



सत्यमेव जयते

GOVERNMENT OF MIZORAM

BUDGET SPEECH

of

Pu Zoramthanga

HON'BLE CHIEF MINISTER

&

FINANCE MINISTER

for

2019 - 2020

in the

8TH MIZORAM LEGISLATIVE ASSEMBLY

Thursday, the 13th of June, 2019

**SPEECH OF THE FINANCE MINISTER
AT THE PRESENTATION OF BUDGET FOR THE YEAR 2019-2020**

Mr. Speaker Sir,

I am profoundly happy to stand before this august House to present the Regular Budget of Mizoram for the Financial Year 2019 - 2020.

2. I would like to thank the honourable members of this House for giving its approval to the incumbent government to draw a sum sufficient to incur expenditure on various items for the first four months of the year. I also deem it necessary, Sir, to mention that there are no major announcements related to any new scheme during presentation of votes on account, be it in the Parliament or in the State Assemblies. Thus, seeking approval and obtaining vote on account was inevitable since the new government was restrained from spelling out its policies and initiatives in the form of a regular or full budget due to the enforcement of Model Code of Conduct for the General Elections to the House of the People (Lok Sabha).

3. May I, Sir, take this time to acknowledge the fervent interest shown by the legislators, journalists and the people on issues connected with the Budget since the past few years. This is indeed a positive sign that we, as a state, are moving on in the right direction. Nonetheless, I feel the need to enlighten my fellow citizens on how the

Budget is determined and how it is meticulously customized to suit our requirements. I would also beseech the people of Mizoram to share my responsibility in improving the health of the State's finances.

4. Mr. Speaker Sir, as this is the first presentation of a regular Budget in the Eight Legislative Assembly and since there are new members in the Legislature, I would like to point out the sources of funds from which we intend to finance our required expenditures. The estimated sources of fund for the State Government during 2019 - 2020 without differentiating between Revenue Receipt and Capital receipt will be as follows-

a. **Devolution of fund as per recommendation of the Fourteenth Finance Commission for the year 2019-20**, comprising of Share of Taxes amounting to ₹ 3,885.19 crore as assessed by the Fourteenth Finance Commission, Post Devolution Revenue Deficit (PDRD) Grant amounting to ₹ 2,716.00 crore, Urban Local Bodies (ULB) Grant amounting to ₹ 36.78 crore and State Disaster Response Fund (SDRF) amounting to ₹ 18.00 crore. Out of ₹ 36.78 crore estimated to be available under ULB Grant, ₹ 28.85 crore is for Basic Grant and ₹ 7.93 crore is for Performance Grant of the Urban Local Bodies.

Share of Taxes and PDRD Grant are 'untied funds' which remain our main sources of dependence for almost all purposes, whereas, the ULB Grant and

SDRF are 'tied funds' meant for specific purposes and which cannot be utilized for any other purposes. As has been experienced over the past years, actual devolution of Share of Taxes may be higher or lower than the projected amount depending upon the actual accrual of the Taxes and Duties to the Central Government.

- b. **State Borrowings** amounting to ₹ 806.29 crore comprising of Open Market Borrowings (OMB) amounting to ₹ 600.00 crore, Loans from NABARD amounting to ₹ 170.00 crore, Loans from NCDC amounting to ₹ 2.00 crore and Block Loans amounting to ₹ 34.26 crore. It may be stated that the low-interest NABARD loan is one of the main sources of fund for rural infrastructure developmental works whereas NCDC loan is specifically meant for co-operative societies. Since these loans have State Matching Share (SMS) portions, there is always the need to allocate more amounts than the actual receipts accrued under each loan. However, I would like to mention here that the Government would not deter itself from borrowing more funds insofar as it is convinced that the purposes are for creation of assets and prospective investments in the larger interest of the public.
- c. **State's Own Funds** amounting to ₹ 1,032.99 crore comprising of State's Own Tax Revenue (SOTR) and State's Own Non-Tax Revenue (SONTR). Recovery of

Loans and Advances to the tune of ₹ 39.02 crore is also expected to be available.

- d. Funds under Centrally Sponsored Schemes** amounting to ₹ 1,902.66 crore, which are essentially Plan Funds, is expected to be received from various Ministries of the Central Government. It may be reiterated here that the State Government has, in most cases, not been able to allocate even the SMS portion where the sharing pattern is higher than 90:10 though there are some relevant and important schemes in which the state would allocate its share of 25% or 40%.
 - e. Non-Lapsable Central Pool of Resources (NLCPR) & North Eastern Areas (NEA)** amounting to ₹ 255.36 crore is expected to be received from Ministry of DoNER and NEC which would be set aside for carrying out specific works and implementation of projects availed through Planning & Programme Implementation Department and as approved by the Ministry of DoNER and the NEC.
5. Thus the total amount of fund expected to be available to the State Government from all available sources during 2019-20 is ₹ 10,692.30 crore. As I have mentioned earlier, some of these funds such as ULB Grant, SDRF, NCDC Loan, fund under CSS and NLCPR/NEA are for specific purposes and are therefore, tied funds. At the same time,

CSS and NLCPR/NEA funds are not guaranteed funds and may not materialize.

6. The State Government would look to find ways to avail more OMB and NABARD loans as long as the net borrowing ceiling for Mizoram for the financial year 2019-20 fixed by the Ministry of Finance is not violated. However, the State Government is in no position to overlook the debt that has accumulated over the past years and the future requirement of increase in revenue expenditure. Moreover, the quality of investment by way of deficit financing has to be watched as per Fiscal Responsibility and Budget Management (FRBM) Act, 2006 so that the state does not get into a debt trap.
7. Having said all these, it is the duty of the government to be very vigilant in the utilization of our scarce resources. Apart from fulfilling our basic obligations, I do hope that we could spare enough resources for meeting capital investments.

BRIEF OVERVIEW OF THE STATE ECONOMY

8. Mr. Speaker Sir, I would like to highlight a brief overview of our state's economy through some of the key economic indicators such as Revenue Surplus or Revenue Deficit, Fiscal Deficit, and sustainability of debt and which are mostly measured in terms of Gross State Domestic Product (GSDP) ratio.

- a. GSDP is projected to be ₹ 25,869.14 crore at Current Price at a growth rate of 16.15 %. The projected growth rate is considered remarkable as compared to the national growth rate of 12.33 % in 2018-19.
- b. We expect a substantial increase in the State's Own Revenue, which will stand at 3.99 % of GSDP, as against the average figure of 3.62 % of 2018-19. Further, the State's Own Revenue in 2019-20 is expected to reach 10.5 % of the total revenue receipt which will surpass last year's figure of 9.3 % only.
- c. Revenue Surplus to the tune of ₹ 1,443.47 crore is expected in spite of the drastic increase of salaries and pension payments as a result of 7th Pay implementation. As a percentage of the projected GSDP for the Financial Year 2019-20, the Revenue Surplus stands at 5.58 %.
- d. The Fiscal Deficit as a percentage of GSDP for 2019-20 is 2.06 %. The additional debt that will accumulate during the year is estimated to be ₹ 455.58 crore. With this, the total outstanding liabilities over the years will be ₹ 8,447.92 crore that will mark the Debt/GSDP ratio at 32.66 %

BUDGET ESTIMATES 2019 - 2020

9. Mr. Speaker Sir, may I now come to the Budget Estimates for the year 2019-2020.

I. REVENUE RECEIPT

10. Revenue Receipt of the State Government consists of Tax Revenue and Non-Tax Revenue. The estimated Tax Revenue for 2019-2020 is ₹ 4,458.88 crore comprising of State's Own Tax Revenue (SOTR) amounting to ₹ 573.69 crore and State's share of Central Taxes and Duties amounting to ₹ 3,885.19 crore. The total Revenue Receipt is estimated to increase by 13.52 % from 2018-19 (RE).
11. We are expecting a transfer of ₹ 3,885.19 crore under share of Central Taxes & Duties during the year 2019-20 which would include devolution of ₹ 1,175.85 crore on account of Mizoram state's share of the Goods and Service Tax (GST) collection.
12. The estimated State's Own Non-Tax Revenue (SONTR) for 2019-2020 is ₹ 459.30 crore. A total of ₹ 4,928.81 crore is expected as Grants-in-Aid from the Central Government which includes ₹ 2,716.00 crore as Post Devolution Revenue Deficit Grant (PDRDG), ₹ 18.00 crore as State Disaster Response Funds (SDRF), ₹ 36.78 crore as Urban Local Bodies (ULB) Grant and ₹ 1902.66 crore from other grants.
13. Within the amount of ₹ 4,928.81 crore expected under Grants-in-Aid, estimated receipt from Centrally Sponsored Schemes (CSS), North Eastern Council (NEC) and Central Road Funds (CRF) is ₹ 2,158.02 crore.

14. Thus, the total Revenue Receipt of the State is estimated at ₹ 9,846.99 crore out of which the State's Own Revenue Receipt is estimated to be ₹ 1,032.99 crore, which is only 10.49 % of the total Revenue receipt.

II. CAPITAL RECEIPT

15. Capital Receipt comprises Internal Debt of the State Government, Loans & Advances from the Central Government and Recoveries of Loans & Advances. The total Capital Receipt for 2019-2020 is estimated at ₹ 845.31 crore out of which ₹ 772.03 crore is estimated to be obtained from Internal Debt, ₹ 34.26 crore from Loans & Advances from the Central Government and ₹ 39.02 crore from Recoveries of Loans & Advances.
16. The Internal Debt of the State Government consists of Open Market Borrowing (OMB) amounting to ₹ 600.00 crore, Loans from NABARD amounting to ₹ 170.00 crore, Loans from NCDC amounting to ₹ 2.00 crore. The total *Public Debt*, therefore, amounts to ₹ 806.29 crore.
17. The estimated total Revenue Receipt and Capital Receipt that would accrue to the state for 2019-2020 is ₹ 10,692.30 crore.

III. REVENUE EXPENDITURE

18. A significant portion of Revenue Expenditure for the State of Mizoram goes into payment of salary, pension

and other recurring costs. It is the endeavor of the Government to ensure there is revenue surplus to meet the capital expenditure for creation of quality infrastructure as well as the enhancement of administrative and functional policies.

19. The Total Net Disbursement for Revenue Expenditure across the State for the year 2019-2020 is expected to stand at ₹ 8,403.52 crore. This includes, but not restricted to, expenditures on salary & other administrative expenses and pension charges.

IV. CAPITAL EXPENDITURE

20. The total fund earmarked for Capital Expenditure that tends to the development of the State amounts to ₹ 2,288.78 crore, which is a slight decrease of ₹ 254.9 crore from the projected expenditure of 2018-2019 (RE). The reasons for the decrease may be attributed to the rise in Revenue Expenditure due to the implementation of 7th Pay Revision for the employees of the State Government, allocation of funds for the General Elections and the implementation of three new districts.
21. The net estimated expenditure comprising Revenue Expenditure and Capital Expenditure for 2019-2020 comes to ₹ 10,692.30 crore.

V. IMPORTANT ALLOCATION OF FUNDS

22. The state government is intent on making the three new districts of Khawzawl, Saitual and Hnahthial functional at the earliest for which I propose to set aside a total of ₹ 450.00 lakh, ₹ 150.00 lakh each earmarked for the initial establishment of three Deputy Commissioner's offices. In addition to this, I propose to allocate a total of ₹ 195.00 lakh for establishment of the office of district Superintendents of Police, each office with an allocation of ₹ 65.00 lakh.
23. A total of ₹ 75,000.00 lakh is proposed to be set aside for the implementation of the government's flagship programme, the Socio-Economic Development Policy (SEDP), the breakup of which is as follows –
- a. Apart from the allocation for initial establishment of the offices of DC and SP in the three new districts, ₹ 855.00 lakh shall also be set aside for the initiation and implementation of the new districts.
 - b. The state government, being committed to improve healthcare, is aware of the acute need to fill up vacancies under Health & Family Welfare Department, especially the vacant posts of doctors and nurses and therefore, I propose to set aside ₹ 5,000.00 lakh for that purpose.

- c. The state government is also cognizant of the need to improve education at the elementary level for which I propose to set aside ₹ 3,000.00 lakh for recruitment of teachers.
- d. There is a great concern about the decrepit condition of our roads and it is the commitment of the state government to improve them for which I propose to set aside ₹ 15,000.00 lakh.
- e. As I had stated earlier, healthcare shall be one of the major thrust areas where the government would be using its resources and therefore, I propose to allocate ₹ 2,000.00 lakh as assistance to healthcare for the subscribers of Mizoram Healthcare Scheme for prompt address of claims for medical reimbursements.
- f. I also propose to allocate ₹ 11,000.00 lakh for the continuation and sustenance of different projects initiated by the previous ministry under NEDP, SPP and others.
- g. As skill development and production are intrinsically connected, I propose to allocate ₹ 500.00 lakh for the development and improvement of requisite skills in the effort to boost economic production of the state.
- h. The state government is devising plans to engage reputed funding agencies for financing projects

designed and prepared by government departments and even aspiring entities under the aegis of SEDP for which I propose to set aside ₹ 30,000.00 lakh approximately as normal fund of SEDP.

- i. As the government is keen on promoting excellence in the field of sports and in the upkeep and maintenance of existing sports infrastructures, ₹ 1,000 lakh shall be set aside under SEDP for these purposes.
24. I propose to allocate ₹ 17,000.00 lakh for State Matching Share (SMS) so that the government would be in a position to implement different projects under Centrally Sponsored Schemes (CSS), NABARD and others.
 25. Endeavoring to improve the Healthcare Scheme initiated by the previous MNF Ministry, I propose to set aside a total of ₹ 5,000.00 lakh as Healthcare Corpus Fund.
 26. Mizoram would soon be having its own Sports Policy by which the government is contemplating conduct of district and state level sports programme in the zest for achievements at the national and international events. A sum of ₹ 150.00 lakh is proposed to be allocated for the same. Apart from this, ₹ 100.00 lakh shall also be allocated for disbursement of Cash Incentive Awards to outstanding sportsmen.
 27. Apart from the ₹ 15,000.00 lakh allocated under SEDP, I also propose to allocate ₹ 5000.00 lakh to Road Fund

Board under Public Works Department for maintenance of its roads.

28. A total of ₹ 6,000.00 lakh is also proposed to be allocated to UD&PA Department for implementation of Parking House Support Scheme (PAHOSS). Payments are to be made to the beneficiaries in installments and shall be liable to be increased at the later stages of actual implementation.
29. With the revision of Minimum Wages rate by the government, I find it my responsibility to set aside ₹ 8,500.00 lakh so that Muster Roll employees / labourers are remunerated as per the revised rates.
30. In the effort to curb and amend the tendency of availing of Supplementary Demands for grants annually, a sum of ₹ 3,000.00 lakh is proposed to be set aside for payment of energy bill for pumping of water and ₹ 30,000.00 lakh as imbursement for Power Purchase bill.
31. The much-awaited Lok Ayukta has also been put in place and in order to ensure smooth functioning of the establishment, I propose to increase the previous year's allocation of ₹ 159.34 lakh to ₹ 371.06 lakh this year.

VI. REVENUE SURPLUS AND FISCAL DEFICIT

32. Mr. Speaker Sir, the present Budget Estimates is prepared so as to have a Revenue Surplus of ₹ 1,443.47 crore and a

fiscal deficit of ₹ (-) 534.07 crore. The revenue surplus will be 5.58 % and the estimated fiscal deficit will be a mere 2.06 % of the projected GSDP of ₹ 25,869.14 crore.

VII. LIABILITIES OF THE STATE GOVERNMENT

33. As mentioned earlier and as we are all aware, the state government has to resort to borrowings and availing of loans since its own resources are too meager to cater to its needs. This has, however, caused accumulation of liabilities for the state through the years. I would like to highlight the overall liabilities of the state since 2015 vis-à-vis the Gross State Domestic Product (GSDP) which is the yardstick for assessing the fiscal health of the State with regard to its liabilities.

2015-2016	: ₹ 6,407.39 crore	(41.77 % of GSDP)
2016-2017	: ₹ 6,725.02 crore	(41.09 % of GSDP)
2017-2018	: ₹ 7,300.31 crore	(41.15 % of GSDP)
2018-2019 (RE)	: ₹ 7,992.34 crore	(35.89 % of GSDP)

34. The estimated liabilities of the State for 2019-2020 will be ₹ 8,447.92 crore which is 32.66 as a percentage of the projected GSDP.

35. The diminishing percentage of liabilities to our GSDP over the years is a result of the government's commitment towards lightening the state's debt burden for which I have no hesitation in giving credit to those responsible for it.

VIII. CHARGED EXPENDITURE AND VOTED EXPENDITURE

36. The total estimated receipt for the year 2019-2020 is ₹ 10,692.30 and the total estimated expenditure would correspondingly be the same amount as the estimated receipt. Out of the estimated total expenditure, ₹ 703.89 crore would come under 'Charged Expenditure' and ₹ 9,988.41 crore would be under 'Voted Expenditure' which requires the sanction of this House.

CONCLUSION

37. Mr. Speaker Sir, as it is and without any sugar-coating it, there is little room for complacency in the economic front. It is our first and foremost duty to put the state on a sound and stable financial footing in order to make further progress.
38. It has often been remarked that the state government has no significant resource of its own, a statement which is undeniable to a certain extent. However, the government cannot be expected to earn revenues on its own as it is not a business entity or a company for that matter. The major source of income of the state government is through collection of taxes and therefore, the more we pay our taxes, the more the state would earn. May I take this time to urge the public to be more responsible in paying of taxes due to them so that the revenue so

collected would help ease the financial constraints which stands in the way of development.

39. The State Government intends to tap all available resources for creation of durable assets and for carrying out developmental works through SEDP. However, may we be reminded that the State Government is still burdened with the need to clear backlog liabilities even as the need to provide basic services to the citizens is acknowledged.
40. In closing, I would like to remind the honorable members of this House and the people of Mizoram that my primary responsibility as Chief Minister and Finance Minister is to ensure progress and advancement of the people of Mizoram. I vow that I shall try my best to live up to the expectation of the public and to honor the faith that has put me in this position today for which I entreat your kind cooperation.
41. Mr. Speaker Sir, I convey my genuine appreciation to the members of this Legislative Assembly for their show of interest and patient listening. With these words, may I commend the Budget Estimates for the Financial Year 2019-2020 for discussion and approval of this august House.
42. Thank you, Sir