



2026:AHC:166335-DB

HIGH COURT OF JUDICATURE AT ALLAHABAD

WRIT - C No. - 11195 of 2025

AFR

Reserved on 18.02.2026

Delivered on 10.08.2026

Vikramaditya Gas Agencies

.....Petitioner(s)

Versus

Union of India and 3 others

.....Respondent(s)

Counsel for Petitioner(s)	: Prakhar Saran Srivastava, Tarun Agrawal
Counsel for Respondent(s)	: A.S.G.I., Anand Tiwari, Gaurav Kumar Chand, Nishant Mehrotra, Shrey Sharma, Yash Padia

With

WRIT - C No. - 13531 of 2025

M/s J.C Bharat Gas Service and 34 others

.....Petitioner(s)

Versus

Union of India and 4 others

.....Respondent(s)

Counsel for Petitioner(s)	: Ravi Anand Agarwal, Shreya Gupta
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WRIT - C No. - 13367 of 2025

M/s Vijay Gas Service Allahabad

.....Petitioner(s)

Versus

Union of India and 3 others

.....Respondent(s)

Counsel for Petitioner(s)	: Mohd Adnan Khan, Mohd. Imran, Syed Safdar Ali Kazmi
Counsel for Respondent(s)	: A.S.G.I., Devi Shanker Shukla, Gaurav Kumar Chand

With**HIGH COURT OF JUDICATURE AT ALLAHABAD****WRIT - C No. - 26793 of 2025**

M/s Deep Gas Agency and another

.....Petitioner(s)

Versus

Union of India and 3 others

.....Respondent(s)

Counsel for Petitioner(s)	: Anuj Datta, Shive Datta Yadav
Counsel for Respondent(s)	: A.S.G.I., Komal Mehrotra, Manoj Kumar Singh, Yash Padia

With**HIGH COURT OF JUDICATURE AT ALLAHABAD****WRIT - C No. - 13934 of 2025**

M/s Jhunsi Gas Service and 4 others

Counsel for Petitioner(s) : Mohd Adnan Khan, Mohd. Imran,
Syed Safdar Ali Kazmi
Counsel for Respondent(s) : A.S.G.I., Devi Shanker Shukla,
Gaurav Kumar Chand

With

HIGH COURT OF JUDICATURE AT ALLAHABAD

WRIT - C No. - 14594 of 2025

M/s Niramal Gas Service and 3 others

.....Petitioner(s)

Versus

Union of India and 2 others

.....Respondent(s)

Counsel for Petitioner(s) : Arvind Srivastava, Ram Milan
Mishra, Satya Prakash Singh
Counsel for Respondent(s) : A.S.G.I., Archana Singh, Manoj
Kumar Singh, Yash Padia

With

HIGH COURT OF JUDICATURE AT ALLAHABAD

WRIT - C No. - 24763 of 2025

M/s Durga Gas Service

.....Petitioner(s)

Versus

Union of India and 2 others

.....Respondent(s)

Counsel for Petitioner(s) : Vipul Raj Gautam
Counsel for Respondent(s) : A.S.G.I., Komal Mehrotra, Nishant

M/s Mainpuri Gas Service

.....Petitioner(s)

Versus

Union of India and 2 others

.....Respondent(s)

Counsel for Petitioner(s)	: Anshu Chaudhary
Counsel for Respondent(s)	: A.S.G.I., Nishant Mehrotra

With

HIGH COURT OF JUDICATURE AT ALLAHABAD

WRIT - C No. - 11259 of 2025

M/s. Surajpur Indane Gas Sewa

.....Petitioner(s)

Versus

Union of India and another

.....Respondent(s)

Counsel for Petitioner(s)	: Alka Srivastava, Santosh Kumar Srivastava
Counsel for Respondent(s)	: A.S.G.I., Archana Singh, Gaurav Kumar Chand, Shrey Sharma

With

HIGH COURT OF JUDICATURE AT ALLAHABAD

WRIT - C No. - 11261 of 2025

M/s. Sikari Khurd Indane Sewa and another

.....Petitioner(s)

Counsel for Respondent(s) : Srivastava
A.S.G.I., Gaurav Kumar Chand,
Shrey Sharma

With

HIGH COURT OF JUDICATURE AT ALLAHABAD

WRIT - C No. - 11324 of 2025

Udaiveer Indane Sewa

.....Petitioner(s)

Versus

Union of India and another

.....Respondent(s)

Counsel for Petitioner(s) : Alka Srivastava, Santosh Kumar
Srivastava
Counsel for Respondent(s) : A.S.G.I., Archana Singh, Gaurav
Kumar Chand, Shrey Sharma

With

HIGH COURT OF JUDICATURE AT ALLAHABAD

WRIT - C No. - 11469 of 2025

M/s Ashoka Gas Service and another

.....Petitioner(s)

Versus

Union of India and 3 others

.....Respondent(s)

Counsel for Petitioner(s) : Arvind Kumar Singh
Counsel for Respondent(s) : Pramod Kumar Rai, A.S.G.I.,
Gaurav Kumar Chand, Shrey

M/s Ramlakhan Gas Service Holagarh and 3 others

.....Petitioner(s)

Versus

Union of India and 2 others

.....Respondent(s)

Counsel for Petitioner(s)	: Mohd Adnan Khan, Mohd. Imran, Syed Safdar Ali Kazmi
Counsel for Respondent(s)	: A.S.G.I., Devi Shanker Shukla, Gaurav Kumar Chand

With

HIGH COURT OF JUDICATURE AT ALLAHABAD

WRIT - C No. - 12133 of 2025

Hari Subhadra Indane Gas Service and 5 others

.....Petitioner(s)

Versus

Union of India and 3 others

.....Respondent(s)

Counsel for Petitioner(s)	: Tarun Agrawal
Counsel for Respondent(s)	: A.S.G.I., Gaurav Kumar Chand, Komal Mehrotra, Nishant Mehrotra, Shrey Sharma, Yash Padia

HON'BLE SARAL SRIVASTAVA, J.
HON'BLE SUDHANSHU CHAUHAN, J.

(Delivered by Hon'ble Saral Srivastava, J)

1. Heard Sri Tarun Agrawal, learned Senior Counsel assisted by

2. In this bunch of writ petitions, petitioners have assailed the Policy on Customer Transfer-Market Restructuring dated 21.02.2025 as well as Policy on Customer Transfer-Based on Area of Operation dated 21.02.2025 notified by the Oil Marketing Companies (respondent nos.2 to 4) (hereinafter referred to as 'OMCs').

3. Since, common issues have been involved in all the writ petitions, therefore, they are being decided by a common judgement.

4. For convenience, the facts are being delineated from Writ-C No.11195 of 2025.

5. The facts, in brief, are that the petitioner-Vikramaditya Gas Agencies was a Partnership Firm (hereinafter referred to as 'Firm') and was appointed as Distributor of LPG Cylinders by the Indian Oil Corporation Limited (hereinafter referred to as 'Corporation'). The distributorship firm was initially commissioned in the year 1994. The firm underwent restructuring in 1998 with the induction of one Vipul Purohit as one of its partner.

6. According to petitioner's case, the last and subsisting distributorship agreement between the Firm and OMC was executed on 10.06.1998. The petitioner's further case is that the petitioner had worked diligently to expand its customer base. It invested heavily in infrastructure and manpower so as to reach out to maximum customer base.

7. The OMC used to prescribe refill ceiling limits due to limited availability of LPG cylinders which were enhanced from time to time with the increase of availability of cylinders. Although, ceiling limits remained on paper, the OMC continued to actively push its distributor to expand its customer base including refilling LPG cylinders.

approximately 36000 customers and an average refill quantum of approximately 24500 cylinders per month.

9. Clause 1.14 of the Guidelines defines 'Ceiling Limits' which prescribes maximum limit of refill sale of domestic LPG cylinders in terms of 14.2 Kg. capacity per month of the distributorship for the market.

10. Clause 2.4.1.1.1 of the Guidelines defines 'Market Ceiling' limit and feasibility norm for different types of distributorship area for a city with 20 to 40 lacs population, 15000 was fixed as refill ceiling limit per month for cylinders while the feasibility limit was pegged at 50% i.e. 7500 cylinders per month.

11. The OMCs pursuant to the Guidelines notified the Market Restructuring-Transfer of Customers Policy dated 04.01.2018 (hereinafter referred to as 'Policy, 2018').

12. According to petitioner, Clause A(3) of Policy, 2018 empowered the OMCs to unilaterally transfer the customers of existing LPG distributors to new distributors set up under the Guidelines. The mass transfer of customers under the Policy, 2018 was to take place in favour of new distributorship till it achieved viability limits of customers as notified in the said Policy.

13. The Policy, 2018 came to be challenged before the Bombay High Court in Writ Petition No.8753 of 2018. The Bombay High Court stayed the Policy, 2018. The Bombay High Court later on allowed the Writ Petition No.8753 of 2018.

14. It is stated that that the judgement of Bombay High Court was assailed in SLP (Civil) No. 2425 of 2020. The Apex Court did not stay

16. The petitioner alleges that without removing the defect pointed out by the Bombay High Court in its judgement dated 30.09.2019, the unilateral and forced transfer of customers have been retained under the New Policy without there being any underlying basis for the same. The New Policy has been assailed by the petitioner on various grounds which shall be noted and dealt with at an appropriate place.

17. A counter affidavit has been filed by the OMCs contending inter-alia that Clause 1 (b) (iii) of the Distributorship Agreement dated 10.06.1998 executed between the petitioner and OMC stipulates that the Corporation is entitled at its sole discretion to reduce, restrict, modify or alter the area of distributorship or territory in terms of agreement. It is stated that the OMC takes the decision to increase or decrease the area of operation keeping in view the needs of the market, effective supply of cylinders and commercial viability of new distributorship from time to time.

18. It is further stated that Clause 11 of the Distributorship Agreement dated 10.06.1998 provides that distributor confirms that he has received the LPG Manual and will faithfully and diligently observe and carry out all directions, orders and other terms and conditions as issued by the OMCs as contained in the LPG Manual and any amendments and modifications that may be made thereto by the OMCs from time to time and perform its obligation under the agreement in letter and spirit.

19. The respondent further state that distributor is supposed to act in accordance with the LPG Manual. Clause 4.4 of Chapter-II of LPG Manual provides that the OMC has domain to take a decision with regard to increase or decrease the area of operation of distributor from time to time and the distributor is bound to surrender/transfer/accept the

21. Further case of the respondent is that Letter of Intent (hereinafter referred to as 'LOI') issued to the petitioner also provides that the distributor may be required from time to time to take over some existing customers of other distributors, and similarly, may be required to surrender some customers to other distributors.

22. It is also stated that after issuance of LOI, the distributor is to comply with certain mandatory conditions stipulated in LOI and only after complying and accepting the said terms and conditions by the distributor, the OMCs issues letter of appointment and execute formal agreement to operate the distributorship.

23. It is stated that in the present case, after issuance of LOI, the petitioner complied with the terms and conditions of the LOI and agreed that distributor may be required to take over some existing customers of other distributors and similarly may require to surrender some customer to other distributor.

24. According to respondent, the New Policy for market restructuring has been issued by the OMCs in line with the Guidelines approved by the Ministry of Petroleum and Natural Gas. The New Policy is based upon the current market environment and LPG scenario in the country. The 'Ujjawala Yojna' was launched on 01.05.2016 with an object to release eight crores LPG connections to deprived households by March, 2026.

25. It is further stated that New Policy for Transfer of Customers of LPG Distributorship has been introduced to address the increase of LPG penetration in the country after the introduction of 'Ujjawala Yojana' in 2016. The 'Ujjawala Yojna' has been introduced to provide LPG which is clean cooking fuel to rural and deprived households who were using

26. It is stated that the ceiling limit and transfer of customers is not a new concept brought into by the Guidelines or by New Policy. The refill ceiling limit for the market has been set up by the Ministry in accordance with the changing requirements of the market i.e. increase in population economic growth, increase in per capita consumption etc.

27. It is also the case of the respondent that the ceiling limit act as a deterrent against the holding and illegal reselling of LPG.

28. The petitioner filed rejoinder affidavit denying the averments made in the counter affidavit.

29. Challenging the aforesaid Policy, learned Senior Counsel for the petitioner has contended that Clause-1 of New Policy defines the refill ceiling limit for all the distributors for customer transfer. It is submitted that New Policy is applicable to existing distributors, but the New Policy does not define the new (recipient) distributor.

30. It is contended that since the New Policy does not define new (recipient) distributor, therefore, the date of commissioning of new (recipient) distributor cannot be ascertained and thus, previous twelve months from the date of commissioning of new (recipient) distributor which is the starting point to determine twelve months for the purpose of calculating average refill sales of the donor distributor cannot be ascertained, thus, period of twelve months is not calculable. Accordingly, it is contended that Clause 1(v) of the New Policy is vague.

31. He further contends that petitioner is one of the oldest distributor and has made huge investment and efforts to increase the number of customers since the date of establishment of its distributorship, and the petitioner is providing best services to its customers in supply of LPG gas cylinders and there has been no complaint against the petitioner with

32. He further submits that the Policy should apply prospectively and not retrospectively. He has also submitted that the Bombay High Court while striking down the Policy, 2018 had repelled the argument of OMCs asserting their rights under distributorship agreement permitting them to curtail the area of operation by observing that power to curtail or/reduce the area of operation could not be construed to mean curtailment/deduction of customers.

33. It is contended that the said judgement has not been set aside by the Apex Court and the SLP against the said judgement is pending before the Apex Court, therefore, it was the duty of the OMCs to follow the dictum of the Bombay High Court, and without removing the defects pointed out by the Bombay High Court in the earlier Policy, 2018, the respondent-OMCs has acted illegally and arbitrarily in introducing the New Policy.

34. He further submits that Clause 4.4 and 4.6 of LPG Manual have to be read together. He submits that Clause 4.6 of the LPG Manual is general power conferred upon the Corporation to transfer the customers on intra/inter company basis in line with the prevailing Policy Guidelines which in the present case is New Policy whereas Clause 4.4 of LPG Manual provides Area of Operation. He further submits that Clause 4.4 and Clause 4.6 of the LPG Manual has to be read together, and if Clause 4.6 is invoked by OMCs alone on the ground that it has plenary power to transfer the customers, Clause 4.4 would be redundant as there would not be any occasion to invoke Clause 4.4. Thus, it is contended that Clause 4.4 and Clause 4.6 should not be read in a manner which would be detrimental to the interest of existing distributor like petitioner.

regard to the service provided by the petitioner to its customers, therefore, action of the respondent in unilaterally withdrawing customers of the petitioner which it has earned alone by its efforts is nothing but an arbitrary exercise of powers by the respondent, and thus, such unilateral withdrawal of customers cannot be permitted.

36. It is contended that by the impugned Policy, OMCs are benefiting the laggards who till now have been unsuccessful by transferring the customers of donors distributors who had toiled to earn those customers.

37. Ms. Akriti Chaturvedi, Advocate, holding brief of Ms. Shreya Gupta, learned counsel for the petitioner appearing in Writ-C No.13531 of 2025 has submitted that the petitioner-distributor had incurred significant cost in terms of capital infusion, funds in hand, infrastructure and facilities, and also had invested significant time and money in creating the customer base, and subsequently retaining such customers and further increasing such customer base from time to time based on the directives of OMCs, therefore, the petitioner has legitimate expectation that they would be allowed to retain whatever customer they have enrolled till date.

38. Per contra, Sri Anil Kumar Sharma, learned Senior Counsel appearing for India Oil Corporation contends that Clause 1(b)(iii) of the Distributorship Agreement dated 10.06.1998 clearly stipulates that Corporation shall be entitled at its sole discretion to reduce, restrict, modify or alter the area of distributorship territory. He further submits that Clause-2 of the LOI dated 15.07.1994 issued to the petitioner also prescribes that area of operation of petitioner will cover part of Agra town which is subject to change by the Corporation at a later date.

39. It is submitted that said clause also stipulates that distributor may

40. It is further contended that distributor is bound by the aforesaid terms and conditions and cannot resile from it, therefore, writ petition is misconceived inasmuch as it is settled law that if a party has agreed to the terms and conditions of the contract entered into between them, then party has no legal right to challenge the same in future, therefore, petitioner has no locus standi to challenge the impugned Policy.

41. He further contends that writ petition has been filed on the grounds which had been accepted by the Bombay High Court in its judgement dated 30.09.2019 passed in Writ Petition No.8753 of 2018 in challenging the Policy, 2018. However, the said judgement has not been followed by the Kerala High Court as well as Andhra Pradesh High Court.

42. He further submits that ratio laid down by the Bombay High Court does not apply in the facts of the present case inasmuch as the judgement of Bombay High Court has not considered the effect of various clauses of the Distributorship Agreement as well as LOI.

43. Sri Yash Padia, learned counsel appearing for Bharat Petroleum in Writ-C No.13531 of 2025 also submitted the argument in line with the argument of Sri Anil Kumar Sharma, learned Senior Counsel for Indian Oil Corporation. He also submits that LOI issued to the distributor contained several terms and conditions which the distributor is under obligation to follow.

44. He submits that LOI is an offer document which contains several clauses stipulating the terms and conditions, and the distributor was issued letter of appointment after he accepted the terms and conditions of LOI. He contends that since the letter of appointment has been issued to the distributor after accepting the terms and conditions of LOI, therefore,

instructions on various subjects connected with the OMCs. Accordingly, he submits that once the distributor has accepted the instructions given in the Circular issued by the OMCs, he is bound by it and cannot turn around and resist the implementation of it.

46. He further submits that LPG Manual is supplement to the Distributorship Agreement, and thus, the distributor is bound by the conditions enumerated in the LPG Manual. Accordingly, he submits that circulars and policies has been issued to carry out the object contained in paragraph no.1.2 'Marketing of LPG' in Chapter II-Marketing Section.

47. He further contends that distributor enrolls the customer on behalf of OMCs which is evident from the subscription voucher signed by the distributor on behalf of Corporation. In support of the said argument, he has placed reliance upon Clause-4.7 of LPG Manual which deals with the relationships between the customer, distributor and OMCs.

48. He further submits that the difference between the earlier Policy, 2018 and the New Policy is that in the earlier Policy, 2018, the Corporation reserved the right to reduce the number of customers below the ceiling limit whereas in the New Policy, there is no provision for reducing the number of customers below the ceiling limit, therefore, the interest of Distributor in New Policy is protected.

49. He lastly contends that this Court under Article 226 of Constitution of India has narrow scope of interference with a Policy inasmuch as it is settled that the Court under Article 226 of the Constitution of India can set aside a Policy provided it is demonstrated that the Policy is plainly arbitrary, irrational or mala fide. He submits that none of the conditions to invoke power under Article 226 of the Constitution of India for setting aside the Policy are present in the instant

51. In the light of the facts, delineated above, we proceed to deal with the contentions advanced by the learned counsel for the parties.

52. Challenge to the New Policy is to be considered in the light of object of issuance of such Policy. New Policy for transfer of customers on LPG distributor has been introduced to address the increase of LPG penetration in the country after introduction of 'Ujjawala Yojana' which was introduced with an object to provide clean cooking fuel like LPG to rural and deprived households who were using traditional cooking fuel such as firewood, coal, cow dung etc. The use of traditional cooking fuel had detrimental impact on the health of rural women as well as to environment. So, the object behind issuing the New Policy is to address the increase of LPG penetration in the country after the introduction of 'Ujjawala Yojna 2016' and by implementation of New Policy, it will benefit public at large as it has been issued to smooth supply of LPG cylinders to its customer and also to save those from health hazard who are using traditional cooking fuel which is harmful to their health and is noxious to environment. Thus, the purpose of issuing New Policy is benign.

53. Clause 1.3 of the Guidelines defines 'Type of Distributorship Area' and has categorised the same into four categories namely, (i) Sheheri Vitrak, (ii) Rurban Vitrak, (iii) Gramin Vitrak, (iv) Durgam Kshetriya Vitrak.

54. Clause 1.13 of the Guidelines defines 'Area of Operation' which reads as under:-

"1.13. Area of Operation of LPG distributorship means an area consisting of Towns/Villages in which the respective LPG distributor will market LPG cylinders as determined by the concerned OMC."

56. Clause-2 of the Guidelines provides for 'Identification of Locations' based on the available refill sale potential that can sustain economically viable operation of LPG distributorship.

57. Clause-2.4.1.1 of the Guidelines provides for 'Existing Market'.

58. Clause-2.4.1.1.1 of the Guidelines provides for 'Market Ceiling' which reads as under:

"2.4.1.1.1 Market Ceiling

The market refill ceiling limit is the maximum number of the domestic refill sales stipulated for LPG Distributorships and based on the market.

Market Ceiling Limit and the Feasibility Norm for different types of Distributorship Area is proposed below:

<i>Type of Distributorship area</i>	<i>Population as per census 2011</i>	<i>Refill Ceiling Limit per month</i>	<i>Refill Sale per month for Feasibility limit</i>
<i>Sheheri Vitrak</i>	<i>Cities with population >40 lakh</i>	<i>20,000</i>	<i>10,000</i>
	<i>Cities with 20 to 40 lakh population</i>	<i>15,000</i>	<i>7,500</i>
	<i>Cities with 10 to 20 lakh population</i>	<i>12,000</i>	<i>6,000</i>
<i>Rurban Vitrak</i>	<i>Towns with <10 lakh population</i>	<i>10,000</i>	<i>5,000</i>
<i>Gramin Vitrak</i>	<i>Village/Cluster of villages</i>	<i>5,000</i>	<i>2,500</i>
<i>Durgam Kshetriya Vitrak</i>	<i>Village/Cluster of villages</i>	<i>1,500</i>	<i>600</i>

Restructuring of the LPG Distributorships viz, Sheheri Vitrak, Rurban Vitrak, Gramin Vitrak and Durgam Kshetriya Vitrak in the existing market will be planned only after the refill sale exceeds by 50% of the refill ceiling limit of the market

locations advertised prior to these guidelines will continue on the basis of the pre-revised ceiling limits.

(ii)

(iii) ”

59. Now, coming to first submission of learned counsel for the petitioners that since the New Policy does not define new (recipient) distributor, therefore, it is not possible to calculate average refill sale of donor distributor for the previous twelve months and per capita consumption and also the number of active customers to be transferred, therefore, the New Policy is arbitrary and vague is concerned, we do not find substance in the said argument of learned counsel for the petitioners inasmuch as Clause 1(ii) of New Policy categorically states that all the donor distributors will be retained at 100% of the refill ceiling limit applicable to them as provided in the table in Clause-1 of the New Policy. So the interest of the donor distributor is protected as refill ceiling limit of all the donors distributor shall be retained at 100% as provided in Clause-1 and cannot be reduced below the prescribed ceiling limit.

60. Further, Clause 1(viii) (c) of the New Policy gives formula as to how the calculation for number of customers to be transferred is to be made. Clause 1(viii) (c) of the New Policy is being reproduced below:-

“1.....

(viii) Scenarios in customer transfer:

(c)-Average refill sales of the individual distributor and per capita consumption for previous twelve months from the date of commissioning of the new (recipient) distributor shall be the basis for number of customers to be transferred from ‘A’ to ‘B’ as well as from

the 'B', 'B' in turn would transfer equivalent number of customers to 'C'.

Policy on Customer Transfer-Market restructuring

Date:21.02.2025

Illustration:

Consider a Urban Market with refill ceiling of 10000 refills per month

<i>Distributor</i>	<i>Active Customer Holding</i>	<i>Average Refill sale per month</i>
<i>Distributor A</i>	<i>40000</i>	<i>20000</i>
<i>Distributor B</i>	<i>20000</i>	<i>10000</i>
<i>Distributor C</i>	<i>-</i>	<i>-</i>

Requirement of Distributor C to reach 50% viability=5000 Refills

No. of Customers required to reach 5000 Refill sale as per PCC (Per Capita consumption)=10000 nos.

The geographical locations of the distributors are as given below:-

<i>Distributor A-Above ceiling limit</i>	<i>Distributor A-Within Ceiling Limit</i>	<i>Distributor C-New Distributor</i>
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Then in this case:

Distributor A would have to transfer 10000 customers (for avg. sales of 5000 refills) to Distributor B.

Distributor B would have to transfer 10000 customers (for avg. sales of 5000 refills) to Distributor C.

The above illustration is considering same PCC for both distributors 'A' & 'B'. In case it is different then, action is to be taken in line with point viii (c) above."

61. Learned counsel for the petitioners could not point out that formula prescribed in Clause 1 (viii) (c) of the New Policy giving

per month is arbitrary and malafide which he could not do in the present case.

63. Even if we presume that the argument of learned counsel for the petitioners that in the absence of any definition of new (recipient) distributor period of twelve months is not calculable has some substance, that would not prejudice the interest of the petitioners as Clause 1 (ii) of New Policy, donors distributors interest is protected as the said clause unequivocally states that all the donor distributors will be retained at 100% of the refill ceiling limit applicable to them as per the table provided in Clause-1 and does not give discretion to OMC's to reduce the ceiling limit provided in Clause-1 (i) of New Policy.

64. Learned counsel for the petitioners has harped upon the judgement of Bombay High Court in contending that the Bombay High Court has quashed the earlier Policy, 2018 by observing that power of OMCs to curtail/reduce the area of operation could not be construed to mean curtailment/deduction of customers. We beg to differ from the aforesaid observation of the Bombay High Court because the Bombay High Court did not notice certain relevant clauses of LPG Manual, Dealership agreement and LOI.

65. The LOI was issued to the distributor containing several terms and conditions which the Distributor was to agree; the appointment letter was issued to Distributor after he agreed with the terms and conditions stipulated in the LOI. Thereafter, Distributorship Agreement was entered into between the OMCs and distributor. In this respect, Clause 2 of the LOI issued to the distributor is reproduced below:-

“Clause-2 Provisionally it is intended that your area of operation will cover part of Agra Town. This is, however, subject to change as may be

66. The LPG Manual is also part of the agreement which has been supplied to all the distributors and the distributors are also bound by the terms and conditions of the LPG Manual. Paragraph no.4.4 of the LPG Manual defines the Area of Operation of the Distributor which reads as under:-

“4.4. Area of Operation of the Distributor:

The distributor to enroll customers within the authorized area only as per the Distributorship Agreement or as approved by the Corporation in writing from time to time.

To ensure viability of the new commissioned Distributorship, refill sale ceiling limits, better customer services etc., the OMCs may increase or decrease the Area of Operation of the distributorships from time to time and the distributor is bound to surrender/ transfer /accept the customers.

The distributor is not allowed to appoint/operate sub-distributors.”

67. Paragraph no.4.5 of the LPG Manual deals with ‘Refill Ceiling Limit’ which reads as under:-

“4.5 Refill Ceiling Limit:

The refill ceiling limit means maximum refill sale per month of domestic LPG cylinders defined for the market in which the distributor is located.”

68. Paragraph 4.6 of the LPG Manual deals with ‘Customer Transfer’ which reads as under:-

“4.6 Customer Transfer:-

As per OMCs direction, the distributor is required to transfer the customers on intra/inter Company basis, in line with the prevailing policy guidelines.”

Distributor is appointed by OMCs on "Principal to Principal basis". Distributor is responsible for all business and dealings with the OMCs customer. The customer is enrolled by the Distributor on behalf of OMC. The Subscription Voucher is signed by the customer and is also required to be signed by the distributor on behalf of Corporation. The terms and conditions of the contract are printed on the Subscription Voucher. OMCs are at a liberty to service its customer through any Distributor.

The cylinder and regulator are provided against deposit and hence they are given on loan to customer (Other than FTL equipment) by the Oil Company through the distributor."

70. In this respect, it is also useful to have a glance at Clause 1(b) (ii) & (iii) of the distributorship agreement which reads as under:-

"1.(b)- The aforesaid appointment is subject to the following:-

(ii) The Corporation reserve the right, without any reference to or consent of the Distributor, to appoint one or more additional distributors in the same territory referred to in Clause 1 (a) above and such additional distributor or distributors shall be entitled to make sales of Indane in the same territory without any objection from the Distributor and the Distributor shall not be entitled to claim any over-riding remuneration, commission or allowance for the purpose.

(iii) Without prejudice to the above the Corporation shall also be entitled to require the Distributor to effect minimum sale of Indane in accordance with the policy that may be formulated from time to time by the Corporation and shall be further entitled at its sole discretion to reduce, restrict, modify or alter the area of the distributorship territory and the decision of the Corporation shall be final and binding on the Distributor. The Corporation shall further be entitled to notify, without any legal obligation to do so, from time to time to the Distributor in

71. The Bombay High Court has only considered Clause 1 (b) (ii) & (iv) of the Distributorship Agreement while holding that the said Clause is restricted to 'Area or Territory' and not 'Customers'. We find that Bombay High Court has not considered the above quoted clauses of LOI, LPG Manual and Clause 1 (a) & (b) (iii) of the Distributorship Agreement which unequivocally gives the right to the OMCs to reduce the area of operation, appointment of additional distributor and reduction in customers.

72. Clause 2 of LOI categorically provides that the Area of Operation entrusted to a distributor is subject to change as per necessity. It also cast obligation upon the distributor to accept or to surrender some customers to other distributor.

73. Clause 4.4 of the LPG Manual clearly stipulates that in order to ensure viability of new commissioned distributorship, refill sale ceiling limits, better customer services etc., the OMCs may increase or decrease the Area of Operation of the distributorship from time to time and the distributor is bound to surrender/transfer/accept the customers.

74. Clause 4.6 of the LPG Manual also puts an obligation upon the distributor to transfer the customers on intra/inter company basis in line with the prevailing policy guidelines as per OMCs directions.

75. Clause 4.7 of the LPG Manual is explicit and provides that customers enrolled by the distributor are the customers of OMCs, and the OMCs are at liberty to service its customers through any distributor. Even Clause 1 (a) & (b) (iii) of the Distributorship Agreement clearly stipulates that OMC is entitled at its sole discretion to reduce, restrict, modify or alter the area of distributorship territory and the decision of the Corporation shall be final and binding on the distributor.

77. In the absence of any challenge to various clauses of LOI, LPG Manual and Distributorship Agreement authorising OMC's to reduce the area of operation, appointment of additional distributor and reduction in customers, the distributor cannot raise a grievance with regard to reduction in customer base. The distributor can succeed in challenging the reduction base only if he challenges the aforesaid clauses which authorises the OMCs to reduce, restrict, modify or alter the area of distributorship territory or direct for surrender some customers to other distributor. The petitioner cannot succeed in assailing the New Policy on the ground that New Policy unilaterally permits the OMCs to reduce the customer base of the distributor without challenging the aforesaid clauses.

78. We are of the view that the said Policy providing reduction of customers of the distributor is in line with the Guidelines and various clauses of the LOI, LPG Manual and Distributorship Agreement which permits the OMCs to withdraw the customers of distributor in line with the existing policy. Therefore, such unilateral exercise of power by the OMCs in reducing the customer of a distributor cannot be termed to be an arbitrary exercise of power.

79. For the reasons detailed above, we are of the view that fixation of refill ceiling limit per month and viability limit per month is neither arbitrary nor malafide.

80. It has also been urged that New Policy shall be enforced prospectively and not retrospectively. The said argument lacks substance as petitioners do not have vested right to retain the customers enrolled by them as the distributors enroll the customers on behalf of OMC's in view of Clause 4.7 of LPG Manual, and further OMC's under various clauses

incorporated to achieve different object inasmuch as Clause 4.4 can be invoked by the OMCs as per the need of the business and to ensure the viability of the new commissioned distributorship whereas Clause 4.6 of LPG Manual is to be invoked to transfer the customers on intra/inter company basis to comply with the prevailing policy guidelines.

82. So far as the submission of learned counsel for the petitioners that the distributor has made huge investment and efforts to increase the number of customers, and thus, unilateral withdrawal of customer of the petitioner is nothing but an arbitrary exercise of power.

83. Learned counsel for the petitioners has submitted that obligation was cast upon the distributor to increase the customer base and the petitioners in terms of the obligation cast on them in Clause 1 (a) & (b) (v) of the Distributorship Agreement invested huge amount and made a lot of efforts to increase the customer base, and thus, petitioner has legitimate expectation to retain those customers. It is submitted that the petitioner's legitimate expectation is being infringed by the OMCs by unilaterally reducing the customer base of the petitioner.

84. Clause 1 (a) & (b) (v) of the Distributorship Agreement is reproduced below:-

“1.(a). The Corporation hereby appoints the Distributor and the Distributor hereby accepts the appointment as Distributor of the Corporation, on principal to principal basis, for the sale of Corporation's Liquefied Petroleum Gas (LPG) known as 'Indane' in cylinders only for house-hold consumers, and commercial consumers like hotels, canteens, hospitals etc., but not for any industrial use nor for any industrial/ consumer in the territory or distribution area of -

(b) The aforesaid appointment is subject to the following:-

86. The Apex Court in the case of ***Union of India and Others Vs. Hindustan Development Corporation and Others (1993) 3 SCC 499*** held that doctrine of legitimate expectation is creature of public law aimed at combating arbitrariness in executive action by public authorities. Paragraph no.28 of the said judgement is reproduced herein-below:-

“28. Time is a three-fold present: the present as we experience it, the past as a present memory and future as a present expectation. For legal purposes, the expectation cannot be the same as anticipation. It is different from a wish, a desire or a hope nor can it amount to a claim or demand on the ground of a right. However earnest and sincere a wish, a desire or a hope may be and however confidently one may look to them to be fulfilled, they by themselves cannot amount to an assertable expectation and a mere disappointment does not attract legal consequences. A pious hope even leading to a moral obligation cannot amount to a legitimate expectation. The legitimacy of an expectation can be inferred only if it is founded on the sanction of law or custom or an established procedure followed in regular and natural sequence. Again it is distinguishable from a genuine expectation. Such expectation should be justifiably legitimate and protectable. Every such legitimate expectation does not by itself fructify into a right and therefore it does not amount to a right in the conventional sense.”

87. The Apex Court in the case of ***Ram Pravesh Singh and Others Vs. State of Bihar and Others (2006) 8 SCC 381*** has held that legitimate expectation is an expectation of benefit, relief or remedy, that may ordinarily flow from a promise or established practice.

88. In other words, the doctrine of legitimate expectation is a public law principle ensuring fairness, accountability and regularity when authorities deal with individuals. It stems from an express promise or

89. Now in this case, to succeed on the doctrine of legitimate expectation, the distributor has to establish that its expectation is real, logical and based on consistent official conduct.

90. Now, the first question which needs to be considered by this Court is whether the Distributor expectation is real, logical and based on consistent official conduct. To appreciate said question, we need to have a glance at Clause 4.7 of the LPG Manual, reproduced above.

91. As per Clause 4.7 of LPG Manual, the distributor is appointed by OMCs on 'Principal to Principal basis' but the distributor is responsible for all business and dealings with OMCs customer. It unequivocally states that customer is enrolled by the distributor on behalf of OMCs. The subscription voucher is signed by the customer and is required to be signed by the distributor on behalf of Corporation. The terms and conditions of the contract are printed on the subscription voucher. It also authorises OMCs to service its customer through any distributor.

92. In terms of Clause 1 (a) & (b) (v) of the Distributorship Agreement, it is the responsibility of the distributor to make efforts for enrolling customer and canvassing business, and for development and increase in the sale of LPG within the area allotted to him, but the distributor does so on behalf of OMCs which is evident from Clause 4.7 of LPG Manual. Once, the distributor has agreed to Clause 4.7 of the LPG Manual which is also the part of the Distributorship Agreement, the distributor cannot claim that customers enrolled by him are his customers, and therefore, he has legitimate expectation to retain those customers.

93. It is also stated in some of the writ petitions that distributors have made huge investment in enrolling customers. They may have done so,

The distributor right from the inception knew that they are bound by Clause 4.7 of LPG Manual, and if the business was not viable for them, they should not have joined venture. In such view of the fact, we are afraid that the distributor can invoke the principle of promissory estoppel.

94. Doctrine of legitimate expectation would not attract where public interest is involved. In the instant case, we have already detailed above the object for introducing New Policy which is for the benefit of the public, and for this reason also, the petitioners cannot invoke the principle of doctrine of legitimate expectation in the present case.

95. It is also pertinent to note that argument of learned counsel for the petitioner that by the New Policy, the OMCs are benefiting laggards who have been unsuccessful. The argument is misconceived as no material has been placed on record to substantiate the said argument.

96. Further, the law is settled that the Court can interfere in a Policy matter only if it is demonstrated that it is irrational, arbitrary or mala fide.

97. The Apex Court while dealing with the power of Court in considering the viability of the policy decision has observed in paragraph no.34 of the judgement in the case of ***State of M.P. and Others Vs. Nandlal Jaiswal and Others (1986) 4 SCC 566*** as under:

“34. But, while considering the applicability of Article 14 in such a case, we must bear in mind that, having regard to the nature of the trade or business, the Court would be slow to interfere with the policy laid down by the State Government for grant of licences for manufacture and sale of liquor. The Court would, in view of the inherently pernicious nature of the commodity allow a large measure of latitude to the State

interference by the Court under Article 14 while dealing with laws relating to economic activities in R.K. Garg v. Union of India (1981) 4 SCC 675. We pointed out in that case that laws relating to economic activities should be viewed with greater latitude than laws touching civil rights such as freedom of speech, religion, etc. We observed that the legislature should be allowed some play in the joints because it has to deal with complex problems which do not admit of solution through any doctrinaire or strait-jacket formula and this is particularly true in case of legislation dealing with economic matters, where, having regard to the nature of the problems required to be dealt with, greater play in the joints has to be allowed to the legislature. We quoted with approval the following admonition given by Frankfurter, J. in Morey v. Dond:

"In the utilities, tax and economic regulation cases, there are good reasons for judicial self-restraint if not judicial deference to legislative judgment. The legislature after all has the affirmative responsibility. The courts have only the power to destroy, not to reconstruct. When these are added to the complexity of economic regulation, the uncertainty, the liability to error, the bewildering conflict of the experts, and the number of times the Judges have been overruled by events-self-limitation can be seen to be the path to judicial wisdom and institutional prestige and stability.

What we said in that case in regard to legislation relating to economic matters must apply equally in regard to executive action in the field of economic activities, though the executive decision may not be placed on as high a pedestal as legislative judgment insofar as judicial deference is concerned. We must not forget that in complex economic matters every decision is necessarily empiric and it is based on experimentation or what one may call 'trial and error method' and, therefore, its validity cannot be tested on any rigid 'a priori' considerations or on the application of any strait-jacket

practical ones and may justify, if they do not require, rough accommodations, illogical, it may be, and unscientific. But even such criticism should not be hastily expressed. What is best is not discernible, the wisdom of any choice may be disputed or condemned. Mere errors of Government are not subject to our judicial review. It is only its palpably arbitrary exercises which can be declared void.

The Government, as was said in Permian Basin Area Rate cases, is entitled to make pragmatic adjustments which may be called for by particular circumstances. The Court cannot strike down a policy decision taken by the State Government merely because it feels that another policy decision would have been fairer or wiser or more scientific or logical. The Court can interfere only if the policy decision is patently arbitrary, discriminatory or mala fide. It is against the background of these observations and keeping them in mind that we must now proceed to deal with the contention of the petitioners based on Article 14 of the Constitution”

98. In this respect, it is also relevant to reproduce paragraph no.16 of the judgement of Apex Court in the case of **Directorate of Film Festivals & Others Vs. Gaurav Ashwin Jain & Others (2007) 4 SCC 737:-**

“16. The scope of judicial review of governmental policy is now well defined. Courts do not and cannot act as Appellate Authorities examining the correctness, suitability and appropriateness of a policy, nor are courts advisors to the executive on matters of policy which the executive is entitled to formulate. The scope of judicial review when examining a policy of the Government is to check whether it violates the fundamental rights of the citizens or is opposed to the provisions of the Constitution, or opposed to any statutory provision or manifestly

99. It is also pertinent to reproduce paragraph nos.64 & 65 of the judgement of the Apex Court in the case of ***Delhi Development Authority & Another Vs. Joint Action Committee, Allottee of SFS Flats and Others (2008) 2 SCC 672:***

“64. An executive order termed as a policy decision is not beyond the pale of judicial review. Whereas the superior courts may not interfere with the nitty-gritty of the policy, or substitute one by the other but it will not be correct to contend that the court shall lay its judicial hands off, when a plea is raised that the impugned decision is a policy decision. Interference therewith on the part of the superior court would not be without jurisdiction as it is subject to judicial review.

65. Broadly, a policy decision is subject to judicial review on the following grounds:

- (a) if it is unconstitutional;*
- (b) if it is de hors the provisions of the Act and the regulations;*
- (c) if the delegatee has acted beyond its power of delegation;*
- (d) if the executive policy is contrary to the statutory or a larger policy.”*

100. Clause 11 of the Distributorship Agreement stipulates that distributor shall faithfully and diligently observe and carry out all directions, orders, terms and conditions as may be issued by the Corporation. The Clause 11 of the Distributorship Agreement is being reproduced below:-

“Clause 11. 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 'Indane Manual and any amendments or

101. The Distributor is bound by Clause 11 of the Distributorship Agreement and cannot resile from it, therefore, the Distributor is bound to follow all directions and orders issued by OMCs from time to time. The only exception when he can resist to follow an order or direction of OMCs if he could succeed in establishing that such order or direction is arbitrary, malafide or is hit by public policy. In the instant case, the Distributor could not establish that the New Policy is arbitrary, malafide or is hit by public policy.

102. At this stage, we may reproduce paragraph no.9 of the judgement of the Kerala High Court in the case of ***Vembanad Gas Agencies Vs. Union of India and Others*** passed in ***Writ-A No.1785 of 2019:-***

“9. We cannot accede to the argument of Sri Vijayan that, since the contract entered into between the distributor and the Oil Company is a commercial contract, the business efficacy of the distributor has to be given primacy. We cannot, but, observe that the argument raised as to whether the consumer belongs to the Company or the distributor, completely ignores and compromises the interest of the consumer, that too, the consumer of a public utility service, which is brought under the Essential Commodities Act. We reject the contention raised by the existing distributors of business efficacy of the distributor being the reigning factor. They expect an increase in turn over, over the years, based on which expectation, they have taken loans for vehicles, infrastructure and so on, as pleaded in the writ petition. If prudence dictates to them that the business is not viable, it is always open to them to stop it. Service, prompt and effective; in this case the regular supply of LPG cylinders, is what the State and its instrumentality strive to achieve, when dealing with public utility services. If the Corporation feels that the service will not be effective for reason of increasing subscribers, as per the norms laid down by them, they are

high handed attitude of distributors, ignoring the interest of consumers, especially in a public utility service, cannot be accepted and as rightly pointed out, it results in monopoly and the consumer would be left to the vagaries of individual distributors.”

103. We also concur with the aforesaid view and ratio of law laid down by Kerala High Court in the aforesaid paragraph.

104. Thus, for the reasons given above, all the writ petitions lack merit and are hereby ***dismissed*** with no order as to costs.

(Sudhanshu Chauhan,J.) (Saral Srivastava,J.)

August 10, 2026
Sattyarth/NS