BACKGROUNDERS
Press Information Bureau
Government of India

MMDR Amendment Bill, 2026
Certainty and Uniformity in Mineral Taxation

August 13, 2026

Mineral Regulations: An Overview

Minerals are vital natural resources with strong geopolitical importance. They support infrastructure, digital systems, manufacturing, energy security, and national economic growth. Balanced and sustainable mineral development across regions remains a key foundation for advancing public interest and long-term prosperity.

In India, mining is governed by the Mines and Minerals (Development and Regulation) Act, 1957. For the wider public interest, the Union controls mine regulation and mineral development under Section 2 of the Act. **The Mines and Minerals (Development and Regulation) Amendment Bill, 2026** introduces changes in this Act to create a uniform and balanced fiscal framework for the mineral sector nationwide. It restricts State governments from imposing any new taxes on mineral rights and mineral-bearing lands without conditions/restrictions prescribed by the Central government. The bill has been passed by both houses of Parliament.

Why the Amendment is Needed

The MMDR Amendment Bill, 2026 addresses the following challenges arising from the existing framework for taxation and levies in the mining sector:

- A heavy tax burden on the mining sector.
- Unpredictable introduction of taxes, cess and other levies, even after mining operations had commenced.
- Multiple taxes, cess and other levies on the production or dispatch of minerals.
- Non-uniform rates of taxes and other levies among States.
- Imposition of taxes, cess or levies with retrospective effect.

These challenges have created multiple issues for mining as well as for public interest:

- Excessive fiscal burden made mining commercially unviable, discouraged mineral extraction and, in some cases, led to closure of mines.
- Additional and unpredictable costs affected small and medium-scale mining operators disproportionately.
- High and uneven levies pushed industries to avoid local supply chains. This created weaker markets, higher transport costs, and more pollution.
- Costlier domestic supply also created a risk of higher mineral imports, despite sufficient local mineral resources.
- Multiple and inconsistent taxes caused a cascading tax effect and high compliance costs, slowing down economic growth.
- An excessive tax burden at the extraction stage ultimately raises the cost of goods and services. This increases the cost of living for the common citizen.
- Retrospective imposition of taxes caused legal uncertainty and eroded investors' trust.

Any fiscal load on mineral extraction must follow a uniform and balanced framework nationwide. Levies should never outweigh mining's economic value or profitability. The State, as trustee of natural resources, holds responsibility to protect national interest. It must ensure harmonised mineral growth across India, instead of uneven, localised pockets of resource-driven expansion.

Key Provisions of the Bill

The Bill makes focused amendments to the MMDR Act, 1957. Its key provisions are as follows:

1. Union control over mineral-bearing lands: The Union will now also regulate mineral-bearing lands having mineral contents. Such lands will be identified as per parameters prescribed by the Central Government under the MMDR Act. This is in addition to the existing provision declaring the Union's control over regulation of mines and development of minerals.

2. New Section 9D — limits on State levies: No tax, cess or other levy, by whatever name called, shall be imposed by a State Government on mineral rights or mineral-bearing lands. This covers levies based on mineral quantity, mineral value, royalty or any other basis. Such levies may be imposed only as per conditions or restrictions prescribed by the Central Government.

3. Treatment of past levies: Any levy not paid or collected by the State before the Amendment applies will be treated as invalid. However, amounts already deposited or recovered before such commencement shall not be liable to be refunded.

4. Rule-making power under Section 13: Section 13 of the MMDR Act is amended to empower the Central Government to make rules. These rules will prescribe the conditions or restrictions for imposition of such levies by State Governments.

Impact of the Bill

The Bill strives to provide certainty, stability and predictability in the fiscal regime of the mineral sector. This is expected to give impetus to national economic growth.

BEFORE	AFTER
Mineral-bearing lands were outside the Union's regulatory reach.	Mineral-bearing lands are brought under Union regulation.
Mining was taxed differently in every State.	A single, Centre-directed tax framework will apply under New Section 9D.
New levies could be introduced even after mining operations started.	States cannot impose new levies except under conditions set by the Central Government.
Retrospective tax demands could be raised at any time.	All pending retrospective dues are now declared invalid.
The maximum burden fell on small and medium miners.	Every miner now benefits from a fair and equal framework.

The Road Ahead

The Bill marks an important step in modernising India's mineral governance. By ensuring a stable and uniform fiscal regime, it aims to strengthen mineral exploration, critical mineral security and sustainable resource development. These efforts will help advance India's journey towards Viksit Bharat.

References:

Parliament of India:
https://sansad.in/ls/legislation/bills

Office of Union Minister for Coal and Mines:
https://x.com/KishanReddyOfc/status/2086816534840905747/photo/1

PIB Research