

## CHAPTER II

### FINANCES OF THE STATE

#### 2.1 Introduction

This Chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the five-year period from 2019-20 to 2023-24, debt sustainability of the State and key Public Account transactions based on the Finance Accounts of the State. Information was also obtained from the State Government wherever necessary.

#### 2.2 Major changes in Key Fiscal Aggregates during 2023-24 vis-à-vis 2022-23

**Table 2.1** gives a bird's eye view of the major changes in key fiscal aggregates of the State during 2023-24 as compared to the previous year.

**Table 2.1: Changes in Key Fiscal Aggregates in 2023-24 compared to 2022-23**

<b>Revenue Receipts</b>	<ul style="list-style-type: none"> <li>✓ Revenue receipts of the State decreased by 7.47 per cent</li> <li>✓ Own Tax receipts of the State decreased by 34.50 per cent</li> <li>✓ Non-Tax receipts decreased by 54.20 per cent</li> <li>✓ State's Share of Union Taxes and Duties increased by 19.01 per cent</li> <li>✓ Grants-in-Aid from Government of India decreased by 23.43 per cent</li> </ul>
<b>Revenue Expenditure</b>	<ul style="list-style-type: none"> <li>✓ Revenue expenditure decreased by 2.38 per cent</li> <li>✓ Revenue expenditure on General Services increased by 8.62 per cent</li> <li>✓ Revenue expenditure on Social Services decreased by 6.91 per cent</li> <li>✓ Revenue expenditure on Economic Services decreased by 26.90 per cent</li> <li>✓ Expenditure on Grants-in-Aid increased by 36.90 per cent</li> </ul>
<b>Capital Receipts</b>	<ul style="list-style-type: none"> <li>✓ Debt Capital Receipts decreased by 12.23 per cent</li> <li>✓ Non-debt Receipts decreased by 1.82 per cent</li> </ul>
<b>Capital Expenditure</b>	<ul style="list-style-type: none"> <li>✓ Capital expenditure decreased by 21.11 per cent</li> <li>✓ Capital expenditure on General Services increased by 47.76 per cent</li> <li>✓ Capital expenditure on Social Services decreased by 34.55 per cent</li> <li>✓ Capital expenditure on Economic Services decreased by 15.10 per cent</li> </ul>
<b>Loans and Advances</b>	<ul style="list-style-type: none"> <li>✓ Recoveries of Loans and Advances decreased by 1.82 per cent</li> <li>✓ Disbursement of Loans and Advances decreased by 96.70 per cent.</li> </ul>
<b>Public Debt</b>	<ul style="list-style-type: none"> <li>✓ Public Debt Receipts decreased by 12.23 per cent</li> <li>✓ Repayment of Public Debt decreased by 12.77 per cent</li> </ul>
<b>Public Account</b>	<ul style="list-style-type: none"> <li>✓ Public Account Receipts decreased by 6.41 per cent</li> <li>✓ Public Account Disbursement decreased by 11.47 per cent</li> </ul>
<b>Cash Balance</b>	<ul style="list-style-type: none"> <li>✓ Cash Balance decreased by 15.66 per cent</li> </ul>

Source: Finance Accounts.

Analysis of the above key fiscal aggregates is given in the succeeding paragraphs.

#### 2.3 Sources and Application of Funds

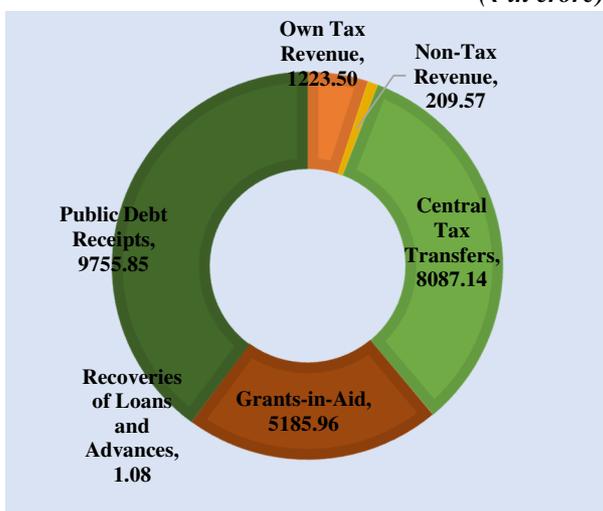
Comparison of components of the sources and application of funds of the State during the current year with those of the previous year is given in **Table 2.2**.

Table 2.2: Details of Sources and Application of funds during 2022-23 and 2023-24

		(₹ in crore)		
	Particulars	2022-23	2023-24	Increase (+)/Decrease (-)
Sources	A. Opening Cash Balance with RBI	1,073.19	1,004.11	-69.08
	B. Revenue Receipts	15,893.15	14,706.17	-1,186.98
	C. Recoveries of Loans and Advances	1.10	1.08	-0.02
	D. Public Debt Receipts (Net)	1,710.93	1,552.37	-158.56
	E. Public Account Receipts (Net)	-23.46	153.68	177.14
	<b>Total</b>		<b>18,654.91</b>	<b>17,417.41</b>
Application	A. Revenue Expenditure	14,158.98	13,821.75	-337.23
	B. Capital Expenditure	3,484.24	2,748.59	-735.65
	C. Disbursement of Loans and Advances	7.58	0.25	-7.33
	D. Closing Cash Balance with RBI	1,004.11	846.82	-157.29
	<b>Total</b>		<b>18,654.91</b>	<b>17,417.41</b>

Chart 2.1: Composition of Resources

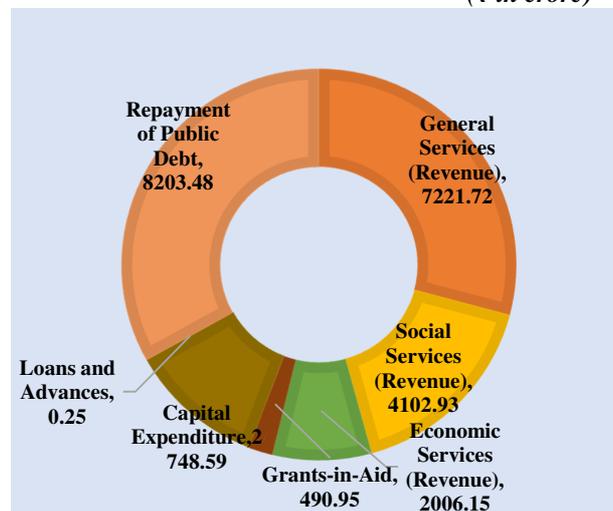
(₹ in crore)



Source: Finance Accounts.

Chart 2.2: Application of Resources

(₹ in crore)



Source: Finance Accounts.

## 2.4 Resources of the State

The resources of the State are described below:

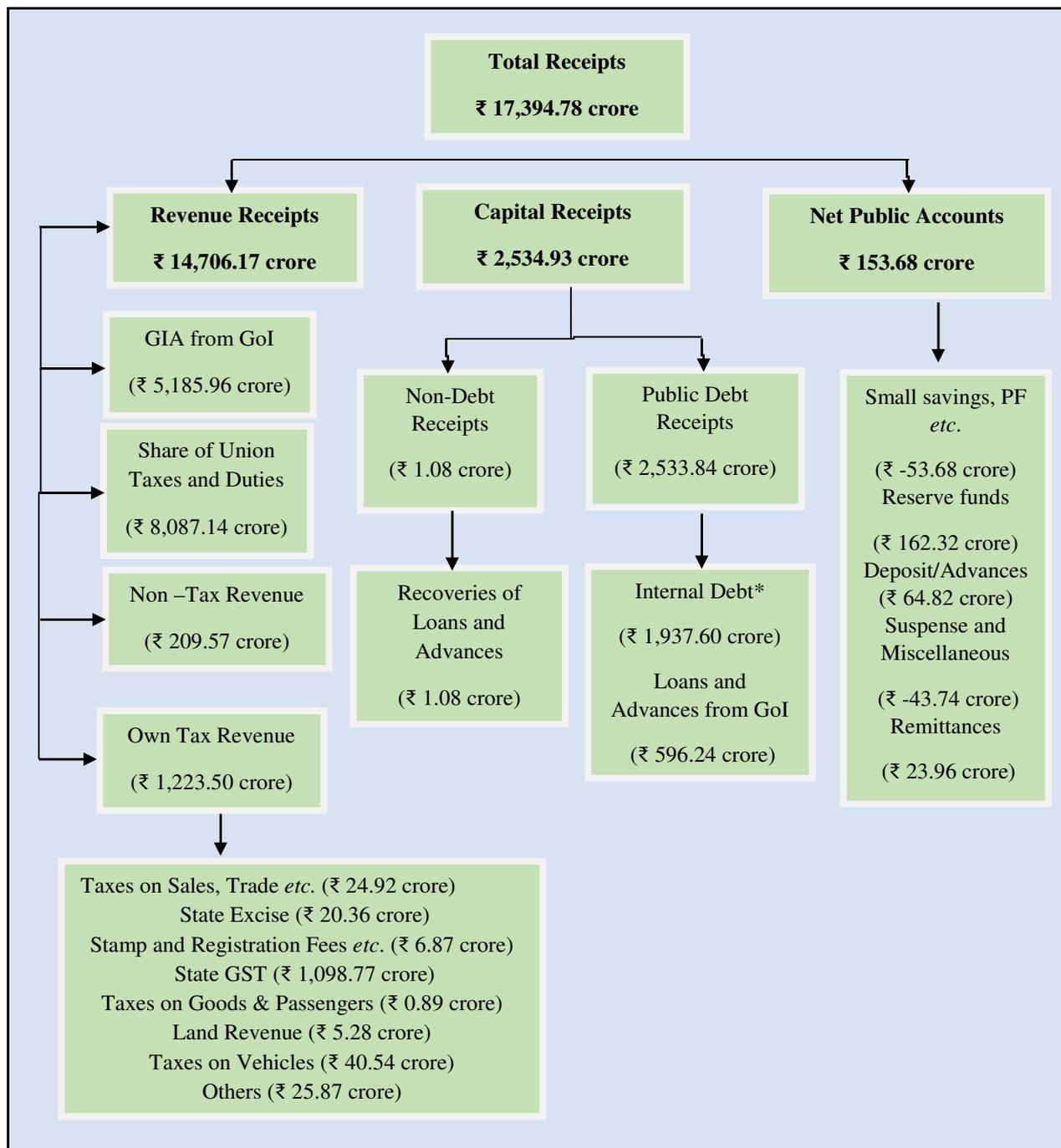
- Revenue receipts** consist of tax revenue (Own Tax revenue plus share of Union taxes/duties), non-tax revenue and Grants-in-aid from the Government of India (GoI).
- Capital receipts** (debt and non-debt capital receipts) comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI. Both revenue and capital receipts form part of the Consolidated Fund of the State.
- Net Public Account receipts:** There are receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances, *etc.* which do not form part of the Consolidated Fund. These are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature. Here, the Government acts as a

banker. The balance after disbursements is the fund available with the Government for use.

#### 2.4.1 Receipts of the State

This paragraph provides the composition of the overall receipts. Besides, the Revenue and Capital Receipts, funds available in the Public Account (net of disbursement made from it) are also utilised by the Government to finance its deficit. The composition of total receipts of the State is depicted in **Chart 2.3**.

**Chart 2.3: Composition of Receipts of the State during 2023-24**



Source: Finance Accounts.

\*Including net of Ways and Means Advances amounting to ₹369.53 crore (OB ₹ 453.65 crore + WMA Receipts ₹7,591.54 crore)-WMA Repayment ₹ 7,675.66 = ₹ 369.53 crore)

## 2.5 Revenue Receipts

### 2.5.1 Trends and growth of Revenue Receipts

Table 2.3 provides the trends and growth of Revenue Receipts as well as Revenue Buoyancy with respect to GSDP over the period 2019-24. Further, trends in Revenue Receipts relative to GSDP and composition of Revenue Receipts are given in Charts 2.4 and 2.5 respectively.

Table 2.3: Trends in Revenue Receipts

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Revenue Receipts (RR)</b>	10,684.16	12,982.65	14,091.00	15,893.15	14,706.17
Rate of growth of RR (per cent)	1.16	21.51	8.54	12.79	-7.47
<b>Tax Revenue</b>	5,248.89	5,566.46	7,658.15	8,662.98	9,310.64
Own Tax Revenue	1,201.12	1,294.49	1,648.50	1,867.90	1,223.50
State's share of Union taxes and duties	4,047.77	4,271.97	6,009.65	6,795.08	8,087.14
<b>Non-Tax Revenue</b>	134.53	148.07	108.13	457.59	209.57
<b>Grants-in-aid (GIA) from GoI</b>	5,300.74	7,268.12	6,324.72	6,772.58	5,185.96
Own Revenue (Own Tax and Non tax Revenue)	1,335.65	1,442.56	1,756.63	2,325.49	1,433.07
Rate of growth of Own Revenue (per cent)	10.18	8.00	21.77	32.38	-38.38
Gross State Domestic Product (2011-12 Series)	29,813	29,776	35,027	40,243 (Q)	44,995 (A)
Rate of growth of GSDP (per cent)	8.85	-0.12	17.63	14.89	11.81
RR/GSDP (per cent)	35.84	43.60	40.23	39.49	32.68
<b>Buoyancy Ratios<sup>7</sup></b>					
Revenue Buoyancy w.r.t GSDP	0.13	*	0.48	0.86	*
State's Own Revenue Buoyancy w.r.t GSDP	1.15	*	1.23	2.17	*

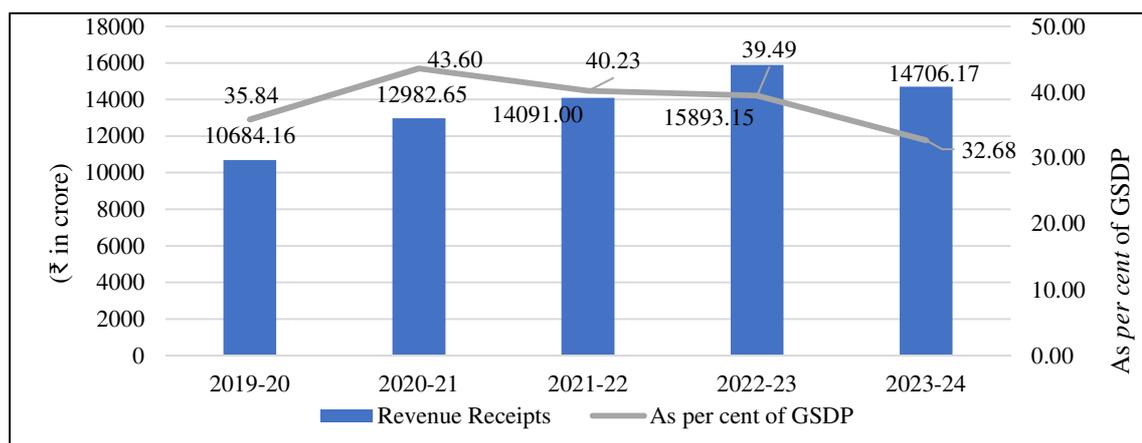
Source: Finance Accounts & Directorate of Economics and Statistics, Manipur.

Q: Quick Estimates, A: Advanced Estimates.

\* Buoyancy ratios have not been shown where growth is negative.

Chart 2.4 shows the trends of Revenue Receipts and its growth rates during 2019-20 to 2023-24.

Chart 2.4: Trends of Revenue Receipts

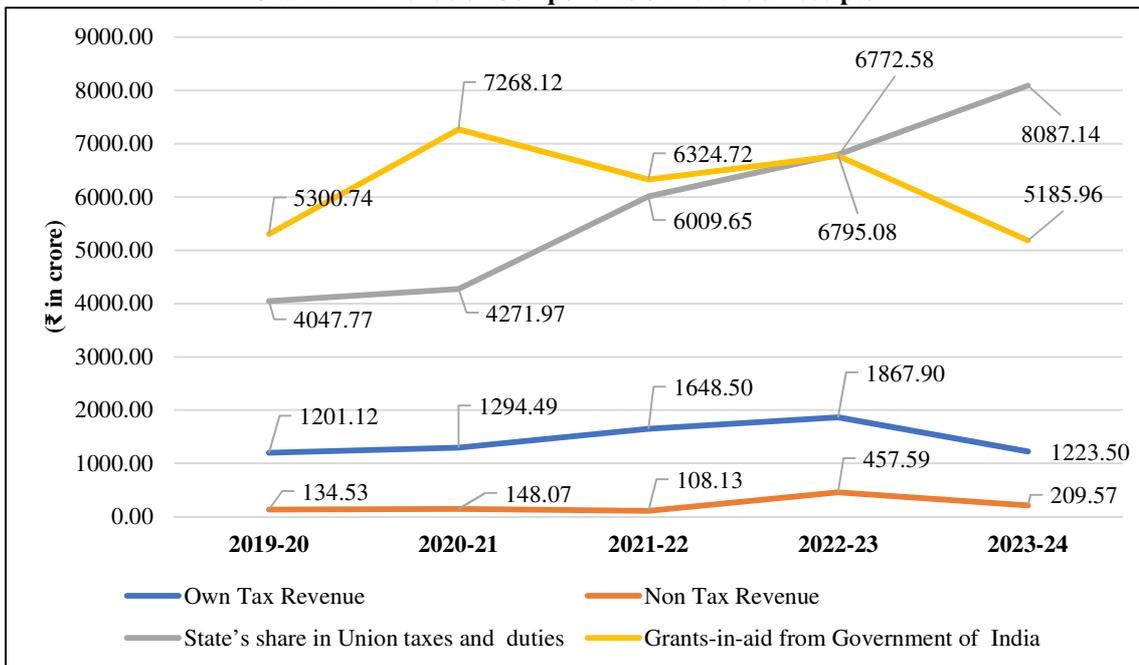


Source: Finance Accounts.

Chart 2.5 shows the trends of components of Revenue Receipts during 2019-20 to 2023-24.

<sup>7</sup> Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable.

Chart 2.5: Trends of Components of Revenue Receipts



Source: Finance Accounts.

#### General trends relating to Revenue Receipts of the State are as follows:

- During the period 2019-24, Revenue Receipts increased by ₹ 4,022.01 crore (37.64 per cent) from ₹ 10,684.16 crore in 2019-20 to ₹ 14,706.17 crore in 2023-24. During 2023-24, Revenue Receipts decreased by ₹ 1,186.98 crore (7.47 per cent) over the previous year. The decrease in Revenue Receipts was mainly due to decrease in Grants-in-aid and Contributions (₹ 1,586.62 crore) and Own Tax Revenue (₹ 644.40 crore) as compared to 2022-23.

Grants-in-aid from GoI decreased by ₹ 114.78 crore (2.17 per cent) from ₹ 5,300.74 crore in 2019-20 to ₹ 5,185.96 crore in 2023-24. In 2023-24, it decreased by ₹ 1,586.62 crore (23.43 per cent) over the previous year.

- About 9.74 per cent of the Revenue Receipts during 2023-24 came from State's Own Resources while Central Tax Transfer and Grants-in-Aid together contributed 90.26 per cent. Contribution of State's Own Revenue to Revenue Receipts was in the range of 8.32 per cent (2023-24) and 11.75 per cent (2022-23) during the period 2019-24, which shows that there is scope for substantial improvement. The Central Tax Transfer and GIA from GoI contributed 85.37 to 90.26 per cent to the Revenue Receipts and remained the main contributors of Revenue Receipts of the State during 2019-24.
- In 2023-24, the Revenue Receipts buoyancy with respect to GSDP and State's Own Revenue Buoyancy w.r.t GSDP were negative.

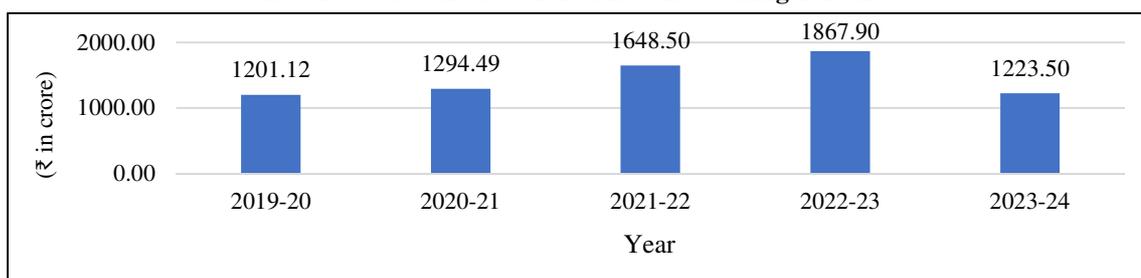
## 2.5.2 State's Own Resources

The gross collections in respect of Tax and Non-Tax Revenue during 2019-24 are given in *Appendix 2.1*.

### 2.5.2.1 Own Tax Revenue

Own Tax Revenue of the State consists of State Goods and Service Tax (SGST), State Excise, Taxes on Vehicles, Stamps Duty and Registration Fees, Land Revenue, Taxes on Goods and Passengers, etc. The gross collections of Own Tax Revenue of the State during the period 2019-24 are given in the Chart below:

**Chart 2.6: Growth of Own Tax Revenue during 2019-24**



Source: Finance Accounts.

The component-wise details of Own Tax Revenue collected during 2019-24 are given in the following table:

**Table 2.4: Components of State's Own Tax Revenue**

Revenue Head	2019-20	2020-21	2021-22	2022-23	2023-24	
					B.E.	Actual
Sales Tax	235.53	336.45	411.66	288.89	540.00	24.92
SGST	852.58	866.51	1,125.56	1,426.15	2,374.56	1,098.77
State excise	11.60	11.85	16.00	19.24	20.52	20.36
Taxes on vehicles	47.70	37.96	56.67	83.21	132.00	40.54
Stamp duty and Registration fees	16.60	8.66	7.98	13.95	27.36	6.87
Land revenue	4.10	3.81	3.36	6.58	7.98	5.28
Taxes on goods and passengers	1.60	0.42	0.47	1.37	5.70	0.89
Other taxes	31.41	28.83	26.80	28.51	91.88	25.87
<b>Total</b>	<b>1,201.12</b>	<b>1,294.49</b>	<b>1,648.50</b>	<b>1,867.90</b>	<b>3,200.00</b>	<b>1,223.50</b>

Source: Finance Accounts.

As can be seen from the table above, Own Tax Revenue of the State increased by ₹ 22.38 crore from ₹ 1,201.12 crore in 2019-20 to ₹ 1,223.50 crore in 2023-24. During the year 2023-24, State GST (₹ 1,098.77 crore) and Taxes on Vehicles (₹ 40.54 crore) were the main contributors of the State's Own Tax Revenue and these two together accounted for 93.12 per cent of the Own Tax Revenue. Further, Own Tax Revenue showed a negative growth rate of 34.50 per cent in 2023-24 over the previous year 2022-23. However, actual Own Tax Revenue collection was 38.23 per cent against the budget estimates during 2023-24.

### Analysis of arrears of revenue and arrears of assessment

The arrears of revenue indicate delayed realisation of revenue due to the Government. Similarly, arrear of assessment indicates potential revenue which is blocked due to

delayed assessment. Both deprive the State of potential revenue receipts and affect ultimately the revenue deficit/surplus.

The arrears of revenue of the State as on 31 March 2024 are detailed in the following table:

Table 2.5: Arrears of Revenue

(₹ in crore)

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2024	Amount outstanding for more than 5 years as on 31 March 2024
1	Manipur Value Added Tax	0.56	Nil
2	Goods and Services Tax	1.13	Nil
	<b>Total</b>	<b>1.69</b>	Nil

Source: Department of Taxes, Manipur.

It can be seen from the table above that as on 31 March 2024, there were arrears of revenue on Manipur Value Added Tax amounting to ₹ 0.56 crore and GST amounting to ₹ 1.13 crore.

#### Details of evasion of tax detected by Department, refund cases, etc.

The cases of evasion of tax detected by the Taxation Department, cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government. Promptness in disposal of refund cases is an important indicator of performance of the Department. Details of evasion of tax detected and refund cases are given in the following tables:

Table 2.6: Evasion of Tax Detected

(₹ in crore)

Sl. No.	Head of revenue	Cases pending as on 31 March 2023	Cases detected during 2023-24	Total	No. of cases in which assessment/investigation completed and additional; demand with penalty etc. raised		No. of cases pending for finalization as on 31 March 2024
					No. of cases	Amount of demand	
1	Taxes/VAT on sales, Trade	6	8	14	8	4.8	6
2	GST	17	26	43	33	5.18	10

Source: Department of Taxes, Manipur.

Table 2.7: 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	90.00	20.88	0.00	0.00
2	Claims received during the year	35.00	17.71	0.00	0.00
3	Refunds made during the year	11.00	11.79	0.00	0.00
4	Refunds rejected during the year	0.00	0.00	0.00	0.00
5	Balance outstanding at the end of year	114.00	26.80	0.00	0.00

Source: Department of Taxes, Manipur.

### 2.5.2.2 Non-Tax Revenue

Non-Tax Revenue consists of interest receipts, dividends and profits, etc. Component-wise details of Non-Tax Revenue collected during the period 2019-24 is given in the following table:

Table 2.8: Components of State's Non-Tax Revenue during 2019-24

Revenue head	2019-20	2020-21	2021-22	2022-23	2023-24	
					B.E.	Actual
Interest Receipts	6.39	2.25	1.36	3.15	2.00	5.20
Dividends and Profits	0.00	0.00	0.00	21.62	0.00	0.00
Other non-tax receipts	128.14	145.82	106.77	432.82	398.00	204.37
a) Misc. General Services	101.13	123.77	84.23	81.44	206.61	82.58
b) Forestry and Wildlife	9.70	6.65	7.76	27.52	150.00	31.76
c) Water Supply and Sanitation	3.48	4.52	3.36	31.27	4.00	3.18
d) Education, Sports, Art and Culture	2.06	0.46	0.55	98.08	0.70	67.24
e) Social Security and Welfare	0.00	0.00	0.00	166.91	0.00	0.00
f) Other or misc	11.77	10.42	10.87	27.60	36.69	19.61
<b>Total</b>	<b>134.53</b>	<b>148.07</b>	<b>108.13</b>	<b>457.59</b>	<b>400.00</b>	<b>209.57</b>

Source: Finance Accounts.

Non-Tax Revenue (₹ 209.57 crore), which ranged between 0.77 (2021-22) to 2.88 per cent (2022-23) of Revenue Receipts of the State during the period 2019-24, decreased by ₹ 248.02 crore (54.20 per cent) during 2023-24 over the previous year. The decrease was mainly due to decrease in receipts under Social Security and Welfare (₹ 166.91 crore), Education, Sports, Art and Culture (₹ 30.84 crore) and Water Supply and Sanitation (₹ 28.09 crore). Collections from Miscellaneous General Services remained the main contributor to Non-Tax Revenue during 2019-24. In the current year, ₹ 82.58 crore was collected under Miscellaneous General Services, followed by Education, Sports, Art and Culture (₹ 67.24 crore) and Forestry and Wildlife (₹ 31.76 crore). The actual Non-Tax Revenue collection during 2023-24 was 52.39 per cent against the Budget Estimates.

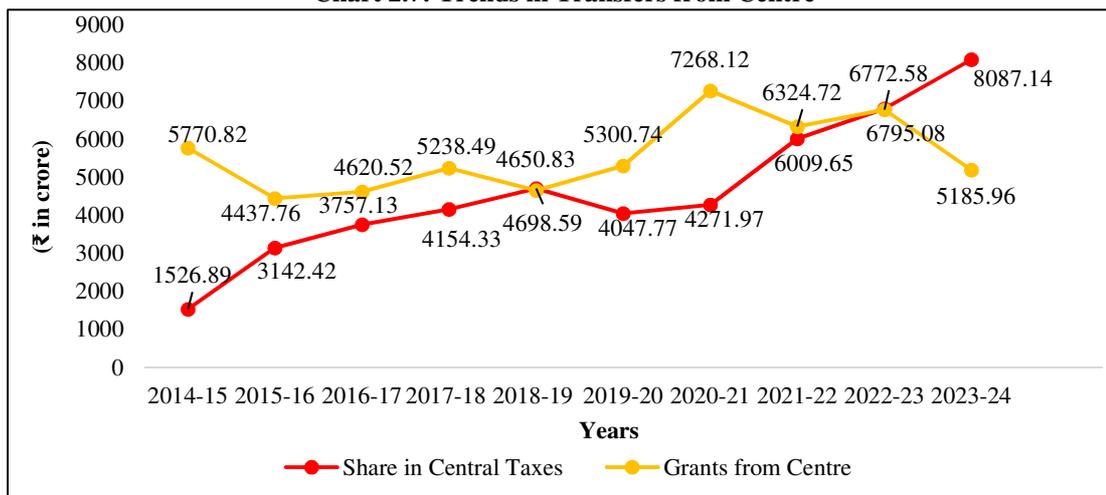
### 2.5.3 Transfers from the Centre

State's share in Central taxes is determined on the basis of recommendations of the Finance Commission. GIA from Central government is determined by the quantum of collection of Central tax receipts and anticipated Central assistance for schemes.

The GoI accepted the recommendations of XIII and XIV FCs to increase the States' share in the divisible pool of taxes from 30.50 per cent to 32 per cent and 32 per cent to 42 per cent respectively. This significant increase in the State's share altered the composition of central transfers in favour of statutory transfers from discretionary transfers made earlier. It also led to greater predictability and certainty in the quantum of funds being transferred to the States. However, the XV FC recommends that aggregate share of States may be reduced by one percentage point to 41 per cent of the divisible pool during the year 2023-24.

The trends in transfers from Centre for the last 10 years are given in the following chart:

Chart 2.7: Trends in Transfers from Centre



Source: Finance Accounts.

During the period 2019-24, Central transfers increased by ₹ 3,924.59 crore from ₹ 9,348.51 crore in 2019-20 to ₹ 13,273.10 crore in 2023-24. In the current year, there was a decrease of ₹ 294.56 crore over the previous year.

### 2.5.3.1 Central Tax transfers

The details of the Central Tax transfers *vis-à-vis* Finance Commission projections and State Government's projections as per Finance Commission Report (FCR) for the last 10 years are given in the table below:

**Table 2.9: State's Share in Union Taxes and Duties: Actual devolution *vis-à-vis* Finance Commission projections**

(₹ in crore)				
Year	Finance Commission Projections	Projections in FCR	Actual Tax Devolution	Difference
1	2	3	4	5(4-3)
2014-15	0.451 per cent of net proceeds of all shareable taxes excluding service tax and 0.458 per cent of net proceeds of shareable service tax (As per recommendations of XIII FC)	1,770.00	1,526.89	-243.11
2015-16	0.617 per cent of net proceeds of all shareable taxes excluding service tax and 0.623 per cent of net proceeds of shareable service tax (As per recommendations of XIV FC)	3,579.00	3,142.42	-436.58
2016-17		4,131.00	3,757.13	-373.87
2017-18		4,774.00	4,154.33	-619.67
2018-19		5,522.00	4,698.59	-823.41
2019-20		6,393.00	4,047.77	-2,345.23
2020-21	0.718 per cent of net proceeds of total shareable taxes	6,140.00	4,271.97	-1,868.03
2021-22	0.716 per cent of net proceeds of total shareable taxes	4,716.00	6,009.65	1,293.65
2022-23		5,246.00	6,795.08	1,549.08
2023-24		5,903.00	8,087.14	2,184.14

Source: Reports of the XIII, XIV & XV FCs, Finance Accounts.

The details of Central Tax transfers to the State during 2019-24 are given in the following table:

Table 2.10: Central Tax Transfers

(₹ in crore)

Head	2019-20	2020-21	2021-22	2022-23	2023-24	
					B.E.	Actual
Central Goods and Services Tax (CGST)	1,148.62	1,278.63	1,821.06	1,921.28	2,364.86	2,454.35
Integrated Goods and Services Tax (IGST)	0.00	0.00	0.00	0.00	0.00	0.00
Corporation Tax	1,380.12	1,282.37	1,678.44	2,275.34	2,340.82	2,427.40
Taxes on Income other than Corporation Tax	1,081.42	1,313.84	1,853.03	2,225.47	2,277.31	2,803.32
Customs	256.57	232.98	405.39	267.30	232.00	283.41
Union Excise Duties	178.41	144.48	192.20	83.86	97.17	107.25
Service Tax	0.00	16.92	53.01	10.64	1.47	1.52
Other Taxes	2.63	2.75	6.52	11.19	-0.06	9.89
<b>Central Tax transfers</b>	<b>4,047.77</b>	<b>4,271.97</b>	<b>6,009.65</b>	<b>6,795.08</b>	<b>7,313.57</b>	<b>8,087.14</b>
Percentage of increase over previous year	-13.85	5.54	40.68	13.07	25.08	19.01
Percentage of Central tax transfers to Revenue Receipts	37.89	32.91	42.65	42.75	26.55	54.99

Source: Finance Accounts.

Over the five-year period 2019-24, Central Tax transfers increased by 99.79 per cent (₹ 4,039.37 crore) from ₹ 4,047.77 crore in 2019-20 to ₹ 8,087.14 crore in 2023-24. During the current year, there was an increase of ₹ 1,292.06 crore (19.01 per cent) over the previous year. The increase was mainly due to increase in CGST (₹ 533.07 crore) and Taxes on Income other than Corporation Tax (₹ 577.85 crore). Central Tax transfers constituted 54.99 per cent of the total Revenue Receipts during 2023-24. Against the Budget Estimates for the year 2023-24, for Central Tax transfer, the actual transfer was 110.58 per cent.

### 2.5.3.2 Grants-in-Aid from Government of India

Grants-in-Aid (GIA) received by the State Government from GoI during 2019-24 are given in the following table:

Table 2.11: Grants-in-Aid from Government of India

(₹ in crore)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24	
					B.E.	Actual
Centrally Sponsored Schemes	2,769.20	3,917.27	3,459.37	4,354.00	14,188.78	2,641.62
Finance Commission Grants	2,117.13	3,085.47	2,674.37	2,387.70	2,405.00	2,122.80
Other transfer/Grants to State	414.41	265.39	190.98	30.88	40.18	421.54
<b>Total</b>	<b>5,300.74</b>	<b>7,268.13</b>	<b>6,324.72</b>	<b>6,772.58</b>	<b>16,633.96</b>	<b>5,185.96</b>
Percentage of increase (+)/decrease (-) over previous year	13.97	37.12	-12.98	7.08	5.27	-23.43
Total grants as a percentage of Revenue receipts	49.61	55.98	44.88	42.61	60.38	35.26

Source: Finance Accounts.

During 2019-24, GIA from GoI showed a fluctuating trend. In 2023-24, GIA from GoI decreased by ₹ 1,586.62 crore (23.43 per cent) from ₹ 6,772.58 crore in 2022-23 to ₹ 5,185.96 crore in 2023-24. GIA constituted 35.26 per cent of Revenue Receipts and

remained the second largest component of the Revenue Receipts. However, the actual GIA was 31.18 per cent against the Budget Estimate during 2023-24.

**Single Nodal Agency**-The Government of India, Ministry of Finance, Department of Expenditure, New Delhi vide Office Memorandum No. 1(13)/PFMS/FCD/2020 dated 8 December 2021 provided that every State Government is required to designate a Single Nodal Agency (SNA) for implementing each Centrally Sponsored Scheme (CSS). The Single Nodal Agency will open Single Nodal Account for each CSS at the State level in a Scheduled Commercial Bank authorised to conduct business by the State Government. Further, as per the new procedure, it is the responsibility of State Government concerned to ensure that the entire unspent amount is returned by all the Implementing Agencies (IAs) to the SNA Account. During 2023-24, the State Government transferred ₹ 2,295.13 crore to the SNA Account. The whole amount was transferred through Abstract Contingent Bills.

**Table 2.12: Details of release of fund to Single Nodal Agency**

(₹ in crore)

Amount released by GoI to State	Central Share released from treasury to SNA	State share released from Treasury to SNA	Total released by Treasury to SNA	Total Expenditure	Balance in the Account of SNA
1,793.30	1,975.13	320.00	2,295.13	2,910.93	619.46

Source: Public Finance Management System, 2023-24.

As on 31 March 2024, an amount of ₹ 619.46 crore, including both Central and State shares, were parked in SNA bank account of 77 schemes as detailed in **Appendix 2.4**.

Details of schemes where ₹ 10.00 crore and above were lying unspent in SNA bank accounts are shown in the following table:

**Table 2.13: Details of schemes where ₹ 10 crore and above were parked in SNA bank account**

(₹ in crore)

Sl. No.	Particulars of the CSS Scheme	Balance in the Bank Account of SNA
1	9145 - Rashtriya Krishi Vikas Yojna	21.75
2	4048 - Assistance to State Agencies for intra-state movement of foodgrains and FPS dealers margin under NFSA	11.11
3	9157 - Human Resources for Health and Medical Education	137.20
4	9158 - National AYUSH Misson (NAM)	10.03
5	3194 - Modernisation of Police Forces	10.16
6	9150 - Jal Jeevan Mission (JJM)/National Rural Drinking Water Mission	31.08
7	9151 - SBM-Rural (DWS)	15.22
8	9556 - Urban Rejuvenation Mission-500 Cities	24.38
9	9757 - Swachh Bharat Mission (SBM) - Urban	18.97
10	9179 - Pradhan Mantri Gram Sadak Yojna	47.28
11	9181 - National Rural Livelihood Mission	28.15
12	9219 - Mahatma Gandhi National Rural Guarantee Programme	93.08
13	3667 - Samagra Shiksha	23.16
14	4145 - PM Schools for Rising India (PM SHRI)	10.86
15	9494 - Post Matric Scholarship for OBCs, EBCs and DNTs- PM YASASVI	16.96
16	3976 - Mission Vatsalya (Child Protection Services and Child Welfare Services)	12.07

Source: Public Finance Management System, 2023-24.

As could be seen from the above table, 22.15 per cent and 15.03 per cent of the balance in the bank account of SNA were parked under two schemes viz. Human Resources for Health and Medical Education and Mahatma Gandhi National Rural Guarantee Programme respectively.

### 2.5.3.3 Fifteenth Finance Commission Grants

Fifteenth Finance Commission (XV FC) grants were provided to the States for local bodies and State Disaster Response Fund (SDRF). The Grants-in-aid recommended by the XV FC are shown in the following table:

Table No. 2.14: Recommended Amount and Actual Release of Grants-in-Aid

(₹ in crore)

Grants	Recommendations of the XV FC		Actual Release by GOI		Release by the State Government		
	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	
<b>(i) Grants to PRIs</b>	<b>135.00</b>	<b>137.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	
(a) Performance/Tied Grants#	81.00*	82.20	NA	0.00	NA	0.00	
(b) Untied Grants	54.00*	54.80	NA	0.00	NA	0.00	
<b>(ii) Grants to ULBs</b>	<b>67.00</b>	<b>71.00</b>	<b>42.50</b>	<b>0.00</b>	<b>18.07</b>	<b>0.00</b>	
(i) Performance/ Tied Grant	Non-Million Plus Cities	40.20	42.60	NA	0.00	NA	0.00
(ii) General Basic/ Untied Grant	Non-Million Plus Cities#	26.80	28.40	NA	0.00	NA	0.00
<b>(iii) Grants for Health Sector</b>		<b>44.00</b>	<b>46.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Grants for Local Bodies (i+ii+iii)</b>		<b>246.00</b>	<b>254.00</b>	<b>42.50</b>	<b>0.00</b>	<b>18.07</b>	<b>0.00</b>
<b>SDRF</b>	Centre share	<b>44.00</b>	<b>47.00</b>	<b>35.20</b>	<b>18.80</b>	<b>20.00</b>	<b>0.00</b>
<b>SDMF</b>		<b>44.00</b>	<b>47.00</b>	<b>35.20</b>	<b>18.80</b>	<b>0.00</b>	<b>0.00</b>
<b>Post Devolution Deficit Grant</b>		<b>2,310.00</b>	<b>2,104.00</b>	<b>2,310.00</b>	<b>2,104.00</b>	<b>2,310.00</b>	<b>2,104.00</b>

\* Figures are modified due to miscalculation in the previous year's Report.

NA: Not Available.

# For drinking water, rainwater harvesting, SWS and Sanitation.

Source: Report of the 15<sup>th</sup> Finance Commission.

In 2023-24, the Grants recommended by the XV FC for Panchayati Raj Institutions (PRIs) was ₹ 137.00 crore (₹ 82.20 crore under Performance/Tied Grants and ₹ 54.80 crore under Untied Grants) and for ULBs, the recommended amount was ₹ 71.00 crore (₹ 42.60 crore under Performance/ Tied Grants and ₹ 28.40 crore under General Basic/Untied Grants). With respect to Health Sector and SDRF, the recommended amounts to be released by the GoI were ₹ 46 crore and ₹ 47 crore respectively. The total amount recommended for Local Bodies during 2023-24 was ₹ 254.00 crore as against ₹ 246.00 crore during the previous year.

As can be seen from the table above, during the year 2023-24, out of the amount of ₹ 254.00 crore recommended by the XV FC for grants to Local bodies for the State, both the GoI and the State Government did not release any fund. During 2023-24, the GoI released ₹ 18.80 crore (40 per cent) of the amount recommended by the XV FC (₹ 47.00 crore) for SDRF while the State Government did not make any transfer to the fund.

During the Exit Conference (April 2025), the Finance Department stated that during the year, funds to Local Bodies were not released due to litigation and non-conduct of elections of the Local Bodies.

#### 2.5.3.4 State's Performance in Mobilisation of Resources

State's performance in mobilisation of resources is assessed in terms of its own resources comprising Own-Tax and Non-Tax sources. The trends of State's Own Resources for the last five years 2019-24 are given in the following table:

**Table 2.15: Tax and Non-Tax receipts vis-à-vis projections**

	FC projections	Budget Estimates	Actual	Percentage variation of actual over	
				FC projections	Budget estimates
<b>Own Tax revenue</b>	1,775.00	3,200.00	1,223.50	-31.07	-61.77
<b>Non-tax revenue</b>	244.00	400.00	209.57	-14.11	-47.61

(₹ in crore)

Source: XV FC Report, Annual Financial Statement and Finance Accounts.

In 2023-24, Own Tax Revenue was lower than the XV FC projection by ₹ 551.50 crore (31.07 per cent) and lower than the Budget Estimates by ₹ 1,976.50 crore (61.77 per cent). Non-Tax Revenue was also lower than the XV FC projection and the Budget Estimates by ₹ 34.43 crore (14.11 per cent) and ₹ 190.43 crore (47.61 per cent) respectively.

## 2.6 Capital Receipts

Capital Receipts comprise of Miscellaneous Capital Receipts such as proceeds from disinvestments, recoveries of Loans and Advances, Debt Receipts from internal sources (Market Loans, Borrowings from financial institutions/commercial banks) and Loans and Advances from GoI. The trends in growth and composition of Capital Receipts during 2019-24 are given in the following table:

**Table 2.16: Trends in Growth and Composition of Capital Receipts**

Sources of State's Receipts	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Capital Receipts</b>	<b>1,209.42</b>	<b>1,854.70</b>	<b>1,954.52</b>	<b>2,652.09</b>	<b>2,534.93</b>
Miscellaneous Capital Receipts	0.00	0.00	0.00	0.00	0.00
Recovery of Loans and Advances	0.80	3.30	2.39	1.10	1.08
<b>Public Debt Receipts</b>	<b>1,208.62</b>	<b>1,851.40</b>	<b>1,952.13</b>	<b>2,650.99</b>	<b>2,533.84</b>
Internal Debt*	1,200.71	1,484.03	1,698.27	2,075.65	1,937.60
Growth rate (per cent)	-6.36	23.60	14.44	22.22	-6.65
Loans and advances from GoI	7.91	367.37	253.86	575.34	596.24
Growth rate (per cent)	#	4544.37	-30.90	126.64	3.63
Rate of growth of Debt Capital Receipts (per cent)	<b>-5.74</b>	<b>53.18</b>	<b>5.44</b>	<b>35.80</b>	<b>-4.42</b>
Rate of growth of non-debt Capital Receipts	<b>35.59</b>	<b>312.50</b>	<b>-27.58</b>	<b>-53.97</b>	<b>-1.82</b>
Rate of growth of GSDP (per cent)	<b>8.85</b>	<b>-0.12</b>	<b>17.63</b>	<b>14.89</b>	<b>11.81</b>
Rate of growth of Capital Receipts (per cent)	<b>-5.72</b>	<b>53.35</b>	<b>5.38</b>	<b>35.69</b>	<b>-4.42</b>

(₹ in crore)

Source: Finance Accounts and Directorate of Economics & Statistics, Manipur.

\* Including net of Ways and Means Advances (WMAs).

# Growth rate cannot be calculated as the value of the previous year was negative.

During the period 2019-24, Capital Receipts increased by ₹ 1,325.51 crore (109.60 per cent) from ₹ 1,209.42 crore in 2019-20 to ₹ 2,534.93 crore in 2023-24 (excluding off-budget borrowings of ₹ 153.07 crore). In 2023-24, Capital Receipts decreased by ₹ 117.16 crore (4.42 per cent) over the previous year. The decrease was mainly due to decrease in Internal Debt (₹ 138.04 crore).

## 2.7 Application of Resources

The State Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the State is not at the cost of expenditure directed towards development of capital infrastructure and social sector. Analysis of allocation of expenditure in the State is shown in the following paragraphs.

### 2.7.1 Growth and Composition of Expenditure

**Revenue Expenditure:** Charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as also all other expenses incurred for the day-to-day running of the organisation, including establishment and administrative expenses, shall be classified as revenue expenditure.

**Capital Expenditure:** All charges for the first construction of a project as well as charges for intermediate maintenance of the work while not opened for service and also charges for such further additions and improvements as may be sanctioned under the rules made by competent authority shall be classified as capital expenditure.

**Loans and Advances:** Loans and advances by the Government to Public Sector Undertakings (PSU) and other parties.

The Total Expenditure, its composition and relative share in GSDP during the years 2019-24 is presented in the following table:

Table 2.17: Total Expenditure and its Composition

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Total Expenditure (TE)</b>	11,393.87	14,877.85	15,896.58	17,650.80	16,570.59
<b>Revenue Expenditure (RE)</b>	10,238.63	12,428.47	12,642.15	14,158.98	13,821.75
<b>Capital Expenditure (CE)</b>	1,155.24	2,439.18	3,252.80	3,484.24	2,748.59
<b>Loans and Advances</b>	0.00	10.20	1.63	7.58	0.25
<b>As a percentage of GSDP</b>					
<b>TE/GSDP</b>	38.22	49.97	45.38	43.86	36.83
<b>RE/GSDP</b>	34.34	41.74	36.09	35.18	30.72
<b>CE/GSDP</b>	3.87	8.19	9.29	8.66	6.11

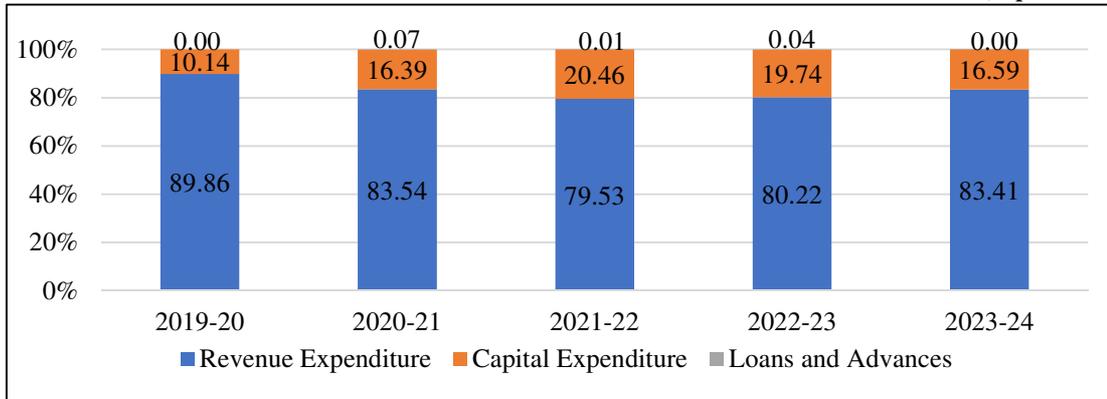
Source: Finance Accounts & Directorate of Economics and Statistics, Manipur.

During the period 2019-24, Total Expenditure of the State increased by ₹ 5,176.72 crore (45.43 per cent) from ₹ 11,393.87 crore in 2019-20 to ₹ 16,570.59 crore in 2023-24. In the year 2023-24, it decreased by 6.12 per cent over the previous year mainly due to decrease in both Revenue Expenditure (₹ 337.23 crore) and Capital Expenditure (₹ 735.65 crore). Both Total Expenditure and Revenue Expenditure as per cent of GSDP increased from 2019-20 to 2020-21 and thereafter continuously decreased from

2021-22 to 2023-24. The trends in ‘Share of Components’ of Total Expenditure during the period 2019-24 is given in **Chart 2.8**:

**Chart 2.8: Total Expenditure - Trends in Share of its Components**

(in per cent)



Source: Finance Accounts.

As is evident from above, both Revenue Expenditure and Capital Expenditure exhibited a fluctuating trend during 2019-24. Capital Expenditure showed a decreasing trend in 2023-24. Capital Expenditure as a percentage of Total Expenditure decreased from 19.74 per cent in 2022-23 to 16.59 per cent in 2023-24. The Revenue Expenditure as a percentage of Total Expenditure increased from 80.22 per cent in 2022-23 to 83.41 per cent in 2023-24.

Details for the year 2023-24 are shown in **Appendix 2.1**. Relative shares of these components in the Total Expenditure during 2019-24 are given in the following table:

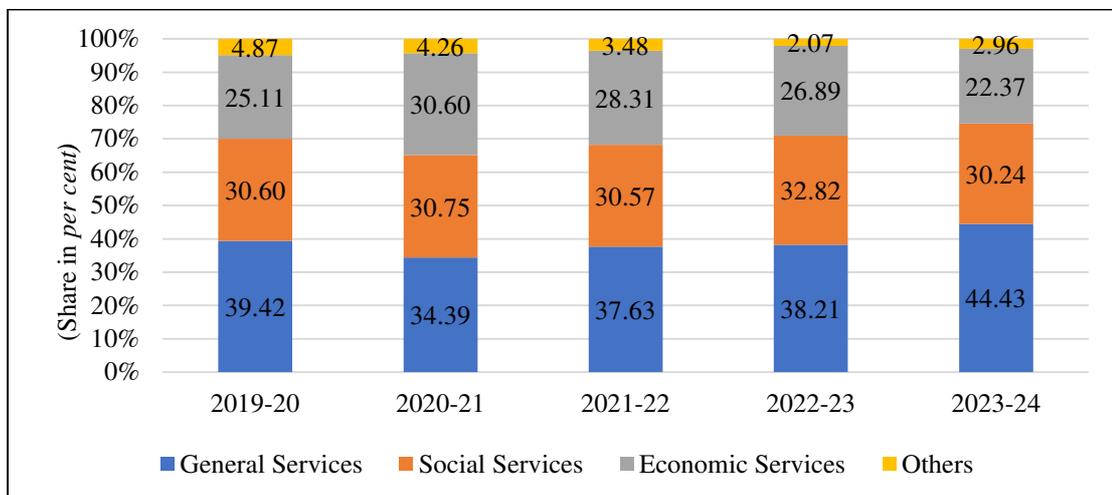
**Table 2.18: Relative share of various sectors of expenditure**

(in per cent)

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
General Services	39.42	34.39	37.63	38.21	44.43
Social Services	30.60	30.75	30.57	32.82	30.24
Economic Services	25.11	30.60	28.31	26.89	22.37
Others (Grants to Local Bodies and Loans and Advances)	4.87	4.26	3.48	2.07	2.96

Source: Finance Accounts.

**Chart 2.9: Total Expenditure - Expenditure by activities**

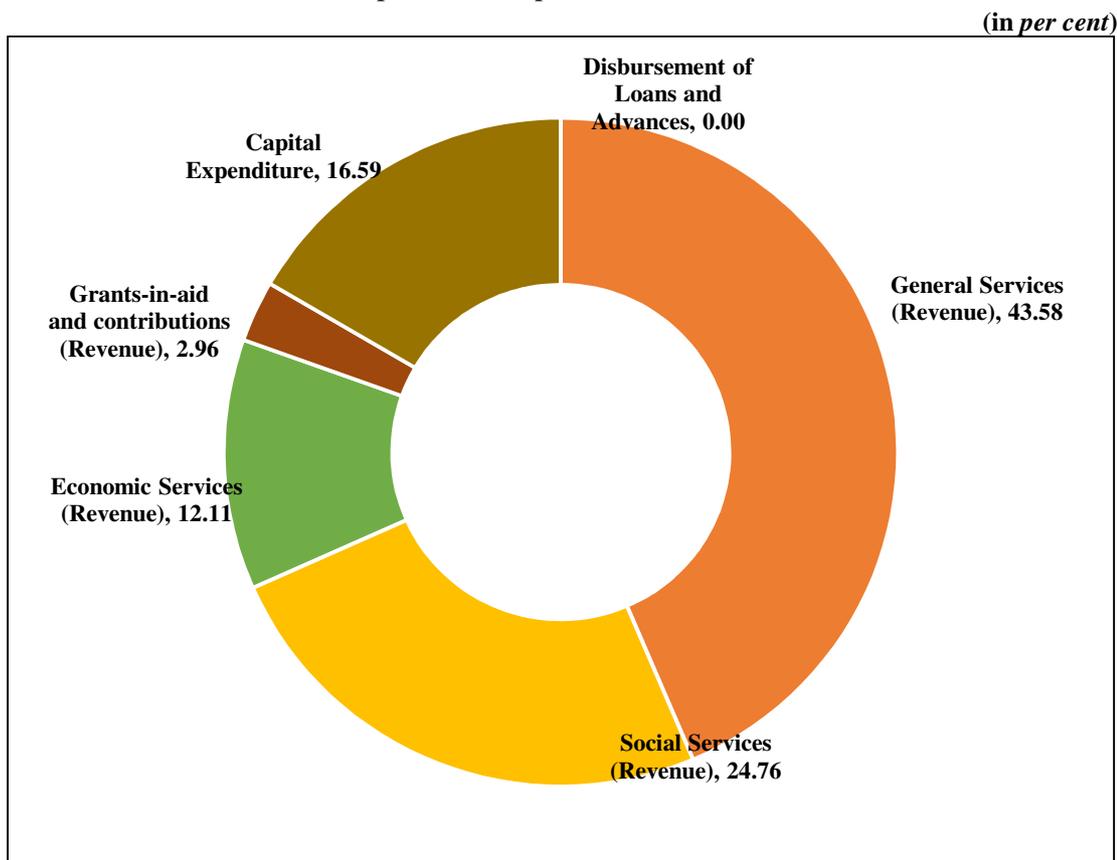


Source: Finance Accounts.

The relative shares of Social Services and Economic Services decreased by 2.58 per cent and 4.52 per cent respectively in 2023-24 over the previous year. These decreases were, however, offset by increases in relative shares under General Services by 6.22 per cent and Others by 0.89 per cent.

The composition of Total Expenditure out of Consolidated Fund of the State for the year 2023-24 is depicted in the following chart:

Chart 2.10: Composition of Expenditure out of Consolidated Fund



Source: Finance Accounts.

## 2.7.2 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and payments for the past obligations. As such, it does not result in any addition to the State's infrastructure and service network.

Revenue Expenditure constitutes, on an average, 83.31 per cent (ranging from 79.53 per cent to 89.86 per cent) of the Total Expenditure during the period 2019-24. Rate of growth of Revenue Expenditure had wide fluctuation during the five-year period 2019-24. The overall Revenue Expenditure, its rate of growth, its ratio to Total Expenditure and buoyancy vis-à-vis GSDP and Revenue Receipts are indicated in **Table 2.19** and the sectoral distribution of Revenue Expenditure pertaining to 2023-24 is given in **Chart 2.11**.

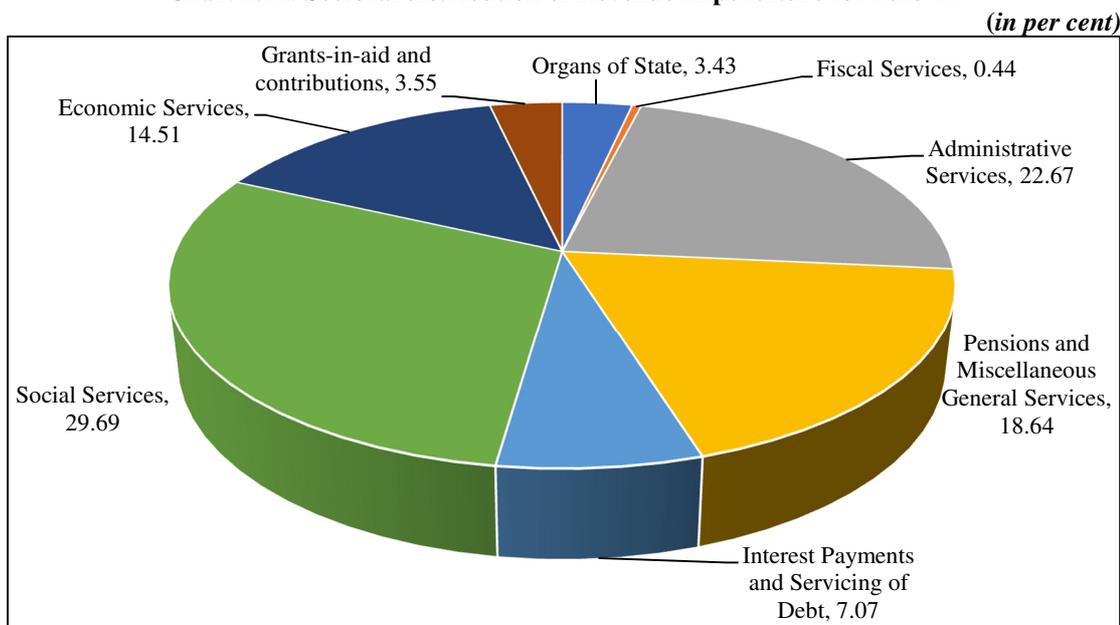
Table 2.19: Revenue Expenditure – Basic Parameters

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Total Expenditure (TE)	11,393.87	14,877.85	15,896.58	17,650.80	16,570.59
Revenue Expenditure (RE)	10,238.63	12,428.47	12,642.15	14,158.98	13,821.75
Rate of Growth of RE ( <i>per cent</i> )	5.03	21.39	1.72	12.00	-2.38
Revenue Expenditure as percentage of TE	89.86	83.54	79.53	80.22	83.41
RE/GSDP ( <i>per cent</i> )	34.34	41.74	36.09	35.18	30.72
Revenue Receipts (RR)	10,684.16	12,982.65	14,091.00	15,893.15	14,706.17
Rate of growth of Revenue Receipts ( <i>per cent</i> )	1.16	21.51	8.54	12.79	-7.47
RE as percentage of RR	95.83	95.73	89.72	89.09	93.99
Rate of Growth of GSDP ( <i>per cent</i> )	8.85	-0.12	17.63	14.89	11.81
<b>Buoyancy of Revenue Expenditure with</b>					
GSDP (ratio)	0.57	#	0.10	0.81	#
Revenue Receipts (ratio)	4.33	0.99	0.20	0.94	#

Source: Finance Accounts.

# Buoyancy ratio is not calculated where growth is negative.

Chart 2.11: Sectoral distribution of Revenue Expenditure for 2023-24



Source: Finance Accounts.

Revenue Expenditure as a percentage of GSDP increased from 2019-20 to 2020-21 and thereafter decreased from 2021-22 to 2023-24. In the year 2023-24, it decreased by 4.46 *per cent* over the previous year.

### 2.7.2.1 Major changes in Revenue Expenditure

There were significant variations under various Heads of Account with regard to Revenue Expenditure of the State during the current year and the previous year as given below:

**Table 2.20: Variation in Revenue Expenditure during 2023-24 compared to 2022-23**

(₹ in crore)

Major Heads of Account	2022-23	2023-24	Increase (+)/ Decrease (-)
2055-Police	2,119.91	27,90.90	670.99
2202-General Education	2,043.72	2,261.61	217.89
3604-Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	358.63	490.95	132.32
2801-Power	311.39	423.18	111.79
2049-Interest Payment	874.19	976.58	102.39
2015-Elections	14.53	94.00	79.47
2505-Rural Employment	1,197.91	625.46	-572.45
2071-Pensions and other Retirement Benefits	2,880.43	2,576.25	-304.18
2235-Social Security and Welfare	585.68	348.69	-236.99

Source: Finance Accounts.

The reasons for increase/decrease during 2023-24 over the previous year are shown below:

- increase of ₹ 670.99 crore (31.65 per cent) under 'Police', which was mainly due to increase of ₹ 420.71 crore in 'Direction and Administration', ₹ 154.75 crore in 'Special Police' and ₹ 84.26 crore in 'District Police'.
- increase of ₹ 217.89 crore (10.66 per cent) under 'General Education', which was mainly due to increase of ₹ 123.24 crore in 'Government Primary Schools', ₹ 64.42 crore in 'Assistance of Universities' and ₹ 60.67 crore in 'Government Secondary Schools'.
- increase of ₹ 132.32 crore (36.90 per cent) under 'Compensation and Assignments to Local Bodies and Panchayati Raj Institutions', which was due to increase of ₹ 132.32 crore in 'Other Miscellaneous Compensations and Assignments'.
- increase of ₹ 111.79 crore (35.90 per cent) under 'Power', which was due to increase of ₹ 113.03 crore in 'Other Expenditure' partially offset by decrease of ₹ 74.14 crore in 'Direction and Administration'.
- increase of ₹ 102.39 crore (11.71 per cent) under 'Interest Payment', which was mainly due to increase of ₹ 97.38 crore in 'Interest on Market Loan', ₹ 16.25 crore in 'Interest on Loans for State/Union Territory Plan Schemes' and ₹ 3.27 crore in 'Interest on other Internal Debts'.
- increase of ₹ 79.47 crore (546.94 per cent) under 'Election', which was mainly due to increase of ₹ 70.16 crore in 'Charges for conduct of elections to State/Union Territory Legislature', ₹ 6.03 crore in 'Issue of Photo Identity Cards to Voters' and ₹ 2.94 crore in 'Election Commission'.
- decrease of ₹ 572.45 crore (47.79 per cent) under 'Rural Employment, which was mainly due to decrease of ₹ 570.94 crore in 'National Rural Employment Guarantee Scheme'.
- decrease of ₹ 304.18 crore (10.56 per cent) under 'Pensions and other Retirement Benefits', which was mainly due to decrease of ₹ 204.80 crore in 'Commutated value of Pensions', ₹ 142.50 crore in 'Gratuities' and ₹ 20.85 crore in 'Leave Encashment Benefits'.

- decrease of ₹ 236.99 crore (40.46 per cent) under ‘Social Security and Welfare’, which was due to decrease of ₹ 196.12 crore in ‘Child Welfare’, ₹ 23.89 crore in ‘National Old Age Pension Scheme’ and ₹ 14.63 crore in ‘Correctional Services’.

### 2.7.3 Committed Expenditure

The committed expenditure of the State Government on revenue account consists of interest payments, expenditure on salaries and wages, and pensions. It has first charge on Government Resources.

Apart from the above, there are certain items of inflexible expenditure which cannot be ordinarily altered or varied or are statutorily required on an annual basis, unlike for variable transactions such as capital expenditure, *etc.* For example, the following items may be considered as inflexible expenditure:

- Devolution to local bodies-statutory devolutions to local bodies for pay and allowances (devolution/transfer for capital expenditure).
- Statutory requirements of contribution to Reserve Funds - Contribution to Consolidated Sinking Fund (CSF), Guarantee Redemption Fund (GRF), State Disaster Mitigation/Response Fund (SDMF/SDRF), *etc.*
- Recoupment of Contingency Fund-Amount recouped within the year.
- Transfer of cess to Reserve Funds/other body, which are statutorily required.
- Share contribution of CSS against the Central Fund received - Amount of State share to be transferred to SNAs/spent by the State.
- Payment of interest on the balances of the interest-bearing funds as if they could have been invested and payment of interest on public debt as charged expenditure-Interest Payment.

Upward trend on committed expenditure leaves the Government with lesser flexibility for development sector. The trends in the components of committed and inflexible expenditure along with percentage of committed expenditure to Revenue Receipts and Revenue Expenditure during 2019-24 are given in the following table and chart:

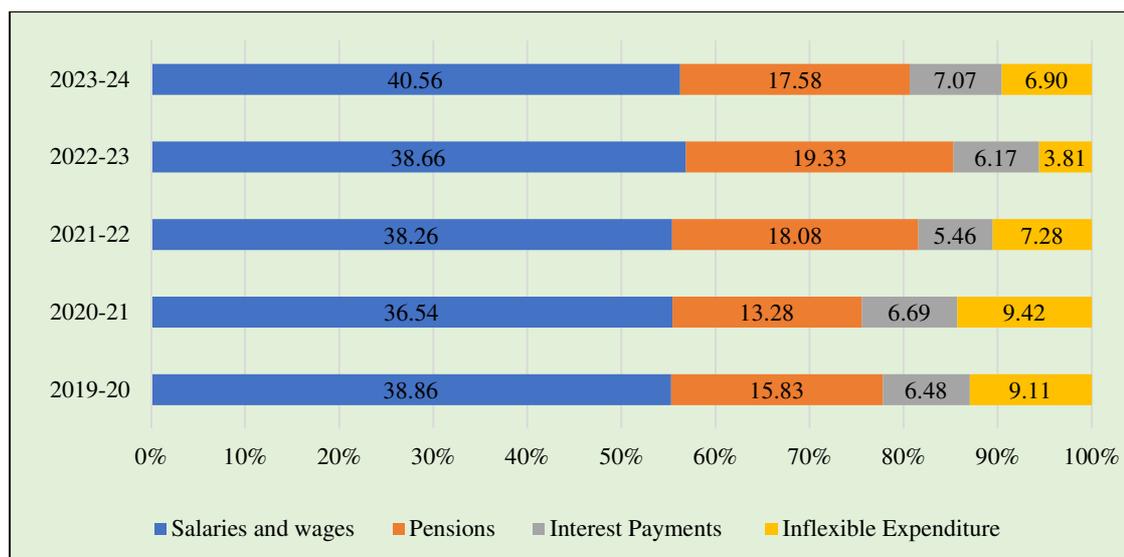
Table 2.21: Components of Committed and Inflexible Expenditure

(₹ in crore)					
Components of Committed Expenditure	2019-20	2020-21	2021-22	2022-23	2023-24
Salaries and wages	3,978.35	4,541.55	4,837.40	5,473.87	5,606.08
Expenditure on Pensions	1,620.80	1,650.43	2,286.13	2,737.45	2,429.87
Interest Payments	663.54	831.60	690.80	874.19	976.58
<b>Total</b>	<b>6,262.69</b>	<b>7,023.58</b>	<b>7,814.33</b>	<b>9,085.51</b>	<b>9,012.53</b>
Components of Inflexible Expenditure					
Statutory devolution to local bodies (MH-3604)	555.12	623.39	551.66	358.63	490.95
Contribution to Reserve Funds	2.00	31.13	2.50	0.00	0.50
SDRF (2245-05-101) Non-Development	2.00	0.00	2.50	0.00	0.00
SDMF (2245-08-101) Non-Development	0.00	31.13	0.00	0.00	0.50
Consolidated Sinking fund	0.00	0.00	0.00	0.00	0.00
Guarantee Redemption Fund	0.00	0.00	0.00	0.00	0.00

Components of Committed Expenditure	2019-20	2020-21	2021-22	2022-23	2023-24
Recoupment of Contingency Fund	0.00	0.00	0.00	0.00	0.00
Transfer of cess to Reserve Funds/other body	0.00	0.00	0.00	0.00	0.00
Share contribution of CSS against the Central Fund received	375.42	516.29	365.71	180.84	461.61
Payment of interest on the balances of the interest bearing funds as if they could have been invested and payment of interest on public debt as charged expenditure-Interest payment	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>932.54</b>	<b>1,170.81</b>	<b>919.87</b>	<b>539.47</b>	<b>953.06</b>
<b>As a percentage of Revenue Receipts (RR)</b>					
Salaries & Wages	37.24	34.98	34.33	34.44	38.12
Expenditure on Pensions	15.17	12.71	16.22	17.22	16.52
Interest Payments	6.21	6.41	4.90	5.50	6.64
<b>Total</b>	<b>58.62</b>	<b>54.10</b>	<b>55.46</b>	<b>57.17</b>	<b>61.28</b>
Inflexible expenditure	8.73	9.02	6.53	3.39	6.48
<b>Total</b>	<b>67.34</b>	<b>63.12</b>	<b>61.98</b>	<b>60.56</b>	<b>67.76</b>
<b>As a percentage of Revenue Expenditure (RE)</b>					
Salaries & Wages	38.86	36.54	38.26	38.66	40.56
Expenditure on Pensions	15.83	13.28	18.08	19.33	17.58
Interest Payments	6.48	6.69	5.46	6.17	7.07
<b>Total</b>	<b>61.17</b>	<b>56.51</b>	<b>61.81</b>	<b>64.17</b>	<b>65.21</b>
Inflexible expenditure	9.11	9.42	7.28	3.81	6.90
<b>Total</b>	<b>70.28</b>	<b>65.93</b>	<b>69.09</b>	<b>67.98</b>	<b>72.10</b>
Non-committed RE	3,975.94	5,404.89	4,827.82	5,073.47	4,809.22
Percentage of RE	38.83	43.49	38.19	35.83	34.79
Percentage of TE	34.90	36.33	30.37	28.74	29.02
Subsidies	120.11	120.08	120.31	120.18	358.24
Subsidies a percentage of non-committed expenditure	3.02	2.22	2.49	2.37	7.45

Source: Finance Accounts.

Chart 2.12: Committed Expenditure as per cent of Revenue Expenditure



Source: Finance Accounts.

Thus, the Committed Expenditure constituted 50 per cent or more of Revenue Expenditure during the five-year period from 2019-20 to 2023-24.

During the period 2019-24, both the committed expenditure and inflexible expenditure as a percentage of Revenue Expenditure showed fluctuating trends. In the current year, there was an increase of ₹ 413.59 crore (76.67 *per cent*) over the previous year mainly due to increase in Share contribution of CSS against the Central Fund received (₹ 280.77 crore).

### **2.7.3.1 Salaries and Wages**

Expenditure on Salaries and Wages showed an increasing trend from ₹ 3,978.35 crore in 2019-20 to ₹ 5,606.08 crore in 2023-24. In 2023-24, the Salaries and Wages component increased by ₹ 132.21 crore (2.42 *per cent*) over the previous year and accounted for 40.56 *per cent* of Revenue Expenditure.

### **2.7.3.2 Interest Payments**

Interest Payments showed a fluctuating trend during 2019-24. During the current year, Interest on Internal Debt (₹ 847.10 crore) constituted the major component of Interest Payments and accounted for 86.74 *per cent* followed by Small Savings, Provident Fund, *etc.* 10.70 *per cent* (₹ 104.51 crore) and Loans & Advances from GoI 2.55 *per cent* (₹ 24.93 crore).

### **2.7.3.3 Pension Payments**

During the period 2019-24, expenditure on Pension Payments increased from ₹ 1,620.80 crore in 2019-20 to ₹ 2,429.87 crore in 2023-24. During the current year, Pension Payments decreased by 11.24 *per cent* (₹ 307.58 crore) over the previous year. The decrease was mainly due to decrease in payment of Commuted value of Pensions by 55.94 *per cent* (₹ 204.80 crore) and Gratuities by 48.21 *per cent* (₹ 142.51 crore).

### **2.7.3.4 Undischarged liabilities in National Pension System**

State Government employees recruited on or after 01 January 2005 are covered under the National Pension System (NPS), which is a defined contributory pension scheme. Under this system, employees contribute 10 *per cent* of basic pay and dearness allowance, which is matched by the State Government and both employee's and employer's contributions (14 *per cent* in case of All India Services and other Central Government Employees working under the State Government) are initially transferred to the Public Account and in turn to be deposited with National Securities Depository Limited (NSDL)/ Trustee bank for further investment as per the guidelines of NPS.

As on 31 March 2024, the total number of State Government employees eligible for NPS was 49,895 and there was 100 *per cent* issuance of Permanent Retirement Account Number (PRAN) to the eligible employees.

The position of contribution made under NPS by the employees and the Government and transfer of funds to NSDL/Trustee Bank during 2019-24 is shown in the following table:

Table 2.22: Contribution made to NPS and Transfer of Funds to NSDL/Trustee Bank

(₹ in crore)

Year	Opening Balance	Details of contribution			Short contribution by Government	Amount transferred to NSDL*	Closing Balance (2+5-7)
		Employee	Government	Total			
1	2	3	4	5(3+4)	6(3-4)	7	8
Upto 2019-20	0.00	705.24	592.23	1,297.47	113.01	1,090.85	206.62
2020-21	206.62	168.34	160.54	328.88	7.80	432.00	103.50
2021-22	103.50	185.62	106.07	291.69	79.55	212.43	182.76
2022-23	182.76	230.07	219.58	449.65	10.49	440.47	191.94
2023-24	191.94	269.06	227.71	496.77	41.35	456.76	231.95
<b>Total</b>		<b>1,558.33</b>	<b>1,306.13</b>	<b>2,864.46</b>	<b>252.20</b>	<b>2,632.51</b>	

\*Includes the amount paid to retired/deceased Government Employees.

Source: Finance Accounts.

In the year 2023-24, total contribution to the NPS which is a Defined Contribution Pension Scheme was ₹ 496.77 crore (Employees' contribution = ₹ 269.06 crore and Government's contribution = ₹ 227.71 crore which includes ₹ 6.79 crore directly deposited by the State Government to NPS without routing through MH-2071). The detailed information on Government contribution is available in Statement No. 15 of the Finance Accounts. The Government transferred ₹ 456.76 crore to the NSDL. The Government's contribution to the NPS was less by ₹ 41.35 crore, which resulted in overstatement of Revenue surplus and Fiscal surplus to that extent.

The actual employee contribution and matching share of the Government up to the end of 2023-24 was ₹ 1,558.33 crore and ₹ 1,306.13 crore respectively, resulting in a shortfall of Government's matching share of ₹ 252.20 crore. This short contribution of share resulted in overstatement of Revenue Surplus and understatement of the Fiscal Deficit in the respective years.

Un-transferred balances of ₹ 191.94 crore as on 1 April 2023 attracted interest liabilities of ₹ 13.63<sup>8</sup> crore, which may also have to be included at the time of transferring the employer's contribution to NSDL. As on 31 March 2024, a cumulative balance of ₹ 231.95 crore contributed under the Scheme remained to be transferred to NSDL/Trustee Bank.

Thus, there was a short transfer of funds of ₹ 484.15 crore (short contribution of ₹ 252.20 crore plus ₹ 231.95 crore not transferred) to the NSDL and current liability stands deferred to future year(s). Further, the State Government has created interest liability on the funds not transferred to NSDL. The matter needs to be addressed without further delay to avoid creation of accumulated liabilities in the coming years.

#### 2.7.4 Subsidies

During the period 2019-24, expenditure booked under subsidies depicted a fluctuating trend. However, subsidies as percentages of Revenue Receipts and Revenue

<sup>8</sup> Interest calculated as per the rate of interest notified by the Government to General Provident Fund @7.1 per cent.

Expenditure showed decreasing trends till 2022-23 and thereafter increased in 2023-24. Details are shown in the following table:

Table 2.23: Expenditure on subsidies during 2019-24

	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Subsidies (₹ in crore)</b>	120.11	120.08	120.31	120.18	358.24
<b>Power Subsidy (₹ in crore)</b>	120.00	120.00	120.00	120.00	358.00
<b>Subsidies as a percentage of Revenue Receipts</b>	1.12	0.92	0.85	0.76	2.44
<b>Subsidies as a percentage of Revenue Expenditure</b>	1.17	0.97	0.95	0.85	2.59
<b>Subsidies as a percentage of Total Expenditure</b>	1.05	0.81	0.76	0.68	2.16
<b>Subsidies as a percentage of Revenue Deficit/Surplus</b>	26.96	21.67	8.30	6.93	40.51
<b>Power Subsidy as percentage of Total Subsidy</b>	99.91	99.93	99.74	99.85	99.93

Source: Finance Accounts.

During the current year, the subsidies increased by ₹ 238.06 crore (198.09 per cent) over the previous year. The increase was mainly due to increase in Power Subsidy (₹ 238.00 crore) on account of Financial Assistance to Manipur Stater Power Distribution Corporation (MSPDC) Limited.

Power subsidy constituted 99.93 per cent of the total subsidies.

### 2.7.5 Financial assistance by the State Government to Local Bodies and Other Institutions

Financial assistance is provided by the State Government to local bodies and other institutions by way of grants and loans. The quantum of assistance provided by way of grants and loans to local bodies and others during the period 2019-24 is presented in the table below:

Table 2.24 Financial Assistance to Local Bodies etc.

	(₹ in crore)				
<b>Financial Assistance to Institutions</b>	2019-20	2020-21	2021-22	2022-23	2023-24
<b>(A) Local Bodies</b>					
Municipal Corporations and Municipalities	45.29	117.34	25.67	17.79	13.05
<i>Panchayati Raj</i> Institutions	37.76	116.57	98.51	35.76	1.32
<b>Total (A)</b>	<b>83.05</b>	<b>233.91</b>	<b>124.18</b>	<b>53.55</b>	<b>14.37</b>
<b>(B) Others</b>					
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	318.59	241.03	105.73	94.09	180.68
Hospitals and Other Charitable Institutions	249.88	324.47	339.50	205.99	189.33
Other Institutions	2,000.64	2,947.67	2,336.22	2,281.53	1,532.35
<b>Total (B)</b>	<b>2,569.11</b>	<b>3,513.17</b>	<b>2,781.45</b>	<b>2,581.61</b>	<b>1,902.36</b>
<b>Total (A+B)</b>	<b>2,652.16</b>	<b>3,747.08</b>	<b>2,905.63</b>	<b>2,635.16</b>	<b>1,916.73</b>
<b>GIA for creation of Capital assets</b>	<b>347.31</b>	<b>325.40</b>	<b>347.02</b>	<b>165.75</b>	<b>151.73</b>
<b>GIA for Non-Salary</b>	<b>1,149.94</b>	<b>2,090.03</b>	<b>1,313.11</b>	<b>1,373.07</b>	<b>589.90</b>
<b>GIA given in kind</b>	<b>Information not provided by the state Government</b>				
Revenue Expenditure	10,238.63	12,428.47	12,642.15	14,158.98	13,821.75
Assistance as percentage of Revenue Expenditure	25.90	30.15	22.98	18.61	13.87

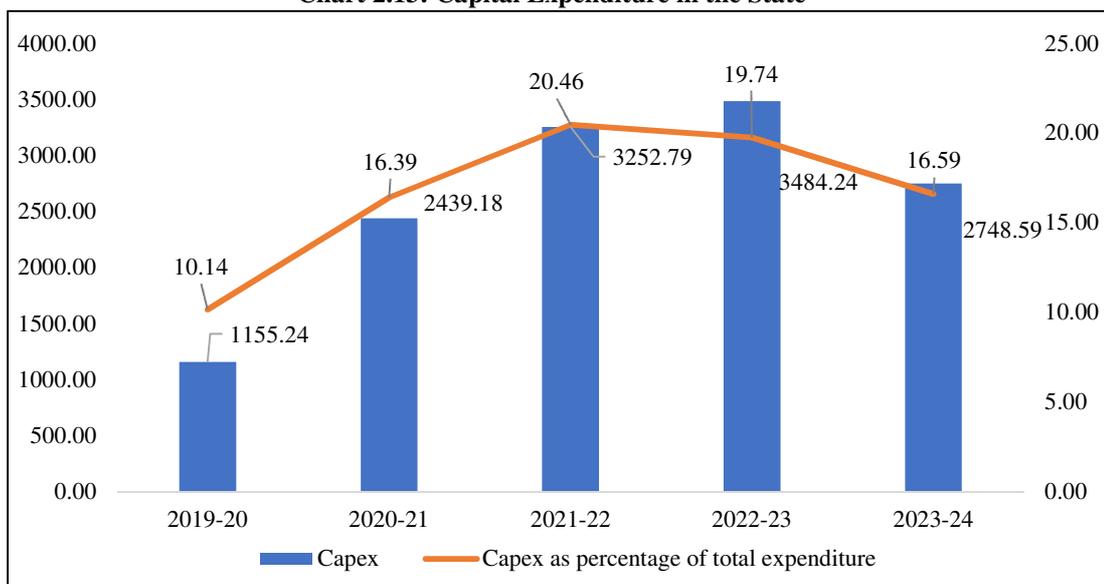
Source: Finance Accounts.

The total financial assistance to Local Bodies and Other Institutions increased from 2019-20 to 2020-21 and thereafter showed a continued decreasing trend. In 2023-24, financial assistance decreased by ₹ 718.43 crore as compared to 2022-23 mainly due to less assistance to Other Institutions and Panchayati Raj Institutions. Financial assistance was 13.87 per cent of Revenue Expenditure as compared to 18.61 per cent in 2022-23.

## 2.7.6 Capital Expenditure

Capital Expenditure (Capex) includes primarily expenditure on creation of fixed infrastructure assets such as buildings, roads, bridges, etc. Details of the Capex and its percentage of total expenditure for the period 2019-24 are given below:

Chart 2.13: Capital Expenditure in the State



Source: Finance Accounts.

In the year 2023-24, Capital Expenditure decreased by ₹ 735.65 crore (21.11 per cent) from ₹ 3,484.24 crore in 2022-23 to ₹ 2,748.59 crore in 2023-24. The State could expend only 27.45 per cent (₹ 2,748.59 crore) of the budget allocation (₹ 10,013.79 crore) during the current year. As compared to the Total Expenditure, the Capital Expenditure showed a fluctuating trend (ranging from 10.14 per cent in 2019-20 to 20.46 per cent in 2021-22) over the period 2019-24. In terms of magnitude of expenditure, Capital Expenditure in 2022-23 was the highest during the last five years.

### 2.7.6.1 Major changes in Capital Expenditure

There were cases of significant changes in various Heads of Account under Capital Expenditure in 2023-24 vis-à-vis the previous year as given in the following table:

Table 2.25: Capital Expenditure in 2023-24 compared to 2022-23

(₹ in crore)

Major Heads of Accounts	2022-23	2023-24	Increase (+)/ Decrease (-)
4055 - Capital Outlay on Police	26.95	111.20	84.25
4711 - Capital Outlay on Flood Control Projects	69.01	137.59	68.58
5054 - Capital Outlay on Roads and Bridges	651.69	714.64	62.95
4702 - Capital Outlay on Minor Irrigation	19.62	62.53	42.91
4216 - Capital Outlay on Housing	2.00	13.04	11.04
4210 - Capital Outlay on Medical and Public Health	194.91	8.66	-186.25
4575 - Capital Outlay on Other Special Areas Programmes	489.82	326.55	-163.27
4515 - Capital Outlay on other Rural Development	497.24	334.98	-162.26
4225 - Capital Outlay of Welfare of Scheduled Castes, Scheduled Tribes, other Backward Classes and Minorities	178.18	29.71	-148.47
4215- Capital Outlay on Water Supply and Sanitation	777.79	691.52	-86.27
4217- Capital Outlay on Urban Development	148.36	85.52	-62.84
4059- Capital Outlay on Public Works	68.13	27.57	-40.56

Source: Finance Accounts.

The decrease in Capital Expenditure in 2023-24 over the previous year was mainly due to decrease in Capital Outlay on Medical and Public Health (₹ 186.25 crore), Capital Outlay on Other Special Areas Programmes (₹ 163.27 crore), Capital Outlay on other Rural Development (₹ 162.26 crore), Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes, other Backward Classes and Minorities (₹ 148.47 crore), Capital Outlay on Water Supply and Sanitation ( ₹ 86.27 crore), Capital Outlay on Urban Development ( ₹ 62.84 crore) and Capital Outlay on Public Works ( ₹ 40.56 crore) offset by increase mainly in Capital Outlay on Police (₹ 84.25 crore), Capital Outlay on Flood Control Projects (₹ 68.58 crore), Capital Outlay on Roads and Bridges (₹ 62.95 crore) and Capital Outlay on Minor Irrigation (₹ 42.91 crore).

### 2.7.6.2 Quality of Capital Expenditure

This section presents an analysis of investments and other Capital Expenditure undertaken by the Government during the current year.

#### A. Capital locked in incomplete projects

As per Finance Accounts of the State for the year 2023-24, there were 63 incomplete projects which were due to be completed by 31 March 2024. Age profile of these incomplete projects based on the year of sanction or year of start of these projects as on 31 March 2024 is given in the table below:

Table 2.26: Age profile of incomplete projects as on 31 March 2024

(₹ in crore)

Year	No. of incomplete project	Estimated cost	Expenditure as on 31 March 2024
2018	5	12.32	4.87
2019	3	20.29	8.79
2020	8	204.98	134.12
2021	13	29.10	15.15
2022	7	79.01	36.97
2023	18	165.00	65.06
2024	9	11.30	2.66
<b>Total</b>	<b>63</b>	<b>521.99</b>	<b>267.62</b>

Source: Finance Accounts.

Table 2.27: Department-wise profile of incomplete projects as on 31 March 2024

(₹ in crore)

Sl. No.	Department	No. of incomplete project	Estimate cost/Initial budget cost	Expenditure up to 31 March 2024
1	Power	6	333.66	185.31
2	Public Works Department (PWD)	57	188.33	82.31
<b>Total</b>		<b>63</b>	<b>521.99</b>	<b>267.62</b>

Source: Finance Accounts.

It was further noticed that out of the 63 incomplete projects as on 31 March 2024, the oldest incomplete projects pertain to the year 2017-18.

As on 31 March 2024, there were 63 incomplete projects involving a total budgeted cost of ₹ 521.99 crore on which an expenditure of ₹ 267.62 crore had already been incurred. The 63 incomplete projects pertain to two Departments viz. Power and Public Works Department. Delay in completion of work invites the risk of escalation in cost of the works besides depriving the benefits of the project to the State.

Out of the 63 projects lying incomplete, the highest number of incomplete projects pertains to the Public Works Department (57 projects with an estimated cost/Initial budget cost of ₹ 188.33 crore and expenditure of ₹ 82.31 crore up to 31 March 2024).

Project cost in respect of ten incomplete projects under Public Works Department was revised from ₹ 1,906.30 crore to ₹ 935.18 crore, a decrease of ₹ 971.12 crore from the original estimated cost which was in contradiction to the escalation in cost of works.

Blocking of funds on incomplete projects/works beyond their scheduled date of completion adversely impinged on the quality of expenditure and deprived the State of the intended benefits for prolonged periods. Further, the funds borrowed for implementation of these projects during the respective years proved ineffectual with the State having to bear additional burden in terms of servicing of debt and interest liabilities.

During Exit Conference (April 2025), the Finance Department stated that the delay in completion of the projects was mainly due to delay in payments to the contractors due to poor financial condition of the State Government.

### ***B. Investment and Return in Companies/Corporations, etc.***

#### ***2.7.6.3 Quality of investments in Companies, Corporations and other Bodies***

Investments made and loans given to companies (e.g. DISCOMs), Corporations (e.g. SC & ST Financial Corporations), and Cooperatives (e.g. Sugar mills) which are loss making and those where net worth is completely eroded affect quality of capital expenditure. Return on Investment (RoI) in share capital invested in State Public Sector Undertakings (SPSUs) and history of repayment of loans given to various bodies are important determinants of quality of capital expenditure.

As on 31 March 2024, the State Government had invested ₹ 241.71 crore<sup>9</sup> in two Statutory Corporations, one Rural Bank, 18 SPSUs and 3,135 Co-operative Institutions and Local Bodies.

In 2023-24, an amount of ₹ 4.69 crore was invested in two Government Companies viz. Manipur Handloom and Handicrafts Development Corporation Limited (₹ 2.89 crore) and Manipur Food and Distribution Corporation Limited (₹ 0.20 crore) and one Co-operative institution viz. Manipur Rural Bank (₹ 1.60 crore). Return on investment during 2023-24 is shown in the following table:

**Table 2.28: Return on Investment**

<b>Investment/return/ cost of borrowings</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Investment at the end of the year (₹ in crore)	214.12	227.84	232.02	237.02	241.71
Return (₹ in crore)	0.00	0.00	0.00	21.62	0.00
Return ( <i>per cent</i> )	0.00	0.00	0.00	9.12	0.00
Average rate of interest of Outstanding Public Debt ( <i>per cent</i> )	7.84	8.86	5.84	6.60	6.59
Difference between interest rate and return ( <i>per cent</i> )	7.84	8.86	5.84	-2.52	6.59
<b>Difference between return on investment and interest on Government borrowings (₹ in crore)</b>	<b>-547.53</b>	<b>-720.52</b>	<b>-576.84</b>	<b>-744.70</b>	<b>-872.03</b>

Source: Finance Accounts.

During the five-year period of 2019-24, the State Government's investments had increased by ₹ 35.39<sup>10</sup> crore. In 2023-24, the State Government did not earn any return as dividend. The State Government paid an average interest rate ranging from 5.84 *per cent* (2021-22) to 8.86 *per cent* (2020-21) on its borrowings during the period 2019-20 to 2023-24.

The audit analysis of investments in Public Sector Undertakings (PSUs) and other bodies for 2023-24 highlights serious concerns regarding the sustainability and financial viability of these investments. The erosion of net worth, low returns on investment, and continued losses in state-owned enterprises indicate inefficient capital allocation and potential fiscal risks. The State Government's continued investment in loss-making PSUs with negative net worth represents a significant fiscal risk. The returns on these investments are far below borrowing costs, exacerbating financial inefficiencies.

#### **D. Loans and Advances by the State Government**

In addition to investments in Co-operative Societies, Corporations and Companies, Government has also been providing Loans and Advances to many Institutions/Organisations. The outstanding Loans and Advances as on 31 March 2024 and interest receipts *vis-à-vis* interest payments during 2019-24 is given in the following table:

<sup>9</sup> Investment/Share as featured in Statement 8 of Finance Accounts has been adopted.

<sup>10</sup> Investment at the beginning of the year 2019-20 was ₹ 206.32 crore.

**Table 2.29: Quantum of loans disbursed and recovered during 2019-24.**

(₹ in crore)

Quantum of loans disbursed and recovered	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Balance of loans outstanding	199.11	198.31	205.21	204.45	210.93
Amount advanced during the year	0.00	10.20	1.63	7.58	0.25
Amount recovered during the year	0.80	3.30	2.39	1.10	1.08
Closing Balance of the loans outstanding	198.31	205.21	204.45	210.93	210.10
<b>Net addition</b>	<b>-0.80</b>	<b>6.90</b>	<b>-0.76</b>	<b>6.48</b>	<b>-0.83</b>
Interest received	0.06	0.17	0.04	0.02	0.0007
Percentage of Interest earned on outstanding Loans and Advances given by the Government	0.03	0.08	0.02	0.01	0.0003
Rate of Interest paid on the outstanding borrowings of the Government	5.82	6.31	4.50	5.10	5.17
Difference between the rate of interest paid and interest received ( <i>per cent</i> )	5.79	6.22	4.48	5.09	5.17

Source: Finance Accounts.

The opening balance of outstanding Loans and Advances as on 01 April 2023 was ₹ 210.93 crore and with the repayment of ₹ 1.08 crore and disbursement of ₹ 0.25 crore during 2023-24, the closing balance stood at ₹ 210.10 crore. The rate of interest on Loans and Advances given by the Government decreased from 0.01 *per cent* in 2022-23 to 0.0003 *per cent* in 2023-24. Recovery of the outstanding Loans and Advances decreased from ₹ 1.10 crore in 2022-23 to ₹ 1.08 crore in 2023-24.

### 2.7.7 Expenditure Priorities

Enhancing human development levels requires the States to step up their expenditure on key social services like education, health *etc.* Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector if the allocation is below the respective national average. The higher the ratio of these components to Total Expenditure (TE), the better the quality of expenditure. Fiscal priority<sup>11</sup> given by the Manipur Government with regard to Health and Family Welfare, Education and Capital Expenditure is given in the following table:

**Table 2.30: Expenditure priority of the State with regard to Health, Education and Capital Expenditure**

(in per cent)

	TE/ GSDP	CE/TE	Education/ TE	Health & FW/TE
<b>NE and Himalayan States Average (2019-20)</b>	26.21	14.94	17.08	6.37
<b>Manipur State (2019-20)</b>	38.22	10.14	12.90	5.82
<b>NE and Himalayan States Average (2023-24)</b>	25.19	17.61	15.93	6.43
<b>Manipur (2023-24)</b>	36.83	16.59	14.64	5.66

Source: Finance Accounts and Economic Advisor wing.

TE -Total Expenditure; CE- Capital Expenditure.

\* Expenditure on Education includes expenditure on Sports, Art and Culture.

The audit analysis of fiscal priorities in Education, Health, and Capital Expenditure (CE) compared to the North-Eastern & Himalayan (NE&H) States' average for 2023-24 highlights inadequate social sector funding, improved capital expenditure allocation,

<sup>11</sup> Ratio of expenditure in that category to Total Expenditure (TE).

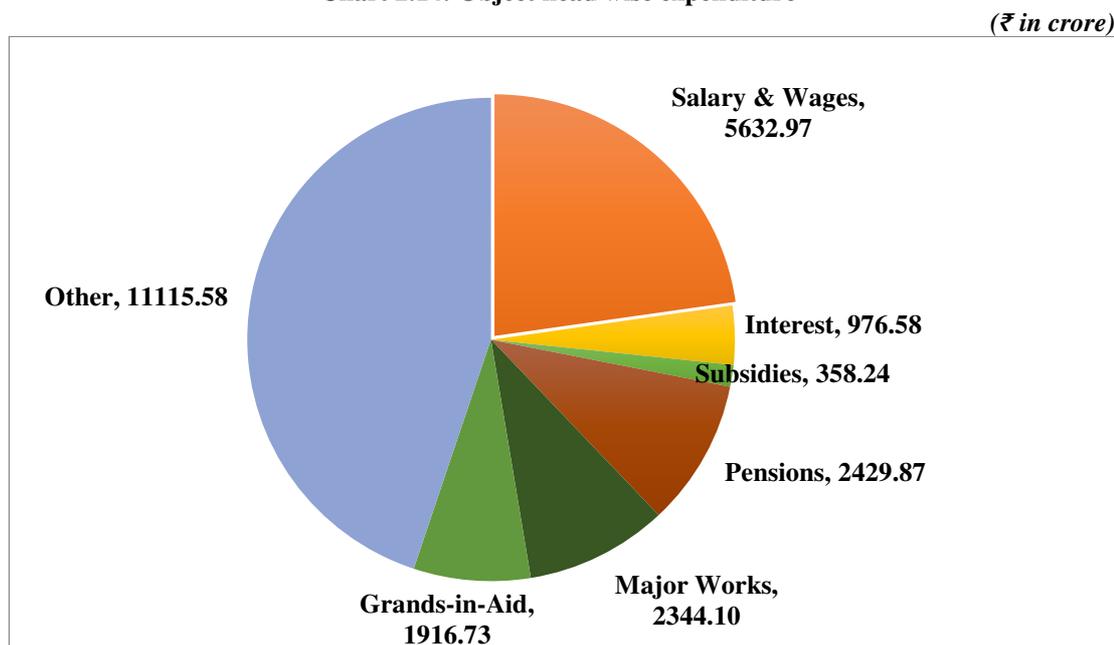
and the need for greater investment in human capital formation. However, in 2023-24, the ratio of TE to GSDP of the State stood at 36.83 *per cent*. This was comparatively higher than that of the average of the North-Eastern and Himalayan (NE&H) States (25.19 *per cent*).

### 2.7.8 Object Head wise Expenditure

Finance Accounts depict transactions only up to the Minor Head level. Object head wise expenditure gives information about the object/ purpose of the expenditure.

Some of the important object head wise expenditure as depicted in the Finance Accounts for the year 2023-24 is given in the following chart:

Chart 2.14: Object head wise expenditure



Source: Finance Accounts.

## 2.8 Contingency Fund

There is no Contingency Fund of the Government of Manipur.

## 2.9 Public Account

Receipts and Disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances, *etc.* which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature. The balance after disbursements during the year is the fund available with the Government for various purposes.

### 2.9.1 Net Public Account Balances

The component-wise net balances in Public Account of the State as on 31 March 2024 are given in the following table and the yearly changes in composition of balances in Public Account over the five-year period 2019-24 are given in **Chart 2.15**:

Table 2.31 Component wise net Public Account Receipts during 2019-24

(₹ in crore)

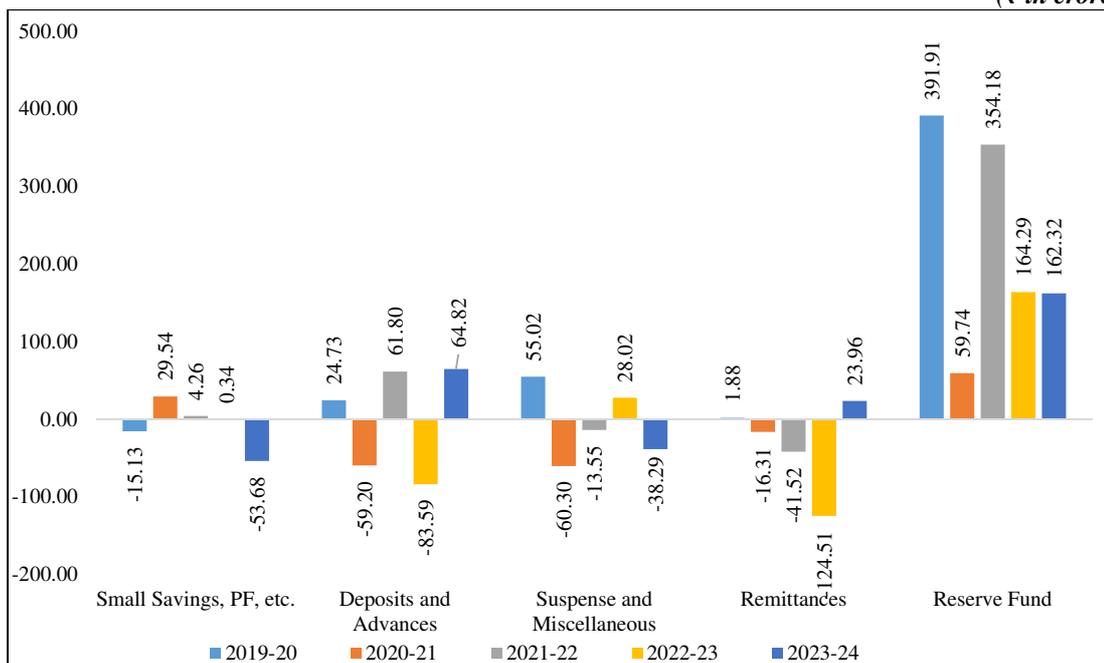
Sector	Sub Sector	2019-20	2020-21	2021-22	2022-23	2023-24
I. Small Savings, provident Funds, etc.	Small Savings, provident Funds, etc.	-15.13	29.54	4.27	0.35	-53.68
J. Reserve Funds	(a) Reserve Funds bearing Interest	318.43	20.14	-14.73	-33.61	-22.22
	(b) Reserve Funds not bearing Interest	73.48	39.59	368.91	197.90	184.54
K. Deposits and Advances	(a) Deposits bearing Interest	70.58	-103.12	79.26	9.18	40.00
	(b) Deposits not bearing Interest	-45.85	43.93	-17.45	-92.77	24.82
	(c) Advances	0.00	0.00	0.00	0.00	0.00
L. Suspense and Miscellaneous	(a) Suspense	0.16	-11.08	-13.19	19.99	-43.74
	(b) Other Accounts	54.86	-49.22	-0.36	8.03	5.45
	(c) Accounts with Governments of Foreign Countries	0.00	0.00	0.00	0.00	0.00
	(d) Miscellaneous	0.00	0.00	0.00	0.00	0.00
M. Remittances	(a) Money Orders, and other Remittances	1.88	-16.30	-41.52	-124.50	23.97
	(b) Inter-Government Adjustment Account	0.00	0.00	0.00	0.00	0.00
<b>Total</b>		<b>458.41</b>	<b>-46.52</b>	<b>365.19</b>	<b>-15.43</b>	<b>159.14</b>

Source: Finance Accounts.

Net Public Account Receipts increased by ₹ 174.57 crore over the previous year. The increase was mainly due to increase in Remittances (₹ 148.47 crore) and Deposits and Advances (₹ 148.41 crore), partly offset by decrease in Suspense and Miscellaneous (₹ 66.31 crore) and Small Savings Provident Funds (₹ 54.03 crore).

Chart 2.15: Yearly changes in composition of Public Account balances

(₹ in crore)



Source: Finance Accounts.

## 2.9.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Account of the State Government. These funds are met from contributions or grants from the Consolidated Fund of the State.

The State has four active Reserve Funds namely, State Disaster Response Fund, Consolidated Sinking Fund, State Compensatory Afforestation Fund and Guarantee Redemption Fund and one inoperative Reserve Fund *i.e.* Depreciation/Renewal Reserve Fund. The total accumulated balance at the end of 31 March 2024 in the four active Reserve Funds was ₹ 1,951.31 crore out of which ₹ 294.77 crore was under Reserve Funds bearing interest and ₹ 1,656.54 crore under Reserve Funds not bearing interest. The fund balances lying in these Reserve Funds as on 31 March 2024 are given in the following table:

Table 2.32 Details of Reserve Funds

(₹ in crore)

Sl. No.	Name of Reserve Fund	Balance as on 31 March 2024
<b>A</b>	<b>Reserve Funds bearing Interest</b>	
1	State Disaster Response Fund	60.17
3	National Compensatory Afforestation Fund (NCAF)	1.22
4	State Compensatory Afforestation Fund (SCAF)	230.39
5	State Disaster Mitigation Fund	3.00
<b>B</b>	<b>Reserve Funds not bearing Interest</b>	
1	Sinking Funds	1,369.32
3	Depreciation Reserve Funds of Government Commercial Departments/Undertakings	0.24
4	Guarantee Redemption Fund Investment Account	286.97
	<b>Grand Total</b>	<b>1,951.31</b>

Source: Finance Accounts.

### 2.9.2.1 Consolidated Sinking Fund

The State created a Consolidated Sinking Fund in 2008-09 for amortisation of market borrowings, other loans and debt obligation liabilities, as recommended by the XII Finance Commission. As per the Fund Guidelines, the State Government may contribute a minimum of 0.50 *per cent* of its outstanding liabilities (*i.e.* Internal Debt *plus* Public Account) at the end of the previous year with the condition that the Government shall not fund its contribution to the Fund out of the borrowings from the Reserve Bank.

Accordingly, the contribution due from the State in 2023-24 was ₹ 85.73 crore which was 0.50 *per cent* of the outstanding liabilities of ₹ 17,145.96 crore as on 31 March 2023. However, against this, the State Government did not make any contribution to the fund during 2023-24.

Further, in 2023-24, an interest of ₹ 148.10 crore was earned from the investment of balance of the Reserve Fund. Accordingly, the corpus of the Fund (including accumulated interest) amounting to ₹ 1,369.32 crore as on 31 March 2024 was invested by the RBI in Government of India Securities.

### 2.9.2.2 State Disaster Response Fund

Government of India (GoI) replaced the erstwhile Calamity Relief Fund with the State Disaster Response Fund (SDRF) with effect from 01 April 2010. The State

Governments are required to pay interest to the SDRF at the rate applicable to overdrafts under overdraft Regulation Guidelines of the RBI. The interest is to be credited on a half yearly basis.

In accordance with the Government of India's OM (28 September 2010), the State has commenced operation of the SDRF in 2010-11<sup>12</sup>. The flow of the Fund, during the last five-year period, is given below.

Table 2.33: Flow of State Disaster Response Fund during the year 2019-24

(₹ in crore)

Year	Opening balance (01 April)	Contribution by Centre	State's Share	Additional assistance from NDRF	Accrued interest (on investment of Fund)	Total availability during the year	Amount spent (MH 2245-05)	Closing balance	Investment during the year
1	2	3	4	5	6	7=(2+3+4)	8	9=7-8	10
2019-20	26.74	47.70	2.00	35.59	0.00	76.44	10.67	65.77	0.00
2020-21	65.77	41.70	0.00	0.00	0.00	107.47	5.30	102.17	0.00
2021-22	102.17	0.00	0.00	0.00	0.00	102.17	28.58	73.59	0.00
2022-23	73.59	0.00	0.00	0.00	0.00	73.59	10.98	62.62	0.00
2023-24	62.62	0.00	2.00	0.00	0.00	64.62	4.46	60.16	0.00

Source: Finance Accounts.

During the year 2023-24, the State received ₹ 18.80 crore from the Central Government under the Major Head 1601-07-104. However, the State Government did not transfer Central Share of ₹ 18.80 crore to the Fund. As against the mandated State share of ₹ 2.09 crore, the State Government did not transfer any amount to the fund during the current year which was in violation of the SDRF guidelines. However, during the year the State Government transferred ₹ 2.00 crore (Central share ₹Nil crore, State share ₹2.00 crore) to the Fund under Major Head 8121-122 SDRF pertaining to the financial year 2021-22. The State Government incurred an expenditure of ₹ 4.46 crore on account of Natural Calamities<sup>13</sup>.

Further, opening balance of the Fund as on 01 April 2023 was ₹ 62.62 crore of which no amount was invested. The State Government was liable to provide interest of ₹ 5.32 crore at the rate of Ways and Means Advance (8.50 per cent) on the un-invested funds in terms with the SDRF guidelines, which was not done. Thus, non-transfer of Central Share of ₹ 18.80 crore, State matching share of ₹ 2.09 crore and non-payment of interest of ₹ 5.32 crore to the Fund by the State Government lead to overstatement of Revenue Surplus and understatement of Fiscal Deficit to that extent.

### 2.9.2.3 Guarantee Redemption Fund

The State Government constituted 'Guarantee Redemption Fund' for meeting the payment obligations arising out of the guarantees issued by the Government in respect of bonds issued and other borrowings by the State Public Sector Undertakings or other

<sup>12</sup> Under Major Head - '8121-General and Other Reserve Funds, 122-State Disaster Response Fund'.

<sup>13</sup> Major Head - '2245 (Relief on account of Natural Calamities) - 02 (Floods, Cyclones, etc.) - 101 (Gratuitous Relief)'.

Bodies and invoked by the beneficiaries. The accumulations in the Fund are to be utilised only towards payment of the guarantees issued by the Government and not paid by the institutions on whose behalf guarantee was issued.

Consequent to the enactment of Manipur Ceiling on Government Guarantees Act, 2004, the State created a Guarantee Redemption Fund in 2008-09 with an initial corpus of ₹ one crore. The latest amendment to the Fund notification <sup>14</sup> issued by the State Government, effective from the year 2013-14, stipulates that the State Government shall initially contribute a minimum of one *per cent* of the outstanding guarantees at the end of the previous year and thereafter a minimum of 0.50 *per cent* every year to achieve a minimum level of 3 *per cent* in the next five years. The fund shall be gradually increased to a desirable level of 5 *per cent*. If guarantees have been invoked or likely to be invoked, additional Funds (over and above 5 *per cent*) shall be maintained.

For the year, the opening balance of the Fund was ₹ 250.53 crore. An interest of ₹ 36.45 crore earned on investment in 2023-24 was credited to the Fund. Accordingly, the corpus of the Fund (including accumulated interest) as on 31 March 2024 was ₹ 286.98 crore and the amount was invested by the RBI in Government of India Securities.

During the year, the State Government did not contribute the mandated amount of ₹ 5.89 crore<sup>15</sup> to the Fund. However, the State could achieve the minimum level of 5 *per cent* of the outstanding guarantees<sup>16</sup> at the end of the previous year. No guarantee was invoked during the year 2023-24.

#### **2.9.2.4 State Compensatory Afforestation Fund**

In compliance to the instructions issued (28 April 2009) by the Ministry of Environment and Forests, Government of India and guidelines of State Compensatory Afforestation Fund Management and Planning Authority (State CAMPA), the State Governments are required to establish the State CAMPA in the State, which will administer the funds received and utilise the monies collected for undertaking compensatory afforestation, assisted natural regeneration, conservation and protection of forests, infrastructure development, wildlife conservation and protection and other related activities and for matters connected therewith or incidental thereto. The Authority will set up the State Compensatory Afforestation Fund for this purpose under Public Account of the State.

Under this, the monies received by the State Governments from the User Agencies need to be credited in 'State Compensatory Afforestation Deposits' under interest bearing section in Public Account under MH 8336-Civil Deposits. As per Section 3 (4) of the Compensatory Afforestation Fund Act, 2016, 90 *per cent* of the Fund was to be transferred to the MH 8121-General and Other Reserve Funds, 129- State Compensatory Afforestation Fund in Public Account and the remaining 10 *per cent* was to be credited into the National Fund on yearly basis.

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<sup>14</sup> Notification No. 6/7/2006\_FC (II) dated 18 December 2013

<sup>15</sup> 0.5 *per cent* of outstanding guarantees as on 31.03.2023 (₹ 1,177.16 crore) = ₹ 5.89 crore.

<sup>16</sup> 5 *per cent* of outstanding guarantees as on 31.03.2023 (₹ 1,177.16 crore) = ₹ 58.86 crore.

The applicable rate of interest on balances available under ‘State Compensatory Afforestation Deposits’ under MH 8336-Civil Deposits and ‘State Compensatory Afforestation Fund’ under MH 8121-General and other Reserve Funds was to be declared by the Central Government on year to year basis. As it is an interest-bearing reserve fund, the State Government was liable to provide for interest if the balances available in the fund was not invested.

In the year 2023-24, the State Government disbursed an amount of ₹ 20.26 crore under MH-8121- General and other Reserve Funds and was utilised in developmental works of State Compensatory Afforestation. The Government did not receive any amount from the user agencies and the National Compensatory Afforestation Deposit. The fund balance under Major Head 8121-129 as on 01 April 2023 was ₹ 250.65 crore. The State Government was liable to pay ₹ 8.40 crore as interest (@ 3.35 per cent<sup>17</sup>) to the fund as the balance amount was not invested by the State Government. However, the State Government did not provide the interest during the year. The total balance in the State Compensatory Afforestation Fund as on 31 March 2024 was ₹ 230.39 crore. Non-payment of interest liability of ₹ 8.40 crore by the State Government leads to overstatement of Revenue Surplus and understatement of Fiscal Deficit to that extent.

## **2.10 Central Road and Infrastructure Fund (CRIF)**

The erstwhile Central Road Fund (CRF) has been renamed as the Central Road and Infrastructure Fund (CRIF) vide GoI’s Gazette notification dated 31 March 2018. The CRIF will be used for development and maintenance of National Highways, Railway projects, improvement of safety in Railways, State and Rural roads and other infrastructure, *etc.*

In terms of the extant accounting procedure, the grants received by the State from the Centre are to be initially booked as Revenue Receipts under Major Head 1601. Thereafter, the amount so received is to be transferred by the State Government to the Public Account under Major Head 8449-103-Subventions from Central Road and Infrastructure Fund through functional Major Head(s).

In the year 2023-24, the State Government received grants of ₹146.98 crore towards CRIF. The State Government did not transfer ₹146.98 crore to the Fund in the Public Account as on 31 March 2024. Non-transfer of ₹146.98 crore understated the Revenue Expenditure and overstated the Revenue Surplus.

During the Exit Conference (April 2025), the Finance Department stated that instructions on the requirement to transfer funds received under the Central Road and Infrastructure Fund (CRIF) to the Public Account under Major Head-8449-103 before utilisation were not received from the Ministry of Road Transport and Highways. However, the State Government will get in touch with the Public Works Department of the State and also GoI to get a clarity on the matter.

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<sup>17</sup> As per circular issued by Ministry of Environment, Forest & Climate Change.

## 2.11 Building and Other Construction Workers' Welfare Cess

The GoI had levied a cess under Building and Other Construction Workers' Welfare Cess Act, 1996 at the rate of one *per cent* of the cost of construction incurred by an employer or any executing agency as the case may be. Rule 5 of the Cess Rules, 1998 provides that the proceeds of the cess collected shall be transferred by such Government office/Establishment, as the case may be, to the Building and Other Construction Workers' Welfare Board (the Board) within 30 days of its collection. Further, the State Government instructed (November 2017) all the departments of the State to deduct at source and transfer the component of one *per cent* Labour Cess collected from the construction works by challan in the bank account of the Board.

In the year 2023-24, an amount of ₹ 0.55 crore (2022-23: ₹ 0.82 crore) as Labour Cess was collected by the Departments of Government of Manipur and accounted under Major Head 0045-112 and no amount was transferred to the Building and Other Construction Workers Welfare Board as required under Rule 5 of Cess Rules, 1998. The total untransferred amount as on 31 March 2024 which is lying with the State Government stands at ₹ 39.94 crore.

The details of amount collected and actual expenditures incurred during the period from 2019-20 to 2023-24 are shown in the following table:

**Table 2.34: Position of cess collection and expenditure of the Board during 2019-20 to 2023-24**

(₹ in crore)

Year	Opening balance (as per Bank Statement)	Cess collection during the year	Misc. collection during the year*	Interest credit during the year	Available fund	Expenditure			Closing Balance (as per Bank Statement)
						Administrative Expenses (as percentage of TE)	Others	Total Expenditure (TE)	
1	2	3	4	5	6	7	8	9	10
2019-20	39.14	29.23	0.39	0.83	69.59	1.50 (2.93)	49.76	51.26	18.33
2020-21	18.33	74.74	0.59	0.67	94.33	1.08 (5.21)	19.64	20.72	73.61
2021-22	73.61	50.06	-0.31#	2.34	125.7	1.14 (1.67)	67.3	68.44	57.26
2022-23	57.26	65.97	0.36	2.45	125.68	1.26 (1.78)	69.41	70.67	55.01
2023-24	55.01	76.03	0	2.12	133.16	2.23 (2.38)	91.5	93.73	39.43

Source: Information furnished by Manipur Building and Other Construction Workers' Welfare Board.

\* Registration & Renewal Fees and Refund of Cess.

# Refund of Cess exceeded total amount of Registration and Renewal fees.

As per Section 24 (3) of the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996, the administrative expenses of the Board in any financial year shall not exceed five *per cent* of its total expenses during that financial year. However, out of last five years, in one year i.e., 2020-21, the administrative expenses of the Board exceeded the prescribed limit by 0.21 *per cent*.

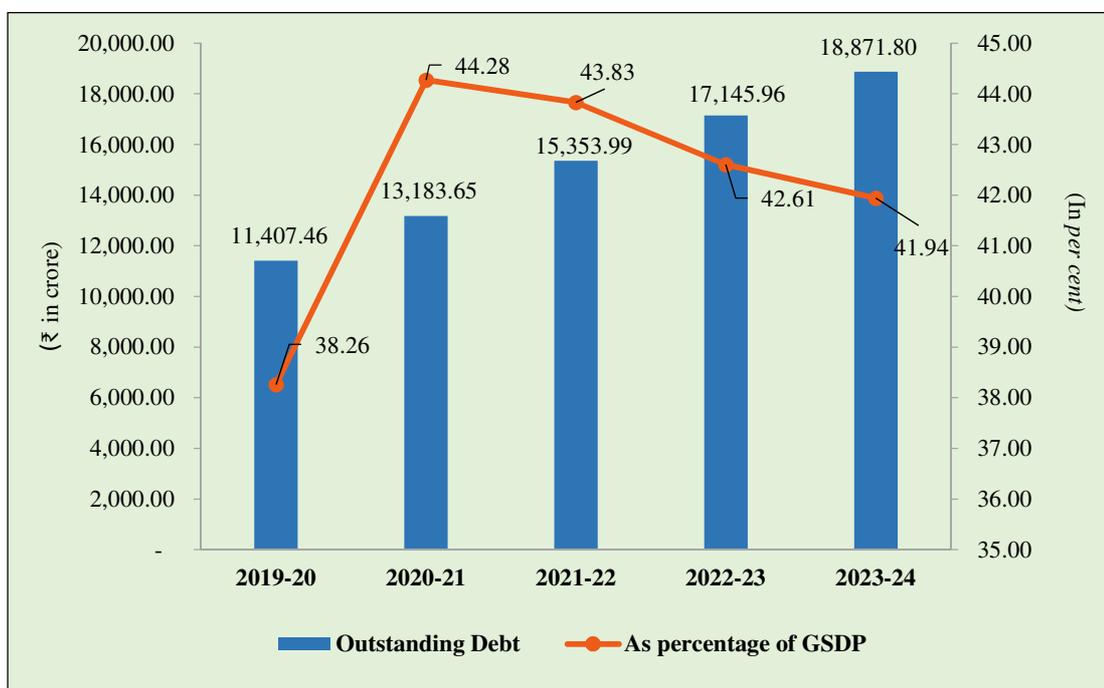
Further, as per sections 26 and 27 of the Act *ibid*, the Board has to prepare its annual report, giving a full account of its activities during the previous financial year and also prepare an annual statement of accounts and submit them to the State Government. The accounts of the Board shall be audited by the Comptroller and Auditor General of India annually and any expenditure incurred in connection with such audit shall be payable

by the Board to the Comptroller and Auditor General of India. Further, the Board has to furnish to the State Government its audited copy of accounts together with the auditor’s report which shall be laid before the State Legislature. The Board, however, has not prepared the annual report and annual accounts till the year 2023-24.

## 2.12 Public Liability Management

Public liability management is the process of establishing and executing a strategy for managing the Government’s liability in order to raise the required amount of funding, achieve its risk and cost objectives and to meet any other sovereign debt management goals that the Government may have set through enactment or any other annual budget announcements. Outstanding liability of the State along with its percentage of GSDP for the year 2019-20 to 2023-24 is given in the following table:

Chart 2.16: Outstanding Public Liability and its percentage to GSDP



Source: Finance Accounts.

### 2.12.1 Liability profile: Components

Total liabilities of the State Government constitute Internal debt of the State (market loans, Ways and Means Advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, etc.), and loans and advances from the Central Government and Public Account Liabilities. Some of the important terms are explained in *Appendix 2.2*.

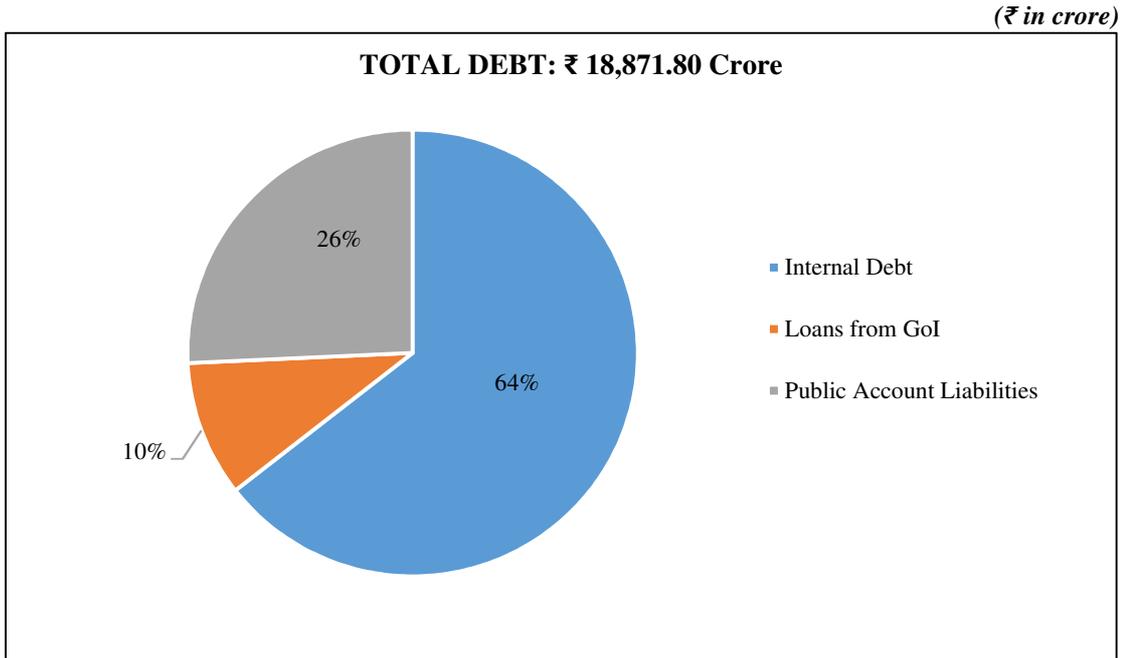
Table 2.35: Component-wise liability trends

(₹ in crore)					
Components of fiscal liability	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Outstanding Total Liability</b>	<b>11,407.46</b>	<b>13,183.65</b>	<b>15,353.99</b>	<b>17,145.96</b>	<b>18,871.80</b>
<b>Public Debt</b>	<b>7,255.64</b>	<b>9,001.74</b>	<b>10,751.82</b>	<b>12,462.74</b>	<b>14,015.11</b>
<i>Internal Debt</i>	7,004.00	8,430.65	9,967.15	11,149.50	12,160.32
<i>Loans from GoI</i>	251.64	571.09	784.67	1,313.24	1,854.79
<b>Public Account Liabilities</b>	<b>4,151.82</b>	<b>4,181.91</b>	<b>4,602.17</b>	<b>4,683.22</b>	<b>4,856.69</b>
<i>Small Savings, Provident Funds, etc.</i>	1,479.29	1,508.83	1,513.10	1,513.45	1,459.77
<i>Reserve Funds bearing Interest</i>	345.17	365.32	350.59	316.98	294.77
<i>Reserve Funds not bearing Interest</i>	865.59	905.19	1,274.10	1,472.00	1,656.54
<i>Deposits bearing Interest</i>	208.98	105.86	185.12	194.30	234.30
<i>Deposits not bearing Interest</i>	1,252.79	1,296.71	1,279.26	1,186.49	1,211.31
<b>Rate of growth of outstanding total liability (per cent)</b>	9.02	15.57	16.46	11.67	10.07
<b>Gross State Domestic Product (GSDP)</b>	29,813.00	29,776.00	35,027.00	40,243.00 (Q)	44,995.00 (A)
<b>Liability/GSDP (per cent)</b>	38.26	44.28	43.83	42.61	41.94
<b>Borrowings and other liabilities as per statement 6 of Finance Accounts</b>					
<b>Total Public Debt Receipts</b>	6,313.67	9,334.05	12,652.37	11,115.65	9,755.85
<b>Total Public Debt Repayments</b>	5,771.64	7,587.95	10,902.29	9,404.72	8,203.48
<b>Net funds Available</b>	542.03	1,746.10	1,750.08	1,710.93	1,552.37
<b>Repayments/ Receipts (per cent)</b>	91.41	81.29	86.17	84.61	84.09

Source: Finance Accounts & Directorate of Economics and Statistics, Manipur. Q-Quick Estimates; A-Advanced Estimates.

As can be seen from the above table, over the last five years from 2019-20 to 2023-24, Total Outstanding Liabilities increased by ₹ 7,464.34 crore in 2023-24 as compared to 2019-20. Public Debt (excluding off-budget borrowings of ₹ 153.07 crore) constituted majority share of the outstanding debt and showed an increasing trend from ₹ 7,255.64 crore in 2019-20 to ₹ 14,015.11 crore in 2023-24 i.e. increase of 93.16 per cent over 2019-20. Internal Debt of the State Government in the year increased by 73.62 per cent as compared to 2019-20. Loans and Advances from GoI also increased by 637.08 per cent in 2023-24 as compared to 2019-20. Funds received under the Scheme for Special Assistance to States for Capital Investment (previously, Scheme for Special Assistance to States for Capital Expenditure) constitute 10.98 per cent of Public Debt and 8.16 per cent of overall liabilities. The Public Account liabilities of the State also increased by 16.98 per cent in the year as compared to 2019-20. The total outstanding overall debt of the State Government at the end of 2023-24 was ₹ 18,871.80 crore. In 2023-24, Internal Debt and Public Account liabilities constituted 64.44 per cent and 25.74 per cent of the total liabilities respectively, as shown in **Chart 2.17**:

Chart 2.17: Break up of Outstanding Liabilities at the end of 31 March 2024



Source: Finance Accounts.

### 2.12.2 Fiscal Deficit Financing

The financing pattern of the Fiscal Deficit has undergone a compositional shift during 2019-24. Details of receipt and disbursement of the components used for financing the Fiscal Deficit for the year 2023-24 are given in the following table

Table 2.36: Components of fiscal deficit and its financing pattern

(₹ in crore)

Particulars		2019-20	2020-21	2021-22	2022-23	2023-24
Composition of Fiscal Deficit		-708.91	-1891.90	-1,803.18	-1,756.55	-1,863.34
1	Revenue Deficit/Surplus	445.53	554.18	1,448.85	1,734.17	884.42
2	Net Capital Expenditure	-1,155.24	-2,439.18	-3,252.79	-3,484.24	-2,748.59
3	Net Loans and Advances	0.80	-6.90	0.76	-6.48	0.83
<b>Financing Pattern of Fiscal Deficit/Surplus</b>						
1	Market Borrowings	1,255.43	1,154.03	1,218.82	1,147.00	1,076.00
2	Loans from GoI	-36.13	319.44	213.58	528.58	541.55
3	Special Securities issued to NSSF	-54.15	-54.15	-54.16	-54.15	-54.02
4	Loans from Financial Institutions & Other loans	-4.95	112.53	111.17	110.76	72.96
5	Ways and Means Advances (Net)	-618.16	214.24	260.67	-21.26	-84.12
6	Small Savings, PF, etc.	-15.13	29.54	4.27	0.35	-53.68
7	Deposits and Advances	24.73	-59.20	61.81	-83.59	64.82
8	Suspense and Miscellaneous	0.16	11.08	-13.19	19.99	-43.74
9	Remittances	1.88	-16.31	-41.52	-124.50	23.97
10	Reserve Fund	391.91	59.74	354.18	164.29	162.32
<b>11</b>	<b>Overall Deficit</b>	<b>945.59</b>	<b>1,770.94</b>	<b>2,115.63</b>	<b>1,687.47</b>	<b>1,706.05</b>
12	Increase (-)/Decrease (+) in cash balance	(-)236.68	120.96	-312.45	69.08	157.29
<b>13</b>	<b>Gross Fiscal Deficit</b>	<b>708.91</b>	<b>1,891.90</b>	<b>1,803.18</b>	<b>1,756.55</b>	<b>1,863.34</b>

Source: Finance Accounts.

The Fiscal Deficit of ₹ 1,863.34 crore in 2023-24 was mainly due to excess of expenditure in Capital account partially reduced by the Revenue Surplus. The deficit was primarily financed by Market Borrowings (₹ 1,076.00 crore), Loans and Advances from the Government of India (₹ 541.55 crore), Reserve Fund (₹ 162.32 crore) and Loans from Financial Institutions and Other Loans (₹ 72.96 crore) and partially offset by the outflow of Ways and Means Advances (₹ 84.12 crore), Special Securities issued to NSSF (₹ 54.02 crore) and Small Savings, Provident Funds, etc. (₹ 53.68 crore).

The decrease in net capital expenditure during the year indicated that borrowed funds were being utilised more for productive uses than in the previous year. The solution to the prudential management of Government debt lies in the productive application of borrowed funds to provide returns directly or result in increased productivity of the economy. This would also result in increased government revenues in future, thereby, making debt payments easier.

### 2.12.3 Debt Profile: Maturity and Repayment

Debt maturity and repayment profile indicate commitment on the part of the Government for debt repayment or debt servicing. The details of the outstanding debt of the State and maturity profile of debt (excluding off-budget borrowings of ₹ 153.07 crore) of the State are shown in the following table and chart:

**Table 2.37: Debt Maturity profile of repayment of State debt**

	Period of repayment (Years)	Internal Debt	Loans and Advances	Principal Amount (3+4)	Interest Amount	Public Debt (including interest)	Percentage (w.r.t. (Public Debt))
1	2	3	4	5	6	7	8
By 2024-25	0 – 1	562.13	37.68	599.81	1,605.76	2,205.57	11.84
Between 2025-26 & 2026-27	2 – 3	1,386.99	9.08	1,396.07	1,459.27	2,855.34	15.32
Between 2027-28 & 2028-29	4 – 5	1,640.13	1.95	1,642.08	1,285.06	2,927.14	15.71
Between 2029-30 & 2030-31	6 – 7	3,388.10	0.00	3,388.10	915.15	4,303.25	23.08
Between 2031-32 & 2033-34	8 – 10	2,360.16	0.00	2,360.16	626.47	2,986.63	16.03
2033-34 onwards	Above 10 years	2,297.95	265.10	2,563.05	268.93	2,831.98	15.20
Amount for which year of Maturity is not known		524.86	1.06	525.92	0.00	525.92	2.82
<b>Total</b>		<b>12,160.32</b>	<b>314.87</b>	<b>12,475.19</b>	<b>6,160.64</b>	<b>18,635.83</b>	<b>100.00</b>

Source: Finance Accounts.

Table 2.37 indicates that the State Government has to repay 27.16 per cent (₹ 5,060.91 crore) of its public debt (including approximate interest) within the next three years, 15.71 per cent (₹ 2,927.14 crore) between 4-5 years, 23.08 per cent (₹ 4,303.25 crore) between 6-7 years and 16.03 per cent (₹ 2,986.63 crore) between 8-10 years. It signifies that the State has to repay 81.98 per cent of its debt (₹ 15,277.93 crore) in the next ten years. The year-wise details of maturity profile of debt at the end of 31 March 2024 are given in **Appendix 2.3**.

Chart 2.18: Repayment schedule of Public Debt



Source: Finance Accounts.

As can be seen from Chart 2.18, based on the outstanding Public Debtstock as on 31 March 2024, repayment of Public Debt and Interest would increase from ₹ 2,205.57 crore between 0 – 1 year to ₹ 2,831.98 crore above 10 years.

## 2.13 Debt Sustainability Analysis

Debt sustainability analysis has been carried out on the basis of fiscal and debt parameters; Domar approach and compliance of macro-fiscal parameters to the respective FRBM targets. The results of the analysis are given in the following paragraphs:

(A) Debt sustainability refers to the ability of the State to service its debt obligation now and in future. Analysis of variations in debt sustainability indicators is given in the following table and chart:

Table 2.38: Trends in debt Sustainability indicators

(₹ in crore)

Sl. No.	Debt Sustainability Indicators	2019-20	2020-21	2021-22	2022-23	2023-24
1	Overall Liabilities	11407.46	13183.65	15353.99	17145.96	18871.80
2	Rate of Growth of Overall Debt ( <i>per cent</i> )	9.02	15.57	16.46	11.67	10.07
3	GSDP (in nominal terms)	29813	29776	35027	40243	44995
4	Nominal GSDP growth ( <i>per cent</i> )	8.85	-0.12	17.63	14.89	11.81
5	Overall Debt/GSDP ( <i>per cent</i> )	38.26	44.28	43.83	42.61	41.94
6	Maturity profile of all kinds of borrowings (including liabilities under Public Accounts, if any)					
6a	0-2 years	696.72	779.54	868.26	1083.07	1280.79
6b	2-5 years	1398	1666.29	1863.19	1988.59	2357.17
6c	5-10 years	4562.95	5432.25	6277.66	6802.31	5748.26
6d	Over 10 years	30.66	79.92	115.49	6802.31	2563.05
7	Repayment to Gross Borrowings ( <i>per cent</i> )	87.30	82.70	84.28	85.20	83.98
8	Net borrowings available as a percentage of Gross Borrowings	12.70	17.30	15.72	14.80	16.02
9	Interest payments on Overall Debt	663.54	831.60	690.80	874.19	976.58
10	Effective rate of interest on Overall Debt ( <i>per cent</i> )	7.51	8.34	6.02	6.79	6.99
11	Interest payment to Revenue Receipts ( <i>per cent</i> )	6.21	6.41	4.90	5.50	6.64
12	Revenue Deficit/Surplus	445.53	554.18	1448.85	1734.17	884.42
13	Primary Revenue Balance (PRB)	1109	1386	2140	2608	1861.00

Sl. No.	Debt Sustainability Indicators	2019-20	2020-21	2021-22	2022-23	2023-24
14	Primary Balance (PB)	-45	-1060	-1112	-882	-886.76
15	PB/GSDP ( <i>per cent</i> )	-0.15	-3.56	-3.18	-2.19	-1.97
16	Difference between RoI and effective rate of interest on Overall Debt	#	-6.67	-3.57	-6.52	-6.71
17	Liquidity Management (use of financial accommodation instruments available with RBI) (in number of occasions)	4486.88 (85)	7482.66 (113)	10741.47 (61)	8918.31 (69)	7591.54 (71)
18	Debt Stabilisation (Quantum spread + Primary balance)	79.14	-1962.44	312.33	210.94	-189.41
<b>19</b>	<b>Domar Criteria</b>					
a	GSDP (in constant terms)	19187	18073	19981	22256	23661
b	Real Growth (in constant terms)	5.07	-5.81	10.56	11.39	6.31
c	Inflation based on CPI ( <i>per cent</i> )	6.95	5.92	1.41	1.42	9.95
d	Effective Rate of interest	7.51	8.34	6.02	6.79	6.99
e	Real effective rate of interest (Effective rate of interest-Inflation)	0.56	2.42	4.61	5.37	-2.96
f	Growth Interest Differential (Real growth - Real effective rate of interest)	4.50	-8.22	5.94	6.02	9.28

Source: Finance Accounts of respective years

# RoI could not be calculated as Disbursement of Loans and Advances during the year was Nil.

PRB: Revenue Receipts - Revenue Expenditure (net of interest payments), where (-) PB implies Primary Deficit and vice-versa.

PB: Total Receipts (net of borrowings) - Total Expenditure (net of interest payments), where (-) PB implies Primary Deficit and vice-versa.

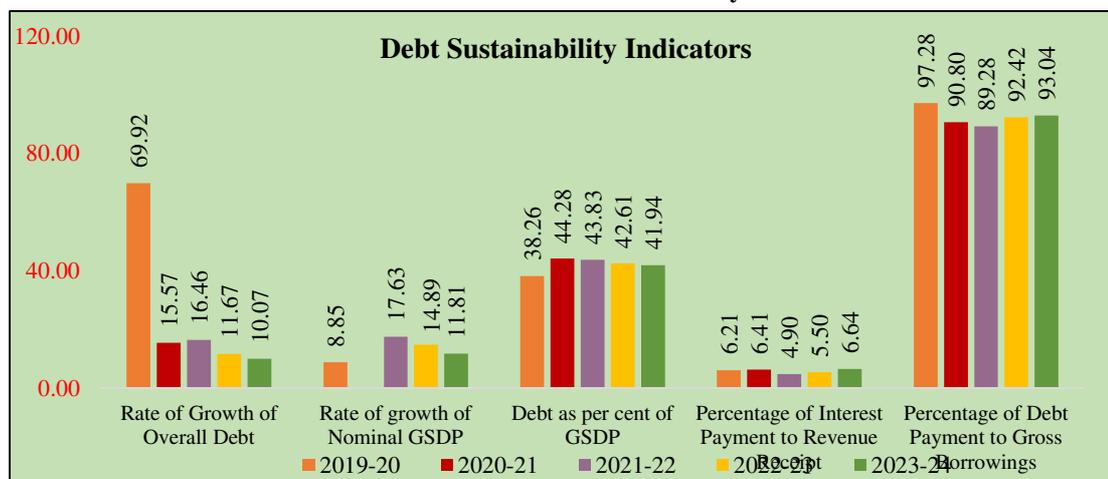
Effective Rate of Interest: Interest Payments/Average Outstanding Debt of Previous and Current Financial Year.

Quantum Spread: Interest Spread\*Debt

RoI: Return on Investment (Effective rate of interest calculated for interest receipts on account of Net Lending)

Liquidity Management: Amount availed against SDF, WMA & OD

Chart 2.19: Trends of Debt Sustainability indicators



Source: Finance Accounts.

Based on the data against each debt sustainability indicators given in **Table 2.40** above, the debt sustainability of the State can be analyzed over the fiscal years 2019-2024 as follows:

#### (i) Debt to GSDP Ratio

A low value of debt to GSDP ratio indicates that the State's economy is vibrant to pay the debt without incurring further debt. A high Debt to GSDP ratio signifies that the State's burden is substantial compared to its economic output and indicates financial vulnerability and reduced fiscal flexibility. This implies that debt-GSDP ratio of the State to follow consistent improvement or remain stable.

During last five years period, the Debt-to-GSDP ratio of the State increased from 2019-20 to 2020-21 and thereafter showed a continued decreasing trend till 2023-24. In the year, however, it decreased marginally by 0.67 percentage points against that of the previous year.

A lower ratio would provide the State with greater fiscal flexibility, allowing it to potentially handle economic shocks better without compromising on development or social spending.

#### **(ii) GSDP/Debt Growth Comparisons**

When rate of nominal growth is more than the rate of growth of debt and rate of real growth is more than real rate of interest, GSDP growth is feasible for debt servicing; when these inequalities are reversed, the debt is on the sustainable path or say GSDP growth should be robust enough to cover debt growth so as to service the debt without using fresh borrowings

During 2019-20 to 2023-24, the State generally satisfied the sustainability conditions, with nominal growth rates above the growth rate of debt in most years except during the years 2019-20 and 2020-21 (growth rate was negative during this year due to COVID pandemic).

#### **(iii) Primary Balances**

A positive primary revenue balance and primary balance indicates that there has been adequate surplus under revenue account to discharge interest obligation or should decline, if in negative territory for sustainable debt path.

During 2019-20 to 2023-24, the State experienced negative primary balances (PB). However, during the period, Primary Revenue balance (PRB) remained positive, suggesting that the State's revenue base can meet most revenue expenditure needs before meeting the Interest Payments. A positive PRB and occasional positive PB indicate that while the debt path has had sustainable moments, persistent negative PB could add stress to debt sustainability if the trend persists.

#### **(iv) Interest Payment Ratios**

A declining trend in interest payment as percentage to revenue receipts and interest payment as percentage to revenue expenditure is an indication of sustainable debt whereas an increasing trend indicates an unsustainable debt trajectory.

During 2019-20 to 2023-24, Interest Payment as a percentage of Revenue Receipts showed a fluctuating trend. Since 2022-23, it showed an increasing trend which indicates that more of the State's revenue was being allocated towards interest payments. This trend, if continued, will lead to unstable and unsustainable debt management.

#### **(v) Maturity Profile**

Composition and average maturity profile shows that the State continued have low redemption pressure (below 30 *per cent*) in short and medium terms compared to long term. Further, 30 *per cent* of public debt for which maturity profile is available is set to redeem over the forthcoming short and medium term. This limits the roll-over risk.

**(vi) Debt Stabilisation Indicator {Fiscal Imbalance (FB)}**

Debt Stabilisation Indicator {Fiscal Imbalance (FB)} equals to zero indicates that Debt/GSDP ratio would remain constant. While positive FB signals fall in Debt/GSDP ratio and vice-versa.

Over the 5-year period (2019-2024) considered for debt sustainability analysis, FB remained positive in 2019-20, 2021-22 and 2022-23, helping the State limit the increase in its debt burden. However, the average debt-GSDP ratio remained over 40 *per cent*, implying that the State needs to exhibit fiscal prudence to keep its debt sustainable, at least to bring it in line with the indicative debt path set by the Finance Commission specially since no targets has been set under State FRBM Act after 2014-15. During 2019-20 to 2023-24, the overall balance remained negative suggesting strain on fiscal sustainability and implying that more attention is needed to achieve a balanced fiscal position. Maintaining a positive FB would contribute positively to debt sustainability.

**Domar Criterion**

Based on the Domar criterion, the State generally maintained sustainable debt practices as the Growth Interest Differential (GID) is positive in four out of five years during 2019-24. It shows that the real growth exceeded the real effective interest rate in four years except during the year 2020-21. A consistently positive GID indicates that the State's economy is growing at a rate higher than the real effective rate of interest enabling the State to meet out its borrowing cost and thus said to be conducive to debt sustainability. A negative GID, as seen in 2020-21 (-8.22 *per cent*) mainly due to COVID pandemic, reflects an unsustainable period, likely due to lower economic output. Maintaining a positive differential through prudent fiscal policies and economic growth can foster a more sustainable debt environment.

Thus, it is observed that following a sharp deterioration in debt sustainability indicators when it hit a five-year low in 2020-21, the debt-GSDP ratio rose to a five-year high of 44.28 *per cent*.

(C) Details of the achievements *vis-à-vis* targets set in the MFRBM Act and Rules and MTFPS are shown below:

**Table 2.39 Achievements *vis-à-vis* targets set in the MTFPS**

Fiscal Parameters		Achievement <i>vis-à-vis</i> targets				
		2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Deficit (-) / Surplus (+) (₹ in crore)	T	Revenue Surplus				
	A	445.53	554.18	1,448.85	1,734.17	884.42
Fiscal Deficit (-) / Surplus (+) (as <i>per cent</i> of GSDP)	T	3 <i>per cent</i>				
	A	2.38	6.35	5.15	4.36	4.14
Ratio of total outstanding liability to GSDP (in <i>per cent</i> )	T	MFRBM Act has not provided the targets after 2014-15				
	A	38.26	44.28	43.83	42.61	41.94
Outstanding amount of guarantees as on 01 April of the year	T	2,372.82	3,138.15	3,603.36	3,883.47	4,945.50
	A	410.08	411.63	598.32	868.55	1,177.16

Source: Finance Accounts & Finance Department, Manipur.

\*In terms of the Manipur Ceiling on Government Guarantees Act, 2004, the total outstanding Government Guarantees as on the first day of April of any year shall not exceed thrice the State's Own Tax Revenue Receipts to the second preceding year.

During the period 2019-24, the State could maintain Revenue Surplus. The ratios of fiscal deficit-GSDP and total outstanding liability-GSDP increased from 2019-20 to 2020-21 and thereafter showed a continued decreasing trend. In 2023-24, the State Government was unable to meet the MTFPS targets of FD-GSDP and total outstanding liability-GSDP. However, the guarantees given by the State Government were within the limits of MTFPS targets during 2019-24.

Breaching the level of the fiscal indicators continuously may lead to the risk of the fiscal situation becoming unmanageable especially when the State Government is yet to contribute to the mandatory reserve funds like Guarantee Redemption fund, payment of implicit subsidies *etc.*

Fiscal sustainability risk:

- i) As per various fiscal and debt parameters depicted in Table 2.38, debt stabilization trend is increasing.
- ii) As per the Domar model analysis, the growth of rate of interest is generally higher than the rate of growth of the GSDP. This indicates that the GSDP rate and the interest rate would not converge in the short to medium term.
- iii) As per the macro fiscal parameters, such as ceiling on public debt, revenue and fiscal deficit and ceiling on guarantees given by the State Government in a particular year and as on 31<sup>st</sup> March of that year, the Government's fiscal sustainability is a concern as indicated by the rising ratios of revenue deficit-GSDP, fiscal deficit-GSDP, and outstanding liability-GSDP. Although Revenue Surplus was maintained and the guarantees provided by the government were within the targets fixed, the State Government failed to meet the targets for fiscal deficit-GSDP and outstanding liability-GSDP ratios. These trends highlight the need for the government to address fiscal imbalances and work towards sustainable financial management.

### 2.13.1 Utilisation of borrowed funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not sustainable.

The trends of the total borrowing, repayment of earlier borrowings and utilisation during the for the period 2019-24 are given in the following table:

Table 2.40: Utilisation of borrowed funds

Year		2019-20	2020-21	2021-22	2022-23	2023-24
1	Total Borrowings	6,313.66	9,334.05	12,652.37	11,115.64	9,755.85
2	Repayment of earlier borrowings (Principal) (per cent)	5,771.63 (91.41)	7,587.95 (81.29)	10,902.29 (86.17)	9,404.72 (84.61)	8,203.48 (84.09)
3	Borrowings available for Capital Expenditure <i>etc.</i> (1-2)	542.03	1,746.10	1,750.08	1,710.92	1,552.37
4	Net Capital Expenditure	1,155.24	2,439.18	3,252.79	3,484.24	2,748.59
5	Net Loans and Advances	-0.80	6.90	-0.76	-6.48	0.83
6	Portion of Revenue expenditure met out of net available borrowings	0	0	0	0	0

Source: Finance Accounts.

It can be seen that during the period from 2019-24, the State Government utilised 81.29 per cent (2020-21) to 91.41 per cent (2019-20) of its borrowings for repayment of earlier borrowings. During 2023-24, 84.09 per cent of the borrowed fund were utilised for repayment of earlier borrowings. The balance amount of current year's borrowings was not sufficient to meet Capital expenditure in any of the last five years period. The borrowed funds were being used mainly for meeting repayment of earlier borrowings instead of Capital asset creation/development activities.

### 2.13.2 Status of Guarantees – Contingent Liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee had been extended. As per the Manipur FRBM Act 2005 and the Manipur Ceiling on State Government Guarantee Act, 2004, the total outstanding guarantees as on 01 April of any year shall not exceed thrice the State's Own Tax Revenue Receipts of the second preceding year.

The details of outstanding guarantees given by the State Government during the five-year period 2019-24 are shown in the following table:

**Table 2.41: Guarantees given by the State Government**

	(₹ in crore)				
Guarantees	2019-20	2020-21	2021-22	2022-23	2023-24
Ceiling applicable to the outstanding amount of guarantees including interest (Criteria)	2,372.82	3,138.15	3,603.36	3,883.47	4,945.50
Outstanding amount of guarantees as on 01 April of the year	410.08	411.63	598.32	868.55	1,177.16

Source: Finance Accounts.

The total outstanding guarantees as on 01 April 2023 was ₹ 1,177.16 crore, which is significantly less than the limit of ₹ 4,945.50 crore<sup>18</sup> i.e. thrice the State's Own Tax Revenue for the year 2021-22. In 2023-24, the State Government issued fresh guarantees of ₹ 305.40 crore to Urban Development and Housing (₹ 96.00 crore), Power Sector (₹ 133.43 crore) and Manipur Police Housing Corporation MPHC (₹ 75.97 crore). There was an outstanding guarantee of ₹ 1,482.56 crore as on 31 March 2024. The State Government was yet to collect ₹ 3.05 crore as guarantee commission for the additional guarantee given in 2023-24.

### 2.13.3 Management of Cash Balances

As per an agreement with the Reserve Bank of India, State Governments have to maintain a minimum daily cash balance with the Bank. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary Ways and Means Advances (WMA)/Special Ways and Means Advances (SWMA)/ Special Drawing Facility (SDF)/ Overdrafts (OD) from time to time. The limit for ordinary WMA to the State Government is revised by the RBI from time to time.

<sup>18</sup> Not to exceed thrice the State's Own Tax Revenue Receipts of the second preceding year as on 01 April of that year i.e. ₹ 4,945.50 crore (₹ 1,648.50 crore (in 2021-22) x 3).

The State Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The cash balances in the earmarked reserve funds such as State Disaster Response Fund, Consolidated Sinking Fund, Guarantee Redemption Fund, etc. are also invested in these instruments. The profits derived from such investments are credited as receipts under the head '0049-Interest Receipts'.

It is not desirable that the State Government take recourse to market loans despite having large cash balances leading to further accretion to cash balances without putting it to productive use.

Table 2.45 gives the details of cash balances and their investment during the year:

Table 2.42: Cash Balances and their investments

(₹ in crore)

	Opening balance on 1 April 2023	Closing balance on 31 March 2024
<b>A. General Cash Balance</b>		
Cash in treasuries	4.63	4.63
Deposits with Reserve Bank of India	-154.59	-490.96
Deposits with other Banks	0.00	0
Remittances in transit – Local	0.00	0
Investments held in Cash Balance Investment Accounts	0.00	0
<b>Total (A)</b>	<b>-149.96</b>	<b>-486.33</b>
<b>B. Other Cash Balances and Investments</b>		
Cash with departmental officers viz., Public Works, Forest Officers	57.72	52.26
Permanent advances for contingent expenditure with department officers	0.02	0.02
Investment in earmarked funds	1,096.33	1,280.87
<b>Total (B)</b>	<b>1,154.07</b>	<b>1,333.15</b>
<b>Total (A + B)</b>	<b>1,004.11</b>	<b>846.82</b>
<b>Interest realized</b>	<b>1.63</b>	<b>2.23</b>

Source: Finance Accounts.

It was noticed that the State Government's opening Cash Balance as on 01 April 2023 was ₹ (-)149.96 crore. The closing Cash Balance as on 31 March 2024 showed an increase of ₹ 336.37 crore and stood at ₹ (-)486.33 crore. The State Government earned an interest of ₹ 2.23 crore from the Cash Balance Investments during 2023-24.

The Cash Balance Investments of the State of Manipur for the last five years (2019-20 to 2023-24) are given in the following table:

Table 2.43: Cash Balance Investment Account (Major Head-8673)

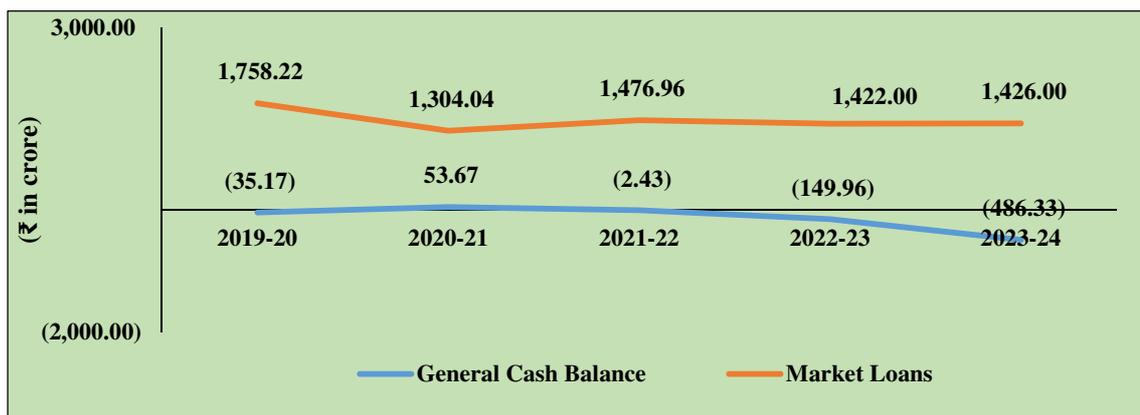
(₹ in crore)

Year	Opening Balance	Closing Balance	Increase (+) / decrease (-)	Interest earned
2019-20	0.00	57.97	57.97	6.19
2020-21	57.97	0	-57.97	2.08
2021-22	0	0	0	0.25
2022-23	0	0	0	1.63
2023-24	0	0	0	2.23

Source: Finance Accounts.

Details of market loans vis-a-vis cash balances during the last five years are shown in Chart 2.20.

Chart 2.20: Market Loans vis-a-vis Cash Balance



Source: Finance Accounts.

During the period 2019-24, closing Cash Balance of ₹ 57.97 crore was seen only during 2019-20 under Cash Balance Investment Account. The State Government earned an interest of ₹ 2.23 crore from the Cash Balance Investments in 2023-24 as against an interest of ₹ 1.63 crore earned in the previous year.

Ideally, the State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatch between the flow of resources and expenditure obligations, a mechanism of WMAs from RBI has been put in place. The operative limit for Ordinary WMAs is based on three years' average of Revenue Receipts and the operative limit for Special WMAs/ Special Drawing Facility is fixed by the RBI from time to time, depending on the holding of Government securities. The limit for Ordinary WMAs of the State of Manipur was ₹ 223.00 crore for 2023-24. The position of WMAs and Overdraft during 2019-24 is shown in the following table:

Table 2.44: Ways and Means Advances and Overdrafts

Particulars	(₹ in crore)				
	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Ways and Means Advance</b>					
Availed in the year	4,486.88	7,482.66	10,741.47	8,918.31	7,591.54
Disbursed in the year	5,105.04	7,268.42	10,480.80	8,938.57	7,675.66
Outstanding WMAs	0	214.24	474.91	453.65	369.53
Interest paid	167.16	4.80	17.77	15.39	59.18
Number of days	85	113	61	69	71
<b>Overdraft</b>					
Number of days	56	29	112	93	75

Source: Finance Accounts.

During 2019-24, the State Government resorted to WMAs regularly. In 2023-24, ₹ 7,591.54 crore was availed as WMAs for 71 days which indicated a difficult Cash Balance position of the State Government. After repayment of ₹ 7,675.66 crore, the WMA balance at the end of the year was ₹ 369.53 crore.

## 2.14 Conclusion

Revenue Receipts during the year 2023-24 was ₹ 14,706.17 crore which decreased by ₹ 1,186.98 crore (7.47 per cent) over the previous year. The decrease in

Revenue Receipts was mainly due to decrease in Grants-in-aid and Contributions (₹ 1,586.62 crore) and Own Tax Revenue (₹ 644.40 crore) as compared to 2022-23.

In 2023-24, Capital Receipts decreased by ₹ 117.16 crore (4.42 *per cent*) over the previous year from ₹ 2,652.09 crore in 2022-23 to ₹ 2534.93 crore in 2023-24. The decrease was mainly due to decrease in Internal Debt (₹ 138.04 crore).

Revenue Expenditure in the year 2023-24 was ₹ 13,821.75 crore (83.41 *per cent*) against the Total Expenditure of ₹ 16,570.59 crore. During the year Revenue Expenditure decreased by 2.38 *per cent* over the previous year. Committed Expenditure like salary & wages, pension, interest payments decreased by ₹ 72.98 crore (0.80 *per cent*) from ₹ 9,085.51 crore in 2022-23 to ₹ 9,012.53 crore in 2023-24. The Committed Expenditure in 2023-24 was 61.28 *per cent* of the total Revenue Receipts (₹ 14,706.17 crore) and 65.21 *per cent* of the total Revenue Expenditure (₹ 13,821.75 crore). Inflexible expenditure during the year increased by ₹ 413.59 crore from ₹ 539.47 crore in 2022-23 to ₹ 953.06 crore in 2023-24 which was 6.48 *per cent* of the Revenue Receipts and 6.90 *per cent* of Revenue Expenditure in 2023-24. Under National Pension Scheme (NPS) the actual employee contribution and matching share of the Government up to the end of 2023-24 was ₹ 1,558.33 crore and ₹ 1,306.13 crore respectively, resulting in a shortfall of Government's matching share of ₹ 252.20 crore.

Capital Expenditure is the expenditure incurred for creation of fixed infrastructure assets such as roads, building, *etc.* It is noticed that during the year, Capital Expenditure decreased by ₹ 735.65 crore (21.11 *per cent*) from ₹ 3,484.24 crore during 2022-23 to ₹ 2,748.59 crore during 2023-24.

The Government incurred an expenditure of ₹ 267.62 crore on 63 projects which were due to be completed by 31 March 2024. However, the projects were not completed.

In 2023-24, the State Government invested ₹ 4.69 crore in Government Companies, Statutory Corporation, Co-operative Societies and Joint Stock Companies. As on 31 March 2024, the State Government's investment stood at ₹ 241.71 crore in those Companies/ Corporations and Co-operative Societies. The Government could not earn any return as dividend during 2023-24.

The State Government received ₹ 18.80 crore under State Disaster Response Fund (SDRF) and did not transfer the amount to the Fund. Further, against the mandated State Share of ₹ 2.09 crore, the State Government did not make any contribution during the current year which was in violation of the SDRF guidelines.

In the year 2023-24, an amount of ₹ 0.55 crore as Labour Cess was collected by Departments of Government of Manipur and the amount was not transferred to the Building and Other Construction Workers Welfare Board as required under Rule 5 of Cess Rules, 1998. The total un-transferred amount of ₹ 39.94 crore is lying with the State Government as on 31 March 2024.

Total outstanding Liabilities increased by ₹ ₹ 7,464.34 crore in 2023-24 as compared to 2019-20. Public Debt (excluding off-budget borrowings of ₹ 153.07 crore) constituted majority share of the outstanding debt showed an increasing trend from

increasing trend from ₹ 7,255.64 crore in 2019-20 to ₹ 14,015.11 crore in 2023-24 i.e increase of 93.16 per cent over 2019-20. The Liability/GSDP ratio increased from 38.26 per cent to 41.94 per cent during the same period.

As on 31 March 2024, the maturity profile of outstanding stock of Public Debt was ₹ 18,635.83 crore (including approximate interest) out of which State Government has to repay 27.16 per cent (₹5,060.91 crore) of its public debt (including approximate interest) within the next three years and ₹ 15,277.93 crore (81.98 per cent) was to attain maturity in the coming 10 years. Interest payable on outstanding public debt will be approximately ₹ 6,160.64 crore. Out of this, interest of ₹ 5,891.71 crore (95.63 per cent) was payable during the next 10 years up to 2033-34.

The State Government utilised 84.09 per cent of its borrowings for repayment of earlier borrowings during the year 2023-24. The balance amount of current year's borrowings was not sufficient to meet Capital expenditure. The borrowed funds were being used mainly for meeting repayment of earlier borrowings instead of Capital asset creation/development activities.

During 2019-24, the Debt-to-GSDP ratio of the State increased from 2019-20 to 2020-21 and thereafter showed a continued decreasing trend till 2023-24. During the period, the State experienced negative primary balances (PB). However, Primary revenue balance (PRB) remained positive, suggesting that the State's revenue base could meet most revenue expenditure needs before meeting the Interest Payments. The overall balance remained negative suggesting strain on fiscal sustainability. Based on the Domar criterion, the State generally maintained sustainable debt practices as the Growth Interest Differential (GID) is positive in four out of five years during 2019-24.

## 2.15 Recommendations

- *The State may ensure time bound completion of the incomplete projects.*
- *The State Government should transfer the un-transferred amount of Labour Cess to the Manipur Building and Other Construction Workers' Welfare Board as per the Act.*
- *To avoid possible future liabilities under NPS, the State Government needs to fulfil its obligation by releasing arrears of its contributions and transfer the outstanding funds already accumulated to NSDL.*
- *The State Government should transfer Central Share and its contribution to the State Disaster Response Fund as per the guidelines.*
- *Increasing trend of debt maturity profile vis-à-vis the level of borrowings needs to be reviewed so as to ensure that mobilised financial resources are used adequately for incurring capital expenditure for creation of assets*