

BY SPEED POST

Government of India
Ministry of Mines

New Delhi, the 27th July, 2015

No. 7/22/2015-M.IV

To
The Principal Secretary/ Secretary
(In charge of Mining Department)
All State Governments

Subject: - Expediting of the auction of mineral blocks.

Sir/Madam,

The Mines and Minerals (Development and Regulation) (MMDR) Amendment Act, 2015 has been notified on 27th March, 2015 to amend the MMDR Act, 1957. The amendment removes discretion in the grant of mineral concessions and, therefore, all mineral concessions of major minerals will be granted by the respective State Governments only through auctions, which will bring greater transparency and remove discretion in allocation of mineral resources. For implementation of auction, this Ministry has already formulated and notified the Mineral (Auction) Rule, 2015 and Mineral (Evidence of Mineral Contents) Rules, 2015.

2. The Ministry of Mines, for facilitating and expediting the implementation of the provisions of MMDR Amendment Act, 2015, for instituting suitable auction mechanism and enabling legislative framework by modification of existing rules, has engaged SBI Capital Markets Ltd. (SBICAP), which is a wholly owned subsidiary of State Bank of India (SBI), a PSU, on nomination basis. They have also been engaged for transaction advisory for auctioning process by Ministry of Coal.

3. The State Governments have to take prompt action for auctioning of minerals by way of identification and demarcation of mineral block, assessment of the mineralization of the block, auction facilitation, various decisions to be taken about tender process timetable, reserve price fixation, reservation for end use, eligibility criteria, tender price and bid security amount etc. The Ministry of Mines, GOI has engaged SBICAP by nomination under Rule 176 of General Financial Rules, 2015 by forming a committee to formulate the terms of reference of transaction advisory and assess the reasonability of rates. As it is necessary to expedite the process for auction, the States may consider engagement of SBICAP as transaction advisor, if required, may be done on nomination basis, as feasible under extant rules.

4. Further, MSTC has also been providing auction platform for Coal auctions. It is also a Mini-Ratna Category-I Central PSU under the administrative control of Ministry of Steel, which may be considered to be engaged by nomination, subject to the fulfillment of condition for the auction platform as prescribed in the Mineral (Auction) Rules, 2015. The Central Government has approved the nomination of MSTC as e-auction provider for coal block auctions and PSDF (Power Sector Development Fund) support auction, being done by Ministry of Power, GOI. This will save time and ensure transparency, being a government owned agency having no conflict of interest in auction process.

5. As regards fee for transaction advisor and/or auction platform provider, this may be directly negotiated with the concerned agency depending on the extent of workload and nature of services to be taken. The details of contact persons in SBICAP & MSTC are as under:

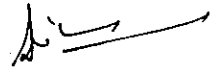
SBICAP

Shri S.V. Prasad, Vice President
sv.prasad@sbicaps.com
Mobile: 9818664631
Telephone: 011-23485200

MSTC

Shri DP Bahuguna, General Manager.
dpbahuguna@mstcindia.co.in
Mobile: 9818874453
Telephone: 011-23220578

Yours faithfully,



(Adhir Kumar Mallik)
Under Secretary to the Government of India