CHAPTER - I

LEGISLATIVE ASSEMBLY OF MANIPUR STATE AND
GENERAL PATTERN OF CONTROL OF FINANCE BY LEGISLATURE
Legislative Assembly of Manipur State

Manipur attained its full-fledged Statehood on January 21, 1972 as a result of the North Eastern Areas (Reorganisation) Act, 1971. With the attainment of Statehood the Assembly Constituencies were delimited into 60 seats out of which 19 seats were reserved for Scheduled Tribe candidates. Consequent upon the General Elections of 1972, the first Manipur Legislative Assembly of the State of Manipur was constituted. The first session of the State Assembly of Manipur commenced on March 30, 1972. The first popular though coalition Ministry headed by Md. Alimuddin of Manipur People's Party under the name of the United Legislature Party was installed on 20th March, 1972. But owing to unstable party position, after one year, the U.L.P. Ministry was dissolved and the President's Rule was promulgated. President's Rule was enforced from March 28, 1973 to March 4, 1974. The Mid-term Elections of 1984 for Legislative Assembly once again brought the United Legislature Party to the forefront and the U.L.P. formed the Government on 4th March, 1974. But the U.L.P. Ministry collapsed after some time and on 10th July, 1974 the Progressive Democratic Front Government headed by Shri Yangmaso Sheiza was installed. This P.D.F. Ministry also collapsed after a few months.

and a Democratic Legislature Party Ministry headed by Shri R.K. Dorendra Singh was installed on 6th December, 1974. Again the D.L.P. Ministry collapsed and a Congress Legislature Party Ministry was installed on 23rd July, 1975. Shri R.K. Dorendra Singh again became Chief Minister and he continued to be Chief Minister upto 13th May, 1977.  

There had been a great impact of the Lok Sabha Elections of the Country in March, 1977 on the nature of Government formation in the State of Manipur. Following the formation of the Janata Government at the Centre there arose divisions in the State's Congress Legislature Party between those who favoured the Janata Party and those who wished to remain in the Congress. As the Congress Government led by Shri R.K. Dorendra Singh was reduced to a minority because of more and more M.L.As joining the Janata Party, the President of India suspended the Legislative Assembly on 16th May, 1977 and President's Rule was imposed on 16th May, 1977.  

There had been a lot of changes in the Ministry of the State of Manipur so far as the Government formation was concerned during the periods of the First Legislative Assembly and the Second Legislative Assembly, that is, during the period from March, 1972 to November, 1979. The Janata Ministry led by Shri Yangmesho Shaiza

as the Chief Minister was installed on 29th June, 1977. This
Ministry continued to be in power upto 14th November, 1979,
though the term of the Second Legislative Assembly was upto
4 or 5 of January, 1980.9

General Pattern of Control of Finance by Legislature

India has adopted the British system of Parliamentary
Democracy, so the general principles which govern the financial
action of the British Parliament, apply to India also. Sir
Erskine May has described these principles in these words: "The
Crown, acting with the advice of the responsible Ministers,
being the executive power, is charged with the management of
all the revenues of the country, and with all the payments for
the public service. The Crown, therefore, in the first instance,
makes known to the Commons the primary necessities of the
Government, and the Commons grant such aids and supplies as are
required to satisfy these Demands, and provide by taxes, and by
the appropriation of other sources of the public income, the ways
and means to meet the supplies which are granted to them. Thus
the Crown demands money, the Commons grant it, and the Lords
assent to the grant. But the Commons do not vote money unless it
is required by the Crown nor impose or augment taxes unless be

8. Manipur Legislative Assembly Secretariat, List of Members
   of Manipur (Both M, Ps, and M, L, As,) since 1947 (Imphal,

9. Manipur Legislative Assembly, Assembly Proceedings, Second
   Manipur State Legislative Assembly Vol.- (LVI) (Imphal, 1979),
   p.142.
necessary for the public service, as declared by the Crown through its Constitutional advisers. 10

In the same way in India, the Executive demands money from the Legislature by presenting the Budget and the Parliament Grants it. The Legislature/Parliament performs its functions, of course, under Executive leadership. All demands for Grants and all Proposals for Taxation come from the Executive and it is unto the Legislature to give its approval to these Proposals.

Legislature has to determine by Law, in Parliamentary Democracy as adopted in India and in Manipur State and other States of the Indian Union, the sources of Government revenue and other matters of Public Finance. The Executive has to provide the machinery and lay down the procedure for the collection of the revenue and also has to carry on the expenditure in the public interest according to a set of principles as approved by the Legislature.

Proper records or accounts of these revenues are to be maintained so that the accounts may be audited by an independent Officer, who should submit the Audit Report to the Legislature. We have the Office of the Comptroller and Auditor General of India for this purpose.

In a Parliamentary Democracy the Executive is accountable to the Legislature and the Legislature controls the Executive in relation to various aspects of the formulation and implementation

of policy, administrative action and public expenditure. This also has led the Legislature to depend on the Committee System. Because, if the work of the Legislature is to be performed expeditiously and with reasonable care, a part of the responsibility has to be entrusted to some other agency in which the whole Legislative body has confidence. The most practical method so far devised for this purpose is the Committee System, composed of a small number of Members of the Legislative body. And the Committees of the Legislature can be divided into two categories, 11 Standing and Ad Hoc Committees.

Such growth of Committees in a Parliamentary Democracy as in England, has provoked scholars like Professor K.C. Wheare to describe the "Parliamentary Government" as "Government by Committees". The Committees of Legislature have already been divided into Standing Committees and Ad Hoc Committees, and the Standing Committees have been further divided into five classes as follows: 13

(i) Committees to enquire;
(ii) Committees to scrutinise;
(iii) Committees to control;
(iv) Committees to advise;
(v) House Keeping Committees;

The Public Accounts Committee, the Estimates Committee, the Committee on Public Undertakings and Committee on Subordinate

Legislation are the Committees coming under the category of Committees to control.

The Legislature of the State of Manipur discharges the functions in connection with the control of public expenditure in accordance with the requirements of Articles 202, 203, 204, 205, 206, 207 of the Constitution of India. Besides, the financial Committees of the State Legislature, the Public Accounts Committee and the Estimates Committee have to perform the required functions in connection with the control of public expenditure. The Rules of Procedure and Conduct of Business of the Manipur Legislative Assembly demand that there shall be a Committee on Public Accounts and a Committee on Estimates and a Committee on Public Undertakings for dealing with matters of public expenditure. The Rules of Procedure and Conduct of Business made under Article 208(I) of the Constitution of India were adopted by the Manipur Legislative Assembly and so these Financial Committees come into prominence in Manipur State also in so far as the Legislative control over public expenditure in Manipur is concerned. The Financial Committees of the Manipur Legislature come under the category of Standing Committee to control along with the Non-Financial Committee on Subordinate Legislation. The Committee System in Manipur's Legislature follows the pattern of the Central Legislature though we have unicameral Legislature in Manipur. So Manipur Legislative Assembly has other Standing Committees like Committee on Government Assurances, Committee on Petitions and Committee on Privileges which could be categorised as Committees to enquire. And under the category of Committee to advise, the Manipur Legislative Assembly
has Business Advisory Committee, Committee on Rules and the Committee on Private Members Bills and Resolutions. Besides these Committees the Legislative Assembly has also House-Keeping Committees like the House Committee and the Library Committee.

Legislature in Manipur, like other Legislatures of Parliamentary Democratic Systems is the most important agency of Financial Administration. The other three agencies, that is, the Executive, the Treasury or the Finance Department and the Audit Department are to perform their respective duties in order to achieve, in the public interest, the objective of a sound Financial Administration System. Financial Administration, involving the machinery and methods by which funds for the support of public services are raised, spent and accounted for, is the very core of Modern Government. The Executive branch of the Government and the Finance Department of the Government are accountable to the Legislature whereas the last agency, that is, the Audit Department is to discharge the functions on behalf of the Legislature. The Legislature's Financial Committees, mainly the Public Accounts Committee play the pivotal role in ensuring the accountability of the Executive on the basis of its detailed examination of accounts and audit reports. The reports of the Comptroller and Auditor-General of India relating to the accounts of a State shall be submitted to the Governor of the State, who shall cause them to be laid before the Legislature of the State. 14

14. Article 151(2) of the Constitution of India.
The control of Legislature over the finances and financial administration of the State is direct and all-pervasive as in the case of other States of the Indian Union and also of the Central Parliament of the Country. Responsibility for the sound administration of finances of the State lies with the Legislature. It lays down the conditions under which money can be spent, and it finally judges whether the Executive has fulfilled those conditions or not.

It is a well-known fact that Legislative control over public expenditure is a subject which reaches not only the realms where law, Parliamentary privilege and Parliamentary customs are inextricably intertwined but is also one which is very much dependent for its effectiveness, on the approaches and attitudes of the Legislature itself. Thus it is not only the techniques and the procedures adopted by the Legislature that are important but also the willingness to use them and the effectiveness with which they are used. And so, the willingness of Manipur Legislature to use the techniques and procedures and the effectiveness with which they are used will be quite important for achieving the objective of a satisfactory Legislative control over public expenditure. In this context, history of Legislative control in Manipur, techniques of control and financial procedure of Manipur adopted by the Manipur Legislature, nature of functioning of the Financial Committees of the Legislature and the problems of control, — all draw our attention in such a study of the Legislative control over

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public expenditure in Manipur. It is also to be noted that, since there is a remarkable uniformity of procedures and techniques adopted by the Legislature between the Central System and the State System in India, much of the generalisations and observations of the Central System would also be applicable to Manipur Legislative Assembly also as a State Legislature within the Union.

Finances in Manipur have their own special characteristics depending upon its geography and socio-economic structure and the sources of income and the items of expenditure. The State is not economically viable because of its small territory and population and lack of adequate economic infrastructures, though, with its area of 22,356 sq.km.\(^{16}\) and a population of a little more than one million by 1971 Census, that is, 10,72,753\(^{17}\) population, the State has been making various attempts involving huge amount of public expenditure for its own development. This small, isolated hill-girt State, geographically distinct unit of the Country is bounded by the foreign Country Burma on the east, the State of Nagaland on the north, Cachar District of the State of Assam on the west and the State of Mizoram and the Chin hills of Burma on the South. Nine-tenth of the area of the State consists of almost parallel rows of hills which rise upto 3,000 metres above the sea level whereas the average altitude of the valley is about 780


metres above mean seal level. The climatic condition is quite
pleasant and the rainy season extends usually from May to
September with a little rainfall in the winter season and the
temperature varies from 0°C to 40°C and the rainfall varies
from about 149 cm. in the valley to about 380 cm. in the western
hills of Manipur. 19

10 per cent of the whole area of the territory that is,
1920 sq.km. only is the plain area which lies in the centre of
the State and the rest is covered by the hills. Two-third of the
entire population is concentrated in the central valley 20 and
the remaining one-third in the hills.

The hills are inhabited by as many as 29 tribes which may be
broadly divided into Naga and Kuki groups. 21 The valley is
inhabited by the Meiteis, the Manipuri Muslims and other groups
like the Nepalis, the Scheduled Caste people, the Bengalis etc.
The Meiteis are in considerable majority in the valley and other
groups like the Punjabis, the Biharis, the Marawaries, the Bengalis
are concentrated in the Capital Town, Imphal which is located
almost in the centre of the valley. In the hills, the Tengkhuls,
the Thados, the Kabuis and the Maos are having larger population
compared to that of other tribes. Nowadays, Imphal is advancing
itself to the status of a City.

18. Government of India, Publications Division, Krishi Bhavan,
Introduction.
The economy of the State till to-day is Predominantly agricultural. Since Manipur is essentially an agrarian State and the economy is agricultural, industries will have to play a crucial role for further development of the State and improve the standard of living of the people of this State. Agro-based industries are more helpful for shaping the economy of the State towards further development.

The important characteristic of the State's economy is a heavy preponderance on agriculture accounting for 71 per cent of the State's workers engaging in agricultural sector and 29 per cent in non-agricultural sector, small scale and cottage industries and services sector according to 1971 Census. It is also interesting to note that 35 per cent of the population are workers by 1978. Agriculture is the largest single sector contributing 56 per cent of the total net State Domestic Product in 1976-77 at current prices.

Since the State is not economically viable, the State has to depend on the Grants-in-aid from the Central Government for most of its expenditure. In 1976-77, the State got Rs.204.98 lakhs from its own State Taxes, Rs.212.97 lakhs as the Non-Tax Revenue while the State's share of Central Taxes was Rs.325.51 lakhs, that is, about 50 per cent more than the income from the

State Taxes and the Grants-in-aid from the Centre also rose to Rs. 4784.51 lakhs.\textsuperscript{24} Thus the Central help is more than twelve times of the State's own income.

The main sources of Revenue for the State of Manipur by 1972-73 are given below:

<table>
<thead>
<tr>
<th>Source of Revenue</th>
<th>1971-72</th>
<th>1972-73</th>
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<tbody>
<tr>
<td>1. Land Revenue</td>
<td>19.41</td>
<td>18.55</td>
</tr>
<tr>
<td>2. Sales Tax</td>
<td>26.72</td>
<td>39.31</td>
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<td>3. Stamps</td>
<td>7.79</td>
<td>12.50</td>
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<td>4. Taxes on Vehicles</td>
<td>6.61</td>
<td>7.84</td>
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<td>5. Electricity</td>
<td>21.46</td>
<td>19.09</td>
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<td>6. Public Works</td>
<td>7.84</td>
<td>21.80</td>
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<td>7. Road Transport</td>
<td>29.55</td>
<td>49.12</td>
</tr>
<tr>
<td>8. Forest</td>
<td>5.53</td>
<td>9.25</td>
</tr>
<tr>
<td>9. Taxes on income other than corporation Tax</td>
<td>-</td>
<td>62.00</td>
</tr>
<tr>
<td>10. Miscellaneous</td>
<td>9.50</td>
<td>5.34</td>
</tr>
</tbody>
</table>

(Source - Government of Manipur, Manipur Administration Report 1972-73, p.16)

\textsuperscript{24} Government of Manipur, Department of Statistics, A Picture of Manipur Budget, 1978-79, p.7.)