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FOREST & ENVIRONMENT DEPARTMENT

NOTIFICATION

The 3rd February 2016

**S. R. O. No. 90/2016**—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 F.F. & A.H. 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 2013-14 (2013 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 2013-14.

**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 and revised so as to impart greater flexibility in operation and transparency in the working results and accounting of the Kendu Leaf Trade.

**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.

**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 Forests (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 P. L. Account should be transferred to the Bank Account before the end of the financial year. The advance originally sanctioned for creation of the P. L. 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 30th June of the succeeding financial year 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 O.F.D.C. Ltd. in the year in which the adjustment takes place.

3.3 The consolidated requisition of the Principal Chief Conservator of Forests (KL), Odisha towards advance for working capital is to be based upon the requirement of each D.F.O.(KL) according to their target of production fixed.

3.4. On receipt of funds in their Banking Account electronically, the D.F.O. (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**— 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 O.F.D.C. Entry Tax and any other taxes shall be payable from the Banking Account and finally deposited under the appropriate Head of Account.

**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 not be provided in the Account as it will not be treated as working expenses. The Establishment cost on account of Kendu Leaves Trade will be provided by the Government in its budget and will be treated as an item of public expenditure for management of forests under the Head 2406-Forestry and Wildlife-01-Forestry- 201-Government 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.

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, equipment 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.**

6.1. Distribution of surplus from Kendu Leaves Trade- Forest Development Tax is to be deducted first from the sale proceeds of the Kendu leaves. Thereafter, O.F.D.C. commission is to be calculated. Subsequently, the amount given as advance to the P.C.C.F.(KL) and the agency commission for marketing is to be deducted and the remainder shall be deposited in the joint account towards surplus from the Kendu leaves trade after deducting 'ad hoc' bonus, if any, paid to the Kendu Leaf workers as decided from time to time. Any amount payable to Panchayati Raj Institutions in accordance to the provisions of the Kendu Leaves (Control on Trade) Act will be deposited in the Revenue Head of Account '0406-Forestry and Wildlife-01-Forestry-101-Sale of Odisha Timber and Other Forest Produce-0169-Timber and other forest produce removed from forest by Government Agency-02070-Kendu Leaves as *pro rata* share of surplus to be paid to Panchayati Raj Institutions. The remaining surplus will be distributed from the joint account to the K.L. workers in such manner and at such rates, as may be decided by the Government.

6.2. "The P.C.C.F.(KL) will provide the information to the Principal Accountant General (A&E), Odisha and Finance Department regarding net receipts from O.F.D.C. Ltd., on account of Kendu Leaf Trade after deducting depreciation charges and interest on advance for each financial year by 31st May of the subsequent financial year".

**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 Divisions :—

7.1. Registers :—

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

## 7.2. Returns—

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

## **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 :—

- (i) 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
- (ii) Miscellaneous contingent expenditure
- (iii) Payment of Sales Tax/ VAT if any to the Commercial Tax Department
- (iv) Charges incurred on legal suits in connection with the scheme
- (v) Audit fees (Departmental as well as that of Accountant-General)
- (vi) Gratuity to seasonal staff
- (vii) Research
- (viii) Unforeseen
- (ix) Cost of Publicity & Advertisement
- (x) Advance to workers for R&M and PBB work proposed for PPKL in the next crop year
- (xi) 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. 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 Timber 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 as working capital advance.

**Para. 10—**Cash Account—

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

10.2. All entries in the cash book must be checked and initialled 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 transaction 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 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 K.L. 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 (Kendud Leaves) and Government.

10.5. Duplicate of all 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 OTC Vol.I.

**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 Divisional Office for Audit.

**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 (K.L.) shall prepare Trading and Profit and Loss account on accrual basis of the Division, in K.L. 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 K.L. 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 Forests (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. 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 and 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.

The revised accounting procedure has been concurred in by Finance Department in consultation with the Principal Accountant-General (A&E), Odisha vide F.D. UoR No. 03-ES-I., dated the 5th January 2016.

[ No. 2171—KL-16/2014-F. & E. ]

By order of the Governor

S. C. MAHAPATRA

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 \_\_\_\_\_

Receipts				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
	Opening Balance	₹ P	₹ P					
	Total Receipt :			Total Expenditure :				
	<b>Grand Total :</b>			Closing Balance :				
				<b>Grand Total :</b>				

**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 OFDC Ltd.	Amount paid by OFDC 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., OFDC Ltd.	Excess received (+) Less received (-)	REMARKS
					24 Bharti	12 Bharti						
1	2	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 \_\_\_\_\_

<b>DEBIT</b>	<b>CREDIT</b>
<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 ₹</p> <p style="padding-left: 40px;">(b) Processing cost ₹</p> <p>2. To gross profit carried down ₹</p> <p>3. To sales tax paid ₹</p> <p style="padding-left: 20px;">To sales tax payable ₹</p> <p style="padding-left: 20px;">(Statement enclosed) .....</p> <p style="text-align: right;">₹</p> <p>4. To cost of establishment paid ₹</p> <p style="padding-left: 20px;">To cost of establishment payable ₹</p> <p style="padding-left: 20px;">(Statement enclosed) .....</p> <p style="text-align: right;">₹</p> <p>5. To rent and taxes paid ₹</p> <p style="padding-left: 20px;">To rent and taxes payable ₹</p> <p style="padding-left: 20px;">(Statement enclosed) .....</p> <p style="text-align: right;">₹</p> <p>6. Insurance charges paid ₹</p> <p>7. Transportation charges (out ward) ₹</p> <p>8. Interest on Capital ₹</p> <p style="text-align: right;">.....</p> <p>Net Profit ₹</p>	<p>1. By sale—</p> <p style="padding-left: 20px;">Royalty received from OFDC Ltd. ₹</p> <p style="padding-left: 20px;">Royalty receivable ₹</p> <p style="padding-left: 20px;">(Statement enclosed) .....</p> <p style="text-align: right;">₹</p> <p>2. Closing stock</p> <p style="padding-left: 20px;">Value of balance stock at hand ₹</p> <p style="padding-left: 20px;">at the close of the year. ....</p> <p style="text-align: right;">₹</p> <p>3. By gross profit brought down ₹</p> <p>4. By sales tax received ₹</p> <p style="padding-left: 20px;">By sales tax receivable ₹</p> <p style="padding-left: 20px;">(Statement enclosed) .....</p> <p style="text-align: right;">₹</p> <p style="text-align: right;">.....</p> <p style="text-align: right;">₹</p>

**K. L. FORM No. 20**

(See Para. 12)

**CONSOLIDATED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE  
YEAR ENDING 31ST MARCH 20 \_\_\_\_\_**

<b>DEBIT</b>		<b>CREDIT</b>
1. To Opening Stock		1. By sale—
(i) Processed Leaves		Royalty received from OFDC Ltd. ₹
(ii) Semi Processed Leaves		Royalty receivable ₹
(a) Cost of collection/purchase ₹		(Statement enclosed) .....
(b) Processing Cost ₹		₹
2. To gross profit carried down ₹		2. Closing Stock
3. To sales tax paid ₹		Value of Balance stock at hand ₹
		at the close of the year. ....
To sales tax payable ₹		₹
(Statement enclosed) .....		
₹		3. By gross profit brought down ₹
4. To cost of establishment paid ₹		4. By sales tax received ₹
To cost of establishment payable ₹		By sales tax receivable ₹
(Statement enclosed) .....		(Statement enclosed)
₹		.....
5. To rent and taxes paid ₹		₹
To rent and taxes payable ₹		.....
(Statement enclosed) .....		₹
₹		
6. Insurance charges paid ₹		
7. Transportation charges (out ward) ₹		
8. Interest on Capital ₹		
9. Depreciation charges ₹		
10. Audit fees		
Accountant General ₹		
Internal ₹		
.....		
₹		
Net Profit ₹		

**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 \_\_\_\_\_

₹. \_\_\_\_\_

2. Less amount paid in but not credited by the Bank ₹

(i) Cheque No. and date / ECS ₹

(ii) Cheque No. and date / ECS ₹

(iii) Cheque No. and date / ECS ₹

Total : ₹ (-) ₹

Total : ₹

3. Add amount issued but not presented —

(i) Cheque No. and date / ECS ₹

(ii) Cheque No. and date / ECS ₹

(iii) Cheque No. and date / ECS ₹

Total : ₹ (-) ₹

Total : ₹

4. Adjustment made by Bank ₹

(Particular of the adjustment should be furnished)

5. Balance as per Pass Book ₹

Total : ₹

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 Accounts of \_\_\_\_\_ Division  
State

Name of the Kendu Leaf Range/Division	No. of Unit	Collection of Kendu Leaf and it's 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 (b)	12 (b)	24	12
1	2	3	4	5	6	7	8			9	(4+8)

13

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 un-processed Kerries
24	12	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 unprocessed K. L. Kerries	
			24	12				24
10	11	12	13 (6-10)	14 (7-11)	15 (3-5)	16 (9-12)	17 (4/3x14)	18 (16+17)