

Office of the Controller General of Accounts
Mahalekha Niyantak Bhawan
Ministry of Finance, Department of Expenditure
E-Block, GPO Complex, INA, New Delhi

No. 9(10)/2010/TA-Part/ 1124-24

Dated: 30/10/2017

CORRIGENDUM

Subject: Accounting Procedure for National Compensatory Afforestation Fund (NCAF).

The undersigned is directed to invite reference to this office UO No. 9(10)/2010/TA/Pt./1110-1115 dated 27.10.2017 on the above noted subject and to say that the following corrections be incorporated therein:

- (i) For the words "at sub head level" occurring in the last line of para A (i), the words "at detailed head" be substituted.
- (ii) After the words "as non-tax revenue under MH 0406 – Forestry & Wildlife" occurring in the first line below the table of para A (ii), the words "(given at B(i))" be inserted.
- (iii) For the words "at sub detailed head level" occurring in third line below the table of para B(i), the words "at sub head level" be substituted.
- (iv) All the other terms and conditions shall remain unchanged.

Accordingly, accounting procedure finalised on the advice of C&AG, after necessary corrections, is enclosed for compliance and inclusion in related Rules.

Sd/-

(Shailendra Kumar)
Deputy Controller General of Accounts

To

The Chief Controller of Accounts,
M/o Environment, Forest and Climate Change,
Paryavaran Bhawan, New Delhi

Copy to :-

1. Director General (Govt. Accounts), O/o C&AG, 10-Bahadur Shah Zafar Marg, New Delhi
2. Director (Budget), M/o Finance, North Block, New Delhi
3. Sr. Accounts Officer (Codes), O/o CGA, New Delhi
4. Sr. Accounts Officer (Monthly Accounts), O/o CGA, New Delhi
- ✓ 5. Sr. Accounts Officer (ITD), O/o CGA with the request to upload the accounting procedure on CGA's website



Deputy Controller General of Accounts

**ACCOUNTING PROCEDURE FOR
COMPENSATORY AFFORESTATION FUND**
[Corrigendum dated 30.10.2017 incorporated]

Background:-

The Supreme Court in its order dated 5th May 2006 directed that an adhoc Authority (CAMPA) should be constituted and funds collected by State Governments and Union Territory Administration for compensatory afforestation should be deposited in the adhoc Compensatory Afforestation Fund Management and Planning Authority. Central Government formulated guidelines dated the 22nd July 2009 for the Utilisation of funds lying with the adhoc authority.

Based on the orders, directions and observations of the Supreme Court to ensure safety, security and expeditious utilisation in a transparent manner of funds accumulated with the adhoc Authority and the funds to be collected by the State Governments and Union Territory Administration, Parliament has enacted an Act, 'The Compensatory Afforestation Fund Act, 2016 which received the assent of the President on the 3rd August, 2016, and published in The Gazette of India.

The Compensatory Afforestation Fund Act, 2016:-

The Act enables establishment of funds under the Public Account of India and the Public Accounts of each State and crediting thereto the monies received from the user agencies towards compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, net present value and all other amounts recovered from such agencies under the Forest(Conservation) Act, 1980; constitution of an authority at national level and at each of the State and Union territory Administration for administration of the funds and to utilise the monies so collected for undertaking artificial regeneration(plantations), assisted natural regeneration, protection of forests, forest related Infrastructure development, Green India Programme, wildlife protection and other related activities and for matters connected therewith or incidental thereto. The Act provides for creation of the 'National Fund', namely the 'National Compensatory Afforestation Fund'; the 'National Authority' namely the 'National Compensatory Afforestation Fund Management and Planning Authority' at the national level; and a 'State Compensatory Afforestation Fund' and 'State Compensatory Afforestation Fund Management and Planning Authority' in each State and Union Territory.

Section 3 (1) of the Act provides that with effect from such date as the Central Government may, by notification in the Official Gazette, appoint in this behalf, there shall be established for the purposes of this Act, a special Fund to be called the 'National Compensatory Afforestation Fund' under the public account of India. The National Fund shall be under the control of the Central Government and managed by the National Authority. Similarly, as per **Section 4 (1) of the Act**, with effect from such date as each State Government may, by notification in the Official Gazette, appoint in this behalf, there shall be established a special Fund to be called the 'State Compensatory Afforestation Fund (name of state)' under Public Accounts of such state. The State Fund shall be under the control of the State Government of such state and managed by the State Authority of such State. In case of Union Territory having no legislature such fund shall be established under the Public Account of Union of India.

The National Authority shall consist of a governing body and shall be assisted by executive committee, monitoring group and administration supported mechanism. The State Authority shall consist of a governing body and shall be assisted by a steering committee and an executive committee.

Section 3 (3) of the Act provides that on the date of establishment of the National Fund, all monies collected by the State Governments and Union Territory Administrations which has been placed under the ad hoc Authority and deposited in the nationalised banks shall be transferred to the National Fund. As per **Section 5 (a) of the Act**, ninety per cent of the all monies collected by a State, which has been placed under the ad hoc Authority and the interest accrued thereon, shall be transferred to the State Fund established in such state under **sub-section (1) of section 4**.

Thereafter, as per **Section 3 (4) of the Act**, on yearly basis, ten percent of amount realised from the user agencies, which has been credited directly into such State Fund in a year shall be transferred to the National Fund.

As per **Section 3 (6) and 4 (5) of the Act**, the monies received in the National Fund and State Fund shall be an interest bearing fund under Public Account of India and Public Account of such state respectively.

As per **Section 3 (7) and 4 (6) of the Act**, the balance in the National Fund and State Fund shall be non-lapsable and get interest as per the rate declared by the Central Government on year to year basis.

Section 7 of the Act provides for the accounting procedure to regulate the manner of crediting the monies to the National Fund and State Fund in a year. **Section 30(2) (f)** calls for the accounting procedure regulating the manner of crediting the monies to the National Fund and State Fund under section 7.

Proposed Accounting Procedure:-

There are two parts in the proposed accounting procedure. First part is regarding detailed accounting procedure for transfer of all monies placed under the adhoc Authority and deposited in the nationalised banks to the National Fund and State Fund. The second part is regarding detailed accounting procedure for yearly receipts and payments. The accounting procedure is prepared on following lines-

- i. The money lying in various bank accounts of adhoc CAMPA will be transferred through NTRP portal/Demand Draft in the Public Account of India under a distinct Minor Head below the Major Head 8336-Civil Deposits under interest bearing section of Public Account.
- ii. Consequent upon issue of Notification for creation of National Compensatory Afforestation Fund (NCAF) by Central Government and respective State Compensatory Afforestation Fund (SCAF) by the concerned State Governments in terms of Section 3(1) and Section 4(1) of The Compensatory Afforestation Fund Act, 2016, amounts so credited to the Deposit Account will be transferred to said Funds as per their share.

- iii. The state share shall be transfer to concerned State Fund from the Deposit Account and 10% share of Central Government shall be taken as receipt in CFI and after due appropriation credited/transferred to National Fund under Public Account of India. The state will also follow the same process as above.
- iv. The National Authority will be provided for under the Detailed Demand for Grants of the Ministry of Environment, Forest and Climate Change. The schemes to be financed from the NCAF will be formulated by the said Ministry and provisions kept for the same. The expenditure thereon will be incurred and accounted for in terms of General Direction 3.4 of the List of Major and Minor Heads of Accounts.
- v. Monies received by the Central Government in terms of Section 3(4) of the said Act will first be credited to CFI and then transferred to the NCAF through due appropriation.
- vi. State Governments concerned should also act in accordance with the above in consultation with the Comptroller & Auditor General of India.

A ACCOUNTING PROCEDURE FOR THE EXISTING MONIES WITH ADHOC AUTHORITY:-

(i) Transfer of accumulated amounts: Initially amount lying with ad-hoc authorities in nationalised banks would be transferred to distinct minor head below MH '8336 – Civil Deposits' under interest bearing section of Public Account as under:

Debit			
Major Head	Existing	8658	Suspense Accounts
Sub Major Head	-	00	-
Minor Head	Existing	108/138	Public Sector Bank Suspense/Other Nominated Banks (Private) Sector Banks) Suspense
To Credit			
Major Head	Existing	8336	Civil Deposits
Sub Major Head	-	00	-
Minor Head	Proposed	XXX	Compensatory Afforestation Deposits
Sub Head	Proposed	XX	Name of State

While remitting money, Ad-hoc Authority will provide breakup (viz compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, net present value and Protected Areas etc.) which will appear in accounts at detailed head level below MH 8336 – Civil Deposits.

(ii) At the time of making payment to State Governments/U.Ts (for 90% of Share belonging to State Authorities), the following heads shall be affected:-

Debit			
Major Head	Existing	8336	Civil Deposits
Sub Major Head	-	00	-
Minor Head	Proposed	XXX	Compensatory Afforestation Deposits
Sub Head	Proposed	XX	Name of State
Credit			
Major Head	Existing	8658	Suspense Account
Sub Major Head	-	00	-
Minor Head	Existing	110	Reserve Bank Suspense

Respective States shall take the share as non-tax revenue under MH 0406 – Forestry & Wildlife (given at B (i)) and after due appropriation, credit/transfer the amounts to respective State Funds as dedicated minor head 'State Compensatory Afforestation Fund' under MH 8121 – General and other Reserve Funds.

While transferring respective shares to State Compensatory Afforestation Fund, break up (viz compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, net present value and Protected Areas etc.) provided by the Ad-hoc Authority will be conveyed to State Authorities. All these activities will have to be provided at detailed head level under the receipt MH 0406 – Forestry & Wildlife and at sub-head level below proposed minor head **8121.XXX – State Compensatory Afforestation Fund (SCAF)**. These heads of accounts will be uniformly applicable across the States.

(iii) **Transferring remaining 10% amount to National Compensatory Afforestation Fund (NCAF):**

While transferring 10% of Central Government share to the fund, the amount will be initially taken as receipt under Consolidated Fund of India under a dedicated minor head to be opened below MH 0406 – Forestry & Wildlife.

Debit			
Major Head	Existing	8336	Civil Deposits
Sub Major Head	-	00	-
Minor Head	Proposed	XXX	Compensatory Afforestation Deposits
Sub Head	Proposed	XX	Name of State
Credit			
Major Head	Existing	0406	Forestry & Wildlife
Sub Major Head	Existing	02	Environmental Forestry & Wildlife
Minor Head	Proposed	XXX	Receipts towards Compensatory Afforestation
Sub Head	Proposed	XX	National Compensatory Afforestation
Detailed Head			Name of State

The receipts under Consolidated Fund of India will be transferred to NCAF as per Procedure B (ii) below.

Rules in this regard need to address the issues relating to interest rates applicable for the balances lying in the Fund account, smooth transfer of funds with Adhoc CAMPA lying in the nationalised banks to relevant fund head, the proposed accounting of corpus of the fund including interest thereof, specific cut-off date for transfer of funds lying outside government account to Public Account etc.

B ACCOUNTING PROCEDURE FOR THE TEN PER CENT YEARLY RECEIPTS TRANSFERRED FROM THE USER AGENCIES OF STATES/UTs:-

(i) The current receipts relating to Compensatory Afforestation should initially be accounted for as under by States:

Major Head	Existing	0406	Forestry & Wild Life
Sub Major Head	Existing	02	Environmental Forestry & Wildlife
Minor Head	Proposed	XXX	Receipts towards Compensatory Afforestation
Sub Head		XX	State Compensatory Afforestation

Thereafter, 90% of the receipts will be transferred to State Compensatory Afforestation Fund under the Major Head 8121—General and Other Reserve Funds in Public Account. While transferring respective shares to the State Fund, break up will be maintained and have to be provided at sub head level under proposed Minor Head '8121.XXX – State Compensatory Afforestation Fund (SCAF)'. These heads of accounts will be uniformly applicable across the States.

Balance 10% of the current receipts shall be transferred to the Central Government by States by making due appropriations under Major Head '2406 – Forestry and Wildlife – 02 – Environmental Forestry and Wildlife'.

Following entries will be made in the books of Central Govt. on receipt of its 10% share.

Major Head	Existing	0406	Forestry & Wild Life
Sub Major Head	Existing	02	Environmental Forestry & Wildlife
Minor Head	Proposed	XXX	Receipts towards Compensatory Afforestation
Sub Head	Proposed	XX	National Compensatory Afforestation
Detailed Head			Name of the State

(ii) For transfer of Fund from Consolidated Fund of India to National Compensatory Afforestation Fund (NCAF):

Debit			
Major Head	Existing	2406	Forestry & Wild Life
Sub Major Head	Existing	04	Afforestation and Ecology Development
Minor Head	Existing	797	Transfer to Reserve Funds
Sub Head	Proposed	XX	Transfer to National Compensatory Afforestation Fund (NCAF)
Object Head	Existing	63	Inter Account Transfer
Credit			
Major Head	Existing	8121	General and other Reserve Funds
Sub Major Head	Existing	00	
Minor Head	Proposed	XXX	National Compensatory Afforestation Fund (NCAF)

The above transactions at A(iii) & B(ii) and B(i) & B(ii) should be synchronised to ensure prompt transfer of moneys received under Consolidated Fund to Public Account.

(iii) Expenditure from the Fund: After due appropriation of funds and receipt of sanction of the Competent Authority the expenditure on schemes to be financed from National Fund will be incurred from the relevant sub-major/minor heads below the Major Head 2406.

On the basis of sanctions issued by the Ministry/Department for payment from National Fund, the Pay and Accounts Officer will make the payment by debiting government account as below:

Debit			
Major Head	Existing	2406	Forestry & Wild Life
Sub Major Head	Existing	04	Afforestation and Ecology Development
Minor Head	Proposed	XXX	Compensatory Afforestation (CA)
Sub Head	Proposed	XX	National Compensatory Afforestation (NCA)
Detailed Head	Proposed	XX	National CAMPA Scheme
Credit			
Major Head	Existing	8670	Cheques and Bills
Sub Major Head	-	00	
Minor Head	Existing	102	PAO cheques

In order to meet the expenditure from National Compensatory Afforestation Fund, following entry will be made:-

Debit			
Major Head	Existing	8121	General and other Reserve Funds
Sub Major Head	-	00	-
Minor Head	Proposed	XXX	National Compensatory Afforestation Fund (NCAF)
(-) Debit			
Major Head	Existing	2406	Forestry & Wild Life
Sub Major Head	Existing	04	Afforestation and Ecology Development
Minor Head	Proposed	90*	Deduct amount met from (NCAF)
Sub Head		70	Deduct recoveries

While scrutinising the National Fund/State Fund, the State Accountants General will certify the amount received from Gol as one time transfer of earlier accumulated balances with Ad-hoc CAMPA and current receipts. State Accountants General will also certify, where ever necessary, the accumulations in the Consolidated Fund transferred to the Reserve Fund. Chief Controller of Accounts (M/o Environment, Forest and Climate Change) will certify the accumulations in the Consolidated Fund of India transferred to the Reserve Fund and ensure that there is no adverse balance under the Reserve Fund at any moment of time in liaison with Budget Division.

Budget of the National Authority-The National Authority shall prepare its budget for the succeeding financial year showing the estimated receipts and expenditure of the National Authority and forward the same to the Central Government, in such form and at such time in each financial year as may be prescribed.

The National Authority shall adopt financial regulation and procedures, in particular the procedure for drawing up and implementing the budget of the National Authority as may be prescribed.

CAMPA Scheme(s)-Budgetary provision shall be kept under CAMPA scheme(s) under Major Head 2406.

Annual Plan of Operation of National Authority-The National Authority shall submit the approved Annual Plan of Operation (APO) to the controlling division in the Administrative Ministry. As per the APO the proposal shall come to the competent authority in the Ministry for release of funds for the proposed CAMPA scheme(s) to be implemented by the National Authority. The proposal shall be concurred by the Integrated Finance Division (IFD) of the Administrative Ministry. After concurrence the Sanction Order shall be issued with the diary number of IFD and competent authority in the Ministry. The DDO of the National Authority shall prefer the Bills to the PAO.

Accounts of National Authority-The National Authority shall maintain proper accounts and other relevant records and prepare annual statement of accounts in such form as may be prescribed in consultation with the Comptroller and Auditor-General of India.

The accounts of the National authority shall be audited by the Comptroller and Auditor-General of India at such intervals as may be specified by him and any expenditure incurred in connection with such audit shall be payable by the National Authority to the Comptroller and Auditor-General of India.

The Comptroller and Auditor-General and any other person appointed by him in connection with the audit of the accounts of the National Authority shall have the same right and privileges and authority in connection with such audit as the Comptroller and Auditor-General generally has in connection with the audit of the Government accounts and, in particular, shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect the office of the National Authority.

The accounts of the National Authority as certified by the Comptroller and auditor General or any other person appointed by him in this behalf together with the audit report thereon shall be forwarded annually to the Central Government by the National authority.

The Comptroller and Auditor-General shall, within a period of six months from the date of commencement of the Act, audit the accounts of the all monies collected by the State Governments and Union Territory Administrations, which has been placed under the ad hoc Authority and deposited in the nationalised banks and submit the report to the Central Government.

The National Authority shall prepare, its annual report, giving a full account of its activities during the previous financial year and forward a copy thereof to the Central Government, in such form and at such time, for each financial year, as may be prescribed.

The annual report shall inter alia,, provide for:-

- (i) the summary for monitoring and evaluation of activities undertaken from amounts released from the National Fund and State Funds during the year
- (ii) the summary of specific schemes specified in sub-clause(iii) of clause(b) of section 5 executed during the year
- (iii) the amount of money received and expended

The Central Government shall cause the annual report and audit report together with a memorandum of action taken on the recommendations contained therein to be laid as soon as may be after the reports are received before each House of Parliament.

Maintenance of Broadsheet: Chief Controller of Accounts (M/o Environment, Forest and Climate Change) will maintain a broadsheet of transactions relating to the Reserve Fund indicating accretions, expenditures and balances under the Fund. State Authorities may adopt a similar practice in this regard. It should be ensured that there are no adverse balances under the Reserve Fund at any moment of time.

Audit of National Authority: The Central Government shall have the power to conduct the special audit or performance audit of the National Fund and of the National Authority through the Comptroller and Auditor General.

The Internal Audit Wing under Chief Controller of Accounts shall also conduct audit at regular intervals of the National Fund and National Authority.