

STATUS OF ACTION PLANS ENVISAGED IN THE CONCEPT PAPER ON NATURAL RESOURCE ACCOUNTING IN INDIA RELEASED BY GASAB SECRETARIAT IN JULY 2020

Background: A Concept Paper on Natural Resource Accounting (NRA) in India was released by the Government Accounting Standards Advisory Board Secretariat in July 2020. The Paper, *inter-alia*, envisaged short, medium and long term goals in consonance with the four stage strategy suggested by the System of Environmental and Economic Accounting (SEEA) Framework of the United Nations, as mentioned below:

| Short term goals | Mid-term goals | Long term goals |
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| <ul style="list-style-type: none"> • Preparation of Asset Accounts on mineral and energy resources in States • Initiation and preparation of disclosure statement on revenues and expenditure related to NRA <i>(2019-20 to 2021-22)</i> | <ul style="list-style-type: none"> • Preparation of National Asset Accounts on mineral and energy resources • Preparation of Asset Accounts in respect of other three resources namely water, land and forest resources in the States • Preparation of supply and use tables in physical and monetary terms showing flow of natural resource inputs, products and residuals <i>(2022-23 to 2024-25)</i> | <ul style="list-style-type: none"> • Preparation of the economic accounts highlighting depletion adjusted economic aggregates; and • Preparation of functional accounts recording transactions and other information about economic activities undertaken for environmental purposes. <i>(2025 - 26 onwards)</i> |

Electronic copy of the Paper is available in the website of GASAB (<http://gasab.gov.in/gasab/pdf/NR-Accounting-final.pdf>).

Progress made on Short term Goals (2019-20 to 2021-22): GASAB Secretariat has been following up the Action plans envisioned in the Concept Paper and the progress made on multifarious aspects of short term goals are given below:

1. Preparation of Asset Accounts on Mineral & Energy Resources : The Concept Paper envisaged Action Plan No. 1 under short term goals was to commence with the preparation of Asset Accounts on Mineral & Energy Resources, more importantly the non-renewable resources in the States. In order to test the draft templates of Asset Accounts on Mineral & Energy Resources included in the Concept Paper (Chapter XI of the Paper refers), pilot studies were initiated (July 2020) in five States (Andhra Pradesh, Goa, Meghalaya, Rajasthan and Uttar Pradesh). The State Accountants General were advised to conduct the pilot study in collaboration with the State Government (Mines & Geology Departments).

As per the mid-term review carried out recently (4 February 2021), the pilot study containing the physical Asset Account on Mineral & Energy Resources - with sub-classification of resources in Rajasthan for the year 2018-19 has been just completed, which

is under examination in GASAB headquarters. The Accountants General (Audit and A&E) and the Department of Mines and Geology, Government of Rajasthan jointly contributed to the preparation of the Accounts. The monetary part of the Asset Account is expected, shortly. Other States are also on advanced stages of completion of the studies.

As a good initiative, Andhra Pradesh Government has contributed with modifying the e-permit system to enable capturing data required for the Asset Accounts, henceforth.

GASAB Secretariat is preparing a background paper for releasing the final format of Asset Accounts on Mineral & Energy Resources (based on the experience of pilot studies in five States) for implementation in the States from the year 2021 for the year 2020-21, onwards.

The State Principal Accountants General/Accountants General have also been advised (February 2021) to impress upon the State Governments the importance of Asset Accounts for the States as repository of vital information on their resource bases and future streams of revenue. For the country, the implementation of Asset Accounts on mineral and energy resources would enable India to enter the group of elite countries which generate annual Asset Accounts on natural resources, both in physical and monetary terms - Nationally and State-wise.

2. Disclosure on revenues and expenditure on natural resources:

Parallel to the efforts on Asset Accounts, the GASAB headquarters has also commenced working on a disclosure statement to map the revenues and expenditure related to natural resources. While the revenues are well covered and reported through the Finance Accounts which can provide leads, the expenditure includes multiple areas like those incurred by the Departments managing the resources, environmental degradation etc will also be captured. More importantly, some expenditure are also incurred by other agencies which are not presently routed through the Finance Accounts and the challenge is to cover them as well to present a true and fair picture of receipts and expenditure related to natural resources. This will largely help while proceeding with the second stage of implementing NRA i.e. preparation of supply and use tables reflecting the flow of natural resources, under mid-term goals.

3. NRA Cells in the States: In addition to the Consultative Committee of NRA Cell constituted in GASAB headquarters, NRA Cells have also been formed in the States. The NRA Cells in the States will enable co-ordination between the Accountants General Offices in the States with the local State Governments and steer the project towards preparation of Asset Accounts for each of the resources as envisaged in the Concept Paper.

Sd/-
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