CHAPTER - IV

CAPITAL ACCOUNT EXPENDITURE
ON SOCIAL AND ECONOMIC SERVICES

The revenue account expenditure i.e. the expenditure met from the proceeds of taxation and over receipts is usually inadequate and insufficient to boost up the pace of economic growth as amount of tax proceeds and other non-tax revenues are generally low as these developing countries are already caught into the vicious Circle of poverty. Moreover, the rate of capital formation is also extremely low due to the low income, low savings and low consumption. Hence, capital expenditure is of great importance since it plays, a dynamic and dominant role in accelerating the pace of economic development particularly in a developing economy. The capital account expenditure mainly deals with expenditure met usually from borrowed funds with the object of increasing concrete assets of a material and permanent character. It also includes receipts of capital nature intended to be applied as a set-off against expenditure. It also consists of loan repayments to centre and autonomous bodies, repayments of their own market loans and State Government loan assistance to the third parties.

Theoretically, the expenditure incurred need not be on the creation of concrete assets of a material character alone. Even the expenditure incurred on creation of financial assets such as, investment in the shares
of commercial concerns or granting loans to local bodies may be regarded as expenditure on capital account. The investment in financial assets ultimately leads to the formation of physical assets.

Generally, in the budgetary mechanism of the Government those projects which have been to be unproductive and unremunerative are charged to capital account. This is not healthy practice. In fact, the projects included in the capital budget should be productive and their contribution should be fully utilized to cover interest charge and ultimately to repay the principal taken for the purpose.

In India, the Government and Reserve Bank usually classified the capital expenditure as developmental and non-development. Accordingly those expenditure which can promote growth, should be termed as developmental expenditure and those which do not promote growth should be treated as non-development. But, in real practice, it is very difficult to say that the expenditure classified as non-development does not in any way help the promotion of growth. It is worthwhile to note that Capital expenditure certainly adds its contribution to the growth of the economy and it is one of the most important parts of development of an economy and so it is useless to say it is unproductive and unpayable, rather conducive and contributory to economic growth.

Since the inception of Five year plans, disbursement on
different schemes is divided into two heads namely (i) plan and (ii) non-plan. A plan outlay is that which allocates funds for new projects which did not exist in a sector of development prior to the beginning of a particular plan. After particular plan ends, further provision funds for those schemes which were undertaken in the previous plan but not completed are treated as non-plan. Thus, it takes a form of committed expenditure.

As classified in the Indian budgetary system, capital account expenditure in Manipur also classified under the following heads.

1. Capital Account of General Services;
2. Capital Account of Social Services; and

1) Capital Account Of General Services comprises of capital outlay on public works such as :-
   a) Organs of State;
   b) Fiscal services;
   c) Interest payment and Servicing of debt;
   d) Administrative Services; and
   e) Pensions and Miscellaneous General Services.

2) Capital Account of Social Services comprises of, as follows:-
a) Education, Sports, Arts And Culture;
b) Health and Family Welfare;
c) Water Supply, sanitation, Housing and Urban Development;
d) Information and Broadcasting;
e) Welfare of schedule castes, schedule Tribes and other Backward Classes;
f) Social Welfare and Nutrition; and
g) Others.

3) Capital Accounts of Economics Services comprises of, as follows:
   a) Agriculture and Allied Activities;
b) Rural development;
c) Special Areas Programmes;
d) Irrigation and Flood Control;
e) Energy;
f) Industry and Minerals;
g) Transport;
h) Science Technology and Environment and
i) General Economic Services.

Table 3.1 shows that the total capital expenditure comprising both plan and non-plan increased from Rs. 33.62 crores in 1980-81 to Rs. 363.77 crores in 1999-2000. The percentage increase in the total
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**Trend of Capital Expenditure of the State during 1980-81 to 2004-05 (Rs. in Crore)**

Table 3.1
capital expenditure during this period from 1980-81 to 1999-2000 is 992.6% i.e. about 29 times. However, it fell to Rs. 147.50 crores in 2000-01. Then it rose to Rs. 521.18 crors in 2004-05. The percentage increase from 2000-01 to 2004-05 is worked out to be around 253 %. In short, there has been tremendous growth in the total capital expenditure during 1980-81 to 2004-05. Out of the total capital expenditure, the plan capital expenditure constituted about 98% on average and non-plan expenditure constituted about 1.86% on average during 1980-81 to 2004-05. The percentage increase in plan capital expenditure is about 58% as against (-) 44% non-plan capital expenditure in 1984-85 over 1980-81. In 1990-91 it rose by about 157% over 1984-85 as against (-) 27% in non-plan capital expenditure during the same period. However, the percentage increase in plan capital expenditure during 1990-91 to 1994-95 at the rate of 13.4% was lower than that of non-plan capital expenditure, which grows at the rate of 35.8% during the same period. But during 1995-96 to 1999-2000, the growth rate of plan capital expenditure was around 108% as against 11.6% of non-plan capital expenditure. The growth rate of plan capital expenditure, during 2000-01 to 2004-05 was 258.4% as against (-) 70.7 % of non-plan capital expenditure.

It reveals that the capital expenditure has been a declining growth rate in both plan and non-plan capital expenditure during the last 6/7 years. However, the growth rate of plan capital expenditure was much higher than that of non-plan capital expenditure except during 1990-91
to 1994-95. It means that most of the capital expenditure was incurred to the creation of assets.

Further, Table 3.2 reveals that capital expenditure constituted about 20.88% of the total expenditure; 45.76% of the total capital receipts; and 14.55% of GSDP in the state during 1980-81 to 2004-05. The ratio of capital expenditure to GSDP moved up from 14.85% in 1980-81 to 24.56% in 1992-93. Then it fell to 4.60% in 2002-03. It suddenly rose to 12.91% in 2004-05. The overall ratio of capital expenditure to GSDP declined on average trend during 1980-81 to 2004-05.

Though the average buoyancy of capital expenditure to GSDP was 0.77% during 1980-81 to 2004-05, due to negative growth rate of capital expenditure during 1990-91, 1992-93, 1997-98, 1998-99, 2000-01 and 2002-03, its buoyancy to state's capital receipts increased to 7.27% on an average.

From the above analysis, it is quite clear that most of the total expenditure was on current consumption and little proportion was made available as future means of production.

**GENERAL SERVICES**

Table 3.3 shows the trend and growth of Capital Account Expenditure in Manipur during 1980-81 to 2004-05. It is seen that the
Buoyancy of Capital Expenditure To

|--------|---------------------------|----------------------------|----------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|

Source: NSDP data for the years 1990-91 to 2000-01 are compiled from Statistical Abstract of India, 2000, Govt of India.
**Note:** Figures in the parentheses show % change.

**Source:** Finance Accounts, Government of Manipur, 1980-81 to 2004-05.

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<td>Total</td>
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<td>86.66</td>
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<td>18.35%</td>
<td>17.17%</td>
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**Trend and Growth of Capital Account Expenditure in Manipur during 1980-81 to 2004-05 (Rs. in lakh).**

Table 3.3
relative percentage share of capital account expenditure on General Services varies from 2.98% to 4.01% during 1980-81 to 1984-85. But it steeply fell to 1.3% in 2000-01. It rose to 3.84% in 2003-04 but it fell to 2.79% in 2004-05. During other years it remained more or less around 3%. Thus, the movement is erratic and irregular.

**SOCIAL SERVICES**

So far, social and community services is concerned the percentage share of this sector to the capital expenditure varies between 16.95% to 46.52% during 1991-92 to 2002-03. In 1980-81, it accounted for 27.27% but it fell to 16.95% in 1991-92. In 1992-93, it slightly increased to 17.6% and to 18.97% in 1994-95 and further to 32.53% in 1997-98. But it steeply fell to 19.6% in 1999-2000. In 2000-01, it increased to 27.08%, and further increased to 46.52% in 2002-03. Then it fell to 40.47% in 2003-04. In 2004-05, it rose to 49.5%. It reveals that the percentage as well as the absolute shares of this sector were irregular and had a tendency to face uptill 1992-93. From 1993-94 both absolute and percentage shares increased almost regularly until 1997-98. Since the fiscal year, 2001-2002 there has been a marked increase both in absolute and relative figures. The overall percentage expenditure during the whole period of analysis on this sector was 27.9%.

Thus, the allocation pattern is irregular and erratic indicating that the state has no any systematic concrete plan of investment on this sector.
ECONOMIC SERVICES

Regarding economic services, the percentage share of capital expenditure varied from 80.04% in 1991-92 to 47.71% in 2004-05. Its percentage share increased from 69.75% in 1980-81 to 80.04% in 1991-92. Then it fell to 65.43% 1997-98. It rose to 78.96% in 1999-2000, but it fell to 47.71% in 2004-05. This shows that the relative importance of this sector has been declining since 2000-01. The overall percentage share on this sector during 1980-81 to 2004-05 has been workout to be 69%. Not only we have made a sectoral wise allocation study we also attempt to make a detailed study on sub-sectoral allocation of resources on this account. This is shown in table 3.4.

EDUCATION, SPORTS, ARTS AND CULTURE

First, we examine about capital account expenditure on Education, Sports, Arts and Culture. A sum of Rs. 91.07 lakhs was incurred in 1980-81. It rose to Rs. 499.70 lakhs in 1990-91 but it fell to Rs. 181.07 lakhs in 1993-94. Then it rose quite substantially to Rs. 4451.27 lakhs in 1997-98 constituting about 53.76% of the total capital expenditure on social and community services There was a jark fall in expenditure on this head in 2001-02 by spending only Rs. 154.21 lakhs. Then it immediately rose to Rs. 1419.26 lakhs in 2003-04 and further to a lumpy figure of Rs. 7063 lakhs in 2004-05. Thus, the pattern of allocation of fund on this head is quite irregular and erratic. Not only there are
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Note: Figures in the parentheses shows % share.

Source: Finance Accounts, Govt. of Manipur, 1980-81 to 2004-05

Trend of Capital Account Expenditure on Social / Communities Services
fluctuations in its absolute figures, there are also wide fluctuations in its percentage shares of the total capital expenditure on social and community services. The main reason for mainfold increase during 2004-05 was more expenditure on elementary education, higher education and University. Here the consistency and regularity in the allocation of fund is almost conspicuous by its absence. The general impression is that the funds are allotted in a very persuasive and discretionary manner without any proper plan. Rather the budgetary allocations are simply made based on the departmental requirements submitted by the concerned departments, which are prepared arbitrarily and hap-hazardly. This will be closely examined in an subsequent analysis on the chapter-effectiveness of financial administration in the state.

HEALTH AND FAMILY WELFARE

So far expenditure on health and family welfare is concerned, this sector receives a low priority as it is shown from the same table 3.4. Only a marginal amount Rs. 65.81 lakhs was incurred in 1980-81 constituting only 7.18% of the total capital expenditure on social and community services. It rose to 145.78 lakhs in 1990-91. However, it fell to steeply both in absolute and relative terms to Rs. 70.76 lakhs and 4.03% respectively in 1992-93. Then it rose to Rs. 165.97 lakhs in 1995-96 but fell to Rs. 78.27 lakhs in 1996-97 constituting only 0.98%. In 1998-99, it rose to Rs. 170.12 lakhs but steeply fell to Rs. 7.60 lakhs in 1999-2000 constituting only 0.11%. The reason for this decrease in
expenditure on this sector was incomplete construction of Auxiliary Nurse Cum-Midwife training school during 1999-2000 to 2000-2001. Than it rose quite substantially to Rs. 757.55 lakhs in 2003-04 constituting about 7.79% of the total capital expenditure on social and community services. The main reason for sudden increase in expenditure on this sector was construction of National AIDS control cell, District Health Centre and Community Health Centres etc. in various districts. But it fell to Rs. 606.96 lakhs in 2004-05 due to less expenditure on Rural Family Welfare Services.

In short, there are wide fluctuations in the allocation of funds on this head both in absolute as well as relative terms.

**WATER SUPPLY, SANITATION, HOUSING AND URBAN DEVELOPMENT**

Regarding the Water Supply, Sanitation, Housing and Urban Development has been accorded maximum priority, so far the capital expenditure is concerned. A sum of Rs. 756.93 lakhs was incurred in 1980-81. It rose to Rs. 1919.67 lakhs in 1991-92. But it fell to Rs. 1418.85 lakhs in 1992-93. The reason for this decrease was less expenditure on Urban Development. However it again rose to Rs. 6709.33 lakhs in 1999-2000. In the year 2000-01, the amount decreased to Rs. 2838.28 lakhs. Then, it rose to Rs. 6743.19 lakhs in 2004-05 due to more expenditure on Sewage and Sanitation significantly.
The percentage share on Capital Account on this head varied 44% to 88%. On average, more than 60% of the total capital expenditure was made on this head during the last decades.

**INFORMATION AND BROADCASTING**

So far, capital account expenditure on information and broadcasting is concerned, during the whole period of analysis i.e. 1980-81 to 2004-05 this sector is almost remain neglected. There was a quite negligible expenditure amounting to Rs. 0.26 lakhs in 1990-91 and no expenditure is incurred during 1991-92 to 1995-96. Then nominal expenditures of Rs. 0.85, Rs. 0.43 and Rs. 0.42 lakhs were incurred during 1996-97, 1997-98 and 1998-99 respectively constituting of only 0.01% of the whole total capital expenditure in each year. Again there was no single paise expenditure on this head during 1999-2000 to 2002-2003. Little emphasis seems accorded to be given on this head from the financial year 2003-04 by spending a sum of Rs. 49.70 lakhs constituting of only 0.51% of the total capital expenditure on social and community services.

Then, the amount allotted was Rs. 100 lakhs during 2004-05. However, its relative share decreased to 0.39%. This shows that the information and broadcasting sector which is now considered as an integral part of economic development was kept quite neglected in the last three decades in our state.
WELFARE OF SCHEDULED CASTE, SCHEDULED TRIBES
AND OTHER BACKWARD CLASSES

So far capital expenditure on welfare of scheduled caste, schedule tribes and other backward classes is concerned, even a single paisa was not incurred during 1980-81 to 1994-05. For the first time a sum of Rs. 18.16 lakhs was incurred during 1995-96, constituting about 0.40% of the total capital expenditure on social services. Again, no expenditure was made during the year 1996-97 to 2000-01. A pitty amount of Rs. 30 lakhs was incurred in 2001-02, than no expenditure was made from 2002-03 to 2003-04. Surprisingly a considerable amount of Rs. 434.13 lakhs constituting 1.68% of total capital expenditure on social services in 2004-05. Thus, it shows that the department of welfare scheduled caste, scheduled tribes and other backward classes where the Government of India has given main thrust for the upliftment of socio-economic condition of this weaker section of the society has almost remain neglected during the last two/three decades in Manipur.

SOCIAL WELFARE AND NUTRITION

Regarding capital account expenditure on social welfare and nutrition, a sum of Rs. 2.93 lakhs was incurred in 1980-81, it rose to Rs. 14.35 lakhs in 1990-91 but it fell to Rs. 2.02 lakhs in 1994-95 due to less expenditure on Jawahal Rozgar Yojana (JRY). Than it rose to Rs. 9.72 lakhs constituting 0.12% in 1996-97. There was no expenditure
during 2000-01 to 2001-02. Surprisingly a considerable amount of Rs. 418 lakhs was incurred on this head in 2002-03 constituting 5.59% of the total capital expenditure on social services owing to more expenditure of construction of Director Social Welfare Department Office building and low cost latrine. Then, it rose to Rs. 854.97 lakhs in 2004-05. This was mainly because of increase in expenditure of Jawahal Rozgar Yojana and other programmes.

OTHERS

This all reveals that there is no any regularity in allocating capital expenditure on this head. So far, capital account expenditure on others is concerned. There was no expenditure during 1980-81 to 1984-85. A sum of Rs. 21.14 lakhs was spent in 1990-91 constituting 0.83%. Then, it fell to Rs. 2.45 lakhs in 1998-99. No expenditure was incurred on this head during 1999-2000 to 2002-03.

In 2003-04, there was an expenditure of Rs. 120.75 lakhs and no expenditure was made during the financial year 2004-05 as shown in table 3.4.
CAPITAL ACCOUNT EXPENDITURE ON ECONOMIC SERVICES

Agriculture and Allied Activities

Table 3.5 reveals that the capital account expenditure on agriculture and allied activities. A sum of Rs. 294.79 lakhs was incurred in 1980-81 constituting 22.29% of total capital expenditure on economic services. Then it rose to Rs. 690.32 lakhs in 1990-91 due to more expenditure on food grain crop and crop husbandry. Then it steeply fell to Rs. 128.40 lakhs in 1994-95 due to less expenditure on extension and farmers' training. Again it rose to Rs. 502.45 lakhs in 1996-97 constituting 2.87% of the capital expenditure on economic services. Surprisingly a considerable amount of Rs. 1225.10 lakhs was incurred during 2004-05 due to increase in expenditure on Agriculture Research and Education. Now, it is clear that inspite of agriculture occupying an important place in the economy of the state, the pattern of allocating resources on this head was not made in a very regular manner. The sector remains neglected and receives low priority.

RURAL DEVELOPMENT

So far, capital account expenditure on rural development is concerned, there was no any expenditure from 1980-81 to 1994-95. A sum of Rs. 17.62 lakhs was incurred in 1995-96 constituting only
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<td>1.0%</td>
<td>1.2%</td>
<td>1.4%</td>
<td>1.6%</td>
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<td>2.8%</td>
<td>3.0%</td>
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</table>

**Note:** Figures in the parentheses show % shares.
0.14% of the total capital expenditure on economic services. Than it fell to Rs. 2.70 lakhs in 1999-2000. The short-fall was due to less expenditure on assistance to local bodies. It rose to Rs. 2010.35 lakhs in 2001-02 constituting 16.33% of the total capital expenditure on economic services. The reason for sudden increase was more expenditure on Jawahal Razgar Yojana and Pradhan Mantri Gramodaya Yojana (PMGY). Then it steeply fell to Rs. 17.89 lakhs during 2002-03, mainly due to no new centrally sponsored plan schemes including NEC central plan and sub-plan schemes. Again, it rose to Rs. 1527.70 lakhs in 2004-05 constituting about 6.14% of the total capital expenditure on economic services as the state has incurred a sizable amount on Sampoorna Gramin Razgar Rojana (SGRY).

Improvement in the quality of life of the economically weaker sections of the society has been laid as one of the basic objectives of economic planning in India, as well as in Manipur. In this context, it would be appropriate to evaluate the performance of various developmental schemes and Programmes launched in the state to uplift the standard of living of rural people. From our analysis it is revealed that there is no regularity while allocating resources on this head.

**Special Areas Programme**

Regarding capital account expenditure on Special Areas Programme no expenditure was incurred during 1980-81 to 1984-85.
For the first time, a sum of Rs. 574.45 lakhs was incurred during 1990-91 constituting 7.70% of the capital expenditure on economic services. Then it fell to Rs. 35.47 lakhs during 1995-96, but it rose to Rs. 658.45 lakhs during 1998-99. Again it fell to Rs. 74.11 lakhs in 1999-2000 which suddenly rose to Rs. 369.85 lakhs in 2001-02 constituting 3% of the capital expenditure on economic services. Then it fell to Rs. 187.30 lakhs during 2003-04. In 2004-05, it rose to Rs. 797.20 lakhs constituting 3.21% of the capital expenditure on economic services.

It is revealed from the above analysis that the fund allocation on this head is made in an erratic manner. It seems that there is no any proper planning while allocating fund on this programme.

**IRRIGATION AND FLOOD CONTROL**

Under capital expenditure on irrigation and flood control, the construction of certain irrigation and multi-purpose projects have been undertaken in the State since 1975. In 1975 the construction work of Singda Irrigation Project (SH: 831) was started with an estimated cost of Rs. 3.75 crores. Irrigation and water supply component of the project was completed in 1995 and power component in 2001-02 with a revised cost of Rs. 68.14 crores. In the same year, the construction of Singda Irrigation project was also launched with a target to be completed in 2000. The construction work was on progress with a revised cost of
Rs. 59.69 crores as on 31st March 2005. In 1980-81 the construction work of Thoubal project with an estimated cost of Rs. 47.25 crores was undertaken but partially completed in 2005 with a revised cost of Rs. 390 crores. In 1993 the construction work of Dolaithabi Barrage project was launched with an estimated cost of Rs. 18 crore, but the project still remains incomplete with a revised cost of Rs. 52.91 crores on December, 2004. In 1983 the construction work of Khuga Multi-purpose project was also launched with an estimated cost of Rs. 15 crore targeted to be completed in December 2001. But the construction work is still undergoing with a revised cost of Rs. 160 crores in December 2001. Thus most of the major irrigation projects still remain incompletely thereby magnifying the cost of construction by manifold times.

Besides these projects, capital expenditure on Irrigation and Flood Control has been increasing remarkably since 1990-91. Huge capital expenditure was incurred on irrigation and flood control during the last two/three decades though the pattern of allocation was not regular from year to year. But the overall performance of this sector towards the development of agricultural and allied activities in providing adequate and regular irrigation facilities is far from satisfactory.

**ENERGY**

Regarding the capital expenditure on energy, there was no expenditure during 1980-81 to 1984-85. A sum of Rs. 256.46 lakhs
was incurred constituting 3.44% of total expenditure on economic services in 1990-91. It rose to Rs. 3362.89 lakhs in 1991-92 constituting 3.44% of the capital expenditure on economic services respectively. Than, it fell to Rs. 3065.65 lakhs in 1992-93 constituting 28.97% but it rose to Rs. 5079.26 lakhs constituting 48% of the total economic services in 2000-01. The main reason for the increase was due to more expenditure on Hydel Generation, Segmentation of Diesel Generation Schemes in Manipur and Inter State Transmission Schemes. However, both the absolute and relative figures declined to Rs. 1644.48 lakhs and 20.36% respectively in 2002-03. Suprisingly it rose to Rs. 3925.38 lakhs during 2004-05. The trend of expenditure on this sector was erratic and irregular.

**INDUSTRY AND MINERALS**

So far, capital account expenditure on industry and minerals is concerned, the sector remained almost neglected during 1980-81 to 1997-98. There was only an expenditure of Rs. 40.38 lakhs in 1994-95 constituting about 0.36% of the total capital expenditure on Economic Services. Then, it steeply fell to Rs. 8.04 lakhs during 1997-98 due to no funding from Centrally sponsored plan schemes. Again, it rose to Rs. 786.11 lakhs in 1998-99. This main reason was more expenditure on village and small scale industries; sericulture industries and investment in public sector. It fell to Rs. 413.68 lakhs in 2000-01. The main reason was due to no expenditure on village and small scale
industries during 2000-01. Then it rose to Rs. 2775.35 lakhs and to Rs. 4665.37 lakhs in 2003-04 and 2004-05 respectively. The reason was establishment of Drugs and Pharmaceutical Industries and Cement Non-Metallic Minerals during 2003-04 to 2004-05.

The main objectives of industrialisation are to generate more employment opportunities, alleviation of poverty and removal of economic disparities. Our analysis reveals that the industrial policy in Manipur fails to achieve the above objectives since there is no consistent and regular allocation of resources on this head.

TRANSPORT

As regards capital expenditure on transport, a sum of Rs. 899.46 lakhs was incurred during 1980-81 constituting 68.02% of the capital outlay on Economic Services. Then it rose to Rs. 2591.13 lakhs constituting 23.14% of the capital expenditure on Economic Services in 1991-92. It further declined to Rs. 1465.12 lakhs during 1992-93. Then, both absolute and relative values rose to Rs. 7666.70 lakhs and 43.81% respectively during 1996-97. In fact both absolute and relative importance were considered less. However it fell to Rs. 2060.54 lakhs in 2001-02, but it rose steeply to Rs. 8739.96 lakhs constituting 35.15% in 2004-05. This was due to construction of Chakpikarong road, Chandel and other districts of Manipur. This all reveals that despite of crucial importance of transport in the economic development of the state, priority was accorded in an erratic manner.
Regarding capital account expenditure on science, technology and environment, there was no expenditure during 1980-81 to 1984-85. A sum of Rs. 1.85 lakhs was incurred constituting 0.02% of the total capital expenditure on economic services during 1990-91. Then it rose to Rs. 5.26 lakhs in 1991-92 due to more expenditure on scientific research. There was no expenditure during 1992-93 and 1995-96. It suddenly rose to Rs. 17.18 lakhs during 1997-98. This main reason was more expenditure on technology. It fell to Rs. 3 lakhs constituting of 0.03% only during 2001-02 of the capital outlay on economic services. This was due to less funds from centrally sponsored plan schemes including North Eastern Council, Central plan and sub plan schemes. Again, there was no Single paisa from 2002-03 to 2004-05 on this head.

Science and technology plays a very important role in the process of development and transformation of a traditional agrarian economy into a modern industrial economy. The sector remains more neglected and no adequate fund was provided.

GENERAL ECONOMIC SERVICES

So far as the capital account expenditure on General Economic Services is concerned, a sum of Rs. 30.19 lakhs was incurred in 1980-81. Surprisingly it rose to Rs. 254.99 lakhs constituting 12.39% during
1984-85, but it fell to Rs. 5.56 lakhs during 1994-95 due to no expenditure on promotion and publicity. It suddenly rose to Rs. 51.26 lakhs in 2003-04 and further to Rs. 70.50 lakhs in 2004-05 due to more expenditure on co-operation. This all shows that the allocation of fund is made arbitrarily from time to time basing on the proposals submitted by the concerned Department.

From the above analysis, we draw the following conclusions:

1) The capital account expenditure rose tremendously from 1980-81 to 2004-05 by about 29 times.

2) The plan capital expenditure constituted about 98% of the total capital expenditure during 1980-81 to 2004-05, whereas the non-plan capital expenditure constituted only 2% during the same period.

3) While examining, the pattern of expenditure on capital account expenditure by its classification of heads, Social Service has been given more importance and economic services has been given less importance which has to play more vital role in bringing rapid economic development.

4) The State needs to follow a pattern of expenditure, which will be more suitable for achievement of a high rate of economic growth. In this regard, a balanced development approach will be more appropriate for most backward state like Manipur.
5) No concrete policy seems to be made while the expenditure is incurred in the state on developmental heads.

6) Little importance were given on other heads, such as, information and broadcasting, welfare of scheduled castes, scheduled tribes and other backward classes, rural development, special areas programme, science, technology and environment etc. against the policy of Central Government which emphasises more importance on the development of these heads.

IMPACT OF PUBLIC EXPENDITURE ON VARIOUS SOCIAL AND ECONOMIC SERVICES

Here we attempted to make a brief review of the impact of huge public expenditure both on revenue and capital accounts on the economic development as well as structural changes in the economy of Manipur. This task will be carried out by examining the changes in various issues within physically or relatively during the last two decades.

EDUCATION, ARTS AND CULTURE

Education can be viewed as of the best measures of human resources development and a key component of social services. Literature on human capital as well as human development has laid considerable emphasis on education as a key instrument. As per National
policy on education, priority has been accorded to universalisation of primary education for children at the age of 6 to 14 years.\(^1\) The total number of preprimary/primary/ Jr. Basic school were 2861 during 1980-81. It decreased to 2574 during 2001-02. The total number of enrolment students were 1, 69,470, and 2, 13, 364 during 1979 - 80 and 2001-02 respectively. The total number of primary teachers in the state were 10,524 and 9642 during 1979-80 and 2001-02 respectively. The teacher pupil ratio of pre primary/ primary/ JB/UJB Schools were 1:16 and 1:22 during 1979 -80 and 2001-02 respectively as against the ratio of all India were 1:9 and 1:11 during the same years.\(^2\) The main reason for considerable fall in the number of Government preprimary / primary / Jr. Basic Schools was mainly due to rationalisation and amalgamation of schools since the number of students in these institutions has drastically reduced. There has been mushroom growth of private English Schools run by the private individuals with a view to earn profit. Most parents of students are not attractive with Government schools having no basic amenities at all to impart standard education.

The total number of High/Higher Secondary schools were 264 with 70,740 students and 3228 teachers during 1979 - 80.\(^3\) The teacher and pupil ratio was 1:22 during 1979 - 80 as against all India ratio of 1:8 in the same year. The number of schools decreased to 233 including 2, 36,470 students and 12,097 teachers during 2001-02. The teacher and

\(^1\) Economic Survey Manipur, 2002-03, p. 152.
\(^2\) Statistical Abstract India, 2000-01, pp. 220 - 225
\(^3\) Ibid p. 160
students ratio decreased to 1:20 during 2001-02. The decrease in teacher-pupil ratio was due to outnumbered of teachers.

The total number of colleges for general education was 24 with 20559 students in 1980-81 and it rose to 61 (including 27 Government colleges) in 2001-02 with enrolment of 20,536 students. The number of students decreased drastically by 15,818 in 1998-89. The number of colleges for professional and other education also drastically reduced from 33 in 1990-91 to 13 in 2001-02 and the number of students also fell drastically from 3010 in 1990-91 to 830 in 2001-02. The number of students enrolled in two universities increased from 1272 in 1990-91 to 1870 in 1997-98 but steeply fell to 877 in 2000-01. The teacher-pupil ratio for colleges for General education considerably fell from 1:35 in 1990-91 to 1:15 in 2000-01. The ratio for universities remains more or less the same between 1:9 to 1:7 during the same period.

The main reasons for drastic fall in the number of enrolment in colleges and universities during the last decade or so may be attributable to worsening law and order condition, distortion of academic calendar and academic atmosphere thereby fluing away large number of students for outside study Manipur. Moreover students are not attracted by these institutions which have very limited and inadequate infrastructure, equipments libraries and other basic amenities for better and quality education. In short, there is negative effect of huge expenditure incurred
during the last 2/3 decades on the realm of higher education. The condition of technical education is still more worsen, since there is no any centre or institution for advanced technical education. The quantum of expenditure on education is not only inadequate but they are mainly used for multiplying the number of institutions without considering the necessity of improving their internal quality. This is not a healthy situation at all.

So far technical education in Manipur is concerned, since there is no adequate and efficient number of technical institutions, the state has nominated a number of students for outside study every year as Government nominees, rendering a drain of scarce resources from the state for this purpose. Not only this, a considerable number of students are going outside the state to undergo technical courses every year at their own expenses thereby a sizeable income of the state has gone outside the state to attain higher studies in this realm. The state needs to take up immediate necessary steps/measures to check such leakages by establishing new technical institutions and introducing new courses of high demands in the global market.

The literacy rate for Manipur considerably increased from 41.4% in 1981 to 65.5% in 2001. Even then the rate of literacy in 2001 was lower than that of Kerala and Chandigarh which was almost very close to 80% in 2001. The increase in literacy rate is course a positive result of the huge expenditure on education. But only increase in the literacy rate without desired quality and job proficiency poses a
great threat to the amounting problem of educated unemployment, the state has already faced.

HEALTH AND FAMILY WELFARE

So far the expenditure on medical and family welfare is concerned the total expenditure on both revenue and capital account increased from Rs. 4.23 crores in 1980 – 81 to Rs. 66.70 crores in 2004-05 that is about 16 times. In 1981 medical and health care facilities were made available to the people of Manipur through a network of 29 hospitals including Public Health Centres and 116 dispensaries. In 2004-05 the number of hospitals including PHCs and CHCs and dispensaries rose to 101 and 440 respectively. The number of bed also increased to 2405 i.e. about two and half times. The number of doctors increased from 242 in 1981 to 910 in 2004-05 i.e. about four times. The number of nurses, midwives and Dais also increases from 454 to 1019 during the same period i.e. about two times.

The bed per population in 1981 was 1:2176 and it fell to 1 : 1012 in 2004-05. The decline in bed ratio per population though seems to be high, but not commensurated with the increase in the total expenditure. It means that when the expenditure increased by 16 times the growth in the medical services in physical terms was hardly 4 times. In other words, the medical services is still quite unsatisfactory and inefficient. Further, it is also to be mentioned that there is still no any Super Specialist Hospital in
the state, as a result crores of rupees are spent every year for outside treatment of Manipur.

In order to curb the infant mortality rate and to provide safeguard against serious diseases, an intensive "Child Immunization Programme" is being implemented in the state. Performance of the programme was remarkable during 2000-01.

Acquired Immune Deficiency Syndrome (AIDS) has become a major public health problem in the state since 1990. According to National AIDS Control Organisation (NACO), Manipur ranks third highest as regarding the total number of HIV Positive. The state government with the help of National AIDS control organisation took up various activities in order to advert this glooming catastrophic.

WATER SUPPLY, SANITATION, HOUSING AND URBAN DEVELOPMENT

As already mentioned safe drinking water supply and basic sanitation are vital human needs for health and efficiency. Considering these needs, the National water policy gave the highest priority to water and sanitation especially in rural areas as the urban is provided with piped water supply. So far the present condition of water supply and sanitation in the state is concerned, it is quite inadequate and awful. The physical achievement is quite low despite huge expenditure incurred on this head during the last 2/3 decades or so.
The water demand of Imphal City and its suburbs by the end of Ninth plan (2001-02) was assessed to be 109 MLD the total installed capacity of treatment plants for Imphal water supply at the beginning of the Ninth plan (1997-98) was 59.02 MLD against water demand of 79.45 MLD. The requirement of water was estimated to be 140 MLD, whereas the installed capacity of the existing treatment plants was 83.03 MLD as on 1st April 2002. So there will be a big gap between installed capacity and requirements. Unless proper planning and their effective implementation and execution be made in coming few years, the gap will remain unbridged. The water demand for all other towns was estimated to be 30.09 MLD as against the installed capacity of 19.05 MLD in 2001. So the problem of water shortage is common both for Imphal and other towns. As regards rural water supply 87.42% of the total number of 2461 habitations was covered under Centrally Sponsored Minimum Need programme (MNP) and Accelerated Rural Water Supply Programme (ARSWP).¹

Efforts have been taken up in the state in achieving to provide sufficient water both in the rural and urban areas which is still far lagging behind all India average. Along with the increasing allocations of funds on this sector, there was growing concern over the efficacy of expenditure and realisation of the need to avoid wastage and leakage of funds at the implementation level.

¹. Figures are quoted from Economic Survey Manipur 2002-03, Govt. of Manipur, pp. 176 - 178
Drinking water problem is prevalent in most of the villages. Only a few villages are getting pipe water facilities. The villages which have pipe connections are also not getting water regularly.

**HOUSING**

There are a number of programmes both general and specific which attempt to ameliorate the housing problem in rural areas. Being a basic component of the minimum needs programme, housing has obtained a significant role. An attempt has been made to evaluate the socio-economic conditions of beneficiaries of selected housing programmes in the state. Inspite of programmes, it may be a difficult proposition to provide housing at the desired scale and space because of paucity of resources.

**SANITATION**

Proper sanitation is a necessary condition for improvement the general standard and quality of life of people. According to the revised guidelines of government of India, the construction of low cost latrine is to be extended to the people below the poverty line (BPL) with equal contribution from the state government and the central government. During 2001-02, 255 numbers were constructed in rural areas in the state as against the target of 1600 units. The physical target for 2002-03 is to construct 1600 units.\(^1\) So the physical achievement is quite unsatisfactory.

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\(^{1}\) *ibid* p. 178
For the upliftment of urban sanitation and drainage of the urban areas, a technical clearance of Rs. 36.69 crores was given by the Minority of Urban Development, Government of India, New Delhi, for the construction 5 basines of Greater Imphal area during 2002-03.

Despite the various efforts taken up by the Government in the last two/three decades, the condition of sanitation both in urban and rural areas is far from satisfactory level. The development on this front is very slow and still calls for more attention.

WELFARE OF SCHEDULED CASTES, SCHEDULES TRIBES AND OTHER BACKWARD CLASSES

The state is implementing various development and welfare programmes for socio-economic and educational development of the scheduled tribes, scheduled castes and other backward classes. The Government took up various works like construction/repair/renovation of inter village roads/wooden bridges, school and hostel building etc during 2001-02. Under Housing schemes, 500 members of scheduled tribes families and 26 members of scheduled castes families were provided with construction materials like GCI sheet during 2001-02. In 1988, Minorities and Other Backward Classes (MOBC) have been taken up by the Government of Manipur for the welfare and upliftment of Minorities and Other Backward Classes (MOBC) of the state. The common list of OBCs of Manipur have been included in the central list
of OBCs w.e.f. 24th May, 1995, based on which certificates may be issued to the persons seeking benefits reserved in favour of OBCs.

Though Government have taken up various effort for the upliftment of their economy such as Weaving, Knitting, Pottering, and other cottage industries. There was no significant changed the economic condition of these people of weaker section so far in the state of Manipur.

**SOCIAL WELFARE AND NUTRITION**

In a welfare state, the social welfare programme aims at the welfare of the weaker sections of society. For all round development of children - mentally, emotionally and physically, 34 ICDS projects centres are now being run by the department. As on 31st March, 2002, 4460 Anganwadi Centres are now functioning under the 34 ICDS projects including one urban project. These centres are actively associated with the programme in giving nutrition, education, demonstration, health and immunisation of children etc.

During 2000-01, the Government has been providing old age pension to 3982 persons in the state. Welfare and disabled women, under this scheme, two special schools namely Government Blind School and Government Deaf and Mute School have been successfully continuing its educational programmes.
However, a mass awareness programme is needed to be done by ICDS workers, to focus their good services.

Health condition of most of the children in the most of the villages are not good. Malnutrition of children is very frequently found in the rural areas of the state of Manipur.

**AGRICULTURE AND ALLIED ACTIVITIES**

Agriculture being the main occupation of the people of Manipur, it has an important place in the economy of the state. It contributes sizably to the domestic product though fluctuating from year to year depending on the performance of agricultural sector. Productivity of food grains increased during 1972-73 to 1997-98 by 116.38 percent from 1044 kgs, per hectare to 2259 kgs, per hectare. Manipur has the highest productivity in respect of paddy in North East India and yield rate is higher than the all India average rate also. The yield rate was 1675 kgs/ hectare in 1978-79 as against the all India rate of 1339 kgs/ hectare. It increased to 1820 kgs/hectare in 1988-89 as against the all India rate of 1659 in 1989-90. During 1990-91 and 1991-92 the production of rice was respectively, 2.74 lakh tonnes and 3.64 lakh tonnes.
During 2001-2002 the foodgrains production was 400.39 thousand tonnes thereby showing an increase of 1.17% over the previous year of 395.75 thousand tonnes in 2000-01.

The agricultural production during 2002-03 was estimated to be 343.94 thousand tonnes. The requirements of food grains for human consumption excluding livestock/poultry/seed/wastage etc. in the state would be 478.07 thousand tonnes during 2001-02 an 491 thousand tonnes during 2002-03. The shortage of foodgrains in the year 2001-02 was about 77.68 thousand tonnes and 143.93 thousand tonnes during 2002-03 respectively.\textsuperscript{1}

Despite the crucial importance of this sector in the economy of the state, it depends on the vagaries of monsoon and inadequate irrigation facilities which have resulted in severe fluctuations in agricultural production. There is no double and multiple cropping due to inadequate irrigation facilities. Food grains production in the state is mostly affected by erratic rainfall, floods and droughts etc. Food production is more or less constant whereas population increase continuously at an alarming rate thereby creating chronic food shortage in the state. All the times the state has to import from the other states.

**INDUSTRY AND MINERALS**

The State Government had made persistent effort for rapid industrialisation of the state. Manipur remains as an industrially

\textsuperscript{1} ibid p. 72
backward state with all the districts. However, during the few years there has been development of some medium size industries besides a few small industries including Handloom and sericulture. Despite, industrial sector contributed only 20.58% of the State Gross Domestic Product in 2004-05, as against 18.61% in 1993-94. The contribution mainly comes from household and cottage industries.

The state is facing not only inadequate financial and credit facilities but also inadequate development of infrastructure, particularly power. The public sector undertaking have been facing acute financing problems and there was paucity of fund for maintenance. Some of the industries namely, Manipur Industrial Development corporation, Manipur Spinning Mills Corporation Ltd., Manipur Cement Ltd. and Bamboo Chipping plant could not exist at even break-even point. The rate of returns of some of the state owned undertakings was negative, to extent of (-) 26.988 percent in 1992 - 93. According to the latest finalised accounts of seven working Government Companies, three companies has been incurring losses......loss of 23.02 lakh, another three companies earned an aggregate profit of Rs. 99.88 lakhs... The Manipur Handloom and Handicrafts Development Corporation Ltd. had accumulated losses aggregating Rs. 1.70 crore exceeded its paid up capital of Rs. one crore.¹

Industries are close down and its employment generation is zero. The contribution of industrial sector as a whole towards the economic development of Manipur is almost absent. Hence it aggravated the problem of educated as well as rural and urban employment.

RURAL DEVELOPMENT

The rural population contributes about 76.21% of the total population. Enhancement in the quality of life of the economically weaker sections of the society has been one of the basic objectives of development planning of the state. In order to achieve the goal a number of programmes namely SGSY, JGSY, EAS, IAY, PMGY, PMGSY etc. have been implemented in the state.

Starting from the community development and even earlier many voluntary organizations have entered into rural areas in working for poverty eradication and other issues. Many rural development programmes have shown that real development cannot be achieved. Besides the allocation of funds are not regular and adequate during the two/three decades.

IRRIGATION AND FLOOD CONTROL

The state did not have any major and medium irrigation project upto 1972-73. It started only from the 4th plan period, only 8 projects have been taken up under the major and medium and multipurpose. The Singda Multipurpose project was completed in 1995-96. Since then, irrigation potential of 4000 hac. has been created and 4 MGD of raw water is supplied to the state PHE Department. The Khuga Multipurpose project, which was taken up from 1982-83 for completion
in 1987 still remains uncompleted. The overall progress of Hydro Power Component is about 60 percent by the end of 9th plan. A partial irrigation benefit of 5000 ha. and Hydro power of 1.75 MW targetted by 2002-03 still remain unachieved. During the Ninth plan the anticipated irrigation potential and utilisation are 10,800 ha. and 5280 ha respectively. It is purposed to complete all the ongoing projects within the Tenth Five year plan period. Unfortunately those projects are not completed till the end of the financial year 2006-07.\(^1\)

As already mentioned out of the total cropped area of 179.53 thousand hectares only 54.21 thousand hectares were irrigated in 2004-05, that is also mostly through minor irrigation. Thus most of the projects undertaken remain more or less incomplete, hence proper irrigation facilities can not be provided to all cultivable areas.

The flood control works have been taken up in a systematic manner since the 3rd Five year plan after the devastating flood of 1966. A separate flood control division had been set up in 1980 and a master plan was prepared. The main objectives of the Tenth plan is completion of the ongoing flood control schemes.


\(^1\) Economic Surveys Manipur 2002-03 pp.140 - 41
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1. Economic Surveys Manipur 2002-03 pp.140 - 41
TRANSPORT

A well development transport system plays a vital role in ensuring sustained economic growth. Development activities of this sector generated large employment opportunities. Manipur is served by two means of transport viz roads and airways.

As already mentioned in the previous chapter the progress of development of road and transport is very slow and unsatisfactory. Most of the roads are ill maintained throughout the seasons and not easily accessible for quick and speedy transportation. Most time the roads in hill areas are not usable particularly during rainy season due to its slippy kutcha nature and frequent landslides. Most of the interiors in the hill areas still remain unconnected with state highways. Due to difficult transportation most of the valuable resources but abundantly found remain waste and unutilised. Thus people living in these areas have no any light of development. Still they live in a primitive stage, far away from main stream line of living in modern world.

Manipur also is suffering from transport bottlenecks in the absence of railways. Due to its absence transportation cost becomes very high and therefore, prices for all commodities are comparatively higher than other states. Being cost of living very high due to high prices of essential commodities, the standard of living of people remains poor.
This all means that there is little implication of huge expenditure on the economic development of the state.

**ENERGY**

Manipur has very little amount of energy generated by using its own resources and therefore, cannot meet the growing demands for energy which is a king pin for all development purposes.

The power supply of Manipur depends entirely on the share of power allocated from the central sector plants, Assam, Agartala and Meghalaya. Sometimes, the availability of power from these plants was so poor that even the demand of vital installations like hospital, radio station, Doordarshan Kendra and other late communication stations could not be met. When the water levels in the hydel plants went down below minimum draw down level, the generation is likely to stop any time if rain does not come.

Therefore, the shortage of power is the major cause for the slow development in the state. The state continues to be deficit in electric energy. Purchases of power from outside the state have been rising at a higher rate. The total purchased quantity was 379.555 MU out of total energy available of 447.947 MU in 2001-02. During this year the demand for energy was 643 MU having a shortfall of 195.053 MU. The purchased amount increased to 520.986 MU constituting 88.15
% of total energy available of 591.040 MU during 2005-06. The short
fall also increases to 265.96 MU during the same year. Thus acute
power shortage becomes a chronic feature. This is one of the most
important factors retarding the pace of economic development
in the state.

**SCIENCE AND TECHNOLOGY**

The Science and Technology Department has a Nodal Agency in
the state for planning, Co-ordinating and promoting science and
technology for achieving the socio-economic objectives through
meaningful applications in numerous development programmes. The
department also provides a feasible alternatives for supplying energy
to the locations which cannot be provided with conventional sources
of energy.

During the Tenth plan 800 bio-gas plants were to be constructed.
1000 LPD solar water heaters in Government buildings and 50
LPD solar water heaters are also made available to the public at
subsidised rate.

Though Science and Technology plays a very important role in
the process of development but the funds are allocated inadequately
and in a very irregular manner also.

From the above analysis it can be concluded that the overall
impact of public expenditure on the economic development of Manipur
is not very soundful. The pace of development of all basic important sectors is very slow and not properly developed. This is also justified by the fact that when the public expenditure grows at the rate 14.3 % on average during 1980-81 to 2004-05, the NSDP grows at about 13.5 % during the same period. This means that there is no real economic growth in the state if the multiplier theory really holds good.