F. No. ES-02/5/2025-ES
Government of India
Ministry of Mines
(ES Wing)
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Room 315, D-Wing, Shastri Bhawan
New Delhi, 16th June, 2025

To

1. Secretary in-charge, Finance Department of States (as per list)
2. Secretary in-charge, Mines Department of States (as per list)

Subject: Operational Guidelines for Part-V (Mining Sector Reforms) of the Scheme for Special Assistance to States for Capital Investment 2025-26–regarding.

Sir/ Ma'am,

Kindly refer to the subject mentioned above. In pursuance to para 5 of Part-V (Mining Sector Reforms) of the scheme guidelines for reform-based parts of the 'Scheme for Special Assistance to States for Capital Investment 2025-26' (SASCI 2025-26) issued by the Department of Expenditure, Ministry of Finance, Govt. of India vide its letter no. 44(1)/PF-S/2025-26(CAPEX) dated 22.05.2025, the operational guidelines for submission of application(s) to avail incentive money under Part-V (Mining Sector Reforms) of SASCI 2025-26 are enclosed.

2. All the States are requested to refer to these guidelines while submitting their proposals.

3. This issues with the approval of the Competent Authority.

Encl: As above

(Sukhdeep Singh)
Director (ES)
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Ph: 91-11-23073046

Copy to:

Additional Secretary, Public Finance-States Division, Department of Expenditure, Ministry of Finance

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Operational guidelines for Part-V (Mining Sector Reforms) of the 'Scheme for Special Assistance to States for Capital Investment 2025-26' (SASCI 2025-26)

1. **Objective of Part-V (Mining Sector Reforms) of SASCI 2025-26:** The objective is to facilitate increase in mineral production, increase in revenue collected by States from mining and incentivize reforms.

2. **Outlay:** An amount of **₹5,000 crore** is earmarked for this part of the scheme to provide incentive to the States for carrying out the following components of mining sector reforms:

i. Component I: Minor Mineral Reforms
ii. Component II: Major Mineral Reform
iii. Component III: State Mining Readiness Index (SMRI)-based Reforms

3. **Allocation of budget across the three components of mining sector reforms:** The funds are divided across the three components of mining sector reforms as under:

Component I: Minor Mineral Reforms– ₹2,000 crore
Component II: Major Mineral Reform– ₹2,100 crore
Component III: State Mining Readiness Index-based Reforms– ₹900 crore

4. **Eligibility of States for incentive:**

4.1 Completion of the specified reform actions for components I and II. For component III, the top three ranking States in each of the three categories viz. A, B and C as per the SMRI are eligible.

4.2 Submission of completed applications in the prescribed formats before the stipulated deadline.

4.3 Non-imposition of State level taxes on mining sector in respect of major minerals by the State is an eligibility condition. For the purpose of this incentive scheme, State tax would mean tax imposed by a State on mining sector in any form and known by any name including but not limited to mineral bearing land or mineral rights tax, environment/ infrastructure cess, etc. A declaration to the effect that no State level taxes on mining sector have been imposed will have to be provided by the State government in the format at Annex-1.

4.4 For Component I (Minor Mineral Reforms):

4.4.1 **Criteria:** A State must complete at least four of the following reform actions as per details given below:

#	Reform parameter	Brief description of reform
1	State has a minor mineral policy	A policy enunciated by the State to conserve, develop and regulate minor minerals covering various aspects, including exploration, mineral development, promotion of mining investment, use of technology, etc.
2	State has established State Mineral Exploration Trust (SMET) for funding exploration activity for minor minerals	A Trust set up by the State to which money accrues through a cess on royalty/ rent on minor minerals, and from which money is spent on survey and exploration activity of minor minerals in the State.
3.	State has adopted auction mode of allocation of minor mineral blocks	State has framed rules and auctioned mineral blocks for at least 3 minor minerals.
4.	State has implemented star rating system for minor minerals	State has framed rules and adopted a framework for star rating of minor mineral mines. The rules are intended to *inter-alia* encourage sustainable mining practices by mine owners and rate their performance in environmental, social and governance (ESG) aspects. The star rating framework may *inter-alia* include aspects such as systematic and sustainable mining (operational efficiency, reject dump management, dust suppression, etc.); environment protection and water conservation (plantation, recycled water use, etc.); health safety and worker welfare (personal protection equipment, drinking water and sanitation, occupational disease screening, etc.) Star rating of minor mineral mines will have to be undertaken in FY 2025-26.
5.	State has mine closure provisions and monitoring mechanism for minor minerals	State has framed rules which provide for mine closure plan, both progressive and final, for minor minerals, with financial assurance in the form of security or guarantee by mine owner to ensure carrying out of protective, reclamation and rehabilitation measures in the said plan(s). State has also created a budget head to undertake spending on mine closure activity.
6.	State has undertaken survey, mapping and	Survey, mapping and exploration by the State has resulted in technical/ feasibility/ survey reports, geological maps, which estimate area in the State with

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	exploration of at least 3 minor minerals in the entire State	geological potential and also estimate resources and reserves of at least 3 minor minerals.
7.	State has issued State DMF Rules based on the revised PMKKKY guidelines	On the basis of the revised PMKKKY guidelines issued by the Ministry of Mines on 15.01.2024, State has issued DMF rules covering important aspects such as CAG audit, State Level Monitoring Committee, directly and indirectly affected areas, grievance redressal mechanism, etc.

Note: Minor minerals would be as defined in sec. 3 (e) of The Mines and Minerals (Development and Regulation) Act, 1957.

4.4.2 **Incentive:** ₹100 crore per State on 'First Come-First Served' basis

4.4.3 **Format for submission of application**: As at Annex-2.

4.4.4 **Documentary evidence**: As per the indicative list in respect of each parameter at Annex-3.

4.5 For Component II (Major Minerals Reform):

4.5.1 **Criteria:** A State has operationalized (i.e. commencement of production and dispatch) during FY 2025-26 (up to Dec 2025) at least 10% of the major mineral blocks which were successfully auctioned till 31.03.2025. The State-wise target of number of major mineral blocks to be operationalized to be eligible for incentives is given at Annex-4.

4.5.2 **Incentive:** ₹300 crore per State on 'First Come-First Served' basis

4.5.3 **Format for submission of application**: As at Annex-5.

4.5.4 **Documentary evidence:** The data pertaining to States for fulfilment of this reform parameter will be verified through the Ministry of Mines' portal on mines operationalization.

4.6. For Component III (SMRI-based Reforms):

4.6.1 **Criteria:** Top three ranked States in each of the three categories of States (Group A, B and C) in the SMRI, which will be released by the Ministry of Mines.

4.6.2 **Incentive:** ₹100 crore per State

4.6.3 **Format for submission of application**: As at Annex-6.

5. Submission of the applications:

5.1 A State shall apply for incentive money in the prescribed formats for the components, as per eligibility, at any time after issuance of these guidelines but not later than the deadlines indicated in para 5.3 below. It shall submit for each component separately.

5.2 All completed applications along with documentary evidence (in soft copy) as applicable must be sent to Director (ES), Ministry of Mines, New Delhi, via email to:**ecos-mines@gov.in**.

5.3 **Deadlines for application submission:** The last date for the State government for submission of application with supporting documents to the Ministry of Mines is as indicated below, beyond which no application will be processed:

Component- I (Minor Mineral Reforms)	31.10.2025
Component- II (Major Mineral Reform)	31.12.2025
Component- III (State Mining Readiness Index-based Reforms)	31.10.2025

6. Review of applications by the Ministry of Mines: The Ministry of Mines will review all the applications submitted by the States through an internal committee, to be constituted for this purpose. This committee will examine all applications as per criteria, and its recommendations after obtaining approval of the competent authority in the Ministry of Mines, will be sent to the Department of Expenditure, Ministry of Finance, for release of funds.

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<u>**Annex-I**</u>

Format for declaration of non-imposition of State level tax on mining sector (in respect of major minerals) by the State Government

To

The Secretary,
Ministry of Mines
Government of India,
New Delhi

Sir,

It is to certify that no State level tax on mining sector in respect of major minerals has been imposed in the State of ____________ (name of State) as per para 4.3 of the Operational Guidelines for Part-V (Mining Sector Reforms) of SASCI 2025-26 issued vide Ministry of Mines letter no. ES-02/5/2025-ES dated 16.06.2025.

Signature:	Signature:
Designation:	Designation:
Seal:	Seal:
(Secretary in-charge, Finance Department)	(Secretary in-charge, Mines Department)

State Government of _________ (name of State)

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Annex-2

Format for applying for incentive under Component I (Minor Mineral Reforms) of Part-V (Mining Sector Reforms) of SASCI 2025-26

Name of the State:

#	Parameter of reform	(Yes/ No)	Documentary Evidence enclosed (Yes/ No)	Details of documentary evidence enclosed
1	State has a minor mineral policy			
2	State has established State Mineral Exploration Trust (SMET) for funding exploration activity for minor minerals			
3.	State has adopted auction mode of allocation of minor mineral blocks			
4.	State has implemented star rating system for minor minerals			
5.	State has mine closure provisions and monitoring mechanism for minor minerals			
6.	State has undertaken survey, mapping and exploration of at least 3 minor minerals in the entire State			
7.	State has issued State DMF Rules based on the revised PMKKKY guidelines			

Note: Documentary Evidence to be attached.

Signature:
Designation:
Seal:

Signature:
Designation:
Seal:

(Secretary in-charge,
Finance Department)

(Secretary in-charge,
Mines Department)

State Government of _________ (name of State)

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Annex-3

Indicative List of Documentary Evidence for Component I (Minor Mineral Reforms)

Reform Parameter	Suggested documentary evidence
Minor Mineral Policy	• Gazette notification of the policy / circular • Copy of policy document • URL of official State website where published
State Mineral Exploration Trust (SMET)	• Gazette notification of rules • Trust formation order • Trust deed/bylaws • Proof of fund allocation/utilization
Auction-based Allocation of Minor Mineral blocks	• Gazette notification of relevant rules • Auction notifications • Auction results summary
Implementation of Star Rating for minor minerals	• Notification of rule adopting star rating • Framework of the star rating system adopted • Declaration of star rating awards for FY 2025-26
Mine Closure Provisions and Monitoring	• Gazette notification of rules mandating mine closure • Evidence to show opening of budget head by the State for undertaking mine closure activity • Sample closure plans • Evidence of enforcement (e.g. closure reports, inspections)
State has undertaken survey, mapping and exploration of at least 3 minor minerals in the entire State	• Summary report on survey, mapping and exploration • Technical reports or feasibility studies prepared by State agencies or empanelled experts • Survey reports and geological maps covering the entire state – showing area estimate in the State with geological potential and also estimates of resources and reserves of at least 3 minor minerals
State has issued State DMF Rules based on the revised PMKKKY guidelines	• Gazette notification of revised State DMF rules • Copy of revised State DMF rules • URL of official State website where published

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Annex-4

State-wise targets for operationalization of major mineral blocks

#	State	Total blocks auctioned by State till 31.03.2025	Critical mineral blocks auctioned by Central Govt. till 31.03.2025	Total blocks auctioned till 31.03.2025	10% of blocks auctioned till 31.03.2025	Minimum no. of blocks to be operationalized to avail incentive
(a)	(b)	(c)	(d)	(e)	(f) = 10% of (e)	(g)
1.	Andhra Pradesh	25	1	26	2.6	3
2.	Arunachal Pradesh	-	4	4	0.4	1
3.	Assam	5	-	5	0.5	1
4.	Bihar	1	3	4	0.4	1
5.	Chhattisgarh	42	1	43	4.3	5
6.	Gujarat	25	-	25	2.5	3
7.	Jharkhand	10	1	11	1.1	2
8.	Karnataka	45	2	47	4.7	5
9.	Madhya Pradesh	99	3	102	10.2	11
10.	Maharashtra	40	1	41	4.1	5
11.	Odisha	48	3	51	5.1	6
12.	Rajasthan	88	-	88	8.8	9
13.	Tamil Nadu	-	2	2	0.2	1
14.	Telangana	2	-	2	0.2	1
15.	Uttar Pradesh	7	3	10	1	1
16.	Goa	12	-	12	1.2	2
	Total	**449**	**24**	**473**	**-**	**57**

Note 1: Operationalization means commencement of production and dispatch.
2. Where round off required, it is always to the next higher positive integer.

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<u>Annex-5</u>

Format for applying for incentive under Component II (Major Mineral Reform) of Part-V (Mining Sector Reforms) of SASCI 2025-26

Name of the State:

Sl. No.	Name of mine operationalized$ in FY 2025-26	Date of commencement of production and dispatch

$Operationalized means commencement of production and dispatch

Signature:
Designation:
Seal:

(Secretary in-charge,
Finance Department)

Signature:
Designation:
Seal:

(Secretary in-charge,
Mines Department)

State Government of _________ (name of State)

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Annex-6

Format for applying for incentive under Component III (SMRI-based Reforms) of Part-V (Mining Sector Reforms) of SASCI 2025-26

Name of the State	
Group in the SMRI	
Rank in the Group	
Willingness to avail of the incentive amount (Yes/ No)	

Signature:
Designation:
Seal:

(Secretary in-charge,
Finance Department)

Signature:
Designation:
Seal:

(Secretary in-charge,
Mines Department)

State Government of _________ (name of State)

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