

The Offshore Mineral Conservation Rules:

A Step Towards Sustainable Mining

14 January 2025

Introduction

On 31 December 2024, the Ministry of Mines notified the Offshore Areas Mineral Conservation and Development Rules, 2024 (Offshore Minerals Rules). The Offshore Minerals Rules seek to regulate offshore mining and facilitate sustainable mining practices in the various maritime zones of India. The Offshore Minerals Rules are applicable to all offshore minerals except mineral oils and hydrocarbons and provide comprehensive guidelines on exploration and production operations, safety measures and marine environment protection.

Comprehensive guidelines for exploration and production operations

The Offshore Minerals Rules provide a detailed framework governing exploration and production activities.

Exploration:

A licensee must submit an exploration plan to the Controller General or an officer of the Indian Bureau of Mines (Competent Authority) within 90 days from the date of issuance of letter of intent or the date of reservation of the area by the Central Government for exploration activities, as the case may be. An exploration plan will have to *inter alia* include the geographical coordinates of the area, details of the proposed exploration programme, yearly plans for exploration operations including milestones along with the particulars of vessels, machines and instruments to be used. The licensee must also submit yearly and quarterly reports outlining the progress of the exploration activities along with a final report explaining the results of the exploration activities within 6 months of completion of exploration operations. Further, in case of abandonment of exploration operations, the licensee is required to submit a mandatory abandonment report within 30 days from the date of such abandonment.

Production:

A lessee must submit a production plan to the Competent Authority for its approval and the Competent Authority is required to dispose of the application for approval within 90 days of receipt of the same. Further, a production plan will have to *inter alia* include details regarding the nature and extent of mineralised area, tentative schedule of production operations for 5 years, estimates of mine waste accretion and its manner of disposal, environment management plan indicating impact assessment and mitigation measures and a progressive mine closure plan. This production plan is required to be renewed at a regular interval of 5 years. In case of violation of terms of the approved production plan, the Competent Authority may suspend all or any of the production operations.

The Offshore Minerals Rules also state that the powers, functions and responsibilities of the Indian Bureau of Mines will stand transferred to the Atomic Minerals Directorate for Exploration and Research in relation to atomic minerals having grade equal to or greater than the threshold value.

Focus on environmental preservation

The environmental protection and preservation of marine ecosystems has been prioritised under the Offshore Minerals Rules. For example, the holder of an operating right is required to take all possible precautions for undertaking sustainable mining while conducting exploration operations, production operations or beneficiation in the licence area or lease area. Furthermore, every holder of an operating right is required to carry out activities in a manner that ensures minimum disturbance to the seabed and turbidity is maintained within permissible limits. Additionally, the Offshore Minerals Rules also include provisions for systematic disposal of toxic solid and liquid waste along with provisions for protection for marine environment, flora and fauna.

Inspection, reporting and enforcement

To maintain transparency and accountability, the holder of a production lease is required to submit monthly and annual returns online in respect of each mine to the regional controller of mines and the authorised officer of the Indian Bureau of Mines. Any misinformation or failure to submit the returns may result in suspension of all production operations or termination of the production lease. Furthermore, in case ownership of the mine changes, separate returns must be filed by each owner for the respective periods of ownership. The Offshore Minerals Rules also grant authorised officers the right to inspect the accounts maintained by licensees/lessees and the right to inspect exploration and production activities being carried out.

In addition to the foregoing, the Offshore Minerals Rules also provide for hefty fines in case of any non-compliances. Contravention of the provisions of Offshore Minerals Rules may be punishable with imprisonment for a term up to 5 years or with fine of INR 50,00,000 extendable up to INR 1,00,00,000; or with both. In case of continuing contravention, an additional fine of INR 5,00,000 per day may be imposed.

Comments

The Government of India has increasingly been placing significant emphasis on the vast potential of India's underwater minerals, recognising their importance in the country's economic development and energy security. In recent years, the Government has amended the Offshore Areas Mineral (Development and Regulation) Act, 2002, enabling allocation of offshore mineral blocks through an auction process, notified various legislations such as the Offshore Areas Mineral (Auction) Rules, 2024 and Offshore Areas Operating Rights Rules, 2024 and conducted the auction process for various blocks spanning across the Arabian Sea and Andaman Sea.

The notification of the Offshore Minerals Rules is a positive development in this regard, since it represents the Government's clear intent to promote and regulate offshore mining activities. An emphasis on addressing the challenges of conservation and sustainable mineral development demonstrates the focus of the Government on sustainability.

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