

## GST Reforms 2025 - Gains for Manipur's Economy

**Mains: GS III - Inclusive Growth and issues arising from it**

### Why in News?

*The new GST reforms are expected to drive inclusive growth and improving the ease of doing business for all, including small traders and businessmen and Manipur will get a lot of gains.*

### What is the status of economy of Manipur?

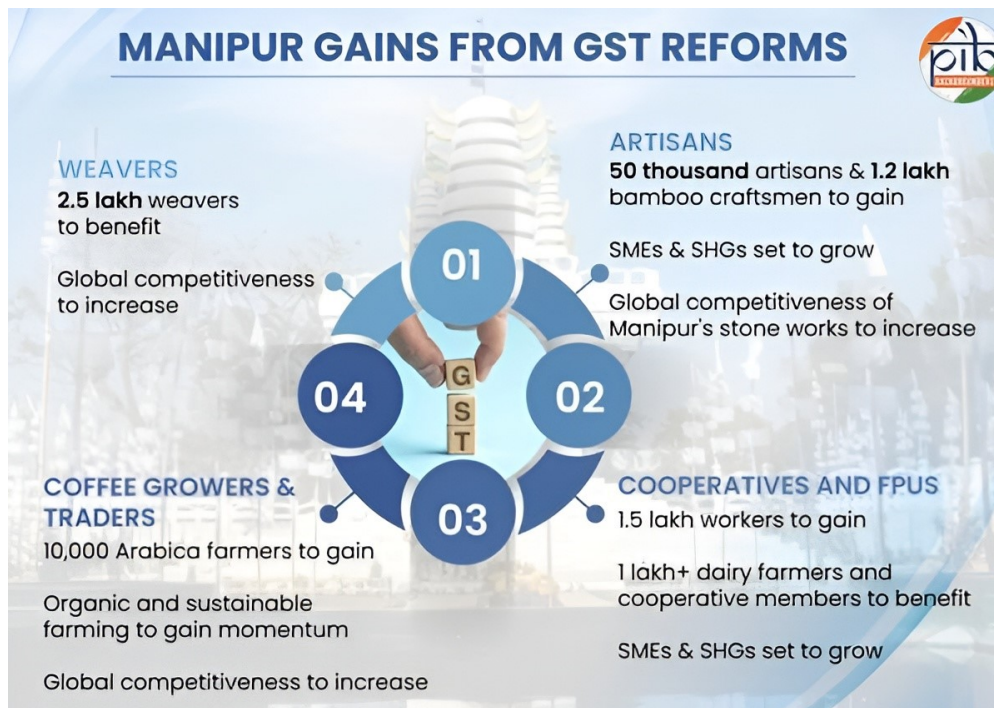
- **Gross State Domestic Product (GSDP)** - It was estimated at ₹37,761 crore for 2021-22, with an expected rise to ₹60,112 crore in 2025-26.
- **Economic base** - The state's economy is primarily based on agriculture, forest products, tourism, and other industries.
- **Economic Base** - The economy relies heavily on agriculture, with rice as a major crop, along with forest products, mining, industries, and tourism
- It is rooted in small-scale industries, traditional crafts, and agro-based livelihoods, stands to gain significantly from these changes.

### What are the sectors benefitted?

- **Arabica Coffee** - The reduction in GST on packaged coffee from 18% to 5% brings substantial relief across Manipur's coffee industry.
- Districts such as Ukhrul, Senapati, and Chandel are important hubs for coffee cultivation, particularly for high-quality Arabica varieties.
- Around 10,000 farmers are engaged in coffee cultivation.
- The sector generates additional employment in processing, packaging, and distribution networks that support the value chain.
- The revised rates will reduce costs for both consumers and producers, improving affordability and stimulating demand.
- It is also expected to boost profitability and strengthen competitiveness across domestic and export markets.
- Moreover, the reforms encourage the adoption of organic and sustainable farming practices.
- **Bamboo and Cane Crafts** - Manipur's bamboo and cane crafts are traditionally made by skilled communities in Churachandpur, Ukhrul, and Tamenglong.
- With approximately 1.2 lakh artisans, the sector provides supplementary income to rural households.
- The reduction of GST from 12% to 5% on furniture, baskets, mats, and other wooden

crafts, will directly lower product prices and stimulate demand in both urban and rural markets.

- The reforms also strengthen SMEs and SHGs in the craft sector.



- **Handloom Textiles** - Handloom textiles such as *Phanek*, *Innaphi*, and *Rani* are primarily crafted by women artisans from regional communities across Imphal, Thoubal, Bishnupur, and Senapati.
- These crafts not only sustain traditional weaving practices but also provide steady income to approximately 2.5 lakh weavers.
- The reduction of GST from 12% to 5% on handloom woven fabrics is expected to directly improve affordability for consumers while increasing market competitiveness for artisans.
- The reforms will enhance the global appeal of Manipur's handloom products and also help preserve Manipur's traditional weaving techniques.

# GST Boost for Manipur's Handlooms and Handicrafts



Phaneek



Innaphi



Rani



Bamboo Cane Crafts



Stone Sculptures

## IMPACT OF GST REFORMS

• GST reduced

From  
**12%** to **5%**

• Supports traditional art & techniques

• Increases demand & affordability; to increase artisans' incomes

- **Stone Carving and Sculpture** - Imphal, Churachandpur, and Ukhrul are central to communities renowned for their skill in stone carving and sculpture.
- Around 50,000 artisans are engaged in this traditional craft.
- The reduction in GST from 12% to 5% on ceramic tableware significantly lowers the cost of raw materials and finished goods.
- This tax relief improves affordability and global competitiveness of Manipur's stone products.
- The reforms also support the preservation and promotion of traditional carving techniques, ensuring that the state's rich artisanal heritage continues to thrive.
- **Processed Foods** - Concentrated in Imphal, Senapati, and Chandel districts, Manipur's processed food industry is driven by numerous small and medium enterprises (SMEs) and self-help groups (SHGs).
- With around 1.5 lakh workers employed in food processing units, the sector sees significant participation from rural women in production and packaging.
- The reduction of GST from 12% to 5% on processed food items such as pickles, bamboo shoots, fermented foods, vegetable preparations, etc., is a major boost for

producers and consumers alike.

- Lower tax rates reduce product prices, increasing affordability and market reach.
- **Dairy Products** – In Imphal, Thoubal, and Bishnupur districts, dairy farming is largely managed by small-scale rural and tribal communities, employing 1 lakh+ dairy farmers and cooperative members.
- The GST reduction to Nil/ 5% on ghee, butter, paneer and cheese offers significant relief to consumers by making essential dairy products more affordable.
- The revised rates are also expected to lower production costs.
- This will improve profit margins for farmers and cooperatives, enhancing their competitiveness in both domestic and export markets.

### What are the key takeaways?

- 5% GST boosts Manipur's handloom affordability and global appeal; 2.5 lakh weavers to benefit
- 1.2 lakh artisans gain from cheaper crafts; SHGs & SMEs expected to grow under 5% GST
- 1.5 lakh workers in food processing see higher demand and better incomes with reduced GST
- From 1 lakh+ dairy producers to 10,000 coffee growers, lower GST to improve profits and market reach

### What lies ahead?

- The revised GST rates mark a significant step toward economic reforms across India.
- By easing the tax burden on essential and value-added sectors, these changes are set to boost production, affordability, and market competitiveness.
- For smaller yet high-potential states like Manipur, the impact is especially meaningful, empowering local farmers, artisans, and entrepreneurs.
- Together, these reforms support a balanced and inclusive growth, empowering India's Northeastern states to contribute more strongly to the nation's economy.

### Reference

[PIB| GST Revision and Manipur Economy](#)