



SUPREME AUDIT INSTITUTION OF INDIA  
लोकहितार्थ सत्यनिष्ठा  
Dedicated to Truth in Public Interest

# **Report of the Comptroller and Auditor General of India on State Finances for the year 2023-24**

**Government of Mizoram  
(Report No. 2 of 2025)  
(State Finances Audit Report)**

**Report of the  
Comptroller and Auditor General of India  
on State Finances for the year 2023-24**

**Government of Mizoram  
(Report No. 2 of 2025)**



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# PREFACE

1. This Report on the Finances of the State Government of Mizoram has been prepared for submission to the Governor of Mizoram under Article 151 of the Constitution.
2. Chapter 1 of this Report contains the basis and approach to State Finances Audit Report, structure of the Report, structure of Government Accounts, budgetary processes, trends in key fiscal parameters like revenue surplus/ deficit, fiscal surplus/ deficit, *etc.*
3. Chapters 2 & 3 of the Report contain audit findings on matters arising from an examination of the Finance Accounts and Appropriation Accounts respectively, of the State Government for the year ended 31 March 2024. Information has been obtained from the Government of Mizoram, wherever necessary.
4. Chapter 4 on ‘Quality of Accounts & Financial Reporting Practices’ provides an overview and status of the State Government’s compliance with various financial rules, procedures and directives during the current year.
5. The Reports containing the findings of Performance Audit and Compliance Audit in various Government departments, observations arising out of audit of Statutory Corporations, Boards and observations on Revenue Receipts are presented separately.



# EXECUTIVE SUMMARY



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## Executive Summary

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### *About the Report*

*This Report of the CAG of India is on the State Finances for the year 2023-24. It provides an overview of the finances, budgetary management and quality of accounts, financial reporting practices and other matters relevant to State Finances.*

*This executive summary highlights the contents of this report and through snapshots of the important figures and aspects, provides insight into fiscal sustainability, performance against the budget intent, revenue and expenditure projection, the reasons for variations and its impact.*

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Gross State Domestic Product (GSDP) (at current prices) grew at a Compounded Annual Growth Rate (CAGR) of 7.32 *per cent* from ₹ 24,990 crore in 2019-20 to ₹ 35,579 crore in 2023-24. Budget Outlay of the State grew at a Compounded Annual Growth Rate (CAGR) of 4.21 *per cent* from ₹ 14,346.73 crore in 2019-20 to ₹ 17,636.10 crore in 2023-24.

There was 15.93 *per cent* growth in GSDP from ₹ 30,690 crore in 2022-23 to ₹ 35,579 crore in 2023-24. The revenue receipts grew at 11.01 *percent* and the percentage of revenue receipts over GSDP decreased from 33.50 *per cent* in 2022-23 to 32.08 *per cent* in 2023-24. The tax revenue increased by 17.03 *per cent* during the period and the State's own tax revenue increased by 8.51 *per cent*. The total expenditure (revenue expenditure, capital expenditure and loans and advances) of the State of Mizoram increased from ₹ 11,416.22 in 2022-23 to ₹ 12,115.72 crore in 2023-24 increasing by 6.13 *per cent*. Of this, revenue expenditure showed 7.38 *per cent* increase from 2022-23. Revenue Surplus increased from ₹ 189.89 to ₹ 577.09 crore registering 203.91 *per cent* increase over 2022-23, while fiscal deficit decreased from ₹ 1,107.67 crore in 2022-23 to ₹ 677.70 crore in 2023-24 decreasing by 38.82 *per cent*.

### *Revenue Receipt and Expenditure*

The continuous mismatch between receipts and expenditure indicates rising fiscal stress. The State has different sources of receipts such as State Own Tax Revenue, Non-tax Revenue, Devolution of States' share in taxes, Grants in aid and transfers from the Union Government and non-debt capital receipts. The State Government's expenditure includes expenditure on revenue account as well as capital expenditure (assets creation, loans and advances, investments, *etc*).

From 2019-20 to 2023-24, revenue receipts grew at a CAGR of 3.40 *per cent* from ₹ 9,658.26 crore to ₹ 11,414.05 crore. Capital receipts also increased from ₹ 1,102.09 crore to ₹ 1,977.42 crore with a CAGR of 12.40 *per cent* during this period. The share of Grants-in-aid in revenue receipts fell from 55.78 *per cent* in 2019-20 to 30.54 *per cent* in 2023-24 at CAGR of -8.34 *per cent*, indicating decreased reliance on support from the Government of India. In 2023-24, the buoyancy of Revenue Receipts and Own Revenue Receipts with respect to GSDP was 0.69 and 0.44 respectively. The State Government received ₹ 1,777.72 crore as Central share for the Centrally Sponsored Schemes (CSSs) in the year.

Revenue expenditure is incurred to maintain the current level of services and payment for the past obligation. As such, it does not result in any addition to the State's infrastructure and service network. Between 2019-20 and 2023-24, revenue expenditure increased from ₹ 9,453.96 crore (37.83 *per cent* of GSDP) to ₹ 10,836.96 crore (30.46 *per cent* of GSDP). It consistently made up a significant portion (86 to 90 *per cent*) of the total expenditure during this period, growing at a CAGR of 2.77 *per cent* during the period.

### **Result of expenditure beyond means**

The gap between the revenue receipt and revenue expenditure results in revenue deficit/surplus. The revenue surplus of the State increased to ₹ 577.09 crore (1.62 *per cent* of GSDP) in the current year from ₹ 204.30 crore (0.82 *per cent* of GSDP) in the year 2019-20.

The State Government spent ₹ 1,253.78 crore only on capital account. This was 10.35 *per cent* of the total expenditure in the year 2023-24. Capital expenditure was just 64.19 *per cent* of the total borrowings which indicated that the borrowed funds were also being used for meeting current consumption and repayment of borrowings in addition to capital creation/development activities.

The gap between the total expenditure and total non-debt receipt of the State results in fiscal deficit. The fiscal deficit of the State decreased to ₹ 677.71 crore (1.90 *per cent* of GSDP) in 2023-24 from ₹ 1,224.29 crore (4.90 *per cent* of GSDP) in 2019-20.

Under the revenue expenditure, the quantum of committed expenditure constitutes the largest share. Committed expenditure has the first charge on the resources and consists of interest payments, expenditure on salaries & wages and wages and pensions. Committed expenditure on interest payments, salaries and pensions constituted 63-70 *per cent* of revenue expenditure during 2019-20 (62.59 *per cent*) and 2023-24 (65.77 *per cent*). The Committed expenditure grew at CAGR of 3.79 *per cent* from ₹ 5,917.66 crore in 2019-20 to ₹ 7,126.85 crore in 2023-24 {an increase of 5.93 *per cent* over 2022-23 (₹ 6,727.78 crore)}.

In addition to the committed expenditure, inflexible expenditure decreased from 9.18 *per cent* to 4.22 *per cent* of revenue expenditure during 2019-20 to 2023-24, indicating a declining trend. However, in absolute terms, inflexible expenditure increased from ₹ 309.96 crore in 2022-23 to ₹ 457.19 crore in 2023-24 registering an increase of 47.50 *per cent*. Inflexible expenditure fell at a CAGR of -12.04 *per cent* during 2019-20 to 2023-24.

Taken together, the committed and inflexible expenditure in 2023-24 was ₹ 7,584.04 crore, 69.98 *per cent* of the revenue expenditure. High committed and inflexible expenditure leaves the Government with lesser flexibility for other priority sectors and capital creation.

### **Status of Subsidies given by the Government**

Within the non-committed expenditure, there is an increasing trend of subsidies, which increased from ₹ 52.09 crore in 2019-20 to ₹ 142.61 crore in 2023-24 i.e., from 0.55 *per cent* of the total revenue expenditure in 2019-20 to 1.32 *per cent* in 2023-24. The Compound Annual Growth Rate (CAGR) in respect of Subsidies was 22.31 *per cent*.

### ***Contingent Liabilities on account of Guarantees***

At the beginning of the year, the outstanding amount of guarantees given by the Government stood at ₹ 120.10 crore. The outstanding guarantees worked out to 0.34 *per cent* of the GSDP of the year 2023-24 (₹ 35,579 crore) and was well within the prescribed ceiling of ₹ 8,894.75 crore. During 2023-24, Government of Mizoram had issued fresh guarantee of ₹ 2.12 crore to Mizoram Co-operative Apex Bank Ltd. and guarantee to the extent of ₹ 19.52 crore was invoked.

### ***Fiscal sustainability***

Fiscal sustainability is examined in terms of macro-fiscal parameters such as deficits, level of debt and liabilities, commitments on account of off-budget borrowings, guarantees, subsidies, *etc.* So far as revenue and expenditure mismatch is concerned, one of the important constraints is committed and inflexible expenditure, which includes salaries and wages, pension payments, interests, *etc.* and also other inflexible expenditure such as those arising out of commitment for centrally sponsored schemes, transfer to reserve funds, transfer to local bodies, *etc.*

### ***FRBM requirements and compliance with fiscal parameters***

The FRBM Act / Rules prescribes certain limits within which, revenue deficit, fiscal deficit, debt as a percentage of the Gross State Domestic Product (GSDP) should be, and similarly for guarantees as a percentage of revenue receipts of the previous year. In 2023-24, revenue surplus was 1.62 *per cent* of GSDP (₹ 35,579); fiscal deficit was 1.90 *per cent* of GSDP as against the limit of 3.50 *per cent*; total outstanding liability was 33.96 *per cent* of GSDP as against the limit of 37.84 *per cent*.

Debt/GSDP (*per cent*) has fluctuated over the five-year period and is currently on the decline from 35.75 *per cent* in 2022-23 to 33.96 *per cent* in 2023-24 indicating that debt sustainability is more stable compared to the previous year.

During the five-year period from 2019-20 to 2023-24, the State had primary deficit in four years except 2021-22. In the pre-Covid period of 2019-20, the real growth rate of the GSDP was 11.08 *per cent* which had increased to 11.62 *per cent* in 2023-24 after contracting in the intervening period. Additionally, the steadily declining trend in the debt-to-GDP ratio since 2021-22 can be mainly attributed to the nominal growth. If the State maintains this trend of consistent decline, its debt burden may stabilise in medium term.

### ***Budget performance***

#### ***Aggregate Budget outturn***

Budget performance in terms of budgetary intent and budget implementation is examined to assess extent to which the aggregate expenditure outturn reflects the amount originally approved both in terms of excess and saving. In Revenue section, Budget Estimates was 2.28 *per cent* more than expenditure outturn. This was due to deviation between 0 and 25 *per cent* in 36 grants, between 25 to 50 *per cent* in nine grants, between 50 to 100 *per cent* in two grants.

In Capital section, Budget Estimates were 49.07 *per cent* less than expenditure outturn. This was due to deviation between 50 to 100 *per cent* in four grants and equal to or more than 100 *per cent* in 11 grants and one appropriation.

### **Expenditure composition outturn**

Budget performance also looks at the extent to which the re-allocation between the main budget categories during the execution have contributed to variance in expenditure composition. This measure indicates the extent of variation between the final budget and the actual expenditure. In Revenue section, expenditure outturn was 14.94 *per cent* less than revised estimates. This was due to deviation between 0 and 25 *per cent* in 38 grants and one appropriation, between 25 to 50 *per cent* in eight grants and between 50 to 100 *per cent* in one grant.

In Capital section, expenditure outturn was 29.50 *per cent* more than revised estimates. This was due to deviation between 0 to 25 *per cent* in 12 grants, between 25 to 50 *per cent* in five grants, between 50 to 100 *per cent* in eight grants and equal to or more than 100 *per cent* in one grant and one appropriation.

It was noticed that supplementary provisions of ₹ 698.64 crore during the year 2023-24 in 16 cases (more than ₹ 50 lakh in each case) proved unnecessary, as the expenditure did not come up even to the level of original provisions.

### **Regularization of Excess over Grants/ Appropriations**

The State Government has to get excesses over grants/appropriations regularised by the State Legislature as per Article 204 and 205 (1) (b) of the Constitution. Excess expenditure of ₹ 2,167.16 crore under two Grants and one Appropriation occurring during the period 2019-20 to 2022-23 was not yet regularised in accordance with Article 205 of the Constitution. Additionally, during 2023-24, there was a total excess disbursement of ₹ 3,446.17 crore which also needed to be regularised.

*Overall Budget reliability assessment indicates that though the deviations between the actual expenditure and original budget was less than 5 percent, there were deviations up to 25% and even above in different grants. Moreover, it was also noticed that in several cases, there were supplementary grants where expenditure was not even up to the original grant. A reliable budget practice should deal with such deviations.*

### **Quality of Accounts and Financial Reporting**

Quality of accounts and financial reporting covers items, transactions and events which relate to gaps in compliance, regularity weaknesses and issues relating to delay in receipt of those accounting records or adjustment records which evidence the actual expenditure. It also highlights issues pertaining to the accounts and financial reporting such as parking of funds outside the Government accounts, non- or short – discharging of liabilities and misclassification of transactions and data gaps.

### **Reconciliation**

All Departments are required to reconcile their expenditure and receipts with the figures booked in the accounts in the Accountant General Office. The State Government reconciled 99.99 *per cent* of the total expenditure and 100 *per cent* of the receipts during the year.

### **Compliance with IGAS**

As against the requirements of the Indian Government Accounting Standards (IGAS), the State Government partially complied with IGAS.

### ***Funds to Single Nodal Agency***

The Government of India and the State Government have introduced system of Single Nodal Agency (SNA) for implementation and fund flow for each Centrally Sponsored Scheme (CSS). The share of the Government of India and the State Government is transferred to the Bank Account of the SNA lying outside the Government Account. As per information available on the PFMS portal, the State Government received ₹ 1,672.41 crore being Central share of Centrally Sponsored Scheme during the year 2023-24 in its Treasury Accounts. As on 31 March 2024, the Government transferred Central share of ₹ 1,613.55 crore received in Treasury Accounts and State share of ₹ 211.19 crore to the Single Nodal Agencies leading to short transfer of ₹ 58.86 crore of Central Share. As per SNA report of Public Financial Management System portal, ₹ 408.47 crore was lying unspent in the bank accounts of SNAs as on 31 March 2024.

Scrutiny of PFMS reports<sup>1</sup> revealed that the SNAs' accounts were credited a total amount of ₹ 43.82 crore (Central share ₹ 39.48 crore and State share ₹ 4.34 crore) as interest earned during the year as on 31 March 2024. Out of this, Central share of interest amounting ₹ 11.87 crore was yet to be deposited into SNA accounts.

### ***Utilisation Certificates against conditional grants***

Despite the requirement of submitting Utilisation Certificates (UCs) against conditional grants within a stipulated time period, during the year 2023-24 ₹ 245.55 crore pertaining to 42 UCs were added to the previous year's due of ₹ 16.06 crore pertaining to 9 UCs. Out of these, ₹ 25.99 crore pertaining to 19 outstanding UCs were cleared leaving a balance of 32 UCs amounting to ₹ 235.62 crore outstanding at the end of the year. Pendency of UCs was fraught with the risk of misappropriation of funds and fraud.

### ***DCC bills against AC bills***

Similarly, despite the requirement of submitting Detailed Countersigned Contingency (DCC) Bills against the advance money withdrawn through Abstract Contingency (AC) Bills. DCC Bills in respect of 92 AC bills amounting to ₹ 472.19 crore were not received as on 31 March 2024. Advances drawn and not accounted for increased the possibility of wastage/Misappropriation /malfeasance, etc.

### ***Funds outside Government Account***

It has been observed that many Drawing and Disbursing Officer (DDOs) have opened Current/Savings Accounts in Commercial Banks. As per information furnished by 178 out of 1,276 DDOs in the State, there was an amount of ₹ 317.21 crore lying in Savings/ Current Bank Account as on 31 March 2024.

*Compliance with prevailing rules and codal provisions are meant to ensure control and accountability in accounting and financial reporting. Non-compliance and deviations impact the quality of accounting and financial reporting adversely. Non-timely submission of UCs against conditional grants, non-submission of DC bills against AC bills, non-compliance with IGAS and funds remaining outside Government accounts have impacted the quality of accounts adversely.*

<sup>1</sup> SNA 04 – Interest Income Report and SNA 04A – Interest Deposited Report



# **CHAPTER-1**

## **OVERVIEW**



# Chapter 1: Overview

## 1.1 Profile of the State

Mizoram is situated in the North-Eastern Region (NER) of India bordering three of the eight States in the NER<sup>1</sup> and shares an international border with Myanmar and Bangladesh. It is the fifth smallest State of India in terms of geographical area (21,081 sq.km.) and second least populated State in the country. The population of the State increased from 8,88,573 in 2001 to 10,97,206 in 2011 at a decadal growth rate of 23.48 *per cent* which was higher than the National decadal growth rate of 11.26 *per cent*. The projected population as of March 2024 was 12,44,000<sup>2</sup>. The State has eleven districts and three Autonomous District Councils (ADCs). General and financial data relating to the State are given in **Appendix I**.

### 1.1.1 Gross State Domestic Product of the State

Gross State Domestic Product (GSDP) is the value of all the goods and services produced within the boundaries of the State in a given period of time. Growth of GSDP is an important indicator of the State's economy, as it denotes the extent of changes in the level of economic development of the State over a period of time.

**Table 1.1** provides a comparison of GDP and GSDP for the period 2019-20 to 2023-24.

**Table 1.1: Trends in GSDP compared to GDP**

	(₹ in crore)				
Year	2019-20	2020-21	2021-22	2022-23 <sup>3</sup>	2023-24 <sup>4</sup>
<b>INDIA</b>					
GDP at current price	2,01,03,593	1,98,54,096	2,35,97,399	2,69,49,646	2,95,35,667
GVA	1,83,81,117	1,82,10,997	2,16,35,584	2,46,59,041	2,67,62,147
Growth rate of GDP over previous year (in <i>per cent</i> )	6.37	-1.24	18.85	14.21	9.60
Growth rate of GVA over previous year (in <i>per cent</i> )	7.02	-0.93	18.81	13.97	8.53
Per Capita GDP (in ₹)	1,49,915	1,46,480	1,72,422	1,94,879	2,11,725
<b>MIZORAM</b>					
GSDP at current prices	24,990	23,923	26,695	30,690	35,579
GSVA	24,133	23,302	25,879	29,565	34,153
Growth rate of GSDP over previous year (in <i>per cent</i> )	14.04	-4.27	11.59	14.97	15.93
Growth rate of GSVA over previous year (in <i>per cent</i> )	14.59	-3.44	11.06	14.24	15.52
Per Capita GSDP (in ₹)	2,08,594	1,97,710	2,18,634	2,48,908	2,86,004

Source: MOSPF data and Department of Economics and Statistics and State Government.

<sup>1</sup>. Assam, Manipur and Tripura

<sup>2</sup>. As per projected population figures provided by Department of Economics and Statistics, Government of Mizoram.

<sup>3</sup>. Provisional Estimates

<sup>4</sup>. Projected/Advance Estimates

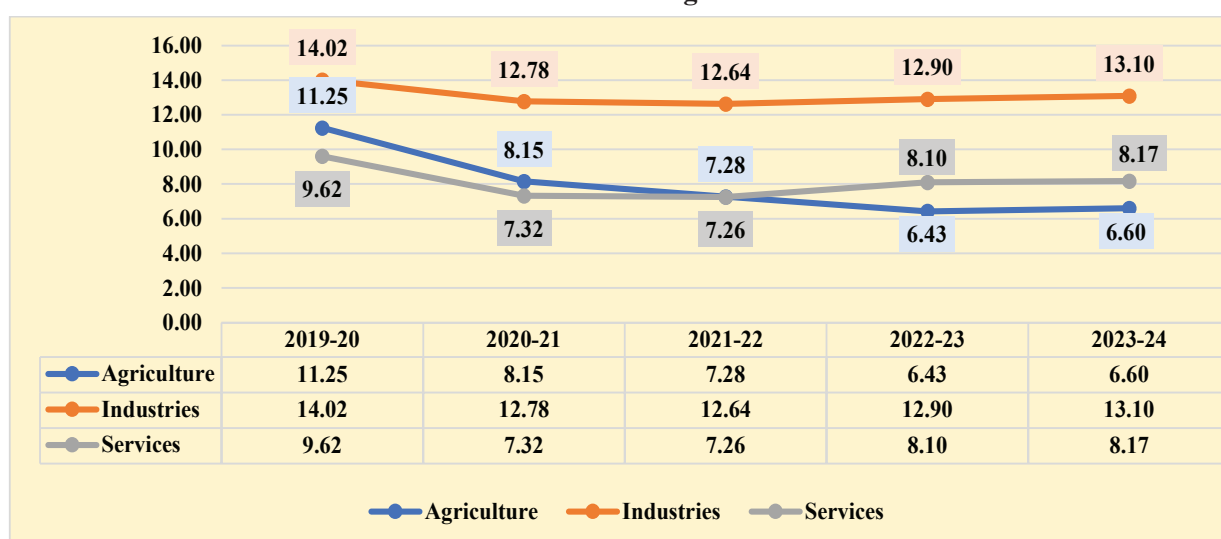
<sup>5</sup>. MOSPI – Ministry of Statistics and Programme Implementation, Government of India

The Gross State Domestic Product (GSDP) 2023-24 at current prices was ₹ 35,579 crore and the GDP in 2023-24 at current prices was ₹ 2,95,35,667 crore. Further, the per capita GSDP of the State for the year 2023-24 was ₹ 2,86,004 while that of the country was ₹ 2,11,725. Compared to GDP, GSDP grew at a higher rate during 2019-20, fell behind in 2020-21 and 2021-22 but surpassed GDP growth rate again in 2022-23 and 2023-24. GSDP of Mizoram increased over the previous year by 15.93 *per cent* during 2023-24. Further, during 2023-24, the per capita GSDP (projected estimates) of Mizoram at current prices was ₹ 2,86,004 which was more than the North-Eastern and Himalayan States' average of ₹ 2,01,137 and all India per capita GDP of ₹ 2,11,725.

Change in sectoral contribution to the GSDP is also important to understand the changing structure of the economy. The economic activity is generally divided into Primary, Secondary and Tertiary sectors, which correspond to the Agriculture and Allied Activities, Industry and Service sectors.

**Chart 1.1** reveals that during the five-year period from 2019-20 to 2023-24, there has been a significant decrease in the growth rate of the Agriculture sector in GSDP, falling from 11.25 *per cent* in 2019-20 to 6.60 *per cent* in 2023-24. Similarly, growth rate of the Industry sector fell from 14.02 *per cent* in 2019-20 to 13.10 *per cent* in 2023-24 while the growth rate of the Services sector decreased from 9.62 *per cent* in 2019-20 to 8.17 *per cent* in 2023-24. However, the growth rate of the Industries and Services sectors has increased slightly along with the increase in GSDP in the last two years from 2021-22.

**Chart 1.1: Sectoral growth in GSDP**



Source: Department of Economics and Statistics, Government of Mizoram

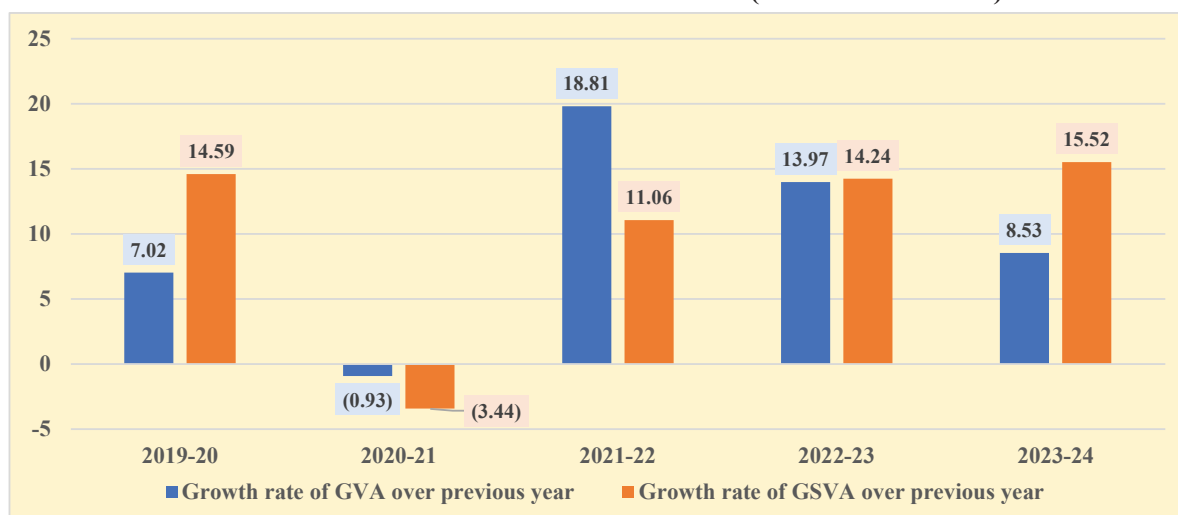
Gross Value Added (GVA)<sup>6</sup> is used for economic analysis by Government of India (GOI) and international organisations like the International Monetary Fund (IMF) and World Bank as GVA is considered a better indicator of economic health than GDP. While GDP is computed as the sum of the various expenditures incurred in the economy, including private consumption spending, government consumption spending and gross fixed capital formation or investment spending reflecting the demand conditions in the economy, both measures have difference in treatment of net taxes as a result of which the inclusion of

<sup>6</sup>  $GVA = GDP - \text{taxes} + \text{subsidy}$

taxes in GDP may differ from the real output situation. From a policy maker's perspective, it is therefore vital to have a comparison of GVA and Gross State Value Added (GSVA) data for better analysis and making policy intervention.

The trend of growth of GVA vs GSVA for the period 2019-20 to 2023-24 is shown in **Chart 1.2**.

**Chart 1.2: Growth rate of GVA vs GSVA (2019-20 to 2023-24)**



Source: Department of Economics and Statistics, Government of Mizoram

It can be seen from **Chart 1.2**, the growth rate of GVA and GSVA had a fluctuating trend during the last five years (2019-24). During 2019-20, the growth rate of GVA and GSVA showed an increasing trend while in 2020-21 there was negative growth. The growth rate of both GVA and GSVA picked up in 2021-22 and thereafter, the growth rate of GSVA continued rising till 2023-24 whereas the growth rate of GVA kept falling during the same period.

## 1.2 Basis and Approach to State Finances Audit Report

In terms of Article 151 (2) of the Constitution of India, the Reports of the Comptroller and Auditor General of India (CAG) relating to the accounts of a State are to be submitted to the Governor of the State, who shall cause them to be laid before the State Legislature. The State Finances Audit Report (SFAR) is prepared and submitted under Article 151 (2) of the Constitution of India.

Accounts Wing of the Office of the Principal Accountant General, Mizoram prepares Finance Accounts and Appropriation Accounts of Government of Mizoram (GoM) annually, from the vouchers, challans and initial and subsidiary accounts rendered by the treasuries, State Government offices and Departments responsible for maintaining such accounts as well as statements received from the Reserve Bank of India. These accounts are audited independently by the Audit Wing of the Office of the Principal Accountant General and certified by the CAG.

Finance Accounts and Appropriation Accounts of the State constitute the core data for this Report. Other sources include the following:

- Budget of the State: for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures;

- Results of audit carried out by the Office of the Pr. Accountant General (Audit);
- Other data with Departmental Authorities and Treasuries (accounting as well as Management Information System);
- GSDP data and other State related statistics; and
- Various Audit Reports of the CAG of India.

The analysis is also carried out in the context of recommendations of the XV Finance Commission (FC), the State Financial Responsibility and Budget Management Act, best practices and guidelines of Government of India.

The audit analysis/findings of Chapters I to IV of the Report were discussed in the Exit Conference (28<sup>th</sup> February, 2025) with the Finance Commissioner and Secretary, Department of Finance, Mizoram. Replies furnished in the meeting and those received from the State Government have been suitably incorporated in the Report.

### 1.3 Overview of Government Accounts' Structure and Budgetary Processes

The Accounts of the State Government are kept in three parts:

#### 1. Consolidated Fund of the State (Article 266(1) of the Constitution of India)

This Fund comprises all revenues received by the State Government, all loans raised by the State Government (market loans, bonds, loans from the Central Government, loans from Financial Institutions, Special Securities issued to National Small Savings Fund, *etc.*), Ways and Means Advances extended by the Reserve Bank of India and all moneys received by the State Government in repayment of loans. No moneys can be appropriated from this Fund except in accordance with law and for the purposes and in the manner provided by the Constitution of India. Certain categories of expenditure (e.g., salaries of Constitutional authorities, loan repayments, *etc.*) constitute a charge on the Consolidated Fund of the State (Charged expenditure) and are not subject to vote by the Legislature. All other expenditures (Voted expenditure) are voted by the Legislature.

#### 2. Contingency Fund of the State (Article 267 (2) of the Constitution of India)

This Fund is in the nature of an imprest, which is established by the State Legislature by law, and is placed at the disposal of the Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature. The fund is recouped by debiting the expenditure to the concerned functional major head relating to the Consolidated Fund of the State.

#### 3. Public Account of the State (Article 266(2) of the Constitution)

Apart from the above, all other public moneys received by or on behalf of the Government, where the Government acts as a banker or trustee, are credited to the Public Account. The Public Account includes repayables like Small Savings and Provident Funds, Deposits (interest-bearing and non- interest bearing), Advances, Reserve Funds (interest-bearing and non- interest bearing), Remittances and Suspense heads (both of which are transitory heads, pending final booking). The net cash balance available with the Government is also included under the Public Account. The Public Account is not subject to the vote of the Legislature.

## Budget Document

There is a constitutional requirement in India (Article 202) to present before the House or Houses of the Legislature of the State, a statement of estimated receipts and expenditure of the Government in respect of every financial year. This ‘Annual Financial Statement’ constitutes the main budget document. Further, the budget must distinguish expenditure on the Revenue account from other expenditures.

**Revenue Receipts** consist of Own Tax Revenue (OTR), Non-Tax Revenue (NTR), share of Union Taxes/ Duties, and Grants-in-Aid (GIA) from Government of India.

**Revenue Expenditure** consists of all those expenditures of the Government, which do not result in creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the government departments and various services, interest payments on debt incurred by the government, and grants given to various institutions (even though some of the grants may be meant for creation of assets).

The **Capital Receipts** consists of:

- **Public Debt Receipts:** Market Loans, Bonds, Loans from financial institutions, Net transaction under Ways and Means Advances, Loans and Advances from Central Government, *etc.*;
- **Non-debt Receipts:** Proceeds from disinvestment, Recoveries of loans and advances;

**Capital Expenditure** includes expenditure on the acquisition of land, buildings, machinery, equipment, investment in shares and loans and advances by the Government to Public Sector Undertakings (PSUs) and other parties.

At present, we have an accounting classification system in government that is both functional and economic.

**Table 1.2 : Classification of Accounts**

	Attribute of transaction	Classification
<b>Standardised in LMMH<sup>7</sup> by CGA<sup>8</sup></b>	Function- Education, Health, <i>etc.</i> /Department	Major Head under Grants (4 digits)
	Sub-Function	Sub Major head (2 digits)
	Programme	Minor Head (3 digits)
<b>Flexibility left for States</b>	Scheme	Sub-Head (2 digits)
	Sub scheme	Detailed Head (2 digits)
	Economic nature/Activity	Object Head-salary, minor works, <i>etc.</i> (2 digits)

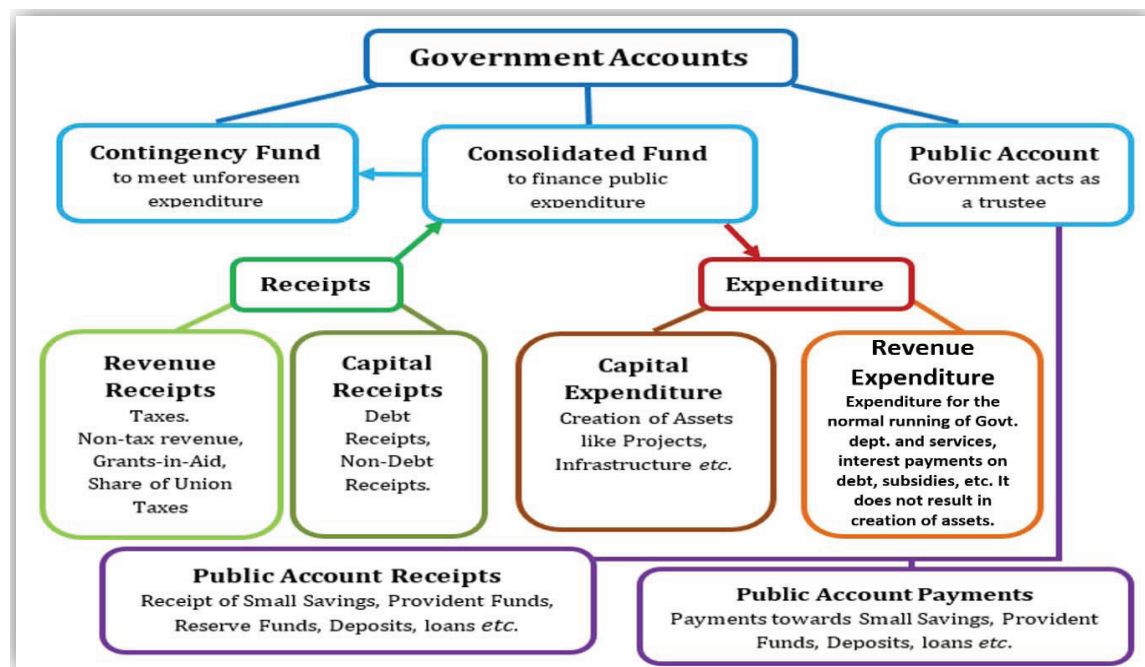
The functional classification gives information about the department, function, scheme or programme, and object of the expenditure. Economic classification helps organise these payments as revenue, capital, debt, *etc.* Economic classification is achieved by the numbering logic embedded in the first digit of 4-digit Major Heads. For instance, 0 and 1 is for revenue receipts, 2 and 3 for revenue expenditure, and 4 and 5 for capital expenditure, *etc.* Economic classification is also achieved by an inherent definition and distribution of some object heads. For instance, generally “salary” object head is revenue expenditure,

<sup>7</sup> LMMH: List of Major and Minor Heads

<sup>8</sup> CGA: Controller General of Accounts

“construction” object head is capital expenditure. Object head is the primary unit of appropriation in the budget documents.

**Chart 1.3: Structure of Government Accounts**



**Public Debt and Public Liability:** In this report, ‘Public Debt’ has been taken to comprise market borrowings, institutional loans, special securities issued to National Small Savings Fund (NSSF), loan given by the central government, *etc.* Figures under Major Heads 6003 (Internal Debt) and 6004 (Loans and Advances from GoI) have been taken into consideration for calculation of Public Debt.

Further, the transactions relating to the ‘Small Savings, Provident Fund, *etc.*’, ‘Reserve Funds’ and ‘Deposit’ and ‘Advances’ under Public Accounts are such that the government incurs a liability to repay the money received or has a claim to recover the amounts paid. The transactions relating to Remittances and Suspense under Public Account includes merely adjusting heads such as remittances of cash between treasuries and currency chests and transfer between different accounting circles.

In this report, ‘Public Liability’ has been taken to include the transactions under Major Heads 8001 to 8554 relating to ‘Small Savings, Provident Fund, *etc.*’, ‘Reserve Funds’ and ‘Deposits & Advances’ and along with the transactions under Major Heads 6003 and 6004.

### Budgetary Processes

In terms of Article 202 of the Constitution of India the Governor of State causes to be laid before the State Legislature, a statement of the estimated receipts and expenditure of the State, in the form of an Annual Financial Statement. In terms of Article 203, the statement is submitted to the State Legislature in the form of Demands for Grants/Appropriations and after approval of these, the Appropriation Bill is passed by the Legislature under Article 204 to provide for appropriation of the required money out of the Consolidated Fund. The State Budget Manual details the budget formulation process and guides the State Government

in preparing its budgetary estimates and monitoring its expenditure activities. Results of audit scrutiny of budget and implementation of other budgetary initiatives of the State Government are detailed in Chapter- III of this Report.

### 1.3.1 Snapshot of Finances

The following table provides the details of the financial actuals vis-a-vis the Budget Estimates for the year 2023-24 and the actuals of 2022-23.

**Table 1.3: Details of financial results for the year 2023-24**

(₹ in crore)

Sl. No.	Components	2022-23 (Actuals)	2023-24		Percentage of Actuals to B.E.	Percentage of Actuals to GSDP
			(Budget Estimate)	(Actuals)		
1	Tax Revenue <sup>(a)</sup>	5,847.07	6,191.55	6,843.06	110.52	19.23
	(i) Own Tax Revenue	1,101.82	1,084.30	1,195.59	110.26	3.36
	(ii) Share of Union taxes/duties	4,745.25	5,107.25	5,647.47	110.58	15.87
2	Non-Tax Revenue	1,027.77	897.00	1,084.93	120.95	3.05
3	Grants-in-aid and Contributions	3,407.22	4,398.08	3,486.06	79.26	9.80
4	<b>Revenue Receipts (1+2+3)</b>	<b>10,282.06</b>	<b>11,486.63</b>	<b>11,414.05</b>	<b>99.37</b>	<b>32.08</b>
5	Recovery of Loans and Advances	26.49	33.60	23.96	71.31	0.07
6	Other Receipts	-	-	-	-	-
7	Borrowings and other Liabilities <sup>(b)</sup>	1,107.67	1,247.21	677.71	54.34	1.90
8	<b>Capital Receipts (5+6+7)</b>	<b>1,134.16</b>	<b>1,280.81</b>	<b>701.67</b>	<b>54.78</b>	<b>1.97</b>
9	<b>Total Receipts (4+8)</b>	<b>11,416.22</b>	<b>12,767.44</b>	<b>12,115.72</b>	<b>94.90</b>	<b>34.05</b>
10	<b>Revenue Expenditure</b>	<b>10,092.17</b>	<b>11,068.76</b>	<b>10,836.96</b>	<b>97.91</b>	<b>30.46</b>
11	Interest payments	493.88	662.23	581.90	87.87	1.64
12	<b>Capital Expenditure <sup>(c)</sup></b>	<b>1,321.86</b>	<b>1,696.68</b>	<b>1,253.78</b>	<b>73.90</b>	<b>3.52</b>
13	Loan and advances	2.19	2.00	24.98	1,249.00	0.07
14	<b>Total Expenditure (10+12+13)</b>	<b>11,416.22</b>	<b>12,767.44</b>	<b>12,115.72</b>	<b>94.90</b>	<b>34.05</b>
15	<b>Revenue Surplus (4-10)</b>	<b>189.89</b>	<b>417.87</b>	<b>577.09</b>	<b>138.10</b>	<b>1.62</b>
16	<b>Fiscal Deficit (-) {(4+5+6)-14}</b>	<b>-1,107.67</b>	<b>-1,247.20</b>	<b>-677.70</b>	<b>54.34</b>	<b>-1.90</b>
17	<b>Primary Deficit (16-11)</b>	<b>-613.79</b>	<b>-584.97</b>	<b>-95.80</b>	<b>16.38</b>	<b>-0.27</b>

Source: Finance Accounts

(a) Includes State's share of Union Taxes.

(b) Borrowings and other Liabilities: Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts - Disbursements) of Public Account + Net of Opening and Closing Cash Balance.

(c) Expenditure on Capital Account includes Capital Expenditure and Loans and Advances disbursed.

During 2023-24, Revenue Receipts (₹ 11,414.05 crore) fell short of the estimates (₹ 11,486.63 crore). Revenue Expenditure fell short of estimates by ₹ 231.80 crore and Capital Expenditure fell short of estimates for the year by ₹ 442.90 crore. As a result, total expenditure (₹ 12,115.72 crore) was 94.90 per cent of budget estimates (₹ 12,767.44 crore) for the year.

An analysis of the Own Tax Revenues (OTR) of Mizoram vis a vis those of the North Eastern (NE) and Himalayan States during 2022-23 and 2023-24 revealed the following:

- In terms of the absolute OTR, Mizoram generated the lowest revenue in both years with ₹ 1,101.82 crore in 2022-23 and ₹ 1,195.59 crore in 2023-24. The average OTR of North Eastern (NE) and Himalayan States during this period was ₹ 7,122.82 crore and ₹ 8,020.82 crore respectively.

- In terms of percentage of OTR to total Tax revenue, Mizoram was the second poorest performing state in the region with 18.85 *per cent* in 2022-23 and was the third poorest performing state in the region with 17.47 *per cent* in 2023-24. The average of North Eastern (NE) and Himalayan States was 44.00 *per cent* and 42.72 *per cent* for the two years in the period.

The State had a Revenue Surplus of ₹ 577.09 crore which was more than the estimated ₹ 417.87 crore for the year. Additionally, Fiscal Deficit (₹ 677.70 crore) and Primary Deficit (₹ 95.80 crore) were both less than the estimated ₹ -1,247.20 crore and ₹ - 584.97 crore respectively.

With respect to GSDP, Revenue Receipts and Capital Receipts contributed 32.08 *per cent* and 18.06 *per cent* respectively for the year.

The strengths of the State's finances are its strong growth in tax and non-tax revenues and the significant improvement in fiscal indicators, including fiscal and primary deficits. The State has also achieved higher revenue surplus than budgeted. The decrease in grants-in-aid and contributions compared to the previous year are a matter of concern as is also the reduction in capital expenditure and borrowings, which could impact developmental initiatives.

### 1.3.2 Snapshot of Assets and Liabilities of the Government

Government accounts capture the financial liabilities of the Government while the assets created out of the expenditure incurred, though comprehensive accounting of fixed assets like land and buildings owned by the Government is not done in the existing Government accounting system. The liabilities consist mainly of internal borrowings, loans and advances from Government of India (GoI), receipts into public account and reserve funds, and the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

**Table 1.4** shows summarised position of Assets and Liabilities of the Government of Mizoram as on 31 March 2024 *vis-a-vis* the position as on 31 March 2023.

**Table 1.4: Summarised position of Assets and Liabilities**

(₹ in crore)					
As on 31.03.23	Liabilities	As on 31.03.24	As on 31.03.23	Assets	As on 31.03.24
<b>Consolidated Fund of the State</b>					
6,141.95	Internal Debt	6,929.10	18,837.16	Gross Capital Outlay on Fixed Assets	20,090.94
1048.07	Loans and Advances from Central Government	1,774.36	218.74	Loans and Advances	219.76
<b>Contingency Fund</b>					
0.10	Contingency Fund	0.10	0.00	Civil Advances	0.00
<b>Public Account</b>					
2,443.93	Small Savings, Provident Funds, etc.	1,963.50	0.00	Remittance Balances	150.06
1,100.97	Deposits and Advances	1,185.92	323.17*	Cash Balance	866.11
722.53	Reserve Funds	760.24		(including Investment in Earmarked fund)	
1,422.64	Suspense and Miscellaneous	1,761.32			
123.64	Remittance Balances	0			
6,375.24	Surplus on Government Account	6,952.33			
<b>19,379.07</b>		<b>21,326.87</b>	<b>19,379.07</b>		<b>21,326.87</b>

Source: Statement No. 1 of Finance Accounts

\* Differs with last year's figure due to printing mistake in the last year's Report

On the Liabilities side, Internal Debt increased significantly from ₹ 6,141.95 crore in 2022-23 to ₹ 6,929.10 crore in 2023-24. This rise could indicate higher borrowing needs, possibly for funding government projects or managing fiscal deficits. Loans and advances from the central government increased from ₹ 1,048.07 crore in 2022-23 to ₹ 1,774.36 crore in 2023-24.

In public account liabilities Small Savings, Provident Funds, etc. declined from ₹ 2,443.93 crore in 2022-23 to ₹ 1,963.50 crore in 2023-24. Deposits and Advances: Increased marginally from ₹ 1,100.97 crore in 2022-23 to ₹ 1,185.92 crore in 2023-24. This indicates changes in citizen savings or government receipts held in trust.

Reserve Funds increased from ₹ 722.53 crore in 2022-23 to ₹ 760.24 crore in 2023-24, which reflects stronger reserves for contingencies or earmarked purposes. The surplus on government account rose from ₹ 6,375.24 crore in 2022-23 to ₹ 6,952.33 crore in 2023-24 which is a reflection of improvement in overall fiscal surplus.

On the Assets side, the gross capital outlay on fixed assets increased from ₹ 18,837.16 crore in 2022-23 to ₹ 20,090.94 crore in 2023-24. This reflects higher investments in infrastructure or capital assets, which is positive for long-term growth.

Loans and Advances showed a marginal increase from ₹ 218.74 crore in 2022-23 to ₹ 219.76 crore in 2023-24, thereby indicating a minor expansion in financial assistance provided by the government.

Cash Balance of the State increased significantly from ₹ 323.17 crore in 2022-23 to ₹ 866.11 crore in 2023-24. This improvement may suggest better cash management or higher liquidity levels.

Increase in Suspense and Miscellaneous balances from ₹ 1,422.64 crore in 2022-23 to ₹ 1,761.32 crore in 2023-24 could reflect unresolved transactions or temporary balances requiring reconciliation.

The State's Remittance Balances declined from ₹ 123.64 crore in 2022-23 to ₹ 0 in 2023-24. This suggests improved settlement of remittances or reclassification of balances.

Overall, the growth of the State's total assets from ₹ 19,379.07 crore in 2022-23 to ₹ 21,326.87 crore in 2023-24, indicates a positive trajectory in asset accumulation, especially in capital outlays and cash balance. However, this is balanced by a growth in Liabilities. The surplus on the government account has improved, but rising debt levels need to be monitored to ensure fiscal sustainability.

#### **1.4 Fiscal Balance: Achievement of Deficit and total Debt targets**

When a government spends more than it collects by way of revenue, it incurs a deficit. There are various measures that capture government deficit. Definitions of the three main types of deficits/surpluses discussed in this Report are given in **Appendix II**.

Deficits are financed by borrowing giving rise to government debt. The concepts of deficits and debt are closely related. Deficits can be thought of as a flow which add to the stock of debt. If the government continues to borrow year after year, it leads to the accumulation of debt and the government has to pay more and more by way of interest. These interest payments themselves contribute to the debt.

By borrowing, the government transfers the burden of reduced consumption on future generations. This is because it borrows by issuing bonds to the people living at present

but may decide to pay off the bonds some twenty years later by raising taxes or reducing expenditure. Also, government borrowing from the people reduces the savings available to the private sector. To the extent that this reduces capital formation and growth, debt acts as a 'burden' on future generations.

However, if government deficits succeed in their goal of raising production, there will be more income and, therefore, more savings. In this case, both government and industry can borrow more. Also, if the government invests in infrastructure, future generations may be better off, provided the return on such investments is greater than the rate of interest. The actual debt could be paid off by the growth in output. The debt should not then be considered burdensome. The growth in debt will have to be judged by the growth of the economy as a whole.

Government deficit can be reduced by an increase in taxes or reduction in expenditure. There has also been an attempt to raise receipts through the sale of shares in PSUs. However, the major thrust has been towards reduction in government expenditure. This could be achieved through making government activities more efficient through better planning of programmes and better administration.

The Central and State Governments have passed Fiscal Responsibility and Budget Management Act (FRBM) with the objective of ensuring prudence in fiscal management by eliminating revenue deficits, reducing fiscal deficits and keeping overall/ outstanding debt to acceptable levels, establishing improved debt management and improving transparency in a medium-term framework. In this context, the Act provides quantitative targets to be adhered to by the State with regard to deficit measures and debt level.

Government of Mizoram enacted the Mizoram Fiscal Responsibility and Budget Management (MZFRBM) Act, 2006 in line with the Union FRBM Act, 2003, to ensure stability and sustainability, improve efficiency and transparency in management of public finances, enhance the availability of resources by achieving sufficient revenue surplus, reduce fiscal deficit and remove impediments to effective conduct of fiscal policy and prudent debt management.

In line with the recommendations of Finance Commissions, the MZFRBM Act was amended thrice, with the latest amendment being in September 2020.

As per the provisions of the MZFRBM Act, 2006 the State Government is required to prepare every year, a Medium-Term Fiscal Policy Statement<sup>9</sup> (MTFPS) showing the rolling fiscal targets, in addition to the Fiscal Correction Path (FCP). Due to this, the fiscal targets set by XIV FC have been adopted in the MTFPS laid before the Mizoram Legislative Assembly.

The Fifteenth Finance Commission (XV FC) was constituted by the President of India on 27 November 2017. The XV FC was initially expected to submit its reports by November 2019. However, with the creation of two new Union Territories by the Jammu and Kashmir Reorganisation Act, 2019, the Commission submitted an interim Report for the year 2020-21 which was substantially accepted by Government of India. The XV FC in its report for 2021-22 to 2025-26 did not recommend any significant change in fiscal reformation thereby implying that the architecture introduced by XIV FC is still relevant.

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<sup>9</sup> As required under Section 5(1)(a) of MZFRBM Act, 2006.

The status of achievement vis-à-vis projections set under the State FRBM Act during the period 2019-20 to 2023-24 is given in **Table 1.5**.

**Table 1.5: Compliance with provisions of State FRBM Act**

Fiscal Parameters	Fiscal Targets	Achievement <sup>10</sup>				
		2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Surplus / Deficit (-) / Surplus (+) ( <i>₹ in crore</i> )	Revenue Surplus (Generation of Revenue Surplus)	204.31	-774.13	602.25	189.89	577.09
		✓	✗	✓	✓	✓
Fiscal Deficit (-) / Surplus (+) (as percentage of GSDP)	Targets (below):	-1,224.29	-1,869.31	-372.54	-1,107.67	-677.70
	2019-20 - 8.34 per cent	4.90	7.81	1.40	3.61	1.90
	2020-21 - 6.40 per cent					
	2021-22 - 5.20 per cent	✓	✗	✓	✓	✓
Ratio of total outstanding liability to GSDP (in per cent)	2022-23 - 4.10 per cent					
	2023-24 - 3.50 per cent					
	Projections (below):	34.73	41.30	39.60	35.75	33.96
	2019-20 - 32.66 per cent					
	2020-21 - 27.85 per cent					
	2021-22 - 27.63 per cent	✗	✗	✗	✗	✓
	2022-23 - 31.81 per cent					
	2023-24 - 37.84 per cent					

Source: Finance Accounts and State budget documents of various years

The Revenue Surplus rose by 203.91 per cent from ₹ 189.89 crore in 2022-23 to ₹ 577.09 crore in 2023-24. The Fiscal Deficit-GSDP ratio (1.90 per cent) and the Debt-GSDP ratio (33.96 per cent) were well within the target of 3.50 per cent of GSDP and 37.84 per cent of GSDP<sup>11</sup> respectively during the year 2023-24.

The targets set by the XV FC and those projected in the State Budget vis-à-vis achievements in respect of major fiscal aggregates with reference to GSDP during 2023-24 are given in **Table 1.6**.

**Table 1.6: Actuals vis-à-vis achievements in respect of major fiscal aggregates for the year 2023-24**

Sl. No.	Fiscal Variables (per cent)	Targets as prescribed by XV FC	Targets in the Budget	Actuals	Variation of actuals over	
					Targets of XV FC	Targets in Budget
1	Revenue Surplus (+) / Deficit (-) / GSDP	1.20 <sup>12</sup>	1.17	1.62	0.42	0.45
2	Fiscal Deficit/GSDP	-3.0 <sup>13</sup>	-3.50	-1.90	1.10	1.60
3	Total outstanding liability/GSDP	34.80 <sup>14</sup>	37.84	33.96	-0.84	-3.88

Source: Finance Accounts, State budget documents and XV FC report

<sup>10</sup> ✓ denotes targets achieved and ✗ denotes targets not achieved

<sup>11</sup> As required under Section 5(1)(b) of MZFRBM Act, 2006.

<sup>12</sup> Source: Table 12.4 of XV FC Report

<sup>13</sup> Source: Table 12.4 of XV FC Report

<sup>14</sup> Source: Annexure 12.1 (Para 12.65 of XV FC Report)

During the year 2023-24, the Government surpassed the projection of the XV FC of Revenue Surplus/GSDP ratio of 1.20 *per cent* by achieving Revenue Surplus/GSDP ratio of 1.62 *per cent*. Further, Fiscal Deficit-GSDP and total outstanding liability/GSDP ratios were within the levels projected by the XV FC and Budgetary estimates.

Similarly, the Medium-Term Fiscal Plan (MTFP) had set forth a three-year rolling target for the prescribed fiscal indicators. **Table 1.7** indicates the variation between projections made for 2023-24 and actual achievement.

**Table 1.7: Actuals vis-à-vis projections in MTFP for 2023-24**

*(₹ in crore)*

Sl. No.	Fiscal Variables	Projection as per MTFP	Actuals (2023-24)	Variation (in per cent)
1	Own Tax Revenue	1,084.30	1,195.59	10.26
2	Non-Tax Revenue	897.00	1,084.93	20.95
3	Share of Central Taxes	5,107.25	5,647.47	10.58
4	Grants -in-aid from GoI	4,398.08	3,486.06	-20.74
5	<b>Revenue Receipts (1+2+3+4)</b>	<b>11,486.63</b>	<b>11,414.05</b>	<b>-0.63</b>
6	<b>Revenue Expenditure</b>	<b>11,068.76</b>	<b>10,836.96</b>	<b>-2.09</b>
7	<b>Capital Expenditure</b>	<b>1,696.68</b>	<b>1,253.78</b>	<b>-26.10</b>
8	Revenue Deficit (-)/ Surplus (+)	<b>417.87</b>	<b>577.09</b>	38.10
9	Fiscal Deficit (-)/ Surplus (+)	-1,247.21	-677.70	-45.66
10	Debt-GSDP ratio ( <i>per cent</i> )	37.84	33.96	-10.25
11	GSDP growth rate at current prices ( <i>per cent</i> )	9.01	15.93	76.80

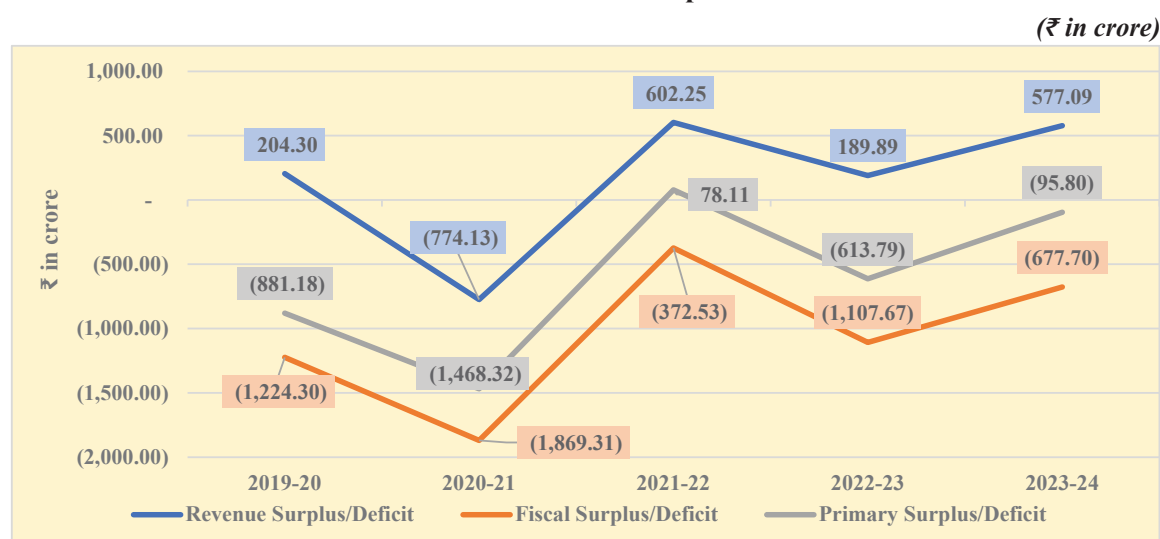
Source: Finance Accounts and State budget documents

As can be seen from the table above, the actuals of key fiscal variables for 2023-24 showed significant variation from the projections made in MTFP. Notably, the State's Revenue and Capital Expenditure were both lower than projected by 2.09 *per cent* (₹ 231.80 crore) and 26.10 *per cent* (₹ 442.90 crore), respectively. This indicated that the Government was able to take on significantly less debt than expected to meet its liabilities and as a result Debt-GSDP ratio was lower than projections by 10.25 *per cent*.

Audit concludes that the State exhibited prudent revenue expenditure management, resulting in a higher-than-projected Revenue Surplus. Lower fiscal deficit suggests improved fiscal sustainability.

The trend of deficit parameters over the five-year period from 2019-20 to 2023-24 is depicted in **Chart 1.4**.

Chart 1.4: Trends in deficit parameters

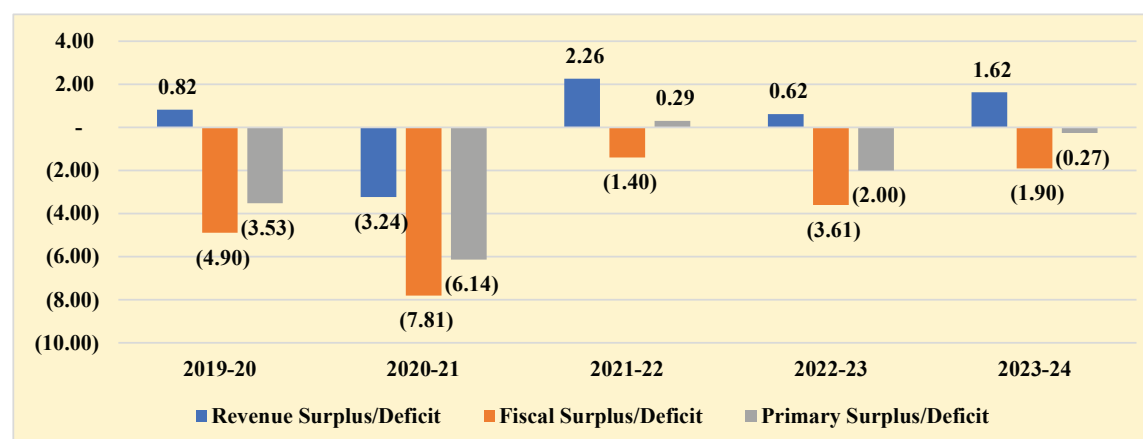


Source: Finance Accounts

The MTFP projected a Revenue Surplus of ₹ 417.87 crore for the State of Mizoram during 2023-24, however, Mizoram had a Revenue Surplus of ₹ 577.09 crore. Fiscal Deficit (FD) stood at ₹ 677.70 crore during 2023-24 against the projection in the MTFP of ₹ 1,247.20 crore.

Chart 1.5 depicts the trends in surplus/deficit relative to GSDP over the five-year period 2019-20 to 2023-24.

Chart 1.5: Trends in Surplus/Deficit relative to GSDP



Source: Finance Accounts

**Revenue Surplus**, which indicates excess of Revenue Receipts over Revenue Expenditure, increased from ₹ 189.89 crores to ₹ 577.09 crores in 2023-24 from the previous year. The revenue surplus as percentage of GSDP increased in 2023-24 to 1.62 per cent from 0.62 per cent of GSDP as compared to previous year.

**Fiscal deficit** indicates total borrowings of the State, *i.e.* its total resource gap. It decreased substantially to ₹ 677.70 crores (1.90 per cent of GSDP) in 2023-24 from ₹ 1,224.30 crores (4.90 per cent of GSDP) in 2019-20.

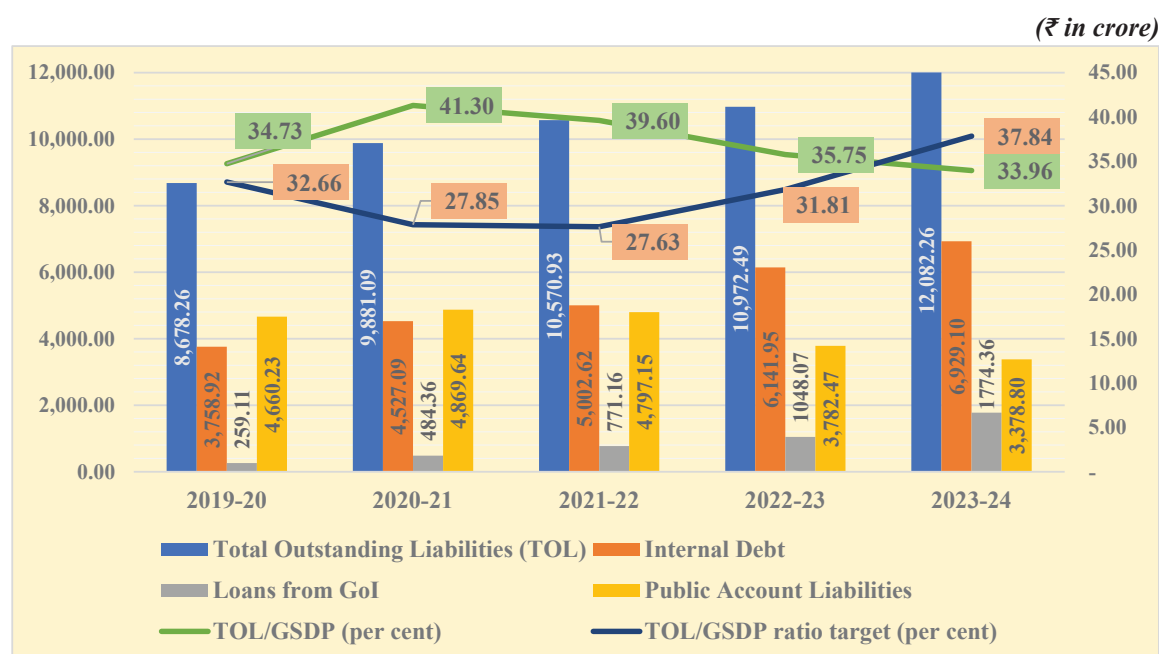
**Primary deficit**, the excess of primary expenditure (Total expenditure net of interest payments) over non debt receipts, was ₹ 95.80 crores (0.27 *per cent* of GSDP) in 2023-24.

Revenue Surplus growth is a positive sign, allowing more funds for capital investment rather than funding recurring expenses through borrowing.

Fiscal Deficit remains significant but has declined as a percentage of GSDP, indicating that borrowing is being managed relative to economic growth.

Total outstanding liabilities (TOL) for the year was ₹ 12,082.26 crore, which as a percentage of GSDP at 33.96 *per cent*, was below the target of 37.84 *per cent* set under the MTFP. **Chart 1.6** depicts the trends in fiscal liabilities relative to GSDP.

**Chart 1.6: Trends in Fiscal Liabilities and GSDP**



Source: Finance Accounts

Internal Debt and Loans from GoI increased by ₹ 787.15 crore and ₹ 726.29 crore respectively while Public Account Liabilities decreased by ₹ 403.67 crore for the current year.

## 1.5 Deficits and Total Debt after examination in Audit

In order to present a better picture of State Finances, there is a tendency to classify revenue expenditure as capital expenditure and to conduct off-budget fiscal operations.

### 1.5.1 Post audit - Revenue Surplus and Fiscal Deficit

As per the FRBM Act, 2003, the State government must ensure compliance to the targets fixed for the fiscal indicators such as Deficits, ceiling on debt and on guarantees, *etc.* The revenue deficit and the fiscal deficit as worked out for the State gets impacted due to various circumstances such as misclassification of revenue expenditure as capital expenditure and off budget fiscal operations. Besides, deferment of clear-cut liabilities, not depositing cess/royalty to Consolidated Fund, short contribution to New Pension Scheme, sinking and redemption funds, *etc.* also impacts the revenue and fiscal deficit figures. In order to arrive at actual deficit figures, the impact of such irregularities needs to be reversed.

The impact on Revenue Surplus and Fiscal Deficit of the State Government as per the findings of audit is given in the following table:

**Table 1.8: Impact of Misclassification and impact on Revenue Surplus and Fiscal Deficit**

(₹ in crore)

Item (Illustrative)	Understatement of revenue expenditure	Overstatement of capital expenditure	Impact on Revenue Surplus	Impact on Fiscal Deficit
Short payments of Interest	8.01	-	8.01	8.01
Classification of Guarantees invoked by the Government as Capital Expenditure	-	19.52		19.52
Short contribution of State Disaster Response Fund (SDRF)	46.22	-	46.22	46.22
Short contribution of State Disaster Mitigation Fund (SDMF)	17.00	-	17.00	17.00
Classification of expenditure under State Compensatory Afforestation Fund (SCAF) as Revenue Expenditure	-13.39	-	-13.39	-13.39
Non-transfer of Central Road and Infrastructure Fund (CRIF)	35.60	-	35.60	35.60
<b>Total Impact</b>	<b>93.44</b>	<b>19.52</b>	<b>93.44</b>	<b>112.96</b>

Source: Finance Accounts

It may be seen from the preceding table that the State Government understated Revenue Expenditure by ₹ 93.44 crore through short payments of interest adjustment (₹ 8.01 crore), non-transfer of funds to State Disaster Response Fund (₹ 46.22 crore), non-transfer of funds to State Disaster Mitigation Fund (₹ 17.00 crore), Classification of expenditure under State Compensatory Afforestation Fund (SCAF) as Revenue Expenditure instead of debiting SCAF and non-transfer of Central Road and Infrastructure Fund (₹ 35.60 crore). If the figures are adopted, the Revenue Surplus would be ₹ 483.65 crore.

Further, classification of Guarantees invoked during the year as Capital expenditure instead of debiting the Guarantee Redemption Fund (₹ 19.52 crore) led to understatement of Fiscal Deficit to that extent. If the figure is adopted, the Fiscal Deficit would be ₹ 790.67 crore. (Refer Table no 1.3).

## 1.6 Implementation of State Finance Commission recommendations

With a view to provide greater decentralisation and autonomy to local bodies, the Constitution of India empowered the States to establish State Finance Commissions (SFC), to be appointed after every 5 years, to recommend devolution of funds from the State Government to Local Bodies and suggest measures for augmenting their own resources.

In keeping with these provisions, the first Mizoram Finance Commission (I MFC) was constituted on September 30, 2011, in pursuance of sub-section (1) of section 3 of the Mizoram Finance Commission Act, 2010. The Commission was to submit its report by 31 October 2014. The term of the Commission was subsequently extended twice up to 31 March, 2015. The report of the First Mizoram Finance Commission was submitted on 19 February 2015 and covered a period of five years commencing on 1 April 2015 *i.e.* 2015-16 to 2019-20.

The Second Finance Commission (II MFC) had been constituted in the State in April 2021. The Commission submitted its report to the Governor on 20 July 2023 and the report was laid before the State Legislature on 23 August 2023 covering the period from 2021-22 to 2025-26.

#### 1.6.1 State Government's compliance to I MFC Report

The I MFC made 94 recommendations as per the Terms of Reference (ToR). The recommendations included functioning and finances of local bodies and Autonomous District Councils, State Finances, devolution and deficit financing etc. However, although the State Government accepted the report of the Commission it only implemented one recommendation related to fiscal devolution to local bodies and ADCs. As per the recommendation, 15 *per cent* of the State's Own Tax revenue were devolved to local bodies during the period of the I MFC.

#### 1.6.2 State Government's compliance to II MFC Report

In pursuance of the decision of the Council of Ministers and as per the Explanatory Memorandum as to the action taken on the recommendation made by the Second Mizoram Finance Commission the Governor of Mizoram issued a notification on the implementation of accepted recommendations of the II MFC on 9 October 2023. As the recommendations are to be implemented from the next financial year *i.e.* 2024-25, the impact of their implementation could not be gauged as yet.

The major accepted recommendations of the Second Mizoram Finance Commission are given below:

- **Vertical devolution of taxes:** 42 *per cent* of the net proceeds of the State's own tax revenue shall be devolved to Local Bodies. The projected amounts are ₹ 467.64 crore and ₹ 477.80 crore in 2024-25 and 2025-26 respectively.
- **Horizontal Devolution:** The revenue pool recommended above shall be horizontally devolved between Rural Local Bodies, Urban Local Bodies and Autonomous District Councils during 2024-25 and 2025-26.
- **Deficit Grants:** Besides the *inter se* provision for sharing of revenue pool, Autonomous District Councils have also been recommended a share of Post Devolution Revenue Deficit Grants. The recommended amount of grant is ₹ 182.87 crore for 2024-25 and ₹ 225.57 crore for 2025-26.
- **Devolution to Local Councils from share of Municipalities:** The Municipalities shall devolve 20 *per cent* of the tax devolution from the State Government to the Local Councils. The recommended devolution of grant is ₹ 5.10 crore in 2024-25 and ₹ 5.95 crore in 2025-26.

- **Book of Accounts and Asset Register for Village Councils:** Maintenance and submission of accounts and Asset Register to the District Local Administration Officer at the end of every financial year shall be the pre-requisite condition for release of grants recommended by the State Finance Commission.

### 1.7 Conclusion

During 2023-24, the GSDP at current price was ₹ 35,579 crore up from ₹ 30,690 crore in 2022-23, representing an increase of 15.93 *per cent* which was higher than that of GDP growth rate of 9.60 *per cent*.

During the five-year period 2019-24 there has been a significant decrease in the growth rate of the Agriculture sector in GSDP, falling from 11.25 *per cent* in 2019-20 to 6.60 *per cent* in 2023-24. Similarly, growth rate of the Industry sector fell from 14.02 *per cent* in 2019-20 to 13.10 *per cent* in 2023-24 while the growth rate of the Services sector ranged between 9.62 *per cent* in 2019-20 to 8.17 *per cent* in 2023-24. However, the growth rate of the Industries and Services sectors has increased slightly along with the increase in GSDP in the last two years from 2021-22.

During 2023-24, against an estimated Revenue Surplus of ₹ 417.87 crore, the State ended up with a Revenue Surplus of ₹ 577.09 crore and a Fiscal Deficit of ₹ 677.70 crore against the estimate of ₹ 1,247.20 crore.

Fiscal Deficit, at ₹ 677.70 crore, was 1.90 *per cent* of GSDP while the Debt-GSDP ratio stood at 33.96 *per cent*. The Government surpassed the projection of the XV FC of Revenue Surplus/GSDP ratio of 1.20 *per cent* by achieving Revenue Surplus/GSDP ratio of 1.62 *per cent*. Further, Fiscal Deficit-GSDP and total outstanding liability/GSDP ratios were within the levels projected by the XV FC and Budgetary estimates.

The actuals of key fiscal variables for 2023-24 showed significant variation from the projections made in the Medium Term Fiscal Plan (MTFP). Notably, the State's Revenue and Capital Expenditure were both lower than projected by 2.09 *per cent* (₹ 231.80 crore) and 26.10 *per cent* (₹ 442.90 crore), respectively. Total outstanding liabilities (TOL) for the year was ₹ 12,082.26 crore, which as a percentage of GSDP at 33.96 *per cent*, was below the target of 37.84 *per cent* set under the MTFP.

The State Government overstated Revenue Surplus by ₹ 93.44 crore and understated Fiscal Deficit by ₹ 112.96 crore due to non-provision of interests and non-contribution to designated Funds.

### 1.8 Recommendations

- *The State Government may continue to ensure compliance to the Fiscal Consolidation Roadmap as envisaged by the Mizoram Fiscal Responsibility and Budget Management (MZFRBM) Act, 2006 through prudent financial management.*
- *The Government may ensure payment of interest to the interest bearing securities and contribute its share to the designated funds so as to ensure that fiscal indicators are correctly depicted.*



# **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 2019-20 to 2023-24, 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* 2022-23

The major changes in key fiscal aggregates of the State during the financial year 2023-24, compared to the previous year are given in **Table 2.1**.

**Table 2.1: Changes in key fiscal aggregates in 2023-24 compared to 2022-23**

Revenue Receipts	<ul style="list-style-type: none"> <li>✓ Revenue receipts of the State increased by 11.01 <i>per cent</i></li> <li>✓ Own Tax receipts of the State increased by 8.51 <i>per cent</i></li> <li>✓ Non-tax receipts increased by 5.56 <i>per cent</i></li> <li>✓ State's Share of Union Taxes and Duties increased by 19.01 <i>per cent</i></li> <li>✓ Grants-in-Aid from Government of India increased by 2.31 <i>per cent</i></li> </ul>
Revenue Expenditure	<ul style="list-style-type: none"> <li>✓ Revenue expenditure increased by 7.38 <i>per cent</i></li> <li>✓ Revenue expenditure on General Services increased by 11.39 <i>per cent</i></li> <li>✓ Revenue expenditure on Social Services increased by 14.58 <i>per cent</i></li> <li>✓ Revenue expenditure on Economic Services decreased by 8.78 <i>per cent</i></li> </ul>
Capital Receipts	<ul style="list-style-type: none"> <li>✓ Debt capital receipts increased by 10.68 <i>per cent</i></li> <li>✓ Non-Debt Capital receipts decreased by 9.55 <i>per cent</i></li> </ul>
Capital Expenditure	<ul style="list-style-type: none"> <li>✓ Capital expenditure decreased by 5.15 <i>per cent</i></li> <li>✓ Capital expenditure on General Services increased by 41.82 <i>per cent</i></li> <li>✓ Capital expenditure on Social Services decreased by 3.24 <i>per cent</i></li> <li>✓ Capital expenditure on Economic Services decreased by 9.94 <i>per cent</i></li> </ul>
Loans and Advances	<ul style="list-style-type: none"> <li>✓ Disbursement of Loans and Advances increased by 1,040.64 <i>per cent</i></li> <li>✓ Recoveries of Loans and Advances decreased by 9.55 <i>per cent</i></li> </ul>
Public Debt	<ul style="list-style-type: none"> <li>✓ Public Debt Receipts increased by 10.68 <i>per cent</i></li> <li>✓ Repayment of Public Debt increased by 87.80 <i>per cent</i></li> </ul>
Public Account	<ul style="list-style-type: none"> <li>✓ Public Account Receipts increased by 5.15 <i>per cent</i></li> <li>✓ Disbursement of Public Account increased by 4.40 <i>per cent</i></li> </ul>
Cash Balance	<ul style="list-style-type: none"> <li>✓ Cash balance increased by 145.69 <i>per cent</i></li> </ul>

Source: Finance Accounts of respective years.

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

### 2.3 Sources and Application of Funds

A summary of the components of the sources and application of funds of the State during 2023-24 with that of 2022-23 in figures, is given in **Table 2.2**.

**Table 2.2: Details of Sources and Application of funds during 2022-23 and 2023-24**

(₹ in crore)

	Particulars	2022-23	2023-24	Increase/ Decrease
<b>Sources</b>	Opening Cash Balance with RBI	265.54	323.17	57.63
	Revenue Receipts	10,282.06	11,414.05	1,131.99
	Recoveries of Loans and Advances	26.49	23.96	-2.53
	Public Debt Receipts (Net)	1,416.24	1,513.44	97.20
	Public Account Receipts (Net)	-250.94	-292.79	-41.85
	<b>Total</b>	<b>11,739.39</b>	<b>12,981.83</b>	<b>1,242.44</b>
<b>Application</b>	Revenue Expenditure	10,092.17	10,836.96	744.79
	Capital Expenditure	1,324.05	1,278.76	-45.29
	<i>Capital Outlay</i>	1,321.86	1,253.78	-68.08
	<i>Disbursement of Loans and Advances</i>	2.19	24.98	22.79
	Closing Cash Balance with RBI	323.17	866.11	542.94
	<b>Total</b>	<b>11,739.39</b>	<b>12,981.83</b>	<b>1,242.44</b>

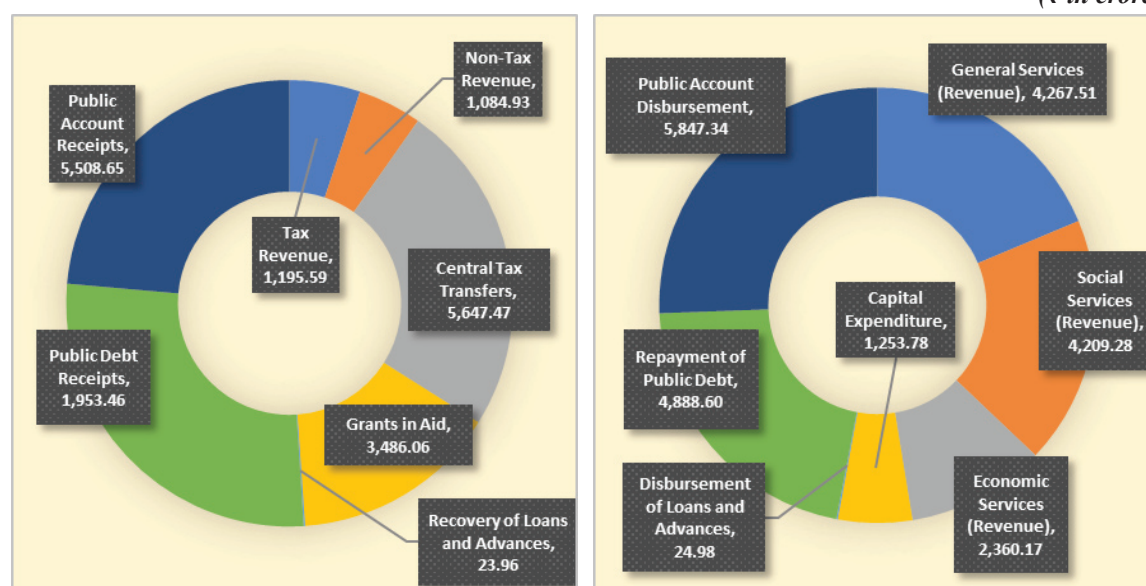
Source: Finance Accounts

**Appendix III** provides details of receipts and disbursements and the overall fiscal position of the State during the current year as well as previous years.

Composition and application of resources in the Consolidated Fund of the State during 2023-24 is given in **Chart 2.1**.

**Chart 2.1 Sources and Application of Resources**

(₹ in crore)



Source: Finance Accounts

Revenue receipts grew significantly, contributing to the overall increase in total sources. The State's improved cash reserves indicate prudent fiscal practices and a controlled increase in revenue expenditure suggests cautious spending.

However, the decline in capital outlay and expenditure could delay infrastructure and developmental projects. Further, reliance on public debt receipts indicates a growing dependence on borrowings which is a matter of concern.

## 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.

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** (Debt and Non-debt 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.

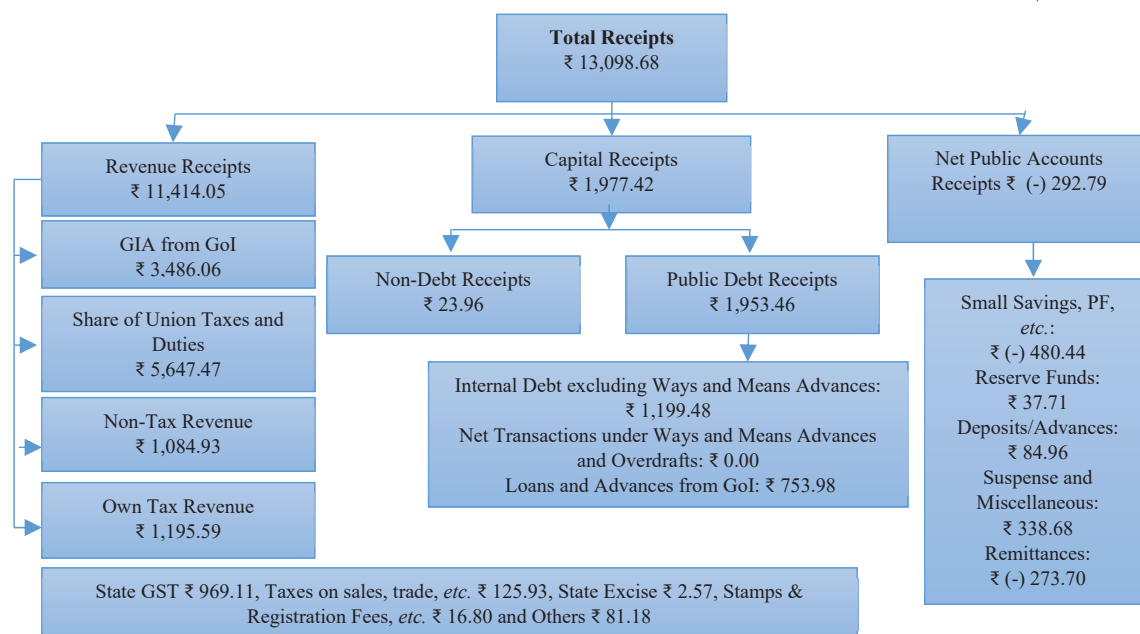
Both revenue and capital receipts form part of the Consolidated Fund of the State.

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. Besides the Revenue and Capital Receipts as well as funds available in the Public Account (net of disbursements made from it) are utilised by the Government to finance its deficit. The composition of receipts of Government of Mizoram during 2023-24 is given in **Chart 2.2**.

**Chart 2.2: Composition of receipts of the State during 2023-24**(*₹ in crore*)

Out of the total resources of ₹ 13,098.68 crores of the State Government during the year 2023-24, Revenue Receipts (₹ 11,414.05 crores) constituted 87.14 *per cent*, while Capital Receipts (₹ 1,977.42 crores) constituted 15.10 *per cent* which was offset by Net Public Accounts Receipts (₹ - 292.79 crores) 2.24 *per cent* of the total resources.

### 2.5.1 State's Revenue Receipts

This paragraph outlines the trends in revenue receipts of Government of Mizoram for the year 2023-24.

#### 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 2019-24. 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	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Revenue Receipts (RR)</b> (₹ in crore)	<b>9,658.26</b>	<b>7,740.67</b>	<b>9,159.74</b>	<b>10,282.06</b>	<b>11,414.05</b>
Rate of growth of RR ( <i>per cent</i> )	6.85	-19.85	18.33	12.25	11.01
<b>Tax Revenue</b>	<b>3,748.78</b>	<b>3,658.11</b>	<b>5,076.80</b>	<b>5,847.07</b>	<b>6,843.06</b>
Own Tax Revenue	730.98	647.56	853.94	1,101.82	1,195.59
Share of Union Taxes and Duties	3,017.80	3,010.55	4,222.86	4,745.25	5,647.47
<b>Non-Tax Revenue</b>	<b>522.35</b>	<b>561.76</b>	<b>622.12</b>	<b>1,027.77</b>	<b>1,084.93</b>
Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) ( <i>per cent</i> )	6.52	-3.51	22.06	44.28	7.09

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Grants-in-aid from GoI</b>	<b>5,387.13</b>	<b>3,520.80</b>	<b>3,460.82</b>	<b>3,407.22</b>	<b>3,486.06</b>
Rate of growth of Grants in aid	23.56	-34.64	-1.70	-1.55	2.31
<b>GSDP (₹ in crore)</b> <b>(2011-12 Series)</b>	<b>24,990</b>	<b>23,923</b>	<b>26,695</b>	<b>30,690</b>	<b>35,579</b>
Rate of growth of GSDP (per cent)	14.04	-4.27	11.59	14.97	15.93
RR/GSDP (per cent)	38.65	32.36	34.31	33.50	32.08
<b>Buoyancy Ratios<sup>15</sup></b>					
Revenue Buoyancy w.r.t. GSDP	0.49	-	1.58	0.82	0.69
State's Own Revenue Buoyancy w.r.t. GSDP	0.46	-	1.90	2.96	0.44

Note: Buoyancy Ratios have not been shown where growth is negative.

Source: Finance Accounts and Directorate of Economics and Statistics

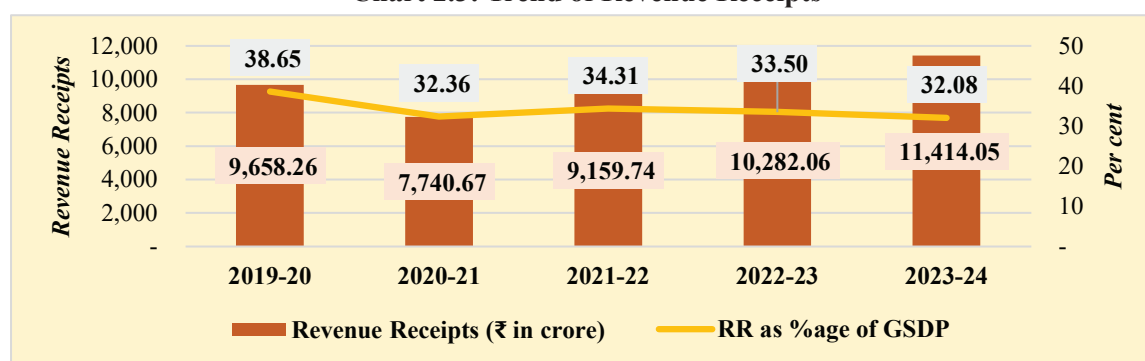
Revenue Receipts increased by 18.18 per cent from ₹ 9,658.26 crore in 2019-20 to ₹ 11,414.05 crore in 2023-24 at an annual average growth rate of 5.72 per cent. During 2023-24, Revenue Receipts increased by ₹ 1,131.99 crore (11.01 per cent) over the previous year due to increase in Own Tax Revenue (₹ 93.77 crore), Non-tax Revenue (₹ 57.16 crore), State's share of Union Taxes and Duties (₹ 902.22 crore) and Grants-in-Aid from GoI (₹ 78.84 crore).

Grants-in-aid from GoI decreased by 35.29 per cent (₹ 1901.07 crore) during 2019-20 to 2023-24 but increased by 2.31 per cent (₹ 78.84 crore) in 2023-24 as compared to 2022-23.

The Revenue buoyancy with reference to GSDP was 0.69 and Own Revenue buoyancy with reference to GSDP was 0.44 during the year 2023-24.

**Chart 2.3** shows the trend of Revenue Receipts during the period 2019-20 to 2023-24 and its contribution to GSDP.

**Chart 2.3: Trend of Revenue Receipts**



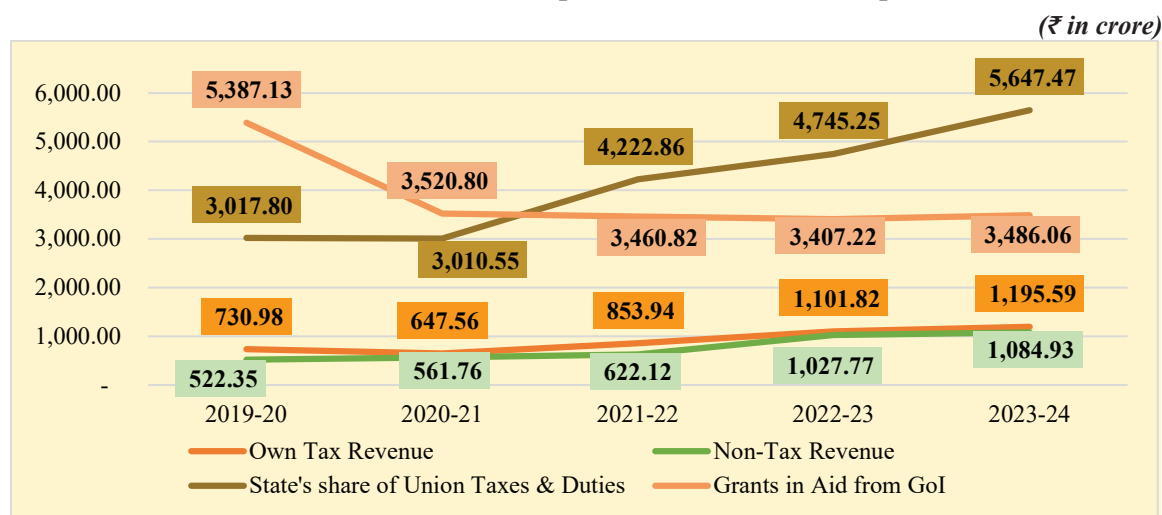
Source: Finance Accounts

Revenue Receipts as a percentage of GSDP, which had started to show an increasing trend in 2021-22 continued to fall in the current year. The contribution of Revenue Receipts to GSDP decrease from 33.50 per cent in the previous year to 32.08 per cent in this year.

<sup>15</sup> 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 2.4** shows the trend of components of Revenue Receipts.

**Chart 2.4: Trend of components of Revenue Receipts**



Source: Finance Accounts

During 2023-24, Grants in Aid from the GoI made up 30.54 *per cent* of the Revenue Receipts while Central Tax Transfers contributed 49.48 *per cent*. State's own sources of revenue made up just 19.98 *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 (80.02 *per cent*).

On the positive side of the revenue receipts scenario, the steady growth in tax and non-tax revenues, reflects strong resource mobilization. Resilience in revenue receipts is noticed despite fluctuating grants-in-aid from the central government. Further, robust GSDP growth (15.93%) in 2023-24 highlights strong economic recovery and expansion.

Among the concerns in the above scenario, the declining proportion of revenue receipts to GSDP may indicate under-utilization of revenue potential. As in the past, dependence on central grants has reduced overall growth in revenue receipts in the State, necessitating efforts to boost state-level revenue generation. Overall, revenue buoyancy with respect to GSDP and state's own revenue buoyancy show a declining trend, highlighting the need for improved revenue elasticity.

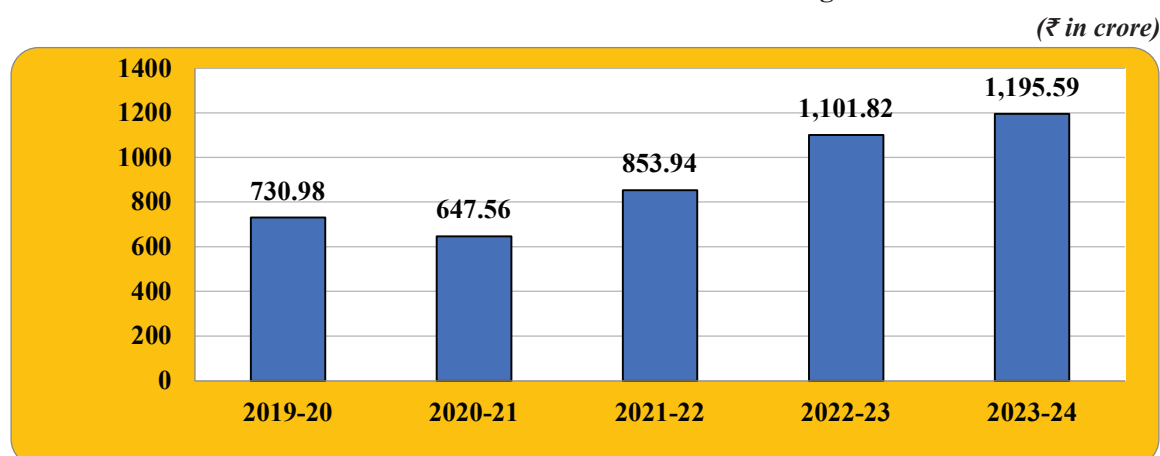
### 2.5.1.2 State's Own Resources

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 2019-24 is given in **Appendix III**.

#### (i) Own Tax Revenue

Own tax revenue of the State consists of State Goods and Services Tax (SGST), State excise, taxes on vehicles, Stamp Duty and Registration fees, Land revenue, taxes on goods and passengers, *etc.* The Own Tax Revenue of the State during the five-year period 2019-24 are given in **Chart 2.5**.

Chart 2.5: Growth of Own Tax Revenues during 2019-24



Source: Finance Accounts

Component-wise details of Own Tax Revenue collected during the years 2019-24 are presented in Table 2.4.

Table 2.4: Components of State's own tax revenue

(₹ in crore)

Revenue Head	2019-20	2020-21	2021-22	2022-23	2023-24 (BE)	2023-24 (Actuals)
Taxes on Sales, Trades, etc.	117.61	113.66	150.75	112.94	120.00	125.93
State Goods and Services Tax	532.22	457.91	632.34	904.20	865.00	969.11
State Excise	2.72	0.96	1.79	1.89	1.80	2.57
Taxes on Vehicles	40.66	29.01	27.90	41.32	42.56	46.17
Stamp Duty and Registration Fees	5.85	4.73	7.48	7.80	14.48	16.80
Land Revenue	9.05	20.74	13.04	9.56	19.50	10.14
Taxes on Goods and Passengers	7.44	4.85	5.39	7.99	5.96	8.47
Others	15.43	15.70	15.25	16.13	15.00	16.40
<b>Total</b>	<b>730.98</b>	<b>647.56</b>	<b>853.94</b>	<b>1,101.82</b>	<b>1,084.30</b>	<b>1,195.59</b>

Source: Finance Accounts

Own Tax Revenues of the State increased by ₹ 464.61 crore from ₹ 730.98 crore in 2019-20 to ₹ 1,195.59 crore in 2023-24. During the current year, Own Tax Revenue (₹ 1,195.59 crore) increased by ₹ 93.77 crore (8.51 per cent) from the previous year (₹ 1,101.82 crore). Major contributors of Tax Revenue were State Goods and Services Tax (SGST) (81.06 per cent), Taxes on Sales, Trades, etc., (10.53 per cent) and Taxes on Vehicles (3.86 per cent). State's Own Tax Revenue as percentage of GSDP during the year increased to 3.36 per cent from the previous year's 3.59 per cent. Own Tax Revenue was ₹ 111.29 crore over budget estimates during 2023-24.

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

The arrears of revenue indicate delayed realisation of revenues due to the Government. Similarly, arrears of assessment indicate potential revenue which is blocked by delayed assessment. Both deprive the State of potential revenue receipts and ultimately affect the revenue surplus/deficit.

➤ **Arrears of Revenue**

The arrears of revenue as on 31 March 2024 on some principal heads of revenue amounted to ₹ 52.92 crore, out of which ₹ 13.77 crore was outstanding for more than five years, as detailed in **Table 2.5**.

**Table 2.5: Arrears of Revenue as on 31 March 2024**

(₹ in crore)

Sl. No.	Head of Revenue	Total amount outstanding as on 31 March 2024	Total amount outstanding for more than 5 years as on 31 March 2024
1	Taxes/VAT on sales, Trades, etc.	52.22	13.76
2	Taxes on Professions, Trades, Callings and Employment, etc.	0.19	0
3	Taxes on Entertainment	0.51	0.01
<b>Total</b>		<b>52.92</b>	<b>13.77</b>

Source: Information furnished by the Taxation Department

➤ **Arrears of assessment**

The details of cases pending at the beginning of the year, cases due for assessment, cases disposed of 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 2024**

Sl. No.	Head of Revenue	Opening balance as on 01 April 2023	New cases due for assessment during 2023-24	Total assessments due	Cases disposed during 2023-24	Closing balance as on 31 March 2024	Percentage of disposal
1	Taxes/VAT on sales, Trades, etc.	5	-	5	-	5	-
2	Taxes on Professions, Trades, Callings and Employment, etc.	0	51,772	51,772	51,772	0	100.00
3	Taxes on Entertainment	0	0	0	0	0	-
<b>Total</b>		<b>5</b>	<b>51,772</b>	<b>51,777</b>	<b>51,772</b>	<b>5</b>	<b>99.99</b>

Source: Information furnished by the Taxation Department

From the table, it may be seen that out of 51,777 assessments due during 2023-24, 51,772 cases (99.99 per cent) were assessed by the end of 2023-24, leaving five 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 2023-24**

Sl. No.	Head of revenue	Cases pending as on 31 March 2023	Cases detected during 2023-24	Total	No. of cases in which assessment / investigation completed and additional demand with penalty <i>etc.</i> raised		No. of cases pending for finalisation as on 31 March 2024
					No. of cases	Amount of demand (₹ in crore)	
1	Goods and Services Tax	40	696	736	658	6.67	78
2	Taxes/VAT on sales, Trades, etc	0	0	0	0	0	0
3	Taxes on Professions, Trades, Callings and Employment, <i>etc.</i>	0	0	0	0	0	0
4	Taxes on Entertainment	0	0	0	0	0	0
<b>Total</b>		<b>40</b>	<b>696</b>	<b>736</b>	<b>658</b>	<b>6.67</b>	<b>78</b>

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 2023-24**

(₹ in crore)

Sl. No.	Particulars	Tax/Duty	
		No. of cases	Amount
1	Claims outstanding at the beginning of the year	11	0.98
2	Claims received during the year	23	10.08
3	Refunds made during the year	18	10.92
4	Refunds rejected during the year	1	0.03
5	Balance outstanding at the end of the year	15	0.11

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 2019-20 to 2023-24 were as shown in **Table 2.9**.

**Table 2.9: Components of State's Non-Tax Revenue**

(₹ in crore)

Revenue Head	2019-20	2020-21	2021-22	2022-23	2023-24 (BE)	2023-24 (Actuals)
<b>Other Fiscal Services<sup>16</sup></b>	2.05	12.05	18.86	5.01	20.75	68.04
<b>Interest Receipts, Dividends and Profits</b>	32.84	19.12	41.83	50.19	46.00	15.45
<b>Other Non-Tax Revenues</b>						
<b>i. General Services</b>	27.61	34.55	47.93	94.43	69.66	288.84
<b>ii. Social Services</b>	54.91	65.16	64.46	74.42	85.25	83.24
<b>iii. Economic Services</b>	404.94	430.88	449.04	803.72	675.33	629.36
<b>Total</b>	<b>522.35</b>	<b>561.76</b>	<b>622.12</b>	<b>1,027.77</b>	<b>896.99</b>	<b>1,084.93</b>

Source: Finance Accounts

<sup>16</sup> Other Fiscal Services include Other Receipts of the State Government.

Non-Tax Revenue ranged between 5.41 (2019-20) and 9.51 *per cent* (2023-24) of Revenue Receipts during the five-year period from 2019-20 to 2023-24. It increased by ₹ 57.16 crore (5.56 *per cent*) during the current year, over the previous year. The major contributor to Non-Tax Revenues during 2019-24 was revenue received under Economic Services which at ₹ 629.36 crore contributed 58.01 *per cent* of the total non-tax receipts during 2023-24. Non-Tax revenue was 120.95 *per cent* of budget estimates for 2023-24.

### (iii) Transfers from the Centre

The details of Central Transfers to the State during 2019-24 are given in the following table.

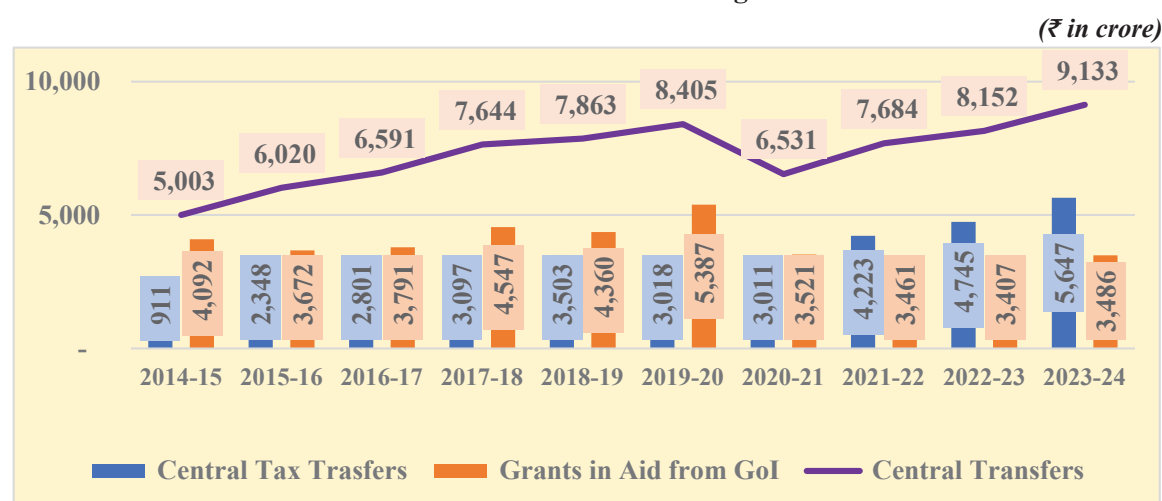
**Table 2.10: Central Transfers during 2019-20 to 2023-24**

	(₹ in crore)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Grants in Aid from GoI	5,387.13	3,520.80	3,460.82	3,407.22	3,486.06
Central Tax Transfers	3,017.80	3,010.55	4,222.86	4,745.25	5,647.47
<b>Total Transfers from Centre</b>	<b>8,404.93</b>	<b>6,531.35</b>	<b>7,683.68</b>	<b>8,152.47</b>	<b>9,133.53</b>

Source: Finance Accounts

**Chart 2.6** depicts the trend of Central transfers over the decadal period 2014-24. Over the period, these transfers increased by 82.55 *per cent* from ₹ 5,003 crore in 2014-15 to ₹ 9,133 crore in 2023-24. During the current year, the amount increased by 12.03 *per cent* from ₹ 8,152 crore in 2022-23 and constituted 80.02 *per cent* of the Revenue Receipts.

**Chart 2.6: Trend of Central Transfers during 2014-15 to 2023-24**



Source: Finance Accounts

### (A) Central Tax Transfers

As per the XV Finance Commission (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 2019-24.

**Table 2.11: Central Tax Transfers: Actual devolution *vis-à-vis* Finance Commission projections<sup>17</sup>***(₹ in crore)*

Year	Finance Commission projections	Projections in FC Report	Actual tax devolution	Difference
<b>2019-20</b>	0.460 <i>per cent</i> of net proceeds of all shareable taxes excluding service tax and 0.464 <i>per cent</i> of net proceeds of shareable service tax (As per recommendations of XIVFC)	4,769	3,018	-1,751
<b>2020-21</b>	0.506 <i>per cent</i> of net proceeds of all shareable taxes (As per recommendations of XVFC)	4,327	3,011	-1,317
<b>2021-22</b>	0.500 <i>per cent</i> of net proceeds of all shareable taxes (As per recommendations of XVFC)	3,293	4,223	930
<b>2022-23</b>	0.500 <i>per cent</i> of net proceeds of shareable taxes	3,663	4,745	1,082
<b>2023-24</b>	0.500 <i>per cent</i> of net proceeds of shareable taxes	4,122	5,647	1,525

Source: Finance Accounts and XIV and XV FC Reports

**Table 2.12** shows the component-wise distribution of Central Tax Transfers. There was an increase of 87.11 *per cent* from ₹ 3,018 crore in 2019-20 to ₹ 5,647 crore in 2023-24. During 2023-24, there was an increase of ₹ 902 crore (19.01 *per cent*) *vis-a-vis* the previous year. Central Tax Transfers made up 49.48 *per cent* of Revenue Receipts for the year.

**Table 2.12: Central Tax Transfers***(₹ in crore)*

Head	2019-20	2020-21	2021-22	2022-23	2023-24 (BE)	2023-24 (Actuals)
<b>Central Goods and Services Tax (CGST)</b>	856.36	897.91	1,268.97	1,341.69	1,651.44	1,713.94
<b>Integrated Goods and Services Tax (IGST)</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>Corporation Tax</b>	1,028.94	906.03	1,225.41	1,588.99	1,634.65	1,695.13
<b>Taxes on Income other than Corporation Tax</b>	806.25	928.54	1,287.88	1,554.09	1,590.30	1,957.62
<b>Customs</b>	191.29	162.09	276.41	186.69	162.01	197.91
<b>Union Excise Duties</b>	133.00	101.51	127.21	58.58	67.86	74.89
<b>Service Tax</b>	Nil	12.42	32.49	7.40	1.03	1.04
<b>Other Taxes</b>	1.96	2.05	4.50	7.81	-0.04	6.94
<b>Central Tax transfers</b>	<b>3,017.80</b>	<b>3,010.55</b>	<b>4,222.86</b>	<b>4,745.25</b>	<b>5107.25</b>	<b>5647.47</b>
<b>Percentage of increase over previous year</b>	-13.85	-0.24	40.27	12.37	-	19.01
<b>Percentage of Central tax transfers to Revenue Receipts</b>	31.25	38.89	46.10	46.15	-	49.48

Source: Finance Accounts

<sup>17</sup> 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.

**(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 2023-24, GIA increased by ₹ 78.84 crore (2.31 *per cent*) from ₹ 3,407.22 crore in 2022-23 to ₹ 3,486.06 crore in 2023-24. GIA received by the State Government from GoI during 2019-24 are detailed in **Table 2.13**.

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

(₹ in crore)						
Head	2019-20	2020-21	2021-22	2022-23	2023-24 (BE)	2023-24 (Actuals)
Grants for Centrally Sponsored Schemes (CSS)	2,103.97	1,329.94	1,366.12	1,599.98	2,670.42	1,777.72 <sup>18</sup>
Finance Commission Grants	2,778.73	1,725.48	1,879.10	1,722.10	1,635.00	1,635.90
Other transfers/Grants to States	504.43	465.38	215.60	85.14	92.66	72.44
<b>Total</b>	<b>5,387.13</b>	<b>3,520.80</b>	<b>3,460.82</b>	<b>3,407.22</b>	<b>4,398.08</b>	<b>3,486.06</b>
Percentage of increase/decrease over the previous year	23.56	-34.64	-1.70	-1.55	-	2.31
Percentage of GIA to Revenue Receipts	55.78	45.48	37.78	33.14	-	30.54

Source: Finance Accounts

➤ **Single Nodal Agency**

The Government of India, Ministry of Finance, Department of Expenditure, New Delhi vide Office Memorandum No 1(13)/PFMS/FCD/2020 dated 8 December 2021 provided that every State Government is required to designate a Single Nodal Agency (SNA) for implementing each Centrally Sponsored Scheme (CSS). The Single Nodal Agency will open Single Nodal Account for each CSS at the State level in a Scheduled Commercial Bank authorised to conduct business by the State Government. Further, as per the new procedure, it is the responsibility of the State Government concerned to ensure that the entire unspent amount is returned by all the Implementing Agencies (IAs) to the Single Nodal Account of the Single Nodal Agency. Detailed vouchers and supporting documents of actual expenditure were not received in Accounts Wing of the Office of the Principal Accountant General, Mizoram from the SNAs.

As per Public Financial Management System (PFMS) Report, the State Government received ₹ 1,672.41 crore being Central share of CSS during the year 2023-24 in its Treasury Accounts. As on 31 March 2024, the Government transferred Central share of ₹ 1613.55 crore received in Treasury Accounts and State share of ₹ 211.19 crore to the SNAs leading to short transfer of ₹ 58.86 crore of Central Share. As per SNA report of PFMS portal, ₹ 408.47 crore was lying unspent in the bank accounts of SNAs as on 31 March 2024.

➤ **Finance Commission Grants**

Finance Commission (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 2019-20 (during the XIV FC period) and 2020-24 (XV FC period) are given in **Table 2.14**.

<sup>18</sup> Out of the grants of ₹ 1,777.72 crore for Centrally Sponsored Schemes during 2023-24 the major recipients of the Grants were Samagrah Shiksha (₹ 278.24 crore), PMGSY (₹ 141.37 crore), PMAY (₹ 45.51 crore).

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		
	2019-20 to 2022-23	2023-24	Total	2019-20 to 2022-23	2023-24	Total	2019-20 to 2022-23	2023-24	Total
Local Bodies									
(i) Grants to Rural Local Bodies (RLBs)									
(a) General Basic Grant	140.00	72.00	212.00	127.50	70.00	197.50	127.50	70.00	197.50
(b) General Performance Grants									
(ii) Grants to Urban Local Bodies (ULBs)									
(a) General Basic Grant	150.78	37.00	187.78	123.86	35.00	158.86	123.87	35.00	158.87
(b) General Performance Grants									
(iii) Grant for Health	62.00	33.00	95.00	31.19	0.00	31.19	31.19	0.00	31.19
Total for Local Bodies(i+ii+iii)	352.78	142.00	494.78	282.55	105.00	387.55	282.56	105.00	387.56
SDRF <sup>19</sup>	178.00	58.00	236.00	141.80	41.60	183.40	182.00	46.40	228.40
SDMF <sup>20</sup>	0.00	0.00	0.00	14.30	15.30	29.60	11.40	11.60	23.00
Grand Total	530.78	200.00	730.78	438.65	161.90	600.55	475.96	163.00	638.96
Post devolution Deficit Grant	7,543.00	1,474.00	9,017.00	7,542.96	1,474.00	9,016.96	8,516.00	1,615.00	10,131.00

Source: XIV-FC Report, XV-FC Report, State Government data

From the above data, it is seen that only ₹ 31.19 crore (33% of recommended amount) was released by both GoI and the state for health-related grants. Gaps in local body grants were also noticed. There were shortfalls across RLBs and ULBs, particularly in General Basic Grants, with gaps ranging from ₹ 14.50 crore to ₹ 28.92 crore.

Post-Devolution Deficit Grant was efficiently managed, with full releases by both GoI and the state. It was noticed that the State Government allocated more than GoI's releases for SDRF and the deficit grant, showcasing fiscal commitment to bridge funding gaps.

## 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 2019-24, Capital Receipts grew by 79.42 *per cent* from ₹ 1,102.09 crore in 2019-20 to ₹ 1,977.42 crore in 2023-24 mainly due to increased

<sup>19</sup> SDRF = State Disaster Response Fund

<sup>20</sup> SDMF = State Disaster Mitigation Fund

public debt receipts. Recovery of loans and advances decreased by 10.26 *per cent* from ₹ 26.70 crore in 2019-20 to ₹ 23.96 crore in 2023-24.

During 2023-24, Public Debt Receipts (₹ 1,953.46 crore) represented 98.79 *per cent* of Capital Receipts (₹ 1,977.42 crore) and increased by 10.68 *per cent* over the previous year. Similarly, Recovery of loans and advances decreased by 9.55 *per cent* (₹ 2.53 crore) compared to the previous year (₹ 26.49 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	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Capital Receipts</b>	<b>1,102.09</b>	<b>1,424.87</b>	<b>1,240.21</b>	<b>1,791.46</b>	<b>1,977.42</b>
Miscellaneous Capital Receipts	-	-	-	-	-
Recovery of Loans and Advances	26.70	33.69	32.18	26.49	23.96
Public Debt Receipts	1,075.39	1,391.18	1,208.03	1,764.97	1,953.46
<i>Internal Debt (excluding Ways and Means Advances and Overdrafts)</i>	1,060.51	1,143.56	898.21	1,464.57	1,199.48
<i>Growth rate (per cent)</i>	763.19	7.83	-21.45	63.05	-18.10
<i>Net transactions under Ways and Means Advances and Overdrafts</i>	-	-	-	-	-
<i>Growth rate (per cent)</i>	-	-	-	-	-
<i>Loans and advances from GoI</i>	14.88	247.62	309.82	300.40	753.98
<i>Growth rate (per cent)</i>	30.99	1,564.11	25.12	-3.04	150.99
Rate of growth of debt Capital Receipts	701.21	29.37	-13.17	46.10	10.68
Rate of growth of non-debt capital receipts ( <i>per cent</i> )	20.49	26.18	-4.48	-17.68	-9.55
Rate of growth of GSDP ( <i>per cent</i> )	14.04	-4.27	11.59	14.97	15.93
Rate of growth of Capital Receipts ( <i>per cent</i> )	604.75	29.29	-12.96	44.45	10.38

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. The components of Public Debt Receipts comprised of Internal Debt (₹ 1,199.48 crore) and Loans and Advances from GoI (₹ 753.98 crore).

It is seen that Capital receipts are heavily reliant on debt sources, particularly internal debt, which constitutes the majority of public debt receipts. Recovery of loans and advances and other non-debt receipts shows declining trends, limiting diversification of capital sources. Growth rates of capital receipts and their components reflects significant volatility, particularly during the pandemic years (2020-21). The sharp rise in loans from the central government indicates increased reliance on GoI support.

### 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 2023-24**

(₹ in crore)

	XV FC projections	Budget Estimates	Actual	Percentage variation of actual over	
				XV FC projections	Budget estimates
Own Tax revenue	1,217.00	1,084.30	1,195.59	-1.76	10.26
Non-Tax revenue	302.00	897.00	1,084.93	259.25	20.95
<b>Total</b>	<b>1,519.00</b>	<b>1,981.30</b>	<b>2,280.52</b>	<b>50.13</b>	<b>15.10</b>

It can be seen from the table above that Own Tax Revenue for the year is less than FC projections by 1.76 *per cent* and surpassed budget estimates by 10.26 *per cent*. Non-Tax revenue exceeded FC projections by 259.25 *per cent* and surpassed budget estimates by 20.95 *per cent*.

## 2.6 Application of resources

Analysis of expenditure at the State Government level assumes significance, since major expenditure responsibilities are entrusted to 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.

**Loans and Advances:** Loans and advances by the Government to the State Public Sector Enterprises (SPSEs) and other parties.

**Table 2.17** depicts the trend of overall expenditure of the State for the five-year period 2019-20 to 2023-24.

**Table 2.17: Total expenditure and its composition***(₹ in crore)*

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Total Expenditure (TE)</b>	<b>10,909.26</b>	<b>9,643.67</b>	<b>9,564.45</b>	<b>11,416.22</b>	<b>12,115.72</b>
Revenue Expenditure (RE)	9,453.96	8,514.80	8,557.49	10,092.17	10,836.96
Capital Expenditure (CE)	1,372.67	1,125.97	1,004.38	1,321.86	1,253.78
Loans and Advances	82.63	2.90	2.58	2.19	24.98
<b>As a percentage of GSDP</b>					
TE/GSDP	43.66	40.31	35.83	37.20	34.05
RE/GSDP	37.83	35.59	32.06	32.88	30.46
CE/GSDP	5.49	4.71	3.76	4.31	3.52
Loans and Advances/GSDP	0.33	0.01	0.01	0.01	0.07

Source: Finance Accounts and Government of Mizoram

Total Expenditure (TE) increased by ₹ 699.50 crore (6.13 *per cent*) in 2023-24 as compared to 2022-23. This was due to increase in Revenue Expenditure by ₹ 744.79 crore (7.38 *per cent*). Capital Expenditure decreased by ₹ 68.08 crore (5.15 *per cent*). Simultaneously, disbursement of Loans and Advances increased by ₹ 22.79 crore (1,040.64 *per cent*). As percentage of GSDP, TE decreased from 43.66 *per cent* in 2019-20 to 34.05 *per cent* in 2023-24 of GSDP.

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 89.45 *per cent* of the State's TE, whereas Capital Expenditure, which is in the nature of asset creation, was 10.35 *per cent* in 2023-24. This trend of expenditure was seen to be consistent over the five-year period. Revenue Expenditure was 86.66 (2019-20) and 89.45 *per cent* (2023-24) of TE while Capital Expenditure was 12.58 (2019-20) and 10.37 *per cent* (2023-24) of TE which signified that the Government was spending most of its resources in activities which did not involve asset creation.

Relative share of various sectors of expenditure during 2019-20 to 2023-24 is depicted in **Table 2.18** and **Chart 2.7**.

**Table 2.18: Relative share of various sectors of expenditure**

Sector	2019-20	2020-21	2021-22	2022-23	2023-24
General Services	3,256.64	3,273.58	3,180.96	3,914.04	4,385.02
Social Services	3,994.10	3,737.76	3,795.19	3,979.29	4,504.88
Economic Services	3,575.89	2,629.43	2,585.72	3,520.70	3,200.83
Loans and Advances	82.63	2.90	2.58	2.19	24.98

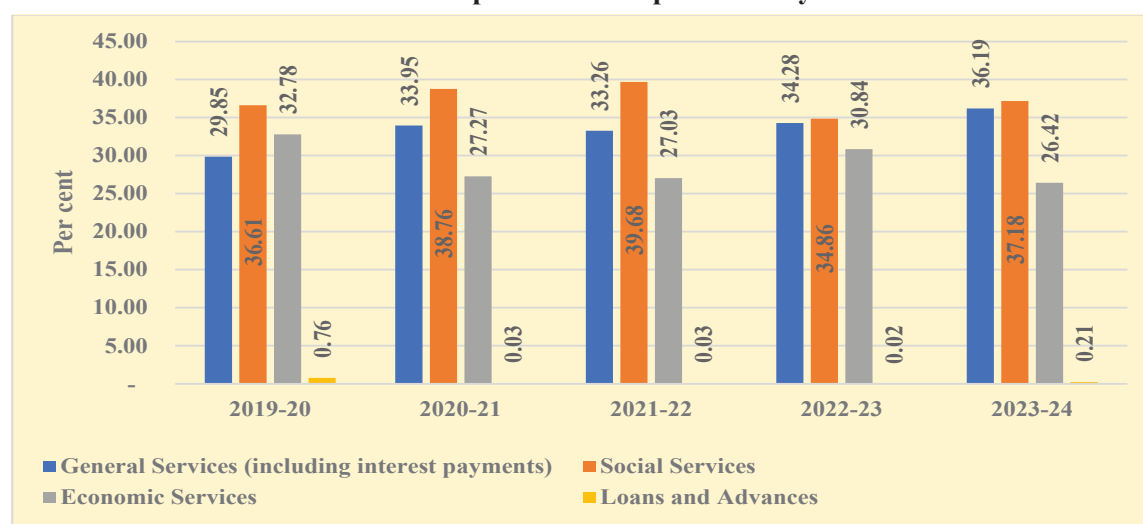
Source: Finance Accounts

Expenditure on General Services increased by ₹ 470.98 crore (12.03 *per cent*) from ₹ 3,914.04 crore in 2022-23 to ₹ 4,385.02 crore in 2023-24, Social Services expenditure increased by ₹ 525.59 crore (13.21 *per cent*) from ₹ 3,979.29 crore in 2022-23 to ₹ 4,504.88 crore in 2023-24 and expenditure on Economic Services decreased by ₹ 319.86 crore (9.09 *per cent*) from ₹ 3,520.70 crore in 2022-23 to ₹ 3,200.83 crore in 2023-24. Disbursement of Loans and Advances increased by ₹ 22.79 crore (1,040.64 *per cent*) from ₹ 2.19 crore in 2022-23 to ₹ 24.98 crore in 2023-24.

As may be seen in **Chart 2.7**, the relative share of various components of expenditure in the total expenditure fluctuated during 2019-24. The share of General Services increased

from 29.85 per cent in 2019-20 to 36.19 per cent in 2023-24 and the share of Social Services in total expenditure increased from 36.61 per cent in 2019-20 to 37.18 per cent in 2023-24, while that of Economic Services and Loans and advances decreased from 32.78 per cent and 0.76 per cent to 26.42 per cent and 0.21 per cent respectively during the same period.

**Chart 2.7: Total expenditure - Expenditure by activities**



Source: Finance Accounts

## 2.6.2 Revenue Expenditure

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

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 2.19** and the sectoral distribution of Revenue Expenditure for 2023-24 is given in **Chart 2.8**.

**Table 2.19: Revenue Expenditure – Basic Parameters**

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Total Expenditure (TE)</b>	<b>10,909.26</b>	<b>9,643.67</b>	<b>9,564.45</b>	<b>11,416.22</b>	<b>12,115.72</b>
Revenue Expenditure (RE)	9,453.96	8,514.80	8,557.49	10,092.17	10,836.96
Rate of Growth of RE (per cent)	25.96	-9.93	0.50	17.93	7.38
RE/TE (per cent)	86.66	88.29	89.47	88.40	89.45
RE/GSDP (per cent)	37.83	35.59	30.76	30.74	30.46
RE/Revenue Receipts (per cent)	97.88	110.00	93.43	98.15	94.94
<b>Buoyancy<sup>21</sup> of Revenue Expenditure with</b>					
GSDP (ratio)	1.85	-	0.04	1.19	0.46
Revenue Receipts (ratio)	3.79	-	0.03	1.46	0.67

Note: Buoyancy Ratios have not been shown where growth is negative.

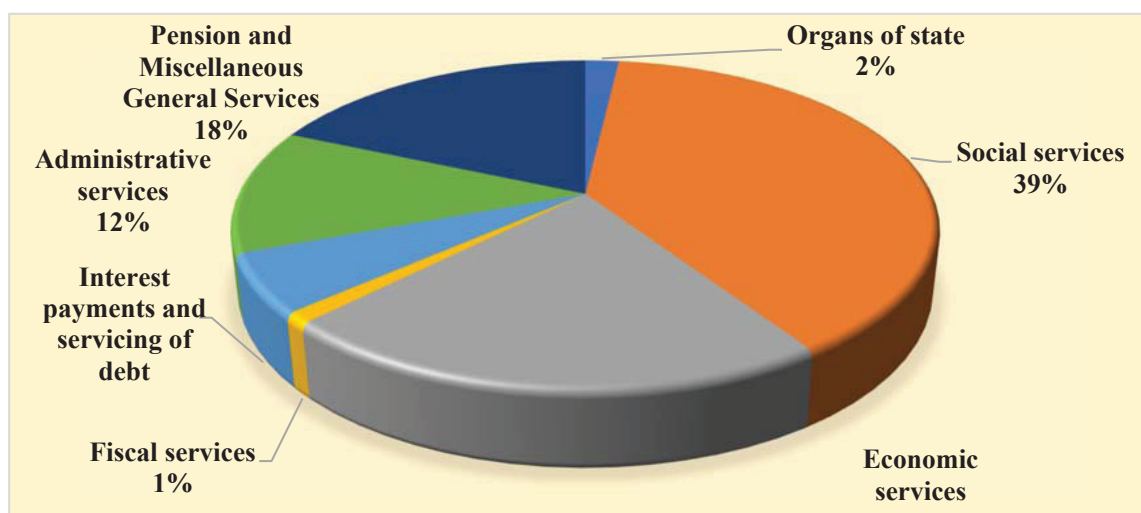
Source: Finance Accounts of respective years

<sup>21</sup> Buoyancy indicates the 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 Expenditure tends to change by one percentage point, if the GSDP changes by one per cent.

Revenue Expenditure formed on an average 88.45 *per cent* (ranging from 86.66 *per cent* in 2019-20 to 89.45 *per cent* in 2023-24) of the total expenditure during the period 2019-24. Rate of growth of Revenue Expenditure has displayed wide fluctuations during the five- year period 2019-24.

As a percentage of GSDP, Revenue Expenditure marginally decreased from 37.83 *per cent* in 2019-20 to 30.46 *per cent* in 2023-24. Revenue Expenditure increased by 7.38 *per cent* and is less than as per the assessment made in MTFP 2023-24 (₹ 11,068.76 crore) by 0.63 *per cent*. It stood at 94.94 *per cent* of Revenue Receipts for the year. The buoyancy of Revenue Expenditure with GSDP was 0.67 during 2023-24.

**Chart 2.8: Sector-wise distribution of revenue expenditure**



Source: Finance Accounts

#### 2.6.2.1 Major changes in Revenue Expenditure

**Table 2.20** 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 2.20: Variation in Revenue Expenditure during 2023-24 compared to 2022-23**

(₹ in crore)

Major Head Code	Major Heads of Account	2022-23	2023-24	Increase (+)/ Decrease (-) in <i>per cent</i>
2245	Relief on account of Natural Calamities	23.61	-12.01	-150.86
2211	Family Welfare	17.92	3.02	-83.13
2236	Nutrition	8.88	3.81	-57.12
3056	Inland Water Transport	2.12	0.92	-56.70
2415	Agricultural Research and Education	4.04	10.07	149.16
2216	Housing	57.56	143.49	149.28
2015	Elections	15.63	94.02	501.53
2217	Urban Development	86.58	680.82	686.38

Source: Finance Accounts

The table above shows only the 8 largest positive and negative outliers in variation of expenditure over the previous year. The decrease of expenditure under Major Head '2245' 'Relief on account of Natural Calamities' was mainly due to adjustment of

amount incurred under the Major Head 2245 and subsequently set off in Public Account. . The decrease of expenditure under Major Head '2211' '**Family Welfare**' was mainly due to less expenditure under Minor Head 101- 'Rural Family Welfare Services' and 103- 'Maternity and Child Health'. The decrease of expenditure under Major Head '2236'- '**Nutrition**' was mainly due to less expenditure under Minor Head 101- 'Special Nutrition Programmes'. The decrease of expenditure under Major Head '3056' '**Inland Water Transport**' was mainly due to less expenditure under Minor Head 001 'Direction and Administration'. The increase of expenditure under Major Head '2415' '**Agricultural Research and Education**' was mainly due to more expenditure under Minor Head 277- 'Education'.

The increase in expenditure under the Major Head '2216' '**Housing**' was mainly due to more expenditure under Minor Head 105- 'Indira Awaas Yojana'. The increase in expenditure under the Major Head '2015' '**Elections**' was mainly due to more expenditure under Minor Head 800- 'Other Expenditure'. The increase in expenditure under the Major Head '2217' '**Urban Development**' was mainly due to more expenditure under Minor Head 191- 'Assistance to Local Bodies, Corporations, Urban Development Authorities, Town Improvement Boards, etc.'.

#### 2.6.2.2 Committed Expenditure

Committed Expenditure of Government consists 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.

Apart from the above, there are certain items of Inflexible Expenditure which cannot be ordinarily altered, varied or are statutorily required on an annual basis, unlike for variable transactions such as capital expenditure, *etc.* For example, the following items may be considered as Inflexible Expenditure.

- i. Devolution to Local Bodies – Statutory devolutions to local bodies for pay and allowance (devolution, transfer for capital expenditure).
- ii. Statutory requirements of contribution to Reserve Funds – Contribution to Consolidated Sinking Fund (CSF), Guarantee Redemption Fund (GRF), State Disaster Mitigation / Response Fund (SDMF/ SDRF), *etc.*
- iii. Recoupment of Contingency Fund - Amount recouped within the year.
- iv. Transfer of Cess to reserve fund / other body, which are statutorily required.
- v. Share contribution of CSS against the Central Fund received – Amount of State share to be transferred to SNAs / spent by the State.
- vi. Payment of Interest on the balances of the interest-bearing funds as if they could have been invested and payment of interest on public debt as charged expenditure - Interest payment.

**Table 2.21** presents the trends in the components of committed expenditure and inflexible expenditure during 2019-24. 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 2.21: Components of Committed and Inflexible Expenditure***(₹ in crore)*

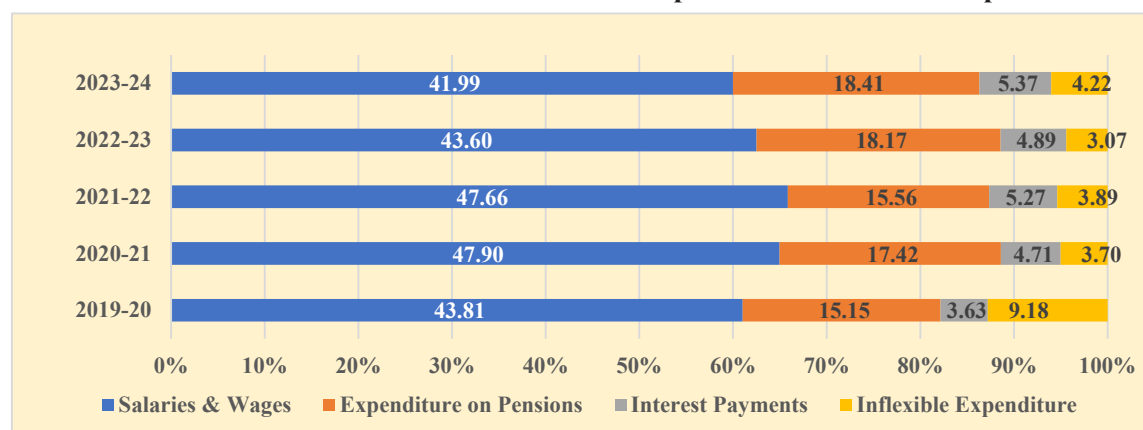
Components of Committed Expenditure	2019-20	2020-21	2021-22	2022-23	2023-24
Salaries & Wages	4,142.04	4,078.94	4,078.69	4,399.72	4,550.36
Expenditure on Pensions	1,432.50	1,482.90	1,331.45	1,834.18	1,994.59
Interest Payments	343.12	400.99	450.64	493.88	581.90
<b>Total</b>	<b>5,917.66</b>	<b>5,962.83</b>	<b>5,860.78</b>	<b>6,727.78</b>	<b>7,126.85</b>
<b>Components of Inflexible Expenditure</b>					
<i>Statutory devolution to Local Bodies</i>	<i>63.44</i>	<i>52.45</i>	<i>37.46</i>	<i>38.75</i>	<i>57.76</i>
<i>Contribution to Reserve Fund*</i>	<i>248.98</i>	<i>94.55</i>	<i>84.00</i>	<i>73.22</i>	<i>86.70</i>
<i>Recoupment of Contingency Fund</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Transfer of cess for reserve fund/other body</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Share contribution of CSS against Central Fund received</i>	<i>249.80</i>	<i>151.13</i>	<i>194.53</i>	<i>179.86</i>	<i>304.78</i>
<i>Payment of Interest on the balances of the interest-bearing funds as if they could have been invested and payment of interest on public debt as charged expenditure - Interest payment.</i>	<i>305.93</i>	<i>16.51</i>	<i>17.03</i>	<i>18.13</i>	<i>7.95</i>
<b>Total</b>	<b>868.15</b>	<b>314.64</b>	<b>333.02</b>	<b>309.96</b>	<b>457.19</b>
<b>As a percentage of Revenue Receipts (RR)</b>					
Salaries & Wages	42.89	52.69	44.53	42.79	39.87
Expenditure on Pensions	14.83	19.16	14.54	17.84	17.47
Interest Payments	3.55	5.18	4.92	4.80	5.10
<b>Total</b>	<b>61.27</b>	<b>77.03</b>	<b>63.98</b>	<b>65.43</b>	<b>62.44</b>
<b>Inflexible Expenditure</b>	<b>8.99</b>	<b>4.06</b>	<b>3.64</b>	<b>3.01</b>	<b>4.01</b>
<b>As a percentage of Revenue Expenditure (RE)</b>					
Salaries & Wages	43.81	47.90	47.66	43.60	41.99
Expenditure on Pensions	15.15	17.42	15.56	18.17	18.41
Interest Payments	3.63	4.71	5.27	4.89	5.37
<b>Total</b>	<b>62.59</b>	<b>70.03</b>	<b>68.49</b>	<b>66.66</b>	<b>65.77</b>
<b>Inflexible Expenditure</b>	<b>9.18</b>	<b>3.70</b>	<b>3.89</b>	<b>3.07</b>	<b>4.22</b>

Source: Finance Accounts

\* Figures for 2019-20 to 2022-23 differs with last year's Report due to depiction of gross figures.

**Chart 2.9** depicts the yearly share of Committed and Inflexible Expenditure.

**Chart 2.9: Share of Committed and Inflexible Expenditure in Revenue Expenditure**



Source: Finance Accounts

We noticed the following key trends. Pensions and interest payments are growing faster than salaries, reflecting increasing commitments toward past liabilities and debt servicing. Salaries show a declining trend as a percentage of RR and RE, indicating improved fiscal management. Decline in inflexible expenditure as a percentage of both RR and RE highlights improved resource allocation flexibility. The growing proportion of interest payments to RR and RE suggests the need for careful debt management.

### **Salaries**

As can be seen from **Table 2.21**, Committed Expenditure varied between 61.27 to 77.03 *per cent* of Revenue Receipts and 62.59 to 70.03 *per cent* of Revenue Expenditure. During 2023-24, expenditure on Salaries and Wages accounted for 39.87 *per cent* of Revenue Receipts and 41.99 *per cent* of Revenue Expenditure. It increased from ₹ 4,142.04 crore during 2019-20 to ₹ 4,550.36 crore in 2023-24. The expenditure on Salaries and Wages increased by ₹ 150.64 crore (3.42 *per cent*) compared to the previous year mainly due to increase in components of salary like Dearness Allowance and annual increments.

### **Pension Payments**

Over the five-year period 2019-24, expenditure on Pension Payments increased by 39.25 *per cent* from ₹ 1,432.50 crore in 2019-20 to ₹ 1,994.72 crore in 2023-24. During the current year, Pension Payments increased by ₹ 160.54 crore (8.75 *per cent*) over the previous year. Expenditure on Pension Payments accounted for approximately 17.48 *per cent* of Revenue Receipts and 18.41 *per cent* of Revenue Expenditure during 2023-24 mainly due to increase in components of pension like Dearness Relief.

### **Interest Payments**

Interest Payments in 2023-24 increased by ₹ 88.02 crore (17.8 *per cent*) as compared to 2022-23. Expenditure on Interest Payments accounted for approximately 5.10 *per cent* of Revenue Receipts and 5.37 *per cent* of Revenue Expenditure for the year.

### **Inflexible Expenditure**

The components of Inflexible expenditure which include, among others, Statutory devolution to local bodies, contribution to Reserve Funds and share contribution of CSS to Central

Fund varied over the period between ₹ 868.15 crore in 2019-20 to ₹ 457.19 crore in 2023-24. During 2023-24, Inflexible expenditure (₹ 457.19 crore) accounted for approximately 4.01 *per cent* of Revenue Receipts and 4.22 *per cent* of Revenue Expenditure.

### 2.6.2.3 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, the State contributes 14 *per cent* as contribution towards NPS w.e.f 1<sup>st</sup> April, 2019 (10 *per cent* up to 31 March 2019) and an employee contributes 10 *per cent* of monthly salary and Dearness Allowance. 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). Axis Bank is the Trustee Bank in charge of operation of Pension Funds. Accordingly, the entire amount is transferred to NSDL/Trustee Bank.

During the year 2022-23, total contribution to NPS was ₹ 123.89 crore [(Employees' Contribution ₹ 61.91 crore and Government's Contribution ₹ 61.98 crore (including ₹ 0.07 crore and ₹ 0.04 crore of 14 *per cent* Contribution for AIS Officers and direct credit of Subscribers Contributions posted in various Mizoram Houses into Chief Controller of Accounts, Accounts and Treasuries' Bank Account)]. During 2023-24, as per the Office Memorandum No. G. 27011/2/2011-F. APF dated 9.9.2011 issued by the Government of Mizoram, the Government of Mizoram transferred the total contribution of ₹ 123.89 crore to the designated fund manager through the National Securities Depository Limited (NSDL). The NPS funds were not routed through by operating **MH 8342-117 Defined Contribution Pension Scheme**. There was no short contribution by the State Government to the NPS during 2023-24 and thus, there was no impact on overstatement/understatement of Revenue surplus/deficit and Fiscal surplus/deficit.

### 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 2023-24 was ₹ 142.61 crore, a rise of ₹ 7.60 crore from ₹ 135.01 crore in 2022-23. The details of expenditure on subsidies by the Government and its relation to both Revenue Receipts and Revenue Expenditure is given in **Table 2.22**.

**Table 2.22: Expenditure on subsidies during 2019-24**

	2019-20	2020-21	2021-22	2022-23	2023-24
Subsidies (₹ in crore)	52.09	29.07	111.09	135.01	142.61
Subsidies as a percentage of Revenue Receipts	0.54	0.38	1.21	1.31	1.24
Subsidies as a percentage of Revenue Expenditure	0.55	0.34	1.30	1.34	1.32

Source: Finance Accounts

As may be seen from the table, expenditure on subsidies during 2023-24 was the highest in the five-year period but was still only about one *per cent* of both Revenue Receipts and Revenue Expenditure. Further, during 2023-24 subsidy expenditure on Cooperation<sup>22</sup> increased from 0.06 crore in 2022-23 to ₹ 0.70 crore while subsidy expenditure on Power<sup>23</sup> rose to ₹ 116.00 crore from ₹ 109.22 crore in 2022-23. Subsidies on food amounted to ₹ 25.91 crore during the year.

### 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 2019-24 is given in **Table-2.23**.

**Table 2.23: Financial Assistance to Local Bodies, etc.**

	(₹ in crore)				
Financial Assistance to Institutions	2019-20	2020-21	2021-22	2022-23	2023-24
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	404.66	369.12	395.60	467.36	522.44
Rural/Urban Local Bodies <sup>24</sup>	63.44	52.45	37.46	38.75	57.77
Autonomous District Councils	463.87	450.45	496.97	550.07	573.10
Other Institutions <sup>25</sup>	1,604.74	908.81	973.61	1,174.62	1,827.45
<b>Total</b>	<b>2,536.71</b>	<b>1,780.83</b>	<b>1,903.64</b>	<b>2,230.80</b>	<b>2,980.76</b>
Revenue Expenditure	9,453.96	8,514.80	8,557.49	10,092.17	10,836.96
Assistance as percentage of Revenue Expenditure	26.83	20.91	22.25	22.10	27.51

Source: Finance Accounts

The grants extended to local bodies and other institutions increased by 33.62 *per cent* from ₹ 2,230.80 crore in 2022-23 to ₹ 2,980.76 crore in 2023-24. The increase in financial assistance by ₹ 749.96 crore in 2023-24 over 2022-23 was due to increase in assistance to Educational Institutions (₹ 55.08 crore), Rural/Urban Local Bodies (₹ 19.02), Autonomous District Councils (₹ 23.03 crore) and Other Institutions (₹ 652.83 crore). The share of financial assistance to Local Bodies and Other Institutions as percentage of Revenue Expenditure had increased from 22.10 *per cent* in 2022-23 to 27.51 *per cent* in 2023-24.

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 2023-24 showed that the Statement of Grants-in-Aid given by the State Government discloses the grants paid in cash while those paid in kind as well as Grants-in-Aid given for creation of capital assets by the State

<sup>22</sup> Assistance to Cooperatives

<sup>23</sup> Expenditure on Direction

<sup>24</sup> Mizoram is a Sixth Schedule state under the Constitution of India and does not have Panchayati Raj Institutions.

<sup>25</sup> Other Institutions include five schemes which had received GIA of at least ₹ 50 crore – National Health Mission (₹ 118.10 crore), Integrated Child Protection Scheme (₹ 63.94 crore), MGNREGS (₹ 84.52 crore), Pradhan Mantri Awas Yojana (₹ 140.62 crore) and Socio Economic Development Policy (₹ 51.07 crore).

Government were not disclosed and details in this regard were not furnished by the State Government.

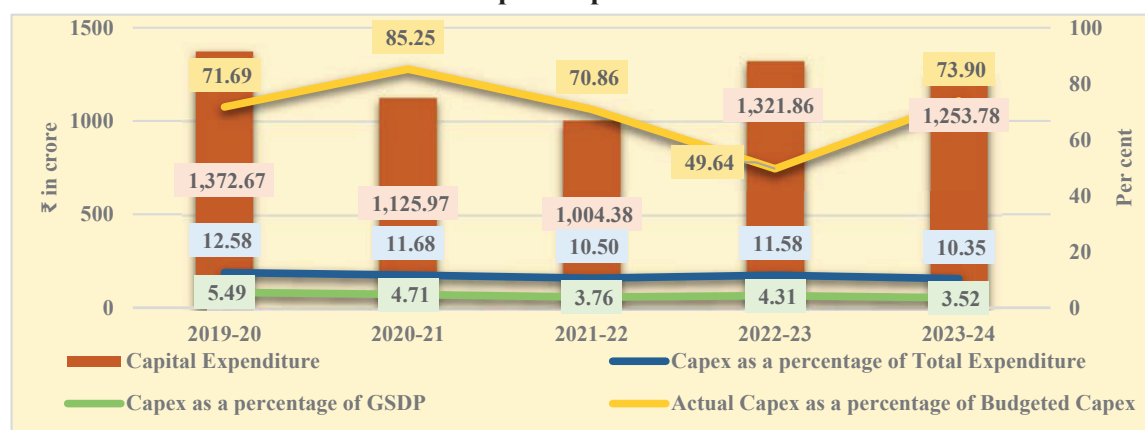
### 2.6.3 Capital Expenditure

Capital Expenditure (Capex) is incurred to create assets and add to the infrastructure and service network. During 2023-24, Capex of the State decreased by ₹ 68.08 crore (5.15 *per cent*) from ₹ 1,321.86 crore during 2022-23 to ₹ 1,253.78 crore. Capex as a percentage of GSDP fell from 5.49 *per cent* in 2019-20 to 3.52 *per cent* in 2023-24. Additionally, as a percentage of Total Expenditure, Capex dropped from 12.58 *per cent* during 2019-20 to 10.35 *per cent* in 2023-24.

When compared to the estimates for Capex as per Budget Estimates (BEs), actual Capex ranged from 71.69 *per cent* of BE in 2019-20 to 73.90 *per cent* of BE in 2023-24.

The trend of Capital Expenditure and its share as a percentage of GSDP, Total Expenditure and Budget Estimates respectively are indicated in **Chart 2.10**.

**Chart 2.10: Capital expenditure in the State**



Source: Finance Accounts and State budget documents

#### 2.6.3.1 Major changes in Capital Expenditure

**Table 2.24** 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 2.24: Capital expenditure during 2023-24 compared to 2022-23**

(₹ in crore)

Major Head Code	Major Head of Accounts	2022-23	2023-24	Increase(+)/ Decrease(-) in <i>per cent</i>
4851	Capital Outlay on Village and Small Industries	2.00	0.00	-100.00
5275	Capital Outlay on other Communication Services	72.50	0.00	-100.00
5425	Capital Outlay on other Scientific and Environmental Research	1.40	0.00	-100.00
5053	Capital Outlay on Civil Aviation	20.93	0.60	-97.13
4070	Capital Outlay on other Administrative Services	24.48	1.52	-93.79
5452	Capital Outlay on Tourism	9.47	1.54	-84.00
4055	Capital Outlay on Police	10.47	25.16	140.31
4217	Capital Outlay on Urban Development	25.53	68.77	169.39

Major Head Code	Major Head of Accounts	2022-23	2023-24	Increase(+)/ Decrease(-) in per cent
4408	Capital Outlay on Food Storage and Warehousing	7.00	24.40	248.58
4435	Capital Outlay on Other Agricultural Programmes	31.50	110.42	250.61
4225	Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes, other Backward Classes and Minorities	3.12	11.56	270.75
4047	Capital Outlay on other Fiscal Services	5.56	20.75	273.39

Source: Finance Accounts

The preceding table shows only the eleven 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 decreased expenditure of ₹ 127.12crore under the head ‘Capital Outlay on Civil Aviation’, ‘Capital Outlay on other Administrative Services, Capital Outlay on Tourism and nil expenditure under ‘Capital Outlay on Village and Small Industries’, ‘Capital Outlay on other Communication services’ and ‘Capital Outlay on Other Scientific and Environmental Research’ while there was an increase in expenditure of ₹ 177.89 crore under the heads ‘Capital Outlay on Police’, ‘Capital Outlay on Urban Development’, ‘Capital Outlay on Food Storage and Warehousing’, ‘Capital Outlay on Other Agricultural Programmes’, ‘Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes, other Backward Classes and Minorities’ and ‘Capital Outlay on other Fiscal Services’.

### 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 whose net worth is completely eroded, affect quality of capital expenditure. Return on Investment (RoI) in share capital invested in State Public Sector Enterprises (SPSEs) and history of repayment of loans given to various bodies are important determinants of quality of capital expenditure. **Table 2.25** shows the details of RoI of Government of Mizoram over the period 2019-24.

**Table 2.25: Return on Investment**

Investment/return/cost of borrowings	2019-20	2020-21	2021-22	2022-23	2023-24
Investment at the end of the year ( <i>₹ in crore</i> )	42.77	42.77	42.77	42.77	42.77
Return ( <i>₹ in crore</i> )	Nil	Nil	Nil	Nil	Nil
Rate of return ( <i>per cent</i> )	Nil	Nil	Nil	Nil	Nil
Average rate of interest on Government Borrowings ( <i>per cent</i> )	4.29	4.32	4.41	4.58	5.05
Difference between interest rate and rate of return ( <i>per cent</i> )	4.29	4.32	4.41	4.58	5.05
Difference between cost of Government borrowings and return on investment <sup>#</sup> ( <i>₹ in crore</i> )	1.83	1.85	1.89	1.96	2.16

<sup>#</sup> Investment at the end of the year x difference between interest rate and rate of return

Source: Finance Accounts

As on 31 March 2024, the State Government had invested<sup>26</sup> ₹ 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 2023-24 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 5.05 *per cent* during 2019-20 to 2023-24.

Finance Commissioner stated during the exit conference (February 2025) that the issue would be looked into and the respective administrative departments/SPSEs would be asked to reconcile the discrepancy between the figures contained in the Finance Accounts with those in the accounts of the SPSEs as required.

#### 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 disbursal 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**

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Balance of loans outstanding	247.48	303.42	272.63	243.03	218.73
Amount advanced during the year	82.64	2.90	2.58	2.19	24.98
Amount recovered during the year	26.70	33.69	32.18	26.49	23.96
Closing Balance of the loans outstanding	303.42	272.63	243.03	218.73	219.75
Net addition	55.94	-30.79	-29.60	-24.30	1.02
Interest received	22.55	17.37	13.45	18.11	11.56
Interest rate on Loans and Advances given by the Government.	8.19	6.03	5.22	7.84	5.27
Rate of Interest paid on the outstanding Public Debt of the Government	9.48	8.88	8.36	7.59	7.32
Difference between the rate of interest paid and interest received ( <i>per cent</i> )	1.29	2.85	3.14	-0.25	2.05

Source: Finance Accounts of various years

<sup>26</sup> Government Companies: ₹6.99 crore; Co-operative Bank, Societies, *etc.*: ₹35.78 crore

### 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 which were due to be completed during the year 2023.

**Table 2.27: Profile of incomplete projects due to be completed by December 2023**

(₹ in crore)

Age profile of incomplete projects up to 2023				Department-wise profile of incomplete projects up to 2023			
Target year of completion	No of incomplete projects	Estimated cost	Expenditure (as on 31 March 2024)	Department	No. of incomplete projects	Estimated cost	Expenditure (as on 31 March 2024)
2019	8	158.61	111.20	Public Works Department	60	921.17	481.78
2020	4	123.95	74.49	UD&PA	5	39.81	27.03
2021	1	28.82	13.58	Power & Electricity	2	41.31	11.62
2022	18	216.38	160.18	Public Health Engineering	1	6.89	3.17
2023	37	481.41	164.15				
<b>Total</b>	<b>68</b>	<b>1,009.18</b>	<b>523.59</b>	<b>Total</b>	<b>68</b>	<b>1,009.18</b>	<b>523.59</b>

Source: Finance Accounts (Vol-II)

Thus, the Capital Expenditure of ₹ 523.59 crore incurred on 68 incomplete projects up to 2023 remained blocked and the benefits envisaged from these projects were yet to be harnessed. There was time overrun<sup>27</sup> ranging from one to five years<sup>28</sup> on 68 incomplete projects resulting in cost overrun of ₹ 5.88 crores<sup>29</sup> in two projects under the PWD. 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.

### 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

<sup>27</sup> Oldest incomplete projects were 'Construction of Serhuan-Lamthai Road, Construction and Maintenance of Khawzawl - Ngaizawl Road, Construction and Maintenance of Khawzawl - Vankal Road and Construction of Muallungthu - Lungphun Road which commenced in 2017 to be completed in 2019. The projects remained incomplete as on 31 March 2024 as per Finance Accounts of that year.

<sup>28</sup> As per data taken from Finance Accounts 2023-24, the projects with the longest time overrun over the target date of completion were – 'Diblibagh to Sugarbasora Road', 'Construction of Serhuan-Lamthai Road', 'Construction and Maintenance of Khawzawl - Ngaizawl Road', 'Construction and Maintenance of Khawzawl - Vankal Road', 'Construction and Maintenance of Khawzawl - Hmuncheng Road', 'Construction and maintenance of Phuldungsei - Parvatui (0.00 Km - 17.30 Km)', 'Construction and Maintenance of Tuipuibari- Andermanik Road (0.00 Km - 2.76 Km)' and 'Construction of Muallungthu - Lungphun Road'.

<sup>29</sup> Cost overrun projects are 'Diblibagh to Sugarbasora Road' and 'Construction and maintenance of Phuldungsei - Parvatui (0.00 Km - 17.30 Km)'.

expenditure, the quality of expenditure is considered to be better. **Table 2.28** analyses the expenditure priority of the State Government with regard to Capital Expenditure (CE), Education, Health and Development Expenditure (DE) during 2023-24 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
<b>NE and Himalayan States Average (2019-20)</b>	26.21	14.94	17.08	6.37	64.22
<b>Mizoram (2019-20)</b>	43.65	13.34	14.67	5.34	69.40
<b>NE and Himalayan States Average (2023-24)</b>	25.19	17.61	15.93	6.43	63.05
<b>Mizoram (2023-24)</b>	34.05	10.55	14.02	5.32	63.63

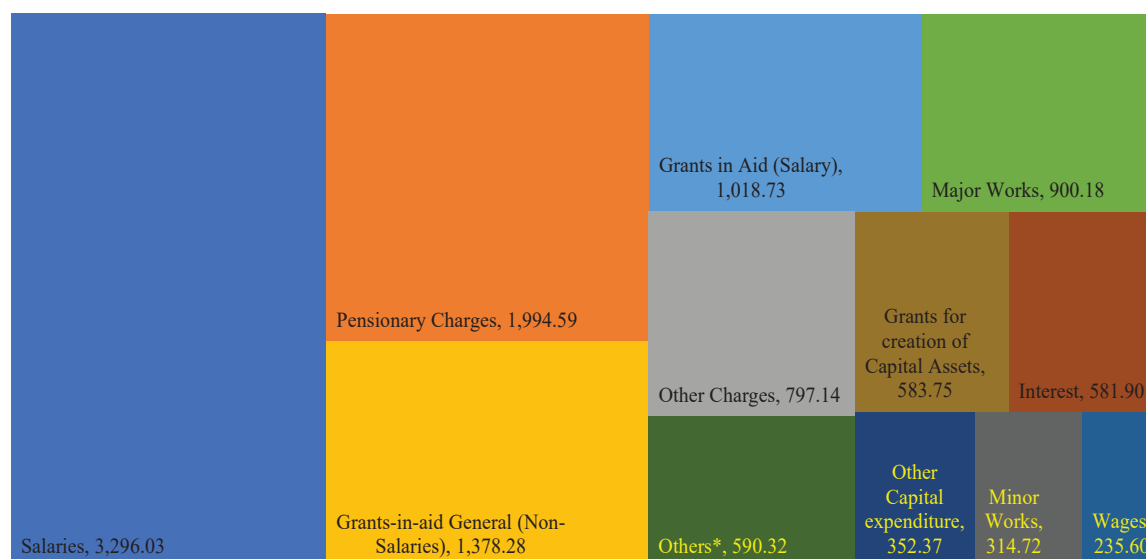
Source: SFAR Compilation of all States 2023-24

The State had a high TE-GSDP ratio as compared to the average for NE and Himalayan States. However, it fell from 43.65 per cent in 2019-20 to 34.05 per cent in 2023-24. When compared to TE, during the same period Capital expenditure fell from 13.34 per cent in 2019-20 to 10.55 per cent in 2023-24, expenditure on Education fell from 14.67 per cent of TE in 2019-20 to 14.02 per cent of TE in 2023-24 and expenditure on Health fell from 69.40 per cent of TE in 2019-20 to 63.63 per cent of TE in 2023-24. DE of the State as a percentage of TE was above the average of NE and Himalayan States in both 2019-20 and 2023-24.

### 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 ₹)



Source: Finance Accounts for the year 2023-24

\* Others includes Supplies and Materials, Medical Treatment, OE, Domestic Traveling Expenses, Foreign Traveling Expenses, Machinery & Equipment, Subsidies, Motor Vehicles, 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 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 there was no outstanding balance as on 31 March 2024.

## 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 2024**

(₹ in crore)						
Sector	Sub Sector	2019-20	2020-21	2021-22	2022-23	2023-24
<b>I. Small Savings, Provident Funds, <i>etc.</i></b>	Small Savings, Provident Funds, <i>etc.</i>	2,187.44	2,403.33	2,695.72	2,443.93	1,963.50
<b>J. Reserve Funds</b>	(a) Reserve Funds bearing Interest	220.18	227.11	241.75	222.06	213.87
	(b) Reserve Funds not bearing Interest	6.52	6.52	6.52	6.52	6.52
<b>K. Deposits and Advances</b>	(a) Deposits bearing Interest	2.55	2.55	2.55	2.55	2.55
	(b) Deposits not bearing Interest	2,243.54	2,230.12	1,850.61	1,107.41	1,192.36
	(c) Advances	0.94	-8.99	-8.99	-8.99	-8.99
<b>L. Suspense and Miscellaneous</b>	(b) Suspense	871.97	1,253.35	909.86	1,423.02	1,761.70
	(c) Other Accounts	-198.39	-132.43	-340.35	-172.09	(-)169.61
	(d) Accounts with Governments of Foreign Countries	-0.38	-0.38	-0.38	-0.38	-0.38
	(e) Miscellaneous	Nil	Nil	Nil	Nil	Nil
<b>M. Remittances</b>	(a) Money Orders, and other Remittances	-42.62	91.89	-58.52	131.82	(-)143.40
	(b) Inter-Governmental Adjustment Account	-9.24	-7.53	-7.16	-8.19	-6.67
<b>TOTAL</b>		<b>5,282.51</b>	<b>6,065.54</b>	<b>5,291.61</b>	<b>5,147.66</b>	<b>5,437.45</b>

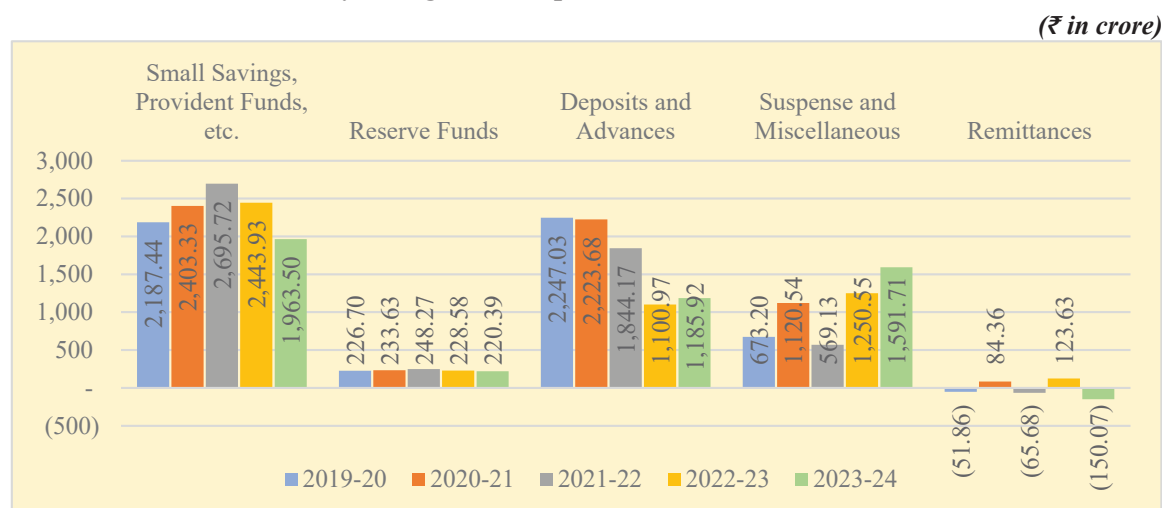
Note: (+) denotes credit balance and (-) denotes debit balances as per Finance Accounts

The peak in 2020-21 (₹ 6,065.54 crore) and subsequent decline suggest variations in inflows and outflows within the Public Account sectors. Substantial decrease in small savings and provident funds in 2023-24 indicates increased withdrawals, potentially reflecting

financial strain on depositors. The consistent increase in suspense balances highlights potential inefficiencies in clearing transactions. Persistent negative balances in advances and remittances suggest issues in recoveries and settlements.

The yearly changes in composition of balances in Public Account over the five-year-period 2019-24 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 2024, the total accumulated balance of Reserve Funds maintained by Government of Mizoram was ₹ 760.24 crore. Out of this, ₹ 213.87 crore was under interest bearing Reserve Fund and ₹ 546.37 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 on the recommendations of the Thirteenth Finance Commission (XIII FC). Under the Guidelines on Constitution and Administration of the State Disaster Response Fund issued in September 2010, 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. While the arrangement has continued in the XV FC period, Special Category States have been referred to as North East and Himalayan (NEH) States in the revised guidelines issued in January 2022. 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.

During 2023-24, the State Government received ₹ 41.60 crore from the Central Government, while its own contribution amounted to ₹ 4.62 crore. However, the total amount of ₹46.22 crore (comprising both contributions) was not transferred to the SDRF under Major Head 8121-00-122 during that year. Instead, ₹ 19.60 crore, which was the Central share for the year 2022-23, was transferred into the fund during 2023-24.

Additionally, the State did not receive any funds from the Central Government for the National Disaster Response Fund (NDRF). An expenditure of ₹ 27.79 crore was set off in Major Head 2245-05-101 as expenditure met from the fund without any corresponding investment made from SDRF. Consequently, as of 31 March 2024, the closing balance in the SDRF stood at ₹ 1.73 crore.

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 2023)	Details of contribution received during 2023-24						Amount set off (MH 2245-05)	Balance in the fund	Invested by RBI/State Government during the year
	Centre	State Share	Inter-est due	NDRF	Others	Total			
9.92	Nil	Nil	Nil	Nil	Nil	9.92	8.19	1.73	Nil

Source: Finance Accounts

*Additional Secretary, Finance Department stated during the exit conference that from 2024-25 Interest-bearing Reserve funds have not been routed through Treasuries but as an Advice to the Office of the Principal Accountant General.*

### **(B) State Disaster Mitigation Fund:**

The State Disaster Mitigation Fund (SDMF) is to be constituted under section 48 (1) (c) of the Disaster Management Act, 2005. This Fund is exclusively for the purpose of mitigation project in respect of disasters covered under State Disaster Response Fund (SDRF)/National Disaster Response Fund (NDRF) guidelines and the State specific local disasters notified by the State Government from time to time. The State Government has created the SDMF vide Notification No. G. 25023/1/2022-FEA dated 02.03.2022 (as applicable) under Major Head 8121-130- State Disaster Mitigation Fund.

During 2023-24, the State Government received ₹ 15.30 crore as its share from the Central Government, alongside a State contribution of ₹ 1.70 crore. However, the total amount of ₹ 17.00 crore (comprising both shares) was not transferred to the State Disaster Mitigation Fund (SDMF) under Major Head 8121-130 during this period. Instead, the State Government transferred ₹ 21.20 crore to the fund, which pertained to prior years: ₹9.80 crore (Central share) and ₹ 1.00 crore (State share) for 2022-23 and ₹ 10.40 crore (Central share) for 2020-21.

Additionally, an expenditure of ₹ 21.20 crore was set off in Major Head 2245-08-101 as expenditure met from the fund without any investment made from SDMF. As a result, the closing balance of the fund as of 31 March 2024 was NIL.

***Additional Secretary, Finance Department stated during the exit conference (February 2025) that from 2024-25 Interest-bearing Reserve funds have not been routed through Treasuries but as an Advice to the Office of the Principal Accountant General.***

**(C) State Compensatory Afforestation Fund:**

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. As per the Rule the 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 is ensured on monthly basis so that the same is transferred to the National Fund.

During 2023-24, the State Government did not receive any funds from user agencies or the National Compensatory Afforestation Deposits. The Government incurred an expenditure of ₹13.39 crore under **2406 Forestry and Wildlife - 04 Afforestation and Ecology Development** 103 State Compensatory Afforestation. Notably, this expenditure was not financed through the State Compensatory Afforestation Fund (SCAF) which suggests a lack of adherence to financial management protocols and raises concerns about the effective use of funds allocated for afforestation and ecological development initiatives.

Additionally, there were no investments made from the fund during the year. As of March 31, 2024, the balance in the State Compensatory Afforestation Fund stood at ₹ 212.14 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. According to the guidelines of the Fund, States may contribute to the Fund on a modest scale of at least 0.50 *per cent* of the outstanding liabilities (internal debt plus public account) as at the end of the previous year.

During 2023-24, Government contributed ₹ 32.40 crore to the fund against its required contribution of ₹ 49.62 crore, resulting in less contribution by ₹ 17.22. As on 31 March 2024, the total accumulation of the Fund was ₹ 475.85 crore (₹ 443.45 crore as on 31 March 2023). The position of contribution to CSF against the actual requirement during 2019-24 is shown below.

**Table-2.31: Details of contribution vis-à-vis requirement in CSF***(₹ in crore)*

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Outstanding fiscal liability of the previous year	7,049.37	8,419.16	9,396.71	9,799.77	10,972.49
Requirement (minimum 0.50 per cent of previous year's liabilities)	35.25	42.10	46.98	49.00	49.62
Actual Contribution	-	37.00	45.15	52.26	32.40
Shortfall	35.25	5.10	1.83	Nil	17.22

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 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. The latest amendment to the Fund notification issued by the State Government, effective from the year 2009-10, stipulates that the State Government shall initially contribute an amount of ₹ 0.50 crore and the balance in the fund shall be increased with contributions made annually or at lesser intervals, so as to reach the level deemed sufficient to meet the amount of anticipated guarantees devolving on the Government as a result of the likely invocation of outstanding guarantees in the succeeding 5 years (no fixed limit is prescribed).

During 2023-24, the State Government contributed ₹ 13.50 crore to the fund. The total accumulation of the Fund was ₹ 64.00 crore as on 31 March 2024. The entire amount of ₹ 64.00 crore has been invested by RBI.

**2.8.3 Central Road Infrastructure Fund**

The erstwhile Central Road Fund (CRF) has been renamed as the Central Road and Infrastructure Fund (CRIF) vide GoI's Gazette Notification dated 31.03.2018. The CRIF will be used for development and maintenance of National Highways, Railway projects, improvement of safety in Railways, State and Rural roads and other infrastructure, etc. In terms of the extant accounting procedure, the grants received by the State from the Centre are to be initially booked as Revenue Receipts under Major Head 1601. Thereafter, the amount so received is to be transferred by the State Government to the Public Account under Major Head 8449- 103 - Subventions from Central Road Fund through functional Major Head(s).

During the year 2023-24, although the State Government received grants of ₹ 35.60 crore towards CRIF it did not transfer any amount to the Fund in the Public Account as on 31 March 2024.

Further, as per the Finance Accounts, during 2023-24 the Government of Mizoram has incurred expenditure of ₹ 53.47 crore (Central Assistance) under Head of Account Major Head 5054 – Capital Outlay on Roads and Bridges 04 District and Other Roads 337 Road Works – Construction of Road (Central Road and Infrastructure Fund).

**Additional Secretary, Finance Department stated during the exit conference that from 2024-25 Interest-bearing Reserve funds have not been routed through Treasuries but as an Advice to the Office of the Principal Accountant General.**

## 2.8.4 Cess Levied by the State Government

A cess is a form of tax levied for a specific purpose. It differs from the usual taxes and duties like excise and personal income tax and is imposed as an additional tax besides the existing tax (tax on tax). Another difference lies in the way the revenue recovered from cess is maintained. While revenue from taxes like income tax is kept in the Consolidated Fund and the government can use it for any purposes it deems fit, the revenue coming from cess is first credited to the Consolidated Fund, and the Government may then, after due appropriation from the Assembly, utilise it for the specified purpose.

The Building and Other Construction Workers' Welfare Cess is the only cess currently being collected by Government of Mizoram as allowed under the Building and Other Construction Workers' Welfare Cess Act, 1996. An analysis of its collection, utilisation and management has been made in the following paragraphs.

### 2.8.4.1 Building and Other Construction Workers' Welfare Cess

As on 31 March 2024, the membership enrolment of the Building and Other Construction Workers' Welfare Board stood at 71,510 members, growing by 31,965 members from an enrolment of 39,545 members as on 1 April 2019. Details of enrolment for the past five years is shown in **Table 2.32**.

**Table 2.32: Details of membership enrolment in the Welfare Board<sup>30</sup>**

Year	Number of members		Number of fresh registrations during the year
	As on 1 <sup>st</sup> April	As on 31 <sup>st</sup> March	
2019-2020	39,545	45,617	6,072
2020-2021	45,617	62,308	16,691
2021-2022	62,308	65,535	3,227
2022-2023	65,535	68,245	2,710
2023-2024	68,245	71,510	3,265

Source: Building and Other Construction Workers' Welfare Board

### 2.8.4.2 Cess collection and utilisation

Under Section 3 of the Building and Other Construction Workers' Welfare Cess Act, 1996, there shall be levied and collected a Cess at such rate not exceeding two *per cent*, but not less than one *per cent* of the cost of construction incurred by an employer, as the Government may specify by notification in the Official Gazette. As per rule 5(3) of the Building and Other Construction Workers' Welfare Cess Rules, 1998, the amount collected is to be transferred to the account of the Building and Other Construction Workers' Welfare Board (MBOCWWB) within thirty days of its collection.

Details of cess and other receipts collected and actual expenditure incurred during the period 2019-20 to 2023-24 are given in **Table 2.33**.

<sup>30</sup> Figures may vary with the Composite Audit Report for 2022-23 as the figures depicted in this Report show the status of the entire state and not just for sampled districts in the case of Composite Audit Report.

**Table-2.33: Position of MBOCWW Fund for the period 2019-24***(₹ in crore)*

Year	Opening Balance	Cess Receipts	Others/ Misc. Receipts*	Available Fund	Total Expenditure	Closing Balance
2019-20	51.02	19.95	3.24	74.21	30.36	43.85
2020-21	43.85	14.06	2.30	60.21	37.03	23.18
2021-22	23.18	22.88	5.80	51.86	29.29	22.57
2022-23	22.57	42.30	5.36	70.23	25.51	44.72
2023-24	44.72	46.91	3.57	95.20	11.99	83.21

Source: Building and Other Construction Workers' Welfare Board

\* Others/Miscellaneous Receipts include Labour Registration Fee/ Monthly Subscription Fee, Bank interest, Fixed Deposit (principal and Interest), Recovery of soft loan and sale of vehicle, etc.

From the table above, it can be seen that MBOCWWB received ₹ 50.48 crore during 2023-24, out of which ₹ 46.91 crore was Cess received for the year. During the year, the Board spent an amount of ₹ 11.99 crore on Administrative and other expenses as well as welfare schemes/benefits as envisaged in the Building and Other Construction Workers' Welfare Cess Act such as Children's Education Assistance, Medical Assistance, Maternity Assistance, Death Benefit, Funeral Assistance, Marriage/Disability/Cash Award and Welfare Pension, etc. The funds available through the cess deposited by various parties is kept in a Savings Bank account maintained by the MBOCWWB. Total accumulated balance under the Fund as on 31 March 2024 was ₹ 83.21 crore.

#### 2.8.4.3 Preparation of Annual Accounts and audit thereof

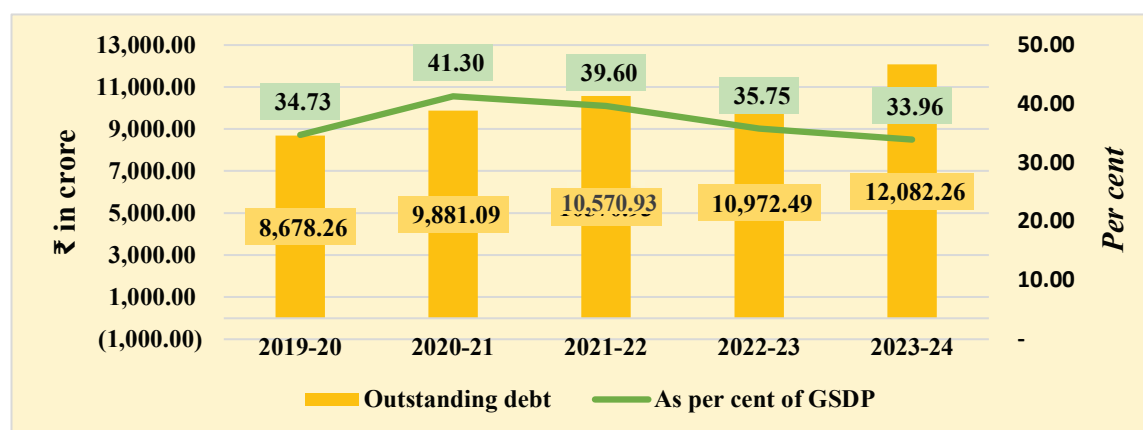
Section 27 of the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 specifies that the Mizoram Building and Other Construction Welfare Board (Board) shall maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed in consultation with the Comptroller and Auditor-General of India (C&AG). These accounts are then to be audited by Comptroller and Auditor-General of India or any other person appointed by him.

At the request of the Board, the Principal Accountant General, Mizoram advised the Board to prepare its Annual Accounts as per the Uniform/Common Format of Accounts for Central Autonomous Bodies prescribed by the Comptroller General of Accounts. However, no accounts have been received from the Board till date (December 2024).

### 2.9 Public Liability Management

Management of public liability is the process of establishing and executing a strategy for managing the Government's liabilities 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 liability for the five year period 2019-24 as well as the percentage of liability to GSDP.

Chart 2.13: Trend of Outstanding Public Liabilities and its percentage to GSDP



Source: Finance Accounts

### 2.9.1 Liability profile: Components

Total liabilities of the State Government typically comprise 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 component-wise liability trends of the State during the five-year period 2019-24 are given in **Table-2.34**.

Table 2.34: Component wise Liability trends

	(₹ in crore)				
	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Outstanding Total Liability</b>	<b>8,678.26</b>	<b>9,881.09</b>	<b>10,570.93</b>	<b>10,972.49</b>	<b>12,082.26</b>
<b>Public Debt</b>	<b>4,018.03</b>	<b>5,011.45</b>	<b>5,773.78</b>	<b>7,190.02</b>	<b>8,703.46</b>
<i>Internal Debt</i>	3,758.92	4,527.09	5,002.62	6,141.95	6,929.10
<i>Loans from GoI</i>	259.11	484.36	771.16	1,048.07	1,774.36
<b>Public Account Liabilities</b>	<b>4,660.23</b>	<b>4,869.64</b>	<b>4,797.15</b>	<b>3,782.47</b>	<b>3,378.80</b>
<i>Small Savings, Provident Funds, etc.</i>	2,187.44	2,403.33	2,695.72	2,443.93	1,963.50
<i>Reserve Funds bearing Interest</i>	220.18	227.11	241.75	222.06	213.87
<i>Reserve Funds not bearing Interest</i>	6.52	6.52	6.52	6.52	6.52
<i>Deposits bearing Interest</i>	2.55	2.55	2.55	2.55	2.55
<i>Deposits not bearing Interest</i>	2,243.54	2,230.12	1,850.61	1,107.41	1,192.36
Rate of growth of outstanding total liability ( <i>per cent</i> )	18.63	13.86	6.98	3.80	10.11
<b>Gross State Domestic Product (GSDP)</b>	<b>24,9909</b>	<b>23,923</b>	<b>26,695</b>	<b>30,690</b>	<b>35,579</b>
Outstanding-Liability/GSDP ( <i>per cent</i> )	34.73	41.30	39.60	35.75	33.96
<i>Total Liability Receipts</i>	4,277.17	4,963.79	6,679.68	5,857.39	8,403.39
<i>Total Liability Repayments</i>	2,914.45	3,760.96	5,989.84	5,455.83	7,293.62
<i>Net Funds Available</i>	1,362.72	1,202.83	689.84	401.56	1,109.77
Liability Repayments/Liability Receipts ( <i>per cent</i> )	68.14	75.77	89.67	93.14	86.79

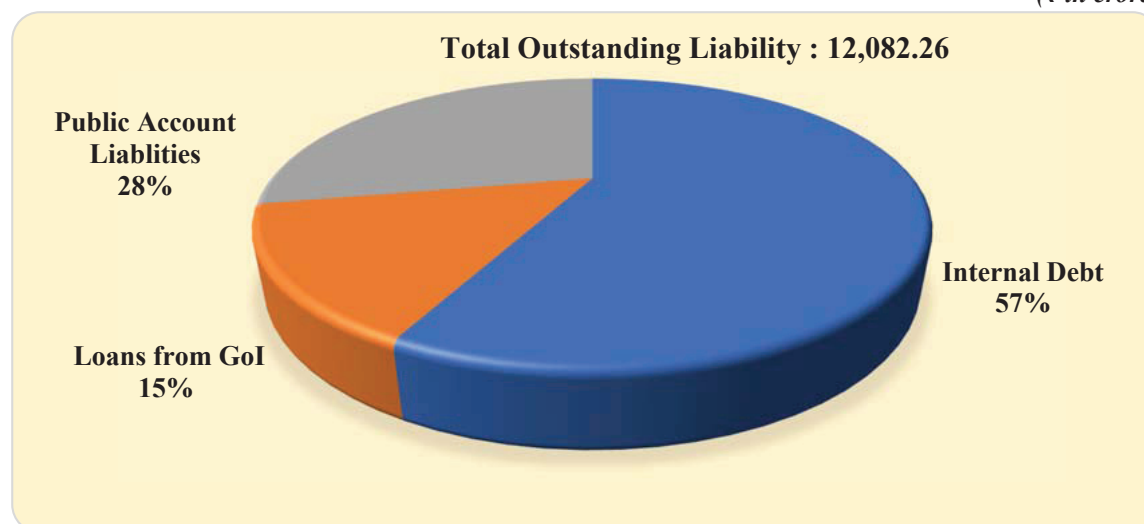
Source: Finance Accounts

As shown in the table above, overall liabilities have been increasing steadily during the period 2019-20 to 2023-24 from ₹ 8,678.26 crore in 2019-20 to ₹ 12,082.26 crore in 2023-24, an increase of ₹ 3,404.00 crore (39.22 *per cent*) while it grew by ₹ 1,109.77 crore (10.11 *per cent*) compared to the previous year. During the same period, Public Debt increased by

₹ 4,685.43 crore (116.61 *per cent*) wherein internal debt had increased by ₹ 3,170.18 crore (84.34 *per cent*) and Loans from GoI increased by ₹ 1,515.25 crore (584.79 *per cent*).

**Chart 2.14** shows the break-up of outstanding overall liabilities as on 31 March 2024. As shown in the chart, 85.31 *per cent* of outstanding debt was made up of internal debt (₹ 6929.10 crore) and Public Account Liabilities (₹ 3,378.80 crore) while only 14.69 *per cent* consisted of Loans from GoI (₹ 1,774.36).

**Chart 2.14: Break Up of Outstanding Overall Liabilities as of 31 March 2024**  
(₹ in crore)

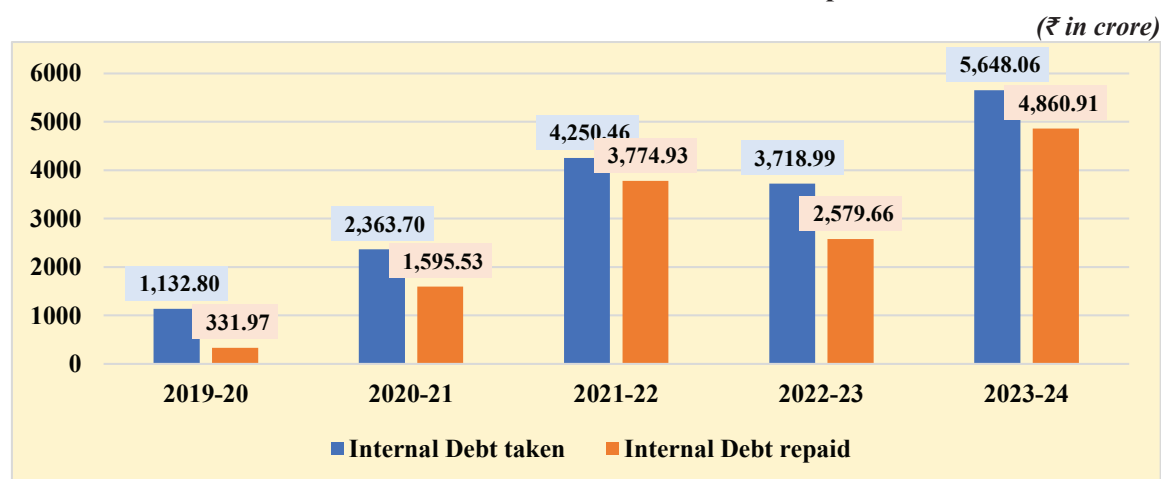


Source: Finance Accounts

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 2.15** shows the State Government's repayment of Internal Debt during the period 2019-24.

**Chart 2.15: Internal Debt taken vis-a-vis repaid**



Source: Finance Accounts

It can be seen from the chart, the amount of internal debt taken by the State has increased from ₹ 1,132.80 crore in 2019-20 to ₹ 5,648.06 crore in 2023-24, an increase of ₹ 4,515.26 crore (398.59 *per cent*). Internal debt taken during the year increased by ₹ 1,929.07 crore

(51.87 per cent) and debt repaid also increased by ₹ 2,281.25 crore (88.43 per cent) from 2022-23.

**Table 2.35: Components of Fiscal Deficit and its financing pattern**

(₹ in crore)

Particulars		2019-20	2020-21	2021-22	2022-23	2023-24
<b>Composition of Fiscal Deficit (-)/ Fiscal Surplus (+)</b>		<b>-1,224.30</b>	<b>-1,869.31</b>	<b>-372.54</b>	<b>-1,107.67</b>	<b>-677.70</b>
1	Revenue Surplus	204.30	-774.13	602.25	189.89	577.09
2	Capital Expenditure	1,372.67	1,125.97	1,004.38	1,321.86	1,253.78
3	Net Loans and Advances <sup>+</sup>	55.93	-30.79	-29.59	-24.30	-1.03
<b>Financing Pattern of Fiscal Deficit</b>						
1	Market Borrowings	745.35	678.56	447.33	1,130.32	642.31
2	Special Securities issued to NSSF	-17.01	-16.71	-17.01	-17.01	-17.01
3	Loans from Financial Institutions	72.48	106.32	45.21	26.02	161.84
4	Loans and Advances from GoI	-7.07	225.25	286.80	276.91	726.29
5	Small Savings, PF, etc.	-193.57	215.89	292.39	-251.79	-480.44
6	Reserve Fund	227.29	50.93	61.79	41.57	37.71
7	Deposits and Advances	542.28	-23.35	-379.51	-743.20	84.96
8	Suspense	8.85	381.39	-343.49	513.16	338.68
9	Remittances	120.76	136.22	-150.05	189.32	-273.70
10	<b>Overall Deficit</b>	<b>1,499.36</b>	<b>1,754.50</b>	<b>243.46</b>	<b>1,165.30</b>	<b>1,220.64</b>
11	Increase(-)/Decrease (+) in cash balance and investment of cash balance	-275.06	114.81	129.08	-57.63	-542.94
12	<b>Gross Fiscal Deficit (+)/Fiscal Surplus (-)</b>	<b>1,224.30</b>	<b>1,869.31</b>	<b>372.54</b>	<b>1,107.67</b>	<b>677.70</b>

Source: Finance Accounts

<sup>+</sup> Net Loans and Advances = Disbursement of Loans and Advances – Recoveries of Loans and Advances

Analysis of the fiscal deficit shows improving fiscal discipline as a decline in fiscal deficit as a percentage of overall expenditure reflects better budgetary management. Reduced capital expenditure could impact long-term growth. Significant growth in loans from GoI indicates higher reliance on central support. Increased use of cash reserves in 2023-24 reflects constrained revenue flows or higher expenditure demands.

### 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 2023-24, the maturity profile of public debt is shown in Table 2.36.

**Table 2.36: Debt Maturity Profile of Public Debt**

(₹ in crore)

Year	Period	Amount (₹ in crore)			Percentage (w.r.t. Public Debt)	Projected Interest due
		Internal Debt	Loans and Advances	Total		
By 2024-25	0 to 1	392.71	26.44	419.15	4.82	423.61
By 2025-26 & 2026-27	2 to 3	727.18	52.88	780.06	8.96	811.63
By 2027-28 & 2028-29	4 to 5	762.43	44.96	807.39	9.28	745.29
By 2029-30 & 2030-31	6 to 7	1,284.28	19.61	1,303.89	14.98	668.20
By 2031-32 & 2033-34	8 to 10	1,229.87	10.30	1,240.17	14.25	716.25
By 2034 onwards	Above 10 years	2,532.63	1,620.17	4,152.80	47.71	580.39
<b>Total</b>		<b>6,929.10</b>	<b>1,774.36</b>	<b>8,703.46</b>	<b>100.00</b>	<b>3,945.97</b>

Source: Finance Accounts

It can be seen from the above table that 47.71 *per cent* of debt is scheduled for repayment after 10 years, highlighting a preference for long-term borrowing to manage fiscal pressure. Only 4.82 *per cent* of the total debt is due within a year, indicating low immediate repayment risk. The interest burden of the State is spread across periods, with the highest amounts associated with medium-term debt (4 to 7 years).

The State's strengths lie in its manageable short-term debt as low short-term repayment obligations provide fiscal stability. Further, a significant portion of debt being long-term allows flexibility for developmental spending.

However, medium-term pressures are a matter of concern. Debt due between 4 to 7 years constitutes a substantial proportion (24.26%), requiring effective fiscal planning.

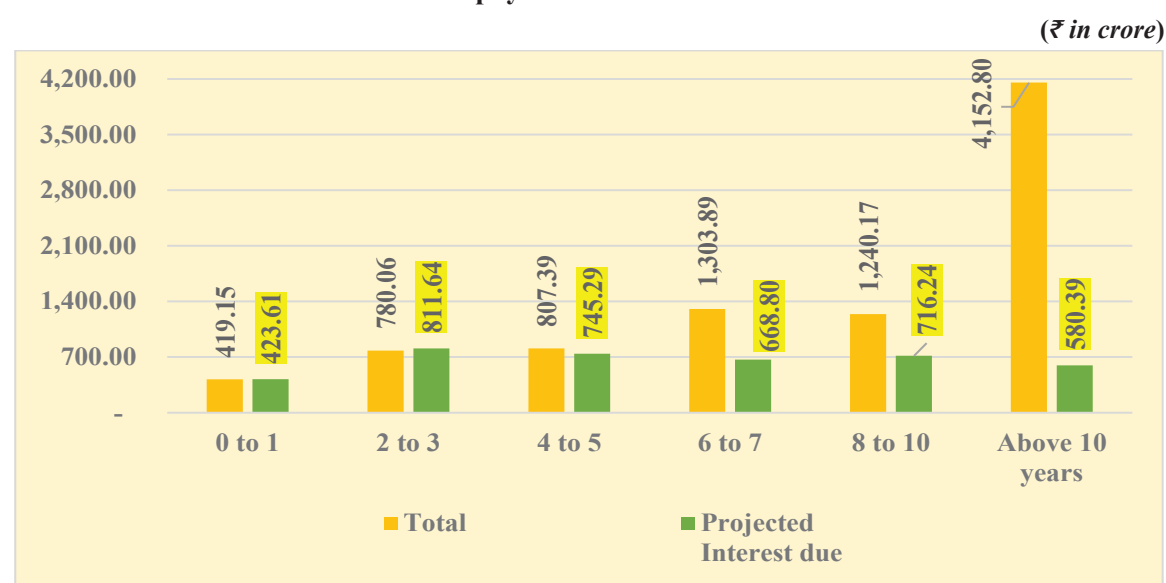
Further, the total projected interest of ₹ 3,945.97 crore is significant and demands careful debt servicing strategies.

The Debt/GSDP ratio declined from 35.75 *per cent* (2022-23) to 33.96 *per cent* (2023-24), reflecting improved debt sustainability and better fiscal management.

Nominal GSDP growth has rebounded to 15.93 *per cent* in 2023-24, consistently outpacing debt growth in the last three years, indicating a positive trend for debt sustainability. The Primary Balance has been in deficit for four of the last five years, with the deficit reducing to (-) ₹ 95.80 crore in 2023-24. Continued deficits indicate a reliance on borrowings to meet basic expenditure needs. Interest payments as a percentage of revenue receipts increased from 3.55 *per cent* (2019-20) to 5.10 *per cent* (2023-24), signalling a growing cost of debt servicing relative to revenue inflows. The increasing reliance on Ways and Means Advances and Overdrafts, growing from two instances in 2019-20 to 176 in 2023-24, indicates persistent liquidity issues and the need for improved cash flow management. Fiscal imbalance has widened, reaching ₹ 1,027.11 crore in 2023-24 from (-) ₹ 344.86 crore in 2019-20, reflecting potential misalignment between debt obligations and future revenue streams.

Repayment schedule of the outstanding public debt along with interest has been given in **Chart 2.16**.

**Chart 2.16: Repayment schedule of Public Debt**



Source: Finance Accounts

As on 31 March 2024, the maturity profile of outstanding stock of Public Debt of ₹ 8,703.46 crore was that ₹ 4,550.66 crore (52.29 *per cent*) was to attain maturity in the coming 10 years. The balance amount of ₹ 4,152.80 crore (47.71 *per cent*) was in the maturity bracket of more than 10 years. Interest payable on outstanding public debt will be approximately ₹ 3,945.97 crore. Out of this, interest of ₹ 3,365.58 crore was payable during the next 10 years.

The details of repayment of Public Debt for the next ten years (2024-25 to 2033-34) may be seen in **Table 2.37**.

**Table 2.37: Repayment of Public debt from 2024-25 onwards**

(₹ in crore)

Year	Principal Amount			Interest Amount		
	Internal debt	Loans from GoI	Total	Internal debt	Loans from GoI	Total
2024-25	392.71	26.44	419.15	421.68	1.93	423.61
2025-26	377.77	26.44	404.21	407.79	1.93	409.72
2026-27	349.41	26.44	375.85	399.99	1.93	401.92
2027-28	574.40	25.77	600.17	381.48	1.88	383.36
2028-29	188.03	19.19	207.22	360.53	1.40	361.93
2029-30	983.54	14.91	998.45	347.75	1.09	348.84
2030-31	300.74	4.70	305.44	319.62	0.34	319.96
2031-32	348.19	4.70	352.89	260.42	0.34	260.76
2032-33	435.85	2.80	438.65	234.47	0.20	234.67
2033-34	445.83	2.80	448.63	220.61	0.20	220.81
2034-35 onwards	2,532.63	1,620.17	4,152.80	574.61	5.78	580.39
<b>Total</b>	<b>6,929.10</b>	<b>1,774.36</b>	<b>8,703.46</b>	<b>3,928.95</b>	<b>17.02</b>	<b>3,945.97</b>

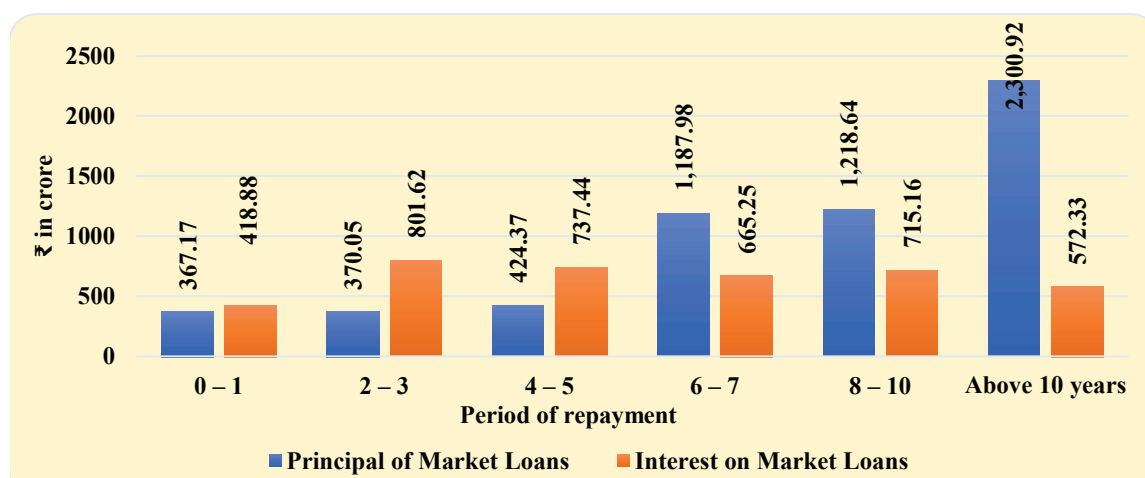
Source: Finance Accounts

### Market Loans

The maturity profile of outstanding market loans and interest to be paid thereon over the next ten years is detailed in **Chart 2.17**.

**Chart 2.17: Repayment schedule of market loans**

(₹ in crore)



Source: Finance Accounts

As on 31 March 2024, outstanding Market Loans of ₹ 5,869.13 crore had interest liability of ₹ 3,910.69 crore. Out of this amount ₹ 3,568.21 crore (60.80 *per cent*) was to attain maturity in the coming 10 years. The balance amount of ₹ 2,300.92 crore (39.20 *per cent*) was in maturity bracket of more than 10 years.

## 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. The results of the debt sustainability analysis for the Government of Mizoram is given in the following paragraphs. The trends in debt sustainability indicators for the State is shown in **Table 2.38**.

**Table 2.38: Trends in Debt Sustainability Indicators**

(₹ in crore)						
Sl. No.	Debt Sustainability Indicators	(2019-20)	(2020-21)	(2021-22)	2022-23)	(2023-24)
1	<b>Overall Liabilities or Overall Debt</b>	<b>8,678.26</b>	<b>9,881.09</b>	<b>10,570.93</b>	<b>10,972.49</b>	<b>12,082.26</b>
2	Rate of Growth of Overall Debt ( <i>per cent</i> )	18.63	13.86	6.98	3.80	10.11
3	GSDP (in nominal terms)	24,989.60	23,922.94	26,695.26	30,690.33	35,578.84
4	Nominal GSDP growth ( <i>per cent</i> )	14.04	-4.27	11.59	14.97	15.93
5	Overall Debt/GSDP ( <i>per cent</i> )	34.73	41.30	39.60	35.75	33.96
6	Maturity profile of all kinds of borrowings (including liabilities under Public Accounts, if any)	100.00	100.00	100.00	100.00	100.00
6a	0-2 years	18.67	15.82	13.49	11.90	9.46
6b	2-5 years	25.36	23.00	18.38	17.81	13.60
6c	5-10 years	47.45	39.38	35.49	30.26	29.23
6d	Over 10 years	8.52	21.80	32.64	40.03	47.71
7	Repayments to Gross Borrowings ( <i>per cent</i> )	68.14	75.77	89.67	93.14	86.79
8	Net borrowings available as a percentage of Gross Borrowings	31.86	24.23	10.33	6.86	13.21
9	Interest payments	343.12	400.99	450.64	493.88	581.90
10	<b>Effective rate of interest on Overall Debt (<i>per cent</i>)</b>	<b>5.70</b>	<b>5.70</b>	<b>5.51</b>	<b>5.32</b>	<b>5.61</b>
11	Interest payment to Revenue Receipts ( <i>per cent</i> )	3.55	5.18	4.92	4.80	5.10
12	<b>Revenue Deficit/Surplus</b>	<b>204.31</b>	<b>-774.13</b>	<b>602.25</b>	<b>189.89</b>	<b>577.09</b>
13	<b>Primary Revenue Balance (PRB) (12+9)</b>	<b>547.42</b>	<b>-373.14</b>	<b>1,052.89</b>	<b>683.77</b>	<b>1,158.99</b>
14	<b>Primary Balance (PB)</b>	<b>-881.18</b>	<b>-1,468.32</b>	<b>78.11</b>	<b>-613.78</b>	<b>-95.80</b>
15	<b>PB/GSDP (<i>per cent</i>)</b>	<b>-3.53</b>	<b>-6.14</b>	<b>0.29</b>	<b>-2.00</b>	<b>-0.27</b>
16	Difference between RoI and effective rate of interest on overall liability	30.92	34.91	485.37	754.01	79.48
17	Liquidity Management (use of financial accommodation instruments available with RBI)	2	82	105	93	176

Sl. No.	Debt Sustainability Indicators	(2019-20)	(2020-21)	(2021-22)	2022-23)	(2023-24)
18	<b>Debt Stabilisation (Quantum spread + Primary balance)</b>	<b>-344.86</b>	<b>-2,230.26</b>	<b>607.81</b>	<b>337.28</b>	<b>1,027.11</b>
19	<b>Domar criteria</b>					
19a	GSDP (in constant terms)	17,884	16,428	17,662	20,173	22,518
19b	<b>Real Growth (in constant terms)</b>	<b>11.08</b>	<b>-8.15</b>	<b>7.52</b>	<b>14.22</b>	<b>11.62</b>
19c	<b>Inflation based on CPI (per cent)</b>	<b>5.08</b>	<b>9.52</b>	<b>6.22</b>	<b>7.88</b>	<b>4.44</b>
19d	<b>Effective Rate of interest</b>	<b>5.70</b>	<b>5.70</b>	<b>5.51</b>	<b>5.32</b>	<b>5.61</b>
19e	<b>Real effective rate of interest (Effective rate of interest-Inflation) (19.d-19.c)</b>	<b>0.62</b>	<b>-3.82</b>	<b>-0.71</b>	<b>-2.56</b>	<b>1.17</b>
19f	<b>Growth Interest Differential (Real Growth-Real effective rate of interest) (19b-19e)</b>	<b>10.46</b>	<b>-4.33</b>	<b>8.23</b>	<b>16.78</b>	<b>10.45</b>

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.

From the analysis of debt sustainability parameters presented in the preceding table, several observations regarding key debt sustainability indicators for the medium term can be made:

- a. Average debt burden of the State during 2019-2024, measured by the total liabilities-GSDP ratio, remained higher than the pre-pandemic year (2019-20), even if the pandemic year (2020-21) is ignored. However, it was lower in the post-pandemic level during 2022-24. The State's debt burden increased from 34.73 *per cent* of GSDP in 2019-20 to 41.30 *per cent* in 2020-21, a record increase of 6.57 percentage points. The impact of the pandemic severely affected the State's resources with the contraction seen in nominal growth, leading to a historic increase in the debt-GSDP ratio in 2020-21 compared to 2019-20. Given post-pandemic recovery, the fiscal health of the State started improving as seen from the fiscal deficit-GSDP ratio, which declined from 7.81 *per cent* in 2020-21 to 1.40 *per cent* in 2021-22, resulting in declining the State's debt-GSDP ratio from 41.30 *per cent* of GSDP in 2020-21 to 39.60 *per cent* in 2020-21, 35.75 *per cent* in 2022-23 and 33.96 *per cent* in 2023-24. The steadily declining trend in the debt-to-GDP ratio since 2021-22 can be mainly attributed to the nominal growth, which was higher than the increase observed in overall liabilities during 2021-2024. If the State maintains this trend of consistent decline, its debt burden may stabilise in medium term.
- b. Year-wise analysis shows that out of the 5 years under consideration (2019-2024), except for the pandemic year (2020-21), the Growth Interest Differential (GID) remained favourable and improved steadily during 2021-2024. The GID was not sufficient to absorb the impact of the primary deficit, leading to an increase in the debt-GSDP ratio in 2019-20 as compared to 2018-19 but was sufficient to effectively absorb the impact of the primary balance in 2022-23 and 2023-24, leading to a decline in the debt-GSDP ratio in these years. Unlike in 2020-21, when both the primary balance and the GID were in the negative territory, resulting in an increase in the debt-GSDP ratio, the favourable GID and primary balance led to an improvement in debt-GSDP ratio in 2021-22.

- c. The Domar criterion shows that unlike nominal growth, the average effective rate of interest was largely driven by CPI inflation, which kept the average real interest rate suppressed. Average inflation as measured by the CPI broke the bandwidth of 2-6 *per cent* set by the RBI, helping the state keep the average real interest rate negative to make the GID favourable. This enabled the state to recover the cost of borrowing, except in the pandemic year when both real growth and real interest rate turned negative. The negative real interest rate in three consecutive years 2020-21, 2021-22 and 2022-23 shows how the state eroded the value of its debt during these years, which poses roll-over risks in the short and medium term.
- d. Overall liability-GSDP ratio of the State except 2023-24 continued to remain within targets set under the FRBM Act of the State. Despite the annual ceiling under indicative debt path as prescribed by the Finance Commission being relatively higher than FRBM targets, the State failed in keeping its debt-GSDP ratio within the indicative debt path set by XIV FC (2019-20) and XV FC (2020-21 to 2023-24).
- e. Further, elevated inflation measured by CPI leading to erosion in value of debt, thereby generating favorable GID is also a concern. The state should focus on a steady increase in development expenditure, which has been steadily declining relative to total expenditure and reached 63.3 *per cent* in 2023-24 from 73.1 *per cent* in 2017-18, which can help the state achieve potential growth and thus mobilise its own resources to a greater extent. This will help the State to reduce its dependence on borrowing, thereby bringing down its debt-GSDP ratio in line with the targets set under the FRBM Act and the indicative debt path set by the Finance Commission.

Based on these indicators, it can be concluded that while there are improvements in the State's debt sustainability, it is essential for the state to increase its revenue generation efforts and manage rising interest payments alongside liquidity measures effectively.

### 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 2.39** shows the trend of utilisation of borrowed funds during the period 2019-24 for the State Government.

**Table 2.39: Utilisation of borrowed Funds<sup>31</sup>**

		(₹ in crore)				
Year		2019-20	2020-21	2021-22	2022-23	2023-24
Total Borrowings	1	1,147.68	2,611.32	4,560.28	4,019.38	6,402.04
Repayment of earlier borrowings (Principal)	2	353.92	1,617.89	3,797.95	2,603.15	4,888.60
(percentage)		30.84	61.96	83.28	64.76	76.36
Borrowing available for capital expenditure etc.	3	793.84	993.43	762.33	1,416.24	1,513.44
Net capital expenditure	4	1,372.67	1,125.97	1,004.38	1,321.86	1,253.78
Net loans and advances	5	55.94	-30.79	-29.59	24.30	-1.03
Borrowings available for Revenue Expenditure	1-(2+4+5)	0.00	0.00	0.00	70.07	260.69

Source: Finance Accounts

<sup>31</sup> Values differ from SFAR 2019-20 due to change in methodology of calculation.

From the table, it can be seen that during the period 2019-24 the State Government utilised 30.84 *per cent* (2019-20) to 76.36 *per cent* (2023-24) of its current borrowings for repayment of earlier borrowings. Further, only in 2022-23 and 2023-24, net borrowings were sufficient for meeting Capital expenditure. Thus, major part of the borrowed funds were being used mostly for meeting repayment of earlier borrowings. The State Government spent ₹ 1,253.78 crore (19.58 *per cent*) of the borrowed funds on Capital expenditure in 2023-24.

As per the Finance Commission, States are being given revenue deficit grants to reduce and ultimately eliminate revenue deficit and to enable all borrowings to be used for capital expenditure. In 2023-24, which is the fourth year of the XV Finance Commission period, although the State Government was able to achieve revenue surplus, it had to depend on borrowings to meet its expenditure requirements during the year.

### 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 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-2.40**.

**Table 2.40: Guarantees given by the State Government**

	(₹ in crore)				
Guarantees	2019-20	2020-21	2021-22	2022-23	2023-24
Ceiling applicable to the outstanding amount of guarantees including interest	6,247.40	5,980.74	6,955.88	8,207.25	8,894.75
Outstanding amount of guarantees including interest as on 1 April of the year	97.99	140.66	138.63	125.13	120.10

Source: Finance Accounts

The outstanding guarantees of ₹ 120.10 crore as on 1 April 2023 worked out to 0.34 *per cent* of the GSDP of the year 2023-24 (₹ 35,579 crore) and was within the prescribed limit of ₹ 8,894.75 crore.

During 2023-24, the Government of Mizoram issued a fresh guarantee of ₹ 2.12 crore to the Mizoram Co-operative Apex Bank Ltd. Besides, guarantees amounting to ₹ 40.12 crore—comprising ₹ 8.16 crore in principal and ₹ 31.96 crore in interest—was deleted (repaid). Furthermore, guarantees totaling ₹ 19.52 crore, which comprised of ₹ 12.99 crore (principal) and ₹ 6.53 crore (interest), were invoked. The State Government settled the invoked guarantee through Major Head 4047-00-800-(10) instead of debiting the Guarantee Redemption Fund under Head of Account 8235-00-117.

Additionally, under the Mizoram Ceiling on Government Guarantees Rules, 2013, the Government shall charge a minimum of 0.75 *per cent* of the amount of the guaranteed loan<sup>32</sup> as a guarantee commission which shall not be waived under any circumstances and which works out to ₹ 0.51 crore. During the year, no amount was received by the State Government towards guarantee commission.

<sup>32</sup> Amount of guaranteed loans at the beginning of the year was ₹ 86.52 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 ₹ 4,448.58 crore from the RBI during 2023-24 and was able to repay the entire amount including the interest of ₹ 5.49 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'.

It is not desirable that the State Government take recourse to market loans despite having large cash balances leading to further accretion to cash balances without putting it to productive use. Details of cash balances and their investment for 2023-24 are given in **Table-2.41**.

**Table 2.41: Cash Balances and their investment**

(₹ in crore)

	Opening balance on 01 April 2023	Closing balance on 31 March 2024
<b>A. General Cash Balance</b>		
Cash in treasuries	NIL	NIL
Deposits with Reserve Bank of India	-342.87	156.66
Deposits with other Banks	NIL	NIL
Remittances in transit – Local	NIL	NIL
<b>Total</b>	<b>-342.87</b>	<b>156.66</b>
Investments held in Cash Balance investment account	169.86	166.37
<b>Total (A)</b>	<b>-173.01</b>	<b>323.03</b>
<b>B. Other Cash Balances and Investments</b>		
Cash with departmental officers viz., Public Works, Forest Officers	2.23	3.23
Permanent advances for contingent expenditure with department officers	NIL	NIL
Investment in earmarked funds	493.95	539.85
<b>Total (B)</b>	<b>496.18</b>	<b>543.08</b>
<b>Total (A + B)</b>	<b>323.17</b>	<b>866.11</b>
<b>Interest realised</b>	<b>32.09</b>	<b>3.90</b>

Source: Finance Accounts

Cash Balance of the State Government at the end of the current year increased by ₹ 542.94 crore from ₹ 323.17 crore in 2022-23 to ₹ 866.11 crore in 2023-24. State Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The interest earned from such investments are credited as receipts under the head '0049-Interest Receipts'. The State Government has earned an interest of ₹ 3.90 crore during 2023-24 from the investments made in GoI Securities and Treasury Bills. Investment held in Cash Balance Investment Account stood at ₹ 166.37 crore as on 31 March 2024.

Out of the investment of ₹ 539.85 crore of earmarked funds, ₹ 475.85 crore was invested out of Consolidated Sinking Fund and ₹ 64.00 crore out of Guarantee Redemption Fund at the end of the year.

Details of Cash Balance Investment Account during the last five years from 2019-20 to 2023-24 are shown in **Table 2.42**.

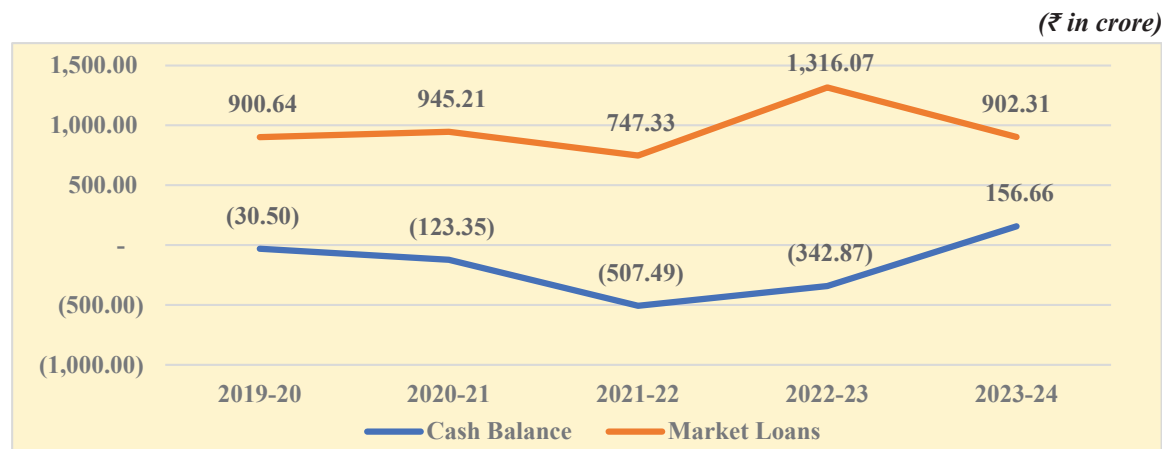
**Table 2.42: Trend of Cash Balance Investment from 2019-20 to 2023-24**

Year	Opening Balance	Closing Balance	Investment as on 31 March	Interest
2019-20	-95.49	172.37	202.87	10.29
2020-21	172.37	7.59	130.94	1.75
2021-22	7.59	-169.37	338.11	28.38
2022-23	-169.37	173.01	169.86	32.09
2023-24	-173.01	323.03	166.37	3.90

Source: Finance Accounts

The details and trend of market loans taken by the State Government during the period 2019-24 is shown in **Chart 2.18**.

**Chart 2.18: Trend of Cash Balance and Market Loans during 2019-24**



Source: Finance Accounts

@ Figures within brackets are minus figures.

During the year 2023-24, the State could have avoided market borrowings to the extent of the General Cash Balance of ₹ 323.03 crore which included Cash Balance Investment of ₹ 166.37 crore. An interest of ₹ 3.90 crore (0.05 per cent) was earned on these investments whereas the State Government paid ₹ 441.44 crore as interest on total market borrowings (at 8.45 per cent average interest) during 2023-24.

## 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

The State passed FRBM Act, 2006 to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit. The State continued to be a revenue surplus State. Revenue Receipts during the year 2023-24 was ₹ 11,414.05 crore which had increased by ₹ 1,131.99 crore (11.01 *per cent*) from the previous year. State's Own Tax Revenue increased by ₹ 93.77 crore (8.51 *per cent*) from the previous year while Non-Tax revenue increased by ₹ 57.16 crore (5.56 *per cent*). Compared to the previous year, State's Share of Union taxes and Duties increased by ₹ 902.22 crore (19.01 *per cent*) while Grants-in-Aid from GoI decreased by ₹ 78.84 crore (2.31 *per cent*).

The State Government received ₹ 1,672.41 crore being Central share of Centrally Sponsored Scheme during the year 2023-24 in its Treasury Accounts. As on 31 March 2024, the Government transferred Central share of ₹ 1,613.55 crore received in Treasury Accounts and State share of ₹ 211.19 crore to the Single Nodal Agencies leading to short transfer of ₹ 58.86 crore of Central Share. As per SNA report of Public Financial Management System portal, ₹ 408.47 crore are lying unspent in the bank accounts of SNAs as on 31 March 2024.

Revenue Expenditure during the year 2023-24 was ₹ 10,836.96 crore (89.45 *per cent*) against the total expenditure of ₹ 12,115.72 crore. Committed expenditure like salary & wages, pension, interest payments had been rising steadily during consecutive years. Committed expenditure during 2023-24 was ₹ 7,126.98 crore (62.44 *per cent* of the Revenue Receipts and 65.77 *per cent* of the Revenue Expenditure).

Capital Expenditure decreased by ₹ 68.08 crore (5.15 *per cent*) from ₹ 1,321.86 crore in 2022-23 to ₹ 1,253.78 crore in 2023-24.

As on 31 March 2024, 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 2023-24 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 to 5.05 *per cent* during 2019-20 to 2023-24.

Capital Expenditure of ₹ 523.59 crore incurred on 68 incomplete projects (in all departments) which were due to be completed by 2023 remained blocked and the benefits envisaged from these projects were yet to be harnessed. There was time overrun ranging from one to five years on these incomplete projects resulting in cost overrun of ₹ 5.88 crores in two projects under Public Works Department.

During 2023-24, the State Government received ₹ 41.60 crore under State Disaster Response Fund (SDRF) from the Central Government, while its own contribution amounted to ₹ 4.62 crore. However, the total amount of ₹ 46.22 crore (comprising both contributions)

was not transferred to the SDRF under Major Head 8121-00-122 during that year. Instead, ₹ 19.60 crore, which was the Central share for the year 2022-23, was deposited into the fund.

The State Government received ₹15.30 crore as Central Government's share of State Disaster Mitigation Fund (SDMF). However, the State Government neither contributed its share of ₹ 1.70 crore to the fund nor did it transfer ₹ 17.00 crore (Central share *plus* State share) to the Fund. This resulted in understatement of Revenue Expenditure to that extent.

During the year 2022-23, Government contributed ₹ 32.40 crore to the Consolidated Sinking Fund as against ₹ 49.62 crore it was required to contribute to the fund. The total accumulation of the Fund was ₹ 475.86 crore as on 31 March 2024.

The funds available with the Mizoram Building and Other Construction Workers' Welfare Board (MBOCWVB) during the year was ₹ 95.20 crore. During the year, the Board spent an amount of ₹ 11.99 crore on Administrative and other expenses as well as welfare schemes/benefits as envisaged in the Building and Other Construction Workers' Welfare Cess Act leaving a balance of ₹ 83.21 crore at the end of the year. The annual accounts of MBOCWVB were not prepared as envisaged in the Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996.

During the year 2022-23 the State's outstanding liabilities increased from ₹ 10,972.49 crore in 2022-23 to ₹ 12,082.26 crore in 2023-24, whereas Outstanding Liabilities/GSDP ratio decreased from 35.75 *per cent* to 33.96 *per cent* during the same period.

As on 31 March 2024, the maturity profile of outstanding stock of Public Debt was ₹ 8,703.46 crore out of which ₹ 4,550.66 crore (52.29 *per cent*) was to attain maturity in the coming 10 years. The balance amount of ₹ 4,152.80 crore (47.71 *per cent*) was in maturity bracket of more than 10 years. Interest payable on outstanding public debt will be approximately ₹ 3,945.97 crore. Out of this, interest of ₹ 3,365.58 crore was payable during the next 10 years.

During the year 2023-24, the State Government utilised 76.36 *per cent* (₹ 4,888.60 crore) of its borrowed funds (₹ 6,402.04 crore) for re-payment of earlier borrowings and the balance amount of borrowed funds of ₹ 1,513.44 crore (23.64 *per cent*) was utilised for other expenditure.

The outstanding guarantees of ₹ 120.10 crore as on 1 April 2023 worked out to 0.34 *per cent* of Gross State Domestic Product (GSDP) and were within the limit prescribed in Mizoram Ceiling on Government Guarantees Rules.

### 2.11.2 Recommendations

- *The State Government should take steps to ensure that its obligations to Reserve funds are discharged as required.*
- *Incomplete projects and capital works may be prioritized to ensure that benefits envisaged from these projects can be harnessed.*
- *State Government may rationalise expenditure to reduce the burden on its total outstanding public liabilities and improve debt sustainability.*

# **CHAPTER-3**

## **BUDGETARY MANAGEMENT**



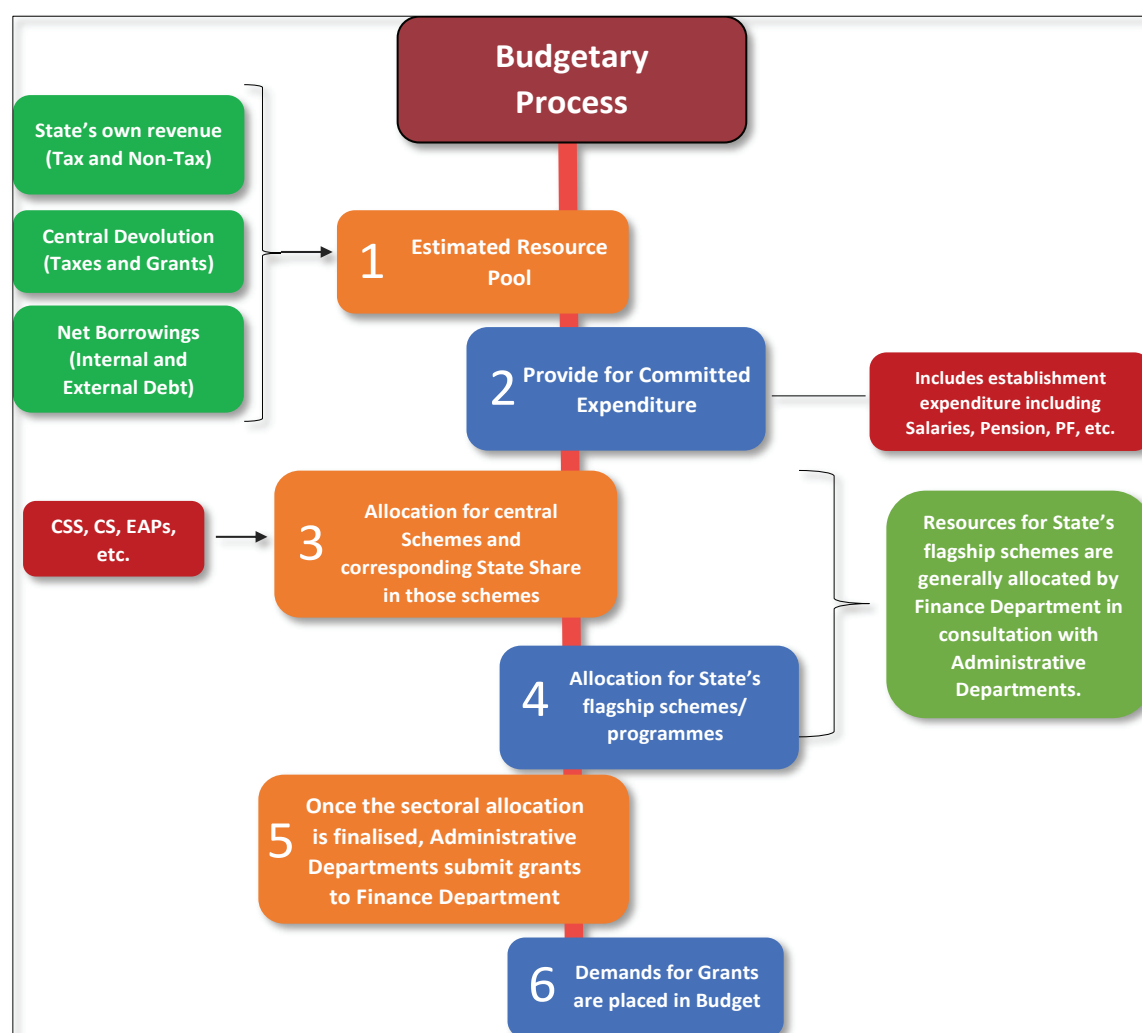
## Chapter 3: Budgetary Management

### 3.1 Introduction

Effective financial management ensures that decisions taken at the policy level are implemented successfully at the administrative level without wastage or diversion of funds. This Chapter reviews the allocative priorities of the State Government and comments on the transparency of budget formulation and effectiveness of its implementation.

### 3.2 Budget Process

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. The Budget process commences with the issue of the Budget Circular, normally in August each year, providing guidance to the Departments in framing their estimates, for the next financial year. A typical budget preparation process in a State is shown below.



CSS: Centrally Sponsored Schemes; CS: Central Schemes.

The Finance Bill, Annual Financial Statement (Budget) and Demands for Grants are mandated by Articles 199, 202 and 203 of the Constitution of India, respectively.

Article 202 of Constitution of India requires laying of a statement of the estimated receipts and expenditure of the State for that year, as the “Annual Financial Statement” before the House or Houses of the Legislature of the State. The annual financial statement should show expenditure charged on consolidated fund and other expenditure separately. It shall also distinguish expenditure on revenue account from other expenditure.

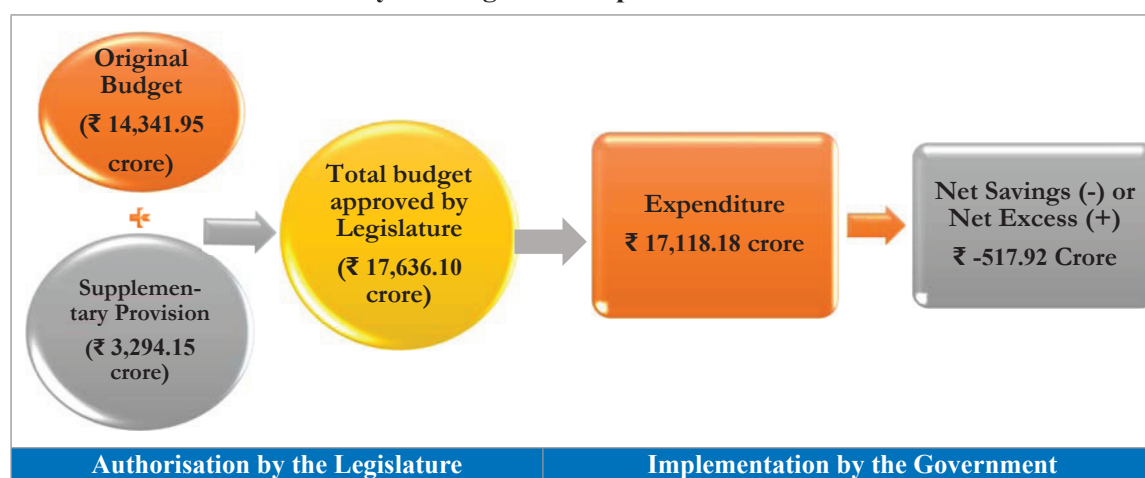
The annual financial statement, also called general budget, is placed prior to the commencement of the financial year in the State Legislature, in accordance with Article 202 of the Constitution. The estimates of receipts and disbursements in the Annual Financial Statement and of expenditure in the Demands for Grants are shown according to the accounting classification under Article 150 of the Constitution.

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with provisions of Article 204 of the Constitution. Supplementary or Additional Grant or Appropriation is provided during the course of a financial year, in accordance with Article 205 of the Constitution. It is the provision for meeting expenditure in excess of the budgeted amount.

Legislative authorisation is the *sine qua non* for incurrence of all expenditure by the State Government. To guide individual Government Departments, the State Government has framed financial rules and provided for delegation of financial powers. These delegations establish limits for incurrence of expenditure and the levels authorised to sanction such expenditure together with restrictions on appropriation and re-appropriations. The State Government secures legislative approval for expenditure out of the Consolidated Fund of the State by presenting its annual Budget and 48 Demands for Grants (47 Grants and one Appropriation). Normally, every Department has one Demand for Grant, to ensure that the Head of the Department takes responsibility for implementing the policy decisions and expending public funds for the intended purposes.

Supplementary or additional Grant/Appropriation can be provided during the course of the financial year for meeting expenditure in excess of the originally budgeted amount. Apart from supplementary grant, Re-appropriation can also be used to re-allocate funds within a Grant. Re-appropriation is the transfer, by competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same section (Revenue-Voted, Revenue-Charged, Capital-Voted, Capital-Charged) of the Grant or Charged Appropriation.

Various components of budget of Government of Mizoram for the Year 2023-24 are depicted in **Chart 3.1**.

**Chart 3.1: Summary of Budget and Expenditure of Mizoram for 2023-24**

Source: Appropriation Accounts

Before obtaining Supplementary grants of ₹ 3,294.15 crore on 27 February, 2024, the actual expenditure up to the month of January 2024 was ₹ 12,827.31 crore against the original budget provision of ₹ 14,341.95 crore which was 89.44 *per cent* of the original provision.

### 3.2.1 Alternative Budgeting approaches

Following the lead of the Union Government, many States and Union Territories of India have taken up alternative budgeting approaches like Gender Budgeting, Social Budgeting, Performance Based Budgeting or Innovation Budgeting. These approaches focus on addressing specific issues, achieving specific goals, and promoting research and development.

During 2023-24, it was found that the State had not yet taken any measures to take up any alternative budgeting approach.

### 3.2.2 Summary of total provisions, actual disbursements and savings/excess during financial year

The summarised position of budget including supplementary budget, actual expenditure, and excess/savings during Financial Year 2023-24 against 48 Grants/Appropriation (47 Grants and 1 Appropriation) is given in **Table 3.1**.

**Table 3.1: Budget provision, disbursement and savings/excess during 2023-24**

(₹ in crore)

Total Budget provision		Disbursements		Savings		Excess	
Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
15,400.90	2,235.20	11,565.52	5,552.66	3,835.45	128.63	0.08	3,446.09

Source: Appropriation Accounts

There was an overall saving of ₹ 3,964.09 crore offset by excess of ₹ 3,446.17 crore during the year 2023-24 resulting in net savings of ₹ 517.92 crore representing 2.94 *per cent* of total Grants/Appropriations and 3.03 *per cent* of the expenditure.

These savings should be viewed in light of an overestimation in expenditures amounting to ₹17,636.10 crore for the year. Notably, although actual receipts (₹17,840.05 crore)<sup>33</sup> surpassed estimated receipts (₹14,209.95 crore), total expenditure was limited to ₹17,118.18 crore.

### 3.2.3 Charged and voted disbursements

**Table 3.2** shows the break-up of charged and voted disbursements for the State during the five-year period from 2019-20 to 2023-24.

**Table 3.2: Details of Charged and Voted Disbursements**

(₹ in crore)

Year	Budget Estimates		Disbursement		Savings		Excess	
	Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
2019-20	13,566.80	779.93	10,633.37	734.00	2,943.32	55.36	9.91	9.43
2020-21	12,380.36	1,551.53	9,284.23	2,090.87	3,371.88	4.65	275.76	543.98
2021-22	12,527.79	4,828.54	9,150.83	4,325.36	3,377.10	508.74	0.14	5.55
2022-23	15,431.99	2,023.85	10,945.84	3,191.71	4,563.33	87.26	77.18	1,255.12
2023-24	15,400.90	2,235.20	11,565.52	5,552.66	3,835.45	128.63	0.08	3,446.09

Source: Appropriation Accounts

From the table it may be seen that Voted disbursements increased by ₹ 932.15 crore from ₹ 10,633.37 crore in 2019-20 to ₹ 11,565.52 in 2023-24. Charged disbursements also showed an increase of ₹ 4,818.66 crore over the same period from ₹ 734.00 crore in 2019-20 to ₹ 5,552.66 crore in 2023-24. Savings in Voted section increased from ₹ 2,943.32 crore in 2019-20 to ₹ 3,835.45 crore in 2023-24. Savings in Charged section fluctuated from year to year and stood at ₹ 128.63 crore during 2023-24. Excess expenditure in Voted section stood at ₹ 0.08 crores while in Charged section it was ₹ 3,446.09 crore (62.06 per cent of Charged expenditure) during 2023-24. All these parameters are discussed in greater detail in the following paragraphs.

### 3.2.4 Budget marksmanship

#### Aggregate Budget Outturn

Aggregate Budget Outturn is a critical measure that evaluates how closely actual government expenditures align with the initially approved budget. This assessment focuses on both instances where spending falls short of approval and where it exceeds the authorized amounts. This is essential for maintaining fiscal discipline, as significant deviations from the approved budget can hinder a government's capacity to manage its financial resources effectively, allocate funds to priority areas and deliver essential services. During the year, the outturn of the State was as shown in **Table 3.3**.

**Table 3.3: Original allocations and Actual expenditure**

(₹ in crore)

Description	Original Approved budget (BE)	Actual outturn/ expenditure	Difference between actual outturn and BE
Revenue	11,200.76	10,950.83	-249.93
Capital	3,141.19	6,167.35	3,026.16
<b>Total</b>	<b>14,341.95</b>	<b>17,118.18</b>	<b>2,776.23</b>

Source: Appropriation Accounts

<sup>33</sup> Revenue Receipts (₹ 11,414.05 crore) plus Capital Receipts (₹ 6,426.00 crore)

In Revenue section, original Budget Estimates were 2.28 *per cent* more than expenditure outturn. This was due to deviation up to 25 *per cent* in 37 grants, between 25 to 50 *per cent* in eight grants and between 50 to 100 *per cent* in one grant and more than 100 *per cent* in one grant.

In Capital section, original Budget Estimates were 49.07 *per cent* less than expenditure outturn. This was due to deviation up to 50 *per cent* in three grants, between 50 to 100 *per cent* in eighteen grants and more than 100 *per cent* in two grants and one appropriation.

Grant-wise details of deviation in Revenue section and Capital section are given in **Appendix IV**.

### ***Expenditure Composition Outturn***

Expenditure Composition Outturn measures the extent to which re-allocations between the main budget categories during execution have contributed to variance in expenditure composition.

**Table 3.4: Revised allocations and Actual expenditure**

(₹ in crore)

Description	Original Approved Budget	Revised (RE)	Actual outturn/ expenditure	Difference between BE & RE	Difference between Actual and RE
<b>Revenue</b>	11,200.76	12,873.53	10,950.83	1,672.77	-1,922.70
<b>Capital</b>	3,141.19	4,762.57	6,167.35	1,621.38	1,404.78
<b>Total</b>	<b>14,341.95</b>	<b>17,636.10</b>	<b>17,118.18</b>	<b>3,294.15</b>	<b>-517.92</b>

Source: Appropriation Accounts

In Revenue section, expenditure outturn was 14.94 *per cent* less than revised estimates. This was due to deviation between 0 and 25 *per cent* in 38 grants, between 25 to 50 *per cent* in eight grants and between 50 to 100 *per cent* in one grant.

In Capital section, expenditure outturn was 29.50 *per cent* more than revised estimates. This was due to deviation between 0 to 25 *per cent* in nine grants, between 25 to 50 *per cent* in five grants, between 50 to 100 *per cent* in eight grants and equal to or more than 100 *per cent* in one grant and one appropriation.

### **3.3 Appropriation Accounts**

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of grants voted and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Act passed under Article 204 and 205 of the Constitution of India. Appropriation Accounts are on Gross basis. These Accounts depict the original budget provision, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both Charged and Voted items of budget. Appropriation Accounts thus facilitate understanding of utilisation of funds, the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

Audit of appropriations by the CAG seeks to ascertain whether the expenditure actually incurred under various grants was in accordance with the authorisation given under the

Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution (Article 202) is so charged. It also ascertains whether the expenditure incurred is in conformity with the laws, relevant rules, regulations and instructions.

### **3.4 Comments on Integrity of Budgetary and Accounting Process**

The following section explores in greater detail the State Government's compliance to the budgetary and accounting process as duly required by law.

#### **3.4.1 Transfers not mandated by the Appropriation Act/Detailed Demands for Grants (into Public Account/ Bank Accounts)**

The Appropriation Act authorises incurrence of expenditure from the Consolidated Fund under specified Grants during the financial year. Transfer of amounts from the Consolidated Fund of the State into Public Account heads not authorised through the Appropriation Act is irregular.

There was an accumulated balance of ₹ 108.88 crore lying under Major Head-8443 Civil Deposits-800 Other Deposits as on 31 March 2024. This amount was transferred to this head of account by booking them as expenditure under the functional Major Head in respective years. However, the amount is yet to be adjusted back into the relevant functional Major Heads from which transfers were originally made as on 31 March 2024 and remain reflected as expenditure in the accounts even though they are lying unspent.

#### **3.4.2 Unnecessary or excessive supplementary grants**

As per Article 205 of the Constitution, a Supplementary or Additional Grant or Appropriation over the provision made by the Appropriation Act for the year can be made during the current financial year, but not after the expiry of the current financial year, as is necessary to meet-

- i. Expenditure on Schemes of New Expenditure to be taken up within the current financial year.
- ii. Inadequacy of provision.
- iii. Fresh expenditure but not technically "Schemes of New Expenditure."
- iv. Omissions of provision.

When such additional expenditure is found to be inevitable and there is no possibility of effecting savings within the Grant to cover the excess by Re-Appropriation, the Secretary in the Department concerned proposes to the Finance Department for Supplementary or Additional Grant or Appropriation.

In deserving cases which are unforeseen and which cannot wait for provision by Supplementary or Additional Grant or Appropriation, advances from the Contingency Fund may be sanctioned in accordance with the provisions made in the Constitution and the relevant rules. The advances so sanctioned will have to be regularised by a Supplementary Grant or Appropriation and recouped to the Contingency fund before the close of the financial year.

**Table 3.5** shows details of cases where supplementary provision of ₹ 50 lakh or more in each case proved unnecessary at the end of the year and consequently resulted in surrender of funds which could have been re-appropriated at an earlier point of time.

**Table 3.5: Details of cases where supplementary provision proved unnecessary<sup>34</sup>***(₹ in crore)*

Sl. No.	Name of Grant	Original	Supplementary	Actual Expenditure	Saving out of original Provisions
<b>A) Revenue (Voted)</b>					
1	37-Co-operation	16.59	1.32	14.87	1.72
2	6-Land Revenue & Settlement	33.72	0.63	28.59	5.13
3	1-Legislative Assembly	40.4	1.78	33.89	6.51
4	7-Excise & Narcotics	49.66	1.12	42.96	6.7
5	9-Finance	2,177.75	179.15	2,145.31	32.44
6	20-School Education	1,563.32	132.14	1,433.26	130.06
7	24-Health and Family Welfare	634.37	166.39	559.87	74.5
8	42-Transport	56.61	0.55	42.32	14.29
9	39-Power & Electricity	824.54	9.88	775.43	49.11
10	36-Environment, Forests and CC	161.65	4.32	106.85	54.8
11	31-Agriculture	170.23	8.77	98.86	71.37
12	19- Local Administration	182.05	36.06	66.87	115.18
<b>Total A</b>		<b>5,910.89</b>	<b>542.11</b>	<b>5,349.08</b>	<b>561.81</b>
<b>B) Revenue (Charged)</b>					
1	49- Public Debt	754.03	1.46	627.8	126.23
<b>Total B</b>		<b>754.03</b>	<b>1.46</b>	<b>627.8</b>	<b>126.23</b>
<b>c) Capital (Voted)</b>					
1	24-Health and Family Welfare	116.70	51.05	83.64	33.06
2	25-Public Health Engineering	247.99	94.51	101.95	146.04
3	47- Irrigation & Water Resources	75.00	9.51	10.31	64.69
<b>Total C</b>		<b>439.69</b>	<b>155.07</b>	<b>195.90</b>	<b>243.19</b>
<b>Grand Total</b>		<b>7,104.61</b>	<b>698.64</b>	<b>6,172.78</b>	<b>931.23</b>

As may be seen from the table, during 2023-24, ₹ 7,803.25 crore (Original and Supplementary) was allocated under 15 Grants and one Appropriation under Revenue and Capital section which subsequently closed with savings ranging between ₹ 1.72 crore to ₹ 146.04 crore against original provision. Further, it was found that total expenditure of ₹ 6,172.78 crore (79.11 *per cent*) was incurred out of total allocation (Original plus Supplementary) which meant that 20.89 *per cent* of the funds allocated to these grants where supplementary provision of ₹ 50 lakh or more were made, were not utilised. As per the Appropriation Accounts, this was mainly due to (i) non-receipt of expenditure sanction from Government, (ii) non-release of funds by GoI and (iii) non-approval of expenditure by Finance Department, *etc.* It was also found that the supplementary demand for grants was laid before the Legislature on 27<sup>th</sup> February 2024 and this contributed to late release/non-release of fund.

Significant savings in various grants, especially Local Administration and Public Health Engineering, indicate misalignment between budget provisions and actual needs.

<sup>34</sup> Threshold for determination of excess provision has been taken at ₹ 50 lakh or more.

Supplementary allocations were often unnecessary, as the original provisions were sufficient to cover actual expenditures. ₹ 661.77 crore surrendered represents missed opportunities for fund reallocation to priority sectors. Critical areas like Agriculture, Public Health, and Water Resources experienced underutilization, potentially affecting service delivery.

### 3.4.3 Unnecessary or excessive re-appropriation

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where need for additional funds is identified. State Government has the power to sanction/authorise any re-appropriation within a Grant, which does not involve the undertaking of a recurring liability.

No cases of injudicious re-appropriation were found in the current financial year

### 3.4.4 Unspent and surrendered appropriations and/or Large Savings/ Surrenders

Complete accuracy of estimates may not always be possible; but there are cases where the omission or inaccuracy is the result of lack of forethought or neglect of the obvious. The golden rule for all Estimating Officers should be to provide in the budget for everything that can be foreseen and to provide only as much as is necessary. The Administrative and Finance Departments should, in checking the estimates, apply unrelentingly the proven and well-tried yardstick of average of previous actuals along with known or reasonably foreseeable facts which may modify that average.

No object is served by keeping back savings which should ideally be surrendered in time. For this reason, appropriations which are likely to remain unspent must be reported for surrender as early as possible. If this is not done, other spending Departments are deprived of the funds which they could have utilised and thus avoidable demands for Supplementary Grants are preferred. Surrenders are being made generally in the month of March, and a careful study of figures of expenditure incurred and watch over the progress of previous month's expenditure should enable a Controlling Officer to fix the final requirements with a reasonable degree of exactness.

When the need for surrender manifests itself, the Controlling Officers should carefully estimate the amounts that they can surrender. The aim should be to surrender as much as they can so as to keep the expenditure just within the modified Grant.

Principal Accountant General (Accounts), Mizoram provides the draft Appropriation Accounts to the Controlling Officers of the Departments (July/August 2024) and seeks the reasons/explanation for the variations in expenditure with reference to approved budgetary allocation in keeping with the limits set by the Public Accounts Committee (PAC). The current limits, set by the State PAC in October 2011 are as follows:

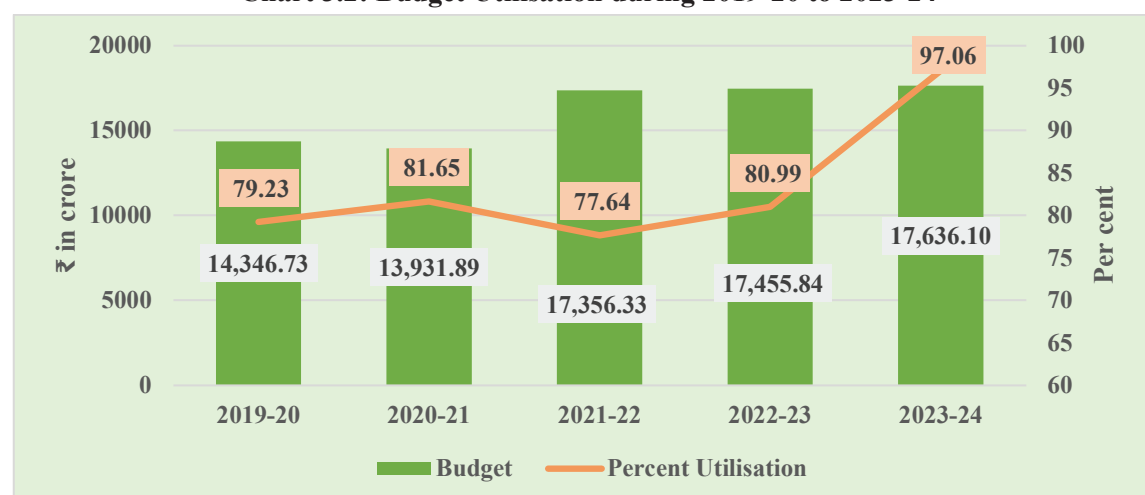
- |         |   |
|---------|---|
| Savings | <ul style="list-style-type: none"> <li>Comments are to be made for overall savings exceeding 5 per cent of the total provision; if individual sub-heads, where savings exceed ₹ 5 lakh and the Grant is less than ₹ 20 crore; if savings exceed ₹ 10 lakh and the Grant is over ₹ 20 crore</li> <li>Comments are to be made in all sub-heads under Charged Appropriations where the variation is more than ₹ 5 lakh.</li> </ul> |
|---------|---|

<b>Excess</b>	<ul style="list-style-type: none"> <li>• General comments are to be made for regularisation of excess over the provision in all cases where there is an overall excess (irrespective of the amount).</li> <li>• Comments are to be made if variations (excesses) under sub-heads of Grants/Appropriation are ₹ 5 lakh and the Grant is less than ₹20 crore; if excess exceeds ₹ 10 lakh and the Grant is over ₹ 20 crore.</li> <li>• Comments are to be made in all sub-heads under Charged Appropriations where the variation is more than ₹ 5 lakh.</li> </ul>
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Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities and weak internal controls promote release of funds towards the end of the financial year and increase the propensity of the Departments to retain huge balances outside the Government account in Bank Accounts. Excessive savings also deprive other Departments of the funds which could have been provided for them to utilise.

The extent of utilisation of budgeted funds by the State has been sub-optimal during the last four years but improved during 2023-24 which can be seen from **Chart 3.2**.

**Chart 3.2: Budget Utilisation during 2019-20 to 2023-24**



Source: Appropriation Accounts of the respective years

As can be seen from the Chart, utilisation of budget fluctuated between 77.64 per cent and 81.65 per cent during 2019-20 to 2022-23. In 2023-24, budget utilisation was at 97.06 per cent which is the best utilisation rate during the last five years.

During 2023-24, nine Grants/Appropriations had savings of ₹ 100 crore or more, the details of which are shown in **Table 3.6**. Reasons for these large savings were stated to be due to non-receipt of sanction from Government of India, non-accord of expenditure sanction by the State Government, due to non-filling up of vacant posts and re-provision of fund to other departments by Finance department, etc.

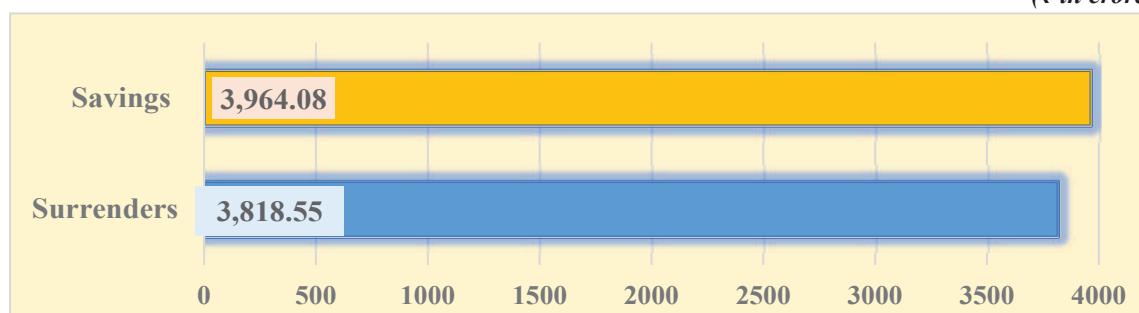
**Table 3.6: Grants having large savings<sup>35</sup> during the year 2023-24***(₹ in crore)*

Sl No.	Number and name of the grant/appropriation	Original	Suppl.	Total	Actual Expenditure	Savings	Surrender
<b>Revenue (Voted)</b>							
1	9-Finance	2,177.75	179.15	2,356.90	2,145.31	211.59	248.60
2	19-Local Administration	182.05	36.06	218.11	66.87	151.24	151.24
3	20-School Education	1,563.32	132.14	1,695.46	1,433.26	262.20	252.65
4	24- Health and Family Welfare	634.36	166.39	800.75	559.87	240.88	240.88
5	38-Rural Development	308.52	278.34	586.86	348.92	237.95	237.04
<b>Revenue (Charged)</b>							
1	49-Public Debt	754.03	1.46	755.49	627.80	127.69	-
	<b>Total</b>	<b>5,620.03</b>	<b>793.54</b>	<b>6,413.57</b>	<b>5,182.03</b>	<b>1,231.55</b>	<b>1,130.41</b>
<b>Capital (Voted)</b>							
1	9-Finance	1,147.00	40.27	1,187.27	40.27	1,147.00	1,147.00
2	25-Public Health Engineering	247.99	94.51	342.50	101.95	240.55	240.54
3	45-Public Works	0.00	708.33	708.33	537.05	171.28	195.46
	<b>Total</b>	<b>1,394.99</b>	<b>843.11</b>	<b>2,238.10</b>	<b>679.27</b>	<b>1,558.83</b>	<b>1,583.00</b>
	<b>Grand Total</b>	<b>7,015.02</b>	<b>1,636.65</b>	<b>8,651.67</b>	<b>5,861.30</b>	<b>2,790.38</b>	<b>2,713.41</b>

Source: Appropriation Accounts

**Appendix V** further lists the details of 28 (19 Revenue voted and 9 Capital voted) Grants which reflected surrender of funds in excess of ₹ 10 crore by 31 March 2024. Audit scrutiny of the Appropriation Accounts revealed that the main reasons for surrender of the grants were the non-filling up of vacant posts, wrong calculation of budget estimates, non-release/short release of funds by GoI, non-receipt of expenditure sanction from the State Government, *etc.* This has been a common occurrence through the previous years and points to weak budgetary control by the State Government.

**Chart 3.3** shows the status of savings and surrenders occurring from these savings before the close of the year. As may be seen from the chart, an amount of ₹ 3,818.55 crore was surrendered from the total gross savings of ₹ 3,964.08 crore leaving a balance of ₹ 145.53 crore which was not surrendered. As per records available, all surrenders occurred on 31 March 2024.

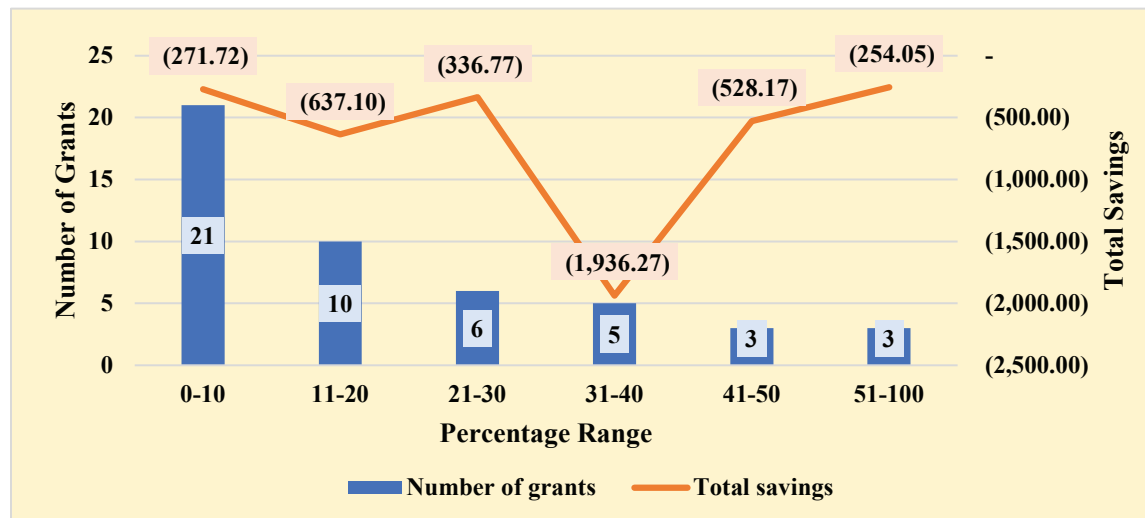
**Chart 3.3: Savings and surrenders before close of financial year 2023-24***(₹ in crore)*

Source: Appropriation Accounts

<sup>35</sup> Savings above ₹ 100 crore.

**Chart 3.4** shows the distribution of the 48 Grants/Appropriations as per savings percentage during the year with the resulting total savings in each group.

**Chart 3.4: Distribution of Grants/Appropriations grouped by percentage of Savings along with total savings in ₹ crore in each group**



Source: Appropriation Accounts

Out of total provisions made for each Grant during the year, 21 out of 47 grants had savings of 0-10 *per cent*, 10 grants had savings between 11 - 20 *per cent*, 6 grants had savings between 21 - 30 *per cent*, 5 grants had savings between 31 – 40 *per cent*, 3 grants had savings between 41 - 50 *per cent* and 3 grants had savings above 50 *per cent*. The largest savings from an individual grant occurred in Grant No.9 – Finance which had net savings of ₹ 1,358.59 crore which was 38.33 *per cent* of total allocation. Occurrence of such huge savings indicates poor budgetary management.

### 3.4.5 Excess expenditure and its regularisation

Article 204 of the Constitution of India provides that no money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of this article. Further, as per Article 205 of the Constitution of India, it is mandatory for a State Government to get excesses over grants/appropriations regularised by the State Legislature. Although no time limit for regularisation of excess expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC).

#### 3.4.5.1 Excess expenditure during 2023-24

Excess expenditure over the provision for the year is not only in contravention of the provisions requiring Legislative sanction but is also indicative of bad planning, which could be avoided by keeping track of expenditure progression with budget made for the purpose. Cases of excess expenditure over the provisions for the financial year are carefully examined to ascertain whether sufficient reasons were available to disregard prevalent rules and also to determine if these reasons, if available, were justifiable.

A summary of excess expenditure requiring regularisation during 2023-24 is given in **Table 3.7**.

**Table 3.7: Excess expenditure during 2023-24 requiring regularisation**

(₹ in crore)

Type of Expenditure		Vigilance (5)		Name of Department/Grant			
				District Councils and Minority Affairs (27)		Public Debt (49)	
		Total Grant	Actual Expenditure	Total Grant	Actual Expenditure	Total Grant	Actual Expenditure
Voted	Revenue	7.18	7.20	573.06	573.12	0.00	0.00
	Capital	0.00	0.00	0.00	0.00	0.00	0.00
Charged	Revenue	0.00	0.00	0.00	0.00	0.00	0.00
	Capital	0.00	0.00	0.00	0.00	1,442.51	4,888.60
Total Excess		0.02		0.06		3,446.09	
Grand Total		3,446.17					

Source: Appropriation Accounts

During 2023-24, there was a total excess disbursement of ₹ 3,446.17 crore under two Grants (5- Vigilance and 27- District Councils and Minorities Affairs) and one Appropriation (49-Public Debt) as shown above. Reasons for excess disbursement have been stated to be due to non-tabulation of salaries in respect of the newly transferred Director for the month of April 2023 in the expenditure record, wrong information of balance given by PFMS and non-detection of the same in due time (Vigilance) and Village Council Remuneration for March 2023 as expenditure for the year 2023-24 (District Council and Minority Affairs). Reasons for excess in case of Public Debt were not intimated (November 2024). In light of the above, it is clear that the Government and Department concerned did not exercise adequate control over expenditure.

#### 3.4.5.2 Regularisation of excess expenditure of previous years

Excess expenditure remaining unregularised for extended periods dilutes legislative control over the executive and is in violation of Article 204 (3) of the Constitution. This vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources. The excess expenditure occurred during the period 2019-20 to 2022-23 that has not been regularised is shown in **Table 3.8**.

**Table 3.8: Excess expenditure during 2019-20 to 2022-23 requiring regularisation**

(₹ in crore)

Year	Grant No./ Appropriation	Grant/Appropriation details	Amount of excess required to be regularised as commented in the Appropriation Accounts
<b>Revenue Portion (Voted)</b>			
2020-2021	9	Finance	275.76
2021-2022	27	District Councils and Minority Affairs	0.14
2022-2023	9	Finance	77.18
<b>Revenue Portion (Charged)</b>			
2020-2021	49	Public Debt	30.46

Year	Grant No./ Appropriation	Grant/Appropriation details	Amount of excess required to be regularised as commented in the Appropriation Accounts
2021-2022	49	Public Debt	5.55
<b>Capital Portion (Charged)</b>			
2019-2020	49	Public Debt	9.43
2020-2021	49	Public Debt	513.52
2022-2023	49	Public Debt	1,255.12
<b>Total</b>			<b>2,167.16</b>

Source: Appropriation Accounts

An excess expenditure of ₹ 2,167.16 crore under two Grants and one Appropriation occurred during the period 2020-21 to 2022-23 are yet to be regularised in accordance with Article 205 of the Constitution.

### 3.5 Comments on Transparency of Budgetary and Accounting process

Transparency in the budgetary and accounting process ensures that clarity is maintained in the management of funds by the Government.

#### 3.5.1 Lump Sum budgetary provisions

Lump sum provision in estimates are generally discouraged except in cases where urgent measures are to be provided for meeting emergent situations or for meeting preliminary expenses on a project/scheme which has been accepted in principle for being taken up in the financial year. Detailed explanations justifying provision proposed are required to be given in the budget note accompanying the lump sum estimates. Lump sum provisions without identifying the exact object of expenditure is against transparency. In the case of Union Government, for example, Rule 8 of Delegation of Financial Powers Rules stipulates that object head '42-Lump sum provision' should be used to record expenditure in respect of schemes whose provision does not exceed ₹ 10 lakhs. No cases of lump sum provision by Government of Mizoram were found during 2023-24 indicating that the budgetary and accounting process was transparent in this respect.

### 3.6 Comments on Effectiveness of Budgetary and Accounting process

The effectiveness of budgetary and accounting process may be most easily measured by comparing the outcome of a given budget. This section attempts to highlight the deficiencies or lack thereof in the budgetary and accounting process of Government of Mizoram.

#### 3.6.1 Budget projection and gap between expectation and actual

Efficient management of tax administration/other receipts and public expenditure holds the balance for achievement of various fiscal indicators. Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities and weak internal controls lead to sub-optimal allocation among various developmental needs. Excessive savings in some departments deprives other departments of the funds which they could have utilised. **Table 3.9** gives the summarised position of actual expenditure as compared to the original and supplementary budget provisions during 2023-24.

**Table 3.9: Summarised position of Actual Expenditure vis-à-vis Budget provisions***(₹ in crore)*

	Nature of expenditure	Original grant	Supplementary grant	Total	Expenditure	Savings (-)/Excess (+)	Details of Surrender	
							Amount	per cent
Voted	I Revenue	10,414.29	1,666.56	12,080.85	10,286.77	-1,794.07	1,784.48	99.47
	II Capital	1,696.68	1,621.37	3,318.05	1,276.75	-2,041.31	2,033.13	99.60
	III Loans and Advances	2.00	0.00	2.00	2.00	0.00	0.00	0.00
	<b>Total Voted</b>	<b>12,112.97</b>	<b>3,287.93</b>	<b>15,400.90</b>	<b>11,565.52</b>	<b>-3,835.38</b>	<b>3,817.61</b>	<b>99.54</b>
Charged	IV Revenue	786.47	6.22	792.69	664.06	-128.63	0.94	0.73
	V Capital	0.00	0.00	0.00	0.00	0.00	0.00	-
	VI Public Debt Repayment	1,442.51	0.00	1,442.51	4,888.60	3,446.09	0.00	0.00
	<b>Total Charged</b>	<b>2,228.98</b>	<b>6.22</b>	<b>2,235.20</b>	<b>5,552.66</b>	<b>3,317.46</b>	<b>0.94</b>	<b>0.03</b>
<b>Appropriation to Contingency Fund</b>		0.00	0.00	0.00	0.00	0.00	0.00	-
<b>Grand Total</b>		<b>14,341.95</b>	<b>3,294.15</b>	<b>17,636.10</b>	<b>17,118.18</b>	<b>-517.92</b>	<b>3,818.55</b>	<b>737.29</b>

Source: Appropriation Accounts.

As against the total budget provision of ₹ 17,636.10 crore, the Government could spend ₹ 17,118.18 crore. The net savings of ₹ 517.92 crore was the result of overall savings of ₹ 3,964.08 crore in 45 Grants under Revenue Section and 18 Grants/Appropriation under Capital Section offset by excess of ₹ 3,446.17 crore in two Grants and one Appropriation under Revenue Section.

Out of overall gross savings of ₹ 3,964.08 crore, ₹ 3,818.55 crore was surrendered on the last day of Financial Year 2023-24 i.e. on 31 March 2024 leaving the balance of ₹ 145.54 crore un-surrendered. If the savings were anticipated and surrendered earlier the surrendered amount could have been allocated in other departments where there was need of fund. The Finance Department needs to take stringent measures to curb this violation of Budgetary Rules.

**Table 3.10** shows the details of budget and actual expenditure over the five-year period from 2019-20 to 2023-24.

**Table 3.10: Original Budget, Revised Estimate and Actual Expenditure during 2019-24***(₹ in crore)*

	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Original Budget (OB)</b>	<b>10,872.58</b>	<b>10,895.26</b>	<b>11,330.89</b>	<b>14,190.15</b>	<b>14,341.95</b>
Supplementary	3,474.15	3,036.63	6,025.44	3,265.69	3,294.15
<b>Total Budget (TB)</b>	<b>14,346.73</b>	<b>13,931.89</b>	<b>17,356.33</b>	<b>17,455.84</b>	<b>17,636.10</b>
<i>Revised Estimate (RE)<sup>36</sup></i>	<i>12,589.53</i>	<i>12,956.89</i>	<i>16,573.56</i>	<i>16,109.28</i>	<i>16,239.11</i>
<b>Actual Expenditure (AE)</b>	<b>11,367.37</b>	<b>11,375.10</b>	<b>13,476.19</b>	<b>14,137.55</b>	<b>17,118.18</b>
<b>Net Savings (-)/Excess (+)</b>	<b>-2,979.36</b>	<b>-2,556.79</b>	<b>-3,880.14</b>	<b>-3,318.29</b>	<b>-517.92</b>
Percentage of supplementary to original	31.95	27.87	53.18	23.01	22.97
Percentage of savings/excess to overall position	20.77	18.35	22.36	19.01	2.94
TB-RE	1,757.20	975.00	782.77	1,346.56	1,396.99
RE-AE	1,222.16	1,581.79	3,097.37	1,971.73	-879.07
AE-OB	494.79	479.84	2,145.30	-52.60	2,776.23
TB-AE	2,979.36	2,556.79	3,880.14	3,318.29	517.92
(TB-RE) as % of TB	12.25	7.00	4.51	7.71	7.92
(RE-AE) as % of TB	8.52	11.35	17.85	11.30	-4.98

Source: Appropriation Accounts

<sup>36</sup> In Table 3.10 RE is the Revised Estimate of Gross Disbursement from Consolidated Fund as stated in the Annual Financial Statement of GoM of the respective years.

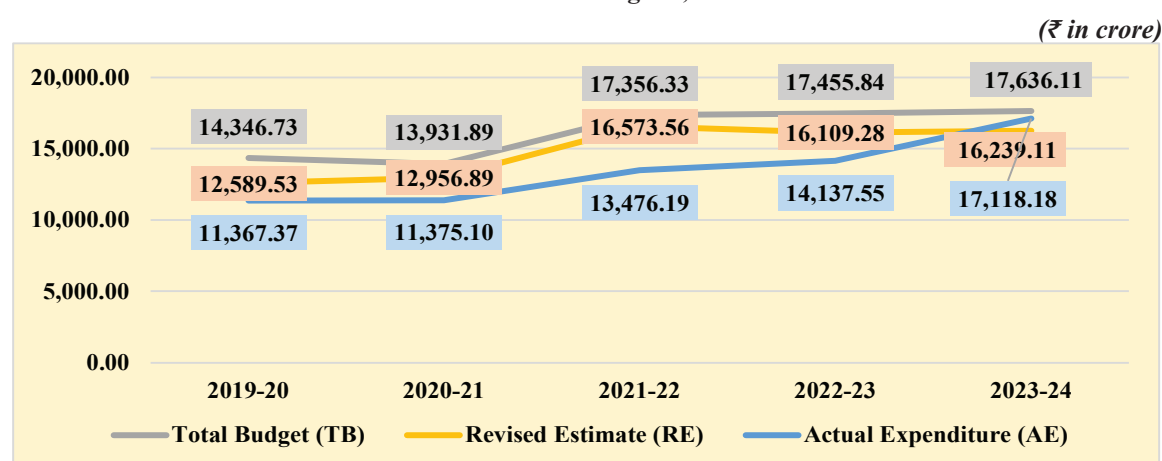
Supplementary provisions fluctuated between 22.97 *per cent* of original allocations in 2023-24 to 53.18 *per cent* in 2021-22 over the five-year period 2019-24. During the year 2022-23, supplementary provision of ₹ 3,265.69 crore was the lowest in terms of percentage of OB during the entire period and constituted 23.01 *per cent*.

Further, on comparing the Total Budget (TB), Revised Estimate of Gross Disbursement from Consolidated Fund as stated in the Annual Financial Statement of GoM of the respective years (RE) and Actual Expenditure (AE) over the same period, the following conclusions may be drawn-

- AE surpassed the Original Budget allocation by amounts ranging between ₹ 494.79 crore in 2019-20 and ₹ 2,145.30 crore in 2021-22 but fell short of the original allocation by ₹ 52.60 crore in 2022-23. In the current year, AE surpassed original allocation by an amount of ₹ 2,776.23 crore.
- AE was consistently below TB, the shortfall ranged between ₹ 2,979.36 crore in 2019-20 and ₹ 3,880.14 crore in 2021-22. During the current year, AE was ₹ 517.92 crore less than TB. The shortfall expressed as a percentage of TB indicates the extent of inaccuracy in total budgetary allocations and ranged between 20.77 *per cent* in 2019-20 to 18.35 *per cent* in 2020-21. It stood at 2.94 *per cent* in 2023-24.
- Similarly, AE constantly drew short of RE except in the current year. The shortfall of AE to RE ranged between ₹ 1,222.16 crore in 2019-20 to ₹ 3,097.37 crore in 2021-22. However, in 2023-24, AE was more than RE by ₹ 879.07 crore. The deficit/surplus of AE over RE expressed as a percentage of TB ranged between 17.85 *per cent* in 2021-22 to -4.98 *per cent* in 2023-24. AE surpassed RE by 5.41 *per cent* for the current year.

This reflects that budgetary allocations were based on unrealistic proposals as Budget Estimates (TB and RE) of the State were usually inflated and the actual disbursement (AE) was less than budgetary provisions except in 2023-24. **Chart 3.5** depicts the trend of TB, RE and AE over the period.

Chart 3.5: Trend showing TB, RE and AE

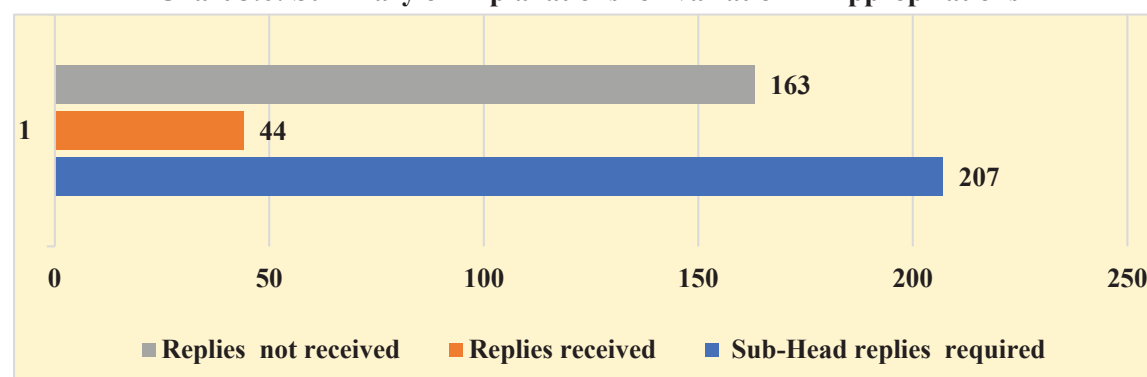


Source: Appropriation Accounts

From the above chart it may be seen that the Revised Estimate (RE) was always lower than the Total Budget (TB) of the State. While the gap between the RE and the TB ranged between 12.25 to 7.00 *per cent* of TB during 2019-20 to 2022-23, for the current year RE was 7.92 *per cent* of TB.

**Chart 3.6** shows the summary of explanations received for variations in appropriations as depicted in the accounts for the year. As may be seen from the chart, out of 207 explanations due to be received from the Government for excess and/or savings in expenditure, 44 replies had been received (July 2024) leaving 163 explanations not received.

**Chart 3.6: Summary of Explanations for Variation in Appropriations**



Source: Appropriation Accounts

### 3.6.2 Supplementary budget and opportunity cost

At times, while obtaining supplementary provision, the Departments reported to the legislature large additional requirement for different purposes under various schemes/activities but ultimately, they were unable to spend not only the entire supplementary provision or part thereof but also the original budget provision. As a result, the unutilised funds could not be made use of. At the same time, some of the schemes remained incomplete due to want of funds. Thus, the intended benefit of the unfinished schemes could not be extended to the public and may lead to escalation of project cost.

The Government also announces several new policies/schemes for implementation through the Finance Minister's (FM) Budget Speech and other budget documents which are either for that Financial Year *i.e.* one-time activity or are of recurring nature. Actual figures related to expenditure with funding pattern *i.e.* from the State's own resources or from Central Government assistance or through debt are gathered from the Finance Accounts of the State. Of these, several schemes/programmes declared by the Government do not typically get operationalised due to lack of preparatory work and/or lack of adequate allocation of budget.

During 2023-24, there were eleven Sub-heads under four grants and one appropriation which had no expenditure at all although supplementary budgetary allocation had been made by the Government under the grant/ appropriation. The total savings in these sub-heads (three under Revenue Voted, one under Revenue Charged and seven under Capital Voted) amounted to ₹ 70.63 crore. Details are in **Appendix VI**.

### 3.6.3 Major policy pronouncements in budget and their actual funding for ensuring implementation

Several policy initiatives taken up by the Government are executed partially or not executed due to non-approval of scheme guidelines/modalities, non-commencement of works for want of administrative sanction, *etc.* This deprives the beneficiaries of intended benefits. Savings in such schemes deprive other Departments of the funds which they could

have utilised. **Table 3.11** gives details of schemes/ projects for which budget provision of ₹ one crore and above was made but no expenditure was incurred.

**Table 3.11: Details of the schemes/projects for which provision of ₹ 1 crore and above was made but no expenditure was incurred during Financial Year 2023-24**

(₹ in crore)

Sl. No.	Department Name	Scheme Name	Budgetary Provision	Actual Expenditure	Reasons
<b>Revenue Voted</b>					
1	9 - Finance 4047 - Capital Outlay on Other Fiscal Services 800 – Other Expenditure 90 - Socio-Economic Development Policy (SEDP)	Socio-Economic Development Policy (SEDP)	595.00	0.00	Reasons stated to be due to re-provision of fund to all other departments.
<b>Total</b>			<b>595.00</b>	<b>0.00</b>	

Source: Appropriation Accounts

As may be seen from the table above, the State Government had approved outlay of ₹ 595.00 crore which was fully withdrawn through surrender. Withdrawal of entire provision under this head of account also occurred during 2020-21 and 2022-23. This reflects that budgetary allocations were based on unrealistic proposals.

### 3.6.4 Rush of Expenditure

Government funds should be evenly spent throughout the year and the rush of expenditure towards the end of the financial year is regarded as a breach of financial propriety. Maintaining a steady pace of expenditure is a crucial component of sound public financial management, as it obviates fiscal imbalance and temporary cash crunches due to mismatch of revenue expenditure during a particular month arising out of unanticipated heavy expenditure in that particular month. **Table 3.12** provides the details of grants with expenditure more than 50 per cent of total allocation in March alone. Details of quarterly expenditure of all Grants is given in **Appendix VII**. The grants have been listed in decreasing order of expenditure during the month of March 2024.

**Table 3.12: Grants with more than 50 per cent of expenditure in March alone**

(₹ in crore)

Sl. No	Grant No. & Description	Q1	Q2	Q3	Q4	Total	Expenditure in March	
							Amount	As percent of Total
1	31 -Agriculture	11.16	21.95	12.69	175.11	<b>220.91</b>	159.15	72.04
2	19- Local Administration	2.98	3.62	4.40	55.87	<b>66.87</b>	47.27	70.69

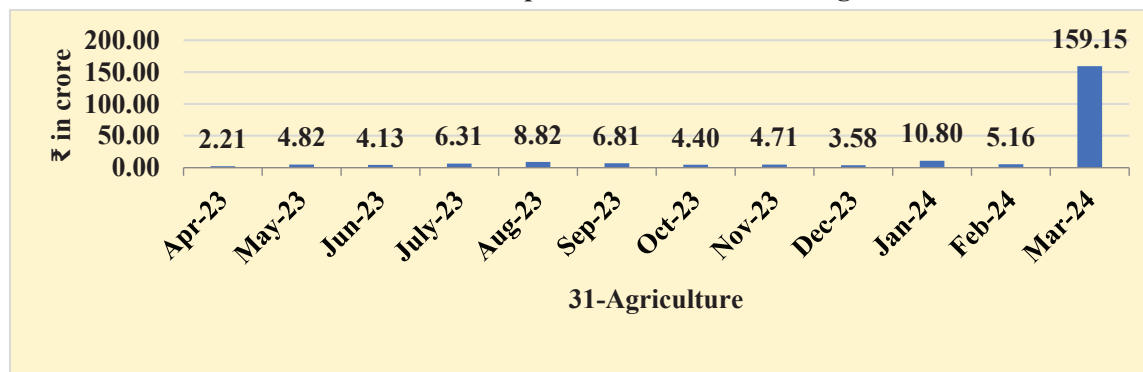
Source: Monthly Appropriation Accounts

From the table it may be seen that in two out of 48 Grants/Appropriations, more than 50 per cent of expenditure of total allocation for the year was booked during the month of March.

**Chart 3.7** depicts the monthly trend of maximum expenditure in Grant 31- Agriculture. As may be seen from the chart, expenditure during March 2024 was very high when compared

to the other 11 months of the financial year. The department incurred 72.04 *per cent* of the total expenditure during the month of March 2024. The trend of month wise expenditure is shown in the following chart.

**Chart 3.7: Month wise expenditure of Grant 31 -Agriculture**



Source: VLC Data

During March 2024, ₹ 159.15 crore, *i.e.* 72.04 *per cent* of expenditure in March, was booked under ‘4435 Capital Outlay on Other Agriculture Programmes’, ‘4401 Capital Outlay on Crop Husbandry’, ‘2415 Agriculture Research and Education’, ‘2401 Crop Husbandry’.

A disproportionately high share of expenditures in March reflects rushed utilization of funds, often to avoid lapses. Equally, minimal expenditures in the first three quarters for both grants suggest inefficiencies in fund distribution and project execution. Capital-intensive activities like agriculture and local administration experience major surges, raising questions about planning and execution delays.

Reasons for increased expenditure was, however, not furnished (March 2025).

### 3.6.5 Review of selected grants

During the year 2023-24, two grants, namely, **Grant No. 8–Taxation** and **Grant No. 45 – Public Works Department** were randomly selected for detailed scrutiny to ascertain compliance with budgeting processes, monitoring of funds, control mechanisms and implementation of the schemes within these grants. Outcome of the review is discussed in the succeeding paragraphs.

#### 3.6.5.1 Budget and Expenditure (Grant No. 8–Taxation Department)

The summarised position of budgetary allocation and actual expenditure there-against during the year 2023-24 in respect of the Grant is given below:

**Table 3.13: Budget and expenditure under Grant No. 8 during 2023-24**

(₹ in crore)

Nature of Expenditure	Budget Provision			Actual Expenditure	Savings (-)/ Excess (+)
	Original	Supplementary	Total		
Revenue	21.71	1.40	23.11	21.70	-1.41
Capital	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>21.71</b>	<b>1.40</b>	<b>23.11</b>	<b>21.70</b>	<b>-1.41</b>

Source: Appropriation Accounts

It can be seen from the above table that the Grant had savings of ₹ 1.41 crore under Revenue section. No reasons for the savings were given by the Chief Controlling Officer (CCO) of the Department. An amount of ₹ 0.81 crore was surrendered during the year. In view of the final expenditure of ₹ 21.70 crore being less than the original budget provision of ₹ 21.71 crore under Revenue section by ₹ 0.01 crore, the supplementary provision of ₹ 1.40 crore was unnecessary. This indicated a lack of budgetary foresight and planning.

### 3.6.5.2 Persistent Savings (Grant No. 8–Taxation Department)

During the period 2019-20 to 2023-24, there were persistent savings within the grant as shown in **Table- 3.14** below. The percentage of savings to total grant ranged between 22.72 and 6.10 *per cent*.

**Table 3.14: Persistent Savings**

(₹ in crore)

Grant No. 8 Taxation	Amount of Savings				
	2019-20	2020-21	2021-22	2022-23	2023-24
Revenue	0.11	2.14	3.08	1.60	1.41
Capital	6.13	0.00	0.00	0.49	0.00
Total Savings	6.24	2.14	3.08	2.09	1.41
Total provision	27.46	24.30	23.36	25.26	23.11
Percentage of savings	22.72	8.81	13.18	8.27	6.10

Source: Appropriation Accounts of respective years

Persistent savings in the last five years, ranging between 22.72 *per cent* in 2019-20 to 6.10 *per cent* in 2023-24 as shown in the table, indicated that the budgeting process in the Department did not reflect actual requirements. Thus, it is imperative that budgeting is done in a planned and realistic manner to ensure prudent financial management. The performance of the Department indicates that there is room for improvement.

### 3.6.5.3 Substantial Surrenders (Grant No. 8–Taxation Department)

There were no cases of substantial surrender which was more than 50 *per cent* of total provision within this grant during 2023-24.

### 3.6.5.4 Budget and Expenditure (Grant No. 45 – Public Works)

The summarised position of budgetary allocation and actual expenditure there-against during the year 2023-24 in respect of the Grant is given below:

**Table 3.15: Budget and expenditure under Grant No. 45 during 2023-24**

(₹ in crore)

Nature of Expenditure	Budget Provision			Actual Expenditure	Savings (-)/ Excess (+)
	Original	Supplementary	Total		
Revenue	591.18	38.69	629.87	572.93	-56.94
Capital	0.00	708.33	708.33	537.05	-171.28
Total	591.18	747.02	1,338.20	1,109.98	-228.22

Source: Appropriation Accounts

It can be seen from the above table that the Grant had savings of ₹ 56.94 crore and ₹ 171.28 crore under Revenue and Capital sections respectively. The reasons for savings have not been intimated (November 2024). An amount of ₹ 57.10 crore under Revenue voted and ₹ 195.46 crore under Capital voted was surrendered during the year which

was more than the actual savings which indicates lack of budgetary management in the Department.

### 3.6.5.5 Persistent Savings (Grant No. 45 –Public Works Department)

During the period from 2019-20 to 2023-24, there were persistent savings within the grant as shown in **Table- 3.16** below. The percentage of savings to total grant ranged between 7.57 and 47.92 *per cent*.

**Table 3.16: Persistent Savings**

(₹ in crore)

45- Public Works Department	Amount of Savings				
	2019-20	2020-21	2021-22	2022-23	2023-24
Revenue	30.32	345.60	270.33	54.36	56.93
Capital	96.67	175.88	32.57	800.03	171.28
Total Savings	126.99	521.48	302.90	854.39	228.21
Total Grant	1,676.53	1,188.84	1,004.83	1,782.77	1,338.20
Percentage of savings	7.57	43.86	30.14	47.92	17.05

Source: Appropriation Accounts of respective years

Persistent savings in the last five years as shown in the table indicated that the budgeting process in the Department was unrealistic and either did not reflect the actual capacity for expenditure or was hampered by the slow execution of works by the Department. Thus, it is imperative that budgeting is done in a planned and realistic manner to ensure prudent financial management and utilisation of funds for envisaged developmental programmes. The performance of the Department in this avenue indicates that there is room for improvement.

### 3.6.5.6 Substantial Surrenders (Grant No. 45 –Public Works)

There were five cases of substantial surrenders (more than 50 *per cent* of total provision) within this grant as shown in **Table 3.17**.

**Table 3.17: Surrenders more than 50 *per cent* of total provision**

(₹ in crore)

Head and details of scheme	Total Provision	Details of surrender		Reasons
		Amount	Per cent	
3054 Roads and Bridges 01 National Highways 337 Road Works 01 Maintenance of Roads under National Highways/CSS	16.00	16.00	100	No reason stated.
3054 Roads and Bridges 799 Suspense 01 Adjustment Head for Maintenance of National Highways	16.00	16.00	100	Stated to be due to direct adjustment of funds between office of the PAG and Ministry of Road Transport Highway (Regional PAO-National Highways) (₹ 1600 lakh under minor works)
3054 Roads and Bridges 01 National Highways 797 Transfer to/from Reserve Fund and Deposit Accounts 04 Central Road and Infrastructure Fund (CRIF)/CSS	0.89	0.89	100	Stated to be due to allotment of same amount of provision under 5054-05-337-04-00-53 (₹. 88.87 lakh under grants for creation of capital assets.

Head and details of scheme	Total Provision	Details of surrender		Reasons
		Amount	Per cent	
3054 Roads and Bridges 80 General 052 Machinery and Equipment 01 Purchase and Maintenance	0.20	0.14	70	Stated to be due to less receipt of demand (₹.14.06 lakh under machinery and equipment).
4235 Capital Outlay on Social Security and Welfare 02 Social Welfare 102 Child Welfare 08 Schemes under Article 275 (1) of the Constitution/CSS	0.10	0.10	100	Stated to be due to transfer of fund to the Finance Department as per approval of the Hon'ble Minister of Public Works vide order dated 20.12.2023.
<b>Total</b>	<b>33.19</b>	<b>33.13</b>	<b>99.82</b>	

Source: Appropriation Accounts

### 3.6.5.7 Implementation of Single Nodal Agency accounts for CSS (Grant No. 45 –Public Works Department)

Department of Expenditure, GoI issued instructions (March 2021) for a revised procedure for release of funds to States for implementation of CSS and monitoring utilisation of the funds released. The aim of the revised procedure, which came into effect from 01 July 2021, was to ensure effective cash management and improve transparency in public expenditure management.

As per the revised procedure, the State Government was to designate a Single Nodal Agency (SNA) for each CSS which would be registered in the Public Financial Management System (PFMS). Each SNA would open a bank account and map it into PFMS for the receipt of funds. This would restrict use of the funds by the State Government as they were required to transfer funds received to the concerned SNA's account within a period of 21 days of its receipt.

It was observed that SNA details such as Agency name, Bank account details, *etc.* relating to Centrally Sponsored Schemes which were implemented by the Department during the year had been mapped onto PFMS Portal as required. During 2023-24, an amount of ₹ 174.89 crore had been transferred into the SNA accounts of various CSS schemes implemented by the Department.

## 3.7 Conclusion

Budgetary assumptions of the State Government were not realistic during 2023-24 and despite carrying out an elaborate pre-budget exercise to bring about efficiency and transparency in budget formulation and execution, budgetary estimates were off the mark to a considerable extent. Control over the execution and monitoring of budget by Departments was inadequate.

Against the total budget provision of ₹ 17,636.10 crore, State Government Departments incurred an expenditure of ₹ 17,118.18 crore. Utilisation of budget for 2023-24 was 97.06 *per cent* as compared to 80.99 *per cent* during 2022-23. Significant savings in various grants, , indicate misalignment between budget provisions and actual needs. Supplementary allocations were often unnecessary, as the original provisions were sufficient to cover actual expenditures.

During the year 2023-24, there was a total excess disbursement of ₹ 3,446.17 crore under two Grants and one Appropriation.

Excess expenditure of ₹ 2,167.16 crore occurred under two Grants and one Appropriation during 2019-20 to 2022-23 are yet to be regularised in accordance with Article 205 of the Constitution.

### **3.8 Recommendations**

- *State Government needs to strengthen budgetary forecasting and management to ensure optimal usage of available funds and maintain fiscal discipline.*
- *State Government may prioritise regularization of excess expenditure by the Legislature to ensure accountability and transparency in managing public funds.*

**CHAPTER-4**  
**QUALITY OF ACCOUNTS**  
**AND FINANCIAL REPORTING**  
**PRACTICES**



## Chapter 4: Quality of Accounts and Financial Reporting Practices

### 4.1 Introduction

Sound internal financial reporting system and compliance with rules and procedures contribute significantly to good governance. These also ensure relevant, reliable and timely financial reporting and thereby assist the State Government in meeting its basic stewardship responsibilities, including strategic planning and appropriate decision making. This Chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the year. During preparation of this Report, the State Government was furnished a copy of the State Finances Audit Report for the year ended March 2024 for comment on observations made therein. Although the State Government did not furnish para-wise comments, major observation in the Report were subsequently discussed in the Exit Conference (February 2025).

### Completeness of Accounts

### 4.2 Funds Transferred Directly to State Implementing Agencies (SIAs)

GoI decided to implement a revised procedure for release of funds to States for Centrally Sponsored Schemes (CSS) and monitoring utilization of the funds released to ensure effective cash management and improve transparency in public expenditure management with effect from 01 July 2021.

During the year 2023-24, GoI released ₹ 483.24 crore directly into the bank accounts of Single Nodal Agencies (SNA) designated for each CSS<sup>37</sup>.

#### 4.2.1 Funds Transferred Directly to State Implementing Agencies (SIAs) outside the Budget of the State

As per Public Financial Management System (PFMS) portal of CGA, central funds amounting to ₹ 1,171.40 crore were directly transferred to the SIAs without routing the funds through the accounts of the State Government during the year 2023-24. **Table 4.1** gives the details of the funds transferred directly to the SIAs mentioned below during 2019-20 to 2023-24.

**Table 4.1: Funds Transferred Directly to SIAs outside the Budget of the State**

(₹ in crore)					
Year	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Funds transferred directly to SIAs</b>	690.35	836.40	1,048.26	1,084.29	1,171.40

Source: Finance Accounts of respective years

There is no single agency in the State to monitor the funds directly transferred by the GoI to the implementing agencies and no data is readily available as to how much money was actually spent in a particular year in these initiatives directly funded by the GoI.

***During the exit conference, the Finance Commissioner accepted the observation and stated that appropriate action would be taken as feasible.***

<sup>37</sup> As per Column 4C of SNA 01 report from PFMS.

### 4.3 Single Nodal Agency accounts for CSS

As per the revised procedure for transfer of funds for CSS mentioned above, the State Government was to designate a SNA for each CSS which would be registered in the PFMS. Each SNA would open a bank account and map it into PFMS for the receipt of funds. This would restrict use of the funds by the State Government as they were required to transfer funds received to the concerned SNA's account within a period of 21 days of its receipt. As per PFMS data, bank accounts of 21 SNAs had been linked as on 31 March 2024.

#### 4.3.1 Interest on Savings bank accounts of SNAs

As per the guidelines for remitting the interest earned from the funds released in the single nodal account of Single Nodal Agencies (SNAs) in terms of the Gol O.M.F. No.(13)/PFMS/FCD/2021 dated 30.6.2021, SNAs are to ensure that the interest earned from the funds released for CSS should be mandatorily remitted to the respective Consolidated Fund on *pro rata* basis. The interest earned is to be clearly and separately depicted in PFMS, scheme specific portals integrated with PFMS and in MIS provided by banks. Further, each SNA in the State is to compute the total interest earned out of the funds received in SNA account in the preceding financial year in the first week of April every year. The interest earned is apportioned by the SNA between the Central Government and the State Government as per the approved funding pattern of the CSS.

Scrutiny of PFMS reports<sup>38</sup> revealed that the SNAs' accounts were credited a total amount of ₹ 43.82 crore (Central share ₹ 39.48 crore and State share ₹ 4.34 crore) as interest earned during the year as on 31 March 2024. Out of this, Central share of interest amounting to ₹ 11.87 crore was yet to be deposited into SNA accounts.

### Issues related to transparency

#### 4.4 Delay in Submission of Utilisation Certificates

In terms of Rule 3.20.4 of the Mizoram Treasury Manual, 2011, Utilization Certificates (UCs) in respect of Grants-in-Aid received by the grantee should be furnished by the grantee to the authority that sanctioned it, within one year from the date of receipt of grant or before applying for a further grant on the same object, whichever is earlier.

During the year 2023-24 ₹ 245.55 crore pertaining to 42 UCs were added to the previous year's due of ₹ 16.06 crore pertaining to 9 UCs. Out of these, ₹ 25.99 crore pertaining to 19 outstanding UCs were cleared leaving a balance of 32 UCs amounting to ₹ 235.62 crore outstanding at the end of the year. **Table 4.2** shows the age-wise arrears in submission of outstanding UCs with the amount.

**Table 4.2: Unadjusted UCs**

(₹ in crore)

Year in which GIA was drawn	Opening Balance		Additions during the respective years		Clearance		Due for submission	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Up to 2020-21	151	172.17	27	32.9	84	95.57	94	109.50
2021-22	94	109.50	15	20.62	100	114.06	9	16.06
2022-23	9	16.06	42	245.55	19	25.99	32	235.62

Source: Information obtained from Accounts wing

<sup>38</sup> SNA 04 – Interest Income Report and SNA 04A – Interest Deposited Report

Out of the 32 UCs due for submission, the oldest one is related to Grants-in-aid of ₹ 4.00 crore given to Chakma Autonomous District Council in March 2018. **Table 4.3** shows the number of UCs due from various departments/bodies for the grants paid up to 2022-23. All the UCs pending for submission are due from the three Autonomous District Councils (ADCs) of the State.

**Table 4.3: Outstanding Utilisation Certificates for grants paid up to 2022-23**

(₹ in crore)

Sl. No.	Name of the department	Year	Amount of Outstanding UCs	No. of pending UCs
1	Chakma Autonomous District Council	2017-18	4.00	1
		2022-23	73.15	16
2	Lai Autonomous District Council	2021-22	6.80	3
		2022-23	60.21	6
3	Mara Autonomous District Council	2022-23	91.46	6
<b>Total</b>			<b>235.62</b>	<b>32</b>

Source: Information obtained from Accounts Wing.

Non-submission of the UCs means that the authorities have not appropriately explained how funds were spent over the years. There is also no assurance that the intended objectives of providing these funds have been achieved. This assumes greater importance if such UCs are pending against Grants-in-Aid (GIA) meant for capital expenditure. Pendency of UCs was fraught with the risk of misappropriation of funds and fraud. Although there has been an improvement in the submission of UCs over the previous year, it is imperative that the State Government should monitor this aspect closely and hold the concerned persons accountable for submission of UCs in a timely manner.

***Finance Commissioner during the exit conference stated that instructions would be issued to all concerned departments to ensure submission of UCs without delay.***

#### 4.5 Abstract Contingent Bills

Financial rules (Rule 290 of Central Treasury Rules) envisage that no moneys should be drawn from Government treasury unless it is required for immediate disbursement. In emergent circumstances, Drawing and Disbursing Officers (DDOs) are authorized to draw sums of money through Abstract Contingent (AC) bills. In terms of the Mizoram Treasury Manual, 2011 (Para 3.13.2), while checking abstract contingent bills, 'Cases in which detailed bills are not furnished within the normal period prescribed in Rule 118 of Central Government Account (Receipt and Payments) Rules, 1983 should be reported to the Controlling Officer and thereafter, if necessary, the matter should be reported first to the Head of the Department by name and that failing to produce the desired result, the matter should be reported to the Accountant General'. Further, Rule 118 of Central Government Account (Receipt and Payments) Rules, 1983 specify that 'A certificate shall be attached to every abstract contingent bill to the effect that the detailed contingent bills have been submitted to the Controlling Officer in respect of abstract contingent bill drawn during the month previous to that in which the bill in question is presented for payment. On no account may an abstract contingent bill be cashed without this certificate'. Also, as per Rule 309 of the Central Treasury Rules, a certificate shall be attached to every abstract contingent bill to the effect that the detailed contingent bills have been submitted to the controlling officer in respect of abstract contingent bills drawn more than a month before the date of that bill. On no account may an abstract contingent bill be cashed without this certificate.

During the year 2023-24, 235 AC bills amounting to ₹ 345.75 crore were drawn. Out of this, 41 AC bills amounting to ₹ 55.33 crore (16.00 *per cent*) were drawn in March 2024. The balance 194 AC bills amounting to ₹ 290.42 crore were drawn during April 2023 to February 2024. DCC Bills in respect of 92 AC bills amounting to ₹ 472.19 crore were not received as on 31 March 2024. Therefore, there is no assurance that the expenditure of ₹ 472.19 crore was actually incurred for the purpose for which it was authorized. Advances drawn and not accounted for increased the possibility of wastage/Misappropriation / malfeasance, *etc.* Details of unadjusted AC bills pending submission of the DCC bills as on 31 March 2024 are given in **Table 4.4**.

**Table 4.4: Year wise progress in submission of DCC bills**

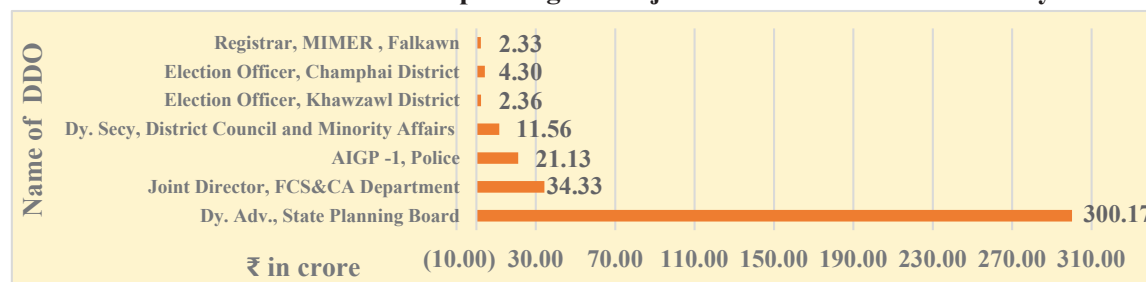
(₹ in crore)

Year	Opening Balance		Additions during the respective years		Clearance		Closing Balance	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Up to 2021-22	28	85.49	6	8.48	27	90.11	7	3.86
2022-23	7	3.86	60	253.44	16	9.42	51	247.88
2023-24	51	247.88	194 <sup>39</sup>	290.42	153	66.11	92	472.19

Source: Information obtained from Accounts Wing

At the end of 31 March 2023 (previous year), DCC Bills in respect of a total of 51 AC bills amounting to ₹ 247.88 crore were not received..

The details of the major defaulting DDOs which had outstanding AC bills are shown in **Chart 4.1**.

**Chart 4.1: Value of DCC Bills pending for major defaulters at the end of the year**

Source: Information obtained from Accounts Wing.

Finance Commissioner stated during the exit conference (February 2025) that instructions would be issued to all concerned departments to ensure settlement of outstanding DCC bills without delay. Further, it was also informed that an amount of ₹ 150.00 crore pertaining to AC bill of ₹ 300.17 crore drawn by Dy Advisor, State Planning Board for implementation of Socio-Economic Development Programme had been surrendered and assured that a copy of the surrender order would be furnished.

However, a copy of the surrender order was not furnished till finalisation of the Report (March 2025).

#### 4.6 Indiscriminate use of Minor Head 800

The omnibus Minor Head 800 relating to Other Receipts/ Other Expenditure is to be operated only in cases where the appropriate Minor Head has not been provided under a Major

<sup>39</sup> Excludes 41 AC bills amounting ₹ 55.33 crore which were drawn in March 2024.

Head in the accounts. If such instances occur on a regular basis, it is the responsibility of the State Government to discuss with the Principal Accountant General(A&E) and obtain approval to open appropriate Minor Heads from the Controller General of Accounts (CGA). Indiscriminate booking of receipts and expenditure under Minor Head 800 obscures the nature of transactions thereby rendering the accounts opaque.

During the year 2023-24, ₹ 1,632.42 crore under 38 Major Heads of accounts, constituting 13.50 *per cent* of the total Revenue and Capital expenditure (₹ 12,090.73 crore) was classified under the Minor Head 800 Other Expenditure in the accounts. During the previous year, ₹ 1,277.34 crore under 47 Major Heads of accounts, constituting 11.19 *per cent* of the total Revenue and Capital expenditure (₹ 11,414.03 crore) was classified under the Minor Head 800 - Other Expenditure.

#### 4.6.1 Booking of expenditure and receipts under Minor Head 800

Instances of substantial proportion (50 *per cent* or more) of the expenditure under 13 Major Heads, classified under the Minor Head 800 – ‘Other Expenditure’ during the financial year 2023-24, are given in **Table 4.5**.

**Table 4.5 Significant expenditure booked under Minor Head 800 – Other Expenditure during financial year 2023-24**

(₹ in crore)

Major Head	Description	Expenditure		Percent age
		Total	Minor Head 800	
4047	Capital Outlay on Fiscal Services	20.75	20.75	100.00
4070	Capital Outlay on Other Administrative Services	1.52	1.52	100.00
4225	Capital Outlay on Welfare of SCs, STs, OBCs and Minorities	11.56	11.56	100.00
4401	Capital Outlay on Crop Husbandry	19.41	19.41	100.00
4515	Capital Outlay on Other Rural Development Programmes	0.74	0.74	100.00
4801	Capital Outlay on Power Projects	65.48	65.48	100.00
5475	Capital Outlay on Other General Economic Services	150.00	150.00	100.00
5055	Capital Outlay on Road Transport	3.50	3.50	100.00
2225	Welfare of SCs, STs, OBCs and Minorities	573.12	573.12	100.00
3275	Other Communication Services	5.34	5.34	100.00
4202	Capital Outlay on Education, Sports, Art and Culture	17.76	16.76	94.37
2415	Agricultural Research and Education	10.07	8.17	81.14
2217	Urban Development	680.82	532.65	78.24

Source Finance Accounts

Similarly, during 2023-24 ₹ 941.03 crore under 45 Major Heads of Account, constituting 8.24 *per cent* of the total Revenue Receipts (₹ 11,414.05 crore) was classified under Minor Head 800 - Other Receipts. During the previous year, ₹ 859.30 crore under 41 Major Heads of Account, constituting 8.36 *per cent* of the total Revenue Receipts (₹ 10,282.06 crore) was classified under the Minor Head 800 - Other Receipts.

Instances of substantial proportion (50 *per cent* or more) of the receipts under 22 Major Heads, classified under the Minor Head 800 – ‘Other Receipts’ during the financial year 2023-24, are given in **Table 4.6**.

**Table 4.6: Significant receipts booked under Minor Head 800 – Other Receipts during financial year 2023-24**

(₹ in crore)

Major Head	Description	Details of Receipts		Percentage
		Total	Minor Head 800	
0047	Other Fiscal Services	68.03	68.03	100.00
0057	Supplies and Disposals	0.02	0.02	100.00
0217	Urban Development	0.11	0.11	100.00
0235	Social Security and Welfare	0.29	0.29	100.00
0404	Dairy Development	0.26	0.26	100.00
0408	Food storage and Warehousing	7.82	7.82	100.00
0435	Other Agricultural Programmes	0.95	0.95	100.00
0515	Other Rural Development Programmes	0.31	0.31	100.00
0702	Minor Irrigation	0.00	0.00	100.00
0801	Power	577.27	577.27	100.00
1055	Road Transport	1.69	1.69	100.00
1425	Other Scientific Research	0.00	0.00	100.00
1456	Civil Supplies	0.00	0.00	100.00
0055	Police	234.87	226.80	96.56
0059	Public Works	0.25	0.24	95.90
0425	Co-operation	0.84	0.73	86.49
0401	Crop Husbandry	0.67	0.57	85.05
0071	Contributions and Recoveries towards Pension and Other Retirement Benefits	8.38	7.00	83.61
0049	Interest Receipts	15.45	11.30	73.09
0056	Jails	0.07	0.05	66.19
1054	Roads and Bridges	0.24	0.14	56.23
0030	Stamps and registration Fees	16.79	9.07	54.02

Source Finance Accounts

As can be seen from the table, booking of receipts under Major head-0801- 'Power' constituted the majority of bookings in the minor head. The State Government may take necessary steps to curtail upward movement in coming years by ensuring appropriate booking of all receipts under their appropriate accounting classification.

During detailed analysis of booking of expenditure under Minor Head-800, Audit observed that in respect of the above Major Heads where use of Minor Head-800 for booking of expenditure exceeded 50 *per cent*, the State Government made budget provision for Minor Head-800 as well as approved Supplementary Grants and Re-appropriations as detailed in **Table 4.7**.

**Table 4.7: Provision of Minor Head 800 in BE and RE***(₹ in crore)*

Major Head	Description	Minor Head 800					
		Original	Supplementary Grant	Re-appropriation/ Surrender	Final Provision	Actual Expenditure	% of Actual Expenditure against Budget Provision
4047	Capital Outlay on Fiscal Services	1,147.00	20.75	1,147.00	20.75	20.75	100.00
4070	Capital Outlay on Other Administrative Services	-	1.52	-	1.52	1.52	100.00
4225	Capital Outlay on Welfare of SCs, STs, OBCs and Minorities	-	11.56	-	11.56	11.56	100.00
4401	Capital Outlay on Crop Husbandry	-	21.24	1.83	19.41	19.41	100.01
4515	Capital Outlay on Other Rural Development Programmes	-	0.7	-	0.7	0.74	105.00
4801	Capital Outlay on Power Projects	-	68.31	2.83	65.48	65.48	100.00
5475	Capital Outlay on Other General Economic Services	-	300.87	150.87	150	150.00	100.00
5055	Capital Outlay on Road Transport	-	7.43	3.93	3.5	3.50	100.00
2225	Welfare of SCs, STs, OBCs and Minorities	505.76	67.3	-	573.06	573.12	100.01
3275	Other Communication Services	5.07	0.28	0.01	5.34	5.34	100.00
4202	Capital Outlay on Education, Sports, Art and Culture	-	42.75	25.98	16.77	16.76	99.96
2415	Agricultural Research and Education	9.06	1.63	1.59	9.1	8.17	89.83
2217	Urban Development	492.56	207.9	25.13	675.33	532.65	78.87
	<b>Total</b>	<b>2,159.45</b>	<b>752.24</b>	<b>1,359.17</b>	<b>1,552.52</b>	<b>1,409.01</b>	

Source Finance Accounts

As is evident from the table above, the State Government made provisions under Minor Head-800 to the tune of ₹ 1,552.52 crore in the State Budget as well as approved Supplementary Grants. Against the final budget provision of ₹ 1,552.52 crore, the State Government incurred an expenditure of ₹ 1,409.01 crore (90.76 per cent) under 13 Major Heads which clearly indicates indiscriminate use of Minor Head-800 in a routine manner.

#### 4.6.2 Misclassification of expenditure booked under Minor Head 800

Expenditure ₹ 11.14 crore of booked under Minor Head 800 in four cases despite availability of an appropriate Minor Head were identified as detailed in **Table 4.8** below.

**Table 4.8 : Misclassification of expenditure booked under Minor Head 800**

Sl. No.	Account Classification used	Account Classification available	Amount booked (₹ in crore)
1	<b>2012-President Vice President/ Governor, Administrator of Union Territories</b> <i>03 Governor, Administrator of Union Territories</i> 800 Other Expenditure (1) Secret Services to Governor	<b>2012-President Vice President/ Governor, Administrator of Union Territories</b> <i>03 Governor, Administrator of Union Territories</i> 001 Direction and Administration (01) Secret Services to Governor	0.01
2	<b>4210-Capital Outlay on Medical &amp; Public Health</b> <i>02- Rural Health Services - Allopathy</i> 800-Other Expenditure (01) Strengthening of RHS under NABARD 01-Construction	<b>4210-Capital Outlay on Medical &amp; Public Health</b> <i>02- Rural Health Services - Allopathy</i> <b>Minor Heads available</b> 101-Health Sub-centres 102-Subsidiary Health Centres 103-Primary Health Centres 104- Community Health Centres 110- Hospitals and Dispensaries	10.00
3	<b>2401-Crop Husbandry</b> <i>00</i> 800 Other Expenditure (01) State Soil Survey Organisation	<b>2401-Crop Husbandry</b> <i>00</i> 111 Agriculture Economics and Statistics	1.07
4	<b>2415-Agricultural Research and Education</b> <i>01- Crop Husbandry</i> 800-Other Expenditure (01) Seeds 01 Agricultural Farm & Quality Seeds Production	<b>2415-Agricultural Research and Education</b> <i>01- Crop Husbandry</i> 004-Research (02) Seeds	0.06
<b>Total</b>			<b>11.14</b>

Source : Demand for Grants 2023-24 and VLC data

**Issues related to measurement****4.7 Outstanding Balances under Major Suspense and DDR heads**

Certain intermediary/adjusting heads of accounts known as ‘Suspense heads’ are opened in Government accounts to reflect transactions of receipts and payments which cannot be booked to a final head of account due to lack of information such as non-furnishing of Schedule of Settlement by the Treasuries/PAOs, non-receipt of clearance memos from RBI, non-receipt of vouchers, *etc.* These heads of accounts are finally cleared by minus debit or minus credit when the accounts under them are booked to their respective final heads of accounts. If these amounts remain uncleared, the balance under the suspense heads would accumulate and would not reflect Government’s receipts and expenditure accurately.

Remittances embrace all transactions which are adjusting Heads of Account and the debits or credits under these heads are eventually cleared by corresponding credit or debit within the same or in another circle of accounting.

Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Clearance of suspense and remittance items depends on the details furnished by the State Treasuries/Works and Forest Divisions, etc. The position of gross figures under major suspense and remittance heads for the last three years is given in Table 4.9.

Table 4.9: Balances under Suspense and Remittance Heads

(₹ in crore)

Minor Head	2021-22		2022-23		2023-24	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
<b>Major Head 8658 - Suspense</b>						
101 - PAO suspense	90.79	113.54	101.59	135.38	104.54	135.38
Net		<b>Cr. 22.75</b>		<b>Cr. 33.79</b>		<b>Cr. 30.84</b>
102 - Suspense Account-Civil	78.78	72.64	78.80	73.87	87.30	77.33
Net		<b>Dr. 6.14</b>		<b>Dr. 4.93</b>		<b>Dr. 9.97</b>
107 - Cash Settlement Suspense Account	7.32	1.99	7.32	1.99	7.32	1.99
Net		<b>Dr. 5.33</b>		<b>Dr. 5.33</b>		<b>Dr. 5.33</b>
109 - Reserve Bank Suspense -Headquarters	15.88	(-)48.77	81.51	4.86	82.19	0.88
Net		<b>Dr. 64.65</b>		<b>Dr. 76.65</b>		<b>Dr. 81.31</b>
110 - Reserve Bank Suspense - CAO	3,342.42	4,303.50	3,000.83	4,475.16	3,612.77	5,425.51
Net		<b>Cr. 961.08</b>		<b>Cr. 1474.33</b>		<b>Cr. 1812.74</b>
112 - Tax Deducted at Source (TDS) Suspense	0.40	1.92	0.40	2.19	0.40	10.22
Net		<b>Cr. 1.52</b>		<b>Cr. 1.79</b>		<b>Cr. 9.82</b>
113 - Provident Fund Suspense	0.10	-	0.69	-	1.19	-
Net		<b>Dr. 0.10</b>		<b>Dr. 0.69</b>		<b>Dr. 1.19</b>
117 - Transaction on behalf of Reserve Bank	0.00	0.00	0.00	0.00	0.00	5.37
Net		<b>0.00</b>		<b>0.00</b>		<b>Cr. 5.37</b>
123 - A.I.S Officers' Group Insurance Scheme	(-)0.73	-	(-)0.73	-	(-)0.73	-
Net		<b>Dr. 0.73</b>		<b>Dr. 0.73</b>		<b>Cr. 0.73</b>
<b>Major Head 8782- Cash Remittances</b>						
102 - P.W. Remittances	30,200.19	29,780.31	33,000.33	32,754.68	35,627.41	35,091.54
Net		<b>Dr. 419.88</b>		<b>Dr. 245.65</b>		<b>Dr. 535.87</b>
103 - Forest Remittances	3,247.39	3,608.38	3,489.41	3,866.52	3,668.62	4,060.71
Net		<b>Cr. 360.99</b>		<b>Cr. 377.11</b>		<b>Cr. 392.09</b>

Source: Finance Accounts

The net outstanding debit and credit balances under Suspense Accounts (MH 8658) was ₹ 3,894.98 crore and ₹ 5,656.68 crore respectively as on 31 March 2024. This was mainly due to (i) non-reimbursement of claim expenditure incurred, (ii) non-receipt of scrolls from treasury, (iii) non-receipt of accounts as per clearance memo. Similarly, debit balance of ₹ 39,296.03 crore and credit balance of ₹ 39,152.25 crore were outstanding under Cash Remittances (MH 8782).

The Government needs to review and analyse all the unadjusted/outstanding transactions mentioned above and take appropriate corrective measures expeditiously.

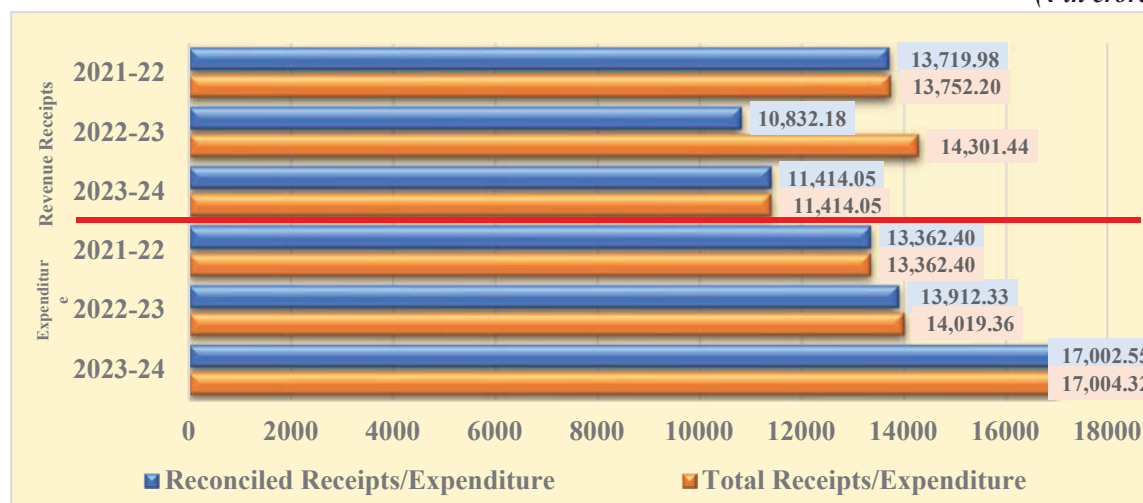
#### 4.8 Non-reconciliation of Departmental figures

Financial Rules stipulate those receipts and expenditure recorded in the books of accounts of Controlling Officers (COs) be reconciled by them every month during the financial year with those recorded in the books of the Principal Accountant General. This is to enable the COs to exercise effective control over expenditure and manage their budgetary allocation efficiently and ensure accuracy of their accounts.

The status of reconciliation of receipts and expenditure figures by the COs during the three-year period 2021-22 to 2023-24 is shown in **Chart 4.2**.

**Chart 4.2: Status of reconciliation during the three years 2021-24**

(₹ in crore)



Source: Finance Accounts

While 99.77 per cent of the receipts and 100 per cent of the disbursements were reconciled during 2021-22, these figures were 75.74 per cent for receipts and 99.23 per cent in respect of disbursements for the year 2022-23. The figures were 100 per cent for receipts and 99.99 per cent in respect of disbursements for the year 2023-24.

The details relating to the number of Controlling Officers and the extent of reconciliation during the last three years are given in **Table 4.10**.

**Table 4.10: Status of Reconciliation of Receipts and Expenditure figures**

Year	Total no. of Controlling Officers	Fully Reconciled	Partially Reconciled	Not reconciled at all
<b>Receipts</b>				
2021-22	61	61	0	0
2022-23	67	57	1	9
2023-24	63	63	0	0
<b>Expenditure</b>				
2021-22	88	88	0	0
2022-23	85	83	0	2
2023-24	85	84	0	1

Source: Accounts Wing

Non-reconciliation of figures has been pointed out in the Audit Reports year after year and it can be seen that there has been improvement over the last few years.

Reconciliation and verification of figures is an important tool of financial management. Failure to exercise/ adhere to the Codal provisions and executive instructions in this regard

not only results in misclassification and incorrect booking of receipts and expenditure in the accounts, but also defeats the very objective of budgetary process.

#### 4.9 Reconciliation of Cash Balances

The Cash Balance as on 31 March 2024 as per record of the Principal Accountant General was ₹ 156.66 crore (Debit) and that reported by the RBI was ₹ 14.63 crore (Debit). There was a net difference of ₹ 171.29 crore (Debit), mainly due to non-reconciliation of figures between Treasuries and Agency Banks.

#### 4.10 Opening of Bank Accounts by the DDOs

Rule 290 of Central Treasury Rules (CTR) provides that no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demand or to prevent the lapse of budgetary grants.

It has been observed that many Drawing and Disbursing Officer (DDOs) have opened Current/Savings Accounts in Commercial Banks. As per information furnished by 178 out of 1,276 DDOs in the State, there was an amount of ₹ 317.21 crore lying in Savings/ Current Bank Account as on 31 March 2024.

The closing balances of DDO bank accounts as on 31 March for the past five years as reported by the State Government is shown in **Table 4.11** below.

**Table 4.11 : Age analysis of closing balances of DDOs bank accounts during 2019-24**

Year	2019-20	2020-21	2021-22	2022-23	2023-24
No of DDOs	328	285	171	273	178
Cash balance on 31 March	474.04	456.59	392.60	262.56	317.21

Source : SFARs of respective years and information from the State Government.

### Issues related to disclosure

#### 4.11 Compliance with Accounting Standards

Government Accounting Standards Advisory Board (GASAB), set up by the Comptroller and Auditor General of India in 2002, has been formulating standards for government accounting and financial reporting, to enhance accountability mechanisms. Three Indian Government Accounting Standards (IGAS) have been notified. The details of these standards and the extent of compliance with these by the GoM in its financial statements for the year 2023-24 are given in **Table 4.12**.

**Table 4.12: Compliance with IGAS**

IGAS	Essence of IGAS	Status	Impact of non-compliance
<b>IGAS -1 Guarantees given by government – Disclosure requirements</b>	This standard requires the government to disclose the maximum amount of guarantees given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the end of the year	Partially complied	The Government disclosed the Sector-wise guarantees as per format L of the IGAS; however, the Class-wise details for each Class as per format M of the IGAS were not disclosed in the Financial Statements.

IGAS	Essence of IGAS	Status	Impact of non-compliance
<b>IGAS – 2 Accounting and classification of Grants-in-Aid</b>	Grants-in-Aid are to be classified as revenue expenditure in the accounts of the grantor and as revenue receipts in the accounts of the grantee, irrespective of the end use. Grants-in-Aid should be disclosed in cash as well as in kind in the financial statements of the grantor	Partially complied	Grants-in-Aid given by the Government in cash were disclosed while Grants-in-Aid given in kind were not disclosed. Therefore, total Grants-in-Aid given by the State Government to the grantees could not be ascertained.
<b>IGAS -3 Loans and Advances made by Government</b>	This standard relates to recognition, measurement, valuation and reporting in respect of loans and advances made by the Government in its Financial statement to ensure complete, accurate and uniform accounting practices	Partially complied	The Government disclosed outstanding Loans and Advances at the beginning and end of the accounting period. However, details of interest payments in arrears and rate of interest were not disclosed in the additional disclosure of fresh loans and advances.

#### 4.12 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

As per Section 19(3) of the CAG's DPC Act, the Governor/ Administrator may, in the public interest, request the CAG to audit the accounts of a corporation established by law made by the legislature of the State or of the Union Territory, as the case may be, and where such request has been made, the CAG shall audit the accounts of such corporation and shall have, for the purposes of such audit, right of access to the books and accounts of such corporation.

Apart from Section 19, where the audit of the accounts of any body or authority has not been entrusted to the CAG by or under any law, he shall, if requested to do so by the President, or the Governor of a State or the Administrator of a Union Territory having a Legislative Assembly, as the case may be, undertake the audit of the accounts of such body or authority on such terms and conditions as may be agreed upon between him and the concerned Government and shall have, for the purposes of such audit, right of access to the books and accounts of that body or authority (Section 20).

Audit certificate is issued to the autonomous bodies and authorities provided CAG is the sole auditor. Thus, these bodies and authorities are required to prepare annual accounts and submit them to Principal Accountant General (Audit), Mizoram for audit. Apart from Audit certificate, on the completion of financial audit, the audit office issues separate audit report (SAR) that is part of the audit certificate on the accounts. In Mizoram, three Autonomous District Councils viz., Mara Autonomous District Council (MADC), Lai Autonomous District Council (LADC) and Chakma Autonomous District Council (CADC) as well as two Government Bodies viz., the Joint Electricity Regulatory Commission for Manipur and Mizoram (JERC) and Khadi and Village Industries Board, Mizoram (KVIB) are currently under the audit purview of the CAG.

The Principal Accountant General (Audit), Mizoram has not received five annual accounts of three Autonomous District Councils (ADCs) and one Government Body due up to

2023-24 for audit as of 30 September 2024. The details of accounts due from Autonomous District Councils and Government Bodies are as given in **Table 4.13**.

**Table 4.13: Arrears of accounts of bodies or authorities as of 30 September 2024**

Sl. No.	Name of Body or Authority	Accounts pending since	No. of Accounts pending up to F.Y 2022-23
1	Chakma Autonomous District Council	-	-
2	Mara Autonomous District Council	2022-23	2
3	Lai Autonomous District Council	2022-23	2
4	Joint Electricity Regulatory Commission	2023-24	1

Timely submission of annual accounts promotes effective audit of utilisation of the grants and loans disbursed to ADCs/Government Bodies.

*Finance Commissioner during the exit conference stated that steps would be taken, as feasible, to ensure clearance of arrears in submission of accounts by these entities.*

#### 4.13 Departmental Commercial Undertakings

The Principal Accountant General (Audit), Mizoram has not received nine annual accounts of two Departmental Commercial Undertakings due for audit up to September 2024. The details of accounts due from these bodies are in **Table 4.14**.

**Table 4.14: Arrears of accounts of Commercial Undertakings**

Sl. No.	Name of Departmental Commercial Undertaking	Accounts arrears since	No. of Accounts pending up to F.Y 2022-23
<b>Departmental Undertakings</b>			
1	Food, Civil Supplies & Consumer Affairs Department <sup>40</sup>	2022-23	2
2	Mizoram State Transport Department	2016-17	7

As can be seen from the above, the accounts of Mizoram State Transport Department are in arrears since 2016-17 and that of Food, Civil Supplies & Consumer Affairs Department are in arrears since 2022-23. Thus, in the absence of accounts, results of the investment of the Government remain outside the purview of State Legislature and escape scrutiny by audit. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency cannot be taken in time. Risk of fraud and mis-utilisation of public money cannot be ruled out.

*During the exit conference (February 2025) Finance Commissioner stated that steps would be taken, as feasible, to ensure clearance of arrears in submission of accounts by these entities. It was further decided that State Government would revisit the Manuals of the respective departments and revise them, if necessary, to clarify the issue of submission of accounts of Departmental Commercial undertakings to the Principal Accountant General.*

#### 4.14 Non-submission of details of Grants / Loans given to bodies and authorities

In order to identify institutions / organisations which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971(C&AG's DPC Act), the Government is required to furnish to Audit every year:

- detailed information about the financial assistance given to various institutions,
- the purpose for which the assistance is granted and

<sup>40</sup> Accounts are audited as required under Supply Manual of the Department.

- total expenditure of the institutions.

Further, Regulations on Audit and Accounts (Amendments) 2020 provides that Governments and Heads of Departments, who sanction grants and / or loans to bodies or authorities shall furnish to Audit, by the end of July every year, a statement of such bodies and authorities to which grants and / or loans aggregating ₹ 10 lakh or more were paid during the preceding year indicating (a) the amount of assistance, (b) the purpose for which the assistance was sanctioned and (c) the total expenditure of the body or authority.

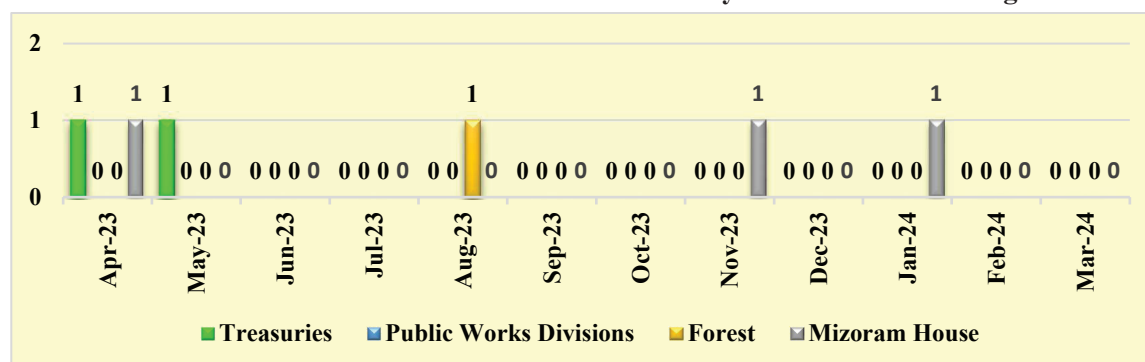
No information regarding the details of grants/loans given by the Government to bodies and authorities was received by this office during 2023-24. In the absence of timely submission of these details, results of the grants/investment of the Government escaped scrutiny of audit. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency in the functioning of the grantees could not be suggested.

*During the Exit Conference, the Finance Commissioner accepted the observation and stated that the required information would be furnished to the Principal Accountant General in future. It was further stated that no loans had been given to these entities during 2023-24.*

#### 4.15 Timeliness and Quality of Accounts

The accounts of receipts and expenditure of Government of Mizoram are compiled from the initial accounts rendered by 13 Treasuries, six Joint Resident Commissioners, 75 Public Works<sup>41</sup> and 34 Forest Divisions<sup>42</sup> and Advice of the Reserve Bank of India. Delay in submission of the monthly accounts led to exclusion of some accounts in those months during the year but no accounts were excluded at the end of the year. Details of accounts excluded from the Monthly Civil Accounts are given in **Chart 4.3**.

**Chart 4.3: Number of accounts excluded from monthly Civil Accounts during 2023-24**



Source: Information obtained from Accounts Wing

As can be seen from the chart, Mizoram House was the major units that delayed the rendition of monthly accounts. Consequently, receipts and expenditure relating to some of these divisions/units could not be incorporated in the Civil Accounts in the month of occurrence of the transaction. Due to the failure of the account rendering units to furnish

<sup>41</sup> PWD – 31, P&E – 22, PHE – 18 and I&WR - 4

<sup>42</sup> Environment, Forests & Climate Change – 25 & Land Resources, Soil & Water Conservation - 9

accounts on time, some accounts were excluded from the Monthly Civil Accounts by the Principal Accountant General in two months during the year (April 2023, May 2023) of Treasuries and one month (August 2023) of Forest and three months (April 2023, November 2023, January 2024) of Mizoram House. Therefore, the monthly accounts indicating the receipts and disbursements of the State during the month, rendered by the Accounts Wing of the office of the Principal Accountant General, Mizoram to the State Government were incomplete in respect of the above mentioned five months.

Exclusion of accounts not only distorts the budgetary position of the Government, but also impacts its monitoring of fund flow to the last mile of implementation, its planned pacing of expenditure on developmental programmes, providing intended benefits to the targeted beneficiaries, functioning of departments, *etc.* during the year. The State Government needs to monitor and ensure the rendition of accounts by all the account rendering authorities to the Principal Accountant General on a timely basis, to manage its own budget more effectively.

## Other Issues

### 4.16 Misappropriations, losses, thefts, *etc.*

During 2023-24 there were a number of cases of misappropriation, losses, theft, *etc.* that were reported to this office (October 2024) by State Government departments. The total amount of public money affected by these reported cases was ₹ 7.57 crore: Department of Food, Civil Supplies and Consumer Affairs (₹ 7.45 crore), Taxation Department (0.07 crore) and Police Headquarters (₹ 0.05 crore). Details of these cases are shown in **Table 4.15**.

**Table 4.15: Pending cases of misappropriation, losses, theft, *etc.***

(₹ in crore)

Name of Department	Cases of misappropriation/ losses /theft of Government material		Reasons for the delay in final disposal of pending cases of misappropriation, losses, theft, <i>etc.</i>					
			Awaiting departmental and criminal investigation		Departmental action initiated but not finalised		Criminal Proceedings finalised but recovery pending	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
Taxation Department <sup>43</sup>	1	0.11	NIL	NIL	NIL	NIL	01	0.07
Food, Civil Supplies and Consumer Affairs Department	7	7.45	NIL	NIL	7	7.45	NIL	NIL
Police Headquarters <sup>44</sup>	1	0.05	NIL	NIL	NIL	NIL	NIL	NIL

Source: Information received from Government of Mizoram.

The State Government should make all efforts to bring the defaulters to book and strengthen the internal control mechanism to ensure that such cases do not go undetected.

### 4.17 Follow-up action on State Finances Audit Report

In his Audit Reports on the Finances of the GoM, the CAG of India has been flagging year after year, issues of concern relating to various aspects of financial and budgetary management,

<sup>43</sup> As per information received from State Government, ₹0.11 crore was lost due to theft out of which an amount of ₹ 0.04 crore was recovered leaving a balance of ₹ 0.07 crore unrecovered.

<sup>44</sup> Departmental proceedings concluded and amount recovered.

areas of non-compliance with the prescribed procedures, rules and regulations, *etc.*, by the State Government departments/authorities. These Reports can achieve the desired results only when they evoke positive response from the Government/administration itself. To ensure accountability of the executive with regard to the issues contained in the Audit Reports, the PAC of Mizoram Legislative Assembly issued instructions (April 2010) for submission of *suo moto* Action Taken Notes (ATNs) by the administrative departments concerned within three months of presentation of the Audit Reports to the State Legislature.

The Audit Reports on State Finances have been placed before the State Legislature every year since 2010. While the audit observations featured in the State Finances Audit Reports up to 2019-20 have all been settled, there are 173 paragraphs remaining unsettled in the Reports for the years 2020-21 to 2022-23.

#### 4.18 Conclusion

Quality of accounts and financial reporting covers items, transactions and events which relate to gaps in compliance, regularity weaknesses and issues relating to delay in receipt of those accounting records or adjustment records which evidence the actual expenditure. It also highlights issues pertaining to the accounts and financial reporting such as parking of funds outside the Government accounts, non- or short – discharging of liabilities and misclassification of transactions and data gaps.

As per Public Financial Management System (PFMS) Scrutiny of PFMS reports the SNAs' accounts were credited a total amount of ₹ 43.82 crore (Central share ₹ 39.48 crore and State share ₹ 4.34 crore) as interest earned during the year as on 31 March 2024. Out of this, Central share of interest amounting to ₹ 11.87 crore was yet to be deposited into SNA accounts..

As on 31 March 2024, 32 Utilisation Certificates (UCs) in respect of grants aggregating ₹ 235.62 crore given to the three Autonomous District Councils were outstanding.

Detailed Countersigned Contingent Bills in respect of 92 Abstract Contingent bills amounting to ₹ 472.19 crore were not received as on 31 March 2024.

All Departments are required to reconcile their expenditure and receipts with the expenditure booked in the accounts in the Accountant General Office. The State Government reconciled 100 *per cent* of receipts and 99.99 *per cent* of disbursements for the year 2023-24.

As against the requirements of the Indian Government Accounting Standards (IGAS), the State Government made partial compliance with IGAS-1: Guarantees given by the Government – Disclosure requirements, IGAS-2: Accounting and Classification of Grants-in-Aid and IGAS-3: Loans and Advances made by the Government.

During the year 2023-24, ₹ 1,633.42 crore under 38 Major Heads, constituting 13.50 *per cent* of the total Revenue and Capital expenditure was classified under the Minor Head 800 Other Expenditure. Similarly, ₹ 941.03 crore under 45 Major Heads, constituting 8.24 *per cent* of the total Revenue Receipts was classified under Minor Head 800 Other Receipts.

As per information furnished by 178 DDOs in the State, there was an amount of ₹ 317.21 crore lying in Savings/Current Bank Account as on 31 March 2024.

The Principal Accountant General, Mizoram has not received five Annual Accounts of Autonomous District Councils/Government Bodies which were due for audit as of 30 September 2024.

#### 4.19 Recommendations

- *The State Government may ensure that outstanding Utilisation Certificates and Abstract Contingent Bills are settled expeditiously.*
- *Finance Department should review all Savings/Current Bank Accounts in the name of Drawing and Disbursing Officers (DDOs). Further, the Finance Department should reiterate the instructions contained in the Central Treasury Rules that no money should be drawn in anticipation of demand or to prevent the lapse of budgetary grants.*


Aizawl  
The 29 April 2025



(LHUNKHOTHANG HANGSING)  
Principal Accountant General (Audit), Mizoram

Countersigned

New Delhi  
The 30 April 2025



(K. SANJAY MURTHY)  
Comptroller and Auditor General of India



# APPENDICES



# Appendices

## APPENDIX I

### State Profile

(Reference: Paragraph 1.1)

Sl. No.	Particulars	Unit	India	Mizoram
1	Area	Sq Km	32,87,469	21,081
2	Population (2024 projected figures)	in crore	140.07	0.13
3	Density of Population (2024)	per Sq Km	426.09	66.41
4	Population below poverty line (2016-17 based)	No. of Households/in <i>per cent</i>	21.92	19.63
5	Literacy (2011)	<i>per cent</i>	73.00	91.33
6	Infant Mortality Rate (2023)	Per 1000 live births	26.62	13.25
7	Life expectancy at Birth (in years)	Year	70.62	72.53
8	Decadal Population Growth (2014-2024) ( <i>Projected</i> )	<i>per cent</i>	11.26	23.48
9	GDP/GSDP at Current Prices (2011-12 Series)	(₹ in crore)	2,95,35,667	35,578.84

Source: State Economic & Statistics Department and MOSPI

## APPENDIX II

### Meaning of Deficits/Surplus discussed in the Report

(Reference: Paragraph 1.4)

<b>Revenue Deficit/ Surplus</b>  (Revenue Expenditure – Revenue Receipts)	<p><i>It refers to the difference between revenue expenditure and revenue receipts.</i></p> <ul style="list-style-type: none"> <li>• When the government incurs a revenue deficit, it implies that the government is dissaving and is using up the savings of the other sectors of the economy to finance a part of its consumption expenditure.</li> <li>• Existence of revenue deficit is a cause of concern as it indicates that revenue receipts were not able to meet even the revenue expenditure. Moreover, part of capital receipts was utilised to meet revenue expenditure, reducing availability of capital resources to that extent for creation of capital assets.</li> <li>• This situation means that the government have to borrow not only to finance its investment but also its consumption requirements. This leads to a build-up of stock of debt and interest liabilities and forces the government, eventually, to cut expenditure.</li> <li>• If major part of revenue expenditure is committed expenditure (interest liabilities, salaries, pensions), the government reduces productive expenditure or welfare expenditure. This would mean lower growth and adverse welfare implications.</li> </ul>
<b>Fiscal Deficit/ Surplus</b>  {Total expenditure – (Revenue receipts + Non-debt creating capital receipts)}	<p><i>It is the difference between the Revenue Receipts plus Non-debt Capital Receipts (NDCR) and the total expenditure. Fiscal Deficit is reflective of the total borrowing requirements of Government.</i></p> <ul style="list-style-type: none"> <li>• Fiscal deficit is the difference between the government's total expenditure and its total receipts excluding borrowing.</li> <li>• Non-debt creating capital receipts are those receipts, which are not borrowings, and, therefore, do not give rise to debt. Examples are recovery of loans and the proceeds from the sale of shares of PSUs.</li> <li>• The fiscal deficit will have to be financed through borrowing. Thus, it indicates the total borrowing requirements of the government from all sources.</li> </ul> <p>Governments usually run fiscal deficits and borrow funds for capital/ assets formation or for creation of economic and social infrastructure, so that assets created through borrowings could pay for themselves by generating an income stream. Thus, it is desirable to fully utilise borrowed funds for the creation of capital assets and to use revenue receipts for the repayment of principal and interest.</p>
<b>Primary Deficit/ Surplus</b>  (Gross fiscal deficit – Net Interest liabilities)	<p><i>It refers to the fiscal deficit minus the interest payments.</i></p> <ul style="list-style-type: none"> <li>• Net interest liabilities consist of interest payments minus interest receipts by the government on net domestic lending.</li> <li>• The borrowing requirement of the government includes interest obligations on accumulated debt. To obtain an estimate of borrowing because of current expenditures exceeding revenues, we need to calculate the primary deficit.</li> </ul>

### APPENDIX III

#### Time Series data on State Government Finances

(Reference: Paragraph 2.5.1.2)

(₹ in crore)

	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Part A: Receipts</b>					
<b>1. Revenue Receipts</b>	<b>9,658.26</b>	<b>7,740.67</b>	<b>9,159.74</b>	<b>10,282.07</b>	<b>11,414.05</b>
<b>(i) Tax Revenue</b>	<b>730.98</b>	<b>647.56</b>	<b>853.94</b>	<b>1,101.83</b>	<b>1,195.59</b>
Taxes on Agricultural Income	0.00	0.00	0.00	0.00	0.00
State Goods and Services Tax	532.22	457.91	632.34	904.20	969.11
Taxes on Sales, Trade, etc.	117.61	113.66	150.75	112.94	125.93
State Excise	2.72	0.96	1.79	1.89	2.57
Taxes on Vehicles	40.66	29.01	27.90	41.32	46.17
Stamps and Registration fees	5.85	4.73	7.48	7.80	16.80
Land Revenue	9.05	20.74	13.04	9.56	10.14
Taxes on Goods and Passengers	7.44	4.85	5.39	7.99	8.47
Other Taxes	15.43	15.70	15.25	16.13	16.40
<b>(ii) Non-Tax Revenue</b>	<b>522.35</b>	<b>561.76</b>	<b>622.12</b>	<b>1,027.77</b>	<b>1,084.93</b>
<b>(iii) State's share of Union taxes and duties</b>	<b>3,017.80</b>	<b>3,010.55</b>	<b>4,222.86</b>	<b>4,745.25</b>	<b>5,647.47</b>
<b>(iv) Grants in aid from Government of India</b>	<b>5,387.13</b>	<b>3,520.80</b>	<b>3,460.82</b>	<b>3,407.22</b>	<b>3,486.06</b>
<b>2. Miscellaneous Capital Receipts</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>3. Recoveries of Loans and Advances</b>	<b>26.70</b>	<b>33.69</b>	<b>32.18</b>	<b>26.49</b>	<b>23.96</b>
<b>4. Total Revenue and Non-debt capital receipts (1+2+3)</b>	<b>9,684.96</b>	<b>7,774.36</b>	<b>9,191.92</b>	<b>10,308.56</b>	<b>11,438.01</b>
<b>5. Public Debt Receipts</b>	<b>1,075.39</b>	<b>1,391.18</b>	<b>1,208.03</b>	<b>1,764.97</b>	<b>1,953.46</b>
Internal Debt (excluding Ways and Means Advances and Overdrafts)	1,060.51	1,143.56	898.21	1,464.57	1,199.48
Net transactions under Ways and Means Advances and Overdrafts	0.00	0.00	0.00	0.00	0.00
Loans and Advances from Government of India	14.88	247.62	309.82	300.40	753.98
<b>6. Total Receipts in the Consolidated Fund</b>	<b>10,760.35</b>	<b>9,165.54</b>	<b>10,399.95</b>	<b>12,073.53</b>	<b>13,391.46</b>
<b>7. Contingency Fund Receipts</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>8. Public Account Receipts</b>	<b>6,263.35</b>	<b>8,254.17</b>	<b>4,545.74</b>	<b>5,238.92</b>	<b>5,508.65</b>
<b>9. Total Receipts of the State (6+7+8)</b>	<b>17,023.70</b>	<b>17,419.71</b>	<b>14,945.69</b>	<b>17,312.45</b>	<b>18,900.11</b>
<b>Part B : Expenditure</b>					
<b>10. Revenue Expenditure</b>	<b>9,453.96</b>	<b>8,514.80</b>	<b>8,557.49</b>	<b>10,092.17</b>	<b>10,836.96</b>
Plan	9,453.96	8,514.80	8,557.49	10,092.17	10,836.96
Non Plan	--	--	--	--	--
General Services (including interest payments)	3,161.42	3,230.94	3,141.53	3,831.18	4,267.51
Social Services	3,392.73	3,177.84	3,337.57	3,673.78	4,209.28
Economic Services	2,899.81	2,106.02	2,078.39	2,587.21	2,360.17
Grants in aid and contributions	0.00	0.00	0.00	0.00	0.00
<b>11. Capital Expenditure</b>	<b>1,372.67</b>	<b>1,125.97</b>	<b>1,004.38</b>	<b>1,321.86</b>	<b>1,253.78</b>
Plan	1,372.67	1,125.97	1,004.38	1,321.86	1,253.78
Non Plan	---	---	---	---	---

	2019-20	2020-21	2021-22	2022-23	2023-24
<b>General Services</b>	95.22	42.64	39.43	82.86	117.51
<b>Social Services</b>	601.37	559.92	457.62	305.51	295.61
<b>Economic Services</b>	676.08	523.41	507.33	933.49	840.66
<b>12. Disbursement of Loans and Advances</b>	<b>82.63</b>	<b>2.90</b>	<b>2.58</b>	<b>2.19</b>	<b>24.98</b>
<b>13. Total Expenditure (10+11+12)</b>	<b>10,909.26</b>	<b>9,643.67</b>	<b>9,564.45</b>	<b>11,416.22</b>	<b>12,115.72</b>
<b>14. Repayments of Public Debt</b>	<b>353.92</b>	<b>397.75</b>	<b>445.70</b>	<b>348.73</b>	<b>440.02</b>
<b>Internal Debt (excluding Ways and Means Advances and Overdrafts)</b>	331.97	375.39	422.68	325.24	412.33
<b>Net transactions under Ways and Means Advances and overdraft</b>	0.00	0.00	0.00	0.00	0.00
<b>Loans and Advances from Government of India</b>	21.95	22.36	23.02	23.49	27.69
<b>15. Appropriation to Contingency Fund</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>16. Total disbursement out of Consolidated Fund (13+14+15)</b>	<b>11,263.18</b>	<b>10,041.42</b>	<b>10,010.15</b>	<b>11,764.95</b>	<b>12,555.74</b>
<b>17. Contingency Fund disbursements</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>18. Public Account disbursements</b>	<b>5,557.73</b>	<b>7,537.09</b>	<b>5,111.76</b>	<b>5,601.12</b>	<b>5,847.34</b>
<b>19. Total disbursement by the State (16+17+18)</b>	<b>16,820.91</b>	<b>17,578.51</b>	<b>15,121.91</b>	<b>17,366.07</b>	<b>18,403.08</b>
<b>Part C : Deficits/ Surplus</b>					
<b>20. Revenue Deficit (-) / Revenue Surplus (+) (1-10)</b>	<b>204.30</b>	<b>-774.13</b>	<b>602.25</b>	<b>189.89</b>	<b>577.08</b>
<b>21. Fiscal Deficit (-)/ Fiscal Surplus (+) (4-13)</b>	<b>-1,224.30</b>	<b>-1,869.31</b>	<b>-372.53</b>	<b>-1,107.67</b>	<b>-677.70</b>
<b>22. Primary Deficit(-)/ Primary Surplus (+) (21-23)</b>	<b>-881.18</b>	<b>-1,468.32</b>	<b>78.11</b>	<b>-613.79</b>	<b>-95.80</b>
<b>Part D : Other Data</b>					
<b>23. Interest Payments (included in revenue expenditure)</b>	<b>343.12</b>	<b>400.99</b>	<b>450.64</b>	<b>493.88</b>	<b>581.90</b>
<b>24. Financial Assistance to local bodies etc.</b>	<b>2,536.71</b>	<b>1,780.83</b>	<b>1,903.64</b>	<b>2,230.80</b>	<b>2,980.76</b>
<b>25. Ways and Means Advances/ Overdraft availed (days)</b>	<b>2</b>	<b>82</b>	<b>105</b>	<b>93</b>	<b>177</b>
<b>Ordinary Ways and Means Advances availed (days)</b>	0	59	101	66	98
<b>Special Ways and Means Advances availed (days)</b>	2	23	0	19	47
<b>Overdraft availed (days)</b>	0	0	4	8	32
<b>26. Interest on Ways and Means Advances/ Overdraft</b>	<b>0.00</b>	<b>0.42</b>	<b>2.32</b>	<b>1.94</b>	<b>5.49</b>
<b>27. Gross State Domestic Product (GSDP)</b>	<b>24,990</b>	<b>23,923</b>	<b>26,695</b>	<b>30,690</b>	<b>35,579</b>
<b>28. Outstanding Fiscal liabilities (year-end)</b>	<b>8,678.26</b>	<b>9,881.09</b>	<b>10,570.93</b>	<b>10,972.49</b>	<b>12,082.26</b>
<b>29. Outstanding guarantees (year-end) (including interest)</b>	<b>140.66</b>	<b>138.63</b>	<b>125.13</b>	<b>120.10</b>	<b>63.09</b>
<b>30. Maximum amount guaranteed (year-end)</b>	<b>200.58</b>	<b>200.08</b>	<b>178.87</b>	<b>183.01</b>	<b>183.01</b>
<b>31. Number of incomplete projects</b>	<b>18</b>	<b>9</b>	<b>54</b>	<b>165</b>	<b>68</b>
<b>32. Capital blocked in incomplete projects</b>	<b>423.62</b>	<b>239.94</b>	<b>646.03</b>	<b>889.78</b>	<b>523.59</b>

	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Part E : Fiscal Health Indicators</b>					
<b>I- Resource Mobilisation</b>					
Own Tax revenue/GSDP	2.93	2.71	3.19	3.09	3.36
Own Non-Tax Revenue/GSDP	2.09	2.35	2.33	3.32	3.05
Central Transfers/GSDP	12.08	12.58	15.81	15.46	15.87
<b>II- Expenditure Management</b>					
Total Expenditure/GSDP	43.66	40.31	35.83	37.20	34.05
Total Expenditure/Revenue Receipts	112.95	124.58	104.42	111.03	106.15
Revenue Expenditure/Total Expenditure	86.66	88.29	89.47	88.4	89.45
Expenditure on Social Services/Total Expenditure	36.61	38.76	39.68	34.86	37.18
Expenditure on Economic Services/Total Expenditure	32.78	27.27	27.03	30.84	26.42
Capital Expenditure/Total Expenditure	12.58	11.68	10.50	11.58	10.35
Capital Expenditure on Social and Economic Services/Total Expenditure	11.71	11.23	10.09	10.85	9.38
<b>III- Management of Fiscal Imbalances</b>					
Revenue deficit (surplus)/GSDP	0.82	-3.24	2.25	0.61	1.62
Fiscal deficit/GSDP	-4.90	-7.81	-1.40	-3.61	-1.90
Primary Deficit (surplus)/GSDP	-3.53	-6.14	0.28	-1.87	-0.27
Revenue Deficit, Surplus/Fiscal Deficit	-16.69	41.41	-161.66	-17.14	-85.15
Primary Revenue Balance/GSDP	2.3	-1.42	3.9	2.16	3.32
<b>IV- Management of Fiscal Liabilities</b>					
Fiscal Liabilities/GSDP	34.73	41.30	37.99	33.42	33.96
Fiscal Liabilities/RR	89.85	127.65	115.41	106.71	105.85
Primary deficit <i>vis-à-vis</i> quantum spread	-123.54	196.97	6.65	-43.30	-26.30
<b>V- Other Fiscal Health Indicators</b>					
Return on Investment	0.00	0.00	0.00	0.00	0.00
Financial Assets/Liabilities	1.64	1.48	1.52	1.49	1.48

Source: Finance Accounts of respective year

**APPENDIX IV**  
**Grant wise details of Original allocation and Actual expenditure**

(Reference: Paragraph 3.2.4)

Grant No	Grant/Appropriation Name	Original Allocation	Actual expenditure	Excess (+) Saving (-)	Percentage of Excess/Savings to Original allocation
<b>Revenue Section</b>					
1	Legislative Assembly	41.75	34.70	-7.05	-16.86
2	Governor	9.56	10.41	0.84	8.79
3	Council of Ministers	7.13	7.53	0.40	5.61
4	Law and Judicial	40.61	55.01	14.40	35.46
5	Vigilance	8.82	9.41	0.59	6.69
6	Land Revenue and Settlement	33.72	28.59	-5.13	-15.21
7	Excise and Narcotics	49.66	42.96	-6.70	-13.49
8	Taxation	21.71	21.70	-0.01	-0.05
9	Finance	2,177.75	2,145.31	-32.44	-1.49
10	Mizoram Public Service Commission	8.59	10.14	1.55	18.04
11	Secretariat Administration	125.49	130.13	4.64	3.70
12	Parliamentary Affairs	1.02	0.94	-0.08	-7.84
13	Personnel and Administrative Reforms	5.07	6.40	1.33	26.23
14	Planning and Programme Implementation	93.17	98.46	5.29	5.68
15	General Administration	93.50	188.66	95.16	101.78
16	Home	800.26	809.52	9.26	1.16
17	Food, Civil Supplies and Consumer Affairs	270.21	263.68	-6.53	-2.42
18	Printing and Stationery	12.87	14.64	1.78	13.83
19	Local Administration	182.05	66.87	-115.18	-63.27
20	School Education	1,563.32	1,433.26	-130.06	-8.32
21	Higher and Technical Education	271.49	247.78	-23.71	-8.73
22	Sports and Youth Services	25.37	27.15	1.78	7.02
23	Art and Culture	11.96	12.44	0.48	4.01
24	Medical and Public Health Services	634.37	559.87	-74.50	-11.74
25	Water Supply and Sanitation	233.00	288.15	55.15	23.67
26	Information and Public Relations	12.22	12.72	0.50	4.09
27	District Councils and Minority Affairs	505.76	573.12	67.36	13.32
28	Labour, Employment, Skill Development & Entrepreneurship	31.93	27.98	-3.95	-12.37
29	Social Welfare	175.25	201.08	25.83	14.74
30	Disaster Management and Rehabilitation	67.27	41.23	-26.04	-38.71
31	Agriculture	170.23	98.86	-71.37	-41.93
32	Horticulture	104.45	89.46	-14.99	-14.35
33	Land Resources, Soil and Water Conservation	18.94	26.38	7.44	39.28
34	Animal Husbandry and Veterinary	69.12	62.79	-6.33	-9.16
35	Fisheries	10.56	26.01	15.45	146.31
36	Environment, Forests and Climate Change	161.65	106.85	-54.80	-33.90
37	Co-operation	16.59	14.87	-1.72	-10.37
38	Rural Development	308.52	348.92	40.40	13.09
39	Power	824.54	775.43	-49.11	-5.96
40	Commerce and Industries	62.01	62.56	0.55	0.90

Grant No	Grant/Appropriation Name	Original Allocation	Actual expenditure	Excess (+) Saving (-)	Percentage of Excess/Savings to Original allocation
41	Sericulture	17.36	16.36	-1.00	-5.76
42	Transport	56.61	42.32	-14.29	-25.24
43	Tourism	11.34	11.71	0.37	3.26
45	Public Works	591.18	572.93	-18.25	-3.09
46	Urban Development and Poverty Alleviation	489.19	677.49	188.30	38.49
47	Irrigation and Water Resources	14.49	14.89	0.40	2.76
48	Information and Communication Technology	5.07	5.34	0.27	5.33
49	Public Debt	754.03	627.80	-126.23	-16.74
<b>TOTAL</b>		<b>11,200.76</b>	<b>10,950.81</b>	<b>-249.95</b>	<b>-2.23</b>
<b>Capital Section (Including Loans and Advances)</b>					
1	Legislative Assembly	2.00	2.00	0.00	0.00
2	Governor	0.00	0.00	0.00	0.00
3	Council of Ministers	0.00	0.00	0.00	0.00
4	Law and Judicial	0.00	0.00	0.00	0.00
5	Vigilance	0.00	0.00	0.00	0.00
6	Land Revenue and Settlement	0.00	0.00	0.00	0.00
7	Excise and Narcotics	0.00	0.00	0.00	0.00
8	Taxation	0.00	0.00	0.00	0.00
9	Finance	1,147.00	40.27	-1,106.73	-96.49
10	Mizoram Public Service Commission	0.00	0.00	0.00	0.00
11	Secretariat Administration	0.00	0.00	0.00	0.00
12	Parliamentary Affairs	0.00	0.00	0.00	0.00
13	Personnel and Administrative Reforms	0.00	0.00	0.00	0.00
14	Planning and Programme Implementation	0.00	150.00	150.00	100.00
15	General Administration	0.00	0.00	0.00	0.00
16	Home	0.00	25.16	25.16	100.00
17	Food, Civil Supplies and Consumer Affairs	0.00	0.23	0.23	100.00
18	Printing and Stationery	0.00	0.00	0.00	0.00
19	Local Administration	0.00	0.00	0.00	0.00
20	School Education	0.00	16.76	16.76	100.00
21	Higher and Technical Education	0.00	0.00	0.00	0.00
22	Sports and Youth Services	0.00	0.00	0.00	0.00
23	Art and Culture	0.00	0.00	0.00	0.00
24	Medical and Public Health Services	116.70	83.64	-33.06	-28.33
25	Water Supply and Sanitation	247.99	101.95	-146.03	-58.89
26	Information and Public Relations	0.00	1.06	1.06	100.00
27	District Councils and Minority Affairs	0.00	11.56	11.56	100.00
28	Labour, Employment, Skill Development & Entrepreneurship	0.00	0.00	0.00	0.00
29	Social Welfare	0.00	11.90	11.90	100.00
30	Disaster Management and Rehabilitation	0.00	0.00	0.00	0.00
31	Agriculture	0.01	122.05	122.04	12,20,400.00
32	Horticulture	0.00	7.36	7.36	100.00
33	Land Resources, Soil and Water Conservation	0.00	0.00	0.00	0.00
34	Animal Husbandry and Veterinary	0.00	13.06	13.06	100.00

Grant No	Grant/Appropriation Name	Original Allocation	Actual expenditure	Excess (+) Saving (-)	Percentage of Excess/Savings to Original allocation
35	Fisheries	0.00	0.00	0.00	0.00
36	Environment, Forests and Climate Change	0.00	0.00	0.00	0.00
37	Co-operation	0.00	3.43	3.43	100.00
38	Rural Development	0.00	0.74	0.74	100.00
39	Power	7.32	65.95	58.63	800.96
40	Commerce and Industries	0.00	0.45	0.45	100.00
41	Sericulture	0.00	0.00	0.00	0.00
42	Transport	0.00	3.50	3.50	100.00
43	Tourism	0.00	1.54	1.54	100.00
45	Public Works	0.00	537.05	537.05	100.00
46	Urban Development and Poverty Alleviation	102.66	68.77	-33.89	-33.01
47	Irrigation and Water Resources	75.00	10.31	-64.69	-86.25
48	Information and Communication Technology	0.00	0.00	0.00	0.00
49	Public Debt	1,442.51	4,888.60	3,446.09	238.90
<b>Total</b>		<b>3,141.19</b>	<b>6,167.35</b>	<b>3,026.16</b>	<b>96.34</b>

## APPENDIX V

## Details of surrender of funds in excess of ₹ 10 crore at the end of March, 2024

(Reference: Paragraph 3.4.4)

(₹ in crore)

Sl. No.	Grant Number	Original	Suppl.	Total provisions	Actual	Saving (-) Excess (+)	Amount Surrendered
<b>Revenue (Voted)</b>							
1	9-Finance	2,177.75	179.15	2,356.90	2,145.31	211.59	248.60
2	16-Home	800.26	34.05	834.31	809.52	24.79	25.66
3	17-Food, Civil Supplies and Consumer Affairs	270.21	46.76	316.97	263.68	53.29	11.61
4	19-Local Administration	182.05	36.06	218.11	66.87	151.24	151.24
5	20-School education	1,563.32	132.14	1,695.46	1,433.26	262.20	252.65
6	21-Higher and Technical Education	271.49	49.22	320.71	247.78	72.93	72.20
7	24-Health and Family Welfare	634.36	166.39	800.75	559.87	240.88	240.88
8	25-Public Health Engineering	233.00	76.25	309.25	288.15	21.10	21.10
9	29-Social Welfare	175.25	102.83	278.08	201.08	77.00	77.00
10	30-DM & R	67.27	2.54	69.81	41.23	28.58	28.58
11	31-Agriculture	170.23	8.77	179.00	98.86	80.14	80.11
12	32-Horticulture	104.45	26.64	131.09	89.46	41.63	41.60
13	34-Animal Husbandry and Veterinary	69.12	6.64	75.76	62.79	12.97	10.90
14	36-Environment, Forests and Climate Change	161.65	4.32	165.97	106.85	59.12	59.10
15	38-Rural Development	308.52	278.34	586.86	348.92	237.95	237.04
16	39-Power and Electricity	824.54	9.88	834.42	775.43	58.99	58.99
17	42-Transport	56.61	0.55	57.16	42.32	14.84	14.84
18	45-Public Works	591.18	38.69	629.87	572.93	56.94	57.10
19	46-Urban Development and Poverty Alleviation	489.19	213.50	702.69	677.49	25.20	33.26
<b>Total (A)</b>		<b>9,150.46</b>	<b>1,412.71</b>	<b>10,563.17</b>	<b>8,831.80</b>	<b>1,731.37</b>	<b>1,722.46</b>
<b>Capital (Voted)</b>							
1	9-Finance	1,147.00	40.27	1,187.27	40.27	1,147.00	1,147.00
2	16-Home	0.00	50.16	50.16	25.16	25.00	25.00
3	22-Sports and Youth Services	0.00	25.62	25.62	0.00	25.62	25.62
4	24-Health and Family Welfare	1,16.70	51.05	167.75	83.64	84.11	84.11
5	25-Public Health Engineering	247.99	94.51	342.50	101.95	240.55	240.54
6	39-Power and Electricity	7.32	68.78	76.10	65.95	10.15	10.15
7	45-Public Works	0.00	708.33	708.33	537.05	171.28	195.46
8	46-Urban Development and Poverty Alleviation	102.66	46.97	149.63	68.77	80.86	72.69
9	47-Irrigation and Water Resources	75.00	9.50	84.50	10.31	74.19	74.19
<b>Total (B)</b>		<b>1,696.67</b>	<b>1,095.19</b>	<b>2,791.86</b>	<b>933.10</b>	<b>1,858.76</b>	<b>1,874.76</b>
<b>Grand Total (A+B)</b>		<b>10,847.13</b>	<b>2,507.90</b>	<b>13,355.03</b>	<b>9,764.90</b>	<b>3,590.13</b>	<b>3,597.22</b>

Source: Appropriation Accounts

APPENDIX VI  
Grant-wise unutilised funds during 2023-24

(Reference Paragraph: 3.6.2)

Sl. No.	Grant No.	Name	Original grant	Supplementary grant	Total	Expenditure	Savings	Details of Surrender	Percentage of saving (₹ in crore)
Revenue (Voted)									
1	38	<b>Rural Development</b> <b>2501 Special Programmes for Rural Development</b> 06 Self Employment Programmes 102 National Rural Livelihood Mission 04 SMS forDeen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)	0.00	0.61	0.61	0.00	0.61	0.61	100
2	45	<b>Public Works</b> <b>Central Assistance (CA)</b> <b>3054 Roads and Bridges</b> 01 National Highways 799 Suspense 01 Adjustment Head for maintenance of National Highway	0.00	16.00	16.00	0.00	16.00	16.00	100
3	45	<b>Public Works</b> <b>Central Assistance (CA)</b> <b>3054 Roads and Bridges</b> 01 National Highways 797 Transfer to Reserve Fund/Deposit Account 04 Central Road and Infrastructure Fund (CRIF)	0.00	0.89	0.89	0.00	0.89	0.89	100
Revenue (Charged)									
4	49	<b>Public Debt</b> <b>2049 Interest Payments</b> 05 Interest on Reserve Funds 105 Interest on General and Other Reserve Funds 10 Interest Payment of SDRF	0.00	1.43	1.43	0.00	1.43	-	100
Capital (Voted)									

Sl. No.	Grant No.	Name	Original grant	Supplementary grant	Total	Expenditure	Savings	Details of Surrender	Percentage of saving
5	24	<b>Health and Family Welfare</b> <b>Central Assistance (CA)</b> <b>4210 Capital Outlay on Medical and Public Health</b> 04 Public Health 101 Prevention and Control of Diseases 57 Implementation of Project under JICA/EAP	20.00	20.00	40.00	0.00	40.00	40.00	100
6	24	<b>Health and Family Welfare</b> <b>Central Assistance (CA)</b> 101 Prevention and Control of Diseases 05 Strengthening of Trauma Centre/CSS	0.00	4.76	4.76	0.00	4.76	4.76	100
7	24	<b>Health and Family Welfare</b> 02 Rural Health Services 103 Primary Health Centres 01 Scheme under Special Central Assistance	0.00	4.20	4.20	0.00	4.20	4.20	100
8	24	<b>Health and Family Welfare</b> <b>Central Assistance (CA)</b> <b>4210 Capital Outlay on Medical and Public Health</b> 04 Public Health 003 Training 07 General Nursing and Midwifery School, Serchhip/CSS	0.00	1.30	1.30	0.00	1.30	1.30	100
9	24	<b>Health and Family Welfare</b> <b>Central Assistance (CA)</b> <b>4210 Capital Outlay on Medical and Public Health</b> 04 Public Health 003 Training 07 General Nursing and Midwifery School, Siaha/CSS	0.00	0.01	0.01	0.00	0.01	0.01	100
10	42	<b>Transport</b> <b>5055 Capital Outlay on Road Transport</b> 800 Other Expenditure 03 Central Workshop	0.00	0.43	0.43	0.00	0.43	0.43	100
11	45	<b>Public Works</b> <b>Central Assistance (CA)</b> <b>4235 Capital Outlay on Social Security and Welfare</b> 02 Social Welfare 102 Child Welfare 08 Schemes under Article 275 (1)/CSS	0.00	1.00	1.00	0.00	1.00	1.00	100
<b>Grand Total</b>			<b>20.00</b>	<b>50.63</b>	<b>70.63</b>	<b>0.00</b>	<b>70.63</b>	<b>70.63</b>	<b>100</b>

Source: Appropriation Accounts

## APPENDIX VII

### Grant-wise details of quarterly expenditure

(Reference Paragraph:3.6.4)

(₹ in crore)

Sl No.	Grant No.	Grant	Allocation during 2022-23	Expenditure				Total Expenditure during 2023 (TE)	Expenditure in Q4 as a percentage of TE	Expenditure in March 2023 as percentage of TE
				Q1	Q2	Q3	Q4			
1	31	Agriculture	302.89	11.16	21.95	12.69	175.11	159.15	79.27	72.04
2	19	Local Administration	218.11	2.98	3.62	4.40	55.87	47.27	83.55	70.70
3	47	Irrigation & Water Resources	99.85	3.36	3.83	3.77	14.54	12.11	57.02	47.49
4	46	Urban Development & Poverty Alleviation	852.32	180.64	100.59	21.35	443.68	296.00	59.45	39.66
5	45	Public Works	1,338.20	380.71	105.48	218.48	401.98	356.74	36.32	32.24
6	18	Printing & Stationery	16.13	2.49	2.79	3.05	6.10	4.29	42.26	29.69
7	48	Information & Communication Technology	5.35	0.80	1.21	0.84	2.18	1.32	43.35	26.25
8	29	Social Welfare	289.98	29.69	33.45	58.18	91.67	55.79	43.04	26.20
9	1	Legislative Assembly	45.60	6.56	9.55	6.05	14.55	8.82	39.63	24.03
10	49	Public Debt	2,198.01	13.11	1,223.83	1,952.48	2,326.98	1,267.22	42.18	22.97
11	43	Tourism	14.69	2.67	3.06	2.70	4.82	3.02	36.41	22.75
12	9	Finance	3,544.16	394.45	479.86	425.73	885.55	483.10	40.52	22.10
13	32	Horticulture	138.46	7.76	20.14	9.07	59.86	20.88	61.82	21.57
14	17	Food, Civil Supplies & Consumer Affairs	341.37	21.93	48.78	50.63	81.22	43.35	40.09	21.40
15	34	Animal Husbandry & Veterinary	20.82	13.95	18.32	13.91	29.67	15.71	39.12	20.72

<sup>1</sup> Total Expenditure differs from Appropriation Accounts 2023-24 due to adjustment of recovery amounting ₹3.34 crore.

Sl No.	Grant No.	Grant	Allocation during 2022-23	Expenditure					Total Expenditure during 2023 (TE)	Expenditure in Q4 as a percentage of TE	Expenditure in March 2023 as percentage of TE
				Q1	Q2	Q3	Q4	In March			
16	42	Transport	64.60	9.16	10.38	9.68	16.61	9.10	45.82	36.24	19.86
17	24	Medical & Public Health Services	968.50	133.34	129.83	157.33	223.01	126.73	643.51	34.65	19.69
18	22	Sports & Youth Services	55.31	3.24	6.08	7.02	10.82	5.05	27.15	39.84	18.62
19	36	Environment, Forests & Climate Change	165.97	16.51	19.98	42.19	28.17	19.85	106.85	26.36	18.58
20	3	Council Ministers	8.05	1.47	2.20	1.49	2.38	1.40	7.53	31.56	18.55
21	26	Information & Public Relations	14.30	2.37	2.93	4.19	4.29	2.21	13.78	31.16	16.01
22	15	General Administration	197.99	24.61	29.88	81.79	52.38	26.49	188.66	27.77	14.04
23	40	Commerce & Industries	68.70	11.22	17.76	14.84	19.19	8.34	63.01	30.46	13.23
24	2	Governor	10.67	2.22	2.70	2.34	3.15	1.35	10.41	30.25	12.97
25	25	Water Supply & Sanitation	633.74	91.37	96.98	117.57	84.18	49.38	390.10	21.58	12.66
26	4	Law & Judicial	55.14	12.11	14.51	12.00	16.39	6.38	55.01	29.79	11.59
27	8	Taxation	23.11	4.84	5.36	5.41	6.10	2.52	21.70	28.10	11.62
28	20	School Education	1,712.59	310.96	343.90	369.78	425.38	164.59	1,450.03	29.34	11.35
29	23	Art & Culture	14.10	2.25	2.95	2.61	4.64	1.40	12.44	37.27	11.24
30	41	Sericulture	17.67	3.71	4.21	3.95	4.49	1.65	16.36	27.42	10.09
31	16	Home	884.47	171.05	185.88	235.29	242.46	83.95	834.68	29.05	10.06
32	6	Land Revenue & Settlement	34.35	6.68	6.97	7.20	7.74	2.85	28.59	27.05	9.97
33	12	Parliamentary Affairs	1.07	0.22	0.24	0.25	0.22	0.09	0.94	23.62	9.67
34	10	Mizoram Public Service Commission	10.15	2.21	2.92	2.32	2.69	0.90	10.14	26.56	8.85
35	11	Secretariat Administration	130.39	32.69	32.81	32.21	32.42	11.51	130.13	24.92	8.85
36	28	Labour, Employment, Skill Development & Entrepreneurship	36.61	14.60	3.84	3.62	5.93	2.34	27.98	21.18	8.35

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Sl No.	Grant No.	Grant	Allocation during 2022-23	Expenditure					Total Expenditure during 2023 (TE)	Expenditure in Q4 as a percentage of TE	Expenditure in March 2023 as percentage of TE
				Q1	Q2	Q3	Q4	In March			
37	7	Excise & Narcotics	50.78	9.84	10.71	12.40	10.02	3.45	42.96	23.32	8.03
38	37	Co-operation	-	3.53	4.31	4.67	5.80	1.55	18.31	31.68	8.47
39	38	Rural Development	587.60	32.47	141.13	37.39	138.67	26.04	349.65	39.66	7.45
40	5	Vigilance	9.40	2.14	2.26	2.50	2.51	0.69	9.41	26.67	7.29
41	13	Personnel & Administrative Reforms	6.81	1.27	1.66	1.77	1.70	0.45	6.40	26.54	7.05
42	35	Fisheries	26.53	9.28	2.56	3.36	10.81	1.83	26.01	41.58	7.02
43	39	Power	910.52	146.23	236.83	310.83	147.48	58.93	841.38	17.53	7.00
44	21	Higher & Technical Education	320.71	64.74	40.13	75.50	67.41	12.77	247.78	27.21	5.15
45	30	Disaster Management & Rehabilitation	69.81	0.99	36.62	1.07	2.55	1.55	41.23	6.18	3.76
46	33	Land Resources, Soil & Water Conservation	27.89	5.89	10.10	4.60	5.78	0.65	26.38	21.92	2.47
47	27	District Councils & Minority Affairs	584.63	162.97	146.93	136.37	138.41	13.39	584.68	23.67	2.29
48	14	Planning and Programme Implementation	400.40	6.96	208.07	8.24	25.19	4.84	248.46	10.14	1.95
		<b>Total</b>	<b>17,528.50</b>	<b>2,375.40</b>	<b>3,840.05</b>	<b>4,495.09</b>	<b>6,342.76</b>	<b>3,428.98</b>	<b>17,053.31</b>	<b>-</b>	<b>-</b>

Source: Appropriation Accounts

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