Chapter-I:
Overview of Finances of the State

This chapter provides a snapshot of Manipur's finances for 2024-25, covering demographics, economic indicators, and the State's fiscal structure. It analyses trends in revenue and expenditure, debt levels, and fiscal deficits, highlighting persistent imbalances and reliance on borrowings. The chapter flags issues like high committed expenditure, low returns on investments *etc*.

1.1 Profile of the State

The State of Manipur is located in the north-eastern part of India. The total geographical area of the State is 22,327 sq. km. comprising of 16 districts and 2,515[1] villages. The State's population is projected[2] to 32.82 lakh on 01 March 2025 from 29.80 lakh on 01 March 2015 showing a decadal population growth of 10.13 *per cent* against National Decadal Growth rate of 10.85 *per cent*. This section provides an overview of the State's demography, Gross State Domestic Product (GSDP), and per capita income of the State.

1.1.1 Demography of the State

The State's demographic details *vis-à-vis* national average are presented in the **Table 1.1**.

Table 1.1: Demographic profile of the State

Particulars	Manipur	National average
Rural Population (*per cent*)	67.03	64.30
Urban Population (*per cent*)	32.97	35.70
Population density (in persons per sq. km)	147.00	430.00
Sex Ratio per 1,000 Males	994.00	947.00
Infant Mortality Rate per 1,000 Live births	3.00	25.00
Maternal Mortality Rate per lakh women in the age group 15-49	NA	5.00
Total Fertility Rate (children per women)	2.17	1.99
Life Expectancy at Birth (in years)	NA	70.30
Population below Poverty Line *(per cent*)	8.10	14.96
Literacy Rate *(per cent*)	92.00	80.90
Labour Force Participation Rate (*per cent)*	64.10	64.30

Sources: ***Rural, Urban Population, Population Density, Sex Ratio****: Census of India 2011 and Report of the Technical Group of Population Projections on 'Population Projection for India and the States 2011-2036', MoHFW, GoI.*
Infant Mortality Rate: *SRS Bulletin September 2025 (Ref. Year 2023) – Registrar General of India, GoI.*
Maternal Mortality Rate*: SRS Bulletin on Maternal Mortality in India 2021-23 (September 2025), Registrar General of India, GoI.*
Total Fertility Rate*: NFHS – 5 (2019-21), MOHFW.*
Life Expectancy at Birth*: SRS Based Abridged Life Tables 2017-21 &2019-23 (September 2025), Registrar General of India, GoI.*
Population below Poverty line (Headcount Ratio)*: Multidimensional Poverty Index, 2019-21 (Headcount Ratio) NITI Aayog.*
Literacy Rate: *Periodic Labour Force Survey (PLFS) (2023-24), Ministry of Statistics and Programme Implementation.*
Labour Force Participation Rate*: PLFS (2023-24), Ministry of Statistics and Programme Implementation.*

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1 As per Census, 2011

2 As per the Report on Population Projections for India and the States, 2011-2036, based on Census of India, 2011 published by the Technical Group on Population Projections (2019)

1.1.2 Economy of the State

Gross State Domestic Product (GSDP) and per capita GSDP are important indicators of the State's economy as discussed in succeeding paragraphs.

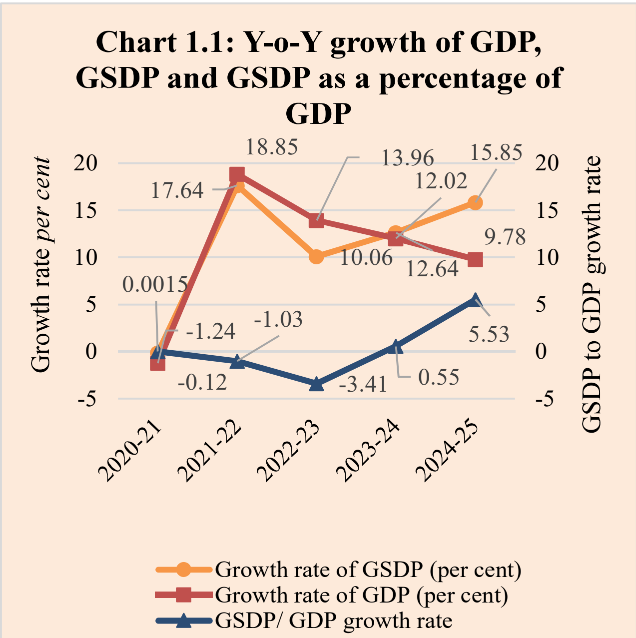
1.1.2.1 Gross State Domestic Product and Per capita Income

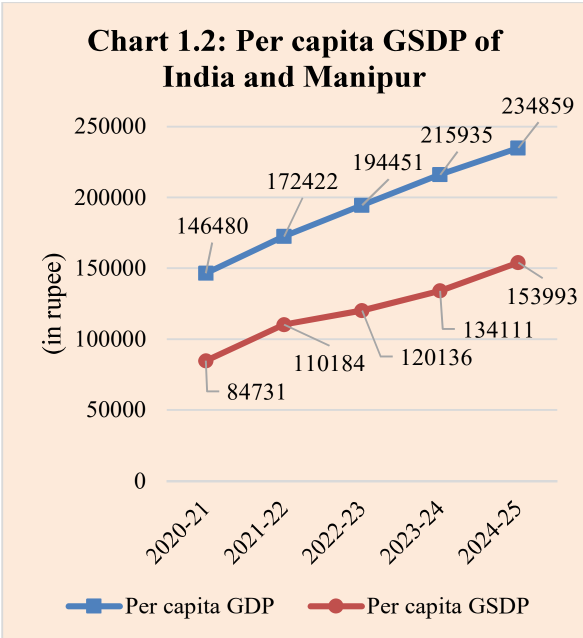
Gross Domestic Product (GDP) refers to the total value of goods and services produced within a country, while GSDP measures the same at the State level, and both reflect economic development and overall progress. Trends of GSDP and GDP is given in **Table 1.2**. Year on year growth of GSDP and GDP and GSDP contribution in GDP is given in **Chart 1.1**, and per capita GDP of the country and per capita GSDP of the State is depicted in **Chart 1.2**.

Table 1.2: Trends in GSDP compared to GDP of India (at current prices)

Year	2020-21	2021-22	2022-23	2023-24	2024-25
GDP (₹ in crore)	1,98,54,096	2,35,97,399	2,68,90,473	3,01,22,956	3,30,68,145
GSDP (₹ in crore)	29,776	35,027	38,552	43,425	50,309
Per Capita GDP (in ₹)	1,46,480	1,72,422	1,94,451	2,15,935	2,34,859
Per Capita GSDP (in ₹)	84,731	1,10,184	1,20,136	1,34,111	1,53,993

Source: Ministry of Statistics and Programme Implementation (MoSPI), GoI and records of Economics and Statistics Department, GoM.





Source: Ministry of Statistics and Programme Implementation (MoSPI), GoI and records of Economics and Statistics Department, GoM

As can be seen from the **Table 1.2** above, GSDP of the State showed continued growth during the last five-years (2020-21 to 2024-25) which reflected consistent economic expansion during the period. However, in terms of growth rate, as evident from **Chart 1.1** above, a fluctuating trend was observed during the five-year period with a decline from the year 2021-22 to 2022-23 and progressive increase from the period 2022-23 to 2024-25. It may be highlighted that the GSDP growth during 2024-25 exceeded the GDP growth rate by 6.08 *per cent,* which reflected that the State economy was performing relatively well. The percentage contribution to GDP also remained consistent during the entire five-year period with only nominal variations. In terms of per Capita GSDP as shown in **Chart 1.2**, highest year on growth (30.04 *per cent*) was registered during the year 2021-22 against the previous year 2020-21, signalling post-corona recovery. A decrease was observed in the following year 2022-23, and thereafter, it remained on an increasing trend, which indicated rising economic output and per capital income. The growth trend was also higher than the national average in three out of the five years period (2021-22, 2023-24 and 2024-25).

1.1.2.2 Sectoral contribution to Gross State Value Added

The sectoral contribution by various sectors during 2024-25 and sectoral growth in Gross State Value Added (GSVA) during the last five years are depicted in **Charts 1.3** and **1.4**, respectively.

Chart 1.3: Sectoral Contribution 2024-25

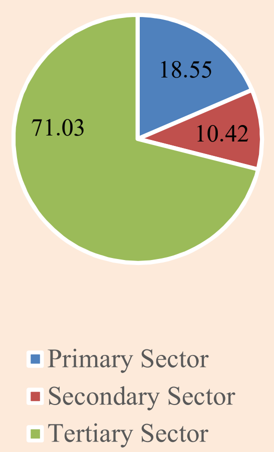
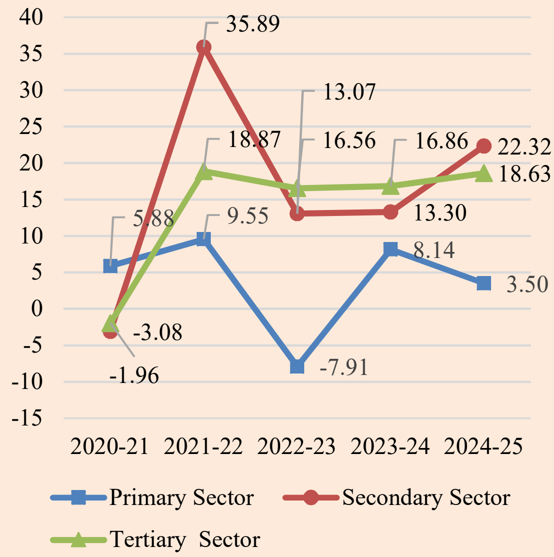


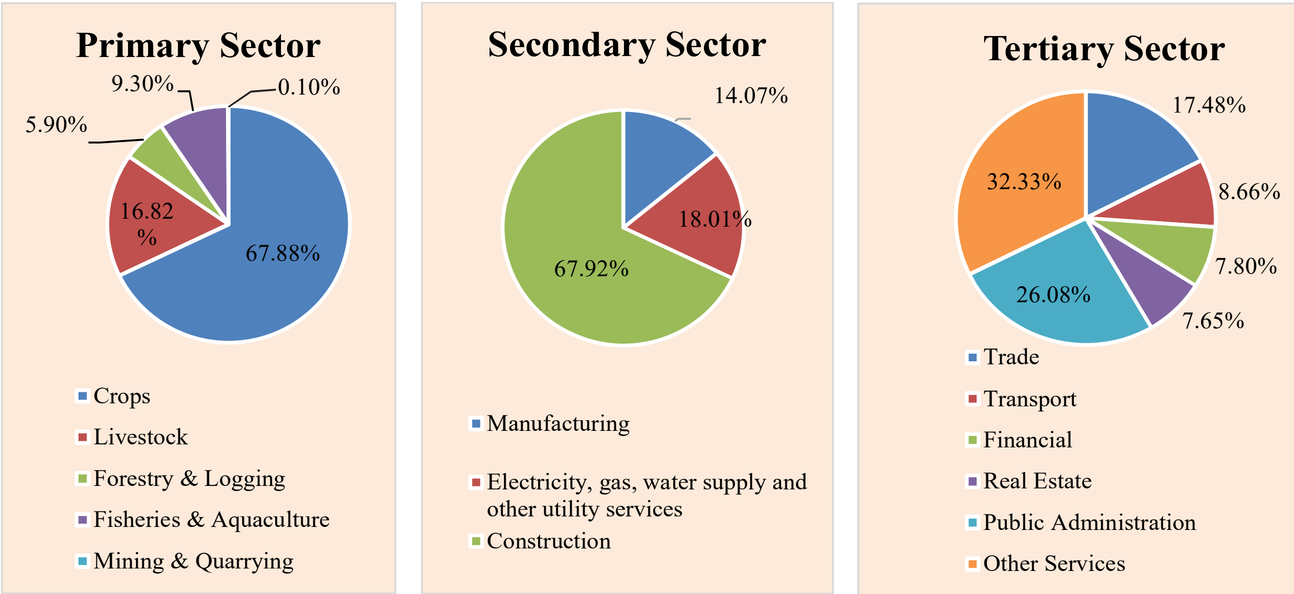
Chart 1.4: Sectoral growth in GSVA



Source: Records of Economics and Statistics Department, GoM.

Chart 1.5 shows the composition of each sectors during FY 2024-25, in terms of its major contributing segments.

Chart 1.5: Sector-wise distribution, FY 2024-25



Source: Records of Economics and Statistics Department, GoM.

The tertiary sector remained the largest contributor in the GSVA of the State followed by the Primary Sector and Secondary Sector. During the five-year period from 2020-21 to 2024-25, rate of growth of Tertiary Sector showed progressive increase while the trends for Secondary and Primary Sectors were fluctuating. As can be seen from **Chart 1.5**, major share of contribution in the GSVA during the year under Primary, Secondary and Tertiary Sectors were Crops, Construction and Public Administration.

1.1.3 Snapshot of Finances

Table 1.3 shows the details of actual financial results of State Government for the years 2023-24 and 2024-25 *vis-à-vis* Budget Estimates (BE), Revised Estimates (RE) and GSDP for the year 2024-25.

Table 1.3: Snapshot of Finances

(₹ in crore)

Sl. No.	Components	2023-24 (Actuals)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actuals)	Percentage of Actuals (2024-25) to BE	Percentage of Actuals (2024-25) to GSDP
1.	Tax Revenue	9,310.64	11,400.60	11,068.13	10,825.88	94.96	21.52
(i)	*Own Tax Revenue*	1,223.50	2,470.57	1,854.00	1,611.74	65.24	3.20
(ii)	*Share of Union taxes and duties*	8,087.14	8,930.03	9,214.13	9,214.14	103.18	18.32
2.	Non-Tax Revenue	209.57	300.00	300.00	476.51	158.84	0.95
3.	Grants-in-Aid and Contributions	5,185.96	16,015.85	13,006.08	5,473.21	34.17	10.88
4.	**Revenue Receipts (1+2+3)**	**14,706.17**	**27,716.45**	**24,374.21**	**16,775.60**	**60.53**	**33.35**
5.	Recovery of Loans and Advances	1.08	3.79	3.79	1.11	29.29	0.00
6.	Other Receipts	0.00	0.00	0.00	0.00	0.00	0.00
7.	Borrowings and other liabilities*	1,863.34	1,357.54	2,217.57	2,090.89	154.02	4.16
8.	**Capital Receipts (5+6+7)**	**1,864.42**	**1,361.33**	**2,221.36**	**2,092.00**	**153.67**	**4.16**
9.	**Total Receipts (4+8)**	**16,570.59**	**29,077.78**	**26,595.57**	**18,867.60**	**64.89**	**37.50**
10.	**Revenue Expenditure**	**13,821.75**	**20,627.79**	**19,944.30**	**15,662.82**	**75.93**	**31.13**
11.	Interest payments	976.58	1,101.12	1,117.90	1,022.23	92.84	2.03

Sl. No.	Components	2023-24 (Actuals)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actuals)	Percentage of Actuals (2024-25) to BE	Percentage of Actuals (2024-25) to GSDP
12.	Capital Expenditure	2,748.59	8,616.12	6,518.89	2,704.23	31.39	5.38
13.	Loans and advances	0.25	2.10	2.20	0.55	26.19	0.00
14.	**Appropriation to Contingency Fund**	**0.00**	**0.00**	**0.00**	**500.00**	**-**	**0.99**
15.	**Total Expenditure (10+12+13+14)**	**16,570.59**	**29,246.01**	**26,465.39**	**18,867.60**	**64.51**	**37.50**
16.	**Revenue Surplus [3] (4-10)**	**884.42**	**7,088.66**	**4,429.91**	**1,112.78**	**15.70**	**2.21**
17.	**Fiscal Deficit[4] {(4+5+6)-15}**	**1,863.34**	**1,525.77**	**2,087.39**	**2,090.89**	**137.04**	**4.16**
18.	**Primary Deficit (17-11)**	**886.76**	**424.65**	**969.49**	**1,068.66**	**251.66**	**2.12**

Source: Finance Accounts of respective years and Annual Financial Statement, 2024-25

* *Borrowings and other Liabilities: Net (Receipts – Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts – Disbursements) of Public Account + Net of Opening and Closing Cash Balance.*

As depicted by the **Table 1.3,** the following are the significant observations of 2024-25:

- Revenue raised by the State increased during 2024-25 mainly due to increase in own tax revenue realisation over the previous year. This also contributed significantly towards increase in Total Receipts of the State during the year. However, the collection was lower than the Revised Estimates (RE) indicating economic challenges in revenue collection.
- Revenue Expenditure also showed an increase during 2024-25 against the previous year. Revenue surplus, however, increased owing to the growth in revenue receipts.
- Against 2023-24, a decline was observed in Capital Expenditure in 2024-25 suggesting reduced allocation towards asset creation.
- Total Expenditure increased over the previous year mainly due to an increase in Revenue Expenditure and appropriation of an amount of ₹500 crore to the Contingency Fund.
- Fiscal deficit showed an increase despite revenue expenditure being offset by the increase in revenue receipts. This was due to appropriation of an amount of ₹500 crore towards Contingency Fund.
- The State could not achieve the Revenue projections in almost all heads which reflected the need for better revenue forecasting and realistic assessments before framing REs.

The details of State Government Finances for the years 2020-21 to 2024-25 are given in ***Appendix 1.1***.

1.1.4 Sources and Applications of Funds

Comparison of components of the sources and application of funds of the State during the current year is given in **Chart 1.6**.

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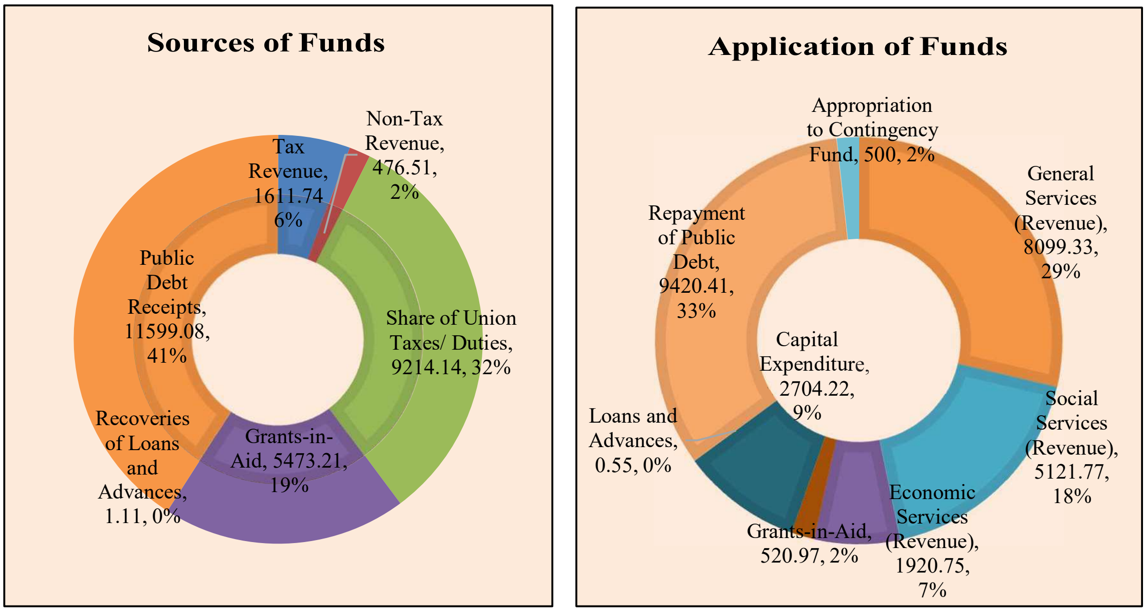
3 Post Audit adjusted Revenue Surplus is ₹1,112.17 crore (₹1,112.78 crore – ₹ 0.61 crore)

4 Post Audit adjusted Fiscal Deficit is ₹2,091.50 crore (₹2,090.89 crore + ₹0.61 crore)

Chart 1.6: Details of sources and application of funds during 2024-25

(Amount is in ₹ in crore)



Source: Finance Accounts,2024-25

Appendix 1.2 represents details of receipts and disbursements and the overall fiscal position of the State during current year as well as previous year.

1.1.5 Snapshot of Assets and liabilities of the Government

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. ***Appendix 1.3*** gives an abstract of such liabilities and assets, as on 31 March 2025, compared with the corresponding position of the previous year. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from the Public Account and Reserve Funds. Assets comprise mainly of the Capital Expenditure, loans and advances, given by the State Government and cash balances. A summarised position of assets and liabilities, for the financial years 2023-24 and 2024-25, is given in **Table 1.4**.

Table 1.4: Summarised position of assets and liabilities

(₹ in crore)

Liabilities					**Assets**				
		2023-24	**2024-25**	***Per cent* increase /decrease**			**2023-24**	**2024-25**	***Per cent* increase/ decrease**
Consolidated Fund									
A	Internal Debt	12,160.32	12,869.32	5.83	A	Gross Capital Expenditure	36,309.35	39,013.57	7.45
B	Loans and Advances from GoI	1,854.79	3,324.46	79.24	B	Loans and Advances	210.10	209.54	-0.27
Contingency Fund		0.00	500.00				0.00	188.50	
Public Account									
A	Small Savings, Provident Funds, *etc.*	1,459.77	1,320.20	-9.56	A	Advances with Departmental officers	2.60	2.60	0.00
B	Deposits	1,445.61	1,420.88	-1.71	B	Remittances	796.21	949.39	19.24

Liabilities					Assets				
		2023-24	**2024-25**	***Per cent* increase /decrease**			**2023-24**	**2024-25**	***Per cent* increase/ decrease**
C	Reserve Funds	1,951.31	1,912.02	-2.01	C	Suspense and Miscellaneous	238.84	216.68	-9.28
D	Remittances	0.00	0.00		**Cash balance (including investment in Earmarked Funds)**		846.82	911.50	7.64
E	Suspense and Miscellaneous	-	-	-	**Total**		**38,403.92**	**41,491.78**	**8.04**
	Surplus in Government Account	19,532.12	20,144.90	3.14	**Deficit in Revenue Account**		-	-	-
Total		**38,403.92**	**41,491.78**	**8.04**	**Total**		**38,403.92**	**41,491.78**	**8.04**

Source: Finance Accounts of respective years.

1.2 Consolidated Fund of the State

All revenues received by the State Government, all loans raised by the State Government, ways and means advances extended by the Reserve Bank of India and all money received by the State Government in repayment of loans forms part of the Consolidated fund of the State.

1.2.1 Revenue Receipts

Trends and growth of revenue receipts with respect to Gross State Domestic Product (GSDP) over the five-year period (2020-2025) are shown in **Table 1.5**.

Table 1.5: Trends in Revenue Receipts

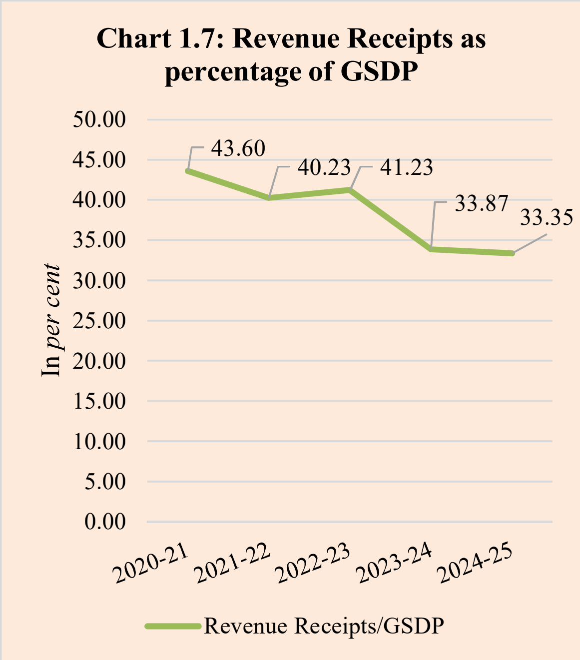
(₹ in crore)

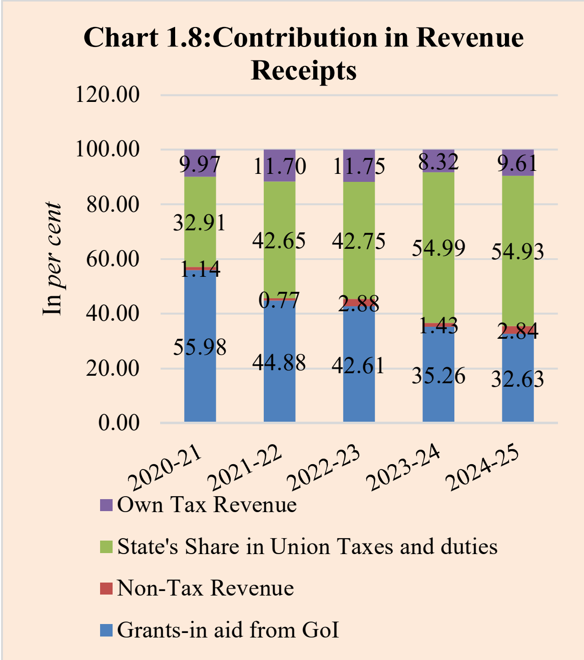
Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
Revenue Receipts	**12,982.65**	**14,091.00**	**15,893.15**	**14,706.17**	**16,775.60**
Tax Revenue	**5,566.46**	**7,658.15**	**8,662.98**	**9,310.64**	**10,825.88**
Own Tax Revenue	*1,294.49*	*1,648.50*	*1,867.90*	*1,223.50*	*1,611.74*
State's share in Union taxes and duties	*4,271.97*	*6,009.65*	*6,795.08*	*8,087.14*	*9,214.14*
Non-Tax Revenue	**148.07**	**108.13**	**457.59**	**209.57**	**476.51**
Grants-in-Aid from GoI	**7,268.12**	**6,324.72**	**6,772.58**	**5,185.96**	**5,473.21**
State's Own Revenue (Own Tax and Non-Tax Revenue)	1,442.56	1,756.63	2,325.49	1,433.07	2,088.25
GSDP (2011-12 series)	29,776	35,027	38,552	43,425	50,309
Year-on-year growth rates (in *per cent*)					
Revenue Receipts	21.51	8.54	12.79	-7.47	14.07
State's Own Revenue of the State	8	21.77	32.38	-38.38	45.72
GSDP	-0.12	17.64	10.06	12.64	15.85
Buoyancy Ratios					
Revenue Buoyancy *w.r.t* GSDP	--*	0.48	1.27	--*	0.89
State's Own Revenue Buoyancy *w.r.t* GSDP	--*	1.23	3.22	--*	2.88

Source: Finance Accounts of respective years and records of Economics & Statistics Department. GoM.

* *Buoyancy ratio was not calculated as GSDP growth was shown as negative.*

Revenue Receipts as percentage of GSDP and contribution from various sources in revenue receipts is given in **Charts 1.7** and **1.8**.





Source: Finance Accounts of respective years and records of Economics & Statistics Department, GoM

The trends of Revenue Receipts are as discussed as under:

- As can be seen from **Table 1.5**, during the five-year period 2020-2025, the Revenue Receipts of the State was on an increasing trend except for the year 2023-24.
- Own tax revenue collection of the State registered an increase during the period 2020-21 to 2022-23. However, there was a decline during the year 2023-24 and thereafter in 2024-25 it again recovered with an increase. The peak collection of own tax revenue was recorded during the year 2022-23 during the five-year period Non-tax revenue also showed fluctuations, with contractions observed during 2021-22 and 2023-24 along with a significant rise in 2024-25. Improved revenue generation contributes positively to an economy through increased public spending and decreased reliance on borrowings. However, the inconsistency in the trends of revenue collection reflected towards irregular and non-sustainable sources.
- During the period 2020-2025, the State's share in Union taxes and duties and Grants-in-Aid (GIA) from GoI contributed to the major share of revenue. Despite the increasing trend of State's own revenue collection, the State continues to rely more on GIA and Central Tax transfers for its revenues, thereby limiting its ability to generate its own resources.
- The revenue buoyancy[5] *w.r.t.* GSDP increased during FY 2024-25 over the previous year due to a higher growth rate of revenue receipts. However, it was below 1, suggesting that the growth rate of State's revenue was lower than the growth of GSDP. The highest revenue buoyancy of the five year period was achieved during

[5] Buoyancy ratio indicates the degree of responsiveness of a fiscal variable with respect to a given change in the base variable

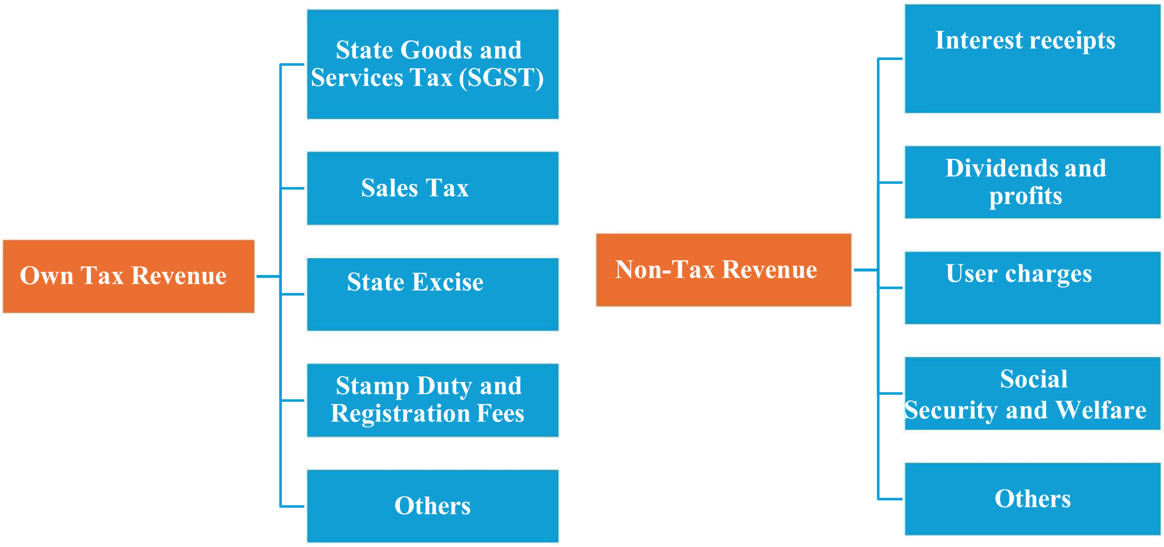
the year 2022-23, while negative values were seen during the years 2020-21 and 2023-24.

- The buoyancy of State's own revenue *w.r.t.* GSDP increased significantly during FY 2024-25 from the negative value seen during the previous year. This highlights that the State's own revenue generation also improved, corresponding to the economic growth. However, the highest was registered during the year 2022-23 with a revenue buoyancy of 3.22.

A. State's Own Resources

Composition of the State's Own Tax Revenue is given in **Chart 1.9**.

Chart 1.9: Details of State's Own Revenue



(i) Own Tax Revenue

Own Tax Revenue is the revenue collected by the State Government through taxes it is empowered to levy under the Constitution. Actuals for FY 2023-24, Budget Estimate (BE), Revised Estimate (RE), and Actuals of Own Tax Revenue for the FY 2024-25 are given in **Table 1.6**.

Table 1.6: Own Tax Revenue: 2023-24 (Actuals) and 2024-25 (BE, RE and Actuals)

(₹ in crore)

Tax Revenue	2023-24 (Actuals)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actuals)
SGST	1,098.77	1,426.15	1,350.00	1,116.85
Sales Tax	24.92	600.00	380.00	372.56
Vehicle Tax	40.54	84.00	50.00	52.94
Other Taxes on Income and Expenditure	0.00	34.20	28.00	28.14
State excise	20.36	300.00	25.00	23.79
Stamp duty and Registration fees	6.87	15.96	12.00	9.97
Land revenue	5.28	7.98	7.00	5.59
Taxes on goods and passengers	0.89	2.28	2.00	1.02
Other taxes	25.87	14.68	14.68	0.88
Total	**1,223.50**	**2,485.25**	**1,868.68**	**1,611.74**

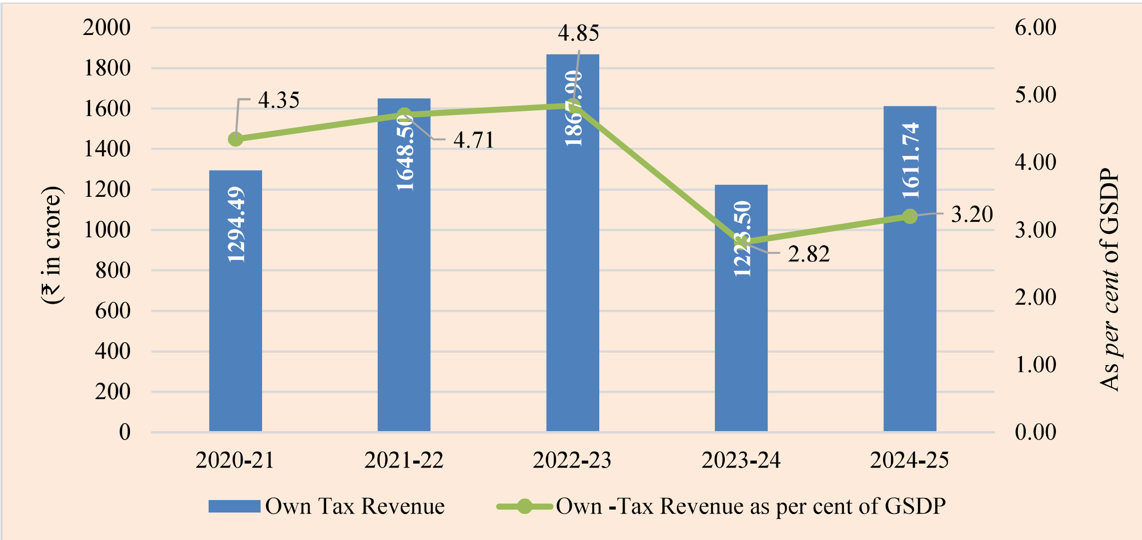
Source: Finance Accounts and Annual Financial Statements of respective years

As can be seen from **Table 1.6**, during 2024-25 tax revenue collection registered a considerable increase of ₹388.24 crore (31.73 *per cent*) against the previous year. The highest increase can be seen in the collection of Sales Tax, which exhibited a growth of ₹347.64 crore (₹1,395.02 *per cent*) from the previous year. Other taxes on income and expenditure also registered a significant collection of ₹28.14 crore against the nil amount of the previous year.

Apart from Vehicle Tax and Other Taxes on Income and Expenditure which registered a revenue realisation above the Revised Estimates, all the other heads failed to meet the projections. This reflects on the need for more realistic and data driven estimates as consistent under-achievement undermines the reliability of revenue projections.

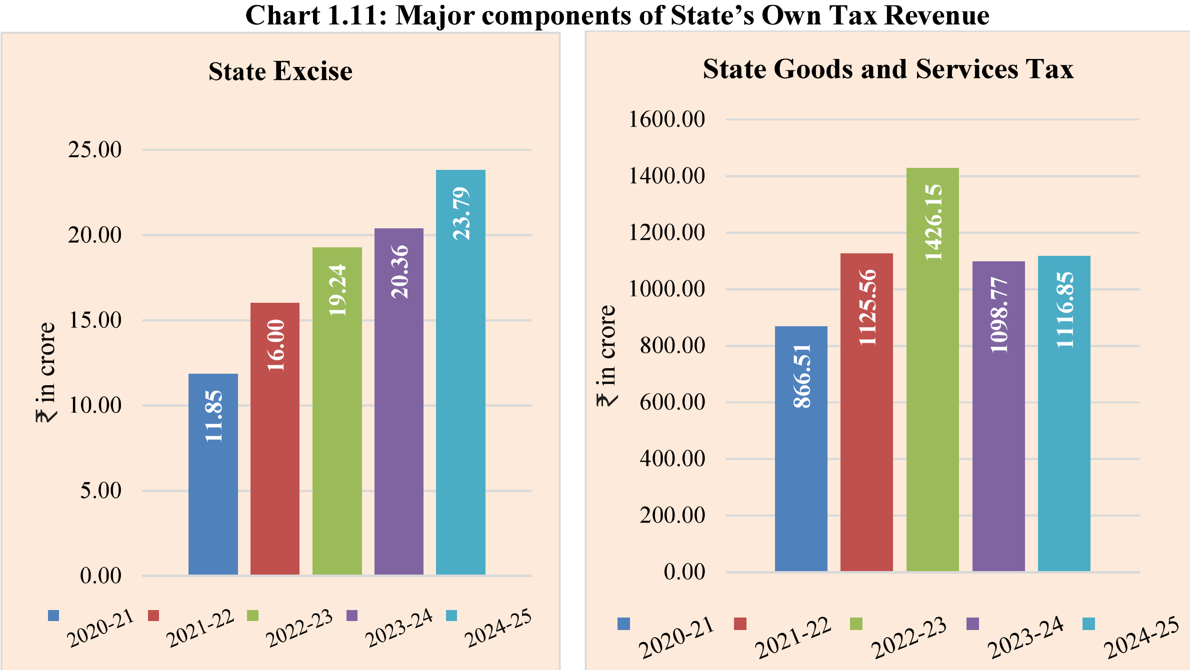
Trends of own tax revenue and its components during the period 2020-21 to 2024-25 are shown in **Charts 1.10** and **1.11** respectively.

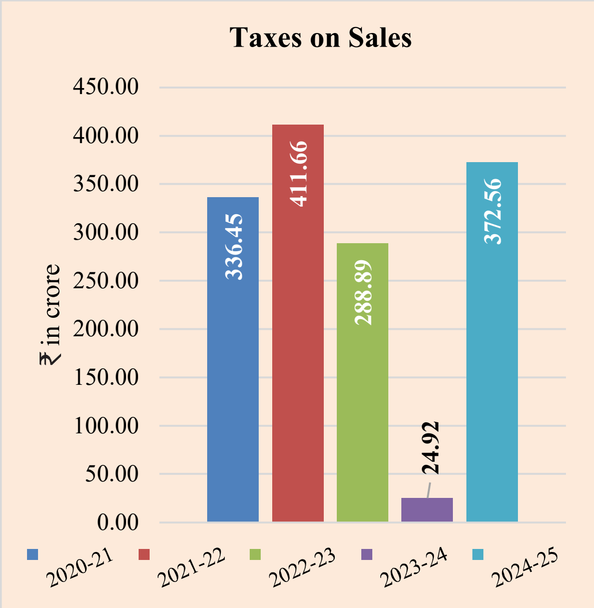
Chart 1.10: Trends of Own Tax Revenue during FY 2020-21 to FY 2024-25

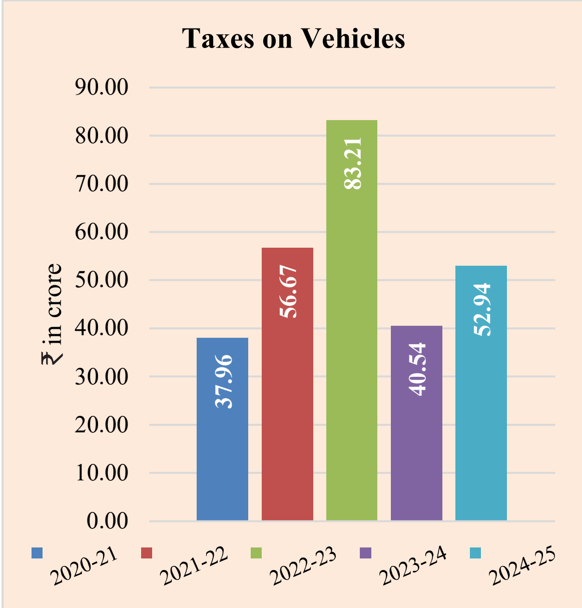


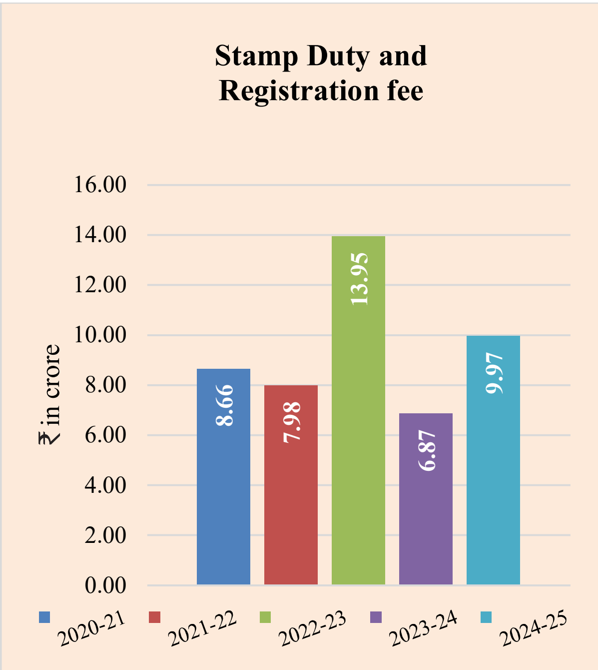
Source: Finance Accounts of respective years

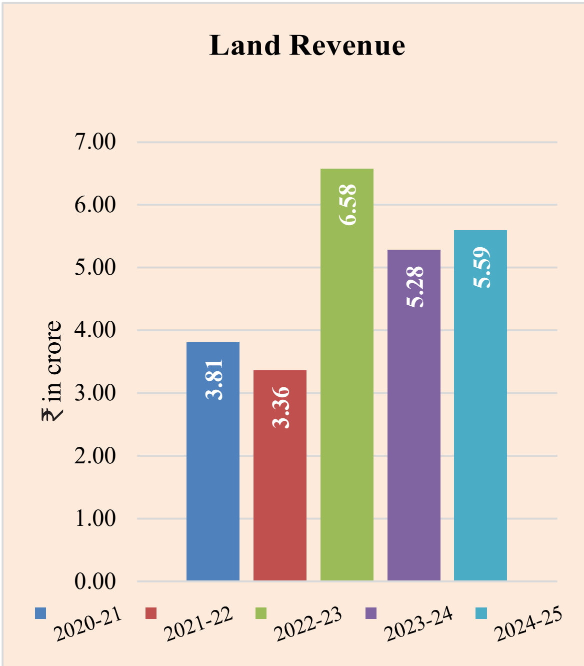
Chart 1.11: Major components of State's Own Tax Revenue

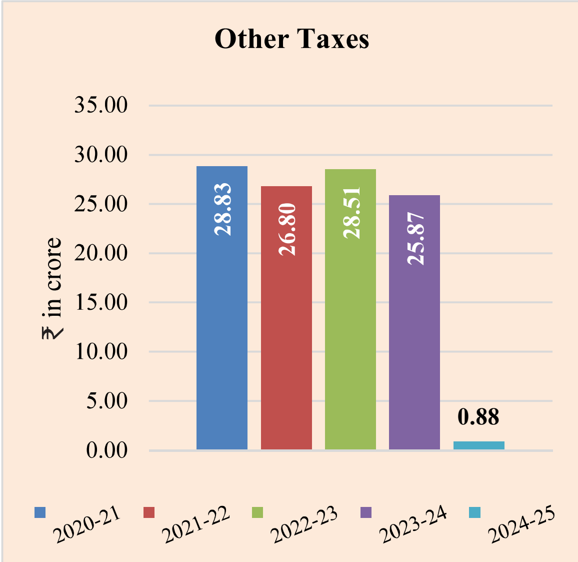



Taxes on Sales
450.00
400.00
350.00
300.00
250.00
200.00
150.00
100.00
50.00
0.00
₹ in crore
336.45
411.66
288.89
24.92
372.56
2020-21
2021-22
2022-23
2023-24
2024-25


Taxes on Vehicles
90.00
80.00
70.00
60.00
50.00
40.00
30.00
20.00
10.00
0.00
₹ in crore
37.96
56.67
83.21
40.54
52.94
2020-21
2021-22
2022-23
2023-24
2024-25


Stamp Duty and Registration fee
16.00
14.00
12.00
10.00
8.00
6.00
4.00
2.00
0.00
₹ in crore
8.66
7.98
13.95
6.87
9.97
2020-21
2021-22
2022-23
2023-24
2024-25


Land Revenue
7.00
6.00
5.00
4.00
3.00
2.00
1.00
0.00
₹ in crore
3.81
3.36
6.58
5.28
5.59
2020-21
2021-22
2022-23
2023-24
2024-25



Source: Finance Accounts of respective years

As can been seen from **Table 1.6, Charts 1.10 and 1.11** above, during the year 2024-25, State GST (₹1,116.85 crore) and Sales Tax (₹372.56 crore) were the main contributors to the State's Own Tax Revenue and these two accounted for 92.41 *per cent* of the Own Tax Revenue receipts. Tax collection under State Sales Tax showed a huge increase over the previous year, registering an increase of 1,395.02 *per cent*.

During the Exit Conference (January 2026), the State Government (Finance Department) stated that the low revenue figures of ₹24.92 crore booked under Taxes on Sales during 2023-24 was an anomaly due to an issue in the Cyber Treasury during the year consequent to which the revenue figures booked in Cyber Accounts was not reflected in the Monthly Civil Accounts furnished to the Office of the Principal Accountant General (A&E), Manipur. Thus, the reply conforms that the Revenue Receipts was understated to that extent as the actual Revenue Receipts realised was not reported.

ii. Non-Tax Revenue

Non-Tax Revenue of a State refers to the rent, fees, royalties and other receipts, of the State Government from sources other than taxes.

Actuals for FY 2023-24, Budget Estimate (BE), Revised Estimate (RE) and Actuals of Non-Tax Revenue for the FY 2024-25 are given in **Table 1.7**.

Table 1.7: Major Non-Tax Revenue: 2023-24 (Actuals) and 2024-25 (BE, RE and Actuals)

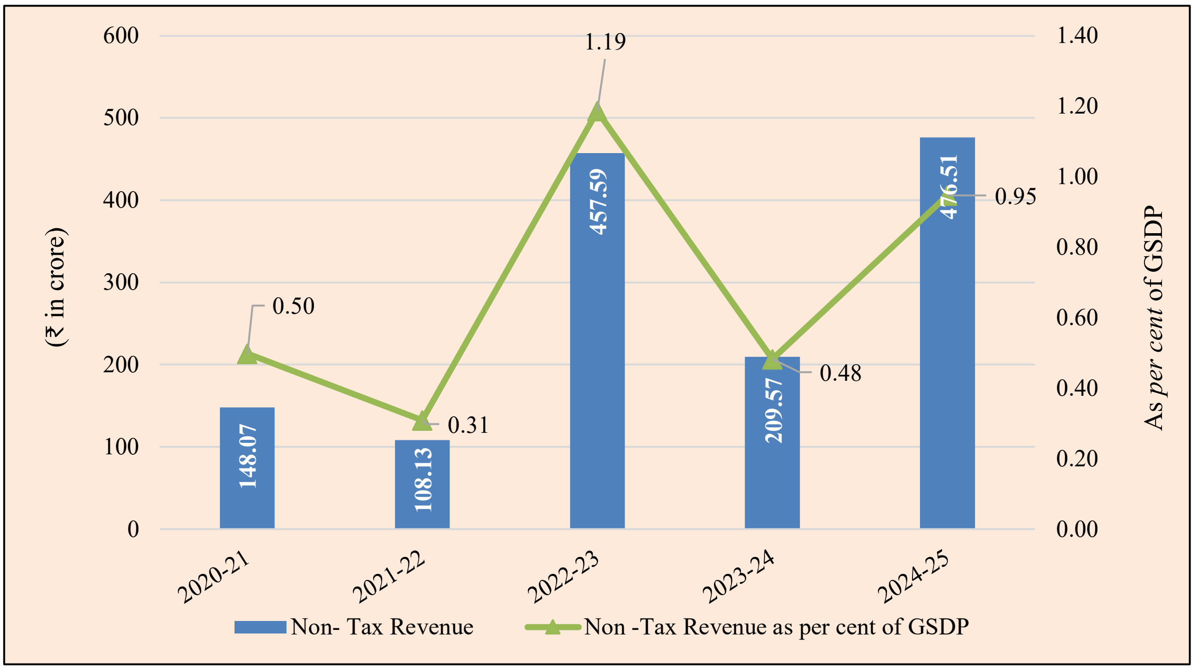
(₹ in crore)

Non-Tax Revenue	2023-24 (Actuals)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actuals)
Social Security and Welfare	0.00	-	-	211.75
User charges	73.35	10.27	81.27	135.13
Miscellaneous General Services	82.58	204.24	160.64	57.49
Forestry and Wildlife	31.76	59.40	32.00	38.72
Dividends and Profits	0.00	0.00	0.00	12.52
Interest Receipts	5.20	2.10	2.10	3.30
Others	16.68	23.99	23.99	17.60
Total	**209.57**	**300.00**	**300.00**	**476.51**

Source: Finance and Annual Financial Statements of respective years

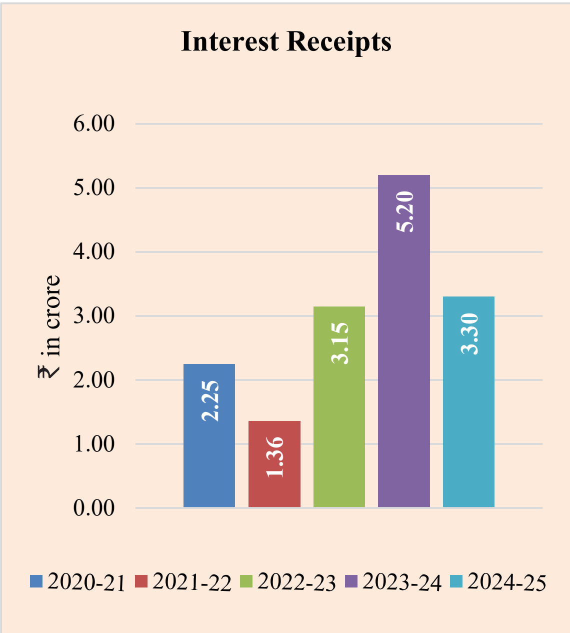
Trends of Non-tax revenue and its components during the period 2020-21 to 2024-25 are shown in **Charts 1.12** and **1.13** respectively.

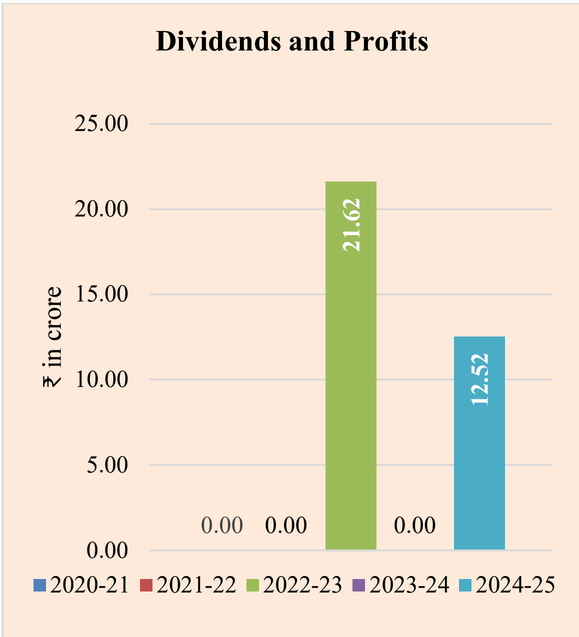
Chart 1.12: Trends in Non-Tax Revenue

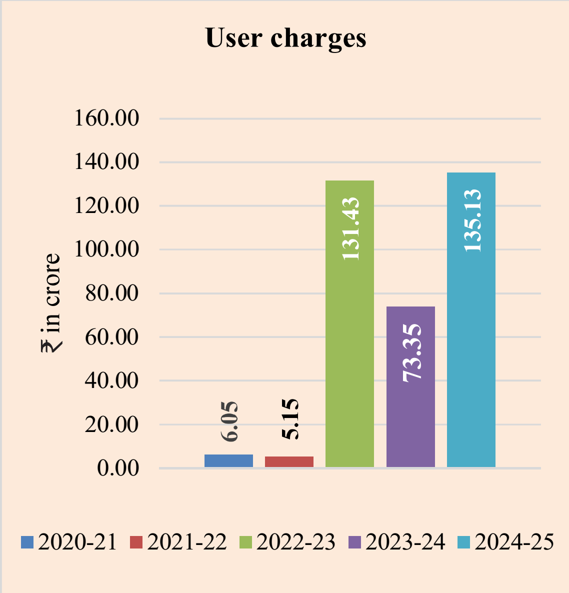


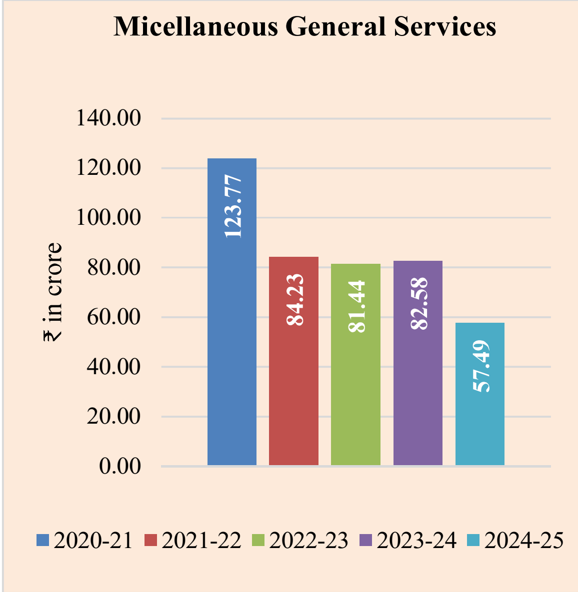
Source: Finance Accounts of respective years

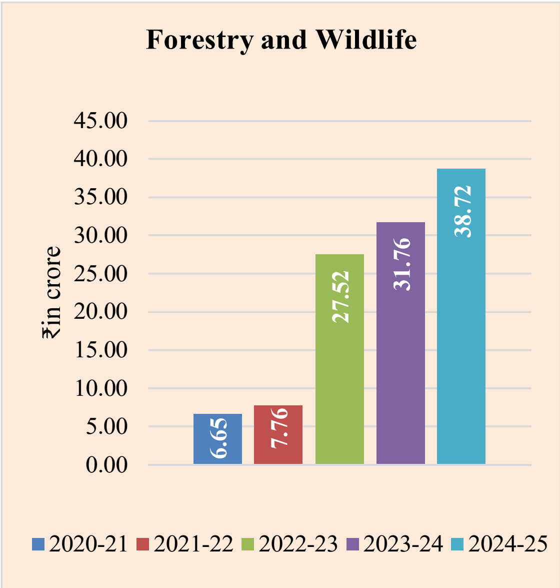
Chart 1.13: Major components of State's Non-Tax Revenue

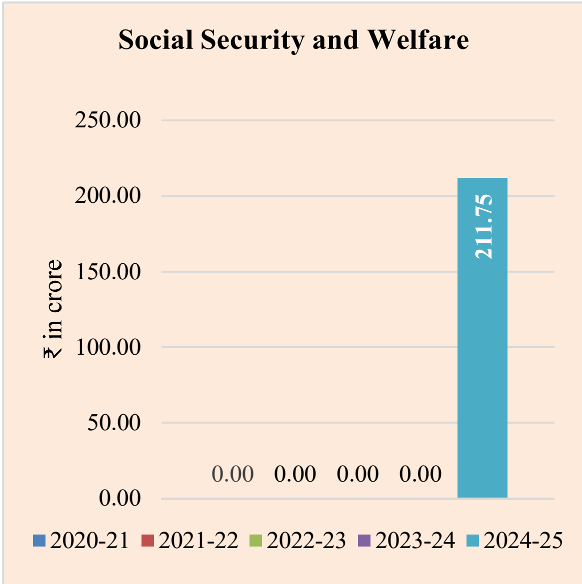


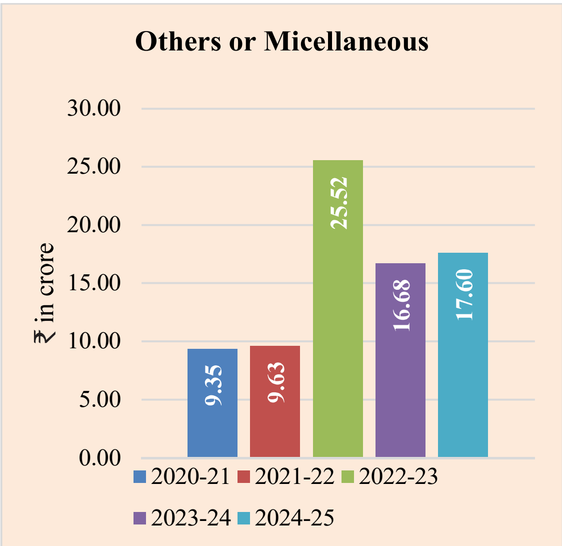












Source: Finance Accounts of respective years

As depicted by **Table 1.7** and **Chart 1.13,** during the year 2024-25, there was an increase of ₹266.94 crore (127.38 *per cent*) in total non-tax revenue over the previous year. The increase was mainly due to an increase of in Social Security and Welfare (₹211.75 crore), User charges (₹61.78 crore) and Forestry and Wildlife (₹6.96 crore).

During the Exit Conference (January 2026), the State Government (Finance Department) stated that the huge non-tax revenue collection booked under the Social Security and Welfare Department during 2024-25 as against nil figures booked during the preceding four years represents reimbursement of expenses which were initially incurred by the Department for implementation of Centrally Sponsored Schemes (CSS) during 2023-24. After the release of Central Share, the expenditure was reimbursed and booked as non-tax revenue receipts of the Department during 2024-25.

B. State's share in Union Taxes and Duties

State's share in Union Taxes and Duties comprises the following heads as shown in **Table 1.8**.

Table 1.8: State's share in Union Taxes and Duties

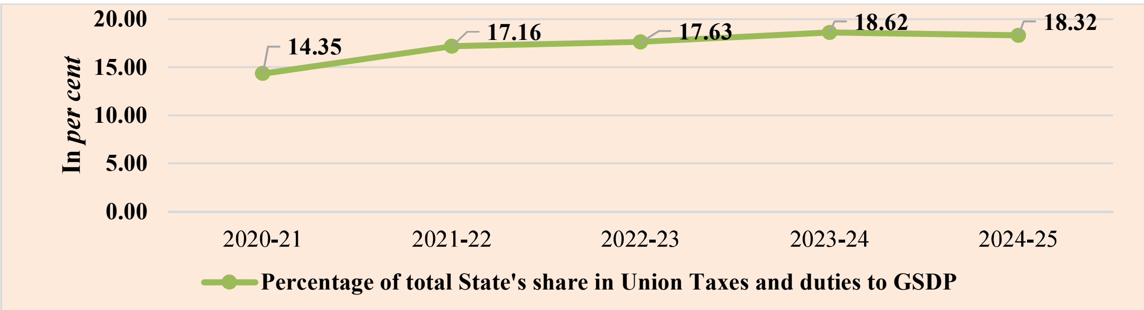
(₹ in crore)

Components	2020-21	2021-22	2022-23	2023-24	2024-25
Central Goods and Services Tax (CGST)	1,278.63	1,821.06	1,921.28	2,454.35	2,691.05
Integrated Goods and Services Tax (IGST)	-	-	-	-	-
Corporation Tax	1,282.37	1,678.44	2,275.34	2,427.40	2,614.55
Taxes on Income other than Corporation Tax	1,313.84	1,853.03	2,225.47	2,803.32	3,334.40
Customs	232.98	405.39	267.3	283.41	468.77
Union Excise Duties	144.48	192.2	83.86	107.25	90.23
Service Tax	16.92	53.01	10.64	1.52	0.29
Other Taxes	2.75	6.52	11.19	9.89	14.85
Total	**4,271.97**	**6,009.65**	**6,795.08**	**8,087.14**	**9,214.14**

Source: Finance Accounts of respective years

The percentage of total State's share in Union taxes and duties to GSDP is given in **Chart 1.14**.

Chart 1.14: Percentage of total State's share in Union taxes and duties to GSDP



Source: Finance Accounts of respective year and records of the Economics & Statistics Department, GoM.

As can be seen from the **Table 1.8** above, over the five-year period 2020-2025, Central Tax transfers increased by 115.69 *per cent* (₹4,942.17 crore). Central Tax transfers grew almost consistently during the period with the highest increase being noticed during the year 2021-22. During the current year, there was an increase of ₹1,127.00 crore

(13.94 *per cent*) over the previous year which reflected on improved tax devolution. It was mainly due to increase in Taxes on Income other than Corporation Tax (₹531.08 crore) and Central Goods and Services Tax (₹236.70 crore). The State's share in Union Taxes and Duties registered a growth of 19.01 *per cent* in 2023-24 over previous year. Central Tax transfers constituted 54.93 *per cent* of the total Revenue Receipts during 2024-25 indicating greater reliance on the Centre for the revenues of the State.

C. Grants-in-Aid from the Government of India

Grants-in-Aid from the Government of India comprises of the following heads as shown in **Table 1.9**.

Table 1.9: GIA from the Government of India

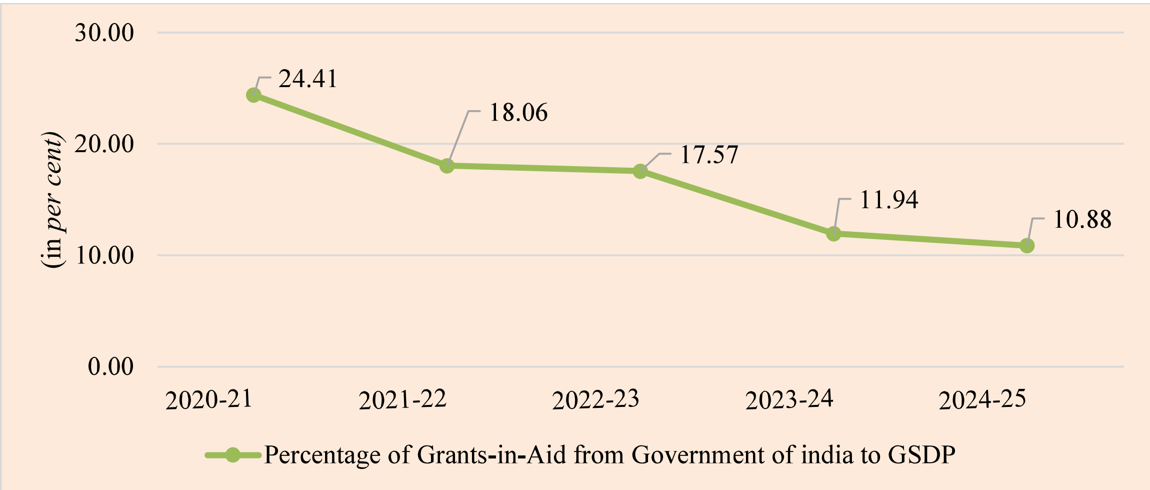
(₹ in crore)

Components	2020-21	2021-22	2022-23	2023-24	2024-25
Grants for Centrally Sponsored Plan Schemes	(-)0.63	(-)74.21	(-)68.84	(-)0.48	(-)4.03
Grants for Centrally Sponsored Schemes	3,917.27	3,459.37	4,354.00	2,641.62	3,425.06
Finance Commission Grants	3,085.47	2,674.37	2,387.70	2,122.80	1,751.00
Other transfers/ Grants to States/Union Territories with Legislature	265.39	190.98	30.88	421.54	297.15
Total	**7,268.13**	**6,324.72**	**6,772.58**	**5,185.96**	**5,473.21**

Source: Finance Accounts of respective years.

The percentage of GIA from the GoI to GSDP is given in **Chart 1.15**.

Chart 1.15: Percentage of GIA from the Government of India to GSDP



Source: Finance Accounts of respective years and Economics & Statistics Department, GoM

As can be seen from **Chart 1.15**, the GIA received from the GoI as a percentage of GSDP shows a declining trend, falling from 24.41 *per cent* in 2020-21 to 10.88 *per cent* in 2024-25. This could be attributed to the fluctuating trend in Centrally Sponsored Schemes (CSS) and the consistent decline in Finance Commission (FC) grants.

(i) Grants for Centrally Sponsored Schemes

Out of the Grants of ₹3,425.06 crore and ₹2,641.62 crore for Centrally Sponsored Schemes during 2024-25 and 2023-24 respectively, major allocations (above ₹50 crore) were made to the schemes shown in **Table 1.10**.

Table 1.10: Major Schemes receiving grants

(₹ in crore)

Name of the Scheme	2023-24	2024-25	Percentage change over previous
Additional Central Assistance (ACA) under Externally Aided Projects (EAP)	481.90	714.19	48.20
Samagra Shiksha	256.80	463.59	80.53
Relief and Rehabilitation for Migrants and Repatriates	95.25	349.48	266.91
Integrated Child Development Scheme (ICDS)	201.28	342.87	70.34
Pradhan Mantri Ayushmaan Bharat Health Infrastructure Mission	156.71	236.44	50.88
Modernisation of State Police Force	273.22	190.98	-30.10
Integrated Development of Wild Life Habitats	86.58	177.69	105.23
Pradhan Mantri Awaas Yojana (PMAY- Rural)	216.45	169.64	-21.63
Flood Management and Border Areas Programme (FMBAP)	62.00	99.00	59.68
Development of Imphal as Smart City under SCM	61.25	91.88	50.01

Source: Finance Accounts of respective years

(ii) Fifteenth Finance Commission Grants

The Fifteenth Finance Commission (XV FC) grants were provided to the States for Local Bodies and State Disaster Response Fund (SDRF), State Disaster Mitigation Fund (SDMF) and health sector grants. Details of grants provided by GoI are given in **Table 1.11**.

Table 1.11: Recommended amount, actual release and transfers of GIA

(₹ in crore)

Transfers		Recommendation of XV FC for 2024-25	Actual release by GoI, during 2024-25	Release by State Government (Total percentage of the amount released by GoI)
(i) Grants to PRIs		**145.00**	0.00	0.00
(a) Performance/ Tied Grants		87.00	0.00	0.00
(b) Untied Grants		58.00	0.00	0.00
(ii) Grants to ULBs		**75.00**	**0.00**	**0.00**
(a) Non-Million Plus Cities (Performance/ Tied Grant)		45.00	0.00	0.00
(b) Non-Million Plus Cities (General Basic/ Untied Grant)		30.00	0.00	0.00
(iii) Grant for Health Sector		**48.66**	0.00	0.00
Total for Local Bodies (i+ii+iii)		**268.66**	**0.00**	**0.00**
State Disaster Response Fund (SDRF)	Central Share	40.00	50.00	0 (0.00)
	State Share	4.00	0.00	0 (0.00)
State Disaster Mitigation Fund (SDMF)	Central Share	9.90	0.00	0 (0.00)
	State Share	1.10	0.00	0 (0.00)
Total for SDRMF		**55.00**	**50.00**	**0 (0.00)**
Post Devolution Deficit Grant		**1,701.00**	**1,701.00**	**1,701.00 (100)**

Source: XV FC Report and information furnished by the Finance Department, GoM
PRIs - Panchayati Raj Institutions and ULBs - Urban Local Bodies.

As can be seen from the **Table 1.11**, during the year 2024-25, out of the amount of ₹268.66 crore recommended by the XV FC for grants to Local bodies for the State, both the GoI and the State Government did not release any fund. During 2024-25, the amount of Central share recommended by the XV FC for SDRF was ₹40.00 crore while the State share was ₹four crore. Despite the recommended amount of ₹40.00 crore by XV FC, GoI released an amount of ₹50.00 crore of which no amount was released by the State Government to the Fund. For SDMF, out of the total recommended amount of ₹11 crore by the XV FC for both Central and State share, no amount was released by the GoI and the State.

During the Exit Conference (January 2026), the State Government (Finance Department) stated that during the year, funds were not released due to non-conduct of elections to the Local Bodies, *viz*. Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs).

1.2.2 Capital Receipts

Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/ commercial banks) and loans and advances from GoI.

Trends of capital receipts and its components during 2020-21 to 2024-25 are shown in **Table 1.12.**

Table 1.12: Trends in growth and composition of capital receipts

(₹ in crore)

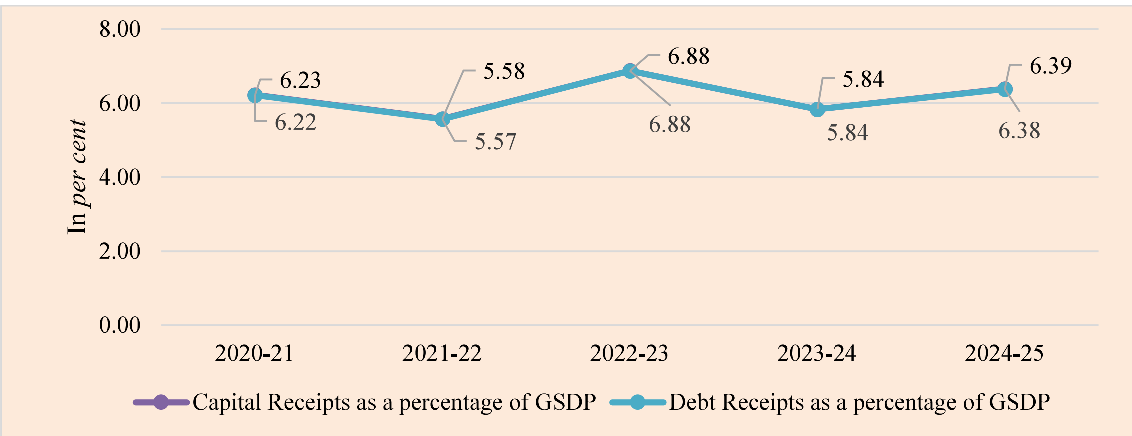
Sources of State's Receipts	2020-21	2021-22	2022-23	2023-24	2024-25
Capital Receipts	**1,854.70**	**1,954.52**	**2,652.09**	**2,534.93**	**3,212.50**
Miscellaneous Capital Receipts	0.00	0.00	0.00	0.00	0.00
Recovery of Loans and Advances	3.30	2.39	1.10	1.08	1.11
Public Debt Receipts	**1,851.40**	**1,952.13**	**2,650.99**	**2,533.85**	**3,211.39**
*Internal Debt**	*1,484.03*	*1,698.27*	*2,075.65*	*1,937.61*	*1,695.04*
Loans and advances from GoI	*367.37*	*253.86*	*575.34*	*596.24*	*1,516.35*
Year-on-Year growth rates (in percent)					
GSDP	-0.12	17.64	10.06	12.64	15.85
Capital Receipts	53.35	5.38	35.69	-4.42	26.73
Debt Capital Receipts	53.18	5.44	35.80	-4.42	26.74
Internal Debt	23.60	14.44	22.22	-6.65	-12.52
Loans and advances from GoI	4,544.37	-30.90	126.64	3.63	154.32

Source: Finance Accounts of respective year and information furnished by the Economics and Statistics Department, GoM

* *Including net figure under Ways and Means Advances/ Overdraft/ Special Drawing Facility*

Capital Receipts as a percentage of GSDP is depicted in **Chart 1.16**.

1.16 Capital Receipts as percentage of GSDP



Source: Finance Accounts of respective years and records of the Economics & Statistics Department, GoM.

As can be seen from **Table 1.12,** during the five-year period 2020-2025, Public Debt Receipts dominated the share of Capital Receipts. Yearly comparison of Public Debt Receipts figures showed consistent growth with exception only being the year 2023-24. The rate of growth of both Capital Receipts and Public Debt Receipts was lower than the GSDP growth during the years 2021-22 and 2023-24 while they significantly outpaced the GSDP growth rate during the three years *viz*. 2020-21, 2022-23 and 2024-25. This reflects on increased debt dependence which implies greater interest burden thereby limiting the fiscal space for productive investments.

1.2.3 Finance Commission Projections and Actuals

The projected revenue, deficits and GSDP by the XV Finance Commission (FC) and actuals for the FY 2020-21 to FY 2024-25 are given in **Table 1.13**.

Table 1.13: XV FC Projection *vis-à-vis* actuals

	2020-21		2021-22		2022-23		2023-24		2024-25	
	Projection	Actual	Projection	Actual	Projection	Actual	Projection	Actual	Projection	Actual
GSDP (2011-12 Series - Current Prices)	34,585	29,776	33,370	35,027	36,229	38,552	39,651	43,425	43,673	50,309
Own Revenue Receipts	1,448	1,442.56	1,462	1,756.63	1,604	2,325.49	1,775	1,433.07	1,978	2,088.25
State's Own Tax Revenue	1,214	1,294.49	1,260	1,648.50	1,383	1,867.90	1,531	1,223.50	1,707	1,611.74
State's Own Non-Tax Revenue	233	148.07	202	108.13	221	457.59	244	209.57	271	476.51
State's share in Union Taxes/ Duties	6,140	4,271.97	4,716	6,009.65	5,246	6,795.08	5,903	8,087.14	6,706	9,214.14
Revenue Surplus as percentage of GSDP	0.00	1.86	0.00	4.13	0.00	4.50	0.00	1.97	0.00	2.21
Fiscal Deficit as percentage of GSDP	4.50	6.36	4.00	5.16	3.50	4.56	3.00	4.35	3.00	4.16

Source: Report of XV FC and Finance Accounts of respective years
***Note:** Revenue and Fiscal deficit taken on post Audit figures.*

1.2.4 Expenditure

Government expenditure is classified into revenue expenditure, capital expenditure, and loans and advances. Revenue expenditure includes costs for maintenance, repairs, and day-to-day functioning of departments, including administrative and establishment expenses. Capital expenditure relates to the initial construction of projects and sanctioned improvements or additions to assets. Loans and advances comprise funds provided by the government to Public Sector Undertakings and other entities, which are recoverable over time. Details of expenditure, total expenditure as a percentage of GSDP and share of its components are given in **Table 1.14 and Charts 1.17** and **1.18** respectively.

Table 1.14: Total expenditure and its composition

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
Total Expenditure (TE)	**14,877.85**	**15,896.58**	**17,650.80**	**16,570.59**	**18,867.60**
Revenue Expenditure (RE)	12,428.47 (83.54)	12,642.15 (79.53)	14,158.98 (80.22)	13,821.75 (83.41)	15,662.82 (83.01)
Capital Expenditure (CE)	2,439.18 (16.39)	3,252.80 (20.46)	3,484.24 (19.74)	2,748.59 (16.59)	2,704.23 (14.33)
Loans and Advances	10.20 (0.07)	1.63 (0.01)	7.58 (0.04)	0.25 (0.00)	0.55 (0.01)
Appropriation to contingency fund	-	-	-	-	500.00 (2.65)

Source: Finance Accounts of respective years *Parenthesis denotes in per cent of TE*

As can be seen from **Table 1.14**, the major share of Total Expenditure[6] was consumed by RE during the entire five-year period. The allocation towards CE was on a downward trend since the year 2022-23. CE accounted for only 14.33 *per cent* (2024-25) to 20.46 *per cent* (2021-22) of the total expenditure which reflected on decreasing investment in asset formation and infrastructural development. The continued dominance of RE reflected high expenditure on routine and administrative commitments, which limits the fiscal flexibility for productive investment thereby affecting growth and future returns.

This spending pattern also affects fiscal sustainability as a disproportionate share of revenue spending limits the government's ability to invest in critical sectors such as healthcare, education, and infrastructure which are key drivers of long-term economic development. Continued imbalance in the expenditure pattern may also lead to deepening fiscal deficits particularly when the revenue expenditure is financed through borrowings.

Chart 1.17: Total Expenditure as percentage of GSDP

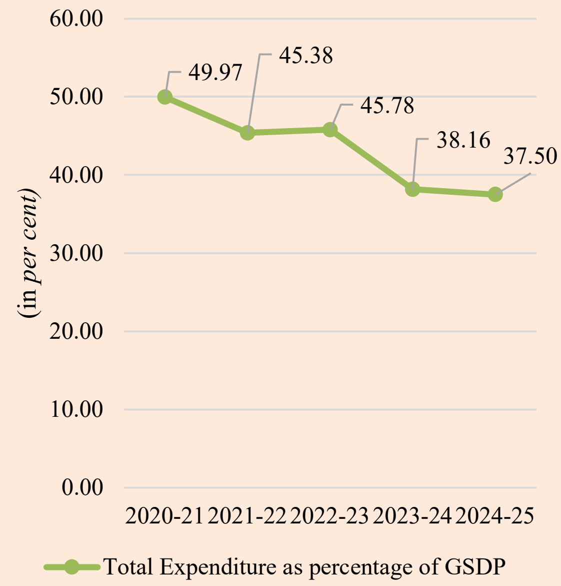
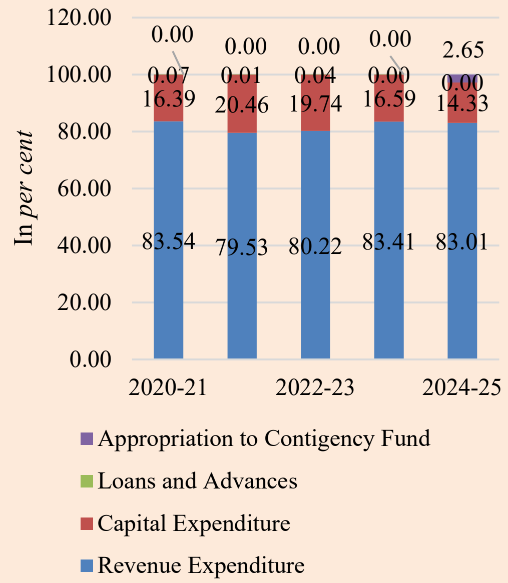


Chart 1.18: Share of components in Total Expenditure



Source: Finance Accounts, 2024-25

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6 *No amount was booked under Pass-through transactions during the year 2024-25*

Sector-wise Total Expenditure

Sector-wise composition of expenditure is given in **Table 1.15** and relative share of various sectors in total expenditure is depicted in **Chart 1.19**.

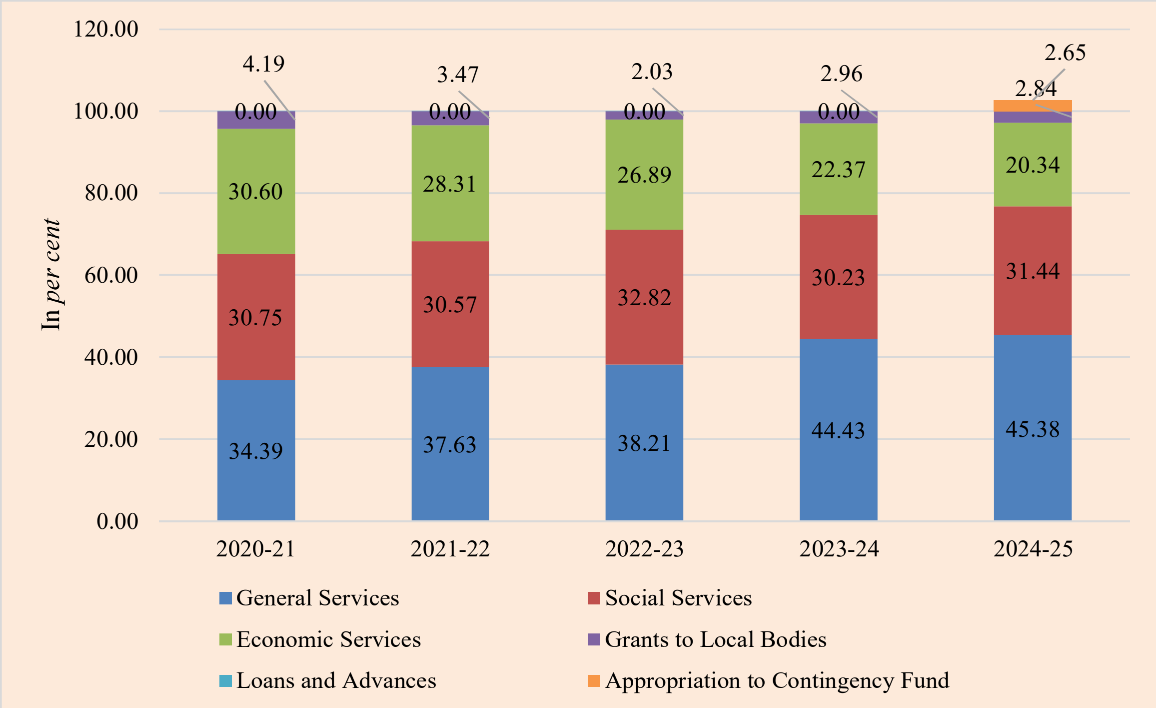
Table 1.15: Sector-wise Total expenditure

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
Total Expenditure (TE)	**14,877.85**	**15,896.58**	**17,650.80**	**16,570.59**	**18,867.60**
General Services	5,116.62	5,982.19	6,744.06	7,362.95	8,334.85
Social Services	4,575.56	4,860.11	5,793.56	5,010.10	5,775.50
Economic Services	4,552.08	4,500.98	4,746.97	3,706.34	3,735.72
Grants to Local Bodies	623.39	551.66	358.63	490.95	520.97
Loans and Advances	10.20	1.63	7.58	0.25	0.55
Appropriation to contingency fund	-	-	-	-	500.00

Source: Finance Accounts of respective years

Chart 1.19: Relative share of various sectors in Total expenditure



Source: Finance Accounts of respective years

As can be seen from the **Table 1.15**, during the period 2020-2025, the expenditure pattern was oriented towards General Services as the highest outlay was in this sector and showed a continued increasing trend. The overall share on Social Services showed marginal growth from the year 2020-21 to 2024-25 while expenditure in the Economic services was on a decreasing trend during the entire period. This reflected on the higher administrative burden on the State which limited the fiscal availability for welfare and development programs. This restricts economic growth and poses long term fiscal sustainability risks.

It is recommended that the Government may take measures to stabilise capital outlay giving priority to welfare and growth-oriented sectors and rationalising the administrative expenses to ensure the expenditure structure enables goals of sustainable development.

1.2.4.1 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and payment for past obligations. As such, it does not result in any addition to the State's infrastructure and service network. Growth of revenue expenditure, its ratio to total expenditure, GSDP and revenue receipts are shown in **Table 1.16**.

Table 1.16: Revenue Expenditure – Basic Parameters

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
Total Expenditure (TE)	14,877.85	15,896.58	17,650.80	16,570.59	18,867.59
Revenue Expenditure (RE)	12,428.47	12,642.15	14,158.98	13,821.75	15,662.82
RE as percentage of Revenue Receipts	95.73	89.72	89.09	93.99	93.37
RE as percentage of TE	83.54	79.53	80.22	83.41	83.01
RE/ GSDP (*per cent*)	41.74	36.09	36.73	31.83	31.13
Year-on-year growth (in *per cent*)					
RE	21.39	1.72	12.00	-2.38	13.32
GSDP Growth	-0.12	17.64	10.06	12.64	15.85

Source: Finance Accounts of respective years

It can be seen from **Table 1.16** that RE accounted for the bulk of TE during the entire five-year period, 2020-2025, while CE lagged far behind, reflecting a consumption-oriented expenditure pattern. The continued dominance of RE reflects the high expenses incurred for routine and administrative purposes, limiting resource availability for CE. Limited CE signals reduced investment in fixed asset creation and infrastructural development, which adversely impinges on the growth and fiscal sustainability of the economy.

RE increased by an amount of ₹1,841.07 crore (13.32 *per cent*) over the previous year. In all five years, the Revenue Receipts of the State exceeded the RE and a revenue surplus was maintained. However, the year-on-year growth of RE was not aligned uniformly with GSDP trends, indicating that the economic expansion during the last five-years did not necessarily translate into higher revenue expenditure. While there was an increase in the GSDP growth during the year 2021-22 and 2023-24, the growth of RE declined sharply during the same periods. Also, during 2020-21, the yearly growth of revenue expenditure was the highest while the GSDP growth was the lowest of the five-year period, 2020-2025.

The Government should focus on enhancing Capital Investments that are oriented towards asset formation and infrastructure development, while rationalising administrative expenses to ensure the expenditure structure enables the goals of sustainable development.

A. Sector-wise Revenue Expenditure

Sector-wise composition of RE is given in **Table 1.17** and the relative share of various sectors in RE is depicted in **Chart 1.20**. Detailed Sector-wise expenditure is given in ***Appendix 1.2***.

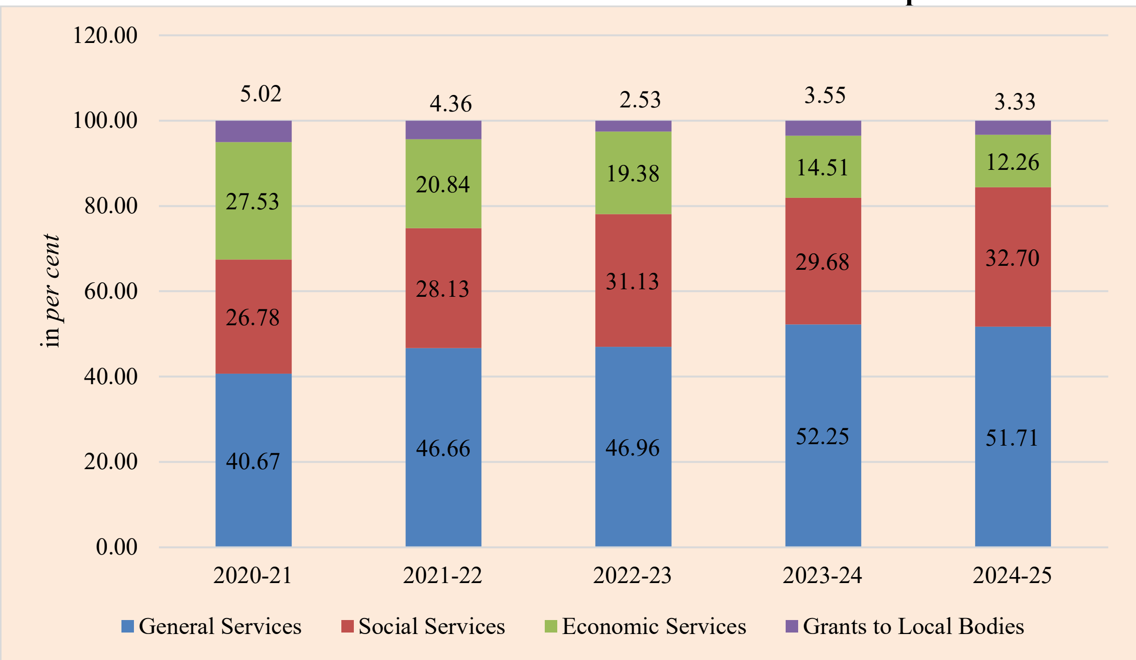
Table 1.17: Sector-wise Revenue Expenditure

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
Revenue Expenditure	**12,428.47**	**12,642.15**	**14,158.98**	**13,821.75**	**15,662.82**
General Services	5,055.21	5899.12	6,648.48	7,221.72	8,099.33
Social Services	3,328.46	3,556.79	4,407.52	4,102.93	5,121.77
Economic Services	3,421.41	2,634.58	2,744.35	2,006.15	1,920.75
GIA and Contributions	623.39	551.66	358.63	490.95	520.97

Source: Finance Accounts of respective years

Chart 1.20: Relative share of various sectors in Revenue expenditure



Source: Finance Accounts of respective years

In terms of Sector-wise expenditure as depicted in the **Table 1.17** above out of the total amount, highest amount was incurred in expenditure towards General Services during the period 2020-2025 (ranging from 34.39 to 44.18 *per cent*) signalling heavy administrative burden. Further, as can be seen from the **Chart 1.20**, Social services expenditure which includes expenditures on human capital enhancement and welfare-oriented programs *viz*. Health, Education, Water supply, Nutrition *etc*. remained stable while Economic expenditure which support productive sectors *viz*. Agriculture, Industry and Minerals, Power *etc*. registered a gradual declining trend during the five-year period.

B. Committed expenditure

The committed expenditure of the State Government on revenue account consists of interest payments, expenditure on salaries and wages, and pensions. It has first charge on Government resources. The component of committed expenditure is given in **Table 1.18** and committed expenditure as a percentage of revenue receipts and remaining fiscal space for other expenditure is given in **Chart 1.21**.

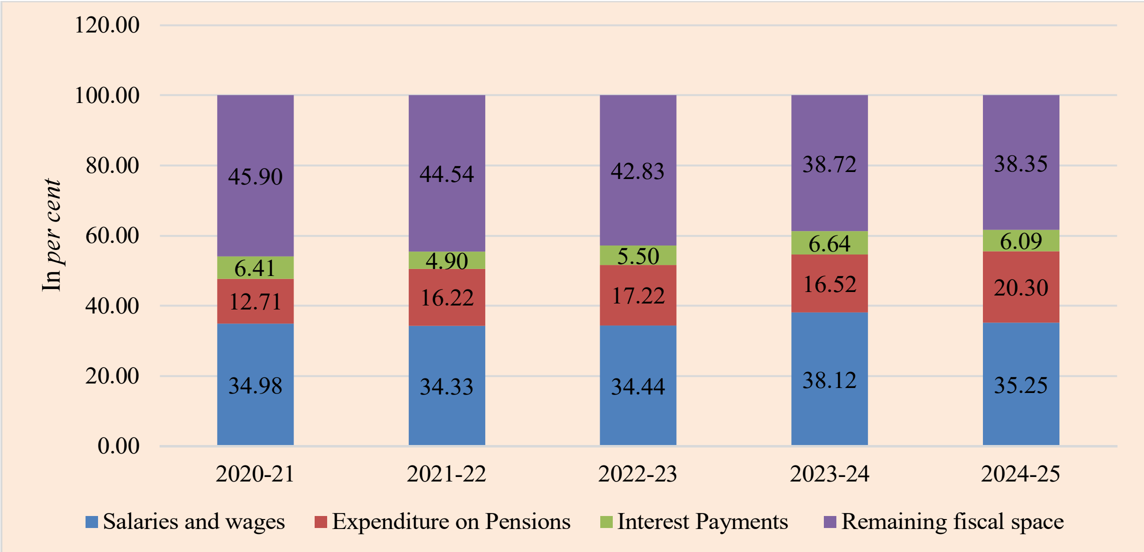
Table 1.18: Components of Committed Expenditure

(₹ in crore)

Components of Committed Expenditure	2020-21	2021-22	2022-23	2023-24	2024-25
Salaries & Wages	4,541.55	4,837.40	5,473.87	5,606.08	5,913.18
Expenditure on Pensions	1,650.43	2,286.13	2,737.45	2,429.87	3,406.27
Interest Payments	831.60	690.80	874.19	976.58	1,022.23
Total	**7,023.58**	**7,814.33**	**9,085.51**	**9,012.53**	**10,341.68**
Committed Expenditure as a percentage of Revenue Expenditure	56.51	61.81	64.17	65.21	66.03

Source: Finance Accounts of respective years

Chart 1.21: Committed Expenditure as a percentage of Revenue receipts and remaining fiscal space



Source: Finance Accounts of respective years

As depicted by the **Table 1.18**, the growth of Committed Expenditure to RE showed an increasing trend throughout the five-year period 2020-2025. Amongst the components of Committed Expenditure, Salaries & Wages and Pensions combined accounted for the highest share, pointing towards persistently high allocations on routine expenses. Committed expenditure also consumed a major share of Revenue Receipts (54.10 to 61.65 *per cent*) as is evident from the **Chart 1.21** above. Higher allocations on Committed Expenditure reduce space for capital or welfare expenditure, pushing the economy towards reliance on borrowings to finance its Capital expenditure requirements. Persistent reliance on borrowings year after year leads to debt and interest accumulation, which, if not contained through prudent fiscal management, can risk economic stability.

C. Subsidies

The subsidies during the current year decreased by ₹19.04 crore (5.31 *per cent*) from the previous year. The decrease was mainly due to decrease of ₹19 crore on account of power subsidy and ₹0.04 crore on account of Social Welfare.

Department-wise major subsidies for FYs 2020-21 to 2024-25 are shown in **Table 1.19**.

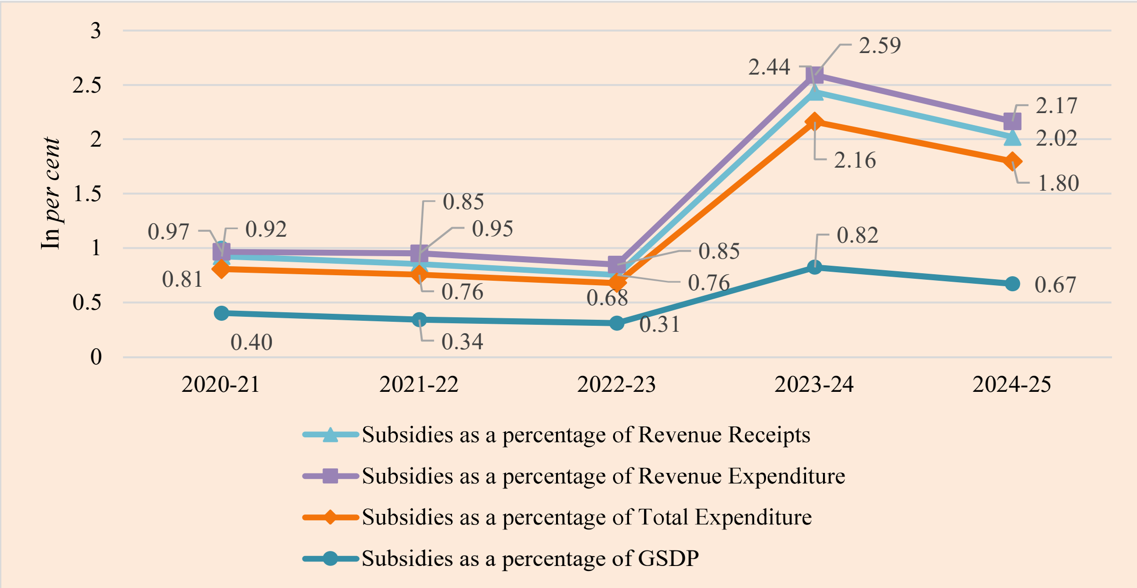
Table 1.19: Department-wise Subsidies during FYs 2020-21 to 2024-25

(₹ in crore)

Sl. No.	Name of the Department	2020-21	2021-22	2022-23	2023-24	2024-25
1	Social Welfare	0.04	0.07	0.14	0.04	0.00
2	Co-operation	-	0.20	-	0.20	0.20
4	Power	120.00	120.00	120.00	358.00	339.00
5	Sericulture Department	0.04	0.04	0.04	-	-
Total Subsidy		**120.08**	**120.31**	**120.18**	**358.24**	**339.20**

Source: Finance Accounts of respective years

Chart 1.22: Trend analysis of subsidies



Source: Finance accounts and records of Economics & Statistics Department, GoM.

During the period from 2020-21 to 2024-25, a sharp rise in the percentage allocation of revenue expenditure towards subsidies was observed during the year 2023-24 (2.59 *per cent*) against the previous year (0.85 *per cent*). This was due to an increase of ₹238 crore on account of Power Subsidy. Rising subsidies puts strain on state finances and limit fiscal space for capital and other developmental expenditure. This imbalance increases the risk of persistent revenue and primary deficits and leads to unsustainable borrowing, accumulation of debt, which could adversely affect economic growth and stability.

D. Financial assistance by the State Government to Local Bodies and Other Institutions

Article 243(I) of the Constitution of India makes it mandatory for the State Government to constitute a Finance Commission on expiry of every five years for reviewing the financial position of the local bodies, for boosting their financial conditions, distributing net proceeds of the taxes, fees, tolls and duties, and allocating funds from the State Consolidated Fund as part of devolution of fiscal and financial powers and financial resources.

The Fourth State Finance Commission (FSFC) was already due since April 2018, but it was constituted only in October 2019 after a delay of 18 months. The recommendations of the FSFC cover the five-year period from 2021 to 2026.

Assistance provided by way of grants to the local bodies and other institutions during the period 2020-21 to 2024-25 is presented in **Table 1.20**.

Table 1.20: Financial assistance to Local Bodies and other institutions

(₹ in crore)

Institutions	2020-21	2021-22	2022-23	2023-24	2024-25
(A) Local Bodies					
Municipal Corporations and Municipalities	117.34	25.67	17.79	13.05	133.50
Zilla parishads and other Panchayati Raj Institutions	116.57	98.51	35.76	1.32	-
Total (A)	**233.91**	**124.18**	**53.55**	**14.37**	**133.50**
(B) Others					
Educational Institutions (Aided Schools, Colleges, Universities, *etc.*)	241.03	105.73	94.09	180.68	237.07
Hospitals and Other Charitable Institutions	324.47	339.50	205.99	189.33	14.64
Other Institutions	2,947.67	2,336.22	2,281.53	1,532.35	1,383.33
Total (B)	**3,513.17**	**2,781.45**	**2,581.61**	**1,902.36**	**1,635.04**
Grand Total (A+B)	**3,747.08**	**2,905.63**	**2,635.16**	**1,916.73**	**1,768.54**
Total GIA for creation of Capital assets	**325.40**	**347.02**	**165.75**	**151.73**	**113.73**
Revenue Expenditure	12,428.47	12,642.15	14,158.98	13,821.75	15,662.82
Assistance as percentage of Revenue Expenditure	30.15	22.98	18.61	13.87	11.29

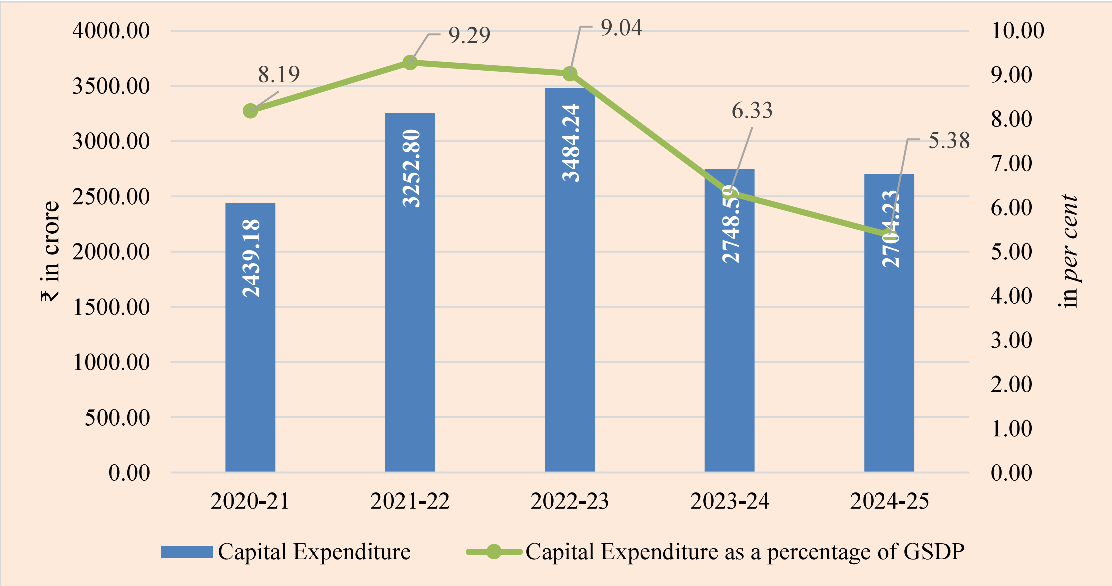
Source: Finance Accounts of respective years

During the current year, financial assistance to the local bodies and other institutions decreased by ₹148.19 crore (7.73 *per cent*) over the previous year. The decrease was mainly due to a decrease in assistance in Hospitals and other Charitable Institutions (₹174.69 crore: 92.27 *per cent*) and Zilla Parishads and other Panchayati Raj Institutions (₹1.32 crore: 100 *per cent*).

1.2.4.2 Capital Expenditure

Capital expenditure (CE) is primarily expenditure on the creation of fixed infrastructure assets, such as roads, buildings, *etc*. CE, in both the Centre and the State, is being met from budgetary support and extra-budgetary resources/ off-budget borrowings. It also includes investments made by the State Government in Companies/ Corporations. The trend of capital expenditure in the State over the last five years, *i.e.* 2020-25, is given in **Chart 1.23**.

Chart 1.23: Capital Expenditure in the State



Source: Finance Accounts and records of Economics and Statistics Department, GoM

Apart from CE of ₹2,704.23 crore during the year 2024-25, the State Government also transferred ₹113.73 crore as GIA for creation of capital assets to the local bodies and other institutions.

As can be seen from **Chart 1.23**, the amount of Capex exhibited a fluctuating trend during the period 2020-2025 with decreases being observed consecutively during 2023-24 and 2024-25. A higher rate of growth *vis-à-vis* GSDP trends was noticed only in two years, 2020-21 and 2021-22 while the period 2022-23 to 2024-25 registered significant decreases. This shows that the pattern of Capital Expenditure was unevenly aligned with GSDP trends. The percentage share of Capital Expenditure to the total expenditure also remained consistently low ranging from 16.39 to 20.46 *per cent,* reflecting on low prioritisation towards long-term asset creation.

A. Sector-wise Capital Expenditure

Sector-wise composition of CE is given in **Table 1.21**. Detailed Sector-wise expenditure is given in ***Appendix 1.2***.

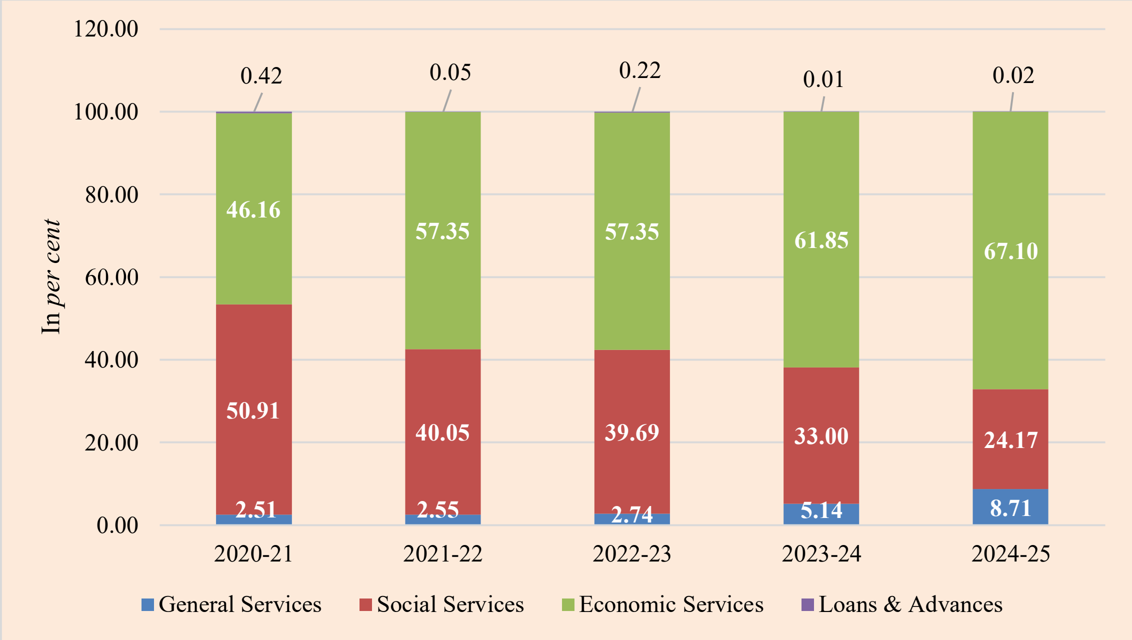
Table 1.21: Sector-wise Capital expenditure

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
Capital Expenditure	**2,439.18**	**3,253.80**	**3,484.24**	**2,748.59**	**2,704.23**
General Services	61.41	83.07	95.58	141.23	235.52
Social Services	1,247.10	1,303.32	1,386.04	907.17	653.73
Economic Services	1,130.67	1,866.4	2,002.62	1,700.19	1,814.97
Loans & Advances	10.20	1.63	7.58	0.25	0.55

Source: Finance Accounts of respective years

Chart 1.24: Relative share of various sectors in Capital expenditure



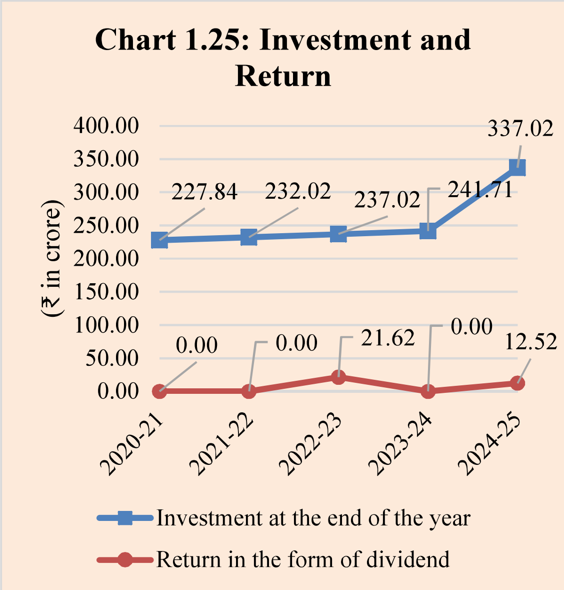
Source: Finance Accounts of respective years

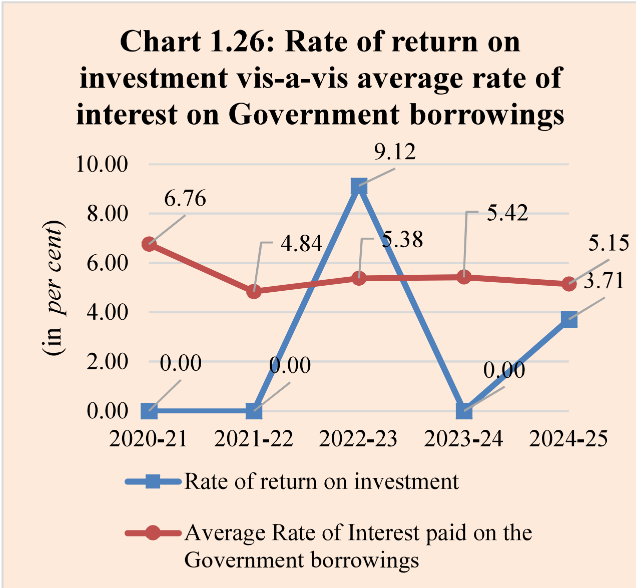
As evident from the **Table 1.21**, the allocation towards Capital Expenditure recorded a gradual declining trend from the year 2022-23 to 2024-25 after witnessing a consistent growth from the year 2020-21 to 2022-23.However, it can be seen from **Chart 1.24** that expenditure on Economic and Social Services grabbed the major share of Capital Expenditure during the entire five-year period which reflects emphasis on asset creation in welfare-oriented sectors *viz*. Education, health, hospitals, *etc*. and economic infrastructural development in Agriculture, Transportation, Energy, *etc*. The sustained higher investments in Social and Economic services are an encouraging factor in driving greater economic growth.

B. Quality of investments in the companies, corporations and other bodies

As of 31 March 2025, the State Government's investment in 3,158 statutory bodies stood at ₹337.02 crore, comprising 20 Government Companies (₹233.71 crore), 3,135 Co-operative Institutions and Local bodies (₹54.03 crore), two Statutory Corporations (₹41.72 crore) and one Rural Bank (₹7.56 crore).

Trends of investments at the end of the year in companies, corporations, and co-operative banks and societies, and return on these investments is depicted in **Chart 1.25**. The rate of return on investment made *vis-à-vis* the average rate of interest on government borrowing is depicted in **Chart 1.26**.





Source: Finance Accounts of respective years

As can be seen from the **Chart 1.25**, the State Government investments ranged between ₹227.84 crore and ₹337.02 crore during the five-year period. While 'Nil' dividend was earned on investment in three out of five years, and during 2022-23 and 2024-25, the dividends were ₹21.62 crore and ₹12.52 crore respectively on its investments.

Chart 1.26 depicts the percentage of returns on investment against the average rate of interest paid on the Government borrowings. The average rate of interest paid by the State Government on its borrowings was between 4.84 and 6.76 *per cent* during the five-year period. While the returns were 'Nil' in three-years out of five-years and the returns were 9.12 and 3.71 *per cent* respectively during the years 2022-23 and 2024-25. Over the past five years, the difference in cost of Government borrowings and return on investments in PSUs was to the tune of ₹4,361.26 crore.

It was found that ₹233.71 crore was invested in 20 State PSUs upto FY 2024-25. Out of the 20 PSUs, only one PSU *viz.* Manipur State Power Company Limited (MSPCL) gave a return of ₹12.52 crore during the FY 2024-25, which was only 3.71 *per cent* of the total investment. However, the government borrowed funds at an average rate of interest of 5.15 *per cent.*

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

Lack of Dividend Policy and Its Impact

A well-defined dividend policy mandating a minimum return from profit-making enterprises, enables the State Government to optimise its returns from investments in

SPSEs and enhances monitoring of the SPSEs financial performance. It was observed that the state has not formulated or enforced a dividend policy for its PSUs.

This has resulted in persistently low returns during the five-years period, 2020-2025 with percentage returns showing as Nil, except for the year 2022-23 and 2024-25, on the government's substantial equity investments, thereby reducing the potential for non-tax revenue generation.

Forgone Revenue from Non-realisation of Dividends

During the FY 2024-25, State PSUs registered profits; however, the State Government did not ensure the timely and full collection of dividends from these entities. It was observed that out of 3,158 entities, only one entity *viz*. MSPCL had paid a dividend of ₹12.52 crore.

C. Loans and advances by the State Government

In addition to the investments in co-operative societies, corporations and companies, the State Government has also been providing loans and advances to many institutions/ organisations. **Table 1.22** presents the position of outstanding loans and advances as on 31 March 2025 and interest receipts *vis-à-vis* interest payments by the State Government on its borrowings during the last five years.

Table 1.22: Quantum of loans disbursed and recovered during 2020-25

(₹ in crore)

Particulars	2020-21	2021-22	2022-23	2023-24	2024-25
Opening Balance of loans outstanding	198.31	205.21	204.45	210.93	210.10
Amount advanced during the year	10.20	1.63	7.58	0.25	0.55
Amount recovered during the year	3.30	2.39	1.10	1.08	1.10
Closing Balance of the loans outstanding	205.21	204.45	210.93	210.1	209.55
Net addition	6.90	-0.76	6.48	-0.83	-0.55
Interest received	0.17	0.04	0.02	0.0007	0.004
Interest Rate on Loans and Advances given by the Government	0.08	0.02	0.01	0.0003	0.0019
Average rate of interest on Government Borrowings (*per cent*)	6.76	4.84	5.38	5.42	5.15
Difference between the rate of interest received and interest paid (*per cent*)	(-)6.68	(-)4.82	(-)5.37	(-)5.42	(-)5.15

Source: Finance Accounts of respective years

As seen from the **Table 1.22** above, quantum of interest received on Loans and Advances given by the government remained nominal throughout the entire period (2020-2025), thus contributing little towards repayment of Government borrowings.

1.3 Contingency Fund

The Contingency Fund of the Government of Manipur is intended to provide advances for meeting unforeseen expenditure, pending its authorisation by the State Legislature. The fund is recouped once the Legislature approves the additional expenditure. The corpus of the Fund is ₹500 crore.

During 2024-25, ₹188.50 crore had been withdrawn from the fund under various budgetary heads MH 2055 (Police), MH 2217 (Urban Development), MH 2801 (Power) and MH 4235 (Capital Outlay on Social Security and Welfare). However, the total amount of ₹500 crore had not been replenished by the end of the FY 2024-25. As of 31 March 2025, the Contingency Fund had a balance of ₹311.50 crore.

The Contingency Fund is constitutionally mandated to ensure financial readiness for crises, but its effectiveness depends on active monitoring, realistic corpus sizing, and periodic review, not just establishment. State should regularly assess risks, emergency expenditures, and fund utilisation to ensure the contingency fund remains a vibrant fiscal tool rather than an idle reserve.

Details of expenditure made out of the Contingency Fund are discussed in ***Paragraph. 2.8*** *of* ***Chapter II*** *of this report.*

1.4 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 use for various purposes.

1.4.1 Net Public Account balances

The component-wise net balances in the Public Account of the State are given in **Table 1.23**.

Table 1.23: Component-wise net balances in Public Account

(₹ in crore)

Sector	Sub-Sector	2020-21	2021-22	2022-23	2023-24	2024-25
I. Small Savings, Provident Funds, *etc.*	Small Savings, Provident Funds, *etc.*	29.54	4.27	0.35	(-)53.68	(-)139.57
J. Reserve Funds	(a) Reserve Funds bearing Interest	20.14	(-)14.73	(-) 33.61	(-) 22.22	(-) 89.54
	(b) Reserve Funds not bearing Interest	39.59	368.91	197.9	184.54	50.26
K. Deposits and Advances	(a) Deposits bearing Interest	(-)103.12	79.26	9.18	40.00	(-)13.81
	(b) Deposits not bearing Interest	43.93	(-)17.45	(-) 92.77	24.82	(-)10.92
	(c) Advances	0.00	0.00	0.00	0.00	0.00
L. Suspense and Miscellaneous	(a) Suspense	(-)11.08	(-)13.19	19.99	(-)43.74	22.15
	(b) Other Accounts	(-) 49.22	(-) 0.36	8.03	5.45	0.39
	(c) Accounts with Governments of Foreign Countries	0.00	0.00	0.00	0.00	0.00
	(d) Miscellaneous	0.00	0.00	0.00	0.00	0.00
M. Remittances	(a) Money Orders, and other Remittances	(-)16.30	(-)41.52	(-)124.50	23.97	(-)153.17
	(b) Inter- Governmental Adjustment Account	0.00	0.00	0.00	0.00	0.00
	Total	**(-)46.52**	**365.19**	**(-)15.43**	**159.14**	**(-)334.21**

Source: Finance Accounts of respective years
Note: +ve figures denote debit balance and -ve figures denote credit balances.

Net Public Account Receipts decreased by ₹493.35 crore over the previous year. The decrease was mainly due to a decrease in Reserve Funds (₹201.60 crore), Remittances (₹177.14 crore), Deposits and Advances (₹89.55 crore) and Small Savings, Provident Funds (₹85.89 crore), partly offset by an increase in Suspense and Miscellaneous (₹60.83 crore).

1.4.2 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 or from outside agencies. It comprises interest-bearing reserve funds and reserve funds not bearing interest.

There were four interest-bearing funds and three Reserve Funds not bearing interest as on 31 March 2025. The fund balances lying in these Reserve Funds as on 31 March 2025 are given in **Table 1.24**.

Table 1.24: Detail of Major Reserve Funds

(₹ in crore)

Sl. No.	Name of Reserve Fund	Opening Balance	Receipts during the year	Interest receipts	Repayments during the year	Balance as on 31 March 2025
A Reserve Funds bearing Interest						
1	State Disaster Response Fund	60.17	57.74	-	111.55	6.36
2	National Compensatory Afforestation Fund (NCAF)	1.21	-	-	-	1.21
3	State Compensatory Afforestation Fund (SCAF)	230.39	-	-	35.77	194.62
4	State Disaster Mitigation Fund	3.00	9.40	-	9.36	3.04
B Reserve Funds not bearing Interest						
1	Sinking Funds	1,369.32	13.69	-	-	1,383.02
2	Depreciation Reserve Funds of Government Commercial Departments/ Undertakings	0.24	-	-	-	0.24
3	Guarantee Redemption Fund	286.97	36.57	-		323.54
Grand Total		**1,951.31**	**117.40**	**-**	**156.68**	**1,912.03**

Source: Finance Accounts of respective years

1.4.3 Cash Balances

As per the agreement with Reserve Bank of India (RBI), State Governments must maintain a minimum daily cash balance with the Bank. If the balance falls below this minimum, the shortfall is met through instruments like Ways and Means Advances (WMA)/ Special Ways and Means Advances (SWMA)/ Special Drawing Facility (SDF)/ Overdrafts (OD), with the WMA limit revised periodically by RBI.

The State Government invests surplus cash balances, including those from earmarked reserve funds in GoI securities and Treasury Bills. Earnings from these investments are credited under '0049-Interest Receipts'.

It is undesirable for the State Government to raise market loans while holding large unutilised cash balances, as it leads to idle funds rather than productive use. Cash balance and investment details for 2023-24 and 2024-25 are provided in **Table 1.25**.

Table 1.25: Cash Balances and their investment

(₹ in crore)

	Opening balance as on 01 April 2024	Closing balance as on 31 March 2025
A. General Cash Balances		
Cash in treasuries	4.63	4.63
Deposits with Reserve Bank of India	-490.96	-496.80
Deposits with other Banks	-	-
Remittances in transit – Local	-	-
Investments held in Cash Balance Investment Account	**-**	**-**
Sub-Total (A)	**-486.33**	**-492.17**
B. Other Cash Balances and Investments		
Cash with departmental officers *viz.* Forest and Public Works	52.26	72.52
Permanent advances with departmental officers for contingent expenditure	0.02	0.02
Investment of earmarked funds	1,280.87	1,331.13
Sub-Total (B)	**1,333.15**	**1,403.67**
Total (A + B)	**846.82**	**911.50**
Interest realised	2.23	1.87

Source: Finance Accounts of respective years

Details of Cash Balance Investment Account during the last five years is given in **Table 1.26**.

Table 1.26: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)

Year	Opening Balance	Closing Balance	Increase (+) / Decrease (-)	Interest earned
2020-21	57.97	0	-57.97	2.08
2021-22	0	0	0	0.25
2022-23	0	0	0	1.63
2023-24	0	0	0	2.23
2024-25	0	0	0	1.87

Source: Finance Accounts of respective years

During the year 2024-25, the State Government maintained the minimum balance for 243 days without obtaining any advance. Thereafter, the State resorted to availing ordinary Ways and Means Advances (WMA) for 73 days, Special Drawing Facility for 18 days and Overdraft for 31 days for maintaining the minimum cash balance with the Reserve Bank.

1.5 Fiscal Sustainability

Fiscal Sustainability is the ability of a government to manage its revenue and expenditure in a manner that ensures it can meet its current and future obligations, such as public services, infrastructure, and debt repayments, without excessive borrowing or accumulating unsustainable debt. It implies maintaining a stable balance between revenue generation and expenditure over the long term. **Charts 1.27** and **1.28** show receipts and expenditure of the State as a percentage of GSDP, during FY 2020-2025, respectively.

Chart 1.27: Receipts of the State

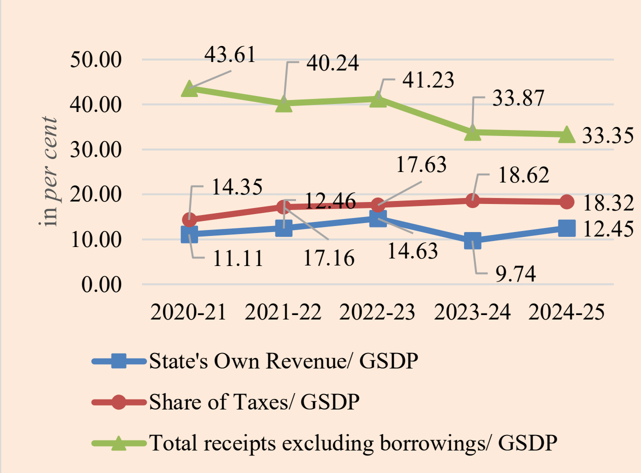
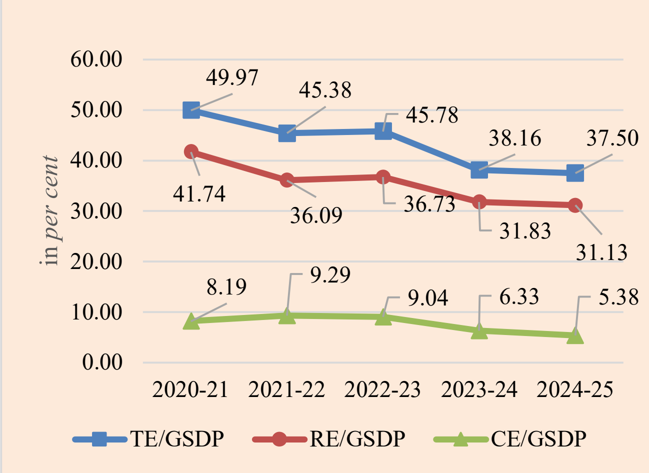


Chart 1.28: Expenditure of the State

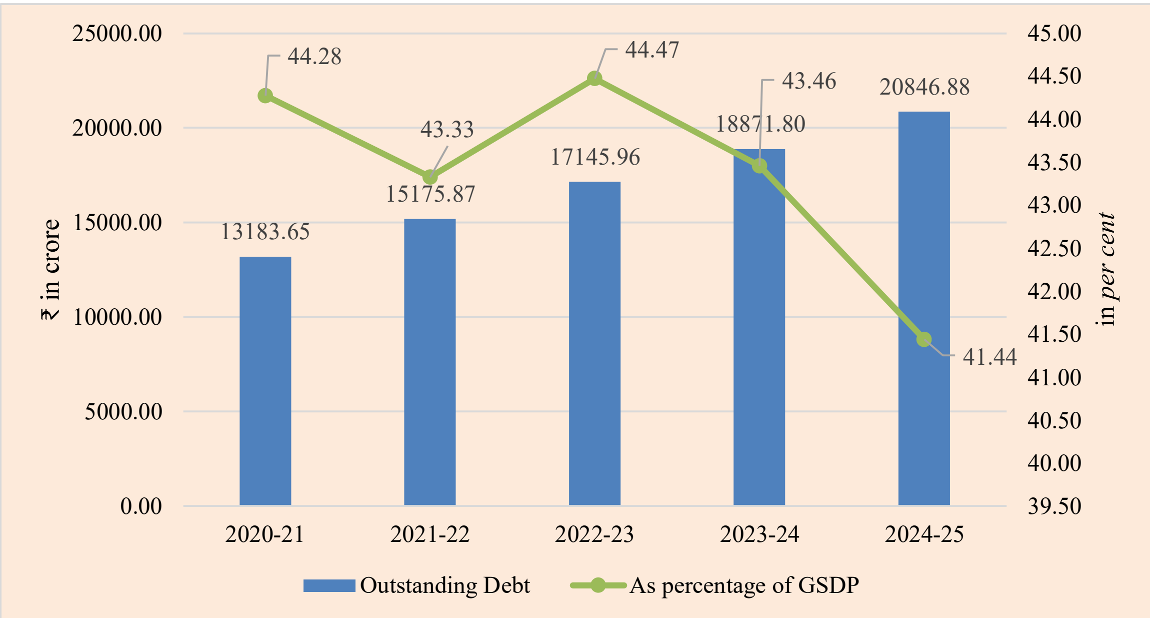


Source: Finance Accounts of respective years

1.5.1 Public Liability Management

Outstanding liability of the State along with its percentage to GSDP for the years 2020-21 to 2024-25 is depicted in **Chart 1.29**.

Chart 1.29: Outstanding Public Liability and its percentage to GSDP



Source: Finance Accounts of respective years

1.5.1.1 Liability profile: Components

Total liabilities of the State Government typically constitute Internal Debt of the State (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, *etc.*), loans and advances from the Central Government, and Public Account Liabilities. The component-wise liability trends of the State for the period of five years beginning from 2020-21 are presented in **Table 1.27**.

Table 1.27: Component-wise liability trends

(₹ in crore)

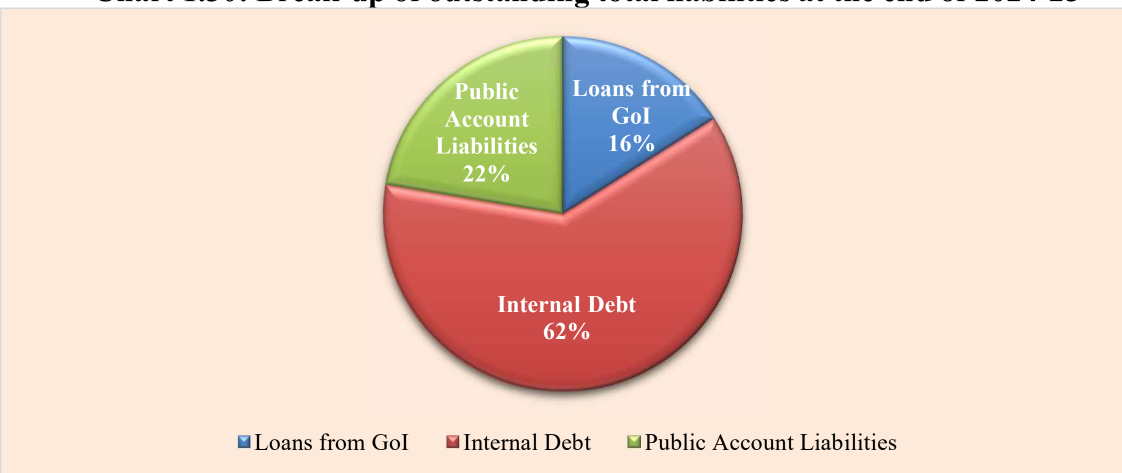
Components of fiscal liability	2020-21	2021-22	2022-23	2023-24	2024-25
Outstanding Total Liability	**13,183.65**	**15,175.87**	**17,145.96**	**18,871.80**	**20,846.88**
Public Debt	9,001.74	10,751.82	12,462.74	14,015.11	16,193.78
Internal Debt	*8,430.65*	*9,967.15*	*11,149.50*	*12,160.32*	*12,869.32*
*Loans from GoI**	*571.09*	*784.67*	*1,313.24*	*1,854.79*	*3,324.46*
Public Account Liabilities	4,181.91	4,424.05	4,683.22	4,856.69	4,653.10
Small Savings, Provident Funds, etc.	*1,508.83*	*1,513.10*	*1,513.45*	*1,459.77*	*1,320.20*
Reserve Funds bearing Interest	*365.32*	*350.59*	*316.98*	*294.77*	*205.22*
Reserve Funds not bearing Interest	*905.19*	*1,274.10*	*1,472.00*	*1,656.54*	*1,706.80*
Deposits bearing Interest	*105.86*	*7.00*	*194.30*	*234.30*	*220.49*
Deposits not bearing Interest	*1,296.71*	*1,279.26*	*1,186.49*	*1,211.31*	*1,200.39*
Rate of growth of outstanding total liability (*per cent*)	15.57	15.11	12.98	10.07	10.47
Gross State Domestic Product (GSDP)	29,776	35,027	38,552	43,425	50,309
Outstanding Total Liability/GSDP (*per cent*)	44.28	43.33	44.47	43.46	41.44
Borrowings and Other Liabilities					
Total Receipts	9,334.05	12,652.37	11,115.65	9,755.85	11,599.08
Total Repayments	7,587.95	10,902.29	9,404.72	8,203.48	9,420.41
Net funds available	1,746.10	1,750.08	1,710.93	1,552.37	2,178.67
Repayments/ Receipts (per cent)	81.29	86.17	84.61	84.09	81.22

Source: Finance Accounts of respective years
** No back-to-back loans received in lieu of GST compensation during the five-year period.*

As can be seen from the **Table 1.27**, over the last five years from 2020-21 to 2024-25, Total Outstanding Liabilities increased by ₹7,663.23 crore in 2024-25 as compared to 2020-21. Public Debt (excluding off-budget borrowings of ₹109.57 crore) constituted a major share of the outstanding debt and showed increase of an amount of ₹7,192.04 *i.e.* an increase of 79.90 *per cent* in 2024-25 over 2020-21. While the actual amount of Internal debt showed slight increases over the five-year period, a gradual declining trend in terms of growth rate was observed during the period. Loans and Advances from GoI also increased by 482.13 *per cent* in 2024-25 as compared to 2020-21. The Public Account liabilities of the State also increased by 11.27 *per cent* in the year as compared to 2020-21. In 2024-25, Internal Debt and Public Account liabilities constituted 61.73 and 22.32 *per cent* of the total liabilities respectively, as shown in **Chart 1.30**.

Break-up of outstanding total liabilities at the end of 2024-25 is shown in **Chart 1.30**.

Chart 1.30: Break-up of outstanding total liabilities at the end of 2024-25

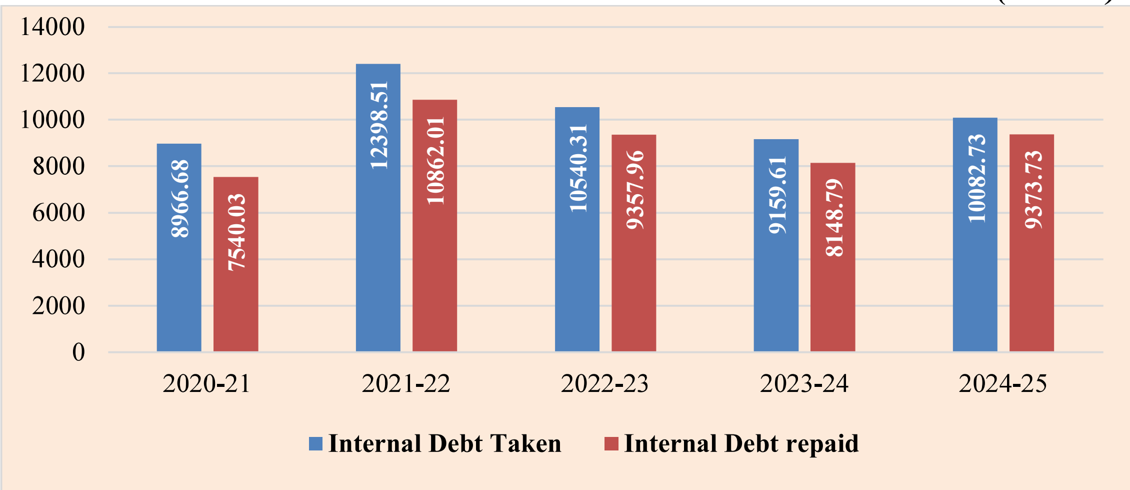


Source: Finance Accounts of respective years

Chart 1.31 depicts the quantum of internal debt taken *vis-à-vis* repaid during the period of five years i.e. 2020-25.

Chart 1.31: Internal debt taken *vis-à-vis* repaid

(₹ in crore)



Source: Finance Accounts of respective years

Internal debt of the State Government increased by ₹1,116.05 crore (12.45 *per cent*) in 2024-25 over the five-year period. An amount of ₹1,017.46 crore was paid towards interest on internal debt during 2024-25. During the entire five-year period, the bulk of the Internal Debt taken which ranged from 84.09 to 92.97 *per cent* was utilised for the repayment of earlier outstanding debt. This indicates that the State Government has not taken concerted efforts to rationalise its borrowings. This increase in borrowings increases the debt burden by increasing the short to medium term maturity profile of debt.

1.5.1.2 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 a healthy trend. **Table 1.28 and Chart 1.32** depict the utilisation and trends of borrowed funds during 2020-25, respectively.

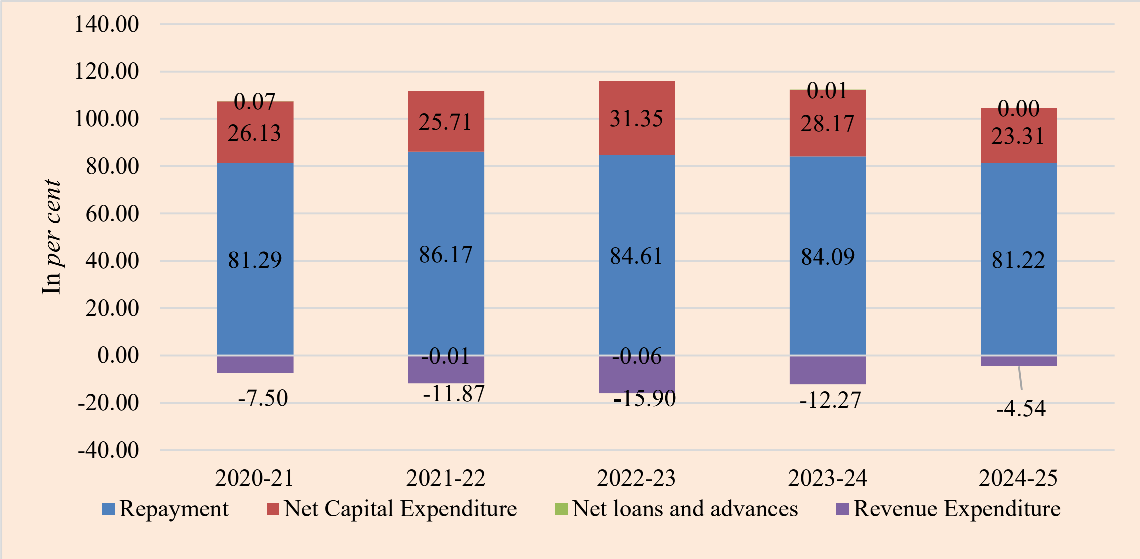
Table 1.28: Utilisation of borrowed funds

(₹ in crore)

Sl. No.	Year	2020-21	2021-22	2022-23	2023-24	2024-25
1	Total borrowings	9,334.05	12,652.37	11,115.64	9,755.85	11,599.08
2	Repayment of earlier borrowings (Principal)	7,587.95	10,902.29	9,404.72	8,203.48	9,420.41
3	Net capital expenditure	2,439.18	3,252.79	3,484.24	2,748.59	2,704.23
4	Net loans and advances	6.90	-0.76	-6.48	0.83	0.55
5	Portion of Revenue expenditure met out of net available borrowings	0	0	0	0	0

Source: Finance Accounts of respective years

Chart 1.32: Trends of utilisation of borrowed funds



Source: Finance Accounts of respective years

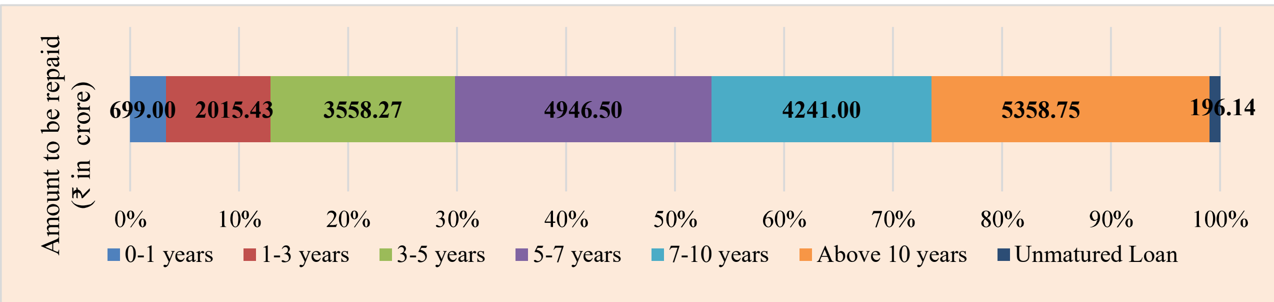
It can be seen from the **Table 1.28** and **Chart 1.32** that during the period 2020-2025, the State Government utilised 81.22 (2024-25) to 86.17 *per cent* (2021-22) of its borrowings for repayment of earlier borrowings. This indicated that a major part of the borrowed funds were being used mostly for meeting repayment of earlier borrowings during the period.

The balance amount of the current year's borrowings was not sufficient to meet Capital expenditure in any of the last five-year period. The borrowed funds were being used mainly for meeting repayment of earlier borrowings instead of Capital asset creation/ development activities. Unavailability of borrowings for creation of assets sets back economic growth by lowering productivity, employment generation and future returns which weakens long-term fiscal sustainability efforts.

1.5.1.3 Debt profile: Maturity and Repayment

Debt maturity and repayment profile indicate commitment on the part of the Government for debt repayment or debt servicing. Debt maturity profile of the State (excluding off-budget borrowings of ₹109.57 crore) is depicted in **Chart 1.33**.

Chart 1.33: Maturity Profile of Public Debt



Source: Finance Accounts of respective years

** Loan above 10 years includes an amount of ₹2976.75 crore received under Scheme for Special Assistance to States for Capital Expenditure as on 31 March 2025.*

Chart 1.33 indicates that the State Government will have to repay 15.25 *per cent* (₹2,015.43 crore) of its public debt within the next three years, 26.92 *per cent* (₹3,558.27 crore) between 3-5 years, 37.43 *per cent* (₹4,946.50 crore) between 5-7 years and 32.09 *per cent* (₹4,241.00 crore) between 7-10 years. It signifies that the State will have to repay 60.74 *per cent* (₹8,028.34 crore) within the next seven years and 80.49 *per cent* (₹10,638.89 crore) of its debt in the next ten years.

A concentrated short to medium-term maturity profile indicates potential rollover risks and liquidity pressure. A high concentration of liabilities maturing within the short to medium term (0-7 years) indicates potential debt bunching, increasing refinancing and liquidity pressure on the State.

1.5.1.4 Financing pattern of fiscal deficit

Table 1.29 depicts the financing pattern of the fiscal deficit during 2020-2025.

Table 1.29: Components of fiscal deficit and its financing pattern

(₹ in crore)

Particulars		2020-21	2021-22	2022-23	2023-24	2024-25
Fiscal Deficit		**-1891.90**	**-1803.18**	**-1756.55**	**-1863.34**	**-2090.89**
1	Revenue Surplus	554.18	1448.85	1734.17	884.42	1112.78
2	Net Capital Expenditure	-2439.18	-3252.79	-3484.24	-2748.59	-2704.23
3	Net loans and advances	-6.90	0.76	-6.48	0.83	0.56
4	Appropriation to Contingency Fund	-	-	-	-	500.00
Financing Pattern of Fiscal Deficit						
1	Contingency Fund	0	0	0	0	311.51
2	Market Borrowings	1154.03	1218.82	1147	1,076.00	1,037.00
3	Loans from GoI	319.44	213.58	528.58	541.55	1469.67
4	Special Securities issued to NSSF	-54.15	-54.16	-54.15	-54.02	-45.02
5	Loans from Financial Institutions	112.53	111.17	110.76	72.96	-44.64
6	Ways and Means Advances (Net)	214.24	260.67	-21.26	-84.12	-238.34
7	Small Savings, PF, *etc.*	29.54	4.27	0.35	-53.68	-139.57
8	Reserve Funds	59.74	354.18	164.29	162.32	-39.28
9	Deposits and Advances	-59.20	61.81	-83.59	64.82	-24.74
10	Suspense and Miscellaneous	11.08	-13.19	19.99	-43.74	22.15
11	Remittances	-16.31	-41.52	-124.5	23.96	-153.17
12	**Overall Deficit**	**1,770.94**	**2,115.63**	**1,687.47**	**1,706.05**	**2,155.57**
13	Increase/ Decrease in cash balance	120.96	-312.45	69.08	157.29	-64.68
14	**Gross Fiscal Deficit**	**1891.90**	**1803.18**	**1,756.55**	**1863.34**	**2,090.89**

Source: Finance Accounts of respective years

1.5.2 Post Audit Deficit Indicators

As per Finance Accounts of the State for the FY 2024-25, the Revenue Surplus of the state was ₹1,112.78 crore (2.22 *per cent* of GSDP), the fiscal deficit was ₹2,090.89 crore (4.16 *per cent* of GSDP), whereas the primary deficit was ₹1,068.66 crore (2.12 *per cent* of GSDP). However, Audit found that, during 2024-25, the State Government misclassified ₹0.61 crore of Revenue nature as capital expenditure *(Details are discussed in **Paragraph 2.5.6** of **Chapter-II** of this Report)*.

This resulted in overstatement of Revenue surplus and understatement of fiscal deficit to that extent and the revenue surplus worked out to be ₹1,112.17 crore (2.21 *per cent* of the GSDP) while the fiscal deficit worked out to be ₹2,091.50 crore (4.16 *per cent* of GSDP) after Audit.

1.5.3 Fiscal Balance: Achievement of deficit and total debt targets

As per the Manipur FRBM (MFRBM) Act, 2005 and its amendments[7] aligned with the XV Finance Commission, the State aims to:

- eliminate revenue deficit and maintain the fiscal deficit within the ceiling of three *per cent* of GSDP;
- Limit the amount of outstanding Government guarantees as per the provisions of the Manipur Ceiling on State Government Guarantee Act, 2004; and
- Limit Salary expenditure excluding interest payments and pensions to 35 *per cent* of the State's Revenue Expenditure.

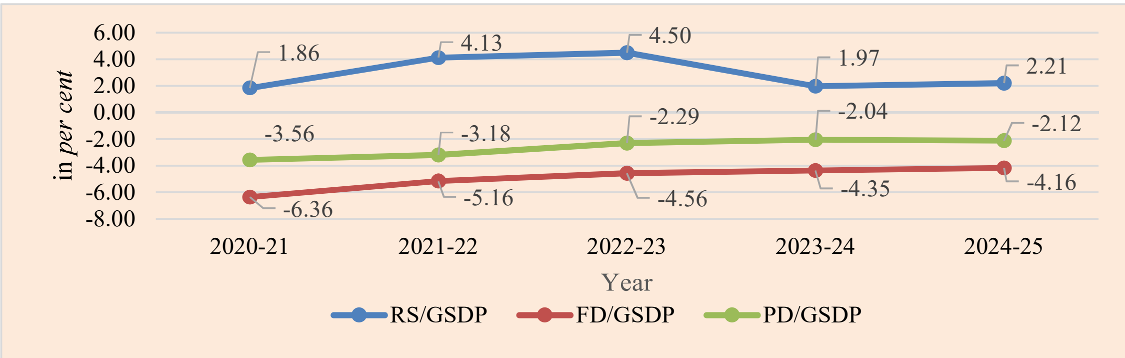
Achievements, *vis-à-vis* the fiscal targets, prescribed in the State FRBM Act for the FYs 2020-21 to 2024-25, post Audit are detailed in **Table 1.30**.

Table 1.30: Compliance with provisions of State FRBM Act post Audit

<table>
<tr><th colspan="2" rowspan="2">Fiscal Parameters</th><th colspan="5">Achievement vis-a-vis targets set in the MFRBM</th></tr>
<tr><th>2020-21</th><th>2021-22</th><th>2022-23</th><th>2023-24</th><th>2024-25</th></tr>
<tr><td rowspan="2">Revenue Surplus (₹ in crore)</td><td>T*</td><td colspan="5">Revenue Surplus</td></tr>
<tr><td>A**</td><td>552.49</td><td>1,446.31</td><td>1,733.58</td><td>857.53</td><td>1,112.17</td></tr>
<tr><td rowspan="2">Fiscal Deficit (as percentage of GSDP)</td><td>T</td><td colspan="5">3 per cent</td></tr>
<tr><td>A</td><td>6.36</td><td>5.16</td><td>4.56</td><td>4.35</td><td>4.16</td></tr>
<tr><td rowspan="3">Ratio of total outstanding liability to GSDP (in per cent)</td><td rowspan="2">T***</td><td colspan="5">MFRBM Act has not provided the targets after 2014-2025</td></tr>
<tr><td>(42.80)</td><td>(41.50)</td><td>(41.80)</td><td>(41.20)</td><td>(40.40)</td></tr>
<tr><td>A</td><td>44.28</td><td>43.83</td><td>44.47[8]</td><td>43.46[9]</td><td>41.44[10]</td></tr>
<tr><td rowspan="2">Ratio of Salary expenditure to Revenue Expenditure (in per cent)</td><td>T</td><td>35.00</td><td>35.00</td><td>35.00</td><td>35.00</td><td>35.00</td></tr>
<tr><td>A</td><td>36.54</td><td>38.26</td><td>38.66</td><td>40.56</td><td>37.75</td></tr>
</table>

** T – Targets, ** A - Achievements*
****Figures within the brackets for Outstanding Debt-GSDP ratios are the XIV FC/ XV FC projections.*
Source: Finance Accounts of respective years and MFRBM Act, 2005

Chart 1.34: Trend analysis of deficits post audit



Source: Finance Accounts of respective years

The targets set by XV FC and those projected in the State budget *vis-à-vis* achievements in respect of major fiscal aggregates with reference to GSDP during 2024-25 are given in **Charts 1.35**, **1.36** and **1.37**.

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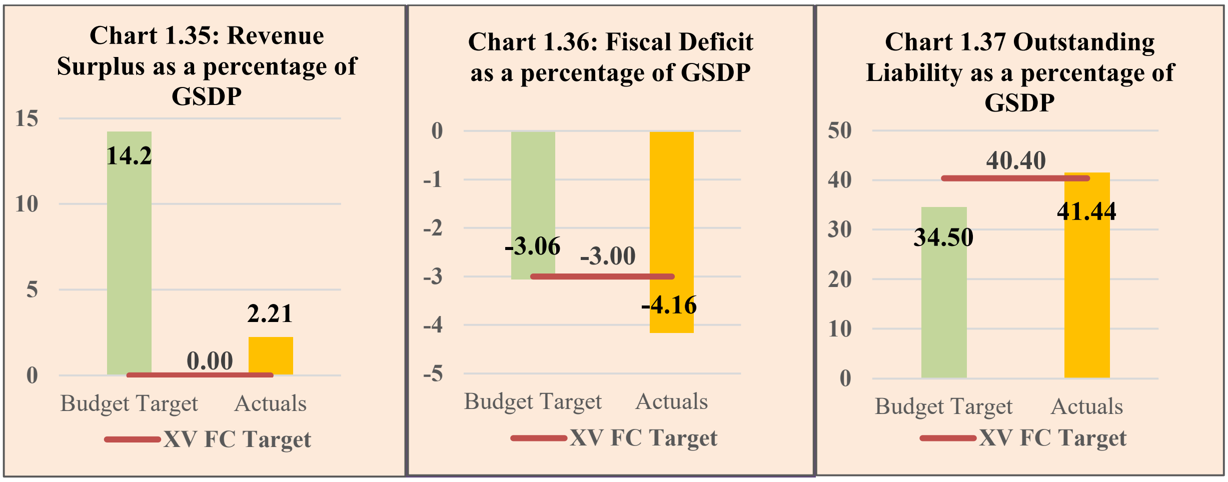
7 Amended five times (2017, 2020, 2021, 2022 and 2024) since the promulgation of the Principal Act in 2005

8 Off-budget borrowing of ₹180.51 crore during the year 2022-23 has not been considered for calculation of ratio

9 Off-budget borrowing of ₹153.07 crore during the year 2023-24 has not been considered for calculation of ratio

10 Off-budget borrowing of ₹109.57 crore during the year 2024-25 has not been considered for calculation of ratio



Source: Finance Accounts and Budget documents, 2024-25

During the year 2024-25, the State could achieve the target fixed under MFRBM Act for maintaining Revenue Surplus. However, the State Government could not achieve the targets fixed for Fiscal deficit-GSDP ratio and those projected in the budget estimates. Further, the State Government did not fix targets for Outstanding Debt-GSDP ratio in the MFRBM Act after the year 2014-15. However, in terms of the XIV and XV Finance Commission's projections, the limits of the outstanding Debt-GSDP ratio were not achieved in any of the years during the five-year period.

The main factors contributing to the fiscal stress and non-compliance were:

- **High Non-Developmental Expenditure**: Fiscal Deficit (FD), despite registering a slight decrease to 4.16 *per cent* of GSDP during 2024-25 remained above the targets fixed for Fiscal deficit-GSDP ratio due to an increase in Revenue Expenditure.
- **Cumulative Effect of Past Borrowing**: The consistently high Outstanding Debt/ GSDP ratio (41 to 44 *per cent*) over the period is a result of past fiscal deficits, which required greater interest payments, consuming a growing portion of revenue receipts that could otherwise be used for services or deficit reduction.
- **Ineffective Budgetary Projections**: The wide variance between the Budget Targets (T) and the Actual Achievements (A), especially for the Revenue surplus in 2024-25, indicates a potential issue with the accuracy and realism of the initial budget estimates evidenced by the significant shortfall in Revenue Receipts for the year.

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

1.5.4 Debt Sustainability Analysis

Debt sustainability refers to the ability of the State to service its debt obligation now and in future. Analysis of variations in debt sustainability indicators is given in **Table 1.31**.

Table 1.31: Trends in Debt Sustainability Indicators

(₹ in crore)

Sl.	Debt Sustainability Indicators	2020-21	2021-22	2022-23	2023-24	2024-25
1	Overall Liabilities or Overall Debt	13,183.65	15,353.99	17,145.96	18,871.79	20,846.88
2	Rate of Growth of Overall Debt (*per cent*)	15.57	16.46	11.67	10.07	10.47
3	GSDP (in nominal terms)	29,776.00	35,027.00	38,552.00	43,425.00	50,309.00
4	Nominal GSDP growth (*per cent*)	-0.12	17.64	10.06	12.64	15.85
5	Overall Debt/GSDP (*per cent*)	44.28	43.83	44.47	43.46	41.44
6	Repayment to Gross Borrowings (*per cent*)	90.80	89.28	92.42	93.04	92.41
7	Net borrowings available as a percentage of Gross Borrowings	17.30	15.72	14.80	16.02	15.74
8	Interest payments on Overall Debt	831.60	690.80	874.19	976.58	1,022.23
9	Effective rate of interest on Overall Debt (*per cent*)	8.34	5.94	6.57	6.62	6.39
10	Interest payment to Revenue Receipts (*per cent)*	6.41	4.90	5.50	6.64	6.09
11	Revenue Surplus	554.20	1,448.90	1,734.20	884.42	1,112.78
12	Primary Revenue Balance (PRB)	1,385.78	2,139.65	2,608.36	1,861.00	2,135.01
13	Primary Balance (PB)	-1,060.30	-1,112.38	-882.36	-886.76	-1,068.66
14	PB/GSDP (*per cent*)	-3.56	-3.18	-2.29	-2.04	-2.12
15	Difference between RoI and effective rate of interest on Overall Debt	-6.67	-3.49	-6.31	-6.34	-6.39
16	Liquidity Management (use of financial accommodation instruments available with RBI) (in number of occasions)	7,482.66 (113)	10,741.47 (61)	8918.31 (69)	7,591.54 (71)	8518.88 (91)
17	Debt Stabilisation (Quantum spread + Primary balance)	-1,962.46	359.54	-392.66	44.95	492.53
18	**Domar gap**					
a	GSDP (in constant terms)	18,073.00	19,981.00	21,198.00	22,858.00	25,241.00
b	Real Growth (in constant terms)	-5.81	10.56	6.09	7.83	10.43
c	Inflation based on CPI (*per cent*)	5.92	1.41	1.42	9.95	6.50
d	Effective Rate of interest	8.34	5.94	6.57	6.62	6.39
e	Real effective rate of interest (Effective rate of interest-Inflation)	2.42	4.54	5.15	-3.33	-0.11
f	Growth Interest Differential (Real growth- Real effective rate of interest)	-8.22	6.02	0.94	11.16	10.53
g	Primary Balance (PB)	-5.87	-5.57	-4.16	-3.88	-4.23

Source: Finance Accounts of respective years

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

(i) Debt to GSDP ratio

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

During last five-year period, the Debt-to-GSDP ratio of the State exhibited a fluctuating trend. The ratio decreased from 2020-21 to 2021-22, increased from 2021-22 to 2022-23 and thereafter showed a continued decreasing trend till 2024-25. In the year 2024-25 it decreased by 2.02 *per cent* against the previous year.

The State continued to breach the XV FC targets and ceilings sets under the FRBM Act since 2020-21 (except 2021-22 FRBM ceiling). This indicates that the State consistently over utilised the available fiscal space, leading to an unbounded debt-GSDP ratio.

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

(ii) GSDP/ Debt Growth Comparisons

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

During 2020-21 to 2024-25, the State generally satisfied the sustainability conditions, with nominal GSDP growth rates above the growth rate of debt in three out of five years, except during the years 2020-21 and 2022-23.

(iii) Primary Balances

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

During 2020-21 to 2024-25, the State experienced negative Primary Balances (PB). However, during the period, Primary Revenue balance (PRB) remained positive, suggesting that the State's revenue base can meet most revenue expenditure needs before meeting the Interest Payments. A positive PRB and occasional positive PB indicate that while the debt path has had sustainable moments, persistent negative PB could add stress to debt sustainability if the trend persists.

(iv) Interest Payment Ratios

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

During 2020-21 to 2024-25, Interest Payment as a percentage of Revenue Receipts showed a fluctuating trend. From the year 2021-2024, it showed an increasing trend, which indicates that more of the State's revenue was being allocated towards interest payments. However, the percentage decreased during 2024-25 as compared to the previous year, which would contribute to sustainable fiscal management. This trend, if continued, will lead to stable and sustainable debt management.

(v) Maturity Profile

The maturity profile captures redemption pressure of the State. Higher maturity indicates lower redemption pressure in medium term. As the State will have to repay 61 *per cent* (₹8,028.34 crore) of its debt within the next seven years it gives a picture that the State eroded the value of its debt during these years which poses roll-over risk in short and medium term.

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

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

Over the five-year period (2020-2025) considered for debt sustainability analysis, FB remained positive in 2021-22, 2023-24 and 2024-25, helping the State limit the increase in its debt burden. However, the average debt-GSDP ratio remained over 40 *per cent*, implying that the State needs to exhibit fiscal prudence to keep its debt sustainable, at least to bring it in line with the indicative debt path set by the Finance Commission specially since no targets have been set under the State FRBM Act after 2014-15.

During 2020-21 to 2024-25, the overall balance remained positive, which would contribute positively to debt sustainability.

(vii) Domar Criterion

Based on the Domar criterion, the State generally maintained sustainable debt practices as the Growth Interest Differential (GID) is positive in four out of five years except during 2020-21. It shows that the real growth exceeded the real effective interest rate in four out of five years, except during the year 2020-21. A consistently positive GID mitigates the impact of the adverse primary balance, while a negative GID, as seen in 2020-21 (-8.22 *per cent*), mainly due to the COVID pandemic, reflects an unsustainable period, likely due to lower economic output. Maintaining a positive differential through prudent fiscal policies and economic growth can foster a more sustainable debt environment.

The State's debt as a percentage of GSDP, with an exception for 2022-23 followed a downward trajectory and reduced from 44.28 *per cent* in 2020-21 to 41.44 *per cent* in 2024-25. Fiscal sustainability risk:

i) In both real and nominal terms, the State's debt has grown faster than the GSDP and reached a historic high in 2024-25, indicating a significant accumulation of debt alongside a decline in its value. This poses a rollover risk in the short and medium term and makes future borrowing more expensive, which implies that high load of debt will impact the economic growth adversely or slow down rather than having a multiplier effect.

ii) As per the macro fiscal parameters, such as ceiling on public debt, revenue and fiscal deficit and ceiling on guarantees given by the State Government in a particular year and as on 31st March of that year, the Government's fiscal sustainability is a concern as indicated by the rising ratios of revenue deficit-GSDP, fiscal deficit-GSDP, and outstanding liability-GSDP. Although Revenue Surplus was maintained and the guarantees provided by the government were within the targets fixed, the State Government failed to meet the targets for fiscal deficit-GSDP and outstanding liability-GSDP ratios. These trends highlight the need for the government to address fiscal imbalances and work towards sustainable financial management.

1.5.5 Status of Guarantees - Contingent Liabilities

Guarantees are contingent liabilities on the Consolidated Fund in case of borrower defaults. The State extends guarantees for loans raised by entities like statutory corporations, boards, local bodies, and co-operative institutions. As per the MFRBM Act, 2005, outstanding guarantees must not exceed thrice the State's Own Tax Revenue Receipts of the second preceding year. Details of the guarantees and status of outstanding guarantees to total receipts for the last five years are given in **Table 1.32**.

Table 1.32: Guarantees given by the State Government

(₹ in crore)

Guarantees	2020-21	2021-22	2022-23	2023-24	2024-25
Ceiling applicable to the outstanding amount of guarantees (*i.e.* thrice the State's Own Tax Revenue Receipts of the second preceding year)	3,138.15	3,603.36	3,883.47	4,945.50	5.603.70
Outstanding amount of guarantees at the beginning of the year	478.18	598.32	868.55	1,177.16	1,505.82
Outstanding guarantees at the end of the year	667.19	861.32	1,177.16	1,482.56	1,557.02

Source: Finance Accounts and Manipur ceiling on State Government Guarantee Act, 2004.

The outstanding guarantees for ₹1,557.02 crore as on 31 March 2025 was in respect of Urban Development and Housing (₹494.47 crore); Power (₹838.30 crore); and Others *viz*. Khadi & Village Industries and Manipur Police Housing Corporation (₹224.25 crore).

The Government extended guarantees within the limits prescribed in the Manipur Ceiling on State Government Guarantee Act, 2004 indicating fiscal prudence. However, guarantee commission which was to be charged at a minimum of one *per cent* of guaranteed amount (₹0.98 crore) under the Act, was not received by the State Government during 2024-25.

As can be seen from **Table 1.32**, the outstanding guarantees is on an increasing trend throughout the five-year period, reflecting on gradual building up of contingent liabilities. If the borrowers default on their loans, the government will bear the liability, which could strain public finances, lead to higher fiscal deficits and pose potential risks to debt sustainability.

1.5.6 Pathways to Fiscal Stability

Deficits can be improved by enhancing revenues and rationalising expenditures. This includes strengthening tax compliance, widening the tax base, revising user charges, and monetising idle government assets. On the spending side, better targeting of subsidies, controlling salary and pension growth, and ensuring proper classification of expenditure are key factors. Prioritising productive capital investment and improving debt management through transparent and efficient borrowing can further ease fiscal pressure. These measures collectively create fiscal space and help reduce revenue, fiscal, and primary deficits in a sustainable manner. These have been discussed in the succeeding paragraphs.

1.5.6.1 Improving revenues of the State

Untapped revenue potential that, if harnessed effectively, could significantly enhance fiscal space and reduce dependence on debt. Inefficiencies in assessment, undervaluation, and limited enforcement mechanisms of key tax streams such as State GST, Stamp Duty, and Excise will lead to subdued revenue growth. Under-realised non-tax revenues, with low user charges, poor cost recovery, and suboptimal returns on public assets and investments also impede the fiscal space. Timely realisation of pending arrears (tax and non- tax) is another step towards enhancing the fiscal space.

A & B. Arrears of Revenue and arrears in assessment

There were no arrears of revenue due to the State Government as on 31 March 2025. Further, there were no cases of arrears of assessment pending at the beginning of the year in 2024-25. The number of new cases also remained nil, resulting in nil cases at the end of the year.

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

The cases of evasion of tax detected, cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government.

There were no cases of evasion of taxes pending at the beginning of the year in 2024-25. The number of new cases detected during the year were also nil due to which the number of cases pending as on 31 March 2025 remained nil.

1.5.6.2 Issues on expenditure side

A. Fiscal stress from committed expenditure and subsidies

Charts 1.38 and **1.39** depicts Committed expenditure and subsidies together as a percentage of Revenue Receipts and Revenue Expenditure during the FY 2020-2025 respectively.

Chart 1.38: Committed Expenditure and Subsidies as a percentage of Revenue Receipts

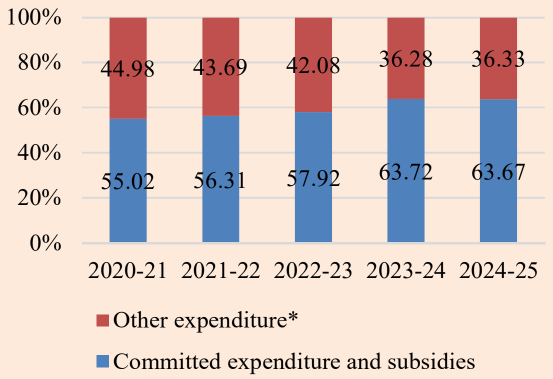
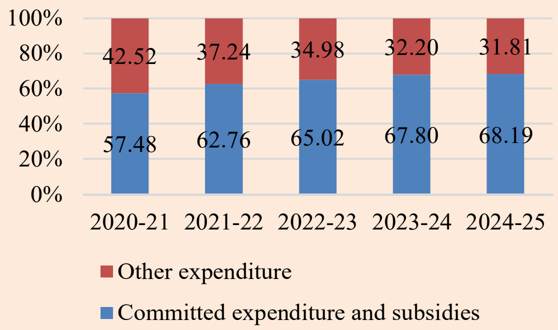


Chart 1.39: Committed Expenditure and Subsidies as a percentage of Revenue Expenditure



Source: Finance accounts of respective years.

* *Other expenditure denotes the fiscal space available after consumption of Committed expenditure and salaries.*

In 2024-25, the State's committed expenditure of ₹10,341.68 crore, comprising Salaries and wages (₹5,913.18 crore), pensions (₹3,406.27 crore) and interest payments (₹1,022.23 crore) accounted for approximately 61.65 *per cent* of the Revenue Receipts. In addition, subsidies amounted to ₹339.20 crore, bringing the total rigid expenditure to ₹10,680.88 crore, which was nearly 63.67 *per cent* of the State's revenue receipts.

The high and inflexible nature of such expenditure significantly compresses fiscal space, limiting the State's ability to allocate resources towards capital investment and developmental priorities. This structural imbalance increases the risk of persistent revenue and primary deficits, constrains long-term fiscal sustainability and reduces the government's capacity to respond to emergent socio-economic challenges.

There is an urgent need for expenditure reform through rationalisation of subsidies, improved targeting, and prudent management of salary and pension commitments, to enhance fiscal flexibility and ensure a sustainable fiscal path.

B. Capital blocked in incomplete projects

An assessment of capital blocked in incomplete capital projects would also indicate the quality of Capital Expenditure. Blocking of funds in incomplete projects/ works impinges negatively on the quality of expenditure and deprives the State of the intended benefits of the projects for prolonged periods. Further, funds borrowed for implementation of these projects, during the respective years would lead to an extra burden, in terms of servicing of debt and interest liabilities. Details of the incomplete projects are shown in **Table 1.33** (based on information provided by the State Government for ***Appendix-IX*** of the Finance Accounts Volume II for the year 2024-25).

Table 1.33: Capital blocked in incomplete projects

(₹ in crore)

Age profile of incomplete projects as on 31 March 2025				**Department-wise profile of incomplete projects till 31 March 2025**		
Year	**No. of incomplete projects**	**Estimated cost**	**Expenditure incurred (as on 31 March 2025)**	**Department**	**No. of incomplete projects**	**Estimated Cost (Expenditure incurred)**
2018	3	8.50	2.80	Manipur State Power Company Limited (MSPCL)	7	447.35 (251.81)
2019	6	59.72	42.67	Minority Affairs and Backward Classes (MoBC)	38	299.01 (191.66)
2020	23	334.46	245.63	Public Works Department (PWD)	90	195.26 (30.06)
2021	21	107.01	64.91	Education	3	4.49 (0.00)
2022	8	148.70	14.98			
2023	18	211.74	89.04			
2024	58	74.76	13.50			
2025	1	1.22	0.00			
Total	**138**	**946.11**	**473.53**	**Total**	**138**	**946.11 (473.53)**

Source: Finance accounts of respective years

It can be seen from **Table 1.33** that out of the estimated cost of ₹946.11 crore on these 138 ongoing projects, ₹473.53 crore was spent as of 31 March 2025. Therefore, due to non-completion of these 138 projects, CE of ₹473.53 crore remained blocked. The 138 incomplete projects pertain to four Departments *viz*. Manipur State Power Company Limited (MSPCL), Education, Minorities and other Backward Classes (MoBC) and Public Works Department (PWD).

Analysis of the above 138 incomplete projects revealed the following:

- Out of 138 incomplete works, 32 incomplete projects were aged five years and more.
- Works in respect of one project (estimated cost ₹two crore) had achieved 100 *per cent* physical progress. However, no expenditure had been incurred till the end of 2025.
- No expenditure was incurred upto 2024-25 in 38 projects (year of commencement from 2018).

Of the 138 projects lying incomplete, the highest number of incomplete projects pertains to the Public Works Department (90 projects with an estimated cost/ initial budget cost of ₹195.26 crore and expenditure of ₹30.36 crore up to 31 March 2025.

Delay in completion of work invites the risk of escalation in the cost of the works besides depriving the benefits of the project to the State.

C. Un-discharged liabilities on Fiscal Space

Undischarged/ deferred liabilities, if not addressed timely, will reduce the available fiscal space for future developmental and infrastructure spending. Besides creating lack of transparency and credibility, this impairs the state's ability to raise resources in a sustainable manner, thereby impacting overall fiscal health and long-term sustainability.

Audit observed that the State Government had accumulated several undischarged liabilities during the year 2024-25, which have significant implications for fiscal sustainability. These include:

- Un-discharged interest liabilities totalling ₹33.92 crore.
- Un-recouped Contingency Fund amounting to ₹188.50 crore
- Off-budget borrowings and other liabilities not captured in the debt stock amounting to ₹109.57 crore.
- Non-transfer of State matching share in State Disaster Response Fund amounting ₹55.56 crore.
- Non-transfer of the Manipur Building and Other Construction Workers' Welfare Cess amounting to ₹0.86 crore.
- Non-transfer of grants to the Central Road and Infrastructure amounting to ₹15.19 crore.

The cumulative value of these un-discharged liabilities amounted to ₹403.60 crore, which is equivalent to 0.80 *per cent* of the GSDP and 19.30 *per cent* of the Fiscal Deficit for the year 2024-25.

Audit recommends that the State Government disclose and address all un-discharged liabilities transparently and make provisions for timely discharge of these obligations to avoid future fiscal stress.

1.6 Conclusions

The State's fiscal analysis for the period reveals persistent structural imbalances and mounting stress on fiscal sustainability, primarily due to sustained dependence on borrowings and a significant share of committed expenditure in total spending.

The buoyancy of the State's Own Revenue (SOR) with respect to GSDP improved significantly in 2024-25 compared to the previous year. It turned positive in 2024-25 from the negative value recorded in 2023-24. This reflects a relatively higher growth rate of revenue receipts and improved responsiveness to economic growth. However, revenue buoyancy remained below one, in four out of the five years, during 2020-2025. This indicated that revenue growth did not keep pace with the growth of GSDP in most of the years. The highest buoyancy during the period was observed in 2022-23 (3.22), reflecting exceptionally strong revenue growth relative to GSDP in that year.

During the period 2020-2025, the State consistently met the Revenue Surplus targets fixed under the MFRBM Act. This indicates adherence to fiscal discipline. The Revenue Surplus rose by ₹228.36 crore in 2024-25 over the previous year, while the highest was achieved during the year 2022-23.

Revenue Expenditure increased by ₹1,841.07 crore (13.32 *per cent*) over the previous year. It constituted the major share of Total Expenditure during the five-year period 2020-2025, ranging between 79.53 and 83.54 *per cent*. This indicated a high proportion of spending on committed and operation expenses, leaving relatively limited fiscal space for capital investment.

Inflexible expenditure, which is part of Revenue Expenditure, includes Committed Liabilities and Subsidies, remained high during 2020-2025. A marginal decline in growth rate was observed only in 2024-25 compared to the previous year. As a proportion of Revenue Receipts, it ranged between 55.02 and 63.67 *per cent* during the period. The high share of inflexible expenditure indicated that a significant portion of revenue was absorbed by obligatory expenditure, thereby limiting the fiscal space available for developmental and capital expenditure.

Capital Expenditure fluctuated during 2020-2025 and declined continuously in 2023-24 and 2024-25. Its share in Total Expenditure remained low, between 16.39 and 20.46 *per cent*. This shows that a relatively small portion of the State's spending was directed towards asset creation. The decline in recent years may affect infrastructure growth and long-term economic development.

Fiscal Deficit increased from 2020-21 to 2022-23 and declined thereafter up to 2024-25, while Capital Expenditure moved in the opposite direction. This indicated that borrowings were not primarily utilised for capital asset creation. Instead, they were used to finance Revenue Expenditure and appropriation to the Contingency Fund in 2024-25.

During the period 2020-2025, the State earned 'Nil' dividends on investment in three out of five years, while during 2022-23 and 2024-25 the dividends were ₹21.62 crore and ₹12.52 crore on its investments. Over the five-year period, the gap between borrowing cost and return on PSU investments amounted to ₹4,361.26 crore.

During 2020-2025, the State's Debt–GSDP ratio generally showed a declining trend, except for an increase in the years 2021-22 and 2022-23. The State Government did not fix targets for the Outstanding Debt–GSDP ratio in its MFRBM Act after 2014-15. Further, the Debt–GSDP ratio exceeded the limits projected by the XIV and XV Finance Commissions in all the years during 2020-2025.

The State Government utilised between 81.22 *per cent* (2024-25) and 86.17 *per cent* (2021-22) of its borrowings for repayment of earlier loans, during 2020-2025. This showed that borrowings were largely used for servicing past debt rather than for capital asset creation or developmental activities.

During 2020-25, the State recorded negative Primary Balances. However, the Primary Revenue Balance remained positive. This indicated that revenue receipts were sufficient to meet revenue expenditure before interest payments. Although the overall balance remained negative, which indicated fiscal stress. As per the Domar criterion, the positive Growth–Interest Differential, in four out of five years, suggested that debt remained broadly sustainable.

Outstanding guarantees showed an increasing trend during the five-year period. This indicated a gradual build-up of contingent liabilities. In the event of default by the borrowers, the Government would have borne the liability. This could have strained public finances, increased fiscal deficits and posed risks to debt sustainability.

1.7. Good practices

Manipur's fiscal management is characterised by several good practices that contribute to its fiscal stability and sustainability:

- **Revenue Generation**: The State Government has made efforts to enhance its own tax revenue through improved tax administration and a broader tax base. This has shown significant progress but remains a significant challenge.
- **Fiscal Responsibility**: The Manipur Fiscal Responsibility and Budget Management (MFRBM) Act, 2005, ensures prudence in fiscal management and fiscal stability. The State aims to achieve sufficient revenue surplus, reduce fiscal deficit and manage debt in a sustainable manner.
- **Debt Management**: The State is able to maintain the outstanding guarantees within the prescribed limits. This helps in managing the state's debt obligations effectively.

- **Fiscal Policy**: The State follows a medium-term fiscal policy that includes revenue deficit grants, grants for local bodies, and other financial allocations. This ensures that the State can meet its fiscal obligations while maintaining fiscal discipline.

These practices reflect Manipur's commitment to effective fiscal management, balancing development needs with debt sustainability.

1.8. Recommendations

The State Government may-

- *adopt a disciplined borrowing strategy focused on asset creation, strengthen revenue mobilisation, control committed expenditure and strictly adhere to FRBM norms.*
- *take steps to increase collection of Own Tax and Non-tax Revenue by focusing on other potential areas apart from State Goods and Services Tax.*
- *strengthen revenue mobilization by improving tax compliance, updating property valuation systems, and enforcing a clear non-tax revenue policy, especially for dividends, and interest receipts, and revising user charges and fees periodically.*
- *rationalise revenue expenditure and committed liabilities, better targeting of subsidies, and controlling interest payments to create fiscal space for developmental spending.*
- *enhance capital expenditure quality and prioritization by increasing allocations to infrastructure sectors, avoiding misclassification of expenditures, and ensuring capital outlay keeps pace with economic growth.*
- *keep up the trend of achieving the projections on major fiscal parameters made in the Manipur FRBM Act through prudent financial management and increase the Revenue Surplus and to keep fiscal deficit within the limit of the projection of the Manipur FRBM Act.*
- *improve return on public investments by enforcing a dividend policy for profit-making PSUs, disinvesting from non-performing entities, and enhancing monitoring of loans and advances to ensure financial discipline and accountability.*