MMDR Amendment Act, 2026

Mains: *GS III – Economy*

Why in News?

Recently, The Mines and Minerals (Development and Regulation) Amendment Bill, 2026 passed in both the Houses of the Parliament.

What is MMDR Amendment Act, 2026?

- **Amendment to –** Mines and Minerals (Development and Regulation) Act, 1957.
- **Objective –** 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.

*Mining in India is regulated under the **Mines and Minerals (Development and Regulation) Act, 1957.***

What are the key causes of the amendment act?

- **Energy Security –** A resilient domestic mining sector, supported by critical minerals and competitive coal, requires a stable and predictable tax regime to ensure energy security and reduce import dependence.

- **Multiplicity of Levies –** States impose approximately 14 levies, including royalty, DMF, GST, and land tax of up to 20 %, resulting in a significant cumulative burden that the Act aims to address.
- **Levies on Strategically Important Minerals –** High levies on critical minerals such as graphite and uranium make projects uneconomical.
- Inconsistent State rates further create disparities, highlighting the need for rationalisation to ensure viability.
- **Dual Burden on Foreign Exchange –** High domestic mineral costs increase imports (₹10.12 lakh crore, FY 2025-26) and reduce exports (iron ore ₹15,136 crore).
- Effective cost control is essential for Atmanirbhar mineral security.
- **Fragmentation of the National Mineral Market –** Variations in State levies fragment the mineral market and increase supply chain and logistics costs. The Act aims to establish uniform national rates to enhance efficiency.
- **Cost Ultimately Reaches the Household –** Mining levies increase mineral prices, which subsequently raise the costs of steel, cement, power, and housing. Therefore, rational taxation is essential to maintain household affordability.
- **Threat to Employment –** High mining levies have led to closures and stalled projects, with small and medium enterprises most affected.
- This threatens jobs for over 1.5 crore workers, including many in tribal areas.
- **Deterrence to Long-Term Investment –** Mining investment relies on a stable and predictable tax regime.
- Sudden changes discourage capital, slow expansion, and negatively affect manufacturing, defence, shipping, construction, and renewables.

What are the key provisions of the act?

- **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.

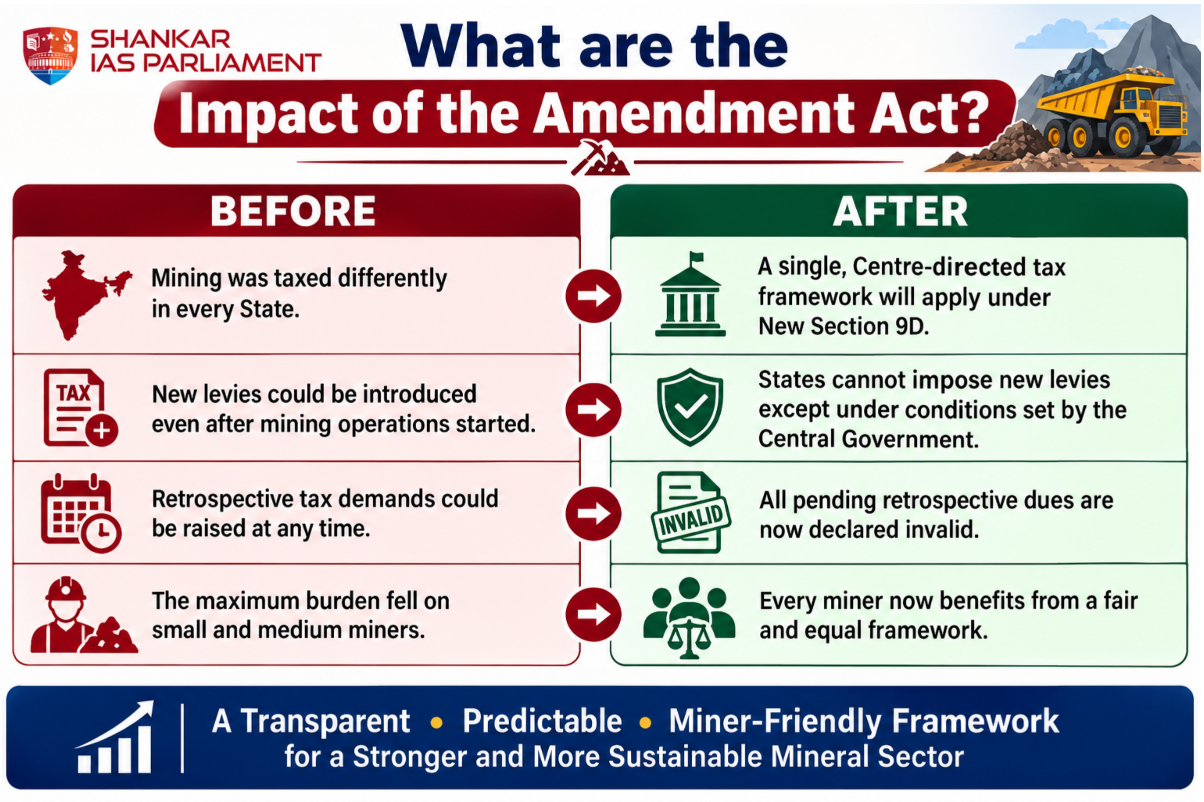
- Such levies may be imposed only as per conditions or restrictions prescribed by the Central Government.

- **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 -** 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.



Minor Minerals 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.

What are the key benefits of the act?

- **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.
- **Viksit Bharat –** It creates a more competitive, transparent, predictable and investor-friendly mining sector.
- It strengthens investment, production, employment, energy security, national security and self-reliance.

What lies ahead?

- 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.

Reference

PIB | MMDR Amendment Act, 2026