



सत्यमेव जयते

भारत सरकार
GOVERNMENT OF INDIA
खान मंत्रालय
MINISTRY OF MINES

**Offshore Areas Mineral (Auction)
Rules, 2024**

(Amended up to 14th May 2025)

अपतट क्षेत्र खनिज (नीलामी)
नियम, 2024

(14 मई, 2025 तक संशोधित)

Issued by
**CONTROLLER GENERAL
INDIAN BUREAU OF MINES
NAGPUR**

February, 2026

Disclaimer

The Offshore Areas Mineral (Auction) Rules, 2024 have been reproduced by the Indian Bureau of Mines (“IBM”) from the official e-Gazette notifications solely for informational convenience, reference, and dissemination, as amended up to 14th May, 2025. IBM has neither created nor modified the original content, and its role is strictly limited to reproduction and compilation. While reasonable care has been taken in this process, IBM makes no representation or warranty, express or implied, regarding the accuracy, completeness, reliability, or suitability of the reproduced material for any specific purpose. IBM shall not, under any circumstances, be liable, whether in law or equity, for any errors, omissions, or consequences arising from the use of this material. For all legal, official, and authoritative purposes, the version of the Offshore Areas Mineral (Auction) Rules, 2024 as published in the Gazette of India and subsequent statutory notifications shall be considered the only authentic and legally binding source.

CONTENTS

Rule No.		Page
CHAPTER – I		
Preliminary		
1.	Short title and commencement	1
2.	Definitions	1
3.	Application	2
4.	Grant of operating right	2
.		
CHAPTER – II		
GRANT OF PRODUCTION LEASE		
5.	Prerequisites for auction of Production Lease	2
6.	Eligibility for Production Lease	2
7.	Electronic Auction	3
8.	Bidding parameters	3
9.	Bidding Process	3
10.	Grant of Production Lease	6
11.	Upfront payment for production lease	7
12.	Performance security for production lease	7
13.	Payments under production lease	7
14.	Payment of Interest	8
15.	Time Period	8
CHAPTER – III		
GRANT OF COMPOSITE LICENCE		
16.	Prerequisites for auction of composite licence	8
17.	Auction for composite licence	8
18.	Grant of composite licence	8
19.	Performance Security for composite licence	11
CHAPTER – IV MISCELLANEOUS		
20.	Power to rectify apparent errors	11
21.	Special provisions relating to minerals specified in Part B of the First Schedule to the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957)	11
22.	Exploration Obligation	12
23.	When day of completion of any requirement is a public holiday	12

SCHEDULE- I

Terms and conditions of eligibility [See rule 6]-----13

SCHEDULE-II

Format of Performance Security for Production Lease [See rule 12]-----15

SCHEDULE-III

Format of Performance Security for Composite Licence [See rule 19]-----18

**GOVERNMENT OF INDIA
MINISTRY OF MINES**

New Delhi, the 14th August, 2024

NOTIFICATION

G.S.R. 502(E).— In exercise of the powers conferred by section 35 of the Offshore Areas Mineral (Development and Regulation) Act, 2002 (17 of 2003), the Central Government hereby makes the following rules, namely:- the Offshore Areas Mineral (Auction) Rules, 2024.

CHAPTER I
PRELIMINARY

1. Short title and commencement. — (1) These rules may be called the Offshore Areas Mineral (Auction) Rules, 2024.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. Definitions. — (1) In these rules, unless the context otherwise requires, —

- (a) “Act” means the Offshore Areas Mineral (Development and Regulation) Act, 2002 (17 of 2003);
- (b) “Area” shall have the meaning as assigned to ‘offshore areas’ under clause (n) of section 4;
- (c) “mineral block” means an area identified by the specific latitude and specific longitude comprising of contiguous standard blocks as specified in the tender document issued by the administering authority in accordance with the provisions of the Act;
- (d) “Offshore Mineral Development and Production Agreement” means the agreement referred to in sub-rule (5) of rule 10 or sub-rule (8) of rule 18;
- (e) “preferred bidder” means the bidder referred to in sub-rule (9) of rule 9;
- (f) “qualified bidders” means the bidder referred to in sub-rule (8) of rule 9;
- (g) “reserve price” means the minimum percentage of value of mineral dispatched as referred to in sub-rule (1) of rule 8;
- (h) “Schedule” means a Schedule appended to these rules;
- (i) “section” means a section of the Act;
- (j) “security instrument” means the bank guarantee substantially in the form provided in Schedule II and Schedule III to these rules, security deposit or such other instrument as may be specified by the Central Government in the Ministry of Mines that is furnished as bid security or performance security in accordance with these rules.
- (k) “successful bidder” means the bidder as referred to in sub-rule (4) of rule 10 or sub-rule (3) of rule 18;
- (l) “technically qualified bidders” means the bidder as referred to in sub-rule (6) of rule 9;
- (m) “tender document” means the tender document issued by the administering authority for conduct of an auction referred to in sub-rule (2) of rule 9;
- (n) “upfront payment” means the payment referred to in sub-rule (1) of rule 11;
- (o) “value of estimated resources” means an amount equal to the product of, —
 - (i) the estimated quantity of mineral resources for which the mineral block is being auctioned, expressed in metric tonne; and
 - (ii) the average price per metric tonne of such mineral or mineral grade as published by the Indian Bureau of Mines for a period of twelve months immediately preceding the month of computation of the value of estimated resources:

Provided that if for any mineral or mineral grade, the average sale price for any month is not published by the Indian Bureau of Mines, the average sale price for the latest month published for such mineral or mineral grade shall be deemed to be the average sale price for the said month for which average sale price is not published:

Provided further that if for any mineral or mineral grade, the average sale price is not published for the entire period of the preceding twelve months, then average sale price for such mineral or mineral grade shall be as specified by Indian Bureau of Mines; and

(p) “value of mineral dispatched” shall have the meaning specified in sub-rule (2) of rule 8.

(2) The words and expressions used in these rules but not defined herein shall have the same meaning as assigned to them in the Act or rules made thereunder.

3. Application. —These rules shall apply to all minerals, except, —

- (i) mineral oils and hydrocarbons described in sub-section (1) of section 3; and
- (ii) minerals specified in Part B of the First Schedule to the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957) having grade equal to or greater than the threshold value as notified by the Central Government from time to time.

4. Grant of operating right. — (1) Where existence of mineral resources in an area has been established as specified in the Offshore Areas (Existence of Mineral Resources) Rules, 2024, production lease shall be granted in the manner specified under Chapter II of these rules.

(2) A composite licence with respect to an area where requirements specified in rule 5 of the Offshore Areas (Existence of Mineral Resources) Rules, 2024 have been satisfied, shall be granted in the manner specified under Chapter III of these rules.

CHAPTER II GRANT OF PRODUCTION LEASE

5. Prerequisites for auction of Production Lease. — (1) The administering authority may initiate an auction process for grant of a production lease in accordance with section 13 with respect to an area if the existence of mineral resources in such area has been established in terms of the provisions of the Offshore Areas (Existence of Mineral Resources) Rules, 2024.

(2) The administering authority shall, prior to issuance of the notice inviting tender with respect to mineral auction and with the prior approval of the Central Government, identify the mineral block for which a production lease is proposed to be granted through auction by specifying the latitude and longitude of the boundary corners of such mineral block.

6. Eligibility for Production Lease. — (1) For the purpose of participating in the auction of production lease, an applicant shall have to fulfill the requirements as specified in section 6 and the terms and conditions of eligibility as specified in Schedule I.

(2) The successful bidder shall be decided solely on the basis of the financial bids submitted by the bidders, and meeting the eligibility conditions specified in Schedule I read with the terms and conditions of the tender documents.

(3) A bidder shall submit only one bid in an auction of a mineral block and no affiliate of a bidder shall submit a bid in the same auction where such bidder has submitted bid.

(4) In case a bidder submits more than one bid in an auction of a mineral block or an affiliate of a bidder submits bid in same auction where such bidder has submitted bid, the bids submitted by the bidder and its affiliate shall be rejected.

Explanation. — For the purpose of this rule, —

- (i) “affiliate” with respect to a bidder shall mean a person who, —
 - (a) controls such bidder;
 - (b) is controlled by such bidder;
 - (c) is under common control with such bidder;

(d) is an associate company of the bidder; or

(e) is a subsidiary company of such bidder.

(ii) the expressions “associate company”, “control” and “subsidiary company” shall have the same meaning as assigned to them in the Companies Act, 2013 (18 of 2013).

7. Electronic Auction. — (1) An auction shall be conducted only through an online electronic auction platform.

(2) The administering authority may utilise any online electronic auction platform which meets the minimum technical and security requirements as specified in the Guidelines for compliance to Quality requirements of e-Procurement Systems issued by the Standardisation Testing and Quality Certification Directorate, Department of Information Technology, Ministry of Communications and Information Technology, Government of India.

8. Bidding parameters. — (1) The administering authority shall specify in the tender document the minimum percentage of the value of mineral dispatched, which shall be known as the “reserve price”.

(2) The value of mineral dispatched shall be an amount equal to the product of, —

(a) mineral dispatched in a month; and

(b) sale price of the mineral (grade-wise) as published by the Indian Bureau of Mines for such month of dispatch.

(3) The bidders shall quote, as per the bidding parameter, for the purpose of payment to the Central Government, a percentage of value of mineral dispatched equal to or above the reserve price and the successful bidder shall pay to the Central Government, an amount equal to the product of, —

(a) percentage so quoted; and

(b) value of mineral dispatched.

(4) Where an area is being auctioned for more than one mineral, the percentage of value of mineral dispatched as quoted by the successful bidder under sub-rule (3), shall be applicable for the purpose of payment to the Central Government in respect of each such mineral.

(5) If subsequent to grant of a production lease, one or more new minerals are discovered, the percentage of value of mineral dispatched as quoted by the successful bidder under sub-rule (3) shall be applicable for the purpose of payment to the Central Government in respect of each such mineral:

Provided that if such subsequently discovered minerals are minerals specified in Part D of the First Schedule or the Seventh Schedule to the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957), ten per cent. of the percentage of value of mineral dispatched as quoted by the successful bidder under sub-rule (3) shall be applicable for the purpose of payment to the Central Government in respect of each such mineral.

9. Bidding Process. — (1) Subject to the provisions of rule 5, the administering authority shall issue a notice inviting tender, including on their website, to commence the auction process and such notice shall contain brief particulars regarding the mineral block under auction, including, —

(a) particulars of the mineral block for which a production lease is proposed to be granted through auction by specifying the latitude and longitude of the boundary corners of such mineral block;

(b) estimated mineral resources and brief particulars regarding existence of mineral

resources with respect to all minerals discovered in the mineral block during exploration in accordance with the provisions of the Offshore Areas (Existence of Mineral Resources) Rules, 2024.

- (2) The tender document issued by the administering authority shall contain, —
- (a) geological report pursuant to the Offshore Areas (Existence of Mineral Resources) Rules, 2024 specifying particulars and estimated quantities of all minerals discovered in the mineral block;
 - (b) particulars of the mineral block identified by specifying the latitude and longitude of the boundary corners of such mineral block; and
 - (c) particulars of any licence or lease granted by any government authority, including in relation to petroleum and natural gas or wind power project, or any infrastructure projects such as port, cable, pipeline in existence in the mineral block at the time of auction.
- (3) The bidders shall be provided a fixed period, as specified in the tender document, to study the tender document and such reports and the bidding process shall commence only on expiry of such period.
- (4) The auction shall be an ascending forward online electronic auction and shall comprise of attempts of auction with each attempt of auction consisting of a first round of auction and a second round of auction.
- (5) In the first round of auction, the bidders shall submit, —
- (a) a technical bid comprising amongst others, documentary evidence to confirm eligibility as per the provisions of the Act and the rules made thereunder to participate in the auction, bid security and such other documents and payments as may be specified in the tender document; and
 - (b) an initial price offer which shall be a percentage of value of mineral dispatched:
Provided that bid security shall be for an amount equivalent to 0.25 per cent. of the value of estimated resources or ten crore rupees, whichever is lower, and shall be submitted by way of a security instrument:
Provided further that in auction for grant of composite licence for the mineral block having such type of deposit whose estimated quantity of mineral resources is not possible to be assessed for calculating the value of estimated resources under clause (o) of sub-rule (1) of rule 2, but the mineral potentiality of the mineral block has been identified based on the existing geoscience data, the bid security shall be five lakh rupees per standard block:
Provided also that in case the area proposed by a person under sub-rule (2) of rule 5 of the Offshore Areas (Existence of Mineral Resources) Rules, 2024 is put up for auction to grant a composite licence, such person shall be required to submit the bid security of only fifty per cent. of the amount specified in this clause for participating in the auction for the said area.
- (6) Only those bidders who are found to be eligible in accordance with the terms and conditions of eligibility specified in rule 6 and whose initial price offer is equal to or greater than the reserve price, referred to as “technically qualified bidders”, shall be considered for the second round of auction.
- (7) The highest initial price offer amongst the technically qualified bidders shall be the floor price for the second round of online electronic auction.
- (8) The technically qualified bidders shall be ranked on the basis of the descending initial price offer submitted by them and the technically qualified bidders holding the first fifty per cent.

of the ranks (with any fraction rounded off to higher integer) or the top five technically qualified bidders, whichever is higher, shall qualify as qualified bidders for participating in the second round of electronic auction:

Provided that if the number of technically qualified bidders is between three and five, then all the technically qualified bidders shall be considered as qualified bidders:

Provided further that in the event of identical initial price offers being submitted by two or more technically qualified bidders, all such technically qualified bidders shall be assigned the same rank for the purposes of determination of qualified bidders and in such case, the aforementioned fifty per cent. shall stand enhanced to the extent of tie occurring within the first fifty per cent.

Illustration

In the event there are a total of ten technically qualified bidders, and each technically qualified bidder submits different initial price offer, then the technically qualified bidders holding the first fifty per cent. of ranks shall be considered to be qualified bidders.

If three such technically qualified bidders submit the same initial price offer and are ranked in first fifty per cent. of the total number of ranks, then, all the three technically qualified bidders shall be considered to be qualified bidders and the total number of qualified bidders shall stand increased by two.

- (9) Where the total number of technically qualified bidders is three or more, the auction process shall proceed to the second round of auction which shall be held in the following manner, namely: —
- (a) The qualified bidders may submit their final price offer which shall be a percentage of value of mineral dispatched and greater than the floor price:

Provided that the final price offer may be revised till the conclusion of the auction as per the technical specifications of the auction platform;
 - (b) The auction process shall be annulled if none of the qualified bidders submits a final price offer on the online electronic auction platform;
 - (c) The qualified bidder who submits the highest final price offer shall, subject to receipt of approval from the Central Government, be declared as the “preferred bidder”, immediately on conclusion of the auction.
- (10) Where the total number of technically qualified bidders is less than three, then no technically qualified bidder shall be considered to be qualified bidder and the first attempt of auction shall be annulled.
- (11) On annulment of the first attempt of auction, the administering authority may decide to, —
- (a) commence the auction process de novo with a separate set of terms and conditions and reserve price as it may deem fit and necessary; or
 - (b) conduct the second attempt of auction.
- (12) In case the administering authority decides to conduct the second attempt of auction as per clause (b) of sub-rule (11), the terms and conditions of the second attempt of auction shall remain the same as in the first annulled attempt of auction:
- Provided that the highest initial price offer of the technically qualified bidders (if any) in the first annulled attempt shall be the reserve price in first round of the second attempt:
- Provided further that the bidding shall continue to the second round even in case the number of technically qualified bidders is less than three and even in case of a single technically qualified bidder.
- (13) Upon the annulment or failure of the second attempt of auction, the administering authority

may, after obtaining the approval of the Central Government, commence the auction process de novo with a separate set of terms and conditions and reserve price as it may deem fit necessary.

10. Grant of Production Lease. — (1) The preferred bidder shall submit the first instalment of the upfront payment as per rule 11 within fifteen days after being declared as preferred bidder:

Provided that the administering authority may, for reasons to be recorded in writing extend the period of fifteen days by further fifteen days.

(2) In case the preferred bidder fails to submit the first instalment of the upfront amount within the period or extended period specified in sub-rule (1), the administering authority shall, —

- (a) forfeit the bid security of the preferred bidder; and
- (b) offer the bidder who had submitted the second-highest price offer in the second round of auction to meet the highest final price offer and if the said bidder agrees to the said offer in writing and submit the first instalment of upfront amount within fifteen days of receipt of offer, the administering authority shall, subject to receipt of approval from the Central Government, declare the said bidder as the preferred bidder and issue a letter of intent in accordance with sub-rule (3):

Provided that the administering authority may, for the reasons to be recorded in writing, extend the period of fifteen days referred to in this clause by further fifteen days.

(3) Upon receipt of the first instalment of the upfront payment, the administering authority shall issue a letter of intent to the preferred bidder within fifteen days of receipt of first instalment of upfront payment.

(4) The preferred bidder shall be considered to be the “successful bidder” upon, —

- (a) continuing to be in compliance with all the terms and conditions of eligibility;
- (b) payment of the second instalment of the upfront payment;
- (c) furnishing performance security as specified in rule 12;
- (d) satisfying the conditions specified in the rules framed under the Act with respect to a production plan; and
- (e) satisfying such other conditions as may be specified by the administering authority with prior approval of the Central Government.

(5) The successful bidder shall sign the Offshore Mineral Development and Production Agreement with the Central Government upon obtaining all consents, approvals, permits, no-objections and the like as may be required under applicable laws for commencement of production operations.

(6) The successful bidder shall pay the third instalment of the upfront payment subsequent to execution of the Offshore Mineral Development and Production Agreement, and upon such payment the Central Government shall grant a production lease to the successful bidder.

(7) The production lease deed shall be executed by the Central Government within a period of thirty days of the date of completion of the conditions specified in sub-rule (6) and shall be subject to the provisions of the Act and the rules made thereunder:

Provided that no production lease deed shall be executed on expiry of a period of three years from the date of the letter of intent, and the letter of intent shall be invalidated leading to annulment of the entire process of auction:

Provided further that the administering authority with approval of the Central Government may allow a further period of two years for execution of the production lease

deed if the reasons for delay were beyond the control of the preferred bidder.

- (8) The holder of the letter of intent shall comply with all the requirements to execute the production lease deed within the period referred to in sub-rule (7), failing which, the letter of intent shall be revoked and the bid security or the performance security, as the case may be, and any instalment of upfront payment paid shall be forfeited, and the preferred bidder or successful bidder may be debarred by the Central Government from participating in the future auction of mineral blocks conducted under the provisions of these rules, for three years from the date of such debarment.
- (9) The production lease shall be for minerals found in the mineral block pursuant to exploration prior to the auction:

Provided that where, subsequent to the auction, one or more new minerals are discovered, then the holder of production lease shall follow the provisions of the rules framed under the Act for inclusion of such new mineral in the production lease deed.

- (10) The date on which a duly executed production lease deed is registered shall be the date of commencement of the production lease.

11. Upfront payment for production lease. — (1) An amount equal to, lower of: (i) 0.25 per cent. of the value of estimated resources;

(ii) fifty crore rupees, shall be the upfront payment.

- (2) The upfront payment shall be payable to the Central Government in three instalments of ten per cent.; ten per cent.; and eighty per cent. as specified in the tender document and shall be adjusted in full at the earliest against the amount to be paid under sub-rule (3) of rule 8 on commencement of production of mineral as specified in the tender document.

12. Performance security for production lease. — (1) The preferred bidder shall provide a performance security by way of a security instrument of an amount being lower of: (i) 0.50 per cent. of the value of estimated resources; (ii) one hundred crore rupees. Such performance security shall be adjusted every five years so that it continues to correspond to the required amount (i.e., 0.50 per cent. of the reassessed value of estimated resources or one hundred crore rupees as the case may be) including the value of any newly discovered mineral that may be included in the production lease deed on its discovery:

Provided that the adjusted performance security on reassessment shall, at all times, be not less than one crore rupees per standard block.

- (2) The performance security may be invoked as per the provisions of, —

- (i) the Offshore Mineral Development and Production Agreement; and
(ii) the Production Lease Deed.

13. Payments under production lease. — (1) The lessee shall pay royalties in accordance with section 16 and fixed rent in accordance with section 17 to the Central Government as specified in the Act and the rules made thereunder.

- (2) The lessee shall pay the applicable amount quoted under rule 8 to the Central Government on a monthly basis.

- (3) The lessee shall contribute such amounts as may be required under the Act to, —

- (a) the designated account of the Offshore Areas Mineral Trust; and
(b) the designated account of the Central Government for the contribution towards the International Seabed Authority in accordance with section 18.

(4) The lessee shall also pay such other amounts as may be required under any law for the time being in force to the concerned authorities.

14. Payment of Interest. — The lessee or preferred bidder or successful bidder, as the case may be, shall pay simple interest at the rate of twelve per cent. per annum on any payment due to Central Government under these rules, the payment of which is delayed beyond the due date thereof.

15. Time Period. — The time period for compliance of rules 10 to 14 shall be as specified in the tender document.

CHAPTER III

GRANT OF COMPOSITE LICENCE

16. Prerequisites for auction of composite licence. — (1) The administering authority may initiate an auction process for grant of a composite licence with respect to an area in accordance with section 12 and this Chapter subject to the condition that the requirements of rule 5 of the Offshore Areas (Existence of Mineral Resources) Rules, 2024 have been complied with.

(2) The administering authority shall, prior to issuance of the notice inviting tender with respect to auction and with the prior approval of the Central Government, identify the mineral block for which a composite licence is proposed to be granted through auction by specifying the latitude and longitude of the boundary corners of such mineral block.

17. Auction for composite licence. — The eligibility conditions and auction process as specified in rules 6 to 9 shall be applicable for conduct of auction for grant of a composite licence subject to the following, namely: —

(a) the administering authority shall subject to compliance of rule 16, issue a notice inviting tender, including on their website, to commence the auction process and such notice shall contain brief particulars regarding the area under auction, including, —

(i) particulars of the mineral block for which a composite licence is proposed to be granted through auction by specifying the latitude and longitude of the boundary corners of such mineral block;

(ii) estimated mineral resources and brief particulars regarding the existence of mineral resources in the mineral block during exploration in accordance with the Offshore Areas (Existence of Mineral Resources) Rules, 2024;

(b) the tender document issued by the administering authority, shall contain, geological report specifying,

(i) particulars and estimated quantities of all minerals discovered in the area during exploration pursuant to Offshore Areas (Existence of Mineral Resources) Rules, 2024;

(ii) details of the area identified; and

(iii) particulars of any licence or lease granted by any government authority, including in relation to petroleum and natural gas or wind power project, or any infrastructure projects such as port, cable, pipeline in existence in the mineral block at the time of auction.

18. Grant of composite licence. — (1) Upon completion of the auction process, the preferred bidder shall submit a performance security in the manner specified in sub-rule (1) of rule 19 within fifteen days after being declared as preferred bidder and upon receipt of such performance security, the administering authority shall issue a letter of intent to the preferred bidder within fifteen days of receipt of performance security:

Provided that the administering authority may, for the reasons to be recorded in writing, extend the period of fifteen days for submission of performance security by further fifteen days.

- (2) In case the preferred bidder fails to submit the performance security within the period or extended period specified in sub-rule (1), the administering authority shall, —
- (a) forfeit the bid security of the preferred bidder; and
 - (b) offer the bidder who had submitted second-highest price offer in the second round of auction to meet the highest final price offer and if the said bidder agrees to the said offer in writing and submits the performance security within fifteen days of receipt of offer, the administering authority shall, subject to receipt of approval from the Central Government, declare the said bidder as the preferred bidder and issue letter of intent in accordance with sub-rule (1):

Provided that the administering authority may, for the reasons to be recorded in writing, extend the period of fifteen days by further fifteen days.

- (3) On receipt of the letter of intent, the preferred bidder shall be considered to be the “successful bidder” upon fulfilment of the following conditions, namely: —
- (a) compliance with all the terms and conditions of eligibility;
 - (b) obtaining all consents, approvals, permits, no-objections and the like as may be required under applicable laws for commencement of exploration operations; and
 - (c) submitting the exploration plan.
- (4) Upon fulfilment of the conditions specified in sub-rule (3), the Central Government shall grant a composite licence to the successful bidder and such composite licence shall be subject to the provisions of the Act and the rules made thereunder, as applicable to the composite licence and production lease:

Provided that on expiry of a period of one year from the date of the letter of intent, if no Exploration Licence Deed of Composite Licence is executed then the letter of intent shall be invalidated leading to annulment of the entire process of auction:

Provided further that the administering authority may allow a further period of six months for execution of the Exploration Licence Deed of Composite Licence, if the reasons for delay were beyond the control of the preferred bidder.

- (5) The holder of a composite licence shall conduct exploration operations of the area under the composite licence so as to ascertain existence of mineral resources and shall submit periodic reports in accordance with the Act and the rules made thereunder, as applicable to exploration operations and all reports, studies and other documentation related to the exploration operations of the area under the composite licence shall be submitted to the Indian Bureau of Mines and administering authority.
- (6) If a holder of a composite licence, —
- (a) fails to complete exploration operations in accordance with sub-section (3) of section 12 or fails to establish the existence of mineral resources in accordance with the Offshore Areas (Existence of Mineral Resources) Rules, 2024, or fails to comply with the terms and conditions of the composite licence or the requirements of the Act and the rules prescribed thereunder such holder shall not be eligible to receive a production lease and the composite licence shall be terminated;
 - (b) completes exploration operations and submits to the Indian Bureau of Mines and the administering authority the result of the exploration operations in the form of a geological report resulting in determination of existence of mineral resources conforming to the Offshore Areas (Existence of Mineral Resources) Rules, 2024; specifying the area required for grant of a production lease and makes an application

to the administering authority in terms of the rules framed under the Act for grant of a production lease accompanied by first instalment of the upfront payment as specified in rule 11;

- (7) Upon receipt of the application submitted under and on being satisfied with the existence of mineral resources in accordance with the Offshore Areas (Existence of Mineral Resources) Rules, 2024 and the licensee being in compliance with the terms of the composite licence and the Act including the terms of sub-section (6) of section 12, the administering authority shall make a recommendation to the Central Government for grant of a production lease to the licensee and upon receipt of approval of the Central Government, the administering authority shall issue a letter of intent for production lease:

Provided that any excess area shall be surrendered by the holder of composite licence in accordance with the provisions of the Act and the rules made thereunder:

Provided further that after submission of the geological report prepared in accordance with the Offshore Areas (Existence of Mineral Resources) Rules, 2024, the holder of composite licence may relinquish the entire area in accordance with the rules framed under the Act and in such case the administering authority shall, after being satisfied that the geological report has been prepared conforming to the Offshore Areas (Existence of Mineral Resources) Rules, 2024, return the performance security.

- (8) The Offshore Mineral Development and Production Agreement shall be executed between the Central Government and the holder of composite licence if the holder of a composite licence—
- (a) continues to comply with the terms and conditions of eligibility;
 - (b) pays the second instalment being ten per cent. of the upfront payment;
 - (c) furnishes the enhanced performance security as specified in sub-rule (2) of rule 19;
 - (d) satisfies the conditions specified in the rules framed under the Act with respect to a production plan;
 - (e) obtains all consents, approvals, permits, no-objections and the like as may be required under applicable laws for commencement of production operations; and
 - (f) satisfies such other conditions as may be specified by the administering authority.

- (9) The holder of the composite licence shall pay the third instalment being eighty per cent. of the upfront payment, subsequent to execution of the Offshore Mineral Development and Production Agreement, and upon such payment, the Central Government shall execute a Production Lease Deed with the holder of the composite licence within a period of thirty days of payment of the third instalment:

Provided that no production lease deed shall be executed on expiry of a period of three years from the date of the letter of intent (granted under sub-rule (7) of rule 18 above), and the letter of intent shall be invalidated:

Provided further that the administering authority with approval of the Central Government may allow a further period of two years for execution of the production lease deed if the reasons for delay were beyond the control of the licensee.

- (10) The production lease shall be subject to the provisions of the Act and the rules made thereunder.
- (11) The production lease shall be for minerals found in the area covered by the composite licence pursuant to exploration prior to the auction:

Provided that where subsequent to the auction, one or more new minerals are discovered then the holder of the production lease shall follow the provisions of the rules framed under the Act for inclusion of such new mineral in the production lease deed.

(12) The date on which a duly executed production lease deed is registered shall be the date of commencement of the production lease.

19. Performance Security for composite licence. — (1) An amount being lower of: (i) 0.25 per cent. of the value of estimated resources; (ii) fifty crore rupees, shall be payable or provided by the preferred bidder or licensee, as the case may be, as performance security prior to the issuance of the composite licence:

Provided that for the mineral block having such type of deposit as specified whose estimated quantity of mineral resources is not possible to be assessed for calculating the value of estimated resources under clause (o) of sub-rule (1) of rule 2, but the mineral potentiality of the block has been identified based on the existing geoscience data, the performance security shall be one crore and fifty lakh rupees.

(2) The amount of performance security shall be revised, prior to the issuance of the production lease, to an amount being lower of: (i) 0.50 per cent. of the value of estimated resources established by the holder of the composite licence after completion of exploration operations in accordance with the provision of sub-section (3) and (5) of section 12 resulting in determination of existence of mineral resources conforming to the Offshore Areas (Existence of Mineral Resources) Rules, 2024 (ii) one hundred crore rupees.

(3) The performance security specified under sub-rule (2) shall be adjusted in every five years so that it continues to correspond to amount being lower of: (i) 0.50 per cent. of the reassessed value of estimated resources; (ii) one hundred crore rupees, as the case may be:

Provided that the adjusted performance security shall not be less than one crore rupees per standard block.

(4) The performance security provided by way of security instrument may be invoked as per the provisions of the, —

- (i) Exploration Licence Deed of Composite Licence; or
- (ii) Offshore Mineral Development and Production Agreement; or
- (iii) the Production Lease Deed:

Provided that the administering authority on being satisfied that the holder of composite licence has completed exploration operations in accordance with sub-section (3) and (5) of section 12 but is unable to establish the existence of mineral resources even after making all possible efforts in accordance with the Offshore Areas (Existence of Mineral Resources) Rules, 2024, shall return the performance security provided by the holder of the composite licence:

Provided further that in case the holder of composite licence fails to complete exploration operations in accordance with sub-section (3) and (5) of section 12, the performance security provided by it shall be forfeited.

CHAPTER IV

MISCELLANEOUS

20. Power to rectify apparent errors. — Any clerical or arithmetical error in any order passed by the Central Government or any authority or officer under these rules and any error arising therein due to accidental slip or omission, may be corrected by the Central Government, the concerned authority or officer, as the case may be:

Provided that no rectification order prejudicial to any person shall be passed unless such person has been given a reasonable opportunity of being heard.

21. Special provisions relating to minerals specified in Part B of the First Schedule to the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957). — (1) Notwithstanding anything contained in these rules—

- (a) if the holder of a composite licence or production lease discovers any mineral specified in Part B of the First Schedule to the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957) of a grade equal to or greater than such threshold value as the Central Government may, by notification in the Official Gazette, specify in the area granted under such licence or lease, the discovery of such mineral shall be reported to the Director, Atomic Minerals Directorate for Exploration and Research, Hyderabad within sixty days from the date of discovery of such mineral;
 - (b) the licensee or lessee shall not win or dispose of any mineral specified in Part B of the First Schedule to the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957) of a grade equal to or greater than such threshold value as the Central Government may, by notification in the Official Gazette, specify;
 - (c) the quantities of any mineral specified in Part B of the First Schedule to the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957) of a grade equal to or greater than such threshold value as the Central Government may, by notification in the Official Gazette, specify, recovered incidental to such exploration or production operations shall be collected and stacked separately and a report to that effect shall be sent to the Director, Atomic Minerals Directorate for Exploration and Research, Hyderabad every month for such further action by the licensee or lessee as may be directed by the Atomic Minerals Directorate for Exploration and Research.
- (2) The licensee or lessee referred to in sub-rule (1) shall, within a period of sixty days from the date of discovery of any mineral specified in Part B of the First Schedule to the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957) of a grade equal to or greater than such threshold value as the Central Government may, by notification in the Official Gazette, specify, apply to the Secretary, Department of Atomic Energy, Mumbai, through the administering authority, for grant of a licence to handle such minerals under the provisions of the Atomic Energy Act, 1962 (33 of 1962) and the rules made thereunder and the Department of Atomic Energy shall intimate to the administering authority regarding issue of the licence in this regard.

22. Exploration Obligation. — The holder of a production lease shall complete detailed exploration (G1 level exploration) and prepare a detailed feasibility study report conforming to Part IV and V of the Offshore Areas (Existence of Mineral Resources) Rules, 2024 over the entire area under the production lease, within a period of five years from the date of commencement of such production lease.

23. When day of completion of any requirement is a public holiday. — When the day of completion of any requirement under these rules is falling due on a public holiday, the day of completion shall be deemed to be due on the next successive working day.

Explanation. — The expression “public holiday” includes Saturday, Sunday and any other day declared to be a public holiday by the Central Government.

SCHEDULE I

Terms and conditions of eligibility

[See rule 6]

1. The following net worth requirements shall be applicable for an auction of production lease depending on the value of estimated resources, namely: —
 - (a) If the value of estimated resources is equal to or more than one thousand crore rupees, the applicant, including an individual, shall have a net worth more than 2 per cent. of value of estimated resources.
 - (b) If the value of estimated resources is less than one thousand crore rupees but more than one hundred crore rupees, the applicant, including an individual, shall have a net worth more than 1 per cent. of value of estimated resources.
 - (c) If the value of estimated resources is less than or equal to one hundred crore rupees, the applicant, including an individual, shall have a net worth more than 0.5 per cent. of value of estimated resources:

Provided that the net worth requirement shall not exceed one hundred crore rupees.

2. In case of auction of composite licence, the applicant shall have a net worth of more than 1 per cent. of the value of estimated resources and where the value of estimated resources is equal or less than one hundred crore rupees, the applicant must have a net worth more than 0.5 per cent. of value of estimated resources:

Provided that the net worth requirement shall not exceed fifty crore rupees:

Provided that for the mineral block having such minerals, whose estimated quantity of mineral resources is not possible to be assessed for calculating the value of estimated resources under clause (o) of sub-rule (1) of rule 2, but the mineral potentiality of the block has been identified based on the existing geoscience data, the applicant shall have a net worth more than or equal to twenty-five crore rupees.

Explanation. —

- (1) In case ¹[an applicant is a subsidiary company, the net worth of the holding company of such subsidiary company may also be considered and the holding company may be incorporated in India or outside India].

Provided that, in such case, the applicant shall continue to be a subsidiary of such holding company until such time the applicant meets the aforementioned networth threshold.

- (2) In case of a company, the net worth shall be the sum of paid up share capital and the free reserves as per the audited balance sheet of the financial year ended immediately preceding the date of issuance of notice inviting tender.
- (3) In case the notice inviting tender is issued between 1st April to 30th September (both days inclusive) of a year, the audited balance sheet of the financial year before the immediately preceding financial year, from the date of issuance of notice inviting tender, may be submitted by the bidder, if the audited balance sheet of the immediately preceding financial year is not available.

¹ Substituted by G.S.R. 311(E) dated 14th May 2025

- (4) In case of an individual, the net worth shall be the closing cash balance on the last date for submission of application, and such amount may include amount in savings bank accounts in Scheduled Bank or Post Office, free and un-encumbered fixed deposits in Scheduled Banks, Post Office, Listed Companies or Government organisation or Public Sector Undertakings of a State and the Central Government, Kisan Vikas Patra, National Saving certificate, Bonds and Shares of Listed Companies, Listed Mutual Funds, Unit Linked Insurance Plan, Public Provident Fund, Surrender Value of Life Insurance policies, and un-encumbered immovable property in the name of Applicant.

SCHEDULE II
Format of Performance Security for Production Lease

[See rule 12]

[Reference number of the bank]

[date]

To

The President of India

[address]

WHEREAS

- A. [Name of the Preferred Bidder] incorporated in India under the Companies Act, [2013] with corporate identity number [CIN of the Preferred Bidder], whose registered office is at [address of registered office], India and principal place of business is at [address of principal place of business, if different from registered office] OR [Name of individual] who is citizen of India, having income tax permanent account number [number], residing at [address] OR [partnership firm/association of individuals], all members of whom are Indian citizens and residents of India whose principal place of business is at [address of principal place of business] (the “Preferred Bidder”) is required to provide an unconditional and irrevocable bank guarantee for an amount equal to INR [figures] (Indian Rupees [words]) as a performance security valid until [date of expiry of performance bank guarantee] (“Expiry Date”).

Provided that any reference to the Preferred Bidder shall mean the Successful Bidder upon fulfilment of the conditions of sub-rule (4) of rule 10 of the Offshore Areas Mineral (Auction) Rules, 2024.

- B. The Performance Security is required to be provided to the President of India represented by the Ministry of Mines, Government of India (“Central Government”) for discharge of certain obligations under the tender document dated [date] with respect to auction of [particulars of auction], Offshore Mineral Development and Production Agreement to be executed between the Central Government and the Preferred Bidder and the Production Lease Deed to be executed between the Central Government and the Preferred Bidder (collectively the “Agreement”).
- C. We, [name of the bank] (the “Bank”) at the request of the Preferred Bidder do hereby undertake to pay to the Central Government an amount not exceeding INR [figures] (Indian Rupees [words]) (“Guarantee Amount”) to secure the obligations of the Successful Bidder under the Agreement on demand from the Central Government on the terms and conditions herein contained herein.

NOW THEREFORE, the Bank hereby issues in favour of the Central Government this irrevocable and unconditional payment bank guarantee (the “Guarantee”) on behalf of the Successful Bidder in the Guarantee Amount:

1. The Bank for the purpose hereof unconditionally and irrevocably undertakes to pay to the Central Government without any demur, reservation, caveat, protest or recourse, immediately on receipt of first written demand from the Central Government, a sum or sums (by way of one or more claims) not exceeding the Guarantee Amount in the aggregate without the Central Government needing to prove or to show to the Bank grounds or reasons for such demand for the sum specified therein and notwithstanding any dispute or difference between the Central Government and Successful Bidder on any matter whatsoever. The Bank undertakes to pay to the Central Government any money so demanded notwithstanding any dispute or disputes raised by the Successful Bidder in any suit or proceeding pending before any court or tribunal relating thereto the Bank’s liability under this present being absolute and unequivocal.
2. The Bank acknowledges that any such demand by the Central Government of the amounts payable by the Bank to the Central Government shall be final, binding and conclusive evidence in respect of the amounts payable by Successful Bidder to the Central Government under the Agreement.
3. The Bank hereby waives the necessity for the Central Government from demanding the aforesaid amount or any part thereof from the Successful Bidder and also waives any right that

the Bank may have of first requiring the Central Government to pursue its legal remedies against the Successful Bidder, before presenting any written demand to the Bank for payment under this Guarantee.

4. The Bank further unconditionally agrees with the Central Government that the Central Government shall be at liberty, without the Bank's consent and without affecting in any manner the Bank's obligation under this Guarantee, from time to time to:
 - (i) Vary and/or modify any of the terms and conditions of the Agreement;
 - (ii) extend and / or postpone the time for performance of the obligations of the Successful Bidder under the Agreement, or
 - (iii) forbear or enforce any of the rights exercisable by the Central Government against the Successful Bidder under the terms and conditions of the Agreement.

And the Bank shall not be relieved from its liability by reason of any such act or omission on the part of the Central Government or any indulgence by the Central Government to the Successful Bidder or other thing whatsoever which under the law relating to sureties would, but for this provision, have the effect of relieving the Bank of its obligations under this Guarantee.

5. Any payment made hereunder shall be made free and clear of and without deduction for, or on account of, any present or future taxes, levies, imposts, duties, charges, fees, commissions, deductions or withholdings of any nature whatsoever.
6. The Bank agrees that Central Government at its option shall be entitled to enforce this Guarantee against the Bank, as a principal debtor in the first instance without proceeding at the first instance against the Successful Bidder.
7. The Bank further agrees that the guarantee herein contained shall remain in full force and effect during the period that is specified in the Agreement and that it shall continue to be enforceable till all the obligations of the Successful Bidder under or by virtue of the said Agreement with respect to the Performance Security have been fully paid and its claims satisfied or discharged to the satisfaction of the Central Government or till the Central Government certifies that the terms and conditions of the Agreement with respect to the Performance Security have been fully and properly carried out by the Successful Bidder and accordingly discharges this guarantee. Notwithstanding anything contained herein, unless a demand or claim under this guarantee is made on the Bank in writing on or before the Expiry Date the Bank shall be discharged from all liability under this guarantee thereafter.
8. The payment so made by the Bank under this Guarantee shall be a valid discharge of Bank's liability for payment thereunder and no person shall have any claim against the Bank for making such payment.
9. This Guarantee is subject to the laws of India. Any suit, action, or other proceedings arising out of this Guarantee or the subject matter hereof shall be subject to the exclusive jurisdiction of courts at New Delhi, India.
10. The Bank represents that it has the authority and power to issue this Guarantee in favour of the Central Government. This guarantee will not be discharged due to the change in the constitution of the Bank
11. The Bank undertakes not to revoke this Guarantee during its currency except with the previous consent of the Central Government in writing.
12. The Central Government may, with prior intimation to the Bank, assign the right under this Guarantee to any other departments, ministries or any governmental agencies, which may act in the name of the President. Save as provided in this Clause 12, this Guarantee shall not be assignable or transferable.
13. Notwithstanding anything contained herein,
 - a. the liability of the bank under this bank guarantee shall not exceed the Guarantee

Amount.

b. this bank guarantee shall be valid upto the Expiry Date.

14. The Bank is liable to pay the guaranteed amount or any part thereof under this bank guarantee only and only if the Central Government serves upon the Bank a written claim or demand on or before the Expiry Date.

Dated the [day] day of [month] [year] for the Bank.

In witness whereof the Bank, through its authorised officer, has set its hand and stamp.

(Signature)

(Name and Designation)
(BankStamp)

SCHEDULE III

Format of Performance Security for Composite Licence

[See rule 19]

[Reference number of the bank]

[date]

To

The President of India [address]

WHEREAS

- A. [Name of the Preferred Bidder] incorporated in India under the Companies Act, [2013] with corporate identity number [CIN of the Preferred Bidder], whose registered office is at [address of registered office], India and principal place of business is at [address of principal place of business, if different from registered office] OR [Name of individual] who is citizen of India, having income tax permanent account number [number], residing at [address] OR [partnership firm/association of individuals], all members of whom are Indian citizens and residents of India whose principal place of business is at [address of principal place of business] (the “Preferred Bidder”) is required to provide an unconditional and irrevocable bank guarantee for an amount equal to INR [figures] (Indian Rupees [words]) as a performance security valid for an initial period of [●]([●]) years from the date hereof (“Expiry Date”).

Provided that any reference to the Preferred Bidder shall mean the Successful Bidder upon fulfilment of the conditions of sub-rule (3) of rule 18 of the Offshore Areas Mineral (Auction) Rules, 2024.

- B. The Performance Security is required to be provided to the President of India, represented by the Ministry of Mines, Government of India (“Central Government”) for discharge of certain obligations under the Tender Document dated [date] with respect to auction of [particulars of auction] and Exploration Licence Deed of Composite Licence to be executed between the Central Government and the Preferred Bidder and Offshore Mineral Development and Production Agreement to be executed between the Central Government and the Preferred Bidder and the Production Lease Deed to be executed between the Central Government and the Preferred Bidder (collectively the “Agreement”).
- C. We, [name of the bank] (the “Bank”) at the request of the Preferred Bidder or Successful Bidder do hereby undertake to pay to the Central Government an amount not exceeding INR [figures] (Indian Rupees [words]) (“Guarantee Amount”) to secure the obligations of the Preferred Bidder or Successful Bidder under the Agreement on demand from the Central Government on the terms and conditions herein contained herein.

NOW, THEREFORE, the Bank hereby issues in favour of the Central Government this irrevocable and unconditional payment bank guarantee (the “Guarantee”) on behalf of the Preferred Bidder in the Guarantee Amount:

1. The Bank for the purpose hereof unconditionally and irrevocably undertakes to pay to the Central Government without any demur, reservation, caveat, protest or recourse, immediately on receipt of first written demand from the State, a sum or sums (by way of one or more claims) not exceeding the Guarantee Amount in the aggregate without

the Central Government needing to prove or to show to the Bank grounds or reasons for such demand for the sum specified therein and notwithstanding any dispute or difference between the Central Government and Preferred Bidder on any matter whatsoever. The Bank undertakes to pay to the Central Government any money so demanded notwithstanding any dispute or disputes raised by the or Preferred Bidder in any suit or proceeding pending before any court or tribunal relating thereto the Bank's liability under this present being absolute and unequivocal.

2. The Bank acknowledges that any such demand by the Central Government of the amounts payable by the Bank to the Central Government shall be final, binding and conclusive evidence in respect of the amounts payable by Preferred Bidder to the Central Government under the Agreement.
3. The Bank hereby waives the necessity for the Central Government from demanding the aforesaid amount or any part thereof from the Preferred Bidder and also waives any right that the Bank may have of first requiring the Central Government to pursue its legal remedies against the Preferred Bidder, before presenting any written demand to the Bank for payment under this Guarantee.
4. The Bank further unconditionally agrees with the Central Government that the Central Government shall be at liberty, without the Bank's consent and without affecting in any manner the Bank's obligation under this Guarantee, from time to time to:
 - i) vary and/or modify and of the terms and conditions of the Agreement;
 - ii) extend and / or postpone the time for performance of the obligations of the Preferred Bidder under the Agreement, or
 - iii) forbear or enforce any of the rights exercisable by the Central Government against the Preferred Bidder under the terms and conditions of the Agreement,

and the Bank shall not be relieved from its liability by reason of any such act or omission on the part of the Central Government or any indulgence by the Central Government to the Preferred Bidder or other thing whatsoever which under the law relating to sureties would, but for this provision, have the effect of relieving the Bank of its obligations under this Guarantee.

5. Any payment made hereunder shall be made free and clear of and without deduction for, or on account of, any present or future taxes, levies, imposts, duties, charges, fees, commissions, deductions or withholdings of any nature whatsoever.
6. The Bank agrees that Central Government at its option shall be entitled to enforce this Guarantee against the Bank, as a principal debtor in the first instance without proceeding at the first instance against the Preferred Bidder.
7. The Bank further agrees that this bank guarantee and the guarantee obligations herein contained shall remain in full force and effect and shall continue to be enforceable till: (i) all the obligations of the Preferred Bidder under or by virtue of the said Agreement with respect to the Performance Security have been fully paid and its claims satisfied or discharged to the satisfaction of the Central Government; or (ii) till the Central Government certifies that the terms and conditions of the Agreement with respect to the Performance Security have been fully and properly carried out by the Preferred Bidder and accordingly discharges this guarantee; or (iii) on provision of a revised performance security under sub-rule (2) of rule 19 of the Offshore Areas Mineral (Auction) Rules, 2024 whichever is later. Notwithstanding anything contained herein, unless a demand or claim under this guarantee is made on the Bank in writing on or before the Expiry Date the Bank shall be discharged from all liability under this guarantee thereafter.
8. The payment so made by the Bank under this Guarantee shall be a valid discharge of Bank's liability for payment thereunder and no person shall have any claim against the Bank for making such payment.
9. This Guarantee is subject to the laws of India. Any suit, action, or other proceedings arising out of this Guarantee or the subject matter hereof shall be subject to the exclusive jurisdiction of courts at New Delhi, India.

10. The Bank has the power to issue this Guarantee in favour of the Central Government. This guarantee will not be discharged due to the change in the constitution of the Bank.
11. The Bank represents that it has the authority and power to revoke this Guarantee during its currency except with the previous consent of the Central Government in writing.
12. The Central Government may, with prior intimation to the Bank, assign the right under this Guarantee to any other departments, ministries or any governmental agencies, which may act in the name of the President.
Save as provided in this Clause 12, this Guarantee shall not be assignable or transferable.
13. Notwithstanding anything contained herein,
 - a. the liability of the bank under this bank guarantee shall not exceed the Guarantee Amount; and
 - b. this bank guarantee shall be valid up to the Expiry Date.
14. The Bank is liable to pay the Guaranteed Amount or any part thereof under this bank guarantee only and only if the Central Government serves upon the Bank a written claim or demand on or before the Expiry Date.

Dated the [day] day of [month] [year] for the Bank.

In witness whereof the Bank, through its authorised officer, has set its hand and stamp.

(Signature)

(Name and Designation)

(Bank Stamp).