Ministry of Mines

MMDR Amendment to bring long term Stability in Major Minerals Sector

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The Mines and Minerals (Development and Regulation) Amendment Bill, 2026 was passed by both the Houses of the Parliament on 13th August, 2026. The Bill amends the Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act) with the aim to bring long term stability in the major minerals sector.

The amendment Bill will not take away any of the rights of the States on land and minerals or any tax on minerals collected by the States. At present, out of the total taxes and statutory payments in mining, around 90% accrues to the States and this arrangement will continue even after the amendment. Further, this amendment will not impact the power of the States to regulate and impose tax on minor minerals.

The above amendments strive to provide certainty, stability and predictability in the fiscal regime in the mineral sector, thereby giving impetus to increased investment in mining. This is expected to facilitate the aims of Atmanirbhar Bharat and ultimately aid in attaining the vision of Viksit Bharat 2047.

Minerals are critical to infrastructure, manufacturing, energy security and overall economic development. In FY 2025-26, India imported minerals worth Rs. 10,12,529 Crores. Unbalanced imposition of steep taxes will prompt the industry to rely on imported minerals, thereby putting heavy burden on the exchequer.

The States are currently levying around 14 types of taxes, charges, fees and other levies on mining operations such as royalty, auction premium, dead rent, contribution to District Mineral Foundation (DMF), Goods and Service Tax (GST), transit fee, etc. Around 90% of total mining revenue accrues to the States. From FY 2015-16 till FY 2025-26, a total of over Rs. 5 lakh crores have accrued to major mining States whereas during the same period, the revenue to Centre was only Rs. 82,000 crores. This scenario will continue to be same even after the Mines and Minerals (Development and Regulation) Amendment Bill, 2026 (MMDR Amendment Bill, 2026).

After introduction of auction regime in 2015, States have got another major source of revenue as auction premium – the amount quoted by the successful bidder in the auction. During 2020-21 to 2025-26, major mining states have collected auction premium of more than Rs. 96 thousand crores, which is in addition to other revenue sources like, royalty, DMF, GST, etc. Thus, States which have taken lead in auction and operationalisation of auctioned blocks have seen exponential rise in their revenues.

As mineral resources are finite and geographically concentrated only in few States, their management requires a cohesive national strategy to ensure sustainable, equitable, and uniform economic growth. Unchecked regional disparities in State-level taxation disrupt this framework by inflating domestic costs. Unconstrained and uneven State levies weaken public interest by making domestic minerals uncompetitive, incentivizing unnecessary foreign imports despite abundant local reserves, and fragmenting the national market.

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