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.

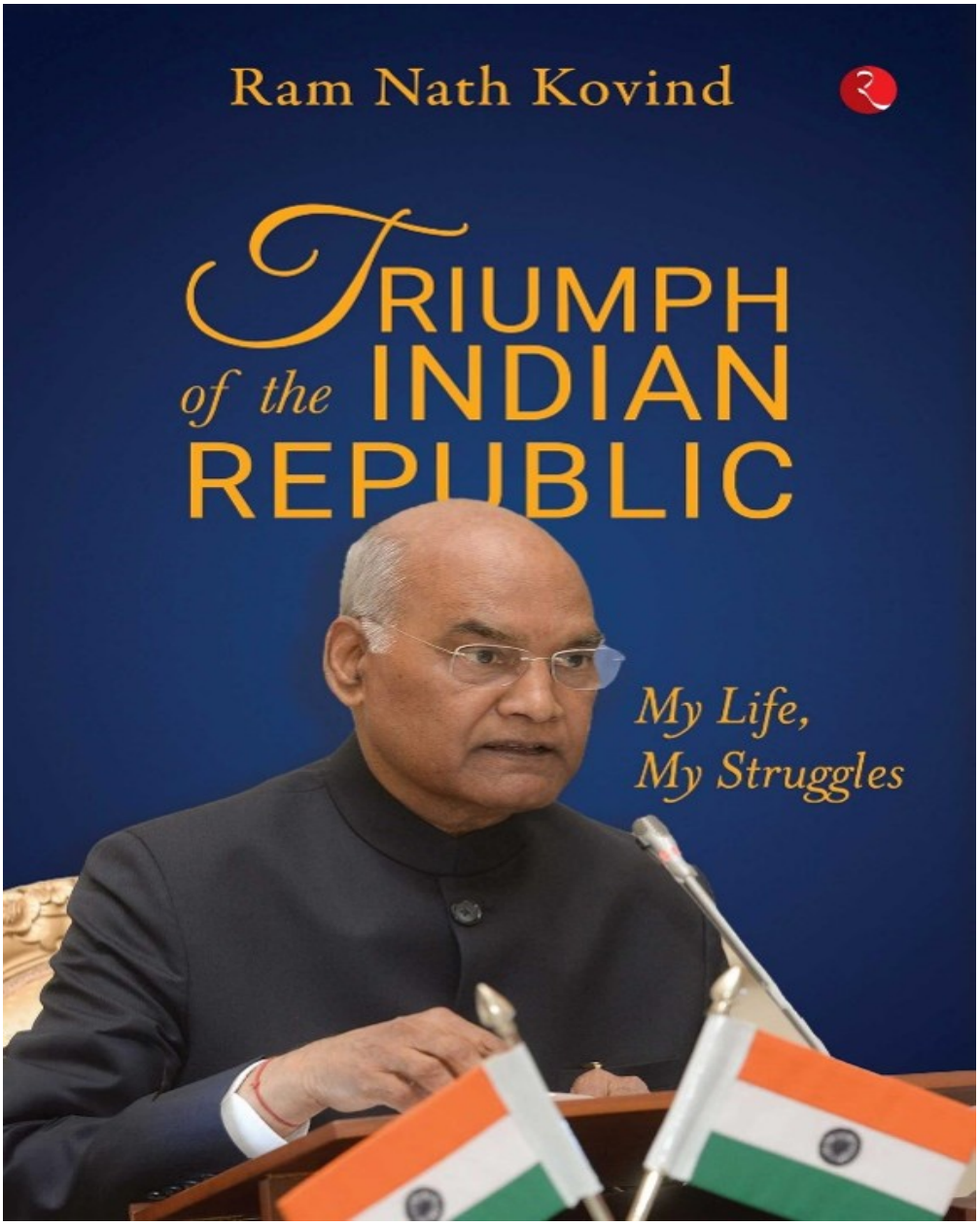
What are the sectors benefitted?

- **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.



- **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

SHANKAR IAS PARLIAMENT
Information is Empowering