[3383]

IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD
(Special Original Jurisdiction)

WEDNESDAY, THE FIFTEENTH DAY OF APRIL
TWO THOUSAND AND TWENTY SIX

PRESENT

THE HONOURABLE SRI JUSTICE LAXMI NARAYANA ALISHETTY

WRIT PETITION NO: 4041 OF 2026

Between:

N. Pramila Raj Rice Mill, H.No 1-114, Vill. Manik Bandar, (M) Makloor, Dist Nizamabad, rept. by its proprietor Smt Nangunuri Pramila Raj W/o Shiva Rajulu, aged 67 yrs, R/o H.No.6-2-285, Subhashnagar, Nizamabad-TS

...PETITIONER

AND

1. State of Telangana, Agriculture, Marketing & Co-operation, rept by its Prl Secretary, Secretariat, Hyderabad- TS
2. State of Telangana, Civil Supplies dept, rept by its Prl Secretary, Secretariat, Hyderabad- TS
3. Civil Supplies Corporation, rept. by its Commissioner, Erramanjil, Hyderabad- TS
4. Collector (Civil Supplies), Nizamabad -TS
5. Dist. Supply officer, Nizamabad - TS
6. Civil Supplies Corporation, Nizamabad rept. by its Dist. Manager

...RESPONDENTS

Petition under Article 226 of the Constitution of India praying that in the circumstances stated in the affidavit filed therewith, the High Court may be pleased to issue an appropriate Writ, order or direction particularly one in the nature of Writ of Mandamus challenging the actions of respondents particularly 4th respondent, for not allotting custom milling of Paddy from the year 2025-26 to the petitioner in the name of dues fell by my lessee i.e., M/s Sri Vallabha foods, Nizamabad and allotted to other Rice Mills and not consider my 2 representations dt 24-11-2025, 28-08-2025 and passed orders dt 28-01-2026 without notice/ hearing contrary to law, orders passed in WP 29370/2025, dt 20-11-2025, is totally illegal, arbitrary, unjust, discriminatory, unreasonable, opposed to public policy, violative of Art 14, 21, 300-A of Constitution of India apart from violative of principles of natural justice and call for the records and issue consequential directions a) to allot custom milling of Paddy from March/ April 2026 onwards without reference to dues of my lessee if any, b) direct the respondents to proceed against 4 sureties to recover dues and award costs.

I.A. NO: 1 OF 2026

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to direct the authorities to allot custom milling of Paddy from March/ April 2026 onwards without reference to the dues of petitioner's lessee i.e., M/s Sri Vallabha foods, Nizamabad, if any pending disposal of Writ petition.

Counsel for the Petitioner: SRI K.M.MAHENDER REDDY

Counsel for the Respondents: GP FOR CIVIL SUPPLIES

The Court made the following: ORDER

IN THE HIGH COURT FOR THE STATE OF TELANGANA AT HYDERABAD

HON'BLE SRI JUSTICE LAXMI NARAYANA ALISHETTY

WRIT PETITION No.4041 OF 2026

Dated:15.04.2026

Between:

N.Pramila Raj Rice Mill,
Nizamabad, reptd by its
Proprietor-Nangunuri Pramila Raj

...Petitioner

And:

The State of Telangana, reptd., by
its Principal Secretary,
Agriculture, Marketing &
Co-Operation, Hyderabad
and five others.

...Respondents

ORDER:

This Writ Petition is filed to issue a writ of *Mandamus* declaring the action of respondent No.4 in not allotting the custom milling paddy from the year 2025-2026 to the petitioner in the name of dues fell by the lessee of the petitioner, i.e., M/s Sri Vallabha Foods, and passing the order dated 28.01.2026 in CS4/62/2025, without considering its representations, dated 24.11.2025 and 28.08.2025, as illegal, arbitrary and contrary to the orders of this Court in WP.No.29370/2025, dated 20.11.2025 and for consequential relief.

2. Heard Sri K.M.Mahender Reddy, learned counsel for the petitioner and learned Government Pleader for Civil Supplies for the respondents.

3. Brief facts of the case as averred in the writ affidavit are that the petitioner-rice mill, who is the owner, possessor of N.Pramila Rice Mill, leased the same to M/s Sri Vallabha Foods, represented by one V.Sharadha, from 01.11.2023 to 31.10.2025 on rental basis @ Rs 2,40,000/- per annum, Rs.13,10,000/- per annum for godown, totalling to Rs.15,50,000/- per annum. The lessee obtained GST Reg. Certificate, dated 28.10.2023, from the Government of India valid till 25.10.2025 and that due to non-payment of rents by the lessee which aggregated to Rs.23,30,000/- by March 2025, the petitioner had complained to the Commissioner of Police against the lessee and her husband on 15.04.2025 and later, upon requests, the total paddy stock, gunny bags of custom milling rice were lifted and the total premises was handed over to the petitioner in April, 2025 and since then the petitioner has been in possession of the mill.

3.1. That, on 28.08.2025, the petitioner made representation to the respondents to allot custom milling of paddy to it, from kharif season 2025-2026 without reference to the dues of the lessee; that aggrieved by the inaction of the respondents in considering the said representation, the petitioner filed WP.No.29370/2025 and this Court disposed of the said Writ Petition, vide order 20.11.2025, directing the respondents to consider the representation of the petitioner and to pass appropriate orders in accordance with law within two months from the date of the said order. That in purported compliance of the said order, respondent No.4 passed the Order dated 28.01.2026, without considering the representations of the petitioner and without issuing notice to the petitioner. Hence, challenging the said order, the present Writ Petition is filed.

4. Learned counsel for the petitioner submitted that respondent No.4 passed the impugned order based on the Circular instructions of Commissioner of Civil Supplies, vide CCS.Ref.No.(I(1)/914/2024, dated 26.04.202, which was issued without any enabling provision of law; that the authorities without proceeding against the four guarantors of the lessee, *viz.*, Om Shri Balaji Industries, Sri Venkateshwara Rice Mill, Sri Hari Krishna Agro Industries and Balaji Traders, as per G.O.No.12, Consumer Affairs, Food and Civil Supplies (CS.I) Department(CS.I.CCS) Department, dated 27.06.2024, for recovery of the dues of the lessee, illegally denied the allotment of custom milling of paddy to the petitioner and held the petitioner liable for the dues of the lessee.

4.1. Learned counsel further submitted that by letter dated 13.09.2024, though the DSO office, Nizamabad, was informed that lessee stored about 20,000 quintals of paddy in DJ Godown, no action had been taken by the authorities either to shift or to seize the said stock, which shows the collusion between the authorities and the lessee.

4.2. Learned counsel further submitted that the petitioner-lessor is not surety for the lessee and as such, the petitioner cannot be held liable for the dues of the lessee. In support of the said submission, he relied upon the judgment of this Court in ***Awari Amarender V. Shriram City Union Finance and Another***[1], wherein it is observed as under:-

> *"The liability of co-surety is co-extensive to that of principal debtor unless it is otherwise provided by the contract."*

5. Learned counsel for petitioner finally submitted that respondent No.4 erred in passing the impugned order holding that the petitioner-lessor is vicariously liable for the dues of the lessee and prayed to allow the Writ Petition.

6. Learned counsel for respondent No.4, by referring to the counter-affidavit filed on behalf of respondent No.4, submitted that as per para G-2 of Annexure-IV to G.O.Ms.No.26, Consumer Affairs, Food and Civil Supplies (CS.I) Department(CS.I.CCS) Department, dated 07.10.2023, which is issued based on the Telangana Rice (Custom Milling) Order, 2015, "no paddy shall be allotted to the default rice mills until the entire defaulted rice is delivered and dues are cleared" and the said GO further mandates that paddy shall be allotted to the lessee mills only after taking a guarantee from the owner of the rice mill; that as per Circular vide PI(1)/914/2024 dated 26.04.2024, issued by Commissioner of Civil supplies, the original miller (lessor) will have vicarious liability in delivering the dues of CMR/recovery of penalty with interest.

---

[1] 2025(1) ALT (NRC) 57

7. In support of his contentions, learned counsel for respondent No.4 relied upon the judgment of the Hon'ble Apex Court in ***Food Corporation of India V. V.K. Traders***[2], wherein at para-12 it is held as hereunder:

> *"No right to seek allocation of paddy can be claimed by it unless the liabilities arising out of the previous bilateral agreement are satisfied".*

7.1. Learned counsel further contended that in view of the aforesaid Circular and G.Os., the mill in question is a "defaulting mill" and as such, it is ineligible for allotment of fresh stock of paddy until a "No dues certificate" is produced and hence, the petitioner's claim of immunity from the dues of its lessee is untenable and further, since the defaulting mill failed to satisfy its existing liabilities, it is not entitled to allotment of custom milling of paddy, and that considering all these aspects, respondent No.4 has rightly passed the impugned order.

8. In light of the aforesaid submissions made by learned counsel for both the parties, the point that arises for consideration is

> ***Whether respondent No.4 is justified in passing the impugned order holding that the petitioner-mill is vicariously liable for the dues of its lessee and not allotting the custom milling of paddy to the petitioner-mill?***

---

[2] (2020) 4 SCC 60

9. Admittedly, the petitioner is neither a party nor surety/guarantor to the bilateral agreement entered between the lessee and the Civil Supplies Department, which is evident from the record. Therefore, the judgment of the Hon'ble Apex Court in ***Food Corporation of India***'s case (cited supra), relied upon by learned counsel for respondent No.4 is not applicable to the present case.

10. To adjudicate the issue, it is necessary to interpret the GOs referred to above and the Circular instructions, dated 26.04.2024, issued by Commissioner of Civil Supplies vis-a-vis to the facts of the present case. Para-G-5 of Annexure-IV to G.O.Ms.No.26, dated 07.10.2023, mandates that the paddy shall be allotted to the lessee mills only after taking guarantee from owner of the rice mill.

11. In the instant case, it is not the case of the respondent authorities that such guarantee was taken from the petitioner-mill for allotment of paddy to the lessee. That apart, it is undisputed fact that an agreement was entered between the lessee and the Civil Supplies Department with four guarantors and the petitioner-mill is neither a party nor guarantor/surety to the said agreement. In such an event, Section-128 of the Indian Contracts Act, 1872, comes into play, as per which the liability of the co-surety is co-extensive to that of the principal debtor.

12. In addition to the above, as per Clause-4.3 of G.O.Ms.No.12, dated 27.06/2-24, the authorities concern shall reserve right to recover the losses or damages from the default millers as well as from the sureties jointly and severally in accordance with law.

13. A reading of Section-128 of the Indian Contracts Act, 1872, coupled with Clause-4.3 of G.O.Ms.No.12, dated 27.06/2-24, makes it clear that the authorities concerned are empowered to recover the dues/losses/damages from the principal debtor i.e., the defaulting miller as well as from the guarantors/sureties of the defaulting miller.

14. In the case on hand, the petitioner-mill is neither a guarantor nor surety to the lessee for allocation of paddy. Further, the petitioner is only the owner of the premises leased out to its lessee, which ultimately, turned out to be defaulting miller.

15. As regards instruction No.4 of Circular Instructions, dated 26.04.2024, referred supra, in case of default on the part of lessee-mill, the original miller will have vicarious liability in delivering the dues of CMR/recovery of penalty with interest, it is to be noted that the said Circular is issued by the authority concerned by exercising the delegated legislation.

16. Here, it is apposite to refer to the judgment of a two-judge Bench of the Hon'ble Supreme Court in ***Gaurav kumar V. Union of India***[3]**,** wherein it has carved out the following relevant principles in matters of delegated legislation:-

> *"... The delegate which has been authorized to make subsidiary rules and regulations has to work within the scope of its authority and cannot widen or constrict the scope of the Act or the policy laid down thereunder. It cannot, in the garb of making rules, legislate on the field covered by the Act and has to restrict itself to the mode of implementation of the policy and purpose of the Act."*
>
> *From the above discussion, we can cull out the following principles:*
>
> *(i) a delegate cannot act contrary to the express provisions and object of the parent legislation;*
>
> *(ii) a delegate cannot widen or constrict the scope of the parent legislation or the legislative policy prescribed under it; and*
>
> *(iii) a fiscal provision has to be construed strictly and a delegate cannot consider any circumstance, factors or condition not contemplated by the parent legislation*

17. The Circular instructions, dated 26.04.2024, particular instruction No.4, based on which respondent No.4 passed the impugned order, is explicitly issued in exercise of the delegated legislation.

18. The aforesaid principles culled out by the Hon'ble Supreme Court are not followed and in fact, are violated by issuing the Circular, dated 26.04.2024,

---

[3]2024 INSC 558

since in the said Circular, the fiscal provision regarding default of the lessee-mill appears to be issued by not considering the factors or conditions contemplated by the parent legislation.

19. Therefore, for the foregoing discussion and reasons and in the light of the judgment of the Hon'ble Supreme Court in Gaurav Kumar's case (cited supra), the impugned order passed by respondent No.4, basing on the Circular, dated 26.04.2024, is illegal, without any authority and untenable and accordingly, the same is liable to be set aside.

20. Resultantly, this Writ Petition is allowed and the impugned order dated 28.01.2026 passed by respondent No.4 is hereby set aside. No costs.

21. As a sequel, Miscellaneous Petition, if any, pending shall stand closed.

Sd/- P. PONNA KRISHNA
ASSISTANT REGISTRAR

//TRUE COPY//

SECTION OFFICER

To,

1. The Principal Secretary, Agriculture, Marketing & Co-operation, Secretariat, Hyderabad, State of Telangana.
2. The Principal Secretary, Civil Supplies dept., Secretariat, Hyderabad, State of Telangana.
3. The Commissioner, Civil Supplies Corporation, Erramanjil, Hyderabad- TS
4. The Collector (Civil Supplies), Nizamabad -TS
5. The Dist. Supply officer, Nizamabad - TS
6. The Dist. Manager, Civil Supplies Corporation, Nizamabad.
7. One CC to SRI K.M.MAHENDER REDDY, Advocate [OPUC]
8. One CC to SRI K.DEVENDER, SC FOR TSCSCL [OPUC]
9. Two CCs to GP FOR CIVIL SUPPLIES, High Court for the State of Telangana, at Hyderabad [OUT]
10. Two CCs to GP FOR COOPERATION, High Court for the State of Telangana at Hyderabad [OUT]
11. Two CD Copies

BSR/DAN

HIGH COURT

DATED: 15/04/2026

HIGH COURT FOR THE STATE OF TELANGANA
21 APR 2026
DESPATCHED

ORDER

WP.No.4041 of 2026

ALLOWING THE WRIT PETITION,

WITHOUT COSTS

15 copies
20/4/26