

**Jammu and Kashmir Government  
Department of Geology and Mining  
Jammu/Srinagar**

**Auction Document for grant of Mining Lease/Quarry License**

It is for the information of the General Public that Mining Lease/Quarry License of minor minerals in the State will be granted through the process of Auction in accordance with the Jammu and Kashmir Minor Mineral Concession, Storage, Transportation of minerals and Prevention of Illegal Mining Rules, 2016.

**A) Important Instructions:-**

- a) i) Mining Lease:-The period for which a mining lease may be granted shall be 05 to 15 years depending upon the nature of deposit.  
Provided that period of mining lease in respect of river born deposits shall not exceed 05 years.  
(ii) No Minor Mineral Concession shall be granted for a period more than 5 years in case of Bajri and Sand, and the area shall be again put to auction after 5 years or after the expiry of lease/ license.
- b) The bidder whosoever, becomes a Mineral Concessionary under the said Rules shall be required to deposit a sum of Rs. 1,00,000/- per hectare(Rs. 50,000/- in case of quarry license) or part as security in the shape of a fixed deposit in favour of Director or in any other form/manner as may be prescribed by the Government for the due observance of the terms and conditions of lease/ quarry license.
- c) Any intending bidder cannot acquire one or more Mineral Concession covering total area of 500 hectares in the State.
- d) Any Minor Mineral Block/Plot can be withdrawn from the Auction without assigning any reason.
- e) The Minor Mineral Blocks/Plots identified are Tentative and are being notified on 'as is where is basis' and all prospective bidders are expected and presumed to have surveyed the areas to make their own assessment regarding the feasibility of the Blocks/Plots for which bids are to be offered. The State government shall not be responsible for any kind of loss in land/ area or any other loss to the bidders at any point of time (before or after grant of mineral concession) on account of reduction of land/ area or otherwise. Further, the bidders are also expected to have gone through the terms and conditions of auction notice and also the applicable Acts and Rules for undertaking mining.
- f) The bidder whosoever, declared as successful bidder to whom Letter of Intent(LoI) is to be issued shall have to obtain NOCs from the concerned Stake holders viz, Revenue, Fisheries, Irrigation and Flood Control, Forest, Wildlife, Pollution Control Board besides, Mining Plan and Environmental Clearance/ Environment Management Plan(EMP) duly approved by the

Competent Authority and Copy of the registration Certificate from the Department of Commercial Taxes .

- g) The minor mineral shall be exclusively sold and utilized within the State only. Any breach shall invite Penal Proceedings. This shall be corroborated with duly sworn in affidavit before Judicial Magistrate Class-I. However, no such rider shall apply on finished goods out of these minor minerals.
- h) After the registration of duly executed lease deed under rules in force, the Director or the Officer authorized by the Government shall make arrangements at the expenses of the lessee for demarcation of the granted area.

Provided that where the competent Authority feels it necessary to demarcate the area before issuing an order of grant for mining lease/ Quarry License, he may ask the applicant to deposit the demarcation charges as may be determined within time specified by him and get the area demarcated.

Provided further that if the applicant fails to deposit demarcation charges within the period specified in this regard by the competent authority, the order for grant of lease shall stand cancelled

- i) The areas indicated as blocks/plots in the notice shall be subject to vary i.r.o its size and shall be final only after the title verification of the land from the Revenue Authorities and concerned stake holders and in case of any objection of the Stake holders the bid amount shall be released in favour of the bidder or proportionately the bid amount shall be reduced as per the area, so reduced.
- j) No Mining activity/operation shall be carried out in any river bed below the depth of 3 meters or the ground water level, whichever is lesser.
- k) The Mineral Concession holders have to pay 10% additional royalty for restoration/rehabilitation works for credit to the designated fund for the purpose.
- l) The minor mineral concession holder shall furnish financial assurance amounting to Rs 25,000/-per hectare or part of the area granted under the mineral concession and put to use for mining and allied activities subject to minimum of Rs. 01 lac in the form and manner as may be prescribed.
- m) TDS/TCS shall have to be paid by the successful bidder/Concessionary as applicable under Income Tax Act, 1961.
- n) The successful bidder shall have to pay the amount in proportion to the percentage of the royalty towards the District Mineral Contribution Fund, as and when prescribed and notified by the Govt.
- o) On completion of the bid process i.e. fall of the hammer, the Chairman may provisionally accept or reject the highest bid offered or received during the auction proceedings and shall send his recommendations to the Director. The highest bidder shall have to deposit 50% of the bid amount after completion of the auction process:

Provided that in case the auction proceedings are not conducted under the Chairmanship of Deputy Commissioner, the recommendations as

required above shall be made with the approval of the Dy. Commissioner concerned.

- p) The lessee shall pay dead rent as per Schedule-II or royalty of the minor minerals extracted or removed or consumed by him or his agent, manager, employee etc, as per Schedule-I to the Department whichever is more, at the rates specified or revised by the State Govt. from time to time in addition to bid amount.
- q) The licensee shall pay advance royalty on monthly basis on the quantity of the minor minerals intended to be dispatched from the quarry at the rate specified in the **schedule-I**, to the Department and after which the officer authorized in this behalf shall within his jurisdiction issue the authorization for lifting/removal of the said quantity in Form 'QL3'.
- r) The auction proceedings shall be held separately for each Districts on the dates to be notified along with the detail of the defined minor mineral blocks/plots and the reserve price bid to be paid by the intending bidder.

**B) Eligibility for participation in the Auction:**

- (a)(i) Earnest money not less than Rs. 1.50 lacs or 15% of the minimum bid amount whichever is higher in the shape of CDR pledged to Officer Incharge of the District.
- (ii) an affidavit stating that no dues of the Department are outstanding against the Bidder or partners of the firm/Directors of the company or their family members as the case may be.
- (iii) power of Attorney/Resolution passed by the Board of Directors in case intending Bidder is Partnership Firm or Company or Society as the case may be;
- (iv) Income Tax Clearance Certificate/Income Tax Return as provided in Income Tax Act, 1961.
- (b) No interest shall be payable by the department on the earnest money.
- (c) Any participant not having the requisite earnest money, affidavit regarding no dues & power of attorney shall be allowed to participate in the Auction.
- (d) A copy of authority letter by the Partnership Firms or Copy of resolution of the Board of Directors (BoD) of the Company in favour of the person who shall be offering the bids for such intending agency.

**C) Procedure of Auction:-**

- (i) The Auction of Mineral Concession area shall be conducted in the District Headquarter concerned by the Chairman of the Auction Committee of the District in presence of its members.
- (ii) The terms and conditions and description of the Mineral Concession area shall be read out to the intending bidders at the time of Auction.
- (iii) The Chairman shall conduct the Auction in the peaceful manner and may direct any bidder to leave the auction premises in the event of misbehaviour during the course of Auction and shall

reject his Bid or, if necessary, debar him for a period of three years from the date of misbehaving for grant of any Concession under these rules including forfeiture of earnest money deposited by such bidder.

- (iv) On completion of the bid process i.e fall of the hammer, the Chairman may provisionally accept or reject the highest bid offered/received during the auction proceedings and shall send his recommendations to the Director. The highest bidder shall have to deposit 50% of the bid amount after completion of the auction process.
- (v) The complete process shall be video graphed and kept in safe custody for at least three years.

#### **D) Terms of Auction**

- i) The Bidder whose bid is provisionally accepted, Director shall issue Letter of Intent (LoI) to complete the formalities as required for the grant of Mining Lease or Quarry License under these rules as the case may be within a period of six months, including deposition of remaining bid amount.
- ii) No person against whom any dues of the Department are outstanding shall be considered for acceptance of a Bid under rules.

Provided that where any injunction order has been issued by a court of law or other competent authority staying the recovery of such dues, the non-payment thereof shall not be treated as disqualification for the purpose.

The earnest money deposited by participants, save in the cases where the earnest money has been ordered to be forfeited by the Chairman on the grounds of any misconduct during the auction proceedings, shall be refunded immediately upon completion of the auction proceedings excluding successful bidder;

**E) Conditions of Lease:** Every mining lease shall be subject to the following conditions:-

- (i) the holder of a mining lease granted before the commencement of these rules, shall notwithstanding anything contained in the instrument of lease or any law or rules in force at such commencement, pay royalty in respect of any mineral removed by lessee from the leased area or consumed after such commencement, at the rates specified in Schedule-I in respect of that minor mineral and in the manner as ordered by the competent authority;
- (ii) the holder of a mining lease granted under these rules shall pay royalty in respect of any minor mineral removed by him from and/ or consumed, at the rate specified in the Schedule -I in respect of that mineral in the manner as ordered by the competent authority;
- (iii) the lessee shall pay surface rent for surface area used by him for the purpose of mining to the Revenue Department where such land is State land;

(iv) the lessee shall pay yearly dead rent, as per rates specified in Schedule-II, in quarterly installments in advance:

Provided that the lessee shall be liable to pay either dead rent or royalty in respect of each minor mineral whichever is higher but not both;

(v) the lessee shall pay all dues in the office of authorized officer in such manner as may be mentioned in the lease agreement;

(vi) the lessee shall not cut or injure any tree in area of his lease without the previous sanction in writing of an officer authorized in this behalf under law;

(vii) the lessee shall, at his own expenses, erect and at all times maintain and repair boundary pillars and marks according to the plan and demarcation report annexed to the lease;

(viii) the lessee shall not erect, set-up or place any building or industrial unit in the leased out area:

Provided that shelter for labourers to rest or field office may be erected, which if not removed before expiry of lease shall become the property of the Government; and

(ix) the lessee shall commence mining operations within three months from the date of execution of the lease and thereafter carry on such operations effectively in a manner which will ensure safety of labourers, conservation of mineral, removal of over burden, and its proper dumping, storage, drainage of water and removal of all valuable minerals from the mines in accordance with the rules.

(x) The lessee shall as per Environment Management Plan-

a) take immediate measures for plantation, in the same area or any other area selected by the Director or an officer authorized by him, of trees not less than twice the number of trees destroyed by reasons of any mining operation and shall look after them during the subsistence of the lease, after which these trees shall be the property of the Government;

b) restore to the extent possible the mined out areas and other flora destroyed by the mining operations; and

c) properly stack the top soil recovered during surface operations and use the same for plantation or as backfill.

(xi) The lessee shall keep accurate and faithful accounts of all minor minerals excavated from the mines, the quantity lying in stock at the mines and the quantity dispatched/utilized therefrom as also the number of persons employed in Form ML7 which shall contain particulars regarding the quantity of minor mineral sold/utilized, its value and name of persons or firms to whom sold. The accounts shall be produced before the assessing authority on such date as may be fixed in this behalf for the purpose of assessment. The lessee shall maintain up to date plans of the mines and shall also allow any officer of the Department as may be authorized by the

Director in this behalf to examine such accounts and plans at any time and shall furnish him other information as he may require.

- (xii) The lessee shall furnish monthly returns in the Form ML8 to Director/Designated Authority by 15th of the following month to which the returns relate and Annual Returns in the Form ML9 by or before 30th April of each year.
- (xiii) The lessee or any other person shall not remove or dispatch the minor mineral from the lease hold without proper challans in Form A.
- (xiv) The lessee shall abide by all laws and rules for the time being in force in the State and all such other laws or rules as may be enforced from time to time in respect of working at the mines and other matters relating to safety, health and convenience of the employees or of the public.
- (xv) The lessee shall allow existing and future lease holders of any land which is comprised in or is reached by the land held by the lessee, reasonable facilities for access thereto,
- (xvi) The lessee shall allow any Officer of the Department to enter upon the premises comprised in the lease for the purpose of inspecting the same and abide by instructions issued by him from time to time regarding the conservation and development of minerals and the matter related thereto.
- (xvii) The lessee shall make good and pay such compensation as may be assessed by lawful authority in accordance with the law or rules or order in force on the subject for all damages, injuries or disturbances which may be caused by him and shall indemnify, the Department against such damages, injury or disturbances and expenses in connection therewith.
- (xviii) The lessee shall forthwith report to the Department about any accident which may occur at or in the said premises.
- (xix) The lessee shall report to the Department the discovery of any mineral not specified in the lease within thirty days of such discovery and shall not dispose of such mineral unless he is permitted to do so by grant of lease or otherwise.
- (xx) If the lessee intends to work such newly discovered mineral or minerals, he shall, within three months of making such report as mentioned in Clause (11) intimate his intention to the Director, apply for mining lease in respect thereof in accordance with the rules regulating the grant of mining concessions for that mineral and he may find preference over other applicants for grant of mineral concession for that/these mineral(s) within his existing lease area. However, such mining lease shall not be a matter of right.

- (xxi) If the lessee intimates his intention not to work the newly discovered mineral or fails to report about the same within stipulated period from the date of discovery of new mineral, then it shall be open to the Department to grant a lease for the working of the same to any other person. Any objection in this regard will be disposed of after due consideration by the Government.
- (xxii) The lessee may apply for surrender of whole or part of the lease on the ground that deposits of that mineral have since exhausted or depleted to such an extent that it is no longer economical to work the minor mineral. The Government may permit the lessee for such surrender which shall be accepted subject to the following conditions:-
- (a) the extent of surrendered area shall not be less than the minimum prescribed size of the plot fixed for the minor mineral for that area and shall be rectangular and contiguous in shape and length being not more than 4 time the width;
  - (b) there shall be no dues outstanding against the lessee;
  - (c) the lessee applies for such surrender at least 03 months before the intended date of surrender;
  - (d) the lessee gives an undertaking that he will not cause any hindrance in the working of mineral area so surrendered, by any other person who is subsequently granted a mining lease in respect of that minor mineral/area:  
Provided that the security deposited by lessee shall be adjusted against outstanding dues, if any.
- (xxiii) The lease shall be liable to be cancelled by the competent authority if the lessee ceases to work the mine for a continuous period of six months.
- (xxiv) In case of any breach on the part of the lessee of any covenant or condition contained in the lease the Government may determine the lease on the recommendation of the Director who shall take possession of the said premises and forfeit the security deposit or in the alternative may impose payment of a penalty not exceeding twice the amount of annual dead rent of the lease. Such action shall not be taken unless the lease has failed to remedy the breach after serving of 50 days notice.
- (xxv) As soon as the lease gets expired or is surrendered or is determined, the lessee shall deliver up the said premises and all mines dug therein in a proper and workable state (save in respect of any working as to which the Director might have sanctioned abandonment) to the Director.
- (xxvi) The minor mineral, machinery or any structures left on expiry of lease or on determination of lease or on surrender of lease as the case may be shall be removed by the lessee within 30 days of the date of expiry or surrender or

receipt of the order of determination of lease and if the minor mineral, machinery or structures is not removed within the aforesaid period, the same shall belong to the Government and Director may dispose it off either by public auction, or by direct sale at the rate prevalent in the adjacent area or by any other means or in any other manner found fit:

Provided that the said condition shall also be applicable to the part of lease surrendered.

(xxvii) The Director may by six months prior notice in writing determine the lease, if it considers that the area under the lease is required for public interest:

Provided, that such notice shall be dispensed within the event of war or any other situation making it impracticable to give such notice.

(xxviii) Director may by an order in writing prohibit further mining or quarrying in the leased area, if in his opinion such operation is likely to cause premature collapse of any part of the working or otherwise endanger the mine or quarry or the safety of persons employed therein, or there is danger as regard to outbreak of fire or flooding or such operation may cause damage to any property.

(xxix) The lessee shall not work or carry on or allow to be worked or carried on at any point within a distance as specified in rule 4 from any railway line except with the previous written permission of the Railway administration concerned, or from any reservoir, canal or other public works or buildings or inhibited site except with the previous permission of the Collector or any other officer authorized by or under any law for the time being in force or by the Government in this behalf and otherwise than in accordance with such instructions, restrictions and conditions either general or special as may be attached to such permissions. The said distance as specified in rule 4 shall be measured in the case of railway, reservoir or canal horizontally from the outer toe of the bank or the outer edge of the cutting as the case may be, and in case of a building horizontally from the plinth thereof.

Explanation: For the purpose of this sub-rule:-

(a) The expression "Railway administration" shall have the same meaning as defined under sub-section (4) of section 3 in the Indian Railway Act; and

(b) "Public road" shall mean a road which has been constructed or artificially surfaced by the Government as distinct from a track resulting from repeated use.

(xxx) If any area of the leased area is declared as a protected area under the Ancient Monuments Preservation Act, 1904, the lessee shall have to deliver the possession back to the Department without claiming any compensation for the area.



- (xxxix) The lessee shall deliver to or permit sample or samples to be taken by the representative of the Department of all rocks found on Mines or raised there from and all intermediate and finished products sold or intended for sale by the lessee.
- (xxxii) The lessee shall abstain from entering upon the surface of any occupied Government land or on any private land comprised within the leased area without obtaining in writing the prior consent of the occupant.
- (xxxiii) The Director may with the prior approval of the Government impose such special condition as deemed necessary, in the interest of mineral development/protection.

**(F) Conditions of Quarry license:**

- (a) The licensee shall pay advance royalty to the Department on monthly basis on the quantity of the minor mineral intended to be dispatched from the quarry at the rates specified in the Schedule-I. after making such payment by the licensee, the officer authorized in this behalf shall within his jurisdiction issue the authorization for lifting/removal of the said quantity in Form QL3.
- (b) The licensee shall remove the quarry waste dumped during excavation or pay such amount per year or part thereof to the Department for removal of quarry waste dumped during the extraction at such rate and at such time as may be fixed by Department from time to time.
- (c) The licensee shall start work in the quarry within ten days of the grant of license and shall thereafter continue to work effectively in a proper skillful and workman like manner with regard to conservation of mineral and safety of labourers and surroundings.
- (d) The licensee shall maintain and at all times keep intact boundary pillars at the corners of the plot/area according to the approved site plan.
- (e) The licensee shall abide by the instructions of the Department regarding the working of the quarry, removal of waste, drainage and other matters concerned with the systematic development and working of the area.
- (f) The licensee shall make to the reasonable satisfaction and pay such compensation as may be determined by lawful authority in accordance with the law or rules or order in force on the subject for damages, injuries or disturbances which may be caused by him and shall indemnify and keep indemnified the Department against all such damages, injuries or disturbances and all costs and expenses incurred thereon or therewith.
- (g) The licensee shall without any delay report to the Department any accident which may occur at or in the said premises and also the discovery in or around the license area of any mineral not specified in the license.

(h) The license may be cancelled by the Director without giving any notice if the licensee fails to start work at the said quarry or does not work it for a continuous period of four months.

(i) The minor mineral left on the expiry of license period or cancellation of license shall be removed by licensee within 15 days of the expiry of license or receipt of the order of cancellation of license.

(j) The licensee shall confine his workings within the limits of the minor mineral plot allotted to him and shall not undertake mining outside his plot. In case the licensee is found working outside the boundary of his allotted plot/area, the license may be cancelled.

(k) The licensee shall not obstruct approach to the adjoining licensees. In case of any dispute about the approach road, directions of Director or officer Incharge shall be final and binding.

(l) The licensee shall have to make the transportation of mineral removed from the plot/area under a proper challan in Form A.

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Sd/  
Director,  
Geology & Mining  
J&K Govt; Jammu