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EDITORIAL ANALYSIS

On Minerals and Mines, Strike a New Federal Balance

INDIAN EXPRESS

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On Minerals and Mines, Strike a New Federal Balance

The Indian Express 19 August 2026 GS2 GS3

INTERVIEW ANGLE

"The editorial calls for a negotiated federal balance over unilateral Central override on mineral taxation. What would a genuinely negotiated revenue-sharing mechanism between the Centre and mineral-rich states look like in practice?"

Every fact web-verified against primary sources

THE LIFT LINE

The Supreme Court settled who can tax mineral rights in 2024. Parliament just legislated a large asterisk onto that answer, and that asterisk is where the real federalism fight begins.

WHY THIS EDITORIAL MATTERS FOR YOUR EXAM

This editorial gives a live, high-stakes example of the judiciary-legislature interaction in fiscal federalism, directly complementing the day"s news article on the MMDR Amendment Act"s presidential assent, and is essential for any GS2 answer on centre-state relations.

GS Paper 2: Centre-state relations, fiscal federalism, judiciary-legislature dynamics.

GS Paper 3: Mineral resources, resource mobilisation.

CONCEPT	MEANING	WHY IT IS TESTABLE
Entry 50, List II	State List entry granting states power to tax mineral rights, subject to Parliament"s regulatory limitations	The constitutional basis for states" taxing power the SC upheld
Entry 54, List I	Union List entry granting Parliament power to regulate mines and mineral development in the national interest	The constitutional basis the Centre uses to restrict state taxation
Legislative override of judicial interpretation	Parliament using its regulatory powers to narrow the practical effect of a Court ruling without directly overturning it	The editorial"s central federalism concern

BACKGROUND AND CONTEXT

The Supreme Court's **July 2024** ruling in ***Mineral Area Development Authority v. Steel Authority of India*** (nine-judge bench, 8:1) held that royalty under the MMDR Act is not a tax and does not limit states' independent power to tax mineral rights, affirming state authority under **Entry 50, List II**, and overturning the 1990 *India Cement* precedent. The **MMDR Amendment Bill, 2026**, passed by the Lok Sabha on **August 12** and Rajya Sabha on **August 13**, receiving presidential assent on **August 18, 2026**, restricts states from imposing fresh taxes on mineral rights except within Centre-prescribed conditions, prompting objections from mineral-rich states including Jharkhand and Odisha.

THE ANALYSIS

1. This is a direct legislative response to a very recent, high-authority judicial ruling. A nine-judge bench with an 8:1 majority represents about as definitive a judicial pronouncement as India's constitutional system produces, making Parliament's swift legislative narrowing of its practical effect a particularly notable instance of legislature-judiciary interaction.

2. The Centre's regulatory authority under Entry 54 provides genuine constitutional grounding for the restriction. Parliament's power to regulate mines and minerals in the national interest is not itself in dispute, meaning the federalism question is not about whether Parliament can act at all, but whether this specific restriction represents legitimate regulatory coordination or an overreach into taxing authority the Court had just affirmed.

3. The fiscal stakes for mineral-rich states are substantial and concrete. Rs 1,14,549 crore in state mineral revenue nationally in FY2025-26 is not an abstract sum, making this a live fiscal-federalism dispute with direct budgetary consequences for states like Jharkhand and Odisha, not merely a constitutional-theory debate.

4. Legislative narrowing of judicial rulings, without directly overturning them, is a distinct federalism dynamic worth naming precisely. Rather than seeking a review or contesting the 2024 judgment directly, Parliament used its separate regulatory power to achieve a practically similar restrictive effect, a technique that tests the boundary between legitimate legislative response and circumvention of judicial intent.

5. The editorial's call for negotiated federal balance reflects a broader cooperative-federalism principle. Rather than treating this purely as a legal question to be settled by further litigation, the editorial frames the underlying dispute as fundamentally political and fiscal, one better resolved through genuine Centre-state negotiation than through another round of unilateral action and judicial challenge.

DATA AND INSTITUTIONS VAULT

PRELIMS-GRADE FACTS:

MMDR Amendment Bill, 2026: Lok Sabha August 12, Rajya Sabha August 13, presidential assent August 18, 2026

Underlying SC ruling: MADA v. SAIL, July 2024, nine-judge bench, 8:1, overturned 1990 India Cement precedent

States" mineral revenue, FY2025-26: Rs 1,14,549 crore

Constitutional entries: Entry 50, List II (state taxing power) vs Entry 54, List I (Union regulatory power)

WATCH THE TRAP: THE AMENDMENT DOES NOT DIRECTLY OVERTURN THE 2024 SC RULING; IT USES A SEPARATE CONSTITUTIONAL ENTRY (UNION REGULATORY POWER) TO ACHIEVE A PRACTICALLY RESTRICTIVE EFFECT ON THE TAXING POWER THE COURT AFFIRMED, A DISTINCT LEGISLATIVE TECHNIQUE WORTH NAMING PRECISELY IN AN ANSWER.

THE DEBATE

Argument FOR the Centre"s restriction. National coordination over mineral taxation prevents a fragmented, inconsistent state-by-state tax regime that could complicate mineral-sector investment planning, a legitimate exercise of Parliament"s Entry 54 regulatory authority.

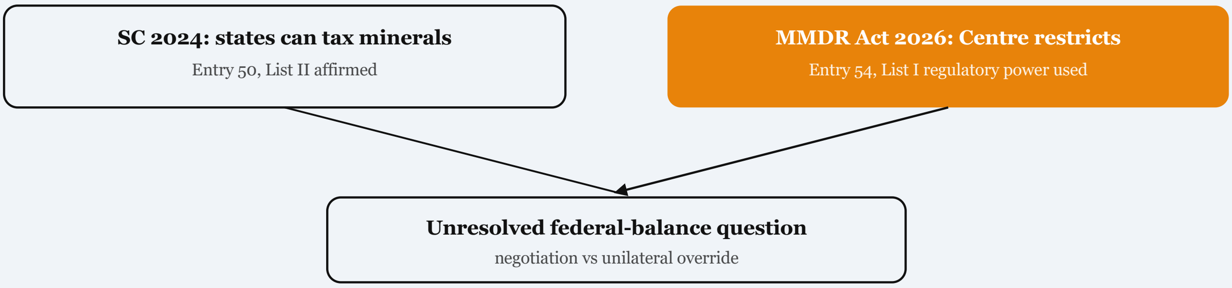
Argument AGAINST (Indian Express"s position). Using regulatory authority to substantially narrow a taxing power the Supreme Court clearly upheld in July 2024 risks undermining cooperative federalism and disregards mineral-rich states" genuine fiscal dependence on this revenue.

Balanced verdict. Both the Centre"s coordination interest and states" fiscal-federalism concern are legitimate; the specific question of whether this amendment strikes a fair balance, or tilts too far toward Central override, likely depends on details of the "Centre-prescribed conditions" that determine how much practical taxing latitude states genuinely retain.

HOW TO THINK ABOUT THIS

The transferable pattern: **when a legislature responds to an unfavourable judicial ruling by invoking a different, separately valid constitutional power to achieve a similar restrictive effect, examine both whether that power is being used within its legitimate scope and whether the underlying dispute would be better resolved through negotiation than through repeated rounds of legislation and litigation.** This applies across centre-state fiscal disputes generally, not mining alone.

DIAGRAM-IN-WORDS



The Supreme Court's 2024 affirmation of state taxing power is followed by Parliament's 2026 regulatory restriction, leaving the underlying federal-balance question unresolved.

TAKEAWAY BOX

The Supreme Court settled who can tax mineral rights in 2024. Parliament just legislated a large asterisk onto that answer, and that asterisk is where the real federalism fight begins.

MMDR Amendment Act, 2026, *assent* **August 18**; *SC ruling* **MADA v. SAIL, July 2024**, *9-judge bench, 8:1; states" mineral revenue* **Rs 1,14,549 crore** *(FY2025-26).*

should Parliament be able to use a separate constitutional power to practically narrow a taxing right the judiciary has just affirmed, or does this undermine the spirit of judicial review?

UPSC has repeatedly tested centre-state fiscal federalism and the Seventh Schedule (GS2); this editorial"s Entry 50 vs Entry 54 framing strengthens any such answer.

"Parliament's regulatory powers should not be used to legislatively narrow a taxing power the judiciary clearly affirmed in July 2024." Discuss with reference to the MMDR Amendment Act, 2026.

Sources: The Indian Express

KEY ARGUMENTS AT A GLANCE

Indian Express argues the MMDR Amendment Bill, 2026, which bars states from taxing mineral rights or mineral-bearing land except under Centre-prescribed conditions, reopens the constitutional question of how far Parliament can curtail a state's taxing power, especially following the Supreme Court's July 2024 nine-judge bench ruling that mineral royalty is not a tax and that states retain the power to tax mineral rights, and calls for a negotiated federal balance rather than a unilateral Central override, given mineral-rich states' fiscal dependence on this revenue.

✓ SUPPORTING

- The Supreme Court's 2024 ruling was a definitive, high-authority (nine-judge bench, 8:1) affirmation of state taxing power over mineral rights under Entry 50, List II, making the new legislative restriction a direct legislative response to a recent, clear judicial pronouncement.
- States earned Rs 1,14,549 crore in mineral revenue in FY2025-26, a substantial fiscal stream for mineral-rich states, meaning the practical stakes of this federal dispute are significant, not merely symbolic or constitutional in the abstract.

⚠ COUNTER

A counter-view holds that Parliament retains constitutional authority under Entry 54, List I, to regulate mines and mineral development in the national interest, and that a degree of central coordination over mineral taxation prevents a fragmented, inconsistent tax regime across states that could complicate national mineral-sector investment and planning.

→ WAY FORWARD

Indian Express's position is that resolving the tension between the Centre's regulatory interest in mineral development and states' fiscal dependence on mineral revenue requires a negotiated federal settlement, involving genuine consultation with mineral-rich states, rather than a unilateral legislative restriction that effectively narrows the practical scope of a recent Supreme Court ruling on state taxing power.

MAINS ANSWER FRAMEWORK

QUESTION

Examine the constitutional and fiscal-federalism questions raised by the MMDR Amendment Bill, 2026's restriction on state taxation of mineral rights, with reference to the Supreme Court's 2024 ruling on the same issue. (250 words)

INTRODUCTION

Indian Express examines the MMDR Amendment Bill, 2026's restriction on state taxation of mineral rights, arguing it reopens a fundamental federalism question about the limits of Parliament's power to legislatively narrow a state taxing power the Supreme Court had clearly upheld in July 2024.

BODY

The Supreme Court's July 2024 ruling in Mineral Area Development Authority v. Steel Authority of India, delivered by a nine-judge bench with an 8:1 majority, held that royalty payable under the MMDR Act is not a tax and does not constitutionally limit state legislatures' independent power to tax mineral rights, overturning the 1990 India Cement precedent and affirming states' taxing authority under Entry 50, List II of the Seventh Schedule. The MMDR Amendment Bill, 2026, inserting a new provision restricting states from imposing fresh taxes on mineral rights except within Centre-prescribed conditions, represents a direct legislative response to this ruling, using Parliament's regulatory authority over mines and minerals under Entry 54, List I, to narrow the practical effect of the states' taxing power the Court had just affirmed.
The editorial's core argument is that this raises a genuine constitutional and federalism question: while Parliament possesses legitimate regulatory authority over the mining sector in the national interest, using that authority to substantially constrain a taxing power the judiciary clearly upheld in July 2024 risks undermining the spirit of cooperative federalism, particularly given that mineral-rich states like Jharkhand and Odisha depend materially on this revenue stream, Rs 1,14,549 crore nationally in FY2025-26, for their fiscal capacity.

CONCLUSION

A complete Mains answer should engage both the Centre's legitimate national-interest regulatory rationale and the states' genuine fiscal-federalism concern as competing, valid considerations, since resolving this tension requires examining whether the restriction reflects necessary national coordination or an overreach that undermines judicially affirmed state authority.

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