



# Offshore Areas Mineral (Development and Regulation) Amendment Bill, 2023

**For Prelims:** Offshore Mining Sector, [MMDR \(Mines and Minerals Development and Regulation\) Act](#), Exclusive Economic Zone.

**For Mains:** Offshore Areas Mineral (Development and Regulation) Amendment Bill, 2023

[Source: PIB](#)

## Why in News?

The Rajya Sabha recently passed the **Offshore Areas Mineral (Development and Regulation) Amendment Bill, 2023**, aiming to introduce crucial reforms in India's offshore mining sector.

- This amendment seeks to modify the existing **Offshore Areas Mineral (Development and Regulation) Act, 2002**, to enable the auction as the method of **allocating operating rights in offshore areas**.

## What are the Key Features of the Amendment Bill?

- **Introduction of Auction Regime:**
  - Two types of operating rights, production lease, and composite licence, to be granted through auction by competitive bidding exclusively to the private sector.
  - **Operating rights to be granted to PSUs** in the mineral bearing areas reserved by the Central Government. PSUs will be **exclusively granted operating rights** for atomic minerals.
    - Atomic minerals include **mainly minerals containing uranium**, thorium, rare metals, viz. niobium, tantalum, lithium, beryllium, titanium, zirconium, and [Rare Earth Elements \(REEs\)](#) as well as beach sand minerals.
- **Fixed Period for Production Lease:**
  - The provision for renewal of production **leases has been removed**.
  - The production lease period is set at **50 years, aligning with the [Mines and Minerals \(Development and Regulation\) Act, 1957 \(MMDR Act\)](#)**.
- **Area Acquisition Limit:**
  - A limit has been imposed on the **total area** one entity can acquire offshore.
  - The maximum **acquisition area is restricted to 45 minutes latitude by 45 minutes longitude** for any mineral or prescribed group of associated minerals under one or more operating rights.
- **Non-lapsable Offshore Areas Mineral Trust:**
  - To ensure funds for exploration, disaster relief, research, and benefits to affected parties, a **non-lapsable Offshore Areas Mineral Trust** will be established.
  - The trust will be funded by an additional levy on mineral production, not exceeding one third of the royalty, with the exact rate prescribed by the Central Government.

- **Ease of Business and Timelines:**
  - Provisions for easy transfer of composite licence or production lease.
  - Timelines for commencement of production and dispatch after execution of **production lease to ensure timely start of production.**
- **Revenues:**
  - Royalty, auction premium, and other revenues from mineral production in offshore areas will accrue to the Government of India.

## What is the Need for Such an Amendment Bill?

- **Lack of Activity in Offshore Areas:**
  - Despite the enactment of the **Offshore Areas Mineral (Development and Regulation) Act, 2002**, there has been no mining activity in offshore areas.
  - This indicates a lack of interest or effective utilization of the vast maritime resources available to India.
  - The Amendment Bill seeks to **address the underlying issues and incentivize exploration** and mining in these offshore areas.
- **Discretion and Lack of Transparency:**
  - The current Act suffers from the problem of discretion and lacks transparency in the allocation of **operating rights for mining in offshore areas.**
  - The Amendment Bill aims to introduce a transparent auction mechanism to allocate operating rights, inspired by the successful amendments to the **MMDR Act for onshore areas.**
- **Harnessing Maritime Resources:**
  - India holds a unique **Maritime Position**, with an **Exclusive Economic Zone (EEZ) covering over two million square kilometers**, rich in recoverable resources. Geological Survey of India (GSI) estimates **significant reserves of lime mud, construction-grade sand, heavy mineral placers, phosphorite, and polymetallic ferromanganese nodules** and crusts in various offshore areas.
  - However, the potential of these resources remains largely untapped. The Amendment Bill seeks to **harness the full potential of these maritime resources** to support India's high-growth economy by promoting exploration and mining through the participation of both the public and private sectors.

## Conclusion

- By introducing auction as the method of allocation of operating rights, the Bill **aims to promote transparency**, attract private sector participation, and optimize India's maritime resources to support its economic growth ambitions.
- This reform aligns with **India's vision to harness its vast maritime resources** while ensuring sustainable and responsible mining practices.