

(2022) 06 GAU CK 0064

In the Gauhati High Court

Case No : Writ Petition (Civil) No. 3609 Of 2017, 2741, 2744, 3463, 3468, 3469, 3542, 5248, 8283, 8306, 8358 Of 2018, 471, 1927, 2123, 2126, 4392, 6686, 9227, 9236 Of 2019, 429, 3926, 4146, 4254, 4271, 4280 Of 2020, 1884, 1895, 1897, 1898, 1919, 2057, 2061, 2065, 2

M/S. Rcn Constructions Pvt. Ltd.

APPELLANT

Vs

State Of Assam And 3 Ors.

RESPONDENT

Date of Decision : 30-06-2022

Acts Referred:

Assam Minor Mineral Concession Rules, 2013 — Rule 5, 8, 18, 23

Mines And Minerals (Development and Regulation) Act, 1957 — Section 3(e), 5, 9, 13, 14

Assam Forest Regulation, 1891 — Section 32, 33, 34, 34(1), 34(2), 34(2)(d), 34(2)(h)

Citation : (2022) 06 GAU CK 0064

Hon'ble Judges : Arun Dev Choudhury, J

Bench : Single Bench

Advocate : KN Choudhury, BD Das, PN Goswami, B Gogoi

Judgement

1. Heard both Mr. KN Choudhury and Mr. BD Das, learned Senior counsels for the petitioners. Also heard Mr. PN Goswami, learned Additional Advocate General, Assam and Mr. B Gogoi, learned standing counsel, Finance Department, Assam.

2. Common issues involving questions of law out of similar set of fact arises in the present batch of writ petitions and all the learned counsels appearing for the contesting parties have agreed that the matters need to be heard analogously. Accordingly, matters were heard analogously. Though the learned counsel for the petitioners, submitted the fact of the each cases, the argument on the question of law was led by Mr. KN Choudhury, learned Senior counsel and Mr. BD Das, learned Senior counsel.

3. The issues:

The issues involved in the present batch of writ petitions, can be summarized as follows:

i. Whether the State authority i.e. Public Works Department, Railways etc. can deduct forest royalty from the bills/ Security Deposits of the contractors in absence of any stipulation in the Contract agreement empowering the employer state to do so?

ii. Whether the decision of the Division Bench on the first issue in Muslim Ali Vs State of Assam reported in 2013 (2) GLT 945 is a binding precedent or the same is in conflict with the decision dated 04.05.2018 of another Division Bench in M/s Durga Krishna stores vs Union of India (WA 168/2017)?

iii. Whether the State in Forest Department can take action of recovery of forest royalty in all situations taking recourse to the Provisions of the Statutory Notification dated 01.09.2009, issued in exercise of power under Assam Forest Regulation' 1891?

iv. Whether the contractors executing works for Government & its Department are bound to procure minor mineral/ forest produce only through permit granted under Rule 5 of the MMC Rules, 2013?

4. The background:

i. The petitioners in this batch of writ petitions executed works contract under the State authority like Public Works Department, Railway etc. and in most of the cases recovery against forest royalty are sought to be made from their pending bills/security deposit/ earnest money etc. In some of the cases such recovery has already been made.

ii. The writ petitioners in all these writ petitions have projected that by virtue of the decision of the Division Bench in Muslim Ali (supra), the State authorities are not within their jurisdiction and competence to recover such forest royalty from the pending bills of the petitioners.

iii. Their further case is that the dicta in Muslim Ali (supra) has been followed consistently by all the co-ordinate benches such as, in M/s Trinayan Associates Vs State of Assam reported in (2017) 2 GLT 859 and in writ petitions like Engineers and Engineers Vs State of Assam (WP(C) 1066/2015), Rana Construction and Engineers Pvt. Ltd. Vs. State of Assam (WP(C) 872/2017), etc. Therefore the same is a binding precedent so far the same relates to the present writ petitions.

iv. Thus the learned counsels for the petitioners contend that the law is well settled in this regard and they are entitled for a similar order as decided by the Division Bench in Muslim Ali (supra) and by a Co-ordinate Bench in M/s Trinayan Associates (supra).

5. Submissions of Mr. PN Goswami, learned Additional Advocate General:

Representing the Forest Department Mr. Goswami, learned counsel strenuously argues:

- i. The law laid down in Muslim Ali (supra) is not a correct proposition of law as the same has been delivered without dealing with the provision of MMDR Act, 1957, MMC Rules, 2013 and Notification dated 01.09.2009 issued under Assam Forest Regulation, 1891.
- ii. The Division Bench judgement in Durga Krishna Stores (supra) took a contrary view as that of the view taken in Muslim Ali and therefore, the matter needs to be referred to a larger Bench.
- iii. In Muslim Ali (supra), it was not brought to the notice of the Hon'ble Division Bench, the existence of the Notification dated 01.09.2009 issued by the Governor of Assam in exercise of power under Assam Forest Regulation, 1891, which lays down the procedure of collection of forest royalty from the contractors.
- iv. His further contention is that the Division Bench in Durga Krishna Stores (supra), has taken a contrary view that of Muslim Ali (supra) and such contrary view was taken after considering the notification dated 01.09.2009 and also the notification of the finance department dated 17.06.2000.
- v. Therefore, the case of the petitioners cannot be said to be covered by Muslim Ali (supra) and M/s Trinayan Associate (supra) and the matter needs reconsideration.
- vi. As per Section 3(e) of the MMDR Act, 1957, Minor Mineral means building stones, gravel, ordinary clay, ordinary sand other than sand used for prescribed purposes. This Court in the case of Rohit Newar reported in 2004 (2) GLT 271 had unequivocally held that silt and clay are within the definition of 'earth'.
- vii. The Hon'ble Apex Court in the case of Som Datt Builders Limited reported in 2010 (1) SCC 311 has also held that ordinary earth comes under the definition of Minor Minerals in the context of Section 3 (e) of the 1957 Act.
- viii. As per Section 9 of the MMDR Act, 1957, royalty has to be paid by the holder of the mining lessee. However, as per Section 14 thereof, Sections 5 to 13 of the MMDR Act, 1957 is not applicable to Minor Minerals, which is the subject matter of the present proceeding. Therefore, as claimed by the petitioners that they are not payable to royalty is not sustainable in law.
- ix. The MMC Rules, 2013 mandates that the Contractor engaged for the works/projects of the Government Department/ agencies shall be granted mining permits for the required quantity and for which the Department or the Agency or the contractor shall be liable to pay royalty/ dead rent/ fee etc. in advance.
- x. All the petitioners who had executed works/ projects of the Government Department/ Agencies were legally bound to apply for grant of mining permits under Rule 5 of the MMC Rules, 2013, however, instead they chose to procure minor minerals purportedly from the private sources.
- xi. The MMC Rules of 2013 was also framed to prevent illegal mining and for that purpose Rule 5 was incorporated. Since the petitioners are contending that they

have procured the minor minerals from private sources and hiding such source, there is every likelihood that they had used minor minerals from illegal mining. There cannot be any valid and bonafide reason of not disclosing the source of procurement and as to whether forest royalty was already paid against those minor minerals.

xii. Although an OM dated 17.06.2000 issued by the Finance Department was placed before the Hon'ble court in Muslim Ali (supra), which speaks about holding of payment of bills using forest produce unless the forest department certifies the legality of the source and the payment of royalty, such ratio was laid down being oblivious of the statutory notification dated 01.09.2009 issued by the Environment and Forest Department under the Regulation of 1891.

xiii. Alternatively, Mr. Goswami argues that the ratio laid down in the case of Muslim Ali (supra) permits appropriation of money from the contractual dues, if backed by a statutory provision, which in the instant case is Rule 5 of the Rule 2013 and Notification dated 01.09.2009 issued under the Regulation of 1891.

xiv. In Durga Krishna Stores (Supra), the Hon'ble Division Bench duly took note of the aforesaid notification dated 01.09.2009 and the finance OM dated 17.06.2000 and accepted the contentions as made in the present case. Therefore, the same being delivered at a later point of time is binding upon this Court.

xv. In Muslim Ali (supra) the statutory provision and contractual provision are not made dependent upon each other and as such the ratio laid down in the case of Muslim Ali can be conveniently and harmoniously construed with the judgment rendered in Durga Krishna Stores (supra) along with the statutory notification dated 01.09.2009 and the finance OM dated 17.06.2000.

xvi. Petitioners cannot be permitted to go away from their liability to pay forest royalty and royalty for using minor minerals. For that purpose, the petitioners are legally obligated to show the source of procurement of minor minerals or forest produce in order to ascertain the legality of the source and payment of royalty on the minerals used.

xvii. While concluding his argument, Mr. Goswami submits that notification dated 01.09.2009 will hold the field not only in view of the judgment rendered in Durga Krishna Stores (supra), but also ingrained in the ratio laid down in case of Muslim Ali (supra). The learned counsel further contends that since there is a clear statutory provision in the form of Rule 5 of the Rules, 2013 read with Notification dated 01.09.2009, appropriation of money from the contractual dues is permissible even if the contract agreement does not contain any express provision to that effect.

6. Submission of Mr. B Gogoi, learned counsel:

While adopting the argument of the learned Additional Advocate General, Mr. B Gogoi, learned standing counsel for the Finance Department, further argues that

Finance O.M. dtd.17.06.2000 is part of many contract agreements and the same has been signed by both the contracting parties. Therefore, in the individual cases, where Finance OM dtd.17.06.2000 is a part of such contract agreement, the state is within its competence to recover the dues in question inasmuch as for all meaning a purport the OM dtd.17.06.2000 shall be binding upon the contractors in those contract agreements. In such a situation, even in Muslim Ali (supra), recovery is permitted, submits Mr. Gogoi, learned counsel.

7. Reply Arguments by the petitioners:

Leading the Arguments, Mr. K.N. Choudhury, learned Senior Counsel and

i. Having regard to the provisions contained in the MMRD Act, 1957 as well as Assam MMC Rules, 2013, the Hon'ble Division Bench in Muslim Ali came to the conclusion that obligation to pay royalty for use of minor mineral/ forest produce is upon the mining lessee. In the above context, it was therefore also concluded that to enable the department to deduct royalty from the bills of the contractor there must be statutory provision enabling such deduction.

ii. In the context of the office memorandum dated 17.06.2000, it was held in Muslim Ali that in order to invoke the provisions of the said office memorandum express provisions must be incorporated in the contract agreement.

iii. In Trinayan Associates (supra), it was held that as provided by this court in Muslim Ali's case (supra), the same has to be made a part of the terms and conditions of the agreements that the department would like to enter with the respective contractors. Upon such term and conditions specifically providing for such document, if incorporated in the agreement, then only the contractors would be required to provide the relevant purchase voucher of the source from which the minor mineral materials had been produced.

iv. The issue thus stands concluded and a futile attempt is being made by the State to persuade this Court to take a different view, which is beyond judicial discipline.

v. The decision of this Court in Durga Krishna Stores (supra) has to be construed as a decision rendered in the facts of that case.

vi. In the absence of any such statutory provision and/ or contractual stipulations, this Court cannot give judicial imprimatur to the impugned decisions.

vii. The decisions in Som Datt Builder (supra) is also distinguishable on facts and hence may not have any relevant bearing in adjudication of the issues which stands concluded.

viii. M/s Durga Krishna Stores (supra) and Som Datt (supra) are not authority for the proposition that a contractor involved in works contract is liable to pay royalty for use of minor minerals in the works contract in all situation.

ix. Under the circumstances it would be unjust, onerous and inequitable to fasten

the liability of paying royalty used in the works contract on the contractors like the petitioners in the absence of any statutory provision/ contractual obligation.

8. Heard the learned counsels, given anxious consideration to the submissions advanced, gone through the materials available on record and perused the law relied on by the learned counsels.

9. Office Memorandum dtd.17.06.2000:

i. The contract executing authority is debarred from paying any bills in connection with construction work of Government Departments or Government undertaking using forest produces unless the Forest Department certifies that forest produces so utilized were collected from legal sources and necessary royalty / price due to the Government has been paid.

ii. The said office memorandum further provides that in cases where such certificates are not furnished, the bills may be passed only after deduction of the amount due as royalty, which would be deposited in the Government account. The Office memorandum dtd.17.06.2000 stipulates the following:

10. The background facts and decision in the case of Muslim Ali:

i. An amount was deducted from the bill of the contractor, Muslim Ali towards forest royalty, including income tax and value added tax on royalty. Such deduction was challenged.

ii. The State respondent took a stand that as per office memorandum dated 17.06.2000 issued by the Finance Department, Government of Assam, the government is within its competence to do so.

iii. Such writ petition was allowed by the learned Single Judge on the ground that payment of forest royalty is the responsibility of the mining lessee and not that of the contractors and in absence of any specific provision in the contract, the deduction of forest royalty from the dues of contractor was not justified.

iv. The learned Single Judge further held that the condition incorporated in memorandum issued by the Finance Department dated 17.06.2000, need to be incorporated in the contract as one of the contract conditions. Not having incorporated such requirement as a contract condition, the same will disentitle the PWD from realizing royalty on forest produces.

v. It was further held that before initiation of recovery proceeding, the contractor was not afforded any opportunity.

vi. It was also held that if royalty had already been paid on materials used by the contractor, deduction of further amount as forest royalty would amount to double charging of royalty.

vii. Finally, the learned Single Judge held that revenue recovery cannot be permitted by presuming facts without statutory support.

viii. The learned Single Judge held that it is the responsibility of the mining lessee to make payment of forest royalty and in absence of specific provision incorporated, the recovery towards forest royalty from the bill is not justified.

ix. Without certainty to the fact that royalty is payable on the material used by the contractor, same cannot be recovered without giving any opportunity to the contractor before deduction/ recovery from their bills. Such situation shall lead to charging of double royalty in the event contractors had paid the royalty.

x. Muslim Ali (Division Bench).

A. In view of different contracts clauses and term of contract, there is a presumption in favour of the contractors that the rates quoted by them shall be deemed to inclusive amongst others, the royalty.

B. Duty is cast on the department to deduct taxes at source which are so required to be done as per applicability of law.

C. In view of the provision of MMDR Act, 1957 and Concession Rules, 1994, it is clear that it is the duty of the lessee to pay royalty for use of forest produce failure to pay royalty would invite consequences as provided.

D. The Hon'ble Division Bench was in agreement with the view expressed by the learned Single Judge.

11. The decision in the M/s Trinayan Associates:

i To mitigate the grievance of the Public Work Department that they are not aware of source from where the contractors had procured minor mineral for construction work and in such situation the department is not in a position to verify, whether the royalty has been paid or not, this court directed that henceforth the respective contractors while submitting their bills would also produce documents/ vouchers from the concerned source from which such minor mineral or forest produces have been procured.

ii Such verification would also satisfy the requirement made under the office memorandum dated 17.06.2000.

iii However, the court clarified that the same has to be made as a part of term and condition of the agreement that the department would like to enter with the respective contractors and with the said finding the writ petition was disposed of.

iv. It was held that until and unless the stipulation in OM dated 17.06.2000 is part of the contract and / or is contract condition the employer/ PWD would be disentitled to realize the royalty on the forest produces.

v. Though preamble of certain contract provides that AGST (Vat), forest royalty including under charges levied by forest department on forest product can be deducted by the employer/ department from the contractors' bills, said clause being found only in the preamble of the agreement and not in the terms and conditions of the agreement, the same cannot be treated to be a binding clause

as preamble of the agreement is merely indication of the subject matter of the agreement and not a binding clause on the parties.

vi. The clause 10 of the preamble does not satisfy the requirement as provided in Muslim Ali (supra).

12. The background facts and decision in M/s. Durga Krishna Stores.

i. In Durga Krishna Stores (supra), the contract agreement included a clause that whenever forest produce are used in the work, the contractor needs to furnish documentary proof which shows that royalty on such produces has been paid to the concerned department.

ii. On failure of the contractor to produce such forest clearance certificate, the Railways did not release the security amount and the earnest money to the petitioners.

iii. The learned Additional Advocate General representing the State of Assam relied on the Notification No. 01.09.2009.

iv. The learned Additional Advocate General also relied on the finance notification dated 17.06.2000.

v. The notification dated 17.06.2000 of the finance department binds the respondent railways and for the said reason, clause 2.13 was incorporated in the contract agreement, which mandates that whenever forest produce like sand, stone, timbers etc. are used in the works, the contractors will have to furnish documentary proof that requisite royalty on such produces have been paid to the concerned department.

13. Notification dated 01.09.2009:

The Notification 01.09.2009, was issued under the Forest Regulation, 1891. The salient feature of the said Notification are as follows:

I. Assam Forest Regulation, 1891 was enacted with an object to amend the law relating to forest produce and duty leviable on timber.

II. The notification dated 01.09.2009 was issued in exercise of power under Sections 32,33,34 (2)(d) & (h) of the Regulation, 1891.

III. The said Sections are incorporated under chapter IV of the Regulation, 1891, which deals with general protection of forest and forest produce.

IV. Section 32 , 33 and 34 deals with reserve trees in unsettled track, protection of settled forest belonging to the Government and protection of unsettled forest belonging to Government, respectively.

V. Section 34(1) provides that no person shall make use of any forest produce of any land at the disposal of the Government and not included in the reserved forest or village forest, except in accordance with Rules to be made by the State

Government.

VI. Section 34 (2) enumerates the subject in which Rules can be made; Section 34 (2)(d) empowers the State to regulate or prohibit quarrying of stones, the boiling of catechu or the burning of limb or circle; Section 34(2)(h) empowers the Government to make Rule to prescribe or authorize any officer to prescribe subject to the control of the State Government, the fees, royalty or other payment of forest produce, and the manner in which such fees, royalty or other payment are to be levied, in transit or partly in transit or otherwise.

VII. The notification dated 01.09.2009 and the aforesaid provision of the Regulation, 1891 clarifies that so far it relates to the issues in hand the provision of Section 34(2)(h) of the Regulation 1891 and the Clause 20 of the Notification dtd.01.09.2009 are relevant, rest of the provisions relates to categorization of trees and the royalty etc. thereof.

VIII. Clause 20 provides for general terms and conditions governing the issue of permit of sand, stone etc. for the department/ undertakings of the State and the Central Government.

IX. Clause 20B(1) mandates that Government Department/ undertakings shall obtain permit for procurement of material enumerated in clause 20A from the forest department on prior payment of royalty.

X. Clause 20B(2) mandates that from the date of issuance of the notification, the concerned department/ undertakings need to write to the respective Divisional Forest Officer recommending the name of the contractor/ agency for issuance of permit against the concerned departmental job along with copies of estimate.

XI. Clause 20B(4) empowers the forest officer to issue such permit.

XII. Clause 20B(5) provides that no permit shall be issued in favour of any contractor/ agency directly unless the respective department/ undertakings for whom forest produce is required, authorizes the contractor or the agency.

XIII. Clause 20B(6) mandates that authorized contractor/ agency shall submit their bills to the respective authority of the department/ undertakings by whom they are engaged in the job.

XIV. Clause 20B (7) provides that the respective department/ undertakings on receipt of the bills from the contractor/ agency will inform the concerned Divisional Forest Officer with reference to the communication as mandated and as discussed hereinabove under clause 20B(2) about the quantity bill for and request the Divisional Forest Officer to confirm the quality lifted.

XV. Clause 20 B (8) provides that the Divisional Forest Officer on receipt of the letter as discussed above, shall report to the concerned department/ undertakings about the quantity collected and if there is any difference in the quantity collected and billed for, the Divisional Forest Officer will submit bills imposing upon up to 200 percent monopoly fee for the difference and the

concerned department/ undertaking will realize the amount from the contractor/ agency's bill and credit the amount to the concerned Divisional Forest Officers as forest revenue.

XVI. Clause 20B (9) mandates that the department/ undertakings, while issuing any tender notice should insert a clause in the said notice that forest produce required by the Department/ Undertaking will be made available at the rates as applicable.

14. Answers to the issues No. i & ii:

i. The judgment in Muslim Ali (supra) makes it clear that in absence of any contract conditions, recovery from contractor's bills cannot be made against forest royalty. Regarding the OM dated 17.06.2000, issued by the finance department it was specifically held that such OM ought to be specifically incorporated as one of the contract conditions to enforce the same or to take benefit of the same, otherwise the same is not permissible. It was concluded that as per the provisions of Mines and Mineral Rules, it is the responsibility of mining lessee to make payment of the forest royalty and it is not the obligation to be discharged by the contractors in absence of any specific provision incorporated in the contract. Such view was affirmed by the Hon'ble Division Bench inasmuch as in Trinayan Associates (supra) and in all subsequent decisions of the Co-ordinate Benches, the decision in Muslim Ali (supra) has thoroughly been followed.

ii. In Durga Krishna Stores a specific clause was inserted in the contract itself, with a stipulation that whenever forest produces like sands, stones, timber etc. are used in the works, the contractors will have to furnish documentary proof that requisite royalty on such produces have been paid to the concerned department. It was the finding of the Hon'ble Division Bench in Durga Krishna Stores that in view of mandate of the OM dated 17.06.2000 of finance department, such clause was incorporated.

iii. Therefore, the considered opinion of this court is that there is no conflict between the judgment in Muslim Ali (supra) and Durga Krishna Stores (supra). The basic principle laid down is that the office memorandum of Finance Department dated 17.06.2000 is binding in nature and that such notification can be enforced or such notification can bind the contractors, when the conditions therein are specifically incorporated in the contract. Therefore, it can be concluded that the OM dated 17.06.2000 shall be enforceable and shall be binding in nature when the employer department like PWD, Railways etc. incorporate the same in their contract, otherwise the same will not bind the contractors.

iv. In fact, in Trinayan Associates (supra), a specific direction was issued to the effect that henceforth the clause of OM dated 17.06.2000 shall be incorporated in the contract. However, it is informed that such clause has not been incorporated in any of the subsequent contracts.

v. It is well settled that to maintain certainty, stability and consistency in the legal system, the courts generally abide by the things/issues already decided. Legal principles or rules that have been created by the earlier decision of this court should be respected and followed touching similar legal issues and the same should guide the subsequent decisions. Court must follow decisions made earlier in subsequent cases where the same legal issues are brought before it.

vi. In the case of Hari Shingh Vs State of Haryana reported in (1993) 3 SCC 114, it was held that in a judicial system that is administered by court, one of the primary principles to keep note of is that the court under the same jurisdiction must have similar opinions regarding similar questions, issues and circumstances. If opinions given on similar legal issues are inconsistent than instead of achieving harmony in the judicial system, it will result in judicial chaos. The decision regarding a particular case that has been held for a long time cannot be disturbed merely because of possibility of the existence of another view.

vii. Such principle promotes consistent development of legal principle and prechieved integrity of judicial process. It ensures guiding principle, amongst others in professional transactions by previously given court decision through settled principle, as in the present case.

viii. As discussed hereinabove, the principle is settled by the Division Bench in Muslim Ali (supra) and had been followed by all Co-ordinate Benches in many cases and the same has now been settled. So far relating to Durga Krishna (supra), the same is decided in given fact of the said case and in the considered opinion of this court and as discussed above, no law has been laid down in the said judgment that OM dated 17.06.2000 is binding upon all contractors in absence of any contractual clause inasmuch as the contract clause was very much available in the contract that was subject matter in Durga Krishna (supra). Therefore, this court is bound by the decision of Muslim Ali (supra) and at the same time this court is in total agreement with the principle laid down in the Trinayan Associates (supra), followed in subsequent cases.

ix. In the case of Som Datt Builders (supra), the Hon'ble Apex Court was to decide whether the ordinary earth used for filling can be declared to be minor minerals by the Central Government vide notification dated 03.02.2000 issued under Section 3 (e) of the MMDR Act, 1957. In the case of Som Datt Builders (supra) the contractor entered into an agreement with the local land holder agriculturist for purpose of extraction of ordinary earth and it was held that the contractor involved in the work is liable to pay royalty for use of minor minerals in the work contract. It was not an issue before the Hon'ble Apex Court that whether in absence of any clause in the contract obligating the contractor to pay royalty or empowering the authority to deduct royalty from the bills/ dues of the contractors. Therefore, in the considered opinion of this court, the decision in Som Datt Builders (supra) is not applicable in the present case.

x. The issue No. i and ii are answered accordingly and in terms of the forgoing paragraphs.

15. Answers to the Issue No. iv:

i. Mr. PN Goswami, learned Additional Advocate General is correct, while arguing that for procuring minor minerals by Government department/ agencies / contractors engaged by Government Department or agencies, permit can be granted under Rule 5 of the Concession Rules, 2013 on the basis of application, against any works / project and such application is to be made by an officer authorized by the concerned departments to the competent authority, however, it is the opinion of the court that same is not the issue in this case. It is not the case of the State that the contract condition stipulated for specific mining permit under Rule 5 and therefore the contractor committed breach of contract by not procuring minor minerals through Permit under Rule 5.

ii. Therefore, it is the considered opinion of this court that Rule 5 of the Concession Rules, 2013 is only a mode of permit provided under the MMC Rules, 2013 and it is not mandatory, always for a contractor under State agencies to procure the minor minerals through the permits issued under Rule 5. They will be compelled to do so when the contract condition provides that the minor minerals must be collected through permit under Rule 5. Therefore, such Rule is not also mandatory in each and every contractual works inasmuch as the MMC Rules, 2013 itself provides that mining lease/ contract/ query permits can be granted under Rule 8 or under Rule 18 or under Rule 23 respectively and therefore, the contractors are within its liberty to purchase/procure the minor minerals from other agencies, who are holding either mining lease/ contract/ query permits, until the same is barred under condition of the contract. Accordingly, the argument of Mr. Goswami, learned Additional Advocate General that the Rule 5 of the MMC Rules, 2013 is mandatorily binding, is rejected.

iii. The issue No. iv is answered in the aforesaid term.

16. Answer to the Issue No. iii:

i. Perusal of the clauses of the notification dated 01.09.2009 reflects that all the sub-clauses of clause 20 (B) shall be applicable only when the forest produce are procured on the basis of permit issued by the forest department under Clause 20(B)(4) on the application of concerned department/ undertakings under clause 20(B) (1).

ii. The clause 20 of the notification dated 01.09.2009, further reveals that the procedure laid down under clause 20(B) are to ensure that when a permit is granted to extract forest produce, the royalty is properly paid and no excess materials are collected beyond the quantity as permitted in the permit issue on the application of the department/ undertakings.

iii. Therefore, in the considered opinion of this court, such notification shall be applicable, when forest produce/ material are procured through a permit as

prescribed and applied under clause 20 B (1) and (2) and granted to the department/ undertakings/ agencies by the respective Divisional Forest Officer under clause 20B(4).

iv. The said notification further clarifies that no permission can be granted in favour of contractor or/ agency directly unless the employer department for which the forest produce is required authorizes the contractor/ agency.

v. Therefore, it is crystal clear that the notification dated 01.09.2009 shall be applicable only when a permit is applied under clause 20B(1) and (2) by the employer department/ undertakings and granted by the Forest Department under clause 20 B (4) of the notification, which is not the case in the present batch of writ petitions.

vi. Therefore, the argument of Mr. Goswami, learned Additional Advocate General that the notification dated 01.09.2009 is having a binding nature in the present case is rejected inasmuch as such notification shall bind only when permits are applied and issued as discussed hereinabove.

vii. Therefore, in the considered opinion of this court that the notification dated 01.09.2009 shall not help the department until and unless the materials are procured in the manner prescribed under Clause 20 of the said Notification and as discussed hereinabove.

viii. Therefore, the Forest Department cannot also take action of recovery taking recourse to the provision of the Statutory Notification dated 01.09.2019 until and unless the forest produce are procured under a permit issued under the provision of Clause 20B (4), on application made under Clause 20B (1) and (2).

ix. The issue No. iii is answered in the aforesaid term.

17. Effect of incorporation of OM dated 17.06.2000 in contract agreement:

i. Let this court now consider the argument of Mr. B Gogoi, learned counsel, who urges that in those contract agreement where the office memorandum of the Finance Department dated 17.06.2000 is a part and has been signed by both the parties needs to be treated as a contract term and accordingly in those cases the State / employer is at liberty to treat the same to be a express term of the contract and accordingly in those cases, the OM dated 17.06.2000 shall be enforceable and binding.

ii. Countering such argument Mr. KN Choudhury, learned Senior counsel submits that such issue has already been decided in Muslim Ali (supra) by holding that the stipulation made in the OM dated 17.06.2000 need to be specifically incorporated as a contract clause and then only the same can be treated as contract condition. His further submission is that even otherwise when the source of procurement are mandated in the contract to be through permits under MMC Rules, 2013 or under Forest Regulations, 1891, then only the OM dated 17.06.2000 can be implemented, which is not the case in the present batch of

writ petitions. Therefore, he argues that until and unless procurements mandated to be made in the contract through permits etc., even incorporation of OM dated 17.06.2000 as part of individual contract, shall not help the authority in view of the decision in Muslim Ali (supra).

iii. It is the considered opinion of this court that in Muslim Ali (supra), the learned Single Judge at paragraphs 8,9 and 10 held that to enforce OM dated 17.06.2000, there must be a contract condition that the contractor has to procure the materials from a particular Government quarry, otherwise recovery shall be unauthorized. The Hon'ble Division Bench in its judgment passed in Muslim Ali (supra) specifically quoted the aforesaid paragraphs and at paragraph 17, it was specifically expressed that the Division Bench was in agreement with the finding of the learned Single Judge.

iv. In view of the aforesaid, this court finds force in the submission of Mr. K N Choudhury, learned Senior counsel and accordingly, rejects the contention of Mr. B Gogoi, learned standing counsel, in the given fact and circumstances of the present batch of writ petitions and issues settled by the Division Bench in Muslim Ali (supra).

18. Conclusion:

In view of the aforesaid discussion and reason, this court concludes as follows:

I. That ordinary earth is a minor mineral and royalty is leviable upon the same as held in Rohit Newar (supra) and Som Datt Builders (supra).

II. The notification dated 01.09.2009 shall be applicable only when a permit is applied under clause 20B(1) and (2) by the employer department/ undertakings and granted by the forest department under clause 20 B (4) of the Notification, which is not the case in the present batch of writ petitions.

III. In absence of any contract condition, when a contractor is unable to produce a certificate showing the use of forest produce on which royalty has been collected, the recovery from the bill against forest royalty cannot be made.

IV. Without certainty of the fact that royalty is payable on the materials used by the contractors, the same cannot be recovered without giving any opportunity to the contractors before deduction / recovery from their bills.

V. In those contracts where such conditions are incorporated, the employer shall be within its competence and jurisdiction to recover the forest royalty from the bills of the contractors/ from the security deposits/ earnest money etc. as per OM 17.06.2000 and the principle laid down in Durga Krishna Stores (supra) shall be applicable.

VI. Those contractors, where the Office Memorandum dated 17.06.2000 is a part of contract and the same has been signed by the contractors and the employer, the contractors shall be bound by the Office Memorandum dated 17.06.2000, only when a specific clause is incorporated in the contract that the materials

required, should be collected either through permits etc. under MMC Rules, 2013 and/ or through permits issued under Assam Forest Regulations, 1891 and the Rules and Notifications issued thereunder.

19. Directions:

For the forgoing reasons, conclusion and findings, this court directs the followings:

i. The employer shall verify the contract of the petitioner(s) herein and if it is found that forest royalty is recoverable in terms of the determinations/ conclusions made in the present lis, a reasonable opportunity to produce the proof of payment of forest royalty be granted to them and if the contractor(s) satisfy the authority that forest royalty has already been paid, no recovery shall be made and the pending bills / security deposits / earnest money etc. shall be released within six weeks from submission of such materials, if the same is not recoverable for any other contractual liabilities.

And

If such proof is not available, the authority shall be at liberty to recover the forest royalty

ii. In the other cases, the employer shall forthwith release the pending bills/ security deposit/ earnest money etc., if those are withheld against forest royalty.

And

In those cases, where the recovery has already been made against forest royalty, the same be released forthwith.

20. In the aforesaid term, these writ petitions are disposed of.

Parties to bear their own costs.