



सत्यमेव जयते

**GOVERNMENT OF MIZORAM**  
**BUDGET SPEECH**  
*of*  
**PU LALSAWTA**  
**HON'BLE FINANCE MINISTER**  
*for*  
**2014-'15**  
**(For Vote on Account)**  
*in the*  
**MIZORAM LEGISLATIVE ASSEMBLY**  
*on*  
**Tuesday, the 18<sup>th</sup> March, 2014 Aizawl**

**Mr. Speaker Sir,**

With your permission, I rise to present before this august House **the Supplementary Demand for the year 2013-14**, the **Budget Estimates for the year 2014-15** and to seek a **Vote on Account on Budget Estimates 2014-15** in order to meet the essential expenditure for the first four months until the regular budget is passed by the House at a later date.

2. Sir, let me begin my speech with a brief summary of the Indian economy since the State's economy as well as its fiscal position depends largely on the terms of devolution of resources from the Central Government; which in turn depends on the performance of the Indian economy.

3. In the recent past, the Indian economy has had to overcome varied challenges in its resolve to sustain its economic success. The major challenges included unsupportive external environment, domestic structural constraints, growth slowdown and inflationary pressures. The slowdown was manifested in the decline in the growth of GDP from 8.9 per cent in 2010-11 to 6.7 per cent in 2011-12 and 4.5 per cent in 2012-13. With the economy projected to have registered a growth rate of 4.9 per cent in 2013-14, the declining trend in growth seems to have been reversed. The growth slowdown in India is broadly in sync with trends in similar emerging economies. The sharp downturn in growth is mainly the result of the interface of domestic factors with the global economic environment of uncertainties and slow growth that is afflicting many advanced economies. Since the past few years the growth of real GDP has generally shown a declining trend especially from the first quarter of 2011-12, and it is characterized by a moderation in growth in the services sector and a protracted slowdown in industry. The revival in agriculture on the back of a steady monsoon and robust growth in financial and business services led to a modest uptick in growth in 2013-14.

4. Hence, in the light of the present position of the national economy the State finances can be correspondingly affected since the main source of revenue and resources of the State Government consists of various grants and subventions coming from Central Government. The State finances could be in a critical situation at any time when resources transferred from the Centre falls short of the State's requirement. Therefore, the issue of prime concern in

the present context is the generation of own revenue surplus for capital investment. It will be the continued endeavour of the State Government to improve and augment State's Own Tax and Non-Tax Revenues through any possible means; and at the same time, to reduce non-plan revenue expenditure wherever possible.

5. Mr. Speaker Sir, let me now have a brief overview of the fiscal position for the current year as manifested in the Revised Estimates. The Revised Estimates of Tax Revenues is **₹.1109.28 crore** in which State's Own Tax Revenues is estimated at **₹.234.82 crore** and State's Share of Central Taxes at **₹.874.46 crore**. State's Own Tax Revenues has shown an increase of **5.66 per cent** over the Budget Estimates of **₹.222.25 crore**, which is mainly due to a higher collection on account of VAT and Land revenues. There is a shortfall in State's Share of Central Taxes to the tune of **₹.61.20 crore** from the budget estimates level. The Revised Estimates for State's Own Non-Tax Revenues is **₹.251.78 crore**, which is a decrease of **5.34 per cent** over the Budget Estimates of **₹.266.00 crore**. The decrease is mainly due to a shortfall in collection against what we had anticipated our collection to be on sale of power.

6. Grants-in-aid from the Central Government in the Revised Estimates 2013-14 is **₹.4184.28 crore**, which is an increase of **15.73 per cent** over the Budget Estimates level of **₹.3615.51 crore**. This increase has been mainly due to a higher inflow of funds on account of award received for Reduction in IMR and larger allocations received on Backward Region Grant Fund (BRGF), Centrally Sponsored Schemes and Special Plan Schemes of NEC.

7. The capital receipt in the Revised Estimates of 2013-14 is **₹.787.93 crore**. This includes Public Debt of **₹.760.39 crore** and recoveries of Loans and Advances of **₹.27.54 crore**. The lower level of net receipt on account of Public Debt over the Budget Estimates is mainly due to increase in repayments. While the Revised Estimates of Receipts on account of Public Debt has increased substantially from the Budget Estimates, the overall increase in receipt on account of Public Debt is weighed down by Debt servicing.

8. The estimated net total expenditure on the Consolidated Fund of the State in the Revised Estimates 2013-14 is **₹.7777.21 crore**. The net Revenue expenditure is **₹.6145.03 crore** and the net

Capital expenditure is **₹.1632.18 crore**. The Non-Plan expenditure is **₹.3741.38 crore**, whereas, the Plan expenditure is **₹.3456.47 crore**. The expenditure on CSS/NEA/NLCPR accounts for the remaining portion of **₹.579.36 crore**.

9. The gross fiscal deficit as per Revised Estimates 2013-14 is **₹.1596.04 crore**, which is **17.96 per cent** of the State's GSDP. At the same time, the Revenue Deficit is estimated to be **₹.599.68 crore**, which is **6.75 per cent** of the GSDP. The high fiscal deficit and revenue deficit is mainly due to expenditure incurred for conducting the election to the 7<sup>th</sup> State Legislative Assembly. In addition, the fund requirement for defraying costs on account of the General Election 2014 had to be provided from the Revised Estimates 2013-14 since the Government has to start poll preparations in March itself.

10. Mr. Speaker Sir, I now turn to the Budget Estimates 2014-15. Since the Planning Commission has not yet finalized the State's Annual Plan for 2014-15, we have prepared Budget Estimates with a tentative Annual Plan size of **₹.3325.00 crore**. These estimates are based on the resource estimation projected for the financial year 2014-15 submitted to the Planning Commission. As and when the Annual Plan for 2014-15 is finalized, I will seek approval of this august House for the regular Budget.

11. The estimated Revenue Receipt is **₹.6362.52 crore**. Of this, State's Own Tax Revenues is estimated at **₹.270.39 crore** and State's Own Non-Tax Revenues at **₹.284.79 crore**. Thus, the total State's Own Revenue is **₹.555.18 crore**. Share of Taxes is estimated at **₹.1045.69 crore** and Grants-in-aid from Central Government at **₹.4761.64 crore**. The net Public Debt is estimated at **₹.212.46 crore** and recoveries of Loans & Advances at **₹.40.00 crore**.

12. The Revenue Expenditure is estimated at **₹.5762.34 crore**, whereas, the Capital Expenditure is estimated at **₹.1373.72 crore**. The Capital Expenditure comprises Capital Outlay of **₹.1080.61 crore**, Public Debt at **₹.264.66 crore** and Loans and Advances at **₹.28.45 crore**.

13. Within the presumed Plan Outlay of **₹.3325.00 crore**, I propose to allocate the following amounts to different sectors as follows: (i) Agriculture & Allied Activities - **₹.600.43 crore** (ii) Rural Development - **₹.145.58 crore** (iii) Special Area Programme -

**₹.141.84 crore** (iv) Irrigation & Flood Control - **₹.102.51 crore**  
(v) Energy - **₹.43.93 crore** (vi) Industry - **₹.24.22 crore**  
(vii) Transport - **₹.37.98 crore** (viii) Communications - **₹.8.74 crore**  
(ix) Science, Technology & Environment - **₹.2.05 crore** (x) General  
Economic Services - **₹.511.36 crore** (xi) Social Services -  
**₹.1085.06 crore** and (xii) General Services - **₹.621.30 crore.**

14. The plan commitments and developmental initiatives will be highlighted at the time of the laying of the regular Budget.

15. The Revenue surplus is estimated at **₹.602.18 crore** and Gross Fiscal Deficit at **₹.288.62 crore** in the Budget Estimates 2014-15. The Revenue surplus in the Budget Estimates is anticipated due to the expected increase of Annual Plan at **₹.3325.00 crore** from the current year's level of **₹.2500.00 crore.** The fiscal position will be clearer with the finalization of Annual Plan 2014-15.

16. Mr. Speaker Sir, today is a day of fiscal consolidation and reforms. Let me now point out two actions taken up by the Government under the Fiscal Responsibility and Budget Management Act, 2006.

17. The Public Expenditure Review Committee (PERC) held its 9th and 10th sittings and a review of the fiscal position for the 2<sup>nd</sup> half of 2011-12 and the 1<sup>st</sup> half of 2012-13 were taken up.

18. A six monthly review of the Finance Minister on fiscal position for the 2<sup>nd</sup> half of 2011-12 and the 1<sup>st</sup> half of 2012-13 were completed and the review reports are now being laid in this august House. A review of the fiscal position for the 2<sup>nd</sup> half of 2012-13 will be held shortly and my report will also be laid in the House in due course.

19. Since the Budget that I am now laying is not the regular budget, I am not tabling the statements required under the Fiscal Responsibility and the Budget Management Act, 2006 such as Macroeconomic Framework, Fiscal Policy Strategy and Medium Term Fiscal Policy. These statements will only be laid at the time of the presentation of the regular Budget.

20. Mr. Speaker Sir, I would like to thank all the Hon'ble Members of this august House for giving me a patient hearing.

21. With these words, I commend the **Supplementary Demand for Grants 2013-14, the Budget Estimates 2014-15** and the **Vote on Account on Budget Estimates 2014-15** for the first four

months from **April 2014 to July 2014** for consideration and approval of this august House.

*Thank You, Sir.*