

Procedure for Allotment of Mining Lease as per MM(D&R) Amendment Act, 2015:

As per the MM(D&R) Amendment Act 2015, the allotment of Mining Lease is exclusively through e-auction after identification, demarcation and exploration of the area in terms of the Mineral (Evidence of Mineral Content) Rules 2015 and the Mineral (Auction) Rules 2015, by following sequential procedure as given under:

1. Identification of Mineral block:

Mineral bearing block(s) alongwith the non-mineralization area for ancillary activities (dumping, stocking etc.) shall be identified by the State Govt.

2. Demarcation of the identified mineral block area:

Detailed survey of the mineral bearing block(s) by using electronic total station and demarcation of the boundary coordinates by using DGPS. Preparation of a precise map with revenue survey details and classification of land (Govt. land, Forest land, other than Govt. land etc).

3. Resource evaluation of mineral block:

Preparation of geological report upto G2 level of mineralization established in the area to be auctioned in accordance with Minerals (Evidence of Mineral Content) Rules, 2015.

4. Eligibility for Mining Lease:

Applicant shall be an Indian National, or a company as defined in Section 5(1)(a) of Mines & Minerals (Development & Regulation) Act, 1957 and Schedule-I of Mineral (Auction) Rules, 2015.

5. Electronic Auction:

- a. Auction only through an online electronic auction platform.
- b. State Govt. shall utilize any online electronic platform which meets the technical & security requirements as specified in the guidelines for compliance to quality requirements of e-Procurement Systems issued by the Standardization Testing and Quality Certification Directorate, Dept. of Information Technology, Ministry of Communications & Information Technology, Govt. of India.
- c. Platform provider for e-auction is Metal Scrap Trade Corporation Limited (MSTC) and for Legal/Technical Bid Provider is SBI Capitals Ltd appointed by the Ministry of Mines, Govt. of India.

6. Bidding Parameters:

The State Govt. decides the minimum percentage of the average price of mineral, arrived by mineral despatched in a month and sale price of the mineral (grade-wise and State-wise) as published by Indian Bureau of

Mines for such month of despatch which shall be known as the 'reserve price'.

7. Bidding Process:

a. Notice inviting Tender:

State Govt. issues notice inviting tenders with particulars of mineral block, land classification, estimated mineral reserves in terms of quality & quantity as per the Mineral (Evidence of Mineral Content) Rules, 2015.

b. Tender Document:

State Govt. issues Tender Document with particulars of geological report specifying details of estimated quantities of all mineral(s) discovered in the area as per Minerals (Evidence of Mineral contents) Rules, 2015 alongwith Revenue survey and land classification details.

c. State Govt. provide fixed period to study tender document and bidding process shall commence only on expiry of such period.

8. The auction is by an ascending forward online electronic auction and comprises of the following (2) rounds.

a. First Round:

i. Bidder shall submit a technical bid comprising amongst others:

- a. Documentary evidence to confirm eligibility as per the provisions of the Act and Rules.
- b. Bid security and such other documents.
- c. Payments as may be specified in the tender document.
- d. An initial price offer which shall be a percentage of value of mineral despatched.

ii. Only those bidders who are found to be eligible, whose initial price offer is equal to or greater than the reserve price, referred to as "technically qualified bidders", shall be considered for the second round of auction.

iii. The highest initial price offer amongst the technically qualified bidders shall be the 'floor price' for the second round of online electronic auction.

iv. The technically qualified bidders shall be ranked on the basis of the descending initial price offer submitted by them and the technically qualified bidders holding the first fifty percent of the ranks (with any fraction rounded off to higher integer) or the top five technically qualified bidders, whichever is higher, shall qualify as qualified bidders for participating in the second round of electronic auction.

Provided that where the total number of technically qualified bidders is less than three, then no technically qualified bidder shall be considered to be qualified bidder and the auction process shall be annulled.

Provided further that the State Govt. may, in its discretion, decide not to annul the auction process if even in the third or subsequent attempt the total number of technically qualified bidders continues to be less than three and the State Government may, in such case, decide to consider the technically qualified bidders as qualified bidders so as to continue with the bidding process.

Provided also that if the number of technically qualified bidders is between three and five, then all the technically qualified bidders shall be considered as qualified bidders.

Provided also that in the event of identical initial price offers being submitted by two or more technically qualified bidders, all such technically qualified bidders shall be assigned the same rank for the purposes of determination of qualified bidders and in such case, the aforementioned fifty percent shall stand enhanced to fifty percent plus the number of technically qualified bidders, whose initial price offers are identical less the number of such identical initial price offers.

b. Second Round:

- i. The qualified bidders may submit their 'final price' offer which shall be a percentage of value of mineral despatched and greater than the 'floor price'.

Provided that the final price offer may be revised till the conclusion of the auction as per the technical specifications of the auction platform.

- ii. The auction process shall be annulled if none of the qualified bidders submits a final price offer on the online electronic auction platform.
- iii. The qualified bidder who submits the highest final price offer shall be declared as the "preferred bidder" immediately on conclusion of the auction.

10. Grant of Mining Lease:

- (1) The preferred bidder shall submit the first installment being ten per cent of the upfront payment.
- (2) State Govt. issues 'letter of intent' to preferred bidder.
- (3) Preferred bidder shall be considered to be the "successful bidder" upon
 - (a) Compliance of all the terms & conditions of eligibility;
 - (b) Payment of the second installment being ten per cent of the upfront payment.

- (c) Furnishing 'performance security', an amount of 0.50% of the value of estimated resources, which shall be adjusted every five years so that it continues to correspond to 0.50% of the reassessed value of estimated resources.
- (d) Submission of Approved Mining Plan.
- (4) The successful bidder shall sign the Mine Development & Production Agreement with the State Govt. with all requisite permissions/clearances for commencement of mining operations.
- (5) The successful bidder shall pay the third installment being eighty per cent of the upfront payment and upon such payment the State Govt. shall grant a mining lease to the successful bidder.
- (6) The Mining Lease Deed shall be executed by the State Govt. within thirty days of the date of completion of the conditions.
- (7) Where subsequent to the auction, any new mineral is discovered, the holder of mining lease shall follow Mineral Concession Rules for inclusion of such new mineral in the Mining Lease Deed.
- (8) Where, prior or subsequent to the auction, presence of minor mineral is established or discovered, such minor minerals shall be dealt in accordance with such rules made by the State Govt.
- (9) The date on which a duly executed Mining Lease Deed is registered shall be the date of commencement of the mining lease.

11. Upfront payment for mining lease:

- (1) An amount equal to 0.50% of the value of estimated resources shall be the upfront payment.
- (2) The upfront payment shall be payable to the State Govt. in three installments of ten per cent; ten per cent; and eighty percent and shall be adjusted in full against the amount paid within the first five years of commencement of production of mineral.

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