



Ministry of Mines Notifies Mineral (Auction) Second Amendment Rules, 2026 for Faster Operationalisation of Mines and Improving Ease of Doing Business in the Mining Sector

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The Ministry of Mines has notified the Mineral (Auction) Second Amendment Rules, 2026 on 30th March, 2026 for faster operationalisation of mines. This is the latest step of the Government in series of reforms for enhancing efficiency, transparency, and ease of doing business in the mining sector.

Previously, the Mineral (Auction) Rules, 2015 were amended on 17th October 2025 to, *inter alia*, introduce intermediary timelines for various activities to be completed after issue of letter of intent (LoI) till execution of mining lease. An amount of 1% of performance security will be appropriated for each month of delay in completion of timelines by the preferred bidder. The said amendment also provided incentives for early operationalisation of mines and for automatic declaration of preferred bidder on completion of auction. The rules also provided that in case the State Government does not issue LoI to the preferred bidder within 30 days of performance security or 1st instalment of upfront amount or both (as applicable) by the bidder, the amount of 2nd instalment of upfront payment payable to the State Government shall reduce by 5% for the delay of each month. This provision was made keeping in view the importance of timely issuance of LoI by the State Governments in operationalisation of mines.

Other steps taken by the Ministry of Mines for faster operationalisation of mines includes, conduct of regular meetings with the State Governments, setting up a project monitoring unit in the Ministry to monitor operationalisation of mines, implementation of Mining Dashboard for tracking clearance progress of auctioned blocks towards operationalization and highlighting delays at various level to enable timely corrective action, auction of mineral blocks with pre-embedded clearances and incentives to the States.

Ministry of Mines has made the present amendments in the Mineral (Auction) Rules to bring reforms in the mineral sector after consultation with the Central Ministries, State Governments, Industry Associations and Stakeholders.

Key Highlights of the Mineral (Auction) Second Amendment Rules, 2026 are as follows:—

- **Allowed exclusion of non-feasible portion of mining block:** The amendment rules allows exclusion of portions of mineral blocks where mining is not feasible due to constraints such as forest, wildlife corridors, rivers, nallah, habitation or infrastructure, where such areas contain less

than 25% of the total estimated quantity of mineral resources in the block. This will pave way for operationalisation of mines which get stuck due to various issues related to a small portion of the block area.

- **Introduction of Unified Mining Portal:** A unified mining portal will be implemented to streamline various processes such as identification and preparation of blocks for auction, obtaining of clearances, monitoring of operationalisation, etc. The portal will also facilitate automatic issuance of LoI upon the receipt of 1st instalment of upfront payment and/or performance security, to reduce delays and improve the transparency.
- **Reducing the provision of additional period for execution of Mining Lease (ML) in case of blocks does not involve forest area:** The rules have been amended to provide that the additional period of two years for execution of ML beyond the initial 3 years from LoI will be allowed for blocks involving forest land only. In case the block does not involve forest land, no additional period beyond 3 years will be allowed. This amendment is made to aim the faster operationalisation of auctioned mineral blocks. The amendment will be applicable on the blocks auctioned after 30th March 2026.
- **Upfront payment timeline rationalized:** The amended rule provides that the 2nd instalment of upfront payment is required to be deposited within one year from the date of issuance of LoI. This amendment will be applicable on the blocks auctioned after 30th March 2026.
- **Relief in case of annulment:** Provision has been made in the rules for refund of upfront payment and performance security in cases where auctions are annulled as mining has become impossible in the block due to reasons not attributable to the preferred bidder.
- **Greater participation of exploration agencies:** Through these amendments, notified Private Exploration Agencies (NPEAs) are now permitted to participate in auctions of all types of mineral blocks explored by them. Earlier their participation was restricted to the blocks of critical & strategic and deep-seated minerals only.
- **Incentive for critical and strategic minerals:** Exemption from auction premium has been introduced for critical and strategic minerals (excluding Graphite, Phosphate, and Potash), where their value of estimated resources of all such minerals is less than 10% of the total estimated mineral resources of the block.

These amendments are aimed to accelerate mineral development, facilitate timely operationalization of mines, encourage private sector participation, and strengthen the regulatory framework governing mineral auctions in India.

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