from receipt of letter. Based on the reply from the selected candidate, if any, the Head of Area/Territory/Regional Office should put up a note for withdrawal of LOI or extension of LOI to Head of State / Regional/Zonal Office for approval.

12.28 Commissioning of LPG Distributorship

A candidate who has been given the 'Letter of Intent (LOI)' would be required to fulfil the terms and conditions as contained therein, so as to commission the distributorship within the stipulated time period (four months from the date of issuance).

13.13 In case the selection of the candidate is rejected after the FVC or after issuance of LOI but before issue of Letter of Appointment, then the 10% of the security deposit deposited by the selected candidate before FVC should be forfeited.”

- 16.** The IOCL has issued LOI to the petitioner on 2nd August, 2019 for the purpose of LPG Storage godown. As per the LOI, the petitioner has to provide LPG godown for storage of 8000 Kg (minimum) of LPG filled in cylinders at the suitable plot of land and the LPG Storage godown should be approved and licenced by Petroleum and Explosives Safety Organization.

- 17.** As per Clause 5.1 of the LOI, the petitioner has to make all out efforts to commission the LPG Distributorship within four months from the issuance of LOI. Clause 5.2 also clarifies that if the progress being made by the petitioner is not satisfactory, the LOI is liable to be withdrawn.
- 18.** Before issuance of LOI, the suggested plots of the petitioner was inspected on 21st February, 2019 and the Oil Company finds certain discrepancies and advised the petitioner to submits documents clarifying the discrepancies. The petitioner instead of rectifying the discrepancies, offered for alternative plots of land for construction of showroom and godown. After acceptance of the alternative plots suggested by the petitioner, the petitioner failed to construct either showroom or godown.
- 19.** The IOCL has issued several notices to the petitioner to complete the construction work of the showroom and godown and also directed the petitioner to explain why the petitioner has not started LPG Distributorship but inspite of receipt of notice, the petitioner failed to complete construction and commissioned LPG Distributorship.
- 20.** In the LOI, the time period is four month to commission of LPG distributorship but till date the petitioner failed to commence the same. Clause 7.3 of the guidelines provides that the LOI holder shall obtain necessary approvals from all statutory bodies including Petroleum and

Safety Organization but the petitioner also failed to obtain approvals from the concern authorities.

- 21.** The report submitted by the State authorities i.e. respondent no.17 wherein it reveals that for conversion of the land in question, the authorities have made an enquiry and found that the original owner of the property has already sold the said land by way of registered sale deed on 12th October, 2006, much prior to the LOI issued by the IOCL to the petitioner and the request for conversion of the land is rejected by the competent authority.
- 22.** This Court by an order dated 7th November, 2022, directed the IOCL not to create any third party interest until the matter is finally heard out and the State authorities were directed to communicate their final decision on the application for conversion by 11th November, 2022. The State authorities have already communicated the order of rejection to the petitioner on 9th November, 2022 but the petitioner has not taken any further steps against the order of rejection for conversion of the plots and nothing has brought on record to establish that the petitioner has got the land converted or the petitioner has completed construction of showroom and godown even after the interim order passed by this Court.
- 23.** The IOCL has issued LOI to the petitioner on 2nd August, 2019. The IOCL time and again requested the petitioner to complete construction work and to commence LPG Distributorship. Several show cause

notices were also issued to the petitioner for completion of the work and commissioning of LPG Distributorship. The petitioner failed to complete the construction work. On the other hand, the documents disclosed by the State authorities, the request of conversion of land is rejected. Without conversion of land, the petitioner cannot construct either godown or showroom. The petitioner obtained interim order on 7th November, 2022 but till date, the petitioner has not made endeavor to complete the work to commence distributorship as per LOI issued by IOCL.

- 24.** This Court finds that the respondents have rightly withdrawn the LOI issued to the petitioner for noncompliance of the terms and conditions of the LOI and the guidelines.
- 25.** In view of the above, this Court did not find any merit in the present writ petition. The writ petition being **WPA No. 19200 of 2022** is **dismissed**. Interim order dated 7th November, 2022, is hereby vacated. **CAN No. 1 of 2026** is **allowed**.

Parties shall be entitled to act on the basis of a server copy of the Judgment placed on the official website of the Court.

Urgent Xerox certified photocopies of this judgment, if applied for, be given to the parties upon compliance of the requisite formalities.

(Krishna Rao, J.)