

M/S Mahadev Enclave Pvt. Ltd vs The State Of Bihar on 30 September, 2026

IN THE HIGH COURT OF JUDICATURE AT PATNA

Letters Patent Appeal No.311 of 2025

In

Civil Writ Jurisdiction Case No.16238 of 2023

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M/s Mahadev Enclave Pvt. Ltd., A registered company having its registered office at B-37, Ayodhya Marg, Hanuman Nagar, Jaipur, Rajasthan through its authorized representative namely Kunal Shekhawati male aged about 26 years son of Shyam Lal Shekhawati, resident of -996, Gali No. 09, Shiv Nagar, 3e Chhoti, Ganga Nagar, P.S-Jawahar Nagar, District - Shree Ganga Nagar, Rajasthan-335001.

... .. Appellant/s

Versus

1. The State of Bihar through The Additional Chief Secretary cum Commissioner, Department of Mines and Geology Govt. of Bihar, Patna.
2. The Additional Chief Secretary cum Commissioner, Department of Mines and Geology, Govt. of Bihar, Patna.
3. The Director, Department of Mines and Geology, Govt. of Bihar, Patna.
4. The District Magistrate cum Collector, Nawadah.
5. The Assistant Director Mines, District Mining Office, Nawadah.
6. The Officer On Special Duty, Department of Mines and Geology Patna.

... .. Respondent/s

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with

Letters Patent Appeal No. 348 of 2025

In

Civil Writ Jurisdiction Case No.15514 of 2023

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M/s Mahadev Enclave Pvt. Ltd. A registered company having its registered office at B-37, Ayodhya Marg, Hanuman Nagar, Jaipur, Rajasthan through its authorized representative namely Kunal Shekhawati male aged about 26 years son of Shyam Lal Shekhawati, resident of - 996, Gali No. 09, Shiv Nagar, 3e Chhoti, Ganga Nagar, P.S. - Jawahar Nagar, District- Shree Ganga Nagar, Rajasthan - 335001.

... .. Appellant/s

Versus

1. The State of Bihar through the Additional Chief Secretary cum Commissioner, Department of Mines and Geology, Govt. of Bihar, Patna.
2. The Additional Chief Secretary cum Commissioner, Department of Mines and Geology, Govt. of Bihar, Patna.
3. The Director, Department of Mines and Geology, Govt. of Bihar, Patna.
4. The District Magistrate cum Collector, Nawadah.

5. The Assistant Director Mines, District Mining Office, Nawadah.
 6. The Officer on Special Duty, Department of Mines and Geology Patna.
- Patna High Court L.P.A No.311 of 2025 dt.30-09-2026

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... .. Respondent/s

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with
Letters Patent Appeal No. 349 of 2025
In
Civil Writ Jurisdiction Case No.16168 of 2023

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Sainik Industries Pvt. Ltd. (Formerly Sainik Foods Pvt. Ltd.) Having its registered office at Flat No. 201 and 202, Vikas Plaza, Building No. 2, Local Shopping Centre, Kalkaji, New Delhi – 110019 through its authorized representative namely Sanjeev Kumar Mishra male aged about 56 years son of Narayan Mishra resident of Village and Post – Vijidpur Meyari, Ward No. 11, P.S. – Sarai Ranjan, District- Samastipur, Bihar – 848114.

... .. Appellant/s

Versus

1. The State of Bihar through the Additional Chief Secretary cum Commissioner, Department of Mines and Geology, Govt. of Bihar, Patna.
2. The Additional Chief Secretary cum Commissioner, Department of Mines and Geology, Govt. of Bihar, Patna.
3. The Director, Department of Mines and Geology, Govt. of Bihar, Patna.
4. The District Magistrate cum Collector, Nawadah.
5. The Assistant Director Mines, District Mining Office, Nawadah.
6. The Officer on Special Duty, Department of Mines and Geology Patna.

... .. Respondent/s

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Appearance :

(In Letters Patent Appeal No. 311 of 2025)

For the Appellant/s	:	Mr. Devasish Baruka, Sr. Advocate Mr. Gautam Kejriwal, Advocate Mr. Atal Bihari Pandey, Advocate Mr. Alok Jha, Advocate Mr. Mukund Kumar, Advocate Mr. Pawan Kumar Singh, Advocate
For the Respondent-State	:	Mr. Abhinav Mishra, Advocate Mr. Vaibhav Veer Shanker, Advocate Ms. Archisha Singh, Advocate Mr. Priyanshu Singh, Advocate Mr. Hardik Dimamia, Advocate Mr. Utkarsh Bhushan, Advocate Mr. Vatsal Vishal, Advocate

For the Resp. Nos. 2,3,5 : Mr. Ashish Kumar Ranjan, Advocate
Mr. Naresh Dixit, Spl.P.P.
Ms. Shruti Singh, Advocate
Mr. Utkarsh Pathak, Advocate

(In Letters Patent Appeal No. 348 of 2025)

For the Appellant/s : Mr. Devasish Baruka, Sr. Advocate
Mr. Gautam Kejriwal, Advocate
Mr. Atal Bihari Pandey, Advocate
Mr. Alok Jha, Advocate

Patna High Court L.P.A No.311 of 2025 dt.30-09-2026

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For the Respondent/s : Mr. Mukund Kumar, Advocate
Mr. Pawan Kumar Singh, Advocate
Mr. Abhinav Mishra, Advocate
Mr. Vaibhav Veer Shanker, Advocate
Ms. Archisha Singh, Advocate
Mr. Priyanshu Singh, Advocate
Mr. Hardik Dimamia, Advocate
Mr. Utkarsh Bhushan, Advocate
Mr. Vatsal Vishal, Advocate

For the Resp. Nos. 2,3,5 : Mr. Ashish Kumar Ranjan, Advocate
Mr. Naresh Dixit, Spl.P.P.
Ms. Shruti Singh, Advocate
Mr. Utkarsh Pathak, Advocate

(In Letters Patent Appeal No. 349 of 2025)

For the Appellant/s : Mr. Devasish Baruka, Sr. Advocate
Mr. Gautam Kejriwal, Advocate
Mr. Atal Bihari Pandey, Advocate
Mr. Alok Jha, Advocate

For the Respondent/s : Mr. Mukund Kumar, Advocate
Mr. Pawan Kumar Singh, Advocate
Mr. Abhinav Mishra, Advocate
Mr. Vaibhav Veer Shanker, Advocate
Ms. Archisha Singh, Advocate
Mr. Priyanshu Singh, Advocate
Mr. Hardik Dimamia, Advocate
Mr. Utkarsh Bhushan, Advocate
Mr. Vatsal Vishal, Advocate

For the Resp. Nos. 2,3,5 : Mr. Ashish Kumar Ranjan, Advocate
Mr. Naresh Dixit, Spl.P.P.
Ms. Shruti Singh, Advocate
Mr. Utkarsh Pathak, Advocate

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CORAM: HONOURABLE MR. JUSTICE BIBEK CHAUDHURI

and

HONOURABLE MR. JUSTICE RANA VIKRAM SINGH

CAV JUDGMENT

(Per: HONOURABLE MR. JUSTICE BIBEK CHAUDHURI)

Date: 30-09-2026

1. These three appeals arise out of judgments dated

04.02.2025

passed by the learned Single Judge in CWJC No. 16238 of 2023, CWJC No. 15514 of 2023 and CWJC No. 16168 of 2023 respectively. Since the three writ petitions arose from substantially similar proceedings concerning settlement of stone mining blocks at Rajouli, Nawadah and involved the same question relating to the Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 4/33 demand of interest on delayed payment of instalments under Rule 52(5) of the Bihar Minor Mineral Concession Rules, 1972 (hereinafter referred to as "the Rules, 1972"), the appeals have been heard together and are being disposed of by this common judgment.

2. The three appeals, however, arise from three different mining blocks and certain factual aspects of the respective proceedings are also different. The relevant facts of each matter are, therefore, noticed separately before considering the common question arising for determination.

LPA No. 311 of 2025

3. The appellant, M/s. Mahadev Enclave Pvt. Ltd., was declared the successful bidder in respect of Block No. 2, Mouza Rajouli, District Nawadah, for extraction of stone pursuant to the tender process initiated by the Department of Mines and Geology. The tender notice was published on 12.11.2014 and the appellant participated in the tender on 13.01.2015. Upon being declared successful, Letter of Acceptance bearing reference No. 113/Khanan dated 10.02.2015 was issued in its favour. The mining plan submitted by the appellant was approved on 25.06.2015. Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 5/33 Thereafter, the appellant pursued the requisite environmental and other statutory clearances. Environmental clearance was granted on 27.06.2017, subject to the conditions contained therein, including obtaining the necessary consent and permissions before commencement of mining operations. The lease deed was thereafter executed on 18.09.2017.

4. The appellant applied for Consent to Establish on 10.10.2017. In the meantime, the Department issued a demand dated 05.01.2018 requiring payment of the second instalment, to which the appellant submitted its objection on 23.01.2018. Consent to Establish was granted on 18.01.2018 and Consent to Operate was subsequently granted on 17.05.2018. The appellant also approached the concerned authorities for the requisite permission from the Directorate General of Mines Safety and thereafter requested the District Collector for permission to commence the mining activity. According to the appellant, the mining activity could not have commenced before the requisite statutory permissions had been obtained. The permission of the Collector was granted on 30.07.2018 and the second instalment was Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 6/33 thereafter deposited by the appellant in January, 2019.

5. A further demand was raised by the Department on 24.02.2020, treating the payment made by the appellant as the third instalment and demanding the second instalment together with interest. The appellant challenged the said demand in CWJC No. 7580 of 2020. The writ petition was disposed of on 15.09.2020 with a direction to the appellant to pay the principal amount of the second instalment along with interest for two months in three equal monthly instalments, while liberty was granted to the appellant to represent before the competent authority with regard to the liability of interest for the remaining period demanded by the Department. In compliance thereof, the appellant deposited the amount as directed and submitted its representation before the competent authority. The representation was rejected and a further demand was raised towards the balance interest. The appellant thereafter challenged the said action in CWJC No. 5380 of 2021, which was disposed of on 13.07.2023 with a direction to submit a fresh representation before the

competent authority. Pursuant thereto, the appellant submitted its representation, Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 7/33 whereafter the order dated 14.09.2023 came to be passed. The appellant thereafter approached this Court in CWJC No. 16238 of 2023. The learned Single Judge, by judgment dated 04.02.2025, dismissed the writ petition, giving rise to the present appeal.

LPA No. 348 of 2025

6. The second appeal concerns Block No. 1, Mouza Rajouli, District Nawadah, also settled for extraction of stone in favour of M/s. Mahadev Enclave Pvt. Ltd. The tender process commenced with the notice dated 12.11.2014 and the appellant participated in the tender on 13.01.2015. Letter of Acceptance bearing reference No. 112/Khanan dated 10.02.2015 was thereafter issued in its favour. The mining plan was approved on 25.06.2015 and environmental clearance was granted on 27.06.2017. The lease deed was executed on 18.09.2017.

7. The Department issued a demand for the second instalment by letter dated 05.01.2018. The appellant objected to the demand on 23.01.2018 and subsequently submitted a representation dated 03.06.2018 requesting that the commencement of the lease for the purpose of instalment liability be considered in the light of the Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 8/33 statutory clearances and permissions which were required before mining could actually commence. The appellant's case is that the necessary clearances were obtained progressively and that permission from the District Collector was granted on 03.03.2019. The appellant had, in the meantime, deposited the second instalment in January/February, 2019.

8. On 24.02.2020, the Department issued a demand for a sum of Rs.2,65,54,000/- towards the second instalment and interest. The appellant challenged the demand in CWJC No. 7582 of 2020. The writ petition was disposed of on 15.09.2020 permitting payment of the principal amount of the second instalment together with interest for two months in three equal monthly instalments and granting liberty to the appellant to represent regarding the liability for the remaining period of interest. The appellant complied with the direction and thereafter pursued its representation. Upon rejection of the representation and issuance of a further demand towards balance interest, the appellant approached this Court in CWJC No. 5242 of 2021. The writ petition was disposed of on 13.07.2023 with a direction to submit a fresh Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 9/33 representation before the competent authority. The appellant thereafter submitted its representation, which resulted in the order dated 14.09.2023. The subsequent challenge in CWJC No. 15514 of 2023 was dismissed by the learned Single Judge on 04.02.2025, giving rise to the present appeal.

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9. The third appeal arises from the settlement of Block No. 5, Mouza Rajouli, District Nawadah, in favour of Sainik Industries Pvt. Ltd., formerly known as Sainik Foods Pvt. Ltd. The appellant participated in the tender process pursuant to the notice dated 12.11.2014 and was declared successful. Letter of Acceptance bearing reference No. 114/Khanan dated 10.02.2015 was issued in its favour. The mining plan was approved on 08.07.2015 and environmental clearance was granted on 27.06.2017. The lease deed was executed on 18.09.2017.

10. The appellant thereafter pursued the statutory permissions required for commencement of mining operations. A demand for the second instalment was issued on 05.01.2018 and the appellant submitted its objection on 23.01.2018. The necessary consent and other permissions Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 10/33 were subsequently obtained. The appellant deposited the second instalment in January, 2019. The Department thereafter issued demand letter dated 24.02.2020 bearing Letter No. 205/Khanan, raising a demand of Rs.1,85,19,600/- towards the second instalment and interest. The appellant challenged the demand in CWJC No. 8096 of 2020, which was disposed of on 24.11.2020 on the same basis as the earlier proceedings concerning payment of the principal amount and two months' interest, with liberty concerning the remaining interest.

11.The appellant thereafter pursued its representation before the competent authority. A further demand was issued on 13.01.2021, which was challenged in CWJC No. 16748 of 2021. By order dated 13.07.2023, the appellant was permitted to submit a fresh representation before the competent authority. The representation was thereafter considered and the order dated 14.09.2023 was passed. The appellant challenged the said order in CWJC No. 16168 of 2023. The learned Single Judge dismissed the writ petition on 04.02.2025, giving rise to the present appeal.

12.Having regard to the pleadings and the submissions Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 11/33 advanced on behalf of the parties, the principal question which arises for consideration in these appeals is whether, in the event of default in payment of an instalment, Rule 52(5) of the Bihar Minor Mineral Concession Rules, 1972 authorises levy of interest at the rate of 24 per cent beyond the period of two months, notwithstanding the further stipulation in the said Rule that, after two months, action for cancellation is to be taken.

13. Learned counsel appearing for the appellants submits that the liability towards interest has to be determined strictly in accordance with Rule 52(5) of the Rules, 1972. It is submitted that the Rule specifically provides for charging simple interest at the rate of 24 per cent up to two months and thereafter contemplates action for cancellation. According to learned counsel, the statutory scheme does not authorise the Department to keep the liability towards interest running indefinitely merely because the defaulted instalment remained unpaid beyond two months.

14.It is further submitted that the appellants had consistently taken the stand that the second instalment could not reasonably be treated as having fallen due at the stage claimed by the Department because the mining operations Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 12/33 themselves were subject to several statutory clearances and permissions. The appellants had approached the concerned authorities from time to time and had not abandoned the mining settlements. It is therefore contended that the conduct of the Department, particularly its failure to invoke the consequence of cancellation contemplated under Rule 52(5), assumes significance when the Department subsequently seeks to recover interest for a period extending far beyond two months.

15.Learned counsel also submits that the earlier orders passed by this Court did not finally adjudicate the appellants' liability for the entire period of interest. On the contrary, in the proceedings arising from the initial demands, the appellants were directed to deposit the principal amount together with interest for two months, while liberty was expressly reserved to them to pursue their claim regarding the remaining interest. It is therefore contended that the subsequent proceedings were not merely proceedings for granting a concession or sympathetic waiver, as was ultimately understood by the authorities.

Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 13/33

16.Learned counsel has placed reliance upon *R.K. Saxena v.*

Delhi Development Authority, reported in AIR 2002 SC 2340, in support of the submission that the conduct of the authority in accepting subsequent payments without taking the consequence of cancellation contemplated under the governing terms has a bearing upon the question of continuing liability towards interest. Reliance has also been placed upon [Nagubai Ammal v. B. Shama Rao](#), reported in [AIR 1956 SC 593](#), [Karam Kapahi v. Lal Chand Public Charitable Trust](#), reported in (2010) 4 SCC 753, and [Badri Kedar Paper Pvt. Ltd. v. U.P. Electricity Regulatory Commission](#), reported in (2009) 3 SCC 754, in support of the submissions concerning the effect of the conduct of the parties and the principle against approbating and reprobating. The appellants have also relied upon [Bihar Mines Ltd. v. Union of India](#), reported in AIR 1967 SC 887, in support of their submissions concerning commencement of mining operations and the distinction sought to be drawn between execution of the lease and actual commencement of mining.

This extract is taken from [Nagubai Ammal v. Shama Rao](#), (1956) 1 SCC 698 : 1956 SCC OnLine SC 14 at page Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 14/33 717 9.15. The observations of Scrutton, L.J. on

which the appellants rely are as follows: (Verschures Creameries case [Verschures Creameries Ltd. v. Hull & Netherlands Steamship Co. Ltd., (1921) 2 KB 608 (CA)] , KB pp. 611-12) "... A plaintiff is not permitted to "approve and reprobate". The phrase is apparently borrowed from the Scotch law, where it is used to express the principle embodied in our doctrine of election -- namely, that no party can accept and reject the same instrument:

[Ker v. Wauchope](#) [Ker v. Wauchope, (1819) 1 Bli PC 1 at p. 21 : 4 ER 1] ;

Douglas-Menzies v. Umphelby [Douglas-Menzies v. Umphelby, 1908 AC 224 at p. 232 (PC)] . The doctrine of election is not however confined to instruments. A person cannot say at one time that a transaction is valid and thereby obtain some advantage, to which he could only be entitled on the footing that it is valid, and then turn round and say it is void for the purpose of securing some other advantage. That is to approve and reprobate the transaction."

It is clear from the above observations Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 15/33 that the maxim that a person cannot "approve and reprobate" is only one application of the doctrine of election, and that its operation must be confined to reliefs claimed in respect of the same transaction and to the persons who are parties thereto. The law is thus stated in Halsbury's Laws of England, Vol. XIII, p. 454, Para 512:

"On the principle that a person may not approve and reprobate, a species of estoppel has arisen which seems to be intermediate between estoppel by record and estoppel in pais, and may conveniently be referred to here. Thus a party cannot, after taking advantage under an order (e.g. payment of costs), be heard to say that it is invalid and ask to set it aside, or to set up to the prejudice of persons who have relied upon it a case inconsistent with that upon which it was founded; nor will he be allowed to go behind an order made in ignorance of the true facts to the prejudice of third parties who have acted on it."

The plaintiff obtained no advantage against the appellants by pleading in OS No. 92 of 1938-39 that the proceedings in OS No. 100 of 1919-20 Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 16/33 were collusive; nor did they acting on those pleadings acquire rights to the suit properties. Nor is there any question of election, because the only relief which the plaintiff claimed in OS No. 92 of 1938-39 and which he now claims is that he is entitled to the suit properties. Only, the ground on which that relief is claimed is different and, it is true, inconsistent. But the principle of election does not forbid it, and there being no question of estoppel, the plea that the proceedings in OS No. 100 of 1919-20 are not collusive is open to the plaintiff.

This extract is taken from [Karam Kapahi v. Lal Chand Public Charitable Trust](#), (2010) 4 SCC 753 : (2010) 2 SCC (Civ) 262 : 2010 SCC OnLine SC 448 at page 768

50. The phrase "approve and reprobate" is borrowed from Scots law where it is used to express the common law principles of election, namely, that no party can accept and reject the same instrument.

51. In the instant case while filing its suit and questioning the title of the Trust, the Club seeks to reject the lease Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 17/33 deed. At the same time while seeking the equitable remedy under [Section 114](#) of the Transfer of Property Act, the Club is relying on the same instrument of lease. Legally this is not permissible. (See the observation of Scrutton, L.J. in Verschures Creameries Ltd. v. Hull and Netherlands Steamship Co. Ltd. [(1921) 2 KB 608 : 1921 All ER Rep 215 (CA)] , which has been approved by a Constitution Bench of this Court in Bhau Ram v. Baij Nath Singh [AIR 1961 SC 1327] .)

17. Learned counsel has further relied upon [Central Coalfields Ltd. v. SLL-SML \(Joint Venture Consortium\)](#), reported in (2016) 8 SCC 622, and submitted that the terms governing the settlement cannot be applied contrary to the governing legal framework. The appellants have also [placed reliance upon State of Jharkhand v. Ambay Cements](#), reported in (2005) 1 SCC 368, in support of the principle that where the statute prescribes the manner in which an act is to be done, the authority must act in accordance with that statutory

prescription. The submission is that the Department, being a statutory authority, cannot enlarge the consequence of default Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 18/33 beyond that contemplated by Rule 52(5).

18.Per contra, learned counsel appearing for the State and the Mines Department submits that the appellants were bound by the terms of the respective agreements and were required to deposit the instalments by the dates stipulated therein. It is contended that the appellants admittedly did not deposit the second instalment within the prescribed period and therefore became liable for the consequences of default. According to the respondents, the orders dated 13.07.2023 had already recorded the default and had confined the subsequent consideration to the question whether any sympathetic consideration could be given regarding waiver of interest and, if not, whether the amount could be permitted to be paid in instalments. The competent authority, it is submitted, thereafter passed reasoned orders and permitted payment of the recoverable dues in instalments.

19.The respondents accordingly submit that the learned Single Judge rightly found that the competent authority had acted in compliance with the earlier orders of this Court and that no interference was called for. It is thus submitted that the demand raised by the Department is in Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 19/33 accordance with the terms governing the respective settlements and the statutory rules.

20. We have considered the rival submissions and perused the materials on record.

21.There is no dispute about the existence of the respective agreements or about the fact that the second instalments were not deposited within the period claimed by the Department. The question before us, however, is narrower. The fact that a default has occurred does not, by itself, answer the further question as to the extent of the monetary consequence which the statutory provision permits the Department to impose for that default.

22.Rule 52(5) of the Rules, 1972 provides:

"52(5). Default in payment-If any instalment shall not be deposited before prescribed period, 24 percent simple interest shall be charged upto two months and after that action for cancellation shall be taken. "

23.The language of the Rule has to be given its natural meaning. It provides, first, for levy of simple interest at the rate of 24 per cent for a period up to two months and, thereafter, provides that action for cancellation shall be taken. Thus, the Rule itself makes a distinction between the monetary consequence of default during the initial Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 20/33 period and the consequence contemplated thereafter.

24.The expression "up to two months" cannot be treated as merely descriptive or as having no operative effect. At the same time, the direction that "after that action, for cancellation shall be taken" is also a part of the same statutory provision and has to be given meaning. The two parts of the provision, therefore, have to be read together. The Rule specifies the period for which interest is chargeable and, upon expiry of that period, provides for action for cancellation. There is nothing in the language of Rule 52(5) which expressly authorises the Department to continue charging interest indefinitely for the entire period during which the default remains uncured.

25.The respondents are undoubtedly entitled to enforce the obligation of the appellants to pay the instalments in accordance with the terms governing the respective settlements. The existence of such an obligation, however, cannot by itself enlarge the consequence of default beyond what is contemplated by the statutory provision. Where the Rule itself specifies the period for which interest may be charged and prescribes the consequence thereafter, the Department must act within that Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 21/33 framework.

26.This approach is consistent with the settled principle that where a statute prescribes the manner in which a particular act is to be done, the statutory authority is required to act in accordance with such prescription. In [State of Jharkhand v. Ambay Cements](#), (supra), the Hon'ble Supreme Court reiterated that where a statute provides that a particular thing is to be done in a particular manner, it has to be done in that manner and not in any other way.

26. Whenever the statute prescribes that a particular act is to be done in a particular manner and also lays down that failure to comply with the said requirement leads to severe consequences, such requirement would be mandatory. It is the cardinal rule of interpretation that where a statute provides that a particular thing should be done, it should be done in the manner prescribed and not in any other way. It is also settled rule of interpretation that where a statute is penal in character, it must be strictly construed and followed. Since the requirement, in the instant case, of Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 22/33 obtaining prior permission is mandatory, therefore, non-compliance with the same must result in cancelling the concession made in favour of the grantee, the respondent herein.

27.The same principle is reflected in *Tata Chemicals Ltd. v.*

Commissioner of Customs (Preventive), Jamnagar, reported in (2015) 11 SCC 628, wherein the Supreme Court emphasised that statutory power is not an arbitrary power and has to be exercised in accordance with the restraints imposed by law. The Court also rejected the proposition that conduct inconsistent with the statutory requirement could operate by way of estoppel against the statutory provision. The relevance of the decision in the present matter is that the power to recover a statutory charge must itself find support in the governing statutory provision.

18. The Tribunal's judgment has proceeded on the basis that even though the samples were drawn contrary to law, the appellants would be estopped because their representative was present when the samples were drawn and they did not object immediately. This is a completely perverse finding both on Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 23/33 fact and law. On fact, it has been more than amply proved that no representative of the appellant was, in fact, present at the time the Customs Inspector took the samples.

Shri K.M. Jani who was allegedly present not only stated that he did not represent the clearing agent of the appellants in that he was not their employee but also stated that he was not present when the samples were taken. In fact, therefore, there was no representative of the appellants when the samples were taken. In law equally the Tribunal ought to have realised that there can be no estoppel against law. If the law requires that something be done in a particular manner, it must be done in that manner, and if not done in that manner has no existence in the eye of the law at all. The Customs Authorities are not absolved from following the law depending upon the acts of a particular assessee.

Something that is illegal cannot convert itself into something legal by the act of a third person.

28.The same limitation upon statutory power is also evident Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 24/33 from the decision in *Shridhar C. Shetty (Dead) through Legal Representatives v. Additional Collector and Competent Authority*, reported in (2020) 9 SCC 537. The Supreme Court observed that a competent authority, being a creature of the statute, cannot act beyond its statutory jurisdiction and that exercise of its powers remains circumscribed by the provisions of the statute. At the same time, the said decision also makes it clear that failure to exercise the power of cancellation on an earlier occasion does not, by itself, deprive the statutory authority of the power to proceed appropriately under the statute. We therefore do not proceed on the footing that mere non-cancellation of the settlements, by itself, extinguished the statutory rights of the respondents. The question before us remains one of the extent of interest which Rule 52(5) itself permits to be recovered.

19. It being a pure question of law, the facts being undisputed, we see no reason not to allow the appellant to raise the same before us for the first time. The competent authority under the Act could have certainly

withdrawn the exemption in the event of breach along with Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 25/33 all its attendant consequences.

Failure to do so did not deprive the statutory authority of its powers to proceed appropriately under the Act. But the competent authority being a creature of the statute under [Section 2\(d\)](#) of the Act, cannot act beyond its statutory jurisdiction and the exercise of its powers shall remain circumscribed by the provisions of the Act. Any undertaking by the appellant cannot expand the statutory jurisdiction of the competent authority. The demand for the market value of the remaining seven tenements, falling outside the purview of the Act, cannot be construed as money due to the Government so as to vest in it the nature of an arrears of land revenue recoverable under Section 265 of the Maharashtra Land Revenue Code, 1966. We have, therefore, no hesitation in concluding that the impugned demand is dehors the provisions of the Act and unsustainable being beyond the statutory powers of the competent authority and thus Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 26/33 arbitrary.

29.The respondents seek to rely upon the terms of the agreements and the findings recorded in the orders dated 13.07.2023 that the appellants had defaulted in payment of the instalments. We have no occasion, in the present appeals, to disturb that factual finding. The appellants were indeed required to make payment in accordance with the terms governing the respective settlements. But the finding of default and the determination of the consequence of that default are two different matters.

30.The earlier orders dated 13.07.2023 have also to be understood in the context in which they came to be passed. In the proceedings preceding those orders, this Court had permitted the appellants to deposit the principal amount of the second instalment together with interest for two months and had granted liberty to pursue the claim relating to the remaining interest. The orders, dated 13.07.2023 recorded the default and directed the appellants to submit a fresh representation before the competent authority. The order also noticed the limited questions whether sympathetic consideration could be given to the prayer for waiver of interest and, if such waiver was not granted, whether the amount could be Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 27/33 permitted to be paid by instalments. Those orders, in our considered view, cannot be read as a final adjudication that Rule 52(5) authorised levy of interest for an unlimited period beyond the two months mentioned therein. The question concerning the legality of the continuing demand of interest therefore remained open for consideration in accordance with law.

31.The direction to pay the principal amount together with interest for two months, coupled with liberty to the appellants to represent with respect to the remaining interest, cannot be construed as a final adjudication that interest beyond the period of two months was otherwise recoverable indefinitely under Rule 52(5) of the Rules.

32.It is in this background that the order dated 14.09.2023 has to be considered. The appellant had specifically raised the question of its liability for interest beyond the period of two months and had placed reliance upon the statutory scheme contained in Rule 52(5). The proceedings before the competent authority, however, ultimately proceeded on the basis of the earlier orders and the question of sympathetic consideration and payment of the amount in instalments. The statutory question as to the extent of Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 28/33 interest legally recoverable under Rule 52(5) was therefore required to be examined independently.

33.The learned Single Judge, while considering the subsequent writ petitions, found that the competent authority had rightly passed the order in compliance with the directions contained in the order dated 13.07.2023. In our view, however, such compliance by itself could not conclude the separate question as to the extent of interest which could lawfully be recovered under Rule 52(5). Compliance with the earlier direction and adjudication of the statutory liability are distinct matters. Once the appellants questioned the legality of the continuing demand with reference to Rule 52(5), that statutory question required consideration.

34. We are conscious that the appellants had raised other issues concerning the commencement of the mining lease, the effect of Rule 25(2), the date from which rent or royalty could become payable, the statutory permissions required for actual mining, the conduct of the Department and the plea of force majeure. The appellants had also relied upon the decisions referred to hereinabove in support of those submissions. We do not consider it Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 29/33 necessary to finally determine those wider questions in the present appeals. The appeals can be decided on the narrower issue arising directly from Rule 52(5).

35. The appellants have also placed reliance upon Rule 25(2) of the Bihar Minor Mineral Concession Rules, 1972 and the various permissions and clearances obtained by them, to contend that the liability could not have been fastened upon them for the period during which mining operations had not actually commenced. Having regard to the controversy which arises for consideration in the present appeals, we do not consider it necessary to adjudicate the said contention. The question as to the commencement of the mining lease or the liability towards rent/royalty under Rule 25(2), and the effect of the permissions and clearances relied upon by the appellants, is therefore left open. The present appeals can be decided on the narrower question as to the extent of interest which could lawfully be charged upon default under Rule 52(5) of the Rules.

36. Likewise, we do not consider it necessary to hold that mere failure on the part of the Department to cancel the settlement automatically amounts to waiver, extension of time or novation. Such a proposition would be wider than Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 30/33 what is necessary for deciding these appeals. The question is simply whether the Department, after expiry of the two-month period specified in Rule 52(5), can continue to levy interest for the subsequent period merely because the defaulted instalment remained unpaid. In our view, the language of the Rule does not authorise such continuing levy.

37. It is necessary to keep distinct the obligation to pay the instalment under the terms of the agreement from the statutory consequence which follows upon default in making such payment. The fact that an instalment was payable and that there was a default in its payment does not, by itself, determine the extent of interest which can be recovered. The latter question has to be answered with reference to the statutory provision governing the consequence of such default, namely, Rule 52(5) of the Rules.

38. The statutory scheme contained in Rule 52(5) consequently assumes significance. The Rule does not provide for two simultaneous and continuing monetary consequences after the expiry of two months. It provides for interest up to two months and thereafter contemplates Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 31/33 action for cancellation. To permit interest to continue indefinitely, notwithstanding the express statutory prescription of the period of two months and the consequence contemplated thereafter, would amount to adding to the Rule something which is not contained therein.

39. The expression "upto two months" cannot be treated as an incidental or meaningless expression. Equally significant is the succeeding part of the provision which directs that "after that action, for cancellation shall be taken". The two parts of the provision have to be read together. If interest were intended to continue indefinitely after the expiry of two months, there would be little meaning in prescribing the period upto which interest is to be charged and thereafter directing the authority to take action for cancellation.

40. We accordingly hold that the appellants cannot be subjected to continuing liability towards interest beyond the period of two months solely on account of the default contemplated under Rule 52(5). This conclusion does not affect the principal amount payable under the respective settlements. It also does not disturb the amounts already Patna High Court L.P.A No.311 of 2025 dt.30-09-2026 32/33 deposited by the appellants pursuant to the earlier orders of this Court, including the interest for the period of two months. The present decision is confined to the further demand towards interest beyond the period contemplated by Rule 52(5).

41. In view of the aforesaid discussion, the judgments dated 04.02.2025 passed by the learned Single Judge cannot be sustained to the extent they decline to interfere with the demand of interest beyond the period contemplated under Rule 52(5).

42. Accordingly, LPA No. 311 of 2025, LPA No. 348 of 2025 and LPA No. 349 of 2025 are allowed.

43. The judgments, dated 04.02.2025, passed by the learned Single Judge in CWJC No. 16238 of 2023, CWJC No. 15514 of 2023 and CWJC No. 16168 of 2023, respectively, are set aside.

44. The respective orders, dated 14.09.2023, passed by the competent authority, as well as the consequential demands, are quashed to the extent they seek to recover interest beyond the period of two months contemplated under Rule 52(5) of the Bihar Minor Mineral Concession Rules, 1972.

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45. The liability of the appellants towards the principal amount of the respective instalments shall remain unaffected. The amounts already deposited pursuant to the earlier orders of this Court, including the interest for the period of two months, shall also remain undisturbed.

46. There shall be no order as to costs.

47. The depth of research, attention to the record and care with which the legal position was examined have been of considerable assistance to the Court in reaching the conclusion recorded herein. The Court accordingly places on record its sincere appreciation for the diligence, commitment and valuable assistance rendered by Shri Aditya Shekhar and Shri Ribhava Raj, Law Researchers, attached to this Court.

(Bibek Chaudhuri, J) Rana Vikram Singh, J: I agree, (Rana Vikram Singh, J) skm/-

AFR/NAFR	NAFR
CAV DATE	16.09.2026
Uploading Date	30.09.2026
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