

**CHAPTER I
OVERVIEW**

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1.1 Profile of the State

The State of Manipur is located in the north-eastern part of India. The total geographical area of the State is 22,327 sq. km. comprising the central valley and the hills surrounding the valley. There are 16 districts in the State, of which, six districts are in the valley and ten districts are located in the hills. As per Census of 2011, the State's population increased from 22.94 lakh in 2001 to 28.56 lakh in 2011 showing decadal population growth of 24.50 *per cent*. Out of the total population, 29.21 *per cent* people (8.34 lakh) live in urban areas and the remaining 70.79 *per cent* (20.22 lakh) in rural areas. The density of population is 128 persons per sq. km. The literacy rate in the State has increased from 66.61 *per cent* (as per 2001 census) to 76.94 *per cent* in 2011. The relevant details are given in **Appendix 1.1 (Part C)**.

1.1.1 Gross State Domestic Product

Gross State Domestic Product (GSDP) is the market value of all officially recognised final goods and services produced within the boundaries of the State in a given period of time. Growth of GSDP is an important indicator of the State's economy, as it denotes the extent of changes in the level of economic development of the State over a period of time.

Trends in the annual growth of the State's GSDP, All India GDP and the rate of growth during 2015-20 are indicated in **Table 1.1**:

Table 1.1: GSDP of the State, All India GDP and the rate of growth during 2015-20

Year	2015-16	2016-17	2017-18	2018-19	2019-20
All India GDP (₹ in crore)	1,37,71,874	1,53,91,669	1,70,98,304	1,89,71,237	2,03,39,849
Growth rate of GDP (<i>per cent</i>)	10.40	11.76	11.09	10.95	7.21
State's GDP* (₹ in crore)	19,530.6 7	21,293.89	25,789.23	27,868.71(Q)	31,989.49(A)
Growth rate of GSDP (<i>per cent</i>)	7.73	9.03	21.11	8.06	14.79

Source: Ministry of Statistics and Programme Implementation, GOI and Dept. of Economics and Statistics, Manipur

*At current prices, Q – Quick Estimates, A – Advance Estimates

The State's GSDP increased by ₹ 4,120.78 crore (14.79 *per cent*) from ₹ 27,868.71 crore in 2018-19 to ₹ 31,989.49 crore in 2019-20. During the last five years, there was a steady increase in GSDP from ₹ 19,530.67 crore in 2015-16 to ₹ 31,989.49 crore in 2019-20. As compared to 2018-19, growth rate has increased by 6.73 *per cent* from 8.06 *per cent* in 2018-19 to 14.79 *per cent* in 2019-20. The growth rate of GSDP was higher than the all India GDP in 2019-20. As compared with the neighbouring States, Manipur's GSDP is more than that of Nagaland, Arunachal Pradesh and Mizoram as shown in **Table 1.2**:

Table 1.2: Regional comparisons of GSDP 2019-20

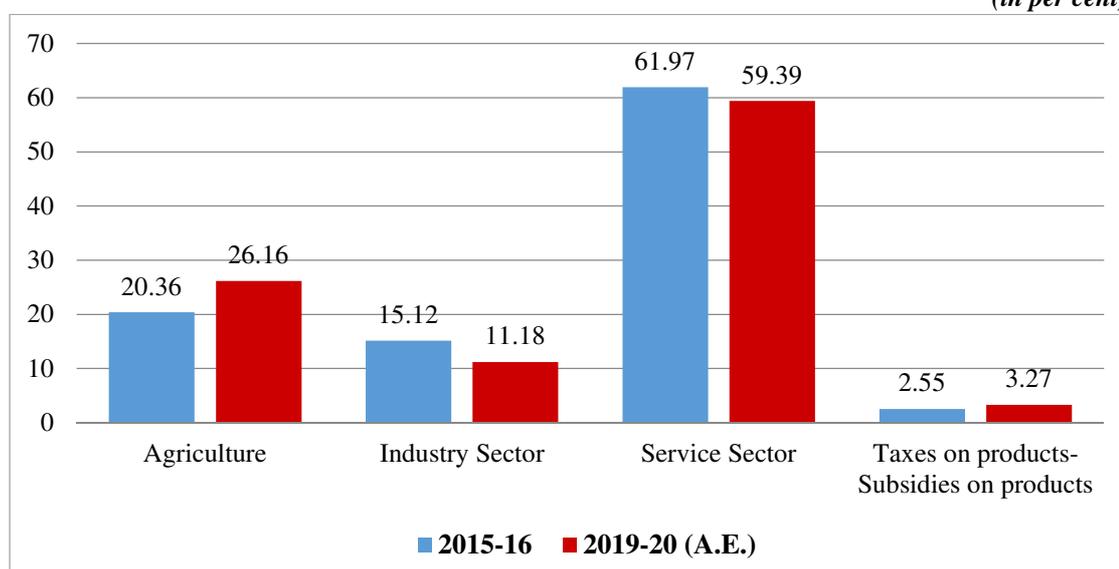
(₹ in crore)

State	GSDP
Assam	3,51,318.00
Tripura	57,352.89
Meghalaya	38,542.00
Sikkim	32,496.00
Manipur	31,989.49
Nagaland	30,508.00
Arunachal Pradesh	27,036.64
Mizoram	26,502.56

A sectoral analysis of State's GSDP for the period 2015-20 is given in the following Charts 1.1 and 1.2.

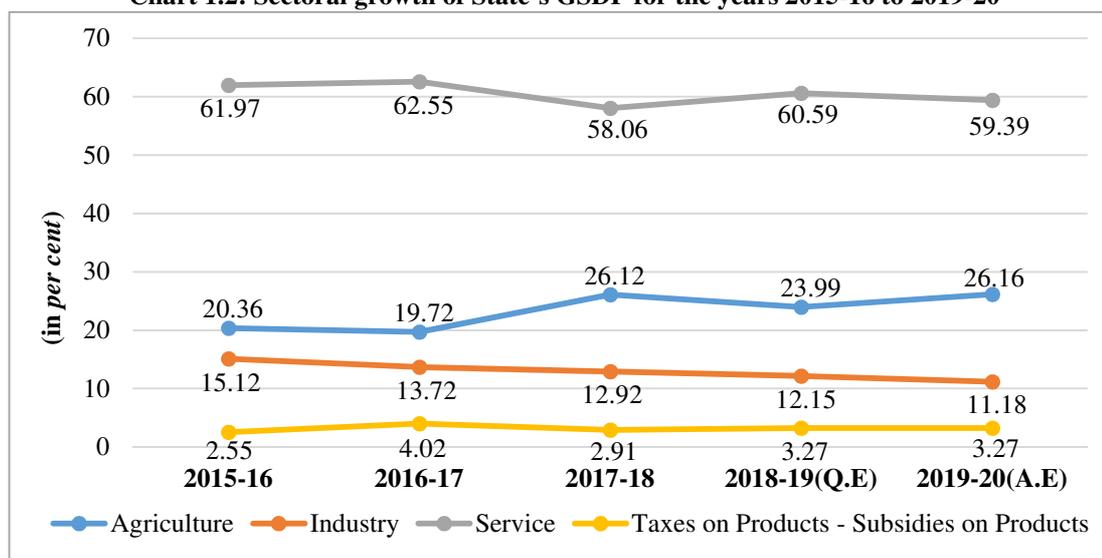
Chart 1.1: Sectoral Contribution to GSDP for the years 2015-16 and 2019-20

(in per cent)



Source: Department of Economics and Statistics, Manipur; A.E – Advance Estimate

Chart 1.2: Sectoral growth of State's GSDP for the years 2015-16 to 2019-20



Source: Department of Economics and Statistics, Manipur;

Q.E. – Quick Estimates,

A.E.-Advance Estimates.

As can be seen from the above charts, Service Sector was the major contributor of GSDP during the period 2015-20 ranging from 58.06 *per cent* to 62.55 *per cent*. Agriculture was the second largest contributor ranging from 19.72 *per cent* to 26.16 *per cent* during the same period. The contribution of Agriculture Sector in GSDP increased from 20.36 *per cent* in 2015-16 to 26.16 *per cent* in 2019-20 while there was marginal decrease in the Industry and Service Sectors in 2019-20, as compared to 2015-16.

1.2 Basis and Approach to State Finances Audit Report

In terms of Article 151 (2) of the Constitution of India, the reports of the Comptroller and Auditor General of India (CAG) relating to the accounts of a State are to be submitted to the Governor of the State, who shall cause them to be laid before the Legislature of the State. The State Finances Audit Report (SFAR) is prepared and submitted under Article 151 (2) of the Constitution of India.

Accountant General (Accounts & Entitlements), Manipur prepares Finance Accounts and Appropriation Accounts of the State annually, from the vouchers, challans and initial and subsidiary accounts rendered by the Treasuries, offices and departments responsible for keeping of such accounts functioning under the control of State Government, and the statements received from the Reserve Bank of India. These accounts are audited independently by the Accountant General (Audit) and certified by the CAG.

Finance Accounts and Appropriation Accounts of the State for the year 2019-20 constitute the core data for this Report. Other sources includes budget of the State, results of audit carried out by the Office of the Accountant General (Audit), other data with Departmental Authorities and Treasuries (accounting as well as MIS), GSDP data and other State related statistics, and various audit reports of the CAG of India.

The analysis is also carried out in the context of recommendations of the Fourteenth Finance Commission (XIV FC), Manipur Fiscal Responsibility and Budgetary Management (FRBM) Act, 2005, and best practices and guidelines of the Government of India (GoI).

This Chapter provides a broad perspective of the finances of the State of Manipur during 2019-20 and an analysis of critical changes in the major fiscal aggregates in comparison to the previous years, keeping in view the overall trends during the last five years (2015-20). The layout of Finance Accounts, methodology adopted for assessment of fiscal position, profile of the State, *etc.*, are given in **Appendix 1.1 (Part A to D)**.

1.3 Structure of Government Accounts and Budgetary Processes

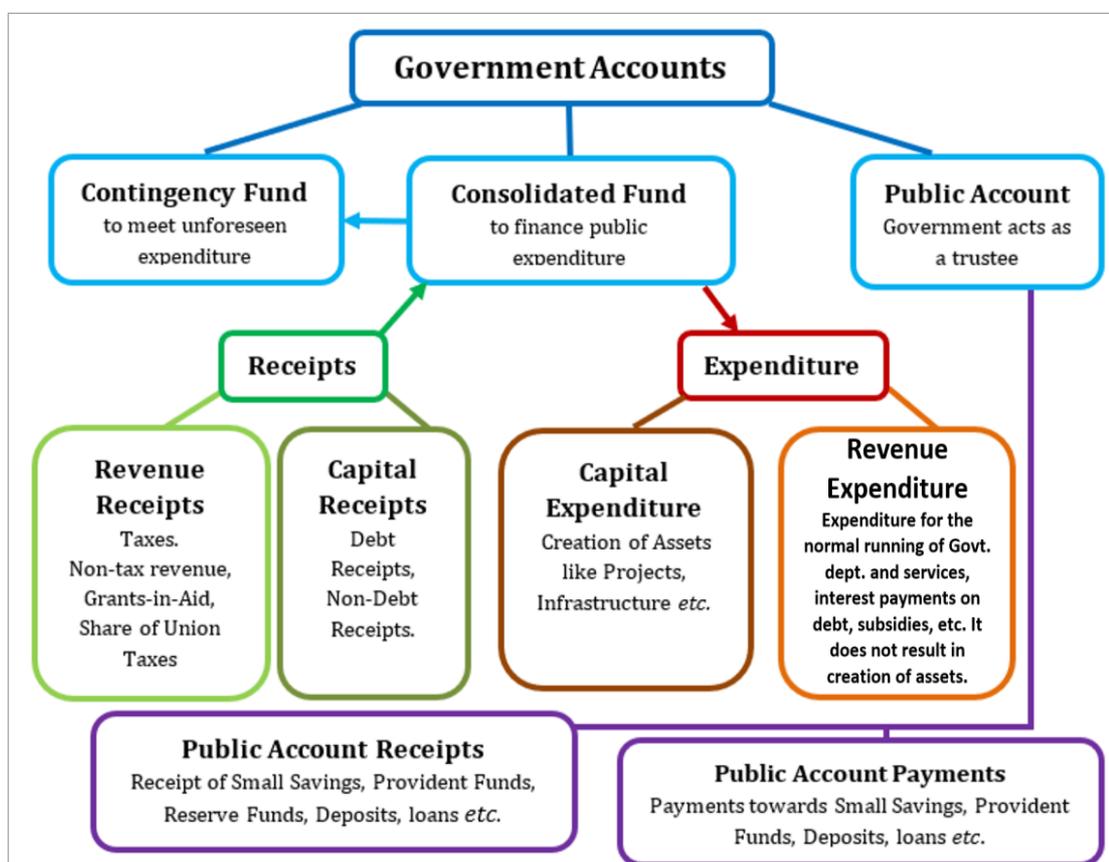
1.3.1 Structure of Government Accounts

Government Accounts are maintained in three parts for maintaining the records of all sorts of financial transactions *viz.* Consolidated Fund, Contingency Fund and Public Account. 'Consolidated Fund of the State' includes Revenue Receipts and Expenditure; Capital Receipts and Disbursements; Debts, and Loans and Advances. The

‘Contingency Fund of the State’ is in the nature of an imprest which is established by the State Legislature by law, and is placed at the disposal of the Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature, under appropriation made by law. The fund is recouped by debiting the expenditure to the concerned functional major head relating to the Consolidated Fund of the State. All other public moneys received by or on behalf of the Government, where the Government acts as a banker or trustee, are credited to the Public Account. The Public Account includes repayables like Small Savings and Provident Funds, Deposits, Advances, Reserve Funds, Remittances and Suspense heads. The net cash balance available with the Government is also included under the Public Account. The Public Account is not subject to the vote of the Legislature.

The structure of Government Accounts is given in **Chart 1.3**.

Chart 1.3: Structure of Government Accounts



1.3.2 Budgetary Processes

In terms of Article 202 of the Constitution of India, the Governor of State shall cause to be laid before the State Legislature, a statement of the estimated receipts and expenditure of the State for the year, in the form of an Annual Financial Statement. In terms of Article 203, the statement is submitted to the State Legislature in the form of Demands for Grants/ Appropriations and after approval of these, the Appropriation Bill is passed by the Legislature under Article 204 to provide for appropriation of the required money out of the Consolidated Fund.

Results of audit scrutiny of budget and implementation of other budgetary initiatives of the State Government are detailed in Chapter 3 of this Report.

1.4 Snapshot of Finances

The following **Table 1.3** presents summary of the State's fiscal transactions during the year 2019-20 *vis-à-vis* Budget Estimate of 2019-20 and Actuals of the previous year 2018-19, while **Appendix 1.2** provides details of receipts and disbursement as well as the overall fiscal position during 2019-20.

Table 1.3: Summary of Fiscal Transactions during 2019-20

(₹ in crore)

Sl. No.	Components	2018-19 (Actual)	2019-20 (Budget Estimate)	2019-20 (Actuals)	Percentage of Actual to B.E.	Percentage of Actuals to GSDP
1	Own Tax Revenue	1046.05	1184.54	1201.12	101.40	3.75
2	Non-Tax Revenue	166.24	282.78	134.53	47.57	0.42
3	Share of Union taxes/duties	4698.59	5211.22	4047.77	77.67	12.65
4	Grants-in-Aid and Contributions	4650.83	6478.86	5300.74	81.82	16.57
5	Revenue Receipts (1+2+3+4)	10561.71	13157.40	10684.16	81.20	33.40
6	Recovery of Loans and Advances	0.59	3.79	0.80	21.11	0.00
7	Other Receipts	0.00	0.00	0.00	0.00	0.00
8	Borrowings and other Liabilities*	594.86	1422.00	1053.92	74.12	3.29
9	Capital Receipts (6+7+8)	595.45	1425.79	1054.72	73.97	3.30
10	Total Receipts (5+9)	11157.16	14583.19	11738.88	80.50	36.70
11	Revenue Expenditure	9748.72	12780.71	10238.63	80.11	32.01
12	Interest payments	577.21	655.38	663.54	101.25	2.07
13	Capital Expenditure	1730.77	2269.66	1155.24	50.90	3.61
14	Capital outlay	1730.64	2266.66	1155.24	50.97	3.61
15	Loan and Advances	0.13	3.00	0.00	0.00	0.00
16	Total Expenditure (11+13)	11479.49	15050.37	11393.87	75.70	35.62
17	Revenue Deficit (-) /Surplus (+) (5-11)	812.99	376.69	445.53	118.27	1.39
18	Fiscal Deficit {16-(5+6+7)}	917.19	1889.18	708.91	37.52	2.22
19	Primary Deficit (18-12)	339.98	1233.80	45.37	3.68	0.14

Source: Finance Accounts, Annual Financial Statement.

*Sum of Net Public Debt, Net Contingency Fund, Net Public Account and Net Cash Balance.

The following are the significant changes noticed during 2019-20 over the previous year:

- Revenue Receipts increased by 1.16 per cent (₹ 122.45 crore) over the previous year. The increase was mainly due to increase in Grants-in-Aid (GIA) and Contribution (₹ 649.91 crore) and Own Tax Revenue (₹ 155.07 crore). However, the State could not achieve the targets of Budget Estimates.
- State's share of Union Taxes and Duties in comparison to the previous year declined by ₹ 650.82 crore. It was due to decrease in Corporation Tax (₹ 253.94 crore), Integrated Goods and Service Tax (₹ 92.60 crore), Customs Duty (₹ 76.51 crore), Union Excise Duties (₹ 42.93 crore) and Service Tax (₹ 42.85 crore).
- Revenue Expenditure increased by 5.03 per cent (₹ 489.91 crore) over the previous year. The increase was mainly due to increase in General Services

(₹ 463.51 crore), Social Services (₹ 255.92 crore), and Economic Services (₹ 211.21 crore).

- Revenue Surplus decreased by 45.20 per cent (₹ 367.46 crore) over the previous year mainly due to decrease in State's share of Union Taxes/Duties (₹ 650.82 crore), and increase in expenditure on Salaries (₹ 304.53 crore), GIA (₹ 164.65 crore), Pension (₹ 187.95 crore) and Interest Payment (₹ 86.33 crore).
- Capital Expenditure decreased by 33.25 per cent (₹ 575.53 crore) over the previous year expenditure. It was mainly due to decrease in capital outlay under Major Irrigation (₹ 105.94 crore), Public Works (₹ 75.51 crore) and Urban Development (₹ 70.67 crore).
- Total Expenditure decreased by 0.75 per cent (₹ 85.62 crore) over the previous year. It was due to decrease in Capital Expenditure (₹ 575.53 crore) offset by increase in Revenue Expenditure (₹ 489.91 crore).
- The State was able to reduce Fiscal Deficit by 22.71 per cent (₹ 208.28 crore) as compared to previous year. It was mainly due to decrease in Total Expenditure (₹ 85.62 crore) and increase in Revenue Receipt (₹ 122.45 crore).

1.5 Snapshot of Assets and liabilities of the Government

1.5.1 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 expenditures incurred. **Appendix 1.3** gives an abstract of such liabilities and assets as on 31 March 2020, compared with the corresponding position on 31 March 2019. Liabilities consist mainly of internal borrowings, Loans and Advances from Central Government, and receipts from Public Account (Small Savings, Provident Funds etc.). The assets comprise mainly Capital outlay, Loans and Advances given by the State Government and Cash Balance.

A summarised position of Assets and Liabilities for the years 2018-19 and 2019-20 is shown in **Table 1.4**:

Table 1.4: Summarised position of Assets and Liabilities for the years 2018-19 and 2019-20.
(₹ in crore)

Liabilities					Assets				
		2018-19	2019-20	Per cent increase			2018-19	2019-20	Per cent increase
Consolidated Fund									
A	Internal Debt	6425.84	7004.00	9	a	Gross Capital Outlay	23229.30	24384.55	4.97
B	Loans and Advances from GoI	287.77	251.64	(-)12.56	b	Loans and Advances	199.11	198.31	(-)0.40
Contingency Fund		0	0	0			0	0	0

Liabilities					Assets				
		2018-19	2019-20	Per cent increase			2018-19	2019-20	Per cent increase
Public Account									
A	Small Savings, Provident Funds, etc.	1494.42	1479.29	(-1.01)	a	Advances	2.60	2.60	0
B	Deposits	1437.04	1461.77	1.72	b	Remittance	639.72	637.84	(-)0.29
C	Reserve Funds	818.85	1210.77	47.86	c	Suspense and Miscellaneous	213.13	212.97	(-)0.08
D	Remittances	0	0	0		Cash balance (including investment in Earmarked Fund)	645.02	881.70	36.69
						Total	24928.88	26317.97	5.57
						Deficit in Revenue Account	14464.97	14910.50	3.08
Total		10463.92	11407.47	9.02	Total		10463.91	11407.47	9.02

As could be seen from the above table, liabilities of the State Government increased by ₹ 943.55 crore (9.02 per cent) over the previous year. The increase was mainly due to increase in Internal Debt (₹ 578.16 crore) and Reserve Fund (₹ 391.92 crore) constituting 61.28 per cent and 41.54 per cent of the increase in fiscal liabilities in 2019-20.

The increase in asset during 2019-20 was mainly on Gross Capital Outlay (₹ 1155.25 crore) and Cash Balance¹ (₹ 236.68 crore) over the previous year by 4.97 per cent and 36.69 per cent respectively.

1.6 Achievements against Targets prescribed under FRBM Act and Rules

The State Government enacted 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 and greater transparency in fiscal operations of the State. As per Manipur FRBM Rules, 2005 (enacted in December 2005 and amendments thereafter) framed under the Act, fiscal targets of Revenue Surplus and Fiscal Deficit, etc. were fixed.

The targets under the Act and the Rules are given in **Appendix-1.1 (Part D)**. The yearly targets are also set out in the Medium Term Fiscal Policy Statements (MTFPS) placed in the State Legislative Assembly. The targets for major fiscal variables provided in FRBM Act and Rules, MTFPS and actual achievements there against of the State are depicted in **Tables 1.5 and 1.6**:

¹ Including Investment in Earmarked Fund.

Table 1.5: Trends in Major fiscal parameters/variables vis-à-vis targets for the years 2015-20

Fiscal Parameters	Fiscal targets set in the Act	Achievement (₹ in crore)				
		2015-16	2016-17	2017-18	2018-19	2019-20
Revenue Deficit (-) / Surplus (+) (₹ in crore)	Revenue Surplus	897.53 ✓	944.36 ✓	1083.83 ✓	812.99 ✓	445.53 ✓
Fiscal Deficit (-)/ Surplus (+) (as per cent of GSDP)	3 per cent	(-)340.92 (-1.75) ✓	(-)548.31 (-2.57) ✓	(-)339.86 (-1.32) ✓	(-)917.19 (-3.29) ✗	(-)708.91 (-2.22) ✓
Ratio of total outstanding debt to GSDP (in per cent)	-- ²	41.60 [47.67] ✓	41.36 [45.42] ✓	37.09 [43.43] ✓	37.55 [41.66] ✓	34.95 [40.11] ✓

Figures in the parenthesis [] for Outstanding Debt-GSDP Ratio is the XIV FC projections

Table 1.6: Actuals vis-a-vis projection in MTFPS during 2019-20

(₹ in crore)

Sl. No.	Fiscal Variables	Projection as per MTFPS	Actuals	Variation
			(2019-20)	(in per cent)
1	Own Tax Revenue	1184.54	1201.12	1.40
2	Non-Tax Revenue	282.78	134.53	(-)52.43
3	Share of Central Taxes	5211.22	4047.77	(-)22.33
4	Grants-in-Aid from GoI	6478.86	5300.74	(-)18.18
5	Revenue Receipts (1+2+3+4)	13157.40	10684.16	(-)18.80
6	Revenue Expenditure	12780.71	10238.63	(-)19.89
7	Revenue Deficit (-)/ Surplus (+) (5-6)	376.68	445.53	18.28
8	Fiscal Deficit (-)/ Surplus (+)	(-)1889.19	(-)708.91	62.48
9	Debt-GSDP ratio (per cent)	36.01	34.95	(-)2.94
10	GSDP growth rate at Current prices (per cent)	10.00	14.79	47.90

Source: MTFPS and Finance Accounts

During the year 2019-20, the State Government could achieve targets fixed by FRBM Act, for maintaining Revenue Surplus, Fiscal Deficit-GSDP ratio and Outstanding Debt-GSDP ratio.

The State Government, however, could not achieve the projection of MTFPS in respect of Revenue Receipts by ₹ 2473.24 crore (18.80 per cent) mainly due to under achievement of projection in Grants-in-Aid from GoI (₹ 1178.12 crore), Share of Central Taxes (₹ 1163.45 crore) and Non-Tax Revenue (₹ 148.25 crore).

1.7 Fiscal Balance: Achievement of deficit and total debt targets

When a government spends more than it collects by way of revenue, it incurs a deficit. There are various measures that capture government deficit. Three key fiscal parameters *i.e.* Revenue, Fiscal and Primary deficit are usually used to indicate the extent of overall fiscal imbalance in the finances of the State during a specified period. The deficit/surplus in the Government accounts represents gap between its receipts and expenditures. The nature of deficit/surplus is an indicator of the fiscal prudence of the Government. Further, the ways in which the deficit is financed and the resources mobilised are applied, are important pointers to its fiscal health.

² MFRBM Act has not provided Outstanding Debt-GSDP Ratio projections after the year 2014-15.

The following **Charts 1.4 and 1.5** present the trends in deficit parameters *i.e.* Revenue, Fiscal and Primary and trends in relation to GSDP during the period 2015-20.

Chart 1.4: Trends in deficit parameters during 2015-16 to 2019-20

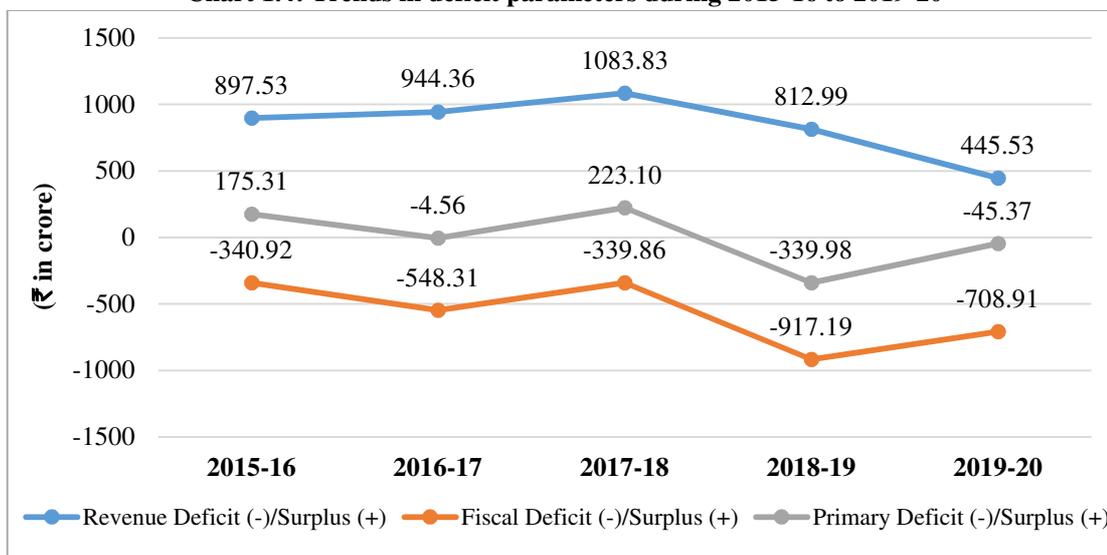
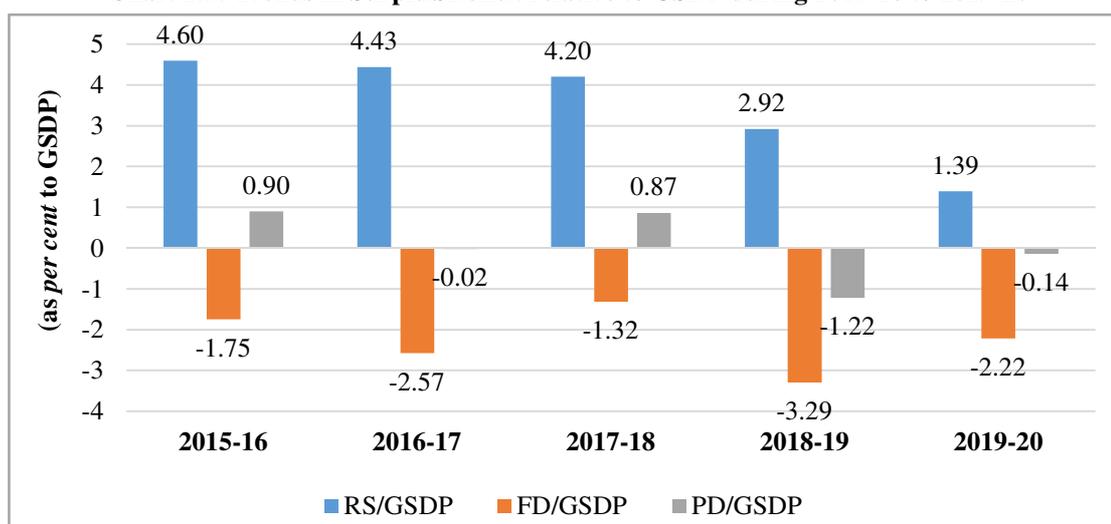


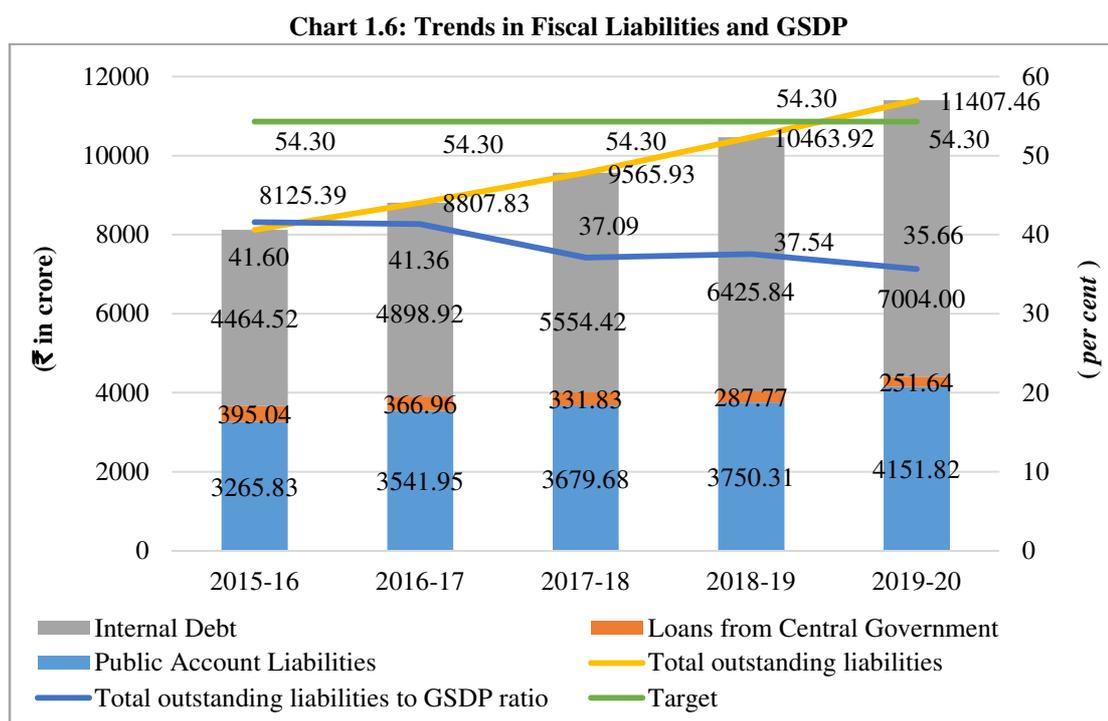
Chart 1.5: Trends in Surplus/Deficit relative to GSDP during 2015-16 to 2019-20



The State was able to maintain Revenue Surplus during the last five years 2015-20, ranging from ₹ 445.53 crore to ₹ 1083.83 crore. However, there is a decreasing trend since 2017-18. As compared to 2018-19, Revenue Surplus decreased significantly by ₹ 367.46 crore in 2019-20 mainly due to decrease in State's share of Union Taxes/Duties (₹ 650.82 crore), Non-Tax Revenue (₹ 31.71 crore) and increase in expenditure on Salaries (₹ 304.53 crore), GIA General (₹ 180.93 crore), Pension (₹ 86.54 crore) and Interest Payment (₹ 86.33 crore). On the other hand, Fiscal Deficit and Primary Deficit show a fluctuating trend during the period 2015-20.

Fiscal Deficit is usually financed by way of borrowings by the State giving rise to government debt. If the government continues to borrow year after year, it leads to the accumulation of debt. Government debt is mainly composed of internal borrowings (Market loans, Ways and Means Advances *etc.*), loans and advances from GoI and receipts on public account (Small savings, Provident fund *etc.*).

The following **Chart 1.6** depicts the trends in the components of liabilities.



The overall fiscal liabilities of the State increased steadily during 2015-16 to 2019-20, from ₹ 8125.39 crore in 2015-16 to ₹ 11407.46 crore in 2019-20. Fiscal liabilities increased by 9.02 *per cent* (₹ 943.54 crore) in 2019-20 over the previous year which was mainly due to increase in Internal Debt (₹ 578.16 crore) and Public Account liabilities (₹ 401.51 crore). Such a trend puts pressure on the State Government for meeting the burden on repayment of debt and interest thereon.

1.8 Impact on Revenue and Fiscal Deficit, Post Audit

Certain operations such as non-deposition of Cess to Consolidated Fund, short contribution of State matching share in State Disaster Response Fund, *etc.* also impact the revenue surplus and fiscal deficit figure resulting in inaccurate surplus/ deficit figure. **Table 1.7** shows the operation of the State which impacted Revenue Surplus and Fiscal Deficit during the year 2019-20.

Table 1.7: Impact on Revenue Surplus and Fiscal Deficit

Particulars	(₹ in crore)	
	Impact on Revenue Surplus (Overstated)	Impact on Fiscal Deficit (Understated)
Non-Transfer of the Manipur Building and Other Construction Workers' Welfare Cess	17.75	17.75
Short contribution of State matching share in State Disaster Response Fund (SDRF)	3.30	3.30
Non-transfer of Central share of SDRF to Major Head 8121	20.70	20.70
Non-transfer of Interest liability on interest bearing Reserve Funds and Deposits	12.20	12.20
Total	53.95	53.95

(Source: Finance Accounts)

Thus, from the above table, Revenue Surplus was overstated by ₹ 53.95 crore and Fiscal Deficit was understated by the same amount of ₹ 53.95 crore. If the amount were reversed, the correct figure of Revenue Surplus and Fiscal Deficit for 2019-20 would be ₹ 391.58 crore³ and ₹ 762.86 crore⁴ respectively.

1.9 Conclusion

- The State's GSDP increased by ₹ 4,120.78 crore (14.79 per cent) from ₹ 27,868.71 crore in 2018-19 to ₹ 31,989.49 crore in 2019-20. During the last five years, there was a steady increase in GSDP from ₹ 19,530.67 crore in 2015-16 to ₹ 31,989.49 crore in 2019-20.
- The GSDP growth rate for Manipur (14.79 per cent) was higher than the all India GDP growth rate (7.21 per cent) in 2019-20. Service Sector was the major contributor of GSDP during the year with 59.39 per cent. Agriculture was the second largest contributor with 26.16 per cent while Industry and Taxes on products were third and fourth respectively.
- The State's Revenue Receipts increased by 1.16 per cent (₹ 122.45 crore) over the previous year, mainly due to increase in Grants-in-Aid (GIA) and Contribution (₹ 649.91 crore) and Own Tax Revenue (₹ 155.07 crore). However, State could not achieve the target of Budget Estimates.
- The State's Own Tax Revenue increased by 14.82 per cent over the previous year 2018-19. State's share of Union Taxes and Duties in comparison to the previous year decreased by ₹ 650.82 crore (13.86 per cent).
- Revenue Expenditure was ₹ 10238.63 crore and it increased by 5.03 per cent (₹ 489.91 crore) over the previous year. The increase was mainly due to increase in General Services (₹ 463.51 crore), Social Services (₹ 255.92 crore), and Economic Services (₹ 211.21 crore).
- The State's Revenue Surplus which was ₹ 445.53 crore for the year, decreased by 45.20 per cent (₹ 367.46 crore) over the previous year mainly due to decrease in State's share of Union Taxes/Duties (₹ 650.82 crore), and increase in expenditure on Salaries (₹ 304.53 crore), GIA (₹ 164.65 crore), Pension (₹ 204.21 crore) and Interest Payment (₹ 86.33 crore).
- Capital Expenditure which was ₹ 1155.24 crore for the year, decreased by 33.25 per cent (₹ 575.53 crore) over the previous year's expenditure. It was mainly due to decrease in capital outlay under Major Irrigation (₹ 105.94 crore), Public Works (₹ 75.51 crore) and Urban Development (₹ 70.67 crore).
- The State's Total Expenditure for the year, which was ₹ 11393.87 crore, decreased by 0.75 per cent (₹ 85.62 crore) over the previous year, due to reduction in Capital

³ ₹ 445.53 – ₹ 53.95 = ₹ 391.58.

⁴ ₹ 708.91 + ₹ 53.95 = ₹ 762.86.

Expenditure (₹ 575.53 crore) offset by increase in Revenue Expenditure (₹ 489.91 crore).

- The State was able to reduce Fiscal Deficit by 22.71 *per cent* (₹ 208 crore) as compared to previous year. The Government was able to meet the projections made under Manipur FRBM Act during the year as it achieved surplus on Revenue Account and managed to keep the Fiscal Deficit-GSDP ratio and Outstanding Debt-GSDP ratio within the ceilings prescribed under the Act. However, there was a decrease in the Revenue Surplus since 2017-18. As compared to 2018-19, Revenue Surplus decreased significantly by ₹ 367.46 crore in 2019-20 mainly due to decrease in State's share of Union Taxes/Duties (₹ 650.82 crore), Non-Tax Revenue (₹ 31.71 crore) and increase in committed expenditure.
- Post audit, the Revenue Surplus was overstated by ₹ 53.95 crore due to certain transactions such as short contribution of State share to NPS and State Disaster Response Fund and non-deposit of Cess funds. The Fiscal Deficit was also understated by the same amount.

1.10 Recommendations

- The State Government needs to keep up the trend of Own Tax Revenue collection achieved during 2019-20 by focusing on other potential areas, apart from SGST to have a sustained increase in Own Tax Revenue collection.
- The State Government needs to increase its Capital Expenditure and give more impetus to asset creation for sustained economic growth.
- They need to keep up the trend of achieving the projections on major fiscal parameters, made in the Manipur FRBM Act through prudent financial management and increase their Revenue surplus, which is declining.