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IN THE HIGH COURT OF ORISSA AT CUTTACK

W.P. (C) No.403 of 2026

(An application under Articles 226 and 227 of the Constitution of India)

*** * ***

Smt. Lili Meher

....

Petitioner

-Versus-

State of Odisha and others

....

Opposite Parties

Advocates appeared in this case:

For Petitioner : Mr. Prabodha Chandra Nayak,
Advocate
For Opposite Parties : Ms. Biswabara Dash,
Additional Standing Counsel

CORAM:
HON' BLE THE CHIEF JUSTICE
AND
HON'BLE MR. JUSTICE MURAHARI SRI RAMAN

J U D G M E N T

Date of hearing and judgment: 17th March, 2026

HARISH TANDON, CJ.-

1. The seminal point involved in the instant writ petition pertains to the Demand Notice dated 9th June, 2025 issued by the Mining Officer, Nuapada (opposite party No.7) *vide* Annexure-1 upon



the petitioner claiming the outstanding dues for the Financial Years 2022-23 to 2025-26 towards the Royalty and other dues as the quarry operation remained idle for more than a continuous period of six months which is violative of Rule 32 and Rule 33 (15) of the Odisha Minor Minerals Concession Rules, 2016 (in short, ‘the OMMC Rules’) and the amendment having brought in the meantime.

2. The primary contention against the said Demand Notice is founded upon an assertion that the payment of Royalty can only be demanded if any minor mineral is removed or consumed by him or his agent, the manager and employees or the contractor from the leased area. According to the petitioner, if the quarry remained non-operational, it does not attract the consummation and/or removal of the sand, and, therefore, the incidence of payment of Royalty has not germinated. Such being the question involved in the instant writ petition, which, in our opinion, strikes at the root of the issues and of a legal nature, it would be an idle exercise to invite the parties to exchange the affidavits.
3. The facts are undisputed and can be reasonably gathered and/or inferred from the language and expressions used in the said Demand Notice. Before we proceed to decide the point urged before us, it would be relevant to quote the said Demand Notice in extenso, which runs thus:

“Office of the Mining Officer, Nuapada

At: Sirtol, P.O.: Nuapada, District: Nuapada, PIN: 766105

E-mail:-mo.nuapada@gmail.com

No.664/Minor Mines

Date:09.06.2025



To

*Smt. Lili Meher,
Wife of Debeswadatta Meher,
At/P.O./P.S.: Sinapali, District: Nuapada,
Pin: 766 108.*

*Sub.: Demand Notice for Deposition of Outstanding dues for the
F.Y.2022-23, 2023-24, 2024-25 & 2025-26 in respect of
Gandabahali Sand Quarry.*

Sir,

*With reference to the subject cited above, I am to say that, you
were instructed to deposit the outstanding dues towards Royalty
and other dues for the F.Y.2022-23 to 2025-26. You have also
kept your quarry operation in idle for more than a continuous
period of six months violating the Rule 32 and 33 (15) of OMMC
Rule 2016 and Amendment Rule 2023.*

The detail of pending dues against Quarry are as follows:-

<i>Sl No.</i>	<i>Financial Year</i>	<i>Amount of Outstanding Dues</i>	<i>No.of days Delayed</i>	<i>Interest @24% Till 31.05.2025</i>	<i>Total</i>
1	2022-23	Rs.2,85,572/-	992	Rs.1,86,272/-	Rs.4,71,844/-
2	2023-2024	Rs.4,88,197/-	791	Rs.2,53,916/-	Rs.7,42,113/-
3	2024-2025	Rs.4,88,197/-	425	Rs.1,36,428/-	Rs.6,24,625/-
4	2025-2026	Rs.4,88,197/-	Continuing	-	Rs.4,88,197/-
Grand Total					Rs.23,26,779/-

*So, you are hereby show caused for not depositing the aforesaid
dues which violates the Rule 32 and 33 (15) of OMMC Rule 2016
and you are also directed to deposit the same within 07 days
from the receipt of this letter positively failing which your lease
will be liable for cancellation under Rule 33 (5) of OMMC Rule
2016.*

This may be treated as Top Priority.



*Yours faithfully,
Sd/-
Mining Officer, Nuapada”*

4. The above quoted Demand Notice indicates that the amount so demanded on the pretext of the outstanding dues includes within its folds - Royalty and the other dues relating to the financial years mentioned therein. The penultimate paragraph of the said notice expositis that the aforesaid dues become payable for violation having committed by the petitioner as envisaged in Rule 32 and Rule 33 (15) of the OMMC Rules, 2016. Such being an impression gathered by this Court, on a meaningful reading of the contents of the said notice, we invited the attention of the learned Addl. Standing Counsel and it is sought to be clarified on instruction received from the responsible officer that the aforesaid dues relate to a pre-stage of the execution of a lease and not subsequent thereto. In other words, it is sought to be contended that since the Royalty and other dues are to be paid in terms of the Rules before the execution of the lease deed, having committed a *bona fide* mistake by the competent authority in not ensuring such payment and executing the lease deed, the said demand was made.
5. We are unable to comprehend such notion derived by the learned Addl. Standing Counsel on the basis of an instruction received from the officials. The moment a written notice is issued by the authority which contains the words and expressions, if there is no ambiguity in ascertaining the meaning and the intention underlying such expressions, it hardly invites any other interpretations to be borrowed.



6. Had the authorities intended that the said Royalty and the other dues pertain to a pre-execution stage of the mining lease, it could be clearly and precisely expressed in words and languages and the thing which cannot be reasonably gathered and/or inferred from the plain and simple meaning, cannot be imported at the bar.
7. Let us proceed on the basis of the said Demand Notice and the language employed therein to ascertain whether the Royalty is payable on happening of an incident or is payable without any act, deed or thing to be done. It would be apposite to reproduce the provisions contained in Rule 32 and sub-rule (15) of Rule 33 of the OMMC Rules, 2016, which run thus:

“32. Liability for payment of royalty, dead rent, surface rent, additional charge, amount of contribution payable to the District Mineral Foundation, amount of contribution payable to the Environment Management Fund.—

(1) All the lessees for minor minerals other than specified minor minerals shall be liable to pay royalty or dead rent, surface rent, additional charge, amount of contribution payable to the District Mineral Foundation, amount of contribution payable to the Environment Management Fund and fees for compensatory afforestation.

(2) The lessee shall pay to the State Government every year dead rent and surface rent at the rates specified in Schedule-I for all the areas included in the lease deed and royalty at the rates specified in Schedule-II:

Provided that the rates specified in Schedule-I and Schedule-II may be revised by the Government, from time to time, by an amendment made to the said Schedules, but



no revision shall be made before the expiry of three years from the date when the rates were last fixed:

Provided further that where the lessee becomes liable for payment of royalty for any minor mineral removed or consumed by him or his agent, manager and employees or the contractor from the leased area, he shall be liable to pay either such royalty or the dead rent whichever is higher.

- (3) In addition to the surface rent, dead rent or royalty, as the case may be, the lessee shall be liable to pay additional charge, amount of contribution payable to the District Mineral Foundation and an amount of contribution payable to the Environment Management Fund in advance, on annual basis on the minimum guaranteed quantity of minor minerals even if the actual extraction falls short of such quantity.*
- (4) In case the actual extraction exceeds the minimum guaranteed quantity, such mineral may be removed from the lease area only after payment of royalty, additional charge, amount of contribution payable to the District Mineral Foundation and an amount of contribution payable to the Environment Management Fund on pro-rata basis.*
- (5) The royalty, additional charge, amount of contribution to the District Mineral Foundation and amount of contribution payable to the Environment Management Fund for the period up to commencement of the next year shall be paid on a pro-rata basis before the execution of lease deed.*
- (6) For the purpose of determination of minimum guaranteed quantity in the cases where the lease has been executed on or after the 1st April, the minimum guaranteed quantity for the first financial year shall be equal to the minimum*



guaranteed quantity divided by twelve and multiplied by the number of months remaining in the first year of the lease, treating part of any month as full month.

- (7) *The lessee shall pay, in addition to the surface rent, dead rent or royalty, additional charge, amount of contribution payable to the District Mineral Foundation and to the Environment Management Fund, fees for compensatory afforestation at rates as may be specified by the Government from time to time.*

33. *Conditions of quarry lease.—*

- (15) *The lessee shall keep correct accounts of minor minerals other than specified minor minerals quarried and dispatched and shall furnish a quarterly return in Form-P and annual return in Form-K to the Competent Authority and the Director.”*

8. Sub-rule (1) of Rule 32 creates a liability on the lessees of minor mineral other than the specified minor minerals to pay royalty, dead rent, surface rent, additional charge, amount of contribution payable to the District Mineral Foundation and Environmental Management Fund and fees for compensatory afforestation. Sub-rule (3) postulates that in addition to the above, the lessee shall also pay the additional charges, the DMF and EMF in advance on annual basis on a minimum guaranteed quantity of minor minerals even if the actual extraction falls short of such quantity. Sub-rule (5) of Rule 32 encompasses within its folds the payment of royalty, additional charges, the DMF and EMF for a period up to the commencement of the next year on a *pro rata* basis before execution of a lease deed.



9. We have no quarrel to the stand that if the statute provides the payment of those amounts to be paid before the execution of the lease deed on a *pro rata* basis, it has to be paid and if there is any omission or mistake, such does not confer any inchoate right into a lessee. If the intention of the authority was to recover the amount on such incidences, it could have been clearly spelt in the Demand Notice. It is trite law that if the intention can be safely and reasonably gathered from the unambiguous meaning of the words and expressions used in the notice or the other documents issued by the authority, any grounds or other interpretation attempted to be assigned at the bar or subsequent thereto is not permissible. (*see Mohinder Singh Gill and another Vrs. Chief Election Commissioner and others: (1978) 1 SCC 405.*)
10. Once the authorities have demanded on a specified ground, the other ground not germinating therefrom cannot be permitted to be allowed, more particularly, at the time of the hearing, and, therefore, we do not accept the contention of the State in this regard. The Royalty and the other dues are demanded because of the violation of Rule 32 and Rule 33 (15) of the OMMC Rules, 2016, and, therefore, the determination has to be squeezed within its circumference and not beyond the same.

Sub-rule (2) of Rule 32 of the OMMC Rules, 2016 gains significant importance in ascertaining the liability to make the payment towards the Royalty. Though the said sub-section ordained the lessee to pay to the State Government yearly dead rent and surface rent at the rate specified in Schedule-1 and the Royalty at the rate specified in Schedule-II, but the 2nd proviso



appended thereto appears to be contingent so far as the liability to make payment of Royalty. In order to arrive at the decision that the payment of Royalty is contingent, we can safely look upon the language employed therein. The expression “lessee becomes liable for payment of Royalty”, has to be understood in a general sense that the liability is contingent and depends upon the happening of an event. If the payment of Royalty is not dependent upon any contingency, the legislature could not have used the expression “becomes liable for payment of Royalty” in the said statutory provisions. Once the expression “becomes liable” is used, it eradicates the liability in all situations even non-happening of any event, and, therefore, has to be understood in such sense. The said expression “lessee becomes liable for payment of Royalty” is further qualified and brings the concept of contingency by using the expression “any minor minerals removed or consumed”.

- 11.** A conjoint reading of the aforesaid expressions, conveys a laudable intention of the authorities that the moment the minor mineral is removed or consumed, the lessee “becomes liable for payment of Royalty”. Once the liability is controlled by a contingency to happen, such liability cannot be imposed unless there is an eminent existence of such contingency. We are conscious that the enabling provision of sub-rule (2) of Rule 33 mandates the payment of Royalty as specified in Schedule-II, but once the proviso is appended, it not only controls the applicability of the main portion of the Section or the provision, but also at times be used as clarificatory and/or explanatory. The



importance of using the proviso into the statutory form is to eradicate any ambiguity to happen in applicability thereof, and therefore, if the liability to make payment of the Royalty is dependent upon, the removal and conjunction on the minor mineral, it has to be understood as a contingent liability and not otherwise. Even sub-rule (15) of Rule 33 of the OMMC Rules, 2016, relied upon by the authorities relates to maintenance of a correct account of the minor minerals, so quarried/extracted and dispatched and an obligation is cast on the lessee to furnish the quarterly and annual return in the prescribed form to the competent authority. That provision certainly attracts the responsibilities, the obligations and the liability of the lessee in not only maintaining but also furnishing the details and/or information(s) in the prescribed form. However, it cannot be correlated even remotely in relation to the charging of the Royalty. The cumulative effect of the provisions contained under Rule 32 and Rule 33 (15) of the OMMC Rules, 2016 appears to us that apart from the liability, the other dues being not contingent, the petitioner cannot escape from its liability to make the payment thereof.

- 12.** Since the amount appears to have been charged bearing in mind that the quarry is kept idle for more than six months which attracts the other consequences that is the cancellation of the lease deed, there is no provision for charging the Royalty on such account. The amount so demanded in the said notice appears to be a composite one, as it includes not only the Royalty, but also other statutory dues and/or liability. The same cannot be said to



be absolutely illegal or in contravention to the provisions of the OMMC Rules, 2016. The only discrepancy which we have found in the said Demand Notice is that the authorities have included the amount of Royalty within the said demanded amount, and, therefore, justice demands that the authorities must recalculate the dues so demanded in the light of the observation (s) made hereinabove.

- 13.** The Demand Notice dated 9th June, 2025 issued by the Mining Officer, Nuapada (opposite party No.7) under Annexure-1 is hereby quashed and *set aside*. The Mining Officer, Nuapada is directed to recalculate the said amount in the light of the observations made hereinabove and on the basis of the relevant provisions, within a period of four weeks from the date of communication of this order. In the event, the Demand Notice is issued after making a recalculation of the other dues, the petitioner shall pay the said amount without putting any hinderances and/or objections thereto.
- 14.** With the aforesaid observations and direction, the writ petition stands disposed of.

Signature Not Verified

Digitally Signed
Signed by: BICHITRANANDA SAHOO
Designation: Secretary
Reason: Authentication
Location: Orissa High Court, Cuttack
Date: 07-Apr-2026 13:44:51



(HARISH TANDON)
CHIEF JUSTICE

(M.S. RAMAN)
JUDGE

High Court of Orissa, Cuttack
The 17th March, 2026//Bichi/Aswini