Auction of Mineral Blocks in Odisha

Kamarda Block

Responses to Queries
on
Tender Documents
(Notice Inviting Tender dated July 31, 2019)

Phase –V

Directorate of Mines
Government of Odisha

September 05, 2019

S. No.	Document	Clause No. and Existing Provision	Clarification Required	Suggested Text for Amendment, if any	Rationale for Clarification or Amendment	Response
1.	Important Information	Introduction 3.4	As per Section 8A(4) of the MMDR Amendment Act2015,present NIT is not in compliance of Sec 8A(4) of MMDR Act i.e. the previous lease is not yet expired, the lease shall be put up for auction as per procedure only after the expire of the lease.			The Central Government advised that auctions could be held prior to expiry vide letter dated 28/05/2019. However, the area under this mining lease will be available for grant to the bidder after such expiry.
2.	Tender Document	Clause 3.5 The Bidders are expected to conduct due diligence regarding the land to be comprised in the mining lease and also familiarize themselves with all Applicable Laws relating to acquisition of rights over such land to be comprised in the mining lease including without limitation, the Act, the Forest Conservation Act, 1980, the Panchayats	The tender Document is silent about the treatment of Mine Infrastructure. It is to be clarified that how the existing Mine Infrastructure is transferred to preferred Bidder and how to assess the cost of acquiring the Mine Infrastructure and the manner and timeframe of payment.		For assessing the mine infrastructure cost and it's suitability to build into mine valuation model.	Any financial transaction between the bidder and the present lessee will be the sole responsibility of the Preferred/ Successful Bidder.

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		(Extension to the Scheduled Areas) Act, 1996, the Orissa Scheduled Areas Transfer of Immovable Property (By Scheduled Tribes) Regulations, 1956, the Orissa Land Reforms Act 1960 and the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation & Resettlement Act 2013. At the request and cost of the Successful Bidder, the State Government may, in its sole discretion, provide assistance regarding acquisition of land comprised in the mining lease.				
3.	Execution of Mine Development and Production Agreement	Clause No. 10.3	Whether the existing EC/FC is extended in favor of the successful bidder to facilitate continue mining operation and sale of mineral till such time the aforesaid approvals are obtained			Obtaining necessary approvals under relevant laws are the sole responsibility of Preferred Bidder or Successful Bidder

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			in the name of the successful bidder.			
4.	Execution of Mine Development and Production Agreement	Clause No. 10.3	Regarding site specific conservation plan and regional wild life management plan approval and cost involved therein whether to be borne by the successful bidder if already done by the previous lessee.			Obtaining necessary approvals under relevant laws are the sole responsibility of Preferred Bidder or Successful Bidder. The cost for the same needs to be borne by the Preferred Bidder or Successful Bidder
5.	Execution of Mine Development and Production Agreement	Clause No. 10.3	Regarding payment towards FDP approval such as NPV, CA Land and allied cost by the successful bidder for already diverted land by the previous lessee.			Obtaining necessary approvals under relevant laws are the sole responsibility of Preferred Bidder or Successful Bidder. The cost for the same needs to be borne by the Preferred Bidder or Successful Bidder
6.	Tender Document	Clause 11 Time table: Issuance of Letter of Intent by State Govt is Nov 15, 2019.	Last date for issuing LOI is 15.11.2019 and lease under auction will be expiring on 31.03.2020, thus time lag of 4 months. In such a case, what kind of preparatory works can be undertaken by preferred bidder between the date of LOI and		To have access to mines for Mining plan preparation, survey etc., by the preferred bidder.	As per provisions of the applicable law prevalent at that time

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			expiry of Mining Lease.			
7.	Schedule IV MDPA	Schedule B	Supporting documents required towards payment of demand for excess mining & related legal issues if any are pending in the name of previous lessee.			Not relevant
8.	Information Memorandum	Schedule V	It is difficult for the bidder to arrive for logical bidding without considering the "Cost involved the transfer of mine infrastructure".-whether before the auction Mines infrastructure cost /details will be available to the bidders?	Approximate cost of exiting mines infrastructure.		Any financial transaction between the bidder and the present lessee will be the sole responsibility of the Preferred/ Successful Bidder.
9.	Tender Document	Information Memorandum	As this Mining Lease is valid up to 31.03.2020, and the existing lessee have already obtained Environmental Clearance (EC) & Forest Clearance (FC). In this context, we seek clarification that whether it may be possible for the Preferred Bidder to get the EC & FC transferred in favor of the preferred Bidder.		It is important information for Due Diligence of the block.	Obtaining necessary approvals under relevant laws are the sole responsibility of Preferred Bidder or Successful Bidder
10.	Tender Document	Information Memorandum	We understand that there is a four lane road proposed to pass through / adjacent to the notified mining area which may result in blocking of the large part of the		It is important information for Due Diligence of the block.	Please refer to Clause 3.5 of the Tender Document

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			deposit under this road & its influence area. Is it a fact or just a speculation? In case it is a fact, in that case the issue needs to be resolved prior to its auction.			
11.	Tender Document	Information Memorandum	What is the status of forest clearance for the Sabik Forest land?		It is important information for Due Diligence of the block.	Obtaining necessary clearances is the sole responsibility of Preferred Bidder or Successful Bidder
12.	Information Memorandum	Schedule V	Whether the existing R& R plan of previous lessee is pending for execution? if so to what extent, being the same is continuous process. Information regarding the pending R & R plan is not provided in the tender document, which is required for logical bidding.	Information of pending R & R plan if any.		Please refer to Clause 3.5 of the Tender Document which states as follows: "The Bidders are expected to conduct due diligence regarding the land to be comprised in the mining lease and ..... At the request and cost of the Successful Bidder, the State Government may, in its sole discretion, provide assistance regarding acquisition of land comprised in the

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						mining lease".
13.	General	Statutory Clearances like Environmental Clearance (EC) and Forest Clearance (FC) etc.,	Will the existing EC and FC be extended for the Successful Bidder to facilitate continuance of the Mining Operations till such time these approvals are obtained in the name of the Successful Bidder?		To facilitate successful bidder to continue mining operations till the clearances are obtained in the name of Successful bidder.	Obtaining necessary approvals under relevant laws are the sole responsibility of Preferred Bidder or Successful Bidder
14.	Mineral Block Summary	Total Geological Resources as on 20.03.2019 are 2,375,475 tons, and Projected Resource as on 31.03.2020 are 2,285,475 tons.	Projected Resources as on 31.03.2020 are derived based on deduction of production up to 31.03.2019 and likely production as per EC limit. In all cases, the actual balance resources will vary as on 31.03.2020 based on actual production. Consequently, there will be change in value of estimated resources and upfront payment and performance security. How the State Govt will adjust the upfront payment based on actual value of estimated resources at the end of 31.03.2020?		To calculate actual upfront payment and performance security to be paid based on actual Value of Estimated Resources.	No adjustment needed

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15.	Mineral Block Summary published along with NIT issued on 31.07.2019	Part B (Particulars of Statutory License, permits, permissions, concessions, approvals and consents related to mining operations)	In the Details/Status Column against each Statutory clearance, it was mentioned that, "To be obtained by the Successful bidder/not applicable/if available, State to provide details" Also, to clarify why it was omitted from Tender document.		It is not clear whether all these statutory clearances are to be obtained afresh by preferred bidder.	Obtaining necessary approvals under relevant laws are the sole responsibility of Preferred Bidder or Successful Bidder
16.	Mineral Block Summary published along with NIT issued on 31.07.2019	Part B (Particulars of Statutory License, permits, permissions, concessions, approvals and consents related to mining operations)	As per Sabik settlement, total Forest Land is 105.78Ha out of which 87.44 Ha is diverted forest and 10.03 Ha is yet to be diverted and rest 8.31 Ha is in Safety Zone. Since prior lessee has already paid NPV, Compensatory afforestation etc., for diverting forest land while obtaining Forest Clearance, it is to be clarified that whether the Preferred Bidder has to pay again the NPV, CA, etc. for obtaining Forest clearance for already diverted land.		NPV and CA have already been paid by Prior Lessee and the land has already been diverted. Hence, it is essential to have clarity on statutory costs involved which in turn helps bidders to take an informed decision on the valuation.	Obtaining necessary approvals under relevant laws are the sole responsibility of Preferred Bidder or Successful Bidder. The cost for the same needs to be borne by the Preferred Bidder or Successful Bidder
17.	General	Joint Survey between representatives of State Govt, Prior lessee and Preferred Bidder as on 31.03.2020 has not	Please clarify, whether State Govt has any plans to conduct joint Survey for mineral inventory and mine infrastructure etc., on expiry of the lease i.e., on		The joint Survey may be required to assess the actual scenario of the mines including mineral inventory and mine	Not relevant

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		been addressed in tender document to assess mineral inventory and mine infrastructure.	31.03.2020. How the prior lessee will take out the mineral inventory post 31st Mar 2020 after executing mining lease by preferred bidder?		infrastructure etc., on expiry of the lease i.e., on 31.03.2020.	