

**PRESS RELEASE**  
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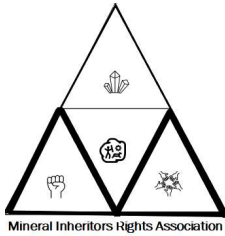
## **Preliminary Fit-and-Proper-Person Test Shows Culpability of Bidders**

*In its 'Fit and Proper Person Test' report, Environics Trust and Mineral Inheritors Rights Association (MIRA), have jointly conducted a preliminary assessment of the companies who recently participated in the bidding process in the coal blocks auction. The report clearly points out that all the bidders would not qualify if a serious analysis is undertaken by the Government, which is duty-bound to do this as a custodian of citizens' wealth and hence strongly demand to check such irregularities and conduct an elaborate fit-and-proper person test before allowing any entity to participate in any mining auction.*

The report analyses all 42 companies on a basic 'fit and proper person test' that needs to be further evolved and considers that any one violation- economic, environmental, or social by the entity is sufficient to disqualify them. It also highlights that the auctions which do not have consent from the communities in the area are compromising the Constitution by creating vested interests in third party lands through administrative feats. R. Sreedhar, from Environics Trust and founding member, MIRA, said *"It's irrational to open up new mines when the already licensed capacity is more than twice the demand. While local communities and their life support systems are the major casualty, this is also very bad economics particularly in the time of the pandemic."*

Some of the recommendations highlighted in the report are as follows:

- As a custodian of the natural resources, the Government would evolve an elaborate fit-and-proper person test when handing over national wealth for management to a company. It must be preceded by a detailed analysis of the need, timing, and general as well as specific consequences of such a decision to hand-over the asset.
- Need to do the pre-requisite analysis and conduct rigorous assessment and ensure with fair degree of certainty that the company bidding for the asset is fit and proper for the task and it will deliver maximum economic return, operate with integrity, adhere to environmental and social norms.
- The fit and proper person provisions must be met on a continuous basis for the duration of a mining lease including the period of closure and not to be seen as a onetime affair.



Mineral Inheritors Rights Association



Environics Trust

- The fit and proper person test should include the ability of the company and the agency enabling the mining activity, to ensure that the process can be undertaken within the Sustainable Development Framework (SDF) based on eight principles- 1. Incorporating Environmental and Social Sensitivities in decisions on leases 2. Strategic Assessment in Key Mining regions 3. Managing impacts at the Mine level impact through sound management systems 4. Addressing Land, Resettlement and Other Social Impacts. 5. Community engagement, benefit sharing and contribution to socio-economic development. 6. Mine Closure and Post Closure Mining operations 7. Ethical functioning and responsible business 8. Assurance and Reporting.
- Any one violation whether it is economic, environmental, or social by the entity must be a good enough reason to disqualify them.

The underlying message that the report consistently puts forth is “ If we strictly want to ensure that the wealth,we are asking some to manage on behalf of the country, we need to definitely undertake this exercise. Without prejudice, most mining companies currently operating may not pass such a test.” Rahul Basu, from Goa Foundation and a member of the Advisory group of MIRA, commented, *“Minerals are a shared inheritance, and extraction is the sale of the wealth. We would never allow a person of questionable integrity to manage public money. Why would we do so with public wealth? This report underlines why all governments must implement fit & proper person tests for any participant in the mineral supply chain.”*

A copy of the report and a formal letter has been sent to the Nominated Authority, Ministry of Coal, Government of India, urging to consider this ‘Fit and Proper Person Test’ assessment before taking any decision on the current bids along with establishing a working group to formulate a clear set of parameters and an agency which will undertake the test before such entities are allowed to register for e-auctions.

**Attachment:** [Fit and Proper Person Test Report](#)

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