

Manipur Budget Analysis 2023-24

The Chief Minister of Manipur (in-charge of Finance), Mr N Biren Singh, presented the Budget for the state for the financial year 2023-24 on February 21, 2023.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Manipur for 2023-24 (at current prices) is projected to be Rs 45,145 crore, amounting to growth of 21.9% over revised estimates for 2022-23. In 2022-23, GSDP is expected to be lower than the budget estimates by 12.4% (Rs 5,258 crore).
- **Expenditure (excluding debt repayment)** in 2023-24 is estimated to be Rs 30,312 crore, an increase of 7.7% over the revised estimates of 2022-23. In addition, debt of Rs 4,711 crore will be repaid by the state.
- **Receipts (excluding borrowings)** for 2023-24 are estimated to be Rs 27,551 crore, an increase of 7.6% as compared to the revised estimates of 2022-23. In 2022-23, receipts (excluding borrowings) are estimated to exceed the budget estimate by Rs 1,153 crore (increase of 4.7%).
- **Revenue surplus** in 2023-24 is estimated to be 16.1% of GSDP (Rs 7,255 crore), marginally lower than the revised estimates for 2022-23 (16.2% of GSDP). In 2022-23, the revenue surplus is expected to be higher than the budget estimate (15.4% of GSDP).
- **Fiscal deficit** for 2023-24 is targeted at 6.1% of GSDP (Rs 2,760 crore). In 2022-23, as per the revised estimates, the fiscal deficit is expected to be 6.9% of GSDP, slightly higher than the estimate of 6.5% of GSDP.

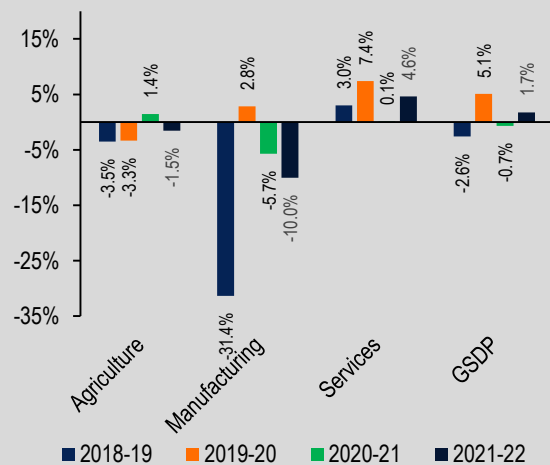
Policy Highlights

- **Revenue augmentation:** VAT from Oil Marketing Companies will be collected at source. The Municipal Administration, Housing and Urban Development (MAHUD) department will raise demands for property taxes from municipalities.
- **College Fagathansi Mission:** This scheme will improve the infrastructure of government colleges in the state and leverage the Scheme for Capital Investment for funding. The state estimates an expenditure of Rs 60 crore on this scheme in 2024-25.
- **Manipur Credit Guarantee Scheme:** Launched on January 1, 2023, the scheme aims to increase the guaranteed coverage of loans given to Micro and Small Enterprises and Startups. The state government has provided an initial corpus of Rs 10 crore for this scheme.

Manipur's Economy

- **GSDP:** In 2021-22, Manipur's GSDP (at constant prices) is estimated to grow at 1.7% over the previous year. In 2020-21, GSDP had contracted by 0.7%. In comparison, national GDP is estimated to grow at 8.7% in 2021-22, after a contraction of 6.6% in 2020-21.
- **Sectors:** Services is the only sector that has seen consistent growth since 2018-19. Agriculture and manufacturing declined by 1.5% and 10% in 2021-22, respectively (Figure 1). In 2021-22, agriculture, manufacturing, and services sectors are estimated to contribute 27%, 7%, and 66% of the economy, respectively (at current prices).
- **Per capita GSDP:** The per capita GSDP of Manipur in 2021-22 (at current prices) is estimated at Rs 94,363, an increase of 6% over 2020-21.

Figure 1: Growth in GSDP and sectors in Manipur at constant prices (2011-12)



Note: These numbers are as per constant prices (2011-12) which implies that the growth rate is adjusted for inflation.
Sources: Ministry of Statistics and Programme Implementation; PRS.

Budget Estimates for 2023-24

- **Total expenditure (excluding debt repayment)** in 2023-24 is targeted at Rs 30,312 crore. This is an increase of 7.7% over the revised estimate of 2022-23. This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 27,551 crore and net borrowings of Rs 1,979 crore. Total receipts for 2023-24 (other than borrowings) are expected to register an increase of 7.6% over the revised estimate of 2022-23.
- **Revenue surplus** in 2023-24 is estimated to be 16.1% of GSDP (Rs 7,255 crore), marginally lower than the revised estimates for 2022-23 (16.2% of GSDP). **Fiscal deficit** for 2023-24 is targeted at 6.1% of GSDP (Rs 2,760 crore), lower than the revised estimates for 2022-23 (6.9% of GSDP).
- In 2023-24, both fiscal deficit and revenue surplus are expected to increase in absolute terms by Rs 210 crore and Rs 1,248 crore, respectively, but reduce as a percentage of GSDP. This is because of a 21.9% increase in GSDP estimates for 2023-24. Similarly, fiscal deficit and revenue surplus are expected to decrease in absolute terms between the budget estimates and revised estimates of 2022-23 by Rs 199 crore and Rs 526 crore; however, they are expected to increase as a percentage of GSDP. This is because of a 12.4% reduction in GSDP between budget and revised estimates of 2022-23.

Table 1: Budget 2023-24 - Key figures (in Rs crore)

Items	2021-22 Actuals	2022-23 BE	2022-23 RE	% change from BE 22-23 to RE 22-23	2023-24 BE	% change from RE 22-23 to BE 23-24
Total Expenditure	26,799	34,930	35,882	2.7%	35,022	-2.4%
(-) Repayment of debt	10,902	7,730	7,728	-	4,711	-39.0%
Net Expenditure (E)	15,897	27,200	28,154	3.5%	30,312	7.7%
Total Receipts	26,746	33,820	35,557	5.1%	34,251	-3.7%
(-) Borrowings	12,652	9,368	9,952	6.2%	6,700	-32.7%
Net Receipts (R)	14,093	24,452	25,605	4.7%	27,551	7.6%
Fiscal Deficit (E-R)	1,803	2,748	2,550	-7.2%	2,760	8.3%
<i>as % of GSDP</i>	5.3%	6.5%	6.9%	-	6.1%	-
Revenue Surplus	1,449	6,533	6,007	-8.1%	7,255	20.8%
<i>as % of GSDP</i>	4.3%	15.4%	16.2%	-	16.1%	-
Primary Deficit	1,112	1,785	1,669	-6.5%	1,816	8.8%
<i>as % of GSDP</i>	3.3%	4.2%	4.5%	-	4.0%	-

Note: BE is Budget Estimates; RE is Revised Estimates

Sources: Budget at a Glance, Manipur Budget 2023-24; PRS.

Expenditure in 2023-24

- **Revenue expenditure** for 2023-24 is proposed to be Rs 20,292 crore, an increase of 4% over the revised estimate of 2022-23. This includes the expenditure on salaries, pensions, interest, grants, and subsidies.
- **Capital outlay** for 2023-24 is proposed to be Rs 10,414 crore, an increase of 17% over the revised estimate of 2022-23. Capital outlay indicates the expenditure towards creation of assets.
- **Debt repayment** for 2023-24 is estimated to be 39% lower (Rs 4,711 crore) than the revised estimates for 2022-23 (Rs 7,728 crore).

Table 2: Expenditure budget 2023-24 (in Rs crore)

Items	2021-22 Actuals	2022-23 BE	2022-23 RE	% change from BE 22-23 to RE 22-23	2023-24 BE	% change from RE 22-23 to BE 23-24
Revenue Expenditure	12,642	17,914	19,594	9%	20,292	4%
Capital Outlay	3,253	9,273	8,553	-8%	10,014	17%
Loans given by the state	2	13	8	-39%	5	-35%
Net Expenditure	15,897	27,200	28,154	4%	30,312	8%

Sources: Annual Financial Statement, Manipur Budget 2023-24; PRS.

Committed expenditure: Committed expenditure of a state typically includes expenditure on payment of salaries, pensions, and interest. A larger proportion of budget allocated for committed expenditure items limits the state's flexibility to decide on other expenditure priorities such as capital outlay. In 2023-24, Manipur is estimated to spend Rs 9,771 crore on committed expenditure, which is 35% of its estimated revenue receipts. This comprises spending on salaries (23% of revenue receipts), pension (9%), and interest payments (3%). Committed expenditure is expected to increase by 1% over the revised estimate of 2022-23. In 2022-23, expenditure towards pensions is estimated to be 36% higher than the budget estimate. In 2021-22, as per actuals, 55% of revenue receipts were spent towards committed expenditure.

Table 3: Committed Expenditure in 2023-24 (in Rs crore)

Items	2021-22 Actuals	2022-23 BE	2022-23 RE	% change from BE 22-23 to RE 22-23	2023-24 BE	% change from RE 22-23 to BE 23-24
Salaries	4,583	5,594	5,578	0%	6,290	13%
Pensions	2,439	2,351	3,189	36%	2,537	-20%
Interest Payment	691	963	881	-9%	944	7%
Total Committed Expenditure	7,713	8,908	9,648	8%	9,771	1%

Sources: Budget at a Glance and Annual Financial Statement, Manipur Budget 2023-24; PRS.

Sector-wise expenditure: The sectors listed below account for **69%** of the total expenditure on sectors by the state in 2023-24. A comparison of Manipur's expenditure on key sectors with that by other states is shown in Annexure I.

Table 4: Sector-wise expenditure under Manipur Budget 2023-24 (in Rs crore)

Sectors	2021-22 Actuals	2022-23 BE	2022-23 RE	2023-24 BE	% change from RE 22-23 to BE 23-24
Rural Development	2,181	4,131	4,893	4,857	-1%
Education, Sports, Arts, and Culture	1,858	2,714	2,723	3,474	28%
Police	2,077	2,187	2,226	2,418	9%
Water Supply and Sanitation	875	2,334	1,980	2,222	12%
Health and Family Welfare	1,069	1,482	1,747	1,920	10%
of which Roads and Bridges	522	939	1,038	1,574	52%
Agriculture and Allied Activities	510	1,336	1,101	1,297	18%
Irrigation and Flood Control	243	1,336	979	1,214	24%
Social Welfare and Nutrition	470	930	1,392	1,049	-25%
Urban Development	214	748	812	1,008	24%
% of total expenditure on all sectors	63%	67%	67%	69%	

Sources: Annual Financial Statement, Manipur Budget 2023-24; PRS.

Receipts in 2023-24

- **Total revenue receipts** for 2023-24 are estimated to be Rs 27,548 crore, an increase of 8% over the revised estimate of 2022-23. Of this, Rs 3,600 crore (13%) will be raised by the state through its **own resources**, and Rs 23,948 crore (87%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (27% of revenue receipts) and grants (60% of revenue receipts).
- **Devolution:** In 2023-24, the state's share in central taxes is estimated at Rs 7,314 crore, an increase of 8% over the revised estimate of 2022-23.
- **Grants from the centre** in 2023-24 are estimated at Rs 16,634 crore, an increase of 4% over the revised estimates for 2022-23. This includes a post devolution revenue deficit grant of Rs 2,104 crore as recommended by the Fifteenth Finance Commission.
- **State's own tax revenue:** Manipur's total own tax revenue is estimated to be Rs 3,200 crore in 2023-24, an increase of 28% over the revised estimate of 2022-23. Own tax revenue as a percentage of GSDP is estimated at 7.1% in 2023-24. For 2022-23, the state had estimated this ratio at 5.7%, however, as per revised estimates, it is expected to be higher (6.7%). While own tax revenue is expected to exceed the budget estimate by Rs 100 crore in 2023, the GSDP is expected to decline by 12.4%

Table 5: Break-up of the state government's receipts (in Rs crore)

Sources	2021-22 Actuals	2022-23 BE	2022-23 RE	% change from BE 22-23 to RE 22-23	2023-24 BE	% change from RE 22-23 to BE 23-24
State's Own Tax	1,649	2,400	2,500	4%	3,200	28%
State's Own Non-Tax	107	400	250	-38%	400	60%
Share in Central Taxes	6,010	5,847	6,795	16%	7,314	8%
Grants-in-aid from Centre	6,325	15,801	16,056	2%	16,634	4%
Revenue Receipts	14,091	24,448	25,601	5%	27,548	8%
Non-debt Capital Receipts	2	4	4	0%	4	0%
Net Receipts	14,093	24,452	25,605	5%	27,551	8%

Note: BE is Budget Estimates; RE is Revised Estimates.

Sources: Annual Financial Statement, Manipur Budget 2023-24; PRS.

- In 2023-24, State GST is estimated to be the largest source of own tax revenue (74% share). State GST revenue is estimated to increase by 39% over the revised estimates of 2022-23. However, in 2022-23, the receipt on this account is expected to be 2% lower than budgeted.
- Revenue from sales tax/ VAT in 2023-24 is expected to see a significant increase as compared to the revised estimates for 2022-23.

Table 6: Major sources of state's own-tax revenue (in Rs crore)

Taxes	2021-22 Actuals	2022-23 BE	2022-23 RE	% change from BE 22-23 to RE 22-23	2023-24 BE	% change from RE 22-23 to BE 23-24
State GST	1,126	1,735	1,705	-2%	2,375	39%
Sales Tax/ VAT	412	450	450	0%	540	20%
Stamps Duty and Registration Fees	8	24	24	0%	27	14%
Taxes on Vehicles	57	80	110	38%	132	20%
State Excise	16	18	18	0%	21	14%
Land Revenue	3	7	7	0%	8	14%
Taxes and Duties on Electricity	-	-	-	-	-	-
GST Compensation Grants	-	-	-	-	-	-
GST Compensation Loans	-	-	-	-	-	-

Sources: Annual Financial Statement and Budget at a Glance statements, Manipur Budget 2023-24; PRS.

Deficits, Debt, and FRBM Targets for 2023-24

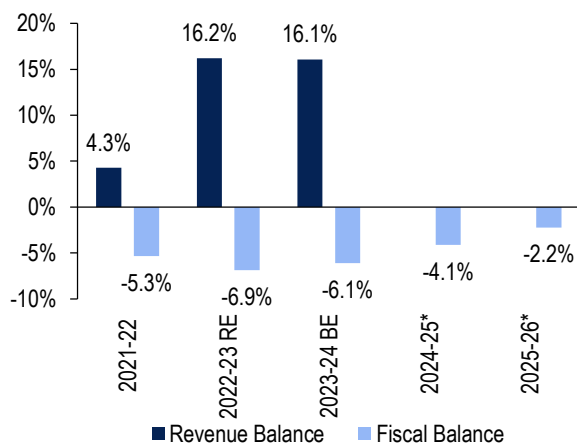
The Manipur Fiscal Responsibility and Budget Management Act, 2005 provides annual targets to progressively reduce the outstanding liabilities, revenue deficit and fiscal deficit of the state government.

Revenue Balance: It is the difference of revenue expenditure and revenue receipts. A revenue surplus implies that the government does not need to borrow to finance those expenses which do not increase its assets or reduce its liabilities. The budget estimates a revenue surplus of Rs 7,255 crore (or 16.1% of the GSDP) in 2023-24, where revenue receipts include a post-devolution revenue deficit grant of Rs 2,104 crore. Similarly, in 2022-23, the revenue surplus is expected to be Rs 6,007 crore (16.2% of GSDP) as per revised estimates, after accounting for a revenue deficit grant of Rs 2,310 crore.

Fiscal deficit: It is the excess of total expenditure over total receipts. This gap is filled by borrowings by the government and leads to an increase in total liabilities. In 2023-24, the fiscal deficit is estimated to be 6.1% of GSDP. For 2023-24, the central government has permitted a fiscal deficit of up to 3.5% of GSDP to states, of which 0.5% of GSDP will be available only upon carrying out certain power sector reforms. As per the revised estimates, in 2022-23, the fiscal deficit of the state is expected to be 6.9% of GSDP, which is lower than the budget estimate of 6.5% of GSDP. Fiscal deficit is projected to be lowered to 2.2% of GSDP by 2025-26.

Outstanding liabilities: Outstanding liabilities are the accumulation of total borrowings at the end of a financial year, it also includes any liabilities on a public account. At the end of 2023-24, the outstanding liabilities are estimated to be 40% of GSDP, lower than the revised estimate for 2022-23 (44% of GSDP). The outstanding liabilities are projected to reduce to 39% of GSDP in 2025-26.

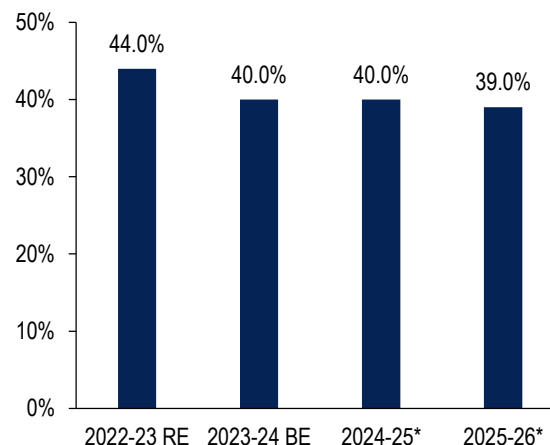
Figure 2: Revenue and Fiscal Balance (% of GSDP)



Note: *Figures for 2024-25 and 2025-26 are projections; For 2024-25 and 2025-26, revenue balance is indicated as a percentage of revenue receipts and is not included in the graph. RE is Revised Estimates; BE is budget estimates.

Positive figures indicate surplus, negative figures indicate deficit. Sources: Medium Term Fiscal Policy, Manipur Budget 2023-24; PRS.

Figure 3: Outstanding Liabilities (% of GSDP)



Note: RE: Revised Estimates; BE: Budget Estimates.

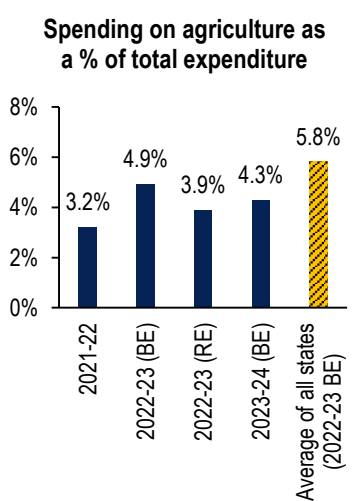
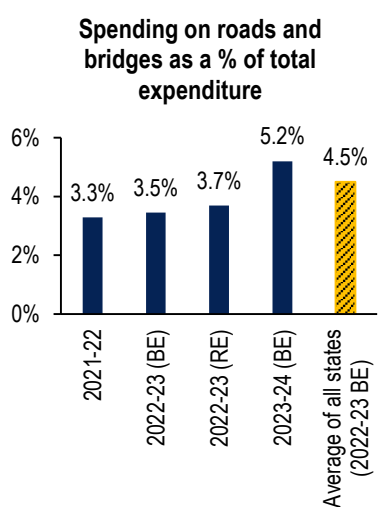
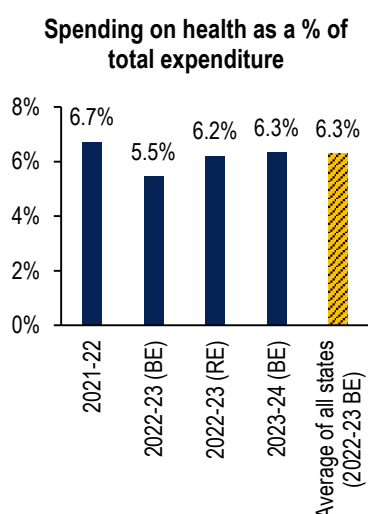
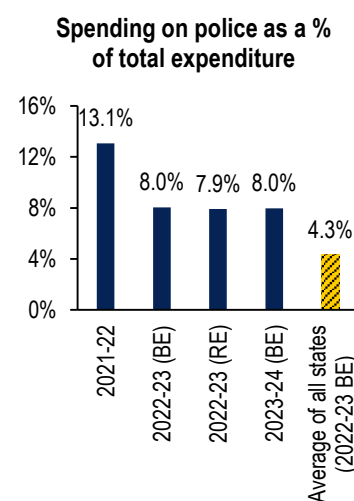
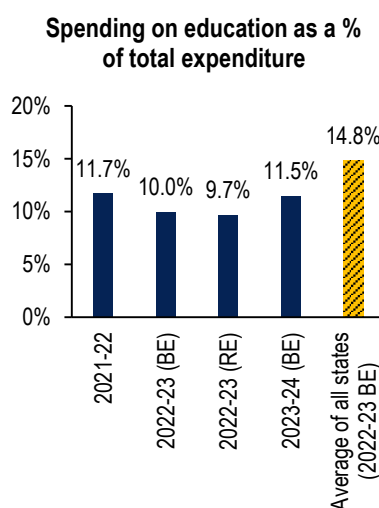
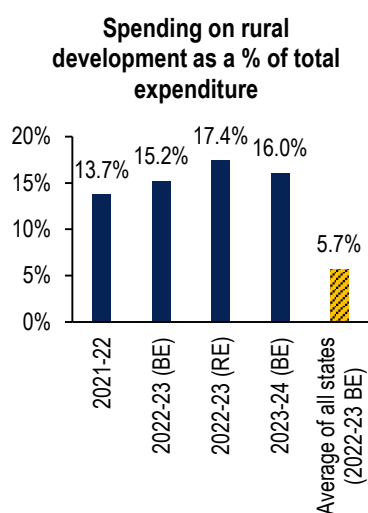
Sources: Medium Term Fiscal Policy, Manipur Budget 2023-24; PRS.

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Annexure 1: Comparison of states' expenditure on key sectors

The graphs below compare Manipur's expenditure in 2023-24 on six key sectors as a proportion of its total expenditure on all sectors. The average for a sector indicates the average expenditure in that sector by 31 states (including Manipur) as per their budget estimates of 2022-23.¹

- **Rural Development:** Manipur has allocated 16% of its expenditure on rural development in 2023-24. This is more than twice the average allocation for rural development by states in 2022-23 (5.7%).
- **Education:** Manipur has allocated 11.5% of its total expenditure towards education, which is lower than the average allocation for education by states (14.8%).
- **Police:** Manipur has allocated 8% of its expenditure on police. This is higher than the average allocation for police by states (4.3%).
- **Health:** Manipur has allocated 6.3% of its expenditure towards health. This is same as the allocation towards urban development by states (6.3%).
- **Roads and Bridges:** Manipur has allocated 5.2% of its total expenditure towards roads and bridges, which is higher than the average expenditure on roads and bridges by states (4.5%).
- **Agriculture:** Manipur has allocated 4.3% of its total expenditure towards agriculture, which is lower than the average allocation towards agriculture by states (5.8%).



Note: 2021-22, 2022-23 (BE), 2022-23 (RE), and 2023-24 (BE) figures are for Manipur. Sources: Annual Financial Statement, Manipur Budget 2023-24; various state budgets; PRS.

¹ The 31 states include the Union Territories of Delhi, Jammu and Kashmir, and Puducherry .

Annexure 2: Comparison of 2021-22 Budget Estimates and Actuals

The following tables compare the actuals of 2021-22 with budget estimates for that year.

Table 7: Overview of Receipts and Expenditure (in Rs crore)

Particular	2021-22 BE	2021-22 Actuals	% change from BE to Actuals
Net Receipts (1+2)	21,524	14,093	-35%
1. Revenue Receipts (a+b+c+d)	21,520	14,091	-35%
a. Own Tax Revenue	2,055	1,649	-20%
b. Own Non-Tax Revenue	388	107	-72%
c. Share in central taxes	4,765	6,010	26%
d. Grants-in-aid from the Centre	14,312	6,325	-56%
Of which GST compensation grants	-	-	-
2. Non-Debt Capital Receipts	3.8	2.4	-37%
3. Borrowings	4,620	12,652	174%
Of which GST compensation loan	0	0	-
Net Expenditure (4+5+6)	25,500	15,897	-38%
4. Revenue Expenditure	19,970	12,642	-37%
5. Capital Outlay	5,526	3,253	-41%
6. Loans and Advances	4.2	1.6	-61%
7. Debt Repayment	3,324	10,902	228%
Revenue Balance	1,550	1,449	-7%
Revenue Balance (as % of GSDP)	3.6%	4.3%	-
Fiscal Deficit	3,976	1,803	-55%
Fiscal Deficit (as % of GSDP)	9.2%	5.3%	-

Note: BE: Budget Estimates.

Sources: Manipur Budget Documents of various years; PRS.

Table 8: Key Components of State's Own Tax Revenue (in Rs crore)

Sector	2021-22 BE	2021-22 Actuals	% change from BE to Actuals
Sales Tax/ VAT	350	412	18%
State Excise	18	16	-11%
Taxes on Vehicles	70	57	-19%
State GST	1,500	1,126	-25%
Land Revenue	7	3	-52%
Stamps Duty and Registration Fees	24	8	-67%
Taxes and Duties on Electricity	-	-	-

Sources: Manipur Budget Documents of various years; PRS.

Table 9: Allocation towards Key Sectors (in Rs crore)

Sector	2021-22 BE	2021-22 Actuals	% change from BE to Actuals
Health and Family Welfare	1,096	1,069	-2%
Police	2,332	2,077	-11%
Energy	543	427	-21%
Transport	681	522	-23%
of which Roads and Bridges	681	522	-23%
Social Welfare and Nutrition	663	470	-29%
Education, Sports, Arts, and Culture	2,761	1,858	-33%
Water Supply and Sanitation	1,847	875	-53%
Agriculture and Allied Activities	1,190	510	-57%
Rural Development	5,174	2,181	-58%
Welfare of SC, ST, OBC, and Minorities	967	305	-68%
Urban Development	692	214	-69%
Housing	49	12	-75%
Irrigation and Flood Control	979	243	-75%

Sources: Manipur Budget Documents of various years; PRS.