



**Office of the Comptroller and Auditor General of India,
10, Bahadur Shah Zafar Marg, New Delhi – 110-124
Government Accounting Standards Advisory Board**



Subject: Outcome of fourth regional seminar on Natural Resource Accounting of 13 States held virtually on 17 – 18 May 2023.

The Government Accounting Standards Advisory Board (GASAB) has brought out a Compendium of Asset Accounts on Mineral & Energy Resources for the year 2020-21 in October 2022. The Compendium consists compilation of 107 minerals in 28 States and UT of J&K besides findings of the study and suggested way forward. Preparation of Asset Accounts for the year 2021-22 and handholding the State Government Departments for building the edifice for continuous data generation for preparation of the Asset Accounts for subsequent years are underway in the States. In addition, efforts are also being made to assist the States to further improve the control and monitoring on mining activities for better management of resources and optimization of revenues for the States exchequer.

In order to discuss the status of Asset Accounts 2021-22, quarterly reporting framework 2022-23, status of information/data on water resources, collection of data on extraction of major minerals for three years ending March 2022 and other ancillary works underway, regional seminars were planned by GASAB at different locations. Three seminars have been held at Jaipur, Guwahati and Chandigarh between January and February 2023 in which 16 States/UTs were covered. The fourth meeting was held virtually on 17-18 May 2023 covering the remaining 13 States in which NRA is being run namely Andhra Pradesh, Bihar, Chhattisgarh, Goa, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Tamil Nadu, Telangana and West Bengal. The list of Officers attending the meeting is at Annexure. Representatives of Indian Bureau of Mines joined as special invitees to discuss the objectives of IBM with reference to natural resource accounting and clarifying doubts.

At the outset, the Principal Accountant General (A&E), Maharashtra - II extended warm welcome to the ADAI, GASAB, Principal Accountants General/Accountants General, Group Officers and other participants. She outlined the areas on which the meeting will be focused and exhorted confidence that the Account and other ancillary works as undertaken would completed timely and comprehensive manner.

In his inaugural address, ADAI GASAB underpinned the international commitment of the country towards the Sustainable Development Goals of which Natural Resource Accounting is an integral part. He highlighted the works of GASAB commencing with the Concept Paper till the Compendium of Asset Accounts in October 2022, importance of the continuous handholding through Guidelines/SoPs/advisories and regular monthly meetings since October 2021. GASAB

has constituted a Consultative Committee consisting of stakeholder ministries, agencies, subject experts who were continuously consulted in the overall processes and implementation of NRA on mineral and energy resources, he added. The need for a complete mineral map of the country and the States showing the geo-tagged mines and then link the same with the stock and flow of minerals of each such mines to help towards further strengthening the management of resources was stressed upon. He informed that GASAB has taken cognizance of all suggestions/inputs of senior management in refining the overall processes after the presentation to the CAG of India and the Senior Management in July 2022. ADAI, GASAB also mentioned about GASAB’s plan to compile the receipts from exploitation of natural resources and expenditure on their management and mitigation of environmental degradation and that pilots were underway in five States of Assam, Gujarat, Odisha, Tamil Nadu and Telangana. Based on the outcome, it would be rolled out to all States for including it as a statement for Asset Accounts.

Welcoming all senior Officers and participants, ADAI GASAB requested all to freely exchange thoughts on issues, challenges and good practices for mutual benefit and further strengthening the systems and processes of preparation of the Asset Accounts on Mineral and Energy Resources in the country. He conveyed thanks to the Principal Accountants General, Punjab for hosting the seminar.

Thereafter, the participating States made presentations on the **four major topics**. **The status of Asset Accounts 2021-22 and quarterly reporting framework 2022-23** as reported by the States, are tabulated below.

Name of State	Whether draft Asset Accounts for 2021-22 received from State Government	Work related to 2022-23	
		Whether State agreed to quarterly reporting framework	Whether quarterly reports have started coming in
Andhra Pradesh	Yes	Agreed	Yet to be received
Bihar	Yes (5 tables)	Agreed	Yes
Chhattisgarh	No	Agreed	Yet to be received
Goa	Yes (5 tables)	Agreed	Yes
Jharkhand	Partially	Agreed	Partially (23 out of 24 districts)
Karnataka	Yes	Agreed	Yes
Kerala	Yes	Agreed	Yes
Madhya Pradesh	No	Agreed	No
Maharashtra	Yes	Agreed	Yes
Odisha	Yes (riverine minor minerals data awaited)	--	No
Tamil Nadu	Yes (Petroleum and Natural Gas data awaited)	Agreed	Data collection underway
Telangana	Yes	Agreed	Yes

West Bengal	Yes (except table 5 on DMF)	Agreed	No
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Information/data on accounting of Water Resources (email of GASAB dated 28 March 2023)

All the 13 States confirmed to have called for the information/data required by GASAB for preparing the first sketch of accounting of water resources and firming up the templates. As per the action plan of GASAB, the information/data is targeted to be collected by June 2023. All States confirmed that they were optimistic of getting the information/data by the targeted due date and transmit to headquarters.

Extraction of major minerals for three years ending March 2022 (email of GASAB dated 25 March 2023)

All the 13 States confirmed to have called for the information on pace of extractions of minerals for three years ended March 2022 from the working mines of major minerals in the State. While all 12 States reported that the data was awaited, Chhattisgarh reported to have received the data. This was a welcome development and is appreciated.

Presentation of Indian Bureau of Mines

GASAB and the Accountants General Offices were glad to have the eminent Officers of the esteemed organisation like IBM and taking out time to present on various issues related to NRA and clarifying the doubts on various related matters. The focus of the presentation and further discussion was regarding the applicability of Rule 45 of the Mineral Conservation Development Rules. The following points were made:

- That, Rule 45 (5) specifically requires the lessees to submit monthly and annual returns within a prescribed date to the IBM.
- By virtue of the same section, the lessees are also required to furnish the same report to the State Governments.
- That, separate Divisions in the IBM carries out physical verification of the mines at periodic intervals and necessary action is taken by IBM and Ministry of Mines on violations by the lessees. Specific instances of levy of penalty was also highlighted.

In view of the above provisions, the IBM said there was no reason why the lessees would not submit the same returns to the State Governments which actually resulted in huge variations between the figures of State Governments and the IBM as pointed out in the Compendium of GASAB released in October 2022.

On this, the SAO, GASAB/NRA pointed out that the Rule 45 (5) while prescribing the periodic reporting to the IBM by the lessees, do not include the words ‘*State Government*’ which is there in case of provisions under Rule 45 (6) which prescribes for returns of the transporter, stockists, end-users, exporters to be furnished to the IBM “*and concerned State Government*”. It was also

stated that the mention of the State Government is only included in the return format in form F1 to F8.

The IBM, Ministry of Mines clarified that though the Rule is amiss about parallel return to be furnished by the lessees to the IBM and the State Government, since it is included in the return format, it is mandatory for the lessees to furnish the same return as being furnished to the IBM to the State Government also.

ADAI, GASAB highlighted the importance of the implementing the system of reporting on same parameters by the lessees to the IBM as well as the State Governments. This while minimizing the variations would enable the States to assess the royalties and manage their resources better, he added.

After threadbare discussions for two consecutive days, the following are the way forward:

- *The opening stock of 2021-22 derived from closing stock of 2020-21 may be firmed up through further scrutiny/examination to solidify it which will be the foundation for all future Asset Accounts. In this regard, good practices in Odisha to examine the mining plans extensively to ascertain the veracity of the stock position provided by the State Government could be followed mutatis-mutandis.*
- *However, ascertaining and firming up the opening stock of minor minerals including the riverine resources remain a challenge. This needs to be continuously followed up with the State Government to find a way out for assessment and finalizing the stock of resources for inclusion in the Asset Accounts. Till such time, required disclaimer would continue to be added under the Asset Accounts.*
- *The ambit of asset accounting process may be expanded from the Asset Account 2021-22 to include remaining resources to gradually present a comprehensive coverage of State-wise resources. A number of States reported to have incorporated some additional resources in 2021-22 Accounts which is welcome development and appreciated.*
- *It has been decided to onboard the UTs in the Asset Accounting process. States having auditing and accounting control over UTs like Andaman & Nicobar, Dadra & Nagar Havel, Daman and Diu, Lakshadweep and Puducherry may separately plan for onboarding these UTs. This could be attempted from Asset Accounts 2022-23.*
- *As per Rule 45 (5) of Mineral Conservation Development Rules as amended from time to time and the clarification by the IBM under the Ministry of Mines, submission of the return formats F1 to F8 by the lessees of major minerals to the State Government along with the IBM is mandatory. Again, non-submission, incomplete/wrong submission of returns attract penal measures of ₹10,000 per day with effect from 3 November 2021 as per notification No. GSR 780€ dated 3 November 2021. As this is also in the revenue interest of the State Governments including collection of DMF, NMET, State cesses, all State AsG (including those not attending this seminar) having major minerals in the States to take up the matter with the concerned*

Departments of Geology & Mining of respective States, on priority, to impress upon them the mandatory requirement for the lessees to furnish the same return in F1 – F8 to the State Government; else, penalty of ₹10,000 per day stands leviable.

- *The State Governments may also be requested to consider expanding the provisions of Rule 45 (5) to minor minerals including the ones re-classified from major minerals in 2015 as per the powers conferred upon them under Section 15 (1A) (m & o) of MMDR Act in the interest of better management of resources and optimizing revenues sources.*
- ***The above two items will be additional reporting items from next meeting.***
- *As discussed during the meeting, the esteemed offices of IBM may take up the matter with the Ministry of Mines for considering specific mention of the words ‘and also to the State Governments’ in Rule 45 (5) similar to Rule 45 (6) for removing ambiguity, if any arising in future.*
- *States having offices/regional Offices of IBM in their States/cities may organize workshops/meetings between the State Governments, IBM authorities and the State AsG NRA Cell members to harness the benefits of the technical expertise of IBM Officers and also for doubt clarification.*
- *While compiling the Asset Accounts 2020-21, the Odisha AsG Offices attempted to work out the revenue realizable based on the productions reported by the State Government. A preliminary view of the assessment indicated high variations between the revenue realizable and revenue realized as reported by the State Government during three/four year period. This initiative is appreciated and further detailed scrutiny on this is underway in the State. All the States may attempt similar exercise during Asset Accounts 2021-22.*
- *Since the compilation of DMF during Asset Accounts 2020-21 and its inclusion in the Compendium along with the findings has resulted in a request for detailed audit from the Government of India, it is planned that similar exercise may be taken up for NMET during 2021-22 in addition to DMF. Accordingly, the State Governments may kindly be requested to provide details of NMET in the same format of table 5 in addition to those furnished/being furnished on DMF. Two separate tables may be the best way out.*
- *States in which the State Governments have not yet agreed to implement the quarterly reporting framework, more concerted efforts are needed to impress upon the State Governments on the advantages of such reporting mechanism. In States which have commenced providing quarterly reports, the same may be concurrently checked, verified in limited manner and compiled for ease of final compilation of annual Asset Accounts.*
- *The State Government Departments may be urged to first compile the Asset Accounts in the Directorate of Geology and Mining/Petroleum/Environment & Forest/Water Resources through the quarterly reports being generated from the DMOs/other district level offices. After such compilations, the same may be endorsed to the AsG offices for building parallel database.*

- *As regards the geo-tagging and geo-fencing of mine areas/routes, the State Governments/UT authorities may be urged to get in touch with the Bhaskaracharya National Institute for Space Applications and Geo-informatics (BISAG-N) which is an accredited agency of the GoI, Ministry of Mines for such matters.*
- *In addition to points noticed during test check of units during limited verification of Asset Accounts 2021-22, all States may follow up the findings which were reported during last year and included in the Compendium of Asset Accounts 2020-21. This is intended to be included in the Compendium for 2021-22 under follow up of findings of earlier years.*
- *Few States are yet to complete the peer review of the Asset Accounts of 2020-21 which need to be expedited.*
- *In respect of Water Resources, the information/data called for is purely tentative and as suggested in the email dated 28 March 2023, the State Governments may kindly be encouraged to provide their views/comments on the templates as to their sufficiency or need for modification, inclusion of further inputs. **Quarterly reporting framework for water resources is not being envisaged at this stage.***
- *The State Government of Jharkhand had requested for training and capacity building. Similar to NE States, the Offices of the AsG, Jharkhand may arrange to conduct training of State Government Officers/staff on NRA in coordination with the RTI, Ranchi and GASAB.*
- *As information/data for Asset Accounts 2021-22 is not forthcoming from Madhya Pradesh State Government, highest echelons of the State Government machinery needs to be reached out. If needed, GASAB may be approached for taking up the matter at the highest level of the State hierarchy for expediting the process.*
- *States conducting pilot studies on receipts and expenditure on managing resources and mitigating environmental damage may send across the pilot study reports to GASAB when completed.*
- *The work-wise tentative targets as set vide various correspondences of GASAB are reproduced below.*

Asset Accounts 2021-22	Extraction of major minerals for 3 years ended March'22	Supply and use of resources	Water Resources Accounting
<ul style="list-style-type: none"> • First draft Mar'23 • To send to State/Audit Office – April'23 • Validation and verification – June'23 	<p>Information as requested in email dated April 26 may kindly be collected and provided – tentatively in two months time.</p>	<ul style="list-style-type: none"> • Gathering initial inputs/documents from State Government/cement industries • Analysis and limited verification • Transmission to headquarters 	<ul style="list-style-type: none"> • Gathering inputs/data etc – June'23 • Transmission to hq – July'23 • Preparation of tentative templates – Aug/Sept'23 • Pilot studies by Dec'23 • Booklet on Water Accounting and final templates – Feb'24 • Implementation pan-India – Aug'24

<ul style="list-style-type: none">• Transmission to Hq – July'23			<ul style="list-style-type: none">• Preparation and compilation of Compendium on Water Resources – October 2024
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In the concluding remarks, ADAI GASAB reiterated the commitment of GASAB to continuously handhold the States helping them in fine tuning the systems and processes of generation of Asset Accounts to ensure that the data sets prepared aid in good governance, help in meeting international commitment and assist us in planning our audit processes.

The meeting ended with vote of thanks by Ms Jaya Bhagat, Principal Accountant General (A&E), Maharashtra – II, Nagpur.

Annexure – Officers attending the meeting		
State	Office	Participants
	Headquarters	Shri R M Johri, ADAI, GASAB Shri Sudipta N Biswas, SAO, GASAB/NRA Ms Krishna chaki, AAO, GASAB
	Indian Bureau of Mines	Dr P K Jain, CME/Consultant Dr A H Ramteke, Director MMS, CME
Maharashtra	PAG (A&E-II) Maharashtra, Nagpur	Ms. Jaya Bhagat PAG (UOP) Shri Bhushan B. Bhirud DAG (UOP)
	AG (Audit-II), Maharashtra, Nagpur	Shri R. Thiruppathi Venkatasamy, AG Shri Dinesh Hariram Mate, Sr. DAG (UOP) Shri Nareshkumar M. DAG
	DG, Regional Training Institute, Nagpur	Ms. Lata Mallikarjan, DG
Bihar	AG (A&E), Bihar, Patna	Shri Manmeet Kumar, DAG
	AG (Audit)t Bihar, Patna	Shri K. S. M. Rafi, DAG
Jharkhand	PAG (A&E), Jharkhand Ranchi	Shri Raj Kumar Agrawal, PAG Shri V. Sudhir, DAG
	AG (Audit), Jharkhand, Ranchi	Shri Anup Francis Dungdung, AG Shri G. Ramaswamy, DAG
Odisha	PAG (A&E), Odisha, Bhubaneshwar	Shri Sreeraj Ashok, Sr. DAG
	AG (Audit-II), Odisha Bhubaneswar	Shri Vishwanath Singh Jadon, AG Shri Sushant Ranjan, Sr. DAG
West Bengal	PAG (A&E), West Bengal, Kolkata	Ms. Yashodhara Ray Chaudhuri, PAG Shri R. V. Suresh Kumar, DAG
	AG (Audit-II), West Bengal, Kolkata	Shri Anadi Misra, AG Shri S. Suresh Kumar, DAG
Goa	PAG (Audit), Goa	Ms Anitha Balakrishna, PAG Ms. Monisha T. Manjunath, DAG
Madhya Pradesh	PAG (AE-I), Madhya Pradesh Gwalior	Ms. Geetali Tare, PAG (Addl.) Shri Sunil Kumar Soni, DAG
	AG (Audit-II), Madhya Pradesh, Bhopal	Ms. Priya Parikh, AG Shri Suresh Kumar, DAG (AMG-II)
Chhattisgarh	PAG (A&E) Chhattisgarh, Raipur	Shri Puma Chandra Majhi PAG Shri V.U. Patil, DAG

	PAG (Audit), Chhattisgarh, Raipur	Shri Yashwant Kumar-I, PAG Ms. Uma Mylavarapu, DAG
Andhra Pradesh	PAG (A&E), Andhra Pradesh, Vijayawada	Shri Chandra Mauli Singh, PAG Shri Kishor Reddy Polu, DAG
	PAG (Audit), Andhra Pradesh Vijayawada	Ms. Indu Agrawal, PAG Shri Jitendra Nath Sharma, Sr. DAG
Telangana	PAG (A&E), Telangana, Hyderabad	Shri Akhil S., DAG
	AG (Audit) Telangana, Hyderabad	Ms. Saloni Jain, DAG
Kerala	PAG (A&E) Kerala, Thiruvananthapuram	Ms. G. Sudharmini, PAG Shri M. A, Rajan, Sr. DAG
	PAG (Audit-II), Kerala, Thiruvananthapuram	Ms. Yashoda, Sr. DAG
Tamil Nadu	PAG (A&E), Tamil Nadu, Chennai	Shri D. K. Sekar, PAG Ms. S. R. Subaranjani, Sr. DAG
	PAG (Audit-II), Tamil Nadu, Chennai	Shri K. P. Anand, PAG Shri Md. Ashraf, J. S. Sr. DAG
Karnataka	AG (A&E), Karnataka, Bengaluru	Ms. Smita Gopal, AG Shri Prinson Varghese, DAG
	PAG (Audit-I), Karnataka, Bengaluru	Ms. Shanthi Priya S., PAG Ms. Monali A Phadtare, DAG
	PAG (Audit-II), Karnataka, Bengaluru	Shri V. A, Patwardhan, PAG Ms. Baskar Saranya DAG