

IN THE HIGH COURT OF JHARKHAND AT RANCHI  
**W.P. (C) No. 1180 of 2004**

M/s. Bharat Coking Coal Limited, a Subsidiary of M/s Coal India Limited, having its office at Koyla Bhawan, P.O. Koyla Nagar, P.S. Saraidhella, District- Dhanbad, through its Dy. Chief Mining Engineer (Estate), Shri Chiranjib Chatterjee.

... Petitioner

Versus

1. The State of Jharkhand.
2. The District Mining Officer, Dhanbad, P.O. P.S. and District – Dhanbad.
3. The District Mining Officer, Bokaro, P.O. P.S. and District – Bokaro.

... Respondents

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**CORAM: HON'BLE THE CHIEF JUSTICE  
HON'BLE MR. JUSTICE RAJESH SHANKAR**  
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For the Petitioner: Mr. Anoop Kumar Mehta, Advocate  
Mr. Amit Kumar Sinha, Advocate  
Mr. Manish Kumar, Advocate  
Mr. Pratyush, Advocate  
Mr. Shubham Malviya, Advocate  
For the State: Mr. Rajiv Ranjan, Advocate General  
Mr. Ravi Kerketta, S.C.-VI  
Mr. Rituraj, A.C. to S.C.-VI  
Ms. Deepika Jojowar, A.C. to S.C.-VI  
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Reserved on: 18.02.2026

Pronounced on: 20/02/2026

**Per M. S. Sonak, C.J.**

1. Heard Mr. Anoop Kumar Mehta, learned counsel for the petitioner, and Mr. Rajiv Ranjan, learned Advocate General appearing on behalf of the respondent-State.
2. This matter came before this Bench on 21.01.2026, when learned counsel for the petitioner applied for an adjournment. Although we were reluctant to grant an adjournment, we did so with a view to affording the

petitioner an additional opportunity and adjourned the matter to the 11<sup>th</sup> of February 2026 at 2:15 PM for final disposal, subject to any overnight part-heard matters. Our reluctance to adjourn was because the matter is more than 20 years old, and we had clarified that priority would be accorded to such long-pending matters.

3. On the 11<sup>th</sup> of February 2026, the matter was argued, but the arguments could not be concluded. Therefore, the matter was posted on 18th February 2026 at 2:15 PM under the caption “part heard.” On this date, the matter was again taken up. The arguments concluded on this date, and the judgment was reserved.

4. By this petition under Art. 226 of the Constitution of India, the petitioner seeks the quashing of demand notices dated 02.01.2004 and 29.01.2004 (Annexures 1 and 2 at pages 21 and 22 of the paper-book) issued by the District Mining Officers at Dhanbad and Bokaro respectively, whereby the petitioner was called upon to pay surface rent along with interest under Rule 27(1)(d) of the Mineral Concession Rules, 1960, for the use of State Government land in the process of sand mining under the sand mining leases in respect of river ghats/beds in the districts of Dhanbad and Bokaro.

#### **PETITIONER’S CONTENTIONS**

5. Mr Mehta first contended that the impugned demand notices violate the principles of natural justice and fair play. He argued that, prior to their issuance, the petitioner was neither served with a show-cause notice nor afforded any opportunity to show that no amount was

payable in respect of surface rent. He submitted that a demand of this nature carries serious civil consequences for the petitioner. Consequently, in the absence of adherence to the principles of natural justice, such a demand is liable to be set aside. He further stated that the demand notices are vague and lack the necessary particulars. Relying on **Oryx Fisheries Private Limited v. Union of India and Others, reported in (2010) 13 SCC 427**, Mr Mehta submitted that the impugned notices deserve to be quashed.

6. Mr. Mehta further submitted that Rule 27(1)(d) of the Mineral Concession Rules, 1960, and Rule 29(1)(d) of the Jharkhand Minor Mineral Concession Rules, 2004, framed under the Mines and Minerals (Development and Regulation) Act, 1957, expressly provide that surface rent shall not exceed the land revenue specified by the State Government in the lease. He submitted that the demands in the impugned notices bear no relation to land revenue. Instead, he submitted that the respondents have demanded surface rent at commercial rates, relying on D.O. Letter No. 6842 dated 30.09.1965, which concerns the assessment of rent determined by the Divisional Commissioner, Dhanbad, at the rate of Rs. 30/- per acre for urban and semi-urban areas in 1962. He submitted that such a demand is, therefore, ex facie ultra vires Rule 27(1)(d) of the Mineral Concession Rules, 1960.

7. Mr. Mehta submitted that the expression “land revenue” referred to in Rule 27(1)(d) of the Mineral Concession Rules, 1960, constitutes the fair rent settled under Section 85 of Chapter XII of the Chota Nagpur

Tenancy Act, 1908 (CNT Act), for which the State Government is empowered to frame rules under Section 264(2)(vii) of the said Act. He submitted that under no circumstance would such fair rent be equivalent to the commercial rent sought to be recovered from the petitioner based upon executive instructions issued in 1962/65. He, therefore, submitted that the impugned demand is ex facie in breach of Rule 27(1)(d) of the Mineral Concession Rules, 1960, and deserves to be quashed and set aside.

8. Mr Mehta submitted that the respondents, along with their counter affidavit dated 04.07.2022, have produced a lease deed dated 02.11.1974 indicating a term of 20 years. He submitted that this term expired on 02.11.1994. However, the calculation furnished to the petitioner, long after the institution of this petition, shows that surface rent was demanded up to 1997. This, according to him, discloses non-application of mind.

9. Mr Mehta submitted that Clause 1 of Part VII of the lease deed provides that the lessee must pay rent in the manner stipulated in Part V of the said deed. In the absence of any specification of the rent rate in the lease deed, the surface rent was the maximum that could have been demanded from the petitioner. He argued that this should be equivalent to the land revenue paid for agricultural land by a raiyat or tenant as provided under the CNT Act. Since rent at a commercial rate has been demanded by relying upon D.O. Letter No. 6842 dated 30.09.1965, read

with the 1962 communication, the demand is ex facie ultra vires and illegal.

**10.** Mr Mehta submitted that reference to the 1962 and 1965 letters or executive instructions is found in the State Government resolution dated 17.06.2005, by which the rents payable to the Government and consequently the surface rent was enhanced. He further argued that the Division Bench of this Court had initially quashed the Government resolution dated 17.06.2005. However, in the case of **State of Jharkhand and Others v. Misrilall Jain and Sons and Another**, reported in **(2010) 5 SCC 324**, the Hon'ble Supreme Court set aside that earlier judgment and remanded the matter to this Court for fresh consideration. Upon such remand, the Division Bench of this Court reconsidered the matter and, in its subsequent judgment reported in **2012 (1) JCR 364 (Jhr)**, once again allowed the writ petitions and set aside the Government resolution dated 17.06.2005.

**11.** Mr Mehta submitted that, as against the above decision, the Hon'ble Supreme Court, by order dated 24.07.2018, has granted leave to appeal, and the matter is pending for consideration. Mr Mehta, therefore, submitted that the decision of this Court reported in 2012 (1) JCR 364 (Jhr.) continues to hold the field. He argued that, based either on the Government resolution dated 17.06.2005 or the 1962 and 1965 executive instructions, no surface rent can be demanded. He submitted that such a demand is ex facie ultra vires and warrants interference.

12. Based on the above contentions [and no others], Mr Mehta submitted that this petition may be allowed and the impugned demand quashed and set aside.

### **RESPONDENTS' CONTENTIONS**

13. Learned Advocate General at the outset referred the Court to the pleadings in the petition. Based on those pleadings, the learned Advocate General submitted that the plea of alleged violation of natural justice was never raised. He submitted that this is because several notices were issued to the petitioner, although the petitioner had chosen to challenge only the demand notices dated 02.01.2004 and 29.01.2004, which were the latest notices prior to the institution of the present writ petition in 2004. He therefore submitted that such a plea, now being orally raised during arguments, should not be entertained.

14. Learned Advocate General submitted that even otherwise, there was ample material on record to show that several notices were issued to the petitioner regarding the demands of surface rent. He submitted that the notices were opportunities afforded to the petitioner to show cause why the demand should not be enforced. Nonetheless, the petitioner did not respond to or furnish any explanation as to why such demands should not be enforced. Besides, the learned Advocate General submitted that most such notices were suppressed and not disclosed or annexed to the petition when it was instituted. He submitted that this may be the reason no plea regarding any alleged failure of natural justice was raised in the petition. He submitted that there is no such thing as a

technical breach of the principles of natural justice. He distinguished the decision in **Oryx Fisheries Private Limited (supra)** and urged that the impugned demand notices should not be interfered with on the alleged ground of violation of the principles of natural justice

15. Learned Advocate General again by referring to the pleadings in the petition submitted that the petitioner instituted the present petition on the primary plea that the petitioner was not using any surface area but was mining the sand from the rivers and the river ghats leased out to the petitioner. Therefore, it was contended that no surface rent becomes payable. The second plea discernible from the pleadings is that the petitioner was already paying royalty on the extracted sand, and therefore, there was no liability to pay any additional surface rent.

16. Learned Advocate General submitted that both these pleas are ex facie frivolous and therefore were not even seriously pressed at the final hearing of this petition. He submitted that no relief is due to the petitioner based upon such frivolous pleas, and the petitioner should not be permitted to raise new and frivolous pleas without any foundation in the pleadings.

17. The learned Advocate General pointed out that at one stage, the learned counsel for the petitioner went to the extent of contending that there were no lease deeds under which any lands were leased out by the Government to the petitioner. Therefore, in the absence of any lease deed, there was no question of demanding any surface rent. He referred to the order of this Court dated 10.06.2022 in which such a plea was

recorded, and directions were issued to the State to furnish details of lease deeds, if any, upon which the impugned demand notices were issued.

**18.** The learned Advocate General submitted that the State filed its affidavit, placing on record the details of the lease deeds, along with a copy of one such lease deed by way of example. After that, the petitioner abandoned the plea regarding the absence of lease deeds. The learned Advocate General submitted that the petitioner has been taking false and contradictory stands before this Court. He submitted that since the petitioner has invoked the extraordinary discretionary and equitable jurisdiction of this Court, no relief should be granted to the petitioner for adopting patently false and contradictory positions to avoid the payment of surface rent.

**19.** Learned Advocate General submitted that the impugned demands are consistent with the provisions of Rule 27(1)(d) of the Mineral Concession Rules, 1960. He submitted that, after the abolition of the Zamindari system, the annual rent payable to the Government in which the lands are vested is the only land revenue charged. He submitted that the demand was not based on the Government resolution dated 17.06.2005 and, therefore, the striking down of this resolution, enhancing the annual rent and, consequently, the land revenue, do not even remotely affect the impugned demand.

**20.** Learned Advocate General submitted that reference was made to the Government resolution of 17.06.2005 only because it referred to

letters or resolutions or executive instructions of 1962 and 1965 determining the annual rents, inter alia, in respect of lands used for commercial and mining purposes. He submitted that a conjoint reading of the letters and resolutions of 30.09.1965 and 05.10.1962 would show that the annual rent was fixed at 1/50th of the Salami in each case mentioned in Categories I, II, III and IV, subject to a minimum of Rs. 30/ per acre. He submitted that although 1/50th of Salami in the case of Category III lands, such as mining areas and other growing towns having a population of over 10000 persons, would far exceed Rs. 30/ per acre, the Government had based its demand at the minimum rate of only Rs. 30/ per acre. He submitted, therefore, that there was no basis for resisting even the payment of this minimum amount of surface rent.

**21.** Learned Advocate General submitted that there were no pleadings or any other material to suggest that the petitioner was not using the entire surface area leased out to them under the various lease deeds, the details of which were provided in the counter affidavits after the petitioner brazenly alleged that there were no lease deeds or no leases granted to the petitioner and, therefore, there was no question of demanding any surface rent. In any event, the lease deeds specify the area of leased lands and provide that surface rent is payable in respect of such area. He submitted that such a plea was not raised or pressed at the final arguments on behalf of the petitioner.

**22.** Learned Advocate General submitted that even the plea that no surface rent becomes payable or stands subsumed because royalty was

being paid in respect of the extracted sand, was not pressed at the final hearing. He submitted that such a plea was *ex facie* frivolous because the royalty was in respect of the extracted sand, and the surface rent was due for the use of the leased area, which the petitioner utilised for mining purposes. He pointed out that the leased area was being used for the movement of vehicles, transportation, stowing and storage of extracted sand, and several other activities related to sand mining. Therefore, he submitted that the plea raised was frivolous and the same was rightly not pursued at the final hearing stage.

23. To the Court's query regarding the interest component in the impugned demand notices, the learned Advocate General submitted that there was no challenge raised by the petitioner to the demanded interest. Without prejudice to this submission, he referred to Rule 64-A of the Mineral Concession Rules, 1960. He submitted that the interest at the rate of 24% per annum was statutorily provided and, therefore, the petitioner has not challenged it.

24. For all the above reasons, the learned Advocate General submitted that this petition may be dismissed with costs, particularly since the petitioner was a Public Sector Undertaking and was not expected to resist the payment of surface rent based on contradictory or frivolous pleas, or on factual grounds unsupported by any pleadings in the petition.

### **EVALUATION OF THE RIVAL CONTENTIONS**

25. The rival contentions now fall for our determination.

26. The petitioner is a holder of nationalised coal/coking coal mines under the Coal Mines (Nationalisation) Act, 1973 and the Coking Coal Mines (Nationalisation) Act, 1972, *inter alia*, in the districts of Dhanbad and Bokaro.

27. The petitioner, under the above central legislation, carries out underground mining of coal and coke. This involves extraction, resulting in voids that must be filled by stowing sand and undertaking other prescribed measures.

28. The petitioner, therefore, always requires a large amount of sand for the above purpose. For this, the petitioner applied for and was granted leases for the mining of sand *inter alia* in the districts of Dhanbad and Bokaro. Such leases were granted in Form “K” by the State Government under the provisions of the Mineral Concession Rules, 1960. In respect of such lease deeds, the petitioner had to pay royalties on the extracted sand and surface rent for the use of the surface area to facilitate sand mining.

29. There appears to be no complaint about the petitioner paying the royalty on the extracted and mined sand. However, the petitioner avoided paying any surface rent. Therefore, the records, particularly those accompanying the respondents’ supplementary affidavit dated 4th April 2025, show that the respondents sent letters to the petitioner from time to time regarding the payment. The petitioner neither responded to such letters nor paid any surface rent.

**30.** The pleadings in the petition are quite sketchy. Mr Mehta, in response to the Court's query regarding the letters issued before raising demands vide the impugned demand letters, quite casually responded that such letters were never received by the petitioner. Crucially, neither was any rejoinder filed by the petitioner taking up such a plea, nor are there any pleadings in the writ petition that before the issuance of the impugned demand notices, the petitioner was not served with any letters relating to the payment of surface rent. A casual statement across the Bar that such letters were never received can never be accepted.

**31.** Such a casual statement is further unacceptable because, in this matter, there are no pleadings in the petition regarding non-receipt of any notices or failure of natural justice. For the first time, during the oral arguments, such a plea is sought to be raised without any factual foundation in the pleadings. In any event, the documents produced on record by the respondents belie such a contention.

**32.** Similarly, although the pleadings in the writ petition make vague references to leases granted by the State Government for sand mining, the petitioner did not furnish any details or annexe copies of the lease deeds. This was necessary because the impugned demand notices are stated to be inter alia in terms of the clauses of the lease deeds read with Rule 27(1)(d) of the Mineral Concession Rules, 1960. Therefore, it was incumbent upon the petitioner to have furnished details of such lease deeds and to enclose such lease deeds. This was more so because the

petitioner, by not annexing such lease deeds to their petition, succeeded in obtaining some ad interim relief from the Court restraining recoveries.

**33.** Crucially, though this petition was instituted in 2004, on 10.06.2022, a submission was made on behalf of the petitioner that there was no Patta or mining lease and in the absence of a lease, the State could not demand any amount towards surface rent. It was submitted on behalf of the petitioner that, in the absence of a lease, the respondents could not determine the area of land used by the petitioner and could not demand surface rent. Again, such a plea, never taken in the pleadings, was raised for the first time during oral arguments, almost 18 years after the institution of the present petition, specifically on 10.06.2022.

**34.** The raising of the above-referred oral plea and the fact that the learned counsel appearing on behalf of the State was taken by surprise and sought time to obtain instructions are facts reflected in the order dated 10.06.2022, which is transcribed below for the convenience of reference:-

*“Learned counsel for the petitioner, Mr. Anoop Kr. Mehta has submitted, that supplementary counter affidavit has been filed by the State, which is in accordance with order passed by the Hon'ble Supreme Court of India in the year, 2010, but subsequent thereto what happens in other cases pending before Hon'ble Division Bench, the State must verify the same.*

*Learned counsel for the petitioner, Mr. Anoop Kr. Mehta has further submitted, that in absence of any patta, how the State can say that petitioner has taken away the minerals and how rent with regard to surface area can be granted for taking away sand from the bed of the river.*

*Learned counsel for the petitioner, Mr. Anoop Kr. Mehta has further submitted, that in absence of lease, it cannot be said that for how much area of the land used by the M/s. B.C.C.L., this surface rent has been charged.*

*Learned counsel for the respondents /State, Mr. P. A. S. Pati, G.A.- II has submitted, that since the matter appeared the first time after his appointment as State counsel, he wants some time to discuss the issue with the Secretary of the Department.*

*Considering the same, put up this case on 24.06.2022.”*

**35.** The State then filed its supplementary counter affidavit on 4<sup>th</sup> of July 2022. In this counter affidavit, details of the lease deeds executed in favour of the petitioner were furnished. A copy of one such lease deed by way of example was also annexed. It was submitted that the lease deeds are in Form “K” referred to under the Mineral Concession Rules, 1960. Reference was also made to the areas of the lease as reflected in the lease deeds. Reference was also made to the clauses in the lease deeds requiring the petitioner to pay surface rent over and above the royalty for the sand extracted and mined from the leased area. The basis for determining the surface rent was also shown by referring to the clauses of the lease deeds.

**36.** The petitioner did not file a rejoinder because the execution of the lease deeds was undisputed. Again, we believe that the conduct of the petitioner in raising all kinds of frivolous or contradictory pleas must disentitle the petitioner, which is a Public Sector Undertaking, from invoking the extraordinary equitable and discretionary jurisdiction of this Court under Article. 226 of the Constitution. The petitioner which invokes the equitable jurisdiction of this Court must be candid and make

full disclosures. These conduct issues are sufficient to deny the Petitioner any relief.

**37.** However, despite these conduct issues, we have considered the case of the petitioner on merits and, upon so considering the same, we are satisfied that the contentions now raised lack merit and the petition deserves to be dismissed on merits.

**38.** The contention that sand was directly extracted from the river bed and, therefore, no part of the leased area was ever used by the petitioner, was never pressed at the final hearing, even though this was one of the two main grounds urged in the pleadings. In any event, this contention is entirely frivolous. Firstly, it involves adjudication into facts for which there are no proper pleadings in the petition. Secondly, though sand extraction may be mainly from the riverbed, the leased area was utilised for access to the river (not public access), for storing and stowing the extracted sand, for transportation, and for other related activities. The lease deed also requires payment of surface rent for the leased area. Therefore, based upon such a plea, the petitioner cannot resist the demand for payment of surface rent. Such a plea was correctly not pressed at the final hearing.

**39.** The second contention that no additional requirement for payment of surface rent exists since royalty was being paid on the extracted sand was again not pressed at the final hearing stage. In any event, even this contention is quite frivolous. Such a contention finds no support under the Mineral Concession Rules, 1960, or the plain terms of the lease

deed, which the petitioner suppressed. The royalty is in respect of the extracted sand and has nothing to do with the surface rent for the use of the surface to facilitate such extraction. The lease deed specifically provides that the petitioner pays surface rent in addition to the royalty. This contention is, therefore, rejected.

**40.** The contention about natural justice was never pleaded in the petition. The records now show that, from time to time, letters were issued to the petitioner regarding the payment of surface rent. The terms of the lease deed are also quite clear, and it was the petitioner's duty to pay the surface rent. There was no requirement of any show cause notice, as such, demanding or requiring the petitioner to show cause why such surface rent should not be recovered from the petitioner. Based upon the contentions orally advanced without the backing of any pleading, such a plea cannot succeed.

**41.** There was nothing vague in the demands. The petitioner had the lease deeds or was presumed to have had them, which they executed but chose not to annex to their petition. The lease deeds referred to the leased area. The lease deeds, in any event, are in prescribed Form "K" under the Mineral Concession Rules, 1960. There are statutory provisions dealing with the payment of surface rent in addition to royalty. Therefore, it is not as if the petitioner was unaware of the requirement to pay surface rent for the areas leased to them. On the pretext that no full particulars were provided to the petitioner, even though the petitioner at no stage seriously bothered to even seek such

particulars, failure of natural justice cannot be alleged. The plea based upon the alleged non-compliance with natural justice is quite frivolous and warrants rejection.

**42.** In **Oryx Fisheries Private Limited (supra)**, the facts were completely different and not at all comparable to those in the present case. There, the show cause notice had recorded a definite conclusion of alleged guilt. In that context, the Hon'ble Supreme Court concluded that there was a failure of natural justice because the quasi-judicial authority had already made up its mind. However, even in this decision, the Hon'ble Supreme Court held that a show cause notice cannot be read hyper technically; it is well settled that it must be read reasonably. Therefore, based upon this decision, no case is made out to interfere with the impugned demand notices on the ground of breach of natural justice or absence of any fair play.

**43.** Fair play, incidentally, is not a one-way street. Here, the petitioner's conduct has not been very fair. To the contrary, the State has given the petitioner a fair opportunity, but the petitioner appears bent on not paying any surface rent after utilising the leased property for all these years.

**44.** The contention based on a breach of Rule 27(1)(d) is that the demand exceeds the land revenue rate is quite misconceived for the reasons discussed hereafter. Rule 27(1)(d) provides that every mining lease shall be subject to the prescribed conditions, including *inter alia* the condition that the lessee also pay for the surface area used by him for

the purpose of mining operations, the surface rent, not exceeding the land revenue as may be specified by the Government in the lease. The argument was that the amounts demanded in the impugned demand notices exceeded the land revenue rate.

**45.** The petitioner, in its petition, did not state what the land revenue rates were. However, during arguments, it was contended that the land revenue could not be charged at the commercial rate, by reference to the resolution dated 17.06.2005 and the D.O. letters dated 30.09.1965 and 05.10.1962. It was contended that these resolutions are executive instructions and, therefore, they could not override the statutory provisions under Rule 27(1)(d) of the Mineral Concession Rules, 1960. It was contended that the land revenue, at the highest, would correspond to land revenue chargeable for agricultural lands or the fair rent determined under Section 85 of the Chota Nagpur Tenancy Act, 1908. The petitioner also contended that, since the Government resolution dated 17.06.2005 had already been struck down by the Division Bench of this Court, the impugned demand notices were unsustainable and deserved to be quashed and set aside. Incidentally, there are no pleadings, or adequate pleadings, regarding all such contentions.

**46.** Though we have considered the above contentions, we must record that we find no merit in any of them. Firstly, the impugned demand notices issued on 02.01.2004 and 29.01.2004 have nothing to do with the Government resolution dated 17.06.2005. The Government resolution dated 17.06.2005 had merely sought to enhance the rent rates,

and this notification enhancing the rent rates was struck down by this Court. The Civil Appeal against these decisions is pending before the Hon'ble Supreme Court.

47. Upon the striking down of the Government resolution dated 17.06.2005, the unenhanced rates in the D.O. letters dated 30.09.1965 and 05.10.1962 revived, since they had never been questioned or set aside by the Court. Therefore, the striking down of the Government resolution dated 17.06.2005 would have no impact on the validity of the impugned demand notices issued on 02.01.2004 and 29.01.2004, which were issued even before the Government resolution dated 17.06.2005.

48. Furthermore, the D.O. letter dated 30th September 1965 records that, after the abolition of the Zamindari system, land revenue has been replaced by rent. Therefore, the various instructions of the Revenue Department for charging rent would apply in fixing the surface rent for the land leased out. This letter clarifies that Salami cannot be charged, as it is a provision based on the gradual appreciation of land value over several years and is not part of the rent. This letter therefore provides that surface rent is charged in the same manner as rent in the case of settlements made for other purposes under the instructions of the Revenue Department. However, since mining works are not agricultural operations but merely commercial ones, it would be appropriate to charge the same rent as prevailing for commercial purposes. This letter also provides that the rate to be charged in urban and semi-urban areas must be fixed by the Commissioner in each Division. A copy of the rates

fixed in the Chotanagpur Division for the Dhanbad district was enclosed as an example.

**49.** The Dhanbad rates are contained in a letter dated 05.10.1962. By this letter, the Commissioner has approved the rate of Salami and annual rental for settlement of land in the district of Dhanbad for non-agricultural purposes in the areas specified and classified under Categories I to IV. Category III refers to mining areas and other growing towns having a population of over 10000 persons. This includes the areas of Sijua and Chirkunda where the petitioner has their leases. For important commercial areas, the rate was Rs. 22,500/- per acre, and for less important areas, it was Rs. 15,000/- per acre. Clause 2 of the letter dated 05.10.1962 provides that, *“the rate of rent per annum will be fixed at 1/50<sup>th</sup> of the Salami in each case mentioned in the Categories I, II, III and IV above, subject to a minimum of Rs.30/- per acre.”*

**50.** Thus, the two D.O. letters dated 30th September 1965 and 5th October 1962 determine the annual rent, which, after the abolition of the Zamindari system, is to be regarded as the land revenue. Although the annual rent would exceed 30 Rupees per acre, the State Government has chosen to determine the annual rent at the minimum prescribed rate, namely 30 Rupees per acre, in respect of mining areas. These are the rates of 1962. The argument that these minimum rates determined in 1962 exceed the land revenue rates is entirely misconceived and must be rejected. Accordingly, we cannot accept the contention that the demanded amount exceeds the land revenue and, therefore, the

impugned demand notices are ultra vires Rule 27(1)(d) of the Mineral Concession Rules, 1960.

**51.** The contention that the annual rent would correspond to the fair rent under Section 85 of the Chota Nagpur Tenancy Act, 1908, cannot be accepted either. In any event, there is nothing to indicate that the petitioner, upon receiving the impugned demand notices in 2004, applied to any Revenue Officer for the determination of fair rent under Section 85. The impugned notices were issued in 2004. For the last 21 years, the petitioner has raised only pleas without any pleadings or contradictory pleas, simply to avoid the payment of surface rent.

**52.** The argument that only agricultural rates would apply was also never substantiated. Admittedly, the petitioner uses the leased area for mining or mining-related activities. Therefore, it cannot resist payment of even the minimum rents, which are entirely consistent with the statutory scheme.

**53.** Time and again, this Court asked what, according to the petitioner, would constitute the land revenue or the annual rent. There was no response, which shows that the entire objective was to either stall or unreasonably delay the payment of surface rent to the State Government on frivolous grounds, most of which were not even pleaded in the petition. Since the petitioner is a Public Sector Undertaking, such an approach was not expected.

**54.** Though no argument was made on the aspect of interest, we agree with the learned Advocate General that there was nothing wrong with

the demand for interest, and that too at the rate statutorily prescribed. No other grounds were urged on behalf of the petitioner, and we find no merit in the grounds that were urged on behalf of the petitioner.

**CONCLUSION**

**55.** Therefore, for the reasons set out above, we find no merit in this petition and accordingly dismiss it. We considered imposing exemplary costs; however, recognising that even such costs would be paid by the petitioner from public funds, we have refrained from imposing any costs.

**56.** This petition is dismissed. The interim orders, if any, are hereby vacated. The petitioner must pay the demanded amount, together with interest, within six weeks from today to the respondents, unless, of course, in the meantime they are protected by any further orders.

**(M. S. Sonak, C.J.)**

**(Rajesh Shankar, J.)**

**February 20, 2026**

**A.F.R.**

Manoj/VK/Cp.2

Uploaded on 20.02.2026