

F.No.9(1)/FCD/2010  
Government of India,  
Ministry of Finance  
Department of Expenditure  
Finance Commission Division

Block-11, 5<sup>th</sup> Floor, CGO Complex,  
Lodhi Road, New Delhi – 3  
Dated: 4<sup>th</sup> September, 2013

To

The Principal Finance Secretary,  
(All State Governments).

Subject: Release of the 13<sup>th</sup> Finance Commission Grant (FC-XIII) grant for forest related to Non Plan Revenue Expenditure (NPRE) projected under Major Head: 2406.

Dear Sir/ Madam,

Some State Governments have represented that they have booked the FC-XIII forest grant on the plan side instead of Non-plan side under Major Head: 2406. In this context MoF's O.M. No.17 (1) FCD/ 2010 dated 5.3.2010, addressed to Planning Commission, has been referred to. It is clarified that this O.M. was only for resource estimation and not for authorising booking the grant on the Plan side.

2. In this regard attention is drawn towards para 12.47 of the FC-XIII recommendation that "... Of the total released, 75 per cent can be used by states for development purposes. The remaining 25 per cent of the grants in these three years is for preservation of forest wealth and is meant to be additionality to the states' budget for development of forestry and wildlife. Release of grants in the last three years of the award period shall be subject to the following release and monitoring mechanism:

i) The grants shall be linked to progress on approval of working plans. The entire amount should be released after approval of more than 80 per cent of the working plans of the state. Till this is achieved, releases shall be in the ratio of number of working plans approved to 80 per cent of the number of working plans for the state.

ii) Twenty-five per cent of the grants shall be over and above the non-plan revenue expenditure (NPRE) projected in Annex 12.3 and the same shall be monitored as explained therein.

3. Therefore, the States are required to book the Forest grant on the Non-plan side. However, the States that were not eligible for 25% of forest grant for 2012-13 due to booking of Forest grant on the Plan side under Major Head: 2406, their eligibility has been re-assessed only for 2012-13, based on grant booked on plan side during 2010-11, 2011-12 and 2012-13. It has been decided, only as an exceptional case due to misunderstanding of not booking forest grant on Non Plan side, that States who have booked the entire grant on Plan side in 2010-11 Actuals, 2011-12 RE and 2012-13 BE, will be considered for 25% of forest grant for only one year i.e. 2012-13.

4. For 2013-14 and 2014-15, States have to book forest grant on the Non-plan side under MH: 2406. States that have made provision in 2013-14 on Plan side will have to shift to Non-Plan side in 2013-14 RE. However, booking of Forest grants by States on Plan side in 2011-12 Actuals and 2012-13 BE and RE will be taken for assessing eligibility for 2013-14 and 2014-15 only for those States, who have been found ineligible for release of forest grant during 2012-13 due to booking of grant on Plan side.

5. All states are requested to henceforth book Forest grant on the Non Plan side, as recommended by the FC XIII while as per MoF's O.M. No.17 (1) FCD/ 2010 dated 5.3.2010, the same will continue to be taken into account for resource estimation as the grants are for development and conservation of forests.

Yours faithfully,

*Alok Chandra*  
(Alok Chandra)  
Director (FCD)

Tele: 011-24360647,

Fax: 011-24360174, [alok.chandra@nic.in](mailto:alok.chandra@nic.in)

ISSUED ON... 5.9.2013

*o/c*