

The Need to Reform Our Definition and Treatment of Mineral Proceeds

As per India's National Mineral Policy 2019: "natural resources, including minerals, are a shared inheritance where the state is the trustee on behalf of the people to ensure that future generations receive the benefit of inheritance". Therefore, we have a duty to ensure that our future generations inherit either the minerals or their full value.

The extraction of state owned minerals, and natural non-renewable resources is effectively the sale of our inherited wealth. However, the governments across the world treat mineral wealth sale proceeds as "windfall revenue", "income", or "benefit". Owing to the usage of these incorrect terminologies, we tend to overlook the main transaction, the sale of our family gold, which results in governments selling the minerals at prices much lower than their actual worth, thereby incurring heavy losses, as well as the depletion of our resources.

For example, in the state of Goa, it was estimated that over a eight year period between 2004 and 2012, the state lost more than 95% of the total value of its minerals. It must be noted that any loss from mining is irrecoverable. Should we choose to mine this wealth, we must ensure it is done at zero loss and yields us their full value.

The association of terms like "windfall revenue" also leads to an accelerated mining, and sale of our minerals at a low price which not only cheats the people and especially our future generations of their benefits, but also leads to significant environmental deterioration. There is an urgent need for us to reconceptualize the way we think about mining, and the terms we associate with it. They are not a source of 'revenue' but are our finite shared inheritance assets over which each one of us, as well as our future generations have an equal right. These are capital transformations and the capital cannot be spent for the health of any entity. Governments should consciously change the way the financial accounting is undertaken and ensure these financial resources are a wealth fund of the people from which they would receive dividends. Only if we do that will we be able to uphold the objective stated in the National Mineral Policy 2019, and safeguard our natural resources from unchecked exploitation and depletion.