



सत्यमेव जयते

भारत सरकार

**GOVERNMENT OF INDIA**

खान मंत्रालय

**MINISTRY OF MINES**

**खनिज (नीलामी) नियम, 2015**

(2 नवंबर, 2021 तक संशोधित)

**Mineral (Auction) Rules, 2015**

(Amended up to 2<sup>nd</sup> November, 2021)

Issued by  
Controller General  
Indian Bureau of Mines  
Nagpur

November, 2021



# CONTENTS

<b>Rule No.</b>	<b>Title</b>	<b>Page No.</b>
	<b>Chapter – I Preliminary</b>	
1	Short title and commencement	1
2	Definitions	1
3	Application	2
4	Grant of concession	2
	<b>Chapter – II Grant of Mining Lease</b>	
5	Prerequisites for auction of Mining Lease	3
6	Eligibility for Mining Lease	3
7	Electronic Auction	4
8	Bidding parameters	4
9	Bidding Process	4
9A	Conduct of auction of mining lease by Central Government	7
10	Grant of Mining Lease	7
11	Upfront payment for mining lease	9
12	Performance security for mining lease	9
13	Payments under mining lease	10
14	Payment of Interest	10
15	Time Period	10
	<b>Chapter – III Grant of Composite Licence</b>	
16	Prerequisites for auction of Composite Licence	11
17	Auction for Composite Licence	11
17A	Conduct of auction of composite licence by Central Government	11
18	Grant of Composite Licence	12
19	Performance Security for Composite Licence	14
	<b>Chapter – IV Miscellaneous</b>	
20	Power to rectify apparent mistakes	16
21	Special provisions relating to minerals specified in Part B of the First Schedule to the Act	16
22	Exploration Obligation	16
23	When day of completion of any requirement is a public holiday	16
	<b>Schedules</b>	
I	Terms and conditions of eligibility	17
II	Indicative list of specified End Use	18
III	Format of Performance Security	19
IV	Format of Performance Security for Composite Licence	22

भारत सरकार  
**GOVERNMENT OF INDIA**  
खान मंत्रालय  
**MINISTRY OF MINES**

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: — **Mineral (Auction) Rules, 2015**

## 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) <sup>1</sup>[ Omitted]
  - (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) <sup>2</sup>[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,

<sup>3</sup>[Provided that if for any mineral or mineral grade, the average sale price in respect of the relevant State for any month is not published by the Indian Bureau of Mines, the average sale price for the latest month published for such mineral or mineral grade shall be deemed to be the average sale price for the said month for which average sale price is not published:

---

1 Omitted by Mineral (Auction) Second Amendment Rules, 2021 vide G.S.R. No. 422(E) dated 18.06.2021.

2 Substituted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017.

3 Substituted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422(E) dated 18.06.2021.

Provided further that if for any mineral or mineral grade, the average sale price in respect of the relevant State is not published for the entire period of the preceding twelve months, then the all India average sale price published for such mineral or mineral grade for the said twelve months shall be used:

Provided also that in case of auction of mineral block for composite licence for minerals and corresponding deposits as specified in Schedule II of the Minerals (Evidence of Mineral Contents) Rules, 2015, the 'estimated quantity of mineral resources' shall be arrived in the following manner, namely:—

- (a) the estimated quantity of mineral resources as assessed under G4 level of exploration for the mineralised area in the block shall be considered the 'estimated quantity of mineral resources' of the block;
- (b) in case the estimated quantity of mineral resources is not possible to be assessed under clause (a), then the same shall be arrived at by multiplying—
  - (i) the average of the estimated quantity of mineral resource per hectare for the same mineral available in the mineralised area of nearby mining leases or mineral blocks having similar geological features and explored upto G3 level in accordance with the said rules; and
  - (ii) the mineralised area of the mineral block, which is to be auctioned for composite licence.

Explanation.— For the purposes of this clause 'nearby mining leases or mineral blocks' shall mean mining leases or mineral blocks located in the same district or in any adjacent district.]

(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. <sup>1</sup>[**Application.**- These rules shall apply to all minerals, except-

- (i) minerals notified as minor minerals specified under clause (e) of section 3;
- (ii) minerals specified in Part A of the First Schedule to the Act; and
- (iii) minerals specified in Part B of the First Schedule to the Act having grade equal to or more than the threshold value as specified and notified under the Atomic Minerals Concession Rules, 2016.]

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.

---

<sup>1</sup> Substituted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017.

## 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) <sup>1</sup>[The State Government shall not reserve any mine for captive purpose or any specific end use or partial specific end use in the auction.]
- <sup>2</sup>[Explanation.— This sub-rule shall be applicable in all cases of auction, notwithstanding any order or direction to the contrary, passed by any court or authority, prior to the commencement of the Mines and Minerals (Development and Regulation) Amendment Act, 2021.]
- <sup>1</sup>[(4) Where the State Government has auctioned a mine as a captive mine for any particular specified end use before the commencement of the Mineral (Auction) Second Amendment Rules, 2021, up to fifty per cent. of total mineral produced in such captive mine in a financial year may be sold in market while ensuring that not less than fifty per cent. of total mineral produced in such captive mine shall be used during the financial year for meeting the requirement of the end use plant linked with the mine and on payment of such additional amount as specified in the Sixth Schedule to the Act.]
- <sup>2</sup>[Explanation.— This sub-rule shall be applicable in all leases where mineral is required to be used for captive consumption, notwithstanding any order or direction to the contrary, passed by any court or authority, prior to the commencement of the Mines and Minerals (Development and Regulation) Amendment Act, 2021.]

---

1 Substituted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

2 Inserted by Mineral (Auction) Third Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 776 (E) dated 02.11.2021.

(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;<sup>1</sup>[omitted]

---

1 Omitted by Mineral (Auction) Amendment Rules, 2021 vide G.S.R. No. 195(E) dated 17.03.2021.



- (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 <sup>1</sup>[not owned by the State Government]; and
- (c) <sup>2</sup>[the scheduled date of commencement of production in case of auction of mining lease in respect of an area having existence of mineral contents established in accordance with Rule 5 of the Minerals (Evidence of Mineral Contents) Rules, 2015.]
- (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.
- <sup>3</sup>[(4) The auction shall be an ascending forward online electronic auction and shall comprise of attempts of auction with each attempt of auction consisting of a first round of auction and a second round of auction.
- (5) In the first round of auction, 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.
- <sup>4</sup>[Provided that bid security shall be for an amount equivalent to 0.25 per cent. of the value of estimated resources or fifty crore rupees, whichever is lower, and shall be submitted in the form of a bank guarantee or through security deposit:
- Provided further that in auction for composite licence for the mineral block having such type of deposit as specified in serial number I, II and III of Part III of Schedule I to the Minerals (Evidence of Mineral Contents) Rules, 2015 (except those covered under Schedule II of the said rules), whose estimated quantity of mineral resources is not possible to be assessed for calculating the value of estimated resources under clause (m) of sub-rule (1) of rule 2, but the mining potentiality of the block has been identified based on the existing geoscience data, the bid security shall be fifty lakh rupees.]
- (6) 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.
- (7) The highest initial price offer amongst the technically qualified bidders shall be the floor price for the second round of online electronic auction.

---

1 Substituted by Mineral (Auction) Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 195(E) dated 17.03.2021.

2 Inserted by Mineral (Auction) Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 195(E) dated 17.03.2021.

3 Substituted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017.

4 Substituted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

(8) 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 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 further 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 the extent of tie occurring within the first fifty per cent.

#### 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.

(9) Where the total number of technically qualified bidders is three or more, the auction process shall proceed to the second round of auction which shall 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) 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 first attempt of auction shall be annulled.

(11) On annulment of the first attempt of auction, the State Government may decide to—

- (a) 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
- (b) conduct the second attempt of auction.

(12) In case the State Government decides to conduct the second attempt of auction as per clause (b) of sub-rule (11), 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.]

9A. <sup>1</sup>[**Conduct of auction of mining lease by Central Government.**—(1) The State Government shall intimate to the Central Government the details of all the areas or mines available with the State Government for auction of mining lease, including the mining leases expired under section 8A and cases covered under sub-section (2) of section 10A, within forty-five days of the commencement of the Mineral (Auction) Second Amendment Rules, 2021.

(2) The State Government shall intimate to the Central Government regarding the following namely:—

- (a) receipt of any geological report in respect of any area or mine for auction of mining lease from Geological Survey of India, Mineral Exploration Corporation Limited or any other Government or private entity, within a period of forty-five days of receiving it, along with a tentative schedule for notification of such area and conducting auction of such area under sub-sections (3) and (4) of section 10B, respectively;
  - (b) publication of notification under sub-section (3) of section 10B along with its copy, within fifteen days of publication of such notification;
  - (c) issue of notice inviting tender for auction for mining lease under rule 9 along with its copy, within fifteen days of issue of such notice;
  - (d) outcome of any auction for mining lease, within fifteen days of completion of auction; and
  - (e) termination of mining lease or lapsing of letter of intent for mining lease, within fifteen days from such termination or lapse.
- (3) In case the Central Government decides to notify an area for auction or conduct auction for mining lease under the proviso to sub-section (3) or sub-section (4) of section 10B, as the case may be, the provisions of rules 5 to 9, as applicable to a State Government, shall mutatis mutandis be also applicable to the Central Government.
- (4) Upon successful completion of the auction, the Central Government shall intimate the details of the preferred bidder in the auction to the State Government and the State Government shall grant mining lease for such area to such preferred bidder in accordance with rule 10.]

10. **Grant of Mining Lease.**— (1) The preferred bidder shall submit the first instalment <sup>1</sup>[of the upfront payment as per rule 11 within fifteen days after being declared as preferred bidder:

Provided that the State Government may, for reasons to be recorded in writing extend the period of fifteen days by further fifteen days.]

---

1 Substituted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

<sup>1</sup>[(1A) In case the preferred bidder fails to submit the first instalment of the upfront amount within the period or extended period specified in sub-rule (1), the State Government shall,—

- (a) forfeit the bid security of the preferred bidder; and
- (b) offer the bidder who had submitted the second-highest price offer in the second round of auction to meet the highest final price offer and if the said bidder agree to the said offer in writing and submit the first instalment of upfront amount within fifteen days of receipt of offer, the State Government shall declare said bidder as the preferred bidder and issue letter of intent in accordance with sub-rule (2):

Provided that the State Government may, for the reasons to be recorded in writing, extend the period of fifteen days referred to in this clause by further fifteen days.]

(2) Upon receipt of the first instalment of the upfront payment, the State Government shall issue a letter of intent to the preferred bidder <sup>1</sup>[within fifteen days of receipt of first instalment of upfront payment.]

(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 <sup>3</sup>[omitted] 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 <sup>2</sup>[plan:

Provided that, in case of auction of mining leases under Sub-sections (5) and (6) of Section 8A of the Act, the vesting order issued under Rule 9A of the Minerals (Other than Atomic and Hydrocarbons Energy Minerals) Concession Rules, 2016 shall be applicable; 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 <sup>3</sup>[omitted] 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.

<sup>4</sup>[Provided that no Mining Lease Deed shall be executed on expiry of a period of three years from the date of the letter of intent, and the letter of intent shall be invalidated leading to annulment of the entire process of auction:

Provided further that the State Government may allow a further period of two years for execution of the Mining Lease Deed if the reasons for delay were beyond the control of the preferred bidder.]

---

1 Inserted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

2 Substituted by Mineral (Auction) Amendment Rules, 2020, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 190(E) dated 20.03.2020.

3 Omitted by Mineral (Auction) Second Amendment Rules, 2021 vide G.S.R. No. 422 (E) dated 18.06.2021

4 Inserted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017.

<sup>1</sup>[(6A) Notwithstanding anything contained in these rules, the mining lease shall be executed by the State Government within a period of fifteen days from – (i) the date of issue of Letter of Intent to the new lessee to whom the vesting order has been issued under Rule 9A of Minerals (Other than Atomic and Hydrocarbons Energy Minerals) Concession Rules, 2016; or (ii) commencement of the Mineral Auction (Amendment) Rules, 2020; or (iii) the expiry of the lease period of the previous lessee; whichever is later.

(6B) The holder of the Letter of Intent shall comply with all the requirements to execute the mining lease within the period referred to in Sub-rule (6A), failing which, the Letter of Intent shall be revoked and the bid security or the performance security, as the case may be, and any instalment of upfront payment paid shall be forfeited, and the preferred bidder or successful bidder may be debarred by the State Government from participating in the future auction of mineral blocks conducted under the provisions of these rules, for three years from the date of such debarment: Provided that on receipt of an application from the holder of the Letter of Intent, the State Government, may extend the period for execution of the lease deed by a further period not exceeding fifteen days, on satisfaction that such delay is entirely for the reasons beyond the control of the holder of Letter of Intent.]

(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 <sup>2</sup>[Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016] 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 <sup>4</sup>[twenty per cent.; twenty per cent.; and sixty per cent] as specified in the tender document and shall be <sup>2</sup>[adjusted in full at the earliest against the amount to be paid under sub-rule (3) of rule 8 on] commencement of production of mineral as specified in the tender document.

12. **Performance security for mining lease.**—(1) The <sup>3</sup>[preferred] 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 <sup>5</sup>[including the value of any newly discovered mineral that may be included in the mining lease deed on its discovery.]

---

1 Inserted by Mineral (Auction) Amendment Rules, 2020, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 190(E) dated 20.03.2020.

2 Substituted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017.

3 Substituted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017.

4 Substituted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

5 Inserted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017.

(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.

<sup>1</sup>[Provided that in case of auction of mining lease in respect of an area having existence of mineral contents established in accordance with Rule 5 of the Minerals (Evidence of Mineral Contents) Rules, 2015, the lessee shall pay only fifty per cent of the amount quoted under Rule 8, for the quantity of mineral produced and dispatched earlier than the scheduled date of commencement of production as given in the tender document:

Provided further that for such quantity of mineral produced and dispatched, other payments as specified in Sub-rules (1), (3) and (4) shall be payable in full and the successful bidder shall obtain all necessary approvals, permissions, licences and the like as may be required under any law for the time being in force for starting early production.

Explanation— For the purposes of this sub-rule, it is clarified that the incentive specified in the first proviso on payment of amount quoted under Rule 8 shall be applicable on the quantity of mineral produced and dispatched between actual date and the scheduled date of commencement of production”.]

(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 <sup>2</sup>[twelve] per cent. per annum on any payment due to State Government under these rules the payment of which is delayed beyond 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.

---

1 Inserted by Mineral (Auction) Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 195(E) dated 17.03.2021.

2 Inserted by Mineral (Auction) Third Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 776 (E) dated 02.11.2021.

### 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.

- <sup>1</sup>[17A] **Conduct of auction of composite licence by Central Government.**—(1) The State Government shall intimate to the Central Government the details of all the areas or mines available with the State Government for auction of composite licence, including the prospecting licence expired under section 7 and cases covered under sub-section (2) of section 10A, within forty-five days of the commencement of the Mineral (Auction) Second Amendment Rules, 2021.

- (2) The State Government shall intimate to the Central Government regarding the following namely:—

---

<sup>1</sup> Inserted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

- (i) receipt of any geological report in respect of any area or mine for auction of composite licence from the Geological Survey of India, Mineral Exploration Corporation Limited or any other Government or private entity, within a period of forth-five days of receiving it, along with a tentative schedule for notification of such area and conducting auction of such area under sub-sections (4) and (5) of section 11, respectively;
- (ii) publication of notification under sub-section (4) of section 11 along with its copy, within fifteen days of publication of such notification;
- (iii) issue of notice inviting tender for auction for composite licence along with its copy, within fifteen days of issue of such notice;
- (iv) outcome of any auction for composite licence, within fifteen days of completion of auction; and
- (v) termination of composite licence or lapsing of letter of intent for composite licence, within fifteen days from such termination or lapse.

(3) In case the Central Government decides to notify an area for auction or conduct auction for composite licence under the proviso to sub-section (4) or sub-section (5) of section 11, as the case may be, the provisions of rules 16 and 17, as applicable to a State Government, shall mutatis mutandis be also applicable to the Central Government.

(4) Upon successful completion of the auction, the Central Government shall intimate the details of the preferred bidder in the auction to the State Government and the State Government shall grant composite licence for such area to such preferred bidder in accordance with rule 18.]

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 <sup>1</sup>[within fifteen days after being declared as preferred bidder] and upon receipt of such performance security, the State Government shall issue a letter of intent <sup>2</sup>[to the preferred bidder within fifteen days of receipt of performance security:

Provided that the State Government may, for the reasons to be recorded in writing, extend the period of fifteen days for submission of performance security by further fifteen days.]

<sup>3</sup>[(1A) In case the preferred bidder fails to submit the performance security within the period or extended period specified in sub-rule (1), the State Government shall,—

- (a) forfeit the bid security of the preferred bidder; and
- (b) offer the bidder who had submitted second-highest price offer in the second round of auction to meet the highest final price offer and if the said bidder agree to the said offer in writing and submit the performance security within fifteen days of receipt of offer, the State Government shall declare the said bidder as the preferred bidder and issue letter of intent in accordance with sub-rule (2):

Provided that the State Government may, for the reasons to be recorded in writing, extend the period of fifteen days by further fifteen days.]

(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;

1 Inserted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

2 Substituted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

3 Inserted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.



- (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.

<sup>1</sup>[Provided that on expiry of a period of one year from the date of the letter of intent, no Prospective Licence Deed of Composite Licence shall be executed and the letter of intent shall be invalidated leading to annulment of the entire process of auction:

Provided further that the State Government may allow a further period of six months for execution of the Prospective Licence Deed, if the reasons for delay were beyond the control of the preferred bidder.]

(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 <sup>3</sup>[Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016] 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 <sup>2</sup>[omitted] 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) <sup>4</sup>[completes prospecting operations and submits to the State Government the result of the prospecting operations in the form of a geological report prepared in accordance with sub-section (10) of section 11 resulting in determination of evidence of mineral contents conforming to the Mineral (Evidence of Mineral Contents) Rules, 2015; specifying the area required for grant of a mining lease, accompanied with the first instalment of the upfront payment as specified in rule 11, then the State Government shall issue a letter of intent for mining lease within a period of fifteen days:

Provided that any excess area shall be deemed to be surrendered by the holder of Composite Licence after completing its reclamation:

Provided further that after submission of the geological report prepared in accordance with the Mineral (Evidence of Mineral Contents) Rules, 2015, the holder of composite licence may relinquish the entire area and in such case the State Government shall, after being satisfied that the geological report has been prepared conforming to the said rules, return the performance security.]

(7) <sup>5</sup>[Omitted]

---

1 Inserted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021. 2. *ibid*

3 Substituted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017.

4 Substituted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021. 5. *ibid*

(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 <sup>1</sup>[twenty 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 <sup>1</sup>[sixty 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 <sup>2</sup>[Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016] 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.

<sup>3</sup>[Provided that for the mineral block having such type of deposit as specified in serial numbers I, II and III of Part III of Schedule I to the Minerals (Evidence of Mineral Contents) Rules, 2015 (except those covered under Schedule II of the said rules), whose estimated quantity of mineral resources is not possible to be assessed for calculating the value of estimated resources under clause (m) of sub-rule (1) of rule 2, but the mining potentiality of the block has been identified based on the existing geoscience data, the performance security shall be one crore and fifty lakh rupees.]

---

1 Substituted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

2 Substituted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017.

3 Inserted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

(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 <sup>1</sup>[established by the holder of the Composite Licence after completion of prospecting operations in accordance with sub-section (9) of section 11 of the Act resulting in determination of evidence of mineral contents conforming to the Mineral (Evidence of Mineral Contents) Rules, 2015]

(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) <sup>2</sup>[The performance security shall be provided through bank guarantee in the format as specified in Schedule IV or through security deposit, which may be invoked as per the provisions of –

- (i) the prospecting licence deed;
- (ii) the Mine Development and Production Agreement;
- (iii) the Mining Lease Deed:

Provided that the State Government on being satisfied that the holder of Composite Licence has completed prospecting operations in accordance with sub-section (9) of section 11 of the Act but is unable to establish the existence of mineral contents even after making all possible efforts in accordance with <sup>4</sup>[omitted] and the Minerals (Evidence of Mineral Contents) Rules, 2015, shall return the bank guarantee or the security deposit provided by the holder of the Composite Licence as performance security.]

<sup>3</sup>[Provided further that in case the holder of composite licence fails to complete prospecting operations in accordance with sub-section (9) of section 11, the performance security provided by it shall be forfeited.]

- 
- 1 Inserted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017.
  - 2 Substituted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017.
  - 3 Inserted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.
  - 4 Omitted by Mineral (Auction) Second Amendment Rules, 2021 vide G.S.R. No. 422 (E) dated 18.06.2021.

**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.
23. **<sup>1</sup>[When day of completion of any requirement is a public holiday.**— When the day of completion of any requirement under these rules is falling due on a public holiday, the day of completion shall be deemed to be due on the next successive working day.

**Explanation.**— The expression “public holiday” includes Saturday, Sunday and any other day declared to be a public holiday by the Central Government or the State Government, as the case may be.]

---

<sup>1</sup> Inserted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

<sup>1</sup>[**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, namely:–

<sup>2</sup>[Provided that the net worth requirement shall not exceed two hundred crore rupees.]

- (a) If the Value of Estimated Resources is equal to or more than one thousand crore rupees, the applicant, including an individual, shall have a net worth more than 2 per cent. of Value of Estimated Resources.
  - (b) If the Value of Estimated Resources is less than one thousand crore rupees but more than one hundred crore rupees, the applicant, including an individual, shall have a net worth more than 1 per cent. of Value of Estimated Resources.
  - (c) If the Value of Estimated Resources is less than or equal to one hundred crore rupees, the applicant, including an individual, shall have a net worth more than 0.5 per cent. of Value of Estimated Resources.
2. In case of auction of Composite Licence, the applicant shall have a net worth of more than 1 per cent. of the Value of Estimated Resources and where the value of Estimated Resources is equal or less than one hundred crore rupees, the applicant must have a net worth more than 0.5 per cent. of Value of Estimated Resources.

<sup>2</sup>[Provided that the net worth requirement shall not exceed one hundred crore rupees:

Provided further that for the mineral block having such type of deposit as specified in serial numbers I, II and III of Part III of Schedule I to the Minerals (Evidence of Mineral Contents) Rules, 2015 (except those covered under Schedule II of the said rules), whose estimated quantity of mineral resources is not possible to be assessed for calculating the value of estimated resources under clause (m) of sub-rule (1) of rule 2, but the mining potentiality of the block has been identified based on the existing geoscience data, the applicant shall have a net worth more than or equal to twenty-five crore rupees.]

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 shall 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 financial year ended immediately preceding the date of issuance of notice inviting tender.

---

1 Substituted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017.

2 Inserted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

- (3) In case the notice inviting tender is issued between 1st April to 30th September (both days inclusive) of a year, the audited balance sheet of the financial year before the immediately preceding financial year, from the date of issuance of notice inviting tender, may be submitted by the bidder, if the audited balance sheet of the immediately preceding financial year is not available.
- (4) 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 or Post Office, free and un-encumbered fixed deposits in Scheduled Banks, Post Office, Listed Companies or Government organisation or Public Sector Undertakings of a State and the 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, and un-encumbered immovable property in the name of Applicant.

<sup>1</sup>[**SCHEDULE II**]  
**INDICATIVE LIST OF SPECIFIED END USE**  
[See rule 6(3)]

---

1 Omitted by Mineral (Auction) Second Amendment Rules, 2021, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 422 (E) dated 18.06.2021.

**SCHEDULE III**  
**Format of Performance Security**  
**[See rules 12(2)]**

[Reference number of the bank]

[Date]

To

The Governor of [Name of State]

[address]

**WHEREAS**

- A. <sup>1</sup>{[Name of the Preferred Bidder] incorporated in India under the Companies Act, [1956/2013] with corporate identity number [CIN of the Preferred Bidder], whose registered office is at [address of registered office], India and principal place of business is at [address of principal place of business, if different from registered office] OR [Name of individual] who is citizen of India, having income tax permanent account number [number], residing at [address] OR [partnership firm/association of individuals], all members of whom are Indian citizens and residents of India whose principal place of business is at [address of principal place of business] (the "Preferred Bidder") is required to provide an unconditional and irrevocable bank guarantee for an amount equal to INR [figures] (Indian Rupees [words]) as a performance security valid until [date of expiry of performance bank guarantee] ("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 [particulars of auction] 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 <sup>1</sup>[Preferred] 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.

---

<sup>1</sup> Substituted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017.

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 and 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 [respective 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)

<sup>1</sup>[SCHEDULE IV  
**Format of Performance Security for Composite Licence**  
[See rule 19(4)]

[Reference number of the bank]

[Date]

To

The Governor of [Name of State]

[address]

**WHEREAS**

A. [Name of the Preferred Bidder] incorporated in India under the Companies Act, [1956/2013] with corporate identity number [CIN of the Preferred Bidder], whose registered office is at [address of registered office], India and principal place of business is at [address of principal place of business, if different from registered office] OR [Name of individual] who is citizen of India, having income tax permanent account number [number], residing at [address] OR [partnership firm/association of individuals], all members of whom are Indian citizens and residents of India whose principal place of business is at [address of principal place of business] (the “Preferred Bidder”) is required to provide an unconditional and irrevocable bank guarantee for an amount equal to INR [figures] (Indian Rupees [words]) as a performance security valid for an initial period of [●]([●]) years from the date hereof (“Expiry Date”).

C. 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 [particulars of auction] AND the deed for grant of a prospecting licence to be executed between the State and the Successful Bidder AND the Mine Development and Production Agreement to be executed between the State and the Successful Bidder (collectively the “Agreement”).

D. We, [name of the bank] (the “Bank”) at the request of the Preferred Bidder or 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 Preferred Bidder or 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 Preferred Bidder or 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 Preferred Bidder or 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 Preferred Bidder or 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.

---

<sup>1</sup> Inserted by Mineral (Auction) Amendment Rules, 2017, vide G.O.I.: Extraordinary, Part II - Section 3 (i), G.S.R. No. 1469 dated 30.11.2017.

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 Preferred Bidder or 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 Preferred Bidder or Successful Bidder and also waives any right that the Bank may have of first requiring the State to pursue its legal remedies against the Preferred Bidder or 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 Preferred Bidder or Successful Bidder under the Agreement, or
  - iii) forbear or enforce any of the rights exercisable by the State against the Preferred Bidder or 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 Preferred Bidder or 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 Preferred Bidder or Successful Bidder.
7. The Bank further agrees that this bank guarantee and the guarantee obligations herein contained shall remain in full force and effect and shall continue to be enforceable till: (i) all the obligations of the Preferred Bidder or 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 (ii) 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 Preferred Bidder or Successful Bidder and accordingly discharges this guarantee; or (iii) on provision of a revised performance security under sub-rule (2) of rule 19 of the Mineral (Auction) Rules, 2015 whichever is later. 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 [respective 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; and

b. this bank guarantee shall be valid up to the Expiry Date.

15. 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)]

# खनिज (नीलामी) नियम, 2015

(2 नवंबर, 2021 तक संशोधित)

## **Mineral (Auction) Rules, 2015**

(Amended up to 2nd November, 2021)