

IN THE SUPREME COURT OF INDIA  
CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NOS. 8357-8360 OF 2009

VIBHUTI GUDDA MINES PRIVATE LIMITED

Appellant(s)

VERSUS

REDDY VEERANNA & ORS.

Respondent(s)

O R D E R

1. These civil appeals are filed against the Judgment and Order dated 26.08.2009, passed by the High Court of Karnataka at Bangalore in Writ Appeal Nos. 1095 of 2008 and 1096 of 2008 arising out of the Writ Petition Nos. 22564 of 2005 and 1097 of 2006.

2. The facts leading to the filing of these appeals, are that the Government of Karnataka issued a Notification dated 15.03.2003, identifying land available for the grant of mining leases. The appellant company on 16.04.2003, applied for the grant of mining lease for an area of 224 hectares, and similarly on 17.04.2003, Respondent no.1, Reddy Veeranna also applied for the grant of mining lease for an area of 25.25 hectares.

3. The State Government, by notification dated 18.11.2003, delegated to the Director of Mines & Geology, Government of Karnataka [in short, "DMG"], the authority to hear the applicants and to submit recommendations to the State Government either for grant or refusal of the mining lease.

4. The DMG prepared the Evaluation Report dated 12.02.2004 after considering all 23 applications and observed that only one applicant, i.e., the appellant herein, had sufficient financial resources with a proposed investment of Rs. 25 Crores, and is well-equipped to undertake mining activities. The evaluation report also stated that the recommended application may be sent to the Government of India for necessary action.

5. In the meanwhile, the State Government examined all 23 applications afresh in accordance with Section 11 of the Mines and Minerals (Development and Regulation) Act, 1957 [in short, "MMDR Act"] and Rule 35 of the Mineral Rules and issued a letter on 13.02.2004 addressed to central government, recommending the grant of mining lease in favour of the present appellant for the whole area of 224 hectares.

6. The Ministry of Mines, Government of India, passed the order dated 12.07.2005 approving the grant of mining lease to the appellant for the area of 224 hectares.

7. Respondent No.1 filed a Writ Petition, being W.P. No. 22564 of 2005, before the High Court for quashing the recommendations of the State Government dated 13.02.2004 and Central Government's approval of the mining lease in favour of the appellant dated 12.07.2005.

8. Pending disposal of the Writ Petition, by order dated 21.12.2005, the State Government issued a Notification granting mining lease in favour of the appellant for a

period of 20 years. Respondent No. 1 filed another Writ Petition, being W.P. No. 1097 of 2006 before the High Court to quash the notification dated 21.12.2005 issued by the State Government.

9. Mr. Krishnan Venugopal, senior counsel for the appellant submitted that on 16.10.2006, the appellant surrendered an area of 87 hectares, out of 224 hectares, to Karnataka Forest Department after verifying that the mineral-bearing area, including roads and waste dumping area, is only 137 hectares. The Forest Department on 12.12.2006 gave Forest Clearance for the diversion of 137 hectares of forest land in favour of the appellant for iron ore mining. The Environment Clearance Certificate was also granted to the appellant on 24.01.2007. On 16.03.2007, in partial modification of the notification dated 21.12.2005, the extent of area for the grant of mining lease was modified to 137 hectares. Pursuant to the modification, an Agreement was executed between the State Government and the appellant on 21.03.2007 for iron ore mining over 137 hectares for a period of 20 years.

10. The learned Single Judge of the High Court dismissed the writ petitions filed by Respondent No. 1 on 16.06.2008, holding that the State Government has the power to delegate the authority to the DMG for receiving applications and sending recommendations for grant of mining lease. The learned Single Judge also held that there was no violation of principles of natural justice in

granting lease to the appellant.

11. Aggrieved by the decision of the learned Single Judge, Respondent No. 1 filed Writ Appeals, being Writ Appeal Nos. 1095 of 2008 and 1096 of 2008 before the Division Bench of the High Court.

12. By the impugned order dated 26.08.2009, the Division Bench allowed the Writ Appeal No. 1095/2008 and Writ Appeal No. 1096/2008 filed by the respondent no.1 and quashed the recommendation of the State Government dated 13.02.2004, Central Government's approval of the mining lease in favour of the appellant dated 12.07.2005 and the State Government's notification dated 21.12.2005 granting mining lease in favour of the appellant herein. The Division Bench further directed the official respondents to consider the applications submitted by the appellant, the Respondent no.1, and the other applicants, which are entitled to be considered as per the provisions of the Mines and Minerals (Development and Regulation) Act, 1957 and the Mineral Concession Rules, 1960.

13. Aggrieved by the impugned order dated 26.08.2009, the appellants filed the instant Special leave petitions in which leave was granted on 11.12.2009. This Court also granted an interim stay of the impugned judgment on the condition that the appellant shall carry on the mining activities only on 112 hectares of land, and 25.25 hectares of land was to be left as virgin land. The said 25.25 hectares of the land shall be demarcated by the

Director of Mines through his authorised designate, after hearing the parties.

14. Mr. Venugopal has brought to our notice the following reasoning given by the High Court in the impugned order;

*"30.3 The evaluation report of the Commissioner and Director of Mines and Geology would clearly show that he has excluded the four applications received on 17.4.2003 on the ground that they were not received on the first day after expiry of thirty days from the date of publication of the notification dated 15.4.2003 and only those applications at Sl. No.1 to 19 which were received on 15.4.2003 i.e., on the first day after expiry of thirty days from the date of publication of the notification dated 15.3.2003 are to be considered and accordingly excluded the application of the petitioner which was received on 17.4.2003 from consideration on the ground that it was not received on the first day after expiry of thirty days from the date of application of the notification dated 15.3.2003. The said reasoning is clearly erroneous and contrary to the provisions of section 11(2) of the Act.*

*30.6 In view of the above facts, it is clear, the recommendation for grant of mining lease in favour of the fourth respondent has been made without considering the application filed by the petitioner, which was excluded from consideration along with other applications on an erroneous ground that it is not entitled to be considered on priority along with the other applications received on 15.4.2003 as referred to above.*

*30.7 That apart, the recommendation made by the State Government for grant of mining lease in favour of the fourth respondent which has been accepted by the Central Government and also the grant of mining lease in favour of the fourth respondent subsequent to approval by the Central Government cannot be sustained and the same is liable to be set aside."*

15. In view of the above, the Division Bench of the High Court proceeded to direct as follows:-

*“(i) Writ Appeal Nos. 1095/2008 and 1096/2008 are allowed;*

*(ii) Dismissal of the Writ Petition Nos. 22564/2004 and 1097/2006 by the learned Single Judge by order dated 16.6.2008 is set aside and the said writ petitions are allowed.*

*(iii) Recommendation made for grant of mining lease in favour of the fourth respondent in the writ petitions, approval of the same by the Central Government and grant of mining lease by the State Government in Writ Petition Nos. 22564/2005 and 1097/2006 are quashed;*

*(iv) Respondents are directed to consider the application of the fourth respondent and the writ petitioners along with other applications which are entitled to be considered as per the direction issued in other writ appeals in accordance with the provisions of the Mines and Minerals (Development and Regulation) Act, 1957 and the Mineral Concession Rules, 1960;*

*(v) Writ Petition Nos. 22564/2005 and 1097/2006 are allowed accordingly; and*

*(vi) Writ Appeal Nos. 494/2008, 295/2008 and 509/2009 are dismissed.*

*(vii) However, no order as to costs.”*

16. Mr. Venugopal submits that the conclusions drawn by the Division Bench of the High Court on the basis of the alleged Evaluation Report of the Commissioner and Director of Mines & Geology is completely wrong. He has brought to our notice the relevant portion of the Evaluation Report, the relevant portion of the report is extracted herein for ready reference:-

*“2. After lapse of 30 days as specified in the notification, 19 applications have been received on 16.04.2003. All these applications have been considered as first day applications, as per Section 11 of MM(D&R) Act, 1957.*

*3. After 16.04.2003, during subsequent dates 4*

applications for the said area have been received. Thus, in all there are 23 applications for 224 hectares, in Vanahalli Village, Bellary Taluk, Bellary District. The details of these applications are given in Annexure-I.

4. As per Section 11(3) of MM(D&R) Act, 1957 to ascertain about special knowledge, experience, mining areas possessed financial resources, nature and quality of technical staff employed or to be employed, the Investment which the applicant proposes to make for scientific and systematic mining and also to establish mineral based Industry etc., an opportunity was given to all the applicants on 22.12.2003, who have applied for the said area in accordance with Rule 26(1) of MCR 1960. After hearing them and examining the supporting documents furnished by the applicants, evaluation of these applications have been made.

5. On examination of 23 applications, it is found that 4 applications have been received after 16.04.2003 i.e. the first day of receiving application after notification. As per Section 11(2) of MM(D&R) Act, 1957 these 4 applications will not get priority for grant of mining lease. Also these applications do not indicate any exceptional reason for consideration under Sec. 11 (5) of MM(D&R) Act, 1957. Hence, these 4 applications may not be preferred over the rest of the applications."

17. This evaluation report, however, was subject to the decision of the concerned Statutory Authority, which considered the matter in detail and passed the final order. The relevant portion of the order dated 13.02.2004 passed by the Government of Karnataka is as follows:-

"With reference to the above subject, I am directed to state that in Notification No.CI.16:MMM.2003 dated 15th March 2003, certain 'held surrendered' areas were notified for information of mining interested public that the same were available for grant of mining lease under Rule 59 of Mineral Concession Rules, 1960. In response to this notification, 19 applications were received on 16.04.2003 i.e. the first day and 04

*applications were received on subsequent dates.*

*All the applications were examined in accordance with Sec. 11 of Mines & Minerals (Development & Regulation) Act, 1957 and Rule 35 of Mineral Concession Rules, 1960. All other aspects of scrutiny like arrears of royalty etc. if any, limitation of area that can be leased to an applicant were also looked into. Based on examination in accordance with the parameters contained in these provisions, the application of M/s Vibhuti Gudda Mines (P) Ltd. Bellary, for grant of mining lease over an area of 224.00 hectares for Iron and Manganese ore, has been found most appropriate in respect of Vannahalili Village, Bellary Taluk, Bellary District."*

18. Mr. Venugopal would, therefore, submit that the decision of the statutory authority, i.e. the Government of Karnataka, evidences the fact that all the applications were, in fact, considered. Further, this fact is affirmed by the approval dated 12.07.2005 granted by Government of India under Section 5(1) of the MMDR Act. In view of the above, we have no doubt about the fact that there was due consideration of the applications and that the conclusions of the High Court are wrong.

19. Further, the statement of objections filed by the Union of India before the High Court of Karnataka also evidences the correct fact. The relevant part of the same is extracted herein below:-

*"It was further informed that all the applications were examined in accordance with Section 11 of Mines & Mineral (Development & Regulation) Act, 1957 and Rule 35 of Mineral Concession Rules, 1960. It was further stated that other aspects of scrutiny like arrears of royalty etc. if any, limitation of area that can be leased to an applicant were also looked into. It was further stated that the State Government, based on examination in accordance*

*with the parameters contained in these provisions, found the application of M/s. Vibhuti Gudda Mines (P) Ltd., Bellary, for grant of mining lease over an area of 224.00 hectares for Iron and Manganese ore, most appropriate in respect of Vannahalli Village of Bellary Taluk, Bellary district."*

20. In view of the above, the conclusion drawn by the Division Bench of the High Court, relying on Paragraphs 2 to 5 of the Evaluation Report dated 12.02.2004, is unsustainable. Consequently, the directions of the Division Bench to the extent that it quashed and set aside the recommendation of the State Government dated 13.02.2004, Central Government's approval dated 12.07.2005, the State Government's notification dated 21.12.2005 granting mining lease in favour of the appellant and directing the official respondents to reconsider all the applications stand set aside.

21. The appeals are, accordingly, allowed, setting aside the Judgment and Order of the High Court to the extent indicated above and affirming the decision of the State Government dated 21.12.2005 followed by execution of the Lease Deed dated 16.03.2007.

22. Pending interlocutory application(s), if any, is/are disposed of.

.....J.  
[PAMIDIGHANTAM SRI NARASIMHA]

.....J.  
[ALOK ARADHE]

NEW DELHI;  
MARCH 12, 2026.

ITEM NO.102

COURT NO.6

SECTION XII-B

S U P R E M E C O U R T O F I N D I A  
R E C O R D O F P R O C E E D I N G S

Civil Appeal No(s). 8357-8360/2009

VIBHUTI GUDDA MINES PRIVATE LIMITED

Appellant(s)

VERSUS

REDDY VEERANNA &amp; ORS.

Respondent(s)

Date : 12-03-2026 These appeals were called on for hearing today.

CORAM : HON'BLE MR. JUSTICE PAMIDIGHANTAM SRI NARASIMHA  
HON'BLE MR. JUSTICE ALOK ARADHE

For Appellant(s) : Mr. Krishnan Venugopal, Sr. Adv.  
Mr. Balaji Srinivasan, AOR  
Mr. Kanishka Singh, Adv.  
Ms. Umang Motiyani, Adv.  
Ms. Nandini Kaushik, Adv.  
Mr. Parikshit Pitale, Adv.

For Respondent(s) : Ms. Bina Madhavan, Adv.  
Mr. S.. Udaya Kumar Sagar, Adv.  
Mr. Tushar Singh, Adv.  
Ms. Shruti Sharma, Adv.  
M/S. Lawyer S Knit & Co, AOR

Mr. Nishant Patil, A.A.G.  
Ms. Bhumi Agrawal, Adv.  
Ms. Patil Rekha Chandra Gouda, AOR  
Mr. Jadhav Vishal, Adv.  
Mr. Arijit Dey, Adv.

UPON hearing the counsel the Court made the following  
O R D E R

1. The appeals are allowed in terms of the signed order.
2. Pending interlocutory application(s), if any, is/are disposed of.

(JAYANT KUMAR ARORA)  
ASTT. REGISTRAR-cum-PS

(NIDHI WASON)  
ASSISTANT REGISTRAR

(Signed order is placed on the file)