

Process of Major Mineral Mining Lease /Composite License

1. The State Government may initiate an auction process for major mineral blocks with respect to an area within the State if the mineral contents in such area has been established in accordance with the provisions of the Minerals (Evidence of Mineral Contents) Rules, 2015 and the auction process will be as per The Mineral (Auction) Rules, 2015 and its subsequent amendments.
2. The tender document for respective block shall be prepared and NIT of the blocks for auction may be issued. The tender document prepared by the State Government shall contain,-
 - (a) Geological report pursuant to the Minerals (Evidence of Mineral Contents) Rules, 2015 specifying particulars and estimated quantities of all minerals discovered in the area to be auctioned.
 - (b) Revenue survey details of the area identified and demarcated using total station and differential global positioning system divided into forest land, land owned by the State Government, and land not owned by the State Government.
3. Anyone who wants to participate in the auction process of major mineral blocks should get itself registered on the MSTC portal which is the auction platform and download the tender document after paying the prescribed fee.
4. The State Government shall specify in the tender document the minimum percentage of the value of mineral despatched, which shall be known as the “reserve price”.
5. The auction shall be an ascending forward online electronic auction and shall comprise of the following rounds, namely:-
 - (a) First Round of Auction to be held in the following manner, namely:-
 - (i) The bidders shall submit - (A) a technical bid comprising amongst others, documentary evidence to confirm eligibility as per the provisions of the Act and the rules made there under to participate in the auction, bid security and such other documents and payments as may be specified in the tender document; and (B) an initial price offer which shall be a percentage of value of mineral despatched which shall be equal or greater than reserve price;
 - (ii) only those bidders who are found to be technically eligible in accordance with the terms and conditions of eligibility specified and 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 (IPO) amongst the technically qualified bidders shall be the floor price for the second round of online electronic auction.
6. Second Round of Auction to be held in the following manner, namely:-
 - (i) When the total no. of technically qualified bidders is three or more, the technically 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.
7. If 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 first attempt of auction shall be annulled.
- (a) On annulment of the first attempt of auction, the State Government may decide to–
- (i) commence the auction process *de novo* with a separate set of terms and conditions and reserve price as it may deem fit and necessary; or
- (ii) conduct the second attempt of auction.
8. In case the State Government decides to conduct the second attempt of auction as per 7(a) (ii) the terms and conditions of the second attempt of auction shall remain the same as in the first annulled attempt of auction:

Provided that the highest initial price offer of the technically qualified bidders if any in the first annulled attempt shall be the reserve price in first round of the second attempt

Provided further that the bidding shall continue to the second round even in case the number of technically qualified bidders is less than three.

In a summarized way-

- Value of estimated resources – (resources in ton) X (avg. sale price of mineral of preceding 12 months given by IBM in Rs./ton)
- Upfront Payment – 0.5% of Value of Estimated Resources
(It has to be deposited in 3 installments i.e of 10%, 10%, 80%, Ist and IInd installment will be given as per timeline and IIIrd installment will be submitted after acquiring all clearances). Upfront payment is adjustable against the premium.
- Performance Security - 0.5% of Value of Estimated Resources
(It will be given in form of Bank Guarantee by the bidder and shall be adjusted every five years so that it continues to correspond to 0.50% of the reassessed value of estimated resources)
- Bid Security – This amount is fixed By State Government
(It will be given in form of Bank Guarantee by the bidder and it will be returned once the bidder furnish the performance security and after compliance of all condition mentioned in LOI)
- Reserve price is also fixed by the State Government.
- Publication of NIT
- Tender Document fee – Rs. 2 Lac in case of fresh bidder & If a bidder already had purchased the tender document of this particular block in previous auction process, as this block is being put up for second attempt of auction then this time the tender document is made available for download to that particular bidder only subsequent to

a payment of non-refundable tender fees of INR 25,000/- (Indian Rupees Twenty Five Thousand Only).

- Bid due date – technical bid + IPO (Submitted online) – 35th day from the date of NIT
- Declaration of technically qualified bidders – 46th day from the date of NIT
- Opening of IPO – 2 days prior to bidding
- Floor price – Highest IPO received
- 2nd round of auction – bidding will start from the floor price
- Bidder who submits the highest bid – will be declared as preferred bidder of that particular block.

Documents required for participating in the auction:-

- (a) Bid letter in the format specified in Part B of Schedule I (Format of bid letter) of tender document
- (b) Bid Security in form of a bank guarantee for an amount mentioned in tender document in the format specified in Part C of Schedule I (Format of Bid Security) of tender document, which shall be subject to Clause 15;
Note :- Bank guarantee shall be made on stamp paper of worth Rs. 25,000/- or as prescribed under the relevant rules.
- (c) In case of Bidder being a company, a power of attorney (notarized) in the format specified in Part D of Schedule I (Format of power of attorney) of tender document authorizing the signatory of the bid to participate in the tender process and do all acts pursuant thereto on behalf of the Bidder, including usage of the digital signature on behalf of the Bidder. In case of Bidder being an individual, power of attorney would not be required but such individual must personally sign;
- (d) Affidavit (notarized) in the format specified in Part E of Schedule I (Format of affidavit) of tender document;
- (e) In case of Bidder being a company, duly certified copy of the corporate authorization (notarized), such as board resolution to participate in the tender process and submit a bid;
- (f) Notarized copy of PAN Card of Company and PAN Card of authorized signatory;
- (g) Net Worth document;
- (h) No dues certificate, which shall not be older than 6 months, from the respective Mining Engineer / AME under whose jurisdiction the bidder holds or has held mineral concession or revenue collection contracts of the department.
- (i) Memorandum of articles & certificate of incorporation if the bidder is a company & partnership deed & firm registration certificate if bidder is a firm;
- (j) In case if an applicant is a subsidiary of another company incorporated in India, then the holding company has to submit an undertaking stating that the applicant will continue to be subsidiary of holding company until such time, the applicant meets the minimum required net worth threshold; and
- (k) The copy of GST receipt paid by bidder on purchase of tender doc.

Time Line for ML/Composite License

S. No.	Event Description	Estimated Date
Stage I – E-auction process for selection of Preferred Bidder		
1	Publication of Notice Inviting Tender in at least one English national newspaper and one local language newspaper and on the State Government & MSTC websites.	T0
2	Commencement of sale of Tender Document	T0
3	Last date for sale of Tender Document at 1700 Hrs (IST).	T0+15
4	Last date of receiving queries from Bidders	T0+20
5	Pre Bid Conference at 1100 Hrs (IST)	T0+25
6	Last date for responses to queries by the State Government	T0+30
7	Bid Due Date (Technical + initial price offer) by 1600 Hrs (IST)]	T0+35
8	Opening of the Technical Bids	T0+36
9	Start date for examination of the Technical Bids	T0+36
10	Announcement of Technically Qualified Bidders	T0+46
11	Training and mock-auctions for all the Technically Qualified Bidders on e-auction platform by the e-auction platform provider	T0+48
12	Opening of initial price offer, of only Technically Qualified Bidders and intimation to Qualified Bidders one day prior to the scheduled date of e-auction of the respective mineral block (to Concerned Qualified Bidders only)	T0+49
13	Conduct of ascending forward electronic auction and submission of Final Price Offer on the electronic auction platform	T0+52
14	Announcement of Preferred Bidder	T0+53
15	Submission of Performance Security by the Preferred Bidder in case of composite license and First installment of upfront payment in case of mining lease.	T0+83
16	Issuance of letter of intent by State Government for composite license	T0+90
17	Submission of Performance Security and mining plan along with second installment (10%) of Upfront Payment by the Preferred Bidder to Successful bidder (In case Mining of Lease)	T0+270

For detailed information on auction of major mineral blocks, one may visit the departmental website or the MSTC's website and can download freely the Model Tender Document for information only in which detailed process is given.