



GOVERNMENT OF MIZORAM

BUDGET SPEECH

of

Pu ZORAMTHANGA

**HON'BLE CHIEF MINISTER
&
FINANCE MINISTER**

for 2022-23

in the

8th MIZORAM LEGISLATIVE ASSEMBLY

on

Thursday, the 24th of February, 2022

SPEECH OF THE FINANCE MINISTER
AT THE PRESENTATION OF BUDGET
FOR THE YEAR 2022-23

Hon'ble Speaker,

With your permission, I rise to present the Budget for the Financial Year 2022-23 before this august House.

1. Hon'ble Speaker Sir, just when we are cautiously looking forward to an economic revival from the traumatic impact of the first two covid waves, the country is once again engulfed by a third Covid-19 wave. But looking at the speed in coverage of covid vaccination, people's adherence to covid preventive measures and the tireless efforts of everyone involved to combat the pandemic, I am positive we will emerge stronger from the shackles of the pandemic.

2. Sir, as we know the State is facing major financial difficulties, I believe it is important to make the people aware of the grim facts that have driven the State to reel under such financial distress. There has been continual short release in Share of Taxes in the preceding years with a short release of ₹ 867.39 crore from January to March, 2020; and in 2020-21 the released amount was less than the budgeted figure by ₹ 1,093.73 crore; yet again during the first quarter of 2021-22, there was a shortfall of ₹ 125.46 crore. Further, the Fifteenth Finance Commission's recommendation of ₹ 546.00 crore as a Special Grant to the State of Mizoram to make up for the projected reduction in the sum of Tax Devolution and Revenue Deficit Grant in 2019-20 has not been provided so far. Sir, this non-release of funds amounting to ₹ 2,632.58 crore has profoundly impacted the

State's vulnerable economy. However, on account of improvement in Central Government's tax collection, the short release of ₹ 125.46 crore in the first quarter of 2021-22 is expected to be released during the last quarter of the current Financial Year.

3. Hon'ble Speaker Sir, Fund transfers from Union to the State Governments come as Tied Fund and Untied Fund. Tied transfers indicate that the Central Government exercises tight control over how these funds are used by the States, whereas Untied Fund can be used flexibly by the State Governments for their expenditure needs. Our sources of untied fund are Devolution of Taxes, Revenue Gap Grants and Open Market Borrowings while the rest of fund transfers from the Central come under Tied Fund. The anticipated amount of Untied Fund for 2022-23 is ₹ 6,598.24 crore.

4. Sir, our State's Own Revenue earnings, which saw a decrease of 3.51% in 2020-21 from 2019-20, has shown an increase of 29.98% in 2021-22. However, as the pandemic has exacerbated the already wide revenue and expenditure gap, raising the tax and non-tax resources of the State as well as reducing non-essential expenditures have never been more imperative. The State Government thus constituted the *Mizoram Resource Mobilization Committee* to identify all possible untapped revenue potentials and areas where expenditures can be reduced. To enable the Government to function in an efficient but cost effective environment, a *Manpower Assessment Committee* has been formed to make an assessment of the number of posts required to be retained/created, to make recommendation for filling up of various posts on the basis of functional requirements.

5. High obligatory expenses compounded by covid-related expenditures and low revenue income have pushed the State's Gross Fiscal Deficit for RE

2021-22 to 5.20% from the estimated figure of 2.14%. Revenue Deficit as Percentage of GSDP is estimated at 0.56% for 2021-22.

6. GSDP for 2022-23 is estimated to be ₹ 39,458.50 crore at Current Price presenting a growth rate of 16.76% against the current year's figure of ₹33,793.15 crore. Sir, I would like to add that the State's GSDP for 2022-23 is estimated based on 2018-19 actuals figure which was before the onset of the pandemic, hence, final figure may undergo change. Though the GSDP projected figure seems high, the contribution of service sector and agriculture & allied sector stand out over industrial sectors, which is not considered to be an ideal growth.

7. The State's Own Revenue for 2022-23 is estimated at 14.33% of the Total Revenue Receipt, 1.72% lower than the current year's estimate and accounts for 4.15% of GSDP which is at a fairly accurate level compared to previous year's figure.

8. As we will be exploring all potential avenues for increasing the Government's revenue income, I aim to maintain a revenue surplus of ₹ 1419.69 crore in 2022-23.

9. The estimated Gross Fiscal Deficit as a percentage of GSDP for 2022-23 is 3.07% as against 5.2% in 2021-22 (RE) and Primary Deficit will stand at 1.90%.

10. The accumulated outstanding debts will be ₹ 12,553.08 crore and the Debt/GSDP ratio is 31.81%. During the Fourteenth Finance Commission period, we had been doing well in maintaining the Debt sustainability and the debt as a percentage of GSDP which was at 41.85% in 2017-18 had been reduced to 32.72% in 2019-20. However, due to limited resources, it has gone up to

34.40% in 2021-22(RE) and is likely to come down to 31.81% in the new financial year.

BUDGET ESTIMATES 2022-2023:

11. Hon'ble Speaker Sir, in the face of a vigorous third wave of Covid-19, I would like to point out that this year's budget estimates are made in the most resilient possible manner.

I RECEIPTS:

A. REVENUE RECEIPTS:

12. The State's main source of revenue comes from State's Own Tax and Non-Tax Revenues, Share of Taxes, Revenue Gap Grants and other various grants received from the Centre. The total Projected Revenue Receipt for the year 2022-2023 is ₹ 11,426.21 crore. Revenue Receipts are mainly used for routine functioning of the Government.

State's Own Tax and Non-Tax Revenue:

13. The estimated earnings from our State's Own Tax Revenue is ₹801.30 crore which is 11.36% increase from current year's BE of ₹ 719.56 crore. Further, we are trying to achieve ₹ 836.43 crore from our Own Non-Tax Revenue which includes ₹ 109.00 crore subsidy amount to be credited to P&E Department's revenue account. Without this, the projected increase of Non-Tax Revenue compared to 2021-22 BE of ₹ 677.26 crore with deduction of ₹ 175.00 crore subsidy is 7.41%. The aggregate growth of State's Own Tax and Non-Tax Revenue will be 4.19%.

Tax Devolution:

14. The State's share of tax devolution as recommended by the Fifteenth Finance Commission is 0.500% from the 41% of central divisible pool of taxes, and is lower than 0.506% recommended in its Interim Report for 2020-21. However, actual transfer will depend on tax buoyancy of the Central Government. For 2022-23, the Centre has allocated ₹ 4,083.24 crore which is 22.70% higher than the current year's BE. Sir, the tax devolution is the State's biggest source of untied fund.

Centrally Sponsored Schemes (CSS)

15. We have estimated ₹ 2,646.64 crore from various Centrally Sponsored Schemes and we also expect to receive ₹ 985.77 crore from other transfers like NLCPR/NESIDS, NEC, ST Welfare Grants, Central Road Funds etc.

Finance Commission Grants:

16. The Central Government, as recommended by the Fifteenth Finance Commission, has allocated grants for Mizoram under the following components:

a) Post Devolution Revenue Deficit Grants:

17. Revenue Deficit Grants are released as monthly installments to 17 States as per the recommendations of the Fifteenth Finance Commission to meet the gap in Revenue Accounts of the States post devolution. States which still show revenue deficit post devolution are recommended Revenue Deficit Grants. The Centre has put an estimated amount of ₹ 1,615.00 crore for 2022-23 as recommended by the Fifteenth Finance Commission which is 9.78% lower than

the current year's BE. The recommended Revenue Deficit Grants diminish towards the end of the Finance Commission award period with only ₹ 586.00 crore recommended for 2025-26.

b) Local Body Grants:

18. It is estimated that ₹ 106.00 crore will be received towards Local Body Grants with an estimated amount of ₹ 71.00 crore under Rural Local Body Grant and ₹ 35.00 crore under Urban Local Body Grant. The recommended amount for Rural Body Grant is 2.90% more than the previous year's figure while there is an increase of 2.94% in respect of Urban Body Grant. 40% of these grants is untied and can be used by the Local Bodies for felt needs under their respective subjects while 60% of the Grants is tied and can be used only for assigned activities. The actual absolute shares of various local bodies under these grants are subject to review by the Second Mizoram State Finance Commission.

c) State Disaster Risk Management Fund (SDRMF):

19. As recommended by the Fifteenth Finance Commission, grant under this fund has been increased to ₹ 49.00 crore from ₹ 47.00 crore for BE 2022-23. Apart from disaster response and mitigation purposes, ex-gratia compensation amounting to ₹ 50,000 per case of Covid-19 deaths is met from SDRMF. As of today, more than 420 ex-gratia claims for Covid deaths have been settled and more compensation are being released. In addition, for VLTF/LLTF who are the main workforce in combating Covid, the Mizoram Government has devised a separate Ex-gratia Compensation Scheme to be paid to the next of kin of VLTF/LLTF members/volunteers from the State Fund at the rate of ₹ 20.00 lakh per case and three cases of compensation claims for VLTF/LLTF volunteers on duty have also been settled. Here, I would like to let this august House know that validity for ex-gratia compensation to the next of kin of VLTF/LLTF

members/volunteers which was ended on September 30, 2021 has been extended up to 31st March, 2022.

d) Health Grants:

20. As recommended by the Fifteenth Finance Commission, the Central Government has allocated Health Grants amounting to ₹ 31.19 crore for 2022-23. These grants are meant for addressing the gaps in primary health infrastructures.

Prime Minister's Development Initiative for North East (PM-DevINE):

21. Hon'ble Speaker Sir, I am immensely delighted to mention that the Central Government has allocated ₹ 500.00 crore for "*Construction of Aizawl Bypass on Western Side*" and ₹ 100.00 crore for "*Pilot Project for Construction of Bamboo Link Road at Different Locations in Various Districts in the State of Mizoram*" under PM-DevINE Scheme which will be implemented through the North-Eastern Council. These projects will go a long way in boosting the State's economy and securing livelihoods for many. Construction of Bamboo Link Roads being a pilot project, with meaningful and successful implementation, many folds of funds could come.

B. CAPITAL RECEIPTS:

22. Capital Receipts are receipts that create liabilities such as loans from the general public, foreign governments and the Reserve Bank of India (RBI), disinvestment receipts and recoveries of loans from State and Union Territory Governments and other parties. The total estimate for Capital Receipts to be realized for the year 2022-23 is ₹ 2,581.95 crore. The increase in Capital Receipts

is 90.82% higher than current year's projection of ₹ 1,353.08 crore as the State is likely to borrow excessively from the RBI as Ways and Means Advances (WMA) in order to meet its obligatory expenses. The amount earmarked under WMA from RBI is ₹ 1,000.00 crore for 2022-23 as against ₹ 100.00 crore in 2021-22 to avoid excessive supplementary allocations as was done in 2021-22.

Internal Debts:

23. A sum of ₹ 2,429.00 crore is estimated to be received from Internal Debts of the State. Internal Debts include various loans such as Market Loans which is projected at ₹ 900.00 crore, NABARD Loan is kept at ₹ 170.00 crore, National Co-operative Development Corporation Loan capped at ₹ 5.00 crore, Rural Electricity Corporation at ₹ 2.00 crore, Power Financing Corporation loan estimated at ₹ 2.00 crore and SIDBI loan of ₹ 350.00 crore.

24. The Government vows to continue rural infrastructure development works through NABARD loans. Some of the major projects approved for funding under NABARD RIDF XXVII are *Construction of CHCs, PHCs etc. & for Infrastructure and Logistic Supplies for Fighting the Ongoing Covid Pandemic* with a total project outlay of ₹ 27.25 crore, *Upgradation of Existing 17.9 km Road to Cement Concrete Pavement from Meidum - Hortoki (Phase-II)* with a project amount of ₹ 133.66 crore, *Construction of Separate 11kV Feeders for Power Supply to Agricultural Lands* amounting to ₹ 12.25 crore, *Soil Conservation Measures for Enhancement of Productivity in Mizoram* with a total project cost of ₹ 10.00 crore and *Six Irrigation Projects in Mizoram* with a project amount of ₹ 10.47 crore. The State is also committed to take up more rural development projects in the coming Financial Year.

Loans and Advances:

25. Externally Aided Projects are usually high impact developmental projects that are funded by external or foreign donor agencies like JICA, ADB, World Bank etc. It is a grant with counterpart funding of 20% by state and the 80% being a loan. The loan portion of 80% is also borne by the Centre and State in the ratio of 90:10. An amount of ₹ 19.34 crore is estimated to be availed from the loan portion and ₹ 261.13 crore is expected to be received as grant through Externally Aided Projects.

26. We have two projects under the Department of Health & Family Welfare to address the dire healthcare needs of the State. *Mizoram Health Systems Strengthening Project* with a project amount of ₹ 280.00 crore is presently being implemented while *Mizoram State Super Specialty Cancer Hospital* with a project cost of ₹ 500.00 crore is in the final stage of approval. UD&PA Department's *Sustainable Urban Transport Project in Aizawl City* with a total project amount of ₹ 1,958.70 crore has also been approved and the Project Readiness Financing for this project has been kick started. *Biodiversity Conservation and Forest Enrichment Project* with a project cost of ₹ 484.27 crore and *Technical Cooperation Project (TCP) on Agriculture & Allied Sector in Mizoram* amounting to ₹ 1.50 crore have been approved in principle by the Department of Economic Affairs, Ministry of Finance. Further, there are a few other projects which are under consideration by the Ministry.

27. With an aim to create productive assets and generation of employment opportunities during challenging times as of now, a 50-year interest free loan with an amount of ₹ 100.00 crore is expected to be availed under 'Scheme for Financial Assistance to States for Capital Expenditure' in 2022-23.

Ongoing Projects under this Scheme to continue in the next financial year and new projects to be taken up include:-

- *Strengthening of Infrastructure at ZMC for Covid-19* - ₹ 10.85 crore;
- *Strengthening and Augmentation of 132kV Sub-Station Luangmual* - ₹ 14.03 crore;
- *Construction of Solid Waste Management Centre at Hualngohmun Phase-1* - ₹16.64 crore;
- *Construction of Laboratory Building at Civil Hospital, Lunglei* - ₹ 3.96 crore;
- *Establishment of Plant Health Clinic & Diagnostic Centre* - ₹ 4.23 crore;
- *Sustainable Animal Feed Distribution System* - ₹ 4.65 crore
- *Construction of Supply Godown at Rangvamual* - ₹ 7.00 crore
- *Construction of Aizawl DC office*- ₹ 20.00 crore, etc.

The expected loan amount could be even higher depending on the allocation and new guidelines which is yet to be issued by the Central Government.

28. A capital receipt of ₹ 33.61 crore is expected to be received from recovery of Loans from Government Servants, Co-operative Societies, and Loans for Housing etc.

29. The total receipt from Revenue Receipt and Capital Receipt is estimated to be ₹ 14,008.15 crore for BE 2022-23, which is ₹ 2,859.26 crore higher than BE of 2021-22, i.e., 26.65%.

II DISBURSEMENTS:

A. REVENUE EXPENDITURE:

30. Revenue Expenditures are more or less the same as Operating Expenses and are also used for clearing liabilities. The main scope of Revenue Expenditure includes expenditure on salary of employees, pensionary charges, interest payments, power purchase, water supply, purchase of food grains, and district administration among others. Maintenance cost of infrastructure projects which were already commissioned by the State Government is also covered under Revenue Expenditure. Further, certain Ministries of the Govt. of India have ceased to release salary portion of those employees whose engagements and salaries were paid from CSS Schemes; and the State has to bear their salaries until the Scheme is terminated.

31. The Revenue Expenditure for the year 2022-23 is estimated to stand at ₹ 10,006.51 crore, which is 8.57% higher than BE 2021-22 and accounts for 71.43% of the total Budget Estimate of ₹ 14,008.15 crore.

32. For the purpose of compensation to the victims of crime or their dependents, ₹ 1.00 crore is earmarked for *Crime Victims Compensation Fund*, which is to be established in the coming year.

B. CAPITAL EXPENDITURE:

33. Capital Expenditure is an expense made towards creation or improvement of long-term assets such as infrastructure, lands and buildings, roads and bridges, investment in reserve funds, etc. Hon'ble Speaker Sir, for Financial Year 2022-23, we have earmarked a total amount of ₹ 4,001.64 crore for Capital

Expenditure which is 28.57% of the total estimated expenditure.

34. The Net estimated expenditure for 2022-23 including Revenue and Capital, that corresponds to the total estimated receipts comes to ₹14,008.15 crore.

III. SECTORAL ALLOCATIONS:

A. General Services Sector:

35. Hon'ble Speaker sir, socio-economic change is an ever on-going process and to keep up with this the State has to balance its law and order, financial management and public administration among others. The general organs of the States like legislature, general administration and district administrations, election, fiscal services, home etc. come under this sector. I put aside a sum of ₹ 4,983.84 crore (₹ 3,671.34 crore for Revenue Section and ₹1,312.50 crore for Capital Section) which is 35.58% of the total Budget.

B. Social Services Sector:

36. A sum total of ₹ 4,466.03 crore (₹ 3,952.06 crore for Revenue portion and ₹ 513.97 crore for Capital portion) which is 31.88% of the total Budget will be allocated for this Sector which will be assigned for promoting quality education, improving healthcare facilities, extending water supply and sanitation services, robust local administration and district councils, social services, etc.

C. Economic Services Sector:

37. Hon'ble Speaker, taking into serious consideration, factors such as food security, upliftment of rural areas, improved information technology, promotion of industries, sustainable environment, etc., I allocate a sum of ₹3,401.78 crore (₹ 2,565.11 crore from Revenue Section and ₹ 836.67 crore from Capital Section) for this sector. The allocated amount forms 24.28% of the total Budget.

IV. OTHER IMPORTANT ALLOCATIONS:

38. Hon'ble Speaker Sir, to promote sustainable and inclusive growth, I commit to allocate a total amount of ₹ 700.00 crore under Socio-Economic Development Policy (SEDP). Out of the total amount of ₹ 700.00 crore, ₹350.00 crore will be exclusively used for Family Development Schemes, ₹ 100.00 crore as untied SEDP and ₹ 200.00 crore will be kept aside for Counterpart Funding and the remaining ₹ 50.00 crore for Road Maintenance.

39. To give the highest support and prepare our brilliant young generation for the All India Service and Central Civil Service Examinations, I propose to set aside an amount of ₹ 2.60 crore under Mizoram Youth Commission for sponsorship of 40 top aspirants for IAS Coaching and 100 aspirants for Mega Hybrid Coaching. The selection process will be done through competitive exam conducted by Mizoram Youth Commission.

40. Hon'ble Speaker Sir, as much as I desire to increase the MLA Local Area Development Fund, I propose the same amount as BE 2021-22 which is ₹60.00 crore keeping in mind the tense financial situation of the State.

41. For the three Autonomous District Councils in Mizoram, I have earmarked ₹ 492.03 crore for BE 2022-23, which is 9.08% higher than B.E 2021-22.

42. To address the local needs and issues as part of inclusive growth and development, I am happy to state that Lunglei Municipal Council will be functioning very soon. Accordingly, we have earmarked a token amount of only ₹80.00 lakh which may be further increased as required.

43. I also propose to set aside ₹ 6.01 crore for Sinlung Hills Council and ₹2.14 crore for Sialkal Range Development Council for BE 2022-23.

V. CHARGED AND VOTED EXPENDITURE:

44. The gross estimated expenditure for the year 2022-23 is ₹ 14,190.15 crore. The net estimated expenditure will be ₹ 14,008.15 crore after deduction of ₹ 182.00 crore in respect of recoveries for purchase of foodstuff and stores under FCS&CA Department, PWD and Printing & Stationeries Department, and the net estimated expenditure would correspondingly match the estimate of receipt.

45. Out of the gross estimated expenditure, ₹ 1,899.52 crore would come under Charged Expenditure, and a gross amount of ₹ 12,290.63 crore (including deduct recoveries) would come under Voted Expenditure, which requires sanction of this august House.

VI. SUPPLEMENTARY DEMAND FOR GRANTS:

46. Sir, Supplementary Demands for Grant of ₹ 6,025.44 crore will be required under Revised Estimates. I, therefore, seek the approval of the House for

Supplementary Demands. The determinants of these additional expenses will include those late releases of funds under CSS, NEA, NLCPR/NESIDS, CRF, loans from NABARD and Special Central Assistance amounting to ₹ 370.50 crore; Externally Aided Projects, State funds including re-provision involving ₹1,892.06 crore and Ways and Means Advances amounting to ₹ 3,762.88 crore.

47. The total amount of allocations that has been made in excess of the Budget Estimate during 2021-22 is ₹ 6,025.44 crore which includes Charged expenditure of ₹ 3,863.97 crore and a Voted expenditure of ₹ 2,161.47 crore. The Voted Expenditure requires the sanction of this august House.

CONCLUSION:

48. Hon'ble Speaker Sir, I commend the Budget Estimates (excluding estimates for Charged Expenditure) for the Financial Year 2022-23 amounting to ₹ 12,290.63 crore (Rupees Twelve Thousand Two Hundred Ninety Crore and Sixty-Three Lakh only) for discussion and approval of this august House.

49. Further, Sir, may I also present the Supplementary Demands for Grants for the Financial Year 2021-22 in respect of Voted Expenditure amounting to ₹ 2,161.47 crore for consideration and approval of this august House.

Thank you.