A. B. Vanavasi Kalyan Ashram

Resolution Passed in Kendriya KaryaKari Mandal Baithak

16th September, 2011-Guwuhati,

Resolution No. 4. Profit-Sharing Plan of 26% Sharing of Mining Profits With The Local Population Dropped by Group of Ministers – Needs Reconsideration.

In India, a silent nationalization started in British colonial times by designating some areas as reserved forests, rationalizing all the land and trees. Later, all minerals under-ground were declared to be government property. Those living on the land were deprived of all the property rights without compensation.

The impact of this massive nationalization was greatest on tribals living in the forests. They lost their land, trees and minerals. Even in non-forests areas, land acquisition laws allowed land to be expropriated and compensation paid at the rate of agricultural land without taking into account the huge mineral wealth underground.

The injustice has recently sparked major agitations, which has been led by Maoists in jungle areas. The fundamental tribal problem is not that mining is allowed but that their mineral rights have been expropriated. Fortunately agitations against mining have obliged the central and state governments to acknowledge the gross injustice and make reparations. Mining affects not only the ousted people but all locals, by polluting water and air, razing trees and curbing rights to graze animals and collect minor forest produce.

Kendriya Karyakari Mandal (KKM) at one of its previous meetings welcomed the proposal of the Ministry of Mines and Minerals, cleared by a group of ministers mandating the sharing of 26% of mining profits with the local population. The planning commission opposed profit sharing. Apart from the miners, industry lobbies such as FICCI sought a dilution in the proposal. The then Minister for Mines and Minerals B. K. Handique had batted for direct compensation to displaced families. The change in government stance coincides with the change of guard in the mines ministry, Dinisha Patel, who has managed to get GoM to endorse that only the royalty is to be doubled and no sharing of profits with tribals and other stakeholders except for coal companies, arguing that these are mostly government companies that will not cook their books.

This effectively means that instead of paying Rs 30/ a ton 'state' royalty on iron ore, a mining company will now have to pay Rs 60 (Rs 30 will be 'people's' royalty as distinct from Rs 30 'state' royalty) though it will continue to sell the ore anywhere between Rs 6,500 and Rs 8,000 a ton.

KKM deplores the decision of GoM to waterdown the proposed legal amendments and to prescribe a 26% profit sharing mechanism with the local population only for the coal. In case of other mines, only the 'peoples' royalty is proposed to be levied on the plea that profit sharing would favour crooks over honest miners, Indian or foreign because mineral extraction can entail a chain of screening, processing, transportation and exporting the minerals and may show no profits.

Except coal, "for all other sectors of mining, 100% 'peoples' royalty will go to the District Mineral Development Fund which will be used for the development of the mining area". It is estimated that the proposed 'peoples' royalty would generate an additional Rs 10,000 crore a year for the development of 50 mining districts of the country for local area development-roads, schools and so on.

KKM has observed that all over the world overwhelming number of mines are managed by private companies and the norm is to share 26% of profits with the people who have lost their land and forest.

It is Corporate Social Responsibility (CSR) of all mining companies to provide within and outside the mining areas good roads for transportation of ore, schools and health facilities. It is also the responsibility of all the state governments to provide sufficient number of schools, set up industrial training institutes (ITIs) and adequate health coverage of displaced persons.

In India, regulatory jungle of rules facilitates graft-fuelled grant of leases and fronting by state mining corporations for private commerce by politicians, top bureaucrats and their cronies. It is observed that the operation of any mine run by private companies have not been obstructed by anti national elements because they get their cut from the mine owners. This is corruption, where the central and state authorities are rewarded for doing what they are supposed not to: i.e., giving approvals and licenses to those who bribe rather than to those more deserving.

KKM is of the firm view that it should not be beyond the ingenuity of our 'Pandits' to evolve a fool-proof method of accounting so that companies keep account of each mine separately to calculate the profit on the ore exported or utilized by the industry in the country itself.

KKM reiterates their earlier recommendation that 26% of the profits of the mining companies must be distributed among the tribals and other stakeholdersand demnds the central government to reconsider on the issue.

KKM also welcomes the "clause in the draft MMDR Bill that wherever data is available with the state regarding the exact nature and quantum of mineral deposits, Prospecting Licences (PLs) and Mining Licences (MLs) should only be awarded through competitive bidding" so that the state government gets proper value as ROYALTY out of which government should give 26% share to the tribals and other stakeholders.

KKM calls upon all the elected public representatives, specially the Janajati MPs irrespective of their party elligence to come forward and press upon the Central Government this legitimate demand for sustainable and inclusive development of tribals.

(The rate of Royalty on Iron Ore has been made 10% *ad valium* wef last week of Sept; 2011.)