

PS1-12012/1/2025-PS1

Government of India

Ministry of Coal

Shastri Bhawan, New Delhi

Dated: 12th December, 2025

NOTICE FOR PUBLIC CONSULTATION

Subject: Proposal for amendment of the Mines and Minerals (Development and Regulation) Act, 1957 – reg.

The Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act) is a central legislation enacted under Entry 54 of List I (the Union List) in the Seventh Schedule of the Constitution of India. This empowers the Union Government to make laws concerning the regulation of mines and the development of mineral resources including exploration, extraction, and management of minerals that fall under the purview of the Central Government.

2. The Act was lastly amended in August, 2025 for viable recovery of associated critical minerals, inclusion of contiguous area in a lease for optimal and scientific mining of deep-seated minerals, widening the scope of National Mineral Exploration Trust and disposal of legacy stock of minerals other than coal and lignite that could not be used captively.

3. The Ministry of Coal had conducted a brainstorming session on 7th August, 2025 with various stakeholders, including coal block allocatees, State Governments, PSUs, and other agencies for seeking suggestions over statutory, policy and procedural reforms needed in the Coal Mining Sector in India.

4. Another stakeholder consultation meeting was held on 23.09.2025 inviting participants from Ministry of Coal, CIL, CMPDIL, SCCL, NLCIL and other major private project proponents for receiving their valuable suggestions.

5. In view of the above developments, the Ministry of Coal is proposing to bring necessary amendments in MMDR Act. Accordingly, a brief note on the proposals under consideration for amendment in MMDR Act is enclosed herewith as Annexure for comments/suggestions from the general public, Government of States and Union Territories, coal mining industry stake holders, industry associations, and other persons and entities concerned.

6. It is requested that the comments/suggestions on the above issues may be sent within 30 days i.e. by 11th January, 2026 through e-mail in MS-Office Word Format to the following ID:

l.khamminthang@mea.gov.in

The subject of the e-mail should be "Comments/ suggestions on the proposed amendments to the MMDR Act 1957"

7. Alternatively, comments/ suggestions may also be sent by post to the following address:

Shri Leivang Khamminthang
Under Secretary, P&S-1 Section,
Ministry of Coal, Government of India,
Shastri Bhawan, New Delhi – 110001.

The envelope may be superscribed with "Comments / suggestions on the proposed amendments to the MMDR Act 1957"

Encl.: As above.



(Leivang Khamminthang)

Under Secretary to the Govt. of India

Tel. 23073936

Annexure

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Note for consultation on suggestion/proposals to make amendments in the MMDR Act 1957

1. The proposal may be divided into following major heads:

1.1 Inclusion of Coal Gasification in Mining Operations

1.1.1 The Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act) has progressively evolved to address new technologies and emerging needs in the mineral and energy sectors.

1.1.2 Coal gasification is a process that converts coal into synthetic gas (syngas) which can be further used for power generation, production of chemicals, fertilizers and as a cleaner energy source compared to direct combustion of coal. Recognizing its potential to reduce emissions and to enhance value addition to domestic coal, the Government of India has sought to integrate this process within the legal and regulatory framework governing mineral development.

1.1.3 Based on the recommendations, it is proposed that definition of mining operations be amended to include conversion of coal/lignite into gas.

1.2 Review of maximum area provided for prospecting license and mining lease under Section 6 of the Act.

1.2.1 Section 6 of the MMDR Act provides that no person or entity shall acquire in respect of any mineral or prescribed group of associated minerals in a State

- - one or more prospecting licences covering a total area of more than twenty-five square kilometres and
 - one or more mining leases covering an area exceeding ten square kilometres

1.2.2 The above stated area limits were introduced in 1957 at the time of enforcement of the Act and in exercise of the powers provided in proviso to Section 6(1) of the MMDR Act, Ministry of Coal vide order dated 07.03.2024 has already increased the area limits for grant of PL and ML in various States as follows:

S.No.	State	Area Limits for Prospecting License	Area Limits for Mining Lease
1.	Chhattisgarh	90 sq. km	90 sq. km
2.	Jharkhand	75 sq. km.	75 sq. km.
3.	Madhya Pradesh	35 sq. km	35 sq. km
4.	West Bengal	-	25 sq. km
5.	Odisha	45 sq. km	45 sq. km
6.	Maharashtra	40 sq. km.	40 sq. km.

The area limits for grant of PL and ML for the State of Madhya Pradesh have further been increased to 125 sq. km vide order dated 06.10.2025.

1.2.3 It has been suggested that the limits provided in the Act were set in the 1950s when coal/lignite mining was small-scale and technologically limited. The sector has since undergone major transformation. The current area ceilings restrict the development of modern, efficient and technology-integrated mining projects. Furthermore, with the transparent auction system, a bidder may participate in multiple auctions in a State and be declared successful bidder for mines covering area more than prescribed limits.

1.2.4 Based on the recommendations, Ministry of Coal has decided to review the existing area ceilings restrictions provided for Coal/Lignite in the Act to accommodate modern mining needs, promote strategic investments and enable adoption of future-ready technologies. Thus, suggestions may also be provided as to the appropriate area limits which may be considered fit.

1.3 Review of maximum period of mining lease and provisions for renewal of a mining lease.

1.3.1 As per Section 8(2) of the MMDR Act, the maximum period for which a mining lease may be granted shall not exceed thirty years: Provided that the minimum period for which any such mining lease may be granted shall not be less than twenty years.

1.3.2 Further, Section 8 (3) of the MMDR Act provides that a mining lease may be renewed for a period not exceeding twenty years with the previous approval of the Central Government.

1.3.3 It has been suggested that in some cases, the life of coal/lignite mine exceeds thirty years, however, due to statutory restrictions, mining leases beyond thirty years cannot be obtained. This requires renewal of mining lease, which creates a compliance burden for the proponents of such blocks and an administrative burden for the Government. It may also result into potential delays and disputes. Since the renewal of mining leases are granted by State Government and also requires prior approval of Central Government, it creates an uncertainty in long-term resource planning as the lease timelines become unpredictable.

1.3.4 Ministry of Mines through Mines and Minerals (Development and Regulation) Amendment Act, 2015 (10 of 2015) has already inserted Section 8A for minerals other than those specified in Part A (Coal and Lignite) and Part B of the First Schedule which provides that all mining leases shall be granted for the period of fifty years and on the expiry of the lease period, the lease shall be put up for auction as per the procedure specified in this Act.

1.3.5 Further, through Mines and Minerals (Development and Regulation) Amendment Act, 2021 (16 of 2021) and Mineral Concession (Amendment) Rules, 2021 in case of Government companies or corporations, the period of mining leases for Coal and Lignite has been increased to fifty years.

1.3.6 Based on the recommendations, Ministry of Coal proposes that the maximum period for which a mining lease may be granted shall be increased from thirty years to fifty years. Thus, the mining leases may be granted for a maximum period of up to fifty years, based upon the life of mine and there will be no requirement to obtain renewal of such mining leases. However, the mining leases which have already been granted may be renewed as per the existing provisions.

1.4 Disposal of legacy stock of minerals that cannot be used captively

1.4.1 Through amendment in 2021, a new provision Section 8(5) was inserted in the Act to allow the captive lessee to sell up to fifty per cent of the total coal/lignite produced in a year after meeting the requirement of captive end use plant and on payment of an additional amount specified in the Sixth Schedule to the Act.

1.4.2 Industry representatives and several State Governments have indicated that, in many cases over half of the minerals extracted from captive mines may not get utilised in the associated end-use plants. As a result, due to the fifty per cent ceiling, large quantities of mineral stocks may get accumulated over the years in several captive mining areas. These dumps not only pose environmental and safety risks but also occupy valuable space—particularly in smaller mines—reducing the area available for active mining operations. Removing 50% ceiling and allowing leaseholders to sell these legacy mineral stocks in the open market is therefore

necessary. Such a measure would help clear accumulated dumps and increase the overall availability of minerals in the market.

1.4.3 Ministry of Mines, through Mines and Minerals (Development and Regulation) Amendment Act, 2025 (28 of 2025) has already addressed the issue for minerals other than Coal and Lignite by omitting the restrictions of fifty per cent for such minerals. Further, the amendment has also enabled the State Government to permit the sale of dumps of such minerals which has been stacked up to such date as may be specified by the Central Government in the leased area on payment of additional amount specified in the Sixth Schedule.

1.4.4 Another situation has also been brought to the notice that due to lack of transport, infrastructure, logistics or other reasons, an operational mines may not be able to meet the requirements of linked end use plant and there is no provision to deal with coal/lignite produced from such mines.

1.4.5 In view of the above, Ministry of Coal proposes to amend MMDR Act for bringing reforms for Coal and Lignite in line with Mines and Minerals (Development and Regulation) Amendment Act, 2025 (28 of 2025) as stated above. Further, in order to deal with the situation stated at Para 1.5.4, the Ministry proposes to create provision for relaxing the conditions related to meeting the requirement of the end use plant linked with the mine for Government Company or Corporation.

1.5 Proposal to Strengthen Measures for Curbing Illegal Mining of Coal

1.5.1 Illegal mining of coal poses significant risks to national resources, public safety, the environment and lawful commercial operations. It results in substantial loss of revenue to the exchequer, threatens legitimate mining activities, undermines labor safety and contributes to unregulated carbon emissions.

1.5.2 Government coal companies have deployed various security forces, including Central Industrial Security Force (CISF) and have adopted technology driven monitoring systems, such as Integral Control and Command Centres (ICCC), mobile App, namely Khanan Prarhari to enable people to report such activities. However, reports of illegal mining of coal are still received in Ministry of Coal.

1.5.3 Illegal mining is currently addressed under the Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act) and other laws. These laws provide for imprisonment and monetary penalties for involvement in illegal mining, which also cover that of coal and lignite. Under various laws, powers are broadly conferred on the State Government officers and local police to take action in the cases of theft or illegal mining of coal. However, stakeholders have highlighted gaps in enforcement, inadequate deterrence and procedural limitations.

1.5.4 In view of these challenges, the Ministry of Coal proposes to undertake a comprehensive review of the existing legal, administrative and technological framework to consider the revision of powers for the officers of the coal companies and security officers in the context of illegal mining, transportation, trade or storage of illegally raised coal to curb such activities more effectively.

2. Justification

2.1 Coal gasification is a key technology for converting coal into syngas, which can be used to produce power, chemicals, fertilizers, and cleaner fuels. It promotes clean coal technologies to reduce environmental impact and encourages efficient resource utilization especially for underground coal mines. Inclusion of coal gasification within the scope of mining operations promotes confidence amongst the industry to adopt gasification technologies thus enabling seamless development of the coal gasification projects by providing a regulatory clarity.

2.2 Mining operations today are mechanized and high-capacity, requiring larger areas to support bulk handling, automated systems and efficient mine planning. The original area limits under Section 6(1)(a) and 6(1)(b) of the MMDR Act may no longer be adequate in the context of modern mining, technological advancements and national economic objectives. Reviewing the area limits is essential to ensure efficiency, attract investment, enable advanced technologies like gasification, minimize fragmentation and promote long-term, sustainable mineral development.

2.3 Increasing the maximum mining lease period to fifty years and removing the requirement to obtain renewal may bring major structural reforms in India's mineral governance. It may enhance transparency, strengthen investor confidence, and promote scientific mining. A fifty year lease may provide the financial and operational security needed for cost recovery, long-term planning, optimal overburden management and improved reclamation and closure practices. Removing renewal system may reduce compliance and administrative burdens, thus reducing delays and providing lease time period certainty to lease project proponents.

2.4 The fifty per cent ceiling under Section 8(5) was originally introduced to ensure that captive blocks primarily served their intended industrial purpose. However, in the current operational and policy context, the restriction may have become counterproductive as it may prevent full utilization of resources where captive mines generate or are capable to generate mineral quantities significantly higher than the needs of their end-use plants, resulting in stockpiling at mine sites. Over time, such dumps may lead to deterioration in mineral quality, inefficient recovery and wastage of valuable national assets. It may also pose serious environmental and occupational hazards, including dust pollution, contamination risks and land degradation. Sale of such minerals may generate proportional increases in royalties, DMF and NMET contributions which may strengthen the fiscal position of mineral-bearing States. The

proposed amendment may enhance total market supply, reduce shortages, stabilize prices and help meet growing industrial and infrastructure needs which would contribute to national self-reliance and reduced import dependence.

2.5 Reforming the MMDR Act is important to curb illegal coal mining because existing regulatory mechanisms may not have kept pace with the scale and technological sophistication of unlawful extraction. Illegal coal mining causes massive revenue losses to the state, fuels corruption and empowers criminal networks that exploit regulatory gaps, weak enforcement capacity and inadequate penalties. Strengthening the MMDR Act is therefore crucial to ensure sustainable resource management, protect state revenue and restore rule of law in the coal sector
