

Bill Summary

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

- The Offshore Areas Mineral (Development and Regulation) Amendment Bill, 2023 was introduced in Lok Sabha on July 27, 2023. The Bill amends the Offshore Areas Mineral (Development and Regulation) Act, 2002. The Act regulates mining in maritime zones of India. The Act categorises offshore mining-related activities into: (i) reconnaissance, which involves a preliminary survey to locate mineral resources, (ii) exploration, which includes exploring, proving, or locating mineral deposits, and (iii) production, the commercial activity of the extraction of minerals.
- **Composite licence:** The Act provides for the following types of concessions: (i) a reconnaissance permit for reconnaissance, (ii) an exploration licence for exploration, and (iii) a production lease for undertaking mining. The Bill introduces a composite licence for granting rights for exploration as well as production. Under the composite license, the licensee will be required to complete exploration within three years. This may be extended by two years upon application by the licensee. If mineral resources have been established, the licensee will be granted one or more production leases for the explored area.
- The maximum area for undertaking exploration under a single composite license will be 30 minutes latitude by 30 minutes longitude. The maximum area for undertaking production under a single composite license will be 15 minutes latitude by 15 minutes longitude.
- **Validity of concessions:** Under the Act, a production lease is granted for a period of up to 30 years. It may be further renewed for up to 20 years. The Bill instead provides that a production lease, as well as a production lease under a composite licence, will be valid for 50 years.
- **Auction mandatory for certain concessions:** The Act provides for the grant of concessions through administrative allocation. The Bill mandates competitive bidding for a production lease and a composite license to private entities. Applications for production leases before the date on which provisions of the Bill come into effect, will be void. An exploration licence granted before the date on which provisions of the Bill come into effect, will be ineligible to acquire a production lease on the explored area.
- **Mining in reserved areas:** The Act allows the government to reserve offshore areas that are not held under any operating right. The Bill allows the administering authority to grant a composite licence or production lease to the government or a government company. Joint ventures of government companies will also be eligible, subject to certain conditions. These are: (i) the partner must be selected through a competitive process, and (ii) the government company owns at least 74% of the paid-up share capital.
- **Mining of atomic minerals:** The Bill adds that in case of atomic minerals, exploration, production, and composite licenses will be granted only to the government or government companies. Atomic minerals are defined in the Mines and Minerals (Development and Regulation) Act, 1957. These include: (i) rare earth minerals containing uranium or thorium, (ii) pitchblende and uranium ores, and (iii) uriferous allanite, monazite, and other thorium minerals.
- **Standard area of blocks:** Under the Act, the size of one block for offshore mining is five minutes latitude by five minutes longitude. The Bill reduces this to one minute latitude by one minute longitude. The Bill also limits the maximum area one entity can acquire under all concessions to 45 minutes latitude by 45 minutes longitude.
- **Offshore Areas Mineral Trust:** The Bill sets up the Offshore Areas Mineral Trust. Concession holders will be required to pay an amount to the Trust in addition to any royalty. The funds will be used for specified purposes including: (i) exploration in offshore areas, (ii) research and studies about the mitigation of adverse effects of offshore mining on the ecology, and (iii) relief upon the occurrence of a disaster.
- **Increase in fine:** The Bill increases fines for various offences. For instance, under the Act, conducting any activity without a permit or licence is punishable with imprisonment of up to five years, a fine of up to Rs 50,000, or both. As per the Bill, the fine for this offence will be between five lakh rupees and Rs 10 lakh.

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