

The Goa Foundation

G-8, St. Britto's Apartments,
Feira Alta, Mapusa 403507 Goa.

Phones: 2263305/2256479

www.goafoundation.org

email: goafoundation@gmail.com

14.5.2014

To:

Shri Manohar Parrikar,
The Chief Minister,
Government of Goa,
Secretariat,
Porvorim, Goa

Sub: Goa Foundation proposal for setting up of a Permanent Fund for income from sale of iron ore extracted and sold in the state

Dear Shri Parrikar,

The Goa Foundation would like to submit for the consideration of government the enclosed note in connection with the setting up of a Goenchi Mati Permanent Fund (Goan Iron Ore Permanent Fund) for depositing all income from sale of iron ore, bauxite, manganese and other natural resource assets extracted and sold in the state of Goa.

This proposal was first submitted by the Foundation to the Supreme Court Committee on Intergenerational Equity. The idea behind the proposal found favour with the Committee which recommended it to the Apex Court. In its judgement dated 21.4.2014 (*Goa Foundation v/s UOI and ors*), the Court has now issued directions for setting up the Fund in the interests of intergenerational equity.

I am also enclosing with the proposal documentation of how such funds have been generated in other countries from the sale of natural resources and how the income from such Permanent Funds is then utilized for public welfare in perpetuity even after the resources are exhausted. The best example is that of Norway which has set aside US\$ 830 billion for a population of some 6.1 million from the sale of its petrochemical reserves.

The Supreme Court has directed that 10% of the sale price of all iron ore sales will be deposited in the Permanent Fund together with 10% of the sales proceeds from the e-auction of iron ore stocks stacked on expired leases, jetties and river banks. This is the very minimum that should go into the Fund and only in those cases where private sector is provided with the lease. Setting aside higher percentage of earnings from the sale of ore assets for future use is a very laudable objective and will stand the State in good stead always. As your government is privileged to commence the building up of this Fund, please do consider an enlightened approach and set high standards which future Governments will be compelled to emulate.

In the present proposal, the Foundation has made out a case for capturing 90% of the value of the ore extracted and sold and depositing these earnings in the Fund. This may please be considered by the government.

Should you require any clarifications, my colleagues and I would be delighted to come for a meeting or to make a formal presentation.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Claude Alvares', with a stylized flourish at the end.

Dr. Claude Alvares
Director

Encl: 1) Copy of the Goenchi Mati Permanent Fund proposal
2) Information on Permanent Funds from around the world