**MINUTES OF THE HIGH LEVEL COMMITTEE MEETING ON AUCTION OF MAJOR MINERALS HELD ON 21.09.2019 and 23.09.2019 UNDER THE CHAIRMANSHIP OF DC-CUM-ACS, IN THE CONFERENCE HALL OF PLANNING AND CONVERGENCE DEPARTMENT**

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The meeting was chaired by Development Commissioner-cum-Additional Chief Secretary.

List of participants is given at **Annexure-I**.

Initiating the discussion, the Director of Mines informed the Committee that based on the decisions of the last meeting held on 24.07.2019 and 07.08.2019, the Notice Inviting Tender (NIT) has since been published on 31.07.2019 and 18.09.2019 for seven blocks and two blocks respectively which comprise of only non-iron/ non-manganese blocks but inclusive of two chromite leases expiring on 31.03.2020. Further, that since in the meantime, the Central Government in consideration of proposal of the State Government has increased the area limit of mining leases in respect of iron ore and associated minerals to 58 Sq. KMs vide its notification dated 20.09.2019, the proposal for auction of 9 (nine) such blocks (all free hold) as recommended by this committee in its last meeting held on 31.07.2019 will now be initiated for publication of NIT etc.

Thereafter, the proposal for next phase of auction during the current financial year, which comprising of remaining 22 nos. of working leases expiring on 31.03.2020 prepared on the basis of advice of the Transaction Advisor was discussed as per the agenda notes. The committee took note of enhancement of the area limit from present 10 Sq. KMs to 58 Sq. KMs for mining leases of iron ore and its associated minerals [which even includes manganese] approved by the Ministry of Mines, Government of India.

It was also observed and noted by the committee that 5 (five) such mining leases, based on the reserve found consequent to exploration carried out are to be auctioned in the changed nomenclature as follows:

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| **Table-1** | |
| **Mining lease in operation** | **To be auctioned as** |
| Jajang Iron & Manganese lease | Jajang Iron block |
| Ganua Iron & Manganese Lease | Ganua Iron block |
| Kalmong Manganese lease | Kalmong Iron & Manganese block |
| Mahulsukha Manganese lease | Mahulsukha Iron & Manganese block |
| Nadidihi Iron & Manganese Lease | Nadidihi Iron block |

It was further informed to the Committee that Sukinda chromite mining block is already processed for reservation in favour of the State PSU and hence, not to be put to auction as of now.

After threadbare discussion, the following recommendations were agreed upon by the Committee:

1. Guali iron ore mine of present lessee R. P. Sao having block area of 365.026 hac with estimated resource of 198.74 million tonnes is recommended for reservation in favour of an eligible State PSU.
2. The following 20 mining leases expiring on 31.03.2020 may be put for auction:

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| **Table 2** | | | | | |
| ***Sl. No.*** | ***Name of the block of the existing lease*** | ***Name of the Mineral*** | ***Area in hects.*** | ***Resources in Million Tones*** | ***Remarks***  ***(Name of the present lessee)*** |
| 1 | Nuagaon | Iron Ore | **767.284** | 792.93 | K.J.S. Ahluwalia |
| 2 | Thakurani | Iron Ore | **228.040** | 180.00 | M/s Kaypee Enterprises |
| 3 | Gorumahisani | Iron ore | **349.500** | 18.40 | M/s G.S. Mishra & Sons |
| 4 | Badampahar | Iron ore | **129.610** | 6.16 | M/s Lal Traders & Agencies (P) Ltd. |
| 5 | Jajang | Iron Ore | **666.150** | 58.509 | M/s Rungta Mines Ltd. |
| 6 | Siljora-Kalimati | Iron & Mn Ore | **715.639** | 4.022(Mn)  0.72 (iron) | M/s M.L. Rungta |
| 7 | Katasahi | Manganese Ore | **196.860** | 0.667 (Mn) | M/s Rungta Sons (P) Ltd. |
| 8 | Kanthor-Koira | Manganese Ore | **73.653** | 0.063 (Mn) | M/s Rungta Mines Ltd. |
| 9 | Jilling- Langalota | Iron Ore | **456.100** | 79.122 | M/s Essel Mining & Industries Ltd. |
| 10 | Jaribahal | Iron Ore | **106.533** | 8.152 | M/s Patnaik Minerals Pvt. Ltd |
| 11 | Tanto, Roida - II | Iron Ore | **74.867** | 29.387 | K.N Ram & Co. |
| 12 | Jurudi | Iron Ore | **73.228** | 4.795 | M/s Kalinga Mining Corpn. |
| 13 | Narayanpasi | Iron & Mn Ore | **349.254** | 190.6 (Iron) 0.486(Mn) | M/s A.M.T.C. (P) Ltd |
| 14 | Nadidihi | Iron Ore | **73.855** | 27.042 | M/s B.I.Co. Ltd. |
| 15 | Nadidihi, Rengalibeda & Nadikasira | Iron & Mn Ore | **121.405** | 23.69 (Iron) 0.059 (Mn) | M/s Feegrade & Co. |
| 16 | Teherai | Iron & Mn Ore | **137.460** | 11.527 (Iron) 0.074(Mn) | M/s B.I.Co. Ltd. |
| 17 | Kolmong | Iron & Mn Ore | **218.530** | 1.397(Iron) 3.739(Mn) | M/s Rungta Mines Ltd. |
| 18 | Mahulsukha | Iron & Mn Ore | **399.839** | 32.814(Iron) 0.771(Mn) | M/s A.M.T.C. (P) Ltd |
| 19 | Balda Block | Iron Ore | **335.594** | 210.170 | M/s Sirrajuddin & Co. |
| 20 | Gonua | Iron Ore | **86.886** | 119.203 | P.K. Ahluwalia |

1. Auction may be done in two phases to have more participation with phase-I containing blocks at Sl. No.1, 2, 6, 9 to 13, 18 & 20 of table 2 above and remaining blocks in Phase-II.
2. The Committee further deliberated on the blocks for reservation for specified end use and recommended the followings:
3. Definition of specified end use as adopted by the State of Karnataka while conducting the recent auction of Iron ore blocks may be adopted mutatis mutandis in our State as well. It includes the end users engaged in the production of sponge iron and/ or pig iron and/ or steel and/ or pellets. This will also increase the competitiveness during bidding.
4. Blocks at Sl. No.2, 10, 11, 13 and 20 of table 2 above may be reserved for aforesaid specified end user industries.
5. The auction process may be taken up as per schedule given below:

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| **Stage of Auction** | **Schedule** | |
| **Phase I** | **Phase II** |
| Issuance of NIT and Tender Document | 04.10.2019 | 14.10.2019 |
| Bid due date | 18.11.2019 | 28.11.2019 |
| Conduct of Ascending forward Auction | 11.12.2019  to  18.12.2019 | 19.12.2019  to  27.12.2019 |
| Issuance of Letter of Intent | 03.01.2020 | 15.01.2020 |

Detailed schedule may be followed within the above schedule for major activities.

1. All these blocks pertain to the mining leases which are under operation and it is expected that there will be seamless transition of operation by the new lease holders post 31.03.2020. Considering that the large no. of Iron ore blocks are being notified for auction simultaneously, it was decided to suggest a higher reserve price to protect against low bids. However, considering the fact that the economy of scale of operation with regard to the cost of operation in the blocks with lesser resources will, for obvious reasons, be more than that of those with higher resource blocks, the committee recommended the following reserve price(s).

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| Iron Ore/ Iron & Manganese | 15% of the sale value for blocks with iron ore resource upto 10 MT |
|  | 25 % of the sale value for blocks with iron ore resource more than 10 MT |
| Manganese | 15 % of the sale value |

1. The price of Tender document may be fixed as follows:

Iron Ore **`**5,00,000/-

Manganese **`**5,00,000/-

1. The other terms and conditions in the tender documents as approved for the last phase may, ‘mutatis mutandis, be followed for these rounds of auction as well.

The meeting ended with vote of thanks to the chair and all the participants.

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| **DC-cum-ACS** | |
| **Additional Chief Secretary**  **Steel & Mines Department** | **Principal Secretary**  **Law Department** |
| **Principal Secretary**  **Finance Department** | **Commissioner-cum-Secretary**  **Industries Department** |
| **Representative of Director of Mines** | **Director of Geology** |
| **Managing Director, OMC** | **CE, ORSAC** |