

GOVERNMENT OF INDIA
MINISTRY OF MINES
LOK SABHA
UNSTARRED QUESTION NO. †3068
ANSWERED ON 11.03.2026

**IMPACT OF THE AMENDMENTS OF MMDR ACT AND MINERAL (AUCTION)
RULES**

†3068. SHRI NARAYAN TATU RANE:

Will the Minister of MINES be pleased to state:

- (a) the impact of the amendments made in the Mines and Minerals (Development and Regulation), Act (MMDR) and the Mineral (Auction) Rules on speeding up the auction and commissioning of mineral blocks;
- (b) the effectiveness of the newly introduced intermediary timelines, penalties and incentives in reducing delays caused by bidders or States;
- (c) the details of measures taken to ensure balanced participation of the new States joining the auction regime; and
- (d) the details of the steps proposed to be taken by the Government to further expedite the operational commissioning of auctioned mineral blocks to increase the domestic mineral production?

ANSWER

THE MINISTER OF STATE FOR COAL AND MINES
(SHRI SATISH CHANDRA DUBEY)

(a): The Mines and Minerals (Development and Regulation) (MMDR) Act, 1957 was amended in 2015 to introduce auction of mineral concessions. Further amendments in 2021 facilitated faster auction and operationalization of mineral blocks by removing end-use restrictions, permitting sale of minerals from captive mines, providing for automatic transfer of statutory rights and clearances to new lessees and allowing transfer of mineral concessions. The auction framework was simplified by permitting auction of Composite Licence blocks at G4 level and Mining Lease blocks for surficial minerals at G3 level. Under Sections 10B and 11 of the MMDR Act, 1957, and pursuant to the MMDR Amendment Act, 2023, the Central Government has been empowered to conduct auctions, including for critical and strategic mineral blocks. Till date, 46 critical mineral blocks have been auctioned by the Central Government.

Since the introduction of the auction regime in 2015, 108 blocks were auctioned up to FY 2020-21. Following the mining sector reforms in 2021, a total of 552 blocks have been auctioned from FY 2021-22 to FY 2025-26 (till date). Further, due to various

reforms, the pace of operationalization has also increased. In FY 2025-26 (till date), 26 blocks have been operationalized.

(b): Ministry of Mines has introduced intermediary timelines, notified on 17.10.2025, to ensure faster operationalization of mines. 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 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 instalment 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% 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.

(c): States put up blocks for auction depending on resources explored and blocks carved out. Ministry of Mines, through regular review meetings with State Governments, encourages States to auction more mineral blocks. In addition, National Mineral Exploration and Development Trust (NMEDT) provides State Governments financial incentives of ₹20 lakh for each successful auction of a mineral block and reimbursement of 50% of the amount paid to the Transaction Advisor, subject to a ceiling of ₹5 lakh per block, for those blocks that were put up for auction but could not be auctioned.

(d): Ministry of Mines has taken several measures to fast-track operationalization of auctioned mineral blocks and increase domestic mineral production. Important measures include regular high-level review meetings, introduction of intermediary timelines under the Mineral (Auction) Rules, financial incentives through the Scheme of Special Assistance to States for Capital Investment (SASCI) 2025-26, and monitoring through a dedicated Project Management Unit and Mining Dashboard.
