

CHAPTER-2
FINANCES OF THE STATE

Chapter 2: Finances of the State

2.1 Introduction

This Chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the five-year period from 2017-18 to 2021-22, debt sustainability of the State and key Public Account transactions, based on the Finance Accounts of the State. Information was also obtained from the State Government where necessary.

2.2 Major changes in Key fiscal aggregates *vis-à-vis* 2020-21

Table 2.1 gives a bird's eye view of the major changes in key fiscal aggregates of the State during 2021-22, compared to the previous year.

Table 2.1 : Changes in key fiscal aggregates in 2021-22 compared to 2020-21

Revenue Receipts	<ul style="list-style-type: none"> ✓ Revenue receipts of the State increased by 18.33 <i>per cent</i> ✓ Own Tax receipts of the State increased by 31.87 <i>per cent</i> ✓ Non-tax receipts increased by 10.74 <i>per cent</i> ✓ State's Share of Union Taxes and Duties increased by 40.27 <i>per cent</i> ✓ Grants-in-Aid from Government of India decreased by 1.70 <i>per cent</i>
Revenue Expenditure	<ul style="list-style-type: none"> ✓ Revenue expenditure increased by 0.50 <i>per cent</i> ✓ Revenue expenditure on General Services decreased by 2.77 <i>per cent</i> ✓ Revenue expenditure on Social Services increased by 5.03 <i>per cent</i> ✓ Revenue expenditure on Economic Services decreased by 1.31 <i>per cent</i>
Capital Expenditure	<ul style="list-style-type: none"> ✓ Capital expenditure decreased by 10.80 <i>per cent</i> ✓ Capital expenditure on General Services decreased by 7.53 <i>per cent</i> ✓ Capital expenditure on Social Services decreased by 18.27 <i>per cent</i> ✓ Capital expenditure on Economic Services decreased by 3.07 <i>per cent</i>
Loans and Advances	<ul style="list-style-type: none"> ✓ Disbursement of Loans and Advances decreased by 11.03 <i>per cent</i> ✓ Recoveries of Loans and Advances increased by 4.48 <i>per cent</i>
Public Debt	<ul style="list-style-type: none"> ✓ Public Debt Receipts increased by 74.64 <i>per cent</i> ✓ Repayment of Public Debt increased by 134.75 <i>per cent</i>
Public Account	<ul style="list-style-type: none"> ✓ Public Account Receipts decreased by 44.93 <i>per cent</i> ✓ Disbursement of Public Account decreased by 32.18 <i>per cent</i>
Cash Balance	<ul style="list-style-type: none"> ✓ Cash balance decreased by 32.71 <i>per cent</i>

Each of the above key fiscal aggregates is analysed in the succeeding paragraphs.

2.3 Sources and Application of Funds

Table 2.2 compares the sources and application of funds of the State during 2021-22 with that of 2020-21 in figures, while **Chart 2.1** gives the details of receipts and expenditure from the Consolidated Fund of the State during 2021-22 in terms of percentages.

Table 2.2 : Details of Sources and Application of funds during 2020-21 and 2021-22

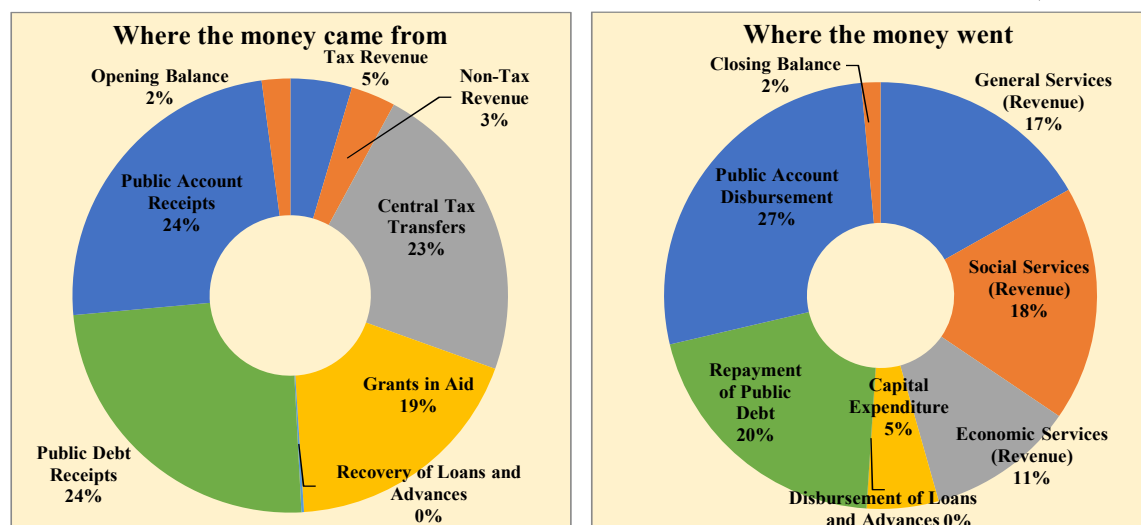
(₹ in crore)

	Particulars	2020-21 ¹¹	2021-22	Increase/Decrease
Sources	Opening Cash Balance with RBI	509.43	-394.62	-114.81
	Revenue Receipts	7,740.67	9,159.74	1,419.07
	Recoveries of Loans and Advances	33.69	32.18	-1.51
	Public Debt Receipts (Net)	993.43	762.33	-231.10
	Public Account Receipts (Net)	761.07	-518.87	-1,279.94
	Total	10,038.29	9,830.00	-208.29
Application	Revenue Expenditure	8,514.80	8,557.49	42.69
	Capital Expenditure	1,125.97	1,004.38	-121.59
	Disbursement of Loans and Advances	2.90	2.58	-0.32
	Closing Cash Balance with RBI	394.62	265.55	-129.07
	Total	10,038.29	9,830.00	-208.29

Source: Finance Accounts,

Chart 2.1: Sources and application of funds

(₹ in crore)



2.4 Resources of the State

Revenue Receipts and Capital Receipts are the two streams of receipts that constitute the resources of the State Government. Besides, the funds available in the Public Account after disbursements are also utilised by the Government to finance its deficit.

¹¹ There is a difference between the opening and closing balance with RBI during 2020-21 and balances under Public Account Receipts (Net) due to exclusion of balance of investment held with the RBI from the Public Accounts Receipts (Net) and the same have been included under RBI Balance as per the Finance Accounts.

The resources of the State are discussed in detail in the succeeding paragraphs:

1. **Revenue receipts** consist of tax revenue, non-tax revenue, State's share of Union taxes and duties and grants-in-aid from Government of India (GoI).
2. **Capital receipts** comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI.

Both revenue and capital receipts form part of the Consolidated Fund of the State.

3. **Net Public Account receipts:** There are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, etc. which do not form part of the Consolidated Fund.

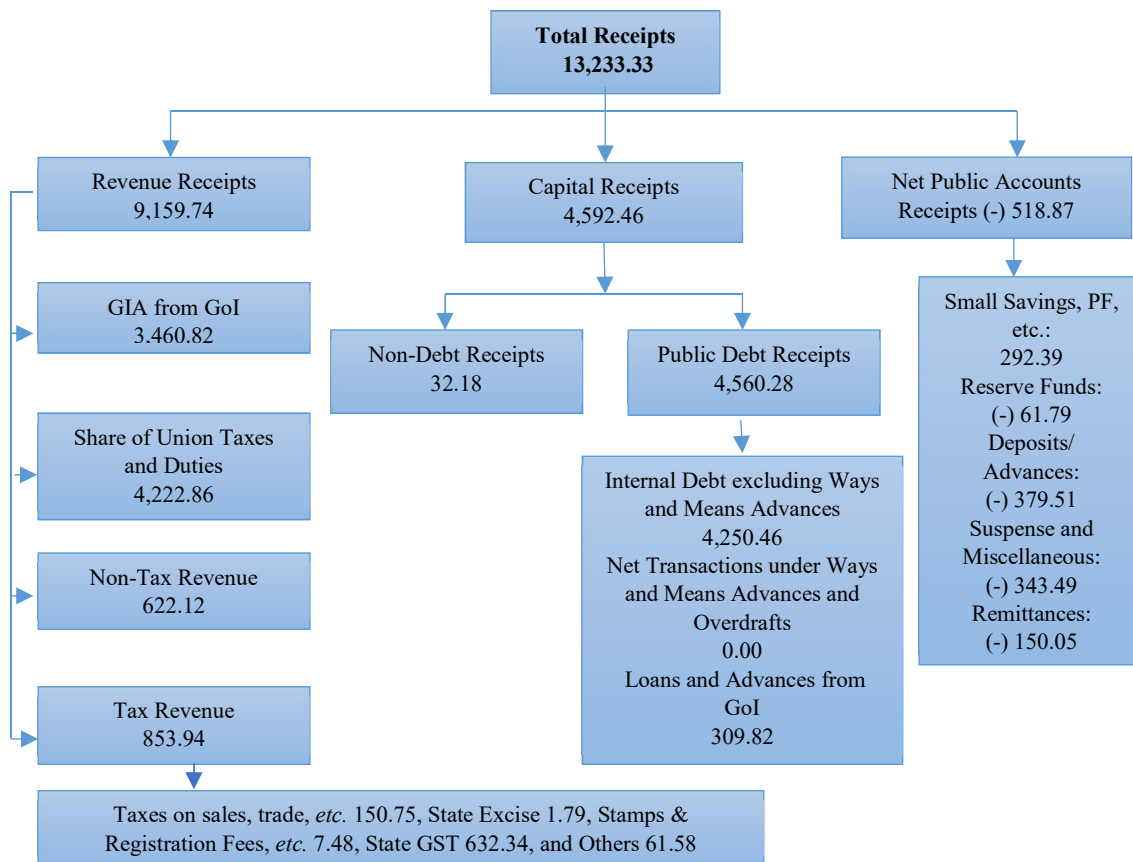
These are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for its use.

2.5 Receipts of the State

This paragraph provides the composition of the overall receipts. The composition of receipts of Government of Mizoram during 2021-22 is given in **Chart 2.2**.

Chart 2.2 : Composition of receipts of the State during 2021-22

₹ in crore



2.5.1 State's Revenue Receipts

This paragraph outlines the trends in revenue receipts of Government of Mizoram for the year 2021-22.

2.5.1.1 Trends and growth of Revenue Receipts

Table 2.3 provides the trends and growth of Revenue Receipts as well as revenue buoyancy with respect to GSDP over the five-year period 2017-22. Further, trends in Revenue Receipts relative to GSDP and composition of Revenue Receipts are given in **Charts 2.3** and **2.4** respectively.

Table 2.3 : Trend in Revenue Receipts

Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
Revenue Receipts (RR) (₹ in crore)	8,580.20	9,039.50	9,658.26	7,740.67	9,159.74
Rate of growth of RR (per cent)	15.98	5.35	6.85	-19.85	18.33
Own Tax Revenue	545.91	726.70	730.98	647.56	853.94
Non-Tax Revenue	390.65	449.96	522.35	561.76	622.12
Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) (per cent)	16.05	25.64	6.52	-3.51	22.06
GSDP (₹ in crore) (2011-12 Series)	19,385.33	21,912.08	24,989.60	24,712.26	24,807.08
Rate of growth of GSDP (per cent)	12.76	13.03	14.04	-1.11	0.38
RR/GSDP (per cent)	44.26	41.25	38.65	31.32	36.92
Buoyancy Ratios¹²					
Revenue Buoyancy w.r.t GSDP	1.25	0.41	0.49	(-) 0.19	48.24
State's Own Revenue Buoyancy w.r.t. GSDP	1.26	1.97	0.46	(9-)0.03	58.05

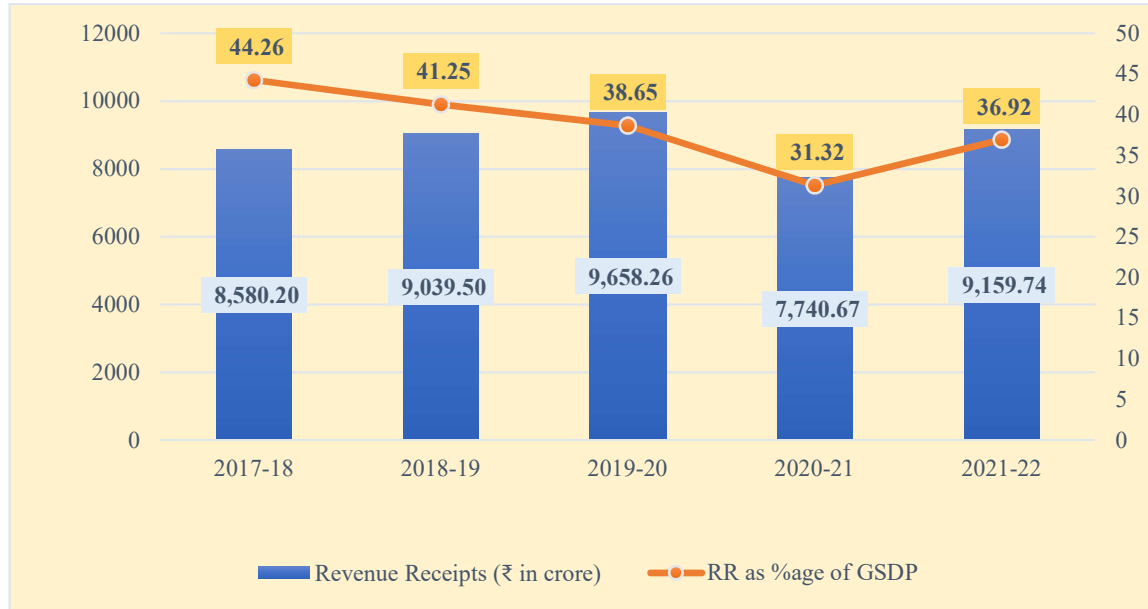
Source: Finance Accounts and Directorate of Economics and Statistics

Revenue Receipts increased by 6.75 per cent from ₹ 8,580.20 crore in 2017-18 to ₹ 9,159.74 crore in 2021-22 at an annual average growth rate of 5.33 per cent. During 2021-22, Revenue Receipts increased by ₹ 1,419.07 crore (18.33 per cent) over the previous year due to increase in Tax Revenue (₹ 206.38 crore), Non-tax Revenue (₹ 60.36 crore) and State's share of Union Taxes and Duties (₹ 1,212.31 crore) offset by decrease in Grants-in-Aid from GoI (₹ 59.98 crore).

Chart 2.3 shows the trend of Revenue Receipts during the period 2017-18 to 2021-22 and its contribution to GSDP.

¹² Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy with respect to GSDP at one implies that Revenue Receipts tend to change by one percentage points, if the GSDP changes by one per cent.

Chart 2.3 : Trend of Revenue Receipts

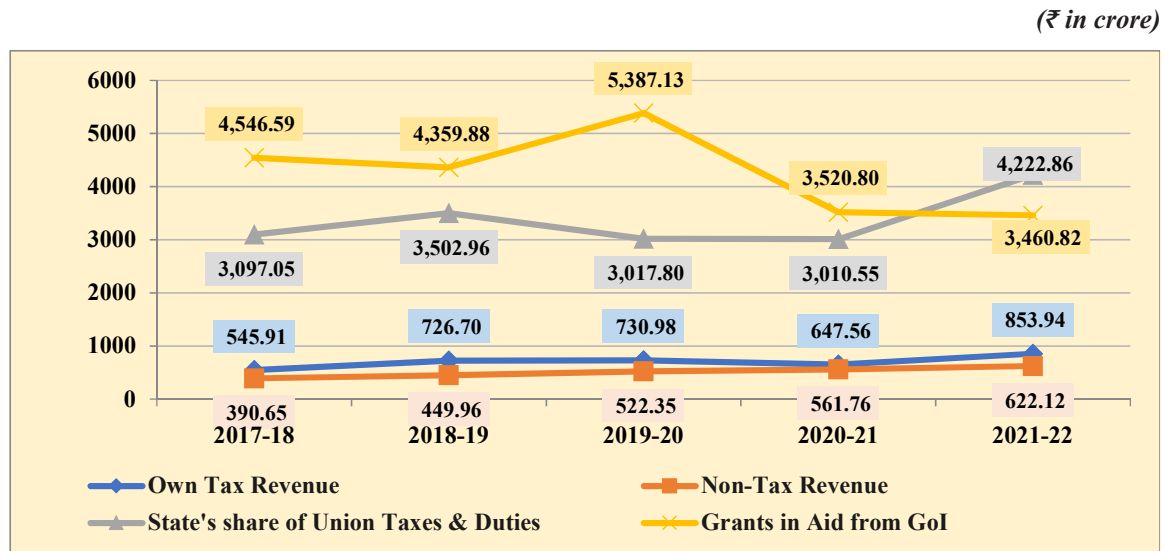


Source: Finance Accounts

Revenue Receipts which had been declining steadily over the past four years and rose in the current year. As a result, the contribution of Revenue Receipts to GSDP rose to 36.92 per cent from 31.32 per cent in the previous year. There was wide fluctuation in State's own revenue buoyancy, due to onset of COVID-19 pandemic (2020-21), which impacted the actual receipts in different components of revenue.

Chart 2.4 shows the trend of components of Revenue Receipts.

Chart 2.4 : Trend of components of Revenue Receipts



Source: Finance Accounts

Grants in Aid from the GoI made up 37.78 per cent of the Revenue Receipts during 2021-22 while Central Tax Transfers contributed 46.10 per cent. State's own sources of revenue made up just 16.11 per cent of the Revenue Receipts of the State. This is indicative of

the fact that Mizoram's fiscal position is largely dependent on Central Tax Transfers and Grants-in-Aid from GoI (83.89 per cent).

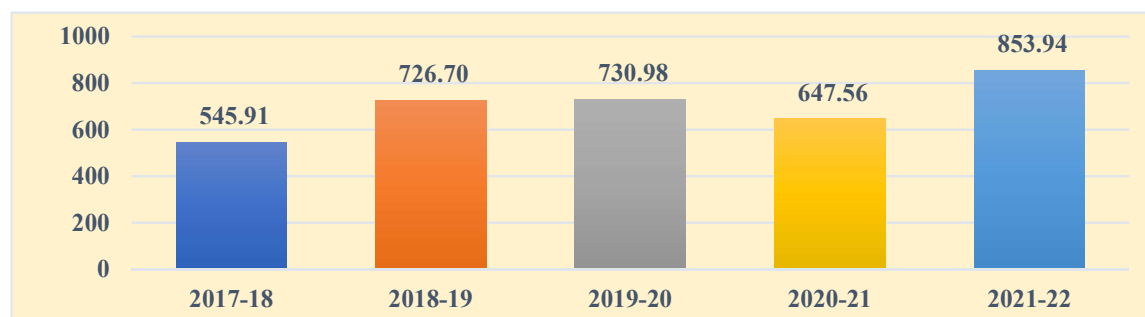
2.5.1.2 State's Own Resources

State's performance in mobilisation of resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources. The gross collection in respect of major Tax and Non-Tax Revenues and their relative share in GSDP during 2017-22 is given in *Appendix II*.

(i) Own Tax Revenue

Own tax revenue of the State consists of State Goods and Services Tax (SGST), State excise, taxes on vehicles, Stamps duty and Registration fees, Land revenue, taxes on goods and passengers, etc. The details of Own Tax Revenue of the State during the five-year period 2017-22 are given in **Chart 2.5**.

Chart 2.5 : Growth of Own Tax Revenues during 2017-22



Source: Finance Accounts

Component-wise details of Own Tax Revenue collected during the years 2017-22 are presented in **Table 2.4**.

Table 2.4 : Components of State's own tax revenue

Revenue Head	(₹ in crore)					
	2017-18	2018-19	2019-20	2020-21	2021-22 (BE)	2021-22 (Actuals)
Taxes on Sales, Trades, etc.	242.85	135.93	117.61	113.66	95.00	150.75
State Goods and Services Tax	169.76	454.73	532.22	457.91	538.00	632.34
State Excise	65.83	65.34	2.72	0.96	1.00	1.79
Taxes on Vehicles	31.58	38.36	40.66	29.01	34.36	27.90
Stamp Duty and Registration Fees	3.20	4.43	5.85	4.73	11.16	7.48
Land Revenue	8.29	8.64	9.05	20.74	18.00	13.04
Taxes on Goods and Passengers	7.83	4.71	7.44	4.85	5.03	5.39
Others	16.57	14.56	15.43	15.70	17.00	15.25
Total	545.91	726.70	730.98	647.56	719.55	853.94

Source: Finance Accounts

Own Tax Revenues of the State increased by ₹ 308.03 crore from ₹ 545.91 crore in 2017-18 to ₹ 853.94 crore in 2021-22 at an annual average rate of 15.50 per cent. However, during the current year, Own Tax Revenue (₹ 853.94 crore) increased by ₹ 206.38 crore (31.87 per cent) from the previous year (₹ 647.56 crore). Major contributors of Tax Revenue

were State Goods and Services Tax (SGST) (74.05 per cent), Taxes on Sales, Trades, etc., (17.65 per cent) and Taxes on Vehicles (3.27 per cent). State's Own Tax Revenue as percentage of GSDP during the year increased to 3.44 per cent from the previous year's 2.91 per cent. Own Tax Revenue was ₹118.68 per cent over the budget estimates during 2021-22.

➤ **State Goods and Services Tax (SGST)**

Twelve years after the implementation of Value Added Tax (VAT) in 2005, the Union Government rolled out the Goods and Services Tax (GST) on July 01, 2017. The Mizoram Goods and Services Tax (MGST) Act, 2017 came into effect vide Gazette Notification dated 01 June, 2017.

As per the GST (Compensation to States) Act, 2017, States are to be compensated for the shortfall in revenue arising on account of implementation of the Goods and Services Tax considering an annual growth of 14 per cent from the base year (2015-16), for a period of 5 years. The centre levies the Integrated GST (IGST) on inter-state supply of goods and services, and apportions the state's share of tax to the State where the goods or services are consumed.

During 2021-22, revenue collected by Government of Mizoram through SGST had risen by ₹ 462.58 crore (272.49 per cent) from ₹ 169.76 crore in 2017-18 to ₹ 632.34 crore in 2021-22. It also registered an increase of ₹ 174.43 crore (38.09 per cent) over the last year (₹ 457.91 crore). This amount included Advance Apportionment of IGST (₹ 18.78 crore). In addition, the State received ₹ 1,268.97 crore as its share of net proceeds assigned to the State under Central Goods and Services Tax. The total receipts under GST were ₹ 1,901.31 crore. The State did not receive compensation on account of loss of revenue arising out of implementation of GST during 2021-22.

➤ **Analysis of arrears of revenue and arrears of assessment**

The arrears of revenue as on 31 March 2022 on some principal heads of revenue amounted to ₹ 36.76 crore out of which, ₹ 2.50 crore was outstanding for more than five years, as detailed in **Table 2.5**.

Table 2.5 : Arrears of Revenue as on 31 March 2022

(₹ in crore)			
Sl. No.	Head of Revenue	Total amount outstanding as on 31 March 2022	Total amount outstanding for more than 5 years as on 31 March 2022
1	Taxes/VAT on sales, Trades, etc.	36.11	2.50
2	Taxes on Professions, Trades, Callings and Employment, etc.	0.36	0
3	Taxes on Entertainment	0.29	0
Total		36.76	2.50

Source: Information furnished by the Taxation Department

The details of cases pending at the beginning of the year, cases due for assessment, cases disposed off during the year and number of cases pending finalisation at the end of the year

as furnished by the Taxation Department in respect of Sales Tax, Motor Spirit Tax, Luxury Tax and Tax on Works Contracts are shown in **Table 2.6**.

Table 2.6 : Arrears in assessment as on 31 March 2022

Sl. No.	Head of Revenue	Opening balance as on 01 April 2021	New cases due for assessment during 2021-22	Total assessments due	Cases disposed during 2021-22	Closing balance as on 31 March 2022	Percentage of disposal
1	Taxes/VAT on sales, Trades, etc.	2,481	13	2,494	2487	7	99.71
2	Taxes on Professions, Trades, Callings and Employment, etc.	0	6722	6722	6722	0	100.00
3	Taxes on Entertainment	0	1	1	1	0	100.00
Total		2,481	6376	9,217	9,210	7	99.92

Source: Information furnished by the Taxation Department

From the table, it may be seen that out of 9,217 assessments due during 2021-22, 9,210 cases (99.92 per cent) were assessed by the end of 2021-22, leaving seven cases unassessed.

➤ **Details of evasion of tax detected by Department, refund cases, etc.**

The details of cases of tax evasion detected by the Taxation Department, cases finalised and the demands for additional tax raised as reported by the Department are given in **Table 2.7**.

Table 2.7 : Evasion of Tax Detected during 2021-22

Sl. No.	Head of revenue	Cases pending as on 31 March 2021	Cases detected during 2021-22	Total	No. of cases in which assessment / investigation completed and additional demand with penalty etc. raised		No. of cases pending for finalisation as on 31 March 2022
					No. of cases	Amount of demand (₹ in crore)	
1	Taxes/VAT on sales, Trades, etc.	391	13	404	401	0.91	3
2	Taxes on Professions, Trades, Callings and Employment, etc.	0	0	0	0	0	0
3	Taxes on Entertainment	0	0	0	0	0	0
Total		391	13	404	401	0.91	3

Source: Information furnished by the Taxation Department

The details of refund cases detected by the Taxation Department and the associated amounts as reported by the Department are given in **Table 2.8**.

Table 2.8 : Details of refund cases for 2021-22*(₹ in crore)*

Sl. No.	Particulars	Tax/Duty	
		No. of cases	Amount
1	Claims outstanding at the beginning of the year	44	1.00
2	Claims received during the year	39	5.43
3	Refunds made during the year	32	5.13
4	Balance outstanding at the end of the year	19 ¹³	1.30

Source: Information furnished by the Taxation Department

(ii) Non Tax Revenue

Non-Tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, etc. Component-wise details of Non-Tax Revenue collected during the years 2017-18 to 2021-22 were as shown in **Table 2.9**.

Table 2.9 : Components of State's Non-Tax Revenue*(₹ in crore)*

Revenue Head	2017-18	2018-19	2019-20	2020-21	2021-22 (BE)	2021-22 (Actuals)
Other Fiscal Services	Nil	Nil	2.05	12.05	0.20	18.86
Interest Receipts, Dividends and Profits	51.14	57.68	32.84	19.12	53.07	41.83
Other Non-Tax Revenues						
i. General Services	32.13	19.27	27.61	34.55	56.33	47.93
ii. Social Services	46.83	50.75	54.91	65.16	74.24	64.46
iii. Economic Services	260.55	322.26	404.94	430.88	668.42	449.04
Total	390.65	449.96	522.35	561.76	852.26	622.12

Source: Finance Accounts

Non-Tax Revenue ranged between 4.55 and 7.26 *per cent* of Revenue Receipts during the five-year period from 2017-18 to 2021-22 and increased by ₹ 60.36 crore (10.74 *per cent*) during the current year, over the previous year. The major contributor to Non-Tax Revenues during 2017-22 was revenue received under Economic Services which at ₹ 449.04 crore contributed 72.18 *per cent* of the total non-tax receipts during 2021-22. Non-Tax revenue was 73 per cent of the budget estimates during 2021-22.

(iii) Transfers from the Centre

The details of Central Transfers to the State during 2017-22 are given in the following table.

Table 2.10 : Central Transfers during 2017-18 to 2021-22*(₹ in crore)*

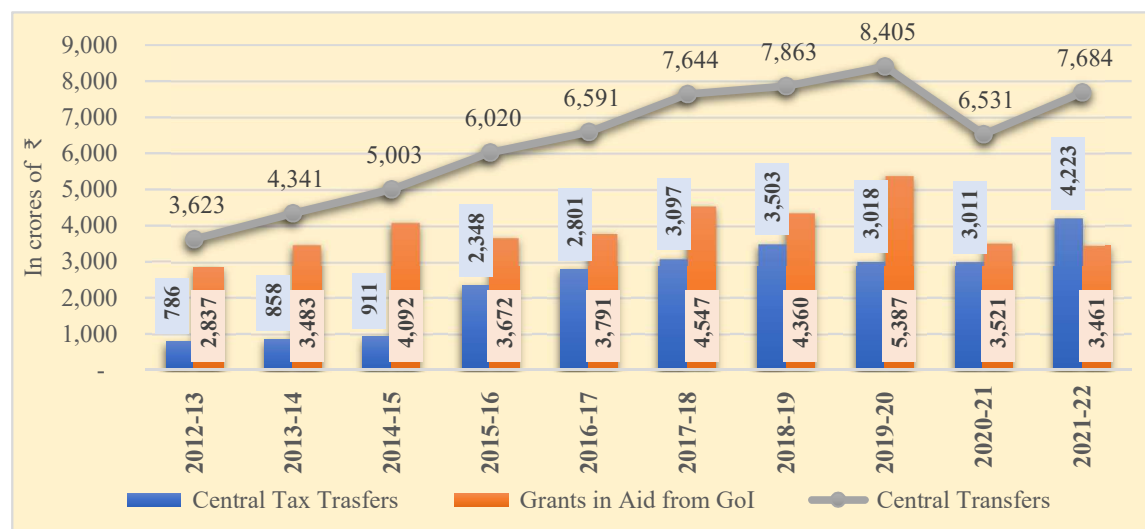
	2017-18	2018-19	2019-20	2020-21	2021-22
Grants in Aid from GoI	4,546.59	4,359.88	5,387.13	3,520.80	3,460.82
Central Tax Transfers	3,097.05	3,502.96	3,017.80	3,010.55	4,222.86
Total Transfers from Centre	7,643.64	7,862.84	8,404.93	6,531.35	7,683.68

Source: Finance Accounts

¹³ As per information furnished by the Department of Taxation 32 refund claims were rejected during the year leaving 19 refund claims outstanding for the year 2021-22

Chart 2.6 depicts the trend of Central transfers over the decadal period 2012-22. Over the period, these transfers increased by 112.07 per cent from ₹ 3,623 crore in 2012-13 to ₹ 7,684 crore in 2021-22. However, during the current year, the amount increased by 17.64 per cent from ₹ 6,531 crore in 2020-21 and constituted 83.89 per cent of the Revenue Receipts.

Chart 2.6 : Trend of Central Transfers during 2012-13 to 2021-22



Source: Finance Accounts

(A) Central Tax Transfers

As per the XV FC recommendations, the share of the States in shareable Central Taxes decreased from 42 per cent (XIV FC award period) to 41 per cent. Mizoram's share of the central pool during the XIV FC award period was 0.460 per cent and 0.464 per cent for all shareable taxes and Service Tax respectively. As per recommendation of the XV FC share of net proceeds of tax for Mizoram was 0.506 per cent during 2020-21 and 0.500 per cent during the remaining period from 2021-22 to 2025-26. **Table 2.11** gives the position of Central Tax transfers *vis-à-vis* the recommendation made by the XIV FC and the XV FC during 2017-22.

Table 2.11 : Central Tax Transfers: Actual devolution *vis-à-vis* Finance Commission projections¹⁴
(₹ in crore)

Year	Finance Commission projections	Projections in FCR	Actual tax devolution	Difference
2017-18	0.460 per cent of net proceeds of all shareable taxes excluding service tax and 0.464 per cent of net proceeds of shareable service tax	3,559	3,097.05	-461.95
2018-19		4,118	3,502.96	-615.04
2019-20		4,769	3,017.80	-1,751.20
2020-21	0.506 per cent of net proceeds of shareable taxes	4,327	3,010.55	-1,316.64
2021-22	0.500 per cent of net proceeds of shareable taxes	3,293	4,222.86	929.86

Source: Finance Accounts and XIV and XV FC Reports

¹⁴ Source : Reports of the XIV & XV FC, Finance Accounts and Annual Financial Statements of the State Government. For clarity, figures have been rounded to the nearest crore and may not tally.

Table 2.12 shows the component-wise distribution of Central Tax Transfers. There was an increase of 36.36 per cent from ₹ 3,097 crore in 2017-18 to ₹ 4,223 crore in 2021-22. During 2021-22 there was an increase of ₹ 1,212.31 crore (40.27 per cent) vis-a-vis the previous year. Central Tax Transfers made up 46.10 per cent of Revenue Receipts for the year.

Table 2.12 : Central Tax Transfers

Head	(₹ in crore)					
	2017-18	2018-19	2019-20	2020-21	2021-22 (BE)	2021-22 (Actuals)
Central Goods and Services Tax (CGST)	44.16	864.63	856.36	897.91	1,075.24	1,268.97
Integrated Goods and Services Tax (IGST)	312.80	69.00	Nil	Nil	Nil	Nil
Corporation Tax	948.82	1,218.27	1,028.94	906.03	968.22	1,225.41
Taxes on Income other than Corporation Tax	801.20	897.21	806.25	928.54	983.89	1,287.88
Customs	312.70	248.31	191.29	162.09	201.08	276.41
Union Excise Duties	326.90	165.03	133.00	101.51	97.38	127.21
Service Tax	350.50	31.92	Nil	12.42	2.05	32.49
Other Taxes	-0.03	8.59	1.96	2.05	-0.04	4.50
Central Tax transfers	3,097.05	3,502.96	3,017.80	3,010.55	3,327.82	4,222.87
Percentage of increase over previous year	10.58	13.11	-13.85	-0.24	-	40.27
Percentage of Central tax transfers to Revenue Receipts	36.10	38.75	31.25	38.89	-	46.10

Source: Finance Accounts

(B) Grants-in-aid from GoI

Grants-in-Aid (GIA) are sums of money (grants) given to the States by the GoI over and above the States' share of Union taxes and duties for the fulfilment of specific works, plans and policies. During 2021-22, GIA decreased by ₹ 59.98 crore (1.70 per cent) from ₹ 3,520.80 crore in 2020-21 to ₹ 3,460.82 crore in 2021-22. GIA received by the State Government from GoI during 2017-22 are detailed in **Table 2.13**.

Table 2.13 : Grants-in-aid from Government of India

Head	(₹ in crore)					
	2017-18	2018-19	2019-20	2020-21	2021-22 (BE)	2021-22 (Actuals)
Grants for Centrally Sponsored Schemes (CSS)	1,464.80	1,249.68	2,103.97	1,329.94	2,570.39	1,366.12
Finance Commission Grants	2,535.51	2,616.67	2,778.73	1,725.48	1,940.00	1,879.10
Other transfers/Grants to States	546.28	493.53	504.43	465.38	385.77	215.60
Total	4,546.59	4,359.88	5,387.13	3,520.80	4,896.16	3,460.82
Percentage of increase/decrease over the previous year	19.94	-4.11	23.56	-34.64	-	-1.70
Percentage of GIA to Revenue Receipts	52.99	48.23	55.78	45.48	-	37.78

Source: Finance Accounts

➤ Finance Commission Grants

FC Grants were provided to the states for local bodies and SDRF. Details of grants provided by the GoI to the State in this regard during the years 2017-20 (during the XIV FC period) and 2020-22 (XV FC period) are given in **Table 2.14**.

Table 2.14 : Recommended amount, actual release and transfers of Grant-in-Aid

(₹ in crore)

Transfers	Recommendation of the FC			Actual release by GoI				Release by State Government			
	2017-18 to 2020-21	2021-22	Total	2017-18 to 2020-21	2021-22	Total	2017-18 to 2020-21	2021-22	Total		
Local Bodies											
(i) Grants to RLBs											
(a) General Basic Grant	93.00	69.00	162.00	0	34.50	34.50	171.65	34.50	206.15		
(b) General Performance Grants											
(ii) Grants to ULBs											
(a) General Basic Grant	148.28	34.00	182.28	172.96	17.00	189.96	119.00	17.00	136.00		
(b) General Performance Grants											
Total for Local Bodies	241.28	103.00	344.28	172.96	51.50	224.46	290.65	51.50	342.15		
State Disaster Response Fund	118.00	52.00	170.00	100.10	37.60	137.70	100.10	37.60	137.70		
Grand Total	359.28	155.00	514.28	273.06	89.10	362.16	390.75	89.10	479.85		

Source: XIV-FC Report, XV-FC Report, State Government data and Finance Accounts

2.5.2 Capital Receipts

Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI., Public debt receipts consisting of borrowings from Market, Financial Institutions and Central Government, create future repayment obligations.

During the five-year period 2017-22, Capital Receipts grew by 401.48 per cent from ₹ 915.78 crore in 2017-18 to ₹ 4,592.45 crore in 2021-22 mainly due to increased public debt receipts. Recovery of loans and advances grew by 48.71 per cent from ₹ 21.64 crore in 2017-18 to ₹ 32.17 crore in 2021-22.

During 2021-22, Public Debt Receipts (₹ 4,560.28 crore) represented 99.30 per cent of Capital Receipts (₹ 4,592.45 crore) and increased by 74.64 per cent over the previous year while Recovery of loans and advances decreased by 4.48 per cent (₹ 1.52 crore) compared to the previous year (₹ 33.69 crore).

Table 2.15 shows the trends in growth and composition of net Capital Receipts.

Table 2.15 : Trends in growth and composition of capital receipts*(₹ in crore)*

Sources of State's Receipts	2017-18	2018-19	2019-20	2020-21	2021-22
Capital Receipts	915.78	156.38	1,174.38	2,645.01	4,592.46
Miscellaneous Capital Receipts	-	-	-	-	-
Recovery of Loans and Advances	21.64	22.16	26.70	33.69	32.18
Net Public Debt Receipts	894.14	134.22	1,147.68	2,611.32	4,560.28
<i>Internal Debt (excluding Ways and Means Advances and Overdrafts)</i>	<i>868.76</i>	<i>122.86</i>	<i>1,132.80</i>	<i>2,363.70</i>	<i>4,250.46</i>
<i>Growth rate (per cent)</i>	<i>16.04</i>	<i>-85.86</i>	<i>822.03</i>	<i>108.66</i>	<i>79.82</i>
<i>Net transactions under Ways and Means Advances and Overdrafts</i>	<i>17.51</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Growth rate (per cent)</i>	<i>-</i>	<i>-100.00</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Loans and advances from GoI</i>	<i>7.87</i>	<i>11.36</i>	<i>14.88</i>	<i>247.62</i>	<i>309.82</i>
<i>Growth rate (per cent)</i>	<i>15.06</i>	<i>44.35</i>	<i>30.99</i>	<i>1,564.11</i>	<i>25.12</i>
Rate of growth of debt Capital Receipts	18.35	-84.99	755.07	127.53	74.64
Rate of growth of non-debt capital receipts (per cent)	-3.61	2.40	20.49	26.18	-4.48
Rate of growth of GSDP (per cent)	12.76	12.87	14.94	15.62	0.38
Rate of growth of Capital Receipts (per cent)	17.72	-82.92	650.98	125.23	73.63

Source: Finance Accounts and State Government

From the table, it can be seen that the State Government is relying heavily on Public debt receipts to meet budgetary requirements. During 2021-22, the components of Public Debt Receipts comprised of Internal Debt (₹ 4,250.46 crore) and Loans and Advances from GoI (₹ 309.82 crore).

2.5.3 State's performance in mobilisation of resources

State's performance in mobilisation of resources is assessed in terms of its own resources comprising own-tax and non-tax sources. This indicates the extent to which the State has been successful in fulfilling its potential revenue earning capacity from both tax and non-tax sources. The performance of the State would also indicate the degree of accuracy with which the Finance Commission had projected its growth as well as the budgetary astuteness of the state itself in assessing its own revenue earning potential. **Table 2.16** shows the actual earnings of Government of Mizoram and the achievement with regard to projections of the Finance Commission and State budget estimates.

Table 2.16 : Tax and non-tax receipts vis-à-vis projections*(₹ in crore)*

	FC projections	Budget Estimates	Actual	Percentage variation of actual over	
				FC projections	Budget estimates
Own Tax revenue	912.00	719.56	853.94	-6.37	18.68
Non-Tax revenue	227.00	852.26	622.12	174.06	-27.00
Total	1,139.00	1,571.82	1,476.06	29.59	-6.09

It can be seen from the table above that Own Tax Revenue for the year failed to meet FC projections by 6.37 per cent but surpassed budget estimates by 18.68 per cent. Non-

Tax revenue exceeded FC projections by 174.06 per cent, but remained short of budget estimates figures by 27 per cent. In summary, receipts from own sources surpassed FC projections by 29.59 per cent and fell short of budgetary projections by 6.09 per cent.

2.6 Application of resources

Analysis of expenditure at the State Government level assumes significance, since major expenditure responsibilities are entrusted with them. Within the framework of fiscal responsibility legislations, there are budgetary controls in raising public expenditure financed by deficit or borrowings. It is, therefore, important to ensure that the on-going fiscal correction and consolidation process at the State level is not at the cost of expenditure, especially the expenditure directed towards development of social and economic sectors. This paragraph along with sub-paragraphs gives the analysis of allocation of expenditure in the State.

2.6.1 Growth and composition of expenditure

Capital Expenditure: All charges for the first construction of a project as well as charges for intermediate maintenance of the work while not opened for service and also the charges for such further additions and improvements as may be sanctioned under the rules made by competent authority shall be classified as Capital expenditure.

Revenue Expenditure: Charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as also all other expenses incurred for the day to day running of the organisation, including establishment and administrative expenses shall be classified as Revenue expenditure

Statement 15 of Finance Accounts depicts the detailed Revenue Expenditure and **Statement 16** depicts Capital Expenditure. States raise resources to perform their sovereign functions to maintain their existing level of delivery of Social and Economic Services, to extend the network of these services through Capital Expenditure and investments and to discharge their debt service obligations.

Table 2.17 depicts the Revenue and Capital Expenditure of the State for the five-year period 2017-18 to 2021-22.

Table 2.17 : Total expenditure and its composition

Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
Total Expenditure (TE)	8,922.07	9,414.58	10,909.26	9,643.67	9,564.45
Revenue Expenditure (RE)	6,880.77	7,505.59	9,453.96	8,514.80	8,557.49
Capital Expenditure (CE)	1,996.35	1,868.47	1,372.67	1,125.97	1,004.38
Loans and Advances	44.95	40.52	82.63	2.90	2.58
As a percentage of GSDP					
TE/GSDP	46.02	42.97	43.66	39.02	38.56
RE/GSDP	35.49	34.25	37.83	34.46	34.63
CE/GSDP	10.53	8.71	5.82	4.57	4.06
Capital Expenditure/GSDP	10.30	8.53	5.49	4.56	4.05
Loans and Advances/GSDP	0.23	0.18	0.33	0.01	0.01

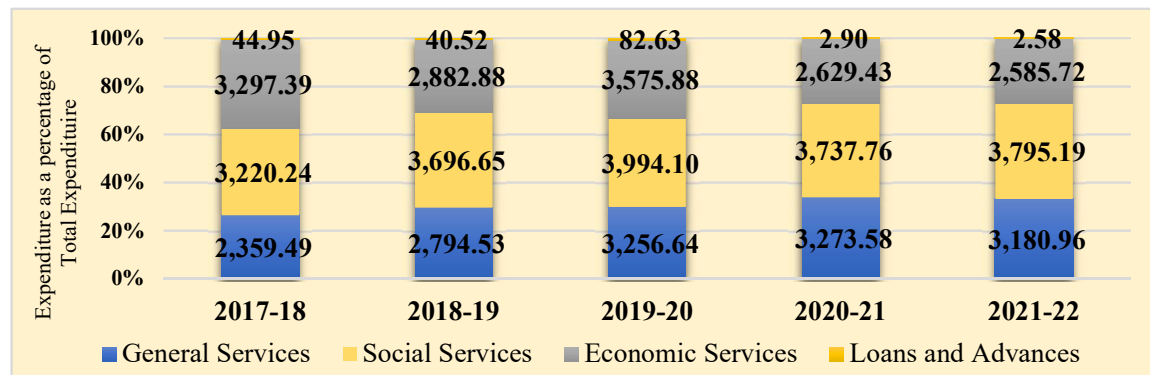
Source: Finance Accounts and Government of Mizoram

Total Expenditure (TE) decreased by ₹ 79.22 crore (0.82 per cent) in 2021-22 as compared to 2020-21. This was due to decrease in Capital Expenditure by ₹ 121.59 crore (10.80 per cent) and disbursement of Loans and Advances by ₹ 0.32 crore (11.03 per cent) which was offset by an increase in Revenue Expenditure ₹ 42.69 crore (0.50 per cent). As percentage of GSDP, TE decreased from 46.02 per cent to 38.56 per cent of GSDP during the five year period from 2017 to 2022.

In the context of State Finances, the quality of expenditure has always been an important issue. Revenue Expenditure, which is in the nature of current consumption, accounted for 89.47 per cent of the State's TE, whereas Capital Expenditure, which is in the nature of asset creation, was 10.53 per cent in 2021-22. This trend of expenditure was seen to be consistent over the five year period. Revenue Expenditure was within the range of 77.12 to 89.47 per cent of TE while Capital Expenditure was between 10.53 to 22.38 per cent of TE which signified that the Government was spending most of its resources in activities which did not involve asset creation.

Chart 2.7 presents the share of different components of Total Expenditure as per activity during the five year period 2017 to 2022.

Chart 2.7 : Total expenditure - Expenditure by activities



Source: Finance Accounts

Expenditure on General Services decreased by ₹ 92.62 crore (2.83 per cent) from ₹ 3,273.58 crore in 2020-21 to ₹ 3,180.96 crore in 2021-22, Social Services expenditure increased by ₹ 57.43 crore (1.54 per cent) from ₹ 3,737.76 crore in 2020-21 to ₹ 3,795.19 crore in 2021-22 and expenditure on Economic Services decreased by ₹ 43.71 crore (1.66 per cent) from ₹ 2,629.43 crore in 2020-21 to ₹ 2,585.72 crore in 2021-22. Disbursement of Loans and Advances declined by ₹ 0.32 crore (11.03 per cent) from ₹ 2.90 crore in 2020-21 to ₹ 2.58 crore in 2021-22.

2.6.2 Revenue Expenditure

Revenue Expenditure (RE) is incurred to maintain the current level of services and payment for the past obligations. As such, it does not result in any addition to the State's infrastructure and service network.

Revenue Expenditure formed on an average 84.25 per cent (ranging from 77.12 per cent in 2017-18 to 89.47 per cent in 2021-22) of the total expenditure during the period 2017-22.

Rate of growth of Revenue Expenditure has displayed wide fluctuations during the five- year period 2017-22. The overall Revenue Expenditure, its rate of growth, its ratio to Total Expenditure and buoyancy vis-à-vis GSDP and Revenue Receipts are indicated in **Table 2.18** and the sectoral distribution of Revenue Expenditure pertaining to 2021-22 is given in **Chart 2.8**.

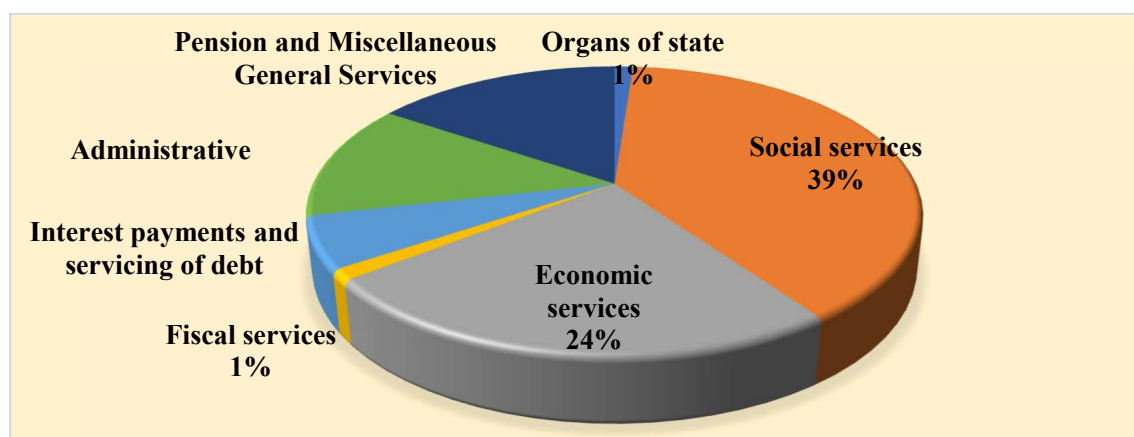
Table 2.18 : Revenue Expenditure – Basic Parameters

Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
Total Expenditure (TE)	8,922.07	9,414.58	10,909.26	9,643.67	9,564.45
Revenue Expenditure (RE)	6,880.77	7,505.59	9,453.95	8,514.80	8,557.49
Rate of Growth of RE (Per cent)	10.44	9.08	25.96	-9.93	0.50
RE/TE (Per cent)	77.12	79.72	86.66	88.29	89.47
RE/GSDP (Per cent)	35.49	34.25	37.83	34.46	34.50
RE/Revenue Receipts (Per cent)	80.19	83.03	97.88	110.00	93.43
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	0.82	0.70	1.74	0.64	1.31
Revenue Receipts (ratio)	0.65	1.70	3.79	0.08	0.03

Source: Finance Accounts of respective years

Revenue Expenditure as a percentage of GSDP increased from 34.46 *per cent* in 2020-21 to 34.50 *per cent* in 2021-22 and increased by 0.50 *per cent* (₹ 42.69 crore) from the previous year. Revenue Expenditure was lower by ₹ 658.89 crore *vis-à-vis* the assessment made in MTFP 2021-22 (₹ 9,216.38 crore) and stood at 93.43 *per cent* of Revenue Receipts for the year. The buoyancy of Revenue Expenditure with GSDP and Revenue Receipts was 1.31 and 0.08 respectively during 2021-22.

Chart 2.8 : Sector-wise distribution of revenue expenditure



Source : Finance Accounts

2.6.2.1 Major changes in Revenue Expenditure

Table 2.19 details significant variations under various Heads of Account with regard to Revenue Expenditure of the State during the current year *vis-à-vis* the previous year.

Table 2.19 : Variation in Revenue Expenditure during 2021-22 compared to 2020-21

(₹ in crore)

Major Heads of Account	2020-21	2021-22	Increase (+)/ Decrease (-)
2210-Medical and Public Health	515.92	602.44	86.52
2406-Forestry and Wild Life	84.01	148.86	64.85
2217-Urban Development	179.31	235.77	56.46
2049-Interest Payment	400.98	450.64	49.66
2071-Pensions and Other Retirement Benefits	1,482.90	1,331.45	-151.45
2801-Power	806.30	700.99	-105.31
2501-Special Programmes for Rural Development	91.08	15.84	-75.24
2401-Crop Husbandry	205.45	174.47	-30.98
3054-Roads and Bridges	183.04	229.13	(+) 46.09

The table above shows only nine largest positive and negative outliers in variation of expenditure over the previous year. It may be seen that major variation in Revenue Expenditure for the year occurred mainly due to increased expenditure of ₹ 303.58 crore under the heads ‘Medical and Public Health’, ‘Forestry and Wild Life’, ‘Urban Development’ and ‘Interest Payments’ and ‘Roads and Bridges’. There was decreased in expenditure of ₹ 362.98 crore under the heads ‘Pensions and Other Retirement Benefits’, ‘Power’, ‘Special Programmes for Rural Development’ and ‘Crop Husbandry’.

2.6.2.2 Committed Expenditure

Committed Expenditure of Government consists mainly of expenditure on salaries and wages, interest payments and pensions. Although the FRBM Act of the State prescribes that there should be a Revenue Surplus, the efforts towards the same get hampered due to the fact that a large proportion of Revenue Expenditure goes into committed expenditure on items like salaries and wages, interest payments and pensions. An upward trend in committed expenditure leaves the Government with lesser flexibility for the development sector.

Table 2.20 presents the trends in the components of committed expenditure during 2017-22. The table also gives specific details of percentage of various components to Revenue Receipts as well as percentage of the same to Revenue Expenditure over the period.

Table 2.20 : Components of Committed Expenditure

(₹ in crore)

Components of Committed Expenditure	2017-18	2018-19	2019-20	2020-21	2021-22
Salaries & Wages	2,400.82	2,739.45	3,211.44	3,320.51	3,280.69
Expenditure on Pensions	837.78	970.37	1,432.50	1,482.72	1,331.25
Interest Payments	339.20	368.68	343.12	400.99	450.64
Total	3,577.80	4,078.50	4,987.06	5,204.22	5,062.78
As a percentage of Revenue Receipts (RR)					
Salaries & Wages	27.98	30.31	33.25	42.90	35.82
Expenditure on Pensions	9.76	10.73	14.83	19.15	14.53
Interest Payments	3.95	4.08	3.55	5.18	4.92
Total	41.70	45.12	51.64	67.23	55.27
As a percentage of Revenue Expenditure (RE)					
Salaries & Wages	34.89	36.50	33.97	39.00	38.34
Expenditure on Pensions	12.18	12.93	15.15	17.41	15.56
Interest Payments	4.93	4.91	3.63	4.71	5.27
Total	52.00	54.34	52.75	61.12	59.16

Source: Finance Accounts

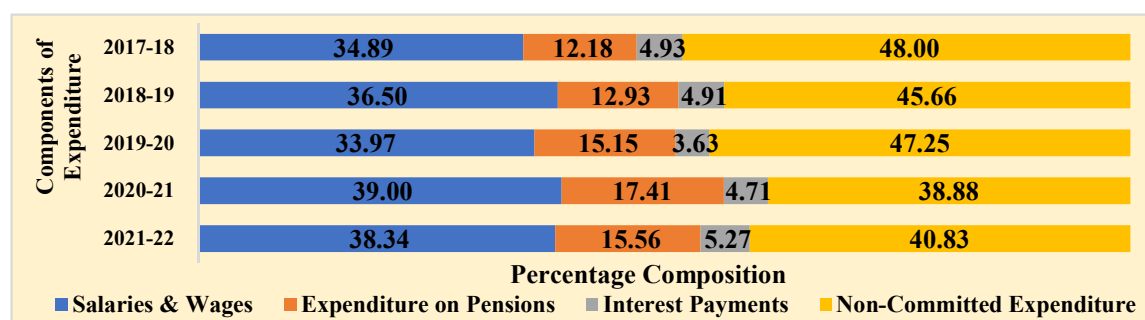
As can be seen from the table above, Committed Expenditure varied between 41.70 to 67.23 per cent of Revenue Receipts and 52.00 to 61.12 per cent of Revenue Expenditure with a commensurate yearly variation in development funds. During 2021-22, expenditure on Salaries and Wages accounted for 35.82 per cent of Revenue Receipts and 38.34 per cent of Revenue Expenditure. It increased from ₹ 2,400.82 crore during 2017-18 to ₹ 3,280.69 crore in 2021-22. The expenditure on Salaries and Wages decreased by ₹ 39.82 crore (1.20 per cent) compared to the previous year.

Over the five year period 2017-22, expenditure on Pension Payments increased by 58.90 per cent from ₹ 837.78 crore in 2017-18 to ₹ 1,331.25 crore in 2021-22. During the current year, Pension Payments decreased by ₹ 151.47 crore (10.22 per cent) over the previous year mainly due to decrease in the number of Pensioners and Family Pensioners by 1,169 and 365 respectively. Expenditure on Pension Payments accounted for approximately 14.53 per cent of Revenue Receipts and 15.56 per cent of Revenue Expenditure for the year.

Interest Payments in 2021-22 increased by ₹ 49.65 crore (12.38 per cent) as compared to 2020-21.

Chart 2.9 depicts the yearly variation of Committed and Non - Committed Expenditure.

Chart 2.9 : Share of Committed expenditure in total Revenue Expenditure



2.6.2.3 Undischarged liabilities in National Pension System

The State Government had introduced National Pension System (NPS), a New Defined Contribution Pension Scheme on 01 September 2010, which covered State Government employees recruited on or after 01 September 2010. In terms of NPS, an employee contributes 10 per cent of monthly salary and Dearness Allowance and the State Government contributes a matching amount. The State Government adopted NPS architecture designed by the Pension Fund Regulatory Development Authority (PFRDA) and appointed the National Securities Depository Limited (NSDL) as the Central Record Keeping Agency (CRA). Bank of India is the Trustee Bank in charge of operation of Pension Funds. Accordingly, the entire amount is transferred to NSDL/Trustee Bank.

During 2021-22, Government of Mizoram collected ₹ 44.27 crore being employees' contribution and contributed ₹ 44.39 crore as employer's contribution (including ₹ 0.08 crore and ₹ 0.04 crore of 14 per cent contribution for AIS officers and direct credit of subscribers' contribution by various Mizoram Houses). Although a portion of the contribution for February 2022 (₹ 8.50 crore) was transferred in April 2022, total contribution for the year (₹ 88.66 crore) was transferred to NSDL leaving no undischarged liability.

2.6.2.4 Subsidies

To encourage production and consumption in specific industries, Government provides subsidies to various departments. These include subsidies for food grains, water tariffs, electricity tariffs, *etc.* Expenditure on account of subsidies is used to fill the gap between the income and expenditure incurred for procurement of goods/services. The total subsidy provided by the State Government during 2021-22 was ₹ 83.80 crore, a rise of ₹ 83.80 crore from ₹ 0.22 crore in 2020-21. The details of expenditure on subsidies by the Government and its relation to both Revenue Receipts and Revenue Expenditure is given in **Table 2.21**.

Table 2.21 : Expenditure on subsidies during 2017-22

	2017-18	2018-19	2019-20	2020-21	2021-22
Subsidies (₹ in crore)	13.00	12.43	21.76	0.22	83.80
Subsidies as a percentage of Revenue Receipts	0.15	0.14	0.23	0.003	0.91
Subsidies as a percentage of Revenue Expenditure	0.19	0.17	0.23	0.003	0.98

Source : Finance Accounts

As may be seen from the table, expenditure on subsidies made up less than one *per cent* of both Revenue Receipts and Expenditure.

2.6.2.5 Financial assistance by the State Government to Local Bodies and Other Institutions

Financial assistance is provided by the State Government to Local bodies and other institutions by way of grants and loans. The quantum of assistance provided by way of grants and loans to local bodies and others during 2017-22 is given in **Table-2.22**.

Table 2.22 : Financial Assistance to Local Bodies, etc.(*₹ in crore*)

Financial Assistance to Institutions	2017-18	2018-19	2019-20	2020-21	2021-22
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	342.41	348.40	404.66	369.12	395.60
Panchayati Raj Institutions/Urban Local Bodies	64.14	63.36	63.44	52.45	37.46
Autonomous District Councils	343.70	408.65	463.87	450.45	496.97
Other Institutions ¹⁵	928.36	840.20	1,604.74	908.81	973.61
Total	1,678.61	1,660.61	2,536.71	1,780.83	1,903.64
Revenue Expenditure	6,880.77	7,505.59	9,453.96	8,514.80	8,557.49
Assistance as percentage of Revenue Expenditure	24.40	22.12	26.83	20.91	22.25

Source: Finance Accounts

The grants extended to local bodies and other institutions increased by 6.90 *per cent* from ₹ 1,780.83 crore in 2020-21 to ₹ 1,903.64 crore in 2021-22. The increase in financial assistance by ₹ 122.81 crore in 2021-22 over 2020-21 was due to increase in assistance to Educational Institutions (₹ 26.48 crore), Autonomous District Councils (₹ 46.52 crore) and Other Institutions (₹ 64.80 crore) which was offset by a decrease in Urban Local Bodies (₹ -14.99 crore). Further, the share of financial assistance to Local Bodies and Other Institutions as percentage of Revenue Expenditure had also decreased from 24.40 *per cent* in 2017-18 to 22.25 *per cent* in 2021-22.

The Indian Government Accounting Standards (IGAS) 2 on Accounting and Classification on Grants-in-Aid notified by Ministry of Finance envisages the disclosure of value of grants given in cash as well as in kind.

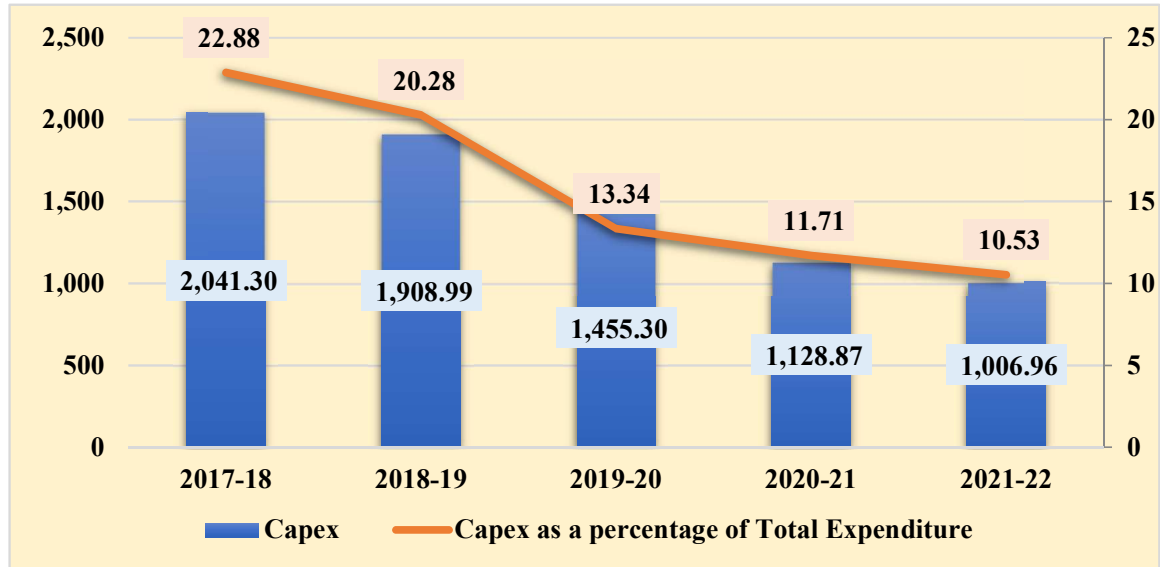
Scrutiny of Finance Accounts for the year 2021-22 showed that the Statement of Grants-in-Aid given by the State Government discloses the grants paid in cash while those paid in kind by the State Government were not disclosed and details in this regard were not furnished by the State Government.

2.6.3 Capital Expenditure

Capital Expenditure (Capex) is incurred to create assets and add to the infrastructure and service network. During 2021-22, Capital Expenditure of the State decreased by ₹ 121.91 crore (10.80 *per cent*) from ₹ 1,128.87 crore during 2020-21 to ₹ 1,006.96 crore during the current year. The share of Capital Expenditure as percentage of Total Expenditure dropped from 22.88 *per cent* during 2017-18 to 10.53 *per cent* in 2021-22. The trend of Capital Expenditure and its share as a percentage of Total Expenditure are indicated in **Chart 2.10**.

¹⁵ Other Institutions include five schemes which had received GIA of at least ₹ 50 crore MGNREGA (₹ 143.36 crore), National Health Mission (₹ 107.22 crore), Housing for All (₹ 71.70 crore), Smart City Mission (₹ 68.56 crore), PMGSY (₹ 82.59 crore) and MLA-LADS (₹ 60.00 crore).

Chart 2.10 : Capital expenditure in the State



Source: Finance Accounts

2.6.3.1 Major changes in Capital Expenditure

Table 2.23 details significant variations under various Heads of Account with regard to Capital Expenditure of the State during the current year vis-à-vis the previous year.

Table 2.23 : Capital expenditure during 2021-22 compared to 2020-21

Major Heads of Accounts	₹ in crore		
	2020-21	2021-22	Increase (+)/ Decrease (-)
4210-Capital Outlay on Medical and Public Health	24.75	80.67	55.92
4408-Capital Outlay on Food Storage and Warehousing	8.95	33.60	24.65
4215-Capital Outlay on Water Supply and Sanitation	247.47	173.87	-73.60
4217-Capital Outlay on Urban development	99.75	52.03	-47.72
4235-Capital Outlay on Social Security and Welfare	43.36	14.87	(-) 28.49
5053-Capital Outlay on Civil Aviation	45.30	7.84	-37.46

Source: Finance Accounts

The preceding table shows only the six largest positive and negative outliers in variation of expenditure over the previous year. It can be seen that variation in Capital Expenditure for the year occurred mainly due to increased expenditure of ₹ 80.57 crore under the head 'Capital Outlay on Medical and Public Health' and 'Capital Outlay on Food Storage and Warehousing' and decrease in expenditure of ₹ 187.27 crore under the heads 'Capital Outlay on Water Supply and Sanitation', 'Capital Outlay on Urban Development', Capital Outlay on Social Security and Welfare and 'Capital Outlay on Civil Aviation'.

2.6.3.2 Quality of capital expenditure

If the State Government keeps on making investments in loss making government companies whose net worth is completely eroded, there are no chances of return on investment. Similarly, experience has shown the inevitability of write off of the loans given to loss making corporations and other bodies such as sugar mills, financial corporations,

etc. Requisite steps have to be taken to infuse transparency in such financial operations. This section presents an analysis of investments and other capital expenditure undertaken by the Government during the current year

2.6.3.3 Quality of investments in Companies, Corporations and other Bodies

Capital expenditure in companies, corporations, and other bodies which are loss making or where net worth is completely eroded is not sustainable.

Investments made and loans given to companies (e.g. DISCOMs), Corporations (e.g. SC &ST Financial Corporations), and Cooperatives (e.g. Sugar mills), which are loss making and those where net worth is completely eroded, affect quality of capital expenditure. Return on Investment (RoI) in share capital invested in State Public Sector Undertakings (SPSUs) and history of repayment of loans given to various bodies are important determinants of quality of capital expenditure. **Table 2.24** shows the details of RoI of Government of Mizoram over the period 2017-22.

Table 2.24 : Return on Investment

Investment/return/cost of borrowings	2017-18	2018-19	2019-20	2020-21	2021-22
Investment at the end of the year (₹ in crore)	38.67	42.77	42.77	42.77	42.77
Return (₹ in crore)	Nil	Nil	Nil	Nil	Nil
Rate of return (per cent)	Nil	Nil	Nil	Nil	Nil
Average rate of interest on Government Borrowings (per cent)	4.84	5.04	4.29	4.32	4.41
Difference between interest rate and rate of return (per cent)	4.84	5.04	4.29	4.32	4.41
Difference between interest on Government borrowings and return on investment (₹ in crore)	1.87	2.16	1.83	1.85	1.89

Source: Finance Accounts

As on 31 March 2022, the State Government had invested¹⁶ ₹42.77 crore in Government Companies, Co-operative Bank, Societies, etc. with no additional investment made during the year. However, it did not receive any dividend on these investments in 2021-22 nor in the preceding four financial years. On the other hand, the Government's future liability on market borrowings bore an interest liability at average rates of interest ranging from 4.29 to 5.04 per cent.

As of 31 March 2022, there were six working Government Companies in the State. As per their latest finalised annual accounts, these Companies had accumulated losses of ₹ 56.28 crore¹⁷. Four¹⁸ out of six Government Companies, the accumulated losses were

¹⁶ Government Companies: ₹6.99 crore; Co-operative Bank, Societies, etc.: ₹35.78 crore

¹⁷ Zoram Industrial Development Corporation Limited: ₹13.90 crore; Zoram Electronic Development Corporation Limited: ₹6.59 crore; Mizoram Food and Allied Industries Corporation Limited: ₹20.91 crore; Mizoram Handloom and Handicraft Development Corporation Limited: ₹6.34 crore; Mizoram Agricultural Marketing Corporation Limited: ₹8.54 crore; and Aizawl Smart City Limited: ₹NIL.

¹⁸ Zoram Electronic Development Corporation Limited, Mizoram Handloom and Handicraft Development Corporation Limited, Zoram Industrial Development Corporation Limited and Aizawl Smart City Limited.

more than 84.25 per cent of their paid-up capital. The accumulated losses of the remaining two¹⁹ of these Government Companies whose net worth has completely been eroded as detailed in **Table 2.25**.

Table 2.25: Erosion of net worth of SPSEs*(₹ in crore)*

Sl. No.	Name of SPSEs (1)	Latest year of finalised accounts (2)	Total Paid Up Capital (3)	Net Profit (+)/ Loss (-) after interest, tax and dividend (4)	Accumulated loss (5)	Net Worth (6)	State Government Equity as on 31 March 2022 (7)	State Government Loans as on 31 March 2022 (8)
1	MAMCO ²⁰	2011-12	5.45	(-) 1.63	8.54	9.42	-	-
2	MIFCO ²¹	2014-15	20.00	(-) 1.59	20.91	22.16	-	-

Source: As per the Accounts of State Public Sector Undertakings.

Accumulation of huge losses by these SPSEs had eroded public wealth and the State Government needs to review the working of these SPSEs to either improve their profitability or close their operations.

2.6.3.4 Quantum of loans disbursed and recovered by the State Government

In addition to investments in Cooperative Societies, Corporations and Companies, the Government also provides loans and advances to many of these institutions/ organisations. Trends in quantum of loans disbursed and recovered show the Government's efficiency in disbursement of financial assistance and its subsequent recovery. Financial assistance in the form of loans and advances was provided to various departments and Government servants by Government of Mizoram as detailed in **Table 2.26**.

Table 2.26: Quantum of loans disbursed and recovered during five years*(₹ in crore)*

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
Opening Balance of loans outstanding	205.81	229.12	247.48	303.42	272.63
Amount advanced during the year	44.95	40.52	82.64	2.90	2.58
Amount recovered during the year	21.64	22.16	26.70	33.69	32.18
Closing Balance of the loans outstanding	229.12	247.48	303.42	272.63	243.03
Net addition	23.31	18.36	55.94	-30.79	-29.60
Interest received	26.41	27.85	22.55	17.37	13.45
Interest rate on Loans and Advances given by the Government.	12.14	11.69	8.19	6.03	5.22
Rate of Interest paid on the outstanding borrowings of the Government	10.86	11.24	9.48	8.88	8.36
Difference between the rate of interest paid and interest received (<i>per cent</i>)	-1.29	-0.44	1.29	2.85	3.14

Source: Finance Accounts of various years and information received from the State Government

¹⁹ Mizoram Agricultural Marketing Corporation Limited and Mizoram Food and Allied Industries Corporation Limited

²⁰ MAMCO - Mizoram Agriculture Marketing Corporation Limited

²¹ MIFCO - Mizoram Food & Allied Industries Corporation Limited

New loans given to entities without progress in recovery of outstanding loans from previous years is an indicator of loose financial control and is not beneficial for the State. During the period 2017-18 to 2020-21.

2.6.3.5 Capital locked in incomplete projects

Blocking of funds on incomplete projects/works impinges negatively on the quality of Capex and deprives the State of the intended benefits for prolonged periods. Further, the funds borrowed for implementation of these projects during the respective years lead to extra burden in terms of servicing of debt and interest liabilities. **Table 2.27** outlines the status of capital blocked in incomplete capital works.

Table 2.27 : Profile of incomplete projects as on 31 March 2022

Age profile of incomplete projects as on 31 March 2022				Department-wise profile of incomplete projects as on 31 March 2022			
(<i>₹ in crore</i>)				(<i>₹ in crore</i>)			
Year	No. of incomplete projects	Estimated cost	Expenditure (as on 31 March)	Department	No. of incomplete projects	Estimated cost	Expenditure (as on 31 March)
2017-18	25	230.07	195.47	Public Works Department	111	1,428.86	757.94
2018-19	45	535.49	353.20	PHED	8	131.15	134.91
2019-20	18	389.94	423.63	P&E	15	675.69	744.94
2020-21	9	227.51	239.94	Others ²²	17	248.35	220.48
2021-22	54	1,101.04	646.03				
Total	151	2,484.05	1,858.27	Total	151	2,484.05	1,858.27

Source: Finance Accounts (Vol-II)

Thus, the Capital Expenditure of ₹ 1,858.27 crore incurred on these 151 incomplete projects remained blocked and the benefits envisaged from these projects were yet to be harnessed. There was time overrun²³ ranging from one to 10 years²⁴ on these 151 incomplete projects resulting in cost overrun of ₹ 97.74 crores²⁵ in various projects under PHED, P&E and PWD departments. Further delay in completion of these projects was fraught with the risk of additional cost overrun. Therefore, effective steps need to be taken to complete all these projects without further delay in order to avoid cost overrun and ensure that the intended benefits are received by the public.

²² Others include Minor Irrigation, UD&PA, School Education, EMRS (Social Welfare), NEC, NEDP, NLCPR, Police

²³ Oldest incomplete project was 'Construction of 5MW Tlawva SHP' which commenced in 2012 and was to be completed in 2015. The project remained incomplete as on 31 March 2022 as per Finance Accounts of that year.

²⁴ As per data taken from Finance Accounts 2017-18, the project with the longest time overrun over the target date of completion was 'Construction of Mizoram State Museum at New Secretariat Complex, Aizawl' (PWD) which had overrun its target date of completion by 10 years.

²⁵ 6 cost overrun projects are Construction of 5MW Tlawva SHP, Construction of 110 km, 132 KV S/C Melriat S/S-Lunglei line including one bay at Melriat and one bay at Khawiva, Rehabilitation and Extension of Water Distribution Networks and Feeder Mains (P&SN/WS/AIZ/T2/ICB-2), Construction of sanitary landfill and compost plant (SL&CP/SWM/AIZ/T3/NCB-4), Construction of Approach road and internet roads at Industrial Growth centre and Construction of 5MW Tlawva SHP

Analysis of Incomplete Projects

In order to better understand the causes and impact of capital blocked in incomplete projects, field audits were conducted on two Small Hydro Power (SHP) projects under Power and Electricity Department, Government of Mizoram, namely Construction of Tlawva SHP (5 MW) and Construction of Kawlbem SHP (4MW). Observations based on audit scrutiny are given in the following paragraphs –

(i) Construction of Tlawva SHP (5 MW):

The construction of Tlawva SHP (5 MW) commenced in March 2012 at an estimated cost of ₹ 57.49 crore. As per the agreement made between the P&E Department and M/S Nortech Power Projects Pvt. Ltd., the power project was supposed to be completed within 3 years from the date of commencement *i.e.* by March 2015.

However, it was observed that the power project was not yet completed as on 31 March 2022. Further, the progressive expenditure incurred in the project was ₹ 71.16 crore exceeding the estimated cost by ₹ 13.67 crore. The main reasons for delay of the power project as stated by the Department were due to heavy rainfall and landslides several times, political reasons which created obstacles for deployment of manpower at site, non-availability of skilled local mechanic during heavy machineries break-down, due to higher water level in riverbed at weir and tail race area and water leakage accident in the powerhouse, etc.

The department stated that the project was however completed and commissioned on 11 August 2022 with progressive expenditure of ₹ 72.21 crore. As such, the project was delayed and capital remained blocked for more than 7 years with cost overrun of ₹ 14.72 crore and failed to provide the intended benefits during the period.

(i) Construction of Kawlbem SHP (4 MW):

The construction of Kawlbem SHP (4 MW) commenced in August 2017 at an estimated cost of ₹ 49.60 crore. As per the agreement made between the P&E Department and M/S Nortech Power Projects Pvt. Ltd., the power project was supposed to be completed within 18 months from date of its commencement *i.e.* by March 2019.

However, it was observed that the power project was not yet completed as on 31 March 2022. Further, the progressive expenditure was ₹ 51.42 crore as on 31 March 2022. The main reasons for delay of the power project as stated by the Department were due to re-construction of Desilting tank damaged by landslide and other natural calamities like stone fall, massive floods, continuous rainfall, etc.

The Department stated that Pre-commissioning works had started and the project was expected to be commissioned during September 2022. The progressive expenditure incurred in the project as on August 2022, which had not changed since 31 March 2022, stood at ₹ 51.42 crore. As such the stated deadline of September 2022 for commissioning the project remained doubtful as there was no financial progress in the last five months (April to August 2022). Delays in implementation of the project caused blockage of capital for more than 3 and half years with cost overrun of ₹ 1.82 crore and also failed to provide the intended benefits for this period.

2.6.4 Expenditure priorities

Enhancing human development levels require the States to step up their expenditure on key social services like education, health, etc. Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector, if the allocation is below the respective national average. The higher the ratio of these components to total expenditure, the better the quality of expenditure is considered to be. **Table-2.28** analyses the expenditure priority of the State Government with regard to Capital Expenditure (CE), Education and Health during 2021-22 by comparing these to the state's Total Expenditure (TE).

Table 2.28 : Expenditure priority of the State with regards to Health, Education and Capital expenditure

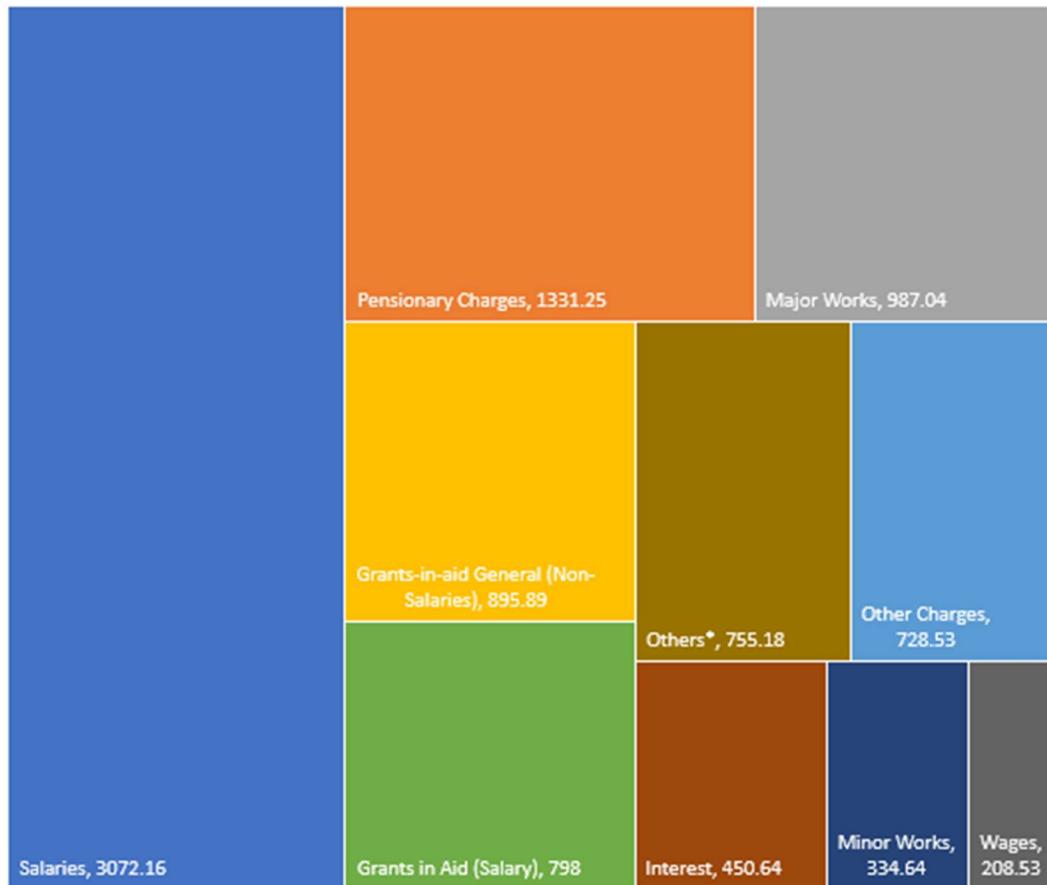
(In per cent)

	TE/GSDP	CE/TE	Education/TE	Health/TE	DE/TE
NE and Himalayan States Average (2017-18)	26.07	16.10	17.56	6.22	64.15
Mizoram	46.02	22.88	14.31	6.21	73.10
NE and Himalayan States Average (2021-22)	27.56	17.47	15.95	7.25	62.56
Mizoram	37.08	10.53	15.80	7.42	66.74

The State had a high TE-GSDP ratio as compared to the average for NE and Himalayan States. However, it fell from 46.02 *per cent* in 2017-18 to 37.08 *per cent* in 2021-22. When compared to TE, during the same period Capital expenditure fell by 12.35 *per cent* while expenditure on Education and expenditure on Health both grew by 1.49 *per cent* and 1.21 *per cent* respectively. Development Expenditure of the State as a percentage of TE was above the average of NE and Himalayan States in both 2017-18 and 2021-22.

2.6.5 Object head wise expenditure

Object head wise expenditure gives information about the object/ purpose of the expenditure. Finance Accounts depict transactions only up to the Minor Head level. Therefore, a drill down view of budgetary allocation and extent of actual expenditure (above ₹ 100 crore) incurred on the items at the Object Head Level are given in **Chart 2.11**.

Chart 2.11 : Object head wise expenditure (Figures shown are in crore of ₹)

* Others includes Supplies and Materials, Medical Treatment, OE, Domestic Traveling Expenses, Foreign Traveling Expenses, Machinery & Equipment, Subsidies, Motor Vehicles, Grants for creation of Capital Assets, Investment, Professional Services, Other Administrative Expenses, Publications, Rent, Rate & Taxes, Advertising and Publicity, POL, Write off Losses, Secret Services and Suspense Object heads.

As depicted in the chart, expenditure related to remuneration *i.e.* Salaries, Pensionary Charges, Major Works, Grants in Aid (Non Salaries), Grants in Aid (Salary), Wages, etc. accounted for the major portion of expenditure. Non-Salary Object heads accounted for less than half of the total expenditure incurred during the year.

2.7 Contingency Fund

The Contingency Fund of Government of Mizoram is set up under Article 267(2) of the Constitution of India for meeting unforeseen expenditure and is recouped when the State Legislature authorises the additional expenditure. The corpus of the Fund is ₹ 0.10 crore. No amount was drawn from the Contingency Fund during the year and thus no outstanding balance as on 31 March 2022.

2.8 Public Account

Receipts and Disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances, *etc.*, which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature. The Government acts

as a banker in respect of these. The balances under these heads after disbursements during the year are available with the Government for use for various purposes.

2.8.1 Net Public Account Balances

The component-wise net balances in Public Account of the State are shown in **Table 2.29**.

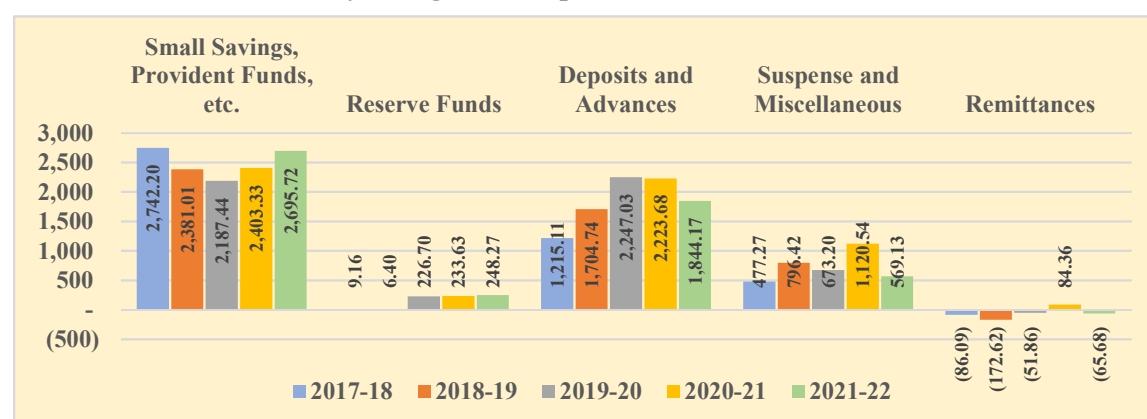
Table 2.29 : Component-wise net balances in Public Account as of 31 March 2022

		(₹ in crore)				
Sector	Sub Sector	2017-18	2018-19	2019-20	2020-21	2021-22
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	2,742.20	2,381.01	2,187.44	2,403.33	2,695.72
J. Reserve Funds	(a) Reserve Funds bearing Interest	2.64	-0.12	220.18	227.11	241.75
	(b) Reserve Funds not bearing Interest	6.52	6.52	6.52	6.52	6.52
K. Deposits and Advances	(a) Deposits bearing Interest	2.55	2.55	2.55	2.55	2.55
	(b) Deposits not bearing Interest	1,212.12	1,701.31	2,243.54	2,230.12	1,850.61
	(c) Advances	0.44	0.88	0.94	-8.99	-8.99
L. Suspense and Miscellaneous	(b) Suspense	841.85	863.11	871.97	1,253.35	909.86
	(c) Other Accounts	-364.22	-66.33	-198.39	-132.43	-340.35
	(d) Accounts with Governments of Foreign Countries	-0.36	-0.36	-0.38	-0.38	-0.38
	(e) Miscellaneous	Nil	Nil	Nil	Nil	Nil
M. Remittances	(a) Money Orders, and other Remittances	-69.53	-159.49	-42.62	91.89	-58.52
	(b) Inter-Governmental Adjustment Account	-16.56	-13.13	-9.24	-7.53	-7.16
TOTAL		4,357.65	4,715.95	5,282.51	6,065.54	5,291.61

Note: + denotes credit balance and -denotes debit balances as per Finance Accounts

The yearly changes in composition of balances in Public Account over the five-year period 2017-22 are given in **Chart 2.12**.

Chart 2.12 : Yearly changes in composition of Net Public Account balances



Source: Finance Accounts of respective years

2.8.2 Reserve Funds

Reserve Funds are created for specific and well defined purposes. These funds are augmented by contributions or grants from the Consolidated Fund of India or State. The contributions are treated as expenditure and accounted for under the Consolidated Fund for which the vote of the legislature is obtained. At the end of the financial year, the expenditure relating to the funds is transferred to the Public Account.

As on 31 March 2021, the total accumulated balance of Reserve Funds maintained by Government of Mizoram was ₹ 680.96 crore. Out of this, ₹ 241.75 crore was under interest bearing Reserve Fund and ₹ 439.21 crore under Non-Interest bearing Reserve Fund. The status of Reserve Funds is discussed in greater details in the following paragraphs.

2.8.2.1 Reserve Funds Bearing Interest

(A) State Disaster Response Fund

Government of India replaced the existing Calamity Relief Fund with the State Disaster Response Fund (SDRF) in 2010-11 on the recommendations of the Thirteenth Finance Commission. Under the guidelines of the Fund, in the case of the Special Category States like Mizoram, the Centre and States are required to contribute to the Fund in the proportion of 90:10. The SDRF is to be used only for meeting the expenditure for providing immediate relief to the victims of a disaster and provision for disaster preparedness, restoration, reconstruction and mitigation should not be a part of SDRF. Such expenditure has to be built into the normal budgetary heads of the State.

As per guidelines on Constitution and Administration of State Disaster Response Fund (SDRF) (September 2010), the SDRF Fund would be constituted in the Public Account under Reserve Fund bearing interest, under MH 8121 in the accounts of the State Government. Immediately upon receipt of GoI share, the State would transfer the amount, along with its share to the Public Account head (MH 8121-122). The actual expenditure on relief works will be booked only under respective Minor Head under MH 2245 and the expenditure to be charged to the SDRF will be shown as a negative entry under 2245-05-901. Direct expenditure should not be made from the Public Account.

During the year 2021-22, the State Government received ₹ 37.60 crore as Central Government's share of SDRF. The State Government's share during the year was ₹ 4.18 crore. The State Government transferred ₹ 22.30 crore (Central share ₹ 18.80 crore, State share ₹ 3.50 crore) to the Fund under Major Head 8121-122 SDRF. Thus, the state short-transferred ₹ 19.48 crore (₹ 18.80 crore being central share and ₹ 0.68 crore being state share) into SDRF. The State did not receive fund from the Central Government towards National Disaster Response Fund (NDRF) during 2021-22.

The contributions to the Fund, expenditure and the balance therein are as shown in **Table 2.30:**

Table 2.30 : State Disaster Response Fund*(₹ in crore)*

Opening balance (01 April 2021)	Details of contribution received during 2021-22						Amount set off (MH 2245-05)	Balance in the fund	Invested by RBI/State Government during the year
	Centre	State Share	Interest	NDRF	Others	Total			
40.13	18.80	3.50	0.99	Nil	0.36	23.65	22.21	41.57	Nil

Source : Finance Accounts

The expenditure of ₹ 22.21 crore incurred on natural calamities was set off (MH 2245) against the Fund balance of ₹ 63.78 crore. The balance lying under the Fund as at the end of 31 March 2022 was ₹ 41.57 crore.

(B) State Compensatory Afforestation Fund:

In Rule 2 (6) of the Compensatory Afforestation Fund (Accounting procedure) Rules, 2018 issued by the Ministry of Environment, Forest and Climate Change and adopted by the Government of Mizoram, it is prescribed that monies received by the State Governments from user agencies is to be credited in ‘State Compensatory Afforestation Deposits’ under interest bearing section in Public Account of the State at Minor head level below the Major Head 8336 Civil Deposits. 90 per cent of the fund needs to be transferred to the Major Head 8121 General and Other Reserve Funds in Public Account of State and balance 10 per cent is to be credited into the National Fund on yearly basis provided that the credit of 10 per cent Central share of funds should be ensured on monthly basis so that the same is transferred to the National Fund.

Up to 2021-22, the State did not follow these guidelines and did not operate the Fund under 8336 Civil Deposits. As per the information furnished by the Government of Mizoram, ₹ 3.06 crore had been deposited by User Agencies directly in the official Bank Account maintained by State Authority, CAMPA. The monies received were utilized by the Department directly from the Bank Account with due approval from Finance Department, Government of Mizoram without deducting/remitting the 10 per cent to the National Fund. Additionally, the Government did not receive any amount from National Compensatory Afforestation Deposits during the past two years. As per the Accounts, the total balance in the State Compensatory Afforestation Fund as on 31 March 2022 was ₹ 200.18 crore.

2.8.2.2 Reserve Funds Not Bearing Interest

Out of four Reserve Funds not bearing interest, two are active, namely (i) Consolidated Sinking Fund and (ii) Guarantee Redemption Fund and two are inactive, namely (i) General Reserve Funds (8235 General and Other Reserve Funds 101 General Reserve Funds of Government Commercial Departments/Undertakings) and (ii) Other Funds (8235 General and Other Reserve Funds 200 Other Funds).

(A) Consolidated Sinking Fund

As per the recommendations of the XII FC, the State Government constituted a revised Consolidated Sinking Fund (CSF) scheme in 2006-07 for redemption of outstanding liabilities.

As per the Scheme and the guidelines of the Reserve Bank of India, States are required to contribute into the Fund annually a minimum of 0.50 *per cent* of their outstanding liabilities (Internal Debt *plus* Public Account liabilities) as at the end of the previous year. The Fund is administered by the Reserve Bank of India subject to such directions/ instructions as the Government may issue from time to time.

During the year 2021-22, Government contributed ₹ 45.15 crore to the fund as against ₹ 49.41 crore it was required to contribute to the fund, resulting in short contribution by ₹ 4.26 crore. The total accumulation of the Fund was ₹ 391.19 crore as on 31 March 2022 (₹ 346.04 crore as on 31 March 2021). The position of contribution to CSF against the actual requirement during 2017-22 is shown in **Table-2.31**.

Table-2.31: Details of contribution *vis-à-vis* requirement in CSF

Particulars	(₹ in crore)				
	2017-18	2018-19	2019-20	2020-21	2021-22
Outstanding fiscal liability of the previous year	6,725.00	7,300.30	7,315.54	8,678.26	9,881.09
Requirement (minimum 0.50 <i>per cent</i> of previous year's liabilities)	33.63	36.50	36.58	43.39	49.41
Actual Contribution	40.00	36.00	-	37.00	45.15
Shortfall	-6.38	0.50	36.58	6.39	4.26

Source: Finance Accounts of respective years

(B) Guarantee Redemption Fund

Guarantee Redemption Fund (GRF) was set up in 2009-10 with an initial corpus of ₹ 50.00 lakh to meet the eventuality of invoking of guarantees given by the State Government to loans raised by its entities. The fund is administered by Reserve Bank of India.

The State Government is required to contribute into the Fund, with contributions made annually or at lesser intervals, to ensure that anticipated guarantees devolving on the Government as a result of the likely invocation of outstanding guarantees in the succeeding 5 years can be fulfilled. Additionally, vide Para 5 (b) of the notification mentioned above, during each year the Government shall contribute an amount equivalent at least to 1/5th of the outstanding invoked guarantees plus an amount of guarantees likely to be invoked due to incremental guarantees issued during the year. The total accumulation of the Fund was ₹ 41.50 crore as on 31 March 2022. The entire amount had been invested by RBI (₹ 39.50 crore as on 31 March 2021).

During 2021-22, Government of Mizoram had issued fresh guarantee of ₹ 2.50 crore to Mizoram Co-operative Bank Ltd. Further, guarantees to the extent of ₹ 5.82 crore (₹ 4.92 crore discharged and ₹ 0.90 crore not yet discharged) were invoked and ₹ 10.15 crore was deleted.

Under the Government Guarantee Act 2013, the Government shall charge a minimum of 0.75 *per cent* of the guaranteed amount as guarantee commission which worked out to ₹ 1.03 crore. No guarantee commission was received by the State Government during the year.

2.8.3 Central Road Fund

The accounting procedure relating to the Central Road Fund (CRF) prescribes that the receipt of the grant from Government of India is first recorded under the Major head 1601 and thereafter transferred to the Fund (under Public Account Major Head **8449-Other Deposits**- 103 subvention from Central Road Fund), by operating the Revenue Expenditure Major Head 3054 in the same year of receipt. Further, expenditure on prescribed road works is first to be accounted for under the relevant Revenue or Capital Expenditure section and is to be reimbursed out of the Fund as a deduct expenditure to the concerned Revenue or Capital Major Head (3054 or 5054 as the case may be).

During the year 2020-21, the State Government received grants of ₹ 22.06 crore towards CRF. No corresponding Budget Provision was made under 3054-80-797- Transfer to/ from Reserve Fund/Deposit Account and there was no transfer to Public Account under 8449-Other Deposits. This was in violation of the Fund accounting procedure.

As per the Finance Accounts 2021-22, an expenditure of ₹ 22.06 crore was incurred on Construction of Roads (CRF) under Major Head 5054 Capital Outlay on Roads and Bridges.

2.8.4 Expenditure on Ecology and Environment under MH-3435

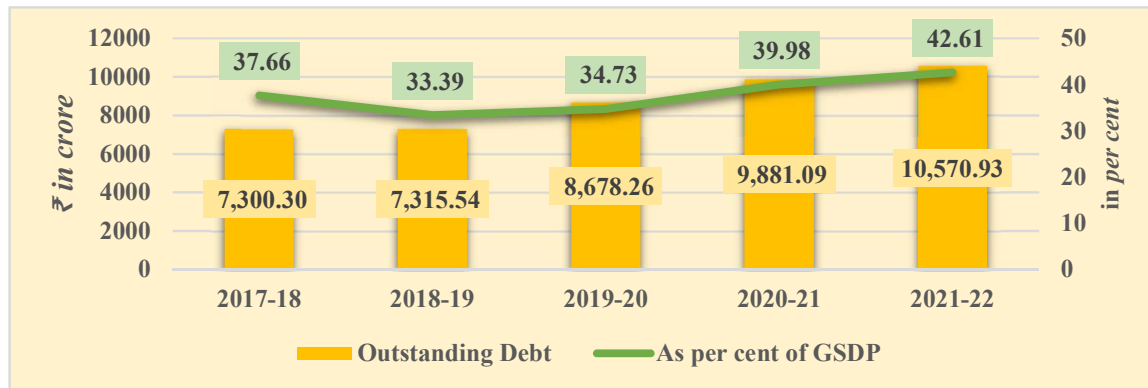
The National Environment Policy, 2006 is intended to mainstream environmental concerns in all developmental activities. The Budget and Expenditure data relating to nomenclature viz., “Environment”, “Waste Management”, “Prevention and Control of Pollution”, “Environment Research and Education” and “Environmental Protection” *etc.* are available in VLC system and Budget documents of State Government.

During 2021-22, the Government of Mizoram incurred ₹ 1.52 crore against the budget allocation of ₹ 1.62 crore under Major Head 3435 Ecology and Environment. During the previous year 2020-21, the Government of Mizoram incurred ₹ 1.45 crore against the budget allocation of ₹ 1.45 crore under Major Heads 3435. Details may be seen in **Appendix III**.

2.9 Debt Management

Debt management is the process of establishing and executing a strategy for managing the Government’s debt in order to raise the required amount of funding, achieve its risk and cost objectives, and to meet any other sovereign debt management goals that the Government may have set through enactment or any other annual budget announcements. **Chart 2.13** shows the trend of outstanding debt for the five year period 2017-22 as well as the percentage of debt to GSDP.

Chart 2.13 : Trend of Outstanding Debt during 2017-22



Source: Finance Accounts

2.9.1 Debt profile: Components

Total debt of the State Government typically comprises of Internal debt of the State (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, etc.), loans and advances from the Central Government, and Public Account Liabilities. The exact definition of the total debt may be taken from the FRBM Acts of the respective States. Some of the important terms are explained in the following page.

Item	What it means	Interest rate
Ways and Means Advance (WMA)	It is a facility for both the Centre and states to borrow from the RBI to help them tide over temporary mismatches in cash flows of their receipts and expenditures. Such advances should be repaid not later than three months from the date of taking the advance.	The interest rate on WMA is the RBI's repo rate, which is basically the rate at which it lends short-term money to banks. That rate as of March 2022 stood at 4.00 per cent.
Overdrafts	The governments are allowed to draw amounts in excess of their WMA limits. No state can run an overdraft with the RBI for more than a certain period. A state can be in overdraft from 14 to 21 consecutive working days, and from 36 to 50 working days during a quarter	The interest on overdraft is 2 percentage points above the repo rate, which works out to 6.00 per cent.
Government securities	A Government Security (G-Sec) is a tradeable instrument issued by the Central Government or the State Governments. Such securities are short term (usually called treasury bills, with original maturities of less than one year) or long term (usually called Government bonds or dated securities with original maturity of one year or more). In India, the Central Government issues both, treasury bills and bonds or dated securities while the State Governments issue only bonds or dated securities, which are called the State Development Loans (SDLs).	Long term securities carry a fixed or floating coupon (interest rate) which is paid on the face value, payable at fixed time periods (usually half-yearly)
T-bills	Treasury bills are short-term securities issued by the Central government. Their maturity periods range up to one year. These securities are sold at a discount rate and will be paid at face value, which is how the investors make their money. At present, the active T-Bills are 91-days T-Bills, 182-day T-Bills and 364-days T-Bills	T-Bills are issued on discount to face value, while the holder gets the face value on maturity. The return on T-Bills is the difference between the issue price and face value. Thus, return on T-Bills depends upon auctions.

Item	What it means	Interest rate
T -Notes	Treasury notes are government securities with maturity periods longer than treasury bills. Their maturity periods can be two, three, four, five, seven, and ten years. Interest is paid every six months.	
T-Bonds	Treasury bonds are long-term investments with a maturity period of 30 years. Interest is paid every six months.	

The total outstanding debt of the State Government at the end of 2021-22 was ₹ 10,570.93 crore of which, 45.38 *per cent* was accounted as Public Account Liabilities, which comprise primarily Small Savings, Provident Funds, etc., Reserve Funds, and Deposits and Advances. The details relating to total debt received, repayment of debt, ratio of debt to GSDP and the actual quantum of debt available to the State during the five-year period 2017-22 are given in **Table-2.32**.

Table 2.32 : Component wise debt trends

		(₹ in crore)				
		2017-18	2018-19	2019-20	2020-21	2021-22
Outstanding Overall Debt		7,300.30	7,315.54	8,678.26	9,881.09	10,570.93
Public Debt	Internal Debt	3,057.24	2,958.10	3,758.92	4,527.09	5,002.62
	Loans from GoI	277.04	266.17	259.11	484.36	771.16
Liabilities on Public Account		3,966.02	4,091.27	4,660.23	4,869.64	4,797.15
Off Budget Borrowings		-	-	-	-	-
Rate of growth of outstanding Overall debt (<i>percentage</i>)		8.55	0.21	18.63	13.86	6.98
Gross State Domestic Product (GSDP)		19,385.33	21,912.08	24,989.60	24,712.26	24,807.08
Debt/GSDP (<i>per cent</i>)		37.66	33.39	34.73	39.98	42.61
Total Debt Receipts		3,048.72	2,517.05	4,277.17	4,963.79	6,679.68
Total Debt Repayments		2,473.43	2,501.81	2,914.45	3,760.96	5,989.84
Total Debt Available		575.29	15.24	1,362.72	1,202.83	689.84
Debt Repayments/Debt Receipts (<i>percentage</i>)		81.13	99.39	68.14	75.77	89.67

Source: Finance Accounts

As shown in the table above, overall debt has been increasing steadily during the period 2017-18 to 2021-22 from ₹ 7,300.30 crore in 2017-18 to ₹ 10,570.93 crore in 2021-22, an increase of ₹ 3,270.63 crore (44.80 *per cent*) while it grew by ₹ 689.84 crore (6.98 *per cent*) compared to the previous year.

Chart 2.14 shows the components of outstanding overall debt as on 31 March 2022. As shown in the chart, 93 *per cent* of outstanding debt was made up of Internal Debt (₹ 5,002.62 crore) and Liabilities on Public Account (₹ 4,797.15 crore) while only seven *per cent* consisted of Loans from GoI (₹ 771.16).

Chart 2.14: Break Up of Outstanding Overall Debt at the end of 31 March 2022

(₹ in crore)

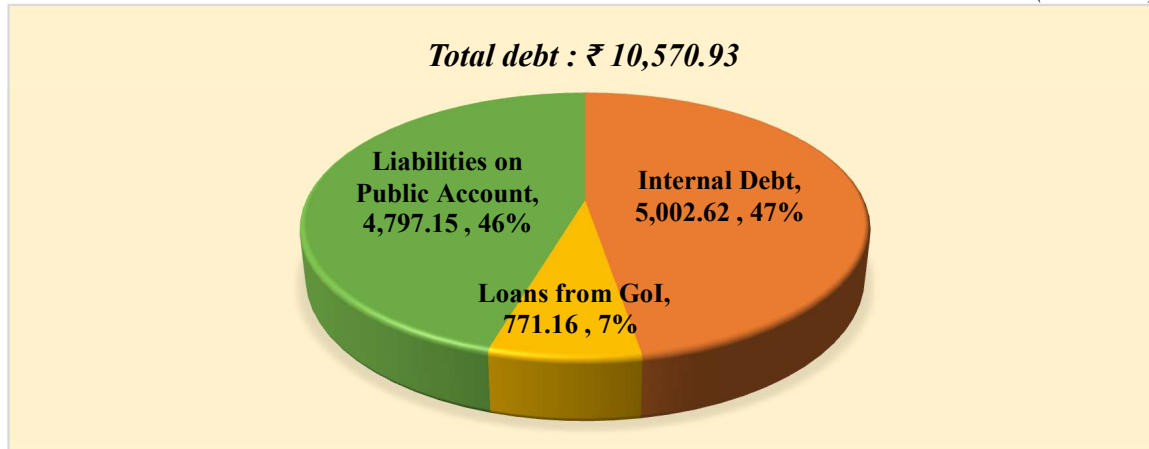
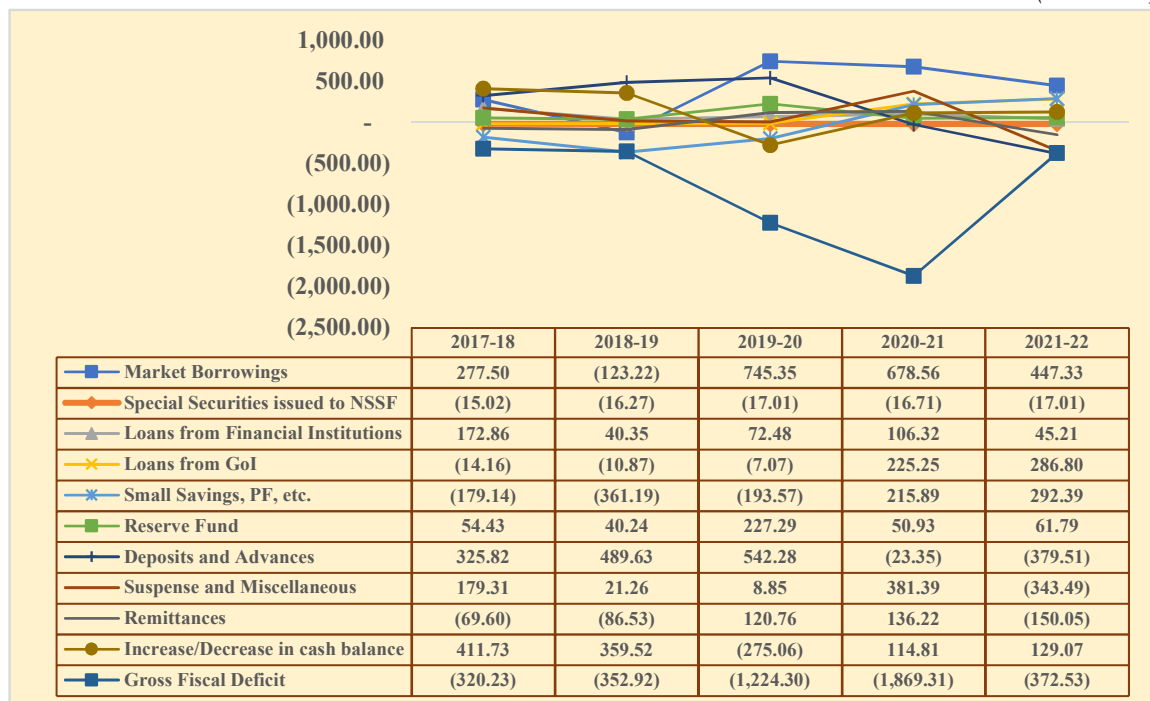


Chart 2.15 describes in greater detail the components of Public Debt and Liabilities on Public Account.

Chart 2.15 : Components wise debt trends

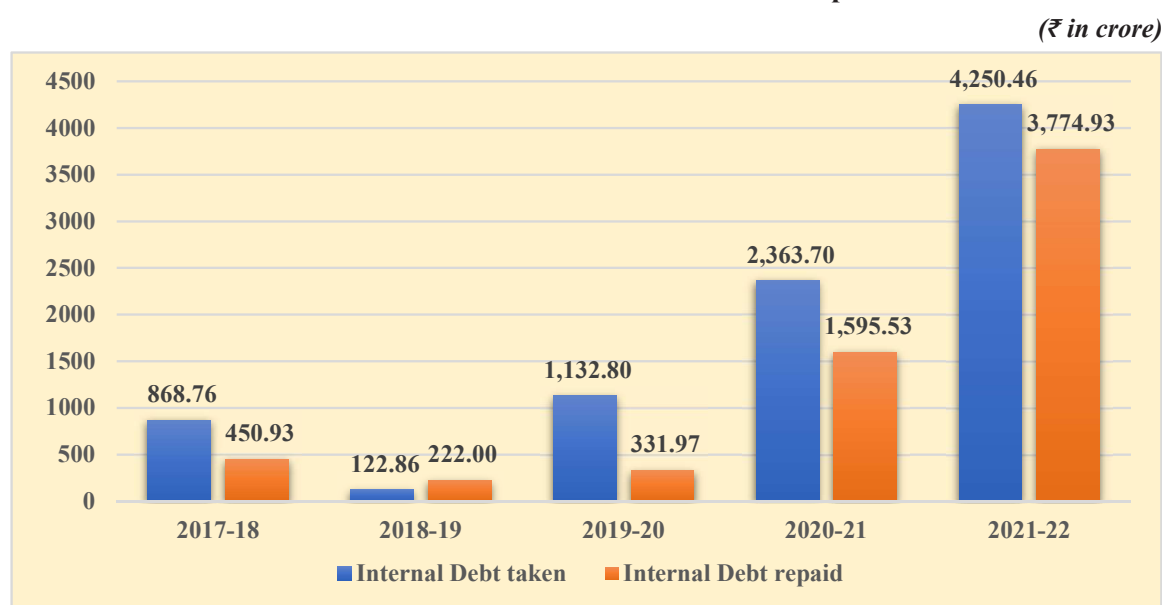
(₹ in crore)



Source: Finance Accounts

Repayment of debt is an important indicator of the importance ascribed by the State Government in managing expenditure as well as discharging its liabilities. **Chart 2.16** shows the State Government's repayment of Internal Debt during the period 2017-22.

Chart 2.16 : Internal Debt taken vis-a-vis repaid



Source: Finance Accounts

As may be seen from the chart, the amount of internal debt taken by the State has been steadily increasing from ₹ 122.86 crore in 2018-19 to ₹ 4,250.46 crore in 2021-22, an increase of ₹ 4127.60 crore (3,359.60 per cent). Internal debt taken during the year also increased by ₹ 1,886.72 crore (79.86 per cent).

Table 2.33: Components of Fiscal Deficit and its financing pattern

(₹ in crore)

Particulars		2017-18	2018-19	2019-20	2020-21	2021-22
Composition of Fiscal Deficit (-)/ Fiscal Surplus (+)		-320.23	-352.92	-1,224.30	-1,869.31	-372.53
1	Revenue Surplus(+) / Revenue Deficit (-)	1,699.43	1,533.91	204.30	-774.13	602.25
2	Net Capital Expenditure	-1,996.35	-1,868.47	-1,372.67	-1,125.97	-1,004.38
3	Net Loans and Advances	-23.31	-18.36	-55.94	30.79	29.59
Financing Pattern of Fiscal Deficit						
1	Market Borrowings	277.50	-123.22	745.35	678.56	447.33
2	Special Securities issued to NSSF	-15.02	-16.27	-17.01	-16.71	-17.01
3	Loans from Financial Institutions	172.86	40.35	72.48	106.32	45.21
4	Loans from GoI	-14.16	-10.87	-7.07	225.25	286.80
5	Small Savings, PF, etc.	-179.14	-361.19	-193.57	215.89	292.39
6	Reserve Fund	54.43	40.24	227.29	50.93	61.79
7	Deposits and Advances	325.82	489.63	542.28	-23.35	-379.51
8	Suspense and Miscellaneous	179.31	21.26	8.85	381.39	-343.49
9	Remittances	-69.60	-86.53	120.76	136.22	-150.05
10	Overall Deficit	731.96	-6.60	1,499.36	1,754.50	243.46
11	Increase/Decrease in cash balance	411.73	359.52	-275.06	114.81	129.07
12	Gross Fiscal Deficit (-)/Fiscal Surplus (+)	-320.23	-352.92	-1,224.30	-1,869.31	-372.53

Source: Finance Accounts

2.9.2 Debt Profile : Maturity and Repayment

Public Debt consists of Internal Debt and Loans and Advances received from GoI. As per Statement 17 of the Finance Accounts for the year 2021-22, the maturity profile of public debt is shown in **Table 2.34**.

Table 2.34: Debt Maturity Profile of State Debt

(₹ in crore)

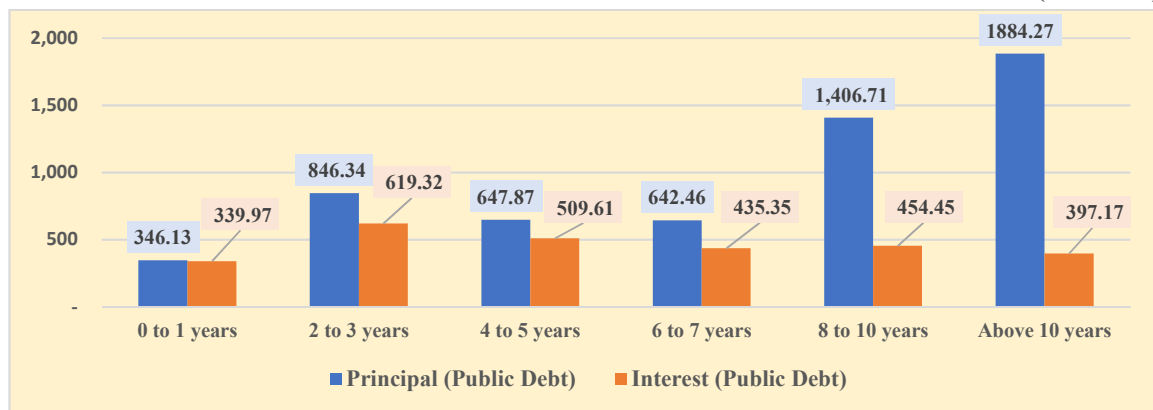
Year of Maturity	Period of repayment (Years)	Amount (₹ in crore)			Percentage (w.r.t. Public Debt)	Interest due ¹⁵
		Internal Debt	Loans and advances from GoI	Total		
By 2022-23	0 to 1	322.11	24.02	346.13	6.00	339.97
Between 2023-24 & 2024-25	2 to 3	797.38	48.96	846.34	14.66	619.32
Between 2025-26 & 2026-27	4 to 5	616.03	31.84	647.87	11.22	509.61
Between 2027-28 & 2028-29	6 to 7	623.01	19.45	642.46	11.13	435.35
Between 2029-30 & 2031-32	8 to 10	1,386.09	20.62	1,406.71	24.36	454.45
2032-33 onwards	Above 10 years	1,258.00	626.27	1,884.27	32.63	397.17
Total		5,002.62	771.16	5,773.78	100.00	2,755.87

Source: Finance Accounts

Repayment schedule of the outstanding public debt along with interest has been given in **Chart 2.17**.

Chart 2.17: Repayment schedule of Public Debt

(₹ in crore)



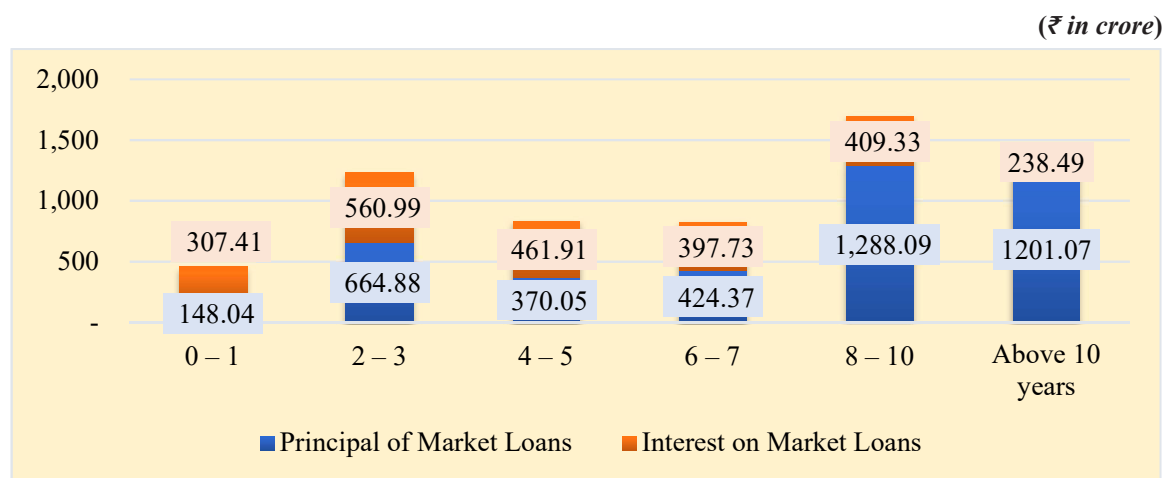
Source: Finance Accounts

As on 31 March 2022, the maturity profile of outstanding stock of Public Debt was ₹ 5,773.78 crore out of which ₹ 3,889.52 crore (67.37 per cent) was to attain maturity in the coming 10 years. This balance amount of ₹ 1,884.26 crore (32.63 per cent) was in maturity bracket of more than 10 years. Interest payable on outstanding public debt will be approximately ₹ 2,755.87 crore. Out of this, interest of ₹ 2,301.42 crore was payable during the next 10 years up to 2031-32.

Market Loans

The maturity profile of outstanding market loans and interest to be paid thereon over the next ten years is detailed in Chart 2.18.

Chart 2.18: Repayment schedule of market loans



Source: Finance Accounts

As on 31 March 2022, the maturity profile of outstanding Market Loans of ₹ 4,096.49 crore and interest of ₹ 2,375.86 crore out of which ₹ 2,895.42 crore (70.68 per cent) was to attain maturity in the coming 10 years. This balance amount of ₹ 1,201.07 crore (29.32 per cent) was in maturity bracket of more than 10 years. Interest payable on outstanding market loans during the next 10 years up to 2031-32 will be ₹ 2137 crore.

2.10 Debt Sustainability Analysis

Debt sustainability is defined as the ability of the State to service its debt now and in future. However, the higher the level of public debt, the more likely it is that fiscal policy and public debt are unsustainable, as a higher debt requires a higher primary surplus to sustain it. A high amount of debt raises many challenges:

- large primary fiscal surpluses are needed to service a high level of debt; such surpluses may be difficult to sustain, both economically and politically.
- a high level of debt heightens an economy’s vulnerability to interest rate and growth shocks.
- a high debt level is generally associated with higher borrowing requirements, and therefore a higher risk of a rollover crisis (i.e., being unable to fulfil borrowing requirements from private sources or being able to do so only at very high interest rates).
- high levels of debt may be detrimental to economic growth; while lower growth is a concern, it also has a direct impact on debt dynamics and debt sustainability in the long term.

Debt vulnerability is also associated with its profile. A high share of short-term debt at original maturity, increases vulnerability to rollover (re-financing risk) and interest rate

risks. Sustainability of Public debt ensures that it does not explode and governments are not forced to increase taxes, or decrease spending.

Debt Sustainability Indicators

Ratio of total outstanding debt to GSDP (<i>in per cent</i>)	The debt-to-GDP ratio is the metric comparing a state's public debt to its gross domestic product (GSDP). By comparing what a state owes with what it produces, the debt-to-GDP ratio reliably indicates that particular state's ability to pay back its debts. A falling debt/GSDP ratio can be considered as leading towards stability. If Debt/GSDP ratio is increasing rapidly and goes above a threshold, we can say that current level of the primary balance is not sufficient to stabilise the debt-to-GDP ratio, which is on an explosive path. Sufficient fiscal adjustment should be made by reducing the fiscal deficit (primary balance) to a level necessary to make public debt sustainable.
Ratio of revenue receipts to total outstanding debt	If the ratio is increasing, it would be easy for the government to repay its debt using revenue receipts only without resorting to additional debt.
Ratio of State's own resources to total outstanding debt	If the ratio is increasing, it would be easier for the government to repay its debt using its own resources.
Rate of Growth of Outstanding Public Debt <i>vis-à-vis</i> Rate of Growth of GSDP	If the growth rate of public debt is higher than the GSDP growth rate, it will lead to higher debt to GSDP ratio.
Average interest Rate of Outstanding Debt (Interest paid/OB of Public Debt + CB of Public Debt/2)	Higher interest rate means that there is scope for restructuring of debt.
Percentage of Interest payments to Revenue Receipt	Higher percentage of interest payments leaves less funds for priority areas. It measures the margin of safety a government has for paying interest on its debt during a given period. Governments need to have more than enough revenues to cover interest payments in order to survive future (and perhaps unforeseeable) financial hardships that may arise. If significant portion of borrowed funds are used for repayment of borrowings and interest thereon, the net debt available with State for development activities is curtailed.
Percentage of Public Debt Repayment to Public Debt Receipt	Higher the percentage, the greater the proportion of debt utilised for debt servicing rather than productively.
Net Debt available to the State	It is the excess of Public Debt Receipts over Public Debt repayment and Interest payment of Public Debt.

The trends in debt sustainability indicators for the State is shown in **Table 2.35**.

Table 2.35: Trends in Debt Sustainability Indicators

(*₹ in crore*)

Debt Sustainability Indicators	2017-18	2018-19	2019-20	2020-21	2021-22
Outstanding Public Debt*	3,334.28	3,224.27	4,018.03	5,011.45	5,773.78
Rate of Growth of Outstanding Public Debt	14.46	-3.30	24.62	24.72	15.21
GSDP	19,385.33	21,912.08	24,989.60	24,712.26	24,807.08
Rate of Growth of GSDP	12.76	13.03	14.04	-1.11	0.38
Debt/GSDP (<i>per cent</i>)	17.20	14.71	16.08	20.28	23.27
Debt Maturity profile of repayment of State debt – including default history, if any	61.54	66.71	56.97	53.72	43.00
Average interest Rate of Outstanding Public Debt (<i>per cent</i>)	8.17	8.68	7.13	7.00	6.41
Percentage of Interest payment to Revenue Receipt	2.97	3.15	2.67	4.08	3.77
Percentage of Public Debt Repayment to Public Debt Receipt	52.90	181.96	30.84	61.96	83.28
Net Debt available to the State [#]	165.98	-394.69	535.64	677.44	416.69
Net Debt available as <i>per cent</i> to Debt Receipts	18.56	-294.06	46.67	25.94	9.14
Debt Stabilisation (Quantum spread + Primary Deficit)	152.69	155.43	-658.31	-1,794.15	-224.07

Source: Finance Accounts

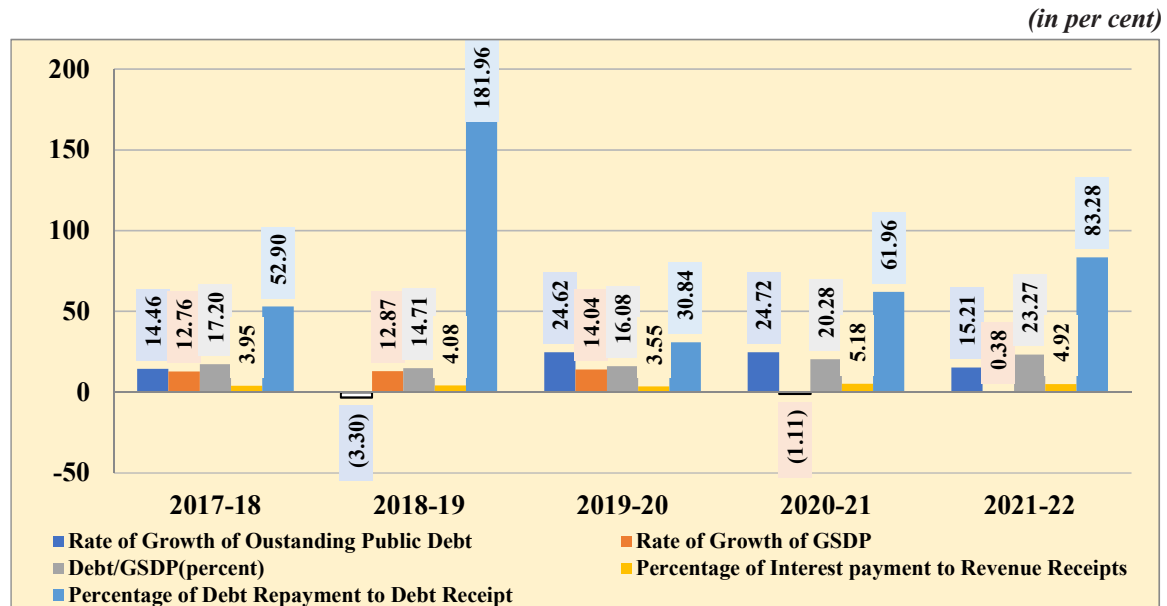
* Outstanding Public Debt is the sum of outstanding balances under the heads 6003-Internal Debt and 6004- Loans and Advances from the Central Government. [#]Net Debt available to the State Government is calculated as excess of Public Debt receipts over Public Debt repayment and interest payment on Public Debt.

Following conclusions can be drawn from the analysis of various parameters of debt sustainability shown in the preceding table:

- Debt/GSDP (*per cent*) has fluctuated over the five-year period and is currently on the rise indicating that debt sustainability is less stable compared to the previous year.
- Net Debt available is lower than the previous year's by ₹ 260.75 crore and stood at 9.14 *per cent* of Debt Receipts of the State Government for the year.
- The percentage of debt repaid to the debt received was 83.28 *per cent* and fluctuated between 30.84 to 181.96 *per cent* during the five-year period.
- Rate of growth of outstanding debt had decreased from 24.72 *per cent* in the previous year to 15.21 *per cent* for the current year.
- As of the current year the Debt Maturity profile of repayment of State debt, although high, was declining. The State has to repay 43.00 *per cent* of debt within the ensuing seven years.
- Average Interest Rate of Outstanding Public Debt during the last five years was highest during 2018-19 at 8.68 *per cent*. It decreased by 0.59 *per cent* over the previous year and stood at 6.41 *per cent* for the current year.

- g) Interest payments made up 3.77 per cent of Revenue Receipts for the current year falling from 4.08 per cent in the previous year.

Chart 2.19: Trends of Debt Sustainability indicators



Source : Finance Accounts

2.10.1 Utilisation of borrowed funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not sustainable. **Table 2.36** shows the trend of utilisation of borrowed funds during the period 2016-21 for the State Government.

Table 2.36 : Utilisation of borrowed Funds²⁷

(₹ in crore)

Year	2017-18	2018-19	2019-20	2020-21	2021-22
Total Borrowings	894.14	134.22	1,147.68	2,611.32	4,560.28
Repayment of earlier borrowings (Principal) (As a percentage to Total Borrowings)	472.96 (52.90)	244.23 (181.96)	353.92 (30.84)	1,617.89 (61.96)	3,797.95 (83.28)
Net capital expenditure	1,996.35	1,868.47	1,372.67	1,125.97	1,004.38
Net loans and advances	-23.31	-18.36	-55.93	(-30.79)	29.59

Source: Finance Accounts

From the table, it can be seen that repayment of earlier borrowings expressed as a percentage of Total Borrowings varied between 181.96 per cent in 2018-19 to 30.84 per cent during 2019-20. The percentage of repayment of earlier borrowings to Total Borrowings rose to 83.28 per cent during the current year compared to 61.96 per cent during the previous year. Net Capital Expenditure was once again lower than the Total Borrowings of the State.

2.10.2 Status of Guarantees – Contingent Liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. As per the Mizoram Ceiling on

²⁷ Values in Table 2.35 differ from SFAR 2019-20 due to change in methodology of calculation.

Government Guarantees Rules, 2013, the total outstanding Government Guarantees as on the first day of April of any year shall not exceed 25 per cent of the Gross State Domestic Product (GSDP) estimated for the year. The maximum amount for which guarantees were given by the Government and outstanding guarantees for the last five years are given in **Table-2.37**.

Table 2.37 : Guarantees given by the State Government

	(₹ in crore)				
Guarantees	2017-18	2018-19	2019-20	2020-21	2021-22
Ceiling applicable to the outstanding amount of guarantees including interest (Criteria)	4,846.33	5,478.02	6,247.40	6,178.07	6,201.77
Outstanding amount of guarantees including interest	133.92	97.99	140.66	138.62	125.46

Source: Finance Accounts

The outstanding guarantees of ₹ 138.62 crore as on 1 April 2021, worked out to 0.56 per cent of GSDP (₹ 24,807.08 crore) and were within the limits prescribed.

During 2021-22, no amount was received by the State Government towards guarantee commission. Under the Government Guarantee Act 2011, the Government shall charge a minimum of 0.75 per cent of the guaranteed amount as guarantee commission which worked out to ₹ 1.03 crore.

2.10.3 Management of Cash Balances

It is generally expected that State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatch in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMAs) from the Reserve Bank of India (RBI) has been put in place. While the operative limit for Special WMAs is fixed by the RBI from time to time depending on the holding of Government securities, the limit for Ordinary WMAs to the State Government has been fixed at ₹ 55 crore with effect from 01 April 2006. Under an agreement with the RBI, the State Government is required to maintain a minimum daily cash balance of ₹ 0.20 crore with the Bank. If the minimum cash balance falls below the agreed minimum amount of such balance on any day, the deficiency is made good by taking Ordinary and Special WMAs/Overdrafts from time to time.

Government of Mizoram availed Ways and Means Advances/Overdrafts amounting to ₹ 3,352.25 crore from the RBI during 2021-22 and was able to repay the entire amount including the interest of ₹ 2.32 crore.

State Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The profits derived from such investments are credited as receipts under the head '0049-Interest Receipts'. The cash balances are invested in the Consolidated Sinking Fund and Guarantee Redemption Fund as well.

The Cash Balances and Investments made by the State Government out of Cash Balances during 2021-22 are shown in **Table-2.38**.

Table 2.38 : Cash Balances and their investment

₹ in crore)

Particulars	Opening balance on 01 April 2021	Closing balance on 31 March 2022
A. General Cash Balance		
Cash in treasuries	0.00	0.00
Deposits with Reserve Bank of India	-123.35	-507.49
Deposits with other Banks	0.00	0.00
Remittances in transit – Local	0.00	0.00
Total	-123.35	-507.49
Investments held in Cash Balance investment account	130.94	338.12
Total (A)	7.59	-169.37
B. Other Cash Balances and Investments		
Cash with departmental officers viz., Public Works, Forest Officers	1.49	2.23
Permanent advances for contingent expenditure with department officers	0.00	0.00
Investment in earmarked funds	385.54	432.69
Total (B)	387.03	434.92
Total (A + B)	394.62	265.55
Interest realised	1.75	28.38

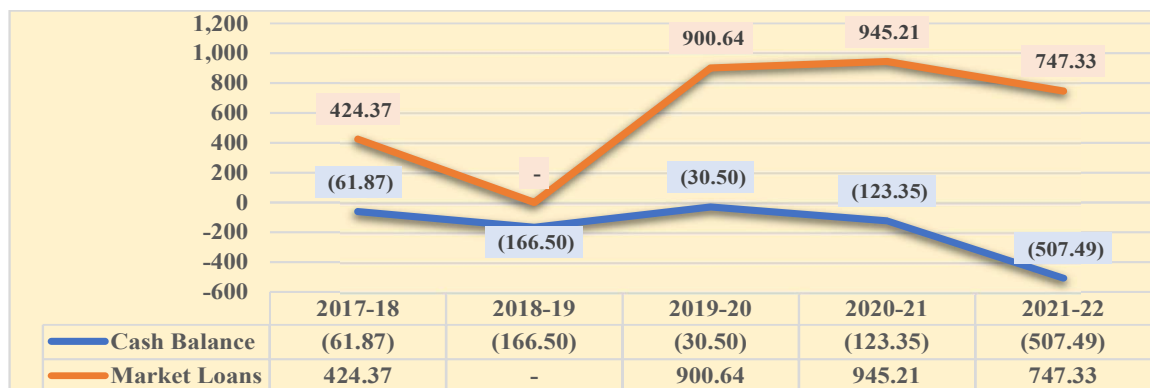
Source: Finance Accounts

Cash Balance of the State Government at the end of the current year decreased by ₹ 129.07 crore from ₹ 394.62 crore in 2020-21 to ₹ 265.55 crore in 2021-22. State Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The profits derived from such investments are credited as receipts under the head '0049-Interest Receipts'. The State Government has earned an interest of ₹ 28.38 crore during 2021-22 from the investments made in GoI Securities and Treasury Bills. Investment held in Cash Balance Investment Account stood at ₹ 338.12 crore as on 31 March 2022.

Out of the investment of ₹ 432.69 crore of earmarked funds, ₹ 391.19 crore was invested out of Consolidated Sinking Fund and ₹ 41.50 crore out of Guarantee Redemption Fund at the end of the year.

The details and trend of market loans taken by the State Government during the period 2017-22 is shown in **Chart 2.20**

Chart 2. 20 : Trend of Cash Balance and Market Loans during 2017-22



Source: Finance Accounts

2.11 Conclusion and recommendations

Deficit indicators, revenue augmentation and expenditure management are major yardsticks for judging the fiscal performance of the Government. Based on these key parameters, the following conclusions and recommendations have been arrived at.

2.11.1 Conclusion

Revenue Receipts during the year 2021-22 was ₹ 9,159.74 crore which had increased by ₹ 1,419.07 crore (18.33 *per cent*) from the previous year. State's Own Tax Revenue increased by ₹ 206.38 crore (31.87 *per cent*) from the previous year while Non-Tax revenue increased by ₹ 60.36 crore (10.74 *per cent*). Compared to the previous year, State's Share of Union taxes and Duties increased by ₹ 1,212.31 crore (40.27 *per cent*) while Grants-in-Aid from GoI decreased by ₹ 59.98 crore (1.70 *per cent*).

In the five years during which the GST Act has been in effect, revenue collected by Government of Mizoram through SGST had risen by ₹ 462.58 crore (272.49 *per cent*) from ₹ 169.76 crore in 2017-18 to ₹ 632.34 crore in 2021-22. This amount included Advance Apportionment of IGST (₹ 18.78 crore). In addition, the State received ₹ 1,268.97 crore as its share of net proceeds assigned to the State under Central Goods and Services Tax. The total receipts under GST were ₹ 1,901.31 crore.

Revenue expenditure during the year 2021-22 was ₹ 8,557.49 crore (89.47 *per cent*) against the total expenditure of ₹ 9,564.45 crore. Committed expenditure like salary & wages, pension, interest payments which had been rising steadily during the last four years fell in 2021-22. Committed expenditure during 2021-22 was ₹ 5,062.78 crore (55.27 *per cent* of the Revenue Receipts and 59.16 *per cent* of the Revenue Expenditure).

Capital Expenditure decreased by ₹ 121.59 crore (10.80 *per cent*) from ₹ 1,125.97 crore to ₹ 1,004.38 crore.

As on 31 March 2022, the State Government had invested ₹42.77 crore in Government Companies, Co-operative Bank, Societies, etc. with no additional investment made during the year. However, it did not receive any dividend on these investments in 2021-22 nor in the preceding four financial years. On the other hand, the Government's future liability on market borrowings bore an interest liability at average rates of interest ranging between 4.29 and 5.04 *per cent*.

Capital Expenditure of ₹ 1,858.27 crore incurred on 151 incomplete projects (in all departments) remained blocked and the benefits envisaged from these projects were yet to be harnessed. There was time overrun ranging from one to 10 years on these 151 incomplete projects resulting in cost overrun of ₹ 97.74 crores in various projects under PHED, P&E and PWD departments.

During the year 2021-22, the State Government received ₹ 37.60 crore as Central Government's share of SDRF; accordingly, the State Government's share during the year was ₹ 4.18 crore. The State Government transferred ₹ 22.30 crore (Central share ₹ 18.80 crore against actual receipts of ₹ 37.60 crore from Central Government and State share ₹ 3.50 crore) to the Fund under Major Head 8121-122 SDRF. Thus, the state short-

transferred ₹ 19.48 crore (₹ 18.80 crore being central share and ₹ 0.68 crore being state share) into SDRF.

In the year 2021-22, Government contributed ₹ 45.15 crore to the Consolidated Sinking Fund as against ₹ 49.41 crore it was required to contribute to the fund, resulting in short contribution by ₹ 4.26 crore. The total accumulation of the Fund was ₹ 391.19 crore as on 31 March 2022 (₹ 346.04 crore as on 31 March 2021).

The State's outstanding liabilities increased from ₹ 9,881.09 crore in 2020-21 to ₹ 10,570.93 crore in 2021-22, whereas Debt/GSDP ratio increased from 39.98 *per cent* to 42.61 *per cent* during the same period.

As on 31 March 2022, the maturity profile of outstanding stock of Public Debt was ₹ 5,773.78 crore out of which ₹ 3,889.52 crore (67.37 *per cent*) was to attain maturity in the coming 10 years. This balance amount of ₹ 1,884.26 crore (32.63 *per cent*) was in maturity bracket of more than 10 years. Interest payable on outstanding public debt will be approximately ₹ 2,755.87 crore. Out of this, interest of ₹ 2,301.42 crore was payable during the next 10 years up to 2031-32.

As of 31 March 2022, there were six working Government Companies in the State. As per their latest finalised annual accounts, these Companies had accumulated losses of ₹ 57.26 crore. Out of this, accumulated losses of the two Government Companies whose net worth has completely been eroded.

The State Government had utilised borrowed funds of ₹ 3,797.95 crore (82.28 *per cent*) for re-payment of earlier borrowings (principal) and the balance amount of borrowed funds of ₹ 762.33 crore (17.72 *per cent*) was utilised for other expenditure.

The State had Outstanding guarantees of ₹ 125.46 crore including interest as on 31 March 2022. The outstanding guarantees of ₹ 138.62 crore as on 1 April 2021 worked out to 0.56 *per cent* of Gross State Domestic Product (GSDP) and was within the limit prescribed in Mizoram Ceiling on Government Guarantees Rules.

2.11.2 Recommendations

- i) *State Government may take necessary measures to increase both Tax and Non-Tax sources of revenue to augment its income sources.*
- ii) *State Government needs to review its investments in loss making enterprises and take corrective action to reduce the fiscal burden on the exchequer.*
- iii) *The State Government Should transfer Central and State shares of State Disaster Response Fund to Public Account under Major head 8121 .*

