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GOVERNMENT OF MIZORAM

BUDGET SPEECH

of

Pu ZORAMTHANGA

HON'BLE CHIEF MINISTER

&

FINANCE MINISTER

for 2023-24

in the

8th MIZORAM LEGISLATIVE ASSEMBLY

on

Monday, the 13th February, 2023

**SPEECH OF THE FINANCE MINISTER
AT THE PRESENTATION OF BUDGET
FOR THE YEAR 2023-24**

Hon'ble Speaker,

With your permission, I rise to present the Budget for the Financial Year 2023-24. This will be the final Budget for the Eight Mizoram Legislative Assembly and I would like to extend my gratitude to all the Hon'ble Members of this august House for their continued support and coordination during the most challenging years.

1. Hon'ble Speaker Sir, as we waded through the most turbulent two years of Covid pandemic, our Mizo moral ethics and cohesion has been our backbone in combating the pandemic. The immediate future still lurks with uncertainties for which we will need to embrace positive changes with an open mind.
2. Sir, as we know, India on 1st December 2022 formally assumed the Presidency of G20 grouping for the period of one year, Mizoram is chosen as one of the States to host a G20 meeting in March 2023 for which the State Government has initiated preparation in full swing. The event will be an excellent platform to showcase our cultural and traditional heritage.
3. Sir, I feel privileged to mention that the 10th International Tourism Mart for North-Eastern States was successfully held in Aizawl in November, 2022 with participation of more than 230 guests from all over India. Implementation of the Mizoram Responsible Tourism Policy is one of the priorities of the Government in the coming year. The goal of the policy is to follow a sustainable development strategy and make tourism a tool

for providing livelihood for the local population while upholding the principles of economic, social and environmental responsibilities. The policy will apply to all ongoing and future tourism-based projects.

4. Sir, Mizoram Resource Mobilization Committee (MRMC) which was constituted on 21st January 2022 with the main objective of augmenting revenue resources and curbing extraneous expenditure of the State Government has had 10 sittings and 3 consultation meetings since its inception. With the recommendation of the Committee, the State has so far received an amount of ₹ 35.74 crore from interests accumulated in Bank accounts of different departments. Other recommendations of the Committee are likely to yield desirable results.
5. Hon'ble Speaker, for promotion of sustainable and inclusive growth, an amount of ₹ 350.00 crore was exclusively allocated for Family Oriented SEDP in 2022-23. An arrangement has been made to distribute ₹ 50,000 each to 60,000 families under this scheme. Further, I commit to allocate an amount of ₹ 300.00 crore under Family Oriented SEDP for the year 2023-24.
6. Hon'ble Speaker Sir, the Centre has allocated a sum of ₹ 497.50 crore under Special Assistance to States for Capital Investment (SASCI) in 2022-23 which is segregated into four parts. In 2020-21, the total allocation was ₹ 200.00 crore while in 2021-22, an amount of ₹ 300.00 crore was allocated under the Scheme. As we know SASCI is extended by the Centre in the form of 50-year interest free loan for capital investment to cushion the shortfall in tax revenue arising from Covid-19 pandemic, the fund is earmarked for development projects across the State.
7. Sir, I am delighted to share that Lunglei Municipal Council Office was opened on 13th January 2023. Setting up a Municipal Council in the

State's second largest town was a remarkable fulfillment of the election manifesto of the MNF Party in 2018. The town can now have their own bye-laws and building regulations, collect property taxes, handle local issues etc. I propose to provide an amount of ₹ 128.00 lakh from the State fund for smooth operation of the Council. I would also like to add that a sum of ₹ 88.89 lakh was allocated in 2022-23 for conducting LMC Election.

8. Global warming has become an undisputed fact as we face changing weather patterns, more health risks, natural calamities etc. Evidently, as human interference has the most detrimental impact on the environment, the Government is making every effort in sensitizing the public. As the Government is taking measures on elimination of Single Use Plastics and is working on adequate production for their alternatives, the success and effectiveness depend on participation of the public. We will also continue to focus on Sewage and Solid Waste Management for which an amount of ₹ 50.45 crore is kept aside in this budget.
9. Mr. Speaker Sir, it is a privilege for me to mention that the Finance Department had taken up a complex technical project, i.e., Integrated Financial Management Information System (IFMIS) for the last five years. It is after many hurdles during the Covid-19 crisis and strenuous exercises that considerable progresses have been made. It was partly launched from 1st September, 2021. As of today, many DDOs have submitted and processed their bills online and are processed through IFMIS. Major activities in treasuries are operated through IFMIS. The main objective of the project is to have a reformed financial management system and real-time data of core business processes like Payroll, Preparation, Submission & Processing of Bills, Pension Management, Debt Management, Budget Management etc. which will ultimately enhance transparency and accountability of our financial management.

When the system is fully implemented, it is expected that we can become one of the advanced States in the implementation of the financial management information system.

OVERVIEW OF THE STATE'S ECONOMY:

10. Hon'ble Speaker Sir, I would like to recapitulate our State's economy through key economic indicators like Inflation, Revenue Surplus or Deficit, Fiscal Deficit, and Sustainability of Debt.
11. During the preparation of the Budget for 2022-23, I had expressed that the State GSDP was based on the figure of 2018-19 which was before the onset of Covid-19. Accordingly, the effect of Covid-19 has now been felt and the GSDP as per the RE of 2022-23 is estimated at ₹ 30223.06 crore against the BE of ₹ 39,458.50 crore thereby experiencing a sharp downfall. As a result, the Gross Fiscal Deficit as per 2022-23 (RE) was escalated to reach 6.95% of GSDP.

However, as the State has been following recovery track, the GSDP for 2023-24 is estimated to be ₹ 35,904.04 crore at Current Price, in which the baseline data are considered to be more consistent, presenting a growth rate of 18.79% against the current year's revised figure of ₹30,223.60 crore. In spite of the moderate growth in GSDP, 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.

12. With no substantial increase in revenue to meet the State's rising expenditure, the State's Gross Fiscal Deficit for RE 2022-23 increased to 6.95% from the estimated figure of 3.07% mainly because of the sharp decline in GSDP in the RE.

13. Estimate for State's Own Revenue for 2023-24 is made with an optimistic view and kept at 17.24% of the total Revenue Receipt, and 13.94% of the total Consolidated Receipt of the State.
14. With an anticipation to generate higher revenue income, I expect to arrive the revenue surplus at ₹ 417.87 crore in 2023-24.
15. The estimated Gross Fiscal Deficit as a percentage of GSDP for 2023-24 is 3.47%, and Primary Deficit will stand at 1.63%.
16. The accumulated outstanding debts in the year 2023-24 is estimated to be ₹ 13,584.80 crore and the Debt/GSDP ratio is 37.84%. We have experienced a mixed trend during the last five years; 32.89% in 2018-19 (Actuals); 32.72% in 2019-20 (Actuals); 33.98% in 2020-21 (Actuals); 40.98% in 2021-22 (Actuals) and 41.29% in 2022-23 (RE).

BUDGET ESTIMATES 2023-24:

17. Hon'ble Speaker Sir, preparation of this year's budget is intimidating and challenging given the uncertainty of post-covid economic outlook, but even so estimates are made with a resilience approach.

I RECEIPTS:

A. Revenue Receipts:

18. The main source of revenue of the State comes from State's Own Tax and Non-Tax Revenues, Share of Central Taxes, Revenue Gap Grants and Grants-in-Aid & Contributions received from the Centre. The estimated total Revenue Receipt for the year 2023-2024 is ₹ 11,486.63 crore.

State's Own Tax and Non-Tax Revenue:

19. The projected earnings from our State's Own Tax Revenue is ₹ 1084.29 crore which is 35.32% increase from current year's BE of ₹ 801.29 crore. Further, we are thriving to achieve ₹ 896.99 crore from our Own Non-Tax Revenue which will be ₹ 60.57 crore more than last year's estimate. The aggregate growth of State's Own Tax and Non-Tax Revenue will be 20.98%. Needless to say that the State need to strive for exploring more space for earning additional revenues as our obligations for revenue expenditure is surging while our much relied upon source, i.e., Post Devolution Revenue Deficit Grants is about to fade out in the near future.
20. The major revenue from the tax portion has been expected from the State GST, which is expected to arrive at ₹ 865.00 crore against the current year's BE of ₹ 598.00 crore. Other sources will include taxes on property and capital transaction, taxes on commodities and services, vehicle tax, land revenue and other taxes on income and expenditure.
21. Major elements that will contribute the Non-tax revenue may include user charges of water amounting to ₹ 72.00 crore, user charges on Power with ₹ 620.00 crore and other miscellaneous general services. An amount of ₹ 36.00 crore is expected from our State Lottery if draws are conducted in full fledge.

Tax Devolution:

22. The divisible pool of central taxes, which will be divided between 28 States in India as per BE 2023-24 of the Union Budget is ₹ 10.21 lakh crore. The percentage share recommended by Finance Commission is 0.500%, that comes to ₹ 5,107.25 crore which is cordially significant compared to other revenue sources of the State.

Grants-in-Aid:

23. The total estimated grants that had been expected to be received from the Union Government is ₹ 4,398.08 crore that includes the following main components:

a. Post Devolution Revenue Deficit Grant (PDRDG):

24. The Revenue Deficit Grant recommended by the Fifteenth Finance Commission for the year 2023-24 is ₹ 1,474.00 crore which is ₹ 141.00 crore less than current year's BE. It is ill-fated to mention again that the Revenue Deficit Grants as recommended by the Commission for its five year award period are on a declining path. Since the revenue expenditure requirements are surging, the diminishing trend of this specific grant can have cruel impact on the financial management of the State.

b. Local Body Grants:

25. It is estimated that ₹ 109.00 crore will be received towards Local Body Grants with an estimated amount of ₹ 72.00 crore under Rural Local Body Grant and ₹ 37.00 crore under Urban Local Body Grant which are at an aggregate increase of 2.83%. 40% of these grants are untied and can be used by the Local Bodies for felt needs under their respective subjects. While 60% of Rural Local Body Grant is earmarked for drinking water, rain water harvesting, water recycling, sanitation and maintenance of ODF, 60% of Urban Local Body Grant is assigned for sanitation, solid waste and water waste management, drinking water, rain water harvesting and water recycling.

c. State Disaster Risk Management Fund (SDRMF):

26. Grant under this fund is earmarked at ₹ 52.00 crore for BE 2023-24 which is 6.12% higher than the current year's receipt. The Commission

recommended that 20% of the fund can be utilized for mitigation purposes and the remaining 80% as response funds.

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

27. We have estimated ₹ 2670.42 crore from various Centrally Sponsored Schemes. These schemes include Central Assistance of ₹ 2412.40 crore, Police Modernization Schemes with ₹ 8.69 crore, RKVY amounting to ₹10.00 crore, BADP for ₹ 14.00 crore, Accelerated Irrigation Benefit Program (AIBP) for ₹ 65.00 crore, NSAP for ₹ 10.85 crore and other schemes like election reimbursements, Sainik reimbursements, and National Service Schemes for ₹ 53.02 crore. And the amount estimated to be availed under EAP is ₹ 96.44 crore.

B. Capital Receipts:

28. Capital Receipts are receipts that create liabilities such as loans from the Reserve Bank of India (RBI), Multilateral banks, financial institutions, disinvestment receipts and recoveries of loans from Co-operative Societies and Government employees.

Public Debts:

Internal Debts:

29. A sum of ₹ 2,479.00 crore is estimated to be received from Internal Debts of the State. Internal Debts include various loans like Market Loans at an amount of ₹ 1,200.00 crore, NABARD of ₹ 270.00 crore, National Co-operative Development Corporation of ₹ 5.00 crore, REC loan of ₹ 2.00 crore, and loan from PFC for ₹ 2.00 crore, etc. It is also considered suitable to place a provision for Ways and Means Advance amounting to ₹ 1,000.00 crore as a means to tide over any mismatch in receipts and payments.

Loans and Advances:

30. An interest free loan under Special Assistance to States for Capital Investment (SASCI) is expected to be availed for ₹ 200.00 crore. In fact, I am confident to receive a more considerable amount from this Special package, as the Centre had already committed to continue the Scheme with substantial provision. Further, a Block Loan of ₹ 10.71 crore is to be availed under Loans & Advances from the Central Government.

Recovery of Loans and Advances:

31. A capital receipt of ₹ 33.60 crore is expected to be recovered from various loans availed by Government Servants, Co-operative Societies, and Loans for Housing etc.
32. The total estimate for Capital Receipts to be realized for the year 2023-24 is ₹ 2,723.32 crore which is 5.48% higher than current year's projection of ₹ 2,581.95 crore.
33. The Overall Net Receipt comprising of Revenue and Capital is estimated to be ₹ **14,209.95** crore. Last year, I laid a total outlay of ₹ 14,008.15 crore including a substantial PM-DevINE projects carrying ₹ 600.00 crore, which is not available in 2023-24. It is indeed delightful to lay such a sizeable budget that is ₹ 201.80 crore higher than BE of 2022-23 in spite of our financial adversity.

II DISBURSEMENTS:

A. Revenue Expenditure:

34. The Net Total Disbursement for Revenue Expenditure for the year 2023-24 (excluding deduct recoveries) is estimated to stand at ₹ 11,068.76 crore, which is 78.10% of the total Budget Estimate, which will result in

a Revenue Surplus of ₹ 417.87 crore.

35. Sir, I would like to let this august House know that major portion of the State's resources is used to meet obligatory and operating expenses such as salaries & wages, pensions, subsidies, interest payments, power purchase cost, healthcare, State's "Top-up" share for salaries of SSA employees, etc.
36. Sir, the Government spending needs to be handled with prudence as the State had to resort to high borrowings to meet its financial demands. On the other hand, it is noteworthy that the State has withstood the long traumatizing Covid-19 pandemic and hopefully will also outlive the marginal impacts of Ukraine war. However, the hard reality is that the State will have to put all efforts and make hard policy decisions in increasing its State's Own Resources.

B. Capital Expenditure:

37. Hon'ble Speaker Sir, the total fund earmarked for Capital Expenditure to the development of the State amounts to ₹ 3,141.19 crore, which is 21.90% of the Gross total estimated expenditure. Capital expenditure is mainly for creation of assets for the Public including lands and buildings, roads and bridges, irrigation, sports infrastructures, large machineries etc. In view of the declining support from the Centre in respect of PDRDG, we need to venture for more sources of revenues so as to enable us to provide more funds for Capital investments.
38. The Gross total expenditure that comprises of Revenue and Capital Expenditure is ₹ 14,341.95 crore. The Net estimated expenditure for 2023-24 corresponds to the total estimated receipts comes to **₹14,209.95 crore**, that arrives after deduction of expected realizations of ₹ 132.00 crore from the sale proceeds of foodstuff etc.

III. SECTORAL ALLOCATIONS:

A. General Services Sector:

39. 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.
40. A sum of ₹ 5,514.54 crore will be allocated under this Sector, Out of which ₹ 4,367.54 crore is for Revenue section and ₹ 1,147.00 crore for Capital section. The Sector forms 38.45% of the total outlay.

B. Social Services Sector:

41. Social Services Sector consists of Education, Health, Water Supply and Sanitation, Local Administration and District Councils, Social Welfare etc.
42. A sum total of ₹ 4,544.60 crore which is 31.69% of the total Budget will be allocated for this Sector. Of this, ₹ 4,077.25 crore will be allotted to Revenue portion and ₹ 467.35 crore to Capital portion.

C. Economic Services Sector:

43. This Sector comprises of Agriculture and allied Services, Rural Development, Irrigation and Flood Control, Industries and Mineral, Communication, Science & Technology, Environment, Civil Supplies etc.
44. An allocation of ₹ 2,838.30 crore (₹ 2,755.97 crore from Revenue section and ₹ 82.33 crore from Capital section) will be made for Economic Services Sector which forms 19.79% of the total Budget.

IV. OTHER IMPORTANT ALLOCATIONS:

45. Mr. Speaker Sir, Out of the available resources within the State Budget, I propose to allocate a sum total of ₹ 595.00 crore for various activities under Socio Economic Development Programme (SEDP) for promoting sustainable and inclusive growth, as follows :
- a) ₹ 220.00 crore is earmarked for counterpart funding of various schemes like CSS, EAP, NCDC etc, which will be ₹ 20.00 crore higher than the current year's allocation.
 - b) ₹ 300.00 crore has been earmarked for Family Oriented Schemes.
 - c) ₹ 50.00 crore will be allocated for Health Care Scheme.
 - d) ₹ 25.00 crore will be kept aside for untied SEDP.
46. Sir, as the Covid situation has been improved, Mizoram State Lottery has been conducted smoothly to start earning. As mandated in the Mizoram Lotteries (Regulation) Rules, 2019 and in fulfillment of one of its purposes towards the service of the Public, I propose to set aside a sum of ₹ 10.00 crore exclusively for Mizoram Health Care Scheme. Now, the total amount allocated under Mizoram Health Care Scheme for 2023-24 is ₹ 60.00 crore.
47. Mr Speaker Sir, it is essential to reserve an extensive amount of fund for smooth conduct of General Assembly election to be held on November, 2023. Hence, ₹ 200.00 crore has been set aside for this purpose, which will be allocated in due course on the basis of requirements.
48. I also propose to set aside a sum of ₹ 5.00 crore for Rehabilitation of MNF Returnees.

49. An amount of ₹ 60.00 crore will be set aside for MLA Local Area Development Fund which is same to the current year's allotment.
50. As required by the Central Government, a separate State matching share of ₹ 38.27 crore has been earmarked for Samagra Shiksha Abhiyan for the year 2023-24. In addition to this, a "Top-up" SMS of ₹ 52.98 crore is set aside in order to pay off the increase of Salaries for SSA employees as decided by the recent meeting of the Council of Ministers. With this, the total allocation for employees of Samagra Shiksha Abhiyan will add up to ₹ 91.25 crore.
51. There are certain Staff which were continually engaged in ICDS under Women & Child Development even after termination of GoI Schemes. A "Top-up" SMS of ₹ 8.03 crore out of the State fund has been allotted for such employees in order to continue the connected works.
52. A separate SMS for PMGSY for ₹ 33.33 crore has been set aside as required by the Govt. of India.
53. To continue the support for preparing our brilliant young generation for All India Service and other Central Service examinations, I propose to set aside an amount of ₹ 50.00 lakh, subject to enhancements on the basis of requirements.
54. I propose to allot a sum of ₹ 1.20 crore to Higher & Technical Education, for meeting the management requirements of various Colleges in lieu of the fees collected by such Colleges in Mizoram.
55. A sum of ₹ 50.00 lakh had been earmarked under Art & Culture Department in order to support the activities of NGOs in Mizoram. A separate fresh Budget Head has been allotted for Chapchar Kût which will be provided with additional funds as may be found suitable by the Government.

56. Although the pandemic is dwindling favorably, an amount of ₹ 1.00 crore has been reserved for probable emergency services towards Covid-19 cases.
57. Sir, in order to ensure adequate supply of power for commercial use as well as domestic consumptions, I propose to allocate ₹ 400.00 crore for Power purchases. In addition to this, ₹ 40.00 crore is allotted for Transmission charges.
58. I also propose to put ₹ 35.50 crore for Water pumping charges under PHE Department, which is ₹ 10.00 crore higher than current year's BE. Further ₹ 27.00 crore has been earmarked for maintenance of Water Supply schemes which is ₹ 2.50 crore higher than current year's allocation.
59. I proposed to allot ₹ 5.76 crore for administration and management of newly opened District Rural Development Offices. Further, ₹ 20.00 lakh has been placed for maintenance of two new BDO Offices.
60. Sir, We are indebted to set aside ₹ 50.45 crore in pursuance of the order of National Green Tribunal as a result of the recent transgressions on our environments and to indicate our commitment in handling solid waste management.
61. Mr Speaker Sir, I propose to allocate ₹ 1.28 crore for the primary management of Lunglei Municipal Council.

V. CHARGED AND VOTED EXPENDITURE:

62. The gross estimated expenditure for the year 2023-24 is **₹ 14,341.95 crore**. The net estimated expenditure will be ₹ 14,209.95 crore after deduction of ₹ 132.00 crore in respect of recoveries for purchase of

foodstuff and stores under FCS&CA Department and Printing and Stationeries Department, and the net estimated expenditure would correspondingly match the estimates of receipt. Out of the gross estimated expenditure, ₹ 2,228.98 crore would come under Charged Expenditure, and a gross amount of ₹ 12,112.97 crore (including deduct recoveries) would come under Voted Expenditure, which requires sanction of this august House.

VI. SUPPLEMENTARY DEMAND FOR GRANTS:

63. Hon'ble Speaker Sir, Supplementary Demands for Grant of ₹ 3,265.69 crore will be required under Revised Estimates. I, therefore seek the approval of the House for Supplementary Demands.
64. As we are all aware, there are several schemes in which funds were released from various Ministries of the Government of India, for implementation of new schemes as well as on-goings. They are generally categorized as Centrally Sponsored Schemes (CSS). The total amount which were provided under this category becomes ₹ 540.08 crore.
65. In the meantime, Finance Department received numerous proposals for allocation of additional funds from various Departments for several unforeseen obligations which are provided from the State fund amounting to ₹ 2,725.60 crore. Out of this total amount being attributed to the State fund, a sum of ₹ 1,130.29 crore were those funds which were already laid under BE, but accounted into Supplementary Demands due to re-provision by way of transfer from one Major Head into another Major Head. Such classes of expenditure include various SEDP funds, medical treatment of Govt. employees, Counterpart fundings, Loans under NABARD, SASCI, NCDC and CAMPA Funds.

66. Remaining funds which were provided purely from the State's fund include Inter-State border managements, PHE water pumping charges, Power purchases, Salary of Autonomous District Councils, ZMC management funds, conduct of Bye-elections and roll revisions, travelling expenses of our Police personnel for security duties in other States, Continuation of employees of DRDA, RUSA, ICDS, Covid volunteers, and many other obligations.
67. The total Supplementary Demand for Grant of ₹ 3,265.69 crore includes Charged expenditure of ₹ 124.33 crore and a Voted expenditure of ₹3,141.36 crore.

CONCLUSION:

68. Hon'ble Speaker Sir, I commend the Budget Estimates (excluding estimates for Charged Expenditure) for the Financial Year 2023-24 amounting to ₹ 12,112.97 crore (Rupees Twelve Thousand One Hundred Twelve Crore and Ninety-Seven Lakh only) for discussion and approval of this House.
69. Further, Sir, may I also present the Supplementary Demands for Grants for the Financial Year 2022-23 in respect of Voted Expenditure amounting to ₹ 3,141.36 crore (Rupees Three Thousand One Hundred Forty One Crore Thirty-Six Lakh only) for consideration and approval of this august House.

Thank you.