

CHAPTER II
FINANCES OF THE STATE

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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 of 2016-21, 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 where necessary.

2.2 Major changes in Key fiscal aggregates during 2020-21 vis-à-vis 2019-20

Table 2.1 gives a bird's eye view of the major changes in key fiscal aggregates of the State during 2020-21 as compared to the previous year.

Table 2.1: Changes in key Fiscal Aggregates in 2020-21 compared to 2019-20

Revenue Receipts	<ul style="list-style-type: none"> ✓ Revenue receipts of the State increased by 21.51 per cent ✓ Own Tax receipts of the State increased by 7.77 per cent ✓ Non-Tax receipts increased by 10.06 per cent ✓ State's Share of Union Taxes and Duties increased by 5.54 per cent ✓ Grants-in-Aid from Government of India increased by 37.12 per cent
Revenue Expenditure	<ul style="list-style-type: none"> ✓ Revenue expenditure increased by 21.39 per cent ✓ Revenue expenditure on General Services increased by 13.73 per cent ✓ Revenue expenditure on Social Services increased by 14.11 per cent ✓ Revenue expenditure on Economic Services increased by 47.36 per cent ✓ Expenditure on Grants-in-Aid increased by 12.30 per cent
Capital Expenditure	<ul style="list-style-type: none"> ✓ Capital expenditure increased by 111.14 per cent ✓ Capital expenditure on General Services increased by 32.21 per cent ✓ Capital expenditure on Social Services increased by 118.74 per cent ✓ Capital expenditure on Economic Services increased by 109.91 per cent
Loans and Advances	<ul style="list-style-type: none"> ✓ Disbursement of Loans and Advances increased by ₹ 10.20 crore. ✓ Recoveries of Loans and Advances increased by 312.50 per cent
Public Debt	<ul style="list-style-type: none"> ✓ Public Debt Receipts increased by 47.84 per cent ✓ Repayment of Public Debt increased by 31.47 per cent
Public Account	<ul style="list-style-type: none"> ✓ Public Account Receipts increased by 21.36 per cent ✓ Public Account Disbursement increased by 45.24 per cent
Cash Balance	<ul style="list-style-type: none"> ✓ Cash Balance decreased by ₹ 120.96 crore (13.72 per cent)

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

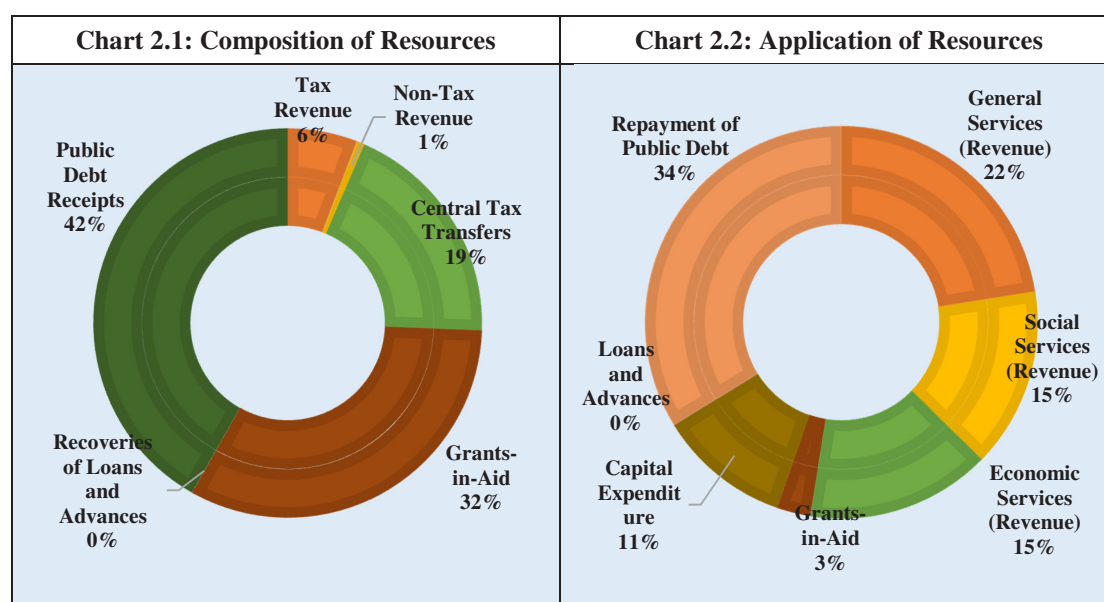
2.3 Sources and Application of Funds

Table 2.2 compares the sources and application of funds of the State during 2020-21 with 2019-20, while **Charts 2.1** and **2.2** give the details of composition and application of resources during 2020-21 in terms of percentages.

Table 2.2: Details of Sources and Application of funds during 2019-20 and 2020-21

(₹ in crore)

	Particulars	2019-20	2020-21	Increase (+)/ Decrease (-)
Sources	Opening Cash Balance	645.02	881.70	236.68
	Revenue Receipts	10,684.16	1,2982.65	2,298.49
	Recoveries of Loans and Advances	0.80	3.30	2.50
	Public Debt Receipts (Net)	542.04	1,746.09	1,204.05
	Public Account Receipts (Net)	403.55	24.86	(-)378.69
	Total	12,275.57	15,638.60	3,363.03
Application	Revenue Expenditure	10,238.63	12,428.48	2,189.85
	Capital Expenditure	1,155.24	2,439.18	1,283.94
	Disbursement of Loans and Advances	0.00	10.20	10.20
	Closing Cash Balance	881.70	760.74	(-)120.96
	Total	12,275.57	15,638.60	3,363.03

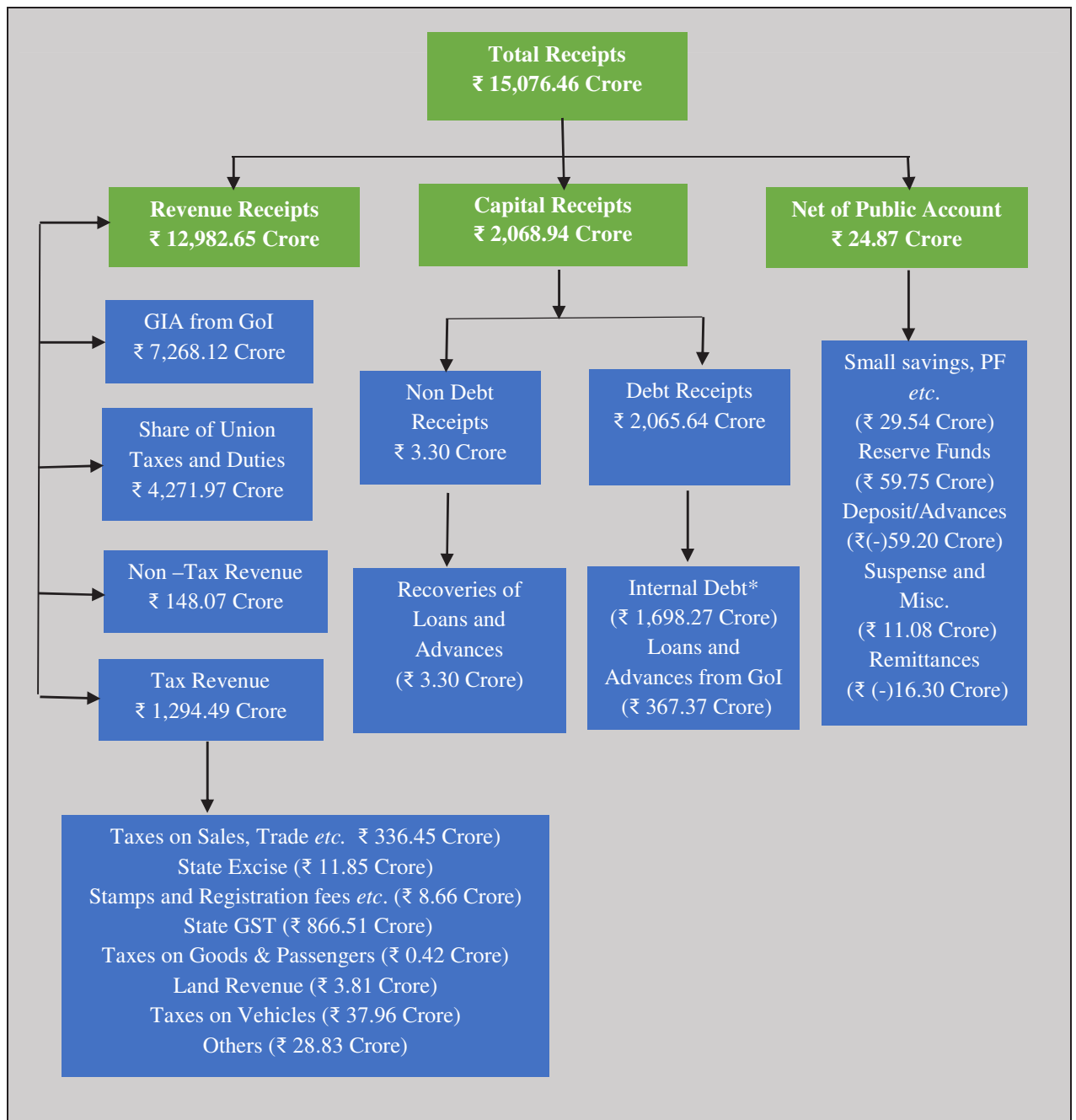


2.4 Resources of the State

Revenue Receipts and Capital Receipts are the two streams of receipts that constitute the resources of the State Government. Revenue Receipts consist of Tax Revenue, Non-Tax Revenue, State's share of Union Taxes and Duties and Grants-in-Aid (GIA) from the Government of India (GoI). 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, etc.) and loans and advances from GoI. Besides, the funds available in the Public Account after disbursements, are also utilised by the Government to finance its deficit.

Composition of receipts of the State during 2020-21 is given in **Chart 2.3**.

Chart 2.3: Composition of Receipts of the State during 2020-21



*including net of Ways and Means Advances amounting to ₹ 214.24 crore {(OB NIL +WMA Receipt ₹ 7482.65 crore) – WMA Repayment ₹ 7,268.41 crore = ₹ 214.24 crore}.

2.5 Revenue Receipts

2.5.1 Trends and growth of Revenue Receipts

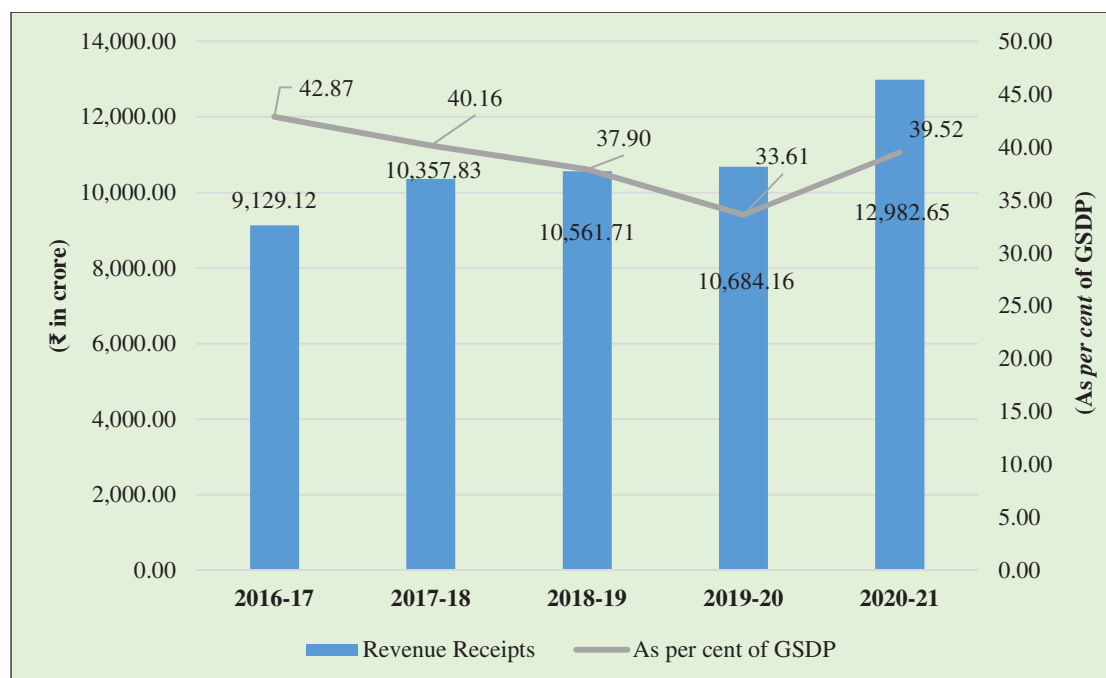
Table 2.3 provides the trends and growth of Revenue Receipts as well as revenue buoyancy with respect to GSDP over the five-year period 2016-21. Further, trends in Revenue Receipts relative to GSDP and composition of Revenue Receipts are given in Charts 2.4 and 2.5 respectively.

Table 2.3: Trends in Revenue Receipts

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
Revenue Receipts (RR) (₹ in crore)	9,129.12	10,357.83	10,561.71	10,684.16	12,982.65
Rate of growth of RR (per cent)	10.25	13.46	1.97	1.16	21.51
Own Tax Revenue	586.67	790.94	1,046.05	1,201.12	1,294.49
Non-Tax Revenue	164.80	174.07	166.24	134.53	148.07
Rate of growth of Own Revenue (Own Tax and Non-Tax Revenue) (per cent)	7.37	28.42	25.62	10.18	8.00
Gross State Domestic Product (₹ in crore) (2011-12 Series)	21,293.89	25,789.23	27,869.85(Q)	31,790.30(A)	32,852.46(P)
Rate of growth of GSDP (per cent)	9.03	21.11	8.07	14.07	3.34
Buoyancy Ratios⁵					
RR/GSDP (per cent)	42.87	40.16	37.90	33.61	39.52
Revenue Buoyancy w.r.t. GSDP	1.14	0.64	0.24	0.08	6.44
State's Own Revenue Buoyancy w.r.t. GSDP	0.82	1.35	3.18	0.72	2.40

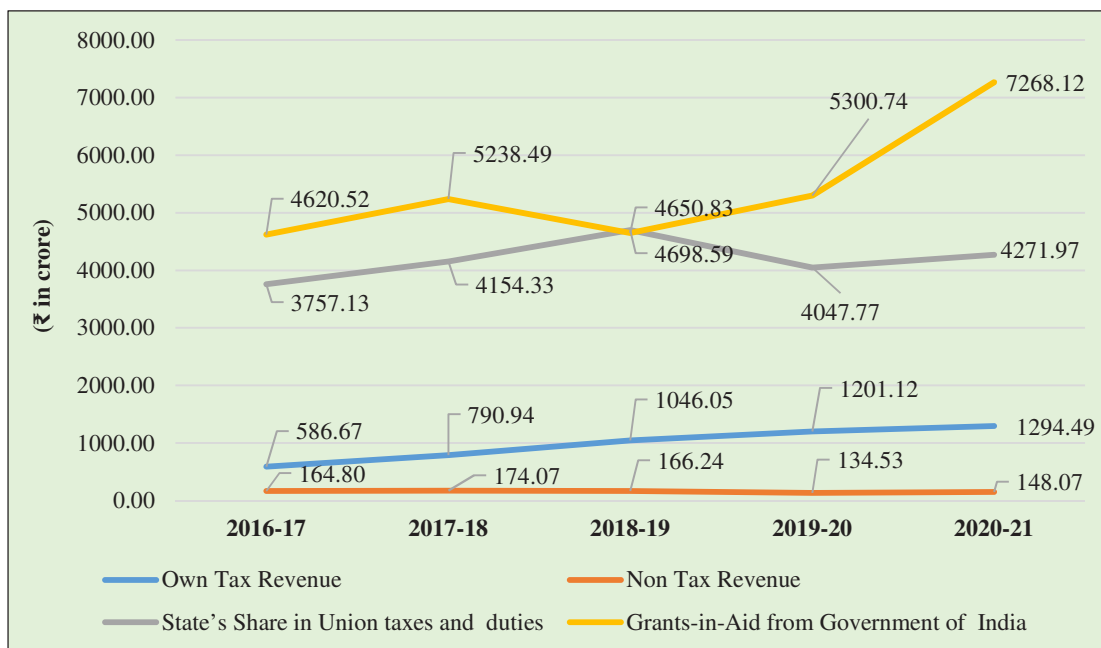
Source: Finance Accounts & Directorate of Economics and Statistics, Manipur
Q: Quick Estimates, A: Advance Estimates, P: Projected Estimates.

Chart 2.4: Trends of Revenue Receipts



⁵ Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy with respect to GSDP at 1.85 implies that Revenue Receipts tend to increase by 1.85 percentage points, if the GSDP increases by one per cent.

Chart 2.5: Trends of Components of Revenue Receipts



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

- During the period 2016-21, Revenue Receipts increased by ₹ 3,853.53 crore (42.21 per cent) from ₹ 9,129.12 crore in 2016-17 to ₹ 12,982.65 crore in 2020-21. During 2020-21, Revenue Receipts increased by ₹ 2,298.49 crore (21.51 per cent) over the previous year. The increase in Revenue Receipt was the result of increase in Grants-in-Aid (GIA) and Contribution (₹ 1,967.38 crore) as compared to 2019-20.
- About 11.11 per cent of the Revenue Receipts during 2020-21 came from State's Own Resources while Central Tax Transfer and Grants-in-Aid together contributed 88.89 per cent. Contribution of State's Own Revenue to Revenue Receipts was in the range of 8.23 and 12.50 per cent during the period 2016-21, which shows that there is scope of substantial improvement. The Central Tax Transfer and GIA from GoI contributed 87.50 and 91.77 per cent to the Revenue Receipts respectively and remained the main contributors of Revenue Receipts of the State during 2016-21.
- The Revenue Receipts buoyancy with respect to GSDP increased to 6.44 in 2020-21 against 0.08 in 2019-20 mainly due to increase in growth rate of Revenue Receipts. The State's Own Revenue buoyancy with respect to GSDP also increased to 2.40 in 2020-21 against 0.72 in 2019-20.

2.5.2 State's Own Resources

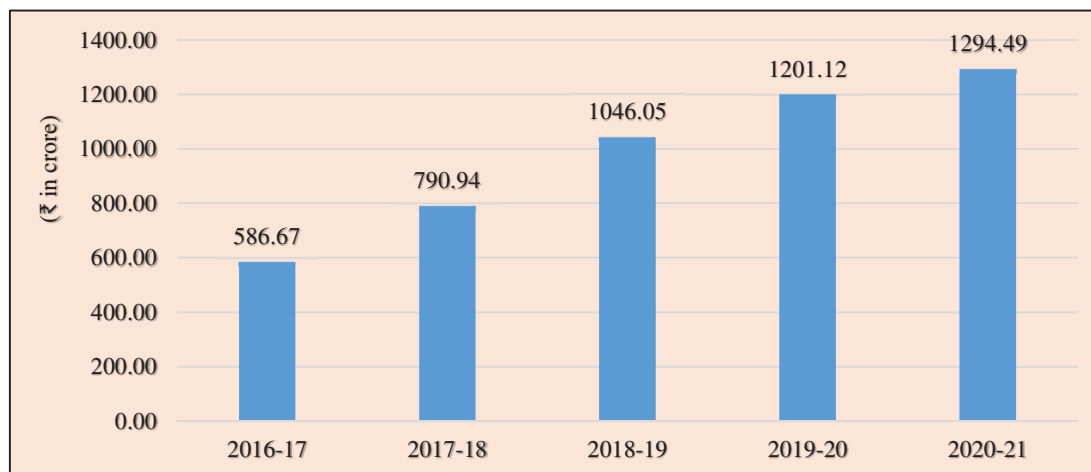
State's performance in mobilisation of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources.

The gross collections in respect of major Tax and Non-Tax Revenue and their relative share in GSDP during 2016-21 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 2016-21 are given in the Chart below.

Chart 2.6: Growth of Own Tax Revenue during 2016-21



The component-wise details of Own Tax Revenue collected during 2016-21 are given in the following table:

Table 2.4: Components of State's Own Tax Revenue

Revenue Head	2016-17	2017-18	2018-19	2019-20	2020-21	
					Budget Estimates	Actuals
Sales Tax	499.65	385.58	253.02	235.53	274.74	336.45
SGST	0.00	301.53	694.70	852.58	913.58	866.51
State excise	9.32	9.37	8.18	11.60	14.50	11.85
Taxes on vehicles	25.04	36.14	39.83	47.70	51.62	37.96
Stamp duty and Registration fees	10.03	13.98	17.62	16.60	16.01	8.66
Land revenue	1.91	1.44	3.54	4.10	2.70	3.81
Taxes on goods and passengers	1.00	1.13	1.19	1.60	4.80	0.42
Other taxes	39.72	41.77	27.97	31.41	46.70	28.83
Total	586.67	790.94	1,046.05	1,201.12	1,324.65	1,294.49

Source: Finance Accounts.

As can be seen from the table above, Own Tax Revenue of the State increased by ₹ 707.82 crore from ₹ 586.67 crore in 2016-17 to ₹ 1,294.49 crore in 2020-21. During the year 2020-21, State GST (₹ 866.51 crore) and Sales tax (₹ 336.45 crore) were the main contributors of the State's Own Tax Revenue and these two together accounted for 92.93 per cent of the Own Tax Revenue. Further, Own Tax Revenue showed a growth rate of 7.77 per cent in 2020-21 over the previous year 2019-20.

2.5.2.2 State Goods and Services Tax (SGST)

Goods and Services Tax came into effect from 01 July 2017 which replaced existing multiple taxes levied by the Central and State Governments. The Central Government levies Integrated Goods and Services Tax (IGST) on inter-state supply of goods and services, and apportions the State's share of tax to the State where the goods or services are consumed. As per the GST (Compensation to States) Act, 2017, any shortfall in revenue by the State is required to be compensated by the Central Government.

The Manipur Goods and Services Tax (GST) Act, 2017 was passed (June 2017) by the State Legislature and came into effect from 01 July 2017 in the State. The Protected Revenue⁶ of the State under GST for the year 2020-21 in accordance with Section 6 of GST (Compensation to States) Act, 2017, was fixed at ₹ 668.28 crore. Details of SGST receipts during 2020-21 is given in the following table:

Table 2.5: Details of SGST receipt including apportionment of IGST and pre-GST arrears of VAT during 2020-21

Components	Amount (₹ in crore)
1. The protected revenue of State for the year 2020-21	668.28
2. State Goods and Services Tax (SGST)	866.50
(a) Tax	209.74
(b) Input Tax Credit Cross utilisation of SGST and IGST	532.98
(c) Apportionment of Taxes from IGST	90.86
(d) Advance apportionment of Taxes from IGST	32.92
3. Collection of Taxes subsumed in GST (Arrears pre-GST)	31.76
Total (2+3)	898.26

Source: Finance Accounts and Department of Taxes, Manipur.

As can be seen from the table above, the revenue collection of the State was more than the protected revenue of the State during the year 2020-21.

During 2020-21, for the bimonthly periods, the actual collections under SGST, IGST and pre-GST VAT exceeded the bimonthly amount⁷ of revenue to be protected except for the bimonthly period of April 2020- May 2020 (₹ 57.39 crore). During 2020-21, the State Government received GST compensation of ₹ 22.34 crore (₹ 11.17 crore in October 2020 and another ₹ 11.17 crore in December 2020) for the bimonthly period April 2020-May 2020.

As the required access to General Services Tax Network (GSTN) Backoffice Software⁸ was given to audit on 30 January 2021, the accounts for the year 2020-21 were certified on the basis of test audit, as was done in the manual system.

⁶ The GST (Compensation to state) Act, 2017 provides that Union shall compensate the States for loss of revenue due to implementation of GST. Base year for calculating the compensation shall be the revenue collection of the State for 2015-16. Protected revenue is calculated/arrived at, by taking into consideration the revenue collection of base year plus 14 per cent increase for every following year.

⁷ ₹ 111.38 crore (Revenue to be protected every two months of Financial Year 2020-21) x 6 months = ₹ 668.28 crore

⁸ With automation of the collection of Goods and Services Tax (GST) having taken place, it is essential for Audit to transition from sample checks to a comprehensive check of all transactions.

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 2021 is detailed in the following table:

Table 2.6: Arrears of Revenue

(₹ in crore)

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2021	Amount outstanding for more than 5 years as on 31 March 2021
1	Manipur Value Added Tax	0.52	Nil
2	Petroleum Tax	0.39	Nil
	Total	0.91	Nil

Source: Department of Taxes, Government of Manipur.

It can be seen from the table above that as on 31 March 2021, there were arrears of revenue on Manipur Value Added Tax amounting to ₹ 0.52 crore and Petroleum Tax amounting to ₹ 0.39 crore.

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

The cases of evasion of tax detected by the Excise & 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 2.7: Evasion of Tax Detected

Sl. No.	Head of revenue	Cases pending as on 31 March 2020	Cases detected during 2020-21	Total	Cases in which assessment/ investigation completed and additional demand with penalty etc. raised		No. of cases pending for finalisation as on 31 March 2021
					No. of cases	Amount of demand (₹ in crore)	
1	Taxes/ VAT on Sales, Trade	2	3	5	2	1.23	3
2	GST	0	1	1	0	0	0

Source: Department of Taxes, GoM.

Table 2.8: Details of Refund cases

(₹ in crore)

Sl. No.	Particulars	GST	
		No. of cases	Amount
1.	Claims outstanding at the beginning of the year	43	2.70
2.	Claims received during the year	11	1.08
3.	Refunds made during the year	27	2.21
4.	Refunds rejected during the year	4	1.13
5.	Balance outstanding at the end of year	23	0.44

Source: Department of Taxes, GoM.

2.5.2.3 Non-Tax Revenue

Non-Tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, *etc.* Component-wise details of Non-Tax Revenue collected during the period 2016-21 is given in the following table:

Table 2.9: Components of State's Non-Tax Revenue during 2016-21

(₹ in crore)

Revenue head	2016-17	2017-18	2018-19	2019-20	2020-21	
					Budget Estimates	Actuals
Interest Receipts	19.73	19.27	18.68	6.39	20.23	2.25
Dividends and Profits	0.00	0.00	0.00	0.00	0.00	0
Other non-tax receipts	145.07	154.80	147.56	128.14	236.38	145.82
a) Misc. General Services	118.61	114.39	111.37	101.13	206.86	123.77
b) Forestry and Wild Life	6.46	23.62	15.26	9.70	10.00	6.65
c) Water Supply and Sanitation	2.42	2.68	3.33	3.48	3.52	4.52
d) Education, Sports, Art and Culture	1.29	2.27	2.01	2.06	2.53	0.46
e) Other or misc	16.29	11.84	15.59	11.77	13.47	10.42
Total	164.80	174.07	166.24	134.53	256.61	148.07

Source: Finance Accounts

Non-Tax Revenue (₹ 148.07 crore), which ranged between 1.14 - 1.81 *per cent* of Revenue Receipts of the State during the five-year period from 2016-21, increased by ₹ 13.54 crore (10.06 *per cent*) during 2020-21 over the previous year. The increase was mainly due to increase in receipts under Miscellaneous General Services (₹ 22.64 crore). Collections from the Miscellaneous General Services remained the main contributor to Non-Tax Revenue during 2016-21. During the current year, ₹ 123.77 crore was collected under Miscellaneous General Services, followed by Forestry and Wild Life (₹ 6.65 crore) and Water Supply and Sanitation (₹ 4.52 crore).

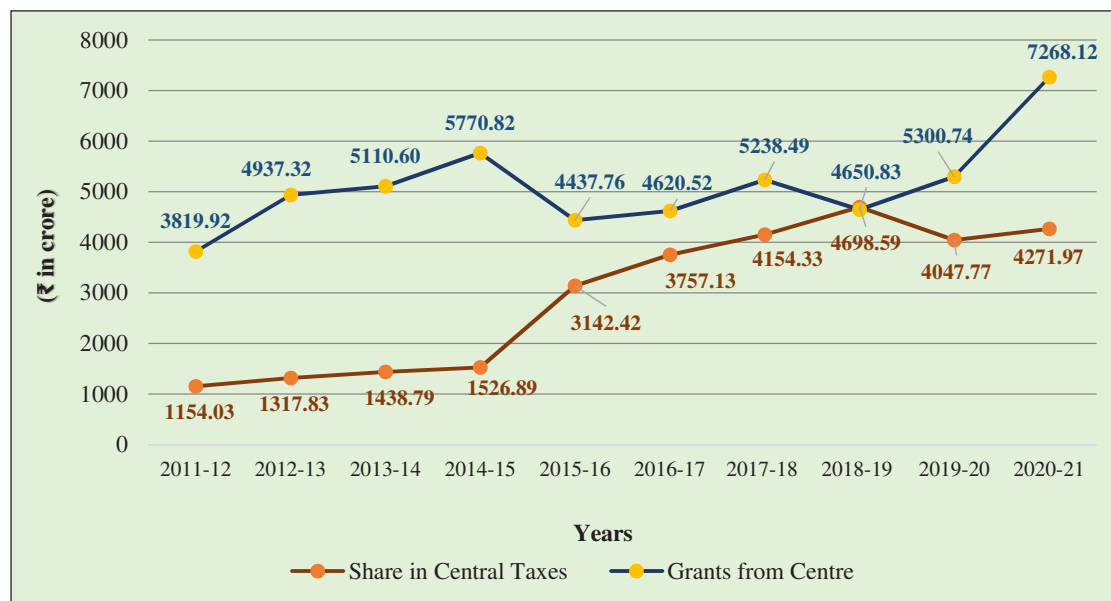
2.5.3 Transfers from the Centre

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 30.5 - 32 *per cent* and 32 - 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 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 2020-21.

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

Chart 2.7: Trends in Transfers from Centre



During the period from 2016-21, Central transfer increased by ₹ 3,162.44 crore from ₹ 8,377.65 crore in 2016-17 to ₹ 11,540.09 crore in 2020-21. During the current year, there was an increase of ₹ 2,191.58 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 ten years are given in the table below:

Table 2.10: 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)
2011-12	0.451 per cent of net proceeds of all shareable taxes excluding service tax and	1,079	1,154	75
2012-13		1,272	1,318	46
2013-14	0.458 per cent of net proceeds of shareable service tax (As per recommendations of XIII FC)	1,501	1,439	(-) 62
2014-15		1,770	1,527	(-) 243
2015-16	0.617 per cent of net proceeds of all shareable taxes excluding service tax and	3,579	3,142	(-) 437
2016-17		4,131	3,757	(-) 374
2017-18	0.623 per cent of net proceeds of sharable service tax (As per recommendations of XIV FC)	4,774	4,154	(-) 620
2018-19		5,522	4,699	(-) 823
2019-20	0.718 per cent of net proceeds of total shareable taxes	6,393	4,048	(-) 2345
2020-21		6,140	4,272	(-)1,868

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

The details of Central Tax Transfers to the State during 2016-21 are given in the following table:

Table 2.11: Central Tax Transfers

Head	2016-17	2017-18	2018-19	2019-20	2020-21	
					BEs	Actuals
Central Goods and Services Tax (CGST)	0.00	59.32	1,159.70	1,148.62	1704.18	1,278.63
Integrated Goods and Services Tax (IGST)	0.00	419.56	92.60	0.00	0.00	0.00
Corporation Tax	1,205.86	1,272.66	1,634.06	1,380.12	1731.90	1,282.37
Taxes on Income other than Corporation Tax	838.06	1,074.66	1,203.42	1,081.42	1610.36	1,313.84
Customs	518.71	419.40	333.08	256.57	351.43	232.98
Union Excise Duties	592.33	438.40	221.34	178.41	229.61	144.48
Service Tax	599.38	470.37	42.85	0.00	3.00	16.92
Other Taxes	2.77	(-) 0.04	11.54	2.63	(-)0.06	2.75
Central Tax transfers	3,757.11	4,154.33	4,698.59	4,047.77	5630.42	4,271.97
Percentage of increase (+)/ decrease (-) over previous year	19.56	10.57	13.10	(-)13.85	31.80	5.54
Percentage of Central tax transfers to Revenue Receipts	41.16	40.11	44.49	37.89	31.14	32.91

Source: Finance Accounts.

Over the five-year period from 2016-21, Central Tax Transfers increased by 13.70 per cent (₹ 514.86 crore) from ₹ 3,757.11 crore in 2016-17 to ₹ 4,271.97 crore in 2020-21. During the current year, there was an increase of ₹ 224.20 crore (5.54 per cent) over the previous year. The increase was mainly due to increase in Taxes on Income other than Corporation Tax (₹ 232.42 crore) and Central Goods and Services Tax (CGST) (₹ 130.01 crore). Central tax transfers constituted 32.91 per cent of the total Revenue Receipts during 2020-21.

2.5.3.2 Grants-in-Aid from Government of India

Grants-in-Aid (GIA) received by the State Government from GoI during 2016-21 are given in the following table:

Table 2.12: Grants-in-Aid from Government of India

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	
					BEs	Actuals
Non-Plan Grants	2,234.72	0.00	0.00	0.00	0	0
Grants for State Plan Schemes	1,858.43	0.00	0.00	0.00	0	0
Grants for Central Plan Schemes	160.52	0.00	0.00	0.00	0	0
Grants for Centrally Sponsored Plan Schemes	184.07	0.00	0.00	0.00	0	0
Grants for Special Plan Schemes	182.78	0.00	0.00	0.00	0	0
Centrally Sponsored Schemes*	-	2,322.71	2,143.19	2,769.20	7,323.84	3,917.27
Finance Commission Grants*	-	2,288.82	2,103.07	2,117.13	3,128.00	3,085.47
Other transfer/Grants to State*	-	626.96	404.57	414.41	419.63	265.39
Total	4,620.52	5,238.49	4,650.83	5,300.74	10,871.47	7,268.13
Percentage of increase(+)/ decrease (-) over previous year	4.12	13.37	(-)11.22	13.97	49.58	37.12
Total grants as a percentage of Revenue receipts	50.61	50.58	44.03	49.61	60.12	55.98

Source: Finance Accounts.

* Since Plan/ Non-Plan categorisation was done away with, GIA from GoI was booked under these heads.

** From 2017-18, no Plan & Non Plan Head of accounts were operated.

During 2020-21, GIA from GoI increased by ₹ 1,967.39 crore (37.12 per cent) from ₹ 5,300.74 crore in 2019-20 to ₹ 7,268.13 crore in 2020-21. GIA constituted 55.98 per cent of Revenue Receipts and remained the largest component of the Revenue Receipts. However, its share declined steadily from 50.61 per cent in 2016-17 to 44.03 per cent in 2018-19 and then increased to 55.98 per cent in 2020-21.

2.5.3.3 Fourteenth and Fifteenth Finance Commission Grants

XIV FC and XV FC grants were provided to the States for local bodies and State Disaster Response Fund (SDRF). The details of release of funds to the State on the basis of recommendations of the XIV FC and XV FC during the years 2016-21 and transfer by the State Government are shown in the following table:

Table 2.13: Recommended Amount, Actual release and Transfers of Grants-in-Aid

(₹ in crore)

Transfers	Recommendations of XIV & XV FCs (2016-21)	Recommendation of XIV & XV FCs			Actual Release by GoI			Release by State Government			Col. 11 as % of Col. 8
		2016-20	2020-21	Total	2016-20	2020-21	Total	2016-20	2020-21	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Local Bodies											
(i) Grants to PRIs	360.79	183.79	177.00	360.79	171.80*	177.00	348.80	121.73	88.50	210.23	60.27
(a) General Basic Grant	340.19	163.19	177.00	340.19	163.19	88.50	251.69	113.12	88.50	201.62	80.11
(b) General Performance Grants	20.60	20.60	0.00	20.60	8.61	88.50	97.11	8.61	0.00	8.61	8.87
(ii) Grants to ULBs	241.13	156.13	85.00	241.13	132.63	42.50	175.13	90.31	20.84	111.15	63.47
(a) General Basic Grant	206.59	121.59	85.00	206.59	NA	42.50	NA	76.40	20.84	97.24	-
(b) General Performance Grants	34.54	34.54	0.00	34.54	NA	NA	NA	13.91	0.00	13.91	-
Total for Local Bodies	601.92	339.92	262.00	601.92	304.43	219.50	523.93	212.04	109.34	321.38	61.34
State Disaster Response Fund	128.00	86.00	42.00	128.00	77.40	42.00	119.40	73.35	21.00	94.35	79.02
Grand Total	729.92	425.92	304.00	729.92	381.83	261.50	643.33	285.39	130.34	415.73	64.62

Source: XIV and XV FCs Reports and information furnished by Finance Department, Manipur.

*As per information provided by Finance Department, Manipur.

As can be seen from the table above, during the five-year period 2016-21, out of the total amount of ₹ 601.92 crore recommended by the XIV and XV FCs for grants to Local bodies for the State, the actual amount released by the GoI was ₹ 523.93 crore (87.04 per cent). The State Government released ₹ 321.38 crore (61.34 per cent) out of the amount released by GoI. During 2020-21, the GoI released 100 per cent (₹ 42.00 crore) of the amount recommended by the XV FC (₹ 42.00 crore) for State Disaster Response Fund while the actual amount transferred to the Fund by the State Government was ₹ 21.00 crore (50.00 per cent). No State matching share was released during 2020-21.

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 2016-21 are given in the following table:

Table 2.14: State's Own Resources for 2016-21

(₹ in crore)

	2016-17	2017-18	2018-19	2019-20	2020-21
Tax Revenue	586.67	790.94	1,046.05	1,201.12	1,294.49
Non Tax Revenue	164.8	174.07	166.24	134.53	148.07
State's Own Resources	751.47	965.01	1,212.29	1,335.65	1,442.56

Source: Finance Accounts.

The State's actual Tax and Non-Tax Receipts for the year 2020-21 *vis-à-vis* Budget Estimates and projections made by XV FC is given below:

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

(₹ in crore)

	FC projections	Budget Estimates	Actual	Percentage variation of actual over	
				Budget Estimates	FC projections
Own Tax Revenue	1,214.00	1,324.65	1,294.49	(-)2.28	6.63
Non-Tax Revenue	233.00	256.62	148.07	(-)42.30	(-)36.45

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

During 2020-21, Own Tax Revenue was higher than the XV FC projection by ₹ 80.49 crore (6.63 per cent) and lower than the Budget Estimates by ₹ 30.16 crore (2.28 per cent). Non-Tax Revenue was lower than the XV FC projection and the Budget Estimates by ₹ 84.93 crore (36.45 per cent) and ₹ 108.55 crore (42.30 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 2016-21 is given in the following table:

Table 2.16: Trends in Growth and Composition of Capital Receipts

(₹ in crore)

Sources of State's Receipts	2016-17	2017-18	2018-19	2019-20	2020-21
Capital Receipts (A+B)	849.60	1,126.47	1,768.74	1,827.59	2,068.94
(A) Non-Debt Capital Receipts	1.15	8.02	0.59	0.80	3.30
Miscellaneous Capital Receipts	0.00	0.00	0.00	0.00	0.00
Recovery of Loans and Advances	1.15	8.02	0.59	0.80	3.30
<i>Rate of growth of non-debt capital receipts</i>	<i>12.75</i>	<i>597.39</i>	<i>(-)92.64</i>	<i>35.59</i>	<i>312.50</i>
(B) Debt Capital Receipts	848.45	1,118.45	1,768.15	1,826.79	2,065.64
<i>Internal Debt excluding Ways and Means Advances (WMAs)</i>	<i>729.99</i>	<i>623.55</i>	<i>1,149.99</i>	<i>1,818.87</i>	<i>1,484.03</i>
<i>Growth rate</i>	<i>(-)1.49</i>	<i>(-)14.58</i>	<i>84.43</i>	<i>(-)68.05</i>	<i>303.96</i>

Sources of State's Receipts	2016-17	2017-18	2018-19	2019-20	2020-21
<i>Outstanding Balance of WMAs from RBI as on 31 March</i>	102.42	485.94	618.16	0.00	214.24
<i>Growth rate</i>	(-) 44.56	374.46	27.21	0.00	*
<i>Loans and advances from GoI</i>	16.04	8.96	0.00	7.92	367.37**
<i>Growth rate</i>	*	(-)44.14	(-)100.00	*	4,538.51
Rate of growth of Debt Capital Receipts	(-) 8.35	31.82	58.09	3.32	13.07
Rate of growth of GSDP	9.03	21.11	8.07	14.07	3.34
Rate of growth of Capital Receipts	(-) 8.33	32.59	57.02	3.33	13.21

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

*Growth rate cannot be calculated as the value of the previous year is 0.

** It includes ₹ 317.16 crore received under Scheme for Special Assistance as loans to State for Capital Expenditure.

During the period 2016-21, Capital Receipts increased by ₹ 1,219.34 crore (143.52 per cent) from ₹ 849.60 crore in 2016-17 to ₹ 2,068.94 crore in 2020-21. During 2020-21, Capital Receipts increased by ₹ 241.35 crore (13.21 per cent) over the previous year. The increase was mainly due to increase in Receipts under Loans and advances from GoI by ₹ 359.45 crore from ₹7.92 crore in 2019-20 to ₹ 367.37 crore in 2020-21.

2.6.1 Borrowings under AatmaNirbhar Bharat Abhiyan

Under the Aatma Nirbhar Bharat Abhiyan package (ABA) (May 2020), States have been allowed to increase borrowing limits from 3.00 per cent to 5.00 per cent of GSDP for 2020-21 as follows: -

Table 2.17: Borrowing limits under AatmaNirbhar Bharat Abhiyan

Sl. No.	Additional per cent borrowings allowed under ABA	Remarks/Conditions to be fulfilled
Unconditional increase		
1	0.50 per cent	Not applicable
Conditional increase		
2	0.25 per cent	Universalisation of 'One Nation One Ration Card'
3	0.25 per cent	Urban local body reforms
4	0.25 per cent	Power distribution
5	0.25 per cent	Ease of doing business
6	0.50 per cent	Additional increase allowed, if at least three milestones out of four reform areas are achieved

The Finance Department in their reply (November 2021) stated that the State availed unconditional borrowings of 0.50 per cent of the GSDP constituting ₹ 151 crore as Open Market Borrowings (OMB) (Sl. No. 1 above).

Out of the four conditions, the State could fulfil two conditions viz. Universalisation of One Nation One Card and Urban Local Bodies Reforms. Accordingly, the State could avail 0.50 per cent of GSDP (0.25 x 2) of conditional increase of borrowings for fulfilment of these two conditions amounting to ₹ 150 crore (Sl. No. 2 and 3 above).

In respect of Power Sector Reforms, the State Government could partially fulfil the conditions such as Direct Benefit Transfer to farmers in lieu of free powers but could not fulfil the target fixed for reduction in Aggregate Technical & Commercial losses and reduction in the gap between Average Cost of Supply and Average Revenue Realisation (ACS-ARR). As such, the State could avail only 0.15 per cent of GSDP.

In respect of Ease of doing business, the State admitted that the required conditions were not fulfilled completely. However, following steps had been taken up:

- Completion of first assessment of District Level Business Reforms Action Plan.
- Elimination of requirements of certificates/approvals/licenses obtained by business.
- Implementation of Computerised Central Random Inspection System.

It was further intimated that all 16 Districts furnished the first assessment for District Level Business Reforms Action Plan (DLBRAP), and action for repealing of Contracts Labour (Regulation & Abolition) Act, 1970, and implementation of Computerised Central Random Inspection System, etc, have been taken up and accordingly GoI had been informed. But, no additional borrowings had been made (Sl. No. 5 above) by GoI so far. Thus, altogether Government of Manipur could not avail 0.85 per cent of GSDP towards increase in conditional borrowings.

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

The Total Expenditure, its composition and relative share in GSDP during the years 2016-21 is presented in the following table:

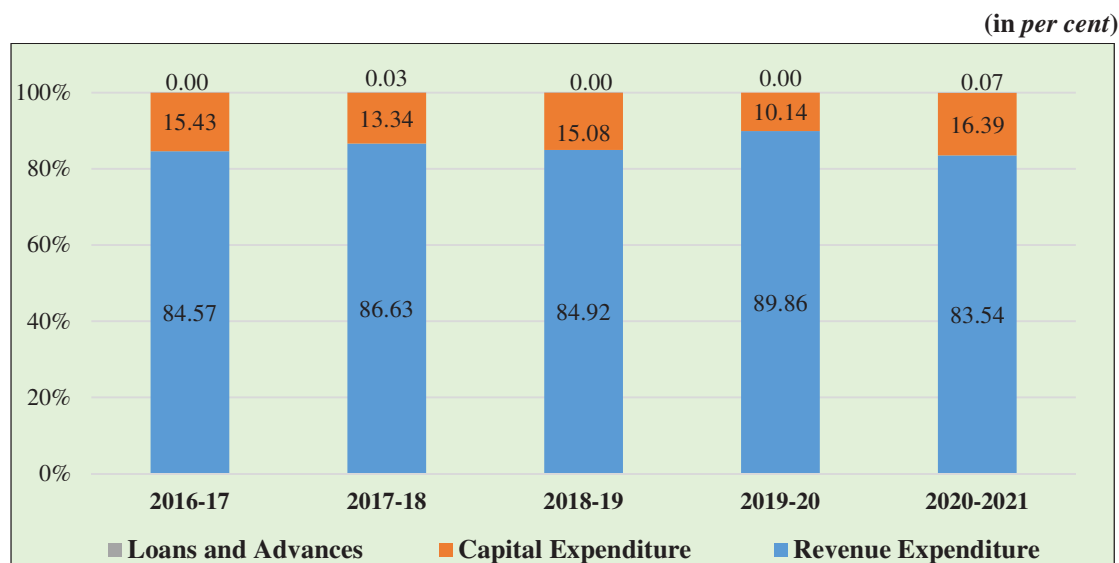
Table 2.18: Total Expenditure and its Composition

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
Total Expenditure (TE)	9,678.58	10,705.71	11,479.49	11,393.87	14,877.85
Revenue Expenditure (RE)	8,184.76	9,274	9,748.72	10,238.63	12,428.47
Capital Expenditure (CE)	1,493.57	1,428.31	1,730.64	1,155.24	2,439.18
Loans and Advances	0.25	3.40	0.13	0.00	10.20
As a percentage of GSDP					
TE/GSDP	45.45	41.51	41.19	35.84	45.29
RE/GSDP	38.44	35.96	34.98	32.21	37.83
CE/GSDP	7.01	5.54	6.21	3.63	7.42
Loans and Advances/ GSDP	0.00	0.01	0.00	0.00	0.03

During the period 2016-21, Total Expenditure of the State increased by 53.72 per cent (₹ 5,199.27 crore) from ₹ 9,678.58 crore in 2016-17 to ₹ 14,877.85 crore in 2020-21.

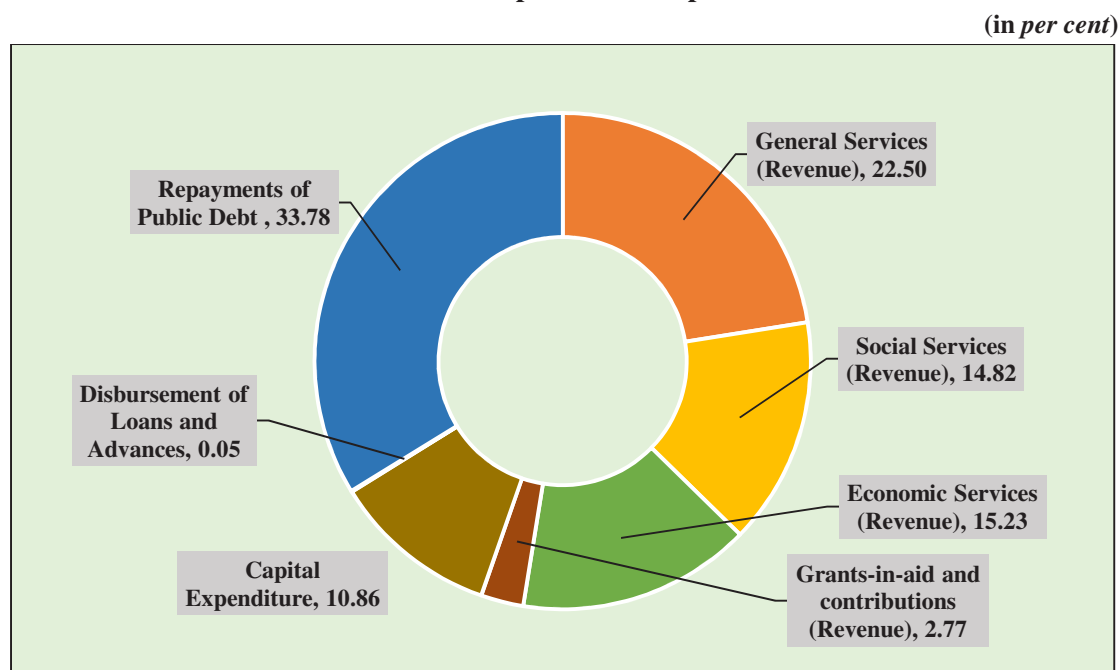
During the year 2020-21, it increased by 30.58 *per cent* over the previous year, mainly due to increase in both Revenue Expenditure (₹ 2,189.84 crore) and Capital Expenditure (₹ 1,283.94 crore). Total Expenditure as *per cent* of GSDP decreased steadily from 45.45 *per cent* in 2016-17 to 35.84 *per cent* in 2019-20 but increased to 45.29 *per cent* in 2020-21. Similarly, Revenue Expenditure as *per cent* of GSDP decreased steadily from 38.44 *per cent* in 2016-17 to 32.21 *per cent* in 2019-20 but increased to 37.83 *per cent* in 2020-21. The trends in ‘Share of Components’ of Total Expenditure during the period 2016-21 is given in **Chart 2.8**:

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



The composition of Total Expenditure out of Consolidated Fund of the State during the year 2020-21 is depicted in the following chart:

Chart 2.9: Composition of Expenditure



As is evident from above, both Revenue Expenditure and Capital Expenditure exhibited a fluctuating trend during 2016-21. Capital Expenditure as a percentage of Total Expenditure increased from 10.14 *per cent* in 2019-20 to 16.39 *per cent* in 2020-21. The Revenue Expenditure as a percentage of Total Expenditure decreased from 89.86 *per cent* in 2019-20 to 83.54 *per cent* in 2020-21. During 2020-21, a bulk of the expenditure was incurred to meet expenditure on Grants-in-Aid, salaries, pension, *etc.*

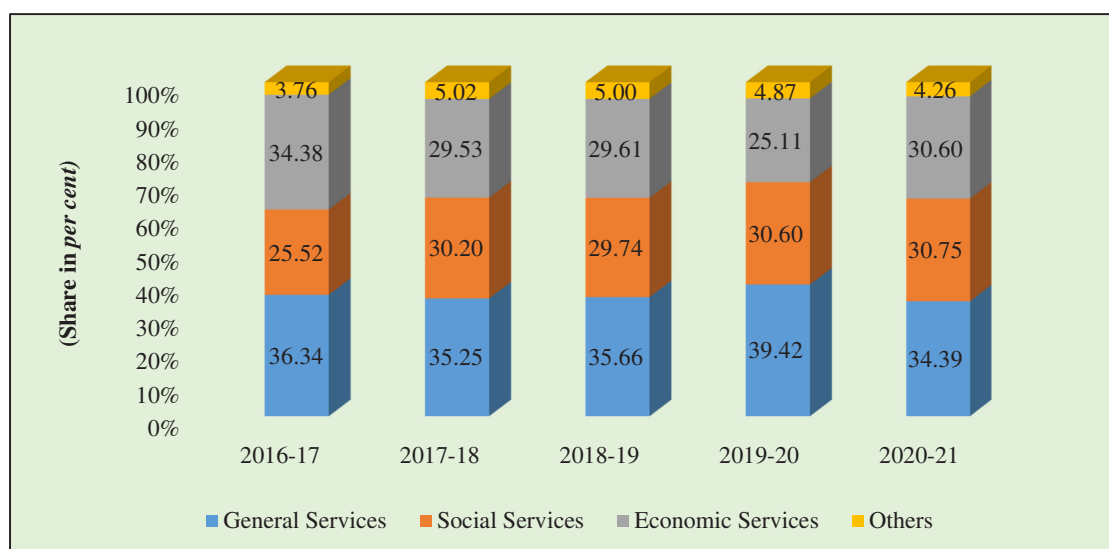
In terms of activities, Total Expenditure is composed of expenditure on General Services including Interest Payments, Social Services, Economic Services and others. Details for the year 2020-21 are shown in **Appendix 2.1**. Relative shares of these components in the Total Expenditure during 2016-21 are given in the following table:

Table 2.19: Relative share of various sectors of expenditure

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
General Services	36.34	35.25	35.66	39.42	34.39
Social Services	25.52	30.20	29.74	30.60	30.75
Economic Services	34.38	29.53	29.61	25.11	30.60
Others (Grants to Local Bodies and Loans and Advances)	3.76	5.02	5.00	4.87	4.26

Source: Finance Accounts of respective years.

Chart 2.10: Total Expenditure - Expenditure by activities



The relative shares of Social Services and Economic Services in the Total Expenditure increased by 0.15 *per cent* and 5.49 *per cent* respectively during 2020-21 over the previous year. These increases were, however, offset by decrease in respective shares of General Services (5.03 *per cent*) and Others (0.61 *per cent*).

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.

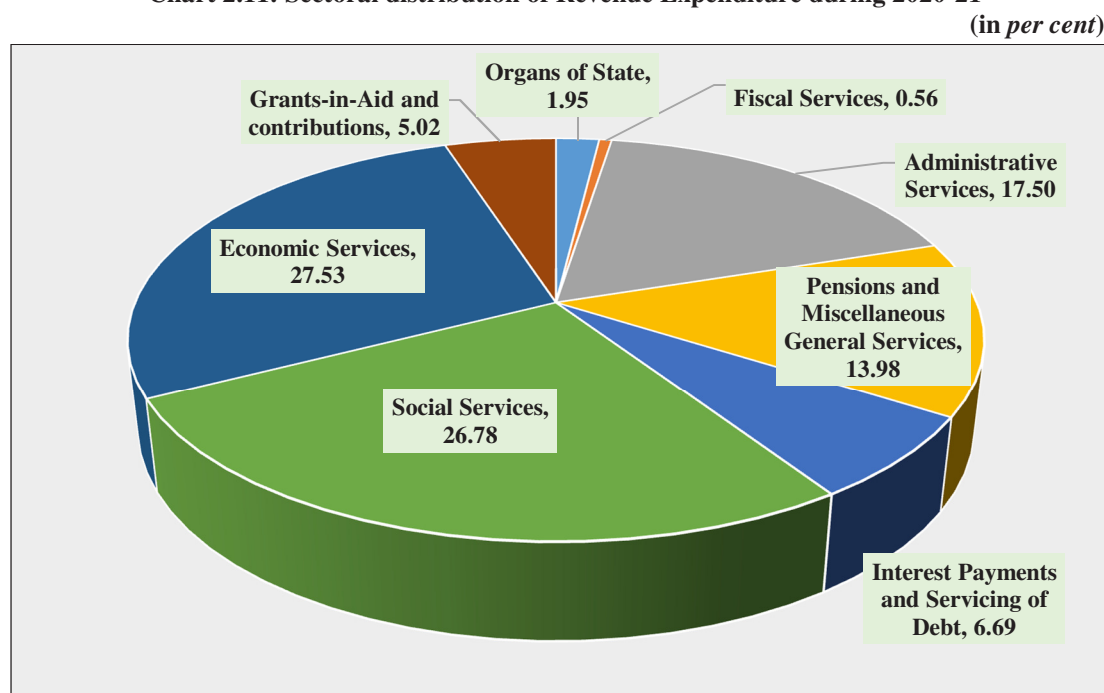
Revenue Expenditure constitutes on an average 85.90 *per cent* (ranging from 84.57 *per cent* in 2016-17 to 83.54 *per cent* in 2020-21) of the Total Expenditure during the period 2016-21. Rate of growth of Revenue Expenditure had wide fluctuation during the five-year period 2016-21. The overall Revenue Expenditure, its rate of growth, its ratio to Total Expenditure and buoyancy *vis-à-vis* GSDP and Revenue Receipts are indicated in **Table 2.20** and the sectoral distribution of Revenue Expenditure pertaining to 2020-21 is given in **Chart 2.11**.

Table 2.20: Revenue Expenditure – Basic Parameters

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
Total Expenditure (TE)	9,678.58	10,705.71	11,479.49	11,393.87	14,877.85
Revenue Expenditure (RE)	8,184.76	9,274.00	9,748.72	10,238.63	12,428.47
Rate of Growth of RE (<i>per cent</i>)	10.87	13.31	5.12	5.03	21.39
Revenue Expenditure as percentage of TE	84.57	86.63	84.92	89.86	83.54
RE/GSDP (<i>per cent</i>)	38.44	35.96	34.98	32.21	37.83
RE as percentage of RR	89.66	89.54	92.30	95.83	95.73
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	1.20	0.63	0.63	0.36	6.40
Revenue Receipts (ratio)	1.06	0.99	2.60	4.33	0.99

Source: Finance Accounts of respective years.

Chart 2.11: Sectoral distribution of Revenue Expenditure during 2020-21



During the period 2016-21, Revenue Expenditure as a percentage of GSDP showed a decreasing trend from 38.44 *per cent* in 2016-17 to 32.21 *per cent* in 2019-20 but increased to 37.83 in 2020-21. Buoyancy of Revenue Expenditure *vis-à-vis* Revenue Receipts decreased from 4.33 *per cent* in 2019-20 to 0.99 *per cent* in 2020-21.

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 2.21: Variation in Revenue Expenditure during 2020-21 compared to 2019-20

(₹ in crore)

Major Heads of Account	2019-20	2020-21	Increase (+)/ Decrease (-)
2505-Rural Employment	581.38	1,224.08	642.70
2055-Police	1,560.54	1,871.54	311.00
2501-Special Programmes for Rural Development	382.70	608.42	225.72
2210-Medical and Public Health	600.35	802.97	202.62
2049-Interest Payment	663.54	831.6	168.06
2202-General Education	1,405.64	1,475.07	69.43
3604-Compensation and Assignments to Local Bodies and Panchayati Raj	555.12	623.39	68.27
2245-Relief on Accounts of Natural Calamities	87.66	44.84	(-)42.82
2801-Power	402.86	400.84	(-)2.02
2575-Other Special Areas Programmes	1.62	0.03	(-)1.59

Source: Finance Accounts.

During 2020-21, Revenue Expenditure under Relief on Accounts of Natural Calamities decreased by ₹ 42.82 crore over the previous year. Rural Employment recorded a significant increase by ₹ 642.70 crore, mainly due to increase in expenditure under National Rural Employment Guarantee Scheme.

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. Upward trend on committed expenditure leaves the Government with lesser flexibility for development sector. The trends in the components of committed expenditure along with percentage of committed expenditure to Revenue Receipts and Revenue Expenditure during 2016-21 is given in the following table and chart:

Table 2.22: Components of Committed Expenditure

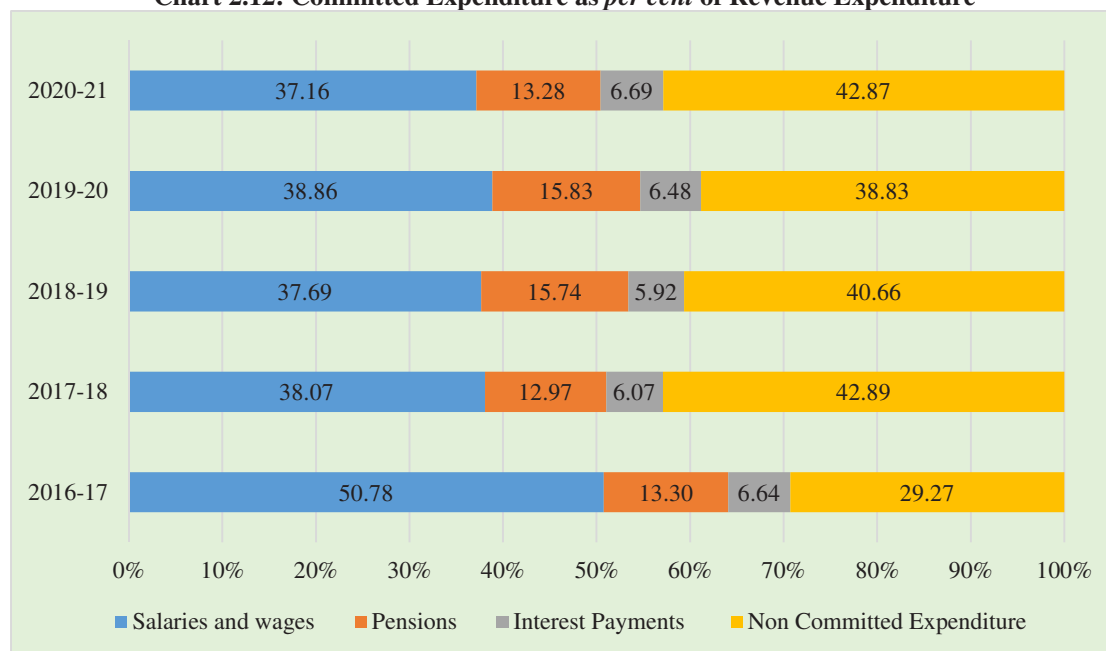
(₹ in crore)

	2016-17	2017-18	2018-19	2019-20	2020-21
Salaries and wages	4,156.50	3,530.90	3,673.85	3,978.35	4,617.89
Expenditure on Pensions	1,088.68	1,202.41	1,534.26	1,620.80	1,650.43
Interest Payments	543.75	562.96	577.21	663.54	831.60
Total	5,788.93	5,296.27	5,785.32	6,262.69	7,099.92
As a percentage of Revenue Receipts (RR)					
Salaries & Wages	45.53	34.09	34.78	37.24	35.57
Expenditure on Pensions	11.93	11.61	14.53	15.17	12.71
Interest Payments	5.96	5.44	5.47	6.21	6.41
Total	63.41	51.13	54.78	58.62	54.69
As a percentage of Revenue Expenditure (RE)					

	2016-17	2017-18	2018-19	2019-20	2020-21
Salaries & Wages	50.78	38.07	37.69	38.86	37.16
Expenditure on Pensions	13.30	12.97	15.74	15.83	13.28
Interest Payments	6.64	6.07	5.92	6.48	6.69
Total	70.73	57.11	59.34	61.17	57.13

Source: Finance Accounts & Voucher Level Computerisation (VLC) data

Chart 2.12: Committed Expenditure as per cent of Revenue Expenditure



Thus, the committed expenditure constituted 50 per cent or more of Revenue Expenditure during the five-year period from 2016-17 to 2020-21.

2.7.3.1 Salaries and Wages

Expenditure on Salaries and Wages had shown an increasing trend from ₹ 4,156.50 crore in 2016-17 to ₹ 4,617.89 crore in 2020-21 at an annual growth rate of 2.67 per cent. During 2020-21, the Salaries and Wages component had increased by ₹ 639.54 crore (16.08 per cent) over the previous year and accounted for 35.57 per cent of Revenue Receipts.

During the current year, expenditure on Salaries and Wages as a percentage of Revenue Expenditure (excluding Interest Payments and Pensions) was 46.43 per cent, which is beyond the limit of 35 per cent fixed by the Manipur FRBM Act, 2005. Thus, State Government could not achieve the target fixed by the Manipur FRBM Act, 2005.

2.7.3.2 Interest Payments

Interest Payments increased steadily from ₹ 543.75 crore in 2016-17 to ₹ 831.60 crore in 2020-21 at an annual growth rate of 11.21 per cent. Interest on Internal Debt (₹ 703.57 crore) constituted the major component of Interest payments and accounted for 84.60 per cent. During the current year, Interest payment was made on Internal Debt (₹ 703.57 crore) followed by Small Savings, Provident Fund, etc. (₹ 111.02 crore), Loans & Advances from GoI (₹ 16.95 crore) and Other Obligations (₹ 0.06 crore).

2.7.3.3 Pension Payments

During the period 2016-21, expenditure on Pension Payments increased from ₹ 1,088.68 crore in 2016-17 to ₹ 1,650.43 crore in 2020-21 at an annual growth rate of 10.96 *per cent*. During the current year, Pension Payments increased by ₹ 29.63 crore (1.83 *per cent*) over the previous year 2019-20. The increase was mainly due to increase in payment of Family Pensions (₹ 75.18 crore) and Pensions to legislators (₹ 13.44 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 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 2021, the total number of State Government employees eligible for NPS were 46,384 and the total number of employees to whom Permanent Retirement Account Number (PRAN) has been issued was 43,950. Thus, there were 2,434 number of employees to whom PRAN was not issued. The reason for non-issuance of PRAN to employees was called for, from the Finance Department, GoM, for which the reply is awaited (February 2022).

The position of contribution made under NPS by the employees and the Government and transfer of funds to NSDL/Trustee Bank during 2016-21 is shown in **Table 2.23**:

Table 2.23: Contribution made to NPS and Transfer of Funds to NSDL/Trustee Bank

Year	Opening Balance	Details of contribution			Short contribution by Government	Amount transferred to NSDL*	Closing Balance
		Employee	Government	Total			
1	2	3	4	5 (3+4)	6 (3-4)	7	8 (2+5-7)
Up to 2016-17	0.00	346.83	254.02	600.85	92.81	476.22	124.63
2017-18	124.63	99.11	58.22	157.33	40.89	152.14	129.82
2018-19	129.82	118.27	99.44	217.71	18.83	211.49	136.04
2019-20	136.04	141.03	180.55	321.58	(-)39.52	251.00	206.62
2020-21	206.62	168.34	160.54	328.88	7.80	432.00	103.50
Total		873.58	752.77	1,626.35	120.81	1,522.85	

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

During the year 2020-21, total contribution to Defined Contribution Pension Scheme was ₹ 326.58 crore (Employees contribution was ₹ 167.19 crore and Government contribution was ₹ 159.39 crore). Government contribution differs with amount shown under Major Head 2071-01-117 by ₹ 0.26 crore being payment to retired/expired employees. An amount of ₹ 2.30 crore being contribution from deputationists and employers was directly credited under Major Head 8342-117. The total amount of

₹ 328.88 crore (₹ 167.19 crore plus 159.39 crore plus 2.30 crore) was transferred to Major Head-8342-117. There was short contribution of ₹ 7.80 crore by the Government for the year 2020-21, which resulted in overstatement of Revenue Surplus and understatement of Fiscal Deficit to that extent in the year 2020-21.

The actual employee contribution and matching share of the Government up to the end of 2020-21 was ₹ 873.58 crore (including ₹ 269.79 crore for the years up to 2015-16) and ₹ 752.77 crore (including ₹ 172.85 crore for the years up to 2015-16) respectively, resulting in a shortfall of Government's matching share of ₹ 120.81 crore. This short contribution of share resulted in overstatement of Revenue Surplus and understatement of the Fiscal Deficit in the respective years.

Short contributions over the years and un-transferred balances may attract interest liabilities, which may also have to be included at the time of transferring the employer's contribution to NSDL. As on 31 March 2021, a cumulative balance of ₹ 103.50 crore contributed under the Scheme remained to be transferred to NSDL/Trustee Bank.

Thus, there was a short transfer of funds of ₹ 224.31 crore (short contribution of ₹ 120.81 crore plus ₹ 103.50 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 rectify the situation.

The short contribution of Government's matching share and non-transfer to the NSDL/Trustee Bank was already commented upon in the CAG's Report on State Finances for the years 2011-12 to 2019-20 and the matter was also discussed (July 2014) by the Public Accounts Committee. However, corrective measures are yet to be taken up by the State Government.

2.7.4 Subsidies

During the last five-year period 2016-21, expenditure booked under subsidies decreased steadily from ₹ 156.62 crore in 2016-17 to ₹ 120.08 crore in 2020-21. Subsidies as a percentage of Revenue Receipts and Revenue Expenditure also shows a decreasing trend during the period. Details are shown in the following table:

Table 2.24: Expenditure on subsidies during 2016-21

	2016-17	2017-18	2018-19	2019-20	2020-21
Subsidies (₹ in crore)	156.62	123.47	120.36	120.11	120.08
Subsidies as a percentage of Revenue Receipts	1.72	1.19	1.14	1.12	0.92
Subsidies as a percentage of Revenue Expenditure	1.91	1.33	1.23	1.17	0.97

Source: Finance Accounts.

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 2016-21 is presented in the table below:

Table 2.25 Financial Assistance to Local Bodies etc.

(₹ in crore)					
Financial Assistance to Institutions	2016-17	2017-18	2018-19	2019-20	2020-21
(A) Local Bodies					
Municipal Corporations and Municipalities	17.12	32.14	26.71	45.34	105.52
Panchayati Raj Institutions	0.00	0.00	0.00	2.67	4.78
Total (A)	17.12	32.14	26.71	48.01	110.30
(B) Others					
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	51.27	72.40	74.40	79.89	92.73
Hospitals and Other Charitable Institutions	0.00	0.00	0.00	103.34	204.44
Other Institutions	761.97	593.98	609.09	426.65	643.95
Total (B)	813.24	666.38	683.49	609.88	941.12
Total (A+B)	830.36	698.52	710.20	657.89	1,051.42
Revenue Expenditure	8,184.76	9,274.00	9,748.72	10,238.63	12,428.47
Assistance as percentage of Revenue Expenditure	10.15	7.53	7.29	6.43	8.46

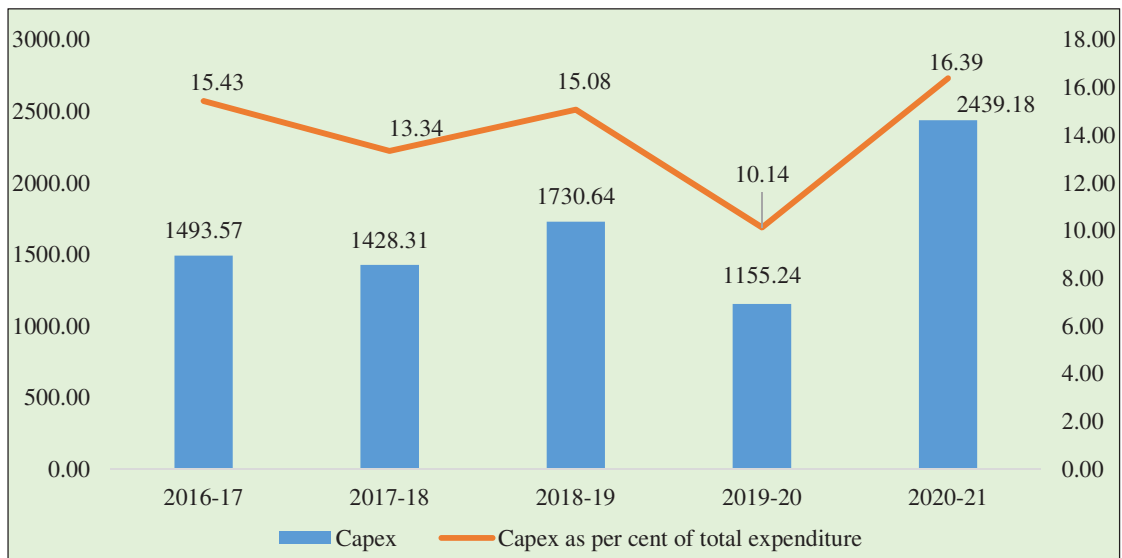
Source: Detailed Appropriation Accounts.

The total financial assistance to Local Bodies and Other Institutions, showed a fluctuating trend during 2016-21. During 2020-21, financial assistance was 8.46 per cent of Revenue Expenditure which is an increase by ₹ 393.53 (59.82 per cent) crore from what was ₹ 657.89 crore in 2019-20 to ₹ 1,051.42 crore in 2020-21.

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 from 2016-21 are given below:

Chart 2.13: Capital Expenditure in the State



During the year 2020-21, Capital Expenditure increased by ₹ 1,283.94 crore (111.14 per cent) from ₹ 1,155.24 crore in 2019-20 to ₹ 2,439.18 crore 2020-21. The

State could expend only 72.68 *per cent* (₹ 2,439.18 crore) of the budget allocation (₹ 3,356.18 crore) during the current year. As compared to the total expenditure, the capital outlay showed a fluctuating trend (10.14-16.39 *per cent*) over the period 2016-21. In terms of magnitude of expenditure, Capital Expenditure during 2020-21 was the highest during the last five years.

2.7.6.1 Major changes in Capital Expenditure

There were cases of significant increase or decrease in various Heads of Account under Capital Expenditure during 2020-21 *vis-à-vis* the previous year as given in **Table 2.26**:

Table 2.26: Capital Expenditure during 2020-21 compared to 2019-20

(₹ in crore)

Major Heads of Accounts	2019-20	2020-21	Increase (+)/ Decrease (-)
4215-Capital Outlay on Water Supply and Sanitation	266.72	608.94	342.22
4225-Capital Outlay of Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	73.76	280.01	206.25
5054-Capital Outlay on Roads and Bridges	251.52	404.37	152.85
4702-Capital Outlay on Minor Irrigation	28.20	121.71	93.51
4210-Capital Outlay on Medical and Public Health	41.09	134.11	93.02

The increase in Capital Expenditure during 2020-21 over the previous year was mainly due to increase in Capital Outlay on Water Supply and Sanitation (₹ 342.22 crore), Capital Outlay of Welfare of Scheduled Castes, Capital Outlay on Scheduled Tribes, Other Backward Classes and Minorities (₹ 206.25 crore), Capital Outlay on Roads and Bridges (₹ 152.85 crore), Capital Outlay on Minor Irrigation (₹ 93.51 crore), Capital Outlay on Medical and Capital Outlay on Public Health (₹ 93.02 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 2020-21, there were 67 incomplete projects. Age profile of these incomplete projects based on the year of sanction or year of start of these projects as on 31 March 2021 is given in the table below:

Table 2.27: Age profile of incomplete projects as on 31 March 2021

(₹ in crore)

Year	No of incomplete projects	Estimated cost	Expenditure
2016-17	87	1,996.22	1,434.61
2017-18	24	203.85	106.20
2018-19	50	5,458.96	5,783.93
2019-20	50	211.39	108.68
2020-21	67	944.41	748.18

Source: Finance Accounts.

Table 2.28: Department-wise profile of incomplete projects as on 31 March 2021

(*₹ in crore*)

Department	No. of incomplete projects	Estimated cost/Initial budget cost	Expenditure
Public Works Department	41	139.40	66.21
Manipur State Power Distribution Company Limited (MSPDCL)	19	773.26	657.27
Education	5	25.30	20.76
Minor Irrigation	2	6.45	3.94

Source: Finance Accounts.

It was further noticed that out of the 67 incomplete projects as on 31 March 2021, the time overrun ranged between 13 days and five years.

Project cost in respect of three incomplete projects was revised from ₹ 26.11 crore to ₹ 31.31 crore an increase of ₹ 5.20 crore from the original estimated cost.

As on 31 March 2021, there were 67 incomplete projects involving a total budgeted cost of ₹ 944.41 crore on which an expenditure of ₹ 748.18 crore had already been incurred. The 67 incomplete projects pertain to four Departments *viz.* Public Work Department, MSPDCL, Education and Minor Irrigation. 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.

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.

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

Capital expenditure in the companies, corporations, and other bodies, which are loss making or whose net worth are completely eroded is not sustainable and chances for return on investment is minimal. As on 31 March 2021, the State Government had invested ₹ 227.84 crore⁹ in two statutory corporations, 17 State PSUs and 3136 Co-operative institutions and local bodies.

During 2020-21, an amount of ₹ 4.73 crore was invested in two companies/institutions *viz.* Manipur Pulp and Allied Products Limited (₹ 2.93 crore) and Mission for Economic Empowerment of Traditional Artisans/Craftsmen (MEETAC) (₹ 1.80 crore). However, the return on these investments could not be calculated due to the non-finalisation of their financial statements up to the year 2020-21 as shown in the following table:

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

Table 2.29: Return on Investment

Investment/return/ cost of borrowings	2016-17	2017-18	2018-19	2019-20	2020-21
Investment at the end of the year (₹ in crore)	197.08	198.33	206.32	214.12	227.84 ¹⁰
Return (in ₹)	4,000.00	4,000.00	4,000.00	Nil	Nil
Return (<i>per cent</i>)	0.00	0.00	0.00	0.00	0.00
Average rate of interest on Government Borrowings (<i>per cent</i>)	6.42	6.13	5.76	6.78	6.76
Difference between interest rate and return (<i>per cent</i>)	6.42	6.13	5.76	6.78	6.76
Difference between interest on Government borrowings and return on investment (₹ in crore)	543.75	562.96	582.79	741.23	831.60

Source: Finance Accounts.

During the five-year period of 2016-21, the State Government's investments had increased by ₹ 31.84¹¹ crore. Against the very insignificant amount of return of ₹ 4,000 per year during the period 2016-19 and ₹ nil during the period 2019-21, the State Government paid an average interest rate ranging from 5.76 to 6.78 *per cent* on its borrowings.

The State Government may seriously review the functioning of these corporations, companies and societies to ensure finalisation of the financial statement, returns on the investments and to consider closing of non-functional units.

C. Position of State's Investment

The details of the investments made during 2020-21 and losses incurred during 2019-20 as per the latest finalised accounts of the PSUs are detailed in the following table:

Table 2.30: Investments made in loss making companies

Sl. No.	Company/ Corporation	Year up to which Accounts finalised	Net worth as on 31 March 2021*	Loss during the previous year (2019-20)**	Investment made during the year (2020-21)***	Cumulative investment as on 31 March 2021 ***
Working Companies						
1.	Manipur Industrial Development Corporation Ltd.	2009-10	(-) 19.64	1.45	NA	8.02
2.	Manipur Electronics Development Corporation Ltd.	2017-18	(-)4.96	0.23	NA	3.93
3.	Manipur Food Industries Corporation Ltd.	2010-11	(-)0.10	0.17	NA	2.98
4.	Manipur Handloom & Handicrafts Development Corporation Ltd.	2009-10	(-)3.97	0.31	NA	20.37

¹⁰ Another ₹ 9.00 crore was paid to Manipur Spinning Mills Corporation Ltd. Since this company has been wound up by the State Government, this amount has not been treated as Investment.

¹¹ Investment at the beginning of the year 2016-17 was ₹ 196.00 crore.

Sl. No.	Company/ Corporation	Year up to which Accounts finalised	Net worth as on 31 March 2021*	Loss during the previous year (2019-20)**	Investment made during the year (2020-21)***	Cumulative investment as on 31 March 2021 ***
Working Companies						
5.	Manipur State Power Company Ltd.	2015-16	(-)31.58	20.08	NA	13.40
6.	Manipur State Power Distribution Company Ltd.	2020-21	(-)135.53	19.50	NA	0.00
7.	Manipur Tribal Development Corporation Ltd.	1987-88	(-)0.21	0.12	NA	1.62
8.	Manipur Police Housing Corporation Ltd.	1997-98	0.61	0.00	NA	0.02
9.	Manipur IT SEZ Project Development Company Ltd.#	--	0.00	0.00	NA	0.00
10.	Tourism Corporation of Manipur Ltd.#	--	0.00	0.00	NA	0.00
11.	Cyber Corporation Manipur Ltd.#	--	0.00	0.00	NA	0.00
	Sub-Total		(-)195.38	41.86	0.00	50.34
Non-working Companies						
12.	Manipur Plantation Crops Corporation Ltd.	1983-84	0.51	0.00	NA	6.92
13.	Manipur Agro Industries Corporation Ltd.	1988-89	(-)0.45	0.04	NA	4.21
14.	Manipur Pulp & Allied Products Ltd	2002-03	(-)6.07	0.83	2.93	3.84
	Sub-Total		(-)6.01	0.87	2.93	14.97
	Grand Total		(-)201.39	42.73	2.93[§]	65.31

Source: Finance Accounts & Latest Finalised accounts of SPSEs.

*Net worth is computed based on the latest finalised accounts of SPSEs.

**Loss during previous year represents loss incurred by the Companies as per their latest finalised accounts as on 30 September 2020.

*** Investment and Cumulative Investment as on 31.03.2021 represents investment made by the State Government in SPSEs as per the State Finance Accounts.

SPSEs at Sl. Nos. 9, 10 and 11 had not finalised their first Annual Accounts since their inception.

§ Another ₹ 9.00 crore was paid to Manipur Spinning Mills Corporation Ltd. Since this company had been wound up by the State government, this amount has not been treated as Investment.

However, the accumulated investment for both working and non-working companies as on 31 March 2021 stood at ₹ 65.31 crore. During 2020-21, the State Government invested ₹ 2.93 crore in one non-working company viz. Manipur Pulp & Allied Products Ltd. whose net worth has been completely eroded.

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 2021 and interest receipts vis-à-vis interest payments during 2016-21 is given in the following table:

Table 2.31: Quantum of loans disbursed and recovered during 2016-21.

	(₹ in crore)				
Quantum of loans disbursed and recovered	2016-17	2017-18	2018-19	2019-20	2020-21
Opening Balance of loans outstanding	205.09	204.19	199.57	199.11	198.31
Amount advanced during the year	0.25	3.40	0.13	0.00	10.20
Amount recovered during the year	1.15	8.02	0.59	0.80	3.30
Closing Balance of the loans outstanding	204.19	199.57	199.11	198.31	205.21
Net addition	(-0.90)	(-4.62)	(-0.46)	(-0.80)	6.90
Interest received	0.37	0.17	0.11	0.06	0.17
Interest rate on Loans and Advances given by the Government.	0.18	0.09	0.06	0.03	0.08
Rate of Interest paid on the outstanding borrowings of the Government	6.17	5.89	5.52	5.82	6.31
Difference between the rate of interest paid and interest received (per cent)	5.99	5.80	5.46	5.79	6.23

Source: Finance Accounts.

The opening balance of outstanding Loans and Advances as on 01 April 2020 was ₹ 198.31 crore and with the repayment of ₹ 3.30 crore and disbursement of ₹ 10.20 crore during 2020-21, the closing balance stood at ₹ 205.21 crore. The rate of interest on Loans and Advances given by the Government increased from 0.03 per cent in 2019-20 to 0.08 per cent in 2020-21. Recovery of the outstanding loans and advances increased from ₹ 0.80 crore in 2019-20 to ₹ 3.30 crore in 2020-21.

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, the quality of expenditure is considered to be better. The priority given by the Manipur Government to various expenditure heads in 2016-17 and 2020-21 with regard to Social Sector Expenditure (Health and Education) and Capital Expenditure is given below:

Table 2.32: Expenditure priority of the State with regard to Health, Education and Capital Expenditure

	(in per cent)				
Particulars	AE/ GSDP	CE/AE	Education/AE	Health/ AE	DE/AE
NE and Himalayan States Average (2016-17)	26.50	15.97	16.67	5.67	66.20
Manipur State (2016-17)	45.45	15.43	11.46	4.75	59.90
NE and Himalayan States Average (2020-21)	26.92	15.67	15.22	6.15	57.33
Manipur (2020-21)	45.29	16.39	10.29	6.30	61.35

Source: Finance Accounts and Economic Advisor wing.

AE -Aggregate Expenditure; CE- Capital Expenditure; DE -Development Expenditure.

A comparison of the data related to Manipur with that of the NE and Himalayan States (NEHS) revealed that the State did not fare well in Education Sector during 2020-21.

During 2020-21, ratio of Capital Expenditure to Aggregate Expenditure of the State stood at 16.39 per cent which was more than the average of the NEHS (15.67 per cent) as well as that of the neighbouring States of Nagaland (13.18 per cent), Mizoram (11.71 per cent) and Assam (16.22 per cent).

This indicates that there was considerable improvement in the quality of Capital Expenditure during 2020-21.

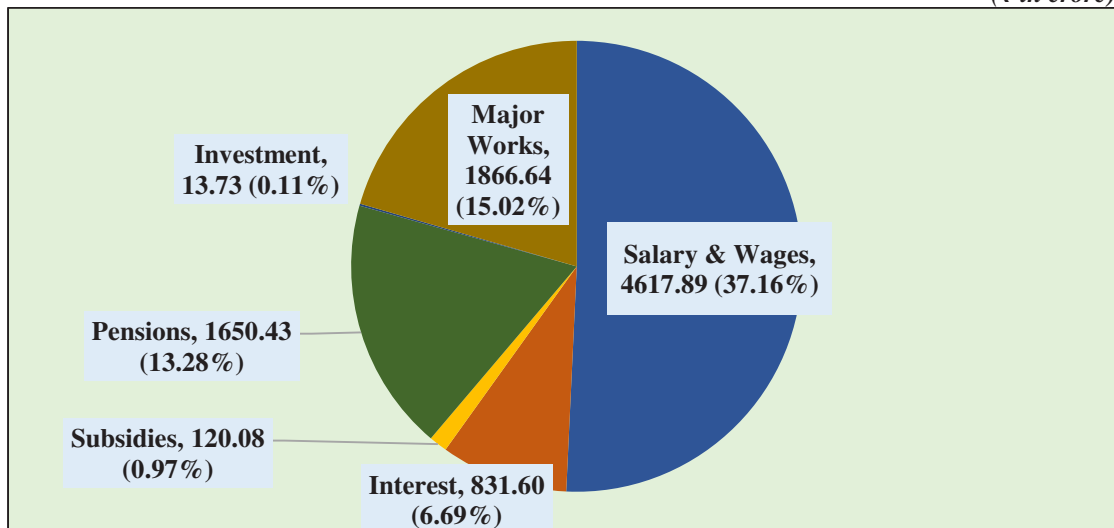
2.7.8 Object Head wise Expenditure

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 2020-21 is given in the following chart:

Chart 2.14: Object head wise expenditure

(₹ in crore)



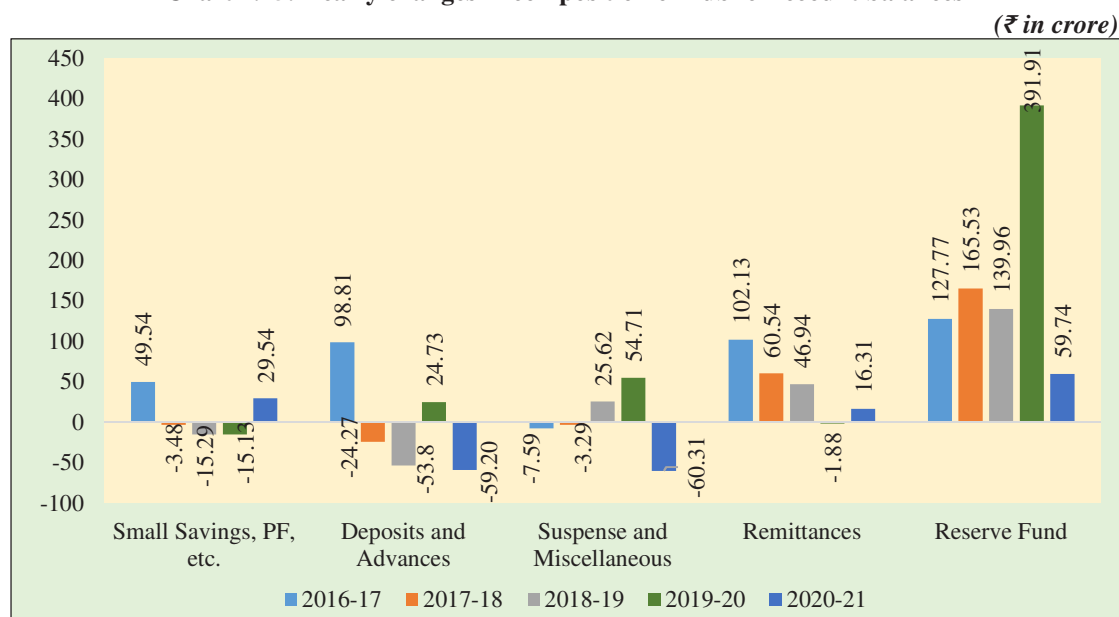
2.8 Public Account

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.

2.8.1 Net Public Account Balances

The component-wise net balances in Public Account of the State as on 31 March 2021 is given in *Appendix 2.2* and the yearly changes in composition of balances in Public Account over the five-year period 2016-21 are given in the following chart:

Chart 2.15: Yearly changes in composition of Public Account balances



Source: Finance Accounts of respective years.

2.8.2 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 2021 in the four active Reserve Funds was ₹ 1,270.27 crore out of which ₹ 365.32 crore was under Reserve Funds bearing interest and ₹ 904.95 crore under Reserve Funds not bearing interest. Details of significant Reserve Funds of the Government of Manipur are given below:

2.8.2.1 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 was required to 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 2020-21 was ₹ 57.04 crore which is 0.50 *per cent* of the outstanding liabilities of ₹ 11,407.46 crore as on 31 March 2020. However, against this, the State Government did not make any contribution to the fund during 2020-21.

Further, during 2020-21, an interest of ₹ 31.13 crore earned from the investment of balance of the Reserve Fund was added to the Fund. Accordingly, the corpus of the

Fund (including accumulated interest) amounting to ₹ 712.00 crore as on 31 March 2020, was invested by the Reserve Bank of India (RBI) in GoI Securities.

2.8.2.2 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 2010-11¹². 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 2020-21

(₹ 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
2016-17	44.56	0.00	10.00	12.90	0.00	54.56	13.32	41.24	0.00
2017-18	41.24	0.00	0.00	40.46	0.00	41.24	10.70	30.54	0.00
2018-19	30.54	0.00	0.00	55.41	0.00	30.54	3.80	26.74	0.00
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

Source: Finance Accounts

During the year 2020-21, the State transferred ₹ 41.70 crore (Central share ₹ 20.70 crore for 2019-20 and one instalment of Central share of ₹ 21.00 crore for 2020-21, State share ₹ Nil) to the Fund and incurred an expenditure of ₹ 5.30 crore on account of Natural Calamities¹³. As against the mandated contribution of ₹ 4.67 crore, the State Government did not make any contribution during the current year which was violative of the SDRF guidelines. The Central share of ₹ 21.00 crore for the year 2020-21 was to be transferred to Public Account under Major Head 8121-122 by debiting the expenditure head of account 2245-05-101 (Transfer to Reserve Funds and Deposit Accounts - State Disaster Response Fund). However, it was wrongly booked under 2245-80-800 (Other Expenditure) as per the sanction order of the State Government.

Further, opening balance of the Fund as on 01 April 2020 was ₹ 65.77 crore; of which, no amount was invested, leaving ₹ 65.77 crore un-invested. The State Government was liable to provide interest of ₹ 3.95 crore on the un-invested funds in terms with the SDRF guidelines, which was not done. The unpaid interest and non-contribution of the State Government led to overstatement of Revenue Surplus to that extent during 2020-21.

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

¹³ Major Head-2245 (Relief on account of Natural Calamities)-02 (Floods, Cyclones, etc.).

As per the Guidelines of National Disaster Response Fund (NDRF), NDRF is to be classified in the Public Account in the sub-section (b) 'Reserve Funds not bearing Interest' under the Major Head 8235-General and other Reserve Funds'-119-National Disaster Response Fund'. The State Government received an amount of ₹ 26.53 crore towards NDRF during the year 2020-21. However, the State Government neither transferred the fund to the Public Account nor no expenditure was booked by the State Government.

2.8.2.3 Guarantee Redemption Fund

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 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. As per para 5 (b) of State Government's notification (February 2008) on Guarantees Redemption Fund Scheme, during each year, the State was required to contribute one-fifth of the outstanding invoked guarantees at the end of the previous year plus an amount of guarantees likely to be invoked as determined through the risk-weighted analysis of guarantees

As on 31 March 2021, the State Government had neither invoked guarantees nor worked out the details of guarantees likely to be invoked during the year.

Further, an interest of ₹ 8.47 crore earned from the investment of balance of the Reserve Fund during 2020-21, was reinvested to the Fund. Accordingly, the corpus of the Fund (including accumulated interest) amounting to ₹ 192.95 crore as on 31 March 2021, was invested by the RBI in Government of India Securities.

2.8.2.4 Central Road Fund

GoI provides grants from the Central Road Fund (CRF) to States for specific road projects. Under the accounting procedure prescribed for CRF, the grants received are booked under Revenue Receipt Major Head '1601-GIA from Central Government' and simultaneously transferred to the Public Account Head 8449-Other Deposits, 103-Subvention from Central Road Fund through the Revenue Expenditure Major Head '3054-Roads and Bridges'. Further, expenditure on prescribed road works is to be first accounted for under the relevant Revenue or Capital Section (Major Head 3054 or 5054), and then reimbursed out of the Fund and accounted for as a deduct expenditure of the concerned expenditure Major Head.

The State Government had received ₹ 128.84 crore (₹ 13.22 crore in 2020-21) from GoI towards CRF during the period 2003-04 to 2020-21 and incurred an expenditure of ₹ 139.86 crore up to 2020-21 (₹ 13.47 crore in 2020-21). The State Government,

however, did not follow the prescribed accounting procedure. While the receipts were accounted for correctly as Revenue Receipts under GIA, the amount was not transferred to the Fund (MH 8449–103).

2.8.2.5 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 in Public Account and the remaining 10 *per cent* was to be credited into the National Fund on yearly basis.

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.

During the year 2020-21, the State Government received ₹ 12.15 crore from the user agencies and credited under Major Head 8336-Civil Deposits. The Government transferred ₹ 10.93 crore (90 *per cent*) out of ₹ 12.15 crore to Major head 8121-General and Other Reserve Funds and ₹ 1.22 crore (10 *per cent*) was remitted to the National fund during the year 2020-21. The Government did not receive any amount from National Compensatory Afforestation Deposit. The fund balance under Major Head 8121-129 as on 01 April 2020 was ₹ 279.40 crore. The State Government was liable to pay ₹ 9.50¹⁴ crore as interest 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 2021 was ₹ 261.93 crore.

2.9 Debt Management

Debt management is the process of establishing and executing a strategy for managing the Government’s debt in order to raise the required amount of funding, achieve its risk

¹⁴ Calculated at the rate of 3.40 *per cent*.

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.

2.9.1 Debt profile: Components

Total debt of the State Government constitutes of 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 2.3*.

The details relating to total debt received, repayment of debt, ratio of debt to GSDP and the actual quantum of debt available to the State during the five-year period 2016-21 is given in **Table 2.32**:

Table 2.34: Debt Indicators and trends

(₹ in crore)

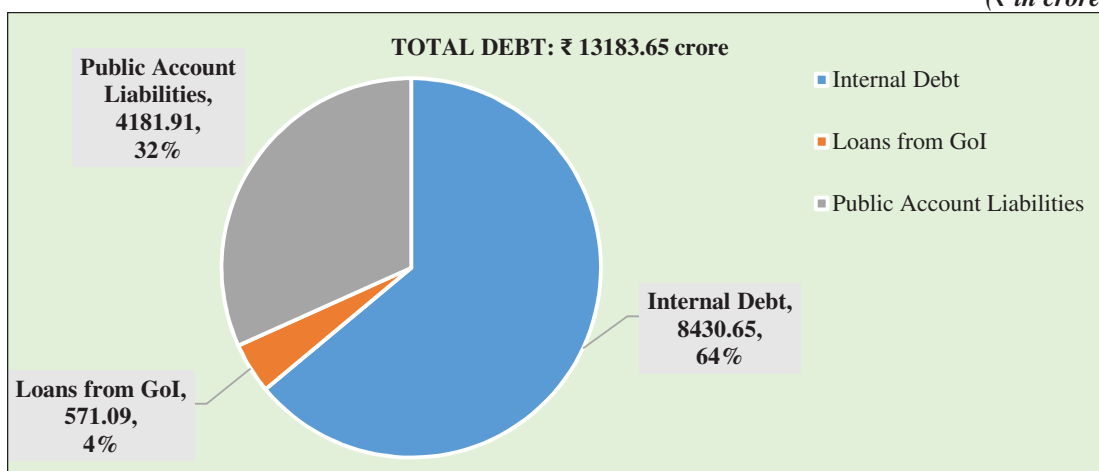
Financial Year	2016-17	2017-18	2018-19	2019-20	2020-21	
Outstanding Overall Debt	8,807.83	9,565.93	10,463.92	11,407.46	13,183.65	
Public Debt	Internal Debt	4,898.92	5,554.42	6,425.84	7,004.00	8,430.65
	Loans from GoI	366.96	331.83	287.77	251.64	571.09
Liabilities on Public Account	3,541.95	3,679.68	3,750.31	4,151.82	4,181.91	
Rate of growth of outstanding Overall debt (per cent)	8.40	8.61	9.39	9.02	15.57	
Gross State Domestic Product (GSDP)	21,293.89	25,789.23	27,869.85 (Q)	31,790.30 (A)	32,852.46 (P)	
Debt/GSDP (per cent)	41.36	37.09	37.55	35.88	40.13	
Total Debt Receipts	1,551.29	1,295.91	3,926.54	6,313.67	9,334.05	
Total Debt Repayments	1,144.97	675.53	3,099.18	5,771.64	7,587.95	
Total Debt Available	406.32	620.38	827.36	542.03	1,746.10	
Debt Repayments/Debt Receipts (per cent)	73.81	52.13	78.93	91.41	81.29	

Q-Quick Estimate; A-Advance Estimate; P-Projected Estimate.

As can be seen from the above table, over the last five years from 2016-21, Internal Debt and liabilities under Public Account, which constituted majority share of the outstanding debt showed an increasing trend from ₹ 4,898.92 crore and ₹ 3,541.95 crore in 2016-17 to ₹ 8,430.65 crore and ₹ 4,181.91 crore in 2020-21 respectively. Loans and Advances from GoI also increased from ₹ 366.96 crore to ₹ 571.09 crore during the period. The total outstanding debt of the State Government at the end of 2020-21 was ₹ 13,183.65 crore. During 2020-21, Internal Debt and Public Account liabilities constituted 63.95 per cent and 31.72 per cent of the total outstanding debt respectively, as shown in **Chart 2.16**:

Chart 2.16: Break up of Outstanding Debt at the end of 31 March 2021

₹ in crore)



2.9.2 Fiscal Deficit Financing

The financing pattern of the Fiscal Deficit has undergone a compositional shift during 2016-2021. Details of receipt and disbursement of the components used for financing the Fiscal Deficit for the year 2020-21 are given in the following table:

Table 2.35: Components of fiscal deficit and its financing pattern

₹ in crore)

Particulars		2016-17	2017-18	2018-19	2019-20	2020-21
Composition of Fiscal Deficit		(-)548.31	(-)339.86	(-)917.19	(-)708.91	(-)1,891.90
1	Revenue Deficit/Surplus	944.36	1,083.83	812.99	445.53	554.18
2	Net Capital Expenditure	(-)1,493.57	(-)1,428.31	(-)1,730.64	(-)1,155.24	(-)2,439.18
3	Net Loans and Advances	0.90	4.62	0.46	0.80	(-)6.90
Financing Pattern of Fiscal Deficit/Surplus						
1	Market Borrowings	478.17	277.77	666.69	1,255.43	1,154.03
2	Loans from GoI	(-)28.08	(-)35.13	(-)44.06	(-)36.13	319.44
3	Special Securities issued to NSSF	(-)53.11	(-)53.11	(-)53.51	(-)54.15	(-)54.15
4	Loans from Financial Institutions & Other loans	91.67	47.33	125.99	(-)4.95	112.53
5	Ways and Means Advances (Net)	(-)82.33	383.52	132.22	(-)618.16	214.24
6	Small Savings, PF, etc.	49.54	(-)3.48	(-)15.29	(-)15.13	29.54
7	Deposits and Advances	98.82	(-)24.32	(-)54.28	24.73	(-)59.20
8	Suspense and Miscellaneous	(-)21.61	(-)21.65	(-)20.15	0.16	11.08
9	Remittances	(-)102.13	(-)60.54	(-)46.94	1.88	(-)16.31
10	Reserve Fund	127.76	165.53	139.96	391.91	59.74
11	Overall Deficit	558.70	675.92	830.63	945.59	1,770.94
12	Increase(-)/Decrease(+) in cash balance	(-)10.39	(-)336.06	86.56	(-)236.68	120.96
13	Gross Fiscal Deficit	548.31	339.86	917.19	708.91	1,891.90

Table 2.36: Receipts and Disbursements under components financing the fiscal deficit

(₹ in crore)

Sl. No.	Particulars	Receipts	Disbursements	Net
1	Market Borrowings	1,304.03	150.00	1,154.03
2	Loans from GoI	367.36	47.92	319.44
3	Special Securities issued to NSSF	0.00	54.15	(-)54.15
4	Loans from Financial Institutions	179.99	67.46	112.53
5	Ways and Means Advances (Net)	7,482.66	7,268.42	214.24
6	Small Savings, PF, etc.	357.80	328.26	29.54
7	Deposits and Advances	550.01	609.21	(-)59.20
8	Suspense and Miscellaneous	184.01	172.93	11.08
9	Remittances	1,667.53	1,683.84	(-)16.31
10	Reserve Fund	93.44	33.70	59.74
11	Overall Deficit	12,186.83	10,415.89	1,770.94
12	Increase(-)/Decrease(+) in cash balance	120.96	0.00	120.96
13	Gross Fiscal Deficit	12,307.79	10,415.89	1,891.90

The Fiscal deficit of ₹ 1,891.90 crore in 2020-21 was mainly due to excess of expenditure in Capital account partially reduced by the Revenue surplus. The deficit was primarily financed by Market Borrowings (₹ 1,154.03 crore), Reserve Fund (₹ 59.74 crore), Loans and Advances from the Government of India (₹ 319.44 crore), Ways and Means Advances (₹ 214.24 crore), Loans from Financial Institutions (₹ 112.53 crore) and partially offset by the outflow of Deposits and Advances (₹ 59.20 crore), Special Securities issued to NSSF (₹ 54.15 crore), and Remittances (₹ 16.31 crore).

The increase in net capital outlay 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.

2.9.3 Debt profile: Maturity and Repayment

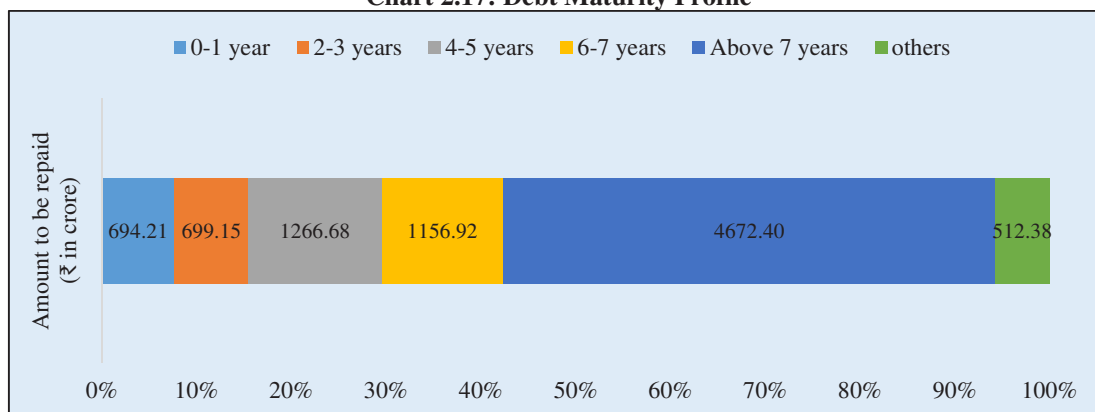
Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing. The details of the outstanding debt of the State and the maturity profile of debt of the State are shown in the following table and chart:

Table 2.37: Debt Maturity profile of repayment of State debt

Debt Maturity	Maturity Profile	Amount (₹ in crore)			Per cent w.r.t. Public Debt
		Internal Debt	Loans and Advances	Total	
By 2021-22	0-1 year	694.17*	0.04	694.21	7.71
Between 2022-23 & 2023-24	2-3 years	697.48	1.67	699.15	7.77
Between 2024-25 & 2025-26	4-5 years	1,098.79	167.89	1,266.68	14.07
Between 2026-27 & 2027-28	6-7 years	1,155.00	1.92	1,156.92	12.85
2028-29 onwards	Above 7 years	4,272.90	399.50	4,672.40	51.91
Amount for which year of Maturity is not known		512.31	0.07	512.38	5.69
Total		8,430.65	571.09	9,001.74	-

* It includes ₹ 214.24 crore outstanding balance as on 31 March 2021 under WMAs from the RBI.

Chart 2.17: Debt Maturity Profile



The maturity profile of outstanding stock of public debt as on 31 March 2021 indicates that out of the outstanding Public Debt of ₹ 9,001.74 crore, ₹ 3,816.96 crore (42.40 per cent) needs to be repaid within seven years. Internal Debt constituted 93.66 per cent (₹ 8,430.65 crore) of the total outstanding public debt. The year-wise details of maturity profile of debt at the end of 2020-21 is given in **Appendix 2.4**. Out of ₹ 9,001.74 crore, ₹ 7,133.43 crore was the principal amount of market loan taken by the State. The State paid an interest of ₹ 606.25 crore for the year 2020-21.

2.10 Debt Sustainability Analysis

This section assesses the sustainability of debt of the State Government in terms of debt/GSDP ratio, Fiscal Deficit, burden of interest payments (measured by ratio of interest payments to Revenue Receipts) and maturity profile of the State Government debt. The State's debt sustainability according to these indicators for the five-year period beginning from 2016-17 is shown below:

Table 2.38: Trends in debt Sustainability indicators

Debt Sustainability Indicators	₹ in crore				
	2016-17	2017-18	2018-19	2019-20	2020-21
Outstanding Public Debt*	5,265.88	5,886.25	6,713.61	7,255.64	9,001.74
Rate of Growth of Outstanding Public Debt	8.36	11.78	14.06	8.07	24.07
GSDP	21,293.89	25,789.23	27,869.85(Q)	31,790.30(A)	32,852.46(P)
Rate of Growth of GSDP	9.03	21.11	8.07	14.07	3.34
Public Debt/GSDP	24.73	22.82	24.09	22.82	27.40
Public Debt repayment—including default history, if any	257.38	395.65	454.87	666.60	319.54
Average interest Rate of Outstanding Public Debt (per cent)	5.37	5.05	4.58	4.75	5.12
Percentage of Interest payment to Revenue Receipt	5.96	5.44	5.47	6.21	6.41
Percentage of Public Debt Repayment to Public Debt Receipt	73.81	52.13	78.93	91.41	81.29
Net Public Debt available to the State [#]	(-)137.43	57.42	250.13	(-)121.51	914.50
Net Public Debt available as per cent to Debt Receipts	(-)8.86	4.43	6.37	(-)1.92	9.80

Debt Sustainability Indicators	2016-17	2017-18	2018-19	2019-20	2020-21
Debt Stabilisation (Quantum spread + Primary Deficit)	624.35	561.32	682.62	866.95	(-)1450.69

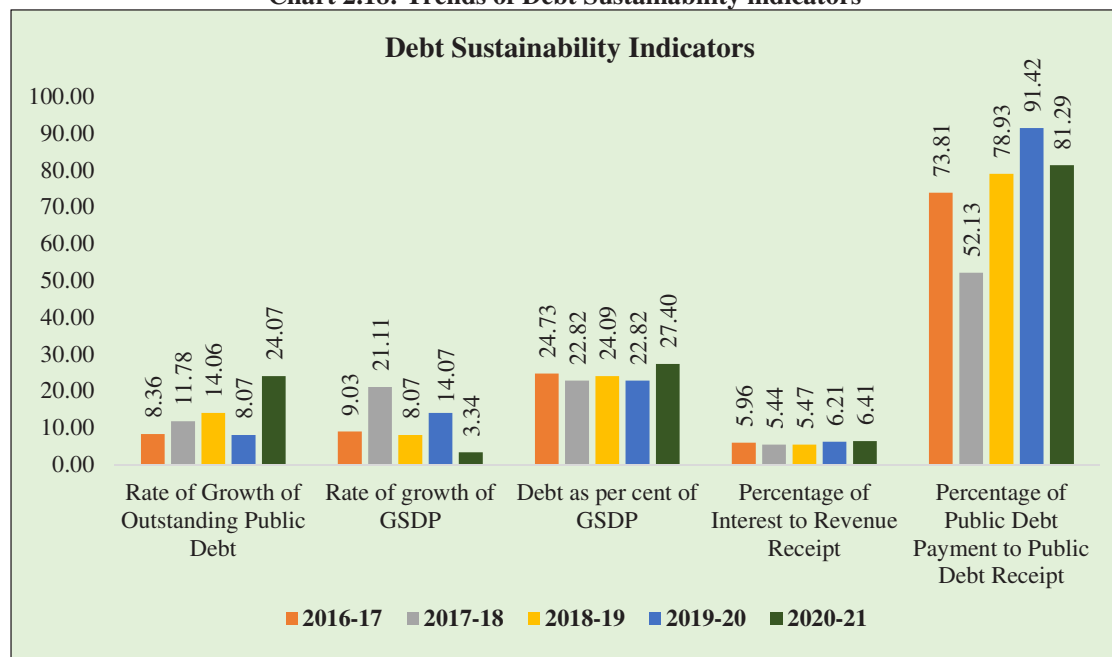
Source: Finance Accounts

Q: Quick Estimate; A: Advance Estimate; P: Projected Estimate.

*Outstanding Public Debt is the sum of outstanding balances under the heads 6003-Internal Debt and 6004- Loans and Advances from the Central Government.

#Net debt available to the State Government is calculated as excess of Public debt receipts over Public debt repayment and interest payment on Public Debt.

Chart 2.18: Trends of Debt Sustainability indicators



2.10.1 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.

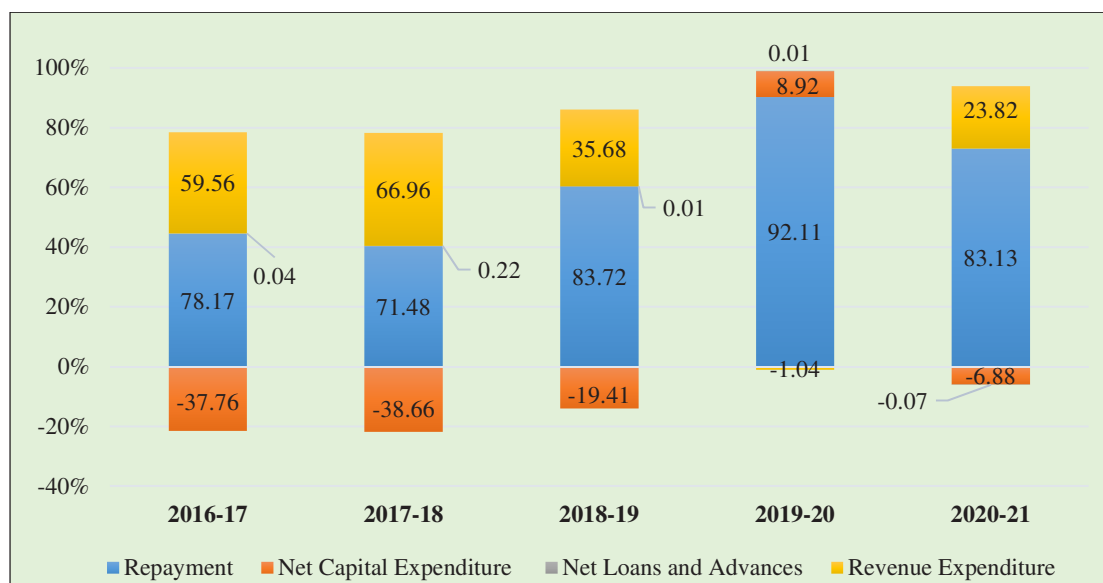
The trends of the total borrowing, repayment of earlier borrowings and utilisation during the five years from 2016-17 to 2020-21 are given in **Table 2.37**. **Chart 2.19** represents trends utilisation of borrowed funds for the last five years (2016- 21).

Table 2.39: Utilisation of borrowed funds

Year		2016-17	2017-18	2018-19	2019-20	2020-21
Total Borrowings	2	2,540.66	2,077.73	4,654.93	6,994.30	10,175.27
Repayment of earlier borrowings (Principal) (per cent)	3	1,985.98 (78.17)	1,485.14 (71.48)	3,896.90 (83.72)	6,442.66 (92.11)	8,458.83 (83.13)
Net capital expenditure (per cent)	4	(-)959.46 (-37.76)	(-)803.31 (-38.66)	(-)903.38 (-19.41)	623.91 (8.92)	(-)699.98 (-6.88)
Net Loans and Advances	5	0.90	4.62	0.46	0.80	(-)6.90
Portion of Revenue Expenditure met out of net available borrowings	6=2-3-4-5	1,513.24	1,391.28	1,660.95	(-)73.07	2,423.32

Source: Finance Accounts.

Chart 2.19: Trends in Utilisation of borrowed fund



It can be seen from the above table that during 2020-21, ₹ 8,458.83 crore (83.13 per cent) was utilised in repayment of earlier borrowings.

2.10.2 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 of 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 2016-21 are shown in the following table:

Table 2.40: Guarantees given by the State Government

Guarantees	₹ in crore				
	2016-17	2017-18	2018-19	2019-20	2020-21
Ceiling applicable to the outstanding amount of guarantees	1,550.49	1,651.32	1,760.01	2,372.82	3,138.15
Outstanding amount of guarantees at the beginning of the year	269.96	490.19	451.04	410.08	411.63

The total outstanding guarantees as on 01 April 2020 was ₹ 411.63 crore, which is significantly less than the limit of ₹ 3,138.15 crore¹⁵ i.e., thrice the State's Own Tax Revenue for the year 2018-19. During 2020-21, the State Government issued fresh guarantees of ₹ 236.54 crore to Urban Development Authority and Rural Housing Society (₹ 125.06 crore) and MSPDCL (₹ 111.48 crore). There was an outstanding guarantee of ₹ 598.32 crore as on 31 March 2021. The State Government was yet to collect ₹ 2.37 crore as guarantee commission for the additional guarantee given in 2020-21.

¹⁵ 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. ₹ 3,138.15 crore (₹ 1,046.05 crore (in 2018-19) x 3).

2.10.3 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 (WMAs)/Special Ways and Means Advances (SWMA)/Overdrafts (ODs) from time to time. State Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills including Consolidated Sinking Fund and Guarantee Redemption Fund.

Table 2.39 gives the details of cash balances and their investment during the year:

Table 2.41: Cash Balances and their investments

(₹ in crore)

Particulars	Opening balance on 01 April 2020	Closing balance on 31 March 2021
A. General Cash Balance		
Cash in treasuries	4.63	4.63
Deposits with Reserve Bank of India	(-)97.77	49.04
Deposits with other Banks	0.00	0.00
Remittances in transit – Local	0.00	0.00
Total	(-)93.14	53.67
Investments held in Cash Balance Investment Accounts	57.97	0.00
Total (A)	(-)35.17	53.67
B. Other Cash Balances and Investments		
Cash with departmental officers viz., Public Works, Forest Officers	41.31	50.05
Permanent advances for contingent expenditure with department officers	0.02	0.02
Investment in earmarked funds	875.54	657.00
Total (B)	916.87	707.07
Total (A + B)	881.70	760.74
Interest realised		2.08

Source: Finance Accounts.

It was noticed that State Government's opening Cash Balance as on 01 April 2020 was in the negative ₹ 93.14 crore. The closing Cash Balance as on 31 March 2021 showed an increase of ₹ 146.81 crore and stood at ₹ 53.67 crore. The State Government had earned ₹ 2.08 crore from the Cash Balance Investments during 2020-21.

The Cash Balance Investments of the State of Manipur for the last five years (2016-17 to 2020-21) are given in the following table:

Table 2.42: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)				
Year	Opening Balance	Closing Balance	Increase (+) / decrease (-)	Interest earned
2016-17	0.00	0.00	0.00	15.41
2017-18	0.00	0.00	0.00	17.80
2018-19	0.00	0.00	0.00	17.26
2019-20	0.00	57.97	57.97	6.19
2020-21	57.97	0.00	(-57.97)	2.08

Source: Finance Accounts.

During the period 2016-21, closing Cash Balance of ₹ 57.97 crore was seen only during 2019-20 under Cash Balance Investment Account. The interest earned during the year decreased by ₹ 4.11 crore from ₹ 6.19 crore in 2019-20 to ₹ 2.08 crore in 2020-21.

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 to the State of Manipur was ₹ 312.00 crore for 2020-21. The position of WMAs and Overdraft during 2016-21 is shown in the following table:

Table 2.43: Ways and Means Advances and Overdrafts

(₹ in crore)					
Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Ways and Means Advance					
Availed in the year	805.26	663.4	2,776.55	4,486.88	7,482.66
Disbursed in the year	887.59	279.88	2,644.32	5,105.04	7,268.42
Outstanding WMAs	102.42	485.94	618.16	0	214.24
Interest paid	0.75	0.1	2.23	167.16	4.80
Number of days	32	8	21	85	113
Overdraft					
Number of days	Nil	1	34	56	29

(Source: Finance Accounts).

The State Government resorted to WMAs regularly since 2016-17 onwards. During 2020-21, they availed ₹ 7,482.66 crore as WMAs for 113 days which indicated a difficult Cash Balance position of the State Government. After repayment of ₹ 7,268.42 crore, the balance WMA at the end of the year was ₹ 214.24 crore.

2.11 Conclusion

- During 2020-21, the State had a Revenue surplus of ₹ 554.18 crore which was 1.69 per cent of GSDP during the year. Fiscal deficit during 2020-21 was ₹ 1,891.90 crore which was 5.76 per cent of GSDP and primary deficit was ₹ 1,060.30 crore (3.23 per cent of GSDP).
- Revenue Receipts during the year 2020-21 were ₹ 12,982.65 crore which increased by ₹ 2,298.49 crore (21.51 per cent) over the previous year. State's Own Tax

Revenue (₹ 1,294.49 crore) increased by ₹ 93.37 crore (7.77 per cent) compared to the previous year (₹ 1201.12 crore), while Non-Tax Revenue (₹ 148.07 crore) increased by ₹ 13.54 crore (10.06 per cent) during the year. State GST (₹ 866.51 crore) was the main contributor of the State's Own Tax Revenue and the SGST along with Taxes on Sales, Trades accounted for 92.93 per cent of the State's total Own Tax Revenue. During 2020-21, receipts under SGST (₹ 866.51 crore) increased by ₹ 13.93 crore (1.63 per cent) as compared to previous year (₹ 852.58 crore). The SGST receipts included ₹ 90.86 crore received as 'Apportionment of Taxes from IGST'.

- Grants-in-Aid from GoI increased by ₹ 1,967.39 crore (37.12 per cent) and State's Share of Union taxes and Duties increased by ₹ 224.20 crore (5.54 per cent) during 2020-21 as compared to the previous year.
- Revenue Expenditure during the year 2020-21 was ₹ 12,428.47 crore (83.54 per cent) against the Total Expenditure of ₹ 14,877.85 crore. During the year, Committed Expenditure like salary & wages, pension, interest payments increased by ₹ 837.23 crore (13.37 per cent) from ₹ 6,262.69 crore during 2019-20 to ₹ 7,099.92 crore during 2020-21. The Committed Expenditure during 2020-21 was 54.69 per cent of the total Revenue Receipts (₹ 12,982.65 crore) and 57.13 per cent of the total Revenue Expenditure (₹ 12,428.47 crore).
- Salary and Wages expenditure constituted 35.57 per cent of Revenue Receipts and 46.43 per cent of Revenue Expenditure (excluding Interest Payment and Pensions) during the year 2020-21.
- 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 increased by ₹ 1,283.94 crore (111.14 per cent) from ₹ 1,155.24 crore during 2019-20 to ₹ 2,439.18 crore during 2020-21.
- Under National Pension System, against contribution of ₹ 873.58 crore of the State Government employees up to March 2021, the State Government contributed ₹ 752.77 crore only, resulting in a shortfall of ₹ 120.81 crore in the matching share of the State Government. Further, the State Government was yet to transfer ₹ 103.50 crore to NSDL till the end of 31 March 2021. The shortfall/ non contribution of funds are liabilities of the State Government, which need to be discharged promptly.
- The Government incurred an expenditure of ₹ 748.18 crore on 67 projects, which remained incomplete and the time overrun on these projects ranged between 13 days and five years. Further, there was cost overrun of ₹ 5.20 crore in three incomplete projects.
- During 2020-21, the State Government invested ₹ 4.73 crore in Government Companies, statutory corporation, co-operative societies and joint stock companies. As on 31 March 2021, the State Government's investment stood at ₹ 227.84 crore in those Companies/ Corporations and Co-operative societies, whereas the returns on investment were negligible.

- As against the mandated contribution of ₹ 4.67 crore under SDRF, the State Government did not make any contribution during the current year which was violative of the SDRF guidelines.
- The total outstanding guarantees as on 01 April 2020 was ₹ 411.63 crore, which was within the limits (thrice the State's Own Tax Revenue for the year 2018-19) prescribed under FRBM Act. As on 31 March 2021, there was an outstanding guarantee of ₹ 598.32 crore. The State Government was yet to collect ₹ 2.37 crore as guarantee commission for the additional guarantee given (₹ 236.54 crore) in 2020-21.
- The outstanding Public Debt rapidly increased from ₹ 5,265.88 crore (8.36 per cent) in 2016-17 to ₹ 9,001.74 crore (24.07 per cent) in 2020-21 and the Debt/ GSDP ratio increased from 24.73 per cent to 27.40 per cent during the same period due to increase in growth rate of GSDP. About six per cent of the Revenue Receipts were used by the State for payment of interest on the outstanding Public Debt at an average rate of interest, which ranged between 4.58 per cent and 5.37 per cent, during last five-year period from 2016-17 to 2020-21.
- As on 31 March 2021, the State had outstanding Internal Debt of ₹ 8,430.65 crore out of which ₹ 1,391.65 crore will mature in the next one to three years and ₹ 1,098.79 crore will be maturing during the next four to five years. Maximum amount of Internal Debt bearing interest will mature after next seven years.
- During 2020-21, ₹ 8,458.83 crore (83.13 per cent) was utilised in repayment of earlier borrowings.
- The State Government had availed Ways and Means Advances for 113 days amounting to ₹ 7,482.66 crore and repaid ₹ 7,268.42 during the year 2020-21. The Cash Balances of the State at the end of 31 March 2021 was ₹ 53.67 crore.

2.12 Recommendations

- *The increasing trends of Revenue Expenditure be corrected by identifying potential wasteful expenditure and adopting economy measures across departments.*
- *The State Government needs to keep up the trend of increasing its Capital Expenditure and give more impetus to asset creation for sustained economic growth.*
- *To avoid possible future liabilities under NPS, the State Government needs to fulfil their obligation by releasing arrears of its contributions and transferring the outstanding funds already accumulated to NSDL for management of the NPS.*
- *The State Government may seriously review the functioning of the Corporations, Companies and Societies to ensure returns on their investments and consider closing of non-functional units in a time bound manner.*
- *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.*

