

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

**Background:** A Concept Paper on Natural Resource Accounting (NRA) in India was released by the Government Accounting Standards Advisory Board Secretariat. This is one of the major works in GASAB at present. The Concept Paper finalised by the GASAB Secretariat was digitally launched by hon'ble Shri Babul Supriyo, Minister of State for Environment, Forest and Climate Change on 28 July 2020 from the Indira Paryavaran Bhawan. The Paper has been also been shared with the Hon'ble Prime Minister of India and appreciation of PMO received for the endeavour in taking up such a huge work.

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

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 on date (30 June 2021), three out of five States (Goa, Meghalaya and Rajasthan) have successfully completed the pilot studies preparing the Asset Accounts on Mineral & Energy Resources in these States for the year 2019-20 both, physical assets and monetary accounts. Other two States are also on advanced stages and are expected to complete the pilots soon. In view of the success in preparation of Asset Accounts in three States, the draft templates of Asset Accounts have been circulated among the members of the Consultative Committee on NRA Cell for comments/inputs. Based on the inputs received and the experience of the pilot studies, the draft templates have been updated/revised and re-circulated (20 July 2021) to the members of the Consultative Committee for final clearance. Consequently, the templates will be finalised for finally rolling out to the States expectedly by mid-August 2021 for preparation of Asset Accounts in the States for the year 2020-21, onwards.

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.

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. GASAB Secretariat had identified a number of receipts and expenditure heads and circulated the matter to the AsG Offices in the field for comments/inputs to widen the ambit of the disclosure with the target of three months ending July 2021.

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. Constitution of NRA Cell:** An NRA Cell has been constituted at GASAB headquarters at CAG's Office with experts from diverse stakeholders like the ministries in the Government of India, namely MoSPI, Mines, Jal Shakti, MoEFCC etc, TERI, ICAI, five State Governments besides environmental specialists. The Cell is mandated to help in implementing the action plans envisaged in the Concept Paper with their insights especially on the templates for Asset Accounts on the resources.

**4 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 to 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.