

## **Procedure for allotment of Prospecting License-cum-Mining Lease (PL-cum-ML) or Composite License.**

As per the MM(D&R) Amendment Act 2015, the allotment of Prospecting License-cum-Mining Lease (Composite License) 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 & Demarcation of PL-cum-ML area:**

PL-cum-ML area shall be identified & demarcated by the State Govt. by detailed survey of the area by using electronic total station and demarcation of the boundary coordinates by using DGPS. Preparation of precise map with revenue survey details and classification of land (Govt. land, Forest land, other than Govt. land etc).

### **2. Estimation of mineral resources:**

Estimation of mineral resources upto G3 level of mineralization in respect to all minerals discovered in the area as per the Minerals (Evidence of contents) Rules, 2015.

### **3. In case of Notified Minerals:**

PL-cum-ML allotment for non-notified minerals by State Govt.

However, prior approval of Central Government in case of allotment of Composite License for notified minerals.

### **4. Eligibility for PL-cum-ML:**

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. provides 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 PL-cum-ML:**

(1) Furnish Performance Security (0.25% of the value of estimated resources).

(2) State Govt. shall issue a 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) Obtaining all consents, approvals, permits, no-objections and other for commencement of prospecting operations.

(c) Submission of Scheme of Prospecting.

(4) Upon fulfillment of above, the State Govt. grants a PL-cum-ML (Composite License) to the successful bidder.

(5) The minimum area for grant of a Composite License shall not be less than one hectare and maximum area of 25 Sq.KM.

(6) The prospecting operations shall required to be completed within a period of (3) years or extending to a total period of five years as per the Section 7(1)&(2) of MM(D&R) Act, 1957.

11. If a Composite License holder fails to complete prospecting operations within a period of (3) years or extended period of two years, such holder shall not be eligible to receive a mining lease and the Composite License shall be terminated.
12. If a Composite License holder completes prospecting operations resulting in determination of evidence of mineral contents, such holder shall make an application to the State Govt. for grant of Mining Lease accompanied with first installment being 10% of upfront payment.
13. The Mining Lease shall be granted only with respect to the area for which evidence of mineral content has been found, it shall not be for an area larger than the maximum area for which a mining lease may be granted. Excess area shall be deemed to be surrendered by the holder of Composite License after completing its reclamation.
14. On filing of Mining Lease application by the Composite License holder alongwith first installment of upfront payment, the State Govt. issues a letter of intent for a Mining Lease.
15. A Mining Development and Production Agreement shall be executed between the State Govt. and the holder of Composite License subject to:
  - i. Continues to comply with the terms & conditions of eligibility.
  - ii. Pays the second installment being 10%, of the upfront payment.
  - iii. Furnishes the enhanced performance security.
  - iv. Satisfies the conditions specified with respect to a Mining Plan.
  - v. Obtains all consents, approvals, permits, no-objections and the like as may be required under applicable laws for commencement of mining operations and
  - vi. Satisfies such other conditions as may be specified by the State Govt. with the prior approval of the Central Govt.
16. The holder of composite license shall pay third installment being 80 percent, of the upfront payment, subsequent to execution of the Mine Development & Production Agreement, and upon such payment, the State Govt. shall execute a Mining Lease Deed with the holder of the composite license within thirty days of the date of completion of all the conditions.

17. The Mining Lease shall be subject to the provisions of the Act and the Rules made thereunder.
18. The Mining Lease shall be for minerals found in the area pursuant to exploration prior to the auction.
19. 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.
20. 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.
21. The date on which a duly executed Mining Lease Deed is registered shall be the date of commencement of the mining lease.

22. **Performance Security for Composite License:**

- (1) An amount equal to 0.25% of the value of estimated resources shall be the performance security.
- (2) The performance security shall be revised, prior to issuance of the Mining Lease to an amount of 0.50% of value of estimated resources.
- (3) The performance security shall be adjusted every five years so that it continues to correspond to 0.50% of reassessed value of estimated resources.

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