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FOREST & ENVIRONMENT DEPARTMENT

NOTIFICATION

The 10th August 2012

S.R.O. No. 471/2012—The existing Kendu Leaf Accounting Procedure for collection and disposal of Kendu Leaves made under the Odisha Kendu Leaves (Control of Trade) Act, 1961 issued in FF & AH Department Letter No. 4506—4 (F)-M-133/72 (Pt.)-FAH., dated the 6th April 1973 are hereby partially modified as under to impart greater flexibility in operation and transparency in the Kendu Leaf working and accounting procedure with effect from the financial year 2012-13 (2012 KL crop year).

REVISED ACCOUNTING PROCEDURE TO BE FOLLOWED FOR COLLECTION AND DISPOSAL OF KENDU LEAVES UNDER THE ODISHA KENDU LEAVES (CONTROL OF TRADE) ACT, 1961 FROM THE FINANCIAL YEAR 2012-13

Para. 1—

In pursuance of the provision of the Odisha Kendu Leaves (Control of Trade) Act, 1961, the State Government had decided that from the Kendu Leaf Season beginning from January 1973 the Forest Department would be responsible for the collection, processing, bagging and storage of Kendu Leaves and the Odisha Forest Development Corporation Ltd. would market the processed leaves on behalf of the State Government. The Kendu Leaf Trade is quasi-commercial in nature and would be controlled by the Principal Chief Conservator of Forests (Kendu Leaf), Odisha, with his ancillary staff created separately for the purpose. As it is not convenient to control the transaction connected with this commercial scheme under the General Financial Rules, rules prescribed for Forest Accounts, a set of separate rules and procedure were prescribed hereunder in accordance with Rule 311 of O.G.F.R. These rules were given effect to from January 1973. The operation of these rules have been reviewed by the State Government in consultation with the Principal Accountant General (A & E), Odisha are revised so as to impart greater flexibility in operation and transparency in the working results and accounting of the Kendu Leaf Trade. (**Para. 1 of Existing Accounting Procedure**).

Para. 2—

The establishment and other expenses for operation of the Kendu Leaf Trading will continue to be provided through the Budget of Forest & Environment Department. However the advance for working capital provided by Odisha Forest Development Corporation Ltd. will be routed through the Banking Account of the DFO (KL) in place of the existing P. L. Account.

(New)

Para. 3—Procedure for receipt of sale price and issue of delivery order :

3.1. Advance from Odisha Forest Development Corporation Ltd. towards Working Capital of processed Kendu Leaves bags to be delivered to them will be received in accordance with the agreement made between the Government and the Odisha Forest Development Corporation Ltd.

3.2. The advance will be paid by Odisha Forest Development Corporation Ltd. towards Working Capital on the consolidated requisition of the Principal Chief Conservator of Forest (KL), Odisha. The advance will be remitted electronically direct to the banking account of the DFO (KL). **The balances for executing operation in the existing PL Account should be transferred to the Bank Account before 31-3-2012. The advance originally sanctioned for creation of the PL Account is to be refunded as receipt recovery in the Capital Account. Thereafter the unutilized balance is to be brought to the revenue receipt head after 30-6-2012 from the Bank Account :**

Provided that subsequent adjustment of withheld/disallowed vouchers under litigation may be charged to the unforeseen head of the working advance received from OFDC Ltd. in the year in which the adjustment takes place.

3.3. The consolidated requisition of the Principal Chief Conservator of Forest (KL), Odisha towards advance for Working Capital is to be based upon the requirement of each DFO (KL) according to their target of production fixed.

3.4. On receipt of funds in their banking account electronically, the DFO (KL) will make an entry into the prescribed Register (KL Form No. 18).

3.5. All money for expenditure from banking account will be drawn by means of cheque/ electronic transfer.

(Para. 4 of Existing Accounting Procedure)

Para. 4—Payment of Sales Tax/VAT :

4.1. Sales Tax/Vat will be payable for sale of Kendu Leaves in accordance with the provisions of the Odisha Sales Tax Act/Odisha VAT Act, 2005 by the OFDC. Entry Tax and any other taxes shall be payable from the banking account and finally deposited under the appropriate Head of Account (Para. 5 of Existing Accounting Procedure).

Para. 5—

Establishment Cost—For successful implementation of the scheme, separate staff have been entertained under the sub-head '**0870-Management**' below the Minor Head '**201-Govt. Trading in Kendu Leaves**'. Sub-Major Head '**01-Forestry**' and Major Head '**4406-Capital Outlay on Forestry and Wildlife**'.

5.1. Establishment cost will now be provided in the Revenue Account in the following manner as it is a part of working expenses : '**2406-Forestry and Wildlife-01-Forestry-201-Govt. Trading in Kendu Leaves-0870-Management**'.

5.2. Depreciation charges at the rate of 10% of the expenditure made on acquisition of equipment, vehicle and construction of phadis and godowns shall be charged to the scheme and shown in the trading and profit & loss account. **(Para. 6 of Existing Accounting Procedure)**.

5.3. Interest on Capital Account—7% of interest to be charged on the advance drawn for opening of P. L. Account will be charged to the scheme and reflected in the *Pro forma* Account.

5.4. Depreciation charges being 10 per cent of the cost of vehicles, equipments, etc., initially debited to the Establishment cost for carrying out the Kendu Leave operation will be charged to the scheme and reflected in the *Pro forma* Account.

Para. 6—Deposit of Kendu leaf Royalty :

6.1. **Forest Development Tax is to be deducted first from the sale proceeds of processed Kendu Leaves. Thereafter, OFDC commission is to be calculated. Subsequently, the amount given as advance to the PCCF (KL) and the agency commission for marketing is to be deducted and the remainder shall be deposited in the joint account towards Kendu Leaves Royalty and then remitted to the Revenue Receipt head of account '0406-Forestry and Wildlife-01-Forestry-101-Sale of Timber and other forest produce-0169-Timber and other produce removed from forest by Govt. agency-02070-Kendu Leaves' as Kendu Leaf Royalty.**

6.2. A note on net working result of the Kendu Leaf Trading scheme is to be furnished in the Finance Accounts as well as the Receipt Budget below the aforesaid Minor Head/Detailed Head mentioned in Para. 6.1., as the case may be, indicating the net receipt from OFDC Ltd. on account of the Kendu Leaf trade after deducting the cost of establishment, depreciation charges and interest on advance. The P.C.C. F., KL will provide the information to the Principal Accountant-General (A & E) Odisha and Finance Department (A regarding the amount to be charged towards cost of establishment, depreciation charges and interest on advance for each financial year by 31st May of the subsequent financial year.

(New)**Para. 7—**

The following Registers and Returns are prescribed to be maintained by the Principal Chief Conservator of Forests (Kendu Leaf) and Divisional Forest Officers of various Kendu Leaf Division.

7.1. Registers—

- (1) Cash Book in O.T.C. 4 (KL Form No. 16 given in Annexure-I)
- (2) Register of Ledger Accounts with O.F.D.C. Ltd. (KL Form No. 17 given in Annexure-II)
- (3) Register of Receipts in the Banking Account (KL Form No. 18 given in Annexure-III)

7.2. Returns—

- (1) Trading and Profit and Loss Account in (KL Form No. 19 given in Annexure-IV) at Division Level.
- (2) Consolidated Trading and Profit and Loss Accounts in (KL Form No. 20 given in Annexure-V) by Principal Chief Conservator of Forests (KL).
- (3) Monthly Bank Reconciliation Memo. (KL Form No. 21 given in Annexure-VI)
- (4) Annual Stock Account (KL Form No. 22 given in Annexure-VII)

(Para. 2 of Existing Accounting Procedure)

Para. 8—Expenditure and Receipt pertaining to Banking Account :

8.1. The following items of expenditure are to be met out of the Banking Account :—

- (1) Production Cost :
 - (a) Bush cutting
 - (b) Construction/Repairs and maintenance of Phadis & Godown
 - (c) Purchase price of Kendu Leaves
 - (d) Cost of Drying
 - (e) Cost of Transportation of leaves to Godown
 - (f) Cost of Seasonal Staff
 - (g) Cost of processing, binding and bagging
 - (h) Cost of Storing
- (2) Miscellaneous contingent expenditure
- (3) Payment of Sales Tax/VAT, if any, to the Commercial Tax Department
- (4) Charges incurred on legal suits in connection with the scheme
- (5) Audit fees (Departmental as well as that of Accountant-General)
- (6) Gratuity to seasonal staff
- (7) Research
- (8) Unforeseen

- (9) Cost of Publicity & Advertisement
- (10) Advance to workers for R & M and PBB work proposed for PPKL in the next crop year
- (11) Infrastructure Development like Seasonal Staff Barracks, Drying & Binding material storage Godowns, Drying Yard sheds, etc.

8.2. The following items of receipts are to be credited to the Banking Account

- (i) Advance received from Odisha Forest Development Corporation Limited towards Working Capital.
- (ii) Other receipts-Fines, Interest, etc., realizable under the scheme
- (iii) Any Taxes to be realized from the O.F.D.C. Ltd.

(Para. 3 of Existing Accounting Procedure)

Para. 9—Procedure for closure of P. L. Account :

9.1. Repayment of Advance taken for opening the P. L. Accounts will be taken as receipts and recovery in the Capital Account to which the advance was debited at the time of closing of the P. L. Account.

9.2. The available balance in the P. L. Account at the time of closure, to be credited to the Revenue Receipt Head-**'0406-Forest & Wildlife-01-Forestry-101-Sale of Timbre and other forest produce-0169-Timber and other forest produce removed from the forest by Government agency-02070-Kendu Leaves'**, if the advance given by O.F.D.C. has already been accounted for a Working Capital advance. **[New-Refer Para. 3(1) and 3(4) of existing Procedure].**

Para. 10—Cash Account :

10.1. Cash Book should be maintained in accordance with the instructions contained in subsidiary Rule 37 of O.T.C. Volume I by the officers who handle Government money.

10.2. All entries in the Cash Book must be checked and initialed by the Disbursing Officer on the date of their occurrence and he must see that all receipts have been properly exhibited in it and that the payments are supported by vouchers which have been passed by him. The Cash Book should be signed and dated daily under the last entry checked.

10.3. The Cash Book should be closed and balanced daily. A monthly analysis of the transactions under the same categories of debit and credit as appear in the *Pro forma* accounts to be submitted by D.F.O. to the Principal Chief Conservator of Forests (Kendu Leaves) who is the Controlling Officer on the 10th of the succeeding month.

10.4. Abstract of Cash Book should be rendered to the Accountant-General by all D.F.Os. (Kendu Leaf) in the respect of their Banking Account indicating opening balance, total receipts payments under different heads and closing balance. A schedule of receipts and expenditure with supporting vouchers above Rs. 1,000 each should be appended to the abstract.

A Bank reconciliation Memo. in KL Form No. 21 should also be submitted to the Principal Accountant-General, (A & E) Odisha every month along with the above accounts on the 10th of the month following that to which the return relates. A copy of such reconciliation Memo along with the abstract of accounts shall be sent to Conservator of Forests (Kendu Leaves), Principal Chief Conservator of Forests (Kendu Leaves) and Government.

10.5. Duplicate of all the original vouchers above rupees one hundred which is submitted to Audit with monthly abstract of Cash Book is to be retained in the office of Divisional Forest Officer (Kendu Leaves) and other officers after being duly attested by the respective Drawing and Disbursing Officers in accordance with SR 163 of O.T.C. Vol. I. **(Para. 7 of Existing Accounting Procedure).**

Para. 11—Internal Audit :

The accounts are subject to thorough check by the Internal Audit Organisation of the Government. Copy of all kinds of vouchers should be kept in the Division Office for Audit. **(Para. 8 of Existing Accounting Procedure).**

Para. 12—Submission of consolidated annual *pro forma* accounts :

12.1. *Pro forma* accounts normally means the Trading and Profit and Loss Account and Balance Sheet.

12.2. At the end of each year, the Divisional Forest Officer (KL) shall prepare Trading and Profit and Loss Account on accrual basis of the Division in KL Form No. 19. Besides, another statement, viz., 'Balance Sheet' is to be prepared by each administrator (Divisional Forest Officer, Kendu Leaves) to assess the financial results of the unit taking into account all the items of receivable and payable amounts shown in the ledger and in the Trading and Profit and Loss Account. The Balance Sheet should include *inter alia* value of closing stock and cash balance as on the 31st March. These *pro forma* accounts are to be submitted to the Conservator of Forest (KL), Principal Chief Conservator of Forests (KL), Principal Accountant-General, (A & E) Odisha and Government in Forest & Environment Department by the 15th May of the next financial year duly checked by the Internal Audit. **The Internal Audit should authenticate *pro forma* accounts during the preparation of *pro forma* account in order to save delay in finalization of *pro forma* account.**

12.3. On the basis of the Divisional Accounts, the Principal Chief Conservator of Forests, Odisha (KL) will prepare the consolidated Trading and Profit and Loss Account (on accrual basis) in KL Form No. 20 and a balance sheet duly incorporating the observations made by the Accountant-General, Odisha and Internal Audit on the accounts of all the Administrators. The Principal Chief Conservator of Forest (KL) after getting the accounts audited by the Internal Audit shall submit the same duly authenticated by him to the Principal Accountant-General, (A & E) and Government in Forest & Environment Department and Finance Department within 31st May each year. **The Internal audit should authenticate *pro forma* accounts during the preparation of consolidated *pro forma* account in order to save delay in finalization of *pro forma* account.**

(Para. 9 of Existing Accounting Procedure)

Para. 13—

Each Divisional Forest Officer (KL) should submit a stock Account for the whole year to the Principal Chief Conservator of Forests (KL) and Government in Forest & Environment Department along with the *pro forma* Account in Form No. 22. A consolidated Stock Account should also be submitted to Government in Forest & Environment Department and Finance Department/Principal Accountant-General (A & E) by the Principal Chief Conservator of Forests (KL) in the same Form No. 22 along with the consolidated *pro forma* Account. **(Para. 10 of Existing Accounting Procedure).**

Para. 14—The revised procedure shall come into force with effect from the 1st April 2012 :

The revised accounting procedure has been concurred in by Finance Department in consultation with the Principal Accounting-General (A & E), Odisha vide their letter No. TM-2-20-KL Operation/2011-2012/250, dated the 2nd July 2012 and Finance Department letter No. 11925—ES-1 (F & E)-18/11-F, dated the 29th March 2012.

[No. 15101—KL-5/2012-F & E.]

By order of the Governor

RAJ KUMAR SHARMA

Principal Secretary to Government

K. L. FORM No. 16

(See Para. 7)

(See Form No. O.T.C. 4)

[Under Subsidiary Rule 37 (1)]

Cash Book of the Office of the _____

Receipt				Date of Expenditure	Particular of Expr.	Amount paid to individual payee	Amount remitted into Treasury/ Bank	REMARKS
Date of receipt	Particular of receipt	Amount received from Treasury/ Bank	Amount received from other sources					
1	2	3	4	5	6	7	8	9
		Rs. P.	Rs. P.					
	Opening Balance							
	Total Receipt :			Total Expenditure :				
	Grand Total :			Closing Balance :				
				Grand Total :				

K. L. FORM No. 17

(See Para. 3.1)

Ledger Account with Odisha Forest Development Corporation Limited

K. L. Division

Page No. _____

Dr. No. and date in which amount credited in Cash Book	Particulars of intimation regarding payment made by O.F.D.C. Ltd.	Amount paid by O.F.D.C. Ltd.	Date	Bill	Quantity of Processed K.L. Bags delivered		Rate	Amount	Reference to delivery receipt No. and Date	Letter No. and date of D.F.O. in which Bill is submitted to M.D., O.F.D.C. Ltd.	Excess received (+) less received (-)	REMARKS
					24 Bharti	12 Bharti						
1		3	4	5	6	7	8	9	10	11	12	

K. L. FORM No. 19

(See Para. 12)

Trading and Profit and Loss Account _____ (Kendu Leaf
Division, _____) for the year ending 31st March 20____

DEBIT		CREDIT
1. To Opening stock—		By sale—
(i) Processed Leaves		1. Royalty received from Rs.
(ii) Semi Processed Leaves		O.F.D.C. Ltd.
(a) Cost of collection/purchase Rs.		Royalty receivable Rs.
(b) Processing cost Rs.		_____
2. To gross profit carried down Rs.		(Statement enclosed)
3. To sales tax paid Rs.		Rs.
To sales tax payable Rs.		2. Closing Stock
(Statement enclosed)		Value of Balance stock at Rs.
		hand at the close of the year. _____
		Rs.
		3. By gross profit brought down Rs.
4. To cost of establishment paid Rs.		4. By sales tax received Rs.
To cost of establishment payable Rs.		By sales tax receivable Rs.
(Statement enclosed)		_____
		(Statement enclosed)
		Rs.

5. To rent and taxes paid Rs.		Rs.
To rent and taxes payable Rs.		
(Statement enclosed)		
6. Insurance charges paid Rs.		
7. Transportation charges (outward) Rs.		
8. Interest on Capital Rs.		

Net Profit Rs.		

K. L. FORM No. 20

(See Para. 12)

**CONSOLIDATED TRADING AND PROFIT AND LOSS ACCOUNT FOR
THE YEAR ENDING 31st MARCH 20____**

DEBIT		CREDIT
<p>1. To Opening stock—</p> <p style="padding-left: 20px;">(i) Processed Leaves</p> <p style="padding-left: 20px;">(ii) Semi Processed Leaves</p> <p style="padding-left: 40px;">(a) Cost of collection/purchase Rs.</p> <p style="padding-left: 40px;">(b) Processing cost Rs.</p> <p>2. To gross profit carried down Rs.</p> <p>3. To sales tax paid Rs.</p> <p style="padding-left: 20px;">To sales tax payable Rs.</p> <p style="padding-left: 20px;">(Statement enclosed)</p> <p style="text-align: right;">Rs.</p> <p>4. To cost of establishment paid Rs.</p> <p style="padding-left: 20px;">To cost of establishment payable Rs.</p> <p style="padding-left: 20px;">(Statement enclosed)</p> <p style="text-align: right;">Rs.</p> <p>5. To rent and taxes paid Rs.</p> <p style="padding-left: 20px;">To rent and taxes payable Rs.</p> <p style="padding-left: 20px;">(Statement enclosed)</p> <p style="text-align: right;">Rs.</p> <p>6. Insurance charges paid Rs.</p> <p>7. Transportation charges (outward) Rs.</p> <p>8. Interest on Capital Rs.</p> <p>9. Depreciation charges Rs.</p> <p>10. Audit fees</p> <p style="padding-left: 20px;">Accountant-General Rs.</p> <p style="padding-left: 20px;">Internal Rs.</p> <p style="text-align: right;">Rs.</p> <p>11. Net Profit Rs.</p>	<p>By sale—</p> <p>1. Royalty received from Rs.</p> <p style="padding-left: 20px;">O.F.D.C. Ltd.</p> <p style="padding-left: 20px;">Royalty receivable Rs.</p> <p style="padding-left: 20px;">(Statement enclosed)</p> <p style="text-align: right;">Rs.</p> <p>2. Closing Stock</p> <p style="padding-left: 20px;">Value of Balance stock at Rs.</p> <p style="padding-left: 20px;">hand at the close of the year. Rs.</p> <p style="text-align: right;">Rs.</p> <p>3. By gross profit brought down Rs.</p> <p>4. By sales tax received Rs.</p> <p style="padding-left: 20px;">By sales tax receivable Rs.</p> <p style="padding-left: 20px;">(Statement enclosed)</p> <p style="text-align: right;">Rs.</p> <p style="text-align: right;">Rs.</p>	

K. L. FORM No. 21

(See Para. 7)

BANK RECONCILIATION MEMO. AT THE END OF THE MONTH _____, 20____

1. Banking Account balance as per Cash Book in the _____		
Rs. _____.		
2. Less amount paid in but not credited by the Bank		Rs.
(i) Cheque No. and date/ECS		Rs.
(ii) Cheque No. and date/ECS		Rs.
(iii) Cheque No. and date/ECS		Rs.
	Total : Rs.	(-) Rs.
	Total : Rs.	Rs.
3. Add amount issued but not presented—		
(i) Cheque No. and date/ECS		Rs.
(ii) Cheque No. and date/ESC		Rs.
(iii) Cheque No. and date/ECS		Rs.
	Total : Rs.	(-) Rs.
	Total : Rs.	Rs.
4. Adjustment made by Bank		Rs.
(Particular of the adjustment should be furnished)		
5. Balance as per Pass Book		Rs.
	Total :	Rs.
	Memo. No. :	
	Dated _____	20____

Copy forwarded to Accountant-General, Odisha/Principal Chief Conservator of Forest (Kendu Leaf), Odisha/Divisional Forest Officers (Kendu Leaf) and Government for favour of information.

Divisional Officer

K. L. FORM No. 22

(See Para. 13)

Annual Stock Account of _____ Division _____ State

Name of the Kendu Leaf Range/Division	No. of Unit	Collection of Kendu Leaf and its cost		Quantity of processed bags and cost of processing				Total face value of the processed bags (Cost of leaf (+) processing charges)		
		Total No. of Kerries collected and purchased	Total Value of purchase and collection	No. of Kerries converted to processed bags	No. of processed bags		Total weight of processed bags	Processing Cost	24	12
					24(b)	12(b)				
1	2	3	4	5	6	7	8	9	12	
Total :								9	(4+8)	

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No. of processed bags delivered to O.F.D.C. Ltd.				Balance of stock at Hand				Face Value of balance stock in Hand		Total Face value of both processed bags and unprocessed Kerries
24	12	Total weight of the processed bags	Face Value of the bags delivered (Average rate as per Column 9)	Bags Left undelivered		Total cost of the bags delivered	Kerries Left unprocessed		Face value of undelivered bags	
				24	12		24	12		
10	11	12	13	14	15	16	17	18	18	(16+17)
			(6-10)	(7-11)	(3-5)	(9-12)	(4/3x14)			