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November 5, 2014

Shri Anup K. Pujari,

 IAS,

 Secretary to the Govt. of India,

Ministry of Mines,

Shastri Bhawan, New Delhi.

 Dear Shri Pujari,

This is with reference to my letter dated July 3, 2014 regarding the compatibility of competitive bidding/auction for grant of mining leases with the provisions of the MMDR ACT.

We had stressed the point that with respect to already mapped mineralized areas, such as the bauxite bearing districts of Odisha and the iron ore rich tracts of Goa, Karnataka and Odisha, Section 11(2) of the said Act mandates that the State Government must notify the areas for allocation, call for applications, and select an applicant as it deems fit. We had also argued that far from prohibiting the State Government from conducting competitive bidding for the selection, the Act implicitly requires that the manner of selection be consistent with the Constitutional principles elucidated by the Supreme Court in the 2G Spectrum case and the subsequent Presidential Reference. Accordingly, we had urged the Ministry of Mines to devise for grant of lease in mineralized areas a method of selection that is consistent with the Constitutional principles as well as the express provisions of the MMDR Act.

While a response to our request is awaited, we gather from today's The Indian Express (news item attached) that in the wake of the Supreme Court judgment in the Coal Block Allocation case, the government is contemplating the auction of the first set of 31 mining leases in non-coal sectors in areas where state exploration agencies have already established the estimates of mineralization.

May I request you to enlighten us about the decisions taken in the matter and the time-frame for their implementation?

With best regards,

Kamal Kant Jaswal

Director, Common Cause

**Govt working on auctions for iron ore, bauxite**

Written by [Priyadarshi Siddhanta](http://indianexpress.com/profile/author/priyadarshi-siddhanta/) | New Delhi | Posted: November 5, 2014 3:40 am (<http://indianexpress.com/article/business/business-others/govt-working-on-auctions-for-iron-ore-bauxite/>)

The government is learnt to have finalised a blueprint to auction 31 mining leases for iron ore and bauxite mines by April 2015. It has also asked the states to give a list of fully prospected areas for auctioning them out in the subsequent phases.

The first set of mining leases (MLs) will be auctioned only in areas where the estimate of mineralisation has already been established and fully prospected only by state-run exploration agencies.

The Prime Minister’s Office had in September this year asked the mines ministry to expedite its decision on over 60,000 MLs pending both with the central and state governments.

The list of 31 leases of bauxite and iron ore mines whose leases will be formally notified for auctions once the states assure the Centre of helping the winning bidders in setting up their end-use plants.

The decision to expedite the auction for non-coal sectors comes in the wake of the recent Supreme Court cancellation of 214 mining allocations saying these was illegal and arbitrary.

A source in the mines ministry said strict criteria have been set for the auction.

They are the composite marking of experience of the bidders, their technical expertise, financial strength, required manpower, investment proposed by them, value addition proposals and finally the financial bids. The Union mines ministry is also learnt to have asked the Indian Bureau of Mines (IBM) to verify the facts and data furnished by the states on the mines before bidding them out. The financial parameters for the bids are being currently worked out in consultation with the finance ministry’s department of economic affairs, the source said.

A communication from the mines ministry to the state governments on September 14 including Chhattisgarh, Goa, Jharkhand and Orissa says it is imperative to “facilitate easy transfer of reconnaissance permits and prospecting licences on commercial consideration to promote investment by specialised exploration companies”.

“These should be done within a defined time limits for disposal both by the central and state governments,” the letter added. The MB Shah Commission of Enquiry into illegal mining in Orissa in its five-volume report on the illegal mining in the state had recommended auctioning of leases of iron ore and other minerals, except the strategic ones in the future.