

**HIGH COURT OF JAMMU & KASHMIR AND LADAKH
AT SRINAGAR**

**WP (C) No. 760/2026
CM No. 1935/2026**

**Rizwana Rashid
Proprietress M/S Pampore Indane,
Tehsil Pampore, District Pulwama.**

... Petitioner(s)

Through: -

Mr Z. A. Qurashi, Senior Advocate with
Mr Anurag Verma, Advocate; and
Mr Hilal Ahmad Bhat, Advocate.

V/s

Union of India & Ors.

... Respondent(s)

Through: -

Ms Humaira Jan, Advocate vice
Mr Tahir Majid Shamsi, DSGI for R-1; and
Mr Sajjad Ashraf Mir, Advocate for R-2 to 5.

CORAM:

HON'BLE MR JUSTICE M. A. CHOWDHARY, JUDGE.

(ORDER)

15.04.2026

01. The Petitioner, a proprietorship concern having been allotted the LPG Distributorship by the Indian Oil Corporation Limited (Respondent-Corporation) in terms of Agreement executed on 25th of September, 2018, through the medium of the instant Petition filed under Article 226 of the Constitution of India, has challenged **Order No. PSO/LPGS/Suspension/Pampore dated 6th of April, 2026**, whereby the Petitioner's Distributorship has been suspended under Clauses 22 and Clause 27 (n) of the 'Distributorship Agreement' for a period of three months, with immediate effect.

02. The Petitioner claims that the Respondent-Corporation, vide LOA Reference No. 2018/IN00506/ 1212/00008 dated 25th of September, 2018, came to grant LPG Distributorship in favour of the Petitioner-'M/S Pampore Indane'; that the parties entered into an Agreement on 25th of September, 2018, wherein the covenants and the stipulations laid down

were consensually agreed upon; that acting upon the said Agreement, the Petitioner came to set up the LPG godown at the site of a plot of land bearing Survey Nos. 1061 and 1059 situate at Estate Namblabal, Tehsil Pampore and District Pulwama. The use and occupation of the said plot for housing the LPG godown was on the basis of a registered lease deed dated 6th of September 2017, executed by Respondent No.6 herein in favour of the Petitioner and the lease to the said effect was for a period of 19 years, by which count, the said lease is still in subsistence

03. It is pleaded that the Petitioner has been operating the Distributorship under her sole proprietorship to the full satisfaction and contentment of the Respondent-Corporation, however, due to certain technical glitches falling beyond human control relating to online booking of gas cylinders, the Respondent-Corporation, instead of issuing any show cause notice to the Petitioner, has straightaway suspended the license of the Petitioner which is arbitrary in nature and unsustainable in law.

04. Mr Z. A. Qurashi, the learned Senior Counsel, appearing for the Petitioner submits that the Respondent-Corporation had no jurisdiction to suspend the Distributorship of the Petitioner with regard to certain entries recorded as 148 deliveries instead of 643 which were made the basis for the impugned suspension Order which is unsustainable, for the reason that only after issuance of four days prior notice for rectifying the variation(s) and in the event of needful not being done on part of the Petitioner, the suspension could have been ordered in terms of Clause 27 (n) of the 'Distributorship Agreement'.

05. Mr Sajjad Ashraf Mir, the learned Government Advocate, while appearing for the Respondent-Corporation, submits that the requirement of four days' prior notice, as submitted by the learned Senior Counsel, was required to be issued at the time of consideration of termination of the Distributorship and not the suspension, as such, suspension, by no stretch of imagination, can be stated to be illegal or arbitrary, so as to seek intervention of this Court. He further submits that it is for the Petitioner to remove the deficiencies/ shortcomings pointed out and explain the same to the Respondent-Corporation, so as to take a final

view of the matter and the suspension which has initially been ordered for a period of three months can be extended at the most be for six months, as such, the Petitioner shall have to explain its position with regard to the pointed out deficiencies in maintaining the record of the Distributorship, within the suspension period.

06. Heard learned Senior Counsel for the Petitioner as well as the learned Counsel appearing for the Respondent-Corporation.

07. The Petitioner, vide notice dated 6th of April, 2026, has been informed that the Respondent-Corporation, while invoking Clauses 22 and Clause 27 (n) of the 'Distributorship Agreement', has ordered the operation of its Distributorship suspended for a period of three months with immediate effect with regard to: **"issued quantity of 14.2 Kg filled cylinders was 643 on 25th of March, 2026, however, only 148 deliveries were made from 23rd of March, 2026 till 25th of March, 2026"** and, as such, there was a manipulation with regard to filled cylinders having been converted to empty in the system without delivering to the customers.

08. Clause 22 of the 'Distributorship Agreement' provides that in case of any violation, on part of the Distributor, of the provisions of the Petroleum Act, 1934, or any statutory re-enactment or modification thereof, for the time being in use and all Rules and Regulations made thereunder and all other Government or Municipal, Local or such like Acts, laws, regulations and bye-laws, as may be in force from time to time, the Corporation will have absolute right to discontinue the supplies and take any other action including the termination of the Agreement, as the Corporation may, at its absolute discretion, think fit, whereas, Clause 27 (n) provides that if the Distributor, himself or by his servants or agents, commit or suffer to be committed any act which, in the opinion of the State Office incharge of the Corporation, is prejudicial to the interests or good name of the Corporation or its products, the State Office incharge shall not be bound to give reasons of such decision. At the same time, sub-clause (g) of Clause 27, however, provided that if the Distributor shall, for any reason, make default in payment of the Corporation in full or his outstanding as appearing in the Corporation's books on accounts beyond four days of demand by the

Corporation, such an action is warranted, meaning thereby that a four days' notice is required to be issued to the Distributor, firstly, to explain the deficiencies pointed out and, in case the same is not correct, the Respondent-Corporation, as per the Agreement, shall be at liberty to proceed in the matter against the Distributor, including termination of the Agreement as well.

09. In the present case, it appears that the Respondent-Corporation, before passing of the suspension order of the Distributorship of the Petitioner, has not resorted to the aforesaid pre-requisite action, as such, the impugned Order has caused serious prejudice to the Petitioner. In terms of Clause 2 of Chapter B of the Guidelines dated 3rd of June, 2003 relating to suspension and termination of distributorship, running under the head **“Situations”**, it is provided that suspension of a Distributorship should primarily be in order to arrest the further deterioration of a situation or to prevent possible loss to IOC and should not be used as a form of punishment to the Distributor as MDG, 2001 has adequate provisions to deal with malpractices and irregularities.

10. Having heard the learned Counsel for the parties and on consideration of the matter in the light of the 'Distributorship Agreement' between the parties as also the Guidelines of 2003 regarding the subject, this Court is of the *prima facie* view that the impugned Order of suspension, without issuance of prior notice to the Petitioner with regard to any alleged malpractice/ irregularity, is required to be considered for adjudication of the matter. Therefore, the Petitioner has made out a case for indulgence of this Court at this stage.

11. Issue notice to Respondents No. 1 to 5 at the first instance, who being the contesting Respondents in the case.

12. Ms Humaira Jan, learned Advocate, while appearing vice Mr Tahir Majid Shamsi, learned Deputy Solicitor General of India (DSGI), accepts notice on behalf of Respondent No.1, while as, Mr Sajjad Ashraf Mir, learned Advocate, accepts notice on behalf of Respondents No. 2 to 5. They shall file detailed Reply/ Objections to the Petition within a period of three weeks positively.

13. List again on 6th of May, 2026.

14. In the meantime, subject to Objections from the other side and till the next date of hearing before the Bench, the operation of the impugned Order dated 6th of April, 2026 is stayed, however, the Respondent-Corporation shall be at liberty to proceed against the Petitioner with regard to any malpractice/ irregularity, in accordance with the applicable norms, and that this Order shall not be an impediment to the Respondent-Corporation in that direction.

SRINAGAR
April 15th, 2026
"TAHIR"



(M. A. CHOWDHARY)
JUDGE