CONTENTS

ACKNOWLEDGEMENT ............. I - II
INTRODUCTION .............. 1 - 5

CHAPTER - I : LEGISLATIVE ASSEMBLY OF MANIPUR STATE AND GENERAL PATTERN OF CONTROL OF FINANCE BY LEGISLATURE ..... 6 - 17

CHAPTER - II : BUDGET IN LEGISLATURE ..... 18 - 54

CHAPTER - III : CUT MOTIONS, APPROPRIATION BILL, FINANCE BILL, VOTE ON ACCOUNT, EXCESS GRANTS, SUPPLEMENTARY GRANTS ..... 55-83

CHAPTER - IV : PUBLIC ACCOUNTS COMMITTEE ... 84-143

CHAPTER - V : ESTIMATES COMMITTEE ..... 144-193

CHAPTER - VI : COMMITTEE ON PUBLIC UNDERTAKINGS ..... 194-220

CONCLUSION ..... 221-243

BIBLIOGRAPHY ..... 244-251
Acknowledgement

Academic life of an individual is determined by certain factors. In spite of the wishes of certain individual to carry on research work which forms an important part of the academic life of the individual, the wishes may not be translated into actuality so easily. I, as an individual involved in the academics of the University system would consider myself unworthy to be called a teacher if I do not show enough sense of gratitude to Professor L.P. Sinha who not only helps me, as my supervisor in this research work but also draws me out more from the non-academic side of my life with all its problems, so that I could have a meaning of my own academic life. I am ever grateful to him and I shall also ever remain thankful and grateful to him.

Certain individuals can work on the basis of inspiration. I am one of those individuals who need inspiration and encouragement for carrying on the life whether academic life or non-academic life or both. Professor M. Horam of our Department is one of the few persons who could instil the sense of sincerity and tolerance in my mind, the very sense really helping me to complete this work. I am showing my deep sense of gratitude to him.

I am also grateful and thankful to all other members of the Faculty including Dr. (Mrs.) Ksh. Simola Devi, Head of the Department of Political Science, who have been
all encouraging me all the time in taking up this work and also wish that I could do something in my academic life.

Without library facilities, it is completely impossible on my part to take up this work though the Reports and other Government Publications can be had from the concerned Government Offices. I am showing my deep sense of gratitude to Professor Kumbher, former Librarian of Manipur University Library, Shri Radheshyam Singh, Deputy Librarian, Shri Lahiri, Shri Th. Khomdon Singh, Shri K. Joykumar Singh, Shri M. Ibochouba Singh, Shri Th. Vinod Singh and other Staff-Members of the Library, for all the help and assistance that they give me in connection with this work.

I am also grateful to the Librarian and other Staff-Members of the Central Library, Government of Manipur and the Officers and Staff Members of the Department of Economics and Statistics, Directorate of Information and Public Relations, Departments of Industries, all of the Government of Manipur and the Officers of the Assembly Secretariat, Manipur Legislative Assembly for all the materials that they provide for this work.

I must also show my deep sense of gratitude to the Officers of our Manipur University, specially of the Finance Section, who always take an affectionate interest in my prosperity in my academic life. I must be thankful and grateful to Shri Ak. Sethajit Singh of Sindam Enterprises, Singjamei, Imphal and Mr. Neshar-Ahmad of Modern College who not only help me financially but also give me the necessary encouragement.

Shri Ak. Romenkumar Singh, Smt. A. Manglembi Devi and Shri Shamu Singh have taken enough pains in getting this thesis typed. I am grateful to all of them. I am really grateful and thankful to Shri L. Kesho Singh of our Department for his love and great wishes for me.

Imphal,
The 18th April, 1990

(G. Ibochouba Sharma)
INTRODUCTION
Introduction

Legislature plays an important role in the functioning of Parliamentary Democracy. The activities of the Legislature are not confined to law making only. There are many functions of the Legislature other than law making, which are also of great interest. One of its important functions is to examine the working of the Government or the Executive. Along with this, there is another important function concerned with the finances of the State or the Country. It is a well-known fact that the Legislature under the Parliamentary Democracy exercises control over the finances of the State mainly in three stages. First, when the annual Budget Estimates of revenue and expenditure are placed before the Legislature where unrestricted discussion on the proposals are made and secondly when the question of ensuring economic spending within the framework of the Policies underlying the proposals comes and thirdly, when the Legislature desires that the money voted by it has been spent for the intended purpose. At the second and third stages, the works of going into the policies and details of Public Expenditure have been entrusted to the Financial Committees of the Legislature in Parliamentary Democracy as in the case of India. The Public and the Parliament should be satisfied that somewhere or other in the Government, there is a guarantee for financial order.

Discussions on Budgets, Cut - Motions and debates on Vote on Account and Supplementary Grants bring all sorts of administrative matters for the review and scrutiny of the Legislature. The financial
examination of Departmental activities, highlighted during debates on Finance Bills and Appropriation Bills enables the House to curb and control Administrative wastefulness and inefficiency. These discussions constitute a guide to the application and use of other tools and all of them put together create an interlocking system of Legislative Control over Administration and Public Expenditure.

Financial Control and Executive Accountability are the essence of every Parliamentary Democracy. It is based on the principle that there can be no taxation without the People's consent and no Public Expenditure without People's Authority. While the formulation of policies, including the economic and fiscal, are done by the Executive, the complimentary scrutiny of such policies and control of the Executive is to be performed by the Parliament. This supervision could be effectively exercised through the purposive use of Parliamentary Procedure and a system of Committees.¹

The Legislature in the State of Manipur, like the Legislature of the other States in the Indian Union, is not in a position to look into the policies and details of Public Expenditure as well as to control over Public Expenditure effectively because of its size and the nature of its working. The Budget discussions carried on in the Manipur Legislative Assembly, followed sometimes by Cut - Motions and the debates concerning the Demand for Grants and Supplementary Grants etc. do not serve fully the purpose of Legislative Control over Public Expenditure.

The Legislature also does not always have the technical competence and also the adequate time for the detailed examination of the Accounts. Therefore, besides the process of Legislative approval of the Budget and other related matters in the context of exercising Legislative control over Public Finance, there has been the need for the Financial Committees in matters of controlling and checking the Public Expenditure along with the Policies involved.

The Financial Committees of the Manipur State Legislative Assembly are the instruments of Legislative control over Public Expenditure in the State of Manipur like that of the other State Assemblies of the Indian Union. A democratically constituted Legislature like that of Manipur's Legislature exercises the most important control over the Public Finances. The Legislature, as the fund-raising and fund-granting authority, has the power to levy, abolish, increase or decrease any tax. It has the final authority to sanction money for expenditure. No tax can be levied or collected and no expenditure can be incurred by a democratic Government except with the approval of the Legislature.

Main objectives of control of Government Expenditure are:

(a) To achieve, between the different services for which the Government accepts responsibility, a reasonably fair distribution of the total sum which the State can afford to devote to Government Expenditure.

(b) To ensure that the money so distributed is used for the purposes for which it was intended and in accordance with the Statutory Authority which exists for the Expenditure.
(c) To try to secure full value for the money which is distributed. 2

Only a vigilant legislature can perform the above mentioned tasks and the two Committees of the legislature that is, the Public Accounts Committee and the Estimates Committee try to ensure the above mentioned objectives of financial control. The third Committee, that is, the Committee on Public Undertakings which was established later also performs the required functions in matters of controlling and regulating the expenditure of the Public Undertakings.

The control is not with a view to checking the expenditure, rather it is for the purpose of achieving the best results out of the expenditure incurred and also to attain clarity in matters of expenditure. Under a responsible Parliamentary form of Government which the State of Maniour has acquired since 1972, we shall have to study how best the Parliamentary Institution could adapt itself to the fast changing circumstances and situations so as to make it purposive and valuable.

The period from 1972 to 1979 covered for the study, though brief, is significant because there was Central control over its finances before 1972 January 21st on which day Maniour got Statehood and also because of the importance attached to the First Legislative Assembly and the Second Legislative Assembly, the period of the latter being up to 1979.

The methodology carried out for the collection of materials for this work was mainly through primary sources like the Government

Reports, Legislative Assembly Proceedings, Financial Committee's Reports, Government Documents and also from secondary sources - published books, journals and newspapers.

There had been a significant expansion in Governmental activity of the State of Manipur ever since its getting the status of Statehood, leading to a consequent rise in Public Expenditure. Finance is the lubricant for the working of the Government with its various programme for the all-round and speedier development of the State of Manipur, the very Government being responsible to the Manipur Legislature. The study of the Legislative Control over Public Expenditure in Manipur for the purpose of achieving the cardinal principles of 'economy, efficiency and effectiveness' in public spending is very important in the context of serving the public interest to as greater degree as possible.