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## **Mineral (Auction) Second Amendment Rules, 2021**

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# MINISTRY OF MINES

## NOTIFICATION

New Delhi, the 18th June, 2021

**G.S.R. 422(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 further to amend the Mineral (Auction) Rules, 2015, namely:—

**1.** (1) These rules may be called the Mineral (Auction) Second Amendment Rules, 2021.

(2) They shall come into force on the date of their publication in the Official Gazette.

**2.** In the Mineral (Auction) Rules, 2015 (hereinafter referred to as the said rules), in rule 2, in sub-rule (1), —

(i) clause (b) shall be omitted;

(ii) in clause (m), in sub-clause (ii), for the proviso, the following shall be substituted, namely:—

“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:

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.”

3. In the said rules, in rule 6,—

(a) for sub-rule (3), the following sub-rule shall be substituted, namely:—

“(3) The State Government shall not reserve any mine for captive purpose or any specific end use or partial specific end use in the auction.”;

(b) for sub-rule (4), the following sub-rule shall be substituted, namely:—

“(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.”.

4. In the said rules, in rule 9, in sub-rule (5), the following provisos shall be inserted, namely:—

“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.”.

5. In the said rules, after rule 9, the following rule shall be inserted, namely:—

**“9A. 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.”

6. In the said rules, in rule 10,—

(a) in sub-rule (1), for the words and figures “being ten per cent. of the upfront payment as per rule 11” the following shall be substituted, namely:—

“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.”;

(b) after sub-rule (1), the following sub-rule shall be inserted, namely: —

“(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.”;

(c) in sub-rule (2), after the words “preferred bidder”, the words “within fifteen days of receipt of first instalment of upfront payment” shall be inserted;

(d) in sub-rule (3), in clause (b), the words “ being ten per cent.” shall be omitted;

(e) in sub-rule (5), the words “being eighty per cent.” shall be omitted.

7. In the said rules, in rule 11, in sub-rule (2), for the words “ten per cent.; ten per cent.; and eighty per cent.”, the words “twenty per cent.; twenty per cent.; and sixty per cent.” shall be substituted.

8. In the said rules, after rule 17, the following rule shall be inserted, namely:—

**“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:—

(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.”.

9. In the said rules, in rule 18,—

(a) in sub-rule (1),—

(i) after the word and figures “rule 19”, the words “within fifteen days after being declared as preferred bidder” shall be inserted;

(ii) for the words “to the preferred bidder” occurring at the end, the following shall be substituted, namely:—

“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.”;

(b) after sub-rule (1), the following sub-rule shall be inserted, namely: —

“(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.”.

(c) in sub-rule (3), the following provisos shall be inserted, namely:—

“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.”.

(d) in sub-rule (6),—

(i) in clause (a), the words, brackets and figures “sub-section (10) of section 11, and” shall be omitted;

(ii) for clause (b) and the provisos occurring thereafter, the following shall be substituted, namely:—

“(b) 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 installment 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.”;

(e) sub-rule (7) shall be omitted;

(f) in sub-rule (8), in clause (b), for the words “ ten per cent.”, the words “ twenty per cent. ” shall be substituted;

(g) in sub-rule (9), for the words “eighty per cent. ” the words “ sixty per cent. ” shall be substituted.

10. In the said rules, in rule 19,—

(a) in sub-rule (1), the following proviso shall be inserted, namely:—

“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.”;

(b) in sub-rule (4),—

(i) in the proviso, the words, brackets and figures “sub-section (10) of section 11 of the Act, and” shall be omitted;

(ii) after the proviso, the following proviso shall be inserted, namely:—

“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.”.

11. In the said rules, after rule 22, the following rule shall be inserted, namely:—

**‘23. 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.’.

12. In the said rules, in Schedule I,—

(a) in paragraph (1), the following proviso shall be inserted, namely:—

“Provided that the net worth requirement shall not exceed two hundred crore rupees.”;

(b) in paragraph (2), the following provisos shall be inserted before the *Explanation*, namely:—

“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.”.

13. In the said rules, Schedule II shall be omitted.

[F. No. 16/97/2020-M.VI (part)]

Dr. VEENA KUMARI DERMAL, Jt. Secy.

**Note:-** The Mineral (Auction) Rules, 2015 were published in the Gazette of India, Part II, section 3, sub-section (i) vide number G.S.R. 406(E), dated the 20th May, 2015 and lastly amended vide number G.S.R. 195(E), dated the 17th March, 2021.