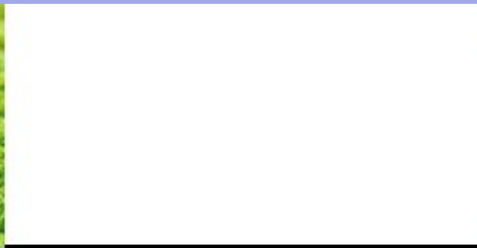




NATURAL RESOURCE ACCOUNTS OF MAHARASHTRA FOR THE YEAR 2020-21 MINERAL & ENERGY RESOURCES



An initiative of Government Accounting Standards Advisory Board
under the aegis of CAG of India

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MESSAGE OF STATE GOVERNMENT

Natural Resources play a vital role in the economic development of a country. They need to be exploited in a sustainable manner so that the future generations can avail of their advantages. It is an accepted fact that “Measurement of resources leads to its better management”.

Conventional accounting captures data for measuring only the economic activities whereas the environmental statistics are often generated focusing on a particular area or a question related to natural resources and their utilisation. The concept of Natural Resource Accounting (NRA) has thus emerged to capture the intimate interplay between the economic indices and the components of the natural environment including and not limited to its inputs and resultant residuals which are also closely associated with the Sustainable Developmental Goals (SDGs). The idea is to quantify the irreversible damage to non-renewable natural resources and shift from Economic GDP to Green GDP.

This is a novel initiative of GASAB of office of the Comptroller and Auditor General of India and the State is proud to be part of the endeavor. The State received valuable and timely guidance and cooperation while preparing the NRA data and this resulted in the compilation of data in a time bound manner.

This endeavor of consolidation of Asset Accounts would help with an outline of resource base across the State by adding immense value towards planning for resource exploitation and policy framing for the present as well as sustainability of resource utilisation and will prove helpful to the State in the development of environment accounts of the State for its Governance by identifying the costs and benefits of developing environmental accounting within the State.

State is hopeful that, once Asset Account is compiled, it would bring out State’s mineral repository along with other inputs like external stock of minerals, usage, pattern and their values. It would also be an aid to the evidence-based policy framing while sustaining utilisation of these resources for future generations.

MESSAGE FROM THE ACCOUNTANTS GENERAL

The mother earth has been magnanimous towards our nation in bestowing various natural resources essential for economic growth, employment, and prosperity of a nation. However, these resources are limited and are needed to be accounted for correctly to ensure efficient utilization and prevent over-exploitation. Our offices appreciate the GASAB for taking up much needed initiative towards handholding the Government of India and the States in implementing Natural Resource Accounting across the country. The endeavour will help the nation to monitor resource usage aiding sustainable development and reserve necessary stock of resources for future generation.

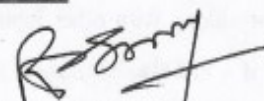
Maharashtra is a mineral-rich state. The important minerals available for extraction are Coal, Limestone, Bauxite, Dolomite, Iron ore, Silica sand, Kyanite, Sillimanite and Chromite. The work of Mineral Exploration and Mineral Administration is carried out by the Directorate of Geology and Mining under the administrative control of Industries, Energy & Labour Department of Government of Maharashtra. Our offices have jointly prepared reliable and comprehensive Asset Accounts of Mineral and Non-renewable Energy Resources for the year 2020-21 in collaboration with the State government as per the guidelines and templates prescribed by GASAB. Time to time guidance and exceptional material received from GASAB was the main source for achieving the target of this project.

It was a great experience working on this national project. We expect that from 2022-23 onwards, end-to-end system-based automated information capture and processing will be used for data collection/compilation and validations. This will help to facilitate smooth and improved reporting in future. We appreciate the State Government for their wholehearted co-operation to achieve target of preparing Asset Accounts in time.

Heal the Earth, Heal Our Future



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Disclaimer Statement

Preparation of Asset Accounts is part of four-stage implementation strategy coined by the System of Economic and Environmental Accounting – Central Framework. This in turn is part of the Sustainable Development Goals to which India is a signatory. Thus, preparation of Asset Accounts on selective resources is an obligation for the country to be able to meet the international commitments.

The endeavour of Government Accounting Standards Advisory Board under the aegis of institution of Comptroller and Auditor General of India through its Accountants General Offices in States is only aimed at handholding the States in implementing Natural Resource Accounting commencing with the preparation of the first draft of Asset Accounts on Mineral and Energy Resources in a uniform and robust manner. Once the comprehensiveness and reliability of Asset Accounts prepared by the State Government stabilizes, State Government will produce this on regular basis.

The Asset Accounts have been prepared solely based on information/data provided by the concerned departments of the State Government and GASAB/CAG of India disclaims any responsibility for their correctness/inclusivity. The tables and this report were shared with the State Government Department in June 2022. The State Government has confirmed in June 2023 the facts and figures.

The limited verification by Audit Office is a test check that the data/information are supported by primary documents maintained in the offices of the concerned departments and is not an audit of stock of minerals and mining activities in the State.

Executive Summary

The GASAB of office of the Comptroller and Auditor General of India has come out with a Concept Paper on NRA in India in July 2020 which, inter-alia, envisaged a three-phase plan for implementation of NRA in India in consonance with the strategy enshrined in the System of Economic and Environmental Accounting – Central Framework (SEEA-CF) of the United Nations.

Besides the plans, the Concept Paper also suggested the templates for preparation of Asset Accounts on Mineral & Energy Resources. Simultaneous to the release of the Concept Paper, pilot studies were initiated (August 2020) in five States for preparing the model Asset Accounts on Mineral and Energy Resources in the States.

The final formats of Asset Accounts on Mineral & Energy Resources were released in the shape of a book in October 2021 for implementation in the States. First draft of the Asset Accounts was targeted for the year 2020-21 to be completed by the year 2022.

Subsequently, in view of the national declaration at the Conference of the Parties (CoP) 26, efforts were made by GASAB to incorporate templates for collating information on carbon emissions and progress in generation of renewable energy in States. These were intended to help the States and the Union to have a bird's eye view of the progress made towards meeting the targets committed by the country at the CoP 26.

The work on preparation of the Asset Accounts in the State of Maharashtra commenced with joint efforts of the Accountants General Offices and the State Government. This Report presents the first draft of the Asset Accounts on Mineral and Energy Resources in the State of Maharashtra.

Effective implementation of a system of generating Asset Accounts on Mineral and Energy Resources in the State would aid in evidence-based good governance and have the following specific advantages.

- *Preparation of NRA and meet the commitment made to meeting SDGs and SEEA framework.*
- *Resources at a glance - a one pager document on State-wise major and minor minerals.*
- *Compilation of physical and monetary values to enable cross verification of revenues vis-à-vis actual extractions.*
- *Provide pace of exploitation – to bring out sustainability of resources.*
- *Analysis of revenue vis-à-vis market value/export value will make it easier to assess and review the royalty rates – to protect State's revenue interest.*

- *Enable assessment of revenue streams for the future.*
- *Mine-wise data on resources – pan India.*
- *Enabler of identification of alternate resources (economic as well as energy).*
- *Close monitoring on illegal mining, and*
- *Progress on commitment made at COP 26.*

Salient features of the Report

1) Creation of State NRA Cell:

NRA Cell was formed consisting of officials from the offices of the AG (A&E) and AG (Audit) from Mumbai and Nagpur along with representatives from State Government departments.

2) Initiatives of the State Government to assist implementation of the project:

The Directorate of Geology and Mining (DGM), Nagpur had coordinated with their subordinate offices for the collection of required data and forwarded to offices of the Accountants General in the prescribed format within stipulated time based on the guidelines received from GASAB.

3) Unique collaboration between Accountants General Offices and the State Government departments in compiling the accounts:

Both, the offices of Accountants General (AsG) and the DGM extended full co-operation to each other during the entire process of compilation in a time bound manner. Action plan was prepared and meetings were held to discuss and clear the doubts.

4) Dual stage validation process:

The two stages of validation by State Government and limited verification by AsG offices was completed within the time limit. In the first stage, the Asset Accounts prepared was shared with the DGM for validation of the information incorporated in the Asset Accounts. The Asset Accounts received after first stage validation were again scrutinized and revised with reference to the modifications suggested by the DGM during validation.

The revised Asset Accounts was verified in the AsG offices with the supporting documents to test the credibility of data incorporated in the Asset Accounts.

5) Major findings of the Asset Accounts Report, exclusions and recommendations:

A) Major Findings

- i) There was no accretion in the stock minerals for the year 2020-21.
- ii) Lease wise data about extraction/production, sale of the minerals, royalty, dead rent, surface rent etc., receivable were not maintained by the DGM. However, DGM stated that updation of lease wise information is in progress and will be made available from 2021- 22.
- iii) The Department was yet to establish a robust system of collection of data regarding royalties from District Mining Offices (DMOs) and leaseholders and its reconciliation.
- iv) Mineral wise data of illegal mining was also not available with the DGM.
- v) The State Government Department could not provide the stock/valuation of riverine minerals, namely sand, stone, boulder etc. Consequently, this information could not be incorporated in the Report.

B) Exclusions

- i) Opening balance of minor minerals, mineral wise details of revenue receivable and received in District Mineral Foundations (DMF), valuation of riverine resources and sustainability of resources in years were not available.

C) Recommendations:

- i) The concerned State Government Department may maintain and update lease wise, mineral wise proper books of accounts of extraction/production, sale of the mineral and lease wise royalty, dead rent and surface rent.
- ii) Automated/manual systems may be put in place for regular flow of information from the points of production, extraction/sale to ensure end-to-end veracity of actual extraction data.
- iii) Mineral wise details of collection under the DMF may be maintained.
- iv) The Revenue and Forest department may maintain the details of physical flow and valuation of riverine resources on a regular basis so that the same may be included in the Asset Accounts from the year 2021-22.

D) Other Information:

- (i) The DGM has agreed to implement the quarterly reporting framework for the Asset Account from April 2022 onwards.