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

FREQUENTLY ASKED QUESTIONS

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Q. What are the categories/kinds of revenue collected by the State governments from mines?

The States are presently getting around 14 types of taxes, charges, fees and other levies, including royalty, auction premium, dead rent, payments to District Mineral Foundations (DMFs), GST and transit fees. Further, some States have also introduced taxes on mineral-bearing lands, resulting in an additional financial burden on Government companies. In certain cases, such taxes are as high as 20%.

Q. How is the mining revenue allocated between State and Centre?

Presently, approximately 90% of the revenue generated from the mining sector is accruing to the States. Over the past decade, the States' share in the total mineral revenue (coal & non-coal) has, in fact, increased by approximately 28 percentage points, reaching around ₹1,14,549.28 crore in 2025-26. With the passage of the Act, there will be no reduction in the revenue accruing to the States. States will continue to receive approximately 90% of the revenue generated from Mineral Production.

Q. What key reforms have been done in the mineral sector since 2015?

The following measures have been brought since 2015 in the mining sector, making it 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 allows NMEDT to support exploration abroad. 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 270Kt. 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 for reimbursement of exploration expenditure 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.

Q. How has the 2015 amendment contributed to the sharing of the benefit of mining affected people?

In 2015, the Central Government introduced the concept of District Mineral Foundation (DMF) for sharing the benefit of mining with the people affected by mining. 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 entire amount collected under DMF is utilised for local development projects, with the district administration determining the areas and projects to be funded. These initiatives support essential infrastructure and services such as roads, hospitals, schools, drinking water and improved living conditions.

Q. How does the 2026 Amendment Act address the issue of import dependency on minerals?

The Act provides for a stable and rational tax structure for both domestic economic growth or regional growth, and national strategic interests as well. This stability will attract investment, boost production of critical minerals, and reduce reliance on imports of minerals.

Q. Will the Amendment Act 2026 affect the source of revenue for mineral-rich states?

The States are currently levying around 14 types of taxes, charges, fees and other levies on mining operations.

At present, out of the total taxes and statutory payments in the mining sector, around 90% goes to States and this situation will continue even after the amendment. Therefore, the State will not have any revenue loss by virtue of the present amendment in the MMDR Act.

The Act establishes long-term fiscal certainty, as mining requires massive upfront capital for years together for mining projects. This Act will lead to an increase in the production and revenue of the State Government.

Q. Does the Act impact the revenue accrued to the States?

The Act does not reduce the revenue accrued to States. States will continue to receive Royalty, Auction Premium, DMF and their share of GST. Since the auction regime began in 2015, States have received more than ₹ 7 lakh crore from the mining sector, including coal. Today, approximately 96% of mining-sector revenue accrues to States, while the Centre receives around 4% through GST. The Act instead seeks to keep mining projects economically viable, so that higher production, investment, and continued mining activity generate more sustainable revenue for States. In fact, State mineral revenue has increased by approximately 354 % over the last decade, reaching around ₹82,366 crore in 2025-26.

Q. How does this Act help the economy?

By creating a predictable fiscal regime, long term policy vision will attract more industry participation and foreign investment in the country. Investors need to know their tax liability upfront. This stability will attract investment, boost production of critical minerals, reduce reliance on imports and facilitate the vision of Viksit Bharat 2047.

Q. How do mineral taxes imposed by the State hurt the common citizen?

Minerals are primary raw materials for steel, power, cement, and infrastructure. When states impose heavy taxes at the extraction stage, it creates a cascading tax effect that inflates the input cost of mineral thereby increasing manufacturing costs and ultimately raises the cost of living for ordinary citizens.

Q. Does the Act only benefit a handful of corporations?

This Act is not meant to benefit any particular corporation. It is meant to bring clarity, regulation, and statutory correction to the tax structure in the Mining Sector. Today, mineral blocks are not allocated at anyone's discretion. All blocks are allocated through 100% transparent e-auctions, based on competitive bidding. The system that existed before 2014 no longer exists. Today, allocation is based on the highest bid, not personal discretion or influence. Around 725 mineral blocks have been auctioned and 105 are operational. Similarly, 141 coal mines have been successfully auctioned, of which 23 are operational.

The auction process gives equal opportunity to PSUs, MSMEs, startups, Indian companies, and global companies. Out of the 725 major mineral blocks auctioned, there are 300 unique bidders. And, out of the total working mines in the country, there are 337 unique companies having mining leases. If old and uncertain tax demands are imposed retrospectively or all at once, it could seriously affect sectors such as steel, cement, aluminium, and power. The impact would ultimately reach the common citizen through higher costs of infrastructure, housing, electricity and other essential goods and services. The Act does not transfer money from the State treasury to any corporate and does not waive anyone's outstanding dues. It only provides a clear legal framework to regulate levies that can adversely affect the Mining Sector and the wider economy. The objective is to reduce litigation, provide policy certainty and create a stable and competitive Mining Sector, so that both industry and the country can grow.

Q. Is the change made through the Amendment Act also applicable to minor minerals?

No. The MMDR Amendment Act, 2026 does not affect the minor minerals that are exclusively regulated and controlled by State Governments. Nearly 50 minor minerals fall under this category, including sand, gravel, clay, silica, granite, marble, gypsum, laterite, and others. The Act does not alter the powers of State Governments to regulate, administer, or levy taxes on these minor minerals. Therefore, the existing regulatory and fiscal powers of States over such minor minerals remain unaffected by the Act.

References

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