

BUDGET 2019 – 2020
SPEECH OF PU ZORAMTHANGA
CHIEF MINISTER & FINANCE MINISTER
(VOTE ON ACCOUNT)
MARCH 19, 2019

Mr. Speaker Sir,

It is a great honour and privilege for me to rise before this august House to present the Supplementary Demand for Grants for 2018-19 and Estimates of receipts and expenditures for the year 2019-20. At the same time, I am deeply conscious of the inconvenience to present a regular Budget due to the enforcement of Election Model Code of Conduct for the coming General Election of India. As such, I am only here to seek the approval of the House for **Supplementary Demand for Grants for 2018-19** and **Vote on Account** to meet the essential requirements for the first four months of 2019-20 fiscal year.

I OVERVIEW OF THE STATE'S ECONOMY:

Mr. Speaker, I would like to highlight a brief overview of our State's economy through economic indicators. Some of the key indicators of an economy are Revenue Surplus or Revenue Deficit, Fiscal deficits and sustainability of debt, which are mostly measured in terms of GSDP ratio.

1. I am delighted to inform this House that the State of Mizoram is witnessing significant progress in terms of economic and social progress. GSDP is projected to be

Rs. 22,238.92 crore at Current Price at a growth rate of 12.5% which is estimated at the same growth rate from 2017-18 to 2018-19. The projected growth rate is considered remarkable as compared to the national growth rate of 7.3%.

2. Mr. Speaker, I am very happy to mention that we expect a substantial increase in the State's own Revenue which will stand at 4.6% as a per cent of GSDP as against the average figure of 3.5% of 2018-19. Further, the State's own revenue in 2019-20 is expected to reach 10.6% of the total revenue receipt which will surpass last year's figure of 9.1% only. However, it is to be noted that despite the State's good performance in recent years, the necessity of Capital Investments and Infrastructure development remains paramount to the benefit of the people in general, and the upliftment of the poorer sections of Society in particular.
3. It is impressed from the 2019-20 Budget Statement that we expect a Revenue surplus of Rs. 1,434.29 crore in spite of the drastic increase of salaries and pension payments due to 7th Pay Implementation. This fund will be allocated for developmental funds. As percentage of the projected GSDP for the Financial Year 2019-20, the Revenue Surplus stands at 6.45%.
4. The Fiscal Deficit is estimated to be Rs. 534.07 crore which is 2.4% of the GSDP for 2019-20. With this, the outstanding liabilities that accumulated over the years will

be Rs. 8,447.92 crore that will mark the Debt-GSDP ratio at 37.98%

II REVENUE RECEIPTS:

5. 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.
6. The projected earnings from our State's Own Tax Revenue in 2019-20 is Rs. 573.69 crore which is 18.69% increase from current year's BE of Rs. 483.34 crore. Again, we are trying to achieve Rs. 458.02 crore from our Own Non-Tax Revenue compared to 2018-19 BE of Rs. 323.85 crore, which is expected to have a substantial increase of 38.3%.
7. The fiscal health of the States especially small state like Mizoram is largely determined by the policy and recommendations of the Finance Commission. The increase in the share of tax devolution from 32% during the 13th Finance Commission period to 42% during the 14th Finance Commission Award period has increased the flow of funds to the State. Hence, we are expecting a transfer of Rs. 3,885.19 crore during the year 2019-20. This includes devolution of Rs. 1,175.85 crore on account of Mizoram State's share of the Central GST collection.

8. It is projected that Rs. 2,716.00 crore will be received on account of the Post Devolution Revenue Deficit Grant. Further, a sum of Rs. 18.00 crore will be received on account of a State Disaster Response Fund.
9. We are also expecting a total amount of Rs. 2,053.30 crore taking up developmental funds like Centrally Sponsored Schemes (CSS), Externally Aided Projects (EAPs), NEC and Central Road Funds.
10. The overall expected Revenue Receipt for the year 2019-20 is Rs. 9,740.99 crore.

III CAPITAL RECEIPTS:

11. Capital receipts comprise of receipts of borrowings from Market Loans, and from various financial Institutions like NABARD, LIC, HUDCO NCDC etc., and Recovery of Loans raised to various institutions and to the employees through Housing Loans. The total estimate for Capital Receipts to be realized for the year 2019-20 is Rs. 845.30 crore.
12. It has been projected that a sum of Rs. 772.03 crore will be raised from various borrowings from the above Institutions. Further, a net amount of Rs. 34.26 crore is to be raised in the form of Block Loans.

13. Capital Receipts for the Current Financial Year also include the recoveries of loans and advances to the tune of Rs. 39.01 crore.

IV ESTIMATED REVENUE EXPENDITURES:

14. Mr. Speaker Sir, it has been observed that a significant section of Revenue Expenditure for the State of Mizoram goes into Salary, Pension payments and other recurring costs. It is the endeavor of the Government to ensure there is enough outlay for Capital Expenses to ensure the creation of quality infrastructure as well as the enhancement of administrative and functional policies in order.
15. The Total Gross Disbursement for Revenue Expenditure across the State for the year 2019-20 is expected to stand at Rs. 8,308.70 crore. This includes, but not restricted to expenditures, on Salary of currently serving State officials and other administrative expenses, pensionary charges. The Salary and the Pensionary charges are expected to rise by 30.36% and 18.2% respectively in 2019-20.

V CAPITAL EXPENDITURES:

16. Mr. Speaker Sir, the total fund earmarked for Capital Expenditure that tends to the development of the State amounts to Rs. 2457.87 crore.

17. The Gross Estimated Expenditure for 2019-20 comes to Rs. 10766.58 crore.

VI SUPPLEMENTARY DEMAND FOR GRANTS:

18. Mr. Speaker, I am also here to present that there were many unforeseen expenditures that were committed by the Government for implementation of Government's important policy and programmes. Factors that lead to the requirement of submitting the Supplementary Demands are NEDP, SPP, NABARD Loans, CSS projects, additional requirements on account of 7th Pay Revision, Power purchase, cost of water pumping, conduct of Elections, etc. These requirements compel the Finance Department to allocate huge amount of additional funds to the respective Departments amounting to Rs. 2926.56 crore. Accordingly, I am required to obtain the approval for this House for Supplementary Demands for Grants for 2018-19.
19. In addition to above, there were excess expenditures that were committed by Government Departments in excess of their respective Budgets totally amounting to Rs. 813.76 crore during the past 4 (four) years covering 2012-13 to 2015-16, and were reflected in the Comptroller General of Account's Reports for the respective years. The Public Accounts Committee (2016-2018) examined these excess figures in detail and made recommendation for regularization in its 28th Report dated 23.1.2018 for which the approval of this House is sought for.

VI CONCLUSION:

20. Mr. Speaker Sir, I express my heartiest gratitude for allowing me to lay this Statement and I am very much delighted to see the patience and ownership of my fellow-Members in this august House.

21. As I have mentioned earlier, with due respect to the enforcement of Model Code of Conduct by the Election Commission of India that compelled me to cease presenting a full Budget, the necessary documents as required by the Fiscal Responsibility and Budget Management Act (FRBMA), 2006 like Macroeconomic Framework, Fiscal Policy Strategy, and Medium Term Fiscal Policy, that represent the economic development plans and visions of this Government will be available while presenting the Regular Budget, 2019-20.

22. That Sir, on the recommendation of the Honourable Governor of Mizoram, I do hereby submit the following Demands for consideration and approval of this august House :

1) Supplementary Demand for Grants :

- a. Supplementary Demands for Grants for the year 2018-19 amounting to **Rs. 29,26,55,83,000/-** (Rupees two thousand nine hundred twenty six crore, fifty five lakh, eighty three thousand only).

b. Regularization of Excess Expenditure for the years-

i)	2012-13	:	Rs. 1,18,89,00,000/-
ii)	2013-14	:	Rs. 5,00,10,00,000/-
iii)	2014-15	:	Rs. 1,24,03,99,000/-
iv)	2015-16	:	Rs. 70,74,00,000/-

Grand total: Rs. 8,13,76,99,000/-

(Rupees eight hundred thirteen crore, seventy six lakh and ninety nine thousand only).

2) The amount reflected in the **Vote on Account** on Budget Estimate for 2019-20 is Rs. **35,88,85,53,000/-** (Rupees three thousand five hundred eighty eight crore, eighty five lakh, fifty three thousand only) which will cover necessary expenditures for the first four months i.e. April, 2019 to 31st July, 2019. Out of the above amount Rs. 2,34,19,57,000/- (Rupees two hundred thirty four crore, nineteen lakh, fifty seven thousand only) is under Charged Expenditure which does not require the approval of this House and **Rs. 33,54,65,96,000/- (Rupees three thousand three hundred fifty four crore, sixty five lakh, ninety six thousand only)** is under Voted Expenditure requiring the approval of this august House.

Thank you.