Chapter-III: Financial Reporting Practices

This chapter provides broad based perspective of quality of the State Government Accounts rendered by various authorities of the State Government and status of compliance with prescribed financial rules, procedures and directives.

Compliance with financial rules, procedures and directives, as well as the completeness, timeliness and quality of reporting on the status of such compliance, enhances the relevance and reliability of the information presented in the financial reports.

Issues related to the completeness of accounts

3.1 Off-budget borrowings through State-owned PSUs/ Authorities

Article 293(3) of the Constitution of India mandates the consent of the Government of India (GoI) for a State Government's borrowing if it has any outstanding loans or guarantees from the Government of India. Further, the XV FC recommended that the normal net borrowing ceiling (NBC) to the State Governments for 2023-24 to 2025-26 may be fixed at three *per cent* of GSDP.

Bypassing the above stipulated net borrowing ceiling by routing loans outside the budget through various State Government Public Sector Undertakings (SPSUs)/ Corporations/ other Bodies, despite the State being responsible for repayment of such loans pose significant risk to fiscal health and transparency in the Government finances. Borrowing Ceilings for a financial year of the State Governments are now reduced by GoI to the extent of Off-Budget Borrowings.

The Manipur Fiscal Responsibility and Budget Management (MFRBM) Act, 2005 outlined that the State Government shall take suitable measures to ensure greater transparency in its fiscal operations and minimise, as far as practicable in the public interest, secrecy in the preparation of the Budget and disclose the details of borrowings.

For the year 2025-26, debt stock was targeted at 37 *per cent* of GSDP[1] under MTFRP. Besides, the GoI had fixed a borrowing ceiling of ₹1,699 crore (three *per cent* of GSDP) for the State during 2025-26.

The State Government did not provide the details of off-budget borrowings in its budget. However, the State Government disclosed the Off-Budget liabilities in their information furnished to the Ministry of Finance, GoI. As per the information, total off-budget borrowings were ₹639.64 crore as of 31 March 2025. Of which, ₹109.57 crore pertains to the year 2024-25. The details of off-budget borrowings as on 31 March 2025 are shown in **Table 3.1**.

[1] *GSDP for 2024-25 is ₹50,309 crore*

Table 3.1: Details of off-budget borrowings as on 31 March 2025

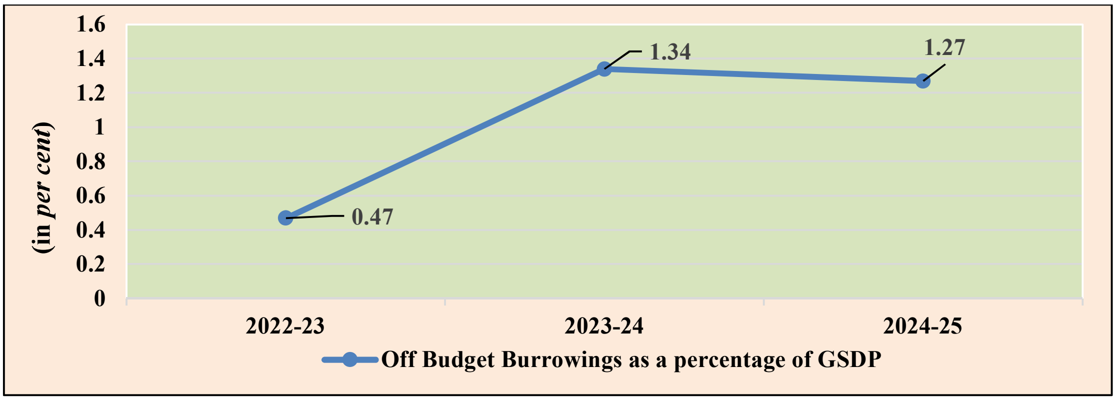
(₹ in crore)

Entities borrowed on behalf of Government	Opening Balance	Fund raised during the year	Outstanding loan	Purpose of the loan
Planning and Development Authority, Manipur	386.02	99.57	435.49	(i) Construction of Civil Secretariat (ii) Construction of VVIP Guest House (iii) Construction of Government Quarters (iv) Construction of Manipur Institute of Performing Arts at Gurgaon (v) Alternate Housing for residents of Tribal Colony Quarters (vi) Multi -storied Government quarters (G+7) at Langol Foothill, Manipur
Manipur Police Housing Corporation Limited	194.15	10	204.15	(i) Construction of State Guest House at Dwarka and (ii) Construction of new PHQ building in Imphal
Total	**580.17**	**109.57**	**639.64**	--

Source: Information furnished by the Finance Department, GoM

Total outstanding off-budget borrowings as a percentage of GSDP are depicted in **Chart 3.1**.

Chart 3.1: Outstanding Off-Budget Borrowings as a percentage of GSDP as on 31 March 2025



Source: Information furnished by Economic and Statistics Department and Finance Department, GoM

These borrowings were serviced from the budget of the State Government. Out of ₹639.64 crore of off-budget borrowings as on 31 March 2025, borrowings of ₹96.69 crore were repaid by respective entities through financial assistance of the State Government against the budget provision of ₹137.71 crore as detailed in **Table 3.2**.

Table 3.2: Details of assistance for payment of interest and repayment of principal for the off-budget borrowings during 2024-25

(₹ in crore)

Sl. No.	Name of the Entities	Assistance for payment towards interest Amount	Assistance for re-payment towards principal amount
1	Planning and Development Authority, Manipur	66.69	
2	Manipur Police Housing Corporation Limited	30.00	
	Total	**96.69**	

Source: Information furnished by the Finance Department, GoM

Audit noticed that, though due for repayment, the State Government did not discharge its liability of ₹639.64 crore towards off-budget borrowings during 2024-25.

The non-disclosure of off-budget borrowings, for which the State remained liable, posed significant risks to fiscal sustainability. This practice also compromised transparency and the true presentation of the State's financial position.

3.2 Undischarged liabilities of the Government

Undischarged liabilities, such as non-transfer of collected cess to designated bodies or short remittances to the National Pension System (NPS), *etc.,* can have significant long-term fiscal and governance implications. These unpaid obligations accumulate over time, creating hidden liabilities that distort the true financial position of the State. Further, delays in cess transfer hinder the intended development or welfare outcomes, defeating the purpose for which such levies were imposed. Similarly, short transfers to NPS not only violate statutory commitments but also compromise the financial security of employees. Over the years, such practices can erode trust, trigger legal liabilities and increase future expenditure obligations, thereby constraining fiscal space and weakening fiscal sustainability. Such cases are discussed in the succeeding paragraphs.

3.2.1 Undischarged Interest liability

The Government has a liability to provide and pay interest on the amounts in the Interest-bearing Deposits/ Reserve Funds.

Details of interest-bearing Deposits/ Reserve Funds as on 01 April 2024 are shown in **Table 3.3**.

Table 3.3: Details of interest liability not discharged in respect of Interest- bearing Deposits/ Reserve Funds

(₹ in crore)

Sl. No.	Name/ Head of the interest-bearing deposit	Opening Balance as on 01 April 2024	Basis for calculation of interest	Amount of interest not provisioned
1.	8342-Other Deposits-117-Defined Contribution Pension Scheme for Government Employees	231.94	Interest calculated as per the rate of interest payable to General Provident Fund (7.10 *per cent*) in the absence of rate of interest notified by the Government.	19.87
2.	8121-General and Other Reserve Fund 129-State Compensatory Afforestation Deposit (SCAF)	230.39	As per the circulars issued by the Ministry of Environment, Forest & Climate Change, the allocation is 3.35 *per cent* for 2024-25.	7.72
3.	8121-General and Other Reserve Funds 122-State Disaster Response Fund (SDRF)	49.98	8.50 *per cent*: This should be as per the rate notified by the State or SDRF guidelines. At present, this is taken as 2 *per cent* above the average WMAs *(6.50 per cent)*.	6.01
4.	8121-General and Other Reserve Funds 130-State Disaster Mitigation Fund (SDMF)	3.00	8.50 *per cent*: This should be as per the rate notified by the State or SDRF guidelines. At present, this is taken as 2 *per cent* above the average WMAs *(6.50 per cent)*.	0.26
5.	8336- Civil Deposits-800-Other Deposits	2.36	Interest calculated at the rate of 2.35 *per cent* per annum (Fixed Repo rate-1) *i.e.* 3.35-1=2.35 *per* annum	0.06
Total		**517.67**		**33.92**

Source: Notes to Finance Accounts, 2024-25

It can be seen from **Table 3.3** that an amount of ₹33.92 crore was required to be paid as interest on the balance of ₹517.67 crore lying interest-bearing Deposits/ Reserve Funds as on 01 April 2024. However, the State Government did not provide a budget provision for the interest payable of ₹33.92 crore on the balance of the interest-bearing Deposits during the year 2024-25.

Non-payment of interest liability has resulted in overstatement of Revenue Surplus/ understatement of Revenue Deficit and Fiscal Deficit to that extent. Non-discharge of interest liability towards interest-bearing deposits by the State Government not only defers and accumulates its future liability but also impacts the fiscal health of the State in future.

3.2.2 Short transfer in the National Pension System

The State Government implemented the Defined Contribution Pension Scheme (DCPS) under the National Pension System (NPS) for employees appointed on or after 01 January 2005, with a 10 *per cent* employee and 10 *per cent* (14 *per cent* in the case of All India Service and other Central Government Employees working under the State Government) employer contribution.

During the year 2024-25, total contribution to the NPS was ₹585.73 crore (Employees' contribution: ₹285.84 crore and Government's contribution: ₹299.89 crore, which includes ₹0.15 crore directly deposited by the State Government to NPS without routing through MH 2071). During the year, the Government transferred ₹585.73 crore to the Public Account under the Defined Contribution Pension Scheme and transferred ₹599.54 crore to the NSDL. However, the State Government did not disclose the transfer of principal and interest to the NSDL due to un-transferred amount lying in the Public Account. Moreover, the service charges paid to the NSDL during 2024-25 were also not disclosed by the State Government, resulting in understatement of revenue expenditure to that extent.

Of the total amount transferred/ deposited in the Public Account, ₹218.12 crore remained in the Public Account as on 31 March 2025 and was not transferred to the NSDL. The cash balance of the Government was overstated by this amount.

Between 2006 and 2025, total receipts under DCPS were ₹3,446.52 crore (employee: ₹1,846.53 crore, employer: ₹1,599.44 crore and ₹0.55 crore), while only ₹3,227.83 crore was transferred to the pension fund, resulting in a cumulative short transfer of ₹218.14 crore. The details of the receipts from employees' share, the Government's contribution, amount transferred to NSDL and short/ excess transfer of funds are given in ***Appendix 3.1.*** Further, due to delays in contributions and fund transfers, the State Government incurred avoidable interest of ₹0.55 crore, adversely affecting employee returns and creating a deferred liability.

3.2.3 Non-transfer of Building and Other Construction Workers Welfare Cess

As per Section 3(1) of the Building and Other Construction Workers Welfare Cess Act, 1996, labour cess was to be collected at the rate of one *per cent* of the cost of construction incurred by employers/ builders, excluding the cost of land and any compensation payable under the Workmen Compensation Act, 1923. All Departments, Boards, Autonomous Bodies and Local Authorities were directed to collect this cess on all construction activities and deposit the same with the States' Building and Other Construction Workers' Welfare Board. The collected cess is meant to be utilised for social security and welfare schemes for construction workers in the State.

During the year 2024-25, the Government collected ₹0.86 crore (2023-24: ₹0.55 crore) as Labour Cess under Major Head 0045-112 and no amount was transferred to the Building and Other Construction Workers Welfare Board. The impact of the booking of Labour Cess of ₹0.86 crore as Revenue has resulted in overstatement of Revenue Receipts to that extent.

As on 31 March 2025, un-transferred amount from the Major Head 0045-112 was ₹40.80 crore, which included the un-transferred balance of previous years *i.e.* ₹39.94 crore. The impact of non-transfer of Labour Cess of ₹0.86 crore has resulted in understatement of Revenue Expenditure to that extent.

3.2.4 National Mineral Exploration Trust Fund

The National Mineral Exploration Trust (NMET) was established in August 2015 under Section 9C of the MMDR Act, 1957. As per Section 9C (4) of this Act, holders of a mining lease or a mineral concession are required to contribute 2 *per cent* of the royalty paid to the trust. As per the NMET Rules, the State Government is responsible for collecting these contributions, depositing them in the Public Account under Major Head '8449–123–NMET Deposits' and transferring the funds monthly to the Consolidated Fund of India.

During 2024-25, the State Government did not collect any amount on account of mineral concessions, fees and royalties as the Manipur Mineral Exploration Trust Rules, 2025 is in the stage of drafting and is yet to be approved by the Government of Manipur as of January 2026.

3.2.5 State Mineral Exploration Trust/ State Mineral Development Fund

The Ministry of Mines, Government of India, *vide* its letter dated 19 November 2024, advised all State Governments to establish a State Mineral Exploration Trust (SMET)/ State Mineral Development Fund (SMDF) on the lines of the National Mineral Exploration Trust (NMET), as mandated under clause(g) of sub-section(A) of Section 15 of the Mines and Minerals (Development and Regulation) Act, 1957.

The Manipur Mineral Exploration Trust Rule, 2025 is in the stage of drafting and is yet to be approved by the Government of Manipur as of January 2026.

3.2.6 Pendency of refund cases

Promptness in the disposal of refund cases is an important indicator of the performance of the Department concerned.

The details of refund cases during the year 2024-25, as reported by the departments concerned, are shown in **Table 3.4**.

Table 3.4: Details of refund cases

(₹ in crore)

Sl. No.	Particulars	GST		Sales Tax/ VAT	
		No. of cases	Amount	No. of cases	Amount
1	Claims outstanding at the beginning of the year	87	6.31	0	0
2	Claims received during the year	26	19.90	0	0
3	Refunds made during the year	40	10.01	0	0
4	Refunds rejected during the year	0	0.00	0	0
5	Balance outstanding at the end of the year	88	6.40	0	0

Source: Information furnished by the Department of Taxes

3.3 Funds outside Government Accounts

3.3.1 Maintenance of Manipur Electricity Regulatory Commission fund in Bank Accounts instead of Public Accounts

Article 266(2) of the Constitution of India provides that 'All other public moneys received by or on behalf of the Government of a State shall be credited to the Public Account of the State'. The Manipur Electricity Regulatory Commission (MERC) was constituted (July 2024) under the Electricity Act, 2003. The State Electricity Regulatory Fund has been created, wherein receipts of the Commission are credited, and expenses therefrom are made. A bank account has been opened to accommodate the receipts and expenses of the fund.

During 2024-25, an amount of ₹2.25 crore was received in the bank account of MERC, and an expenditure of ₹0.56 crore was made, leaving a closing balance of ₹1.70 crore as on 31 March 2025. No fund was transferred to the Public Accounts of the State during 2024-25.

Issues related to transparency

3.4 Delay in submission of Utilisation Certificates

Rule 238(1) read with Rule 235 of the General Financial Rules (GFR), 2017[2], provides that Utilisation Certificates (UCs) in respect of non-recurring Grants-in-Aid received by the grantee should be submitted to the Grantor within 12 months of the closure of the financial year by the institution or organisation concerned in Form GFR 12-A.

During the year 2024-25, UCs amounting to ₹1,392.36 crore became due for submission. In addition to that, UCs amounting to ₹10,998.12 crore were outstanding at the beginning of the year. During the year, outstanding UCs amounting to ₹4,613.11 crore were cleared, leaving outstanding UCs of ₹12,390.48 crore as on 31 March 2025. The details of age-wise pendency of UCs are shown in **Table 3.5**.

[2] *as adopted by the Government of Manipur*

Table 3.5: Age-wise pendency of UCs

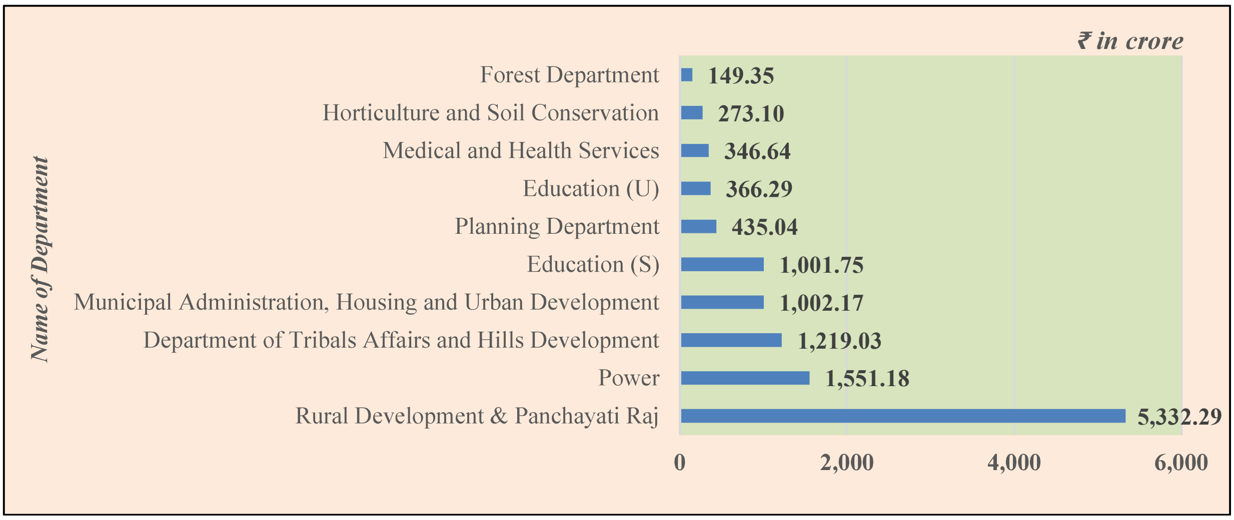
(₹ in crore)

UC Due Year	Number of pending UCs	Amount
Upto 2018-19	3,549	6,986.61
2019-20	4,151	8,812.04
2020-21	4,862	11,538.28
2021-22	5,342	12,671.25
2022-23	6,599	15,086.85
2023-24	**7,729**	**12,390.48**

Source: Finance Accounts, 2024-25 and information furnished by O/o the PAG (A&E), Manipur

The details of Outstanding UCs with respect to major Departments are shown in **Chart 3.2.**

Chart 3.2: Outstanding UCs in respect of ten major Departments as on 31 March 2025



Source: Information furnished by O/o the PAG (A&E) Manipur

It can be seen from **Chart 3.2** that **₹11,676.84 crore**, *i.e.* 94.24 *per cent* of the total outstanding UCs (₹12,390.48 crore), pertains to 10 Departments. The oldest UCs pertains to the year 2003-04, amounting to ₹3.61 crore (Department of Tribal Affairs and Hills Development: 10 nos. for ₹3.43 crore and Veterinary & Animal Husbandry: 09 nos. for ₹0.18 crore).

It was further noticed that outstanding UCs in respect of 33 Departments had decreased by 17.87 *per cent* in 2024-25 (₹12,390.48 crore) as compared to the year 2023-24 (₹15,086.85 crore). It was observed that these same ten Departments had the outstanding UCs for the year 2023-24 also.

In the absence of UC, there is no assurance that the funds were utilised for the purpose for which they were sanctioned and that the intended objectives of providing these funds have been achieved. Non-submission of UCs is fraught with the risk of misutilisation.

During the Exit Conference (January 2026), the State Government (Finance Department) stated that once the funds are disbursed to respective Departments, the process of execution of work takes time at the level of the department. This ultimately affects the timely submission of UCs. The reply of the Department is not acceptable as the oldest UCs were more than 20 years old.

3.5 Abstract Contingent bills

When money is required in advance or when they are not able to calculate the exact amount required, Drawing and Disbursing Officers (DDOs) are permitted to draw money without supporting documents, through Abstract Contingent (AC) bills, by debiting service heads and the expenditure is reflected as an expense under the service head.

Financial rules (Rule 290 of Central Treasury Rules) envisage that no money should be drawn from the government treasury unless it is required for immediate disbursement. As per the Central Treasury Rules[3], as adopted by the Government of Manipur, AC bills must be regularised by submitting Detailed Countersigned Contingent (DCC) bills containing details and supporting records for the actual expenditure incurred. Delayed submission or prolonged non-submission of supporting DCC bills renders expenditure through AC bills opaque.

The details of AC bills, pending adjustment, as on 31 March 2025 is given in **Table 3.6**.

Table 3.6: Age-wise pending adjustment of AC bills

(₹ in crore)

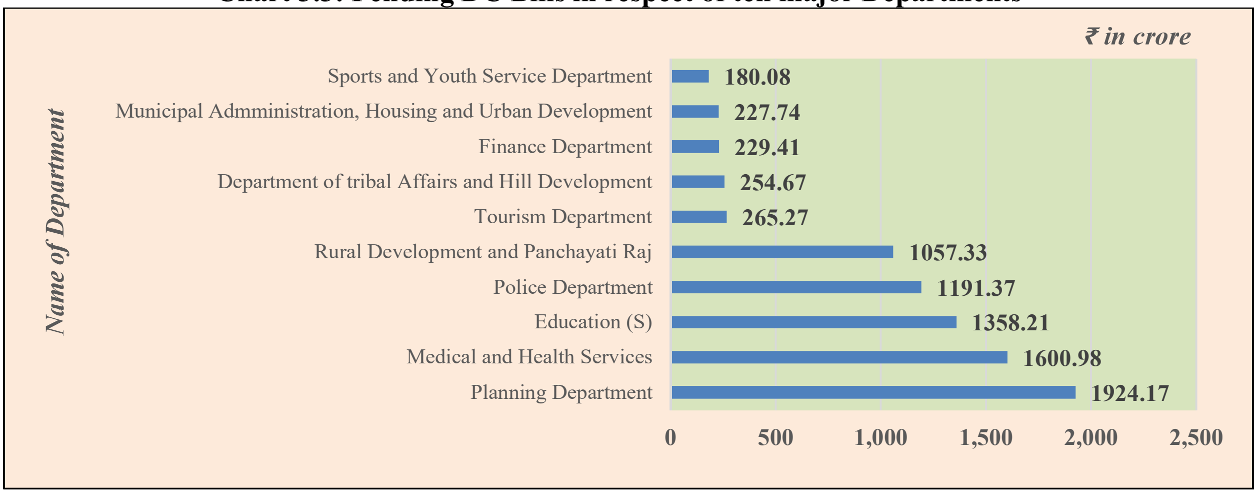
Due Year	No. of AC bills	Amount
Upto 2023-24	1,834	6607.28
2024-2025	448	2841.54
Total	**2,282**	**9448.82**

Source: Finance Accounts, 2024-25

It was observed that 136 AC bills amounting to ₹933.35 crore (29.09 *per cent*) were drawn in March 2025, out of which 33 AC bills amounting to ₹310.98 crore were drawn on 31 March 2025.

The details of Pending DC bills with respect to major Departments are shown in **Chart 3.3.**

Chart 3.3: Pending DC Bills in respect of ten major Departments



Source: Information furnished by O/o the PAG (A&E) Manipur

[3] *Rule 308, Rule 309 and Note under Rule 312*

It was observed that the oldest AC bills were pending since 2003-04 (Education(S): 04 nos. for ₹ 12.70 crore) and 2006-07 (Department of Tribal Affairs and Hills Development: 04 nos. for ₹1.35 crore, Medical & Health Services: 03 nos. for ₹18.42 crore).

Non-adjustment of advances for long periods is fraught with the risk of misappropriation and, therefore, requires close monitoring by the respective DDOs to ensure submission of DC bills. Further, to the extent of non- receipt of DC bills, the expenditure shown in the Finance Accounts cannot be asserted as correct or final.

3.6 Personal Deposit Accounts

Under the List of Major and Minor Heads of Accounts of Union and States, Personal Deposits are of the nature of deposits not bearing interest opened under 8443-Civil Deposits-106-Personal Deposits.

The State Government is authorised to open Personal Deposit (PD) accounts to deposit funds required for a specific purpose by transfer of funds from the consolidated fund or by transfer of funds from sources other than the consolidated fund. Personal Deposits are maintained in the nature of a bank account in the treasury. Balances in the PD accounts do not lapse to the Government even if outstanding for more than three complete account years as per Rule 192 of the Receipts and Payment Rule, 1983.

Details of PD accounts as on 31 March 2025 are given in **Table 3.7**.

Table 3.7: Status of PD Accounts during the year 2024-25

(₹ in crore)

Opening Balance (As on 01 April 2024)		Addition during the year 2024-25		Disbursement during the year 2024-25		Closing Balance (As on 31 March 2025)	
No. of Administrators	Amount	No. of Administrators	Amount	No. of Administrators	Amount	No. of Administrators	Amount
2	3.26	Nil	0.01	Nil	Nil	2	3.26

Source: Information furnished by O/o the PAG (A&E), Manipur

It can be seen from **Table 3.7** that, during the year 2024-25, the State Government did not open any new PD account and no amount was deposited in either of the two PD accounts. However, a negligible amount of ₹928.00 was recovered as a Housing Loan from the employee of the Planning and Development Authority. These accounts need to be reviewed and the balance needs to be credited to the Government accounts.

3.7 Operation of Minor Head-800

Minor Head-800 relating to Other Receipts and Other Expenditure is intended to be operated only when the appropriate minor head has not been provided in the accounts. Regular operation of Minor Head-800 is to be discouraged, since it renders the accounts opaque. Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

During the year 2024-25, ₹2,394.58 crore under 57 Major Heads of accounts, constituting 13.04 *per cent* of the total Revenue and Capital expenditure[4] (₹18,367.05 crore), was classified under the Minor Head-800-Other Expenditure in the accounts. Similarly, ₹325.88 crore under 25 Major Heads of Account, constituting 1.94 *per cent* of the total Revenue and Capital Receipts (₹16,775.60 crore), was classified under 800-Other Receipts in the accounts.

Issues related to measurement

3.8 Outstanding balance under major Suspense and DDR Heads

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Significant suspense items balances for the last three years have been shown in **Table 3.8**.

Table 3.8: Balance under Suspense and Remittance Heads

(₹ in crore)

Minor Head	2022-23		2023-24		2024-25	
Major Head 8658 - Suspense	**Dr.**	**Cr.**	**Dr.**	**Cr.**	**Dr.**	**Cr.**
101 - PAO suspense	134.62	1.75	142.36	1.84	138.46	1.83
Net	**Dr. 132.87**		**Dr. 140.52**		**Dr. 136.63**	
102 - Suspense Account-Civil	132.22	0	153.54	4.91	145.98	7.55
Net	**Dr. 132.22**		**Dr. 148.63**		**Dr. 138.43**	
107 - Cash Settlement Suspense Account	47.19	0	47.19	0	47.19	0
Net	**Dr. 47.19**		**Dr. 47.19**		**Dr. 47.19**	
110 - Reserve Bank Suspense - CAO	9.81	28.08	22.12	29.55	5.46	39.33
Net	**Cr. 18.27**		**Cr. 7.43**		**Cr. 33.87**	
111 - Departmental Adjusting Account	3.9	0	3.9	0	3.9	0
Net	**Dr. 3.90**		**Dr. 3.90**		**Dr. 3.90**	
112 - Tax Deducted at Source (TDC) Suspense	0	94.32	0	88.15	0	69.81
Net	**Cr. 94.32**		**Cr. 88.15**		**Cr. 69.81**	
123 - A.I.S. Officers' Group Insurance Scheme	0	3.08	0	3.04	0	3.01
Net	**Cr. 3.08**		**Cr. 3.04**		**Cr. 3.01**	
129 – Material Purchase Settlement Suspense Account	0	3.17	0	3.17	0	3.17
Net	**Cr. 3.17**		**Cr. 3.17**		**Cr. 3.17**	
Major Head 8782 - Cash Remittances						
102 - P.W. Remittances	847.14	0	823.87	0	968.66	0
Net	**Dr. 847.14**		**Dr. 823.87**		**Dr. 968.66**	
103 - Forest Remittances	0	9.3	0	10	0	19.28
Net	**Cr. 9.30**		**Cr. 10.00**		**Cr. 19.28**	
105 – R.B.I. Remittances	0	17.66	0	17.66	0	17.66
Net	**Cr. 17.66**		**Cr. 17.66**		**Cr. 17.66**	

Source: Finance Accounts, Vol II, 2024-25

The Forest Remittances showed an increasing trend of credit balance during the last three years. The debit balance under PAO suspense and Suspense Account-Civil decreased during the year 2024-25 as compared to the previous year.

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

[4] *This excludes Loans & Advances and Repayment of Public Debt*

3.9 Reconciliation of Departmental figures

To exercise effective budgetary control over revenue/ expenditure and to ensure accuracy in accounts, State Financial Rules stipulate that Chief Controlling Officers (CCOs)/ Controlling Officers (COs) are required to reconcile every month, the receipts and expenditure recorded in their books with the figures of the Accountant General (A&E).

There are 81 COs in the State. Out of 81 COs, the receipts and expenditure recorded with 37 COs were reconciled with the Principal Accountant General (A&E) during the year 2024-25. The status of reconciliation of figures by the COs during the last three years is given in **Table 3.9** and **Chart 3.4**.

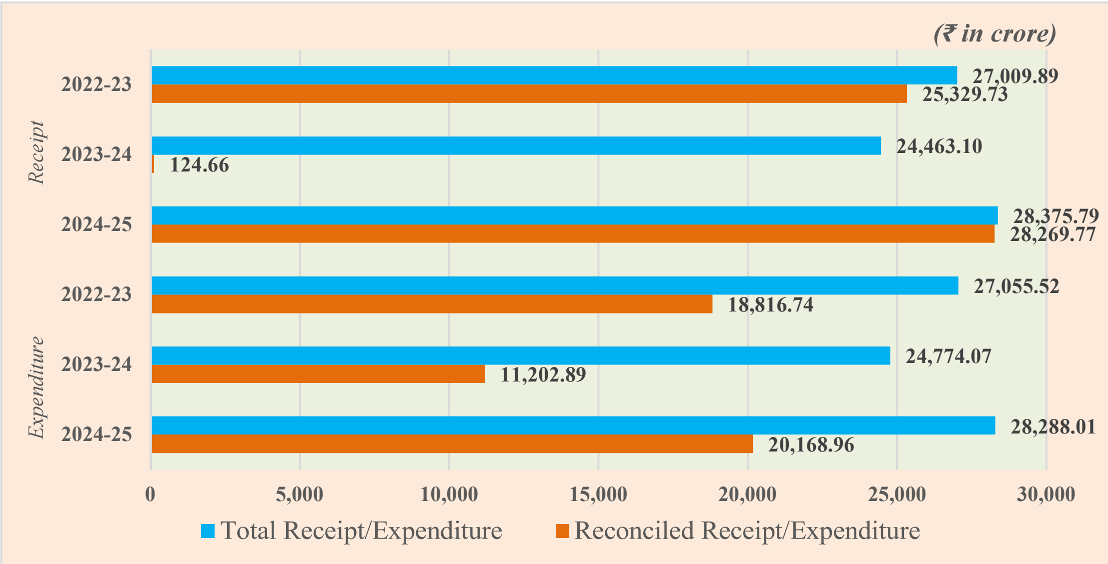
Table 3.9: Status of Reconciliation of Receipts and Expenditure by Controlling Officers

(₹ in crore)

Year	Total No. of Controlling Officers	No. of Controlling Officers reconciled their receipts/ expenditure					
		Fully reconciled	Amount	Partially reconciled	Amount	Not reconciled	Amount
Receipts							
2022-23	81	35	25,329.73	7	0.15	29	1,680.01
2023-24	81	44	124.66	5	23,123.56	32	49.48
2024-25	81	37	28,269.77	0	0.00	44	106.02
Expenditure							
2022-23	81	35	18,816.74	7	412.27	29	7,826.51
2023-24	81	44	11,202.89	5	7,029.47	32	2,380.80
2024-25	81	37	20,168.96	0	0.00	44	8,119.05

Source: Information furnished by O/o the PAG (A&E), Manipur

Chart 3.4: Status of Reconciliation of Receipts and Expenditure during the year 2022-25



Source: Information furnished by O/o the PAG (A&E), Manipur

During the year 2024-25, 99.63 *per cent* of total receipts and 71.30 *per cent* of total expenditure were reconciled by the State Government. This included 100 *per cent* of total loans and advances given by the State Government.

In comparison, 95.03 *per cent* of total receipts and 73.59 *per cent* of total expenditure were reconciled by the State Government during the previous year 2023-24.

It was observed that out of 81 COs, 44 COs did not reconcile 0.37 *per cent* of total receipts and 28.7 *per cent* of total disbursement during 2024-25.

Necessary action for reconciliation in respect of all receipts and expenditures is required to be taken to ensure that all receipts and expenditures of the State Government are properly and completely accounted for.

3.10 Reconciliation of Cash Balances

There should be no difference between the Cash Balance of the State as per the books of Accounts of the Accountant General (A&E), and the Cash Balance as reported by the Reserve Bank of India (RBI). As per accounts of the Principal Accountant General (A&E) Manipur, the Cash Balance of the State Government as on 31 March 2025 was ₹496.80 crore (Credit) while the same was reported as ₹0.03 crore (Debit) by the Reserve Bank of India. As such, there was a net difference of ₹496.77 crore (Credit). The difference was mainly due to pending reconciliation between the Treasury and the Agency Bank. The difference is under reconciliation.

The position of cash balance for the previous year *i.e.*, as on 31 March 2024, was ₹490.95 crore (credit), and that reported by RBI was ₹0.66 crore (Debit). Thus, there was a net difference of ₹490.29 crore (Credit) during 2023-24. As such, there is an increase in cash balance and net difference during 2024-25 as compared to the previous year, 2023-24.

Issues related to disclosure

3.11 Compliance with Accounting Standards

As per Article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India (CAG), prescribe the form of accounts of the Union and of the States. On the advice of the CAG, the President of India has so far notified four Indian Government Accounting Standards (IGAS). Compliance with these Accounting Standards by the State Government, as well as deficiencies therein during 2024-25 is detailed in **Table 3.10**.

Table 3.10: Compliance to Accounting Standards

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Deficiency
1.	**IGAS-1:** *Guarantees given by the Government-Disclosure requirements*	This standard requires the government to disclose the maximum amount of guarantees given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the end of the year to ensure uniform and complete disclosure of such Guarantees.	Partly complied.	The Government did not follow commitment accounting, and the commitments are neither recorded nor is the liability against the commitment recognised in the accounts.
2.	**IGAS-2:** *Accounting and Classification of Grants-in-Aid*	Grants-in-Aid are to be classified and accounted for as revenue expenditure in the accounts of the grantor and as revenue receipts in the accounts of the grantee, irrespective of the end use.	Partly complied.	Detailed information in respect of Grants-in-aid in kind has not been provided.

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Deficiency
3.	**IGAS-3:** *Loans and Advances made by the Government*	This standard relates to recognition, measurement, valuation and reporting in respect of Loans and Advances made by the State Government in its Financial Statements to ensure complete, accurate and uniform accounting practices.	Partly complied.	Details of the amount of interest in arrears in respect of loans and advances have not been provided.

Source: IGAS -1,2,3 and Finance Accounts, 2024-25

3.12 Submission of accounts of Autonomous Bodies

There are six Autonomous District Councils (ADCs) in Manipur and two Autonomous Bodies *viz.* Manipur State Legal Services Authority (MASLSA) and State Compensatory Afforestation Fund Management and Planning Authority (CAMPA). These Autonomous Bodies/ Authorities are audited by the Comptroller & Auditor General of India under Sections 14 and 19(3) of the Duties, Powers and Conditions of Service (DPC) Act, 1971. Further, the State Government also entrusted the audit of ADCs to the C&AG of India under Section 19(3) of the Duties, Powers and Conditions of Service (DPC) Act, 1971. The approved and authenticated Annual Accounts of these Bodies are to be submitted by 30 June of the succeeding year to the Accountant General (Audit) for audit.

As of 31 March 2025, 27 accounts in respect of eight Autonomous Bodies (ABs) were pending, as detailed in **Table 3.11**.

Table 3.11: Arrears of accounts of Autonomous Bodies as on 31 March 2025

Sl. No.	Name of Body or Authority	Accounts pending	No. of Accounts pending
1.	ADC, Chandel	2022-23 to 2024-25	3
2.	ADC, Churachandpur	2022-23 to 2024-25	3
3.	ADC, Sadar Hills, Kangpokpi	2022-23 to 2024-25	3
4	ADC, Senapati	2022-23 to 2024-25	3
5	ADC, Tamenglong	2022-23 to 2024-25	3
6	ADC, Ukhrul	2022-23 to 2024-25	3
7	MASLSA	2022-23 to 2024-25	3
8	State CAMPA	2019-20 to 2024-25	6
Total			**27**

Source: Departmental information

The delays in finalisation of accounts carry risk of financial irregularities remaining undetected, apart from violation of the provisions of the respective legislations under which the Bodies were constituted.

Other Issues

3.13 Follow-up action on State Finances Audit Report

In every State, the Public Accounts Committee (PAC)/ Finance Department require the line departments to provide a *suo-motu* Explanatory Note (EN) on the paragraphs featured in the Audit Reports within one month of placing the Reports in the Legislature. The line departments are also required to provide Action Taken Notes (ATNs) to the AG (for vetting and onward transmission to the PAC) within three months of tabling the Reports.

The details of placing the Audit Reports of the last five years (2019-20 to 2023-24) in the Legislative Assembly and their discussions by the PAC are shown in **Table 3.12**.

Table 3.12: Details of discussion of State Finances Audit Report (SFAR) by PAC

Year of SFAR	Date of placing SFAR to the Legislative Assembly	Date of discussion of SFAR by PAC (Date of placing recommendation of PAC)	Gist of Recommendation	Action taken notes	Remarks
2019-20	25.03.2022	*Yet to be discussed by PAC*			
2020-21	22.02.2023				
2021-22	29.02.2024				
2022-23	12.08.2024				
2023-24	*Yet to be placed*		--	--	--

Source: Recommendation Report of PAC.

3.14 Conclusions

The State Government did not disclose the details of off-budget borrowings in the Budget for the year 2024-25. However, as per the information furnished to the Ministry of Finance, GoI, off-budget borrowings were serviced to two entities *viz.* Planning and Development Authority, Manipur and Manipur Police Housing Corporation Limited. Non-disclosure of off-budget borrowings posed significant risks and reduced financial transparency.

The pendency of 7,729 Utilisation Certificates (UCs) amounting to ₹12,390.48 crore, were due as on 31 March 2025. Non-submission of UCs is fraught with the misappropriation of funds and fraud.

Detailed Countersigned Contingent (DCC) bills against the total of 2,282 Abstract Contingent (AC) bills in respect of 59 Departments amounting to ₹9,448.82 crore were outstanding, as on 31 March 2025. Non-submission of DCC bills increases the possibility of wastage/ Misappropriation /malfeasance, *etc*.

As of August 2025, 27 Annual Accounts pertaining to the period 2019-20 to 2024-25 in respect of six Autonomous District Councils (ADCs), Manipur State Legal Services Authority (MASLSA) and State Compensatory Afforestation Fund Management and Planning Authority (CAMPA) were not received.

During the year 2024-25, 99.63 *per cent* of total receipts and 71.30 *per cent* of total expenditure were reconciled by the State Government.

The State Government did not provide a budget provision for the interest payable of ₹33.92 crore on the balance of the Interest-bearing Deposits during the year 2024-25, which understated the Revenue Expenditure for the year. Non-discharge of interest liability towards interest-bearing deposits by the State Government not only defers and accumulates its future liability but also impacts the fiscal health of the State in future.

As against the requirements of the four Indian Government Accounting Standards (IGAS), the State Government made partial compliance with IGAS-1, 2 and 3.

Collectively, these deficiencies in compliance, reconciliation and timely accounting compromised transparency, accountability and the reliability of the State's financial statements, thereby distorting the true financial position of the State.

3.15 Recommendations

The State Government may-

- *fully disclose details of all off-budget borrowings in the Budget.*
- *draw up an action plan to ensure that Departments and implementing agencies should submit outstanding Utilisation Certificates (UCs) promptly.*
- *ensure timely submission of Detailed Countersigned (DCC) bills against the unadjusted Abstract Contingent bills.*
- *instruct Autonomous District Councils (ADCs) and other authorities to submit Annual Accounts regularly.*
- *make adequate budget provisions for discharging liabilities relating to "Interest-bearing Deposits".*
- *ensure full compliance with Indian Government Accounting Standards (IGAS).*
- *reconcile receipts and expenditure fully and on regular basis.*

Manipur **(HARI PRAKASH)**
The 10 April 2026 **Accountant General (Audit), Manipur**

Countersigned

New Delhi **(K. SANJAY MURTHY)**
The 15 April 2026 **Comptroller and Auditor General of India**