No.SO(Appeal)/MDD/6(D&R)/2018/KC- The following draft of rules, which the Government of the Khyber Pakhtunkhwa Province in exercise of the powers conferred by section 103 of the Khyber Pakhtunkhwa Minerals Sector Governance Act, 2017 (Khyber Pakhtunkhwa Act No. XXXVI of 2017) proposes to make, is hereby published, in pursuance of sub-section (2) of section 103 of the Act ibid, for the information of persons likely to be affected thereby and notice is hereby given that the said rules together with any objection or suggestion with respect thereto, which may be received by the Secretary to Government of Khyber Pakhtunkhwa, Minerals Development Department, within a period of fifteen (15) days from the date of publication of this notification in the official Gazette shall be taken into consideration. After the expiry of the said period:

THE KHYBER PAKHTUNKHWA
MINERALS AUCTION RULES, 2018.

PART-I
Preliminary

1. Short title and commencement.--- (1) These rules may be called the Khyber Pakhtunkhwa Minerals Auction Rules, 2018.

   (2) It shall come into force at once.

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

   (a) “Act” means the Khyber Pakhtunkhwa Minerals Sector Governance Act, 2017 (Khyber Pakhtunkhwa Act No. XXXVI of 2017);

   (b) “Auction Committee” means the Auction Committee constituted under rule 3;

   (c) “successful bidder” means the bidder, whose bid has been approved by the Licensing Authority;

   (f) “Schedule” means the Schedule appended to these rules; and

   (g) “reserve price” means the minimum price fixed by the Auction Committee for auction of an area reserved for auction for granting a mining lease.
(2) Words and phrases used in these rules but not defined shall have the same meanings are assigned to them in the Act.

PART-II
Procedure for Auction

3. Composition of the Auction Committee.— (1) For the purpose of section 62 of the Act, there shall be an Auction Committee comprising of the following, namely:

(i) Director General, Mines and Minerals, Khyber Pakhtunkhwa ;

(ii) Additional Director General Mines and Minerals;

(iii) Director Licensing-I;

(iv) Director Licensing-II;

(v) Director Exploration;

(vi) Deputy Secretary Minerals Development Department;

(vii) Deputy Secretary, Finance Department;

(viii) Deputy Secretary, Law Parliamentary Affairs and Human Rights Department; and

(ix) Deputy Director (Coordination).

Chairman

Member

Member

Member

Member

Member

Member

-cum-

Secretary

(2) The quorum of the meeting shall be five of its members and all the decisions shall be taken by majority of votes.

(3) Auction Committee shall—

(a) fix reserve price for the area reserved for auction;

(b) conduct auction of the area or areas reserved for auction; and

(c) submit for the purpose of clause (b), its recommendations to the Licensing Authority for approval.

4. Public notice of auction.— (1) Subject to the provisions of these rules, the Chairman of the Auction Committee shall invite applications for auction of the area or areas reserved for auction, through advertisement published in leading Urdu and English daily newspapers of the Province.
(2) Public notice of auction shall contain the following information, namely:

(a) acreage and location of the area to be auctioned;
(b) reserved price and amount of call deposit;
(c) the terms and conditions of the auction; and
(d) details of the auction schedule specifying the date, time and venue where the auction is to take place.

5. Terms and conditions of auction.--- (1) The area or areas shall be offered through open auction in the following manner, namely:

(a) interested person shall submit application before five working days of the auction date, on the Form as provided in the Schedule appended to these rules, along with requisite documents as mentioned in the application Form;
(b) the eligible applicants shall participate in the auction in person or through their representatives duly authorized in writing;
(c) the highest bidder shall be announced at the fall of hammer;
(d) the Auction Committee shall submit its recommendations to the Licensing Authority for approval;
(e) the Licensing Authority may accept recommendations of the Auction Committee or reject it on grounds to be recorded in writing; and
(f) where the Licensing Authority approves recommendations of the Auction Committee in favor of the highest bidder, “Offer Letter” shall be issued to the successful bidder and in case of rejection of the same, rejection letter shall be issued accordingly.

(2) Call deposits of all the participants shall be refunded immediately after the auction except to the first and second highest bidders provided that call deposit of the second highest bidder shall only be retained if the difference between the first and second highest bids is not more than ten percent (10%) of the first highest bid.

(3) On issuance of the offer letter, the successful bidder shall be required to-
(a) deposit ten percent (10%) of the bid amount as security and twenty five percent (25%) of the bid amount as down payment within a fortnight;

(b) deposit annual rent, withholding tax, professional tax, demarcation fee, cost of plan and mining lease application fee within a fortnight; and

(c) execute a mineral agreement with the Licensing Authority or its authorized officer within thirty days before the issuance of work order.

(4) On fulfillment of all the terms and conditions of offer letter, allotment letter shall be issued to the successful bidder.

(5) If the successful bidder fails to comply with the terms and conditions of the offer letter within specified time limit, his call deposit shall be forfeited in favor of Government and the second highest bidder shall be considered as the highest bidder.

(6) If the second successful bidder also fails to comply with the terms and conditions of the offer letter within specified time limit, his or her call deposit shall also be forfeited in favor of Government.

(7) On issuance of allotment letter, the lessee shall deposit the remaining bid amount in four equal installments in the first year from the date of issuance of allotment letter, failing which the mining lease shall be processed for cancellation subject to thirty (30) days notice.

(8) The lessee shall pay usual rents, royalty, excise duty, other Government dues and taxes as determined from time to time.

(9) No person, firm or a company, if found to be defaulter or blacklisted with any Government Agency, shall be eligible to take part in auction.

6. Deletion of an area from the auction list.—If no bid is received for an area despite five consecutive efforts or auctions or if the received bids are not reasonable, the area may be deleted from the list, of auction areas, by the Licensing Authority and thereafter the procedure provided in sub-section (3) of section 23 of the Act shall be followed.

Secretary to the,
Government of Khyber Pakhtunkhwa,
Minerals Development Department.
APPLICATION FORM

Serial No.

1. Name of Mineral:

2. Location/Area

3. Block Number

4. Serial Number in the Advertisement:

5. Name of Applicant/Party:

6. Address of Applicant/Party:

7. Contact Number: Phone: __________ Cell Phone: __________

8. Email:

9. Application fee (non-refundable) of Rs. __________/- (Rupees __________) deposited vide Treasury Challan No. __________ dated: __________ under the Head of Account “C 038-Other Receipts C 03808 Receipts under the Mines-Oil Fields and Mineral Development Act”. Deposited in the State Bank of Pakistan /National Bank of Pakistan or any other scheduled bank/Government Treasury at __________.

10. Details of Call Deposit:

(a) Name of Bank

(b) Call Deposit number

(c) Date of Call Deposit

(d) Amount in figures

(e) Amount in words

Signature of the Applicant/Person

CNIC No. __________

Dated: __________