

Ministry of Mines Notifies Amendments to the Mineral Concession Rules, Paving Way for Inclusion of Contiguous Area and Associated Minerals in the Mining Lease

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The Ministry of Mines has notified the Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession (Second Amendment) Rules, 2026 on 30th March, 2026 providing detailed mechanism for inclusion of contiguous area in the mining lease and composite licence of deep-seated minerals and inclusion of associated minerals in the mining leases of major as well as minor minerals.

The amendment in the rules have been made pursuant to the amendments to the Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act) through the MMDR Amendment Act, 2025 effective from 1st September 2025 which is aimed to increase exploration and production of critical minerals required for the country. The reforms ushered by amendment gives impetus to the mining sector to increase supply of minerals for the industries, leading to strengthening Atmanirbhar Bharat.

The Amended Rules provides simple and time-bound provisions for processing the application made by the holder of a mining lease (ML) or composite licence (CL) of deep-seated minerals for one-time extension of the area to include therein a contiguous area. In case of ML, the contiguous area shall not exceed 10% and in case of CL, the contiguous area shall not exceed 30% of the existing area under the lease or licence. If a contiguous area is added to an auctioned ML or CL, the holder must pay 10% of the auction premium on minerals dispatched from that added area. If the lease was granted without auction, the holder must pay an extra amount equal to the royalty on minerals dispatched from the added area.

Allowing inclusion of contiguous area will promote optimal mining of deep-seated minerals, which are locked up in contiguous areas and may not be economically viable to be extracted under a separate lease or licence.

The rules further provides the manner of inclusion of any other mineral, including a minor mineral, in a mining lease and mandate the State Government to permit such inclusion within 30 days of the application. No additional amount is applicable on inclusion of critical and strategic mineral or deep-seated minerals specified in the Seventh Schedule to the MMDR Act to incentivise production of these minerals which are found in small quantity and are difficult to mine and process.

The Amendment also provides the manner of inclusion of major minerals in a lease granted for minor mineral which was executed before the MMDR Amendment Act, 2025. For grant of minor mineral leases in future, the State Governments have been mandated that ML for minor mineral (other than sand) shall only be granted after exploration of the area up to G3 level. In case, any major mineral is discovered in the area upon the exploration, the State Government shall auction the area as a major mineral block. This is yet another step for optimal mining.

The rules were also amended pursuant the amendment in the Act to remove the limit on sale of minerals from the captive mines. The miners can sell minerals after meeting the requirement of the end use plant linked with the mine when the end use plant operates at its full capacity. In case the end use plant operates at a capacity lower than its full capacity, then the lessee may sell only the quantity equal to the quantity of mineral consumed in the end use plant in a financial year. This will increase mineral availability in the market, including for the MSMEs.

The simpler regime provided in the Amendment rules will not only promote ease of doing business in the sector but will enable increase in production of critical, strategic and deep-seated minerals. At the same time, State Governments would also benefit from the additional payments and increase in production. The rules were made after extensive consultation with the State Governments, Central Ministries, industry associations and other stakeholders.

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