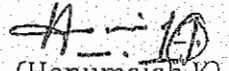


Ministry of Finance,
Department of Expenditure
O/o the Controller General of India
GPO Complex, INA
New Delhi

Subject: Accounting procedure for operation of National Mineral Exploration Trust Fund

Office of CCA, Ministry of Mines may please refer to their office UO No. Pr.AO/Mines/NMET/2017-18/1125 dated 5th January, 2018 forwarding therewith draft accounting procedure on the subject. The accounting procedure for National Mineral Exploration Trust Fund stands approved with an advice of O/o C&AG.

Strict compliance to the accounting procedure may please be ensured.


(Hanumaiah K)

Asst. Controller General of Accounts


Chief Controller of Accounts, Ministry of Mines, Udyog Bhawan, New Delhi

UO No. 9(8)/2017/TA/304-307

dated 17th March, 2018

Copy to:

1. DG, Government Accounts, O/o C&AG, 10-BSZ Marg, New Delhi.
2. Director (Budget), Budget Division, M/o Finance, D/o Expenditure, North Block, New Delhi.
3. Sr.AO, Code Section, O/o CGA, New Delhi.


(Hanumaiah K)

Asst. Controller General of Accounts

copy to : Sr. AO (ITO) for uploading in CGA's website.

National Mineral Exploration Trust Fund

Ministry of Mines

A. Establishment of Fund

1. In exercise of the power conferred by sub section (1) of section 9C of Mines & Mineral (Development and Regulation) Act, 1957 as amended on 26th March 2015, the Central Government has established a Trust namely National Mineral Exploration Trust with the objective of augmenting mineral exploration in the country.

Accordingly, the Central Government has decided to establish a Fund to be called National Mineral Exploration Trust Fund.

2. The proposed Fund shall be non-lapsable and placed under non interest bearing section of Public Account of India and shall be administered by Ministry of Mines.

3. As per Section 9C (4) of Mines & Mineral (Development and Regulation) Act, 1957, the holder of a mining lease or a prospecting license-cum-mining lease shall pay to the Trust, a sum equivalent to two percent, of the royalty paid in terms of the second schedule, in such manner as may be prescribed by the Central Government.

4. The amount towards NMET Fund will be received by the Central Government from respective states Government, who will collect the same from miners.

B. Administration of the Fund

The nodal ministry for the administration of the fund shall be Ministry of Mines. The State Governments may be required to report the accretions each month / quarter through an MIS(electronically) as prescribed by Ministry of Mines and any other additional information for budget formulation for the fund.

C. Accretions to the Fund

Sum equivalent to two percent of the royalty paid in terms of second schedule shall be credited to NMET Fund. The sum so collected by State Government will be booked under a head in Public Account of State and will be transferred to the Consolidated fund of Government of India. The receipts will be classified as revenue receipts under Consolidated Fund of India by Ministry of Mines. The accretions will thereafter be periodically transferred to the NMET Fund under Public Account of India through appropriations during the year.

While the entire accretion in a year should be transferred before close of the financial year, each month the progressive accretion should have been transferred preferably. Suitable budget provisions for the inter-account transfer may be formulated.

D. Utilization of the fund

1. The fund shall be utilized for regional and detailed exploration for Minerals and it shall undertake such activities as may be deemed necessary by the Governing Body to achieve its objects including:-

- (a) Funding special studies and projects designed to identify, explore, extract, beneficiate and refine deep-seated or concealed mineral deposits;
- (b) Undertaking studies for mineral development, sustainable mining adoption of advanced scientific and technological practices and mineral extraction metallurgy;
- (c) Taking up exploration of areas for regional and detailed exploration, giving priority particularly to strategic and critical minerals;
- (d) Consulting Central Geological Programming Board to decide the priorities for exploration of the Trust;
- (e) Facilitating exploration activities in such a manner that areas explored can be taken up for grant of mineral concessions in accordance with the provisions of the Act and the rules made there under;
- (f) Facilitating completion of brown field regional exploration project in obvious geological potential areas (G3) including conduction high-risk exploration for deep-seated mineral deposits through modern technologies;
- (g) Promoting completion of detailed exploration (G2 or G1) across India in the areas where G3 stage exploration has been completed;
- (h) Facilitating geophysical, ground and aerial, survey and geochemical survey of obvious geological potential areas and rest of India;
- (i) Facilitating a national core repository for encouraging research in earth sciences and for evaluation of the mineral prospects;
- (j) Organizing capacity building programmes to raise technical capability of personnel engaged in or to be engaged in exploration; and
- (k) Using the Trust Fund for such other purposes that the Governing Body may decided, or authorize the Executive Committee, to be necessary or expedient in the interest of

conservation, development and exploitation of mineral resources of India, not inconsistent with the provisions of the Act.

2. The dedicated schemes/activities to be funded from the NMET Fund shall be suitably included while notifying the Fund. The budget provisions for expenditure under said schemes/activities in the Consolidated Fund of India should be matched by recoupment from the said Fund. It may be ensured while making budget provisions for the earmarked schemes /activities from NMET fund that there is a sufficient balance in the said Fund.

E. Maintenance of Accounting records and the Broadsheet of NMET Fund

1. Pay and Accounts Office, M/o Mines will maintain a broadsheet of accretions to and payments from the NMET fund and effect reconciliation on monthly basis thereof with the concerned Division. It should be ensured that there are no adverse balances under the Reserve Fund at any moment of time. Principal Accounts Officer shall provide inputs for budget formulation.

2. The Appropriation Accounts of Mines shall reflect a synopsis of the transactions / flows and balances in the fund together with scheme wise utilization.

F. Audit of NMET Fund

The Accounts of NMET fund shall be subject to statutory audit by the Comptroller and Auditor General of India. The Accounts shall also be subject to audit by Internal Audit Wing of the O/o Chief Controller of Accounts, M/o Mines.

The Detailed Accounting Entries in this regard is as follows: -

I. State Governments shall collect 2% of the royalty amount from miners and classify under the following Head of Account

| | | | |
|------------|----------|------|---|
| Major Head | Existing | 8449 | Other Deposits |
| Minor Head | Proposed | XXX | National Mineral Exploration Trust Deposits |

(This head will be operated by State Government)

II. Receipts so collected by State Governments will be transferred to Central Government on monthly basis by debiting 8449.00.XXX – National Mineral Exploration Trust Deposits. Following head of account will be credited in the books of Central Government on receiving the amounts towards NMET Fund.

| | | | |
|------------|----------|------|---|
| Major Head | Existing | 0853 | Non Ferrous Mining & Metallurgical Industries |
| Minor Head | Proposed | xxx | National Mineral Exploration Trust |
| Sub Head | Proposed | xx | Name of States will appear as various sub-heads |

III. The NMET Secretariat/concerned division of the Ministry shall provide estimates of receipts towards National Mineral Exploration Trust to Budget Division (M/o Finance) to enable them to make suitable provision under the Head 2853.02.797 under the Demands for Grants of Ministry of Mines to facilitate transfer to NMET Fund. Following entries shall be made on transfer of NMET receipts to NMET Fund.

| | | | |
|----------------|----------|-------|---|
| Debit | | | |
| Major Head | Existing | 2853 | Non Ferrous Mining & Metallurgical Industries |
| Sub-Major Head | Existing | 02 | Regulation and Development of Mines |
| Minor Head | Existing | 797 | Transfer to Reserve Funds |
| Sub Head | Proposed | XX | Transfer to NMET Fund |
| Object Head | Existing | 00.63 | Inter Account Transfer |
| Credit | | | |
| Major Head | Existing | 8235 | General & Other Reserve Fund |
| Minor Head | Proposed | xxx | National Mineral Exploration Trust Fund |

135/C

IV. Budget Provision shall also be made in the Demands for Grants of Ministry of Mines under MH 2853 for incurring expenditure under various Schemes under NMET. Equivalent amount shall be met from NMET Fund.

V. After due appropriation of funds and receipt of sanction of the Competent Authority the expenditure on schemes to be financed from NMET Fund will be incurred from the relevant sub-major/minor heads below the Major Head 2853.

On the basis of sanctions issued by the Ministry/Department, the Pay and Accounts Officer shall make the payment by debiting government account as below:

| | | | |
|-------------|----------|------|--|
| Major Head | Existing | 2853 | Non Ferrous Mining & Metallurgical Industries |
| Sub Major | Existing | 02 | Regulation & Development of Mines |
| Minor Head | Existing | 102 | Mineral exploration |
| Sub Head | Proposed | XX | Regional and detailed exploration and related activities under NMET fund |
| Detail Head | Proposed | XX | Regional and detailed exploration and related activities under NMET fund |

VI. In order to meet the expenditure from NMET Fund, following entry will be made:-

| | | | |
|------------------|----------|------|---|
| Debit | | | |
| Major Head | Existing | 8235 | General and Other Reserve fund |
| Minor Head | Proposed | XXX | National Mineral Exploration Trust Fund |
| (-) Debit | | | |
| Major Head | Existing | 2853 | Non Ferrous Mining & Metallurgical Industries |
| Sub Major | Existing | 02 | Regulation & Development of Mines |
| Minor Head | Proposed | 90* | Deduct amount met from NMET Fund |
| Sub Head | | 70 | Deduct recoveries |