

## PREFACE

1. *This Report has been prepared for submission to the Governor under Article 151 of the Constitution.*
2. *Chapters I and II of this Report contain Audit findings on matters arising from examination of Finance Accounts and Appropriation Accounts respectively of the State Government for the year ended 31 March 2009.*
3. *Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives issued during the current year.*
4. *Audit observations on matters arising from performance reviews and audit of transactions in various departments including the Public Works and Irrigation and Flood Control Departments, audit of stores and stock, audit of autonomous bodies, audit of revenue receipts and departmentally run commercial undertakings for the year ended 31 March 2009 are included in a separate Report.*
5. *The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.*

# **Executive Summary**

## **Background**

**T**his Report on the Finances of the Government of Manipur is being presented to the State Legislature, along with the Finance and Appropriation Accounts, with a view to assess objectively the financial performance of the State during the year 2008-09. 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, an effort has been 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 2008-09. A comparison has been made to see whether the State has given adequate fiscal priority to developmental, social sector and capital expenditure compared to other States in the country and whether the expenditure has been effectively absorbed by the intended beneficiaries.

The Comptroller and Auditor General (C&AG) have been commenting upon the Government's finances for over three years since the FRBM legislation and have published three Reports already. Since these comments formed part of the Civil Audit Report, it was felt that the audit findings on State finances remained camouflaged in the large body of audit findings on compliance and performance audits. The obvious fallout of this well-intentioned but all-inclusive reporting was that the financial management portion of these findings did not receive proper attention. In recognition of the need to bring State finances to centre-stage once again, a stand-alone Report on State Government finances is considered an appropriate audit response to this challenge. Accordingly, from the report year 2009 onwards, C&AG have decided to bring out a separate volume titled "Report on State Finances."

## **The Report**

Based on the audited accounts of the Government of Manipur for the year ending March 2009, this Report provides an analytical review of the Annual Accounts of the State Government. The Report is structured in three Chapters.

**Chapter 1** is based on the audit of Finance Accounts and makes an assessment of the Government of Manipur's fiscal position as on 31 March 2009. It provides an insight into trends in committed expenditure, borrowing pattern besides a brief account of Central funds transferred directly to the State implementing agencies.

**Chapter 2** 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 3** is an inventory of Manipur Government's compliance with various reporting requirements and financial rules.

### **Audit findings and recommendations**

**Fiscal correction:** Though the State had achieved two out of four targets as set out in the FRBM Act, 2005, the prospect of achieving the other two targets of containing salary expenditure and fiscal deficit within a limit looks bleak due to impending revision of pay (Para 1.1 and Table 1.2).

**Greater priority to capital expenditure:** There is an urgent need to ensure that the increased spending under capital heads materialise in actual asset creation and are not merely utilised for financing cost over-run of on-going projects (Para 1.4.1). An internal control mechanism should be put in place to watch if the Government money is expended prudently so that there is value for money and is channelised for the beneficiaries.

**Review of Government investments:** The average return on Manipur Government's investment in corporations, companies and co-operative institutions varied between zero and 0.08 *per cent* in the past five years against average interest outgo ranging from 6.69 to 9.88 *per cent* (Para 1.6.2). This is obviously an unsustainable proposition. The State Government should, therefore, hasten to seek better value for money in investments. Otherwise, high-cost borrowed funds invested in projects with low financial return will continue to strain the economy. Time has come to revisit the working of State-owned public sector undertakings and work out either a revival strategy or close down the continually loss making companies.

**Prudent cash management:** To match the State's flow of resources with its expenditure obligations, retention of cash balances need to be minimised. During 2008-09, interest receipts, as percentage of outstanding loans and advances was 0.29 whereas interest paid by the Government as percentage of outstanding liabilities was 6.46 (Para 1.6.3). Proper debt management through advance planning could reduce the need for the State Government to hold large cash surplus.

**Debt sustainability:** The Government should ideally keep the debt-GSDP ratio stable. The State's increment in non-debt receipt should as far as possible keep in pace with the increment in Total Expenditure so that recourse to borrowed funds to meet the State's expenditure is avoided and put the economy in the path of debt stabilization. Maintaining a calendar of borrowings to avoid bunching towards the end of the fiscal year and a clear understanding of the maturity profile of debt payments will go a long way in prudent debt management (Para 1.8).

**Oversight of funds transferred directly from the GoI to the State implementing agencies:** As long as these funds remain outside the State budget, there is no single agency monitoring its use and there is no readily available data

on how much is actually spent in any particular year on major flagship schemes and other important schemes which are being implemented by State implementing agencies but are funded directly by the GoI (Para 1.2.2). A system has to be put in place to ensure proper accounting of these funds and the updated information should be validated by the State Government as well as the Accountant General (Accounts and Entitlement).

**Financial management and budgetary control:** This chapter deals with the position of actual expenditure against 51 Grants/Appropriations during 2008-09. It is observed that there is an overall saving of Rs. 413.92 crore and excess expenditure of Rs. 102.87 crore during 2008-09. This excess expenditure of 2008-09 compounded with an excess expenditure amount of Rs. 2585.67 crore pertaining to 1997-2002 and 2007-08, require regularisation by the Legislature under Article 205 of the Constitution of India. Rush of expenditure was also observed towards the end of the year. There were 20 cases in which 100 *per cent* expenditure was incurred during March 2009. The Abstract Contingent Bills amounting to Rs.1013.28 crore had not been adjusted for long periods of time which is fraught with the risk of mis-appropriation and therefore needs to be monitored closely.

It should also be ensured that there is no error in budget preparation such as operation of unauthorised/incorrect heads of accounts, non-observance of correction slip and incorrect allocation of provision.

**Financial Reporting:** This chapter provides an account of the Manipur Government's compliance with various reporting requirements and financial rules. There were also delays in placement of Separate Audit Reports to Legislature and huge arrears in finalisation of accounts by the ADC/Autonomous Bodies. Out of 50 departments/Autonomous District Councils/Corporations, only four replies were obtained to ascertain the status of non-adjustment of temporary advances, misappropriation, losses *etc.*

# Chapter I

## Finances of the State Government

This chapter provides a broad perspective of the finances of the Government of Manipur during the current year and analyses critical changes in the major fiscal aggregates relative to the previous year keeping in view the overall trends during the last five years.

### 1.1 Summary of Current Year's Fiscal Transactions

The table below presents the summary of the State Government's fiscal transactions during the current year (2008-09) *vis-à-vis* the previous year while **Appendix 1.4** provides details of receipts and disbursements as well as overall fiscal position during the current year.

**Table 1.1 Summary of Current Year's Fiscal Operations**

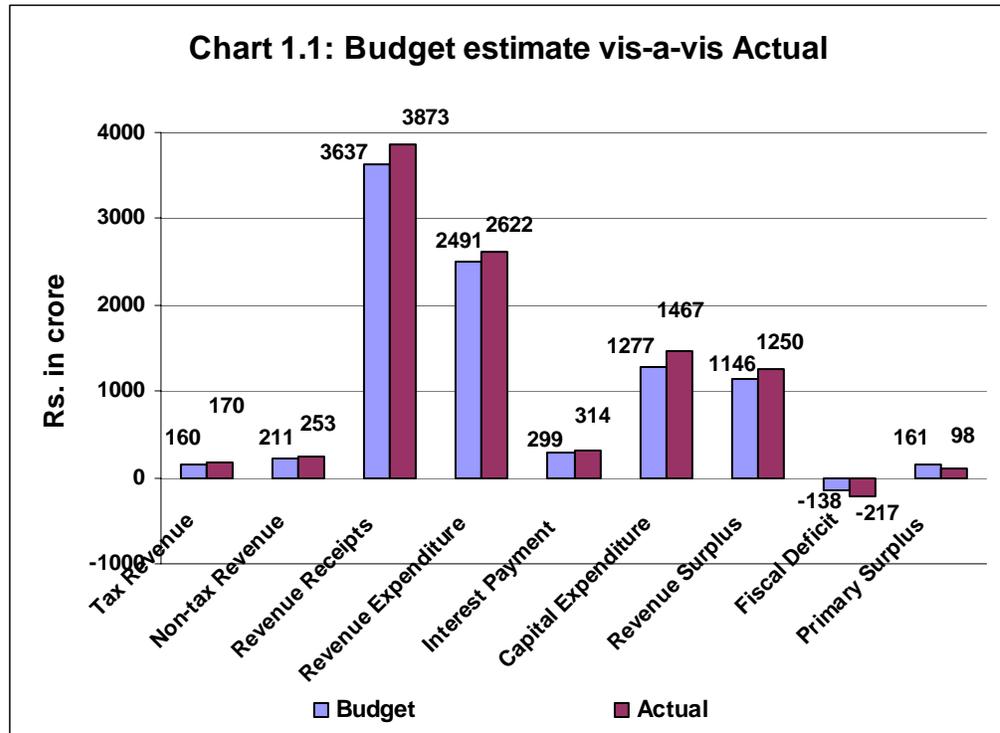
		(Rupees in crore)					
2007-08	Receipts	2008-09	2007-08	Disbursements	2008-09		
Section-A: Revenue					Non - Plan	Plan	Total
3,508.27	Revenue receipts	3,872.62	2,292.52	Revenue expenditure	2,132.23	490.05	2,622.28
147.45	Tax revenue	170.07	931.94	General services	1,091.03	3.58	1,094.61
164.71	Non-tax revenue	253.46	718.23	Social services	571.58	231.47	803.05
550.40	Share of Union Taxes/ Duties	580.81	642.35	Economic services	469.62	255.00	724.62
2645.71	Grants from Government of India	2,868.28	-	Grants-in-aid and Contributions	-	-	-
Section-B: Capital							
-	Misc. Capital Receipts	-	1,107.92	Capital Outlay	3.01	1463.79	1,466.80
2.29	Recoveries of Loans and Advances	0.66	7.97	Loans and Advances disbursed	0.34	0.74	1.08
261.01	Public Debt receipts*	314.54	307.75	Repayment of Public Debt*			309.79
-	Contingency Fund	-	-	Contingency Fund			-
2481.01	Public Account receipts	2,847.66	1,953.25	Public Account disbursements			2,559.71
(-) 42.94	Opening Cash Balance	540.23	540.23	Closing Cash Balance			616.05
<b>6,209.64</b>	<b>Total</b>	<b>7,575.71</b>	<b>6,209.64</b>	<b>Total</b>			<b>7,575.71</b>

\* Excluding net transactions under ways and means advances and overdraft.

Following are the significant changes during 2008-09 over the previous year:

- Revenue receipts grew by Rs.364.35 crore (10 *per cent*) over the previous year. The increase was mainly contributed by tax revenue (Rs.23 crore), Non-tax revenue (Rs.89 crore), State's share of Union Taxes and Duties (Rs.30 crore) and Grants-in-aid from Government of India (Rs.223 crore). The revenue receipts at Rs.3,873 crore is, however, higher by Rs.641 crore than the assessment made by the State Government in its Fiscal Correction Path (FCP) (Rs.3,232 crore), but lower by Rs.236 crore than the assessment made in its Medium Term Fiscal Policy Statement (MTFPS) (Rs.3,637 crore) for the year 2008-09.
- Revenue expenditure and Capital expenditure increased by Rs.330 crore (14 *per cent*) and Rs.359 crore (32 *per cent*) respectively over the previous year. The revenue expenditure was higher by Rs.185 crore than the FCP (Rs.2,437 crore) and by Rs.131 crore than the MTFPS (Rs.2,491 crore). Capital expenditure was higher by Rs.353 crore than the FCP (Rs.1,114 crore) but lower by Rs.131 crore than the MTFPS (Rs.1,598 crore);
- Disbursement of Loans and Advances and recoveries of the same decreased by Rs.7 crore (86 *per cent*) and Rs.1.63 crore (71 *per cent*) respectively over the previous year;
- Public Debt receipts and repayments increased by Rs.54 crore (21 *per cent*) and Rs.2 crore (1 *per cent*) respectively over the previous year; thus, net receipts increased by Rs.52 crore;
- Public Accounts receipts and disbursements increased by Rs.367 crore (15 *per cent*) and Rs.606 crore (31 *per cent*) over the previous year. Thus, net receipts decreased during the year by Rs.239 crore; and
- Cash balance of the State increased by Rs.76 crore (14 *per cent*) over the previous year.

Chart 1.1 presents the budget estimates and actuals for some important fiscal parameters during 2008-09.



The above chart depicts that Revenue Receipts exceeded the budget estimate by Rs.236 crore and Revenue expenditure exceeded the budget estimate by Rs.131 crore, resulting Revenue Surplus of Rs.1,250 crore against budget estimate of Rs.1,146 crore. However, due to excess expenditure on account of Interest payment and Capital expenditure *vis-à-vis* budget estimate, the fiscal deficit exceeded its budget projection by Rs.79 crore. The performance of the State during 2008-09 in terms of key fiscal targets set for selected variables laid down in the Fiscal Responsibility and Budget Management Act, 2005 (FRBM), Fiscal Correction Path (FCP) and Medium Term Fiscal Policy Statement (MTFPS) *vis-à-vis* achievements are given in the table below.

**Table 1.2**  
**Trends in Major fiscal parameters/variables vis-à-vis projections for 2008-09**

Fiscal variables	Targets as per FRBM Act	Projections made in		Actual
		FCP	MTFPS	
Revenue Deficit	0.00 (by 31.3.2009)	795.39	1,145.82	1,250.34
Fiscal Deficit	--	(-) 18.88	(-) 137.60	(-) 216.88
Fiscal Deficit/ GSDP (per cent)	3 per cent of GSDP (by 31.3.2009)	0.34	1.64	3.42
State's outstanding guarantees	Not to exceed thrice the State's own tax revenue receipts of the second preceding year i.e. Rs.364.71 crore.	87.34	-	274
Salary expenditure	35 per cent of revenue expenditure net interest payment and pension i.e. Rs.714.36 crore.	866.58	1,011.43	1,094.75

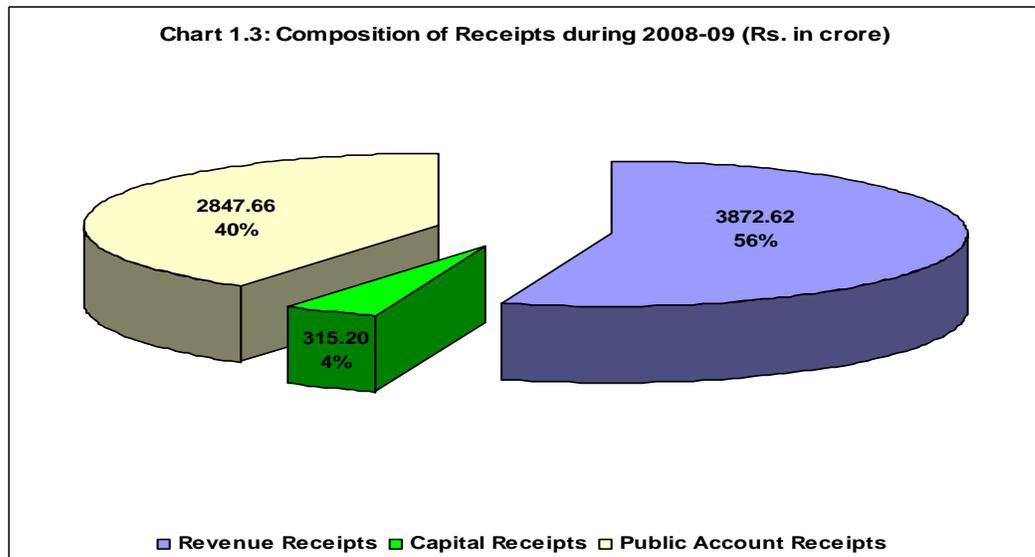
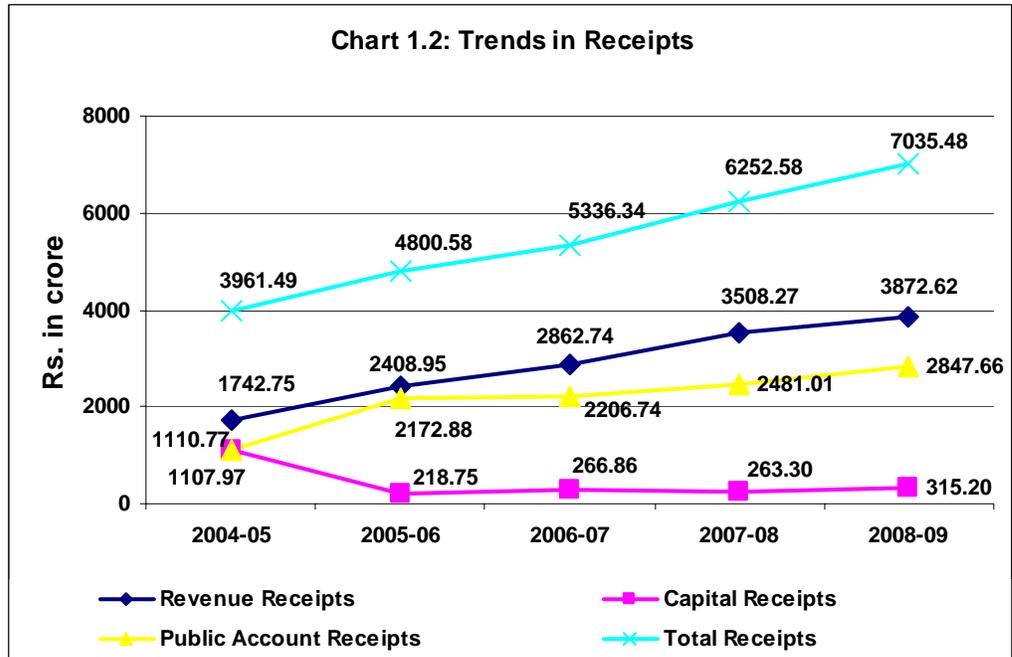
The above table reveals that except for containing Revenue Deficit and State's guarantees vis-à-vis FRBM targets, none of the FRBM/FCP/MTFPS targets could be achieved. *Fiscal surplus (Rs.102 crore) of last year made a turn around this year to a fiscal deficit of Rs.217 crore. This was mainly due to increase in expenditure by Rs.683 crore while revenue receipts could increase by Rs.364 crore only. The GSDP of the State was not able to match the pace of expenditure and therefore fiscal deficit as percentage of GSDP could not achieve none of the targets set by the Government in their FRBM Act/FCP and MTFPS.*

## **1.2 Resources of the State**

### **1.2.1 Resources of the State as per Annual Finance Accounts**

Revenue and capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of tax revenues, non-tax revenues, State's share of union taxes and duties and grants-in-aid from the Government of India (GoI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI as well as accruals from Public Account. **Table-1.1** presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts while **Chart 1.2** depicts the trends in various components of the receipts of the

State during 2004-09. **Chart 1.3** depicts the composition of resources of the State during the current year.



- Revenue Receipts of the State increased by 122 per cent from Rs.1,743 crore in 2004-05 to Rs.3,873 crore in 2008-09.
- Tax revenue remained stagnant at about four per cent of Revenue Receipts whereas non-tax revenue increased from 4 per cent (2004-05) to 7 per cent (2008-09) of the total Revenue Receipts.

- State's share of Union taxes and duties and Grants-in-aid from GoI contributed about 90 *per cent* of the Revenue Receipts during 2004-09 and thus remained the main contributor of Revenue Receipts of the State.

### **1.2.2 Funds Transferred to State Implementing Agencies outside the State Budgets**

The Central Government has been transferring a sizeable quantum of funds directly to the State Implementing Agencies<sup>1</sup> for the implementation of various schemes/programmes in social and economic sectors recognized as critical especially for human and social development of population. As these funds are not routed through the State Budget/State Treasury System, Annual Finance Accounts do not capture the flow of these funds and to that extent State's receipts and expenditure as well as other fiscal variables/ parameters derived from them are understated. During 2008-09, the Government of India has transferred an amount of around Rs.643 crore<sup>2</sup> to the Implementing Agencies. Significant amount released for major programmes/schemes are detailed in the table below:

**Table-1.3: Funds transferred directly to State Implementing Agencies**

(Rs. in crore)

Sl. No.	Programme/Scheme	Implementing Agency in the State	Total fund released by the GoI during 2008-09
1	National Rural Employment Guarantee Scheme (NREGS)	Project Director, District Rural Development Agencies	365.56
2	National Rural Health Mission (NRHM)	Manipur State Health Society	89.54
3	Pradhan Mantri Gram Sadak Yojana (PMGSY)	State PMGSY Implementing Agencies	20.00
4	Indira Awas Yojana (IAY)	District Rural Development Agencies	16.45
5	Integrated Watershed Management Programme DPAP, DDP, IWDP & DLR	District Rural Development Agencies	11.27
6	National AIDS Control including STD Control	Manipur State AIDS Control Society	11.06
7	National Afforestation Programme	District Forest Department	9.51
8	Swarnajayanti Gram Swarajgar Yojana (SGSY)	District Rural Development Agencies	6.77
9	National Bamboo Mission	Principal Chief Conservator of Forest	6.22
10	Member of Parliament Local Area Development Scheme (MPLADS)	District Authority	6.00
11	District Rural Development Agencies (DRDA) Administration	District Rural Development Agencies	4.71
12	Swarna Jayanti Shahari Rozgar Yojana (SJSRY)	District Rural Development Agencies	4.46
13	Sharva Siksha Abhiyan (SSA)	State Mission Authority	3.21
	<b>Total</b>		<b>554.76</b>

Source: Website of Controller General of Accounts.

The above table shows that an amount of Rs.365.56 crore (about 57 *per cent* of the total funds transferred) was given for National Rural Employment Guarantee Programme and Rs.89.54 crore (about 14 *per cent*) for National Rural Health Mission. With the transfer of an amount of around Rs.643 crore directly by GoI to

<sup>1</sup> State Implementing Agency includes any Organization/Institution including Non-Governmental Organization which is authorized by the State Government to receive the funds from the Government of India for implementing specific programmes in the State, e.g. State Implementation Society for SSA and State Health Mission for NRHM *etc.*

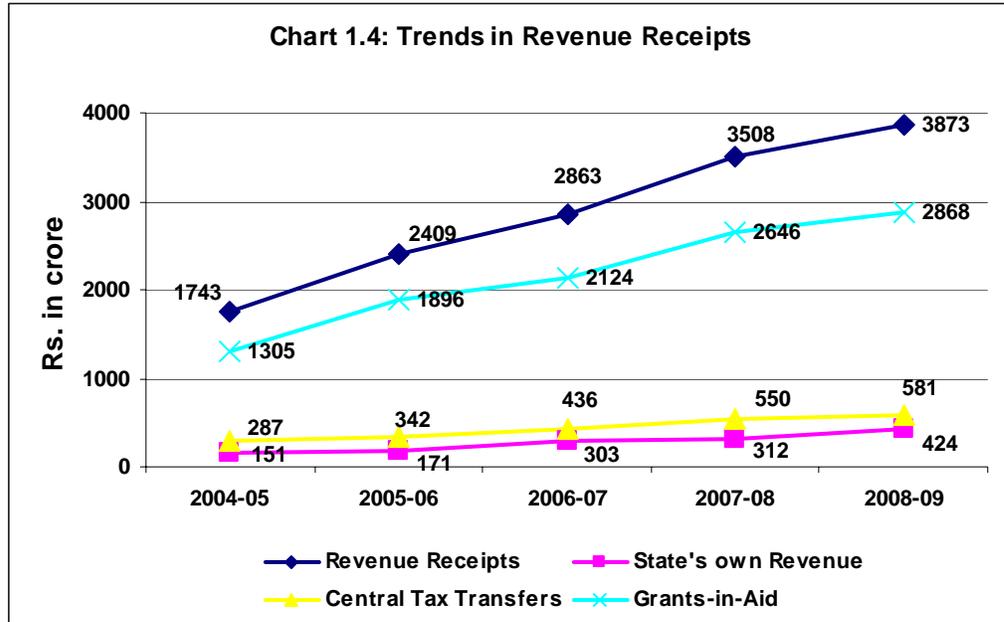
<sup>2</sup> Information as obtained from the website of Controller General of Accounts

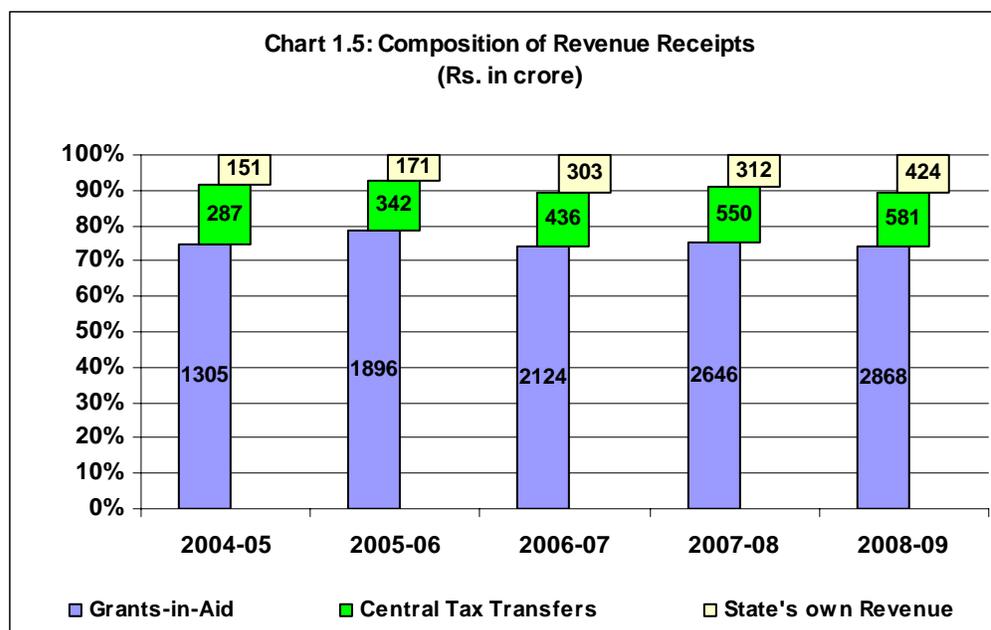
the State Implementing Agencies, the total availability of State resources during 2008-09 had increased from Rs.7,035.48 crore to Rs.7,678.48 crore during the current year.

Direct transfers from the GoI to the State implementing agencies run the risk of poor oversight. Unless uniform accounting practices are followed by all these agencies and there is proper documentation and timely reporting of expenditure, it will be difficult to monitor the end use of these direct transfers.

### 1.3 Revenue Receipts

Statement-11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts consist of its own tax and non-tax revenues, central tax transfers and grants-in-aid from GoI. The trends and composition of revenue receipts over the period 2004-09 are presented in **Appendix 1.3** and also depicted in **Charts 1.4** and **1.5** respectively.





The trends in revenue receipts relative to GSDP are presented in the table below:

**Table 1.4: Trends in Revenue Receipts relative to GSDP**

	2004-05	2005-06	2006-07	2007-08	2008-09
<b>Revenue Receipts (RR) (Rupees in crore)</b>	<b>1,743</b>	<b>2,409</b>	<b>2,863</b>	<b>3,508</b>	<b>3,873</b>
Rate of growth of RR ( <i>per cent</i> )	22.75	38.21	18.85	22.53	10.40
GSDP (Rupees in crore)	4568	5065	5343	5704	6344
Rate of growth of GSDP ( <i>per cent</i> )	14.80	10.88	5.49	6.76	11.22
R R/GSDP ( <i>per cent</i> )	38.16	47.56	53.58	61.50	61.05
<b>Buoyancy Ratios<sup>3</sup></b>					
Revenue Buoyancy w.r.t GSDP	1.54	3.51	3.43	3.33	0.93
State's Own Tax Buoyancy w.r.t GSDP	1.29	1.59	5.18	3.03	1.39
Revenue Buoyancy with reference to State's own taxes	1.19	2.21	0.66	1.10	0.66

(Source: Directorate of Economics and Statistics)

Revenue growth during 2005-08 was more than three times that of GSDP growth. However, during 2008-09 the Revenue buoyancy was less than one as Revenue Receipts grew by 10.40 *per cent* during the current year as compared to GSDP growth of 11.22 *per cent*.

State's Own Tax buoyancy with respect to GSDP increased from 1.59 in 2005-06 to 5.18 in 2006-07 mainly due to increase in Own Tax Revenue collection due to introduction of VAT. The State's Own Tax during 2007-08 remained buoyant and was more than three times that of GSDP growth. However, due to sharp increase in GSDP growth from 6.76 *per cent* from last year to 11.22 *per cent* during the current year, the Own Tax Revenue increased by only 1.39 *per cent* for every one

<sup>3</sup> Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by one *per cent*.

*per cent* increase in GSDP, indicating less buoyancy of the State's Own Tax during the current year as compared to GSDP.

### **1.3.1 State's Own Resources**

As the State's share in Central taxes and grants-in-aid are determined on the basis of recommendations of the Finance Commission, collection of Central tax receipts and Central assistance for plan schemes *etc.*, the State's performance in mobilization of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources.

The contribution of Tax revenue to the Total Revenue Receipts of the State ranged around 4 *per cent* during 2004-09. Tax revenue increased by Rs.23 crore from Rs.147 crore in 2007-08 to Rs.170 crore in 2008-09. The increase in tax revenue during 2008-09 over the previous year was mainly due to increase of Rs.21 crore in sales tax (VAT).

Non-tax Revenue as a percentage of Total Revenue increased marginally from 3 *per cent* to about 6 *per cent* since 2006-07 due to devolution of Rs.37.54 crore each year as debt waiver under DCRF<sup>4</sup>. Non-tax Revenue increased by Rs.89 crore over the previous year mainly due to increase in realization of interest on cash balance investment (Rs.12 crore), Miscellaneous General Services (Rs.39 crore) and Power (Rs.26 crore).

Central tax transfers increased by Rs.31 crore from Rs.550 crore in 2007-08 to Rs.581 crore in 2008-09 and constituted 15 *per cent* of the Revenue Receipts of the year. The increase was mainly due to increase in Corporation tax (Rs.16 crore), Service tax (Rs.8 crore) and Custom (Rs.7crore).

Grants-in-aid constituted the major chunk of Revenue Receipts of State and contributed 74 *per cent* of its Revenue Receipts. The Grants-in-aid was enhanced by Rs.222 crore (8.39 *per cent*) from Rs.2,646 crore in 2007-08 to Rs.2,868 crore in 2008-09 mainly due to increase in grants for State plan scheme (Rs.73.33 crore), Centrally Sponsored Plan Scheme (Rs.124 crore) and grants for non-plan schemes (Rs.35 crore) offset by decrease in special scheme for North East Council (Rs.15.17 crore).

Increase in State Plan schemes was mainly due to increase in receipts of grants under Block Grants (Rs.96.05 crore). Grants under Centrally Sponsored Plan schemes increased due to receipt of increased grants under Ministry of Tourism (Rs.28.75 crore), Ministry of Minority Affairs (Rs.31.56 crore), Rural Electrification (Rs.27.19 crore), National Building Construction Corporation Ltd. (Rs.18.79 crore), Ministry of Housing and Urban Poverty Alleviation (Rs.9.74 crore).

The performance of the State in regard to mobilization of its own resources *vis-à-vis* assessments made by the TFC and the State Government in its FCP and MTFPS for the year 2008-09 is as under:

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<sup>4</sup> As a result of Debt Consolidation under 'Debt Consolidation and Relief Facility (DCRF) Scheme', the State received a debt waiver of Rs.37.54 crore during 2008-09.

(Rs. in crore)

Parameters	Assessment made by TFC	FCP	MTFPS	Actual
Tax Revenue	213.18	133.47	160.08	170.07
Non-Tax Revenue	58.34	143.42	211.38	253.46

The State could achieved the targets of Tax and Non-tax Revenue collection set in TFC/FCP/MTFPS except in case of Tax Revenue *vis-à-vis* TFC projection, which felt short by Rs.43.11 crore (25 per cent).

### ***1.3.2 Loss of Revenue due to Evasion of Taxes, Write off/Waivers and Refunds***

During 2008-09, evasion of tax amounting to Rs.116.48<sup>5</sup> crore due to non/short levy (including penalty) of Sales tax/VAT, show tax and professional tax, loss of revenue (energy charges) and non-realization of registration fee in 109 cases. The Government accepted the audit observations for an amount involving Rs.3.81 crore, out of which Rs.5.90 lakh had been recovered (December 2009).

### ***1.3.3 Revenue Arrears***

As of 31 March 2009, arrears of revenue amounted to Rs.10.56 crore (Sales tax – Rs.1.23 crore and Land revenue – Rs.9.33 crore), out of which Rs.5.74 crore of land revenue was outstanding for more than 5 years. Reasons for arrears of revenue were not on record.

## **1.4 Application of resources**

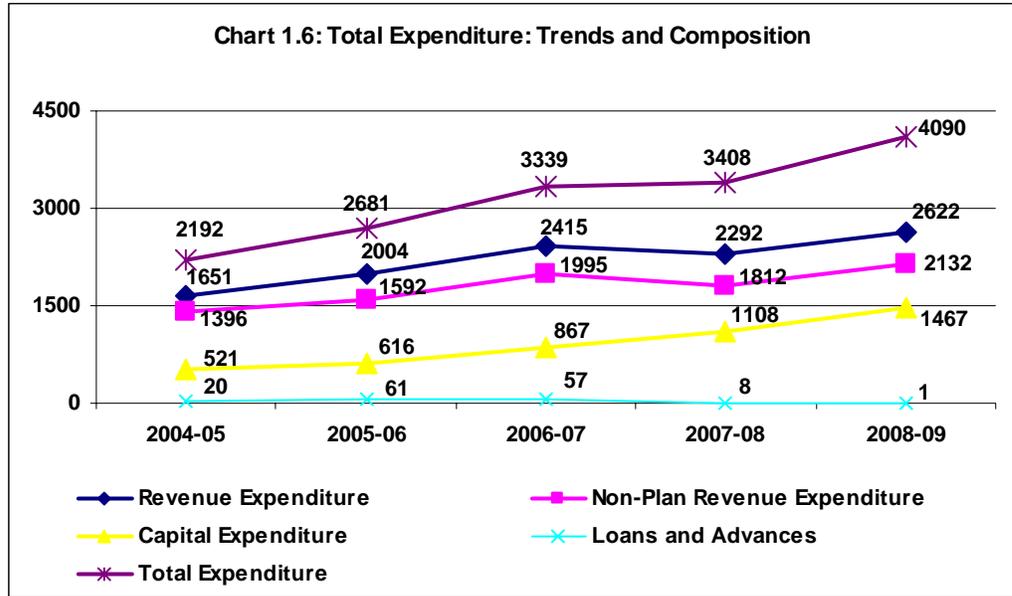
Analysis of the allocation of expenditure at the State Government level assumes significance since major expenditure responsibilities are entrusted with them. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising public expenditure financed by deficit or borrowings. It is therefore important to ensure that the ongoing fiscal correction and consolidation process at the State level is not at the cost of expenditure, especially expenditure directed towards development and social sectors.

### ***1.4.1 Growth and Composition of Expenditure***

**Chart 1.6** presents the trends in total expenditure over a period of five years (2004-09).

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<sup>5</sup> Rs.111.68 crore in 101 cases through Inspection Report and Rs.4.80 crore in 8 cases through Performance Reviews.



Statement-12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. The total expenditure of the State increased from Rs.2,192 crore in 2004-05 to Rs.4,090 crore in 2008-09 at an annual average rate of 21.64 per cent and increased by 20.01 per cent from Rs.3,408 crore in 2007-08 to Rs.4,090 crore in 2008-09. The Revenue expenditure increased from Rs.1,651 crore in 2004-05 to Rs.2,622 crore in 2008-09 at an annual average rate of 14.70 per cent. Of the Revenue expenditure, Non-Plan Revenue expenditure increased from Rs.1,396 crore in 2004-05 to Rs.2,132 crore in 2008-09 at an annual average rate of 13.18 per cent. Capital expenditure increased from Rs.521 crore in 2004-05 to Rs.1,467 crore in 2008-09 at an annual average rate of 45.39 per cent.

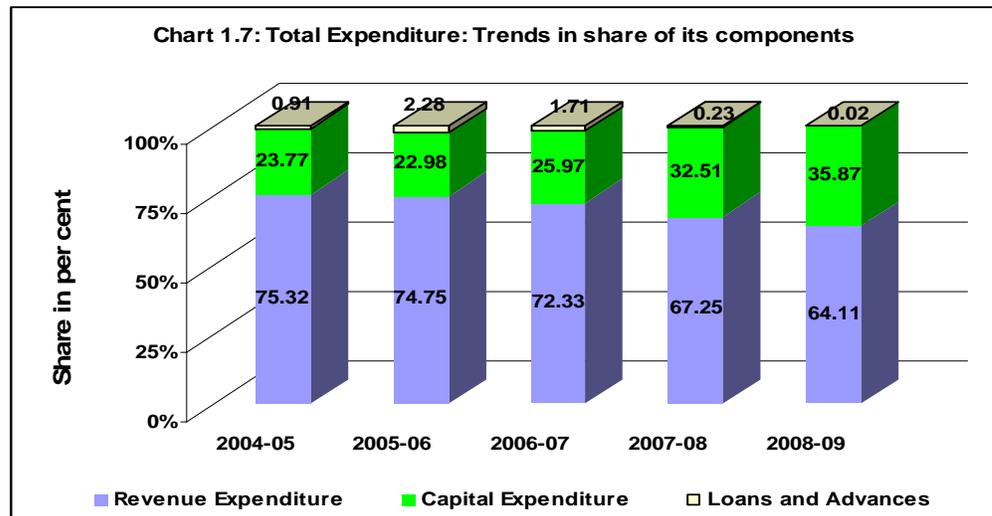
The break up of total expenditure during 2008-09 in terms of plan and non-plan expenditure reveals that while the share of plan expenditure constituted 47.80 per cent (Rs.1,954 crore), the remaining 52.20 per cent (Rs.2,135 crore) was non-plan expenditure of which Rs.2,132 crore was Non-plan Revenue expenditure. The increase in Total expenditure by Rs.682 crore during 2008-09 over the previous year was due to increase in Revenue expenditure by Rs.330 crore and Capital expenditure by Rs.359 crore offset by decrease in disbursement of loans and advances by Rs.7 crore.

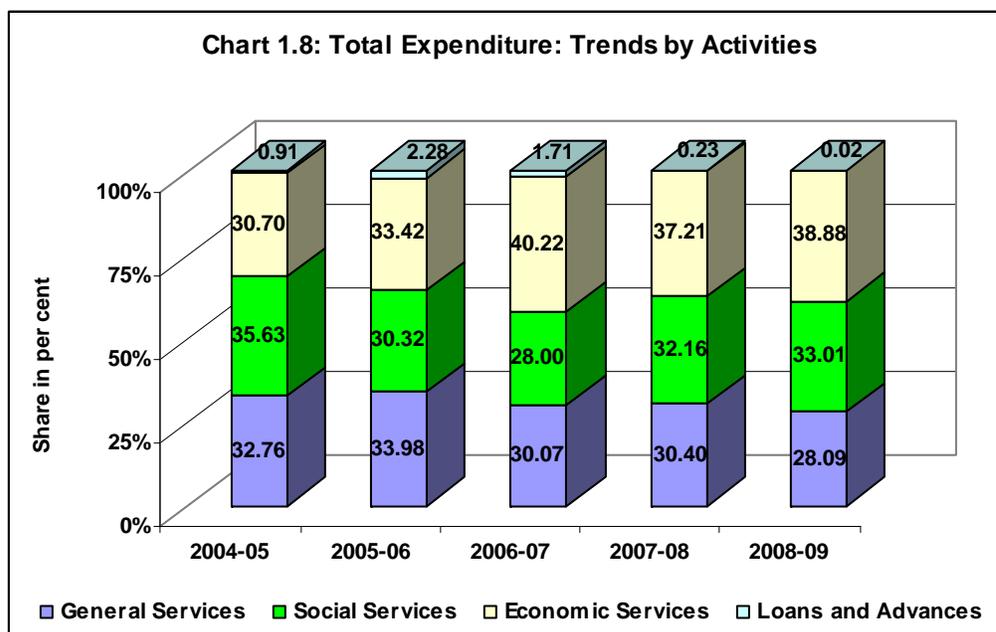
The increase in Revenue expenditure by Rs.330 crore during 2008-09 over the previous year was mainly due to increase in expenditure on Government Primary Schools (Rs.28.36 crore), Government Secondary Schools (Rs.15.66 crore), Urban and Rural Health Service (Allopathy) (Rs.10.96 crore), Housing (General Pool Accommodation) (Rs.9.02 crore), Non-plan Assistance to Local Bodies, Corporations, Urban Development Authorities etc. (Rs.17.92 crore), Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes (Rs.8.14 crore), Child Welfare (CSS) (Rs.9.78 crore) and Welfare of aged, infirm and destitute (Plan) (Rs.10.51 crore) in Social Sector and Special Area Programme (Rs.36.05

crore) and Energy (Rs.33.87 crore) in Economic Sector. The increase in Capital expenditure by Rs.359 crore over the previous year was mainly due to Major Irrigation (Plan) (Rs.92.64 crore), Urban and Rural Water Supply (Rs.69.57 crore), Flood Control (Rs.53.38 crore), Sericulture Industries (Rs.47.45 crore), Other Government Residential Buildings (Rs.40 crore), Welfare of Minorities (Rs.30.12 crore) and State Capital Development (Rs.24.43 crore), offset by construction of General Pool Accommodation (Rs.52.77 crore) and Art and Culture (Rs.31.46 crore).

*Audit of Accelerated Irrigation Benefits Programme covering Major Irrigation Projects in the State and Accelerated Rural Water Supply Programme, however, revealed that both the major irrigation projects viz. Thoubal Multipurpose Project and Khuga Multipurpose Project have not been completed for more than 20 years and most of the rural water supply schemes have not been successfully implemented. Thus, the increase in capital expenditure is mainly due to increase in cost overrun of projects/schemes that remained incomplete for years altogether, without actually creating any concrete assets.*

The decrease in loans and advances was mainly due to decrease in disbursement of other loans to Village Industries by Rs.4.12 crore and to Government servants by Rs.3.51 crore. The composition of total expenditure in terms of 'economic classification' and 'expenditure by activities' is depicted respectively in **Charts 1.7 and 1.8.**





In terms of activities, total expenditure could be considered as being composed of expenditure on General Services including interest payments, Social and Economic Services, Grants-in-aid and Loans and Advances. Expenditure on General Services and interest payments, which are considered as non-developmental, together accounted for 28.09 *per cent* in 2008-09 as against 30.40 *per cent* in 2007-08. On the other hand, development expenditure i.e., expenditure on Social and Economic Services together accounted for 71.89 *per cent* in 2008-09 as against 69.37 *per cent* in 2007-08. This indicates that there was decrease in non-developmental expenditure and increase in developmental expenditure in comparison to the previous year.

Revenue expenditure had predominant share in Total expenditure. Revenue expenditure is incurred to maintain the current level of services and payment for the past obligation and as such does not result in any addition to the State's infrastructure and service network. The overall revenue expenditure of the State increased from Rs.1,651 crore in 2004-05 to Rs.2,622 crore in 2008-09 at an annual average rate of 14.70 *per cent*. A comparison of Non-Plan Revenue Expenditure (NPRE) vis-à-vis assessment made by TFC/FCP/MTFPS revealed that NPRE could not be contained within the projections, as shown in the table below:

	(Rupees in crore)			
	TFC	FCP	MTFPS	Actual
Non-Plan Revenue Expenditure	1,690.15	1,913.61	1,934.50	2,132.23

NPRE increased by Rs.320 crore from Rs.1,812 crore from 2007-08 to Rs.2,132 crore during 2008-09. The increase was mainly due to Pension and other retirement benefits (Rs.61.31 crore), Police (Rs.56.24 crore), Interest on internal

debt (Rs.28.42 crore) and Government Primary Schools (Rs.28.36 crore) and Government Secondary Schools (Rs.15.66 crore).

The Plan Revenue Expenditure (PRE) increased by Rs.10 crore from Rs.480 crore in 2007-08 to Rs.490 crore in 2008-09, mainly due to increase in Social Welfare and Nutrition (Rs.22.38 crore), Special Areas Programmes (Rs.36.05 crore) partially offset by decrease in Agriculture and Allied activities (Rs.44.02 crore) and Sports and Youth Services (Rs.4.49 crore).

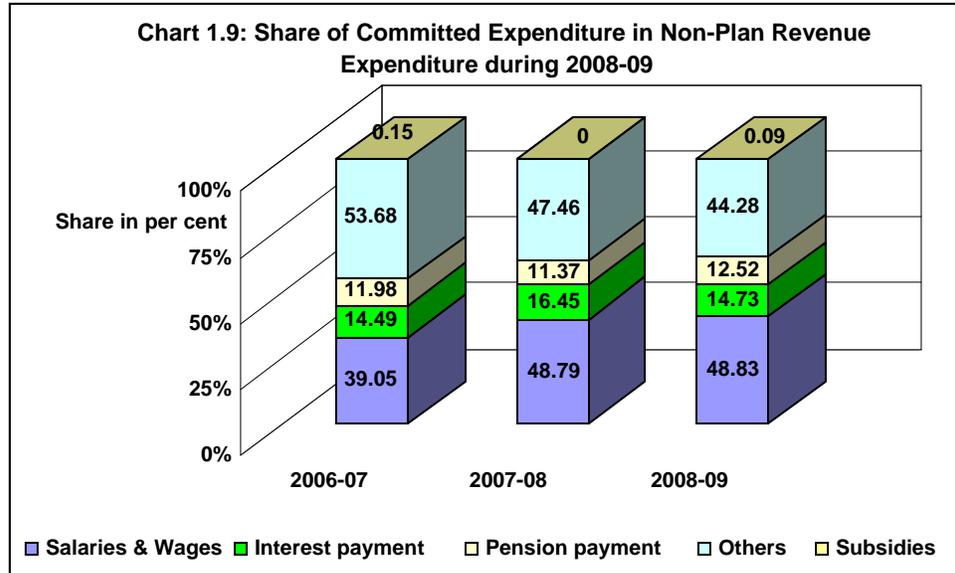
#### **1.4.2 Committed Expenditure**

The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. The **table below** and **Chart 1.9** present the trends in the expenditure on these components during 2004-09.

**Table-1.5: Components of Committed Expenditure**

Components of Committed Expenditure	2004-05	2005-06	2006-07	2007-08	(Rupees in crore)	
					2008-09	
					BE	Actual
Salaries & Wages , of which	731 (41.94)	872 (36.20)	813 (28.40)	928 (26.45)	1015 (27.91)	1095 (28.27)
<i>Non-Plan Head</i>	702	837	779	884	968	1041
<i>Plan Head</i>	29	35	34	44	47	54
Interest Payments	266 (15.26)	238 (9.88)	289 (10.09)	298 (8.49)	299 (8.22)	314 (8.11)
Expenditure on Pensions	182 (10.44)	168 (6.97)	239 (8.35)	206 (5.87)	218 (5.99)	267 (6.89)
Subsidies	3 (0.17)	3 (0.12)	3 (0.01)	-	6 (0.16)	2 (0.05)
Other Components	469 (26.91)	723 (30.01)	1,071 (37.41)	860 (24.52)	953 (26.20)	944 (24.38)
<b>Total</b>	<b>1,651</b> <b>(94.72)</b>	<b>2,004</b> <b>(83.91)</b>	<b>2,415</b> <b>(84.35)</b>	<b>2,292</b> <b>(65.34)</b>	<b>2491</b> <b>(68.49)</b>	<b>2,622</b> <b>(67.70)</b>

Figures in the parentheses indicate percentage to Revenue Receipts



Salaries alone accounted for more than 28 per cent of Revenue Receipts of the State during the year. It increased by about 18 per cent from Rs.928 crore in 2007-08 to Rs.1,095 crore in 2008-09. Salary expenditure under Non-plan head during 2008-09 increased by Rs.157 crore (17.76 per cent) over the previous year whereas the salary expenditure on plan head increased by Rs.10 crore (22.73 per cent) over the previous year. Expenditure on salaries during 2008-09 exceeded the assessment of the State Government in its FCP (Rs.867 crore) by Rs.228 crore and by Rs.84 crore against MTFPS projection (Rs.1,011 crore). The expenditure on salaries was 53.66 per cent of the Revenue expenditure, net of interest payments and pension as against TFC norm and FRBM Act target of 35 per cent and was nearly three times the State's own Revenue resources (Tax and Non-Tax Revenue), requiring special attention of the Government to confine it within the limits set by them.

Pension payments alone accounted for nearly 7 per cent of Revenue receipts of the State during 2008-09 and increased by Rs.61 crore (30 per cent) from Rs.206 crore last year to Rs.267 crore during 2008-09. While the pension payment exceeded the assessment by the Government in its FCP (Rs.259.98 crore) and MTFPS (Rs.224.94 crore), it was less than the normative assessment of TFC (Rs.269.89 crore). Increase of Rs.61 crore in pension payments during 2008-09 over the previous year was mainly due to increase in expenditure under superannuation and retirement allowances (Rs.16.54 crore), leave encashment benefits (Rs.14.81 crore), commutation (Rs.11.20 crore) and family pension (Rs.10.97 crore).

The State Government has adopted the new Restructured Defined Contribution Pension Scheme of the GoI *mutatis mutandis* in respect of new entrants to the State's service with effect from 1 January 2005. The contribution of the State Government employees covered under the new scheme increased from a closing balance of Rs.1.18 crore in 2006-07 to Rs.10.71 crore in 2008-09. However, the State Government had not contributed a matching share of the contribution of

employees. Thus, the liability of the Government would be increased by Rs.10.71 crore apart from Rs.1.09 crore as interest on the closing balance.

Interest payments alone accounted for nearly 8 per cent of the Revenue Receipts during 2008-09 and increased by Rs.16 crore (5 per cent) from Rs.298 crore last year to Rs.314 crore during 2008-09. The interest payment exceeded the assessment made by the State Government in its FCP (Rs.298.37 crore) and MTFPS (Rs.299.12 crore) but was less than the normative assessment of TFC (Rs.399.36 crore). Increase of Rs.16 crore was mainly due to appropriation to sinking funds (Rs.12.66 crore), increase in payment of interest on NSS funds (Rs.35.10 crore), partially offset by reduction in expenditure on interest on loans for Non-plan schemes (Rs.21.15 crore) and Management of Debt (Rs.7.79 crore). The major sources of borrowings of the State Government were (i) Market loans (Rs.1,452.45 crore), (ii) Loans from National Small Savings Fund of Central Government (Rs.857.83 crore), (iii) General Provident Funds (Rs.767.02 crore) and (iv) Non-Plan Loans from Central Government (Rs.606.49 crore).

#### **1.4.3 Financial Assistance by State Government to local bodies and other institutions**

The quantum of assistance provided by way of grants and loans to local bodies and others during the current year relative to the previous years is presented in the table below:

**Table 1.6: Financial Assistance to Local Bodies etc.**

Financial Assistance to Institutions	2004-05	2005-06	2006-07	2007-08	2008-09	
					BE	Actual
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	45.19	75.71	40.20	40.50	30.57	29.75
Municipal Corporations and Municipalities	2.12	1.84	0.87	1.93	9.20	19.90
Development Agencies	Nil	Nil	Nil	Nil	-	Nil
Hospitals and Other Charitable Institutions	Nil	Nil	Nil	Nil	-	Nil
Other Institutions	0.78	1.03	1.25	0.84	3.47	1.02
<b>Total</b>	<b>48.09</b>	<b>78.58</b>	<b>42.32</b>	<b>43.27</b>	<b>43.24</b>	<b>50.67</b>
Assistance as percentage of RE	2.91	3.92	1.75	1.89	1.73	1.94

The total assistance increased by Rs.7.39 crore from Rs.43.27 crore in 2007-08 to Rs.50.66 crore during the current year. Financial assistance to universities and educational institutions alone constituted 59 per cent of the total assistance of the State Government during 2008-09.

## **1.5 Quality of Expenditure**

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the quality of expenditure basically involves three aspects, viz., adequacy of the expenditure

(i.e. adequate provisions for providing public services); efficiency of expenditure use and the effectiveness (assessment of outlay-outcome relationships for selected services).

### 1.5.1 Adequacy of Public Expenditure

The expenditure responsibilities relating to social sector and economic infrastructure are largely assigned to the State Governments. Enhancing human development levels requires the States to step up their expenditure on key social services like, education and health *etc.* The low level of spending on any sector by a particular State may be either due to low fiscal priority attached by the State Government or on account of the low fiscal capacity of the State Government or due to both working together. The low fiscal priority (ratio of expenditure category to aggregate expenditure) is attached to a particular sector if it is below the respective national average while the low fiscal capacity would be reflected if the State's per capita expenditure is below the respective national average even after having a fiscal priority that is more than or equal to the national average. The table below analyses the fiscal priority and fiscal capacity of the State Government with regard to development expenditure, social sector expenditure and capital expenditure during the current year.

**Table-1.7: Fiscal Priority and Fiscal capacity of the State during 2005-06 and 2008-09**

<b>Fiscal Priority by the State</b>	<b>AE/GSDP</b>	<b>DE/AE</b>	<b>SSE/AE</b>	<b>CE/AE</b>
<b>All States/National Average* (Ratio) 2005-06</b>	<b>19.50</b>	<b>61.44</b>	<b>30.41</b>	<b>14.13</b>
<b>Manipur's Average (Ratio) 2005-06</b>	<b>57.13</b>	<b>66.02</b>	<b>30.32</b>	<b>22.98</b>
<b>All States/National Average* (Ratio) 2008-09</b>	<b>19.16</b>	<b>67.68</b>	<b>33.90</b>	<b>16.87</b>
<b>Manipur Average (Ratio)* 2008-09</b>	<b>64.47</b>	<b>71.87</b>	<b>33.01</b>	<b>35.86</b>
<b>Fiscal Capacity of the State</b>	<b>DE#</b>	<b>SSE</b>	<b>CE</b>	
<b>All States Average Per capita Expenditure 2005-06</b>	<b>3010</b>	<b>1490</b>	<b>692</b>	
<b>Manipur's per Capita expenditure (Amount in Rs.) in 2005-06</b>	<b>7696</b>	<b>3535</b>	<b>2678</b>	
<b>All States' Average per capita expenditure 2008-09</b>	<b>5,030</b>	<b>2,520</b>	<b>1254</b>	
<b>Manipur's per Capita Expenditure (Amount in Rs.) in 2008-09</b>	<b>12249</b>	<b>5626</b>	<b>6112</b>	
* As per cent to GSDP AE: Aggregate Expenditure DE: Development Expenditure SSE: Social Sector Expenditure CE: Capital Expenditure. Population of Manipur: 0.23 crore in 2005-06 and 0.24 crore in 2008-09. # Development expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Loans and Advances disbursed. Source : (1) For GSDP, the information was collected from the State's Directorate of Economics and Statistics (2) Population figures were taken from Projection 2001-2026 of the Registrar General & Census Commissioner, India (Website: <a href="http://www.censusindia.gov.in">http://www.censusindia.gov.in</a> ) Population = Average of Projected population for 2005 and 2006. Data for Arunachal Pradesh has not been included in All States average.				

The above table shows the fiscal priority given by the Government to different categories of expenditure in 2005-06 (the first year award period of TFC) and the current year (2008-09). In both the years, the State had much higher AE/GSDP ratio compared to All India Average. In DE and CE, the State's expenditure as a percentage of AE was much higher than the national average indicating that the State gave adequate priority to these two categories of expenditure. In SSE,

however, the SSE/AE ratio was marginally lower than the national average in both these years. Hence, there is a need to step up the priority given to SSE.

The per capita expenditure in DE, SSE and CE of the State in both the years was higher than the national average primarily because of low population of the State.

### **1.5.2 Efficiency of Expenditure Use**

In view of the importance of public expenditure on development heads from the point of view of social and economic development, it is important for the State Governments to take appropriate expenditure rationalization measures and lay emphasis on provision of core public and merit goods<sup>6</sup>. Apart from improving the allocation towards development expenditure<sup>7</sup>, particularly in view of the fiscal space being created on account of decline in debt servicing in recent years, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure. While **Table 1.8** presents the trends in development expenditure relative to the aggregate expenditure of the State during the current year *vis-à-vis* budgeted and the previous years, **Table 1.9** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of the selected social and economic services.

**Table-1.8: Development Expenditure**

Components of Development Expenditure	2004-05	2005-06	2006-07	2007-08	(Rupees in crore)	
					2008-09	
					BE	Actual
<b>Development Expenditure (a to c)</b>						
a. Development Revenue Expenditure	947 (43.20)	1,281 (47.78)	1,542 (46.18)	1,360 (39.91)	1,520 (40.24)	1,528 (37.36)
b. Development Capital Expenditure	507 (23.13)	428 (15.96)	402 (12.04)	482 (14.14)	1,219 (32.27)	1,412 (34.52)
c. Development Loans and Advances	20 (0.91)	60 (2.24)	52 (1.56)	4 (0.12)	7 (0.19)	1 (0.02)

Figures in parentheses indicate percentage to aggregate expenditure

<sup>6</sup> *Core public goods* are which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure *etc.* *Merit goods* are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation *etc.*

<sup>7</sup> The analysis of expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.

Development Revenue Expenditure increased by Rs.168 crore from Rs.1,360 crore last year to Rs.1,528 crore during the current year. However, as a percentage of total expenditure, it decreased from 39.91 *per cent* to 37.36 *per cent* during 2008-09. Development Capital Expenditure shot up by Rs.930 crore from Rs.482 crore last year to Rs.1,412 crore during 2008-09, which resulted in constituting a significant 34.52 *per cent* of total expenditure during the current year from 14.14 *per cent* last year. Compared to Development Loans and Advances of Rs.4 crore 2007-08, only Rs.1 crore was given during 2008-09.

**Table 1.9 –Efficiency of Expenditure Use in Selected Social and Economic Services**  
(In per cent)

Social/Economic Infrastructure	2007-08		2008-09	
	Share of CE to TE	Share of S&W in RE	Share of CE to TE	Share of S&W in RE
<b>Social Services (SS)</b>				
General Education	11.59	66.09	13.09	77.08
Health and Family Welfare	39.95	88.48	30.75	85.83
WS, Sanitation, & HUD	83.06	62.52	82.12	36.18
<b>Total (SS)</b>	<b>34.55</b>	<b>56.67</b>	<b>40.50</b>	<b>61.14</b>
<b>Economic Services (ES)</b>				
Agri & Allied Activities	1.67	40.57	14.66	54.89
Irrigation and Flood Control	80.54	75.85	88.02	74.07
Power & Energy	49.50	26.88	37.25	25.25
Transport	81.73	34.33	81.29	34.81
<b>Total (ES)</b>	<b>49.17</b>	<b>34.09</b>	<b>54.41</b>	<b>35.33</b>
<b>Total (SS+ES)</b>	<b>42.41</b>	<b>46.01</b>	<b>48.02</b>	<b>48.90</b>
TE: Total Expenditure inclusive of loans and advances of each sector/sub-sector/head; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages.				

Share of capital expenditure as ratio of total expenditure in respect of General Education increased from 11.59 *per cent* to 13.09 *per cent*. Share of Capital expenditure in respect of Health and Family Welfare decreased from 39.95 *per cent* to 30.75 *per cent* mainly due to decrease in Community Health Centre (Rs.26.90 crore) partially offset by increase in Primary Health Centres (Rs.5.30 crore) and Hospitals and dispensaries (Rs.9.94 crore). Though share of Capital expenditure in Water Supply, Sanitation and Housing and Urban Development remained stagnant around 82 *per cent*, there was increase of Rs.171.90 crore in this sub-sector mainly due to increase in Capital outlay on Urban and Rural Water Supply (Rs.69.57 crore), Capital outlay on Urban Development (Rs.63.24 crore) and Capital outlay on Housing (Rs.41.30 crore). Share of Capital expenditure in Agriculture and Allied Activities increased from 1.67 *per cent* to 14.66 *per cent* mainly due to increase in Capital Outlay on Social and Water Conservation (Rs.22.50 crore). In Irrigation and Flood Control, the increase of capital expenditure as a percentage of total expenditure from 80.54 *per cent* last year to 88.02 *per cent* this year was mainly due to increase in Capital outlay on Major Irrigation (Rs.92.64 crore) and Flood Control Projects (Rs.53.38 crore). The share in respect of Power and Energy declined from 49.50 *per cent* last year to 37.25 *per cent* in the current year mainly due to decrease of Plan Capital outlay on power projects by Rs.43.30 crore.

*The increase in capital expenditure was mainly due to sinking of resources in projects that remained incomplete for more than 20 years or which had not been implemented successfully.*

Under Social Services, salary and wages as percentage of Revenue expenditure under that sector increased from 56.67 *per cent* from last year to 61.14 *per cent* during 2008-09 and under Economic Services, it increased marginally from 34.09 *per cent* to 35.33 *per cent*. The overall percentage of salary and wages under these sectors increased from 46.01 *per cent* from last year to 48.90 *per cent* during 2008-09.

*There has been an increase of expenditure under salary and wages head in the development sectors even though the 6<sup>th</sup> pay revision is yet to be implemented in the State. Once the award is implemented, the expenditure under this Head could increase significantly.*

### **1.5.3 Effectiveness of the Expenditure, i.e. Outlay-Outcome Relationship**

Performance reviews indicating the outlay-outcome relationship are *inter-alia* included in the State Audit Report. The effectiveness of the expenditure as brought out in performance reviews *viz.*, (i) Accelerated Irrigation Benefits Programme, (ii) Accelerated Rural Water Supply Programme and (iii) Transition from Sales Tax to Value Added Tax (VAT) taken up during 2008-09 are summarized below:

#### **Box 1.1:- Accelerated Irrigation Benefits Programme**

Accelerated Irrigation Benefits Programme was launched with the main objective of accelerating completion of on-going irrigation/multi-purpose projects on which substantial investment had already been made and beyond the resource capability of the State Government. Two major projects, one medium project and 453 minor irrigation projects in the State were included under AIBP during 2004-09. Till March 2009, no major and medium projects could be completed, however, only 413 minor irrigation projects were completed though substantial amount of investment of Rs.1,213.63 crore had been made on these projects. Against targeted irrigation potential of 81,264 hectares, only 41,130 hectares (51 *per cent*) had been created. Out of the irrigation potential created so far 61 *per cent* was from minor irrigation projects. Productivity of major crops in the State either remained stagnant or improved marginally during 2004-09, indicating that the programme had little impact on agriculture production of the State. No evaluation studies were carried out to ascertain the success parameters and utilisation of the potential created in the State. As such, the objective of speedy development of irrigation potential and its eventual utilisation for the benefits of the farmers was not achieved to the desired extent in the State due to inherent deficiencies in planning, poor financial management, execution and monitoring of the projects.

### Box 1.2:- Accelerated Rural Water Supply Programme

The Accelerated Rural Water Supply Programme aimed at accelerating the coverage of uncovered habitations in rural areas with provision of safe and adequate drinking water, besides revival of traditional water sources. A performance review of the programme revealed poor planning, execution of works with time and cost overrun, inadequate monitoring of quality of water and short achievement of targeted objectives. Adequate drinking water was yet to be provided to 68 *per cent* habitations as of March 2009. Despite spending Rs.272 crore during 2004-09 on the programme, no evaluation studies had been carried out to ascertain the extent of the achievement of the objectives of the programme.

### Box 1.3:- Transition from Sales Tax to VAT System

A review on “Transition from Sales Tax to VAT System” revealed that no time limit was fixed by the department to bring all the eligible Pre-VAT dealers liable to be registered within the ambit of the VAT Act. Only 22 *per cent* of the dealers registered under repealed Sales Tax Act could be brought within the purview of the VAT Act. Important registers like “Register of receipt of returns”, “Register of defaulters”, “Register of casual dealers”, “Registers to watch the recovery of the arrears of tax, interest, penalty *etc.*” under the repealed Act and the VAT Act were not maintained.

Seven dealers did not pay tax of Rs. 1.58 crore for the period from 2005-06 to 2007-08. No action was taken by the department to recover the dues. The dealers were also liable to pay interest of Rs. 1.22 crore. Two dealers had defaulted in the payment of tax of Rs. 1.51 crore along with the relevant returns for the period from 2005-06 to 2007-08. The penalty of Rs. 45.64 lakh though leviable was not levied. Value added tax of Rs.24.08 lakh was required to be deducted at source from the bill of a contractor dealer, however, Rs. 7.87 lakh only were deducted from the bill of the contractor. This resulted in short deduction of VAT of Rs. 16.21 lakh.

## 1.6 Financial Analysis of Government Expenditure and Investments

In the post-FRBM framework, the State is expected to keep its fiscal deficit (and borrowing) not only at low levels but also meet its capital expenditure/investment (including loans and advances) requirements. In addition, in a transition to complete dependence on market based resources, the State Government needs to initiate measures to earn adequate return on its investments and recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidy and take requisite steps to infuse transparency in financial operations. This section presents the broad financial analysis of investments and other capital expenditure undertaken by the Government during the current year *vis-à-vis* previous years.

### 1.6.1 Incomplete projects

The department-wise information pertaining to incomplete projects of which the scheduled date of completion is already over as on 31 March 2009 is given in the table below:

**Table 1.10: Department-wise Profile of Incomplete Projects**

(Rs. in crore)					
Department	No. of Incomplete Projects	Initial Budgeted Cost	Revised Total Cost of Projects	Cost Over Runs	Cum. actual exp. as on 31.3.2009
<b>Irrigation</b>	9	26	NA	NA	14
<b>Power</b>	24	222	330*	108	139
<b>PWD</b>	2	4	NA	NA	3
<b>Water Supply</b>	11	25	26*	1	15
<b>Total</b>	<b>46</b>	<b>277</b>	<b>356</b>	<b>109</b>	<b>171</b>

\* In 10 cases each where revised cost had not been indicated, the original cost has been taken as revised cost.

As of 31 March 2009, there were 46 incomplete projects each costing Rs.1 crore and above, involving total budgeted cost of Rs.277 crore on which expenditure of Rs.171 crore has already been incurred. The works on these projects were started between 1989-90 and November 2007. Most of these incomplete works were of power project and constituted 52 *per cent* of the incomplete projects. Due to delay in completion of the projects, the intended benefits from these projects did not reach the beneficiaries in the State. The reasons for delay in completion of the projects were not on record.

### 1.6.2 Investment and returns

As of 31 March 2009, Government had invested Rs.176 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives. The average return on this investment was 0.02 *per cent* in the last five years while the Government paid an average interest rate of 7.47 *per cent* on its borrowings during 2004-09. Details are shown in the table below:

**Table-1.11: Return on Investment**

Investment/Return/Cost of Borrowings	2004-05	2005-06	2006-07	2007-08	2008-09
Investment at the end of the year (Rs. in crore)	162	173	173	174	176
Return (Rs. in crore)	0.08	*	-	0.05	-
Return ( <i>per cent</i> )	0.05	-	-	0.03	-
Average rate of interest on Govt. borrowing ( <i>per cent</i> )	9.88	6.81	7.14	6.84	6.69
Difference between interest rate and return ( <i>per cent</i> )	9.83	6.81	7.14	6.81	6.69

\* Only Rs.2,730

Investments as on 31 March 2009 were made in two statutory corporations, 15 Government companies and 45 co-operative banks and institutions. Major investments were made in Manipur State Road Transport Corporation (Rs.41.56 crore), Manipur Spinning Mills Corporation Ltd. (Rs.33.89 crore), Manipur Handloom and Handicrafts Development Corporation Ltd. (Rs.11.79 crore) and Manipur State Co-operative Bank Ltd. (Rs.21.99 crore). Of these, Manipur State Road Transport Corporation has been liquidated and Manipur Spinning Mills Corporation Ltd. is under liquidation process since June 2003. However, the liquidation of the company is yet to be completed as of January 2010, reason of which was not on record.

### 1.6.3 Loans and advances by State Government

In addition to investments in co-operative societies, Corporations and Companies, Government has also been providing loans and advances to many of these institutions/ organizations. The table below presents the outstanding loans and advances as on 31 March 2009, interest receipts *vis-à-vis* interest payments during the last three years.

**Table-1.12: Average Interest Received on Loans Advanced by the State Government**

(Rupees in crore)

Quantum of Loans/Interest Receipts/ Cost of Borrowings	2006-07	2007-08	2008-09	
			BE	Actual
Opening Balance	137.76	193.11	198.79	198.78
Amount advanced during the year	56.85	7.97	9.24	1.08
Amount repaid during the year	0.90	2.29	3.00	0.66
<b>Closing Balance</b>	<b>193.71</b>	<b>198.79</b>	<b>205.03</b>	<b>199.20</b>
<i>Of which</i> Outstanding balance for which terms and conditions have been settled				
Net addition	55.95	5.68	6.24	0.41
Interest Receipts	0.70	0.56	-	0.58
Interest receipts as <i>per cent</i> to outstanding Loans and Advances	0.42	0.28	-	0.29
Interest payments as <i>per cent</i> to outstanding fiscal liabilities of the State Government	7.14	6.84	-	6.46
Difference between interest payments and interest receipts ( <i>per cent</i> )	6.72	6.56		6.17

Total amount of outstanding loans and advances as on 31 March 2009 was Rs.199 crore. Interest received against these loans and advances continued to be negligible and marginally improved from Rs. 0.56 crore in the previous year to Rs.0.58 crore in 2008-09. Against repayment of Rs.0.66 crore, an amount of Rs.1.08 crore was advanced during the current year. Major recipients of loans were for social security and welfare (Rs.130.34 crore), village and small industries (Rs.30.23 crore), Housing (Rs.18.13 crore) and co-operation (Rs.15.75 crore).

#### **1.6.4 Cash Balances and Investment of Cash balances**

It is generally desirable that State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatch in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances from RBI has been put in place. The operative limit for Normal Ways and Means Advances is reckoned on the three years average of revenue receipts and the operative limit for Special Ways and Means Advances is fixed by the RBI from time to time depending on the holding of Government securities. The limit for Normal Ways and Means Advances has been fixed at Rs.60 crore while Special Ways and Means Advances has been fixed up to a maximum of Rs.15.65 crore against the pledge of GoI securities.

The position of Ways and Means Advances and Overdraft is shown in the table below:

**Table 1.13: Ways and Means Advances and Overdrafts**

	(Rupees in crore)				
	2004-05	2005-06	2006-07	2007-08	2008-09
<b>Ways and Means Advance</b>					
Availed in the year	191.24	90.90	—	38.79	—
Outstanding WMAs	54.83	—	—	-	—
Interest paid	1.22	2.51	—	0.03	—
Number of days	35	127	—	7	—
<b>Overdraft</b>					
Availed in the year	50.31	6,520.20	—	—	—
Number of days	119	44	—	—	—
Interest paid	9.16	1.99	—	—	—

The State did not avail of any overdraft facility since 2006-07 and during the last three years (2006-09) ways and means advances was taken only in the previous year. The trends in cash balances of the State indicate that during 2006-07 the State had a negative balance of minus Rs.42.93 crore. However, due to huge revenue surplus to the tune of Rs.1,216 crore, the State could achieve a huge closing balance of Rs.540.23 crore at the end of 2007-08. The position of closing cash balance further improved to Rs.616.05 crore during 2008-09.

*In view of the improved cash position of the State, it is not advisable to accumulate large idle cash balances. The Government should identify a shelf of projects where the money can be productively invested. Alternatively, high cost loans can be identified and repaid so that debt servicing in future eases out.*

The table below depicts the cash balances and investments made by the State Government out of cash balances during the year.

Table-1.14: Cash Balances and Investment of Cash balances

Particulars	(Rs. in crore)		
	As on 1 April 2008	As on 31 March 2009	Increase(+)/ Decrease(-)
Cash Balances	540.23	616.05	(+)75.82
Investments from Cash Balances (a to d)	628.18	840.89	(+)212.71
<i>a. GoI Treasury Bills</i>	623.75	838.46	(+)214.71
<i>b. GoI Securities</i>	-	-	-
<i>c. Other Securities (Long term Investment)</i>	4.43	2.43	(-)2.00
<i>d. Other Investments</i>	-	-	-
Funds-wise Break-up of Investment from Earmarked balances (a to b)	-	13.66	(+)13.66
<i>a. Sinking Fund</i>	-	12.66	(+)12.66
<i>b. Guarantee Redemption Fund</i>	-	1.00	(+)1.00
Interest Realized	27.04	39.41	(+)12.37

The State Government has invested Rs.840.89 crore in GoI Treasury Bills and Long term Investment and earned Rs.39.41 crore during 2008-09. Further, the Government invested Rs.13.66 crore in Reserve Funds during 2008-09. The interest receipts against investment on cash balance was 4.69 *per cent* while the Government paid interest of Rs.314 crore at an average rate of interest of 6.69 *per cent*.

## 1.7 Assets and Liabilities

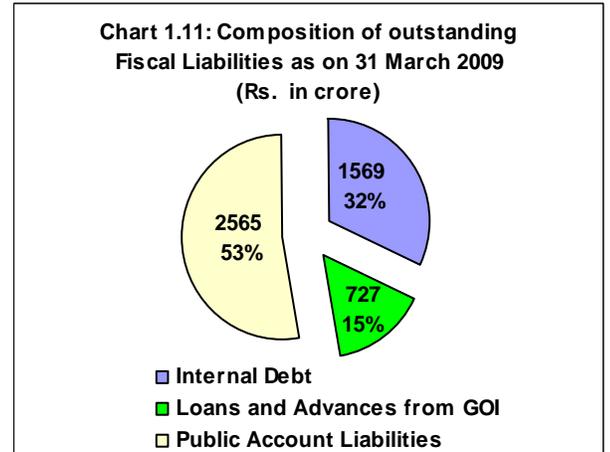
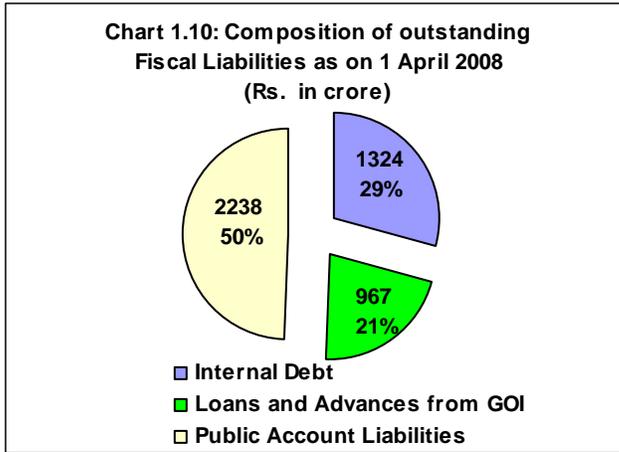
### 1.7.1 Growth and composition of Assets and Liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.4** gives an abstract of such liabilities and the assets as on 31 March 2009, compared with the corresponding position on 31 March 2008. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from the GoI, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

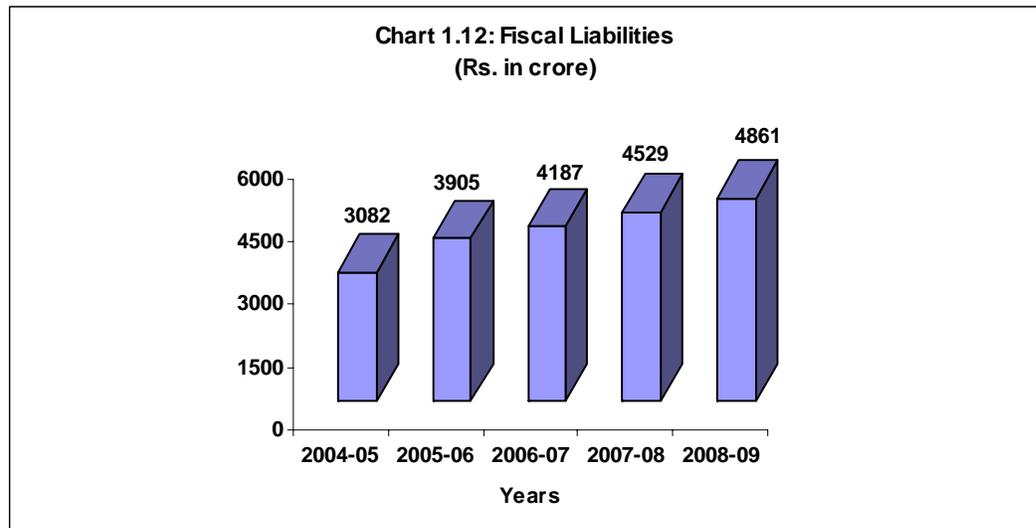
The FRBM Act of the State has defined the total liabilities as “*Total liabilities means the sum of the liabilities under the Consolidated Fund of the State, and the Public Account of the State*”.

### 1.7.2 Fiscal Liabilities

The trends in outstanding fiscal liabilities of the State are presented in **Appendix 1.3**. The composition of fiscal liabilities during the current year *vis-à-vis* the previous year are presented in **Charts 1.10** and **1.11**.



The overall fiscal liabilities of the State Government increased by Rs.332 crore from Rs.4,529 crore in 2007-08 to Rs.4,861 crore in 2008-09. The increasing position of fiscal liabilities during 2004-09 is depicted in the bar chart below:



*The increase in fiscal liabilities was mainly due to increase in Public Account liabilities (Rs.327.14 crore) and Internal Debt (Rs.245.20 crore) offset by decrease in Loans and Advances from GoI (Rs.239.96 crore). The fiscal liabilities during the current year exceeded by Rs.70 crore than the assessed figure of Rs.4,930.67 crore in the MTFPS.*

The State Government had set up (February 2008) a Consolidated Sinking Fund for amortization of market borrowings, other loans and debt obligations, as per the recommendation of the TFC, and transferred an amount of Rs.12.66 crore during the current year.

### 1.7.3 Status of Guarantees – Contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. As per FRBM Act and the Manipur Ceiling on State Government Guarantee Act, 2004, the total outstanding guarantees as of 1 April of any year shall not exceed thrice the State's Own Tax Revenue Receipts of the second preceding year.

As per Statement 6 of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees for the last three years is given in the table below:

**Table-1.15: Guarantees given by the Government of Manipur**  
(Rupees in crore)

Guarantees	2006-07	2007-08	2008-09
Maximum amount guaranteed	194	207	197
Outstanding amount of guarantees	251	211	274
Percentage of maximum amount guaranteed to total revenue receipts	6.78	5.90	5.09

The outstanding guarantee of Rs.274 crore was kept within the limit of the FRBM Act *ibid*. No additional guarantee has been given by the State Government in respect of loans raised by Statutory Corporations, Local bodies and other institutions during 2008-09. Hence, no guarantee fees was received during 2008-09. The principal beneficiaries of outstanding loans were Planning and Development Authority (Rs.137.38 crore), Khadi and Village Industries (Rs.54.68 crore), Manipur State Apex Long Term Co-operatives Housing Society Limited (Rs.45.75 crore) and Manipur Tribal Development Corporation limited (Rs.24.97 crore). The State Government had set up (February 2008) a guarantee redemption fund to meet the contingent liabilities arising from such guarantees, as per the recommendation of the TFC and transferred an amount of Rupees one crore during the current year.

### 1.7.4 Off - Budget Borrowings

The State Government stated (January 2010) that there was no off-budget borrowings during 2008-09.

## 1.8 Debt Sustainability

Apart from the magnitude of debt of State Government, it is important to analyze various indicators that determine the debt sustainability<sup>8</sup> of the State. This section

<sup>8</sup> The Debt sustainability is defined as the ability of the State to maintain a constant debt-GDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.

assesses the sustainability of debt of the State Government in terms of debt stabilization<sup>9</sup>; sufficiency of non-debt receipts<sup>10</sup>; net availability of borrowed funds<sup>11</sup>; burden of interest payments (measured by interest payments to revenue receipts ratio) and maturity profile of State Government securities. The table below analyzes the debt sustainability of the State according to these indicators during 2004-09.

**Table 1.16: Debt Sustainability: Indicators and Trends**

(Rupees in crore)

Indicators of Debt Sustainability	2004-05	2005-06	2006-07	2007-08	2008-09
Debt Stabilization (Quantum Spread + Primary Deficit)	(-) 69	92	(-) 250	397	303
Sufficiency of Non-debt Receipts (Resource Gap)	(-) 162	177	(-) 204	(+) 577	(-) 318
Net Availability of Borrowed Funds	516	586	(-) 7	42	32
Burden of Interest Payments (IP/RR Ratio)	15.26	9.88	10.09	8.49	8.11
Maturity profile of State debt (in years)					
0 - 1	--	--	--	--	56.45
1 - 3	--	--	--	--	86.60
3 - 5	--	--	--	--	164.48
5 - 7	--	--	--	--	280.16
7 - 9	--	--	--	--	476.94
9 - 11	--	--	--	--	466.08
11 - 20	--	--	--	--	718.66
Miscellaneous*	--	--	--	--	45.82
<b>Total</b>	--	--	--	--	<b>2,295.19</b>

\* Year of maturity not known.

It is revealed from the above table that primary deficit together with quantum spread reversed from negative figure in 2006-07 to positive figure during 2007-09, indicating declining debt-GSDP ratio. However, sufficiency of non-debt receipts to cover incremental expenditure reversed from positive figure to negative figure, which is a matter of concern. This means that the Government would have no option but to go for debt receipts to meet its operational

<sup>9</sup> A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt\*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.

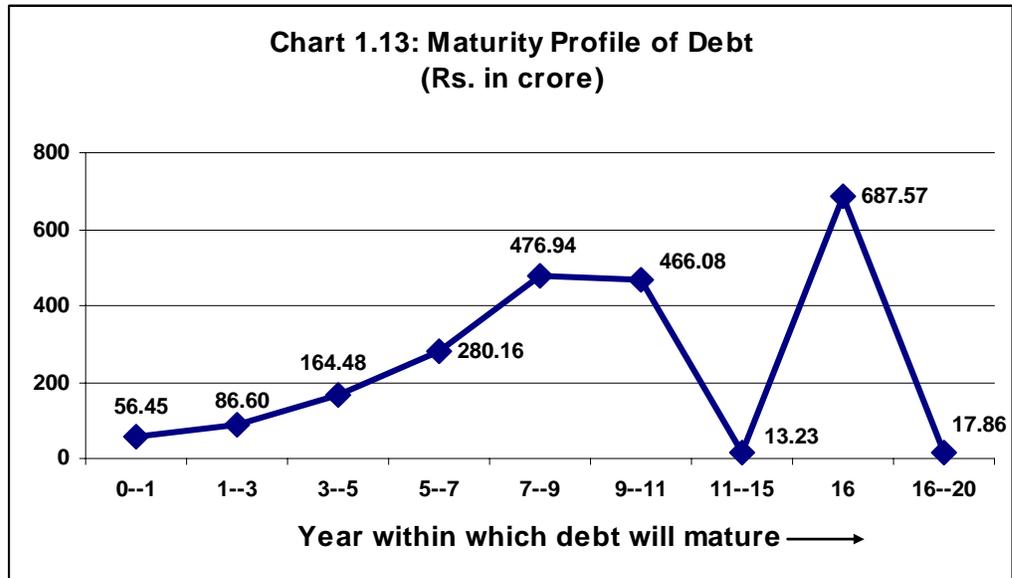
<sup>10</sup> Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.

<sup>11</sup> Defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.

expenditure. During the current year, the Government borrowed Rs.1,152.21 crore and repaid debt amounting to Rs.806.65 crore along with an interest of Rs. 313.83 crore, leaving a net borrowed funds of Rs. 31.73 crore only for its operations/activities. This means that a major chunk of borrowed funds (97 per cent) was utilised to service its past debt and interest and only 3 per cent of borrowed funds could be put to its activities.

*Maturity profile of the existing debt of the State during the current year reveals that Rs.1530.71 crore (67 per cent) out of Rs.2,295.19 crore would mature in the next eleven years. The profile also reveals that in the next five subsequent two-year-gap period (upto 9<sup>th</sup> year) the debt repayment burden will mount in an increasing trend and would put pressure on the finances and debt management of the State. The debt repayment position between 9<sup>th</sup> and 11<sup>th</sup> year will continue to be high and thereafter dip to just Rs.13.23 crore between 11<sup>th</sup> and 15<sup>th</sup> year. However, in 2024-25 the State has a peak debt repayment burden of Rs.687.75 crore. Future borrowings will have to be made keeping this repayment schedule in view so that there is no undue pressure on the State's exchequer in any particular year.*

*The debt repayment position of Rs.45.82 crore is still unascertained. Efforts are needed to trace out the maturity period of this amount in order to have a clear and transparent debt profile of the Government. The maturity profile of the State's debt is depicted in the line-graph below:*



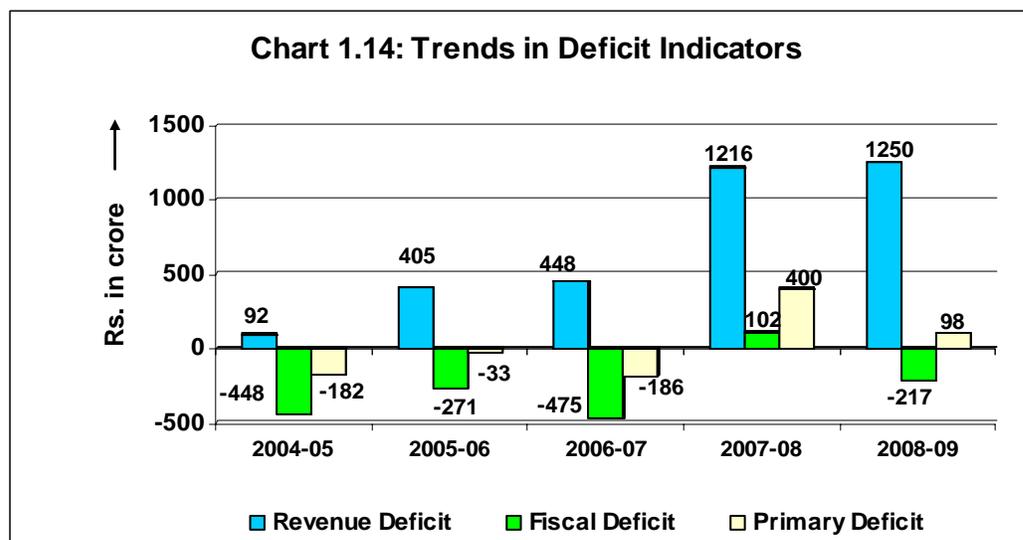
## 1.9 Fiscal Imbalances

Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal imbalances in the Finances of the State Government during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the

prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied are important pointers to its fiscal health. This section presents trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits *vis-à-vis* targets set under FRBM Act/Rules for the financial year 2008-09.

### 1.9.1 Trends in Deficits

The chart below presents the trends in deficit indicators over the period 2003-08:



The Revenue surplus increased continually from Rs.92 crore in 2004-05 to Rs.1,250 crore in 2008-09. There was, however, fiscal deficit during the last five years, except in 2007-08 in which there was fiscal surplus. Fiscal deficit was mainly due to increase in capital expenditure which had increased from Rs. 521 crore in 2004-05 to Rs.1,467 crore in 2008-09. During the last two years, there was primary surplus, indicating that the continuance of fiscal deficit is partly due payment of interest of past liabilities. However, given the resource gap of the State Government, there is a need to exercise caution in incurring expenditure as to avoid debt trap in future.

### 1.9.2 Components of Fiscal Deficit and its Financing Pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in the table below:

**Table1.17: Components of Fiscal Deficit and its Financing Pattern**  
(Rs. in crore)

	Particulars	2006-07	2007-08	2008-09
<b>Decomposition of Fiscal Deficit</b>		<b>(-)475</b>	<b>(+)102</b>	<b>(-)217</b>
1	Revenue Surplus	448	1216	1250
2	Net Capital Expenditure	867	1108	1467
3	Net Loans and Advances	56	6	0.42
<b>Financing Pattern of Fiscal Deficit*</b>				
1	Market Borrowings	224.25	192.73	248.79
2	Loans from GoI	(-)238.97	(-)236.71	(-)239.96
3	Special Securities Issued to NSSF	229.53	199.92	199.46
4	Loans from Financial Institutions	(-)4.47	(-)2.74	(-)4.08
5	Small Savings, PF etc.	62.97	52.41	52.32
6	Deposits and Advances	16.01	132.78	83.72
7	Suspense and Misc.	(-)79.58	27.64	(-)4.78
8	Remittances	197.58	111.13	(-)48.16
9	Reserve Fund	(-)7.19	3.88	5.40
Increase/decrease in cash balance with RBI		(-)535.73	(-) 156.40	36.36
Figures in brackets indicate the <i>per cent</i> to GSDP. *All these figures are net of disbursements/outflows during the year				

The fiscal surplus achieved during 2007-08 turned into fiscal deficit of Rs.217 crore during 2008-09 mainly due to increase in capital expenditure during the current year. Occurrence of fiscal deficit despite having Revenue Surplus and reduction in expenditure in Loans and Advances would mean that borrowed funds mainly from Market borrowings, National Small Saving funds, Provident funds and from Deposits and Advances were being channelized in incurring expenditure under Capital Account. However, during these years (2006-09) the State Government continually relied more on market borrowing and less on Loans from GoI to service its fiscal deficit.

### 1.9.3 Quality of Deficit/Surplus

The ratio of RD to FD and the decomposition of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the State's finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of borrowings (fiscal liabilities) were not having any asset backup. The bifurcation of the primary deficit would indicate the extent to which the deficit has been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy. The bifurcation of primary deficit is shown in the table below:

**Table 1.18: Primary deficit/surplus – Bifurcation of factors**

(Rupees in crore)

Year	Non-debt receipts	Primary Revenue Expenditure	Capital Expenditure	Loans and Advances	Primary Expenditure	Primary revenue surplus	Primary deficit (-) /surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2004-05	1,744	1,385	521	20	1,926	359	(-)182
2005-06	2,410	1,766	616	61	2,443	644	(-)33
2006-07	2,864	2,126	867	57	3,050	738	(-)186
2007-08	3,510	1,994	1,108	8	3,110	1,516	(+)400
2008-09	3,874	2,308	1,467	1	3,776	1,566	(+)98

The non-debt receipts of the State during 2004-09 were sufficient to meet the primary revenue expenditure. The non-debt receipts of the State increased by 122 *per cent* from Rs.1,744 crore to Rs.3,874 crore in 2004-09. The primary expenditure, however, increased by 96 *per cent* from Rs.1,926 crore to Rs.3,776 crore in 2004-09. During this period (2004-09), Capital expenditure grew by 182 *per cent* from Rs.521 crore in 2004-05 to Rs.1,467 crore in 2008-09. Capital expenditure as a percentage of Primary Expenditure also increased from 27 *per cent* in 2004-05 to 39 *per cent* in 2008-09.

#### 1.9.4 State's Own Revenue and Deficit Correction

It is worthwhile to observe the extent to which the deficit correction is achieved by the State on account of improvement in its own resources which is an indicator of the durability of the correction in deficit indicators. The table below presents the change in revenue receipts of the State and the correction of the deficit during the last three years.

**Table-1.19: Change in Revenue Receipts and Correction of Deficit**

(Per cent of GSDP)

Parameters	2006-07	2007-08	2008-09	
			BE	Actual
<b>Revenue Receipts (a to d)</b>	53.58	61.50	57.33	61.05
a. State's Own Tax Revenue	2.28	2.58	2.52	2.68
b. State's Own Non- tax Revenue	3.39	2.89	3.33	4.00
c. State's Share in Central Taxes and Duties	8.16	9.64	9.36	9.16
d. Grants-in-Aid	39.75	46.39	42.12	45.21
<b>Revenue Expenditure</b>	45.20	40.18	39.27	41.33
<b>Revenue Surplus</b>	8.38	21.32	18.06	19.70
<b>Fiscal Deficit (-)/Surplus (+)</b>	(-)8.89	1.79	(-)2.16	(-)3.40

The percentage of Revenue Receipts relative to GSDP increased from 53.58 *per cent* in 2006-07 to 61.05 *per cent* in 2008-09, although as compared to last year there was negligible change in the ratio. The percentage of Revenue Expenditure relative to GSDP decreased from 45.20 *per cent* in 2006-07 to 41.33 *per cent* in 2008-09. As a result of higher growth rate of Revenue Receipts as compared to Revenue Expenditure *vis-à-vis* GSDP, the Revenue Surplus as percentage of GSDP increased from 8.38 *per cent* in 2006-07 to 19.70 *per cent* in 2008-09.

Fiscal deficit, on the other hand, had a fluctuating trend from deficit in 2006-07 to surplus in 2007-08 and then back to fiscal deficit in 2008-09.

## 1.10 Conclusion and recommendations

### Revenue Receipts

The fiscal position of the State viewed in terms of key fiscal parameters – revenue surplus, fiscal deficit, primary deficit *etc.* indicated that the State had maintained revenue surplus during the last five years, as set out in the Manipur FRBM Act, 2005. There was primary surplus during the last two years (2007-09) though as compared to last year the primary surplus during the current year was much lower. However, except for the previous year there were fiscal deficit during the last five years. Fiscal deficit could not be contained within three *per cent* of GSDP as targeted in FRBM Act or within the limits set out in the FCP and MTFPS (Table 1.2). As in the previous four years, the Revenue Receipts profile of the State remained the same with about 90 *per cent* of its Revenue Receipts being contributed from the Central Tax transfer and Grants-in-aid, indicating that the State is solely dependent on receipts from the Government of India. The Own Tax Revenue of Rs.170 crore remained far below than the normative assessment of Rs.213 crore made by the Twelfth Finance Commission (TFC) (Para 1.3).

The State has to make an effort to increase the Own Tax Revenue and should also focus in areas other than Sales tax (VAT) and plug revenue leakages to improve revenue collection so that dependence on Central Government and recourse to borrowed funds can be reduced.

### Expenditure status

The State had higher fiscal capacity, and higher Development Expenditure and Capital Expenditure relative to Aggregate Expenditure when compared with the all India Average during the current year (Para 1.5.1). The Development Capital expenditure constituted a significant 34.52 *per cent* of Aggregate Expenditure during 2008-09, indicating that the State's expenditure was orienting more on asset creation (Para 1.5.2). However, as in the previous year Non-Plan Revenue Expenditure (NPRE) remained unbridled within the assessed limits of TFC/FCP/MTFPS and poses a risk to the sound financial health of the State (Para 1.4.1).

Salaries expenditure alone accounted for more than 28 *per cent* of Revenue Receipts of the State during the year. Its percentage of Revenue Expenditure, net of interest payments and pension stood at 53.66 *per cent*, much higher than TFC norm and FRBM Act target of 35 *per cent* and was nearly three times the State's own Revenue resources (Tax and Non-Tax Revenue) (Para 1.4.2).

Greater expenditure under capital head will not necessarily materialize into actual asset creation unless projects/schemes are completed on time. Otherwise

Government will be merely locking up valuable resources without any gain to the beneficiaries.

There is an urgent need to confine NPRE within the assessed limits of TFC/FCP/MTFPS. The social obligation of the Government to its employees to revise and enhance their pay should be made with due caution so that it remains within the norms indicated by TFC and FRBM targets.

### **Fiscal deficit**

During 2008-09, there was an increase of revenue surplus by Rs.34 crore and yet fiscal surplus of previous year turned into fiscal deficit in the current year. The primary surplus was also reduced by Rs.302 crore. The fiscal deficit could not be limited within the assessment made in the FCP and MTFPS and also exceeded 3 *per cent* of the GSDP as targeted in the FRBM Act and TFC norm (Table 1.2).

Given the upswing in expenditure under capital account, the Government needs to seek out measures so that expenditure under revenue account do not increase proportionately and thereby push up the Aggregate Expenditure. If fiscal deficit were to be controlled in near future, there is an urgent need to increase the State's own revenue resources (Tax and Non-tax revenue) and move up from the stagnating contribution of about 10 *per cent* to the total Revenue Receipt made during the last five years.

### **Fiscal liabilities**

Fiscal liabilities of the State has been increasing steadily during the last five years and increased by Rs.332 crore over the previous year. The increase in fiscal liabilities over the previous years was mainly due to increase in Public Account liabilities (Rs.327.81 crore) and Internal Debt (Rs.245.20 crore) offset by decrease in Loans and Advances from GoI (Rs.239.96 crore). The fiscal liabilities during the current year exceeded by Rs.70 crore than the assessed figure of Rs.4,930.67 crore in the MTFPS (Para 1.7.2). Maturity profile of the State debt reveals that the debt repayment burden will mount in an increasing trend in the next 10 years and put pressure on the finances and debt management of the State (Para 1.8).

Although there are indications that debt was being stabilized during the current year due to declining debt-GSDP ratio, there was gap in State's resource as non-debt receipts could not keep the pace of increment of primary expenditure and therefore the State's borrowed funds still remained un-liquidated (Para 1.8).

The Government should ensure that there is value for money for every rupee incurred as expenditure. As the possibility of debt trap due to increasing fiscal liabilities, mounting maturity of State debt in coming years and uncontrolled Non-Plan Revenue Expenditure cannot be overlooked, there should be unrelenting efforts to increase State's own revenue resources and cut unproductive

expenditure. Any amount realized from arrears of revenue, any returns from the Government Companies and Co-operative institutions could make an impact in sustaining debt. The Government should seriously focus in monitoring and evaluation of the capital projects/schemes that remained incomplete for years so that precious revenue resources are not sunk into projects which cannot be completed within an acceptable time frame.

## Chapter II

### Financial Management and Budgetary Control

#### 2.1 Introduction

**2.1.1** Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year compared with the amounts of the voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorized by the Appropriation Act in respect of both charged and voted items of budget. Appropriation Accounts thus facilitate management of finances and monitoring of budgetary provisions and are therefore complementary to Finance Accounts.

**2.1.2** Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorization given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

#### 2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2008-09 against 51 Grants/Appropriations (48 Grants and three Appropriations) is indicated in the table below:

**Table 2.1: Summarized position of Actual Expenditure vis-à-vis Original/Supplementary provisions**

(Rupees in crore)						
	Nature of expenditure	Original grant/ Appropriation	Supplementary grant/ Appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
<b>Voted</b>	I Revenue	2,229.31	339.23	2,568.54	2,339.01	(-) 229.53
	II Capital	1,285.21	347.01	1,632.22	1,467.30	(-) 164.92
	III Loans and Advances	9.24	0.00	9.24	0.58	(-) 8.66
<b>Sub-total Voted</b>		<b>3,523.76</b>	<b>686.24</b>	<b>4,210.00</b>	<b>3,806.89</b>	<b>(-) 403.11</b>
<b>Charged</b>	IV Revenue	307.04	16.92	323.96	317.76	(-) 6.20
	V Capital	-	-	-	-	-
	VI Public Debt- Repayment	311.61	2.79	314.40	309.79	(-) 4.61
<b>Sub-total Charged</b>		<b>618.65</b>	<b>19.71</b>	<b>638.36</b>	<b>627.55</b>	<b>(-) 10.81</b>
<b>Appropriation to Contingency Fund (if any)</b>		-	-	-	-	-
<b>Grand Total</b>		<b>4142.41</b>	<b>705.95</b>	<b>4,848.36</b>	<b>4,434.44</b>	<b>(-) 413.92</b>

The overall saving of Rs. 413.92 crore was the result of saving of Rs. 516.79 crore in 42 grants and 3 appropriations under Revenue Section, 24 grants under Capital Section and one appropriation (Public Debt-Repayments) under Loan Section, offset by excess of Rs. 102.87 crore in seven grants under Revenue Section and seven grants under Capital Section.

The savings/excess were intimated (October 2009) to the Controlling Officers requesting them to explain the significant variations. Deputy Commissioner, Imphal West stated (November 2009) that an amount of Rs.139 lakh was saved mainly due to demand of more funds in supplementary budget in anticipation of ACP schemes. Co-operative Department stated (November 2009) that savings of Rs.53.80 lakh in their accounts was mainly due to non-encashment of fund before the financial year while State Academy of Training stated (October 2009) that an amount of Rs.11.69 lakh was saved on account of non-payment of salary and arrears of Ex-Director General of the Academy.

Directorate of Education (U), Manipur Fire Service and State Vigilance Commission attributed the savings in their accounts due to non-filling up of vacant post and non-sanction/late release of funds. Police Department stated (October 2009) that savings has occurred mainly due to non-sanction of funds (Rs.18.63 crore), non-filling up of post (Rs.8.65 crore), saving out of construction of designated camp (Rs.2.39 crore) and non-procurement of arms (Rs.2.60 crore).

## **2.3 Financial Accountability and Budget Management**

### **2.3.1 Appropriation vis-à-vis Allocative Priorities**

The outcome of the appropriation audit reveals that in 48 cases, savings exceeded Rs. one crore in each case or by more than 20 *per cent* of total provision. Details are given in **Appendix 2.1**. Against the total savings of Rs.516.79 crore, savings of Rs.400.49 crore (77.50 *per cent*) occurred in 14 cases relating to 10 grants, where savings were Rs.10 crore and above in each case. Details are indicated in the table below:

Table 2.2: List of Grants with savings of Rs. 10 crore and above

(Rupees in crore)

Sl. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
<b>Revenue-Voted</b>						
1	7-Police	270.99	71.54	342.53	317.50	25.03
2	8-Public Works Department	145.42	49.50	194.92	166.57	28.35
3	10-Education	383.39	0.00	383.39	351.49	31.90
4	17-Agriculture	49.08	27.54	76.62	58.72	17.90
5	21-Commerce and Industries and Weights and Measures Department	44.03	1.54	45.57	30.79	14.78
6	22-Public Health Engineering	26.63	2.72	29.35	17.35	12.00
7	30-General Economic Services and Planning	61.88	0.00	61.88	46.32	15.56
8	40-Irrigation and Flood Control Department	24.11	23.59	47.70	26.11	21.59
9	44-Social Welfare Department	78.27	25.19	103.46	90.99	12.47
	<b>Sub-total</b>	<b>1083.80</b>	<b>201.62</b>	<b>1285.42</b>	<b>1105.84</b>	<b>179.58</b>
<b>Capital-Voted</b>						
10	8-Public Works Department	56.63	55.97	112.60	82.31	30.29
11	23-Power	124.19	36.02	160.21	89.94	70.27
12	30-General Economic Services and Planning	558.40	0.00	558.40	475.80	82.60
13	40-Irrigation and Flood Control Department	191.93	40.06	231.99	211.93	20.06
14	44-Social Welfare Department	17.69	0.00	17.69	0.00	17.69
	<b>Sub-total</b>	<b>948.84</b>	<b>132.05</b>	<b>1080.89</b>	<b>859.98</b>	<b>220.91</b>
	<b>Total</b>	<b>2032.64</b>	<b>333.67</b>	<b>2366.31</b>	<b>1965.82</b>	<b>400.49</b>

### 2.3.2 Persistent savings

In two cases, during the last five years there were persistent savings of more than Rs.10 lakh in each case and also by 20 per cent or more of the total grant as indicated in the table below:

Table 2.3: List of Grants indicating Persistent Savings during 2004-09

(Rupees in lakh)

Sl. No.	No. and Name of the grant	Amount of savings (per cent of savings vis-à-vis total provision)				
		2004-05	2005-06	2006-07	2007-08	2008-09
<b>Revenue -Voted</b>						
1	40 - Irrigation and Flood Control Department	1341.56 (35)	1072.37 (26)	1172.32 (28)	990.59 (27)	2158.91 (45)
<b>Capital -Voted</b>						
2	37 - Fisheries	50.00 (100)	39.55 (50)	233.74 (79)	294.45 (100)	59.74 (93)

Fisheries Department stated (November 2009) that persistent saving was due to non-clearance of projects/schemes by the Project Implementation Board. No reply was furnished by the Irrigation and Flood Control Department.

### **2.3.3 Excess Expenditure**

In 11 cases, expenditure aggregating Rs.945.16 crore exceeded the approved provisions by Rs.25 lakh or more in each case or by more than 20 *per cent* of the total provisions. Details are given in **Appendix 2.2**.

### **2.3.4 Expenditure without provision**

Expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of Rs. 66.71 crore was incurred in 32 cases as detailed in the table below without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect.

Table 2.4: Expenditure incurred without provision during 2008-09

(Rupees in crore)

Sl. No.	Number and Name of Grants/ Appropriations (Heads of Accounts)	Amount of Expenditure without provision	Reasons/Remarks
<b>Grant No. 4-Land Revenue, Stamps and Registration and District Administration</b>			
1	2029 (NP).102.02	0.01	Reasons for incurring expenditure without provisions had not been intimated.
2	2029(CSS) 102.01 (H)*	0.03	-do-
<b>Grant No. 5-Finance</b>			
3	7610 (NP).204.21	0.02	-do-
<b>Grant No. 8 – Public Works Department</b>			
4	4059 (SP).01.101.10 (V)*	0.07	-do-
5	5054 (SP) .80.800.56 (V)	0.03	-do-
6	4552 (NEC).337.15 (V)	0.02	-do-
<b>Grant No. 10-Education</b>			
7	2202 (SP).01.101.33 (V)	2.61	-do-
<b>Grant No. 11 – Medical, Health and Family Welfare Services</b>			
8	2210 (P).01.110.15 (H)	2.38	-do-
9	4210 (SP).01.110.02 (V)	32.58	-do-
10	2210 (CSS).101.12 (H)	0.51	-do-
11	2211 (CSS).001.21 (H)	1.05	-do-
12	2211 (CSS).102.29 (H)	0.02	-do-
13	2211 (CSS).103.05 (V)	0.02	-do-
<b>Grant No. 14 – Development of Tribal and Scheduled Castes</b>			
14	2225(SP).02.277.06 (V)	1.05	-do-
<b>Grant No. 17 – Agriculture</b>			
15	2401 (SP).104.35 (V)	0.10	-do-
16	2401(SP).104.37 (H)	0.03	-do-
17	2401(SP).105.14 (H)	0.01	-do-
<b>Grant No. 18 – Animal Husbandry and Veterinary including Dairy Farming</b>			
18	2404 (SP).102.13 (H)	0.05	-do-
<b>Grant No. 19 – Environment and Forest</b>			
19	2406 (CSS).01.105.04 (H)	0.86	-do-
20	2406 (CSS).02.110.22 (H)	0.92	-do-
<b>Grant No. 21 – Commerce and Industries and Weights and Measures Department</b>			
21	2851 (SP) .001.01(H)	0.05	-do-
<b>Grant No. 30 – General Economic Services and Planning</b>			
22	2235 (SP).01.200.01 (V)	0.50	-do-
23	4059 (SP).101.01 (H)	11.21	-do-
24	4215 (SP).01.101.01 (V)	8.55	-do-
25	4225 (SP).02.800.01 (V)	2.00	-do-
26	4415 (SP).01.800.01 (V)	0.35	-do-
<b>Grant No. 37 – Fisheries</b>			
27	4405 (CSS).800.05 (V)	0.04	-do-
<b>Grant No. 39 – Sericulture</b>			
28	2851 (SP).107.01 (H)	0.01	-do-
29	2851 (SP).107.12 (H)	0.02	-do-
<b>Grant No. 44 – Social Welfare Department</b>			
30	2235(SP).02.001.21 (H)	0.02	-do-
31	2235 (CSS).02.102.32 (H)	1.11	-do-
<b>Grant No. 45 – Tourism</b>			
32	3452 (SP).02.800.06 (V)	0.48	-do-
<b>Total</b>		<b>66.71</b>	

\* 'H' stands for Hill and 'V' for valley

**2.3.5 Drawal of funds to avoid lapse of budget grant**

As per provisions of Rule 290 of Central Treasury Rules, no money shall be drawn from the treasury unless it is required for immediate disbursement. In respect of the cases mentioned in **Appendix 2.3**, the amounts (Rs.84.94 crore) drawn at the fag end of the year were deposited into the head of account ‘8449-Other Deposits’ to avoid lapse of budget grant.

**2.3.6 Excess over provisions relating to previous years requiring regularization**

As per Article 205 of the Constitution of India, it is mandatory for State Government to get the excess over a grant/appropriation regularized by the State Legislature. Although no time limit for regularization of expenditure has been prescribed under the Article, regularization of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, excess expenditure amounting to Rs.2,585.67 crore for the years 1997-2002 and 2007-08 was yet to be regularized as detailed in **Appendix 2.4**. The year-wise amount of excess expenditure pending regularization for grants/appropriations is summarized in the table below:

**Table 2.5: Excess over provisions relating to previous years requiring regularization**

**(Rupees in crore)**

Year	No. of Grants	No. of Appropriation	Amount of excess	Status of Regularization
1997-98	10	2	384.57	Regularized vide 24 <sup>th</sup> PAC Report. Act awaited.
1998-99	6	2	293.66	-do-
1999-00	14	2	844.88	Regularized vide 27 <sup>th</sup> PAC Report. Act awaited.
2000-01	8	1	85.77	-do-
2001-02	6	2	895.20	-do-
2007-08	11	2	81.59	PAC Report awaited.
<b>Total</b>	<b>55</b>	<b>11</b>	<b>2,585.67</b>	

**2.3.7 Excess over provisions during 2008-09 requiring regularization**

The table below contains the summary of total excess in 14 grants amounting to Rs. 102.87 crore over authorization from the Consolidated Fund of the State (CFS) during 2008-09 and requires regularization under Article 205 of the Constitution.

Table 2.6: Excess over provisions requiring regularization during 2008-09

(in Rupees)				
Sl. No.	Number and title of grant/appropriation	Total provision	Expenditure	Excess
<b>Revenue Voted (Grants)</b>				
1	5-Finance	2,71,58,10,000	2,88,54,27,813	16,96,17,813
2	23-Power	1,82,82,18,000	1,85,32,52,579	2,50,34,579
3	25-Youth Affairs and Sports Department	15,55,34,000	15,90,93,149	35,59,149
4	27-Election	10,49,66,000	10,54,76,845	5,10,845
5	29-Sales Tax, Other Taxes/Duties on Commodities & Services	1,88,88,000	1,97,94,545	9,06,545
6	33-Home Guards	7,81,99,000	7,82,32,943	33,943
7	46-Science and Technology and Information Technology	13,85,05,000	16,05,77,216	2,20,72,216
	<b>Sub-Total</b>	<b>5,04,01,20,000</b>	<b>5,26,18,55,090</b>	<b>22,17,35,090</b>
<b>Capital Voted (Grants)</b>				
8	11-Medical, Health and Family Welfare Services	17,41,96,000	47,74,16,161	30,32,20,161
9	12-Municipal Administration, Housing and Urban Development	81,48,92,000	93,48,83,042	11,99,91,042
10	13-Labour and Employment	1,64,25,000	4,82,25,161	3,18,00,161
11	22-Public Health Engineering	1,53,64,36,000	1,76,86,57,215	23,22,21,215
12	39-Sericulture	62,82,18,000	73,83,09,236	11,00,91,236
13	45-Tourism	9,85,17,000	10,40,66,152	55,49,152
14	47-Welfare of Minorities and Other Backward Classes	31,76,27,000	32,16,76,000	40,49,000
	<b>Sub-Total</b>	<b>3,58,63,11,000</b>	<b>4,39,32,32,967</b>	<b>80,69,21,967</b>
	<b>Total</b>	<b>8,62,64,31,000</b>	<b>9,65,50,88,057</b>	<b>1,02,86,57,057</b>

### 2.3.8 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provision aggregating Rs.60.11 crore obtained in 13 cases, during the year proved unnecessary as the expenditure did not come up to the level of original provision as detailed in **Appendix 2.5**. Fisheries Department stated (November 2009) that supplementary provision of Rs.12.46 lakh (Revenue voted) was provided in anticipation of payment of DA arrears, while supplementary provision of Rs.14 lakh (Capital voted) could not be encashed due to late submission of advice to the bank by the concerned Treasury Office. Co-operative Department stated (November 2009) that supplementary provision of Rs. eight lakh had been provided by the Planning Department without any knowledge of their department. Further, the bill could not be encashed as it was dishonoured by the concerned bank.

In 11 cases, supplementary provision of Rs.172.32 crore proved insufficient by more than Rs.10 lakh in each case, leaving an aggregate uncovered excess expenditure of Rs.102.72 crore. Details are given in **Appendix 2.6**. Welfare of Minorities and Other Backward Classes Department stated (December 2009) that excess of Rs.40.49 lakh was due to wrong booking by the department and there was actually a saving of Rs.29.51 lakh, instead of excess.

### **2.3.9 Excessive/unnecessary re-appropriation of funds**

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious re-appropriation proved insufficient and resulted in excess of Rs.131.21 crore in 39 sub-heads and excessive in 47 sub-heads resulting in savings of Rs. 165.75 crore. This resulted in overall savings of Rs.34.53 crore in these 86 sub-heads as detailed in **Appendix 2.7**.

Despite reduction of provision by re-appropriation, there was savings in 15 cases. There was a saving of Rs.71.25 crore under three heads (Rs.11.36 crore in 2202.01.800.19, Rs.43.76 crore in 4801.05.800.20 and Rs.16.13 crore in 4702.101.02) which accounted for 43 *per cent* of the total saving. In 16 cases, despite augmentation of funds by re-appropriation, there was final excess expenditure. Excess of Rs.43.08 crore in one head (2049.04.104.07) accounted for 33 *per cent* of the total excess.

#### **2.3.10 Substantial surrenders**

Substantial surrenders (amount exceeding Rs.25 lakh in each case) were made in respect of 14 sub-heads, out of which in five schemes/programmes, the whole total provision amounting to Rs. 23.43 crore was surrendered. The details are given in **Appendix 2.8**.

#### **2.3.11 Anticipated savings not surrendered**

Departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. At the close of the year 2008-09, there were, however, 42 grants/appropriations (59 cases) in which savings occurred but no part of which had been surrendered by the concerned departments. The amount involved in these cases was Rs.377.10 crore (73 *per cent* of the total savings of Rs.516.79 crore) (**Appendix 2.9**).

Similarly, out of total savings of Rs.500.26 crore under 28 grants/appropriations (38 cases) where savings was Rs. 1 crore and above in each case, only Rs.25.14 crore pertaining to five grants could be surrendered leaving a balance savings of Rs.475.12 crore (95 *per cent*). Details are given in **Appendix 2.10**.

Besides, in 12 cases, Rs. 33.64 crore were surrendered on 31 March 2009 (**Appendix 2.11**) indicating inadequate financial control and the fact that these funds could not be utilized for other development purposes.

#### **2.3.12 Rush of expenditure**

As per provisions of the General Financial Rules, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 18 major heads as listed in **Appendix 2.12**, expenditure exceeding Rs.10 crore and also more than 50 *per cent* of the total expenditure for the year was incurred in March 2009. The table below also presents the major heads

where more than 75 per cent of the expenditure was incurred during the last quarter and during the last month of the financial year.

**Table 2.7: Cases of Rush of Expenditure towards the end of the financial year 2008-09**

(Rupees in crore)

Sl. No.	Grant No./ Major Head	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2009	
			Amount	Percentage* of total expenditure	Amount	Percentage* of total expenditure
1	5 - Finance Department / 2250	0.96	0.96	100	0.96	100
2	7 - Police / 2216	0.04	0.04	100	0.04	100
3	8 - Public Works Department/ 2216	16.13	16.09	100	16.09	100
4	8 - Public Works Department / 4210	0.36	0.30	83	0.30	83
5	8 - Public Works Department / 4216	5.09	4.69	92	4.30	84
6	8 - Public Works Department/ 5054	55.48	49.91	90	42.05	76
7	9 - Information and Publicity/4220	0.20	0.20	100	0.20	100
8	10 - Education/4202	16.77	14.85	89	13.12	78
9	11 - Medical, Health and Family Welfare Services/6211	0.24	0.24	100	0.24	100
10	13 - Labour and Employment/4250	4.82	4.62	96	4.18	87
11	14 - Development of Tribal and Scheduled Castes/4225	4.57	4.57	100	4.57	100
12	17 - Agriculture/4705	4.43	4.43	100	4.43	100
13	23 - Power/4059	1.57	1.46	93	1.40	89
14	23 - Power/4552	3.24	2.45	76	2.45	76
15	25 - Youth Affairs and Sports Department/4202	4.19	4.00	95	3.85	92
16	26 - Administration of Justice/2235	0.03	0.03	100	0.03	100
17	30 - General Economic Services and Planning/4059	38.83	36.44	94	32.10	83
18	30 - General Economic Services and Planning/4225	2.30	2.30	100	2.30	100
19	30 - General Economic Services and Planning/4250	0.50	0.50	100	0.50	100
20	30 - General Economic Services and Planning/4402	22.50	22.50	100	22.50	100
21	30 - General Economic Services and Planning/4702	7.50	7.50	100	7.50	100
22	30 - General Economic Services and Planning/4711	33.81	33.81	100	33.81	100
23	30 - General Economic Services and Planning/4801	27.74	27.74	100	27.74	100
24	30 - General Economic Services and Planning/5054	165.48	165.34	100	156.77	95
25	30 - General Economic Services and Planning/5425	10.70	10.70	100	8.78	82
26	32 - Jails/4059	1.75	1.75	100	1.75	100
27	38 - Panchayat/2515	34.74	31.80	92	31.61	91
28	40 - Irrigation and Flood Control Department/4711	30.50	28.66	94	27.12	89
29	41 - Art and Culture/6202	0.50	0.50	100	0.50	100
30	45 - Tourism/5452	10.41	9.63	93	8.97	86
31	46 - Science and Technology and Information Technology/2501	0.50	0.50	100	0.50	100
32	46 - Science and Technology and Information Technology/2552	0.64	0.64	100	0.64	100
33	47 - Welfare of Minorities and Other Backward Classes/2250	0.03	0.03	100	0.03	100
34	47 - Welfare of Minorities and Other Backward Classes/4225	32.17	32.17	100	32.17	100
	<b>TOTAL</b>	<b>538.72</b>	<b>521.35</b>	<b>97</b>	<b>493.50</b>	<b>92</b>

\* Percentage figures are rounded.

In the above table, there were 20 cases in which 100 *per cent* expenditure was incurred during March 2009.

## **2.4 Non-reconciliation of Departmental figures**

### **2.4.1 Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills**

As per Central Treasury Rules<sup>1</sup>, Abstract Contingent (AC) bills must be regularized by detailed countersigned contingent (DCC) bills. An AC bill should not be encashed without a certificate to the effect that DCC bills in respect of earlier AC bills drawn more than a month before the date of that bill have been submitted to the controlling officer. The controlling officers must submit the DCC bills to the Accountant General within one month from the date of receipt of the DCC bills in his office.

The total amount of DCC bills received during the period 2004-09 was Rs.193.63 crore against the amount of AC bills of Rs.1206.91 crore leading to an outstanding balance of DCC bills of Rs.1013.28 crore as on 31 March 2009. Year wise details are given in the table below:

**Table 2.8: Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills**

(Rupees in crore)

Year	Amount of AC bills	Amount of DCC bills	DCC bills as percentage of AC bills	Outstanding DCC bills
2004-05	77.01	1.85	2.40	75.16
2005-06	43.61	11.86	27.20	31.75
2006-07	148.87	34.34	23.07	114.53
2007-08	354.24	57.54	16.24	296.70
2008-09	583.18	88.04	15.10	495.14
<b>Total</b>	<b>1206.91</b>	<b>193.63</b>	<b>16.04</b>	<b>1013.28</b>

Department-wise pending DCC bills for the years up to 2008-09 is detailed in **Appendix 2.13**. Non-adjustment of advances for long periods is fraught with the risk of mis-appropriation and therefore, requires close monitoring by the respective DDOs. Thus, there is a need of early reconciliation of AC bills.

### **2.4.2 Un-reconciled expenditure**

To enable Controlling Officers of Departments to exercise effective control over expenditure to keep it within the budget grants and to ensure accuracy of their accounts, Financial Rules stipulate that expenditure recorded in their books be reconciled by them every month during the financial year with that recorded in the books of the Accountant General. Even though non-reconciliation of Departmental figures is being pointed out regularly in Audit Reports, lapses on the part of Controlling Officers in this regard continued to

<sup>1</sup> Rule 308, Rule 309 & Note 4 under Rule 312

persist during 2008-09 also. Out of 81 controlling officers (CO), only three COs viz. Deputy Resident Commissioners, Guwahati, Delhi and Kolkata could fully reconcile their accounts with Accountant General (A & E) office.

## 2.5 Personal Deposit Accounts

Personal Deposit (PD) Accounts is created for parking funds by debit to the Consolidated Fund of the State and should be closed at the end of the financial year by minus debit to the relevant service heads. There were eight PD accounts in two District Treasuries in operation during 2008-09. Of these accounts, three PD accounts were not closed as of 31 March 2009 and balance of Rs 1.75 crore with these accounts was not transferred back to the respective service heads. There were 16 accounts opened prior to 2008-09 that had not been closed till 2008-09.

## 2.6 Errors in Budgeting Process

The following lapses or errors were observed in the State budget for the year 2008-09:

**Unauthorized/Incorrect heads of accounts:** There were six heads of accounts in the budget which were not included in the “List of Major and Minor heads”, as listed below:

- Minor head - 000 below sub-major head (SMH) 02 - Stamp and Non-Judicial below major head (MH) - 2030 in Demand no.4;
- Minor head 104 – Community Centre below SMH 01 – Urban Health Services-Allopathy below MH - 2210 in Demand no.11;
- SMH 01 - Labour below MH - 4250-Capital Outlay on Other Social Services in Demand no.13;
- Minor head 272 – Education below SMH 80 – General below MH - 2415 in Demand no.17;
- Minor head 701 – Jawahar Rozgar Yojana below SMH 01 – National Programmes below MH - 2505 in Demand no.20; and
- Minor head 103 – Electoral Office below SMH - 00 below MH - 2015 in Demand no.27.

**Non-observance of correction slip:**

- Heads of accounts in respect of major, medium and minor irrigation as re-numbered and re-nomenclatured separately for “Major Irrigation”, “Medium Irrigation” and “Minor Irrigation” vide correction slip 508 -512 dated 13.5.04 has not been followed;
- SMH - 01– Government Residential Buildings including all minor heads thereunder below MH - 2216 have been deleted vide correction slip no. 535 dated 31.12.04. However, the SMH was included in the budget; and

- Modifications in respect of minor heads 191 vide correction slip 417 dated 16.1.02 was not incorporated in MH - 2217 in Demand no.12.

**Incorrect allocation of provision:**

- Budget allocations are made separately for hill districts and valley districts under “Hill” and “Valley” respectively. However, in 11 cases provision for hill districts was allocated under “Valley”; while in two cases, provision for valley districts was made under “Hill”.

The matter was pointed out (January 2009) to the Finance Department. However, no explanation had been furnished (January 2010).

**2.7 Conclusion and Recommendations**

During 2008-09, expenditure of Rs.4,434.44 crore was incurred against total budget provision of Rs.4,848.36 crore, resulting in a saving of Rs.413.92 crore. The overall savings was net result of saving of Rs.516.79 crore offset by excess of Rs.102.87 crore. The excess requires regularization under Article 205 of the Constitution of India. Excess expenditure for the period 1997-2002 is still awaiting regularization, despite recommendation of the Public Accounts Committee (PAC) to regularize the excess expenditure.

Supplementary provision aggregating to Rs.60.11 crore obtained in 13 cases was unnecessary as the expenditure did not come up to the level of original provision while in 11 cases, supplementary provision of Rs.172.32 crore proved insufficient by more than Rs.10 lakh in each case. In five sub-heads, the whole provision amounting to Rs.23.43 crore was surrendered without having incurred any expenditure.

In 34 cases involving an expenditure of Rs.538.72 crore, 75 per cent of the expenditure was incurred during the last quarter and during the last month of the financial year, indicating little control had been exercised in incurring expenditure. Out of Rs.1,206.91 crore paid through Abstract Contingent (AC) bills during 2004-09, Detailed Countersigned Contingent bills for Rs.1,013.28 crore are outstanding as of 31 March 2009. There were a number of errors in budget preparation such as inclusion of unauthorized/incorrect heads of accounts, non-observance of correction slip of the List of Major and Minor heads and incorrect allocation of provision.

The Government should regularize the excess expenditure as it is not only a violation of constitutional provision but also a disregard of the recommendations made by the PAC. Provision of funds through supplementary provisions should be used as an instrument to fine tune the flow of expenditure and should be applied in a judicious manner so that budget provisions and actual expenditure are convergent to each other as nearest as possible. A close and rigorous monitoring mechanism should be put in place by the DDOs to avoid rush of expenditure during the end of financial years and to adjust AC bills within thirty days from the date of drawal of the amount. Budget preparation, being the harbinger in prudent financial management, should be strengthened to avoid any error, savings and excess of expenditure.

## CHAPTER III FINANCIAL REPORTING

A sound internal financial reporting with relevant and reliable information significantly contributes to the efficient and effective governance by the State Government. The compliance to financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliances is thus one of the attributes of good governance. The reports on compliance and controls, if effective and operational, assist the State Government to meet its basic stewardship responsibilities, including strategic planning and decision making. This Chapter provides an overview and status of the State Government on the compliance of various financial rules, procedures and directives during the current year.

### 3.1 Non-submission/delay in submission of accounts

In order to identify the institutions which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the Government/Heads of the Departments are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose of assistance granted and the total expenditure of the institutions.

The annual accounts of 17 Autonomous Bodies/ Authorities due upto 2008-09 had not been received as on January 2010 by the Accountant General (Audit). The details of these accounts are given in **Appendix 3.1** and their age-wise pendency is presented in **Table 3.1**.

**Table 3.1 Age-wise Arrears of Annual Accounts due from Autonomous Bodies as on 31 March 2009**

Sl. No.	Delay in Number of Years	No. of the Bodies/ Authorities	Grants Received (Rs. in lakh)
1.	0 – 1	10	NA
2.	1 – 3	1	NA
3.	3 – 5	2	NA
4.	5 – 7	1	NA
5.	7 – 9	2	NA
6.	9 & above	1	NA
<b>Total</b>		<b>17</b>	

Out of 17 Autonomous Bodies/Authorities, annual account of one autonomous body<sup>1</sup> was outstanding for more than 9 years. The accounts of six autonomous Bodies<sup>2</sup> were in arrears for one to nine years.

### 3.2 Delays in submission of Accounts/Audit Reports of Autonomous Bodies

Six Autonomous District Councils (ADC) and one Autonomous Body *i.e* Legal Services Authority have been set up by the State Government. These

<sup>1</sup> Manipur State Kala Academy

<sup>2</sup> Loktak Development Authority, Manipur Pollution Control Board, Manipur Development Society, Manipur AIDS control Society, Eastern Border Area Development Authority, and Barak River Valley Development Board.

Bodies are audited by the Comptroller and Auditor General of India (CAG) with regard to the verification of their transactions, operational activities and accounts, conducting regulatory compliance audit of all transactions scrutinised in audit, review of internal management and financial control, review of system and procedures etc. The audit of accounts of these seven Bodies in the State has been entrusted to the CAG. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Report (SAR) and its placement in the Legislature are indicated in **Appendix 3.2**. Delay in placement of SARs in the Legislature after issuing them is summarized in **Table 3.2**.

**Table 3.2: Delay in submission / placement of Separate Audit Reports**

Sl. No.	Name of the ADC/ Autonomous Bodies	Year of SAR	Date of issue	Date of placement in the Legislature	Delay in submission to the Legislature
1	Chandel	2001-02	06.12.04	17.03.06	Over 1 year
2	Churachandpur	1998-99	29.12.00	17.03.06	Over 5 years
3	Sadar Hills	2000-01	10.04.03	17.03.06	Over 3 years
4	Senapati	1999-00	6.12.01	17.03.06	Over 4 years
5	Tamenglong	1999-00	11.12.01	17.03.06	Over 4 years
6	Ukhrul	1999-00	11.12.01	17.03.06	Over 4 years
7	Manipur State Legal Service Authority	2003-04	28.8.08	October 2008	Over 1 month

**Table 3.2** shows that SAR pertaining to the period 1998-99 in respect of ADC, Churachandpur was placed in the Legislature after a lapse of over five years while the SARs for the period 1999-00 in respect of ADCs of Senapati, Tamenglong and Ukhrul was placed after a lapse of over 4 years from the date of issue. The SAR in respect of ADC, Sardar Hills for the period 2000-01 was placed after a lapse of over three years from the date of issue while in respect of ADC, Chandel it was placed after a lapse of one year.

The reasons for the delay in submission/placement of the SARs in the Legislature were not on record.

### **3.3 Misappropriations, losses, defalcations, etc.**

Information regarding non-adjustment of temporary advances, reasons for non-adjustment, delay in furnishing utilization certificates, non-submission/delay in submission of accounts, cases of misappropriation, losses, defalcations, if any, were called from 50 Departments/ Autonomous District Council/ Corporations. However, information in respect of four department/ Autonomous District Council/ Corporations *viz.* Co-operative Department, Education (University and Higher Education) Department, Manipur Handloom and Handicrafts Development Corporation Limited and Ukhrul Autonomous District Council were received (February 2009). No cases of non-adjustment of advances, misappropriation, losses etc. were reported.

However, during 2006-09 Audit detected five cases of misappropriation/ fraudulent payment in four Departments<sup>3</sup> involving an amount of Rs.1.37 crore.

### **3.4 Conclusion and Recommendations**

Foregoing discussion discloses that there were also delay in placement of Separate Audit Reports to Legislature and huge arrears in finalisation of accounts by the ADC/Autonomous Bodies. Out of 50 departments/ Autonomous District Councils, only four replies were obtained to ascertain the status of non-adjustment of temporary advances, misappropriation, losses *etc.*

**Imphal  
The**

**(Stephen Hongray)  
Accountant General (Audit), Manipur**

**Countersigned**

**New Delhi  
The**

**(Vinod Rai)  
Comptroller and Auditor General of India**

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<sup>3</sup> Minorities and Other Backward Classes Department, Power Department, Public Works Department and Finance Department.



<b>Appendix 1.1</b>	
<b>Part A: Structure and Form of Government Accounts</b>	
<b>Structure of Government Accounts:</b> The accounts of the State Government are kept in three parts (i) Consolidated Fund (ii) Contingency Fund and (iii) Public Account.	
<b>Part I: Consolidated Fund</b> All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266 (1) of the Constitution of India.	
<b>Part II: Contingency Fund</b> Contingency Fund of State established under Article 267 (2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.	
<b>Part III: Public Account</b> Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittance <i>etc.</i> which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature.	
<b>PART B: Layout of Finance Accounts</b>	
Statement	Layout
Statement No.1	Presents the summary of transactions of the State Government – receipts and expenditure, revenue and capital, public debt receipts and disbursements <i>etc.</i> in the Consolidated Fund, Contingency Fund and Public Account of the State.
Statement No.2	Contains the summarised statement of capital outlay showing progressive expenditure to the end of the financial year.
Statement No.3	Exhibits the financial results of irrigation works and electricity scheme.
Statement No.4	Gives the summary of the debt position of the State, which includes borrowings from internal debt, Government of India, other obligations and servicing of debt.
Statement No.5	Gives the summary of loans and advances given by the State Government during the year, repayments made, recoveries in arrears, <i>etc.</i>
Statement No.6	Gives the summary of guarantees given by the Government for repayment of loans <i>etc.</i> raised by the statutory corporations, local bodies and other institutions.
Statement No.7	Gives the summary of cash balances and investments made out of such balances.
Statement No.8	Depicts the summary of balances under the Consolidated Fund, Contingency Fund and Public Account as on the last day of the financial year.
Statement No.9	Shows the revenue and expenditure under different heads for the year as a percentage of total revenue/expenditure.
Statement No.10	Indicates the distribution between the charged and voted expenditure incurred during the year.
Statement No.11	Indicates the detailed account of revenue receipts by minor heads.
Statement No.12	Provides accounts of revenue expenditure by minor heads under non-plan and plan separately and capital expenditure by major head wise..
Statement No.13	Depicts the detailed capital expenditure incurred during and to the end of the financial year.
Statement No.14	Shows the details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies, <i>etc.</i> up to the end of the financial year.
Statement No.15	Depicts the capital and other expenditure (other than revenue account) to the end of the current year and the principal sources from which the funds were provided for that expenditure.
Statement No.16	Gives the detailed account of receipts, disbursements and balances under the heads of account relating to Debt, Contingency Fund and Public Account.
Statement No.17	Presents the detailed account of debt and other interest bearing obligations of the Government.
Statement No.18	Provides the detailed account of loans and advances given by the Government, the amount of loans repaid during the year, the balances as on the last day of the financial year.
Statement No.19	Gives the details of balances of earmarked funds.

**Appendix – 1.2**  
**Methodology Adopted for the Assessment of Fiscal Position**  
**Part A**

The norms/Ceilings prescribed by the TFC for selected fiscal variable along with its projections for a set of fiscal aggregates and the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other Statements required to be laid in the legislature under the Act (**Part B of Appendix 1.2**) are used to make qualitative assessment of the trends and pattern of major fiscal aggregates. Assuming that GSDP is the good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the Gross State Domestic Product (GSDP) at current market prices. The buoyancy coefficients for relevant fiscal variables with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilization of resources, pattern of expenditure *etc.*, are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP.

The trends in GSDP for the last five years are indicated below:

**Trends in Gross State Domestic Product (GSDP)**

	2004-05	2005-06	2006-07	2007-08	2008-09
Gross State Domestic Product (Rs. in crore)	4568	5065	5343	5704	6344
Growth rate of GSDP	14.79	10.88	5.49	6.76	11.22

Source: Economics and Statistics Department

**Methodology for Estimating the Fiscal Capacity**

For working out the fiscal capacity of the State Governments, the following methodology given in Twelfth Finance Commission report has been adopted.

Step 1: Calculate the national average of AE-GSDP and CO/DE/SSE-AE.

Step 2: Based on the national average of AE-GSDP ratio, derive the aggregate expenditure so that no State is having a ratio AE-GSDP less than the national average, i.e., if

$$\begin{aligned} \text{AE/GSDP} &= x \\ \text{AE} &= x * \text{GSDP} \dots\dots (1) \end{aligned}$$

Where x is the national average of AE-GSDP ratio.

Wherever the States are having AE-GSDP ratio higher than national average, no adjustments were made. Wherever this ratio was less than average, it was made equal to the national average.

Step 3: Based on the national average of DE-AE, SSE-AE and COAE, derive the respective DE, SSE and CO, so that no State is having these ratios less than national average, i.e., if

$$\begin{aligned} \text{DE/AE} &= y \\ \text{DE} &= y * \text{AE} \dots\dots\dots (2) \end{aligned}$$

Substituting (1) in (2), we get

$$\text{DE} = y * x * \text{GSDP} \dots\dots\dots (3)$$

Wherever the States are having DE-AE, SSE-AE and CO-AE ratio higher than national average, no adjustments have been made. Wherever these ratios were less than average, it was made equal to the national average.

Step 4: Based on the derived DE, SSE and CO as per equation (3), respective per capita expenditure was calculated, i.e.,

$$PCDE = DE/P \dots\dots\dots (4)$$

Where PCDE is the per capita development expenditure and P is the population.

Substituting (3) in (4), we get

$$PDE = (y * x * GSDP)/P \dots\dots\dots (5)$$

Equation (5) provides the adjusted per capita expenditure. If the adjusted per capita expenditure is less than the national average of per capita expenditure, then the States' low level of spending is due to the low fiscal capacity. This gives a picture of actual level of expenditure when all the State Governments are attaching fiscal priority to these sectors equivalent to the national average.

The definitions of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given below:

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth
Buoyancy of a parameter (X) With respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	[(Current year Amount/Previous years Amount) - 1]* 100
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	Interest payment/[(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities) <sup>2</sup> ]* 100
Interest spread	GSDP growth – Average Interest Rate
Quantum spread	Debt stock *Interest spread
Interest received as per cent to Loans Outstanding	Interest Received [(Opening balance + Closing balance of Loans and Advances) <sup>2</sup> ]* 100
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest payments
Balance from Current Revenue (BCR)	Revenue Receipts <b>minus</b> all Plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of Avoidance of debt

<b>Appendix – 1.2—contd.</b>
<b>Fiscal Responsibility and Budget Management (FRBM) Act, 2005</b>
<b>Part B</b>

**The Fiscal Responsibility and Budget Management (FRBM) Act, 2005**

The State Government enacted the Manipur Fiscal Responsibility and Budget Management (FRBM) Act in August 2005 to ensure prudence in fiscal management and fiscal stability by achieving sufficient revenue surplus, reduction in fiscal deficit, prudent debt management consistent with fiscal sustainability, greater transparency in fiscal operations of the Government. The Act prescribed the following fiscal targets for the State Government:

- (i) strive to remain revenue surplus by making a balance in revenue receipts and expenditure and build up further surplus;
- (ii) strive to bring down fiscal deficit to 3% of Gross State Domestic Product;
- (iii) limit the amount of outstanding Government guarantees as per the provisions of the Manipur Ceiling on State Government Guarantee Act, 2004;
- (iv) follow a recruitment and wage policy, in a manner such that the total salary bill relative to revenue expenditure excluding interest payments and pensions does not exceed 35 *per cent*:

As per Manipur FRBM Rules 2005 (enacted in December 2005 and subsequently amended in January 2006 and in July 2006) fraud under the Act, the following fiscal targets in respect of revenue surplus and fiscal deficit was set:

- remain revenue surplus and build up further surplus having regard to the norms of Central Assistance for the State Plan and the tax and non-tax revenue potential of the State,
- reduce the fiscal deficit by a minimum of 1% of the Gross State Domestic Product by the end of each financial years, beginning with the financial year 2005-06 so as to reduce the same to 3% or below by 2008-09 provided that, in the event of shortfall in the reduction of revenue and fiscal deficit as envisaged, the target of reduction of deficit in the succeeding year shall stand enhanced by the amount of shortfall in the preceding year.

**Appendix – 1.2—contd.**  
**Statement showing Fiscal Correction Path (FCP)**

(Rupees in crore)

FISCAL CORRECTION PATH (2005-06 TO 2009-10)							
	2004-05	2005-06	2005-06	2006-07	2007-08	2008-09	2009-10
1	Pre-actual	BE	RE	Projections	Projections	Projections	Projections
	2	3	4	5	6	7	8
<b>1. REVENUE RECEIPTS (1.1 TO 1.6)</b>	<b>1659.67</b>	<b>2380.28</b>	<b>2463.02</b>	<b>2708.35</b>	<b>2966.20</b>	<b>3232.49</b>	<b>3518.56</b>
1.1 State's own Tax Revenue	83.13	100.24	95.00	106.40	119.17	133.47	149.48
1.2 Share in Central Taxes & Duties	287.96	344.01	344.01	378.69	434.50	499.66	577.81
1.3 State's own non-tax revenue	61.00	103.08	83.00	99.60	119.52	143.42	172.11
of which Lotteries (Gross Receipts)	0.50	0.50	0.50				
1.4 Plan Grants							
i) State Plan Schemes (Central Asstt)	698.78	906.19	1014.25	1115.68	1227.24	1349.97	1484.96
ii) Grants for CSS/CPS	105.98	88.29	88.29	97.12	106.83	117.51	129.27
1.5 Grants from Finance Commission							
i) Non-Plan	398.39	827.76	821.76	885.12	933.19	962.71	979.18
ii) Plan	7.51	--	6.00	14.75	14.75	14.75	14.75
1.6 Non-Plan Grants other than F.C.	16.92	10.71	10.71	11	11	11	11
<b>2. REVENUE EXPENDITURE (2.1+2.2)</b>	<b>1526.73</b>	<b>1849.74</b>	<b>2135.05</b>	<b>2090.75</b>	<b>2256.56</b>	<b>2437.11</b>	<b>2634.30</b>
2.1 Plan Revenue Expenditure of which	242.82	393.31	393.31	432.64	475.91	523.50	575.85
2.1.1 Outlay on CSS/CPS	68.57	47.74	47.74	52.51	57.77	63.54	69.90
2.1.2 Support to State PSUs							
2.1.3 Lotteries (Gross Expenditure)							
2.2 Non-Plan Revenue Expenditure	1283.91	1456.43	1741.74	1658.11	1780.65	1913.61	2058.45
of which							
2.2.1 Interest Payment	239.51	298.18	231.25	267.93	284.09	298.37	309.95
2.2.2 Support to State PSUs							
2.2.3 Lotteries (Gross Expenditure)	0.66	0.54	0.66	0.61	0.64	0.67	0.71
<b>3. CAPITAL RECEIPTS (3.1 TO 3.15)</b>	<b>787.37</b>	<b>211.28</b>	<b>759.11</b>	<b>391.09</b>	<b>415.41</b>	<b>420.84</b>	<b>253.63</b>
3.1 Market Borrowings (Gross)	82.99	89.91	192.28	211.51	232.66	255.92	281.52
3.2 Negotiated Loans (Budgeted)	--	40.36	40.36	40.36	40.36	40.36	40.36
3.3 Loans for State Plan Schemes (Central Asstt)	99.95	113.84	--	--	--	--	--
3.4 Loans against Net Small Savings							
3.5 Loans for Central Plan Schemes	2.01	4.25	--	--	--	--	--
3.6 Loans for Centrally Sponsored Schemes	--	--	--	--	--	--	--
3.7 W&M advance from RBI (Net)	--	--	--	--	--	--	--
3.8 W&M advances from Centre (Net)	--	--	--	--	--	--	--
3.9 Recovery of Loans & Advances	0.51	5.51	5.51	0.5	0.5	0.6	0.5
3.10 Dis-investment	--	--	--	--	--	--	--
3.11 Contingency Fund (Net)	--	--	--	--	--	--	--
3.12 Appropriation Contingency Fund (Net)	--	--	--	--	--	--	--
3.13 Inter-State Settlement (Net)	--	--	--	--	--	--	--
3.14 Other capital receipt into Consolidated Fund	609.01	0.01	--	--	--	--	--
<b>3.15 Public Account (Net), of which</b>	<b>(-) 7.10</b>	<b>(-) 42.60</b>	<b>520.96</b>	<b>138.72</b>	<b>141.89</b>	<b>124.06</b>	<b>(-) 68.75</b>
Small Savings Insurance, Provident Fund (Net)	(-) 11.55	(-) 20.00	538.00	183	183	153	-50
Reserve Fund (Net)	--	--	5.56	5.72	5.89	6.06	6.25
Deposits & advances	50.00	(-) 50.00	(-) 50.00	-15	-15	-15	-5
of which							
Deposits (Net/Budgeted)	50.00	(-) 50.00	(-) 60.00	-15	-15	-15	-5
Suspense & Miscellaneous (Net)	(-) 10.00	(-) 12.00	(-) 12.00	(-) 15.00	-12	0	0
Withdrawal from Cash Balance							
Investment Account (Net)							
Remittances (Net)	(-) 70.00	--	--	--	--	--	--
Others (Net)	34.45	39.40	39.40	(-) 20.00	(-) 20.00	(-) 20.00	(-) 20.00
<b>4. CAPITAL EXPENDITURE (4.1 TO 4.6)</b>	<b>568.74</b>	<b>796.64</b>	<b>657.20</b>	<b>928.25</b>	<b>1026.19</b>	<b>1114.32</b>	<b>985.48</b>
4.1 Plan Capital Outlay	498.08	529.99	529.99	582.99	641.29	705.42	775.96
of which outlay on CSS/CPS	89.03	41.92	41.92	46.11	50.72	55.80	61.38
4.2 Plan Lending	20.23	81.59	81.59	89.75	98.72	108.60	119.46
of which outlay on CSS/CPS	0.23	0.23	0.23	0.50	0.50	0.50	0.50
4.3 Non-Plan Capital Outlay	0.62	0.04	0.04	0.05	0.05	0.05	0.05
4.4 Non-Plan Lending	0.05	0.40	0.40	0.7	0.7	0.7	0.7
4.5 Discharge of Internal Debt.	27.79	37.67	42.43	49.01	79.68	93.81	86.57
of which Market Borrowings	14.00	16.00	16.00	16	38.78	39.05	41.82
4.6 Repayment of Loans to Centre	21.97	146.95	2.75	205.75	205.75	205.75	2.75
of which repayment of W & M Advance to Centre							
A. TOTAL RECEIPTS (1+3)	2447.04	2591.56	3222.13	3099.44	3381.61	3653.34	3772.19
B. TOTAL EXPENDITURE (2+4)	2095.47	2646.38	2792.25	3019.00	3282.75	3551.43	3619.78
C. OVERALL SURPLUS (+)/DEFICIT (-) (A-B)	351.57	(-) 54.82	429.88	80.44	98.86	101.91	152.41
D. OPENING BALANCE	(-) 609.00	(-) 423.87	(-) 257.43	172.45	252.89	351.76	453.67
E. CLOSING BALANCE (C+D)	(-) 257.43	(-) 478.69	172.45	252.89	351.76	453.67	606.07
F. REVENUE SURPLUS (+)/DEFICIT (-) (1-2)	132.94	630.54	327.97	617.60	709.65	795.39	884.27
G. GROSS FISCAL DEFICIT (-)(1+3.9+3.10)-(4.1 TO 4.4+2)	(-) 385.53	(-) 75.97	(-) 278.54	(-) 55.38	(-) 30.62	(-) 18.88	(-) 11.40
H.	(-) 146.02	222.24	(-) 47.29	212.55	253.47	279.49	298.55
<b>1. STATE'S OWN RESOURCES (i to x)</b>	<b>(-) 195.43</b>	<b>(-) 105.03</b>	<b>(-) 99.25</b>	<b>(-) 109.42</b>	<b>(-) 120.31</b>	<b>(-) 132.30</b>	<b>(-) 145.48</b>
i) Balance from Current revenues {(1.1+1.2+1.3+1.5+1.6)-(2.2+N.P. Support to PSUs)}	(-) 436.51	(-) 70.63	(-) 387.26	(-) 177.30	(-) 163.27	(-) 163.35	(-) 168.87

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ii) Net Contribution from State PSUs (Non-Plan support to State PSUs)							
iii) Plan Grants under FC (1.5)	7.51	-	6.00	14.75	14.75	14.75	14.75
iv) MCR (net) (3.7 to 3.15 (-) GPF (-) 4.3 to 4.6)	563.54	(-) 202.14	(-) 57.15	(-) 299.29	(-) 326.79	(-) 328.75	(-) 108.32
v) Net Provident Fund	(-) 11.55	(-) 20.00	538.00	183.00	183.00	153.00	(-) 50.00
vi) Loans against Net Small Savings (3.4)	--	--	--	--	--	--	--
vii) Market Borrowings (Gross) (3.1)	82.99	89.91	192.28	211.51	232.66	255.92	281.52
viii) Negotiated Loans (3.2)	--	40.36	40.36	40.36	40.36	40.36	40.36
ix) Adjustment of Opening Balance (D-E)	(-) 351.57	54.82	(-) 429.88	(-) 80.44	(-) 98.86	(-) 101.91	(-) 152.41
x) CSS/CPS Deficit (-)/Surplus (+) (Receipts-Disbursements)	(-) 49.84	2.65	(-) 1.60	(-) 2.01	(-) 2.16	(-) 2.32	(-) 2.51
<b>J. CENTRAL ASSISTANCE (1.4i+3.3)</b>	<b>798.73</b>	<b>1020.03</b>	<b>1014.25</b>	<b>1115.68</b>	<b>1227.24</b>	<b>1349.97</b>	<b>1484.96</b>
<b>K. STATE PLAN RESOURCES (I+J)</b>	<b>603.30</b>	<b>915.00</b>	<b>915.00</b>	<b>1006.25</b>	<b>1106.93</b>	<b>1217.67</b>	<b>1339.49</b>
<b>L. STATE PLAN OUTLAY (=K) OR (2.1+4.1+4.2-outlay on CSS/CPS)</b>	<b>603.30</b>	<b>915.00</b>	<b>915.00</b>	<b>1006.25</b>	<b>1106.93</b>	<b>1217.67</b>	<b>1339.49</b>
<b>Fiscal Parameters</b>							
a) GSDP at Current Prices	4186	4465	4465	4822.20	5207.98	5624.61	6074.58
b) Salary bill	692.24	686.38	866.26	781.66	823.02	866.58	912.47
c) Pensions	178.56	171.34	198.34	214.86	236.35	259.98	285.98
<b>d) REVENUE SURPLUS (+)/DEFICIT (-) (1-2)</b>	<b>132.94</b>	<b>530.54</b>	<b>327.97</b>	<b>617.60</b>	<b>709.65</b>	<b>795.39</b>	<b>884.27</b>
<b>e) GROSS FISCAL DEFICIT (-)</b>	<b>(-) 385.53</b>	<b>(-) 75.97</b>	<b>(-) 278.54</b>	<b>(-) 55.38</b>	<b>(-) 30.62</b>	<b>(-) 18.88</b>	<b>(-) 11.40</b>
<b>f) Ratio of total Salary bill to revenue</b>	<b>62.44%</b>	<b>49.73%</b>	<b>50.79%</b>	<b>48.61%</b>	<b>47.41%</b>	<b>46.13%</b>	<b>44.76%</b>
Expenditure net of interest payment & Pensions							
g) State's own tax Revenue as % age of GSDP	1.99%	2.25%	2.13%	2.21%	2.29%	2.37%	2.46%
h) State's Own Non-Tax Revenue as % age of GSDP	1.46%	2.31%	1.86%	2.07%	2.29%	2.55%	2.83%
i) Interest payment as % age of GSDP	5.72%	6.68%	5.18%	5.56%	5.45%	5.30%	5.10%
j) Total Revenue Expenditure as % age of GSDP	36.47%	41.43%	47.82%	43.36%	43.33%	43.33%	43.37%
k) Capital Expenditure as % age of GSDP	13.59%	17.84%	14.72%	19.25%	19.70%	19.81%	16.22%
l) Total expenditure as % age of GSDP	50.06%	59.27%	62.54%	62.61%	63.03%	63.14%	59.59%
m) Revenue Deficit (-)/Surplus (+) as % age of GSDP	3.18%	11.88%	7.35%	12.81%	13.63%	14.14%	14.56%
n) Fiscal Deficit (-) as % age of GSDP	9.21%	1.70%	6.24%	1.15%	0.59%	0.34%	0.19%
o) Primary deficit (-) as % age of GSDP	-3.49%	4.98%	-1.06%	4.41%	4.87%	4.97%	4.91%
p) Debt as % age of GSDP	67.59%	0.00%	80.86%	78.31%	75.17%	71.68%	63.14%
q) Guarantee liability of the State Government	87.34		87.34	87.34	87.34	87.34	87.34
<b>DEBT</b>	<b>2829.46</b>		<b>3610.41</b>	<b>3776.43</b>	<b>3914.93</b>	<b>4031.48</b>	<b>3835.43</b>
<b>a) Loans from G.O.I. without W &amp; M Advance</b>	<b>1455.69</b>		<b>1414.96</b>	<b>1171.23</b>	<b>927.49</b>	<b>683.76</b>	<b>843.03</b>
<b>b) Other loans</b>	<b>958.10</b>		<b>1258.82</b>	<b>1529.85</b>	<b>1770.2</b>	<b>2006.42</b>	<b>1919.85</b>
<b>c) Public Account (net outstanding)</b>	<b>415.67</b>		<b>936.63</b>	<b>1075.35</b>	<b>1217.24</b>	<b>1341.30</b>	<b>1272.55</b>
<b>Foot Note</b>							
1.	The Plan expenditure along with the plan grants and Loan component from market are assumed at 10% growth.						
2.	The State Government has revised the DA rates of employees with retrospective effect. The arrear is Rs.            Crore impounded into GPF and the annual requirement is Rs.45 crore. An amount of Rs.121 crore has been included for payment of Power dues. These are one-time elements and have been excluded in estimates for 2006-07. Growths in estimates have been given by following TFC recommendations.						
3.	Interest payment is based on assumption that the Government of India loans are consolidated and interest rates reduced to 7.5%. REC loans are rescheduled. Rescheduled HUDCO loans which are 100% risked guaranteed loan are also included.						
4.	Market Loans: In addition to the normal Open Market Loans 10% loan component of Central Assistance for State Plan/NLCPR/NEC has also been included.						
5.	Small Savings, Insurance fund etc. Small Savings loans for wiping out the opening deficit of Rs.257.43 crore, Impounding of arrear of DA revision into GPF (Rs.170 crore). Small Savings loans for payment of dues of CPSUs amounting Rs.121 crore have been included. For 2006-07, 2007-08 and 2008-09. Medium Term loans amounting Rs.609 crore to be repaid in these years are to be financed from Small savings loans @ Rs.203 crore annually. The same has been assumed in the forecast.						

**Appendix 1.3**  
**(Reference: Paragraphs 1.3 and 1.7.2)**  
**Time series data on the State Government finances**

(Rupees in crore)

	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
<b>Part A. Receipts</b>					
<b>1. Revenue Receipts</b>	1,743	2,409	2,863	3,508	3,873
<b>(i) Tax Revenue</b>	81	95	122	147	170
Taxes on Agricultural Income	--	--	--	--	--
Taxes on Sales, Trade, etc.	55	71	97	121	141
State Excise	3	3	4	4	4
Taxes on Vehicles	3	4	3	3	4
Stamps and Registration fees	2	3	3	3	3
Land Revenue	1	1	1	1	1
Taxes on Goods and Passengers	1	1	1	1	1
Other taxes	11	12	13	14	16
Taxes and duties on electricity	5	-	-	-	-
<b>(ii) Non-Tax Revenue</b>	70	76	181	165	254
<b>(iii) State's share of Union taxes and duties</b>	287	342	436	550	581
<b>(iv) Grants-in-aid from Government of India</b>	1,305	1,896	2,124	2,646	2,868
<b>2. Miscellaneous Capital Receipts</b>	-	-	-	-	-
<b>3. Recoveries of Loans and Advances</b>	1	1	1	2	1
<b>4. Total Revenue and Non-debt capital receipts (1+2+3)</b>	1,744	2,410	2,864	3,510	3,874
<b>5. Public Debt Receipts</b>	1,110	218	266	261	314
Internal Debt (excluding Ways and Means Advances and Overdrafts)	83	213	260	253	309
Net transactions under Ways and Means Advances and Overdrafts	-	-	-	-	-
Loans and Advances from Government of India	1,027	5	6	8	5
<b>6. Total Receipts in the Consolidated Fund (4+5)</b>	2,854	2,628	3,130	3,771	4,188
<b>7. Contingency Fund Receipts</b>	-	-	-	-	-
<b>8. Public Account Receipts</b>	1,108	2,173	2,207	2,481	2,848
<b>9. Total Receipts of the State (6+7+8)</b>	<b>3,962</b>	<b>4,801</b>	<b>5,337</b>	<b>6,252</b>	<b>7,036</b>
<b>Part B. Expenditure/Disbursement</b>					
<b>10. Revenue Expenditure</b>	1,651	2,004	2,415	2,292	2,622
Plan	255	412	420	480	490
Non-Plan	1,396	1,592	1,995	1,812	2,132
General Services (including interest payments)	704	723	873	932	1,094
Social Services	523	683	664	718	803
Economic Services	424	598	878	642	725
Grants-in-aid and contributions	-	-	-	-	-
<b>11. Capital Expenditure</b>	521	616	867	1,108	1,467
Plan	520	616	865	1,110	1,464
Non-Plan	1	-	2	(-)	3
General Services	14	188	131	104	55
Social Services	258	130	271	378	547
Economic Services	249	298	465	626	865
<b>12. Disbursement of Loans and Advances</b>	20	61	57	8	1
<b>13. Total (10+11+12)</b>	2,192	2,681	3,339	3,408	4,090
<b>14. Repayments of Public Debt</b>	456	117	285	308	310
Internal Debt (excluding Ways and Means Advances and Overdrafts)	24	19	40	63	65

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Net transactions under Ways and Means Advances and Overdrafts	50	55	-	-	-
Loans and Advances from Government of India	382	43	245	245	245
<b>15. Appropriation to Contingency Fund</b>	-	-	-	-	-
<b>16. Total disbursement out of Consolidated Fund (13+14+15)</b>	2,648	2,798	3,624	3,716	4,400
<b>17. Contingency Fund disbursements</b>	-	-	-	-	-
<b>18. Public Account disbursements</b>	1,028	1,739	1,787	1,953	2,560
<b>19. Total disbursement by the State (16+17+18)</b>	<b>3,676</b>	<b>4,537</b>	<b>5,411</b>	<b>5,669</b>	<b>6,960</b>
<b>Part C. Deficits</b>					
<b>20. Revenue Deficit (-)/Surplus (+) (1-10)</b>	(+)92	(+)405	(+)448	(+)1,216	(+)1,250
<b>21. Fiscal Deficit (-)/Surplus (+) (4-13)</b>	(-)448	(-)271	(-)475	(+)102	(-)217
<b>22. Primary Deficit/ Surplus (21+23)</b>	(-)182	(-)33	(-)186	(+)400	(+)98
<b>Part D. Other data</b>					
<b>23. Interest Payments (included in revenue expenditure)</b>	266	238	289	298	314
<b>24. Financial Assistance to local bodies etc.</b>	48	79	42	43	51
<b>25. Ways and Means Advances/Overdraft availed (days)</b>	54	127	-	7	-
<b>Ways and Means Advances availed (days)</b>					
<b>Overdraft availed (days)</b>					
<b>26. Interest on Ways and Means Advances/Overdraft</b>	10	3	-	-	-
<b>27. Gross State Domestic Product (GSDP)@</b>	4568	5065	5343	5,704	6,344
<b>28. Outstanding Fiscal liabilities (year end)</b>	3,082	3,905	4,187	4,529	4,861
<b>29. Outstanding guarantees (year end) (including interest)</b>	22	209	251	211	274
<b>30. Maximum amount guaranteed (years end)</b>	214	247	194	207	197
<b>31. Number of incomplete projects</b>	NA	NA	90	228	49
<b>32. Capital blocked in incomplete projects</b>	NA	NA	149.79	176.12	144
<b>Part E: Fiscal Health Indicators</b>					
<b>I Resource Mobilization</b>					
Own Tax revenue/GSDP	1.77	1.87	2.28	2.58	2.68
Own Non-Tax Revenue/GSDP	1.53	1.50	3.39	2.89	4.00
Central Transfers/GSDP	6.28	6.75	8.16	9.64	9.16
<b>II Expenditure Management</b>					
Total Expenditure/GSDP	47.99	52.93	62.49	59.73	64.47
Total Expenditure/Revenue Receipts	125.76	111.29	116.63	97.15	105.60
Revenue Expenditure/Total Expenditure	75.32	74.75	72.33	67.25	64.11
Expenditure on Social Services/Total Expenditure	35.96	31.03	28.49	32.24	33.01
Expenditure on Economic Services/Total Expenditure	31.12	34.20	40.92	37.29	38.88
Capital Expenditure/Total Expenditure	23.99	23.51	26.42	32.59	35.87
Capital Expenditure on Social and Economic Services/Total Expenditure.	23.13	15.96	22.04	29.46	34.52
<b>III Management of Fiscal Imbalances</b>					
Revenue deficit (surplus)/GSDP	2.01	7.99	8.38	21.32	19.70
Fiscal deficit/GSDP	(-) 9.81	(-) 5.35	(-) 8.89	1.79	(-)3.40
Primary Deficit (surplus)/GSDP	(-) 3.98	(-) 0.65	(-) 3.48	7.01	(-)1.54
Revenue Deficit/Fiscal Deficit	(-)20.54	(-)149.45	(-)94.32	1,192.16	(-)578.70
Primary Revenue Balance/GSDP	8.90	13.70	11.34	26.54	24.67

<b>IV Management of Fiscal Liabilities</b>					
Fiscal Liabilities/GSDP	67.47	77.10	78.36	79.40	76.61
Fiscal Liabilities/RR	176.85	162.10	146.24	129.09	125.48
Primary deficit vis-à-vis quantum spread	(-)430.82	(+)263.66	(+)1,039.73	1,199.76	(-)302.77
Debt Redemption (Principal+Interest)/Total Debt Receipts	68.82	51.00	100.85	95.88	97.25
<b>V Other Fiscal Health Indicators</b>					
Return on Investment	0.08	0.00	-	0.05	-
Balance from Current Revenue (Rs. in crore)	(-)532.00	(-)232.00	(-)325	32	(-)97.15
Financial Assets/Liabilities	1.22	1.29	1.35	1.59	1.79

**Figures in brackets represent percentages (rounded) to total of each sub-heading  
@ GSDP figures as communicated by the State Government..**

**Appendix 1.4**

(Reference: Paragraph 1.1)

(Rs. in crore)

**Part A: Abstract of Receipts and Disbursements for the year 2008-09**

		Receipts			Disbursements					
2007-08				2008-09	2007-08					2008-09
		Section-A: Revenue					Non-Plan	Plan	Total	
3,508.27	I	Revenue receipts		3,872.62	2,292.52	Revenue expenditure-	2,132.23	490.08	2,622.28	
147.45		-Tax revenue	170.07		931.94	General services-	1,091.03	3.58	1,094.61	
					728.23	Social Services-	571.58	231.47	803.05	
164.71		-Non-tax revenue	253.46		408.79	-Education, Sports, Art and Culture	375.72	42.70	418.42	
					92.68	-Health and Family Welfare	83.07	24.12	107.19	
550.40		-State's share of Union Taxes	580.81		36.80	Water Supply, Sanitation, Housing and Urban Development	58.24	16.39	74.63	
					3.07	-Information and Broadcasting	2.34	1.03	3.37	
981.71		-Non-plan Grants	1,017.08		63.92	-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	13.45	58.61	72.06	
1,417.71		-Grants for State Plan Schemes	1,491.04		8.34	-Labour and labour Welfare	5.06	3.36	8.42	
					100.80	Social Welfare and Nutrition	28.92	85.26	114.18	
213.41		-Grants for Central and Centrally sponsored Plan Schemes	342.45		4.13	-Others	4.78	-	4.78	

					642.35		Economic Services-	469.62	255.00	724.62
32.88		Grants for Special Schemes for NEC and for other purposes	17.71		211.97		-Agriculture and Allied Activities	104.66	79.35	184.01
					73.67		-Rural Development	44.35	43.46	87.81
					0.97		-Special Areas Programmes	-	37.02	37.02
					39.55		-Irrigation and Flood Control	26.81	15.04	41.85
					156.25		-Energy	185.32	4.80	190.12
					49.25		-Industry and Minerals	26.37	21.66	48.03
					66.99		-Transport	68.94	-	68.94
					5.83		-Science, Technology and Environment	0.79	14.88	15.67
					37.87		-General Economic Services	12.38	38.79	51.17
							Grants-in-aid and Contributions			
							Total			
	<b>II</b>	Revenue deficit carried over to Section B				<b>II</b>	Revenue Surplus carried over to Section B			
					1,215.75					1,250.34
		Section-B : Others								
(-) 42.94	<b>III</b>	Opening Cash balance including Permanent Advances and Cash Balance Investment		540.23		<b>III</b>	Opening Overdraft from Reserve Bank of India			
	<b>IV</b>	Miscellaneous Capital receipts			1,107.92	<b>IV</b>	Capital Outlay-	3.01	1,463.79	1,466.80
					104.19		General Services-	-	54.79	54.79
					378.31		Social Services-	0.01	547.14	547.15
					119.98		-Education, Sports, Art and Culture	-	110.64	110.64

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				61.65		-Health and Family Welfare	-	47.71	47.71
				172.35		-Water Supply, Sanitation, Housing and Urban Development	0.01	344.24	344.25
				0.20		-Information and Broadcasting	-	0.20	0.20
				4.43		-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	-	-	39.03
		Section-B: Others (concl'd)							
				17.69		-Social Welfare and Nutrition	-	-	-
				2.01		-Others	-	5.32	5.32
				625.42		Economic Services-	3.00	861.86	864.86
				3.59		-Agriculture and Allied Activities	3.00	28.61	31.61
				0.15		-Rural Development	-	0.20	0.20
				34.23		-Special Areas Programmes	-	15.37	15.37
				163.71		-Irrigation and Flood Control	-	307.38	307.38
				153.17		-Energy	-	112.87	112.87
				26.79		-Industry and Minerals	-	76.75	76.75
				10.00		Environment and Science and Technology	-	10.70	10.70
				229.71		-Transport	-	299.57	299.57
				4.07		-General Economic Services	-	10.41	10.41
						Total			
2.29	V	Recoveries of Loans and Advances-	0.66	7.97	V	Loans and Advances disbursed-	0.34	0.74	1.08
-		-From Power Projects	-	-		-For Power Projects	-	-	-

0.60		-From Government Servants	0.60		3.85		-To Government Servants	0.34	-	0.34
1.69		-From Others	0.03		4.12		-To Others	-	0.74	0.74
1,215.75	<b>VI</b>	Revenue Surplus brought down		1,250.34		<b>VI</b>	Revenue Deficit brought down	-	-	-
					307.75	<b>VII</b>	Repayment of Public debt-	-	-	309.79
261.01	<b>VII</b>	Public debt receipts-		314.54			-External debt			
		-External debt			62.71		-Internal debt other than Ways and Means Advances and Overdrafts		64.65	
252.68		-Internal debt other than Ways and Means Advances and overdrafts	309.36				-Net transactions under Ways and Means Advances			
		- Net transactions under Ways and Means Advances			245.04		-Repayment of Loans and Advances to Central Government		245.14	
		-Net transactions under overdraft				<b>VIII</b>	Appropriation to Contingency Fund			
8.33		-Loans and Advances from Central Government	5.18			<b>IX</b>	Expenditure from Contingency Fund			
-	<b>VIII</b>	Appropriation to Contingency Fund	-		1,953.25	<b>X</b>	Public Account disbursement -			2,559.71
-	<b>IX</b>	Amount transferred to Contingency Fund	-		80.57		-Small savings and Provident Funds		91.59	
2,481.01	<b>X</b>	Public Account receipts-		2,847.66	9.45		-Reserve Funds		19.67	

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332.91		Small Savings and Provident Funds	343.36		163.70		Suspense and Miscellaneous		50.04	
13.33		-Reserve Funds	25.08				Remittances			
191.33		Suspense and Miscellaneous	45.26		1,441.93		Deposits and Advances		2,000.41	
					257.60				398.00	
1,553.06		Remittances	1,952.25		540.23	<b>XI</b>	Cash Balance at end-			616.05
390.38		Deposits and Advances	481.71		5.09		Cash in Treasuries and Local Remittances		12.27	
	<b>XI</b>	Closing Overdraft from Reserve Bank of India			(-) 234.93		Deposits with Reserve Bank		(-) 271.30	
					141.89		Departmental Cash Balance including permanent Advances		20.53	
					628.18		Cash Balance Investment and Investment of earmarked fund		854.55	
<b>7,425.39</b>		<b>Total</b>	<b>8,826.05</b>	<b>8,826.05</b>	<b>7,425.39</b>		<b>Total</b>		<b>8,826.05</b>	

**Appendix 1.4 –Contd.**  
**(Reference: Paragraph 1.7.1)**

**Part-B-****Summarized financial position of the Government of Manipur as on 31 March 2009****(Rupees in crore)**

As on 31.03.2008		Liabilities	As on 31.03.2009	
1,323.89		<b>Internal Debt -</b>		<b>1,568.60</b>
	1,203.62	Market Loans bearing interest	1,452.16	
	0.04	Market Loans not bearing interest	0.29	
	8.29	Loans from Life Insurance Corporation of India	8.28	
	13.92	Loans from NABARD	13.73	
	98.02	Loans from other Institutions	94.14	
	-	Ways and Means Advances		
	-	Overdrafts from Reserve Bank of India		
<b>966.55</b>		<b>Loans and Advances from Central Government -</b>		<b>726.59</b>
	0.06	Pre 1984-85 Loans	0.06	
	847.44	Non-Plan Loans	606.49	
	88.73	Loans for State Plan Schemes	91.50	
	2.49	Loans for Central Plan Schemes	2.21	
	22.67	Loans for Centrally Sponsored Plan Schemes	21.46	
	5.16	Loans for Special Plan Schemes	4.87	
		Other Wage & Means Advances		
		Contingency Fund		
<b>1,381.62</b>		<b>Small Savings, Provident Funds, etc.</b>		<b>1,633.39</b>
<b>839.05</b>		<b>Deposits</b>		<b>922.68</b>
<b>17.66</b>		<b>Reserve Funds</b>		<b>23.06</b>
<b>22.07</b>		<b>Remittance Balances</b>		<b>-</b>
<b>-</b>		<b>Suspense and Miscellaneous Balances</b>		<b>-</b>
<b>234.94</b>		<b>Deposit with Reserve Bank and other banks</b>		<b>271.30</b>
<b>2,820.44</b>		<b>Surplus on Government Account</b>		<b>4,070.78</b>
	1,604.69	Net surplus as on 31 March 2008	2,820.44	
	-	Less deficit of the current year (2008-09)	-	
	1,215.75	Add surplus of the current year (2008-09)	1,250.34	
<b>7,606</b>		<b>Total</b>		<b>9,216.40</b>
		<b>Assets</b>		
<b>6,544.98</b>		<b>Gross Capital Outlay on Fixed Assets -</b>		<b>8,011.78</b>
		Investments in shares of Companies, Corporations, etc.		
	173.88	Co-operative	175.83	
	6,371.10	Other Capital Outlay	7,835.95	
<b>198.78</b>		<b>Loans and Advances -</b>		<b>199.20</b>
	-	Loans for Power Projects	-	
	186.92	Other Development Loans	187.54	
	11.86	Loans to Government servants and Miscellaneous loans	11.66	
<b>1.81</b>		<b>Advances</b>		<b>1.73</b>
		<b>Remittance Balance</b>		<b>26.08</b>
<b>85.49</b>		<b>Suspense and Miscellaneous Balance</b>		<b>90.26</b>
<b>775.16</b>		<b>Cash -</b>		<b>887.35</b>
	5.09	Cash in Treasuries and Local Remittances	12.27	
	141.87	Departmental Cash Balance	20.51	
	0.02	Permanent Advances	0.02	
	628.18	Cash Balance Investments	840.89	
	-	Investment of earmarked funds	13.66	
<b>7,606.22</b>				<b>9,216.40</b>

**Appendix 2.1**

(Reference: Paragraph 2.3.1)

**Statement of various Grants/Appropriations where saving was more than one crore in each case or more than 20 per cent of the total provision**

(Rs. in lakh)

Sl. No.	Grant No.	Name of the Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
<b>Revenue voted</b>					
1	1	State Legislature	1666.17	120.03	7
2	3	Secretariat	3720.05	586.01	16
3	4	Land Revenue, Stamps & Registration and District Administration	3425.51	246.96	7
4	7	Police	34252.66	2502.51	7
5	8	Public Works Department	19492.49	2835.6	15
6	10	Education	38338.94	3189.72	8
7	11	Medical, Health and Family Welfare Services	11307.68	831.66	7
8	12	Municipal Administration, Housing and Urban Development	4284.32	173.4	4
9	13	Labour and Employment	989.51	147.11	15
10	14	Development of Tribal and Scheduled Castes	11353.89	594.81	5
11	17	Agriculture	7661.79	1790.13	23
12	18	Animal Husbandry and Veterinary including Dairy Farming	3677.15	151.86	4
13	19	Environment and Forest	5015.79	633.66	13
14	20	Community Development and ANP, IRDP and NREP	9548.87	795.85	8
15	21	Commerce & Industries and Weights & Measures Department	4556.81	1477.73	32
16	22	Public Health Engineering	2935.22	1200.48	41
17	24	Vigilance Department	192.38	60.42	31
18	26	Administration of Justice	868.68	181.08	21
19	30	General Economic Services and Planning	6187.73	1555.78	25
20	36	Minor Irrigation	1343.87	790	59
21	38	Panchayat	3938.52	464.53	12
22	39	Sericulture	2089	219.42	11
23	40	Irrigation and Flood Control Department	4770	2158.91	45
24	41	Art and Culture	1275.19	208.24	16
25	43	Horticulture and Soil Conservation	3379.82	172.43	5
26	44	Social Welfare Department	10345.22	1246.23	12
27	47	Welfare of Minorities and Other Backward Classes	1475.6	228.58	15
28	48	Relief and Disaster Management	1506.26	306.93	20
<b>Capital voted</b>					
29	1	State Legislature	20	10	50
30	2	Council of Ministers	120	112.5	94
31	8	Public Works Department	11259.6	3028.91	27
32	10	Education	2237.62	560.29	25
33	16	Co-operation	151	51	34
34	17	Agriculture	643.47	200.81	31
35	21	Commerce & Industries and Weights & Measures Department	717.29	705.64	98
36	23	Power	16021.68	7027.89	44
37	25	Youth Affairs and Sports Department	897.83	479.24	53
38	30	General Economic Services and Planning	55839.5	8259.1	15
39	36	Minor Irrigation	5785.12	812.67	14
40	37	Fisheries	64	59.74	93
41	40	Irrigation and Flood Control Department	23198.5	2005.97	9
42	41	Art and Culture	525	230.22	44
43	44	Social Welfare Department	1769.13	1769.13	100

		<b>Revenue charged</b>			
44	1	State Legislature	16.04	4.02	25
45	App.2	Interest Payment and Debt Services	31499.25	115.94	0.37
46	8	Public Works Department	70.69	67.06	95
47	26	Administration of Justice	412.35	412.35	100
		<b>Capital charged (Public debt)</b>			
48	App. 2	Interest Payment and Debt Services	31440.06	461.01	1
		<b>Total</b>	<b>382287.25</b>	<b>51243.56</b>	

**Appendix 2.2**

(Reference: Paragraph 2.3.3)

**Statement of various Grants/Appropriations where Expenditure was more than Rs.25 lakh in each case or more than 20 per cent of the total provision**

(Rs. in lakh)

Sl. No.	Grant/ Appn. No.	Name of the Grant/Appropriation	Total Provision	Expenditure	Excess expenditure	Percentage of Excess Expenditure
(1)	(2)	(3)	(4)	(5)	(6)	(7)
		<b>Revenue voted</b>				
1	5	Finance Department	27158.10	28854.28	1696.18	6
2	23	Power	18282.18	18532.53	250.35	1
3	25	Youth Affairs and Sports Department	1555.34	1590.93	35.59	2
4	46	Science and Technology	1385.05	1605.77	220.72	16
		<b>Capital voted</b>				
5	11	Medical, Health and Family Welfare Services	1741.96	4774.16	3032.20	174
6	12	Municipal Administration, Housing and Urban Development	8148.92	9348.83	1199.91	15
7	13	Labour and Employment	164.25	482.25	318.00	194
8	22	Public Health Engineering	15364.36	17686.57	2322.21	15
9	39	Sericulture	6282.18	7383.09	1100.91	18
10	45	Tourism	985.17	1040.66	55.49	6
11	47	Welfare of Minorities and Other Backward Classes	3176.27	3216.76	40.49	1
	<b>Total</b>		<b>84243.78</b>	<b>94515.83</b>	<b>10272.05</b>	

## Appendix 2.3

(Reference: Paragraph 2.3.5)

Statement showing amount debited head-wise and credited to '8449 –Other Deposits'

(Rupees in crore)

Sl. No.	Department/Name of DDO	Debit Head	Credit Head	Month of credit	Amount credited
1	Tribal Welfare Department	2225	8449	March 09	13.65
2	Tourism Department	3452	8449	March 09	8.01
3	Youth Affairs and Sports Department	2204	8449	March 09	7.96
4	Directorate of Information & Public Relations	2220	8449	March 09	0.18
5	Superintendent of Police, Jails	2056	8449	March 09	0.72
6	Integrated Child Development Scheme	2235	8449	March 09	0.05
7	Education (Schools) Department	2202	8449	March 09	21.59
8	State Council of Educational Research and Training	2202	8449	March 09	0.17
9	Adult Education Department	2202	8449	March 09	0.01
10	Directorate of Treasuries and Accounts	2054	8449	March 09	0.02
11	Curator, Museum	2205	8449	March 09	0.35
12	Fisheries Department	2404	8449	March 09	0.53
13	Joint Director, Craftsman and Training	2070	8449	March 09	3.68
14	Principal, Government Polytechnics	2202	8449	March 09	2.12
15	Family Welfare Department	2211	8449	March 09	2.27
16	Transportation Department	2041	8449	March 09	0.01
17	Planning (Secretariat) Department	2053	8449	March 09	10.19
18	Science and Technology Department	2501	8449	March 09	12.47
19	Tribal Research Institute	3425	8449	March 09	0.96
	<b>Total</b>				<b>84.94</b>

**Appendix 2.4**  
(Reference: Paragraph 2.3.6)  
**Excess over provision of previous years requiring regularisation**

(Rupees in crore)

Year	No. of Grants/ Appropriations	Grant/appropriation number	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
1997-98	12	5, 11, 16, 21, 26, 34, 44, Appn.2, 16, 23, 25 and Appn. 2	384.57	PAC recommended for regularization (24 <sup>th</sup> Report); but status of regularization not intimated yet.
1998-99	8	Appn. 2, 1, 8, 8, 20, 34 Appn. 2 and 23	293.66	-do-
1999-00	16	1, Appn. 2, 4, 5, 8, 20, 21, 29, 33, 34, 39, 44, Appn. 2, 21, 23 and 25	844.88	PAC recommended for regularization (27 <sup>th</sup> Report); but status of regularization not intimated yet.
2000-01	9	1, Appn. 2, 5, 8, 21, 23, 26, 27 and 34	85.77	-do-
2001-02	8	Appn. 2, 8, 21, 33,34,41,45 and Appn. 2	895.20	-do-
2007-08	13	1, Appn.2 (Charged),26 16,18,22,25,41,8,23,25,41 and Appn.2 (Charged)	81.59	PAC recommendation awaited.
	<b>66</b>	<b>Total</b>	<b>2585.67</b>	

**Appendix 2.5**  
(Reference: Paragraph 2.3.8)  
**Cases where supplementary provision proved unnecessary**

(Rupees in lakh)

Sl. No.	Number and Name of the Grant	Original Provision	Actual expenditure	Savings out of Original provision	Supplementary provision
	<b>Revenue Voted</b>				
1	11-Medical, Health and Family Welfare Services	10844.06	10476.02	368.04	463.62
2	19-Environment and Forest	4515.79	4382.13	133.66	500.00
3	21-Commerce and Industries and Weight & Measures Department	4402.98	3079.08	1323.90	153.83
4	22-Public Health Engineering	2663.10	1734.74	928.36	272.12
5	37-Fisheries	1318.09	1289.94	28.15	12.46
6	38-Panchayat	3577.43	3473.99	103.44	361.09
	<b>Capital Voted</b>				
7	15-Food and Civil Supplies	303.01	300.95	2.06	64.99
8	16-Co-operation	143.00	100.00	43.00	8.00
9	23-Power	12419.45	8993.79	3425.66	3602.23
10	36-Minor Irrigation	5564.00	4972.45	591.55	221.12
11	37-Fisheries	50.00	4.26	45.74	14.00
	<b>Revenue Charged</b>				
12	8-Public Works Department	12.09	3.63	8.46	58.60
	<b>Capital Charged</b>				
13	App. 2-Interest payment and Debt Services	31160.95	30979.05	181.90	279.11
	<b>Total</b>	<b>76973.95</b>	<b>69790.03</b>	<b>7183.92</b>	<b>6011.17</b>

**Appendix 2.6**

(Reference: Paragraph 2.3.8)

Statement of various Grants/Appropriations where supplementary provision proved insufficient by more than Rs.10 lakh in each case

(Rupees in lakh)

Sl. No.	Grant No.	Name of the Grants/Appropriation	Original Provision	Supplementary provision	Total	Expenditure	Excess
		<b>Revenue Voted</b>					
1	5	Finance	23723.33	3434.77	27158.1	28854.28	1696.18
2	23	Power	18101.22	180.96	18282.18	18532.53	250.35
3	25	Youth Affairs and Sports Department	1501.96	53.38	1555.34	1590.93	35.59
4	46	Science and Technology and Information Technology	1139	246.05	1385.05	1605.77	220.72
		<b>Capital Voted</b>					
5	11	Medical, Health & Family Welfare Services	1662.38	79.58	1741.96	4774.16	3032.2
6	12	Municipal Administration, Housing and Urban Development	3783.86	4365.06	8148.92	9348.83	1199.91
7	13	Labour and Employment	152	12.25	164.25	482.25	318
8	22	Public Health Engineering	10495.94	4868.42	15364.36	17686.57	2322.21
9	39	Sericulture	6282.18	0	6282.18	7383.09	1100.91
10	45	Tourism	111.98	873.19	985.17	1040.66	55.49
11	47	Welfare of Minorities and Other Backward Classes	58.33	3117.94	3176.27	3216.76	40.49
	<b>Total</b>		<b>67012.18</b>	<b>17231.6</b>	<b>84243.78</b>	<b>94515.83</b>	<b>10272.05</b>

**Appendix 2.7**  
**(Reference: Paragraph 2.3.9)**  
**Excess/Unnecessary/Insufficient re-appropriation of funds**

(Rupees in lakh)

Sl. No.	Grant/ Appropriation No.	Description/Department	Head of Account	Re-appropriation	Final Excess/ Saving(-)
		<b>Saving cases</b>			
1	Appn. 2	Interest payment and debt services	2049.01.200.15	84.59	(-) 283.6
2	Appn. 2	Interest payment and debt services	2049.01.200.29	85.6	(-)58.9
3	Appn. 2	Interest payment and debt services	6003.103.18	(-) 1.67	(-)298.33
4	Appn. 2	Interest payment and debt services	6003.209.19	0.87	(-)159.87
5	5	Finance	2071.111.28	156.82	(-)291.67
6	7	Police	2055.109.16	9.65	(-)84.70
7	8	Public Works Department	4216.01.106.08	(-) 20.00	(-)180.17
8	8	Public Works Department	5054.05.337.15	415.61	(-)573.20
9	10	Education	2202.01.001.101.19	1464.84	(-)394.29
10	10	Education	2202.02.109.24	421.75	(-)547.82
11	10	Education	2202.02.104.03	18.09	(-)117.14
12	10	Education	2202.02.001.01	44.44	(-)57.34
13	10	Education	2202.03.103.31	(-) 431.40	(-)116.20
14	10	Education	2202.01.800.13	(-) 292.76	(-)85.29
15	10	Education	2202.01.800.19	599.92	(-)1135.78
16	10	Education	2202.01.800.22	391.95	(-)195.97
17	10	Education	4202.01.201.26	(-) 1.80	(-)68.60
18	11	Medical, Health and Family Welfare Services	2210.03.110.20	21.66	(-)134.66
19	11	Medical, Health and Family Welfare Services	2210.06.101.30	1.14	(-)63.02
20	11	Medical, Health and Family Welfare Services	2210.01.110.15	95.01	(-)457.30
21	11	Medical, Health and Family Welfare Services	4210.01.110.15	(-) 253.28	(-)82.68
22	11	Medical, Health and Family Welfare Services	2211.001.21	(-) 7.45	(-)131.86
23	12	Municipal Administration, Housing and Urban Development	2217.01.800.26	23.98	(-)73.95
24	14	Development of Tribal and Scheduled Caste	2225.02.227.06	(-) 40.00	(-)104.00
25	14	Development of Tribal and Scheduled Caste	2225.02.796.19	149.44	(-)125.00
26	17	Agriculture	2401.001.53. (H)	(-) 8.00	(-)60.52
27	20	Community Development and ANP, IRDP and NREP	2501.800.17 (H)	(-) 34.00	(-)110.00
28	21	Commerce and Industries and Weight and Measure Department	2852.08.600.70	8.50	(-)65.64
29	21	Commerce and Industries and Weight and Measure Department	2852.80.003.12	33.00	(-)57.74
30	22	Public Health Engineering	4215.01.101.17 (H)	12.50	(-)98.89
31	22	Public Health Engineering	4215.01.102.18	(-) 30.00	(-)70.00
32	22	Public Health Engineering	4215.02.101.19	(-) 479.29	(-)605.40
33	23	Power	4801.05.799.11 (H)	80.00	(-)80.00
34	23	Power	4801.05.799.75 (V)	25.00	(-)115.69
35	23	Power	4801.05.800.20	773.45	(-)4375.68
36	30	General Economic Services and Planning	3451.092.04	600.00	(-)600.00
37	30	General Economic Services and Planning	4202.03.04	10.00	(-)80.00

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38	30	General Economic Services and Planning	4250.800.01	400.00	(-)400.00
39	30	General Economic Services and Planning	4702.101.02	(-) 2387.46	(-)1612.54
40	30	General Economic Services and Planning	4711.01.103.01	4000.00	(-)619.46
41	38	Panchayat	2515.101.05	12.76	(-)373.85
42	39	Sericulture	2851.107.12	94.18	(-)177.95
43	43	Horticulture and Soil Conservation	2402.102.32	180.00	(-)890.00
44	43	Horticulture and Soil Conservation	2401.800.15	(-) 149.07	(-)125.43
45	44	Social Welfare Department	2235.02.102.14	(-) 340.48	(-)52.44
46	44	Social Welfare Department	2235.02.102.15 (V)	66.55	(-)66.55
47	47	Welfare of Minority and Other Backward Classes	2225.03.277.03	139.87	(-)115.49
		<b>Sub-Total</b>			<b>(-)16574.61</b>
		<b>Excess cases</b>			
48	App. 2	Interest payment and debt services	2049.01.123.43	(-) 209.62	139.48
49	App. 2	Interest payment and debt services	2049.01.305.24	3.69	175.17
50	App. 2	Interest payment and debt services	2049.04.104.07	(-) 0.17	4307.78
51	5	Finance	2071.01.101	(-) 682.07	639.44
52	5	Finance	2071.10.102	368.03	394.82
53	5	Finance	2071.104.11	157.22	254.38
54	10	Education	2202.01.001.01	28.60	161.41
55	10	Education	2202.05.001.01	31.54	57.87
56	13	Labour and Employment	4250.800.11	(-) 43.50	399.98
57	14	Development of Tribal and Scheduled Caste	2225.02.80.800.02	73.80	382.10
58	14	Development of Tribal and Scheduled Caste	2225.02.001.01	(-) 83.00	137.29
59	14	Development of Tribal and Scheduled Caste	4225.02.283.02	(-) 80.00	100.00
60	17	Agriculture	2401.001.53 (V)	8.00	63.52
61	20	Community Development and ANP, IRDP and NREP	2501.800.17 (V)	(-) 66.00	114.00
62	22	Public Health Engineering	2215.101.03	4.71	104.53
63	22	Public Health Engineering	4215.01.101.05	(-) 260.00	448.32
64	22	Public Health Engineering	4215.01.101.17 (V)	(-) 243.50	266.25
65	22	Public Health Engineering	4215.01.102.14 (H)	(-) 132.00	186.92
66	22	Public Health Engineering	4215.01.102.14 (V)	(-) 48.00	6.86
67	22	Public Health Engineering	4215.01.102.15	(-) 165.00	507.70
68	22	Public Health Engineering	4215.01.102.16	(-) 50.00	89.69
69	22	Public Health Engineering	4215.01.102.12	488.00	164.91
70	22	Public Health Engineering	4215.01.102.13	750.25	578.70
71	23	Power	4801.05.799.02 (H)	(-) 47.00	233.57
72	23	Power	4801.05.799.02 (V)	(-) 48.00	72.45
73	23	Power	4801.05.799.11 (V)	40.00	85.53
74	23	Power	4801.05.799.46	128.00	358.88
75	23	Power	4801.05.799.75 (H)	25.00	141.99
76	23	Power	4801.05.799.91	157.00	90.24
77	23	Power	4801.05.799.93	659.00	202.60
78	23	Power	4801.06.800.69	(-) 500.00	730.65
79	23	Power	4801.05.799.02	(-) 159.33	78.37
80	25	Youth Affairs and Sports Department	2204.101.03	(-) 2.37	52.04
81	30	General Economic Services and Planning	3451.092.04	(-) 360.00	600.00
82	30	General Economic Services and Planning	4202.03.04	(-) 10.00	80.00

83	30	General Economic Services and Planning	4215.102.01	(-) 100.00	300.29
84	36	Minor Irrigation	2702.80.001	16.94	76.72
85	44	Social Welfare Department	2235.02.102.15	(-) 46.08	56.79
86	46	Science and Technology	3425.004.26	(-) 1.10	280.00
		<b>Sub-Total</b>			<b>13121.24</b>
		<b>Total</b>			<b>(-)3453.37</b>

**Appendix 2.8**

(Reference: Paragraph 2.3.10)

Cases of substantial surrenders (amount exceeding Rs.25 lakh) made during the year 2008-09

(Rupees in crore)

Sl. No.	Number and name of grant	Name of the Scheme (Head of Account)	Total provision	Amount of surrender	Percentage of surrender
1	1 – State Legislature	2011 – Parliament/State/Union Territory Legislatures (NP)			
		02 – State/Union Territory Legislatures			
		101 – Legislative Assembly			
		08 – Member	6.69	0.49	7
2	-do-	2011 – Parliament/State/Union Territory Legislatures (NP)			
		02 – State/Union Territory Legislatures			
		103 – Legislative Secretariat			
		03 – General Estt.	7.11	0.41	6
3	2 – Council of Ministers	7610 – Loan to Government servants etc.			
		201 – House Building Advance			
		05 – Loan to Ministers	0.80	0.40	50
4	10 – Education	2202 – General Education (CPS)			
		01 – Elementary Education			
		800 – Other Expenditure			
		13 – Sarva Shiksha Abhiyan/UEE	0.85	0.85	100
5	-do-	2202 – General Education (CSS)			
		02 – Secondary Education			
		052 – Equipment			
		01 – Computer Literacy and Studies in School (Class)	4.36	4.36	100
6	-do-	4202 – Capital outlay on Education, Sports, Art and Culture (CPS)			
		01 – General Education			
		201 – Elementary Education			
		26 – Construction of kitchen-cum-Store	0.69	0.69	100
7	-do-	4202 - Capital outlay on Education, Sports, Art and Culture (CPS)			
		01 – General Education			
		800 – Other Expenditure			
		16 – DIET Buildings (SCERT)	1.40	1.40	100
8	-do-	4202 - Capital outlay on Education, Sports, Art and Culture (P)			
		01 – General Education			
		800 – Other Expenditure			
		48 – Upgradation of Science and Mathematics in valley	6.00	3.09	52
9	20 – Community development and ANP, IRDP and NREP	2501 – Special Programme for Rural development (P)			
		01 – Integrated Rural Development Programme			
		101 – Subsidy to District Rural Development Agencies			
		14 – Subsidy to District Rural Development Agency	1.34	0.79	59
10	24 – Vigilance Department	2070 – Other Administrative Service (NP)			
		104 – Vigilance			
		01 – Vigilance Department	1.92	0.49	26
11	25 – Youth Affairs and Sports	4202 – Capital outlay on Education, Sports, Art and Culture (P)			
		03 – University and Higher Education			

	Department	800 – Other Expenditure			
		08 – Sports Infra-structure	3.18	2.48	78
12	26 – Administration of Justice	2014 – Administration of Justice (NP)			
		105 – Civil and Section Courts			
		12 – Munsiff Court (East)	0.73	0.30	41
13	30 – General Economic Services and Planning	4702 – Capital outlay on Minor Irrigation (P)			
		101 – Surface Water			
		02 – Construction of Barrage and Retaining Wall across and over river under SPA	16.13	16.13	100
14	43 – Horticulture and Soil Conservation	2401 – Crop Husbandry (CSS)			
		800 – Other expenditure			
		15 – Macro Management of Agriculture	9.64	1.25	13
<b>Total</b>			<b>60.84</b>	<b>33.13</b>	

**Appendix 2.9**

(Reference: Paragraph 2.3.11)

Statement of various Grants/Appropriations in which savings occurred but no part of which had been surrendered

(Rupees in lakh)

Sl. No.	Grant No.	Number and Name of grant/appropriation	Saving
<b>Revenue Voted</b>			
1	2	Council of Ministries	21.87
2	3	Secretariat	586.01
3	4	Land Revenue, Stamp & Registration and District Administration	246.96
4	6	Transport	6.3
5	7	Police	2502.51
6	8	Public Works Department	2835.6
7	9	Information and Publicity	7.01
8	11	Medical, Health and Family Welfare Services	831.66
9	12	Municipal Administration, Housing and Urban Development	173.4
10	13	Labour and Employment	147.11
11	14	Development of Tribal and Scheduled Caste	594.81
12	15	Food and Civil Supplies	76.39
13	16	Co-operation	29.43
14	17	Agriculture	1790.13
15	18	Animal Husbandry and Veterinary including Diary Farming	151.86
16	19	Environment and Forest	633.66
17	21	Commerce and Industries and Weight and Measures Department	1477.73
18	22	Public Health Engineering	1200.48
19	28	State Excise	58.35
20	30	General Economics Services and Planning	1555.78
21	31	Fire Protection and Control	6.97
22	32	Jail	14.19
23	34	Rehabilitation	20.22
24	35	Stationery and Printing	4.37
25	36	Minor Irrigation	790
26	37	Fisheries	40.61
27	38	Panchayat	464.53
28	39	Sericulture	219.42
29	40	Irrigation and Flood Control Department	2158.91
30	41	Arts and Culture	208.24
31	42	State Academy of Training	13.37
32	44	Social Welfare Department	1246.23
33	47	Welfare of Minorities and Other Backward Classes	228.58
34	48	Relief and Disaster Management	306.93
<b>Capital Voted</b>			
35	4	Land Revenue, Stamps & Registration and District Administration	0.3
36	5	Finance	9.12
37	6	Transport	0.22
38	8	Public Works Department	3028.91
39	9	Information and Publicity	0.18
40	15	Food and Civil Supplies	67.05
41	16	Co-operation	51
42	17	Agriculture	200.81
43	18	Animal Husbandry and Veterinary including Diary Farming	9.5
44	20	Social Welfare Department	0.67

45	21	Commerce and Industries and Weights & Measure Department	705.64
46	23	Power	7027.89
47	36	Minor Irrigation	812.67
48	37	Fisheries	59.74
49	40	Irrigation and Flood Control Department	2005.97
50	41	Arts and Culture	230.22
51	44	Social Welfare Department	1769.13
		<b>Revenue Charged</b>	
52	1	State Legislature	4.02
53	App.1	Governor	16.02
54	App.2	Interest payment and debt Services	115.94
55	App.3	Manipur Public Service Commission	3.31
56	5	Finance	1.8
57	8	Public Works Department	67.06
58	26	Administration of Justice	412.35
		<b>Capital Charged</b>	
59	App.2	Interest payment and debt Services	461.01
	<b>Total</b>		<b>37710.15</b>

**Appendix 2.10**  
**(Reference: Paragraph 2.3.11)**  
**Details of saving of Rs.1 crore and above not surrendered**

(Rupees in lakh)

Sl. No.	Number and Name of Grants/Appropriation	Saving	Surrender	Saving which remained to be surrendered
<b>Revenue Voted</b>				
1	3-Secretariat	586.01	0	586.01
2	4-Land Revenue, Stamps & Registration and District Administration	246.96	0	246.96
3	7-Police	2502.51	0	2502.51
4	8-Public Works Department	2835.6	0	2835.60
5	10-Education	3189.72	520.79	2668.93
6	11-Medical, Health and Family Welfare Services	831.66	0	831.66
7	12-Municipal Administration, Housing and Urban Development	173.4	0	173.40
8	13-Labour and Employment	147.11	0	147.11
9	14-Development of Tribal and Scheduled Caste	594.81	0	594.81
10	17-Agriculture	1790.13	0	1790.13
11	18-Animal Husbandry and Veterinary including Diary Farming	151.86	0	151.86
12	19-Environment and Forest	633.66	0	633.66
13	20-Community Development and ANP, IRDP & NREP	795.85	79.31	716.54
14	21-Commerce and Industries and Weights and Measures Department	1477.73	0	1477.73
15	22-Public Health Engineering	1200.48	0	1200.48
16	26-Administration of justice	181.08	53.59	127.49
17	30-General Economics Services & Planning	1555.78	0	1555.78
18	36-Minor Irrigation	790	0	790
19	38-Panchayat	464.53	0	464.53
20	39-Sericulture	219.42	0	219.42
21	40-Irrigation & Flood Control Department	2158.91	0	2158.91
22	41-Arts and Culture	208.24	0	208.24
23	44-Social Welfare Department	1246.23	0	1246.23
24	47-Welfare of Minorities and Other Backward Classes	228.58	0	228.58
25	48-Relief and Disaster Management	306.93	0	306.93
	<b>Sub-total</b>	<b>24517.19</b>	<b>653.69</b>	<b>23863.50</b>
<b>Capital Voted</b>				
26	8-Public Works Department	3028.91	0	3028.91
27	17-Agriculture	200.81	0	200.81
28	21-Commerce and Industries and Weights and Measures Department	705.64	0	705.64
29	23-Power	7027.89	0	7027.89
30	25-Youth Affairs and Sports Department	479.24	248.02	231.22
31	30-General Economic Services and Planning	8259.1	1612.54	6646.56
32	36-Minor Irrigation	812.67	0	812.67
33	40-Irrigation & Flood Control Department	2005.97	0	2005.97
34	41-Arts and Culture	230.22	0	230.22
35	44-Social Welfare Department	1769.13	0	1769.13
	<b>Sub-total</b>	<b>24519.58</b>	<b>1860.56</b>	<b>22659.02</b>
<b>Revenue Charged</b>				
36	App.2-Interest payment and Debt Services	115.94	0	115.94
37	26-Administration of Justice	412.35	0	412.35

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	<i>Sub-total</i>	<i>528.29</i>	<i>0</i>	<i>528.29</i>
	<b>Capital Charged</b>			
38	App. 2-Interest payment and Debt Services	461.01	0	461.01
	<i>Sub-total</i>	<i>461.01</i>	<i>0</i>	<i>461.01</i>
	<b>Total</b>	<b>50026.07</b>	<b>2514.25</b>	<b>47511.82</b>

**Appendix 2.11**

**(Reference: Paragraph 2.3.11)**

**Cases of surrender of funds (Rs.10 lakh and above) made on 31 March 2009**

**(Rupees in lakh)**

<b>Sl. No.</b>	<b>Grant No.</b>	<b>Major Head</b>	<b>Total Provision</b>	<b>Amount of Surrender</b>	<b>%age of Total Provision</b>
<b>1</b>	<b>2</b>	<b>3</b>		<b>4</b>	<b>5</b>
1	1	Rev Voted 2011 (NP)	1682.21	96.82	5.76
2	10	Rev Voted 2202	35259.30	520.79	1.47
3	20	Rev Voted 2501	633.81	79.31	12.51
4	24	Rev Voted 2070 (NP)	192.38	48.77	25.35
5	26	Rev Voted 2014 (NP)	1218.99	53.59	4.39
6	43	Rev Voted 2401	1700.61	125.43	7.37
7	1	Cap Voted 7610 (NP)	20.00	10.00	50.00
8	2	Cap Voted 7610 (NP)	120.00	40.00	33.33
9	10	Cap Voted 4202 (P)	2237.62	517.82	23.14
10	25	Cap Voted 4202 (P)	693.00	248.02	35.79
11	30	Cap Voted 4702 (P)	2362.54	1612.54	68.25
12	32	Cap Voted 4059	201.50	10.50	5.21
		<b>Total</b>	<b>4,6321.96</b>	<b>3,363.59</b>	

P-means 'Plan'

NP-means Non-Plan'

**Appendix 2.12**  
(Reference: Paragraph 2.3.12)  
**Rush of Expenditure where expenditure during March is more than Rs. 10 crore and 50 per cent of the Total Expenditure**

(Rupees in crore)

Sl. No.	Grant Number and Name	Head of account Scheme/ Service	Expenditure incurred during Jan-March 2009	Expenditure incurred in March 2009	Total expenditure	% * of total expenditure incurred during	
						Jan-March 2009	March 2009
1	8-Public Works Department	2216	16.09	16.09	16.13	100	100
2	-do-	3054	51.73	51.79	68.94	75	75
3	-do-	5054	49.91	42.05	55.48	90	76
4	10-Education	4202	14.85	13.12	16.77	89	78
5	12-Municipal Administration, Housing and Urban Development	2217	29.69	29.45	41.11	72	72
6	-do-	4217	63.17	56.99	93.49	68	61
7	23-Power	4801	65.95	59.92	85.13	77	70
8	30-General Economic Services and Planning	4059	36.44	32.10	38.83	94	83
9	-do-	4202	80.79	46.14	87.24	93	53
10	-do-	4215	20.16	16.41	29.55	68	56
11	-do-	4402	22.50	22.50	22.50	100	100
12	-do-	4711	33.81	33.81	33.81	100	100
13	-do-	4801	27.74	27.74	27.74	100	100
14	-do-	5054	165.34	156.77	165.48	100	95
15	36-Minor Irrigation	4702	45.83	34.44	49.72	92	69
16	38-Panchayat	2515	31.80	31.61	34.74	92	91
17	40-Irrigation and Flood Control Department	4711	28.66	27.12	30.50	94	89
18	47-Welfare of Minorities and Other Backward Classes	4225	32.17	32.17	32.17	100	100
<b>Total</b>			<b>816.63</b>	<b>730.22</b>	<b>929.33</b>		

\* Percentage figures are rounded

**Appendix 2.13**  
(Reference: Paragraph 2.4.1)  
**Pending DCC bills as on 31 March 2009**

(Rs. in crore)

Sl.No.	Department/Institutes	Number of AC bills	Amount
1	Agriculture	2	5.20
2	Art & Culture	15	11.83
3	Commerce and Industries	17	1.41
4	Co-operation	5	2.23
5	Development of Tribals and Backward Classes	125	54.10
6	District & Session Court	1	0.03
7	District Administration	8	14.39
8	Education (Adult)	2	0.16
9	Education (School)	148	168.28
10	Education (U)	35	59.01
11	Election	11	2.03
12	Family and Children Welfare Bureau	5	1.74
13	Finance	4	10.43
14	Fisheries	5	0.60
15	Food and Civil Supply	6	8.96
16	General Administration Department (Sectt)	9	7.39
17	Government Polytechnic	3	0.57
18	Governor's Secretariat	1	0.03
19	Horticulture	3	5.47
20	Information and Public Relation	15	0.57
21	Jail (Prison)	3	3.32
22	Labour	19	6.61
23	Manipur Fire Service	2	1.23
24	Medical and Health Services	124	136.11
25	Minorities and Other Backward Classes	41	39.89
26	Municipal Administration, Housing and Urban Development	76	163.67
27	Planning	12	30.39
28	Police	13	80.88
29	Public Health Engineering	1	0.60
30	Rural Development and Panchayati Raj	13	33.11
31	Science and Technology	7	17.54
32	Sericulture	7	0.10
33	Settlement and Land Records	4	2.32
34	Social Welfare	6	28.14
35	Tourism	51	22.04
36	Town Planning	1	0.01
37	Transport	3	72.10
38	Treasury and Accounts	1	0.42
39	Veterinary and Animal Husbandry	58	5.24
40	Youth Affairs and Sports	26	15.13
	<b>Total</b>	<b>888</b>	<b>1013.28</b>

## APPENDIX 3.1

(Reference: Paragraph 3.1)

Statement showing names of Bodies, the accounts of which had not been received

Sl. No.	Name of the Body/Authority	Year from which accounts had not been received	Grants received (Rs. in lakh)
	<b>Department: Rural Development</b>		
1	Executive Director, DRDA, Imphal West	2008-09	NA
2	Executive Director, DRDA, Imphal East	2008-09	NA
3	Executive Director, DRDA, Bishnupur	2008-09	NA
4	Executive Director, DRDA, Thoubal	2008-09	NA
5	Executive Director, DRDA, Ukhrul	2008-09	NA
6	Executive Director, DRDA, Senapati	2008-09	NA
7	Executive Director, DRDA, Chandel	2008-09	NA
8	Executive Director, DRDA, Churachandpur	2008-09	NA
9	Executive Director, DRDA, Tamenglong	2008-09	NA
	<b>Department: Forest</b>		
10	Loktak Development Authority	2005-06	NA
11	Manipur Pollution Control Board	1999-00	NA
	<b>Department: Commerce and Industries</b>		
12	Manipur Development Society	2000-01	NA
	<b>Department: Medical and Health</b>		
13	Manipur AIDS control Society	2001-02	NA
	<b>Department: Art and Culture</b>		
14	Manipur State Kala Academy	1998-99	NA
	<b>Department: Horticulture and Soil Conservation</b>		
15	Eastern Border Area Development Authority	2004-05	NA
16	Barak River Valley Development Board	2003-04	NA
	<b>Department: Social Welfare</b>		
17	Manipur State Social Welfare Board	2007-08	NA



**APPENDIX 3.2**  
(Reference: Paragraph 3.2)

**Statement showing position of placement of SAR of ADC/ Autonomous body**

Name of the ADC/ Autonomous Bodies	Period of entrust- ment	Year up to which accounts were rendered	Position of SAR placed in the State Legislature					Position of SARs issued but not placed		
			Year of SAR	Date of issue	Date of placement of SAR	Delay in placement of SAR	Reasons for delay	SARs issued	Date of issue	Reasons for placement
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Chandel	Under Section 19 (3)	2006-07	2001-02	6.12.04	17.3.06	Over 1 year	NA	2002-03 to 2004-05	Between 29.5.06 and 30.9.08	NA
Churachandpur	-do-	2007-08	1998-99	29.12.00	17.3.06	Over 5 years	NA	1999-00 to 2006-07	Between 31.1.02 and 24.7.09	NA
Sadar Hills	-do-	2008-09	2000-01	10.4.03	17.3.06	Over 3 years	NA	2001-02 to 2006-07	Between 4.2.05 and 19.6.09	NA
Senapati	-do-	2007-08	1999-00	6.12.01	17.3.06	Over 4 years	NA	2000-01 to 2005-06	Between 3.10.02 and 14.11.09	NA
Tamenglong	-do-	2007-08	1999-00	11.12.01	17.3.06	Over 4 years	NA	2000-01 to 2001-02	21.7.05	NA
Ukhrul	-do-	2006-07	1999-00	11.12.01	17.3.06	Over 4 years	NA	2000-01 to 2006-07	Between 11.2.05 and 13.1.10	NA
Manipur State Legal Service Authority	-do-	2003-04	2003-04	28.8.08	October 2008	Over 1 month	NA	NA	NA	NA

## GLOSSARY OF ABBREVIATIONS

AC	Abstract Contingent
AE	Aggregate Expenditure
ADC	Autonomous District Council
CE	Capital Expenditure
CO	Controlling Officer
DCC	Detailed Countersigned Contingent
DE	Development Expenditure
DRDA	District Rural Development Agency
FCP	Fiscal Correction Path
FRBM	Fiscal Responsibility and Budget Management
GoI	Government of India
GSDP	Gross State Domestic Product
IAY	Indira Awas Yojana
IWMP	Integrated Watershed Management Programme
MTFPS	Medium Term Fiscal Policy Statement
MPLADS	Member of Parliament Local Area Development Scheme
NBM	National Bamboo Mission
NREGS	National Rural Employment Guarantee Scheme
NRHM	National Rural Health Mission
NPRE	Non-Plan Revenue Expenditure
PD	Personal Deposit
PRE	Plan Revenue Expenditure
PMGSY	Pradhan Mantri Gram Sadak Yojana
PAC	Public Accounts Committee
SAR	Separate Audit Report
SSA	Sharva Siksha Abhiyan
SSE	Social Sector Expenditure
SJSRY	Swarna Jayanti Shahari Rozgar Yojana
SGSY	Swarna Jayanti Gram Swarajgar Yojana
TFC	Twelfth Finance Commission
VAT	Value Added Tax