



Ministry of Mines



Azadi Ka
Amrit Mahotsav



Parliament passes the Offshore Areas Mineral (Development and Regulation) Amendment Bill, 2023

Two types of operating rights to be granted to private sector through auction by competitive bidding, viz. production lease and composite licence

Amendment to bring major reform in allocation of operating rights in Offshore Areas

Renewal of production leases provision removed; Period fixed as 50 years similar to MMDR Act

In case of Atomic Minerals operating rights only to PSUs

Posted On: 03 AUG 2023 5:45PM by PIB Delhi

The Rajya Sabha passed today the Offshore Areas Mineral (Development and Regulation) Amendment Bill, 2023 which seeks to make amendments to the Offshore Areas Mineral (Development and Regulation) Act, 2002 ('OAMDR Act'). The Bill was passed by Lok Sabha on 01.08.2023. The Bill will now be sent to the President of India for assent.

The proposed amendment in the Act will bring major reform by introducing auction as the method of allocation of operating rights in the offshore areas.

The OAMDR Act, 2002 came into force in 2010. However, no mining activity has been undertaken in the offshore areas till date. Hence, the Central Government has proposed the present Amendment Bill to bring several reforms in the offshore mining sector.

The OAMDR Act in its current form contains scope for discretion and does not provide for fair and transparent allocation of operating rights in the offshore areas. The Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act) was amended in January 2015 to provide for allocation of mineral concessions in onshore areas through auction. Since its implementation, 286 mineral blocks have been auctioned for grant of mining lease or composite licence. The transparent

process has also generated additional revenue source to the State Governments in terms of auction premium. Introduction of auction regime through the present amendment in the OAMDR Act is expected to provide necessary impetus to the sector.

India has a unique maritime position. India's Exclusive Economic Zone (EEZ) of over two million square kilometers holds significant recoverable resources. GSI has delineated the resources of the following minerals in the offshore areas:

1,53,996 million tons of lime mud within the EEZ off Gujarat and Maharashtra coasts.

715 million tons of construction-grade sand off Kerala coast.

1 million tons of heavy mineral placers in the inner-shelf and mid-shelf off Odisha, Andhra Pradesh, Kerala, Tamil Nadu and Maharashtra.

Phosphorite in the Eastern and Western continental margins.

- Polymetallic Ferromanganese (Fe-Mn) nodules and crusts in Andaman Sea and Lakshadweep Sea.

As India aims to become a high-growth economy, it needs to harness its maritime resources to its optimal capacity. In order to harness the full potential of these maritime resources, it is imperative to encourage the participation of the public and private sector. The private sector will bring necessary expertise and technology to explore and mine the mineral resources present in the EEZ.

The salient features of the Amendment Bill are as under:

- Two types of operating rights to be granted under the Act to private sector only through auction by competitive bidding, *viz.* production lease and composite licence.
- Composite licence introduced in the Act is a two stage operating right granted for the purpose of undertaking exploration followed by production operation.
- Operating rights to be granted to PSUs in the mineral bearing areas reserved by the Central Government.
- Provision has been made for grant of operating rights only to PSUs in case of atomic minerals.
- Provision for renewal of production leases has been removed and its period is fixed as 50 years on lines similar to the MMDR Act.
- Limit has been introduced on total area one person can acquire in the offshore. Now, a person cannot acquire more than 45 minutes latitude by 45 minutes longitude in respect of any mineral or prescribed group of associated minerals under one or more operating rights (taken together).
- To ensure availability of funds for exploration, mitigation of adverse impact of offshore mining, disaster relief, research, interest and benefit of the persons affected by exploration or production operations, etc., a provision has been made for setting up of a non-lapsable Offshore Areas Mineral Trust which will maintain a fund under the Public Account of India. This will be funded by an additional levy on the production of minerals, not exceeding one third of the royalty. The exact rate of additional levy will be prescribed by the Central Government.
- To promote ease of doing business, a provision has been made for easy transfer of composite licence or production lease.
- To ensure timely start of production from the leases, the bill introduces the timelines for commencement of production and dispatch after the execution of production lease.
- Royalty, auction premium and other revenues from the production of minerals from offshore areas shall accrue to the Government of India.

BY/RKP



(Release ID: 1945516) Visitor Counter : 1712



Read this release in: Urdu , Marathi , Hindi , Tamil , Kannada

