



2026:CGHC:27062



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HIGH COURT OF CHHATTISGARH AT BILASPUR**WPC No. 1464 of 2022****Order Reserved on: 30.4.2026****Order Delivered on: 2.7.2026**

- Smt. Ananta Chowdhary W/o Shri Ghanshyam Chowdhary Aged About 38 Years R/o Ward No.11, Village Toresingha, Tahsil Saraipali, District Mahasamund, Chhattisgarh., District : Mahasamund, Chhattisgarh

... Petitioner(s)**versus**

1. Hindustan Petroleum Corporation Limited Having Its Registered Office At 17, Jamshed Ji Tata Road, Mumbai (Maharashtra), District : Mumbai, Maharashtra.
2. Chief General Manager Hindustan General Corporation Limited, East Zone, Having Zonal Office At 77, 3rd Floor, Purvanchal Bhavan, Opposite Eastern Metropolitan Bypass, Anandapur, Kolkata, West Bengal., District : Kolkata, West Bengal.



3. Chief Regional Manager Retail, Hindustan Petroleum Corporation Limited, Having Regional Office At 1st Floor, Bajpai Pavilion, Vyapar Vihar Road, Bilaspur (C.G.).
4. Collector, Mahasamund, District Mahasamund (C.G.).

... Respondent(s)

For Petitioner(s)	:	Mr. Anmol Gupta, Advocate.
For Respondent(s)/ State	:	Dr. Arham Siddiqui, Panel Lawyer.
For Respondents No. 1 to 3	:	Mr. Ali Asgar, Advocate.

Hon'ble Mr. Justice Amitendra Kishore Prasad

C A V Order

1. By way of this petition, the petitioner has prayed for following reliefs:-

"10.1 That this Hon'ble Court may kindly be pleased to for issue a appropriate writ/order/direction quashing of the order dated 01.02.2022 (Annexure P/1) passed by respondent No. 3.

10.2 Any other relief deemed fit in the facts and circumstance of the case."

2. Brief facts of the case, is that, the petitioner, by way of the present writ petition, calls in question the legality, validity, and correctness of the order dated 01.02.2022, whereby Respondent Nos. 1 to 3, namely Hindustan Petroleum Corporation Limited (HPCL), have withdrawn the Letter of Intent (LOI) dated 29.12.2020, which had



been issued in favour of the petitioner for establishment of a MS/HSD Retail Outlet Dealership at Village Nawagaon on Saraipali–Padampur Road, District Mahasamund, Chhattisgarh, under the "Open" Category. While withdrawing the aforesaid Letter of Intent, the respondents have stated that the land offered by the petitioner, bearing Khasra No. 339/1, P.H. No. 00025, situated at Village Nawagaon, District Mahasamund, is located on the State Highway (SH No. 16), whereas the advertised location pertained to a Rural Retail Outlet (Rural RO). It has further been stated that, in terms of the Dealer Selection Guidelines for Rural Markets, Rural RO cannot be developed on National/State/Coastal Highways/Expressways, A, B & C Class markets, Areas covered under Municipal limits of a town. On the said premise, it has been concluded that the land offered by the petitioner did not satisfy the eligibility criteria prescribed in the advertisement for the subject location, and consequently, the Letter of Intent issued in favour of the petitioner stood cancelled for non-fulfilment of the requisite category conditions.

3. According to the petitioner, an advertisement dated 14.12.2018 was issued by the respondent Corporation inviting applications for appointment of dealers for establishment of Rural Retail Outlets in the State of Chhattisgarh. Pursuant thereto, the petitioner submitted her application under the said advertisement by offering the aforesaid land bearing Khasra No. 339/1, P.H. No. 00025, situated at Village Nawagaon, District Mahasamund, as the



proposed site for establishment of the Retail Outlet. The petitioner also deposited a sum of Rs. 40,000/- with Respondent No. 2 towards the prescribed charges for conducting spot inspection of the proposed site by the competent authorities. The petitioner fulfilled all the requirements stipulated under the advertisement and legitimately expected that her candidature would be considered in accordance with the applicable guidelines.

4. The candidature of the petitioner was duly scrutinized by the respondent Corporation on the basis of the documents submitted by her, and upon being satisfied with her eligibility, the respondents issued a Letter of Intent dated 29.12.2020 in her favour for establishment of the proposed Retail Outlet. Thereafter, in compliance with the conditions of the Letter of Intent, the petitioner deposited Demand Draft No. 001979 dated 18.06.2021 for a sum of Rs. 5,00,000/- and Demand Draft No. 001978 dated 18.06.2021 for a sum of Rs. 3,60,000/- in favour of Respondent No. 1. The petitioner was informed by the concerned authorities that the Retail Outlet was likely to be commissioned on or before 19.10.2021. Necessary No Objection Certificates (NOCs) were also issued in favour of the petitioner by the Chief Regional Manager (Retail), HPCL, as well as by the Collector, Mahasamund, and the petitioner duly submitted the same before the competent authorities.
5. Acting upon the issuance of the Letter of Intent and the categorical assurances extended by the respondent authorities,



the petitioner altered her position to her detriment by commencing construction activities at the proposed site. For this purpose, she also availed financial assistance by obtaining a loan from Axis Bank. In furtherance of the project, demarcation of the land bearing Khasra No. 339/1, P.H. No. 00025, situated at Village Nawagaon, District Mahasamund, was carried out by the competent revenue authorities, and the demarcation report dated 04.01.2021, along with the Panchnama and other relevant documents, was duly submitted before the respondent authorities. The petitioner also incurred substantial expenditure towards installation of an electricity transformer for operation of the proposed Retail Outlet. However, to the utter surprise of the petitioner, Respondent No. 3 issued a communication dated 31.12.2021 seeking clarification regarding the status of the petitioner's land on the ground that the advertised location pertained to a Rural Category and that the petitioner's land was situated on State Highway No. 16. The petitioner promptly submitted her clarification and specifically stated that although State Highway No. 16 passes through the area, the land itself falls within a rural area and fully satisfies the eligibility criteria prescribed under the advertisement as well as the applicable guidelines. Despite the petitioner having fulfilled all the requisite conditions and having made substantial investments in reliance upon the representations and assurances of the respondent authorities, the respondents, in an arbitrary, unreasonable, and



wholly illegal manner, proceeded to withdraw the Letter of Intent by the impugned order dated 01.02.2022. Being aggrieved by the said arbitrary and unsustainable action of the respondents, the petitioner has been constrained to invoke the extraordinary writ jurisdiction of this Hon'ble Court by filing the present writ petition.

6. Learned counsel for the petitioner submits that the respondent authorities had issued an advertisement for establishment of a Retail Outlet (RO) in a rural area, and the land offered by the petitioner, bearing Khasra No. 339/1, P.H. No. 00025, situated at Village Nawagaon, District Mahasamund, admittedly falls within a rural area. Accordingly, the petitioner submitted her application, which was duly scrutinized and accepted by the respondent authorities after verification of all requisite documents. Pursuant thereto, the petitioner deposited a sum of Rs. 40,000/- towards the charges for demarcation and spot inspection of the proposed site, and thereafter, in compliance with the terms and conditions of the Letter of Intent, further deposited a sum of Rs. 5,00,000/- and another sum of Rs. 3,60,000/- as demanded by the respondent Corporation for establishment of the Retail Outlet. Learned counsel further submits that the petitioner also obtained all the requisite No Objection Certificates (NOCs) from the competent authorities, availed a loan from the bank for implementation of the project, commenced construction over the proposed site, and even got an electricity transformer installed to facilitate operation of the Retail Outlet. Thus, according to learned counsel, every



requirement prescribed under the applicable guidelines and the Letter of Intent was duly complied with by the petitioner, and the respondent authorities were fully aware of each stage of compliance and the substantial investment made by her. It is contended that despite having accepted the petitioner's candidature, scrutinized her documents, issued the Letter of Intent, and permitted her to proceed with the project, the respondent authorities subsequently took an altogether inconsistent stand by alleging that the petitioner's land did not fall within a rural area merely because it was situated on or adjacent to State Highway No. 16. Learned counsel submits that such reasoning is wholly misconceived, arbitrary, and contrary to the applicable guidelines, as the mere fact that a parcel of land is situated on or abutting a State Highway does not, by itself, alter its character from rural to urban or render it ineligible for establishment of a Rural Retail Outlet. It is further argued that the respondent authorities have proceeded on an erroneous understanding of the factual as well as legal position and have arbitrarily withdrawn the Letter of Intent despite the petitioner having fulfilled every condition stipulated by the Corporation and having incurred substantial financial liabilities in legitimate expectation of commencement of the Retail Outlet. Learned counsel further submits that this is not the first occasion on which the petitioner has been compelled to approach this Court. Earlier also, despite fulfilment of all requisite formalities and deposit of



the prescribed amounts, the respondent authorities failed to operationalize the Retail Outlet, compelling the petitioner to file WPC No. 5421 of 2021 before this Court. The said writ petition was disposed of by order dated 11.01.2022, whereby this Court directed the respondent authorities to take appropriate action on the Letter of Intent issued in favour of the petitioner at the earliest, preferably within a period of four weeks. However, instead of complying with the aforesaid direction and taking steps for commissioning the Retail Outlet, the respondent authorities, immediately upon the petitioner approaching them with a copy of the order passed by this Court, proceeded to pass the impugned order dated 01.02.2022, withdrawing the Letter of Intent. It is, therefore, contended that the impugned action of the respondent authorities is arbitrary, unreasonable, violative of the principles of fairness and legitimate expectation, and wholly unsustainable in law. Accordingly, learned counsel prays that the impugned order dated 01.02.2022 be quashed and appropriate consequential reliefs be granted in favour of the petitioner. He has placed reliance upon the judgment passed by the High Court of Andhra Pradesh in the matter of ***Gurram Praveen Babu vs. State of Andhra Pradesh, 2022 SCC Online AP 1847.***

7. On the other hand, learned counsel appearing for respondents No. 1 to 3 submits that the advertisement in question was issued for the establishment of a Retail Outlet (RO) dealership in a rural area. Pursuant thereto, the petitioner applied for the dealership by



offering her land bearing Khasra No. 339/1, P.H. No. 00025, situated at Village Nawagaon, District Mahasamund, which was prima facie considered to be situated in a rural area. It is submitted that, after the petitioner was declared successful and a Letter of Intent dated 29.12.2020 was issued in her favour, the respondent Corporation, during the course of further verification and scrutiny of the site, discovered that the land offered by the petitioner is situated on State Highway No. 16. Learned counsel submits that, as per the applicable Dealer Selection Guidelines governing Rural Retail Outlets, a Rural RO cannot be developed on National Highways, State Highways, Coastal Highways, Expressways, or within A, B and C Class markets or areas falling within municipal limits of a town. Since the petitioner's land was found to be located on State Highway No. 16, it was clearly in contravention of the mandatory eligibility criteria prescribed under the Dealer Selection Guidelines. Consequently, despite the issuance of the Letter of Intent, deposit of the requisite security amount, demarcation of the site, and the progress made by the petitioner towards establishment of the Retail Outlet, the respondent authorities had no option but to withdraw the Letter of Intent as the site itself did not satisfy the essential eligibility conditions. It is further submitted that, accordingly, the Letter of Intent issued in favour of the petitioner was cancelled and the proposed location for establishment of the Retail Outlet was also cancelled. Learned counsel further submits that the Demand Draft



bearing No. 001979 dated 18.06.2021 for a sum of Rs.5,00,000/- and Demand Draft bearing No. 001978 dated 18.06.2021 for a sum of Rs.3,60,000/-, which had never been encashed by the Corporation, were returned to the petitioner along with the communication dated 01.02.2022. It is further contended that although the petitioner had been declared a successful candidate pursuant to the advertisement dated 14.12.2018 for Location Serial No. 887, Village Nawagaon on Saraipali-Padampur Road, District Mahasamund, under the "Open" category, and the Letter of Intent had accordingly been issued in her favour, the subsequent verification revealed that the offered land was ineligible under the Dealer Selection Guidelines. Therefore, the respondent Corporation was legally justified in withdrawing the Letter of Intent. Learned counsel lastly submits that unless the petitioner satisfies the mandatory eligibility criteria prescribed under the Dealer Selection Guidelines, no Retail Outlet dealership can be granted in her favour, and therefore, the present writ petition deserves to be dismissed.

8. Having heard learned counsel for the parties at length and upon perusal of the record, particularly the advertisement dated 14.12.2018, this Court finds that the advertisement was issued by Hindustan Petroleum Corporation Limited for appointment of Retail Outlet dealers. Under Location Serial No. 887, Village Nawagaon on Saraipali-Padampur Road, District Mahasamund, falling under the "Open" category, the petitioner had submitted her



application offering the aforesaid land. Upon consideration of her candidature, she was declared successful and a Letter of Intent dated 29.12.2020 was issued in her favour. Pursuant thereto, the petitioner deposited the requisite amounts, obtained demarcation of the land, and also commenced construction activities for establishment of the Retail Outlet. However, during the course of subsequent verification, the respondent Corporation discovered that the land bearing Khasra No. 339/1, P.H. No. 00025, situated at Village Nawagaon, District Mahasamund, is located on State Highway No. 16. As per the Dealer Selection Guidelines applicable for Rural Retail Outlets, such outlets cannot be established on National Highways, State Highways, Coastal Highways, Expressways, A, B and C Class markets or areas falling within municipal limits of a town. Since the petitioner's land was admittedly situated on a State Highway, it was found to be ineligible under the applicable guidelines. Consequently, the respondent authorities issued the communication dated 01.02.2022 withdrawing the Letter of Intent issued in favour of the petitioner and simultaneously returned the original Demand Drafts deposited by her, the same having never been encashed by the Corporation. In these circumstances, this Court is of the considered opinion that the respondent authorities cannot be said to have committed any illegality in withdrawing the Letter of Intent, as the action was taken strictly in accordance with the mandatory Dealer Selection Guidelines. Nevertheless, it cannot be ignored



that the petitioner had acted bona fide on the basis of the Letter of Intent issued by the respondent Corporation. She had incurred substantial expenditure towards demarcation of the land amounting to approximately Rs.40,000/-, had obtained financial assistance by way of loan, and had also commenced construction work in anticipation of establishing the Retail Outlet. It further appears that before issuance of the Letter of Intent, the respondent authorities themselves had inspected the site, verified the documents, accepted the Demand Drafts amounting to Rs.5,00,000/- and Rs.3,60,000/-, and thereafter proceeded to issue the Letter of Intent in favour of the petitioner. These facts clearly demonstrate that the respondent authorities themselves were initially satisfied regarding the eligibility of the offered land. It was only at a much later stage that they discovered that the land was situated on State Highway No.16 and consequently proceeded to withdraw the Letter of Intent. Although such withdrawal cannot be faulted in law, the same has undoubtedly caused serious financial loss, inconvenience, mental agony and hardship to the petitioner, who had altered her position relying upon the representations made by the respondent Corporation. Therefore, while this Court is not inclined to quash the communication dated 01.02.2022 or direct establishment of the Retail Outlet in favour of the petitioner contrary to the applicable Dealer Selection Guidelines, the hardship suffered by the petitioner, which substantially arose on account of the delayed



verification conducted by the respondent authorities after issuance of the Letter of Intent, deserves to be suitably compensated.

9. Accordingly, while declining the relief sought for restoration of the Letter of Intent or grant of the Retail Outlet dealership, this Court directs respondents No. 1 to 3 to pay a consolidated compensation of **Rs. 1,00,000/-** to the petitioner. Out of the said amount, a sum of **Rs. 40,000/-** shall be treated towards reimbursement of the expenditure incurred by the petitioner for demarcation of the land, while the remaining **Rs. 60,000/-** shall be paid towards compensation for the financial loss, inconvenience, and mental agony suffered by the petitioner on account of the issuance and subsequent withdrawal of the Letter of Intent after she had altered her position relying upon the actions of the respondent Corporation. The aforesaid amount shall be paid to the petitioner within a period of 60 days from the date of receipt of a certified copy of this order.
10. The judgment relied upon by learned counsel for the petitioner is clearly distinguishable on facts and is not applicable to the facts and circumstances of the present case. The ratio laid down therein does not support the case of the petitioner.
11. With this observation and direction, the writ petition is **partly allowed.**

Sd/-

**(Amitendra Kishore Prasad)
Judge**