

**Mineral Resources Department, Government of Chhattisgarh**

**Directorate of Geology & Mining**

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**REPLY TO PRE BID QUERIES**

**FOR**

**"AUCTION OF MINING LEASE**

**FOR**

**KESLA – II LIMESTONE BLOCK**

**IN**

**THE STATE OF CHHATTISGARH"**



**NIT Ref:**

**"Invitation of bids for grant of Mining Lease for "Kesla-II" limestone mineral block in the State of Chhattisgarh"**

**Dated 21<sup>st</sup> February 2017.**

**Tender No.:**

**MSTC/NRO/MINERAL RESOURCES DEPARTMENT, CHHATTISGARH/1/NAYA RAIPUR/17-18/2**

**Reply to Pre-bid queries of bidders' for auction of Kesla – II limestone block**

<b>Sl. No.</b>	<b>Document</b>	<b>Clause No. and Existing Provision</b>	<b>Clarification Required</b>	<b>Suggested Text for amendment, if any</b>	<b>Rationale for Clarification or Amendment</b>	<b>Reply</b>
1	Information memorandum	Clause 5.1.1- Strategy for Ensuring 'Ease of Doing Business' in the State. Third bullet point: Availability of Land.	Is there land available with the State Government in the area for providing it to the industry?		Is the availability of land which is being projected as one of the key points for ensuring ease of doing business pertaining to this particular prospect?	Availability of land in Clause 5.1.1 of Information memorandum refers to the overall land bank available with Government of Chhattisgarh for promoting development of industries in the state. Extent of government land available within the block area has already been indicated in the tender document and its annexures.
2	Tender Document	Clause 5.4: Road Infrastructure	The existing road passing through the deposit is a single lane narrow road. Is there any proposal of the State Government to develop this road?		The last paragraph of Clause 5.4 mentions that the State Govt. is committed to develop road infrastructure with an investment of 42,000 Cr in next 3 years.	As on date, there is no such proposal.

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3	Information Memorandum	6.1 Part A – General information about mineral block. Quality: CaO- 43.10%, Al <sub>2</sub> O <sub>3</sub> - 4.60%	Going by the Grade Classification given in Table 15, the limestone is not cement grade but blend able grade only. Will the State Government also provide source of high grade limestone for blending with the blend able grade to make it cement grade? The Al <sub>2</sub> O <sub>3</sub> content of the limestone is unusually high. Were the samples tested in any other laboratory for cross check purposes?		The end use of the limestone here is making cement. Since the limestone itself is not cement grade then good quality limestone should be made available for upgrading the limestone to cement grade.	Present mineral block auction process is limited to Kesla-II limestone block only.  Samples were analysed at two different government laboratories (DGM) in conformance with Mineral (Evidence of Mineral Content) Rules, 2015.

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4	Tender Document	<p>Schedule I: Format of Technical Bid. Point A (h) (b) A Bidder, who is in the business of mining/ mining operations and proposes to set up a clinker/ cement plant, shall submit the certified true copy of Board Resolution signed by the Company Secretary in support of the same.</p> <p>The bidder should indicate the target capacity of the plant, timeline for construction and proposed State in the Union of India where the plant is to be set up. The details in support of mining/ mining operation has to be provided in Annexure F.</p>	Is it not necessary to have a cement plant within the state?		Can the limestone be carried out of Chhattisgarh? If yes, then how the Government will have any control over its end use?	It is not necessary to have a cement plant within the state of Chhattisgarh. The bidder may carry the limestone out of Chhattisgarh. However, the end use of limestone must be for manufacturing of clinker/ cement.

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5	Geological Report	Table 15.2	Although the basis has been defined but the calculation for arriving at the values given in the table have not been shared. This should have been shared.		The calculation would have given better understanding of the way the figures have been arrived at.	As per Part IVA (15) of Mineral (Evidence of Mineral Content) Rules, 2015, resources estimation techniques as adopted for computation of resources have already been provided in the Geological Report
6	Geological Report	BH Logs	LOI values in some of the bore holes have not been recorded correctly. In bore holes like KE4N2, KE4N12 the LOI values are given in decimals while at some places the values are higher than that of CaO. Correct values need to be provided.		Incorrect values raises an element of doubt on the analysis carried out. Correct values if available should be provided and cross check analysis from NABL accredited laboratory should be carried out.	Correct values are provided in Corrigendum #1

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7	Geological Report	Point No. 13: Moisture	It is reported that all tonnages were estimated on dry basis. How much moisture has been considered in limestone and where has the allowance towards moisture been considered?		Removal of moisture from the limestone to arrive at resource estimates will have a bearing on the overall estimates.	Allowance of moisture has not been considered and the tonnage was estimated based on dry bulk density.
8	Geological Report	Figure 8-1: Borehole collar location map	The map plotted on google earth shows distinct constructions within the demarcated block. In addition, there is a road and two major streams that flow within the block. There are canals as well within the area. Providing safety allowances towards safety of these surface encumbrances will result in a number of mining pits consequently blocking of substantial resources. Has the Government considered these aspects while deciding on the block?		While the geological resources appear large, these encumbrances do not allow mining to take place in a single block. Creation of number of pits results in substantial blockage of resources.	Yes, all aspects have been duly considered.

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9	Information memorandum	Appendix A: Land Schedule Records	Information on number of khasras is missing from the List of Land Schedule Records. Complete khasra list should be provided.		While the survey numbers are visible in the cadastral map information on the corresponding land type and area is missing. This should be provided.	Information of land type for missing khasra nos are provided in Corrigendum #1
10	MDPA	Table 4.3.1. - Event No. 3  Any change in Control or transfer of right, title or interest in the Lease Area which is not in conformity with the Act and rules made thereunder	1. Clarifications required on the term "change in control"  2. Clarify on the "transfer of right, title or interest in the Lease Area"	Any change in Control due to merger acquisition and/or scheme of amalgamations or arrangement or transfer of right, title or interest in the Lease Area which is not in conformity the Act and rules made there under and not in conformity the clause 13 of the present	1. Mere the term "Change in Control" may be applicable in case of change in board of directors of the company. It is an internal change which will not affect to the performance under the MDPA's assignment. In view of the same, enforcement of entire PBG against the change of control is required to be change as per the recommendations. 2. Under Clause 13 Assignment with the prior consent of state government is not prohibited.	There is no need to amend event no 3 in Table 4.3.1 Clause 13 clearly articulates the provision for assignment of the lease and creation of security for financing apart from provisions mentioned in Clause 13 any other change in control or transfer of right, title or interest in the lease area which is not in accordance with the Act and its Rules made thereafter will lead to termination of mining lease and forfeiture of the performance security.

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11	Tender Document and MDPA	<p>7.1.1 of MDPA</p> <p>The Successful Bidder shall make monthly payments on the basis of the Final Price Offer (the "Monthly Payment"). The Monthly Payment shall be computed on the basis of the Value of Mineral Despatched or the value of the minimum production requirement as specified in Clause 8, whichever is higher.</p>	<p>Why Monthly payment shall be computed on the basis of value of the minimum production requirement as Specified in Clause 8.</p> <p>It is non in consistent with the methodology of adjustment of upfront payment under Cl. 13 of tender which will be adjusted further against monthly payment for next 60 months as per cl. 7.1.2 of CMDPA.</p>	<p>The Successful Bidder shall make monthly payments on the basis of the Final Price Offer (the "Monthly Payment"). The Monthly Payment shall be computed on the basis of the Value of Mineral Despatched.</p>	<p>In 7.1.2 Upfront payment shall be adjusted against of monthly payment. As per the methodology of adjustment given under Tender in Cl. 13, it will be adjusted in proportion to the actual quantity of mineral dispatched during first 60 months. Then why monthly payment shall be computed on the basis of value of mineral dispatched or the value of the minimum production requirement as mentioned in Cl. 8, whichever is higher.</p> <p>Hence "the value of minimum production requirement as specified in clause 8, whichever is higher" shall be omitted from cl. 7.1.1.</p>	<p>No change. Tender condition prevails.</p>



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12	Information memorandum	Clause No. 6.3 Govt. land with status has been mentioned under the particulars of land	Land use may be given, whether the Govt. land is for Nala, Road, Public utilities etc.	Details with the breakup of Nala, Road etc. can be given	To better understand the actual Govt. land that can be obtained for mining purpose.	As per Mineral (Auction) Rules, 2015, classification of land into forest land, land owned by the State Government, and land not owned by the State Government etc. are already provided with the Tender Document / Information Memorandum. Khasra wise land type (Government/ Private Land) are provided in Corrigendum #1.
13	Information memorandum	Clause No. 6.3 Pvt. land with status has been mentioned under the particulars of land	Land owned by ST, SC Irrigated, Non-irrigated etc. may be given	Land schedule will be included	To understand the State specific guidelines for land purchase etc.	As per Mineral (Auction) Rules, 2015, classification of land into forest land, land owned by the State Government, and land not owned by the State Govt. etc. are already provided with the Tender Document/ Information Memorandum.

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14	Geological Report	Clause 11 The prepared samples were sent to DGM departmental lab for chemical analysis	There is a requirement from IBM while approving mining plan, that at least 10% samples to be analysed from NABL accredited lab.	DGM Lab is approved from NABL can be mentioned.	New Mineral evidence Rules is requiring this 10% analysis mandatory for mining plan approval.	In conformance with Mineral (Evidence of Mineral Content) Rules, 2015, results obtained from government laboratories (DGM) are provided
15	Geological Report	Clause no. 15 Resource estimation techniques	The cement grade limestone is represented with CaO > 44% and MgO < 3.5%, which is quite reasonable for cement manufacturing. The resources in this category are 122MT. Whereas other category where MgO is more than 3.5% is not suitable for cement manufacturing. Hence the suitable resources shall be used for end use of cement and remaining shall be reduced.	Only Cement Grade resources shall be mentioned in report.	The resource have major impact on the upfront payment etc considering the resource suitable for end use of cement manufacturing.	The Mineral Resource has been reported as per  a) Mineral (Evidence of Mineral Content) Rules, 2015 b) IBM's notification on the Threshold Value for limestone in Chhattisgarh dated 16 October, 2009 and c) The broad chemical specifications of cement grade limestone suggested by the National Council for Cement and Building Materials in a report dated May 2001

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16	Geological Report	Clause No.16 DGM has envisaged close space drilling in order to upgrade the confidence of the mineral resource to G1 level category	Will state govt. permit for carrying out drilling for successful bidder before grant of ML		It will increase confidence level for the project.	Drilling will be permitted after the execution of Mining Lease and will be governed by the Clause 22 of the Mineral Auction Rules, 2015.
17	Tender Document	Clause 10.3 The State Govt. and successful bidder shall enter into the MDPA upon the successful bidder having obtained all consents, approvals, permits, no-objections and the like as may be required under applicable law for commencement of mining operations.	Few permission like mine operation from DGMS, will only be obtained after the ML execution, where we have to submit the ML documents.	List to be modified suitably	More clarity of obtaining permission before execution of ML.	There is no need to amend Clause 10.3. In this regard, Section 6.2 of Information Memorandum may be referred where indicative list of statutory licenses, permits, permissions, concessions, approvals and consents related to mining operations have been mentioned.

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18	Tender Document	Clause 12 Timeline - Stage II	It happens that the timeline set for Stage II from Stage 1 is not met, due to delays beyond the control of successful bidder	In this case, the timeline shall be made flexible or to be extended. A line in this regard for extension shall be mentioned in the document.	Extension shall be mentioned in the document to have clarity regarding the timelines to be followed.	In case the Preferred Bidder fails to meet all prerequisites before the said date, the preferred bidder should appraise the Government of Chhattisgarh before the said date regarding the reasons for such failure or delay in getting such approvals along with relevant documentary evidences for such failure/delays. Government of Chhattisgarh after scrutinizing all the relevant documents may agree to extend this date, if satisfied however, it will be sole discretion of Government of Chhattisgarh.

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19	Tender Document	Schedule III - 3(a) (ii)(b) Offline submission of documents	The Bid security in the Form of BG is mentioned as 12.6Cr in the format, whereas it is mentioned elsewhere as 12.96Cr.	To be clarified		It is a Typo. It should be read as follows: (b) Bid Security in form of a bank guarantee for an amount equal to INR 12.96 Crores (Rupees Twelve Crores and Ninety Six Lakhs) in the format specified in Annexure B (Format of bid security).  Please refer to Corrigendum #1 issued in this regard
20	Information memorandum	Clause no. 6.1 PART - A 2) Area - Non Mineralised is given as NIL	The Tender Document is for auction of mineral with end-use, in that case, there is no mention of Non-Mineralised area, which is required for Cement Manufacturing.	Area can be identified and mentioned in the document.		Given that the entire area consists of limestone, there is no area that can be designated as "non-mineralised". However, while demarcating the Mining Lease boundary, DGM has taken cognizance of the possible systematic development of

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						mining and allied activities as per Clause 5(3) of the Mineral Auction Rules 2015.
21	Information memorandum	Cadastral Map of Kesla Block	Cadastral Map may be provided in Auto CAD as some of the survey/khasra numbers are not legible. At places same survey number seems to be shown at two places viz. survey No. 230 H in Nahardih village.	Correct cadastral map shall be made available in AutoCAD for working	For bidder's clarification	As per Mineral (Auction) Rules, 2015, classification of land into forest land, land owned by the State Government, and land not owned by the State Government etc. are already provided with the Tender Document/ Information Memorandum.
22	Information memorandum	6.2 Particulars of Statutory approvals It has been mentioned that Ground Water Clearance from State/Central is to be obtained by the Successful bidder	Area appears to be water Scarce	Whether the State Govt. would facilitate to obtain clearance for surface water for end-use plant near the Block	For Information of the bidder	Regarding facilitation for obtaining clearance for surface water for end-use plant near the Block the Preferred Bidder can take up separately with the concerned/ appropriate department of the Government of

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						Chhattisgarh.
23	Information memorandum	Appendix A: Government land has been mentioned under the Land type.	Land use of Govt. Land may be furnished.	Whether the Govt. land is meant for road, occupied by Nala or any other public utility, please specify so as to understand the actual Govt. land available for mining.	For Information of the bidder so as to furnish in applications to get statutory clearances etc.	As per Mineral (Auction) Rules, 2015, classification of land into forest land, land owned by the State Government, and land not owned by the State Government etc. are already provided with the Tender Document/ Information Memorandum.
24	Information memorandum	Appendix A: Land Schedule Records: 231H of Nahardih Village has been shown thrice with different extent. Similarly Survey No.233 has been shown twice	Whether the same Survey No are in repetition	Repetition of same Survey No with different extent may be clarified	For information of the bidder	Land schedule records as available with Land Revenue Department have been provided in the cadastral map. In case there are multiple land parcels with same khasra number, it should be construed as sub-divisions of the original khasra number with same land status. Khasra wise land type

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						(Government/ Private Land) will be provided in a corrigendum.
25	Information memorandum	Appendix A: Private land has been mentioned under the Land type.	Status/Ownership of private Land particularly land owned by Schedule tribes/ SC, Irrigated, non-irrigated and waste land, etc. may be furnished.	Whether the land belongs to Schedule Caste/ Scheduled Tribe, if yes, the modalities to acquire / purchase such lands.	For Information of the bidder so as to furnish in applications to get statutory clearances etc.	As per Mineral (Auction) Rules, 2015, classification of land into forest land, land owned by the State Government, and land not owned by the State Government etc. are already provided with the Tender Document/ Information Memorandum.
26	Geological Report	7. Technological Investigation: Geological mapping in 1:4000 scale	Geological map of Kesla Block at 1:4000 scale may be provided	Geological maps furnished as fig.5.1 at page No.9 and page No.11 are Reconnaissance Geological Maps of part of topo sheet No. 64K/2 while Kesla -II block falls in 64G/15. Geological Map (1:4000) of the block under offer	For furnishing in mining plan to be submitted to IBM etc. and for reliable information of the bidder	Geological Map in 1:4,000 scale will be provided to the Preferred Bidder on its request.



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				may be provided.		
27	Geological Report	7. Technological Investigation: Topographic Survey in 1:4000 scale with contour interval of 1 m.	Topographic Plan in 1:4000 scale may be provided.	Topographic Survey has been carried out at 1:4000 scale with contour interval of 1 m. Surface Plan showing contours and other geographic features may be furnished.	For reliable information of the bidder to prepare geological cross sections and plan the mine design etc.	Topographic Plan in 1:4,000 scale will be provided to the Preferred Bidder on its request.

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28	Geological Report	7. Technological Investigation: As per Table 7.1, Drilled Meter has been shown as 3262.9 m	As per bore hole logs the total meterage drilled is 3262.73m while as per Appendix B it is 3262.90.	<p>In following boreholes discrepancy has been noticed</p> <p>Depth (m) BH No, as per Appendix B, As per BH log</p> <ul style="list-style-type: none"> <li>• KW9N14.50, 32.60, 32.58</li> <li>• KW4N14 31.60, 31.55</li> <li>• KW7.5N11.50 31.80 31.75</li> <li>• KE6N2 30.90, 30.85</li> </ul> <p>Correct depth of above BHs may be provided.</p>	For reliable information of the bidder.	<p>The figures represented in Appendix B were rounded to single decimal place.</p> <p>In order to assess the data in centimeter scale the bidders are requested to consider the depths indicated in BH Logs.</p>

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29	Geological Report	8. Location of data Points: All reference points were fixed at easily identifiable physical features (such as junction of nalas and cart tracks) and survey pillars were installed in each such points;	During site visit no pillars noticed whether Govt. will install new pillars for demarcating the Block on the ground to avoid any conflict in land holding	Installed Survey pillars help bidders in demarcation of the lease boundary in the field.	It is a mandatory requirement during inspection by authorities, particularly IBM	DGM has already provided the coordinates of such pillars in the Appendix-A of the Information Memorandum.
30	Geological Report	12. Analysis for check samples in a third party laboratory has not been done.	Seems to be not in line with guidelines issued by IBM for preparation and approval of mining plans.	As per Minerals (Evidence of Mineral Contents) Rules 2015 check analysis of at least 10% of samples may be analyzed from third party NABL accredited/or department of science & technology (DST)/ BIS recognized laboratories or Government. Whether State Govt. will issue certificate that all samples have been analysed DGM'S lab to satisfy IBM?	For compliance to the Rules	Samples have been analysed in two different government laboratories (DGM) in conformance with Mineral (Evidence of Mineral Content) Rules, 2015

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31	Geological Report	15 (Table 15.1) Any mineralisation that contains more than the prescribed Threshold Value (Minimum 34% CaO and Maximum 4% MgO), by IBM for the reporting of limestone Mineral Resources in Chhattisgarh, were considered for evaluation.	For Cement (blendable/beneficiable) grade, CaO 38% - 44% and MgO 5% (Max) has been considered.  Results of trace elements and petrographic studies not available.	While evaluating, the MgO cut off should also have been considered as 4% as per threshold value even in case of blendable/beneficiable grade.  MoEF & CC generally insist for results of trace elements and petrographic studies in the EIA/EMP Reports to accord EC	Since the resources have major impact on the upfront payment etc. considering these elements are necessary for financial and technical considerations	The Mineral Resource has been reported as per  a) Mineral (Evidence of Mineral Content) Rules, 2015  b) IBM's notification on the Threshold Value for limestone in Chhattisgarh dated 16 October, 2009 and  c) The broad chemical specifications of cement grade limestone suggested by the National Council for Cement and Building Materials in a report dated May 2001  The results presented in the Information Memorandum prevails.

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32	Geological Report	15. Resource estimation	Mention of discounting factor has not been furnished in calculation of tonnage to address geological uncertainties, Physical features like road, canal & nala.		For better understanding of tonnage estimate.  For estimating the cost of project/lands which have severe impact	Tonnage was estimated based on the recovered length
33	Tender Document	B. Second round of e-auction (d): Available Geological Report along with relevant document, maps, annexures, etc. shall be provided to Preferred Bidder free of cost.	Geological Report along with plans duly certified and signed, DGPS Survey report etc. shall be shared to Preferred Bidder.	For preparation of Mining Plan	Approving authorities insist for certified documents and do not accept photo-copies	Requisite documents will be provided to preferred bidder on its request as per guidelines of Government of Chhattisgarh
34	Tender Document	Bid Security having a validity period of not less than 360 days from the Bid Due Date, inclusive of a claim period of 60 days.	Validity period for Bid Security should be maximum 270 days from the due date.	Considering the proposed date of submission of performance security validity period appears to be more.	It is not in conformity to the model tender document	No change. Tender condition prevails.

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35	Tender Document	Audited financial statements (comprising of cash flows, profit & loss account and balance sheet) indicating annual turnover of the immediately preceding last three financial years viz. 2012-13, 2013-14 and 2014-15.	Whether the audited financial statements for preceding last three financial years is required for applicant who has existing clinker/ cement plant in India as on the date of NIT and registered under Company's Act.	Financial statement for previous year may be adequate.	It may be uncalled for due to the reasons mentioned in previous column	No change. Tender condition prevails.