



**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 second regional seminar on Natural Resource Accounting of eight NE States held at Guwahati on 30 - 31 January 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 of the compilation of 107 minerals in 28 States and UT of J&K. 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 lessons learnt during preparation of Asset Accounts 2020-21 and discuss the issues and challenges for Asset Accounts 2021-22 and subsequent years, regional seminars were planned by GASAB at different locations between January and March 2023. The second meeting was held in Guwahati on 30 – 31 January 2023 in which eight States namely Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim participated. The list of Officers attending the meeting is at Annexure – A.

At the outset, the Principal Accountant General (Audit and A&E), Assam extended warm welcome to the ADAI, GASAB, Principal Accountants General/Accountants General, Group Officers and all participants. He congratulated GASAB for following up the Concept Paper prepared in July 2020 vigorously, handholding the States to compile their Asset Accounts of Mineral and Energy Resources and releasing the Compendium of Asset Accounts in States in October 2022. Pr AG, Assam highlighted the importance of sustainability of resources, need for bringing onboard all aspects of environmental accounting which also includes other facets like environmental damages etc in the interest of maintaining the overall ecological balance.

In his inaugural address, the ADAI GASAB underpinned the international commitment of the country towards the Sustainable Development Goals of which Natural Resource Accounting is an integral part. The ADAI, GASAB impressed upon 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. He also highlighted the need for building an electronic dashboard for real-time data

compilation and consolidation for evidence based decision making. A pilot project has been successfully test run by GASAB and projected during the release of the Compendium on 20 October 2022, the Officer added. 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 Accountant General for hosting the seminar.

Thereafter, all the eight States made presentations on issues and challenges faced during preparation of Asset Accounts 2020-21, status and challenges on preparing Asset Accounts 2021-22 and issues being faced in implementing the quarterly reporting framework for data generation and compilation for the continuing the process for the year 2022-23 onwards. The Audit Offices also discussed the issues and challenges faced during limited verification of the Asset Accounts. There were specific discussions on the ways forward dividing them into three distinct categories, i.e. fine-tuning the existing systems and processes, quarterly reporting framework – ease of data collection and mapping the supply and use of resources.

After threadbare discussions for two consecutive days, the following were the outcome:

- *To ensure onboarding of all stakeholder departments having control over the natural resources, the State NRA Cells may be reviewed at periodic intervals.*
- *In States where district councils are functioning with jurisdictions over mineral resources and also private ownerships of resources, the ambit of asset accounting process may be expanded for the asset account 2021-22 to include such assets, their stock and flows to present a comprehensive coverage.*
- *Resources which are not extracted at present may also be listed and prioritized as enumeration of the stock available is important for policy decisions on their possible extraction in future years.*
- *All State AsG to co-ordinate with the respective State Governments to impress upon them the need for replicating the reporting formats as prescribed in the Mineral Concession Development Rules (amendment) 2011 for the State specific reporting by the lessees/DMOs to capture (a) entire gamut of mining activities commencing from extraction of run of mines, production – production loss, dispatch and closing stock showing separately the run of mines and the processed minerals and (b) grades of minerals produced – thereby helping in better analysis of the revenue realizable vis-à-vis those realized.*
- *Closer monitoring is needed on collection of district mineral foundation amounts and their usage especially in view of the GoI circular of July 2021 which barred the State Governments to use these funds without express approval of the GoI. In view of the fact that the GOI circular on DMF requires it to be kept in public accounts and by virtue of Section 13 (B) of the CAG's (DPC) Act, the realisation and expenditure may be closely watched and audited.*

- *As the NRA is gradually being prepared in States through quarterly data generation and compilation, the NRA Cells may focus on value additions as prescribed in the Guidelines/SOPs circulated by GASAB like listing evasion prone minerals (State specific) and picking up one mineral each year for further verification of the extractions based on satellite driven data-sets generated with the assistance of National Remote Sensing Center. Towards this, good practices implemented by the Audit Office of Karnataka in roping in IISc, Bengaluru to analyse actual mining activities and incorporated in Para 4.4 (Performance Audit of Systematic and Scientific Mining and Protection of Environment in respect of quarry leases) of Audit Report on Revenue Sector for the year ended 2018¹ is suggested to be consulted as the starting point.*
- *In view of the requirements of Rules 45 (1-12) of MCDR 2011 (as amended), all miners, transporters, stockists, exporters, end-users etc are required to get registered and submit returns to the State Government as well as the IBM. During preparation of Asset Accounts for 2020-21, it was experienced that almost all the States were yet to implement the above amendments while a handful of States have only implement it partially. The supply and use aimed by the amendment had the potential of ensuring sustainable management of resources and optimization of resources from their exploitations. All AsG may continuously urge the State Government Departments to ensure strict compliance of Rules 45 (1-12) of MCDR in letter and spirit in the interest of effective mapping of supply and use of resources, optimization of revenues for the State exchequers and for better management and sustainability of resources.*
- *As regards the geo-tagging and geo-fencing of mine areas/routes, the State Governments 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.*
- *As NE States have major riverine resources, State Governments may be coordinated with to ensure that the mining plans are regularly prepared, got approved from the GoI before allowing extractions as per the extant statutory provisions. The estimated stock of resources as available in the mining plans may be suitably adopted while preparing the Asset Accounts on riverine resources.*
- *Some States have reportedly received the Asset Accounts 2021-22 while some States reported to have received the quarterly reports for 2022-23 which is appreciated.*
- *For data collection and compilation of Asset Accounts for 2022-23 onwards, either of the methodologies suggested by Tamil Nadu or Telangana could be adopted/adapted. The State Government Departments may be urged to build the Asset Accounts in the Directorate of Geology and Mining through the quarterly reports being generated from the DMOs and updated by the DGMs and parallel database may be prepared at the AsG Offices.*

¹https://cag.gov.in/uploads/download_audit_report/2019/Chapter_4_Mineral_Receipts_of_Report_No_1_of_2019_Revenue_Sector_Government_of_Karnataka.pdf

- *In view of the dynamic nature of the subject, the RTI, Shillong may be requested to continuously hold training programmes on NRA and other allied subjects in coordination with the GASAB Wing in headquarters.*
- *Training/capacity building of State Government Officers and staff of NE States could be arranged centrally at Guwahati on mutually agreed dates sometime in April – May 2023 with the support of GASAB. All State AsG Offices may consult with their State Governments accordingly.*
- *Good practices in Jharkhand to constitute dedicated NRA Cells in the Directorate of Geology and Mining has proved to be advantageous. All NE States could also take lead from this and suggest creation of similar cells in the Directorates of Geology and Mining, Environment and Forests Departments etc.*
- *It was decided that dedicated NRA Cells would be set up in AsG offices (both Audit and A&E) and efforts would be made to earmark sanctioned strength. It was also decided that an input would be sent to the manpower committee of CAG's Office which is working on the sanctioned strength of each of the offices for listing NRA as one of the areas requirement manpower allocation.*

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 Shri K.S. Gopinath Narayan, Principal Accountant General (Audit), Assam.

Annexure – A			
List of Participants in the Regional Seminar (under compilation)			
S.No.	Name	Designation	Name of the Office
1.	Shri Ram Mohan Johri	ADAI	C&AG office, New Delhi
2.	Shri John K Sellate	PAG	(A&E) Manipur
3.	Shri H.K.Dharmadarshi	PAG	Audit Tripura
4.	Shri A.Pitoho Choppy	PAG	A&E & Audit Nagaland
5.	Shri K.S. Gopinath Narayan	PAG	A&E & Audit Assam
6.	Shri L. Hangsing	PAG	A&E & Audit Mizoram
7.	Ms Shefali S.Andaleeb	PAG	(Audit) Meghalaya
8.	Shri S. Velliangiri	AG	(A&E) Tripura
9.	Shri Vivek Kumar Bhaskar	Sr. DAG	(Audit) Nagaland
10.	Shri Hautinlal Suantak	Sr.DAG	(A&E) Manipur
11.	Dr Anish D.	Sr.DAG	(A&E) Meghalaya
12.	Shri Kahoto J. Yepthomi	Sr. DAG	(A&E) Nagaland
13.	Shri Robert Moirangthem	Sr. DAG	(Audit) Manipur
14.	Shri Krishna Pratap	DAG	A&E & Audit Arunachal Pradesh
15.	Shri Basha Mohammed.B	DAG	Audit Assam
16.	Shri Lalit Kumar Vimal	DAG	A&E Tripura
17.	Ms Elvina Lalmuanpuii Leivon	DAG	(A&E) & Audit Mizoram
18.	Shri Matthews Mathew	DAG	(Audit) Meghalaya
19.	Shri J Shankar Ram	DAG	A&E Sikkim
20.	Shri P.V.Chandrasekhar	DAG	Audit Tripura
21.	Ms Annapurna.V	DAG	A&E Assam
22.	Shri Sudipta N Biswas	SAO	GASAB, Delhi
23.	Shri Kamal Ch. Nag	SAO	(A&E) Assam
24.	Shri Biswajit Dutta	SAO	(A&E) Assam
25.	Shri J Bhowmick	SAO	(Audit) Assam
26.	Shri S Bhattacharjee	SAO	(Audit) Assam
27.	Shri S Lal	SAO	(Audit) Assam

28.	Shri Deepak Kumar	SAO	(Audit) Assam
29.	Shri H Cha Surchandra	SAO	(A&E) Manipur
30.	Shri S. Kedernath Singh	SAO	(Audit) Manipur
31.	Shri Gautam Majumder	SAO	(Audit) Nagaland
32.	Shri Shaji K.	SAO	(A&E) Nagaland
33.	Shri Subhash Pradhan	SAO	(Audit) Sikkim
34.	Shri Uttam Chakraborty	SAO	(A&E) Tripura
35.	Ms Krishna Chaki	AAO	GASAB Delhi
36.	Shri S. Muansang Ngaihte	AAO	(A&E) Arunachal Pradesh
37.	Shri Amit Patranabish	AAO	(A&E) Assam
38.	Shri Mrinal K Bardhan	AAO	(A&E) Assam
39.	Shri Pradeep Kumar	AAO	(A&E) Assam
40.	Shri A Sharma	AAO	(Audit) Assam
41.	Shri S B Kumar	AAO	(Audit) Assam
42.	Shri Kumar Karki	AAO	(A&E) Meghalaya
43.	Shri Aquarius Mathew	AAO	(Audit) Meghalaya
44.	Shri Irom Moscow Singh	AAO	(A&E) Mizoram