

**REPORT OF THE COMMITTEE CONSTITUTED BY
THE GOVERNMENT OF MANIPUR TO EXAMINE
THE FUNDS RELEASED FOR ALL THE HILL
DISTRICTS IN THE STATE**

OCTOBER, 2021

TABLE OF CONTENTS

Sl. No.	Topic	Page number(s)
1	Executive Summary	2
2	Introduction	3
3	Methodology	4
4	Findings	5-6
5	Recommendations	7
6	Order constituting 'Committee'	Annexure-I
7	Department-wise summary	Annexure-II

EXECUTIVE SUMMARY

1. The State Government had constituted a 'Committee' on the 25th August, 2021 to examine the funds released to the Hill Districts of the State. The Committee called for information of the developmental funds released by the State Government Departments to the Hill Districts, in the last 10 years. Based on the information submitted by Departments and the information of overall expenditure from the Accountant General and Budgetary Figures with Finance Department, the Committee made a comparison of the actual development funds released for the Hill Districts against the overall annual developmental expenditure of the State Government.

2. The Committee upon examining all available information observed that the fund flow to the Hills, as a percentage of the total developmental expenditure of the State, shows a fluctuating trend from 2012-13 but shows an increasing trend from 2017-18. The last two financial years (FY 2019-20 and FY 2020-21) show substantial increase in the absolute figures and in the percentage of fund flow.

3. The Committee noticed certain areas where improvement can be made, especially in the area of classification of budgetary allocation and expenditure for the Hill Areas of the State and monitoring.

INTRODUCTION

1. The matter of the quantum of funds spent for the development of the Hill Areas of the State has always been debated and discussed. Recently, the matter has gained traction and is a major part of public discourse. The issue was also debated in the recently concluded Assembly Session in August 2021.
2. Till date, budgetary figures were the basis for quantifying the amount of fund flow to the Hill Areas of the State. However, it has been gathered that the Budgetary Figures and documents are not able to give a clear picture on the actual expenditure on the Hill Areas of the State and is unable to highlight the various developmental activities taken up by the Departments in the Hill Areas of the State.
3. The State Government, therefore, felt that it was necessary to undertake an exercise and study the actual quantum of fund spent for development in the Hill Districts of the State and gather details on the various schemes, projects and activities taken up by the Government Departments. With this in mind, a “Committee” was constituted on the 25th August, 2021 to undertake a study on the fund flow to the Hill Districts of the State and submit its findings and recommendations to the State Government (copy of order constituting the “Committee” in Annexure-I).
4. The Committee called for information related to this fund flow from the Departments. Upon receipt of the information, the Committee Members had various rounds of discussion to examine and analyze the information received.
5. This report aims to give the fund flow to all the Hill Districts in the last 10 (ten) years, starting from the Financial Year 2011-12. The report aims to provide Department-wise break-up of the developmental expenditure in the Hill Areas based on the information submitted by the Departments on the schemes, various projects and other activities taken up by the State Government Departments.

METHODOLOGY

1. The Committee faced the challenge in identifying ‘developmental’ expenditure, as there is no clear definition of this term. Departments also highlighted the difficulty in segregating expenditure between the ‘old’ and ‘new’ districts in several instances. However, the Committee had made all efforts to present a clear picture of the developmental fund flow to all the Hill Districts in the last 10 years.
2. The Committee excluded expenditure on salary, pension, office expenses, charged expenditure, security related expenditure etc. while making its analysis. Grants-in-Aid given by the State Government was taken into consideration while preparing this report. The Committee found that certain activities taken up by Departments could not be quantified in monetary terms e.g., distribution of food grains, bus and helicopter service etc. Hence, these have been left out while calculating the quantum of expenditure.
3. The figures in the report include expenditure made by the State Government and/or routed through the State Government Departments. While majority of the expenditure is routed through the State Budget, certain funds from Government of India (GoI) are received via Escrow Accounts. Attempts have been made to capture such fund flows. The report contains expenditure through State Plan or State’s Own Resources, Centrally Sponsored Schemes (CSS), Central Sector Schemes, Externally Aided Projects, NEC and MoDONER funded Projects/ Schemes etc. Projects which are implemented by Central Government Agencies i.e., Airport, Railways, National Highways have not been considered by the Committee.
4. The year-wise developmental expenditure in the Hill Districts were then compared against the total developmental expenditure of the State Government for that year.
5. The information submitted by the Departments was the basis for preparing this report. The figures for total expenditure for these 10 years were extracted from the reports of the Accountant General (A & E), Manipur, the Treasury Expenditure records and Budgetary records available with the Finance Department.
6. Considering the large volume of data collected and Departments involved in this exercise and the various challenges highlighted above, a certain degree of error is inevitable, despite extreme care taken to present an accurate picture. This must be taken into consideration while drawing conclusions from the figures given in this report.

FINDINGS

1. The Committee noted that the fund spent in the development of the Hill Districts of the State shows a fluctuating trend starting 2011-12. From 2012-13 the percentage of developmental expenditure in the Hill Areas against the total expenditure, showed a decline till 2016-17 after which there was an increasing trend. The previous 2 (two) financial years have, however, shown a substantial increase in developmental expenditure in the Hill Districts, in absolute terms as well as a percentage of the total developmental expenditure for that year. The summary of expenditure in the last 10 (ten) years are highlighted in the tables below:

Sl. No.	Items	2011-12	2012-13	2013-14	2014-15	2015-16
1	Total Developmental Expenditure as per Budget figures	3396.73	3381.18	3477.51	4124.60	4290.15
2	Hill Expenditure as per Departments reports	1321.93	1330.89	1270.52	1411.14	1337.89
3	% of Hill Expenditure against Total	38.92%	39.36%	36.54%	34.21%	31.19%

Sl. No.	Items	2016-17	2017-18	2018-19	2019-20	2020-21
1	Total Developmental Expenditure as per Budget figures	4597.33	4830.73	5015.34	4874.58	7051.10
2	Hill Expenditure as per Departments reports	1538.98	1843.72	1845.34	2133.09	3225.99
3	% of Hill Expenditure against Total	33.48%	38.17%	36.79%	43.76%	45.75%

2. The Committee noted that some major Departments e.g. Planning, TA & Hills, Rural Development, PWD, PHED etc. are responsible for the recent increase in expenditure. There are many smaller Departments whose expenditure is less due to the overall small Budgetary allocation of the Department and do not have a major impact on the fund distribution. The Department and year-wise expenditure is placed as Annexure-II.

3. It was observed that implementation of a few major projects leads to skewed fund distribution between Hill and Valley Districts, and between the different Hill Districts. This is seen mainly in beneficiary-based schemes whereby districts with a

larger population get a larger share of scheme funds and in major infrastructure projects. The Committee, therefore, noted that fund distribution between the different Hill Districts need to be streamlined.

3. The Committee observed that many projects cannot be divided strictly based on expenditure in Hill and Valley Areas. Many projects taken up in the Valley Districts are for the benefit of the Hill Areas (e.g. Tribal Research Institute, Hill Village Chiefs Guest House etc.) or for the State as a whole (e.g. Manipur Secretariat, Inter-State Bus and Truck Terminus etc.).

4. The Committee noted that the present Budgetary allocation in the form of Hill-Valley is not able to capture the actual fund allocation and expenditure for the Hill Districts, thereby making monitoring difficult.

RECOMMENDATIONS

1. To better capture the fund allocation and expenditure for the Hill Districts of the State, the State Government may consider the system followed in the Central Government and certain States of having a Tribal Sub-Plan instead of the Hill-Valley allocation being followed at present. Expenditure of salaries, pension, establishment expenditure etc. can be allocated jointly while the Developmental Expenditure under the Tribal Sub-Plan can be shown separately in the Budget. This will help in monitoring the fund allocation and expenditure.
2. For better allocation of funds for the Tribal Sub-Plan, the State Government can consider following the formula of the Central or State Finance Commission which recommends fund distribution based on population and area. The allocation of development funds between the various Hill Districts can also be based on a similar formula to prevent arbitrary distribution. The Committee noted that this cannot be strictly followed as major projects cannot be divided among districts, in most cases. However, even a general application of this formula can help in equitable distribution of development funds.
3. There is a need to have an institutionalized administrative mechanism to monitor the fund allocation and expenditure in the Hill Districts of the State. Having such a mechanism will guide Departments in making equitable distribution and allow course correction, in case of any major deviation.

No. FBUD-9/16/2021-e-FD
Government of Manipur
Secretariat: Finance Department
(Budget Section)

Imphal, the 25th August, 2021

NOTIFICATION

Subject: Constitution of a 'Committee' to examine the funds released for all the Hill Districts in the State- regarding

It has been deemed necessary to examine the flow of funds to all the Hill Districts of the State for the purpose of equitable distribution of development. For this purpose, the State Government has decided to constitute a 'Committee' to gather information from Government Departments, study the data gathered and present its findings to the State Government. The 'Committee' shall comprise of the following:

- | | |
|---|--------------------|
| (i) Additional Chief Secretary (TA & Hills) | - Chairperson |
| (ii) Additional Chief Secretary (RD & PR) | - Co-Chairperson |
| (iii) Special Secretary (TA & Hills) | - Member |
| (iv) Special Secretary (Finance) | - Member |
| (v) Joint Secretary (Finance) | - Member |
| (vi) Chief Engineer (PWD) | - Member |
| (vii) Director (Planning) | - Member Secretary |

The Committee may co-opt any official as deemed necessary.

2. The Terms of Reference of the Committee shall consist of the following:

- (i) Call for reports from the Departments of the State Government and also from Central Government Agencies functioning in the State, on the funds received and spent for each of the Hill Districts of the State.
- (ii) Examine the information submitted by Government Agencies on the flow of funds to all the Hill Districts of the State.
- (iii) Prepare a report on the flow of developmental funds to the Hill Areas of the State.
- (iv) Any other matter that may be assigned to the 'Committee' by the State Government.

3. All Departments of the State Government shall cooperate with the 'Committee' and provide all information sought for in time.

cc:le
25/08/2021

4. The Committee shall submit its report to the State Government within 1 (one) month of the date of this notification.

5. This issues with the approval of the Competent Authority.

cc/c
25/08/2021

(Neilenthang Telien)
Joint Secretary (Finance)
Government of Manipur

No. FBUD-9/16/2021-e-FD

Imphal, the 25th August, 2021

Copy to:

1. Secretary to the Hon'ble Chief Minister, Manipur
2. PPS to the Hon'ble Deputy Chief Minister, Manipur
3. PPS to the Hon'ble Minister _____, Manipur
4. All Administrative Secretaries, Government of Manipur
5. All Heads of Departments, Government of Manipur
6. Concerned officials
7. Relevant file

CONSOLIDATED DETAILS OF FUND RELEASED TO HILL DISTRICTS DEPARTMENT-WISE FROM FY 2011-12 ONWARDS

Sl. No.	Name of Department	Fund spent FY-wise (Rs. in crore)									
		2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
1	Police	15.2000	5.7500	27.7300	0.0000	10.6900	0.0000	3.4900	0.0000	2.3300	1.5600
2	IT	0.0000	0.0000	0.0000	0.0000	0.0000	3.4144	0.0900	3.1257	0.0000	9.7798
3	Forest	26.4890	42.3920	41.0170	39.0140	23.3250	32.1510	44.0550	42.2330	40.1690	48.8770
4	Environment	1.3084	0.1297	0.1876	0.2390	0.1350	0.2000	1.0621	2.2588	2.0400	3.9348
5	RD & PR	535.5032	481.5881	312.0365	293.0655	327.6825	328.3011	345.9877	378.5027	568.1366	960.4549
6	TA & Hills	226.0308	338.1862	371.5992	417.3020	301.9493	364.0251	634.0736	484.8694	574.1555	742.8181
7	Relief & DM	1.4594	0.7854	0.1900	2.0127	12.7953	10.5789	15.4458	24.6059	16.9900	0.7100
8	Horticulture & SC	15.8780	3.7140	6.0240	3.3440	4.1090	4.8010	3.0690	12.8580	13.0090	19.0750
9	Planning	21.7600	32.4051	33.1025	50.9240	38.4036	33.3213	159.6864	31.4969	21.9117	71.4416
10	Tourism	0.0000	8.0992	8.1755	1.7422	0.0000	0.0000	0.0000	0.0000	3.3713	3.6500
11	Health	38.7150	19.8530	40.4910	42.7680	12.3520	16.3020	12.7540	38.2800	22.7790	118.3030
12	Handloom & Textiles	3.7500	2.1070	6.2940	10.7650	0.6260	7.0710	4.9050	4.3086	5.6020	0.2860
13	Commerce & Industries	33.8400	3.0503	4.6217	31.9800	7.3066	16.3903	12.3755	10.9640	19.1121	12.4176
14	CADA	9.6893	4.9508	10.3979	6.5190	1.4757	3.1740	8.1036	0.0000	0.0000	3.9391
15	Cooperation	3.1525	0.7600	1.2022	1.6426	0.1209	0.1100	0.1500	1.3384	1.0250	0.3800
16	Veterinary & AH	0.1500	0.1500	0.1500	0.1500	1.3980	0.1500	0.1500	1.5557	0.2249	7.6274
17	Science & Tech	0.0000	0.2400	0.1410	0.1410	0.0000	0.1410	3.7218	1.5602	0.0000	2.1617
18	MSPDCL	48.7377	32.4395	33.9892	75.1451	34.8577	42.4017	52.9839	52.1313	83.0704	42.7032

CONSOLIDATED DETAILS OF FUND RELEASED TO HILL DISTRICTS DEPARTMENT-WISE FROM FY 2011-12 ONWARDS

Sl. No.	Name of Department	Fund spent FY-wise (Rs. in crore)									
		2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
19	MSPCL	29.6846	22.1722	26.0090	66.5848	92.7232	100.2085	88.1649	54.3131	21.8781	39.3487
20	MANIREDA	6.3200	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.3040	0.4990
21	PWD	175.7014	182.7720	123.4863	124.8320	164.5421	304.7018	218.0633	361.1657	274.3046	503.0346
22	Water Resources	4.4300	9.9403	19.0800	13.2257	0.1889	4.2157	5.0454	5.8555	0.9897	2.5200
23	Education S	33.8170	31.9890	94.2570	55.7560	72.6250	61.9810	55.4880	47.6650	79.2680	61.6460
24	Higher & Technical Education	1.9920	0.3900	1.6540	12.0040	3.9660	1.3040	3.7840	13.4770	3.7800	4.7030
25	SCERT	0.0000	0.0000	0.2300	10.4400	0.1900	9.0550	0.0860	9.4400	0.1500	2.1650
26	Adult Education	1.2410	6.7920	0.0000	1.7050	1.2830	1.2700	0.0620	0.9670	0.0000	0.5860
27	Fisheries	0.0500	0.2500	0.0500	0.7550	1.2640	4.2780	3.2350	21.4800	1.9290	0.0500
28	Agriculture	8.3213	1.3196	2.2996	6.0218	4.2698	6.3917	13.9283	6.0409	13.5316	16.2640
29	YAS	0.1841	3.2846	0.2213	8.3305	0.2286	10.6523	6.8579	2.2230	0.8568	3.2626
30	Minorities	0.0000	0.0000	1.8634	3.9710	9.0359	18.0582	5.0360	35.1958	37.7150	142.8525
31	Minor Irrigation	13.8956	13.8824	7.5093	10.1810	14.7251	17.3648	6.9846	8.5797	6.0204	42.6988
32	Labour	0.0000	0.0000	0.0205	0.1203	0.1234	0.7205	0.5184	1.2954	7.9760	3.2170
33	PHED	17.4003	43.9444	36.4602	57.3481	41.8073	50.8172	49.4730	102.8873	205.9857	199.6481
34	Sericulture	2.5120	3.6390	4.9719	5.8234	0.3681	0.3681	0.3681	0.3681	0.3681	0.3681
35	Law	0.0000	0.0000	0.6000	3.2113	12.5848	4.8733	2.0200	1.1270	5.4108	0.2948
36	CAF & PD	0.0000	0.0000	0.0000	0.0000	0.0000	6.6000	14.0000	11.0700	3.9000	5.3400
37	Social Welfare	44.2300	33.7387	54.1972	53.8913	140.5608	73.2357	67.9701	71.4832	94.6961	139.7572

CONSOLIDATED DETAILS OF FUND RELEASED TO HILL DISTRICTS DEPARTMENT-WISE FROM FY 2011-12 ONWARDS

Sl. No.	Name of Department	Fund spent FY-wise (Rs. in crore)									
		2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
38	Arts & Culture	0.4904	0.1800	0.2662	0.1800	0.1800	0.3500	0.5300	0.6200	0.0999	7.6179
	TOTAL	1321.9330	1330.8945	1270.5250	1411.1354	1337.8925	1538.9785	1843.7183	1845.3423	2133.0902	3225.9925