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MMDR Amendment Act 2026 Curbs State Powers on Mineral Taxation

The Odisha Assembly debated the potential revenue loss caused by the Mines and Minerals (Development and Regulation) Amendment Act, 2026.

A central legislation that restricts the powers of State governments to levy taxes, cess, and other duties on mineral rights and mineral-bearing lands.

KEY EXAM POINTS

- Parliament enacted the **Mines and Minerals (Development and Regulation) Amendment Act, 2026** to regulate mineral taxation.
- The 2026 amendment curbed the power of **State governments** to impose taxes, cess, and other levies on **mineral rights**.
- **Odisha**'s Steel and Mines Minister **Bibhuti Bhusan Jena** stated that the exact financial impact on the state exchequer is yet to be assessed.
- State legislators raised concerns over the potential loss of **revenue** from mineral-bearing lands.

DID YOU KNOW..!?

The principal Mines and Minerals (Development and Regulation) Act was enacted by Parliament in the year **1957**.

Under the **Seventh Schedule** of the Constitution, **Entry 50** of the **State List** (List II) deals with taxes on mineral rights.

Entry 54 of the **Union List** (List I) empowers the Union to regulate mines and mineral development as declared by Parliament.

In **July 2024**, a landmark **9-judge Constitution Bench** of the Supreme Court ruled that royalty is not a tax and States have the power to levy taxes on mineral rights.

Article 265 of the Constitution mandates that no tax shall be levied or collected except by authority of law.

The **Sarkaria Commission (1983)** and **Punchhi Commission (2007)** recommended strengthening cooperative federalism and consulting states on fiscal matters.

REVISION FLASHCARD

MMDR Amendment Act 2026 restricts State powers to levy taxes and cess on mineral rights.

Syllabus Relevance: High (Centre-State Relations, Seventh Schedule, and Taxation Powers)

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