



JSA Prism Mines and Minerals

August 2025

Parliament passes the Mines and Minerals (Development and Regulation) Amendment Act, 2025

The Mines and Minerals (Development and Regulation) Amendment Act, 2025 (“**MMDR Amendment**”), having been passed by both houses of Parliament, will shortly be notified as being in force. The MMDR Amendment amends the Mines and Minerals (Development and Regulation) Act, 1957 (“**MMDR Act**”), with a view to supporting the objectives of the National Critical Mineral Mission. It provides a simpler regime for promoting conservation of minerals, zero waste mining and extraction of deep-seated minerals.

Salient features

1. **Development of market for minerals:** The Central Government is tasked with promoting the development of a market, including trading of minerals, its concentrate or its processed forms (including metals) through mineral exchanges, i.e., an electronic trading platform or marketplace registered in accordance with the provisions of the MMDR Act, where buyers and sellers transact, trade and enter into contracts, including in derivatives. The provision enables the Central Government to appoint any authority to register and regulate mineral exchanges.

The statement of objects and reasons appended to the bill introduced in the Parliament justifies this amendment on grounds of the emergent need to provide a dynamic market mechanism for minerals backed by a robust regulatory regime given the increased availability and demand of minerals in the country. It is anticipated that mineral exchanges will help miners and end-users of minerals in determining fair and transparent market prices based on supply and demand dynamics, stabilise markets and aid in budgeting and planning which will, in turn, promote investment in mining sector and infrastructure related to transport and storage.

Given how royalties and average sale prices for certain minerals are presently determined having regard to prices on the London Metal Exchange, having a domestic exchange will hopefully do away with reliance on foreign prices that may not reflect local market conditions. It is, however, notable that no timeline has been specified for the establishment of the mineral exchanges.

2. **One-time extension of area under mining lease or composite license:** The MMDR Amendment allows holders of a mining lease or composite license for deep-seated minerals (i.e., minerals which occur at a depth of more than 200m (two hundred meters) from the surface of land with poor surface manifestations) to seek an extension of the area under the concession to include any contiguous area, subject to such area not exceeding 10% and 30% of the existing area for a mining lease and composite license, respectively. The State Government may extend the

area subject to such terms and conditions and on payment of such additional amount as may be prescribed by the Central Government.

Exploration of deep-seated minerals requires sophisticated modern technologies and heavy financial investments. Ordinarily, the extra-territorial area sought to be mined (which often results from the continuity of the ore-body) is relatively small, and not amenable to scientific and economic mining of a standalone basis. Existing mineral concession holders are ideally and best placed to undertake such exploitation having created all the facilities/ infrastructure to explore/ exploit such extensions.

It is expected that the rules issued by the Central Government in this regard will clarify both the criteria for assessing applications for extension, the terms and conditions on which such extensions may be granted, as well as the nature of the additional amount that would be payable by the applicant in respect thereof.

3. **Removal of limit on sale of surplus minerals from captive mines:** The MMDR Amendment removes limits on the quantum of minerals that can be sold by the lessee of a captive mine, and empowers the State Government to permit sale of dumps that have been stacked by such lessees up to such date as the Central Government may specify. The sale of such minerals and dumps is subject to payment of an additional amount which is specified in the Sixth Schedule to the MMDR Act.

This move follows several earlier amendments that have steadily had the effect of phasing out the concept of 'captive mines', and comes in the wake of reports that more than half of the mineral produced in several captive mines cannot be consumed in captive end-use plants (either due to limited need, or due to the unsuitability of minerals), resulting in a large number of captive mines accumulating significant dumps of unusable minerals over time.

4. **Renaming and expansion of the National Mineral Exploration Trust:** The MMDR Amendment broadens the remit of the 'National Mineral Exploration Trust', now renamed as the 'National Mineral Exploration and Development Trust', by empowering it to use its funds, in addition to domestic exploration, for the purpose of development of mines and mineral exploration outside India and in offshore areas of India. The MMDR Amendment also increases levy payable by concession holders to the trust from 2% to 3%. This enhanced remit is likely to see more effective use of the funds lying to the credit of the trust, given that it is understood that since its establishment, of the INR 6085 crore (Indian rupees six thousand eighty five crore) accrued to the trust, only INR 1116 crore (Indian rupees one thousand one hundred sixteen crore) has been expended up to December 2024.
5. **Inclusion of additional minerals in mining leases:** Hitherto, the dispensation inclusion of new minerals in an existing mineral concession was covered to some degree in the Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016 and Mineral (Auction) Rules, 2015. The MMDR Amendment introduces a statutory dispensation for inclusion of new minerals in an existing mining lease. This dispensation, *inter alia*, provides as follows:
 - a) the auction premium which is presently payable at the same rate for all such included minerals, will now not be payable for critical and strategic minerals in Part D of the First Schedule of the MMDR Act;
 - b) an additional amount, which is set out in the newly introduced Eighth Schedule to the MMDR Act, will be payable for inclusion of each such mineral in a mining lease that has been granted, otherwise than through auction;
 - c) minor minerals may be included in a mining lease for a major mineral. The State Government may, by notification in the Official Gazette, specify the royalty and other payments to be made by the lessee on dispatch of such included minor mineral; and
 - d) a major mineral may be included in a lease for a minor mineral. The conditions for such inclusion will be prescribed by the Central Government through rules, which may provide for the extent of presence of other mineral as compared to minor mineral in the lease, termination of an existing lease in the interest of regulating mines and mineral development and allowing the grant of a fresh lease in the same area for

minerals other than minor minerals, regulation of such lease as a lease granted for mineral other than minor minerals and additional payment under the Eighth Schedule to be made upon inclusion of the other mineral.

The new dispensation is helpful as it provides clarity on the interplay between minor and major mineral concessions, while also providing necessary respite with respect to critical and strategic minerals which are typically present only in limited quantities and often occur in association with other minerals. It is expected that the rules to be issued in furtherance of these statutory amendments will clarify the regime for inclusion of new minerals in exploration licenses and composite licenses, and the responsibility for and manner of preparing the geological report which will form the basis of such inclusion.

Conclusion

The MMDR Amendment advances India's mining sector by aligning the MMDR Act with the objectives of the National Critical Mineral Mission. It aims to strengthen the mission by promoting domestic production and processing of critical minerals. It also simplifies the regulatory framework to encourage conservation, zero-waste mining, and sustainable extraction of deep-seated resources. These measures will facilitate optimal utilisation of mineral resources by allowing flexibility in inclusion of new minerals and rational expansion of lease areas. Collectively, these reforms will promote resource security, improve mining efficiency, and strengthen the country's mineral sector in alignment with national priorities.

Mines and Mineral

JSA's mining practice is handled by a team with in-depth domain expertise, and is spread across practice areas (corporate, disputes and finance). Our team of experienced lawyers works seamlessly to provide well rounded and comprehensive advice to our clients on all aspects of the mining industry, including:

- Grant and auction of mineral concessions (including mining leases, composite licences, and exploration licences);
- Investments, mergers and acquisitions;
- Regulatory Issues (including on transfer of concessions);
- Employment;
- Environment, health and safety;
- Taxation;
- Dispute Resolution and Litigation; and
- Project Finance.

The firm is regularly instructed by clients to provide legal and regulatory assistance on challenging assignments such as developing new model documents. The firm's clients include private agencies, banks and financial institutions, government departments, industrial forums, and investors. Notably, the team has been involved in the auction of over a billion dollars' worth of mineral blocks in recent years.

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