



GOVERNMENT OF MIZORAM

BUDGET SPEECH

of

Pu Zoramthanga

HON'BLE CHIEF MINISTER

&

FINANCE MINISTER

for

2020- 2021

in the

8TH MIZORAM LEGISLATIVE ASSEMBLY

On

Wednesday, the 19th of February, 2020

**SPEECH OF THE FINANCE MINISTER
AT THE PRESENTATION OF BUDGET
FOR THE YEAR 2020-21**

Mr. Speaker Sir,

With your permission, I am honoured to rise before this august House to present the Estimates of receipts and expenditures for the year 2020-21 and Supplementary Demand for Grants for 2019-20.

2. Last year, I had presented a Vote on Accounts due to observance of Election Model Code of Conduct for the last General Election of India. This time, we are fortunate to present as a full Budget for the following year.

3. Mr. Speaker Sir, I would like to inform this House that this year's Budget Session is held one month ahead of the usual schedule in the previous years. This bold step has been taken not only to present our Budget in line with Union Budget at Parliament but also to curb the rush of expenditure at the fag end of financial year. Since additional budget allocation was not given from last week of January 2020 onwards, departments will not have to incur huge expenditures at late stage.

4. However, I have to let this august House to note that the basic attribute of the State Budgets like Mizoram depends basically on the recommendations of Finance Commissions. Recently, the Union Cabinet had extended the term of the Fifteenth Finance Commission (FC-XV) and the Commission is to submit its final report covering financial years from 2021-22 to 2025-26. In the meantime, the Fifteenth Finance Commission had submitted its Interim Report for Financial Year 2020-21, and the Union Budget has also been prepared largely in line with the interim report of the Commission. For this particular year, the Commission decided to distribute 41% of the tax proceeds between the 28 States in India. Under these formulae, the share of Mizoram is 0.506% which is quite satisfactory. However, the actual transfer for Mizoram State as reflected in the Union Budget is even less than the amount recommended by the Commission.

Further, during the Fourteenth Finance Commission period, Post Devolution Revenue Deficit Grant (PDRDG) was recommended for 11 States which was reduced to 7 States in 2019-20. Now, the present Commission, in its report, has recommended 14 States to get similar benefit of this grant, which resulted in a sizeable reduction of the share of Mizoram.

5. In view of the above, I am not in a position to present the most desirable budget. However, it would be of a great benefit

if we can take this as an opportunity for an initial point to strive harder for our own course, self-sufficiency and to venture for more scope of revenue sources.

6. At the same time, we also receive a gainful recommendation. We have been recommended to receive ₹ 93.00 crore as Rural Body Grant which was not recommended by Fourteenth Finance Commission. This is a blessing for the rural population as the fund can be utilized for various developmental activities at Village Council levels. The fund for Urban Local Body Grant has also been raised to ₹ 45.00 crore from ₹ 37.00 crore recommended during 2019-20, which will be effectively utilized to improve our urbanization activities.
7. We also observed an increase in our allocation for State Disaster Response Fund (SDRF) that comes to ₹ 47.00 crore against last year's receipt of ₹ 18.00 crore. The Commission recommended that 20% of the fund can be utilized for Mitigation purposes which will be a great relief for the State.
8. One interesting information I would like to share this House is about our significant improvement in realization of our State's Own Revenue. This year, there was a big jump in our revenue projection at an increasing rate of 27.97% from the previous year's estimate. This was questioned from various quarters in the midst of our execution of Prohibition in Liquor selling,

thereby reducing a portion of revenue earning. However, the progressive revenue realized till December, 2019 is ₹ 836.39 crore, which is 83.16% of the total projection for the year. Here, I would like to acknowledge the due diligence and efficiency of Government officials at all levels, and the willingness and compliance of the people in paying taxes and other obligations. Hence, I am confident that the remaining 16.84% will be achieved comfortably during the last quarter of 2019-20. Meanwhile, we must not forget our economic backdrops and a long ladder to climb that call for more efforts to attain a sustained economy.

OVERVIEW OF THE STATE'S ECONOMY:

9. Mr. Speaker Sir, I would like to highlight a brief overview of our State's economy through few selected economic indicators like Revenue Surplus or Deficit, Fiscal Deficit, and Sustainability of Debt, which are mostly measured in terms of GSDP.
10. I am delighted to inform this House that the State of Mizoram witnesses significant progress in terms of economic and social progress. GSDP for 2020-21 is estimated to be ₹ 31,240.56 crore at Current Price against current year's estimate of ₹ 26,563.78 crore that presents a growth rate of 17.61%, which is slightly lower than the previous year's growth rate of 19.44%, the factual growth will be ascertained when actual

GSDP figure for 2019-20 is finalised. Nevertheless, the contribution of service sector is extremely high over primary and industrial sectors, we need to maintain stability and an attempt for achieving more balanced sectoral contributions.

11. State's own Revenue will stand at 12.72% of the total Revenue Receipt which is highly appreciable and also at 3.98% of GSDP which is at an approximate level compared to previous year's figure.
12. In spite of our limited revenue resources, I aimed at maintaining a revenue surplus of ₹ 763.11 crore which will create some space for allocating funds for capital investments.
13. The estimated Fiscal Deficit for the year 2020-21 is ₹ 519.69 crore, which is 1.66% of the GSDP. Primary Deficit for 2020-21 is also estimated at ₹150.02 crore, which is 0.48% GSDP.
14. The additional debt that will accumulate from current year's BE will be ₹ 253.34 crore. The accumulated outstanding debts, therefore, will be ₹ 8701.26 crore and the Debt/GSDP ratio is **27.85%**. We have seen an optimistic trend in our debt sustainability during the last five years, i.e., **47.91%** in 2015-16; **41.09%** in 2016-17; **41.15%** in 2017-18; **32.89%** in 2018-19; and **29.25%** in 2019-20. It is a good indication to have the Debt/GSDP ratio at **27.85%** in 2020-21.

BUDGET ESTIMATES 2020-2021:

I RECEIPTS:

A. Revenue Receipts:

15. As we are all aware, the main sources of income of a State comprise of State's Own Tax and Non-Tax Revenues, Devolution of the Tax proceeds of the country as recommended by Finance Commission, various grants received from the Centre and Loans and Advances availed from various institutions.

16. State's Own Tax and Non-Tax Revenue:

The projected earnings from our State's Own Tax Revenue is ₹ 661.69 crore which is 15.34% increase from current year's BE of ₹ 573.69 crore. Further, we are trying to achieve ₹ 583.07 crore from our Own Non-Tax Revenue compared to 2019-20 BE of ₹ 459.30 crore, which is a substantial increase of 26.95%.

Therefore, the aggregate estimated amount of State's Own Tax and Non-Tax Revenue for 2020-21 become ₹ 1244.76 crore at an estimated growth of 20.50% compared to current year's BE.

17. Tax Devolution:

Secondly, the amount fixed by the Govt. of India from transfer of tax proceeds for 2020-21 is ₹ 3967.96 crore which is 2.13% increase from current year's BE. In fact, this is far lower than the State Government's pre-assessment, where an increase of at least 10% was expected.

18. Grants-in-Aid:

It is estimated to receive ₹ 1968.00 crore during 2020-21 as a grant recommended by the Fifteenth Finance Commission which is ₹ 748.00 crore less than current year's BE. This comprises of Post Devolution Revenue Deficit Grants (₹ 1422.00 crore) and Special Grants (₹ 546.00 crore). This is quite unexpected for the State of Mizoram as the amount is much less than the recommendations of the previous Commission.

Besides, it is also estimated that ₹ 185.00 crore will be received towards other Grants (including Rural Local Body Grants of ₹ 93.00 crore, Urban Local Body Grants amounting to ₹ 45.00 crore, and State Disaster Response Fund amounting to ₹ 47.00 crore).

19. Centrally Sponsored Schemes (CSS) and Externally Aided Projects (EAPs):

We have estimated ₹ 2033.39 crore from various Centrally Sponsored Schemes and Externally Aided Projects. We also

expect to receive ₹ 385.85 crore from other transfers like NLCPR, NEC, ST Welfare Grants, Central Road Funds etc.

20. The total Projected Revenue Receipt for the year 2020-2021 is ₹ 9784.96 crore.

B. Capital Receipts:

21. **Internal Debts:**

A sum of ₹ 875.03 crore is estimated to be received from Internal Debts of the State. Internal Debts include various loans, such as: ₹ 680.00 crore from Market Loans, ₹ 170.00 crore from NABARD, ₹ 10.00 crore from National Co-operative Development Corporation, ₹ 5.00 crore from Rural Electrification Corporation and ₹ 10.00 crore from Power Financing Corporation, etc.

22. **Loans and Advances:**

A sum of ₹ 13.85 crore is expected to be availed from the Loan portion of Special Schemes through Externally Aided Projects, etc.

23. **Recovery of Loans and Advances:**

A capital receipt of ₹ 41.16 crore is expected to be received from recovery of Loans from Government Servants, Co-operative Societies, and Loans for Housing etc.

24. **The total estimate for Capital Receipts** to be realized for the year 2020-21 is ₹ 930.04 crore which is 10.02% higher than current year's projection of ₹ 845.30 crore.
25. The **Overall Receipt comprising of Revenue and Capital** is estimated to be ₹ **10715.00** crore, which is ₹ 22.70 crore higher than BE of 2019-20.

II DISBURSEMENTS:

A. REVENUE AND CAPITAL EXPENDITURES:

26. **Revenue Expenditure:**

The total Disbursement for Revenue Expenditure for the year 2020-21 is estimated to stand at ₹ 9021.85 crore, which is 84.20% of the total Budget Estimate.

27. The scope of Revenue expenditure is very wide. It includes, expenditures on Salary of employees, pensionary charges, Interest payments, expenditure on large sectors like Education, Sports, Road Maintenance, Power Purchase, Water supply, District Administration, Secretariat Administration, Home, Jails, Police, purchase of food grains, etc. It also includes maintenance cost of infrastructure projects which were already commissioned by the State Government. Further, certain

Ministries of the Govt. of India have ceased to release salary portion of those employees whose engagements and salaries are paid from CSS Schemes; and the State has to desperately meet their salaries until the Scheme is terminated which increases the Revenue Expenditure.

28. **Capital Expenditure:**

Mr. Speaker, the total fund earmarked for Capital Expenditure to the development of the State amounts to ₹ 1693.15 crore, which is 15.80% of the total estimated expenditure. Capital expenditure is mainly for creation of assets for the Public including lands and buildings, sports infrastructures, roads and bridges, irrigation, large machineries, etc. As the Government of India reduced the Share of Taxes of most States along with Deficit Grants, we need to find more scope for generating revenues for establishing space towards Capital investments.

29. The Net estimated expenditure for 2020-21 including Revenue and Capital, that corresponds to the total estimated receipts comes to **₹ 10715.00 crore.**

B **SECTORAL ALLOCATIONS:**

30. **General Services Sector:**

This Sector comprises the general organs of the states like Legislature, General Administration and District

Administrations, Election, Fiscal services (Finance and Accounts, Taxation, Land Revenue, Excise, Transports, Goods & Services), Home etc.

A sum of ₹ 4073.08 crore (₹ 3100.08 crore for Revenue section and ₹ 973.00 crore for Capital section) which is 38.01% of the total Budget will be allocated under this Sector.

31. Social Services Sector:

A sum total of ₹ 3659.07 crore (₹ 3553.32 crore from Revenue portion and ₹ 105.75 crore out of Capital portion) which is 34.15% of the total Budget will be allocated for this Sector. Social Services Sector consists of Education, Health, Water Supply and Sanitation, Local Administration and District Councils, Social Welfare, etc.

32. Economic Services Sector:

An allocation of ₹ 2790.83 crore (₹ 2548.72 crore from Revenue section and ₹242.11 crore from Capital section) will be made for Economic Services Sector which forms 26.05% of the total Budget.

This Sector comprises of Agriculture and allied Services, Rural Development, Irrigation and Flood Control, Industries and Mineral, Communication, Science & Technology, Environment, Civil Supplies, etc.

C ALLOCATIONS ON PRIORITY SECTORS:

33. It is an intense vision of my Government that the Socio-Economic Development Programme (SEDP), which is the Flagship programme, will be the leveraging force of the economic activities of the State. Our own resources will contribute a smaller part of economic activities. However, our major activities of SEDP will be taken up by pulling funds from line Ministries as well as external sources, i.e., multilateral and bilateral funding sources. Sectors like Agriculture, Horticulture, AH&Vety, Commerce & Industries Tourism, Sports, Water Supply and Road infrastructures, etc will be taken up through project-based funding. As one of the initiatives to support project proposals, an EAP-Cell has been established in Finance Department which is assisted by a reputed Consultancy Firm. The Consultants will support the State in identifying potential funding areas and select priority sectors, help departments in project appraisals and validating the project proposals as well as project monitoring.
34. Out of the available resources within the State Budget, I propose to allocate a sum total of ₹ 51,300.00 lakh for various activities of SEDP of which the following important activities will be carried out:-

- a) A sum of ₹ 20,000.00 lakh is proposed for counterpart funding of the projects to be taken up through different development programmes so that more funds can be availed from outside. This can be increased on need basis. In addition to this, ₹ 500.00 lakh is earmarked for consultancy charges to be utilized by various departments for preparation of DPRs etc.
- b) Apart from the above allocation, I propose to set aside ₹ 5,000.00 lakh for continuation of the on-going works under SEDP.
- c) It is felt imperative to put a certain amount of fund for protection and maintenance of Roads in Mizoram. A sum of ₹ 8,000.00 lakh is proposed to be set aside for maintenance of roads during the coming financial year.
- d) Health Care is another priority of my Government. To ensure that the subscribers of Mizoram State Health Care Scheme are receiving timely reimbursement of their medical expenses, a sum of ₹ 2,000.00 lakh is proposed for allocation under Mizoram State Health Care Scheme.
- e) ₹ 1,000.00 lakh is earmarked for facilitating the requirements of Zoram Medical College.

- f) Youth developments and promotion of Sports are our priority segments. Hence, I propose to allocate a sum of ₹ 300.00 lakh and ₹ 500.00 lakh respectively for the two departments.
 - g) In order to support the initiatives on rehabilitation of our youths who suffered due to alcoholic consumption and drug-abuse, I propose to allocate ₹ 500.00 lakh for this purpose.
 - h) Over and above, a sum of ₹ 13,500.00 lakh is proposed for taking up of State's priority projects under SEDP which will be utilized with the approval and recommendation of the State Planning Board.
35. Apart from the fund allocated for maintenance of roads under SEDP, a sum of ₹ 4,000.00 lakh is proposed to be allocated for maintenance, up-keeping and improvement of roads which will be at the discretion of Road Fund Board under Public Works Department.
36. This time, through Rural Local Body Grant recommended by Fifteenth Finance Commission, we are given the opportunity to take initiatives on village level developments across the State, which is not witnessed in the previous years. A total

sum of ₹ 9300.00 lakh will be allocated towards rural activities.

37. A total sum of ₹ 5200.00 lakh will be allocated for State Disaster Response Fund, of which ₹ 4700.00 lakh will come from the Centre and ₹ 500.00 lakh will be the State's Matching Share. Out of the total fund, 20% i.e., ₹ 1040.00 lakh will be earmarked for disaster mitigation, which was not available in the previous years.
38. A sum of ₹ 500.00 lakh is proposed for rehabilitation and settlement of the displaced victims of insurgency of Mizoram.
39. A sum of ₹ 1,000.00 lakh is earmarked for continuation of Vehicle Parking House Support Scheme (PAHOSS).
40. With a view to support Co-operative activities, a sum of ₹ 1000.00 lakh will be earmarked for availing subsidized loans, which will be utilized for strengthening and promoting Co-operative Societies.
41. In spite of our limited resources, efforts were taken into considerations for providing sizeable amount of funds for administration and management of our Autonomous District Councils and Development Councils. A sum of ₹ 45,106.49 lakh will be allocated for the three Autonomous District

Councils, which is ₹ 4999.62 lakh more than current year's BE. The rate of increase is 12.47% which is quite high as compared to the minimal growth rate of the State.

42. Further, a sum of ₹ 785.83 lakh has been proposed for the two Councils namely, Sinlung Hills Council and Sialkal Range Development Council.

III CHARGED AND VOTED EXPENDITURE:

43. The gross estimated expenditure for the year 2020-21 is ₹ 10895.26 crore. The net estimated expenditure will be ₹ 10715.00 crore after deduction of ₹ 180.26 crore in respect of recoveries for purchase of foodstuff and stores under FCS&CA and Printing and Stationeries Departments, and the net estimated expenditure would correspondingly match the estimates of receipt. Out of the gross estimated expenditure, ₹ 814.25 crore would come under Charged Expenditure, and a gross amount of ₹ 10081.01 crore (including deduct recoveries) would come under Voted Expenditure, which requires the sanction of this august House.

IV SUPPLEMENTARY DEMAND FOR GRANTS:

44. Mr. Speaker Sir, I am also here to present that during current fiscal year, there were many unforeseen expenditures that were incurred by the State Government at various departments for implementation of Government's important policy and programmes. The determinants of these additional expenses will include those late releases of funds under CSS, NEA, NLCPR, etc., amounting to ₹ 1575.96 crore; Externally Aided Projects, NABARD, etc., amounting to ₹ 275.83 crore; and State funds amounting to ₹ 1622.37 crore including Surrender of funds which were re-provided for salaries, pension and other development activities.
45. The total amount of allocations that has been made in excess of the Budget Estimate during 2019-20 is ₹ 3474.16 crore which includes a Charged expenditure of ₹ 76.03 crore and a Voted expenditure of ₹ 3398.13 crore. The Voted expenditure requires the sanction of this august House.

V ECONOMY MEASURES:

46. Mr. Speaker Sir, as I have already highlighted in the previous lines, the Union Government has reduced our budgetary transfers by a considerable amount. We also cannot predict

the future trends as the Fifteenth Finance Commission is yet to submit its final report later this year. In such a situation, we need to augment the Tax and Non-Tax Revenue to the greatest extent possible.

At the same time, we also need to cautiously manage our resources and limit our spending as we had done before. As one of the initiatives, the Government of Mizoram is now implementing the Mizoram Vehicle Outsourcing Policy, 2019 in order to reduce our expenses towards purchase and maintenance of Government vehicles. Similarly, the Government is considering a parallel policy in manpower deployment through outsourcing. The State Government will have to take austerity measures to avoid unnecessary expenditures at various levels.

VI CONCLUSION:

47. Mr. Speaker Sir, I convey my genuine appreciation to the members of this Legislative Assembly for their prolonged patience and interests on the presentations. With your kind permission, I commend the Budget Estimates (excluding estimates for Charged Expenditure) for the Financial Year 2020-21 amounting to **₹ 10,081.01 crore (Rupees Ten**

Thousand Eighty-one Crore and One Lakh only) for discussion and approval of this august House.

48. Further, Mr. Speaker Sir, may I also present the Supplementary Demands for Grants for the Financial Year 2019-20 in respect of Voted expenditure amounting to **₹ 3398.13 crore (Rupees Three Thousand Three Hundred Ninety-eight Crore and Thirteen Lakh only)** for kind approval of this august House.

Thank you.