

EXECUTIVE SUMMARY

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Background

This Report on the Finances of the Government of Manipur is being brought out with a view to assess the financial performance of the State during the year 2016-17. The aim of this Report is to provide the State Government with timely inputs based on actual data so that there is a better insight into both well performing as well as ill performing schemes/ programmes of the Government. In order to give a perspective to the analysis, effort was made to compare the achievements with the targets envisaged by the State Government in Fiscal Responsibility and Budget Management Act, 2005 as well as in the Budget estimates of 2016-17.

The Report

Based on the audited accounts of the Government of Manipur for the year 2016-17, this Report provides an analytical review of the Annual Accounts of the State Government. The Report is structured in three Chapters.

Chapter I is based on the audit of Finance Accounts and makes an assessment of the Government of Manipur's fiscal position as on 31 March 2017. It provides an insight into trends of committed expenditure and borrowing pattern, besides a brief account of Central funds transferred directly to the State Implementing Agencies.

Chapter II is based on audit of Appropriation Accounts and gives the grant-by-grant description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

Chapter III is an inventory of the State Government's compliance with various reporting requirements and financial rules.

AUDIT FINDINGS AND RECOMMENDATIONS

Chapter I: Finances of the State Government

Revenue Receipts

Revenue Receipts increased by ₹ 849.02 crore (10.25 *per cent*) over the previous year. The increase was mainly due to increase in Share of Union Taxes/duties (₹ 614.71 crore) and increase in Grants-in-Aid (GIA) from Government of India (GoI) (₹ 182.76 crore).

Contribution of the State's Own revenue to the Revenue Receipts was in the range of 8 *per cent* to 10 *per cent* for the period 2012-17. The State's share of Union taxes and duties and GIA from GoI contributed in the range of 90 *per cent* to 92 *per cent* to the Revenue Receipts during 2012-17 and remained the main contributor to Revenue Receipts of the State.

The targets/assessment as per XIV Finance Commission, Budget estimates and Medium Term Fiscal Policy Statement relating to Own Tax revenue and Non-tax revenue receipts could not be achieved during 2016-17.

(paras 1.1.2, 1.3 and 1.3.1)

Expenditure status

Revenue Expenditure increased by ₹ 802.19 crore in 2016-17 over the previous year (2015-16). Capital Expenditure increased by ₹ 255.70 crore in 2016-17 over the previous year (2015-16).

Capital Expenditure exhibited a fluctuating trend during 2012-13 to 2016-17. Revenue Expenditure, on the other hand has increased steadily during 2012-17. Revenue Expenditure as a percentage of the Total Expenditure increased from 77.94 *per cent* in 2012-13 to 84.57 *per cent* in 2016-17. This shows that a bulk of the Total Expenditure has been increasingly spent to meet expenditure on maintenance, salary, etc.

(para 1.6.1)

Investment in companies, corporations and co-operative societies and returns

During 2012-17, the State Government had invested amount ranging from ₹ 160.29 crore to ₹ 176.32 crore in companies, corporations and co-operative societies. Against this, the State Government could earn only ₹ 16,000 during 2012-17. The State Government paid an average rate of interest ranging from 6.42 *per cent* to 6.67 *per cent* on its borrowings. However, the rate of return from the investment was insignificant.

(para 1.8.2)

Loans and Advances by the State Government

The opening balance of outstanding Loans and Advances as on 1 April 2016 was ₹ 205.09 crore. Against repayment of Loans and Advances of ₹ 1.15 crore, an amount of ₹ 0.25 crore was disbursed during 2016-17, resulting in closing balance of outstanding Loans and Advances of ₹ 204.19 crore as on 31 March 2017. Interest Receipts of ₹ 0.37 crore against Loan of ₹ 205.09 crore during 2016-17 was insignificant.

(para 1.8.4)

Recommendations

The State Government should take adequate measures to increase own resources of revenue. The State Government may give priority to increase Capital Expenditure.

The State Government may critically review the functioning of the corporations and companies to make their operations viable to ensure higher return on the investments.

The State Government needs to ensure realisation of commensurate receipts of interest from the outstanding Loans and Advances.

Chapter II: Financial Management and Budgetary Control

During 2016-17, an expenditure of ₹ 10,852.05 crore was incurred against a total budget provision of ₹ 13,826.16 crore resulting in overall saving of ₹ 2974.11 crore. The overall savings was the net result of savings of ₹ 3024.84 crore offset by an excess of ₹ 50.73 crore. The excess requires regularization. Excess expenditure (₹ 151.80 crore) for the period 2010-11 and 2011-12 had been recommended for regularization by the Public Accounts Committee. However, the excess expenditure was still pending for regularisation.

(paras 2.2 and 2.3.5)

Supplementary provision aggregating to ₹ 462.07 crore in 34 cases, during the year proved unnecessary as the expenditure did not come up to the level of original provision.

(para 2.3.7)

There was outstanding balance of 1076 Abstract Contingent (AC) bills of ₹ 1566.22 crore as on October 2017. Out of 81 Controlling Officers (CO), 28 CO did not reconcile their expenditure with the expenditure booked in the books of accounts maintained by the Accountant General (A&E), Manipur.

(paras 2.4)

Recommendations

The Government may ensure timely regularization of excess expenditure, strengthen budgetary control to avoid unnecessary supplementary provision, and ensure timely submission of Detailed Countersigned Contingent bills against drawal made on AC bills and ensure reconciliation of accounts with Accountant General (A&E).

Chapter III: Financial Reporting

There were 4789 Utilization Certificates aggregating to ₹ 4318.26 crore in arrears in respect of grants given to 37 Departments as of July 2017.

(para 3.1)

The Annual accounts of Manipur State Legal Service Authority are outstanding for the last four years. There were delays in the placement of Separate Audit Reports by Autonomous District Councils in the State Legislature. Six Departmental Commercial Undertakings have not submitted their accounts for more than 10 years, out of which three are non-working companies.

(paras 3.2, 3.3 and 3.4)

Recommendations

The State Government may strengthen internal controls in the departments to ensure timely submission of Utilization Certificates. The State Government may also ensure timely finalization of Annual Accounts by the Manipur State Legal Services Authority and Departmental Commercial Undertakings and timely placement of Separate Audit Reports in the State Legislature.