**Notes to Finance Accounts for the year 2022-23**

1. **Summary of Significant Accounting Policies:**
2. **Reporting Entity**:

These accounts present the transactions of the Government of Manipur. The accounts of receipts and expenditure of the Government of Manipur have been compiled based on the initial accounts rendered by 12 Treasuries, 58 Public Works Divisions (33 Building and Roads, 25 Water Supply and Sanitation / Public Health Engineering), 33 Forest Divisions, 26 Irrigation / Water Resources Divisions, 10 Pay and Accounts Offices and Advices of the Reserve Bank of India. No accounts have been excluded at the end of the year.

1. **Reporting Period:**

The reporting period of these accounts is 1 April 2022 to 31 March 2023.

1. **Reporting Currency:**

The accounts of the Government of Manipur are reported in Indian Rupees (₹).

1. **Form of Accounts:**

Under Article 150 of the Constitution of India, the accounts of the Union and of the States are kept in such form as the President may, on the advice of the Comptroller and Auditor General of India, prescribe. The word "form" used in Article 150 has a comprehensive meaning so as to include the prescription not only of the broad form in which the accounts are to be kept but also the basis for selecting appropriate heads of accounts under which the transactions are to be classified, which forms the chart of accounts.

1. **Basis of Budget and Financial Reporting:**

As per the provisions of Article 202 of the Constitution of India, a statement of estimated receipts and expenditure, the Annual Financial Statements (called Budget) for a financial year is presented to the legislature in form of grants / appropriations before the commencement of the financial year. Budget is presented on gross basis without the recoveries and receipts which are otherwise permitted to be set off in reduction of expenditure. All grants / appropriations relating to heads of budget and accounts, whose balances are not carried forward, lapse at the end of the financial year.

**Budget and Accounts:** Both budget and accounts of the State follow the same accounting period, cash basis of accounting and uniform basis of classification. The accounts are classified as per the List of Major and Minor Heads to the level of Minor Heads as notified by the Controller General of Accounts in consultation with the Comptroller and Auditor General of India. Classification followed below Minor Heads is as agreed to by the Office of the Accountant General (Accounts and Entitlements) in each state.

A separate budget comparison statement is presented as Appropriation Accounts, which represent actual disbursements in comparison to the grants / appropriations.

**Cash basis:** The accounts represent the actual cash receipts and disbursements during the reporting period with the exception of such book adjustments which are authorised. Receipts and disbursements in the Finance Accounts are on net basis; net of recoveries, deductions and refunds.

**Book Adjustments:** Book adjustments are non-cash transactions that appear in the accounts as adjustments / settlements. Some of these transactions take place at the level of the account rendering units, *e.g.*, treasuries, divisions, *etc*., for adjustments of deductions and recoveries from salaries to Revenue Receipts/Loans/Public Account, 'nil' bills for transfer of moneys between the Consolidated Fund and Public Account, *etc*.

Book adjustments are also carried out at Office of the Accountant General (A&E). These, amongst others, include booking for creation of and contribution to funds in Public Account by debit to Consolidated Fund (*e.g.*, State Disaster Response Fund, Central Road and Infrastructure Fund, Sinking Fund, *etc.*) crediting deposit heads of accounts in Public Account by debiting Consolidated Fund; annual adjustment of interest on General Provident Fund and State Government Group Insurance Scheme by debiting Major Head 2049-Interest Payments and crediting relevant Major Heads in Public Account; adjusting Debt waiver under the scheme of Government of India based on the recommendations of the Central Finance Commissions, recoupment of Contingency Fund, *etc*.

**Classification between Capital and Revenue Expenditure:** Significant expenditure incurred with the object of acquiring tangible assets of a permanent nature (for use in the organisation and not for sale in the ordinary course of business) or enhancing the utility of existing assets, are broadly defined as Capital expenditure. Subsequent charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as also all other expenses incurred for the day to day running of the organisation, including establishment and administrative expenses are classified as Revenue expenditure. Capital and Revenue expenditure are shown separately in the Accounts.

**Physical and Financial Assets and Liabilities:** Physical Assets and Financial Assets (such as, investments, loans and advances made by the Government, *etc.*), as well as Liabilities, such as, debt, *etc*., are measured at historical cost. Physical Assets are not depreciated, and financial assets are not amortized. Losses in Physical Assets at the end of their life are also not expensed or recognized.

**Grants-in-aid:** In compliance with the Indian Government Accounting Standard (IGAS) 2: Accounting and Classification of Grants-in-aid, grants-in-aid in cash is recognised as revenue expenditure at the time of disbursement even if it involves creation of assets by the grantee, except in cases specifically authorised by the President on the advice of the Comptroller and Auditor General of India. All grants received are recognised as revenue receipts. Details for meeting the requirements of accounting and classification of Grants‑in-aid given by the State Government are depicted in Statement 10 and Appendix III of the Finance Accounts. Detailed information in respect of Grants-in-Aid given in kind is not available.

**Loans and advances:** In compliance with the IGAS 3: Loans and Advances made by Government, details of loans and advances made by the State Government are disclosed in Statements 7 and 18 of the Finance Accounts. The closing balances depicted in Statements as on 31 March 2023 is as provided by the State Government.

**Retirement benefits:** Retirement benefits disbursed during the reporting period have been reflected in the accounts, but the future pension liability of the Government towards employees under the Old Pension Scheme, *i.e.,* the liability towards payment of retirement benefits for the past and the present service of its employees is not included in the accounts.

1. **Rounding off:**

The Statements present figures which are rounded-off to ₹ in Lakh and ₹ in Crore as depicted at the top of the respective Statements.

Minor difference of ₹0.01/0.02 lakh/crore, wherever occurring, between the Summary Statements and Detailed Statements in Volume-I and Volume-II respectively, is due to rounding off of figures.

1. **Cash Balance:**

Cash balance as reported in the accounts is the balance of the State as at end of the 31stMarch of a year recorded in the Account of the State Government with the Central Accounts Section of the Reserve Bank of India. The cash balance reflects the balance after cash transactions involving Consolidated Fund, the Contingency Fund and Public Account of the State for the year. Book adjustments do not affect the cash balance. Cash balance reported in the Finance Accounts is subject to reconciliation with the book of the Reserve Bank of India.

1. **Disclosure of Contingent & Committed liabilities:**

Contingent liabilities are not recognised. In compliance with the IGAS 1: ‘Guarantees given by the Governments’, Sectorwise and classwise details of guarantees are disclosed in Statements 9 and 20 of the Finance Accounts as per the details made available by the State Government.

The Government does not follow commitment accounting and the commitments are neither recorded nor the liability against commitment recognised in accounts, but it discloses its future commitments under Appendix XII of the Finance Accounts.

1. **Pass-through transactions:**

Pass-through transactions in the nature of receipts collected by the State but required to be transferred to other entity are disclosed in the Notes to Finance Accounts. These include transfer of 10 *per cent* of the collection of the year in the State CAMPA Fund to the National Fund on annual basis.

1. **Compliance with the Accounting Framework:**
2. **Operation of unauthorized heads:**

During 2022-23, the State Government of Manipur provided budget provisions under 4 unauthorized Sub-Major Head/Minor Heads (3 under the Revenue Section and 1 under Capital Section) and incurred expenditure of ₹51.79 crore under the Revenue Section and ₹19.84 crore under the Capital Section in these heads. The matter has been taken up with State Government.

1. **Opening of New Sub Heads/Detailed Heads of Accounts without advice:**

According to Article 150 of the Constitution of India the accounts of the State are to be kept in the form as advised by the Comptroller and Auditor General of India. During 2022-23, the State Government of Manipur opened 141 new Sub Heads/Detailed Heads (95 under the Revenue Section, 46 under Capital Section) in the budget, without seeking the advice of the Comptroller and Auditor General as required under the Constitution. The State Government provided budget provisions under these heads and incurred expenditure of ₹909.29 crore under the Revenue Section and ₹188.66 crore under the Capital Section in these heads during 2022-23. The matter has been taken up with State Government.

1. **Consolidated Fund:**
2. **Goods and Services Tax:**

Goods and Services Tax (GST) was introduced with effect from 1 July 2017. During the year 2022-23, the State GST collection was ₹1,426.15 crore compared to ₹1,125.56 crore in 2021-22, registering an increase of ₹300.59 crore (26.71 *per cent*). This includes Advance Apportionment of IGST amounting to ₹16.25 crore. In addition, the State received ₹1,921.28 crore from Government of India as its share of net proceeds assigned to the State under Central Goods and Services Tax. The total receipts under GST were ₹3,347.43 crore. The State received no compensation as Revenue receipt on account of loss of revenue arising out of implementation of GST during 2022-23.

*The relevant figures are available in Statement No.14 of the Finance Accounts*.

1. **Reconciliation of Receipts and Expenditure between CCOs and Accountant General (A&E):**

All Controlling Officers are required to reconcile receipts and expenditure of the Government with the figures accounted for by the Accountant General (A&E), Manipur. During the year 2022-23, receipts amounting to [₹](file:///C:\Users\abc\AppData\Local\ag\AppData\Local\Downloads\KDs%20_NTA\KD_Reconciliation0001.pdf)25,329.73 crore (93.78 *per cent* of total receipts) and expenditure amounting to ₹18,816.74 crore (69.55 *per cent* of total expenditure) were reconciled by the State Government.

In comparison, receipts amounting to [₹](file:///C:\Users\abc\AppData\Local\ag\AppData\Local\Downloads\KDs%20_NTA\KD_Reconciliation0001.pdf)25,485.82 crore (95.29 *per cent* of total receipts) and expenditure amounting to [₹](file:///C:\Users\abc\AppData\Local\ag\AppData\Local\Downloads\KDs%20_NTA\KD_Reconciliation0001.pdf)23,251.97 crore (86.76 *per cent* of total expenditure) were reconciled by the State Government during 2021-22, *i.e.,* the previous year.

1. **Bookings under Minor Head 800-Other Expenditure and 800-Other Receipts:**

The Minor Head 800-Other Expenditure/800-Other Receipts is to be operated only when the appropriate minor head has not been provided in the accounts. Routine operation of Minor Head 800 should be discouraged since it renders the accounts opaque.

During the year 2022-23, ₹2,830.11 crore under 65 Major Heads of accounts, constituting 16.04 *per cent* of the total Revenue and [Capital](file:///C:\Users\abc\AppData\Local\Welfare\AppData\Local\Temp\AG\Desktop\PNTA_18-19\kd_AND_ANNEXURE\kd_2_i_800_rcpt.txt) expenditure (₹17,643.21 crore) was classified under the Minor Head 800-Other Expenditure in the accounts. During the previous year 2021-22, ₹2,277.80 crore under 65 Major Heads of accounts, constituting 14.33 *per cent* of the total Revenue and [Capital](file:///C:\Users\abc\AppData\Local\Welfare\AppData\Local\Temp\AG\Desktop\PNTA_18-19\kd_AND_ANNEXURE\kd_2_i_800_rcpt.txt) expenditure (₹15,894.95 crore) was classified under the Minor Head 800-Other Expenditure in the accounts.

Similarly, ₹89.76 crore under 23 Major Heads of Account, constituting 0.56 *per cent* of the total Revenue Receipts (₹15,893.15 crore) was classified under Minor Head 800-Other Receipts in the accounts. During the previous year, ₹84.71 crore under 24 Major Heads of Account, constituting 0.60 *per cent* of the total Revenue Receipts (₹14,091.00 crore) was classified under Minor Head 800-Other Receipts in the accounts.

*This has reference to Statements 14, 15 and 16 of the Finance Accounts.*

1. **Transfer of funds to** [**Personal Deposit (PD) Accounts**](file:///F:\Users\om\AppData\Local\Microsoft\Windows\Temporary%20Internet%20Files\Content.Outlook\AppData\Local\Temp\Rar$DIa0.889\PD.doc)**:**

The PD accounts enable designated Drawing Officers to incur expenditure for specific purposes pertaining to a scheme.

During 2022-23, an amount of [₹](file:///C:\Users\abc\AppData\Local\ag\AppData\Local\Downloads\KDs%20_PNTA%20_NTA\KD_Transfer_PD%20ACCOUNTS%20DR%20CR.doc)0.01 crore was transferred to these PD Accounts. This includes negligible amount of ₹464 transferred in March 2023, while no amount was transferred on the last working day of March 2023.

The Administrators of Personal Deposit Account had not reconciled and verified their balances with the treasury figures and annual verification certificates were also not furnished by them to the Treasury Officer for onward submission to Accountant General office.

**Table 1:** [**Details of the PD**](file:///F:\Users\om\AppData\Local\Microsoft\Windows\Temporary%20Internet%20Files\Content.Outlook\AppData\Local\Temp\Rar$DIa0.889\Fa_21.rtf) **accounts as on 31 March 2023**

**(₹ in crore)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Opening Balance  as on April 2022** | | **Addition during  the year 2022-23** | | **Closed/Withdrawal  during the  year 2022-23** | | **Closing Balance  as on 31 March 2023** | |
| **Number of Administrators** | **Amount** | **Number of Administrators** | **Amount** | **Number of Administrators** | **Amount** | **Number of Administrators** | **Amount** |
| 2 | 3.25 | Nil | 0.01 | Nil | Nil | 2 | 3.26 |

**Table 2:** [**Details of the PD**](file:///F:\Users\om\AppData\Local\Microsoft\Windows\Temporary%20Internet%20Files\Content.Outlook\AppData\Local\Temp\Rar$DIa0.889\Fa_21.rtf) **accounts as on 31 March 2022**

**(₹ in crore)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Opening Balance  as on April 2021** | | **Addition during  the year 2021-22** | | **Closed/Withdrawal during the  year 2021-22** | | **Closing Balance  as on 31 March 2022** | |
| **Number of Administrators** | **Amount** | **Number of Administrators** | **Amount** | **Number of Administrators** | **Amount** | **Number of Administrators** | **Amount** |
| 2 | 3.18 | Nil | 0.07 | Nil | Nil | 2 | 3.25 |

*The relevant figures are available in Statement No. 21 of the Finance Accounts.*

1. **Unadjusted** [**Abstract Contingent (AC) Bills**](file:///F:\Users\om\AppData\Local\Microsoft\Windows\Temporary%20Internet%20Files\Content.Outlook\AppData\Local\Temp\Rar$DIa0.889\AC%20DC%20BIL1.doc)**:**

Financial rules (Rule 290 of Central Treasury Rules) envisage that no moneys should be drawn from government treasury unless it is required for immediate disbursement. In emergent circumstances, Drawing and Disbursing Officers (DDOs) are authorized to draw sums of money through Abstract Contingent (AC) bills. In terms of the Central Treasury Rules, and adopted by the Government of Manipur, DDOs are required to present Detailed Countersigned Contingent (DCC) bills containing vouchers in support of final expenditure. However, there is no provision of time limit fixed for submission of DCC bills to enforce financial discipline. Delayed submission or prolonged non submission of supporting DCC bills renders expenditure through AC bills opaque.

Out of 470 AC bills amounting to ₹2,419.29 crore drawn during the year 2022-23, [225 AC bills amounting to ₹](file:///C:\Welfare\AppData\Local\Temp\AG\Desktop\PNTA_18-19\KD_PNTA_18-19\kd_2_iii_AC%20DC%20BILL.docx)679.56 crore (28.09 *per cent*) were drawn in March 2023. During 2022-23, 80 AC bills amounting to ₹261.15 crore were clear which includes 49 AC bills amounting to ₹108.93 crore drawn in 2022-23. DCC bills in respect of a total of 1672 AC bills amounting to ₹5,293.81 crore as on 31.03.2023 were not received. Details of unadjusted AC bills as on 31 March 2023 pending submission of the DCC bills are given below:

**Table 3: Details of unadjusted AC bills as on 31 March 2023**

|  |  |  |
| --- | --- | --- |
| **Year** | **No. of unadjusted AC Bills** | **Amount (₹ in crore)** |
| Upto 2021-22 | 1,251 | 2,983.45 |
| 2022-23 | 421 | 2,310.36 |
| **Total** | **1,672** | **5,293.81** |

**Table 4: Details of unadjusted AC bills as on 31 March 2022**

|  |  |  |
| --- | --- | --- |
| **Year** | **No. of unadjusted AC Bills** | **Amount (₹ in crore)** |
| Upto 2020-21 | 1,063 | 1,970.35 |
| 2021-22 | 219 | 1,165.32 |
| **Total** | **1,282** | **3,135.67** |

1. **Utilisation Certificates (UCs) for Grants-in-Aid not received:**

In terms of Rules 238 (1) of the GFR 2017 as adopted by the Government of Manipur, Utilization Certificates (UCs) in respect of Grants-in-Aid received by the grantee should be furnished by the grantee to the authority that sanctioned it, within 12 months of the closure of the financial year. To the extent of non-submission of UCs, there is a risk that the amount shown in Finance Accounts may not have reached the beneficiaries.

During the year 2022-23, ₹3,573.55 crore pertaining to 3466 outstanding UCs of previous years was cleared which includes 744 UCs which were drawn in 2021-22. The position of outstanding UCs as on 31.03.2023 is given below:

**Table 5: Position of outstanding UCs as on 31.03.2023**

|  |  |  |
| --- | --- | --- |
| **Year\*** | **Number of UCs Outstanding** | **Amount (₹ in crore)** |
| Upto 2021-22 | 5,001 | 11,808.44 |
| 2022-23 | 594 | 2,175.52 |
| **Total** | **5,595** | **13,983.96** |

\* The year mentioned above relates to “Due year” *i.e.*, after 12 months of the closure of the financial year.

Note: Additions during the year 2022-23 for an amount of ₹2635.16 crore involving 1508 numbers of UCs is due in the year 2023-24.

**Table 6: Position of outstanding UCs as on 31.03.2022**

|  |  |  |
| --- | --- | --- |
| **Year** | **Number of UCs Outstanding** | **Amount (₹ in crore)** |
| Upto 2020-21 | 6,318 | 11,082.01 |
| 2021-22 | 1,405 | 3,569.88 |
| **Total** | **7,723** | **14,651.89** |

*This has reference to the Statement 10 and Appendix III of the Finance Accounts.*

1. **Interest Adjustment:**

Government is liable to pay/adjust interest in respect of balances under category J‑Reserve Funds (a. Reserve Funds bearing interest) and K-Deposit and Advances (a. Deposits bearing interest), and for this purpose, specific Sub-Major Heads are provided in the List of Major and Minor Heads of Account.

Details of these Funds/Deposits and interest paid by the Government during the year 2022‑23 are given below:

**Table 7: Details of Funds/Deposits and interest paid by the Government during the year 2022-23**

***(₹ in crore)***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Funds/Deposits** | **Balance**  **on 1 April, 2022** | **Basis for calculation of interest** | **Interest due** | **Interest paid** | **Interest short paid** |
| 8342-Other Deposits/  117-Defined Contribution Pension Scheme for Government Employees | 182.76 | Interest calculated as per the rate of interest notified by the Government/payable to General Provident Fund  (7.1 *per cent*) | 12.98 | Nil | 12.98 |
| 8121-General and Other Reserve Funds/  129-State Compensatory Afforestation Fund (SCAF) | 273.27 | As per circulars issued by the Ministry of Environment, Forest & Climate Change (3.35 *per cent*) | 9.15 | Nil | 9.15 |
| 8336- Civil Deposits  800- Other Deposits | 2.36 | Interest calculated at the rate on Ways and Means Advance (5.49 *per cent*) | 0.13 | Nil | 0.13 |
| 8121-General and Other Reserve Funds/  122-State Disaster Response Fund | 63.41 | Interest calculated at the rate on Ways and Means Advance (7.49 *per cent*). | 4.75 | Nil | 4.75 |
| **Total** | | | **27.01** | **Nil** | **27.01** |

Non-payment/short payment of the interest amounting to ₹27.01 crore has resulted in understatement of Revenue Expenditure by ₹27.01 crore.

*This has reference to figures in Statements 15, 21 and 22 of the Finance Accounts.*

1. **Guarantees given by the Government:**

In terms of the Manipur Ceiling on Government Guarantees Act, 2004, the total outstanding Government Guarantees as on the first day of April of any year shall not exceed thrice the State’s Own Tax Revenue Receipts of the second preceding year. During the year, the amount guaranteed by the State Government is [₹](file:///C:\Users\abc\AppData\Local\ag\AppData\Local\Downloads\KDs%20_NTA\KD_Guarantee%202019-20_.xls)308.61 crore. The outstanding guarantees of ₹868.55 crore as on 1 April 2022, worked out to 22.37 *per cent* of thrice the State’s Own Tax Revenue Receipts for the year 2020-21 and are within the limits prescribed.

During 2022-23 no amount was received by the State Government towards guarantee commission. Under the Manipur Ceiling on Government Guarantee Act 2004, the Government shall charge a minimum of one *per cent* of the guaranteed amount as guarantee commission which works out to ₹3.09 crore.

*The relevant figures are available in Statements 9, 14 and 20 of the Finance Accounts.*

1. **Expenditure on Ecology and Environment:**

The expenditure incurred by the State Government towards environment is depicted in the Finance Accounts to the level of Minor Head under various functional head of accounts. During the year 2022-23, the Government of Manipur incurred expenditure of ₹12.20 crore against the budget allocation of ₹28.07 crore under Major Heads 3435-Ecology and Environment. During the previous year 2021-22, the Government of Manipur incurred expenditure of ₹33.52 crore against the budget allocation of ₹39.04 crore under Major Heads 3435-Ecology and Environment.

*This has reference to Statement 15 of the Finance Accounts.*

1. **Expenditure relating to unforeseen/extraordinary events:**

During the year 2022-23, the Government of Manipur incurred ₹19.41 crore (₹216.60 crore in previous year) on relief measures relating to unforeseen/extraordinary events (*e.g.*, COVID-19 Pandemic) under Major Heads 2210 and 2245. The entire amount of ₹19.41 crore was Revenue Expenditure.

The Government had not received any amount from the Central Government for this purpose, being grants in aid/central assistance, *etc*., during 2022-23.

*This has reference to Statements 2, 4, 5, 14, 15 and 16 of the Finance Accounts.*

1. **Writing off of Central Loans:**

Further to the recommendations of the Thirteenth Finance Commission, Ministry of Finance, Government of India, in February 2012, had written off loans advanced to the State Government by various Ministries (except those advanced by the Ministry of Finance itself) as on 31 March 2010, towards Central Plan and Centrally Sponsored Schemes. Ministry of Finance permitted the State Governments to adjust the excess repayments of principal and interest made from the effective date of the order (31 March 2010) and its implementation against future repayments to the Ministry of Finance. The Government of Manipur had made excess repayment of ₹7.08 crore to end of 31 March 2014 of which, Ministry of Finance has so far adjusted ₹ 2.99 crore.

*This has reference to Statement 17 of the Finance Accounts.*

1. **Loans given by the State Government:**

In respect of old loans amounting to ₹152.83 crore involving 10 entities, recoveries of principal has not been effected during the past several years, which includes loan pending since the year 1969-70.

Terms and conditions of repayment of loans have not been settled for loans amounting to ₹210.93 crore to Statutory Bodies/Other entities (details are in additional disclosures to Statement 18 of the Finance Accounts). Consequently, the receivables of the State Government on this account could not be estimated.

The Principal Accountant General (A&E) annually communicates loan balances (where detailed accounts are maintained by the Principal Accountant General) to the loan sanctioning departments for verification and acceptance. However, no loanees have confirmed the balances. Details of information awaited from Departmental Officers for Reconciliation of Balances have been provided in Appendix-VII of the Finance Accounts.

*This has reference to Statements 7 & 18 of the Finance Accounts.*

1. **Committed Liabilities:**

In terms of the Twelfth Finance Commission recommendations, action has been initiated by the Central Government to move towards accrual basis of accounting. However, as the transition would occur in stages, for a changeover to the accrual-based system of accounting, some additional information in the form of statement is required to be appended to the present system of cash accounting to ensure more transparency in decision-making. The State Government has furnished information on Committed Liabilities, and the same has been reflected in Appendix-XII of the Finance Accounts.

1. **Restructuring of Centrally Sponsored Schemes (CSSs)/Additional Central Assistance (ACA) excluding Block Grants:**

Consequent to the merger of Plan/Non-Plan classification, the Central Assistance release is now classified as Central Assistance/Share under Centrally Sponsored Schemes.

The total expenditure booked under Centrally Sponsored Schemes, as on 31 March 2023, is ₹4,424.03 crore (Revenue Expenditure ₹2,697.80 crore and Capital Expenditure ₹1,726.23 crore) which includes expenditure of ₹317.26 crore of State share for Centrally Sponsored Schemes (State Share of CSS-Revenue Expenditure ₹191.77 crore + Capital Expenditure ₹125.49 crore).

*This has reference to Statements 15 and 16 of the Finance Accounts.*

1. **Direct transfer of Central Scheme Funds to Implementing Agencies in the State (Funds routed outside State Budget):**

As per the PFMS portal of the CGA, ₹749.45 crore was directly transferred to the implementing agencies in the State during 2022-23, which include transfer to intermediaries/beneficiaries.

The direct transfer of fund to the implementing agencies has decreased by 26.91 *per cent* as compared to 2021-22 (from ₹1,025.36 crore to ₹749.45 crore) in 2022-23. Details are in *Appendix-VI of the Finance Accounts*.

*This has reference to Statements 15 and 16 of the Finance Accounts.*

1. **Off-Budget Liabilities of State Government:**

Off-Budget Borrowing is a liability of the Government in as much as the principal and the interest thereon invariably are serviced through the Government Budget, either as assistance or grant to State entity. During the year 2022-23, the State Government of Manipur provided ₹28.98 crore as Assistance/Grants on account of off budget borrowings. In addition to the off budget borrowing, implicit subsidies to the power utility of ₹120.00 crore on account of non-recovery of cost was also provided in the year.

1. **Transfer of funds to Single Nodal Agency (SNA):**

Ministry of Finance, Government of India vide letter No.1(13)PFMS/FCD/2020 dated 23-03-2021 had notified procedures for release of funds under Centrally Sponsored Scheme (CSS) and monitoring utilization of the funds released through Single Nodal Agency (SNA). For each CSS, SNA is set up with own Bank Account in scheduled Commercial Bank authorized to conduct Government business by the State Government. As per the procedure, the State Government is to transfer the Central share received in its accounts to the concerned SNA’s account alongwith corresponding State share.

The State Government received ₹3,262.51 crore being Central share during the year 2022-23 in its Treasury Accounts. As on 31 March 2023, the Government transferred Central share of ₹3,502.73 crore received in Treasury Accounts and State share of ₹399.76 crore to the SNAs. The total transfer was through AC Bills. Detailed vouchers and supporting documents of actual expenditure were not received by AG office from the SNAs. As informed by the State Government, ₹1,248.85 crore are lying unspent in the bank accounts of SNAs as on 31 March, 2023.

1. **Contingency Fund:**

There is no Contingency Fund of the Government of Manipur.

1. **Public Account:**
2. **National Pension System (NPS):**

During the year 2022-23, total contribution to the NPS which is a Defined Contribution Pension Scheme was ₹449.65 crore (Employees’ contribution ₹230.07 crore and Government’s contribution ₹219.58 crore). The detailed information on Government contribution is available in Statement No. 15 of the Finance Accounts. The Government transferred [₹449.65 crore](file:///C:\Users\abc\AppData\Local\Welfare\AppData\Local\Temp\AG\Desktop\PNTA_18-19\KD_AND_ANNEXURE_2017-18\KD_3_(i)_Liability.docx) to the Public Account under Major Head 8342-117 Defined Contribution Pension scheme and the Government also transferred ₹440.47 crore to the NSDL. The Government’s contribution to the NPS was less by ₹10.49 crore, which resulted in understatement of Revenue Expenditure.

1. **(A) Reserve Funds bearing Interest:**
2. **State Disaster Response Fund (SDRF):** In terms of guidelines on constitution and administration of the State Disaster Response Fund (under Major Head- ‘8121 General & Other Reserve Funds’ which is under interest bearing section), the Central and State Governments are required to contribute to the fund in the proportion of 90:10. During the year 2022-23, the State Government received ₹35.20 crore as Central Government’s share. The State Government’s share during the year was ₹3.91 crore. The State Government did not transfer Central share and State share to the Fund under Major Head 8121-122 SDRF. Non-transfer of ₹39.11 crore (Central Share and State Share) to the fund resulted in understatement of Revenue expenditure is given in Para 6. The State received no amount from the Central Government towards NDRF.

**(b) State Disaster Mitigation Fund:** The State Disaster Mitigation (SDMF) is to be constituted under section 48 (1) (c) of the Disaster Management Act, 2005. The Fund is exclusively for the purpose of mitigation project in respect of disaster covered under State Disaster Response Fund (SDRF)/National Disaster Response Fund (NDRF) guidelines and the State specific local disaster notified by the State Government from time to time. The State Government has not created the SDMF as on 31-March 2023 under Major Head 8121-130-State Disaster Mitigation Fund.

During the year 2022-23, the State Government did not receive any fund from the Central Government.

**(c) State Compensatory Afforestation Fund:** In compliance with the instructions issued by the Ministry of Environment, Forests and Climate Change, Government of India, the State Governments are required to establish the State Compensatory Afforestation Fund under interest bearing section in Public Account of the State for amounts received from user agencies for undertaking Compensatory Afforestation.

During the year 2022-23, the State Government did not receive any amount from the user agencies. The Government also did not receive any amount from National Compensatory Afforestation Deposit. The State Government did not transfer any amount to the Fund under Major Head-8121-129-State Compensatory Afforestation Fund in Public Account as on 31 March 2023.The total balance in the State Compensatory Afforestation Fund as on 31 March 2023 was ₹250.65 crore.

**(B) Reserve Funds not bearing Interest:**

**(a)** **Consolidated Sinking Fund:** The Government of Manipur set up the Consolidated Sinking Fund for amortization of loans in 2008-09. According to the guidelines of the Fund, States may contribute a minimum of 0.5 *per cent* of their outstanding liabilities (internal debt + public account) as at the end of the previous year to the Consolidated Sinking Fund.

In the year 2022-23, Government of Manipur did not contribute to the Fund as against ₹76.77 crore required to be contributed to the Fund. However, during the year 2022‑23, State Government received ₹168.86 crore as interest from the R.B.I. booked under 8222-101 and re-invested in the Fund. The total accumulation of the Fund was ₹1,221.23 crore as on 31 March 2023 (₹1,052.37 crore as on 31 March 2022). The impact of non-contribution of ₹76.77 crore to the Fund resulted in understatement of Revenue expenditure is given under Para 6.

**(b) Guarantee Redemption Fund:** The State Government constituted the Guarantee Redemption Fund to be administered by the RBI. The latest amendment to the Fund notification issued by the State Government, effective from the year 2013-14, stipulates that the State Government shall initially contribute a minimum one *per cent* and thereafter at the rate of 0.5 *per cent* of outstanding guarantees at the end of the previous year to achieve a minimum level of 3 *per cent* in next five years. The Fund shall be gradually increased to a desirable level of 5 *per cent* in next five years.

During the year 2022-23, State Government received ₹29.04 crore as interest from the RBI booked under Major Head 8235-117. The total accumulation of the Fund was ₹250.53 crore as on 31 March 2023 (₹221.49 crore as on 31 March 2022), which constitutes 28.84 *per cent* of total outstanding guarantees, which is above the desirable level of 5 *per cent*.

*Transactions in the Fund are depicted in Statements 21 and 22 of the Finance Accounts.*

**(c)** **Central Road and Infrastructure Fund (CRIF):** The erstwhile Central Road Fund (CRF) has been renamed as the Central Road and Infrastructure Fund (CRIF) vide GoI’s Gazette notification dated 31-03-2018. The CRIF will be used for development and maintenance of National Highways, Railway projects, improvement of safety in Railways, State and Rural roads and other infrastructure, etc.

In terms of the extant accounting procedure, the grants received by the State from the Centre are to be initially booked as Revenue Receipts under Major Head 1601. Thereafter, the amount so received is to be transferred by the State Government to the Public Account under Major Head 8449-103-Central Road and Infrastructure Fund through functional Major Head(s).

During the year 2022-23, the State Government received grants of ₹13.81 crore towards CRIF. The State Government did not transfer ₹13.81crore to the Fund in the Public Account as this Fund has not been created as on 31 March 2023.

Further, as per the Finance Accounts, during 2022-23, the Government of Manipur has incurred expenditure of ₹14.76 crore under Head of Account Major Head-5054-Capital Outlay on Roads and Bridges-05- Roads -337- Road Works (Central Road and Infrastructure Fund) out of the grant which includes ₹13.81 crore out of ₹14.76 crore.

1. [**Suspense and Remittance Balances**](file:///F:\Users\om\AppData\Local\Microsoft\Windows\Temporary%20Internet%20Files\Content.Outlook\AppData\Local\Temp\Rar$DIa0.889\Fa_21.rtf)**:**

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balance under these heads, worked out by aggregating the outstanding debit and credit balances separately under various heads, was ₹1,014.87 (Dr) crore under Suspense and Remittance Heads as on 31 March 2023 as against (₹910.35 (Dr) crore as on 31 March 2022).

Non-clearance of outstanding balances under these heads affects the accuracy of receipt/expenditure figures and balances under different heads of Accounts (which are carried forward from year to year) of the State Government.

1. **Cheques and Bills**:

Major Head 8670-Cheques and Bills has been inoperative since 1975-76 with a debit balance of ₹0.01 crore.

1. **Building and other Construction Workers Welfare Cess:**

The Government of India enacted the Building and Other Construction Workers Welfare Cess Act, 1996 (Cess Act) to levy and collect cess for providing benefits to the workers.

During the year 2022-23, the Government collected ₹0.82 crore (2021-22: ₹0.22 crore) as Labour Cess under Major Head 0045/112 and no amount was transferred (2021-22: Nil) to the Building and Other Construction Workers Welfare Board. The un‑transferred amount from the Major Head 0045/112 was ₹39.39 crore as on 31 March 2023 which included un-transferred balance of previous years ₹38.57 crore. The impact of non-transfer of Labour Cess of ₹0.82 crore has resulted in understatement of Revenue Expenditure.

1. **Other Cess/fee/surcharge :**

During the year 2022-23, the Government did not collect any cess/fee/surcharge*.*

1. **Adverse Balance:**

No minus balances appear in the accounts during 2022-23.

1. **Cash Balance:**

The Cash balance as on 31 March 2023 as per the record of Accountant General was ₹154.59 crore (Credit) and that reported by the RBI was ₹1.13 crore (Debit). There was a net difference of ₹153.46 crore (Credit), mainly due to misclassification by Banks and Treasuries. The difference is under reconciliation.

*The relevant figures are available in Statement No. 21 of the Finance Accounts*.

The Cash balance as on 31 March 2022 as per the record of Accountant General was  
₹7.06 crore (Credit) and that reported by the RBI was ₹1.26 crore (Debit). There was a  
net difference of ₹5.80 crore (Credit), mainly due to misclassification by Banks and  
Treasuries.

1. **Impact on revenue expenditure:**

The impact on revenue expenditure of misclassifications/non-compliance to statutory provisions on the states’ finances as brought out in the preceding paras is tabulated below:

|  |  |  |  |
| --- | --- | --- | --- |
| **Para Number** | **Item** | **Overstatement of revenue expenditure**  **(₹ in crore)** | **Understatement of revenue expenditure**  **(₹ in crore)** |
| 3(vii) | Interest Adjustment | … | 27.01 |
| 5(i) | Short transfer of Employer’s share to Defined Contribution Pension Scheme. | … | 10.49 |
| 5(ii)(A)(a) | Non-contribution of State matching share in State Disaster Response Fund (SDRF) | … | 3.91 |
| 5(ii)(A)(a) | Non-transfer of Central share of SDRF to Public account under MH 8121 | … | 35.20 |
| 5(ii)(B)(a) | Non-contribution to Consolidated Sinking Fund. | … | 76.77 |
| 5(v) | Building and other Construction Workers Welfare Cess: | … | 0.82 |
| **Total Impact** | | **…** | **154.20**  **Understatement** |