

[TO BE PUBLISHED IN PART-II, SECTION-3, SUB-SECTION (i) OF THE GAZETTE OF INDIA]

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
(NARCOTICS CONTROL DIVISION)

New Delhi, dated the 24th March, 2006

NOTIFICATION

G.S.R.177(E).--In exercise of the powers conferred by section 76 read with section 7A of the Narcotic Drugs and Psychotropic Substances Act, 1985 (61 of 1985), the Central Government hereby makes the following rules, namely: -

1. **Short title and commencement.**— (1) These rules may be called the Narcotic Drugs and Psychotropic Substances (National Fund for Control of Drug Abuse) Rules, 2006.
(2) They shall come into force on the date of their publication in the Official Gazette.
2. **Definitions** – In these rules, unless the context otherwise requires, -
 - (a) “Act” means the Narcotic Drugs and Psychotropic Substances Act, 1985 (61 of 1985);
 - (b) “Controlling Officer” means an officer who is entrusted, by the Central Government, with the responsibility of controlling the receipt of money in the Fund and incurring expenditure from the Fund.
 - (c) “Governing Body” means the Governing Body constituted by the Central Government under sub-section (3) of section 7A of the Act;
 - (d) “Form” means the Form appended to these rules;
 - (e) “Fund” means the National Fund for Control of Drug Abuse constituted under section 7A of the Act;
 - (f) all other words and expressions used in these rules and not defined, but defined in the Act shall have the same meanings respectively assigned to them in the Act.
3. **Procedure for remittance of grant to the Fund.**— (1) Every grant made by any person or institution under clause (c) of sub-section (1) of section 7A of the Act shall be made by crossed cheque or demand draft in favour of the National Fund for Control of Drug Abuse and sent to the Joint Secretary (Revenue), Ministry of Finance, Department of Revenue, North Block, New Delhi –110001, who shall, on receipt of such cheque or demand draft issue a receipt to such person or institution making such grant.
(2) All grants made under sub-rule (1) shall be unconditional and irrevocable.
4. **Receipt of money.**— All moneys received under sub-section (1) of section 7A of the Act shall be credited to the Fund without delay by the Controlling Officer.
5. **Procedure for grant of money from the Fund.**— (1) Any Department of the Central Government or of State Government(s) or any organisation(s) (hereinafter called as the

‘Applicant’) desirous of obtaining money from the Fund shall submit an application in Form ‘A’ appended to these rules, together with a project report.

(2) Every application made under sub-rule (1) shall be sent to the Joint Secretary (Revenue), Ministry of Finance, Department of Revenue, North Block, New Delhi -110001

6. Grant of money from the Fund.– (1) The Central Government may require the Applicant to furnish further information or clarification regarding the activities and matters connected with the Applicant to enable it to consider payment out of the Fund.

(2) Subject to the conditions specified in sub-rule(3), the Governing Body may sanction money out of the Fund to an Applicant within the limits notified by the Central Government and the Central Government may, on the recommendation of the Governing Body sanction such amount of money to an Applicant, as it considers appropriate.

(3) Every Applicant who has been sanctioned money out of the Fund under sub-rule (2) shall,-

(a) apply the money to meet the expenditure incurred in connection with the measures taken for combating illicit traffic in, or controlling abuse of, narcotic drugs and psychotropic substances or controlled substances for all or any of the purposes specified in sub-section (2) of section 7A of the Act;

(b) submit an annual return ending on the last day of March of every year, within fifteen days of the end of the preceding year to the Central Government in Form ‘B’ appended to these rules.

(c) maintain regular books of accounts, showing receipt and expenditure, which shall provide a true and fair view of the financial position of such Applicant; and

(d) be bound by the terms and conditions stipulated in the letter of sanction of money issued by the Central Government.

(4) The money provided to the Applicant, and the assets acquired or created out of such money, shall be deemed to be entrusted to the Applicant for the purposes specified in sub-section (2) of section 7A of the Act.

(5) The Applicant shall retain, hold and use the money received by it from the Fund, and all assets acquired with such moneys, solely for the purposes specified in sub-section (2) of section 7A of the Act and for no other purpose.

(6) If the Central Government has reasons to believe that an Applicant, -

(i) has failed to carry out the purposes specified in sub-section (2) of section 7A of the Act; or

(ii) is likely to be wound up; or

(iii) is unable to maintain and preserve the assets acquired or created out of the money received from the Fund; or

- (iv) is unable to perform or is likely to commit breach of its obligations under the grant of money,

the Central Government may, at any time, revoke the grant of money, and in such case the Applicant shall be disentitled to retain the moneys paid out of the Fund or the assets acquired or created thereby.

7. **Communication of sanctions.**– All financial sanctions and orders issued by the Central Government under these rules shall be communicated to the Audit Officer or the Accounts Officer, as the case may be, in accordance with the procedure specified under the General Financial Rules, 2005.

8. **Accounts and audit.**- (1) The Central Government shall maintain proper accounts and other relevant records as per the Accounting Procedure as at Annexure I, appended to these rules, and prepare a statement of accounts giving therein the details of the amount credited to the Fund and expenditure incurred therefrom, in consultation with the Comptroller and Auditor General of India.

(2) The accounts of the Central Government under sub-rule (1) shall be audited by the Comptroller and Auditor General of India at such intervals as may be specified by him.

(3) The Comptroller and Auditor General of India shall have the same rights and privileges and authority, in connection with the audit of the Fund and accounts of the Central Government maintained under sub-rule (1) and also in connection with the audit of the accounts of the Applicant, as he has in connection with the audit of General Accounts and, in particular, shall have the rights to demand production of books, accounts, connected vouchers and other documents and papers and to inspect any of the offices of the Central Government or the Applicant.

9. **Publication of annual report and statement of accounts.**- The annual report giving an account of activities financed out of the Fund together with the statement of accounts referred to in section 7B of the Act shall be published in the Official Gazette as soon as possible after the end of each financial year and, in any case not later than 31st December of succeeding year.

10. **Application of the provisions of General Financial Rules, 2005.**- The provisions of the General Financial Rules, 2005 as amended from time to time shall, as far as may be, apply to the grant of money by the Central Government under these rules.

File No. 664/8/99-NC-I (Vol. II)

(Rohtash Singh)
Under Secretary to the Government of India.

FORM – A

[See rule 5(1)]

**FORM FOR APPLICATION FOR GRANT FROM THE NATIONAL FUND
FOR CONTROL OF DRUG ABUSE**

1. Name of the Applicant
2. Name of the Government /Non-Government Organisation which established the Applicant
3. Address of the Applicant and their branches, including e-mail address
4. Financial status including balance sheet of the Applicant and their branches
5. Personnel working in the Applicant (indicate qualification, experience, specialised interest particularly in relation to the proposed work).
6. Name, address and phone number of the officer in-charge of the Applicant
7. Objectives of the proposed project for which grant is required.
8. Total expenditure likely to be incurred for the project.
9. Amount of expenditure to be met out of the National Fund for Control of Drug Abuse.
10. Details of grants obtained earlier from the National Fund for Control of Drug Abuse or any Other Fund or Organisation
11. Manner in which project is proposed to be implemented.
12. Duration of the project.
13. Name and designation of the officer who is authorised to sign the application.

DATE:

SIGNATURE:

PLACE:

FORM – B

[See rule – 6(3) (b)]

**FORMAT FOR ANNUAL RETURNS TO BE SUBMITTED BY THE APPLICANT
RECEIVING PAYMENT OUT OF THE NATIONAL FUND FOR CONTROL OF DRUG
ABUSE**

1. Year in respect of which returns filed
2. Name of the Applicant
3. Name of the Government/Non-Government Organisation who established the Applicant
4. Address of the Applicant
5. Amount spent by the Applicant during the year
6. The amount out of item 5 spent from sources other than the Fund
7. Results achieved and extent to which targets have been achieved
8. Further action to be taken, giving specific recommendations for revision of the proposal in case the targets are not likely to be achieved.
9. Name, designation and telephone number of the officer who is authorised to sign the return.

DATE:

SIGNATURE:

PLACE:

Annexure I

Accounting Procedure for the “National Fund for Control of Drug Abuse”

1. Constitution of Fund.- The “National Fund for Control of Drug Abuse” has been constituted in the Public Account of India, wherein the amounts received from the following sources shall be credited in accordance with the provisions contained in section 7A of the Act, namely:-

- (a) An amount which the Central Government may, after due appropriation made by Parliament by law in this behalf, provide;
- (b) The sale proceeds of any property forfeited under Chapter VA of the Act;
- (c) Any grant that may be made by any person or institution;
- (d) Any income from investment of the amounts credited to the Fund under the aforesaid provisions (i.e. interest on the deposits in Public Account at a rate to be decided by Budget Division of Ministry of Finance, Department of Economic Affairs, New Delhi).

2. Utilisation of Fund.- The fund shall be utilized by the Governing Body for the purposes mentioned in sub-section 2 of section 7A of the Act.

3. Accounting Procedures.-(1) Receipts to the Fund:

(a) An amount which the Central Government may, after due appropriation made by Parliament by law in this behalf provide shall be transferred to the Fund from the concerned grant as under the following Heads:

Major Head: (MH)	-	2070-Other Administrative Services
Minor Head: (MnH)	-	797-Transfer to Reserve/Deposits Account Drug Abuse.
Sub Head: (SH)	-	01-Transfer to the National Fund for Control of Drug Abuse.
Object Head: (OH)	-	63-Inter-Account transfer.

The classification for the Fund under the Public Account of India would be as under:

Major Head: (MH)	-	8121-General and Other Reserve Fund
Minor Head: (MnH)	-	118 -National Fund for Control of Drug Abuse
New sub-head	-	01-Receipts by transfer

The amount sanctioned by the Government each year for transfer to the Fund shall be credited to this Head by contra debit to the Major Head 2070 - National Fund for Control of Drug Abuse in the accounts of the Central Government.

(b)(i) The sale proceeds of any property forfeited under Chapter VA of the Act, to be initially credited to the Consolidated Fund of India as under:-

Major Head: **(MH)** 0070- Other Administrative Services.
Sub Major Head: **(SMH)** 60- Other Services.
Minor Head: **(MnH)** 800- Other Receipts
New sub-head: 06- Receipts from Sale Proceeds of Property forfeited under Chapter VA of the Act.

(ii) Where any property under declaration stands forfeited under section 68 K of the Act to the Central Government and the source of only a part of the illegally acquired property has not been proved to the satisfaction of the Competent Authority by the person affected, it shall make an order giving an option to the person affected to pay in lieu of forfeiture, a fine equal to the market value of such part and the same shall be credited under:

Major Head: **(MH)** 0070- Other Administrative Services.
Sub Major Head: **(SMH)** 60- Other Services.
Minor Head: **(MnH)** 800- Other Receipts
New sub-head: 07- Receipts from fines in lieu of forfeiture of property under section 68 K of the Act.

These receipts shall subsequently be transferred to the Fund with due appropriation by debit to the Head:

Major Head**(MH)**: 2070 - Other Administrative Services
Minor Head : 797 - Transfer to Reserve/Deposit Account
Sub head: **(SH)** 01- Transfer to the National Fund for Control of Drug Abuse.
Object Head: **(OH)** 63 - Inter-Account transfer.

Contra credit will be afforded to the

Major Head: **(MH)** 8121 - General and other Reserve Funds.
Minor Head: **(MnH)** 118 - National Fund for Control of Drug Abuse in the Public Account
New sub-head: 01 - Receipts by transfer.

(c) Grant that may be made by any person or institution.-Any grant that may be made by any person or institution shall be credited to the Fund Account as under:

Major Head: **(MH)** 8121 – General and other Reserve Funds.
Minor Head: **(MnH)** 118 - National Fund for Control of Drug Abuse.
New sub-head: 02 - Receipts from grants by any person or institution

(d) After due appropriation the accountal of transfer of interest to the Fund account would be as under:

Debit

Major Head: **(MH)** 2049 - Interest Payments
Sub Major Head: **(SMH)** 05 - Interest on Reserve Funds

Minor Head: **(MnH)** 105 - Interest on general and other Reserve fund
Sub Head: **(SH)** 07 - Interest on the National Fund for Control of Drug Abuse.
Object Head **(OH)** 45 - Interest

Credit

Major Head: **(MH)** 8121 - General and other Reserve Funds.
Minor Head: **(MnH)** 118 - Interest on the National Fund for Control of Drug Abuse
New Sub-head: 03 - Receipts from interest payment by the Government of India.

(2) The Accounting Procedure for receipt into and disbursement from this Fund :

(a) Expenditure from the Fund.-All expenditure shall be initially made from the concerned grant debited to the Consolidated Fund of India shall be recouped from the Fund, from time to time. The Department of Revenue may make stringent provisions for the control and regulation of operations relating to narcotic drugs and psychotropic substances and would be properly reflected in the expenditure of the Government while the continuing balances in the Fund in the Public Account will ensure that funds are readily available.

Initially debit will be afforded to-

Major Head: **(MH)** 2070 - Other Administrative Services
Minor Head: **(MnH)** 113 - Narcotics Control
New sub-head: 04 - Expenditure on Control of Drug Abuse

Finally, after recouplement, the entire expenditure shall stand debited to-

Major Head: **(MH)** 8121 - General and other Reserve Fund
Minor Head: **(MnH)** 118 - National Fund for Control of Drug Abuse.
New sub-head: 04 - Expenditure on Control of Drug Abuse

Subject to the approval of the Competent Authority, expenditure incurred for identification, treatment, education, after-care, rehabilitation, social re-integration of addicts and for such other provisions as may be provided in sub-section (2) of Section 7A of the Act may also be met out of the allocations from the Fund.

The amount financed from expenditure head shall be shown as Deduct entry under the minor head "902-Deduct amount met from the National Fund for Control of Drug Abuse" below Major Head "2070-Other Administrative Services" by Contra Debit to the Reserve Fund as under: -

Major Head: **(MH)** 2070 - Other Administrative Services
Minor Head: **(MnH)** 902- Deduct amount met from National Fund for Control of Drug Abuse.

4. Payment Procedure for disbursement from this Fund.-(1) Application of the Fund

The amounts available in the Fund would be applied for the purposes mentioned in sub-section 2 of section 7A of the Act.

(2) Application for grant of money from the Fund :

The Applicant may apply to the Ministry of Finance, Department of Revenue for grant of money from the Fund provided that;

(i) the Applicant shall submit an application along with Form 'A' and a copy of the Project report in the format as decided by the Governing Body from time to time.

(ii) every application for grant from the Fund shall be sent to the Joint Secretary (Revenue), Narcotics Control Division, Department of Revenue, North Block, New Delhi 110 001.

(3) Procedure for sanction of grants from the Fund :

- (i) The Department shall scrutinize applications received from time to time and may obtain comments from other Ministries/Departments/State Government(s); or from such other authorities as it may deem fit or may inspect the office or the premises where the project is being run by the Applicant seeking money;
- (ii) The application received along with the comments of various authorities shall be circulated to the members of the Governing Body at least seven days before the meeting of the Body;
- (iii) The Central Government may require the Applicant seeking money to furnish further information or clarification regarding activities and matter connected with the Applicant to enable it to consider payment out of the Fund;
- (iv) The maximum grant of money from the Fund would not exceed seventy five percent of the project cost;
- (v) The Governing Body for the purpose of deciding the grant of money to such an Applicant would meet at least twice a year;
- (vi) After considering the proposals, the Governing Body may sanction payment of such amount, which it considers appropriate, to an Applicant, upto the limit notified by the Central Government in the Official Gazette or seventy five percent of the project cost, whichever is less. For grant of money beyond the authority of the Governing Body, the Central Government may, on the recommendation of the Governing Body, sanction payment of such amount, as it considers appropriate, to an Applicant;

- (vii) The amount would be released either as lump sum grant or in such number of installments as may be specified and subject to such conditions as may be imposed by the sanctioning authority;
- (viii) The applications would be processed as per provisions of Delegation of Financial Power Rules/General Financial Rules;

(4) Meeting of the Governing Body

- (i) The meeting of the Governing Body shall be held at least twice a year and as often as the Chairman may call for. The meeting of the Governing Body shall be convened on such date and time as decided by the Chairman, and the quorum of such meeting would be one-third of the strength of the Governing body.
- (ii) In the absence of a Chairman, Joint Secretary of the Department of Revenue, who deals with the matters relating to the Fund shall convene the meeting of the Governing Body and the members of the Governing Body shall elect a Chairman to preside over that meeting.

(5) Obligations of Organisations receiving money from the Fund

- (a) Every Applicant, which has been sanctioned money out of the Fund shall -
 - (i) utilise the money to meet the expenditure incurred by it in connection with measures taken for controlling the abuse of narcotic drugs or psychotropic substances for all or any of the purposes specified in sub-section (2) of section 7 A of the Act; may be specified in the sanction;
 - (ii) submit an annual return (Form 'B') ending on the last day of March of every year within fifteen days of the end of the preceding year and such annual return shall be furnished in format as may be specified by the Governing Body;
 - (iii) maintain books of account regularly showing receipts and expenditure which shall provide a true and fair view of the financial position of such Applicant; and
 - (iv) be bound by the terms and conditions of grant of money stipulated in the letter of sanction issued by the Central Government.
- (b) The money provided to an Applicant and all assets acquired or created out of such money shall be deemed to be entrusted to the Applicant for the purpose for which it was sanctioned from the Fund.
- (c) The Applicant shall retain, hold and use all moneys received by it from the Fund and all assets credited with such moneys solely for the purpose for which it was sanctioned from the Fund and for no other purpose.

(6) Powers of the Central Government

- (a) The Central Government may, at any time or from time to time, call for such reports, documents or any other information as it may deem fit from the recipient of the money to monitor its proper utilization.

- (b) If the Central Government has reasons to believe that the recipient of the money—
- (i) has failed to carry out the purposes for which money was provided; or
 - (ii) is unable to maintain and preserve the assets acquired or created out of money from the Fund; or
 - (iii) is unable to perform or is likely to commit breach of its obligations under the grant of money; or
 - (iv) the Applicant receiving the money from the Fund is likely to be wound up,-
- then the Central Government may at any time revoke the grant of money in which case the Applicant shall be disentitled to retain the money paid out of the Fund or the assets created thereby.

(7) Sanctioning Power of different Authorities.- The powers of various authorities to sanction amounts from the Fund would be as under: -

Amount to be sanctioned_	Authority competent to grant the sanction
Upto Rupees Ten lakh	Governing Body
Above Rupees Ten lakh	Finance Minister

(8) Communication of sanctions

(i) All financial sanctions and orders issued by the Central Government under these rules shall be communicated to the Audit Officer and Pay and Accounts Officer concerned in accordance with the procedure specified under the General Financial Rules, 2005 that is all sanctions for drawal from the account shall be endorsed with a copy to the concerned Pay and Accounts Office and accordingly bills for drawals shall be submitted to the concerned Pay and Accounts Office for issue of cheque and to debit the concerned head and Consolidated Fund of India, and recoup the same on the monthly basis from the same Fund for such drawals.

The accredited Bank shall send the scrolls to the concerned Pay and Accounts Office regularly.

(ii) Subject to sanction by the Ministry, payments from the Fund may be released for purposes or activities as per provisions of section 7A of the Act.

(iii) Pay and Accounts Office, Ministry of Finance, Department of Revenue, New Delhi shall be responsible for maintaining ledger and broadsheet of the Fund.

(iv) Under rule 16 of the General Financial Rules, 2005 and rule 6 of the Receipts and Payments Rules, 1983 any amounts/subscriptions received by the Department concerned shall without undue delay, that is, within two working days from the receipt of money; be deposited with the Accredited Bank for depositing in the Government account and it must be ensured that the amounts received by the Accredited Bank under these provisions shall be deposited into the Government account within a period of five days and nine days (including Sunday and Holidays) in case of local branches and outside branches as the case may be. In case the remittance is delayed beyond the above time limit, an amount equal to the interest payable as per these

provisions or an amount decided by the Central Government from time to time may be recovered from the respective branch where the delay occurs towards penal interest from the date of receipt of money into Bank up to the date of remittance. The date of remittance into Government account in Reserve Bank of India, Central Accounts Section, Nagpur may be excluded while calculating the delay. Further, an amount upto Rupees one hundred for each item may also be ignored while calculating the penal interest in delayed remittances.

Revenue/Receipt and Payment scrolls will be sent to Pay and Accounts Office, by the local branch, of the Accredited Bank viz Allahabad Bank, Parliament Street, New Delhi in case of Pay and Accounts Office, Department of Revenue, Ministry of Finance.

5. Accounts and Audit.- Receipts of amounts into the Fund and payments or expenditure out of the Fund would be in such manner and method as prescribed in these Accounting Procedure Rules.

The Central Government shall maintain proper accounts and other relevant records and prepare a statement of accounts giving therein details of the amount credited to the Fund and expenditure incurred therefrom in consultation with the Controller General of Accounts and Comptroller and Auditor General of India. The accounts of the Central Government under sub-rule (1) of rule 8 shall be audited by the Comptroller and Auditor General of India at such intervals as may be specified by them apart from annual Internal Audit conducted by Chief Controller of Accounts, Ministry of Finance, New Delhi.

The Comptroller and Auditor General of India, and Chief Controller of Accounts, Ministry of Finance shall have the same rights and privileges and authority in connection with the audit of the Fund, and accounts of the Central Government maintained under sub-rule (1) of rule 8 and also in connection with the audit of accounts of the Applicant seeking and having obtained grants under the Fund as they have in connection with the audit of General Accounts and in particular shall have the rights to demand production of books, accounts, connected vouchers and other related documents and papers and to inspect any of the offices of the Central Government or any organisation.

6. Annual Accounts to be published.- The annual report giving an account of activities financed out of the Fund together with the statement of Accounts, referred to in section 7B of the Act, shall be published in the Official Gazette as soon as possible after the end of each financial year and in any case not later than 31st December of the following financial year.
