Supreme Court’s Decision on Iron Ore Mining in Goa

Why in news?

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The Supreme Court quashed all iron ore mining leases in Goa.

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What is the reason behind SC decision?

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- In April 2012, SC ordered a 10% levy on the sale value of ore to set up a Goa Permanent Fund (GPF) for protection of intergenerational equity.
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- The idea of the SC was to hold the natural and cultural environment of the Earth in common both with other members of the present generation and with other generations, past and future.
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- SC directions were in line with framing a policy to fight corruption, protect the environment, and safeguard common people’s interest.
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- But such fund has been never set due to the powerful vested interest.
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Why mining sector is hesitant to create GPF?

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- In 2015 union government had ordered the setting up of the District Mineral Foundations (DMFs) in mining-affected districts to fund the Pradhan Mantri KhanijKshetraKalyan Yojana.
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- Contributions were fixed at 10% of royalty for leases granted on or after January 12, 2015, and 30% for older leases.
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- And these funds were being used to supply drinking water, control pollution, healthcare, education, sanitation, welfare of vulnerable sections, and skill

development, etc.
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- Mining companies have challenged the creation of the GPF, due to their contributions to DMFs and claimed GPF amounted to a double levy.
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What are the global experience on setting up a wealth fund?

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- The global experience underlines the “benefit of inheritance” which the Economic Survey 2016-17 also noted.
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- About 50 countries/sub-nations have created permanent funds based on extracting economic rent from oil and other natural resources
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- **Norway** - Set up in 1990, Norway’s Oil Fund is now the world’s largest sovereign wealth fund, worth more than $ 1 trillion — over 1.5 times the country’s GDP.
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- In September 2017, it guaranteed $ 192,307 (over Rs 1.2 crore) to every Norwegian citizen.
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- **North America -**Alberta and Alaska set up Oil Funds in the mid-1970s.
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- Alberta and Alaska used the bulk of revenues to cut or abolish taxes, and allocated only a fraction to their Funds.
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- **South America -**Chile set up its Copper Stabilisation Fund in 1985.
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- During the 1997-98 financial crisis, it channelled $ 200 million from the Fund to the national economy.
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- **Africa -**Botswana established the Pula Fund in 1994 to save part of the income from diamond exports for future generations.
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- **Mongolia-** It created a Human Development Fund, making every citizen eligible to own an equal share of the national mineral wealth.
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Source: The Indian Express

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