

GOVERNMENT OF ANDHRA PRADESH
DEPARTMENT OF MINES AND GEOLOGY:: HYDERABAD

Circular Memo No. 811/P/2015

Dated:29-05-2015.

Sub: Mines and Minerals – Dept. of Mines & Geology, Govt. A.P. - The Mineral (Auction) Rules, 2015 - Copies communicating – Reg.

Ref: GoI Gazette Notification GSR No 406(E), dt: Dt :20.05.2015. from the Ministry of Mines, Govt. of India.

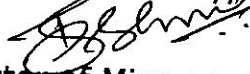
The attention of all the ADM&Gs (Regular & Vigilance), the DDM&Gs & the ZJDM&Gs in the State is drawn to the subject and reference cited. It is informed that the Govt. of India issued the Gazette notification for the Mineral (Auction) Rules, 2015 in exercise by the powers conferred by Section 13 of MM(D&R) Act, 1957 (67 of 1957) vide reference cited.

In this connection, copy of the reference cited is communicated herewith to all the ADM&Gs (Regular & Vigilance), the DDM&Gs & the ZJDM&Gs in the State for implementing the Acts & Rules.

Encl: (as above)

Sd/- B.R.V.Susheel Kumar,
Director of Mines and Geology

// Attested //



for Director of Mines and Geology

To

All the Asst. Directors of Mines and Geology (Regular) in the State.

All the Deputy Directors of Mines and Geology in the State.

All the Zonal Joint Directors of Mines and Geology in the State.

Copy to In-charge Officers & Superintendents of R1 to R4 Sections, Vigilance, HOM, Mineral Revenue and Audit Sections in Head Office.

Copy to P-Section Stock File.



भारत का राजपत्र
The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (i)

PART II—Section 3—Sub-section (i)

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

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खान मंत्रालय

अधिसूचना

नई दिल्ली, 20 मई, 2015

सा.का.नि. 406(अ).—केंद्रीय सरकार, खान और खनिज (विकास और विनियमन) अधिनियम, 1957 (1957 का 67) की धारा 13 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, निम्नलिखित नियम बनाती है, अर्थात् :—

अध्याय 1

प्रारंभिक

1. संक्षिप्त नाम और प्रारंभ.—(1) इन नियमों का संक्षिप्त नाम खनिज (नीलामी) नियम, 2015 है।

(2) ये राजपत्र में उनके प्रकाशन की तारीख को प्रवृत्त होंगे।

2. परिभाषाएं.—(1) इन नियमों में, जब तक कि संदर्भ से अन्यथा अपेक्षित न हो,—

(क) "अधिनियम" से खान और खनिज (विकास और विनियमन) अधिनियम, 1957 (1957 का 67) अभिप्रेत है ;

(ख) "समेकित अनुज्ञप्ति" से नियम 18 के अधीन अनुदत्त पूर्वक्षण अनुज्ञप्ति-सह-खनन पट्टा अभिप्रेत है ;

(ग) "खान विकास और उत्पादन करार" से नियम 10 के उपनियम (4) या नियम 18 के उपनियम (8) में निर्दिष्ट करार अभिप्रेत है ;

(घ) "अधिमानी बोली लगाने वाले" से नियम 9 के उपनियम (4) के खंड (ख) के उपखंड (iii) में निर्दिष्ट बोली लगाने वाला अभिप्रेत है ;

(ङ) "अर्हित बोली लगाने वाले" से नियम 9 के उपनियम (4) के खंड (क) के उपखंड (iv) में निर्दिष्ट बोली लगाने वाला अभिप्रेत है ;

P. Sekhri
P. Sekhri
26/5/15

MINISTRY OF MINES

NOTIFICATION

New Delhi, 20th May, 2015

G.S.R. 406(E).—In exercise of the powers conferred by section 13 of the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957), the Central Government hereby makes the following rules, namely:—

CHAPTER I

PRELIMINARY

1. **Short title and commencement.**- (1) These rules may be called the Mineral (Auction) Rules, 2015.
(2) They shall come into force on the date of their publication in the Official Gazette.
2. **Definitions.**- (1) In these rules, unless the context otherwise requires, -
 - (a) "Act" means the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957);
 - (b) "Composite Licence" means prospecting licence-cum-mining lease granted under rule 18;
 - (c) "Mine Development and Production Agreement" means the agreement referred to in sub-rule (4) of rule 10 or sub-rule (8) of rule 18;
 - (d) "preferred bidder" means the bidder referred to in sub-clause (iii) of clause (b) of sub-rule (4) of rule 9;
 - (e) "qualified bidders" means the bidder referred to in sub-clause (iv) of clause (a) of sub-rule (4) of rule 9;
 - (f) "reserve price" means the minimum percentage of value of mineral despatched as referred to in sub-rule (1) of rule 8;
 - (g) "section" means section of the Act;
 - (h) "Schedule" means a Schedule appended to these rules;
 - (i) "successful bidder" means the bidder as referred to in sub-rule (3) of rule 10 or sub-rule (2) of rule 18;
 - (j) "technically qualified bidders" means the bidder as referred to in sub-clause (ii) of clause (a) of sub-rule (4) of rule 9;
 - (k) "tender document" means the tender document issued by a State Government for conduct of an auction referred to in sub-rule (2) of rule 9;
 - (l) "upfront payment" means the payment referred to in sub-rule (1) of rule 11;
 - (m) "value of estimated resources" means an amount equal to the product of, -
 - (i) the estimated quantity of mineral resources for which the mineral block is being auctioned, expressed in metric tonne; and
 - (ii) the average price per metric tonne of such mineral as published by Indian Bureau of Mines for the relevant State for a period of twelve months immediately preceding the month of computation of the Value of Estimated Resources; and
 - (n) "value of mineral despatched" shall have the meaning specified in sub-rule (2) of rule 8.
- (2) The words and expressions used in these rules but not defined herein shall have the same meaning as assigned to them in the Act or rules made thereunder.
3. **Application.**- These rules shall apply to all minerals, except minerals notified as minor minerals specified in clause (e) of section 3 and minerals specified in Part A and Part B of the First Schedule to the Act.
4. **Grant of concession.**- (1) Where mineral contents of an area has been established as specified in the Minerals (Evidence of Mineral Contents) Rules, 2015, mining lease shall be granted in the manner specified under Chapter II with respect to any notified minerals referred to in sub-section (3) of section 10B or with respect to any minerals other than notified minerals referred to in sub-section (2) of section 11.
(2) A Composite Licence with respect to an area where requirements specified in rule 7 of the Minerals (Evidence of Mineral Contents) Rules, 2015 have been satisfied, shall be granted in the manner specified under Chapter III with respect to any notified minerals referred to in sub-section (2) of section 10B or with respect to any minerals other than notified minerals referred to in sub-section (3) of section 11.

CHAPTER II

GRANT OF MINING LEASE

5. **Prerequisites for auction of Mining Lease.**- (1) The State Government may initiate an auction process for grant of a mining lease 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.
- (2) The State Government shall, prior to issuance of the notice inviting tender with respect to mineral auction, identify and demarcate the area where a mining lease is proposed to be granted through auction by using total station and differential global positioning system and the area so demarcated shall be classified into forests land, land owned by the State Government and land not owned by the State Government.
- (3) The extent of area so demarcated shall include area required for all the activities falling under the definition of 'mine' as defined in clause (j) of sub-section (1) of section 2 of the Mines Act 1952 (35 of 1952).
6. **Eligibility for Mining Lease.**- (1) For the purpose of participating in the auction of mining lease, an applicant shall meet the requirements as specified in section 5 and the terms and conditions of eligibility as specified in Schedule I.
- (2) The State Government may having regard to article 244 and the Fifth Schedule and Sixth Schedule to the Constitution, the provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996 (40 of 1996); and the Scheduled Tribes and other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006 (2 of 2007), make such amendments to Schedule I as it may deem necessary.
- (3) The powers of Central Government under the proviso to sub-section (6) of section 10B shall be exercised by the State Government for reservation of particular mine or mines for any particular end use including the end use as specified in Schedule II and the State Government may earmark certain percentage of mines for end use.
- (4) Where the State Government reserves a mine or mines for any particular specified end use, the minerals extracted under the mining lease shall, -
- (i) be utilised solely for the specified end use; and
 - (ii) not be sold or transferred or otherwise disposed of, either directly or indirectly.
- (5) The eligibility for participating in the auction shall be determined as per the terms and conditions of eligibility for participating in the auction and the Successful Bidder shall be decided solely on the basis of financial bids submitted by the eligible bidders.
7. **Electronic Auction.**- (1) An auction shall be conducted only through an online electronic auction platform.
- (2) The State Government may utilise any online electronic auction platform which meets the minimum technical and security requirements as specified in the Guidelines for compliance to Quality requirements of e-Procurement Systems issued by the Standardisation Testing and Quality Certification Directorate, Department of Information Technology, Ministry of Communications and Information Technology, Government of India.
8. **Bidding parameters.**- (1) 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".
- (2) The value of mineral despatched shall be an amount equal to the product of,-
- (i) mineral despatched in a month; and
 - (ii) sale price of the mineral (grade-wise and State-wise) as published by Indian Bureau of Mines for such month of despatch.
- (3) The bidders shall quote, as per the bidding parameter, for the purpose of payment to the State Government, a percentage of value of mineral despatched equal to or above the reserve price and the successful bidder shall pay to the State Government, an amount equal to the product of,-
- (i) percentage so quoted; and
 - (ii) value of mineral despatched.
- (4) Where an area is being auctioned for more than one mineral, the percentage of value of mineral despatched as quoted by the successful bidder under sub-rule (3) shall be applicable for the purpose of payment to the State Government in respect of each such mineral.
- (5) If subsequent to grant of a mining lease, one or more new minerals are discovered, the percentage of value of mineral despatched as quoted by the successful bidder under sub-rule (3) shall be applicable for the purpose of payment to the State Government in respect of each such mineral.

9. **Bidding Process.**- (1) Subject to the provisions of rule 5, the State Government shall issue a notice inviting tender, including on their website, to commence the auction process and such notice shall contain brief particulars regarding the area under auction, including:-
- (a) particulars 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; and
 - (b) estimated mineral resources and brief particulars regarding evidence of mineral contents with respect to all minerals discovered in the area during exploration in accordance with the provisions of the Minerals (Evidence of Mineral Contents) Rules, 2015.
- (2) The tender document issued 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; and
 - (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) The bidders shall be provided a fixed period, as notified by the State Government, to study the tender document and such reports and the bidding process shall commence only on expiry of such period.
- (4) 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 thereunder 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;
 - (ii) only those bidders who are found to be eligible in accordance with the terms and conditions of eligibility specified in rule 6 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 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 per cent. 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 Government 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 per cent. shall stand enhanced to fifty per cent. plus the number of technically qualified bidders, whose initial price offers are identical less the number of such identical initial price offers.

Illustration:

In the event there are a total of ten technically qualified bidders, and each technically qualified bidder submits different initial price offer, then the technically qualified bidders holding the first fifty per cent. of ranks shall be considered to be qualified bidders.

If three such technically qualified bidders submit the same initial price offer and are ranked in first fifty per cent. of the total number of ranks, then, all the three technically qualified bidders shall be considered to be qualified bidders and the total number of qualified bidders shall stand increased by two.

(b) Second Round of Auction to be held in the following manner, namely:-

(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 instalment being ten per cent. of the upfront payment as per rule 11.

(2) Upon receipt of the first instalment of the upfront payment, the State Government shall issue a letter of intent to the preferred bidder.

(3) The preferred bidder shall be considered to be the "successful bidder" upon,-

(a) continuing to be in compliance with all the terms and conditions of eligibility;

(b) payment of the second instalment being ten per cent. of the upfront payment;

(c) furnishing performance security as specified in rule 12;

(d) satisfying the conditions specified in clause (b) of sub-section (2) of section 5 with respect to a mining plan; and

(e) satisfying such other conditions as may be specified by the State Government with the prior approval of the Central Government.

(4) The successful bidder shall sign the Mine Development and Production Agreement with the State Government upon obtaining all consents, approvals, permits, no-objections and the like as may be required under applicable laws for commencement of mining operations.

(5) The successful bidder shall pay the third instalment being eighty per cent. of the upfront payment subsequent to execution of the Mine Development and Production Agreement, and upon such payment the State Government shall grant a mining lease to the successful bidder.

(6) The Mining Lease Deed shall be executed by the State Government within thirty days of the date of completion of the conditions specified in sub-rule (5) and shall be subject to the provisions of the Act and the rules made thereunder.

(7) The mining lease shall be for minerals found in the area pursuant to exploration prior to the auction:

Provided that where, subsequent to the auction, any new mineral is discovered, then the holder of mining lease shall follow the provisions of the Mineral Concession Rules, 1960 for inclusion of such new mineral in the Mining Lease Deed.

(8) Where, prior to the auction 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 Government under section 15.

(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 Government in three instalments of ten per cent.; ten per cent.; and eighty per cent. as specified in the tender document and shall be adjusted in full against the amount paid under sub-rule (3) of rule 8 within the first five years of commencement of production of mineral as specified in the tender document.

12. **Performance security for mining lease.**—(1) The successful bidder shall provide a performance security of an amount of 0.50% of the value of estimated resources and the performance security shall be adjusted every five years so that it continues to correspond to 0.50% of the reassessed value of estimated resources.
(2) The performance security provided through bank guarantee in the format as specified in Schedule III or through security deposit, may be invoked as per the provisions of—
(i) the Mine Development and Production Agreement; and
(ii) the Mining Lease Deed.
13. **Payments under mining lease.**—(1) The lessee shall pay royalties and dead rent to the State Government as specified in the Act and the rules made thereunder.
(2) The lessee shall pay the applicable amount quoted under rule 8 to the State Government on a monthly basis.
(3) The lessee shall contribute such amounts as may be required under the Act to—
(a) the designated account of the National Mineral Exploration Trust; and
(b) the designated account of the District Mineral Foundation.
(4) The lessee shall also pay such other amounts as may be required under any law for the time being in force to the concerned authorities.
14. **Payment of Interest.**—The State Government shall charge simple interest at the rate of twenty four per cent. per annum on any payment due to State Government under these rules the payment of which is delayed beyond sixty days from the due date thereof.
15. **Time Period.**—The time period for compliance of rules 10 to 14 shall be as specified in the tender document.

CHAPTER III

GRANT OF COMPOSITE LICENCE

16. **Prerequisites for auction of Composite Licence.**—(1) The State Government may initiate an auction process for grant of a Composite Licence with respect to an area within the State in accordance with the provisions of the Act and this Chapter subject to the condition that the requirements of rule 7 of the Minerals (Evidence of Mineral Contents) Rules, 2015 have been satisfied:
Provided that in case of an auction with respect to a notified mineral, prior approval of the Central Government shall be required.
(2) The State Government shall, prior to issuance of the notice inviting tender with respect to auction, identify and demarcate the area where a Composite Licence is proposed to be granted through auction using total station and differential global positioning system and the area so demarcated shall be classified into forests land, land owned by the State Government, and land not owned by the State Government.
17. **Auction for Composite Licence.**—(1) The auction process as specified in rules 6 to 9 shall be applicable for conduct of auction for grant of a Composite Licence subject to the following, namely:—
(a) the State Government shall not make any reservation on the basis of end use;
(b) the State Government shall subject to compliance of rule 16, issue a notice inviting tender, including on their website, to commence the auction process and such notice shall contain brief particulars regarding the area under auction, including—
(i) particulars 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; and
(ii) estimated mineral resources with respect to all minerals discovered in the area and brief particulars regarding satisfaction of the requirements specified in rule 7 of the Minerals (Evidence of Mineral Contents) Rules, 2015;
(c) the tender document issued by the State Government, shall contain,—
(i) geological report specifying particulars and estimated quantities of all minerals discovered in the area during exploration pursuant to Minerals (Evidence of Mineral Contents) Rules, 2015; and
(ii) revenue survey details of the area identified, 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;

- (d) the bidders shall be provided a fixed period, as prescribed by the State Government, to study the Tender Document and such reports and the bidding process shall commence only on expiry of such period.
18. **Grant of Composite Licence.**—(1) Upon completion of the auction process, the preferred bidder shall submit a performance security in the manner specified in sub-rule (1) of rule 19 and upon receipt of such performance security, the State Government shall issue a letter of intent to the preferred bidder.
- (2) On receipt of the letter of intent the preferred bidder shall be considered to be the successful bidder upon fulfilment of the following conditions, namely:—
- (a) compliance with all the terms and conditions of eligibility;
 - (b) obtaining all consents, approvals, permits, no-objections and the like as may be required under applicable laws for commencement of prospecting operations; and
 - (c) submitting the Scheme of prospecting.
- (3) Upon fulfilment of the conditions specified in sub-rule (2), the State Government shall grant a Composite Licence to the successful bidder and such Composite Licence shall be subject to the provisions of the Act and the rules made thereunder, as applicable to a prospecting licence and mining lease.
- (4) The minimum area for grant of a Composite Licence shall not be less than the minimum area for which a mining lease may be granted in accordance with the provisions of the Mineral Concession Rules, 1960 and the maximum area shall be in accordance with section 6 as applicable to a prospecting licence.
- (5) The holder of a Composite Licence shall conduct geological exploration of the area under the Composite Licence so as to ascertain evidence of mineral contents and shall submit periodic reports in accordance with the Act and rules made thereunder, as applicable to a prospecting licence and all reports, studies and other documentation related to the geological exploration of the area under the Composite Licence shall be submitted to the State Government and Indian Bureau of Mines.
- (6) If a holder of a Composite Licence,—
- (a) fails to complete prospecting operations in accordance with sub-section (9) of section 11 or fails to establish the existence of mineral contents in accordance with sub-section (10) of section 11, and the Minerals (Evidence of Mineral Contents) Rules, 2015, such holder shall not be eligible to receive a mining lease and the Composite Licence shall be terminated;
 - (b) completes prospecting operations in accordance with sub-section (9) of section 11 resulting in determination of evidence of mineral contents conforming to the Mineral (Evidence of Mineral Contents) Rules, 2015, such holder shall make an application to the State Government for grant of a mining lease accompanied with the first instalment, being ten per cent. of the upfront payment:
 Provided that the mining lease shall be granted only with respect to the area for which evidence of mineral contents has been found and shall not be for an area larger than the maximum area for which a mining lease may be granted under the Act:
 Provided further that any excess area shall be deemed to be surrendered by the holder of Composite Licence after completing its reclamation.
- (7) Upon receipt of the duly completed mining lease application and the first instalment of the upfront payment as specified in clause (b) of sub-rule (6), the State Government shall issue a letter of intent for mining lease.
- (8) A Mine Development and Production Agreement shall be executed between the State Government and the holder of Composite Licence if the holder of a Composite Licence—
- (a) continues to comply with the terms and conditions of eligibility;
 - (b) pays the second instalment being ten per cent. of the upfront payment;
 - (c) furnishes the enhanced performance security as specified in sub-rule (2) of rule 19;
 - (d) satisfies the conditions specified in clause (b) of sub-section (2) of section 5 with respect to a mining plan;
 - (e) obtains all consents, approvals, permits, no-objections and the like as may be required under applicable laws for commencement of mining operations; and
 - (f) satisfies such other conditions as may be specified by the State Government with the prior approval of the Central Government.
- (9) The holder of the Composite Licence shall pay the third instalment being eighty per cent. of the upfront payment, subsequent to execution of the Mine Development and Production Agreement, and upon such

payment, the State Government shall execute a Mining Lease Deed with the holder of the Composite Licence within thirty days of the date of completion of all the conditions specified in sub-rule (8)

(10) The mining lease shall be subject to the provisions of the Act and the rules made thereunder.

(11) The mining lease shall be for minerals found in the area pursuant to exploration prior to the auction.

Provided that where subsequent to the auction, any new mineral is discovered, then the holder of the mining lease shall follow the provisions of the Mineral Concession Rules, 1960 for inclusion of such new mineral in the Mining Lease Deed.

(12) Where prior to the auction or subsequent to the auction, presence of minor mineral is established or discovered, such minor minerals shall be dealt in accordance with such rules as may be made by the State Government under section 15.

(13) The date on which a duly executed Mining Lease Deed is registered shall be the date of commencement of the mining lease.

19. **Performance Security for Composite Licence.**—(1) An amount of 0.25% of the value of estimated resources shall be payable by the preferred bidder as performance security prior to the issuance of the Composite Licence.

(2) The amount of performance security shall be revised, prior to the issuance of the mining lease, to an amount of 0.50% of the value of estimated resources.

(3) The performance security provided under sub-rule (2) shall be adjusted every five years so that it continues to correspond to 0.50% of the reassessed value of estimated resources.

(4) The performance security may be invoked as per provisions of,—

(i) the Mine Development and Production Agreement; and

(ii) the Mining Lease Deed.

CHAPTER IV

MISCELLANEOUS

20. **Power to rectify apparent mistakes.**—Any clerical or arithmetical mistake in any order passed by the Government or any authority or officer under these rules and any error arising therein due to accidental slip or omission, may be corrected by the Government, the concerned authority or officer, as the case may be:

Provided that no rectification order prejudicial to any person shall be passed unless such person has been given a reasonable opportunity of being heard.

21. **Special provisions relating to minerals specified in Part B of the First Schedule to the Act.**—(1) Notwithstanding anything contained in these rules—

(a) if the holder of a Composite Licence or mining lease discovers any mineral specified in Part B of the First Schedule to the Act and not specified in such licence or lease, in the area granted under such licence or lease, the discovery of such mineral shall be reported to the Director, Atomic Minerals Directorate for Exploration and Research, Hyderabad within sixty days from the date of discovery of such mineral;

(b) the licensee or lessee shall not win or dispose of any mineral specified in Part B of the First Schedule to the Act unless such mineral is included in the licence or lease or a separate licence or lease for the purpose has been obtained;

(c) the quantities of any mineral specified in Part B of the First Schedule to the Act recovered incidental to such prospecting or mining operations shall be collected and stacked separately and a report to that effect shall be sent to the Director, Atomic Minerals Directorate for Exploration and Research, Hyderabad every month for such further action by the licensee or lessee as may be directed by the Atomic Minerals Directorate for Exploration and Research.

(2) The licensee or lessee referred to in sub-rule (1) shall, within sixty days from the date of discovery of any mineral specified in Part B of the First Schedule to the Act, apply to the Secretary, Department of Atomic Energy, Mumbai, through the State Government, for grant of a licence to handle such minerals under the provisions of the Atomic Energy Act, 1962 (33 of 1962) and the rules made thereunder and the Department of Atomic Energy shall intimate to the State Government regarding issue of the licence in this regard.

22. **Exploration Obligation.**—The holder of a mining lease shall complete detailed exploration (G1 level exploration) and prepare a detailed feasibility study report conforming to Part IV and V of the Mineral (Evidence of Mineral Contents) Rules, 2015 over the entire area under the mining lease, within a period of five years from the date of commencement of such mining lease.

SCHEDULE I

Terms and conditions of eligibility

[See rules 6(1) and 6(2)]

1. The following net worth requirements shall be applicable for an auction of mining lease depending on the Value of Estimated Resources,—
 - (a) If the Value of Estimated Resources is more than Rupees 25 Crores, the applicant, including an individual, shall have a net worth more than 4% of Value of Estimated Resources.
 - (b) If the Value of Estimated Resources is less than or equal to Rupees 25 Crores, the applicant, not being an individual, shall have a net worth more than 2% of Value of Estimated Resources.
 - (c) If the Value of Estimated Resources is less than or equal to Rupees 25 Crores, the applicant, being an individual, shall have a minimum net worth of 1% of the Value of Estimated Resources.
2. In case of auction of Composite Licence, the applicant must have a net worth of more than 1% of the Value of Estimated Resources.

Explanation:

- (1) In case an applicant is a subsidiary of another company incorporated in India, the net worth of such holding company may also be considered:
Provided that, in such case, the applicant must continue to be a subsidiary of such holding company until such time the applicant meets the aforementioned net worth threshold.
- (2) In case of a Company, the Net worth shall be the sum of paid up share capital and the free Reserves as per the audited Balance Sheet of the immediately preceding financial year.
- (3) In case of an individual, the Net worth shall be the closing cash balance on the last date for submission of application, and such amount may include amount in Savings Bank accounts in Scheduled Bank/ Post Office, free and un-encumbered Fixed Deposits in Scheduled Banks, Post Office, Listed Companies/Government Organisation/Public Sector Undertaking of State and Central Government, Kisan Vikas Patra, National Saving certificate, Bonds, Shares of Listed Companies, Listed Mutual Funds, Unit Linked Insurance Plan, Public Provident Fund, Surrender Value of Life Insurance policies in the name of Applicant.

SCHEDULE II

Indicative list of specified End Use

[See rule 6(3)]

Sl. No.	Mineral/Ore	End Use
1	Bauxite	Alumina Refinery
2	Iron ore	Integrated steel plants
3	Limestone	Cement Plant

SCHEDULE III

Format of Performance Security

[See rules 12(2)]

To
The Governor of [Name of State]
[address]

WHEREAS

- A. [Name of Company] incorporated in India under the Companies Act, [Year] with corporate identity number [Number], whose registered office is at [Address], India and principal place of business is at [Address] (the "Successful Bidder") is required to provide an unconditional and irrevocable bank guarantee for an amount equal to INR [Amount] (Indian Rupees [Amount]) as a performance security valid until [Date] ("Expiry Date").
- B. The Performance Security is required to be provided to The Governor of [Name of State], (the "State") for discharge of certain obligations under the Tender Document dated, [Date] with respect to auction of [Name of Mine] and the Mine Development and Production Agreement to be executed between the State and the Successful Bidder (collectively the "Agreement").

C. We, [name of the bank] (the "Bank") at the request of the Successful Bidder do hereby undertake to pay to the State an amount not exceeding INR [figures] (Indian Rupees [words]) ("Guarantee Amount") to secure the obligations of the Successful Bidder under the Agreement on demand from the State on the terms and conditions herein contained herein.

NOW THEREFORE, the Bank hereby issues in favour of the State this irrevocable and unconditional payment bank guarantee (the "Guarantee") on behalf of the Successful Bidder in the Guarantee Amount:

1. The Bank for the purpose hereof unconditionally and irrevocably undertakes to pay to the State without any demur, reservation, caveat, protest or recourse, immediately on receipt of first written demand from the State, a sum or sums (by way of one or more claims) not exceeding the Guarantee Amount in the aggregate without the State needing to prove or to show to the Bank grounds or reasons for such demand for the sum specified therein and notwithstanding any dispute or difference between the State and Successful Bidder on any matter whatsoever. The Bank undertakes to pay to the State any money so demanded notwithstanding any dispute or disputes raised by the Successful Bidder in any suit or proceeding pending before any court or tribunal relating thereto the Bank's liability under this present being absolute and unequivocal.
2. The Bank acknowledges that any such demand by the State of the amounts payable by the Bank to the State shall be final, binding and conclusive evidence in respect of the amounts payable by Successful Bidder to the State under the Agreement.
3. The Bank hereby waives the necessity for the State from demanding the aforesaid amount or any part thereof from the Successful Bidder and also waives any right that the Bank may have of first requiring the State to pursue its legal remedies against the Successful Bidder, before presenting any written demand to the Bank for payment under this Guarantee.
4. The Bank further unconditionally agrees with the State that the State shall be at liberty, without the Bank's consent and without affecting in any manner the Bank's obligation under this Guarantee, from time to time to:
 - (i) vary and/or modify any of the terms and conditions of the Agreement;
 - (ii) extend and / or postpone the time for performance of the obligations of the Successful Bidder under the Agreement, or
 - (iii) forbear or enforce any of the rights exercisable by the State against the Successful Bidder under the terms and conditions of the Agreement.

and the Bank shall not be relieved from its liability by reason of any such act or omission on the part of the State or any indulgence by the State to the Successful Bidder or other thing whatsoever which under the law relating to sureties would, but for this provision, have the effect of relieving the Bank of its obligations under this Guarantee.
5. Any payment made hereunder shall be made free and clear of and without deduction for, or on account of, any present or future taxes, levies, imposts, duties, charges, fees, commissions, deductions or withholdings of any nature whatsoever.
6. The Bank agrees that State at its option shall be entitled to enforce this Guarantee against the Bank, as a principal debtor in the first instance without proceeding at the first instance against the Successful Bidder.
7. The Bank further agree that the guarantee herein contained shall remain in full force and effect during the period that specified in the Agreement and that it shall continue to be enforceable till all the obligations of the Successful Bidder under or by virtue of the said Agreement with respect to the Performance Security have been fully paid and its claims satisfied or discharged or till the State certifies that the terms and conditions of the Agreement with respect to the Performance Security have been fully and properly carried out by the Successful Bidder and accordingly discharges this guarantee. Notwithstanding anything contained herein, unless a demand or claim under this guarantee is made on the Bank in writing on or before the Expiry Date the Bank shall be discharged from all liability under this guarantee thereafter.
8. The payment so made by the Bank under this Guarantee shall be a valid discharge of Bank's liability for payment thereunder and the State shall have no claim against the Bank for making such payment.
9. This Guarantee is subject to the laws of India. Any suit, action, or other proceedings arising out of this Guarantee or the subject matter hereof shall be subject to the exclusive jurisdiction of courts at the State of [Name of the State].
10. The Bank has the power to issue this Guarantee in favour of the State. This guarantee will not be discharged due to the change in the constitution of the Bank
11. The Bank undertakes not to revoke this Guarantee during its currency except with the previous consent of the State in writing.

12. The State may, with prior intimation to the Bank, assign the right under this Guarantee to any other departments, ministries or any governmental agencies, which may act in the name of the Governor. Save as provided in this Clause 12, this Guarantee shall not be assignable or transferable.
13. Notwithstanding anything contained herein,
- a. the liability of the bank under this bank guarantee shall not exceed the Guarantee Amount.
 - b. This bank guarantee shall be valid up to the Expiry Date.
14. The Bank is liable to pay the guaranteed amount or any part thereof under this bank guarantee only and only if the State serves upon the Bank a written claim or demand on or before the Expiry Date.

Dated the [day] day of [month] [year] for the Bank.

In witness whereof the Bank, through its authorized officer, has set its hand and stamp.

(Signature)

(Name and Designation)

(Bank Stamp)

[F. No. 1/11/2015-M.VI (Part I)]

R. SRIDHARAN, Addl. Secy.