

GOVERNMENT OF INDIA
MINISTRY OF MINES
LOK SABHA
UNSTARRED QUESTION NO. 2006
ANSWERED ON 11.02.2026

OUTCOMES OF MMDR AMENDMENT ACT, 2025

2006. SMT. SANGEETA KUMARI SINGH DEO:

Will the Minister of MINES be pleased to state:

(a) the extent to which the amendments introduced through the MMDR Amendment Act, 2025 have translated into faster mine operationalisation, increased mineral production and improved investment response during 2025 and if so, the details thereof;

(b) the details of the utilisation of funds mobilised under the National Mineral Exploration and Development Trust (NMEDT) including domestic, offshore and overseas exploration activities initiated after its expansion;

(c) the details of impact of streamlined auction timelines, penalty–incentive mechanisms, removal of captive mine sale restrictions on auction success rates, production timelines and State revenues; and

(d) the progress made in operationalising mineral exchanges, offshore mining reforms and their role in ensuring transparent pricing, mineral security and supply-chain resilience, particularly for critical and strategic minerals?

ANSWER

THE MINISTER OF COAL AND MINES
(SHRI G. KISHAN REDDY)

(a) & (b): The Mines and Minerals (Development and Regulation), Act, 1957 (MMDR Act) was amended through the MMDR Amendment Act, 2025 with effect from 01.09.2025. Through the said amendment, inclusion of any new mineral in the mining lease has been allowed subject to payment of additional amount specified in the Eighth Schedule to the MMDR Act. Further, State Governments have been allowed to grant one-time extension of the area under a mining lease (up to 10 percent of existing leased area) or composite licence (up to 30 percent of existing licenced area) on payment of additional amount prescribed by the Central Government. These amendments facilitate faster mine operationalization and increased production of minerals in the country.

The Central Government has notified the National Mineral Exploration Trust (Amendment) Rules, 2025 on 23.10.2025 to implement the provisions of the MMDR

Amendment Act, 2025. Accordingly, the object of the Trust shall be to use the funds accrued to the Trust within India, including the offshore areas, and outside India for the purposes of regional and detailed exploration and development of mines and minerals. As on 31.01.2026, 656 projects have been approved under the National Mineral Exploration and Development Trust with an approved project cost of Rs. 3,426 crores, out of which Rs. 1,518 crores have been utilized.

(c): Ministry of Mines has amended the Mineral (Auction) Rules, 2015 with effect from 17.10.2025 whereby intermediary timelines have been introduced in the Rules in order to fast-track the operationalization of auctioned mineral blocks.

The Rules provide for appropriation of 1% of the performance security for delay (attributable to the bidder) of each month or a part of month beyond the above timelines. The Rules also provide for adjustment of the appropriated amount, if any, against the auction premium payable, if the final milestone is achieved within the stipulated overall timeframe. Further, the Rules also provide for reduction in the amount of second installment of the upfront payment by 5% for the delay of each month or a part of month by the State Government in issuing the letter of intent to the preferred bidder beyond the stipulated time.

Further, an incentive has been provided for early commencement of production from the auctioned mines. The lessee is required to pay only 50 percent of the auction premium for the mineral produced, within five years from the date of issue of letter of intent for grant of mining lease or within seven years from the date of issue of letter of intent for grant of composite licence.

Through the MMDR Amendment Act, 2021, the end-use restrictions have been removed from auction of mines. Since the said amendment, 496 mineral blocks have been successfully auctioned taking the total number of successfully auctioned mineral blocks to 612. Revenue accruing to States has increased significantly after the introduction of auction regime.

(d): Through the MMDR Amendment Act, 2025, the Central Government has been empowered to promote development of market, including trading, of minerals, its concentrate or its processed forms (including metals) through mineral exchanges. These exchanges help in determining fair and transparent market prices based on supply and demand dynamics, stabilize markets and aid in budgeting and planning. The reform is applicable for all minerals including critical and strategic minerals.

Further, the Offshore Area Mineral (Development and Regulation) Act, 2002 (OAMDR Act, 2002) has been amended through the OAMDR (Amendment) Act, 2023, with effect from 17.08.2023 to mandate auction as the methodology for the grant of operating rights to private companies, thereby ensuring a fair and transparent mechanism of allocating operating rights in the offshore areas of the country. The

Central Government has notified the Offshore Areas Mineral (Prevention of Illegal Mining and Transportation) Rules, 2026 on 03.02.2026.

Moreover, the Central Government has set up National Critical Minerals Mission on 29.01.2025 with the aim to secure India's critical mineral supply chain by strengthening complete value chain, including mineral exploration and mining.
