

An Introduction to Auction for Grant of Quarry Leases

Bidder's Handbook



**Commissioner of Geology and Mining
Block 1, 7th Floor, Udhyog Bhavan,
Sector 11, Gandhinagar, Gujarat 382010**

Initiation of e-Auction

- Auction process starts with issuance of Notice Inviting Tender (NIT) by the office of CGM or office of the respective District Collector
- NIT will be available through
 - Advertisements in 2 daily newspapers (one each in Gujarati and English)
 - Website of the CGM, Government of Gujarat
 - Electronic Auction Portal
 - Notices in Gujarati and English at the offices of the relevant Panchayat, Municipality or Municipal Corporation, offices of relevant District Collector, Sub-divisional Magistrate and Tehsil
- NIT will contain important details of each minor mineral block such as
 - Area for which Quarry Lease is being auctioned
 - Quantity and quality of mineral resources
 - End-use reservation, if any
 - Price of tender document
 - Special terms and conditions, if any
 - Scheduled area related conditions, if any
 - Important dates like start/end date of sale of tender document etc.

Documents Free of Cost

- Following documents will be available free of cost on the e-Auction Portal for download by anyone without any registration or payment of any amount
 - NIT
 - Mineral Block Summary
 - Model Tender Document

- Interested bidders can assess their interest in tender proposition based on the information given in these documents like auction process, terms and conditions, timelines etc.

Registration Process

- After reviewing documents available in public domain, interested bidders can register on the e-auction portal by submitting necessary documents to
 - obtain login and password to participate in e-auction
 - be able to purchase block specific tender document
- Interested bidder may keep the following documents handy for registration on the e-auction portal
 - Identity and address proof related documents
 - PAN Card, GST Registration Certificate and other relevant documents

A document explaining the process of registration will be available on the e-auction portal and in case of any difficulty, the bidders can contact the helpdesk of the e-auction portal

Tender Fee and Paid Documents

- After registration on e-auction portal, interested bidder can purchase the tender document of a specific mineral block of his choice on payment of specified Tender Fee
- The paid documents available for download from e-auction portal include
 - Block specific tender document, in order to participate in auction process of that particular block
 - Geological Report with details of minerals, estimated quantities, qualities, grades, exploration data etc.
 - Revenue survey maps and details of the land (i.e. government land, forest land and private land)

- List of clearances already available and indicative list of clearances to be obtained by the successful bidder

- Interested bidders can assess their eligibility and payment requirements for a specific mineral block based on above documents
- Bidders are advised to study block specific tender document thoroughly
- Bidders can email their queries to the designated email id, in the specified format by the stipulated deadline, as mentioned in the Tender Document

Eligibility

- As per the Gujarat Minor Mineral Concession Rules, 2017 (“Rules”) bidder needs to be either an Indian national or an Indian company
- Bidders should have net worth equal to or more than the amount as specified in the block specific Tender Document
- Bidders may note that they need to submit net worth certificates as a part of their Technical Bids, issued by
 - the statutory auditor in case of a company
 - a chartered accountant in case of an individual
- Meet any other conditions specified in the block specific Tender Document

Technical Bid

- The following documents need to be submitted as a part of Technical Bid as per the formats and instructions provided in the Tender Document
 - Bid Letter: Needs to be duly signed by individual in case bidder is individual or the authorised person of the bidder in case of a company
 - Bid Security: A bank guarantee for a period not less than 240 days from the last date for bid submission needs to be submitted
 - Power of Attorney (PoA): If Bidder is a company, it needs to submit PoA of an authorised person as per specific corporate authorisations
 - Affidavit: Notarised Affidavit need to be submitted

- Any other relevant documents like Net Worth Certificate, Certificate of Incorporation, details of Specified End Use Plant including Consent to Operate etc. as applicable and as mentioned in the Tender Document

Technical bid needs to be submitted both in physical format (in sealed envelope) and in digital format (on e- auction portal)

Bidding Parameter

- Bidding Parameter is Percentage of Value of Mineral Despatched
- Base Premium is the minimum percentage of Value of Mineral Despatched, as specified in the Tender Document
- Bidder needs to quote a percentage of Value of Mineral Despatched equal to or above the Base Premium
- Auction Premium payable by the Successful Bidder is a product of (a) Value of Mineral Despatched; and (b) Percentage of Value of Mineral Despatched quoted by the Successful Bidder

Illustration | Auction Premium Payable by Bidder

Particulars	Details
Sale price of the mineral published by the State Government	Rs.100/tonne
Mineral dispatched in a month	10,000 tonnes
Value of Mineral Despatched	100 × 10,000
Percentage share quoted by the Successful Bidder	10%
Auction Premium* payable by the holder of Quarry Lease/month	100 × 10,000 × 10%
	Rs. 1 lakh

* Auction Premium is payable over and above Royalty and DMF contributions

Auction Process

Auction process is a two stage ascending forward e-auction as described below.

First Round of e-Auction

- Bidders need to submit Technical Bid and Initial Premium Offer (IPO) on or before the Bid Due Date (i.e. last date for submission of Technical Bid)
 - Technical Bid needs to be submitted both in electronic form (on e-auction portal) and physical form (in sealed envelope)
 - IPO (equal to or above the Base Premium) needs to be submitted in electronic form (on e-auction portal) only
 - IPOs submitted by the bidders will be digitally encrypted
 - Technical Bid is liable for rejection and bidder may be disqualified if he submits IPO in physical form (in sealed envelope)
- Technically Qualified Bidders (TQBs) will be shortlisted after evaluation of the technical bids
- TQBs will be ranked in descending order based on IPOs submitted by them
 - TQBs holding first 50% of ranks or top 5 TQBs, whichever is higher, will qualify as Qualified Bidders (QBs) and proceed to Second Round
 - Individual intimation will be sent only to the QBs
- If TQBs or QBs are less than 3, auction process will be annulled

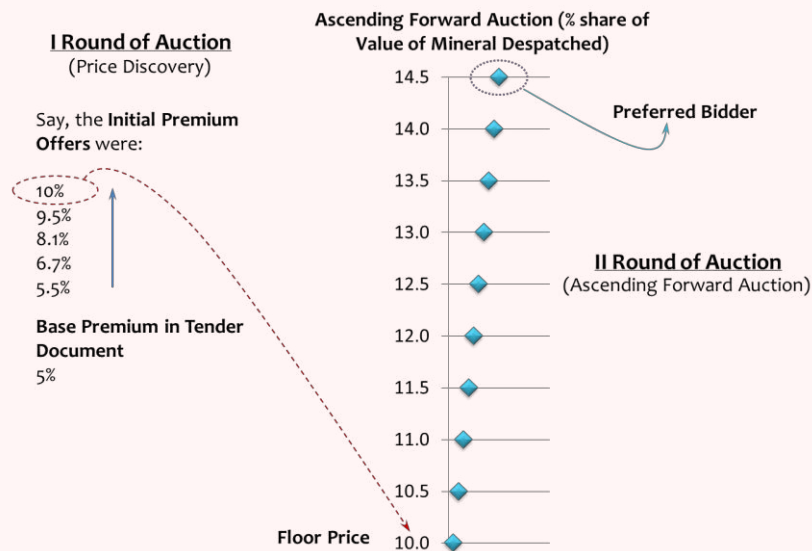
Note: Entire auction process will be conducted in electronic mode on e-auction portal only except where physical process is specifically mentioned

Second Round of e-Auction

- Highest IPO in First Round will become Floor Premium for Second Round
- QBs need to submit Final Premium Offers (FPO) on the e-auction portal, which is higher than the Floor Premium and can be revised till the conclusion of the auction
 - At least one FPO will be needed on the e-auction portal in the Second Round for successful auction

- QB will be able to place its FPO during the standard window of e-auction (of about 1 or 2 hours) till close time of e-auction
- If any bidder places FPO within last 8 minutes before close time of e-auction, auction will get extended automatically by 8 minutes from the last received bid time
- QB who submits highest FPO in Second Round will be declared as Preferred Bidder immediately on conclusion of e-auction

Illustration | Ascending Forward Auction



Grant of Quarry Lease

- PB needs to pay first instalment of Upfront Payment to receive Letter of Intent (LoI)
- After issuance of LoI, PB will become Successful Bidder (SB)
- SB needs to satisfy following conditions within the time period specified in the Tender Document

- continue to meet the eligibility conditions;
- furnish Performance Security and Financial Assurance;
- submit an approved Mining Plan;
- pay Exploration Charges, if applicable;
- obtain necessary approvals for commencement of mining operations; and
- satisfy other conditions as specified in tender document.
- After satisfying above conditions, SB needs to pay second instalment of Upfront Payment, upon which written order for grant of quarry lease will be issued to the SB
- SB needs to execute Quarry Lease Deed and it needs to be registered within 30 days from the date of its execution

The date on which the duly executed Quarry Lease Deed is registered will be the date of commencement of the quarry lease

Leaseholder's Financial Commitments

- One-time Financial Commitments
 - Upfront Payment: Upfront Payment is payable in two instalments, first instalment of 20% and second instalment of 80%
 - For minerals specified in Part A-II or Part B of Schedule III of the Rules, this amount will be mentioned in block specific tender document
 - For minerals specified in Part A-I of Schedule III of the Rules, this amount will be communicated on conclusion of auction
- Recurring Financial Commitments
 - Performance Security in the form of Bank Guarantee or Security Deposit
 - For minerals specified in Part A-II or Part B of Schedule III of the Rules, this amount will be mentioned in block specific tender document
 - For minerals specified in Part A-I of Schedule III of the Rules, this amount will be communicated on conclusion of auction

- Royalty for each mineral (or Dead Rent) as applicable
- Auction Premium as per rule 5 (of the Rules)
- Contributions to District Mineral Foundation
- Other amounts as required under any other law

Important Notice

- This booklet has been issued to introduce the auction process envisaged under the Gujarat Minor Mineral Concession Rules, 2017 to the public at large. This booklet is issued for general information purpose only.
- The Government of Gujarat and its employees, agents or representatives or consultants shall not be held liable for any damages whether direct or indirect or any cost, expenses, loss etc. incurred by the investors based on this booklet.
- Nothing in this booklet is intended by the Government of Gujarat to be any recommendation or construed as legal or investment advice.
- This booklet may not be all inclusive and may not contain all of the information that the bidder may need in order to participate in the auction process for grant of quarry leases.
- Interested bidders must educate themselves about the Gujarat Minor Mineral Concession Rules, 2017 amended from time to time and study specific tender documents, to participate in the auction process for grant of quarry leases.