EXECUTIVE SUMMARY

Executive Summary –
State Finances Audit Report 2024-25

This Report on the finances of the State of Mizoram provides an independent assessment of the fiscal position of Mizoram for FY 2024-25. It analyses the State's overall financial health and reviews its revenue and expenditure trends, assesses the State's debt position and borrowing patterns, evaluates its compliance with fiscal responsibility laws and compares its performance against fiscal health indicators.

Mizoram's economy showed moderate growth during the FY 2024-25, with GSDP registering growth of 15.22 *per cent* as compared to the previous financial year. State contributed 0.12 *per cent* to GDP of India. The trend fluctuates but primarily decreases before a final increase in the latest year. The percentage decreased steadily from 0.12 *per cent* in 2020-21 to 0.11 *per cent* in 2023-24. It then increased to 12.00 *per cent* in 2024-25. We observed that the revenue receipts of the state decreases by 3.07 *per cent* from the previous year, driven by less grant-in-aid from Centre. Non-tax revenue also decreased by 14.92 *per cent* over the previous year. The state's own revenue performance improved yet dependence on central grants-in-aid remains substantial.

Expenditure of the state was dominated by higher growth of capital spending (59.21 *per cent*). Committed expenditure was 63.23 *per cent* of Revenue Receipts and the expenditure on subsidies during 2024-25 (1.71 *per cent* of RE, 1.45 *per cent* of TE and 1.71 *per cent* of RR) was the highest in the five year period but was still only about two *per cent* of both Revenue Receipts and Revenue Expenditure. Capital expenditure remained volatile and below revised estimate levels, reflecting constraints in infrastructure investment. During the year Subsidies increased sharply, mainly due to Power Subsidy. As a result, the State was not able to arrest the revenue surplus and fiscal deficit within the target levels of the state FRBM Act, thereby rendering little room for fiscal consolidation. Though outstanding liabilities remained outside the numerical targets. Besides, the state government also carried forward significant undischarged liabilities in respect of State Compensatory Afforestation Fund, State Disaster Response Fund (SDRF) and Miscellaneous Deposits' interest liabilities etc. to the tune of 7.32 crore in the FY 2024-25.

Audit through its various reports have already highlighted the increased efforts to be taken by state in realising the arrears in tax revenue, reducing the compliance risks in the taxations, recycling the capital investments made in the State Public Sector Undertakings (SPSEs) and rationalising the expenditure in tune with revenue growth.

The fiscal year also continued to witness large scale savings and excess in revenue/ capital, charged and voted sections of four grants and one appropriation. In grant no. 49 –'Public Debt' excess expenditure in FY 2024-25 requires regularisation by legislature. Concerns also arise from delays in submission of Utilisation Certificates, one of which is pending from prior to 2019-20, two accounts of 2024-25 are pending from departmental undertakings and autonomous bodies and substantial use of Minor Head 800- Other Receipts/Expenditure affecting transparency in financial reporting.

The increasing debt load, high committed expenditure, and limited capital investment raise concerns about fiscal sustainability. There's a need for revenue augmentation, better expenditure control, and structural reforms to ensure long-term fiscal health. Steps should be taken for more judicious budget provisioning.