

Mines Ministry Publishes Draft Rules for Offshore Mineral Blocks Auction for Public Consultation

Recently Amended OAMDR Act Ensures Transparent & Non-discriminatory Auction Process

Posted On: 28 DEC 2023 11:04AM by PIB Delhi

Ministry of Mines administers the Offshore Areas Mineral (Development & Regulation) Act, 2002 [OAMDR Act]. The Act provides for development and regulation of mineral resources in the territorial waters, continental shelf, exclusive economic zone and other maritime zones of India and to provide for matters connected therewith or incidental thereto.

The OAMDR Act has recently been amended w.e.f. 17.08.2023 which introduced transparent and non-discretionary auction process as the method of allocation of operating rights in the offshore areas. Also, provision has been made for establishing a trust to work for mining affected persons and for increasing exploration, providing relief upon occurrence of any disaster etc. The amendment also removed process of discretionary renewals and provided uniform lease period of fifty years, introduced composite licence, provided for area limits of various operating rights, provided for easy transfer of composite licence and production lease, etc.

Further, Ministry has identified some blocks in exclusive economic zone of India, i.e., beyond territorial water (12 nautical miles), for the minerals lime-mud & poly metallic nodules. In this regard, Ministry has sought comments/inputs from concerned Ministries/Department for availability of the offshore blocks for grant of operating rights to avoid any overlapping with the projects.

In order to implement the provisions of the amended Act, the Ministry has framed two draft rules i.e., (i) Offshore Areas Mineral Auction Rules & (ii) Offshore Areas Existence of Mineral Resources Rules. The said draft rules have been uploaded in the Ministry's official website i.e., <https://mines.gov.in/webportal/home> on 26.12.2023 for seeking comments from the stake holders within a period of 30 days i.e., upto 25.01.2024.

The draft **Offshore Areas Mineral Auction Rules** are broadly based on the Mineral (Auction) Rules, 2015 framed under the MMDR Act. The **Salient features of draft Offshore Areas Mineral (Auction) Rules are as follows:**

- i. **Bidding:** The composite licence and production lease shall be granted through an ascending forward online electronic auction.

- ii. Upfront Payment: Offshore Auction Rules envisage upfront payment for production lease of an amount equal to, lower of 0.50% of the value of estimated resources or rupees 100 crore. It will be payable to the Central Government in three installments of 20%; 20%; and 60%.
- iii. Performance Security: Performance security amount will be equal to, lower of (a) 0.50% of value of estimated resources or rupees 100 crore in the case of production lease; and (b) 0.25% of value of estimated resources or rupees 50 crore in the case of composite licence.
- iv. Net worth requirements for auction of production lease will depend on the value of estimated resources in the block. However, net worth requirement will not exceed Rs. 200 crore rupees.
- (v) Net worth requirements for auction of composite licence will depend on the value of estimated resources in the block. However, net worth requirement will not exceed Rs. 100 crore rupees.

Further, for blocks whose estimated quantity of mineral resources is not possible to be assessed for calculating the value of estimated resources, the net worth requirement would be Rs.25 crore.

(vi) Bid Security: bid security shall be for an amount equivalent to 0.25 per cent of the value of estimated resources or Rs.10 crore, whichever is lower.

For blocks whose estimated quantity of mineral resources is not possible to be assessed for calculating the value of estimated resources, the bid security shall be Rs.5 lakh per standard block.

The draft **Offshore Areas Existence of Mineral Resources Rules** are broadly based on the Minerals (Evidence of Mineral Contents) Rules, 2015 framed under the MMDR Act. These draft rules provides norms of exploration of various types of minerals & deposits. The draft rules proposes at least G2 level of exploration (General Exploration) for considering a block for auction for production lease. However, in case of blocks of Construction Grade Silica Sand and Lime Mud or Calcareous Mud, auction for product in lease can be made at G3 level of exploration also. For grant of composite licence, the block should be explored upto G4 level of exploration or mineral potentiality of the mineral block should be identified.

Ministry of Mines is also in the process of framing other rules under the OAMDR Act, such as, the Offshore Areas Mineral Conservation and Development Rules; Offshore Areas Mineral Concession Rules; Offshore Areas Mineral Trust Rules, etc.

RKP/ST

(Release ID: 1991131) Visitor Counter : 1048

Read this release in: Urdu , Marathi , Hindi , Punjabi , Telugu , Kannada