



सत्यमेव जयते

GOVERNMENT OF MIZORAM

BUDGET SPEECH

of

**PU LALSAWTA
HON'BLE FINANCE MINISTER**

for

2018-19

in the

MIZORAM LEGISLATIVE ASSEMBLY

on

Thursday, the 15th March, 2018 Aizawl

BUDGET SPEECH OF THE FINANCE MINISTER
FOR THE FINANCIAL YEAR 2018-2019

Mr. Speaker Sir,

With your permission I rise to present the Regular Budget for the Financial Year 2018-19 and the Supplementary Demand for Grants 2017-18 for discussion and for its subsequent approval.

2. I feel honoured and privileged to be a member of this august house which has given me the opportunity to serve the people of the State. It gives me great pleasure to lay the regular budget for 2018-19 for which I am deeply thankful to the Government and the people of this State for giving me this opportunity.

3. Over the years, the Members of this esteemed House contemplated the State Budget with great passion and exuberance. On behalf of the Government, I would like to commend the Members for their vigour.

4. The Government has taken active measures to promote the overall development of the people by preparing and realizing comprehensive plans and projects for further development of the State. Mizoram, being one of the younger States, and having limited resources, whatever limited resources and revenues of the State have to be utilized with utmost efficiency.

5. Under the dynamic leadership of the Hon'ble Chief Minister, the State has made significant progress in terms of economic and fiscal parameters. The debt to GSDP ratio of the State has declined to 46.22

per cent in 2016-17 and it is anticipated to be further reduced to 40.87 per cent in 2017-18(BE). The Fiscal Deficit of the State for 2018-19 is projected at 1.14 per cent of the projected GSDP.

Budget Estimates

6. Mr. Speaker Sir, the State Budget is a document which highlights the visions and objectives of the Government. Since it is an important document because it highlights the initiatives of the Government for bring about the overall development of the people. With your permission, I will now highlight the significant points of the Budget Estimates.

I. Revenue Receipt

7. The State's Own Revenue collection comprises of Tax and Non-Tax Revenues. The total amount of fund to be received through collection of own Tax Revenue for 2018-19 is projected at ₹ 807.19 crore which shows an increase of 16.2 per cent over the previous year. Out of the total State's own revenue collection, ₹ 483.34 crore is anticipated to be generated through Tax Revenues while the balance amount of ₹ 323.85 crore is to be received on account of Non-Tax Revenues.

8. As per recommendations of the Fourteenth Finance Commission, the total amount of funds to be devolved to the State is projected at ₹ 3625.32 crore during 2018-19 which incorporates taxes to be received on account of GST. In addition to revenues received from Devolution of Taxes & Duties, it is projected that ₹ 2588.00 crore will be received on account of Post Devolution Revenue Deficit Grant,

₹ 18.00 crore for State Disaster Response Fund and other funds amounting to ₹ 10.10 crore during 2018-19. Furthermore, a total of ₹ 27.41 crore is expected to be received on account of Urban Local Bodies Grant out of which ₹ 21.35 crore is ULB-Basic Grant and ₹ 6.06 crore is to be received under ULB-Performance Grant. Since, ULB fund is explicitly for Municipal Corporations, this fund is to be utilized by the Aizawl Municipal Corporation.

9. A total amount of ₹ 444.60 crore is projected to be received under Block Loans under Grants for States/Union Territories comprising of EAP, NLCPR, BADP, NSAP and PMKSY. It is also anticipated that a total of ₹ 55.18 crore will be received on account of Central Road Fund, RKVY and others.

10. It is also projected that a sum of ₹ 1210.99 crore will be received from various Ministries for taking up Centrally Sponsored Schemes. In addition, a total of ₹ 122.64 crore is anticipated to be received under the Schemes of North Eastern Council. Since, the State has to bear a certain portion of the total costs for taking up these programmes/schemes, it is desired that Central Programmes/Schemes with a sharing pattern above 90:10 may not be availed except those schemes that are indispensable for the development of the State.

11. In summation of the above, the total Revenue Receipt of the State for the year 2018-19 is projected at ₹ 8909.43 crore. Out of the expected receipt, funds to be received on account of ULB Grant, SDRF and Block Grants are tied funds intended to meet specific targets. Furthermore, the total amount to be received on account of EAP,

NLCPR, NEA and CSS cannot be completely relied on as they have the tendency to vary.

II. Capital Receipts

12. Capital Receipts include borrowings from financial institutions, loans from the Central Government in the form of Block Loans and recoveries of loans and advances. The total Capital Receipts to be realized during 2018-19 is projected at ₹ 763.22 crore, out of which, ₹ 550.00 crore is to be raised from Market Borrowings, ₹ 150.00 crore from NABARD under RIDF, ₹ 5.97 crore from NCDC and ₹ 0.03 crore from Ways and Means Advances.

Major sources of Revenues

13. The single indirect tax regime in the form of Goods and Services Tax was rolled out by the Central Government on 1st July, 2017. The GST subsumed all previous taxes that were levied on the sale of goods or provision of services by either Central or State Government. GST comprises Central Goods and Services Tax (CGST), Integrated Goods and Services Tax (IGST) and State Goods and Services Tax (SGST) out of which SGST is to be levied by the State Government. As per report received from Finance Ministry, the amount of tax received by the Centre and the States has declined during the post GST era with the States not being able to reach the intended targets. The GST Council has since made several amendments to the Act for better tax collection. The e-Way bill system implemented from 16th January, under GST is anticipated to reap better dividends especially on account of SGST and IGST. Though, the tax reform has gone through

some rough patch during the initial stages of its inception. It has now slowly gained traction and is projected to pay huge dividends in the medium to long term. Based on the tax collection under GST during the current year, the total revenue expected on account of GST during 2018-19 is ₹ 50.00 crore.

14. A major portion of the State's own tax collection over the years is received on account of Taxes on Sales/Trades, etc. The total revenue to be collected under this head is projected at ₹ 307.80 crore for 2018-19.

15. The revenues collected under State Excise have enlarged substantially ever since the inception of the Mizoram Liquor (Prohibition & Control) Act, 2014. A total amount of ₹ 51.50 crore is being collected during the current year. The revenue to be generated under State Excise for 2018-19 is therefore projected at ₹ 59.40 crore.

16. Collection of revenues on account of Stamps & Registration Fees and Land Reforms under Revenue Department and Taxes on Income & Expenditure is projected at ₹ 20.70 crore and ₹ 16.20 crore respectively.

17. Since the inception of the Mizoram Motor Vehicles Taxation (Amendment) Act, 2015, collection of revenues under Transport Department has progressively increased. It is projected that the total taxes to be collected on account of Taxes on Vehicles and Other Taxes on Goods & Passengers will be in the tune of ₹ 29.24 crore.

18. The Mizoram Water Supplies (Control)(Amendment) Rules, 2011 came into force from 21st November, 2014. With the implementation

of the Mizoram Water Supplies Rules, revenue generated through water tariff has shown a gradual increase. During 2016-17 a total of ₹ 37.51 crore had been collected on account of water tariff. Therefore, a total of ₹ 43.20 crore is projected for 2018-19.

19. As per the Central Electricity Authority (CEA) guidelines, Power & Electricity Department is entrusted to propose revision of power tariff rate of the State which is to be submitted to JERC every year. Revision of tariff rates has resulted in progressive increase of the revenues generated through power tariffs. It is projected that ₹ 196.14 crore will be received on account of power tariff during 2018-19.

III. Expenditure

20. Mr. Speaker Sir, now let me come to the expenditure side of the Budget Estimates for 2018-19. Salary, Pension and Interest payments are committed expenditures of the State capturing a huge percent of the total revenue collection. Nevertheless, the Government strives to enlarge the expenditure incurred on Capital Accounts to create quality infrastructures for the overall development of the State.

21. The gross revenue expenditure for 2018-19 is estimated at ₹ 7181.62 crore. Revenue Expenditure includes expenditure incurred on account of general administration, operation and maintenance of Infrastructures and expenditure on human resources under Social and Economic programmes such as schools and hospitals and all other sectors. The Net Revenue Expenditure is projected to be ₹ 7179.62 crore. The difference between gross and net revenue expenditure to be noted above is due to Stock Recoveries under PWD and Printing & Stationery Department.

22. The Gross State Capital Expenditure for 2018-19 is projected at ₹ 2161.64 crore. Expenditure incurred under Capital Accounts comprises Capital Outlay for taking up infrastructure development works under different sectors and loans & advances to employees under the Government. The Net Capital Expenditure for 2018-19 is calculated to be ₹ 1983.38 crore.

23. The total Gross Disbursement for the year 2018-19 is projected at ₹ 9672.64 crore which is an increase of 9.88 per cent over and above the previous year. The Net Disbursement is projected at ₹ 9492.38 crore with the difference being ₹ 180.26 crore.

Important allocation of funds

24. An important programme of the Government in the form of the New Economic Development Policy (NEDP) has been implemented from 2016-17 onwards. A total of ₹ 750.00 crore was allocated during 2017-18 which is raised to ₹ 1000.00 crore for 2018-19. An important objective of the programme is to bring about increased productivity in Agriculture and allied activities by providing requisite public infrastructures thereby enabling the farmers to have a sustainable source of livelihood. The resultant increase in production will necessitate networking and processing of the produce, thereby promoting the transition to a market economy which will, in turn, create employment avenues for the people. Government intervention will be in providing the necessary infrastructures and facilities for actualization of the common requirement of the people and societies. By revitalizing the enthusiasm of the farmers who constitute more than half of the total population, the economy of the State will pick up

pace, thereby, creating employment opportunities which will subsequently draw the unemployed youths often in danger of sinking to drug and other social problems, towards the sphere of employment. Various works to be taken up under NEDP for 2018-19 are highlighted in the following paragraphs along with other major spending items.

25. Due to the incessant rains in the State in the recent past, the road conditions have deteriorated along the lengths and breadths of the State posing a huge problem particularly for rural residents. In its attempts to solve the problems caused due to bad road conditions, the Government has taken up active measures to resolve the hardship faced by the people and therefore allocates ₹ 100.00 crore under NEDP for Improvement of roads to be taken up during 2018-19. Other proposals for 2018-19 under PWD includes, Improvement of Internal Roads in City/Towns, Community Road Maintenance, Construction of Critical Road (Thenhlum) and Lunglei Bypass road, each amounting to ₹ 10.00 crore.

26. Improvement of Aizawl City Drainage System amounting to ₹ 20.00 crore is to be taken up jointly by PWD and PHE Department.

27. A total of ₹ 80 crore is earmarked under NEDP to be taken up by UD&PA Department for 'Improvement of Urban Infrastructures in Cities and Towns'. Furthermore, Aizawl Junction Improvement Scheme and Aizawl City Non-Motorized-Transport Master Plan Implementation with an allocation of ₹ 10.00 crore each are to be taken up in the next year. A total of ₹ 30.00 crore is earmarked for Construction of State Guest House, Government Transit Building and

Civil Services Club. Construction of Truck Terminal at Champhai Zotlang amounting ₹ 5.00 crore is to be taken up under NEDP.

28. During 2017-18, construction of houses for the underprivileged residents of rural areas under the Chief Minister's Rural Housing Scheme was introduced with an allocation of ₹ 6.00 crore under NEDP. The Scheme is envisioned to cover more citizens during 2018-19 with a total allocation of ₹ 10.00 crore. In addition, a sum of ₹ 2.00 crore is set aside for taking up Rural Housing Support under Rural Development Department.

29. In line with the policy of the Central Government, Solar Power Projects are being taken up by the State Government. Vankal 60MW Mega Solar Park and Grid Connected Rooftop SPV Plant have been actively pursued by the Department. To ensure smooth progress of these projects, a total allocation of ₹ 10.00 crore is earmarked under NEDP for 2018-19.

30. In order to streamline the process of Treasury Computerization, the Government has taken initiatives for institution of the Integrated Financial Management Information System (IFMIS) which is to be completed within two years. This project once implemented will be hugely beneficial for monitoring and review of the fund flow through Treasuries. A total of ₹ 8.00 crore is earmarked under NEDP for realization of this project.

31. Apart from various works to be taken up under NEDP already highlighted, Construction of Lunglei Circuit House and Construction of Mizoram Board of School Education Building are to be taken up

under NEDP with a total outlay of ₹ 10.00 crore each. A sum of ₹ 35.00 crore and ₹ 30.00 crore each are earmarked for Construction of Aizawl City Centre under Commerce & Industries Department and Construction of Agriculture Growth Centre under Agriculture Department respectively.

32. The Government has taken proactive steps for functioning of the Mizoram Institute of Medical Education & Research (MIMER). A sum of ₹ 14.82 crore is set aside to meet the necessary expenses for establishment of this Medical Institute. Furthermore, a sum of ₹ 20.00 crore is earmarked under NEDP for improvement of Referral Hospital at Falkawn which is to be the Base-Hospital for MIMER.

33. The implementation of the New Land Use Policy (NLUP) has yielded astounding results over the years. For continuation of the flagship programme, a sum of ₹ 80.00 crore is set aside during 2018-19. Out of the total allocation, a sum of ₹ 35.00 crore is earmarked to be taken up under NLUP-NEDP convergence. As per requirement, the allocation for NLUP may be further increased over and above the estimate for 2018-19.

34. In line with the recommendations of the Mizoram Road Fund Act, 2006 and the Mizoram Road Fund Rules, 2017, the Mizoram Road Fund Board has been constituted by the Government. A separate Secretariat has been established under the State Road Fund Board and The State Road Fund Board is expected to bring about improved and innovative methods for better maintenance of State roads. A State Road Fund has been newly created with an allocation of ₹ 50.00 crore for the year 2018-19.

35. A new Budget Head under Sports & Youth Services Department is created for doling out grants to outstanding sports personalities of the State. This is a new initiative of the Government to promote employment through sports activities. Correspondingly, a sum of ₹ 0.30 crore is put aside for the purpose.

36. Similarly, a separate Head of Accounts for purchase of Arms and Ammunitions for Police forces has also been created under Home Department. A total of ₹ 1.00 crore is earmarked for the same.

37. There are 3 (three) on-going projects under Externally Aided Projects namely Mizoram State Roads-II Regional Transport Connectivity Project (MSR IIRTCP), Improvement and Up-gradation of Serchhip to Buarpui Road and NERCCDIP under SIPMIU. A sum of ₹ 84.50 crore, ₹ 60.00 crore and ₹ 120.04 crore respectively are apportioned for taking up the above mentioned works during 2018-19.

38. The State Government has signed a project agreement with the International Fund for Agricultural Development (IFAD) for implementation of the programme “Fostering Climate Resilient Uphill Farming System (FOCUS)” under Externally Aided Projects. The strategy is aimed at increasing the rural poor’s access to agricultural technologies, natural resources, financial services and value chains by devolution of acquired knowledge and learning on poverty reduction and nutrition security. A total of ₹ 13.00 crore is allocated for initiation of the project which is to be implemented in 4 (four) districts namely Champhai, Kolasib, Serchhip and Mamit.

39. Rural Infrastructure Development Fund (RIDF) under NABARD has been availed by the State for taking up public infrastructure development works in rural areas. Development works such as construction and improvement of roads, drinking water projects, irrigation projects, Mini Hydel Projects, etc are being taken up by 8 Departments under RIDF. The area of operations is to be exponentially expanded to include 11 Departments under RIDF-XXIII. For smooth functioning of this programme, a total of ₹ 150.00 crore is set aside for 2018-19.

40. To facilitate smooth implementation of various Centrally Sponsored Schemes (CSS), I propose to allocate ₹ 150.00 crore as State Matching Share (SMS).

41. Service-wise distribution of total fund is indicated below:

(a) Revenue Account

(i) General Services	– ₹	2873.23 crore
(ii) Social Services	– ₹	2491.45 crore
(iii) Economic Services	– ₹	1816.94 crore

(b) Capital Account

(i) General Services	– ₹	954.50 crore
(ii) Social Services	– ₹	496.92 crore
(iii) Economic Services	– ₹	737.22 crore

(c) Public Debt and Loans & Advances

	– ₹	329.38 crore
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Revenue Surplus and Fiscal Deficit

42. Mr. Speaker Sir, it is impressed from the 2018-19 Budget Estimates that the State is anticipated to have a Revenue Surplus of ₹ 1729.81.00 crore. The Gross Fiscal Deficit is also estimated at ₹ 263.50 crore during the same period. As a percentage of the GSDP, the Revenue Surplus and Fiscal Deficit as per 2018-19(BE) is projected at 7.50 per cent and 1.14 per cent respectively.

IV. OUTSTANDING LIABILITIES OF THE STATE

43. The total outstanding liabilities of the State for 2018-19 is estimated at ₹ 7887.04 crore which includes liabilities that arise on account of Market Borrowings (Market Loans and Power Bonds), Central Government Loans, Special Securities (NSSF), Loans from other Financial Institutions, Ways & Means Advances/Overdraft from RBI and Provident Fund (GPF, Insurance & Pension Fund). The overall liabilities of the State have progressively increased over the years which is estimated at ₹ 7177.99 crore in 2017-18 from a total of ₹ 5608.38 crore during 2013-14. The looming risk factored by rapid accumulation of liabilities is alleviated by the robust growth of the State's economy during the last few years. The debt to GSDP of the State has declined from 54.46 per cent during 2016-17 to 40.87 per cent for the year 2017-18 (BE).

V. CONCLUSION

44. Being a Government of the people, the State Government aspires to take up development works in the best interest of the general population. Even though the revenues generated from providing services to the people such as water tariff, power tariff, etc are nominal compared to expenditure on maintenance, the Government deems it fit to continue to normalize these tariffs so that they cast the smallest of burdens to the people. The inability of the State to produce sufficient food grains has resulted in the Government incurring huge expenses to provide food grains at low cost to the people who are left out of the ambit of National Food Security Act. The State Government has, therefore, been incurring huge expenses to meet these gap-expenditures thus providing direct and indirect subsidies for the people of the State.

45. Mr. Speaker Sir, the Government continues mobilizing its limited resources to obtain the best optimum possible results. The Government aspires to increase its expenditure on Infrastructure development while trying to contain its revenue expenditure to a reasonable threshold. To attain this objective, I implore the consentient support of all the honourable Members of this esteemed House and the people of this State.

46. Mr. Speaker Sir, I thank all the Members for giving me a patient hearing and with these words, I hereby lay the Budget Estimates for the Financial Year 2018-19 for approval of this august House.

Thank You, Sir