

Department of Industries, Mines and Geology.

NOTIFICATION

16 AUGUST, 2017

No.05/kha.Ni.-JMM(Auction)Rules-02/2017-2302-- In exercise of the powers conferred by section 15 of the Mines and Minerals (Regulation and Development) Act, 1957 (67 of 1957), the Governor of Jharkhand exercises power to notify following rules :-

CHAPTER I

PRELIMINARY

1. Short title and commencement.- (1) These rules may be called the Jharkhand Minor Mineral (Auction) Rules, 2017.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. Definitions.- (1) In these rules, unless the context otherwise requires,-

- a) "Act" means the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957);
- b) "Composite Licence" means prospecting licence-cum-mining lease granted under rule 18;
- c) "Mine Development and Production Agreement" means the agreement referred to in sub-rule (4) of rule 10 or sub-rule (8) of rule 18;
- d) "Preferred bidder" means the bidder referred to in sub-clause (iii) of clause (b) of sub-rule (4) of rule 9;
- e) "Qualified bidders" means the bidder referred to in sub-clause (iv) of clause (a) of sub-rule (4) of rule 9;
- f) "Reserve Price" means the minimum percentage of value of mineral despatched as referred to in sub-rule (1) of rule 8;
- g) "State Government" means Government of Jharkhand.
- h) "Section" means section of the Act;
- i) "Schedule" means a Schedule appended to these rules;
- j) "Successful bidder" means the bidder as referred to in sub-rule (3) of rule 10 or sub-rule (2) of rule 18;
- k) "Technically Qualified Bidders" means the bidder as referred to in sub-clause (ii) of clause (a) of sub-rule (4) of rule 9;

- l) "Tender Document" means the tender document issued by the Director, Mines / Deputy Commissioner for conduct of an auction referred to in sub-rule (2) of rule 9;
- m) "Upfront Payment" means the payment referred to in sub-rule (1) of rule 11;
- n) "Value of estimated resources" means an amount equal to the product of,-
- i) the estimated quantity of mineral resources for which the mineral block is being auctioned, expressed in metric tonne/cft; and
 - ii) the average price per metric tonne of such mineral as published by Indian Bureau of Mine for Jharkhand State for a period of twelve months immediately preceding the month of computation of the Value of Estimated Resources or the price notified by the Director, Mines; on the basis of the norm followed by Indian Bureau of Mines.

"Value of mineral despatched" shall have the meaning specified in sub-rule (2) of rule 8.

- o) "Director, Mines" means appointed as Director, Mines by the State Government.
- p) "Director, Geology" means appointed as Director, Geology by the State Government.
- q) "Deputy Commissioner" means appointed as Deputy Commissioner of respective District

(2) The words and expressions used in these rules but not defined herein shall have the same meaning as assigned to them in the Act or rules made there under.

3. Application- These rules shall apply to all minor minerals except Soil, Brick Earth, Morrums, Red Soil, clay for making Raniganj tiles and Stone (Boulder, Bajri, Single, Stone Brick, Stone Dust) over an area of less than five hectare of Raiyati land (private land).

4. Grant of concession- (1) Where mineral contents of an area has been established and demarcated by the Director Geology, Mining Lease shall be granted in the manner specified under the provisions of JMMC Rules, 2004 as amended from time to time.

(2) A Composite Licence with respect to an area where the mineral content of an area have not been fully established but mineral block has been prepared by Director of Geology for grant of composite Licence, shall be granted in the manner specified under the provision of JMMC Rules, 2004 as amended from time to time.

CHAPTER II
GRANT OF MINING LEASE

- 5. Prerequisites for auction of Mining Lease-** (1) The Director, Mines /Deputy Commissioner may initiate an auction process for grant of a mining lease with respect to an area within the District if the mineral contents in such area has been established by Director, Geology.
- (2) The Director, Mines /Deputy Commissioner shall, prior to issuance of the notice inviting tender with respect to mineral auction, identify and demarcate the area where a mining lease is proposed to be granted through auction and the area so demarcated shall be classified into forests land, land owned by the State Government and land not owned by the State Government.
- (3) The extent of area so demarcated shall include area required for all the activities falling under the definition of 'mine' as defined in clause (j) of sub-section (1) of section 2 of the Mines Act.
- 6. Eligibility for Mining Lease.-** (1) For the purpose of participating in the auction of mining lease, an applicant shall meet the requirements as specified in section 5 of MMDR Act and the terms and conditions of eligibility as specified in Schedule-I.
- (2) The Director, Mines /Deputy Commissioner may having regard to article 244 and the Fifth Schedule to the Constitution, the provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996 (40 of 1996); and the Scheduled Tribes and other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006 (2 of 2007), make such amendments to Schedule I as it may deem necessary.
- (3) The eligibility for participating in the auction shall be determined as per the terms and conditions of eligibility for participating in the

auction and the Successful Bidder shall be decided solely on the basis of financial bids submitted by the eligible bidders.

7. Electronic Auction- (1) An auction shall be conducted only through an online electronic auction platform.

(2) The Director, Mines /Deputy Commissioner may utilise any online electronic auction platform which meets the minimum technical and security requirements as specified in the Guidelines for compliance to Quality requirements of e-Procurement Systems issued by the Standardisation Testing and Quality Certification Directorate, Department of Information Technology, Ministry of Communications and Information Technology, Government of India.

8. Bidding parameters- (1) The Director, Mines / Deputy Commissioner shall specify in the tender document the minimum percentage of the value of mineral despatched, which shall be known as the "reserve price".

(2) The value of mineral despatched shall be an amount equal to the product of,-

(i) mineral despatched in a month; and

(ii) sale price of the mineral (Grade-wise and State-wise) as published by Indian Bureau of Mines for such month of despatch or the price notified by the Director, Mines.

(3) The bidders shall quote, as per the bidding parameter, for the purpose of payment to the State Government, a percentage of value of mineral despatched equal to or above the reserve price and the successful bidder shall pay to the Director, Mines /Deputy Commissioner an amount equal to the product of,-

(i) percentage so quoted; and

(ii) value of mineral despatched.

(4) Where an area is being auctioned for more than one mineral, the percentage of value of mineral despatched as quoted by the successful bidder under sub-rule (3) shall be applicable for the

purpose of payment to the Director, Mines /Deputy Commissioner in respect of each such mineral.

- (5) If subsequent to grant of a mining lease, one or more new minerals are discovered, the percentage of value of mineral despatched as quoted by the successful bidder under sub-rule (3) shall be applicable for the purpose of payment to the Director, Mines /Deputy Commissioner in respect of each such mineral.

9. Bidding Process.- (1) Subject to the provisions of rule 5, the Director, Mines/Deputy Commissioner shall issue a notice inviting tender, at least in three daily News Paper and on the State Government Website to commence the auction process and such notice shall contain brief particulars regarding the area under auction, including.-

- (a) particulars of the area identified and demarcated shall be divided into forest land, land owned by the State Government, and land not owned by the State Government
- (b) estimated mineral resources and brief particulars regarding evidence of mineral contents with respect to all minerals in the area as provided by Director, Geology.

(2) The tender document issued by the Director, Mines /Deputy Commissioner shall contain.-

- (a) geological report prepared by the Director, Geology specifying particulars and estimated quantities of all minerals discovered in the area; and

- (b) revenue survey details of the area identified and demarcated shall be divided into forest land, land owned by the State Government, and land not owned by the State Government

(3) The bidders shall be provided a fixed period, as notified by the Director, Mines /Deputy Commissioner to study the tender document and such reports and the bidding process shall commence only on expiry of such period.

- (4) The auction shall be an ascending forward online electronic auction and shall comprise of the following rounds, namely:-
- (a) First Round of Auction to be held in the following manner, namely:-
- (i) the bidders shall submit-
- (A) a technical bid comprising amongst others, documentary evidence to confirm eligibility as per the provisions of the Act and the rules made thereunder to participate in the auction, bid security and such other documents and payments as may be specified in the tender document; and
- (B) an initial price offer which shall be a percentage of value of mineral despatched;
- (ii) only those bidders who are found to be eligible in accordance with the terms and conditions of eligibility specified in rule 6 and whose initial price offer is equal to or greater than the reserve price, referred to as "technically qualified bidders", shall be considered for the second round of electronic auction;
- (iii) The Highest initial price offer amongst the technically qualified bidders shall be the floor price of the second round of online electronic auction.
- (iv) the technically qualified bidders shall be ranked on the basis of the descending initial price offer submitted by them and the technically qualified bidders holding the first fifty percent of the ranks (with any fraction rounded off to higher integer) or the top five technically qualified bidders, whichever is higher, shall qualify as qualified bidders for participating in the second round of electronic auction:

Provided that where the total number of technically qualified bidders is less than three, then no technically qualified bidder shall be considered to be qualified bidder and the auction process shall be annulled:

Provided further that the Director, Mines /Deputy Commissioner may, in its discretion, decide not to annul the auction process if even in the third or subsequent attempt the total number of technically qualified bidders continues to be less than three and the Director, Mines/Deputy Commissioner may, in such case, decide to consider the technically qualified bidders as qualified bidders so as to continue with the bidding process:

Provided also that if the number of technically qualified bidders is between three and five, then all the technically qualified bidders shall be considered as qualified bidders:

Provided also that in the event of identical initial price offers being submitted by two or more technically qualified bidders, all such technically qualified bidders shall be assigned the same rank for the purposes of determination of qualified bidders and in such case, the aforementioned fifty percent shall stand enhanced to fifty percent plus the number of technically qualified bidders, whose initial price offers are identical less the number of such identical initial price offers

Illustration;

In the event there are a total of ten technically qualified bidders, and each technically qualified bidder submits different initial price offer, then the technically qualified bidders holding the first fifty percent of ranks shall be considered to be qualified bidders. If three such technically

qualified bidders submit the same initial price offer and are ranked in first fifty percent of the total number of ranks, then, all the three technically qualified bidders shall be considered to be qualified bidders and the total number of qualified bidders shall stand increased by two.

- (b) Second Round of Auction to be held in the following manner, namely:-
- (i) the qualified bidders may submit their final price offer which shall be a percentage of value of mineral despatched and greater than the floor price:
Provided that the final price offer may be revised till the conclusion of the auction as per the technical specifications of the auction platform;
 - (ii) The auction process shall be annulled if none of the qualified bidders submits a final price offer on the online electronic auction platform;
 - (iii) the qualified bidder who submits the highest final price offer shall be declared as the “preferred bidder” immediately on conclusion of the auction.

- 10. Grant of Mining Lease-** (1) The preferred bidder shall submit the first installment being ten percent of the upfront payment as per rule 11.
- (2) Upon receipt of the first instalment of the upfront payment, the Director, Mines / Deputy Commissioner shall issue a letter of intent to the preferred bidder.
- (3) The preferred bidder shall be considered to be the “successful bidder” upon,-
- (a) continuing to be in compliance with all the terms and conditions of eligibility;
 - (b) payment of the second instalment being ten per cent. of the upfront payment;

- (c) furnishing performance security as specified in rule 12;
 - (d) satisfying the conditions with respect to Mining Plan specified in Jharkhand Minor Mineral Concession Rules, 2004 as amended from time to time
 - (e) satisfying such other conditions as may be specified by the Director, Mines /Deputy Commissioner with the prior approval of the State Government.
- (4) The successful bidder shall sign the Mine Development and Production Agreement with the Deputy Commissioner upon obtaining all consents, approvals, permits, no-objections and the like as may be required under applicable laws for commencement of mining operations.
- (5) The successful bidder shall pay the third installment being eighty percent of the upfront payment subsequent to execution of the Mine Development and Production Agreement and upon such payment the Deputy Commissioner shall grant a mining lease to the successful bidder.
- (6) The Mining Lease Deed shall be executed by the Deputy Commissioner within thirty days of the date of completion of the conditions specified in sub-rule (5) and shall be subject to the provisions of the Act and the rules made thereunder.
- (7) The mining lease shall be for minerals found in the area pursuant to exploration/reserve estimated prior to the auction:
- Provided that where, subsequent to the auction, any new mineral is discovered, then the holder of mining lease shall follow the provisions of the Jharkhand Minor Mineral Concession Rules, 2004 as amended from time to time for inclusion of such new mineral in the Mining Lease Deed.
- (8) Where, prior to the auction or subsequent to the auction, presence of minor mineral is established or discovered, such minor minerals shall

be dealt in accordance with such rules made/to be made by the State Government under section 15.

(9) The date on which a duly executed Mining Lease Deed is registered shall be the date of commencement of the mining lease.

11. Upfront payment for mining lease- (1) An amount equal to 0.50% of the value of estimated resources shall be the upfront payment.

(2) The upfront payment shall be payable to the Director, Mines/Deputy Commissioner in three installments of ten percent; ten percent; and eighty percent as specified in the tender document and shall be adjusted in full against the amount paid under sub-rule (3) of rule 8 of these rules within the first five years of commencement of production of mineral as specified in the tender document.

12. Performance security for mining lease.—(1) The successful bidder shall provide a performance security of an amount of 0.50% of the value of estimated resources and the performance security shall be adjusted every five years so that it continues to correspond to 0.50% of the reassessed value of estimated resources.

(2) The performance security provided through bank guarantee in the format as specified in Schedule II or through security deposit, may be invoked as per the provisions of –

- (i) the Mine Development and Production Agreement and
- (ii) the Mining Lease Deed.

13. Payments under mining lease— (1) The lessee shall pay royalties and dead rent to the State Government as specified in the Act and the rules made thereunder.

(2) The lessee shall pay the applicable amount quoted under rule 8 to the State Government on a monthly basis.

(3) The lessee shall contribute such amounts as may be required under the Act/Rule made thereunder to -

- (a) the designated account of the District Mineral Foundation.

(4) The lessee shall also pay such other amounts as may be required under any law for the time being in force to the concerned authorities.

14. Payment of Interest—The State Government shall charge simple interest at the rate of twenty four percent per annum on any payment due to State Government under these rules the payment of which is delayed beyond sixty days from the due date thereof.

15. Time Period—The time period for compliance of rules 10 to 14 of these rules shall be as specified in the tender document.

CHAPTER III

GRANT OF COMPOSITE LICENCE

16. Prerequisites for auction of Composite Licence—

(1) The Director, Mines/Deputy Commissioner may initiate an auction process for grant of a Composite Licence with respect to an area within the State in accordance with the provisions of these rules and this Chapter for the mineral block prepared by the Director, Geology for grant of a Composite Licence.

(2) The Director, Mines /Deputy Commissioner shall, prior to issuance of the notice inviting tender with respect to auction, identify and demarcate the area where a Composite Licence is proposed to be granted through auction and the area so demarcated shall be classified into forests land, land owned by the State Government, and land not owned by State Government.

17. Auction for Composite Licence—(1) The auction process as specified in rules 6 to 9 shall be applicable for conduct of auction for grant of a Composite Licence subject to the following, namely:—

(a) the State Government shall not make any reservation on the basis of end use;

(b) the Director, Mines /Deputy Commissioner shall subject to compliance of rule 16, issue a notice inviting tender, including on

their website, to commence the auction process and such notice shall contain brief particulars regarding the area under auction, including,-

- (i) particulars of the area identified and demarcated shall be divided into forest land, land owned by the State Government, and land not owned by the State Government
 - (ii) estimated mineral resources with respect to all minerals discovered in the area as prepared by Director, Geology.
- (c) the tender document issued by the Director, Mines, shall contain,—
- (i) geological report specifying particulars and estimated quantities of all minerals discovered in the area as prepared by Director, Geology; and
 - (ii) revenue survey details of the area identified, demarcated shall be divided into forest land, land owned by the State Government, and land not owned by the State Government.
- (d) the bidders shall be provided a fixed period, as prescribed by the Director, Mines/Deputy Commissioner to study the Tender Document and such reports and the bidding process shall commence only on expiry of such period.

18. Grant of Composite Licence.— (1) Upon completion of the auction process, the preferred bidder shall submit a performance security in the manner specified in sub-rule (1) of rule 19 and upon receipt of such performance security, the Director, Mines /Deputy Commissioner shall issue a letter of intent to the preferred bidder.

- (2) On receipt of the letter of intent the preferred bidder shall be considered to be the successful bidder upon fulfilment of the following conditions, namely:—
- (a) compliance with all the terms and conditions of eligibility;
 - (b) obtaining all consents, approvals, permits, no-objections and the like as may be required under applicable laws for commencement of prospecting operations; and

- (c) submitting the Scheme of prospecting.
- (3) Upon fulfilment of the conditions specified in sub-rule (2), the Director, Mines /Deputy Commissioner shall grant a Composite Licence to the successful bidder and such Composite Licence shall be subject to the provisions of the Act and the rules made thereunder, as applicable to a prospecting licence and mining lease.
- (4) The minimum area for grant of a Composite Licence shall not be less than the minimum area for which a mining lease may be granted in accordance with the provisions of the Jharkhand Minor Mineral Concession Rules, 2004 as amended from time to time and the maximum area shall be in accordance with section 6 as applicable to a prospecting licence.
- (5) The holder of a Composite Licence shall conduct geological exploration of the area under the Composite Licence so as to ascertain evidence of mineral contents and shall submit periodic reports in accordance with the Act and rules made thereunder, as applicable to a prospecting licence and all reports, studies and other documentation related to the geological exploration of the area under the Composite Licence shall be submitted to the Director, Mines/Deputy Commissioner.
- (6) If a holder of a Composite Licence,—
- (a) fails to complete prospecting operations or fails to establish the existence of mineral contents in accordance with the guidelines issued by the Director, Geology such holder shall not be eligible to receive a mining lease and the Composite Licence shall be terminated;
- (b) completes prospecting operations in accordance with the guidelines issued by the Director, Geology resulting in determination of evidence of mineral contents, such holder shall make an application to the Director, Mines/Deputy

Commissioner for grant of a mining lease accompanied with the first installment, being ten percent of the upfront payment:

Provided that the mining lease shall be granted only with respect to the area for which evidence of mineral contents has been found and shall not be for an area larger than the maximum area for which a mining lease may be granted under the Act:

Provided further that any excess area shall be deemed to be surrendered by the holder of Composite Licence after completing its reclamation.

- (7) Upon receipt of the duly completed mining lease application and the first installment of the upfront payment as specified in clause (b) of sub-rule (6), the Director, Mines /Deputy Commissioner shall issue a letter of intent for mining lease.
- (8) A Mine Development and Production Agreement shall be executed between the Director, Mines /Deputy Commissioner and the holder of Composite Licence if the holder of a Composite Licence—
 - (a) continues to comply with the terms and conditions of eligibility;
 - (b) pays the second instalment being ten percent of the upfront payment;
 - (c) furnishes the enhanced performance security as specified in sub-rule (2) of rule 19;
 - (d) satisfying the conditions with respect to Mining Plan specified in Jharkhand Minor Mineral Concession Rules, 2004 as amended from time to time;
 - (e) obtains all consents, approvals, permits, no-objections and the like as may be required under applicable laws for commencement of mining operations; and
 - (f) satisfies such other conditions as may be specified by the Director, Mines with the prior approval of the State Government.

- (9) The holder of the Composite Licence shall pay the third instalment being eighty percent of the upfront payment, subsequent to execution of the Mine Development and Production Agreement and upon such payment, the State Government shall execute a Mining Lease Deed with the holder of the Composite Licence within thirty days of the date of completion of all the conditions specified in sub-rule (8).
- (10) The mining lease shall be subject to the provisions of the Act and the rules made thereunder.
- (11) The mining lease shall be for minerals found in the area pursuant to exploration prior to the auction:

Provided that where subsequent to the auction, any new mineral is discovered, then the holder of the mining lease shall follow the provisions of the Jharkhand Minor Mineral Concession Rules, 2004 as amended from time to time for inclusion of such new mineral in the Mining Lease Deed.

- (12) The date on which a duly executed Mining Lease Deed is registered shall be the date of commencement of the mining lease.

19. Performance Security for Composite Licence— (1) An amount of 0.25% of the value of estimated resources shall be payable by the preferred bidder as performance security prior to the issuance of the Composite Licence.

(2) The amount of performance security shall be revised, prior to the issuance of the mining lease, to an amount of 0.50% of the value of estimated resources.

(3) The performance security provided under sub-rule (2) shall be adjusted every five years so that it continues to correspond to 0.50% of the reassessed value of estimated resources.

(4) The performance security may be invoked as per provisions of,-
(i) the Mine Development and Production Agreement and
(ii) the Mining Lease Deed.

CHAPTER IV

MISCELLANEOUS

20. Power to rectify apparent mistakes—Any clerical or arithmetical mistake in any order passed by the Director, Mines /Deputy Commissioner or any authority or officer under these rules and any error arising therein due to accidental slip or omission, may be corrected by the Director, Mines /Deputy Commissioner the concerned authority or officer, as the case may be:

Provided that no rectification order prejudicial to any person shall be passed unless such person has been given a reasonable opportunity of being heard.

21. Exploration Obligation—The holder of a Composite Licence shall complete detailed exploration and prepare a detailed feasibility study report confirming to the Guidelines issued by the Director, Geology over the entire area under the mining lease, within a period of Three years from the date of commencement of such mining lease.

By order of Governor of Jharkhand

Sunil Kumar Barnwal,
Secretary of Government.

SCHEDULE I

Terms and conditions of eligibility

[See rules 6(1) and 6(2)]

1. The following net worth requirements shall be applicable for an auction of mining lease depending on the Value of Estimated Resources,—
 - (a) If the Value of Estimated Resources is more than Rupees 10 (Ten) Crores, the applicant, including an individual, shall have a net worth more than 4% of Value of Estimated Resources.
 - (b) If the Value of Estimated Resources is less than or equal to Rupees 10 (Ten) Crores, the applicant, not being an individual, shall have a net worth more than 2% of Value of Estimated Resources.
 - (c) If the Value of Estimated Resources is less than or equal to Rupees 10 (Ten) Crores, the applicant, being an individual, shall have a minimum net worth of 1% of the Value of Estimated Resources.
2. In case of auction of Composite Licence, the applicant must have a net worth of more than 1% of the Value of Estimated Resources.

Explanation:

- (1) In case an applicant is a subsidiary of another company incorporated in India, the net worth of such holding company may also be considered:
Provided that, in such case, the applicant must continue to be a subsidiary of such holding company until such time the applicant meets the aforementioned net worth threshold.
- (2) In case of a Company, the Net worth shall be the sum of paid up share capital and the free Reserves as per the audited Balance Sheet of the immediately preceding financial year.
- (3) In case of an individual, the Net worth shall be the closing cash balance on the last date for submission of application, and such amount may include amount in Savings Bank accounts in Scheduled Bank/ Post Office, free and un-encumbered Fixed Deposits in Scheduled Banks, Post Office, Listed Companies/Government Organisation/Public Sector Undertaking of State and Central Government, Kisan Vikas Patra, National Saving certificate, Bonds, Shares of Listed Companies, Listed Mutual Funds, Unit Linked Insurance Plan, Public Provident Fund, Surrender Value of Life Insurance policies in the name of Applicant.

By order of Governor of Jharkhand

Sunil Kumar Barnwal,
Secretary of Government.

SCHEDULE II
Format of Performance Security

[See rules 12(2)]

[Reference number of the bank] [date]

To

The Director, Mines/ Deputy Commissioner

[address]

WHEREAS

- A. [Name of the Successful Bidder] incorporated in India under the Companies Act, [1956/2013] with corporate identity number [CIN of the Successful Bidder], whose registered office is at [address of registered office], India and principal place of business is at [address of principal place of business, if different from registered office] (the “Successful Bidder”) is required to provide an unconditional and irrevocable bank guarantee for an amount equal to INR [figures] (Indian Rupees [words]) as a performance security valid until [date of expiry of performance bank guarantee] (“Expiry Date”).
- B. The Performance Security is required to be provided to The Director, Mines/ Deputy Commissioner of [Name of District], for discharge of certain obligations under the Tender Document dated, [date] with respect to auction of [particulars of auction] and the Mine Development and Production Agreement to be executed between the Director, Mines /Deputy Commissioner and the Successful Bidder (collectively the “Agreement”).
- C. We, [name of the bank] (the “Bank”) at the request of the Successful Bidder do hereby undertake to pay to the Director, Mines/ Deputy Commissioner an amount not exceeding INR [figures] (Indian Rupees [words]) (“Guarantee Amount”) to secure the obligations of the Successful Bidder under the Agreement on demand from the Director, Mines /Deputy Commissioner on the terms and conditions herein contained herein.

NOW THEREFORE, the Bank hereby issues in favour of the Director, Mines /Deputy Commissioner this irrevocable and unconditional payment bank guarantee (the “Guarantee”) on behalf of the Successful Bidder in the Guarantee Amount:

1. The Bank for the purpose hereof unconditionally and irrevocably undertakes to pay to the Director, Mines /Deputy Commissioner without any demur, reservation, caveat, protest or recourse, immediately on receipt of first written demand from the Director, Mines /Deputy Commissioner, a sum or sums (by way of one or more claims) not exceeding the Guarantee Amount in the aggregate without the Director, Mines /Deputy Commissioner needing to prove or to show to the Bank grounds or reasons for such demand for the sum specified therein and notwithstanding any dispute or difference between the Director, Mines /Deputy Commissioner and Successful Bidder on any matter whatsoever. The Bank undertakes to pay to the Director, Mines /Deputy Commissioner any money so demanded notwithstanding any dispute or disputes raised by the Successful Bidder in any suit or proceeding pending before any court or tribunal relating thereto the Bank’s liability under this present being absolute and unequivocal.
2. The Bank acknowledges that any such demand by the Director, Mines /Deputy Commissioner of the amounts payable by the Bank to the State shall be final, binding and conclusive evidence in respect of the amounts payable by Successful Bidder to the Director, Mines /Deputy Commissioner under the Agreement.
3. The Bank hereby waives the necessity for the Director, Mines /Deputy Commissioner from demanding the aforesaid amount or any part thereof from the Successful Bidder and also waives any right that the Bank may have of first requiring the Director, Mines/Deputy Commissioner to pursue its legal remedies against the Successful Bidder, before

presenting any written demand to the Bank for payment under this Guarantee.

4. The Bank further unconditionally agrees with the Director, Mines /Deputy Commissioner that the Director, Mines /Deputy Commissioner shall be at liberty, without the Bank's consent and without affecting in any manner the Bank's obligation under this Guarantee, from time to time to:
 - (i) vary and/or modify and of the terms and conditions of the Agreement;
 - (ii) extend and / or postpone the time for performance of the obligations of the Successful Bidder under the Agreement, or
 - (iii) forbear or enforce any of the rights exercisable by the Director, Mines /Deputy Commissioner against the Successful Bidder under the terms and conditions of the Agreement. and the Bank shall not be relieved from its liability by reason of any such act or omission on the part of the State or any indulgence by the Director, Mines /Deputy Commissioner to the Successful Bidder or other thing whatsoever which under the law relating to sureties would, but for this provision, have the effect of relieving the Bank of its obligations under this Guarantee.
5. Any payment made hereunder shall be made free and clear of and without deduction for, or on account of, any present or future taxes, levies, imposts, duties, charges, fees, commissions, deductions or withholdings of any nature whatsoever.
6. The Bank agrees that Director, Mines /Deputy Commissioner at its option shall be entitled to enforce this Guarantee against the Bank, as a principal debtor in the first instance without proceeding at the first instance against the Successful Bidder.
7. The Bank further agree that the guarantee herein contained shall remain in full force and effect during the period that specified in the Agreement and that it shall continue to be enforceable till all the obligations of the Successful Bidder under or by virtue of the said Agreement with respect

to the Performance Security have been fully paid and its claims satisfied or discharged or till the Director, Mines /Deputy Commissioner certifies that the terms and conditions of the Agreement with respect to the Performance Security have been fully and properly carried out by the Successful Bidder and accordingly discharges this guarantee. Notwithstanding anything contained herein, unless a demand or claim under this guarantee is made on the Bank in writing on or before the Expiry Date the Bank shall be discharged from all liability under this guarantee thereafter.

8. The payment so made by the Bank under this Guarantee shall be a valid discharge of Bank's liability for payment thereunder and the Director, Mines /Deputy Commissioner shall have no claim against the Bank for making such payment.
9. This Guarantee is subject to the laws of India. Any suit, action, or other proceedings arising out of this Guarantee or the subject matter hereof shall be subject to the exclusive jurisdiction of courts at Ranchi.
10. The Bank has the power to issue this Guarantee in favour of the Director, Mines /Deputy Commissioner. This guarantee will not be discharged due to the change in the constitution of the Bank.
11. The Bank undertakes not to revoke this Guarantee during its currency except with the previous consent of the Director, Mines /Deputy Commissioner in writing.
12. The Director, Mines/Deputy Commissioner may, with prior intimation to the Bank, assign the right under this Guarantee to any other departments, ministries or any governmental agencies, which may act in the name of the Director, Mines /Deputy Commissioner. Save as provided in this Clause 12, this Guarantee shall not be assignable or transferable.
13. Notwithstanding anything contained herein,

a. the liability of the bank under this bank guarantee shall not exceed the Guarantee Amount.

b. This bank guarantee shall be valid up to the Expiry Date.

14. The Bank is liable to pay the guaranteed amount or any part thereof under this bank guarantee only and only if the Director, Mines /Deputy Commissioner serves upon the Bank a written claim or demand on or before the Expiry Date. Dated the [day] day of [month] [year] for the Bank. In witness whereof the Bank, through its authorized officer, has set its hand and stamp.

(Signature)

(Name and Designation)

(Bank Stamp)

By order of Governor of Jharkhand

Sunil Kumar Barnwal,
Secretary of Government.