

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

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The Rajya Sabha passed the Offshore Areas Mineral (Development and Regulation) Amendment Bill, 2023.

[ref- CNN]

About Mineral (Development and Regulation) Amendment Bill:

- 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:**
 - **Reconnaissance:** It involves a **preliminary survey to locate mineral resources**.
 - **Exploration:** It includes exploring, proving, or **locating mineral deposits**.
 - **Production:** It is the commercial activity of the **extraction of minerals**.

What is the need for amendments?

- India has a **unique maritime position**.
- India's **Exclusive Economic Zone (EEZ) of over two million square kilometres** holds significant recoverable resources.
- GSI has **delineate 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**.
 - 745 million tons of **construction-grade sand** off **Kerala coast**.
 - 79 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**.
- 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.

Details of the amendments:**Composite licence:**

- The **Act** provides for the following types of concessions:
 - A **reconnaissance permit** for reconnaissance
 - An **exploration licence** for exploration
 - 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** which 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 which 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.
 - **Conditions:** the partner must be selected through a **competitive process**, and 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: **rare earth minerals containing** uranium or thorium, pitchblende and uranium ores, and 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**:
 - **Exploration** in offshore areas
 - **Research and studies** about the **mitigation of adverse effects** of offshore mining on the ecology
 - **Relief** upon the **occurrence of a disaster**.

Increase in fine:

- The Bill **increases fines for various offences**.
 - 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**.