

Business Standard

Minera Steel, Kirloskar bag one iron ore mine each in Karnataka e-auction



Minera Steel & Power and Kirloskar Ferrous Industries Limited have managed to bag one iron ore mine each in Karnataka during Tuesday's auction. Both the companies have acquired the leases of mines which were managed by Nidhi Mining Company and Bharat Mines and Minerals (BMM's), respectively.

Industry sources said that the base price for Nidhi Mining Company was 35 per cent, while it was 59.5 per cent for BMM's mine. E-auction price of mines is decided on the basis of the price of iron ore, said an industry source.

While the auctions for these two mines in Karnataka were held on Tuesday, two more mines may go for auction on Wednesday, which have one of the largest reserves, are expected to see a tough competition among bidders including JSW, Vedanta and others.

It may be noted that in April 2013, the Apex court had directed the [Karnataka government](#) to cancel 51 'C' category leases for involvement in illegal mining and had also asked it to re-allot them to end users through a transparent bidding mechanism, which is e-auctioning.

The Centre had recently decided to put eight more mines on e-auction in Karnataka.

Out of these eight, five mines have been qualified for e-auction. According to the protocol, each mine is required to receive at least three applications from bidders to qualify for the process of auction.

Two mines were auctioned on Tuesday and the rest will be done in the coming days. Based on R&R, the total capacity of these mines is around 5.73 MTPA.

Industry sources said that the State exchequer will get around 30 per cent per tonne in terms of SPV, Royalty, DMF (District Mineral fund) and NMET (National Mineral Exploration Trust). The State exchequer was Rs. 760 PMT for e-auction held till July FY19.

State exchequer's total revenue from these mines would depend on yearly their production, industry sources said.

On what are its other benefits to the mining and consumers industry in Karnataka, they said, increased availability would make state self-dependent, increased capacity means availability of raw material at competitive price.