Mines and Minerals Amendment Bill 2026

Prelims: *Current events of national and international importance | Governance*

Why in News?

The Coal and Mines Minister G. Kishan Reddy introduced this bill.

- It aims to make India's mining sector more efficient, investment-friendly and well-equipped to fulfil the country's growing demand for critical minerals.
- It seeks to amend the regulations for mines and minerals, whereby states will be restricted from levying additional tax on mineral rights.
- It prevents State governments from imposing additional taxes, cesses, or levies on mineral rights and gives the Centre greater control over regulating mineral-laden lands.
- It said divergent fiscal levies by States had created uncertainty in the mineral sector and could raise costs, encourage imports and undermine domestic supply chains.
- These include:

i. Heavy tax burden on the mining sector,
ii. Unpredictable introduction of taxes, cess and other levies after commencement of mining operations,
iii. Multiple taxes and levies on mineral production or dispatch,
iv. Non-uniform rates across states, and
v. Retrospective imposition of such taxes and levies.

Background

- The Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act) is the principal central law governing the development and regulation of mines and minerals.
- The Act allows the central government to regulate mines and mineral development in public interest.
- It also empowers the central government to make rules for the conservation and systematic development of minerals.
- The Act distinguishes between major minerals, regulated by the central government, and minor minerals, regulated by state governments.
- Under the Act, mineral concessions such as prospecting licenses and mining leases are granted by the state governments, and follow rules and auction processes set by the central government.
- The central government also fixes royalty rates, which the states collect from the lessees.
- In 2024, the Supreme Court examined whether:

i. royalty collected on mining activities under the MMDR Act, 1957 qualifies as a tax,
ii. states' power to tax land and building extends to mineral bearing land, and
iii. Parliament can limit the state legislature's powers to impose taxes on mines and minerals.

- The Court held that royalty is not a tax. It is a payment that arises out of the contractual obligation to enjoy mineral rights.
- The Court also held that state legislatures have the legislative power to tax mineral rights.
- However, states' powers to tax mineral rights can be limited by an Act of Parliament, which may include a prohibition also (Entry 50 of State List).
- The Court noted that the MMDR Act, 1957 does not place any such restrictions.
- The Court also held that states' power to tax land (Entry 49 of the State List) extends to mines and quarries.
- Such lands can be taxed based on mineral value or produce. Parliament cannot limit states' powers to tax mineral bearing lands.

Under the Constitution

- The Parliament has the power to regulate mines and mineral development, to the extent Parliament declares such regulation expedient in the public interest by law (Entry 54 of Union List).
- States have the power to regulate mines and mineral development, subject to the provisions of the Union List (Entry 23 of the State List).
- States also have the power to tax mineral rights, subject to any limitations imposed by Parliament by law relating to mineral development (Entry 50 of the State List).

Reference

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