Polity & Governance · GS - II

Evaluate the implications of greater central control over mineral development for India's federal structure and the fiscal autonomy of mineral-rich states.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 26/11/2026	GS - II	Polity & Governance

MARKS	WORD LIMIT
15	~250 words

Answer Hint

Cooperative federalism, MMDR Act, Entry 54 Union List, Entry 23 State List, mineral royalties, state revenues, resource governance, environmental safeguards

Model Answer

Mineral resources are central to industrial development, infrastructure and energy security. Their regulation in India involves a constitutional division of powers between the Union and states, making changes to mining legislation an important federal issue.

Constitutional and institutional framework

1. **Legislative distribution:** Entry 54 of the Union List empowers Parliament to assume control over mines and mineral development in the public interest. Entry 23 of the State List operates subject to this Union power.

2. **MMDR Act, 1957:** The legislation provides the principal framework for regulating mines, mineral concessions and mineral development.

3. **State responsibilities:** States undertake important functions relating to mineral administration, lease implementation, local regulation and collection of certain mineral revenues.

Implications of greater central control

1. **National coordination:** Uniform regulation can facilitate strategic mineral planning, reduce regulatory fragmentation and support national infrastructure priorities.

2. **Fiscal concerns:** Mineral-rich states depend on royalties, auction-related receipts and associated economic activity. Changes in the distribution or regulation of these revenues may affect their fiscal planning.

3. **Federal tensions:** Excessive centralisation can reduce state influence over decisions concerning locally situated resources and create disputes over administrative responsibilities.

4. **Environmental and social concerns:** Mining affects local communities, forests, water resources and livelihoods. State and local participation is therefore essential for accountable resource governance.

Towards balanced mineral federalism

A transparent revenue-sharing framework, consultation with mineral-producing states, predictable royalty arrangements and stronger environmental safeguards can reconcile national priorities with regional interests.

Conclusion: India's mineral policy must combine national coordination with meaningful state participation. Cooperative federalism is essential to ensure that mineral development generates equitable and sustainable benefits.

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