A.F.R.

# IN THE HIGH COURT OF ORISSA AT CUTTACK

**W.P.(C) No.23283 of 2025**
**CNR No- ODHC010585622025**

(In the matter of an application under Articles 226 and 227 of the Constitution of India, 1950).

***M/S P. M. Granite Export Private Limited, Bangalore*** **....** ***Petitioner (s)***

***-versus-***

***State of Odisha & Ors.*** **....** ***Opposite Party (s)***

Advocates appeared in the case through Hybrid Mode**:**

*For Petitioner (s)* : *Mr. Sarada Prasanna Sarangi, Adv.*
*Mr. Arnav Behera, Adv.*
*Along with Mr. V. Mahapatra, Adv.*

*For Opposite Party (s)* : *Mr. Manoj Ku. Pati (Sr. P.C.),*
*Mr. P.P. Behera, ASC.*

**CORAM:**
**HON'BLE DR. JUSTICE SANJEEB K PANIGRAHI**

**DATE OF HEARING:-24.08.2026**
**DATE OF JUDGMENT:-30.10.2026**

***Dr. Sanjeeb K Panigrahi, J.***

**1.** The Petitioner, in this Writ Petition, challenges the inaction of the Opposite Party No.2/ Principal Chief Conservator of Forests, Department of Forest, Environment and Climate Change, Government of Odisha withholding the additional amount of Rs.1,99,64,250/- (Rupees One Crore Ninety-Nine Lakhs Sixty-Four Thousand Two Hundred and Fifty only) paid by the Petitioner towards compensatory

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afforestation and other compensatory dues with respect to its Kanther-Koira Manganese Ore Block. The Petitioner challenges such inaction of the Opposite Party No.2 is without jurisdiction or authority of law, in violation of guidelines issued by Ministry of Environment, Forest and Climate Change, Government of India and against the fundamental rights of the Petitioner under Articles 14,19(l)(g), 265 and 300-A of the Constitution of India.

## I. FACTUAL MATRIX OF THE CASE:

**2.** The brief facts of the case are as follows:

(i) The Petitioner is the successful auction lessee of the Kanther-Koira Manganese Ore Block admeasuring 73.301 Ha situated in village Kanthar-Koira under Koira Tahasil, in the district of Sundargarh. The Mining Lease Deed was executed in favour of the Petitioner on 02.07.2020.

(ii) The Ministry of Environment, Forest and Climate Change, Government of India ("MoEF&CC") vide F. No.11-97/2018-FC dated 31.03.2020 issued Guidelines for *transfer of forest clearance* to new lessees from the previous lessee. Under the said Guideline, the State Government was required to realize a lump sum amount at the rate of ₹7.50 lakh per ha *(for the total forest area within the mining lease)* from the new lessee towards *approval for transfer of forest clearance*.

(iii) In terms thereof, the Divisional Forest Officer, Bonai vide letter No.3957/6F-(Mg.) dated 08.04.2020 called upon the Petitioner to deposit Rs.2,66,15,250/- towards Net Present Value ("NPV") over

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35.487 Ha of forest land within the Mine area @ Rs.7.50 lakh per Ha, recording that such amount shall be deposited with the account of Compensatory Afforestation Fund towards transfer of forest clearance.

(iv) Accordingly, the Petitioner deposited the entire sum of Rs.2,66,15,250/- on 26.06.2020 in ORISSA CAMPA Account No.150825851500514 vide UTR No.SBIN220178882941.

(v) The said deposit was, therefore, never a levy or a payment of dues, but a lumpsum paid in advance and expressly held subject to adjustment against such compensatory levies as might ultimately be determined as payable.

(vi) In the meantime, Section 8B of the MMDR Act, 1957 was further amended on **28.03.2021** by the Mines and Minerals (Development and Regulation) Amendment Act, 2021, whereby all statutory clearances of the previous lessee stood vested in the new lessee and no fresh clearance was required to be obtained.

(vii) Thereafter, the MoEF&CC vide F.No. FC-11/112/2020-FC(Pt) dated 07.07.2021 issued fresh Guidelines under which the forest clearance of the old lessee is transferred to the new lessee, and the new lessee is liable to pay (i) NPV, (ii) Safety Zone Plantation and (iii) Compensatory Afforestation ("CA") *only if such dues have not already been paid by the previous lessee*.

(viii) Since the Previous Lessee had paid approximately Rs.2.43 crores towards NPV and CA dues, the demand on the Petitioner for

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transfer of the forest clearance was only Rs.66,51,000/- for balance amount.

(ix) The sum of Rs.66,51,000/- was, accordingly, adjusted against the sum of Rs.2,66,15,250/- already deposited by the Petitioner on 26.06.2020, leaving a balance of Rs.1,99,64,250/- in excess.

(x) The Petitioner preferred successive representations to the Opposite Party No.2 seeking refund of the said balance, namely letter No.PMGEPL/KK/1122/2023-24 dated 03.08.2023, letter No. PMGEPL/KK/1590/2024-25 dated 06.08.2024 and letter No. PMGEPL/KK/00048/2025-26 dated 26.05.2025 but to no avail.

(xi) Hence, the present Writ Petition has been preferred by the Petitioner seeking refund of Rs.1,99,64,250/- along with interest at 18% p.a. thereon.

## II. SUBMISSIONS ON BEHALF OF THE PETITIONER:

**3.** The learned counsel for the Petitioner earnestly made the following submissions in support of his contentions:

(i) During the course of hearing, the learned counsel for the State admitted that the Petitioner is entitled to refund of Rs.1,99,64,250/- and sought time to effect the refund. This Court vide order dated 15.10.2025 was pleased to direct as follows:

> *"2. Learned counsel for the State seeks two weeks time to refund the amount pending before the Department.*
> *3. Learned counsel for the State is* ***directed to take instruction regarding the interest compounding which is liable to be paid by the Department****."*

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(ii) Further, on 06.11.2025, this Court vide order dated 06.11.2025 recorded and directed:

> *"3. Learned counsel for the State, on instruction, submits that the Petitioner had deposited a lumpsum amount in the account of the National CAMPA under the Government of India, MoEF & CC, New Delhi (arrayed as Opposite Party No.5 in the Writ Petition). The amount deposited by the Petitioner would be adjusted for compensatory levies payable in future and it is applicable for all new lessee in case of transfer of FC as per guideline dated 31.03.2020 of Government of India, MoEF & CC, New Delhi…*
> 4. ***In such view of the matter, the Opposite Party No.5/Secretary, Ministry of Environment, Forest and Climate Change, Government of India is directed to refund/adjust of the compensated amount and file reply within two weeks from today."***

(iii) Pursuant to the order dated 06.11.2025, by Memo No. 702/6F(Mg.) dated 13.01.2026, addressed to the Regional Chief Conservator of Forests, Rourkela Circle, the Divisional Forest Officer, Bonai recorded that the Petitioner has already deposited Rs.2,66,15,250/- in ORISSA CAMPA Account No. 150825851500514 vide UTR No. SBIN220178882941 dated 26.06.2020, the Compensatory Afforestation Scheme over 16.592 Ha stands approved for Rs.66,51,000/- vide Memo No. 9226 dated 12.05.2023 and the said sum of Rs.66,51,000/- may be adjusted from the lumpsum amount already deposited. Paragraph 5 of the said Memo sets out the position of the Union of India in terms:

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> *"And whereas, MoEF & CC, GoI vide the F.No. 8-17/2001-FC (Vol) dated 11.11.2022 has clarified that* ***the issue related to adjustment to NPV is purely an administrative matter*** *& the Ministry in its guideline dated 31.03.2020 & subsequent clarification dated 12.10.2021 has already clarified that* ***such adjustment can be undertaken at the State Govt. level.****"*
>
> *(emphasis supplied)*

(iv) The Union of India has thus admitted that no further amount is payable to it and no further approval, concurrence, clarification or action on its part is required to enable the refund. The adjustment of the NPV is *"purely an administrative matter" which "can be undertaken at the State Govt. level".*

(v) The State Government has admitted the right of the Petitioner to refund, as recorded in the orders of this Court dated 15.10.2025 and 06.11.2025, and as reinforced by the Memos dated 13.01.2026 of its own Divisional Forest Officer, Bonai.

(vi) The Petitioner has been deprived of Rs.1,99,64,250/- of its own money since 26.06.2020, a period of over six years, during which the Opposite Parties have had the use and benefit thereof in *interest bearing* CAMPA account, unjustly enriching themselves.

(vii) Hence, the Writ Petition deserves to be allowed and the Opposite Parties may be directed to refund Rs.1,99,64,250/- along with interest at 18% p.a. thereon from 26.06.2020 till the date of actual payment.

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(viii) Further, it is contended that the CAMPA funds maintained by the Central Government and the State Government under Sections 3 and 4 of the Compensatory Afforestation Fund Act, 2016 are interest-bearing and earn interest at the rate declared by the Central Government from year to year. Accordingly, without prejudice to the Petitioner's claim for interest at the rate of 18% per annum, the Petitioner is, at the very least, entitled to the interest actually earned on the excess amount of Rs.1,99,64,250/- which has been arbitrarily and unlawfully withheld in the CAMPA Fund by the State authorities.

(ix) In fact, grant of such interest would cause no loss or financial prejudice to the Government, as the amount represents interest already accrued on the Petitioner's own funds while the same remained deposited with and held under the CAMPA funds.

(x) It is settled law that for non-payment of admitted dues, a Writ Petition may lie. In this case, the liability is admitted by both the State Government and the Union of India and stands crystallized in ***M/S Utkal Highways Engineers and Contractors v. Chief General Manager & Ors.***[1], ***Vikram Cement v. State of M.P.***[2], ***U.P. Pollution Control Board v. Kanoria Industrial Ltd.***[3] and ***Maheswar Behera v. State of Odisha***[4].

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[1] Order dated 08.01.2025 of the Hon'ble Supreme Court of India in Special Leave Petition (C) No.14350/2022)

[2] (2015) 11 SCC 708

[3] (2001) 2 SCC 549

[4] (Judgment dated 03.12.2025 of the Hon'ble High Court of Orissa in W.P.(C) No. 32436 of 2024)

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(xi) It is further submitted that the Petitioner has been deprived of the use of money to which it is legitimately entitled as the State authorities have benefited from keeping the rightful dues of the Petitioner in an interest-bearing CAMPA fund and denying refund thereof. Thus, the same has to be compensated by way of interest. Reliance has been placed in ***Poornima Advani v. State (NCT of Delhi)***[5], ***M/s Pratistha Engineering Ltd., Bhubaneswar v. State of Odisha and Ors.***[6], ***State of Haryana v. Jai Durgaa Finvest P. Ltd.***[7] and ***Nirmal Sahoo v. State of Odisha***[8].

(xii) Further, it is contended that the CAMPA funds maintained by the Central Government and the State Government under Sections 3 and 4 of the Compensatory Afforestation Fund Act, 2016 are interest-bearing and earn interest at the rate declared by the Central Government from year to year. Accordingly, without prejudice to the Petitioner's claim for interest at the rate of 18% per annum, the Petitioner is, at the very least, entitled to the interest actually earned on the excess amount of Rs.1,99,64,250/- which has been arbitrarily and unlawfully withheld in the CAMPA Fund by the State authorities.

(xiii) In fact, grant of such interest would cause no loss or financial prejudice to the Government, as the amount represents interest

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[5] (2025) 7 SCC 269

[6] (Judgment dated 20.06.2025 of the Hon'ble High Court of Orissa in W.P.(C) No. 6634 of 2023),

[7] 2026 SCC OnLine SC 1323

[8] (Judgment dated 13.01.2026 of the Hon'ble High Court of Orissa in W.P.(C) No. 31333 of 2025),

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already accrued on the Petitioner's own funds while the same remained deposited with and held under the CAMPA funds.

(xiv) In such premises, it is prayed that this Court may direct the Opposite Parties to refund Rs.1,99,64,250/- to the Petitioner within a time-bound period, together with interest at 18% p.a. from 26.06.2020 till the date of actual payment.

## III. SUBMISSIONS ON BEHALF OF THE OPPOSITE PARTY NOS.2 AND 3:

**4.** Learned Counsel for the Opposite Party Nos.2 and 3 made the following submissions in support of his contentions:

(i) It is submitted that previously M/s Rungta Mines Ltd. (Previous Lessee) had been granted the mining lease for Kanther-Koira Manganese Mines over 73.653 hectares in village Kanther-Koira under Koira Tahasil of Sundargarh District.

(ii) It is further submitted that the application for transfer of Forest Clearance approval granted under the Forest (Conservation) Act, 1980 for mining lease from old lessee (M/s Rungta Mines Ltd.) under Bonai Forest Division as per Guideline issued vide Letter File No.FC-11/112/2020-FC (Pt) dated 07.07.2021 of the MoEF & CC, Government of India has been accorded by the State Government vide Letter No.FE-DIV-FLD-0074-2022-18281/ FE & CC dated 28.08.2023 subject to fulfilment of 9 (nine) nos. of conditions.

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(iii) The specific Condition No.(viii) of the above Letter dated 28.03.2023 of the State Government, stating *"the new lessee shall submit fresh diversion proposal for the balance forest area of 0.22 ha. (34.488 ha. (-) 34.268 ha) for seeking approval under Section-2 (ii) of FC Act,1980"*. The new lessee has not yet applied for diversion of 0.22 ha. of balance forest area till date. The new lessee (Petitioner) required to be paid, if any, for compensatory levies in connection with the said proposed diversion area of 0.22 ha. of forest land and proposed compensatory levies is to be adjusted from the said balance due of Rs.1,99,64,250/- in future.

(iv) Accordingly, the Petitioner (M/s P.M. Granite Expert Private Limited) has been requested vide Letter No.8816 dated 17.11.2023 of the Divisional Forest Officer, Bonai Division to comply the conditions quoted in the said Letter dated 28.08.2023 of the Forest Environment and Climate Change (FE&CC) Department, Government of Odisha and submit point-wise compliance. The compliance of the Petitioner has not yet been received.

(v) The lump sum amount deposited by the petitioner would be adjusted for compensatory levies payable in future and it is applicable for all new lessee in case transfer of Forest Clearance as per guideline dated 31.3.2020 of Government of India, MoEF & CC. New Delhi. Moreover, the petitioner has deposited the lump sum amount in account of National CAMPA under the Government of India, MoEF & CC, New Delhi, arrayed as Opposite Party No. 5 to the Writ Petition.

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(vi) Hence, the Opposite Party No.5 is the competent authority to refund/adjust the deposited amount.

(vii) In view of the aforesaid facts and submission, the Writ Petition has no merit and is liable to be dismissed.

## IV. SUBMISSIONS ON BEHALF OF THE OPPOSITE PARTY NO.5:

**5.** Learned Counsel for the Opposite Party No.5 made the following submissions in support of his contentions:

(i) It is submitted that the 'land' is a subject matter of State Government. The forest areas and the legal boundaries thereof are determined and maintained by the concerned State Government. That being the repository of land records, State Government has the primary responsibility to determine status of any parcel of land, giving due regards to gazettee notifications, provisions under State and Central Acts and concerned judgments and directions of the Hon'ble Supreme Court.

(ii) It is also submitted that prior approval of the Central Government under Section 2 of the Van (Sanrakshan Evam Samvardhan) Adhiniyam, 1980 (previously known as Forest (Conservation) Act, 1980) is required for carrying out any non-forestry activity on forest land. Contravention to the aforesaid provisions would attract the penal provisions of 3A and 3B of the Van (Sanrakshan Evam Samvardhan) Adhiniyam 1980.

(iii) It is further submitted that the Government of Odisha vide its letter dated 23.08.2023 granted transfer of FC Approval under the

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Van (Sanrakshan Evam Samvardhan) Adhiniyam 1980 with nine conditions from old lessee M/s Rungta Mines Ltd. to new lessee M/s P.M. Granite Exports Pvt. Ltd.

(iv) It is also contended that PCCF Hoff, Government of Odisha vide its letter dated 25.10.2025 sought clarification regarding the refund of balance amount of Rs.1,99,64,250/- along with interest at 18 % P.A. thereof to the petitioner. The State Government in the aforesaid letter has stated as follows:

> *"the condition (viii) of the order dated 28.08.2023 states that "The new lessee shall submit fresh diversion proposal for the balance forest area of 0.22 ha (34.488 ha- 34.268 ha) for seeking approval under Section 2 (ii) of FC Act, 1980".*
> ***It is worth mentioning that the new lessee has neither submitted the compliance to the conditions of letter No.18281 dated 28.08.2023 of Government of Odisha, FE & CC Department nor submitted fresh diversion proposal for diversion of balance area of 0.22 ha (as per condition viii) as yet."***

(v) It is submitted that the aforesaid letter dated 25.10.2025 of the State Government was examined in the Ministry vide its letter dated 19.12.2025 sought additional information from the State Government to bring clarity in the matter. The response as and when received from the State Government will be examined in light of the provisions of the Van (Sanrakshan Evam Samvardhan) Adhiniyam 1980.

(vi) Furthermore, with regard to the refund of interest, it is contended that the Ministry vide guidelines dated 20.07.2022 clarified that

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"*interest accrued on the compensatory levies realized from the user agency in lieu of diversion of forest shall not be refunded in any case*".

(vii) In view of the aforesaid facts, the Opposite Party No.5 prayed that this Court may pass appropriate order as deemed fit in the interest of justice.

## V. COURT'S REASONING AND ANALYSIS:

**6.** Heard learned counsel for the parties and perused the materials available on record.

**7.** A sum of money may enter the State treasury under the authority of law, yet the right to retain every rupee of it does not necessarily travel with it. The power to collect is conditioned by the purpose for which collection is authorized, the right to retain cannot exceed the legal foundation upon which the collection rests. It is this relationship between public power, fiscal accountability and the constitutional protection of property that lies at the heart of the present controversy. The distinction between receipt and rightful retention is the core point of dispute in the present case. What then, in the eye of the law, was the sum of Rs.2,66,15,250/- deposited by the Petitioner on 26.06.2020? The answer is decisive, for the character of the payment determines the limits of the State's authority over it. The amount was neither a tax imposed by statute nor a fee exacted for a service rendered. Nor was it a compensatory levy based on a liability already ascertained. Calculated at the rate of Rs.7.50 lakh per hectare under the MoEF&CC Guideline dated 31.03.2020, it was deposited in the ORISSA CAMPA Account No.150825851500514 as a condition precedent to the transfer of forest clearance from the previous lessee. More tellingly, Opposite Party Nos.2 and 3 themselves describe it as an amount to be

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adjusted against compensatory levies payable in future. That admission reveals the true nature of the transaction. The money was paid in anticipation of a liability, not in discharge of something finally determined. It was an advance awaiting adjustment, not a concluded exaction. The State's authority to appropriate what was lawfully due could not, by any legal alchemy, mature into an unrestricted right to retain what was never found payable.

**8.** The said admission illuminates the true nature of the transaction. The money was paid in anticipation of a liability, not in satisfaction of something that is finally determined. It was an advance held for a defined purpose, its ultimate destination depending upon the liability that would emerge when the accounts were settled. The State was entitled to retain what was lawfully found to be due. It was never entitled to convert the provisional deposit into an indefeasible acquisition of the whole amount.

**9.** An advance is not a windfall to the holder. It carries an obligation to account. When the liability is ascertained, the amount due may be appropriated and the surplus must return to its owner. The purpose determines the right of retention; the extinction of that purpose extinguishes the right to retain beyond what remains lawfully payable.

**10.** Article 300-A is not an ornamental assurance in the constitutional text. It is a restraint upon the coercive power of the State which prescribes that the Property cannot be taken or retained without authority of law. The State may collect what the law commands, but cannot keep what the law does not permit. The question before this Court is, therefore, not whether the original deposit was lawful, but whether the continued retention of it. The legal position changed between 2020 and 2023. The Mines and

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Minerals (Development and Regulation) Amendment Act, 2021, with effect from 28.03.2021, recast Section 8B so that statutory clearances of the previous lessee could vest in the successor lessee. The MoEF & CC Guideline dated 07.07.2021 gave effect to that legislative change. It confined the liability of the incoming lessee towards Net Present Value, Safety Zone Plantation and Compensatory Afforestation to the extent that the previous lessee had not already discharged those obligations. The provisional, flat-rate computation of 2020 thus yielded to a more exact determination of the outstanding liability.

**11.** The previous lessee had already paid approximately Rs.2.43 crores. The amount remaining payable by the Petitioner was consequently quantified to be Rs.66,51,000/-. The Compensatory Afforestation Scheme covering 16.592 hectares was approved for that sum by Memo No.9226 dated 12.05.2023, and the transfer of forest clearance was granted on 28.08.2023.

**12.** The account is straightforward. From the original deposit of Rs.2,66,15,250/-, the quantified liability of Rs.66,51,000/- must be deducted. The balance is Rs.1,99,64,250/-. This is not an arithmetic invented by the Petitioner. The Divisional Forest Officer, Bonai, confirms it in Memo No.702/6F(Mg.) dated 13.01.2026. Learned counsel for the State, on 15.10.2025, accepted the position before this Court and sought two weeks' time to make the refund.

**13.** When the department's own record establishes the amount, and counsel for the State seeks time to pay it, the controversy has passed beyond the stage of computation. The question is no longer how much is due. It is why an admitted sum continues to remain unpaid. The State cannot

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manufacture a dispute where its own records have already settled the account.

**14.** The objection that this Court should decline jurisdiction because the claim is monetary proceeds upon a mistaken view of constitutional remedies. The writ jurisdiction is not rendered impotent whenever the relief sought involves payment of money. What matters is the nature of the right asserted and the character of the controversy. Where a public authority retains money without lawful justification and the amount refundable is established by its own records, the constitutional court need not send the citizen on a fresh journey through the corridors of litigation.

**15.** In ***U.P. Pollution Control Board v. Kanoria Industrial Ltd***[9]., the Supreme Court recognized the availability of writ relief for the return of money collected or retained without lawful authority. The principle is one of substance, not form. A public authority cannot defeat an established right merely by describing the relief as recovery of money.

The Petitioner has waited for years, made representations and obtained a concession before this Court. To relegate it to a civil suit in these circumstances would unnecessarily add procedures without advancing justice. The writ petition is therefore maintainable.

**16.** The defence of the Opposite Parties rests principally on Condition (viii) of the transfer order dated 28.08.2023. That condition requires the Petitioner to submit a fresh proposal for diversion of the residual forest area of 0.22 hectares, being the difference between 34.488 hectares and 34.268 hectares, for approval under Section 2(ii) of the Van (Sanrakshan Evam Samvardhan) Adhiniyam, 1980. The Petitioner has not submitted the

[9] (2001) 2 SCC 549

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proposal and has not furnished the point-wise compliance sought by Letter No.8816 dated 17.11.2023. The State apprehends that the proposed diversion may attract further compensatory levies and contends that the refundable surplus should remain in its hands until that possibility is resolved.

**17.** The condition must be obeyed, however, the obligation to comply with a condition and the authority to retain money are separate questions in law. One cannot be used as a substitute for the other. The State must show not merely that the Petitioner owes a continuing obligation, but that the law authorizes the retention of this particular sum to secure its performance. That essential link is missing in the present facts of the case.

**18.** First, the supposed liability is yet unborn. No diversion proposal has been submitted, no approval has been granted and no demand has been raised. The nature and extent of any future liability remain unknown. A contingent demand is not a present debt. The possibility that money may become payable cannot, by itself, justify the continued retention of money which has already been shown to be refundable.

**19.** The distinction is elementary but fundamental. The law permits the recovery of a liability when it becomes due and in the manner prescribed. It does not permit the State to convert a possible future claim into a present right of retention. Prudence may justify vigilance; it cannot create a power which the law has not conferred. Secondly, the amount retained bears no demonstrated proportion to the risk apprehended. The disputed area of 0.22 hectares is only a small fraction of the forest area covered by the lease. At the original rate of Rs.7.50 lakh per hectare, the Net Present Value for

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that parcel would be approximately Rs.1.65 lakh. The actual liability, if any, would depend upon the applicable rates, the nature of the proposed diversion and the compensatory measures lawfully required. This Court does not prejudge that question.

**20.** What is apparent, however, is the absence of any rational explanation for withholding Rs.1,99,64,250/- against an uncertain liability relating to a small parcel of land. The State cannot invoke caution as a talisman to ward off constitutional scrutiny. Article 14 demands that administrative action bear a rational relationship to its object. A retention grossly disproportionate to the apprehended liability, without an identified statutory power or for an existing demand, cannot be sustained merely because the authority describes it as protective. Thirdly, an alleged default does not confer upon the State a lien over the Petitioner's money. If the Petitioner has failed to submit the proposal or comply with the conditions of transfer, the competent authorities may proceed in accordance with the governing statute. Non-forestry activity cannot lawfully be undertaken in the disputed area without the requisite prior approval. Sections 3A and 3B of the Adhiniyam prescribe consequences for contravention and the conditions of transfer remain enforceable according to law.

**21.** The State is not remediless. The power to enforce a statutory obligation does not carry with it an unrestricted power to seize or retain property as leverage. The rule of law requires the State to act through the remedies the law provides, not through financial pressure of its own devising. There is also a circumstance which cannot be ignored. On 15.10.2025, the State sought time before this Court to make the refund. It did not then invoke

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Condition (viii) as a ground for withholding the amount. A concession made at the Bar does not invariably extinguish a statutory defence. But where the concession accords with the department's own records and the admitted computation, the State cannot lightly retreat from its position without establishing a lawful basis for doing so. No such basis has been demonstrated here.

**22.** The objection is totally based on Condition (viii) must accordingly fail as a justification for retaining the surplus. The Petitioner remains bound to submit the requisite proposal and comply with the transfer conditions. If the proposal is approved and compensatory levies thereby become payable, the competent authority may determine and recover those levies in accordance with law. Until then, the State cannot retain the Petitioner's money against a liability that may or may not arise in future.

**23.** The distinction is between enforcing the law and taking security without authority of law. The former is the State's duty and the latter is beyond its power. The Opposite Parties have sought to shift responsibility from one authority to another. Opposite Party Nos.2 and 3 point to National CAMPA and contend that Opposite Party No.5 must arrange the refund. Opposite Party No.5, in turn, states that the matter falls within the State's administrative domain and that it sought further information from the State on 19.12.2025. Thus, the Petitioner, whose money was accepted by the public authorities, is left to navigate the administrative arrangements among those very authorities. The State cannot expect the citizen to bear the consequences of its internal divisions. Public administration must speak with institutional responsibility, not in a chorus of disclaimers.

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**24.** The record identifies the authority principally responsible. The Ministry's communication bearing F.No.8-17/2001-FC (Vol) dated 11.11.2022, as noticed in the Divisional Forest Officer's Memo dated 13.01.2026, states that adjustment of Net Present Value is an administrative matter which may be undertaken at the State Government level under the Guideline dated 31.03.2020 and the clarification dated 12.10.2021. The deposit was made in the ORISSA CAMPA account. The State authorities administered the deposit, determined the liability and appropriated Rs.66,51,000/- towards the amount payable.

**25.** The authority which dealt with the deposit and adjusted the liability cannot disclaim responsibility for returning the balance merely because the funds may subsequently have moved between accounts. The primary obligation to refund rests upon Opposite Party No.2. If any part of the refundable sum has been transferred to the National CAMPA Fund under the Compensatory Afforestation Fund Act, 2016, the competent authorities must arrange its restoration or direct remittance so that the Petitioner receives the amount due at the earliest.

**26.** The accounting arrangements between the State and the Union are not the Petitioner's burden. The citizen's right cannot be suspended while the Government settles its accounts with itself. The refund must be made, and the administrative machinery must find the means to make it. The return of the principal is necessary, but it does not exhaust the demands of justice. Money withheld from its owner carries with it the loss of its use. The holder may enjoy the benefit of possession while the owner bears the cost of deprivation. Interest is the ordinary means by which the law seeks

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to repair that imbalance. It is compensatory in principle, though its rate and commencement must depend upon the circumstances of the case.

**27.** In ***Alok Shanker Pandey v. Union of India***[10], the Supreme Court explained the compensatory nature of interest and held that there is no hard and fast rule about how much interest should be granted and it all depends on the facts and circumstances of each case. Further, in ***Sandvik Asia Ltd. v. CIT***[11] illuminate the consequences of withholding money lawfully due and the impropriety of retaining an advantage derived from delay. These decisions do not dispense with the need to determine the appropriate period and rate. They do establish that restitution must take account of the deprivation suffered by the person kept out of money which ought to have been returned. The obligation is no less compelling when the holder is the State. Government is entrusted with public power, not licensed to derive an advantage from its own failure to discharge a legal obligation.

**28.** Opposite Party No.5 relies upon the Ministry's guidelines dated 20.07.2022, which provide that interest accrued on compensatory levies realized in lieu of diversion of forest land is not to be refunded. The guideline must be read in its proper setting. A compensatory levy lawfully realized for diversion is not the same thing as the surplus of an advance which was never required to meet the liability ultimately determined and the present claim concerns the latter.

**29.** An instruction governing interest on compensatory levies cannot, merely by its existence, transform an unutilised surplus into a lawful levy. Nor

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[10] 2007 (3) SCC 545

[11] 2006 (2) SCC 508

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can an executive guideline, properly construed, extinguish the constitutional court's power to grant restitution where money is retained without lawful justification. The question is not whether interest on a lawful levy is refundable, but whether the State may retain the benefit attributable to money which it is itself obliged to return.

**30.** The Petitioner's claim to interest at 18% per annum from 26.06.2020, however, is too wide in its sweep. At the time of the original deposit, the compensatory liability had not been finally determined. The money was then held as an advance against the liability yet to be ascertained. The record does not justify treating the entire period from the date of deposit as one of wrongful retention. Further, the position changed on 12.05.2023, when Memo No.9226 quantified the liability at Rs.66,51,000/- and thereby established the surplus of Rs.1,99,64,250/-. From that date, the State could retain the amount lawfully due but was required to justify any further retention of the balance. It has failed to do so.

**31.** The rate of 18% per annum would, in the circumstances, be punitive rather than compensatory. Restitution seeks to repair the wrong, not to impose a penalty disproportionate to it. Yet the converse is equally true. The State cannot retain the benefit of interest actually earned upon the refundable amount while the Petitioner remains deprived of its use. The return must be real, not merely nominal. Balancing these considerations, simple interest at 6% per annum from 12.05.2023 until actual payment would constitute a fair compensation. If the relevant CAMPA account records establish that the refundable amount earned interest at a higher rate during the corresponding period, the Petitioner should receive the higher amount, subject to verification. The enhanced rate is not to be conceived

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as a punishment. It is intended to ensure that continued default does not become a cheaper course than obedience to the law. A judicial direction must carry practical efficacy; otherwise, the successful litigant wins a declaration while continuing to suffer the very deprivation which brought him to Court

**32.** The conservation of forests is a public obligation of enduring importance. Nothing in this judgment relieves the Petitioner of its statutory duties or weakens the authority of the competent officers to enforce the law. But environmental protection and constitutional property rights are not adversaries. Both derive their legitimacy from the rule of law, and neither can be advanced by disregarding the other. The liability in this case was quantified in May 2023. The refundable surplus is established by the department's own records, and the State sought time before this Court to pay. Yet the money remains unpaid, while the authorities exchange responsibility for its return. Such administrative indecision cannot be allowed to mature into a continuing deprivation of property. The State is entitled to insist that the citizen obey the law. The citizen is equally entitled to insist that the State do so. Constitutional governance demands reciprocity in legality. Accordingly, the surplus having ceased to serve the purpose for which it was deposited, its continued retention is without demonstrated legal justification and cannot be sustained.

## VII. CONCLUSION:

**33.** In the result, the Writ Petition is allowed in part and the following directions are issued:

(i) Opposite Party No.2 shall refund to the Petitioner the sum of Rs.1,99,64,250/- (Rupees One Crore Ninety-Nine Lakhs Sixty-Four

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Thousand Two Hundred and Fifty only) within **six weeks** from the date of communication of this judgment.

(ii) The aforesaid amount shall carry simple interest at **6% per annum** from **12.05.2023** until actual payment, or at the rate actually earned on the refundable amount in the CAMPA account during the corresponding period, whichever is higher, subject to verification from the relevant account records. In the event of failure to make payment within the period stipulated in clause (i), interest shall be payable at **9%** per annum from the expiry of that period until actual payment.

(iii) If any part of the refundable amount has been transferred to the National CAMPA Fund, Opposite Party No.5 shall, within four weeks from the date of communication of this judgment, take the necessary steps to restore or remit the amount required to give effect to this judgment. Any inter-fund adjustment necessary for that purpose shall be completed without delaying the refund directed above.

(iv) The Petitioner shall remain bound by the conditions of the transfer order dated 28.08.2023, including Condition (viii). The competent authorities shall remain at liberty to enforce those conditions in accordance with law and upon approval of any diversion of the residual 0.22 hectares, to determine, demand and recover the compensatory levies lawfully payable in respect thereof.

**34.** Interim order, if any, passed earlier stands vacated.

***(Dr. Sanjeeb K Panigrahi)***
***Judge***

*Orissa High Court, Cuttack,*
*Dated the 30th October, 2026/-*

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