BACKGROUNDERS
Press Information Bureau
Government of India

MMDR Amendment Act, 2026

A Stronger Push for Mining-Led Development

August 18, 2026

Aspects of Mineral Regulations

The world today competes for access to minerals as much as for capital or technology. Steel, cement, power, electronics, transport and defence all begin with what is drawn from the ground. A steady and fairly distributed supply of these resources therefore shapes both national security and everyday livelihoods.

Mining in India is regulated under the Mines and Minerals (Development and Regulation) Act, 1957. The Mines and Minerals (Development and Regulation) Amendment Act, 2026 amends this Act to establish a uniform and balanced fiscal framework for the sector. As per the Amendment Act, State Governments cannot levy fresh taxes on mineral rights and mineral-bearing lands, except within conditions prescribed by the Central Government.

The Need for Reform: Addressing Key Issues

India's mineral wealth lies in a few States but supports the entire national economy, making its taxation a question of national importance. Unregulated and varying State levies are steadily eroding the viability of mining, raising costs across industry and households alike. The MMDR Amendment Act, 2026 seeks to address these concerns by bringing predictability, uniformity and rationality to the taxation of minerals.

- **Mining Viability is Central to Energy Security**

Growing global uncertainty makes a resilient domestic mining sector essential. The Government has given special push to critical minerals to shield supply from external shocks. The coal sector is simultaneously being made more competitive and technologically advanced to reduce import dependence. A viable and predictable tax regime is a precondition for both.

- **Multiplicity of Levies on a Single Activity**

States currently impose around 14 taxes, charges and fees on mining. These include royalty, auction premium, dead rent, DMF payments, GST and transit fee. Some States have additionally begun taxing mineral-bearing lands, in certain cases at rates as high as 20 percent. The Act addresses this cumulative and open-ended burden on the sector.

- **Levies on Strategically Important Minerals**

Taxes extend even to critical minerals such as graphite and atomic minerals such as uranium. High levies make the extraction of these strategic minerals uneconomical. Differing rates across States also create disparity within the sector. Rationalisation is necessary to keep strategic mineral projects commercially workable.

- **Dual Burden on Foreign Exchange**

When Indian minerals cost more than imported ones, user industries such as steel source raw material abroad. India imported minerals worth ₹10,12,529 crore in FY 2025-26. At the same time, outpriced domestic minerals lose ground in export markets, where iron ore alone earned ₹15,136 crore in FY 2025-26. Curbing this cost escalation is essential to the Atmanirbhar goal in the mineral sector.

- **Fragmentation of the National Mineral Market**

Widely differing State levies cause mineral costs to vary sharply across regions. Such variation obstructs supply chains and pushes up transport and logistics costs. A unified national mineral market cannot function under fragmented tax rates. The Act seeks to ensure greater uniformity.

- **The Cost Ultimately Reaches the Household**

A levy at the mining stage is added directly to the mineral's price. It then passes through steel, cement, electricity and construction. Ordinary families finally pay more for housing, power and essential goods. Rational mining taxation is therefore a matter of everyday affordability.

- **Threat to Employment, Including in Tribal Areas**

The coal sector employs over 5 lakh people directly and indirectly while the non-coal sector supports more than 1 crore workers. High levies have already forced some mines to close and left other projects unopened. Small and medium operators work on thin margins and shut down first, taking local jobs with them.

- **Deterrence to Long-Term Investment**

Investors commit capital to mining only where the tax structure is stable and foreseeable. Sudden changes discourage such commitment and slow technological and infrastructural expansion. Manufacturing, defence, shipping, construction and renewable energy all depend on this mineral base. A stable regime under the Act is intended to secure that confidence.

Major Provisions of the Act

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

- **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.
- **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.
- **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.

State's Revenue and Interests Remain Fully Protected

Mineral revenue accruing to States has risen sharply since 2014 under a transparent, auction-based regime. The MMDR Amendment Act, 2026 does not disturb this position, and States will continue to receive the overwhelming share of mining revenue.

- **A Decade of Rising Revenue, With the Larger Share Staying With States**

Before 2014, the sector was marked by discretionary and non-transparent grant and renewal of concessions. Litigation was frequent, production was low, and State revenues remained modest. Since then, revenue to States from mineral production has grown by 354 percent, and States have received more than ₹7 lakh crore, including coal.

Nearly 90 percent of mining-sector revenue now accrues to the States. Their share in total mineral revenue, coal and non-coal, has risen by about 28 percentage points in a decade, reaching around ₹1,14,549.28 crore in 2025-26. The coal sector shows this shift clearly. States received ₹11,947.97 crore in 2014-15, or 55.6 percent of the total, rising to ₹32,183.09 crore, or 89.5 percent, in 2025-26. The Centre's share fell over the same period from ₹9,534.24 crore to ₹3,771.82 crore, that is from 22.97 percent to 10.5 percent.

Major mineral States received ₹13,586.16 crore in FY 2013-14, which rose to ₹82,366.19 crore in FY 2025-26. This is a compound annual growth rate of 16.20 percent over twelve years. Between FY 2015-16 and FY 2025-26, over ₹5 lakh crore accrued to these States, against only about ₹82,000 crore to the Centre. The Act leaves this position unchanged.

- **Auction Premium as an Added Stream, and Its Share at the Transaction Level**

The auction regime introduced in 2015 gave States auction premium as an entirely new source of income. Since 2015, States have collected ₹2.32 lakh crore as royalty from 1,200 working mines. From only 100 auctioned mines, they have collected ₹96,000 crore as auction premium. Odisha, having operationalised 35 of its 79 auctioned blocks, earned about ₹87,000 crore in premium between 2020-21 and 2025-26.

The resulting distribution is visible in a single consignment. At an average sale price of ₹3,000 per tonne of iron ore, the mining company pays ₹3,150, of which ₹3,016 goes to the State. This pattern continues under the Act.

- **Minor Minerals Remain Entirely Under State Control**

Nearly 50 minor minerals are completely controlled by the State Governments. The Act has no bearing on these, including sand, gravel, clay, silica, granite, marble, gypsum and laterite. State authority over this category continues exactly as before.

Mineral Sector Reforms Since 2014: Key Milestones

The rise in State revenue follows a decade of regulatory, fiscal and institutional reform. These measures have made the mineral sector transparent, competitive and better prepared for future demand.

- **Competitive E-Auction and a Record Year of Mine Opening**

The 2015 amendment to the Mines and Minerals (Development and Regulation) Act ended discretionary allocation of concessions. Since then, 723 major mineral blocks have been auctioned across 17 States, led by Rajasthan with 140, Madhya Pradesh with 127 and Odisha with 76. FY 2025-26 was the best year yet, with a record 212 blocks auctioned and 36 operationalised. In coal, 141 mines have been auctioned and 23 operationalised.

- **Growth in Production and Global Standing**

The value of major mineral production rose by 26.8 percent in FY 2025-26. Iron ore reached a record 313 million tonnes and limestone 484 million tonnes. Coal output has crossed one billion tonnes in each of the last two years, and non-coal production has nearly tripled since 2014. India now ranks second globally in limestone, third in zinc, fourth in iron ore and fifth in bauxite.

- **National Critical Mineral Mission and Overseas Sourcing**

The National Critical Mineral Mission (NCMM) was approved on 29 January 2025 with an outlay of ₹16,300 crore, including ₹2,600 crore of budgetary support, up to FY 2030-31. The Geological Survey of India (GSI) and the National Mineral Exploration and Development Trust (NMEDT) are working towards 1,200 critical mineral projects. Of 777 projects sanctioned by NMEDT at ₹3,828.52 crore, 255 relate to critical minerals. The 2025 amendment now allows NMEDT to support exploration abroad, and Khanij Bidesh India Limited (KABIL) has secured exclusive lithium exploration rights in Argentina.

- **Processing, Recycling and Research Capacity**

A ₹1,500 crore incentive scheme for critical mineral recycling was launched on 2 October 2025. It has drawn 58 entities pledging 850 thousand tonnes per annum of capacity, against a target of 270. Critical Mineral Processing Parks (CMPPs) are being supported in Andhra Pradesh, Gujarat, Odisha and Maharashtra with ₹500 crore. Basic customs duty has been removed on critical minerals, lithium-ion battery scrap and processing capital goods in three successive Budgets. Nine institutes have been named Centres of Excellence (CoEs) with ₹210 crore under the MAHA mission.

- **A Wider and Better Funded Exploration Ecosystem**

Exploration activity has grown nearly 200 times since 2014, with 51 private agencies now notified for the work. The NMEDT contribution has been raised to 3 percent, and half of direct exploration costs are reimbursed. The ceiling is ₹20 crore for exploration licence holders and ₹8 crore for composite licence holders. GSI completed 457 projects in Field Season 2025-26, including 230 on critical and strategic minerals, while NMEDT funded 62 such projects in 2024-25 and 84 in 2025-26.

- **Simpler Operations and Digital Monitoring**

Mining leases may now take a one-time area extension of up to 10 percent, and composite licences up to 30 percent. The cap on mineral sales from captive mines has been removed, along with extra payment for adding critical, strategic or deep-seated minerals to a lease. The Unified Mining Portal (UMP), built with the States, tracks the entire block lifecycle from auction to operationalisation. Coal and Mineral Exchanges further support fair price discovery.

- **Direct Benefits for Mining-Affected Communities**

The Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) and 656 District Mineral Foundations (DMFs) were set up for local welfare, including 106 in aspirational districts. The full DMF amount goes to local projects, and the district administration decides what to fund. It supports roads, hospitals, schools, drinking water and better living conditions. These collections will continue unchanged under the new Act.

The Act's Impact

The MMDR Amendment Act, 2026 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
Mining was taxed differently in every State.	A single, Centre-directed tax framework will apply under New Section 9D.

BEFORE	AFTER
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.

Key Benefits of the Act

The MMDR Amendment Act, 2026 strengthens the mining sector and supports inclusive national development.

- **Benefits the Common Man**: Competitive coal prices help reduce electricity costs and benefit households in their daily lives. Lower mineral costs strengthen industries, infrastructure, economic growth and employment.
- **Strengthens Manufacturing, Infrastructure and the Economy:** Coal provides energy, while iron ore, limestone and bauxite support steel, cement and aluminium production. Copper also supports modern industry, electricity and defence. The Act therefore benefits power, manufacturing, railways, roads, housing, transport and development programmes.
- **The Act is for Viksit Bharat:** The Act creates a more competitive, transparent, predictable and investor-friendly mining sector. It strengthens investment, production, employment, energy security, national security and self-reliance.

The Way Forward

The Mines and Minerals (Development and Regulation) Amendment Act, 2026 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.

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