



GOVERNMENT OF MIZORAM

# **MACRO ECONOMIC FRAMEWORK STATEMENT**

*(As required under Section 6(6) of  
The Mizoram Fiscal Responsibility and Budget Management Act, 2006)*

**GOVERNMENT OF MIZORAM  
2017-2018**

**(As laid before the Mizoram Legislative Assembly on 16<sup>th</sup> March, 2017)**

**FORM -III**  
**(See Rule 7)**

**MACRO ECONOMIC FRAMEWORK STATEMENT**

**I. OVERVIEW OF MIZORAM STATE ECONOMY**

***State Domestic Product***

The Central Statistics Office released a new GDP series that entailed shifting the base year from 2004-05 to 2011-12. New estimates for GSDP have been provided for the years 2011-12 to 2014-15 for both the National and the State levels.

2. The State Gross Domestic Product (GSDP) at constant (2011-12) prices in 2015-16 is estimated at ₹ 10315.77 crore as against ₹ 9633.34 crore in 2014-15 registering a growth of 9.18 percent during the year as against the growth rate of 9.8 percent during the previous year. At current prices, the GSDP is estimated at ₹ 13277.78 crore as against ₹ 11559.33 crore in for the same period showing an increase of 14.87 percent.

***Growth rate***

3. The State economy (GSDP) is estimated to grow at about 9.18 percent during 2015-16 while the national economy (GDP) is to grow at 7.6 percent during 2015-16. The State economy is projected to grow at 9.06 percent for the year 2016-17.

***Per capita income***

4. The Per Capita Income (at current prices) witnessed an increase of 11.27 per cent as it increased to ₹ 95317 in 2015-16 from ₹ 85659 in 2014-15 while the National Per Capita Income for the year 2015-16 is estimated at ₹ 93293 with a growth rate of 7.4 percent.

### **Sectoral Contribution**

5. Services or Tertiary Sector dominates the economy by contributing 55.64 percent to the total GSDP in 2015-16. Services Sector continued to be the main growth driver of the economy.

6. The agriculture & allied activities contributed 18.75 percent during 2015-16. With livelihood of about 60% of the population depending on agriculture and allied activities, faster growth in agriculture is both a necessary and sufficient condition for stronger, sustainable and inclusive growth in the State.

7. The Industry Sector comprising Industry, Manufacturing, Mining & Quarrying contributed 25.61 percent during 2015-16. The main driving force of the sector being Electricity, Gas, Water Supply and other Utility Services Sector contributing 12.53 percent.

### **Inflation**

8. The Annual inflation rate (Provisional as of December 2016) on point to point basis (*December 2016 over December 2015*) for Mizoram is 0.24 percent against the all India inflation at the rate of 3.41 percent. The decrease in the rate of inflation is due to the corresponding fall in the All India Inflation rate which occurred as a result of sharp fall in the prices of vegetable and paddy since July 2016.

### **Fiscal Condition**

9. Bulging Non Plan Revenue Expenditure is the main issue and challenge of the State Government.

### *Revenue*

10. The State's Own Tax Revenue (SOTR) in 2015-16 stood at ₹ 358.41 crore whereas the collection under the same Head during 2014-15 was ₹ 266.53 crore. The State's Own Non-Tax Revenue (SONTR) also increased to ₹ 297.63 crore from the previous year's collection of ₹ 241.96 crore. The total Revenue Receipt during 2015-16 is estimated at ₹ 6676.40 crore which is ₹ 5511.11 crore in 2014-15. At the same time, devolution of Central Taxes & Duties also increased from ₹ 910.67 crore in 2014-15 to ₹ 2348.11 crore in 2015-16.

### *Expenditure*

11. On the Expenditure side, the Revenue Expenditure is estimated at ₹ 5652.44 crore during 2014-15 which decreases to ₹ 5570.86 crore in 2015-16. The Budget Estimate for Revenue Expenditure during 2016-17 is ₹ 6388.57 crore. Thus, the total Revenue Receipt is more than the Total Revenue Expenditure by ₹ 1105.54 crore. It means that the State Government is running on a revenue surplus. One of the most outstanding achievement during 2015-16 is that fiscal deficit is drastically reduced from ₹ 1039.64 crore in 2014-15 to ₹ 413.29 crore in 2015-16. This is mainly attributable to various austerity measure implemented by Government of Mizoram and also due to receipt of post devolution revenue deficit grant from Ministry of Finance, Government of India as recommended by 14<sup>th</sup> Finance Commission.

### *Fiscal deficit/surplus*

12. Fiscal deficit reflects the true extent of borrowing by the Government in a fiscal year. Fiscal deficit of the State Government also gradually decreases from ₹ 580.48 crore in 2012-13, ₹ 749.13 crore in 2013-14, ₹ 1039.64 crore in 2014-15. However, the State rendered a huge change by achieving a surplus of ₹ 413.29 crore

which is 3.09 percent of GSDP in 2015-16. The Budget estimate for Fiscal deficit for 2016-17 is ₹ 23.01 crore.

13. For calculation of Gross Fiscal Deficit, the latest approved series of GSDP estimates of Finance Commission and Ministry of Finance are used.

#### *FFC Grant*

14. As per the recommendation of the Fourteenth Finance Commission, the share of States in the net proceeds of Union taxes was increased from 32 per cent to 42 per cent. Out of this, the share of Mizoram in inter-se distribution of the State's share amongst the States is 0.46 percent. The total fund under the award of the Fourteenth Finance Commission for Mizoram State during 2015-16 to 2019-20 will be ₹ 30584.21 crore as shown below:

*(₹ in crore)*

<b>Year</b>	<b>Total</b>
2015-16	4835.54
2016-17	5411.68
2017-18	6045.80
2018-19	6751.41
2019-20	7539.78
<b>Total</b>	<b>30584.21</b>

15. The main source of fund for the State during these 5 years will consist primarily of Share of Taxes and Post-Devolution Revenue Deficit Grant (PDRD Grant), and grants for Urban Local Bodies and State Disaster Response Fund (SDRF).

#### *Public debt*

16. The accumulated public debt of the State Government has been increasing over the years due to continued deficit financing. However,

as prescribed by the FRBM Rules every effort has been rendered to mitigate the bulging accumulation of debt. The accumulated debt has been substantially brought down to 47.91 percent of GSDP during 2015-16 (pre actual) which is well below a target stipulated by FRBM guidelines. The BE 2016-17 projected the percentage of debt to GSDP at 46.93 percent.

### **Banking**

17. The total bank branches functioning in the State as on 31.03.2016 stood at 185 against 168 in the previous year which indicates an increase of 10.12 percent.

18. The aggregate deposits of all banks in Mizoram as on 31<sup>st</sup> March 2016 amounted to ₹ 6423.18 crore, it has increased by 13.10 percent from the previous year 2015 amounting to ₹ 5678.99 crore. The total credit (advances) disbursed was of the order of ₹ 2838.61 crore as on 31<sup>st</sup> March 2016 registering a growth of 11.50 percent. The credit-deposit ratio of Mizoram by the end of March 2016 stood at 44.19 percent as against 44.83 percent at ending March 2015, a decrease of 0.64 percent is being observed during this period.

### **Agriculture**

19. Paddy continues to remain the principal food crop and the staple food of the Mizoram people. Whereas the minimum Rice requirements of the state per year is estimated to be about 1,80,000 MT, the present Rice production is only 62,089 MT per year which could meet only 34.49 percent of its rice requirement. The remaining 65.51 percent has to be imported from outside the State. Increasing Rice production and diversification of agriculture farming would therefore enhance

rural livelihood and reduce poverty in villages and is imperative for food security of the State.

20. During 2015-16, area under Wet Rice Cultivation has been recorded as 17,302 hectares or 36.24 percent increase from 12,700 hectares at the beginning of 12<sup>th</sup> FYP. Rice production has increased by 31.54 percent. The area under Jhum cultivation has decreased from 44,947 hectare at the beginning of 11<sup>th</sup> FYP to 19,851 hectares during 2014-15 which account for above 55.83 percent reduction. The significant reduction in Jhum area is mainly due to the implementation of Oil Palm development programme, Sugarcane cultivation programme, RKVY, NLUP & RAD.

21. Area under Oil Palm cultivation is 22,027 hectares out of total potential area of 1,01,000 hectares which accounts for 24.78 percent coverage.

22. The practice of Jhumming is still prevalent among many farmers. During 2015-16, more than 39 percent of the total Rice production comes from Jhumming. As such, it is proposed to incentivize the farmers through Improved cultivation of Rice on Hill slopes/Improved Jhum cultivation wherein subsidy assistance on critical inputs like improved seed, fertilizers, PP chemicals, Herbicides etc. will be provided which will result in higher production and productivity.

23. The productivity of Rice under WRC has been raised from 2.00 MT/ hectare at the beginning of 12<sup>th</sup> FYP to the level of 2.18 MT/hectare during 2015-16. Increase in productivity per hectare may be attributed to adoption of SRI and increase in availability of Farm Power through the heavy subsidy of Power Tillers and Tractors.

24. Low consumption of fertilizers, low seed replacement, low availability of farm power, dearth of potential area connectivity, marginal land holding, poor market linkage and lack of assured irrigation are the major constraints to agriculture development.

### **Horticulture**

25. The rich diversity of agro- climatic conditions, topographical variations and altitudinal differences offer good scope for horticulture activities. The State Government has given full effort to not only achieving self-sufficiency in fruit, vegetable, flowers, spices and plantation crops in Mizoram but also building commercial scale production for identified horticulture crops with a mission to enhancement in production, marketing and processing of Horticulture produces for increasing income and employment.

26. Orange and banana are by far the most important fruit crops of Mizoram, which constitutes about 80 percent of the total area under fruit crops. The Area under horticulture crops cover an estimated area of 3,39,350 hectares and the total production has been estimated to be 1,891.07 MT during 2015-16.

27. Presently crop production, processing and marketing of produces are not merged in one stream. As such, producer farmer has to cumbersomely find way out to dispose of his produces through other agencies or the other. Therefore, it is felt necessary that Government needs to evolve a policy wherein production, processing and marketing are channelized under one umbrella.



## **Animal Husbandry**

28. The total livestock population according to livestock census, 2012 was recorded to be 3.84 lakh as against 3.64 lakh in the livestock census, 2007 whereas poultry recorded ₹ 12.60 lakh against ₹ 12.41 lakh. Thus, there was an increase of 5.49 percent in the livestock population and 1.49 percent increase in poultry of the State. Pigs constitute the largest group followed by cattle.

29. To keep animal livestock healthy to protect them from diseases, the Department has a network of veterinary health institutions and services throughout the State for treatment and control of diseases. At present, there are 5 nos. of Veterinary Hospitals, 1 Polyclinic Hospital, 35 nos. of Veterinary Dispensaries and 103 nos. of Rural Animal Health Centres. The state government is also maintaining 58 Mobile Artificial Insemination Centres, 2 Liquid Nitrogen Plants, 1 Regional Boar Semen Station, 10 nos. of Animal Disease Surveillance Check Posts, 1 no of State Disease Investigation Laboratory and District Animal Disease Diagnostic Laboratories. The department also maintains 1 no of Central Medicine Vaccine Depot at Aizawl Headquarters.

### *Livestock product*

30. The main livestock products are milk, egg and meat. The estimated production of milk in the State in 2014-15 was 20,495 tonnes which was 33.9 percent more than the production of 15,305 tonnes in 2013-14. The per capita availability of milk per day in Mizoram is worked out to be 48 gms against the Indian Council of Medical Research recommendation of 240 gms of milk per day per individual.

31. The estimated total egg production during 2014-15 was ₹ 377.33 lakh of which ₹ 261.57 lakh were Desi and ₹ 115.76 lakh were improved variety. The total egg production is estimated to have increased by 4.14 percent from the previous year.

32. The Total production of meat from Cattle, Buffaloes, Mithun, Goats and Pigs during 2014-15 was estimated at 10856 tonnes of which pork and beef accounts for 7038 and 3750 tonnes respectively. Meat production from chicken (poultry) during 2014-15 was estimated at 1669 tonnes. Out of the total meat production (including poultry meat) pork accounted for the highest quantity with 56.19 percent followed by beef with a share of 29.94 percent, poultry meat accounted for 13.33 of the total meat production.

33. No outbreak of Food and Mouth Disease is recorded during the year 2015-16.

### **Fisheries**

34. Due to various constraints in the past only 4790 hectare in the form of ponds and tanks are developed against the potential available of 24,000 hectares so far for fish culture till the end of 2014-15. There are 6000 hectare of open water area in form of rivers and spreading over 1100km in riverine stretches. Only about 20.0% of the total potential fishery resource (24000 hectare) has so far been developed till 2014-15.

35. A quantity of 6828 MT of table sized fishes were produced from the developed resources. The increase in production during 2015-16 is 6.90% from the previous year i.e. 2014-15.

36. Fish production from the states own culture and capture resources can meet only estimated per capita consumption of 5.50 kg at the end of 2014-15 against the requirement of at least 11kgs per capita. Policy is being targeted towards gradual bridging of this gap between requirement of table size fish and supply from the state own production.

### **Forestry**

37. Based on 'India State of Forest Report-2015' published by Forest Survey of India, Dehradun the state has 12,752 Sq.km open forests and about 91.47% of the State's total geographical area is covered under forests & Tree cover. However the forests have suffered serious depletion and degradation due to traditional practice of shifting cultivation, uncontrolled fire, unregulated fellings etc.

38. The present notified forests (reserved/protected forests) constitute about 38% of the geographical area and even most of these are open, degraded and subject to pressure of shifting cultivation, encroachments, fire, illicit felling etc.

### *Bamboo Development*

39. Mizoram has abundant natural bamboo resources which covers around 30% (about 6346 Sq.km) of its geographical area and as many as 35 species of bamboo have been identified in the state of which *Melocanna baccifera* (mautak) contributes about 77% of the total bamboo coverage. The extent of bamboo bearing area in the forests of the State is 9,245 km<sup>2</sup>.

40. Under National Agro-forestry and Bamboo Mission (NABM), bamboo plantation has been raised by covering 37,701 hectares in

forest area, 19,800 hectares in non-forest area. Further enrichment of existing bamboo forests has been done over 7368 hectares. Other related activities are, raising of nursery, processing and marketing bamboo, supports to handy craft clusters, trade fairs etc.

41. The area set aside for long-term wildlife conservation is 1858.75 Sq.km which is more than 8.8 percent of the State's geographical area. The Government also managed 10 Protected Areas (PAs), 1 mini Zoo and 1 Deer Park in the State.

### **Industries**

42. Notwithstanding the enthusiasm amongst the entrepreneurs and the significant progress made in the field of small scale industries, the pace of industrialisation could not be boosted up due to many persisted adverse factors, among which, lack of organizational structure, poor infrastructural facilities like communication, power and markets are prominent.

43. Based on the size of investment, which is the principle factor for deciding the category of any industry; all industrial units in Mizoram belong to the category of small scale or tiny Industries.

44. The total number of small scale industrial units registered during 2015-16 is 169 as against 120 during 2014-15. The investment level of these units increased to ₹ 1178.75 lakh from ₹ 600 lakh during the same period. Among these, service sector such as healthcare, hotels etc are having higher investment and employment as compared to manufacturing sector. The State Government with its limited resources and geographical disadvantages had earmarked and developed industrial areas with basic infrastructure.

### *Handloom & Handicraft*

45. Handloom and handicrafts are the most important and popular industrial activities in Mizoram. Mizoram has highly gifted skilled handloom and handicraft artisans. Mizoram have not dwindled into trite imitations nor lost their traditional resplendence, is now all set to carve a niche for itself in the international markets in handloom and handicrafts. Thenzawl town is an important hub of traditional Mizo handloom industry, which produces rich and colourful varieties of Mizo traditional textiles. The department is running Handicraft Production Centre at Luangmual, Aizawl.

### *Sericulture*

46. The topography of Mizoram enjoys varied climate conditions which facilitates the successful introduction of all the four silkworm races namely, Mulberry, Eri Muga and Tasar. The production of raw silk during 2015-16 (upto Dec. 2015) is reported to be 58.06 tonnes. Sericulture Department of the State Government is having one Reeling Factory at Zemabawk. Apart from producing raw silk and silk fabrics it has also been producing silk quilts in abundance which has marketing potential everywhere in the country.

### **Cooperation**

47. There are at present 1430 Primary Cooperative Societies and 10 State Level Cooperative Societies scattered all over the State serving the people for their economic upliftment and improving their economic conditions.

48. Cooperation Department proposed implementation of ICDP Programme in 5 (five) District of Mizoram, the project was approved

and sanction by NCDC with total cost of ₹ 4494.452 lakh. This programme is to be implemented for 4 (four) years.

### **Power & Electricity**

49. Mizoram has been blessed with vast hydroelectric potential. In spite of the huge hydro-electric power potential available in the State (3663 MW approx), a little over 2 percent of it has been harnessed so far.

50. As per the 18<sup>th</sup> Power Survey of India, the bulk power requirement of Mizoram is 201MW and the allocated share is 103.09MW (real time power availability is normally 60MW). There is acute power shortage as the power generated is only about 15MW from the installed capacity of 29.35MW while the present peak demand is 102MW. The rest of the requirement has to be imported from various sources like Loktak, Ranganadi, etc from Central Sector Utilities like NEEPCO, NHPC, NTPC, etc.

51. The AT&C loss is calculated to be 30.79% and the per capita power consumption is worked out to be 280 kWh during 2014-15.

### **Roads & Transport**

#### *Roads*

52. The total length of all types of roads in Mizoram is 7632.604 km having a road density of about 36.196 km/100 sq km which is much below the national average of 129 km/100 sq km. Out of the total road network, National Highway covers 1465 km, BRO Road covers 896 km and State Road covers 4662 km which are constructed by the State government. Due to the inavailability or lack of other means of

transportation, roads are the only means of transportation within the State the importance of which cannot be over-emphasized.

53. Under Look East Policy, new roads are being built in the southern part of the state to connect neighbouring country. This will improve access to goods, passenger transport service and reduce transport cost along the route, improve access to social and economic development opportunities along the route by providing high capacity infrastructure.

### *Transport*

54. The Road Transport Sector has grown significantly during the decades. The growth of vehicular traffic on roads has been far greater than the growth of the highways; as a result the main arteries face near capacity saturation.

55. Both freight and passenger movement by road is expected to rapidly expand in the coming years. In particular, freight movement by road transport is expected to show robust growth over the medium term mainly due to substantial investment in improvement in national highway and other state road network.

56. The total number of motor vehicles on road in the State upto the end of 2015-16 of both Private and Government vehicles is 1,65,694. The number of vehicles on road has increased by 14,208 (9.38 percent) within a period of one year against 1,51,486 at the end of the previous year 2014-15. Out of the total number of vehicles in operation during 2015-16, 60.52 percent are two wheelers, 34.22 percent are light motor vehicles (Auto Rickshaw, Motor Cab, Maxi Cab, Motor Cars, Jeeps, Gypsy). Buses, Trucks and Lorries constituted 4.14

percent and other vehicles like Tractor, Trailer, Excavator, Ambulance, Fire Fighter, Recovery Van, Mac Crane and others constituted 1.12 percent only of all vehicles on road.

### **Tourism**

57. Mizoram has a huge potential for development in the tourism industry as it is being considered by many as a beautiful place due to its dramatic landscape and pleasant climate. The Department of Tourism of the State Government has been striving for the development of Tourism and its allied activities.

58. The Mizoram Tourism Policy 2014 focuses on the promotion of tourism by developing infrastructure and facilities. At present, there are 50 tourist facilities in operation. Anthurium Festival and 'Thalfavang Kut' are organized and every year which are celebrated with traditional festivities and fanfare with the intention of attracting more tourists to the State. In order to create skilled manpower in hospitality sector, the Department sponsors students for training courses in hospitality and related services to Institute of Hotel Management Guwahati and Shillong every year.

59. The number of tourist arrivals in Mizoram (domestic and foreign) as recorded by the Department during 2015-16 were 67413. The revenue earned by the Department for the same period reached ₹ 222.01 lakh.

### **Water Supply**

60. Regarding rural water supply there are 738 identified rural habitations which decreases from 777 nos due to urbanization, depopulation etc. Out of this 440 habitations have been brought



under fully covered status and 298 habitations under partially covered status. Mizoram is still on its way to achieving the National Norm of Water Supply Level (70 lpcd) in Urban Water Supply Programme. Out of 1 city and 22 towns, 10 towns have been brought under fully covered status (below 70 lpcd) 13 towns under partially covered status (10-70 lpcd) and 4 towns are under construction for achieving 70 lpcd.

### **School Education**

61. The number of schools has increased from 4202 in 2014 to 4213 during the academic year of 2015. Out of these 4213 schools, 1950 are Primary Schools, 1511 are Middle Schools, 610 are High Schools and 132 are Higher Secondary Schools. There are 24419 teachers in 2015 where there are 8330 teachers in Primary schools, 10159 teachers in Middle schools, 4394 teachers in High Schools and 1536 in Higher Secondary Schools.

62. The Gross Enrolment Ratio in the Primary Level is 123 and 127 in the upper Primary Level during 2015-16.

63. The Teacher-Pupil Ratio in the primary school is 01:19, 01:09 in both the middle and the high schools, 01: 15 in the higher secondary school.

64. The State is now having one Central University, known as 'Mizoram University'. There are at present 22 Govt. Colleges and 2 Teacher Govt. Training Colleges viz. College of Teacher Education/IASE and Mizoram Hindi Training College, 2 Polytechnics viz. Mizoram Polytechnic, Lunglei and Women Polytechnic, Aizawl and 5 private colleges. The Department is also looking after Collegiate Boys and Girls Hostel in Aizawl and Shillong.

## **Health Services**

65. Medical facilities and health services in the state is being mainly provided by the State Government. The Health and Family Welfare Department is providing services such as public health, control of communicable diseases, health education, family welfare, maternal and child health care through a network of 12 Civil Hospitals, 57 Primary Health Centres, 370 Primary Health Sub-Centres, 12 Community/Urban Health Centres. At present, there are 987 ASHAs.

66. Based on the report of the Health & Family Welfare Department the infant mortality rate and maternal mortality rate declined during 2016 is 23 and 85 respectively.

67. The State Government has been making effort to set up a Medical College as '**Mizoram Institute of Medical Education and Research (MIMER)**' at State Referral Hospital, Falkawn.

## **Social Welfare**

68. The Department of Social Welfare is instrumental in bringing about major improvements, social justice to the weaker and vulnerable sections of the society. The State Government has been implementing the 'IGNOAP' by providing Old Age Pension to 25469 destitute older persons who have attained 60 years and above 55 years in case of physically and mentally handicapped living below poverty line.

69. Supplementary Nutrition Programme is implemented through the Integrated Child Development Services (ICDS) aiming at reducing the prevalence of malnutrition among children among children between 6 months to 6 years, lactating mothers and adolescent girls the State Government is providing supplementary feeding and

complied with the nutritional and feeding norms of the Government of India. It provides feeding for 300 days in a year. There are 2244 Anganwadi Centres in the state. Integrated Child Protectional Scheme under the Ministry of Women & Child Development has been initiated aiming child protection as an essential component to place development of the child at the centre of the plan.

## **OVERVIEW OF STATE GOVERNMENT FINANCES**

70. The Thirteenth Finance Commission recommended that Govt. of Mizoram will have to maintain Revenue Surplus from the fiscal 2011-12, gradually reduce its fiscal deficit to 5.2 per cent in 2012-13, 4.1 per cent in 2013-14 and ultimately to 3 per cent of its GSDP by 2014-15 and limit outstanding liabilities at 82.9 per cent of GSDP in 2012-13, 79.2 per cent in 2013-14 and eventually at 74.8 per cent of corresponding GSDP by 2014-15. The Fourteenth Finance Commission further stated that during their award period, fiscal deficit of all States will be anchored to an annual limit of 3 per cent of GSDP with flexibility of 0.50 with certain conditions.

71. The fiscal deficit, which has been measured as a percentage of the GSDP series adopted by the FC-XIII, stood at 15.96 per cent in 2010-11, the same stood at 6.84 per cent in 2011-12, at 7.21 per cent in 2012-13 and at 8.43 per cent in 2013-14. As per Budget Estimates of 2016-17 and 2017-18, the fiscal deficit would be ₹ 23.00 crore and ₹ 138.94 crore respectively and the corresponding GSDP figures for the year provided by Planning & Programme Implementation department Government of Mizoram in conformity with the recommendation of the Fourteenth Finance Commission are ₹ 15535.00 and ₹ 17561.60 crore respectively; hence the fiscal deficit would be 0.15 and 0.79 per cent of the GSDP respectively, which

are lower than the target fixed by the Fourteenth Finance Commission. The actual figure may, however be higher than this as and when the Finance Account is available but expected to be lower than 3 per cent.

72. Revenue Receipt of the State consists of Tax Revenue and Non-Tax Revenue. The estimated Tax Revenue for 2017-18 is ₹ 3504.97 crore comprising of State's Own Tax Revenue of ₹ 397.71 crore and State's share of Central Taxes of ₹ 3107.26 crore.

73. Dominant features of the State Own Tax Revenues are –it is very minimal in comparison to the resources devolved by the Central Government and that Mizoram Value Added Tax (VAT) remains the prominent contributor though State's Excise has contributed a sizeable amount after the implementation of the Mizoram Liquor (Control & Prohibition) Act, 2014. The SOTR has a positive trend of growth, it was ₹ 229.78 crore in 2013-14, ₹ 266.53 in 2014-15, ₹ 358.41 crore in 2015-16. The Budget Estimate of SOTR for 2016-17 and 2017-18 are ₹ 331.19 crore and ₹ 397.71 crore respectively.

74. As can be seen from the available data, the SONTR has increased from ₹ 194.26 crore in 2013-14 to ₹ 241.96 crore in 2014-15, ₹ 297.63 crore in 2015-16, For 2016-17 and 2017-18, the estimated SONTR is ₹ 279.06 crore and ₹ 296.93 crore respectively.

75. As per the recommendation of the Fourteenth Finance Commission, the share of States in the net proceeds of Union taxes was increased from 32 per cent to 42 per cent. Out of this, the share of Mizoram in inter-se distribution of the State's share amongst the States is 0.460 per cent. Depending upon buoyancy of the Central

taxes, actual receipt of the State in Central Taxes may be more or less than the projection of the Commission. The total fund under the award of the Fourteenth Finance Commission for Mizoram State during 2015-16 to 2019-20 will be ₹ 30584.21 crore. The main sources of funds for the State during these 5 years will consist primarily of Share of Taxes and Post-Devolution Revenue Deficit Grant (PDRD Grant), and grants for Urban Local Bodies and State Disaster Response Fund (SDRF).

76. The overall Capital Receipts for the year 2017-18 is estimated to be ₹ 629.79 crore. The Non-debt capital receipts on account of Recoveries of loans and advances against the past investment are estimated at ₹ 32.84 crore during 2017-18. Capital Receipt on account of Public debt comprising of Internal Debt and Loans & advances from the Central Government is estimated at ₹ 596.95 crore during 2017-18; out of this ₹ 561.27 crore will be the contribution of Internal debt and ₹ 35.68 crore will be Loans & Advances from the Central Government.

77. The surging expenditure on revenue account has been a serious issue of concern in the State finance. This has resulted in deterioration of resources for capital investments. Thanks to the previous fiscal reforms measures and the increase in devolution of resources from the Centre especially during the award period of 14<sup>th</sup> Finance Commission. There was a revenue deficit of ₹ -141.33 crore in 2014-15 and revenue surplus amounting to ₹ 1105.55 crore in 2015-16. The Budget Estimate of Revenue surplus for 2016-17 was ₹ 1283.91 and the same for 2017-18 is estimated at ₹ 1787.10 crore.

78. Budget Estimates for expenditure on account of disbursement of Loan and Advances in 2014-15 was ₹ 2.43 crore, ₹ 7.13 crore in 2015-16 and the Budget Estimates for 2016-17 and 2017-18 are ₹ 30.55 crore and ₹ 51.00 crore respectively. Capital outlay in 2014-15 stood at ₹ 927.51 crore, ₹ 710.97 crore in 2015-16. It is estimated at ₹ 1309.21 crore in 2016-17 and ₹ 1907.88 crore in 2017-18.

79. Our aver all liabilities which included Market Borrowings (Market Loans and Power Bonds), Loans from the Central Government (Block Loans and other Loans), Special Securities issued to NSSF, Borrowings from FIs (LIC, NABARD, NCDL and other Institutions), WMA/OD from RBI, Provident Funds (GPF, Insurance & Pension Fund) and Other Liabilities stood at ₹ 5608.38 crore in 2013-14 (Actual), ₹ 6550.39 crore in 2013-14(Actual), ₹ 6407.39 crore in 2015-16 (Actual), ₹ 7290.17 crore in 2016-17(BE). As a per cent of GSDP our liabilities in 2013-14 was 54.46%, 62.90% in 2014-15, 47.90% in 2015-16 and 46.92% in 2016-17 (BE

## **PROSPECTS**

80. The Indian economy has made substantial improvements in its macroeconomic fundamentals and impressive strides in reducing macro-vulnerability with reforms in key areas, pursuit of fiscal prudence and consolidation, focus on price stability and the resultant benign price situation and comfortable level of external current account. With improved industrial growth supplementing the buoyant services sector, overall economic growth has also picked up. Set against the background of the unsupportive global economic landscape, and back-to-back weak monsoons with deleterious effects on farm production, the growth rate of 7.6 per cent in 2015-16, 7.1% in 2016-17 as estimated by the CSO is encouraging. In sharp contrast,

the global economy, shrouded in uncertainties and constrained by sluggish demand, has failed to generate confidence. While the emerging market economies have clearly slowed down, the large Chinese economy is faced with concerns of rebalancing investment and consumption activities. In this milieu, the Indian economy stands out as a haven of macroeconomic stability, resilience and optimism and can be expected to register GDP growth that could be in the range of 11-11.9% in 2017-18.

81. The State's Annual Plan has been increasing with the approved plan size of ₹ 2500.00 crore in 2013-14, ₹ 3140.00 crore in 2014-15 and slightly reduced to ₹ 3097.78 in 2015-16. The size of State Plan as per the Budget Estimates of 2016-17 is ₹ 3093.91 crore. Pursuant to the instruction of Government of India, Plan-Non Plan era has come to an end and the public expenditures will only be classified into Revenue and Capital Expenditures which is to be effective from the FY 2017-18, and consequent upon higher devolution from the Centre as per the recommendation of 14<sup>th</sup> Finance Commission supplemented by improvement of State's financial position as a result of declaration of 'Year of Consolidation' during 2015-16 and 2016-17, State Government is intending to invest more on capital creation during 2017-18. This positive move towards setting aside more funds for capital expenditure is expected to give momentum for the growth of State's economy. With the Government laying down the much needed basic infrastructure foundation for economic growth in key sectors, the economic activities of the private sector is also expected to come up contributing for economic growth. The State Government's commitment in taking up economic development is also envisaged to have positive results in increased economic co-operation with multilateral institutions. The inflow of external resources,

accompanied by the transfer of knowledge and expertise at the international level will slowly impact the performance of the public and private sectors.

82. A Macro Economic Framework Statement giving trend in selected macro economic and fiscal indicators is placed below at Annexure appended to this Statement.



Sl. No.	Economic / Fiscal Indicators	Absolute value (Rs. Crore)		Percentage Changes	
		April - March		April - March	
		2015-16 (Actuals)	2016-17 (RE)	2015-16 (Actuals)	2016-17 (RE)
<b>A</b>	<b>Real Sector</b>				
1	GDSP at factor cost	13373.83	14549.00	7.00	2.43
	(a) at current prices				
	(b) at 2004-2005 prices				
2	Agriculture Production				
3	Industrial Production				
4	Tertiary Sector Production				
<b>B</b>	<b>Government Finances</b>				
<b>1</b>	<b>Revenue Receipts (2+3)</b>	<b>6676.40</b>	<b>7889.49</b>	<b>21.14</b>	<b>4.70</b>
2	Tax Revenue (2.1+2.2)	2706.52	3166.49	129.91	18.08
2.1	Own Tax Revenue	358.41	365.86	34.47	17.76
2.2	State's Share in Central Taxes	2348.11	2800.63	157.84	18.13
3	Non-Tax Revenue (3.1+3.2)	3969.88	4723.00	-8.40	-2.69
3.1	State's Own Non-Tax revenue	297.63	281.91	23.01	4.48
3.2	Central Transfers	3672.25	4441.09	-10.26	-3.11
<b>4</b>	<b>Capital Receipts</b>	<b>588.91</b>	<b>393.45</b>	<b>-58.37</b>	<b>-42.47</b>
4.1	Recovery of loans	25.84	32.84	-18.28	-17.90
4.2	Other Receipts	-			
4.3	Public Debt	563.07	360.61	-59.29	-43.99
<b>5</b>	<b>Total Receipts (1+4)</b>	<b>7265.31</b>	<b>8282.94</b>	<b>4.90</b>	<b>0.78</b>
<b>6</b>	<b>Non-Plan Expenditure</b>	<b>4250.59</b>	<b>5382.43</b>	<b>-11.94</b>	<b>10.70</b>
6.1	Revenue Account	3622.99	4863.16	3.50	18.71
	of which:-				
	(a) Interest payments	369.27	549.39	20.74	22.04
	(b) Subsidies	-	-	-	-
	(c) Salaries	2202.00	2701.40	27.68	34.76
	(d) Pension Payments	616.30	770.00	13.16	37.50
6.2	Capital Account	627.60	519.27	-52.67	-32.14
<b>7</b>	<b>Plan Expenditure</b>	<b>2588.64</b>	<b>4301.33</b>	<b>-12.10</b>	<b>27.11</b>
7.1	Revenue Account	1947.86	2675.68	-9.48	5.06
7.2	Capital Account	640.78	1625.65	-19.20	94.19
<b>8</b>	<b>Total Expenditure (6+7)</b>	<b>6839.23</b>	<b>9683.76</b>	<b>-12.00</b>	<b>17.43</b>
8.1	Revenue Expenditure (6.1+7.1)	5570.85	7538.84	-1.44	13.47
8.2	Capital Expenditure (6.2+7.2)	1268.38	2144.92	-40.15	33.86
	of which:-				
	(a) Loans & Advances	7.13	53.34	193.42	33.35
	(b) Capital Outlay	710.97	1774.07	-23.35	69.43
<b>9</b>	<b>Revenue Deficit (-)/Surplus (+) (1-8.1)</b>	<b>1105.55</b>	<b>350.65</b>	<b>-882.25</b>	<b>-60.67</b>
<b>10</b>	<b>Fiscal Deficit {(1+4.1+4.2)-(8.1+8.2a+8.2b)}</b>	<b>413.29</b>	<b>-1443.92</b>	<b>-139.75</b>	<b>827.91</b>
<b>11</b>	<b>Primary Deficit (10-6.1a)</b>	<b>782.56</b>	<b>-894.53</b>	<b>-206.64</b>	<b>-403.69</b>
12	<b>Memo:</b>				
	Average amount of WMA from RBI*	0.71	-	-74.46	-
	Average amount of OD from RBI <sup>#</sup>	-	-	-	-
	Number of days of OD	-	-	-	-
	Number of occasions of OD	-	-	-	-

\* Indicates daily average of W&MA availed during the year

<sup>#</sup> The State Government did not lapse into OD during the year.