CHAPTER-1

OVERVIEW OF THE FINANCES OF THE STATE

Chapter I: Overview of the Finances of the State

This chapter provides a snapshot of Mizoram's finances for 2024-25, covering demographics, economic indicators, and the State's fiscal structure. It analyses trends in revenue and expenditure, debt levels, and fiscal deficits, highlighting persistent imbalances and reliance on borrowings. The chapter flags issues like high committed expenditure, low returns on investments *etc*.

1.1 Profile of the State

Mizoram, a predominantly forest and mountainous region in North-East India, covers 21,081 sq.km. and comprises eleven districts and 829 villages. As of August 2025, its projected population stood at 12,61,000[1] (0.09 *per cent* of India's total), with a density of 60 persons per sq. km. This section provides an overview of the State's demography, GSDP and per capita income of the State.

1.1.1 Demography of the State

The State's demographic details *vis-à-vis* national average are presented in the **Table 1.1** below.

Table 1.1: Demographic profile of the State

Description	Mizoram	National Average
Rural Population (*per cent*) 2011	47.89	68.86
Urban Population (*per cent*) 2011	52.11	31.14
Population density 2011	52	430
Sex Ratio per 1,000 Males *(Census of India, 2011)*	986	947
Infant Mortality Rate per 1,000 Live births *(Sample Registration System, Statistical Report 2020)*	13	25
Maternal Mortality Rate per 1,000 Live births *(Maternal Mortality Bulletin)*	NA	5
Total Fertility Rate *(NFHS-5, 2019-21)*	1.87	1.99
Life Expectancy at Birth *(Report on Technical Population, 2020)*	NA	70.30
Population below Poverty Line *(Multidimensional Poverty Index, 2023, NITI Aayog)*	5.30	14.96
Literacy Rate *(NCS Report, 2012-18)*	98.20	80.90

Source: Brief on State Finances 2024-25

[1] *Report of the Technical Group on Population Projections, submitted by National Commission on Population, Ministry of Health and Family Welfare, Government of India.*

1.1.2 Economy of the State

Gross State Domestic Product (GSDP) and Per Capita income (PCI) are important indicators of the State's economy as discussed in succeeding paragraphs.

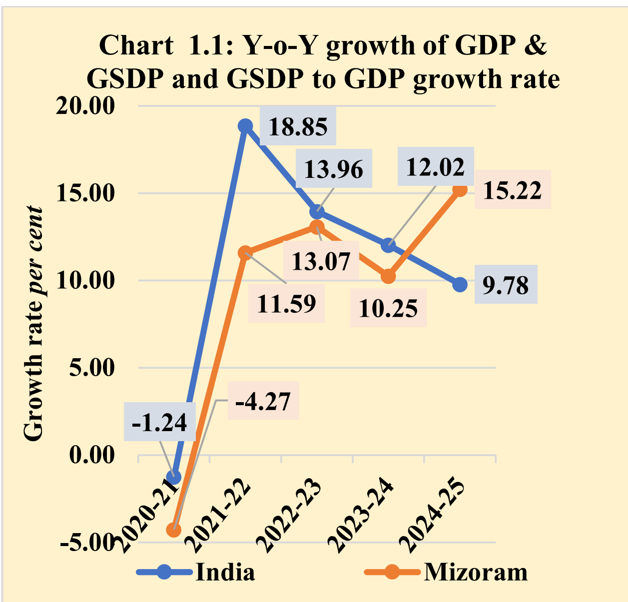
1.1.2.1 Gross State Domestic Product and Per Capita Income

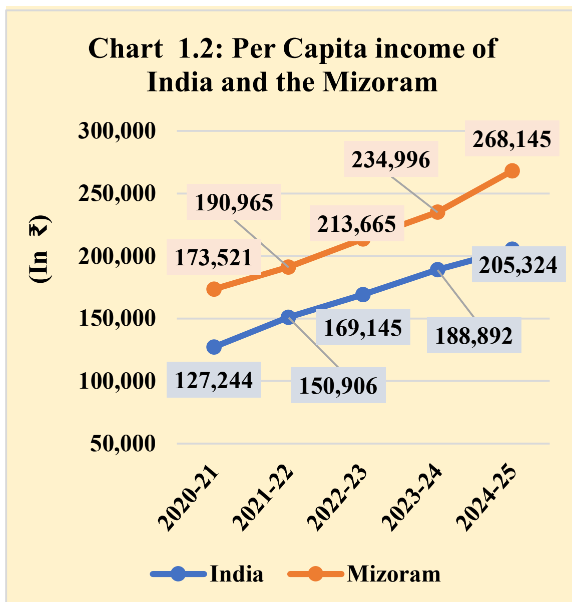
Gross Domestic Product (GDP) refers to the total value of goods and services produced within a country, while GSDP measures the same at the State level, and both reflect economic development and overall progress. Trends of GSDP and GDP is given in **Table 1.2.** Year on year growth of GSDP and GDP and GSDP contribution in GDP is given in **Chart 1.1** and Per Capita Income of the country and Per Capita Income of the State is depicted in **Chart 1.2**.

Table 1.2: Trends in GSDP compared to GDP of India (at current prices)

Year	2020-21	2021-22	2022-23	2023-24	2024-25
GDP of India (₹ in crore)	**1,98,54,096**	**2,35,97,399**	**2,68,90,473**	**3,01,22,956**	**3,30,68,145**
GSDP of Mizoram *(₹ in crore)*	23,923	26,695	30,184	33,277	38,343
PCI of India (in ₹)	**1,27,244**	**1,50,906**	**1,69,145**	**1,88,892**	**2,05,324**
PCI of Mizoram (in ₹)	1,73,521	1,90,965	2,13,665	2,34,996	2,68,145

Source: Ministry of Statistics and Programme Implementation, GoI and Department of Economics & Statistics, Government of Mizoram





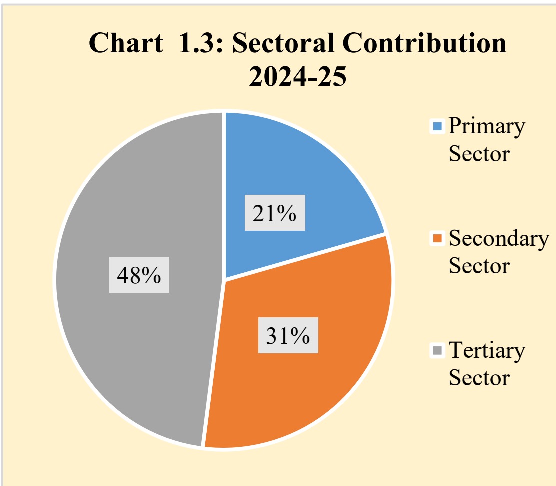
Source: Ministry of Statistics and Programme Implementation, GoI and Department of Economics & Statistics, Government of Mizoram

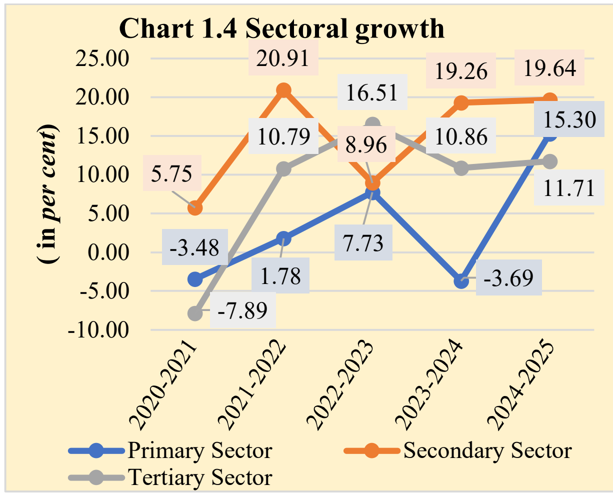
Chart 1.1 and Chart 1.2 depict the trend of GDP/GSDP and Per Capita income of Mizoram and India over the period 2020-21 to 2024-25. Analysis of the information shows that during 2024-25, Mizoram's economy has demonstrated a robust recovery and growth trajectory, outperforming the national average in terms of growth rates of GSDP.

Additionally, there has been a steady upward climb in Per Capita Income over the period 2020-21 to 2024-25 in which Mizoram's per capita income was higher as compare to the Per Capita Income of India over the last five years.

1.1.2.2 Sectoral contribution to GSDP

The sectoral contribution by various sector during 2024-25 and sectoral growth in GSDP during the last five years are depicted in **Chart 1.3** and **Chart 1.4** respectively.

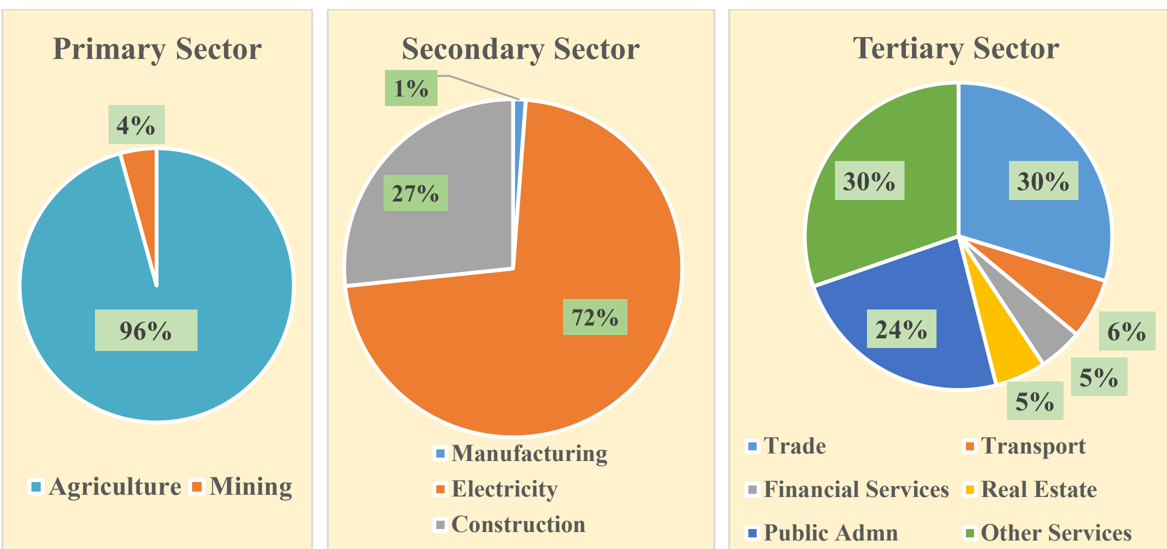




Source: Directorate of Economics & Statistics, Government of Mizoram

Chart 1.5 shows the composition of each sector during FY 2024-25, in terms of its major contributing segments.

Chart 1.5: Sector-wise distribution, FY 2024-25



Source: Directorate of Economics & Statistics, Government of Mizoram

The growth rate of Tertiary sector remained the largest contributor throughout except 2020-21 while the secondary sector and primary sector showed a fluctuating trend during the last five years.

The growth seen in the primary sector in 2024-25 was mainly contributed by agriculture. While Electricity, Gas, Water Supply & Other Utility Services continued to remain the largest contributor to growth in the secondary sector. Trade, Hotels & Restaurants, Other Services, and Public Administration were the main drivers of the growth witnessed in the tertiary sector.

In **Chart 1.3** the primary sector includes agriculture, crops, livestock, forestry, fishing, and mining & quarrying. The secondary sector covers manufacturing, construction and electricity, gas, water supply and other utilities. The tertiary sector consists of services such as industry, transport, financial services and other services.

Chart 1.4 shows that, during 2024-25, there was growth of 15.30 *per cent* in the Primary Sector, which was attributed to increased growth in Agriculture, mining and quarrying, forestry, livestock sub-sectors.

During 2024-25, Service Sector grew by 11.71 *per cent* due to increased growth in all the sub sectors under Services Sectors. Growth rate in Secondary Sector was largest which was 19.64 *per cent* during the year 2024-25 due to increased growth in manufacturing, construction and electricity, gas, water supply and other utilities Services sub sectors.

1.1.3 Snapshot of Finances

Table 1.3 shows the details of actual financial results of State Government of Mizoram for the years 2023-24 and 2024-25 *vis-a-vis* Budget Estimates (BE), Revised Estimates (RE) and GSDP for the year 2024-25.

Table 1.3: Snapshot of Finances

(₹ in crore)

Sl. No.	Components	2023-24 (Actuals)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actuals)	Percentage of Actuals to B.E.	Percentage of Actuals to GSDP
1	**Tax Revenue**	**6,843.06**	**7,411.35**	**7,770.34**	**7,660.50**	**103.36**	**19.98**
(i)	*Own Tax Revenue*	*1,195.59*	*1,312.42*	*1,335.90*	*1,225.98*	*93.41*	*3.20*
(ii)	*Share of Union taxes/duties*	*5,647.47*	*6,098.93*	*6,434.44*	*6,434.52*	*105.50*	*16.78*
2	Non-Tax Revenue	1,084.93	1,122.39	1,126.89	923.01	82.24	2.41
3	Grants-in-aid and Contributions	3,486.06	3,852.75	4,397.15	2,480.41	64.38	6.47
4	**Revenue Receipts (1+2+3)**	**11,414.05**	**12,386.49**	**13,294.38**	**11,063.92**	**89.32**	**28.86**
5	Recovery of Loans and Advances	23.96	33.60	33.60	21.15	62.95	0.06
6	Other Receipts	-	-	-	-	-	-
7	Borrowings and other Liabilities*	677.71	1,365.70	2,596.75	2,014.71	147.52	5.25
8	**Capital Receipts (5+6+7)**	**701.67**	**1,399.30**	**2,630.35**	**2,035.86**	**145.49**	**5.31**
9	**Total Receipts (4+8)**	**12,115.72**	**13,785.79**	**15,924.73**	**13,099.78**	**95.02**	**34.16**

Sl. No.	Components	2023-24 (Actuals)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actuals)	Percentage of Actuals to B.E.	Percentage of Actuals to GSDP
10	**Revenue Expenditure**	**10,836.96**	**11,821.54**	**13,333.57**	**11,086.76**	**93.78**	**28.91**
11	Interest payments	581.90	604.74	632.38	649.90	107.47	1.69
12	**Capital Expenditure**	**1,253.78**	**1,953.75**	**2,572.67**	**1,996.18**	**102.17**	**5.21**
13	Loan and advances	24.98	10.50	18.49	16.84	160.38	0.04
14	**Total Expenditure (10+12+13)**	**12,115.72**	**13,785.79**	**15,924.73**	**13,099.78**	**95.02**	**34.16**
15	**Revenue Surplus (+) / Deficit (-) (4-10)**	**577.09**	**564.95**	**-39.19**	**-22.84**	**4.04**	**-0.06**
16	**Fiscal Surplus (+) / Deficit (-) {(4+5+6)-14}**	**-677.71**	**-1,365.70**	**-2,596.75**	**-2,014.71**	**147.52**	**-5.25**
17	**Primary Surplus (+) / Deficit (-) (16-11)**	**-95.81**	**-760.96**	**-1,964.37**	**-1,364.81**	**179.35**	**-3.56**

Source: Finance Accounts

**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.*

The reversal of the State's Revenue Surplus to Revenue Deficit in 2024-25 was a cause for concern because it indicated the State's increased reliance on borrowings, reduced funds for public investment and could result in a cycle of higher interest payments and unsustainable spending. Similarly, Fiscal Deficit of the State had increased sharply in 2024-25 while the Primary Deficit had also shown a similar trend.

During Exit Conference (19 December 2025), the Finance Secretary stated that although instructions for financial austerity and cost-cutting measure were already in force, there was an increased expenditure on long pending maintenance works of public assets during the year which was the main cause for the rise in expenditure. He added that steps would be taken to ensure adherence to the exiting guidelines to curb the rising expenditure and restore the State's Revenue Surplus.

The details of State Government Finances for the FY 2015-16 to 2024-25 is given in ***Appendix 1.1.***

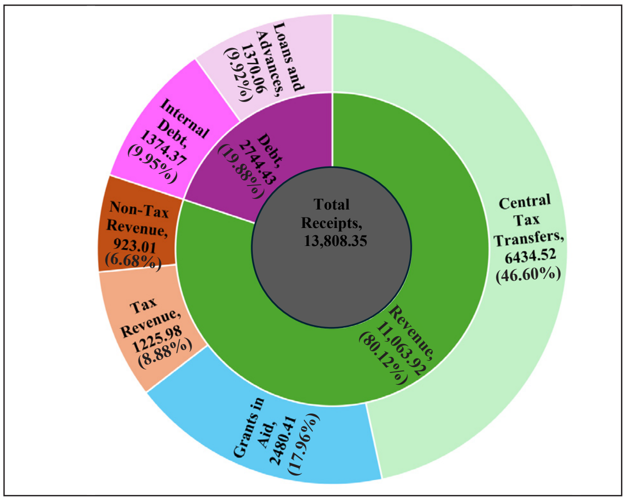
1.1.4 Sources and Application of Funds

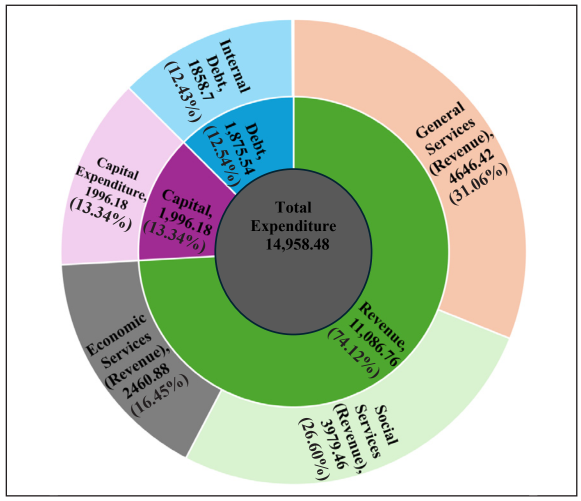
Comparison of components of the sources and application of funds of the State during 2024-25 is given in **Chart 1.6**.

Chart 1.6: Details of sources and application of funds during 2024-25

(₹ in crore)

Sources of Funds | **Application of Funds**





Source: Finance Accounts

Appendix 1.2 provides the details of receipts and disbursements and the overall fiscal position of the State during 2024-25 as well as 2023-24.

1.1.5 Snapshot of Assets and liabilities of the Government

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. ***Appendix 1.3*** gives an abstract of such liabilities and assets, as on 31 March 2025, compared with the corresponding position of the previous year. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from the Public Account and Reserve Funds. Assets comprise mainly of the Capital Expenditure, and loans and advances, given by the State Government and cash balances. A summarised position of assets and liabilities, for the financial years 2023-24 and 2024-25, is given in **Table 1.4.**

Table 1.4: Summarised position of assets and liabilities

(₹ in crore)

Liabilities					Assets				
		2023-24	2024-25	*Per cent* increase/ decrease			2023-24	2024-25	*Per cent* increase/ decrease
Consolidated Fund									
A	Internal Debt	6,929.10	7,910.32	14.16	A	Gross Capital Expenditure	20,090.94	22,087.12	9.94
B	Loans and Advances from GOI	1,774.36	3,116.86	75.66	B	Loans and Advances from GOI	219.76	215.45	-1.96
Contingency Fund		0.10	0.10	-					
Public Account									
A	Small Savings, Provident Funds, etc.	1,963.50	1,583.60	-19.35	A	Advances with Departmental officers	-	-	-

B	Deposits & Advances	1,185.92	1,793.55	51.24	B	Remittances	150.06	255.72	70.41
C	Reserve Funds	760.24	830.24	9.21	C	Suspense and Miscellaneous	-	-	-
D	Remittances	-	-	-	**Cash balance (including investment in Earmarked**		**866.11**	**1,394.41**	**61.00**
E	Suspense and Miscellaneous	1,761.32	1,788.53	1.54	**Total**		**21,326.87**	**23,952.70**	**12.31**
F	Surplus on Government Account	6,952.33	6,929.50	-0.33	**Difference on account of rounding-off**		-	-	-
					Deficit in Revenue Account		-	-	-
Total		**21,326.87**	**23,952.70**	**12.31**			**21,326.87**	**23,952.70**	**12.31**

Source: Finance Accounts of respective years

1.2 Consolidated Fund of the State

All revenues received by the State Government, all loans raised by the State Government, ways and means advances extended by the Reserve Bank of India and all money received by the State Government in repayment of loans forms part of the Consolidated fund of the State.

1.2.1 Revenue Receipts

Trends and growth of revenue receipts with respect to Gross State Domestic Product (GSDP) over the five-year period (2020-25) are shown in **Table 1.5**.

Table 1.5: Trends in Revenue Receipts

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
Revenue Receipts	**7,740.67**	**9,159.74**	**10,282.06**	**11,414.05**	**11,063.92**
Tax Revenue	**3,658.11**	**5,076.80**	**5,847.07**	**6,843.06**	**7,660.50**
Own Tax Revenue	*647.56*	*853.94*	*1,101.82*	*1,195.59*	*1,225.98*
State's share in Union taxes and duties	*3,010.55*	*4,222.86*	*4,745.25*	*5,647.47*	*6,434.52*
Non-Tax Revenue	**561.76**	**622.12**	**1,027.77**	**1,084.93**	**923.01**
Grants- in aid from GoI	**3,520.80**	**3,460.82**	**3,407.22**	**3,486.06**	**2,480.41**
State's Own Revenue (Own Tax and Non-Tax Revenue)	1,209.32	1,476.06	2,129.59	2,280.52	2,148.99
GSDP (2011-12 series)	23,923	26,695	30,184	33,277	38,343
Year-on-year growth rates (in *per cent*)					
Revenue Receipts	-19.85	18.33	12.25	11.01	-3.07
State's Own Revenue	-3.51	22.06	44.28	7.09	-5.77
GSDP	-4.27	11.59	13.07	10.25	15.22
Buoyancy Ratios[2]					
Revenue Buoyancy w.r.t GSDP	-	1.58	0.94	1.07	-
State's Own Revenue Buoyancy w.r.t GSDP	-	1.90	3.39	0.69	-

Source: Finance Accounts for Revenue Receipts and MoSPI for GSDP figures.
Buoyancy ratio not calculated when GSDP growth is negative.

[2] Buoyancy ratio indicates the degree of responsiveness of a fiscal variable with respect to a given change in the base variable.

Revenue Receipts as percentage of GSDP and contribution from various sources in revenue receipts is given in **Chart 1.7** and **Chart 1.8.**

Chart 1.7: Revenue Receipts as a percentage of GSDP

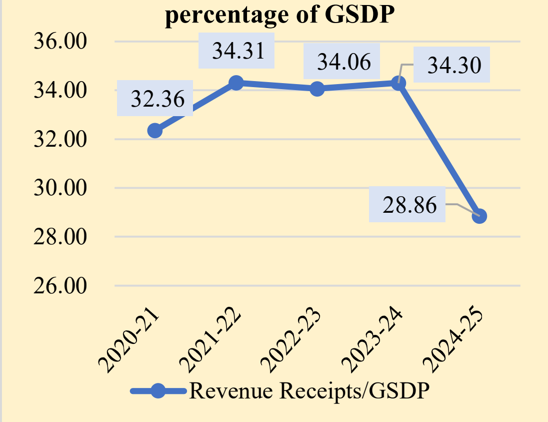
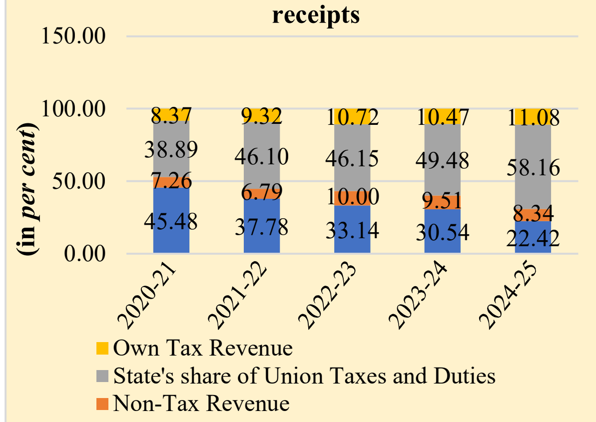


Chart 1.8: Contributions in revenue receipts

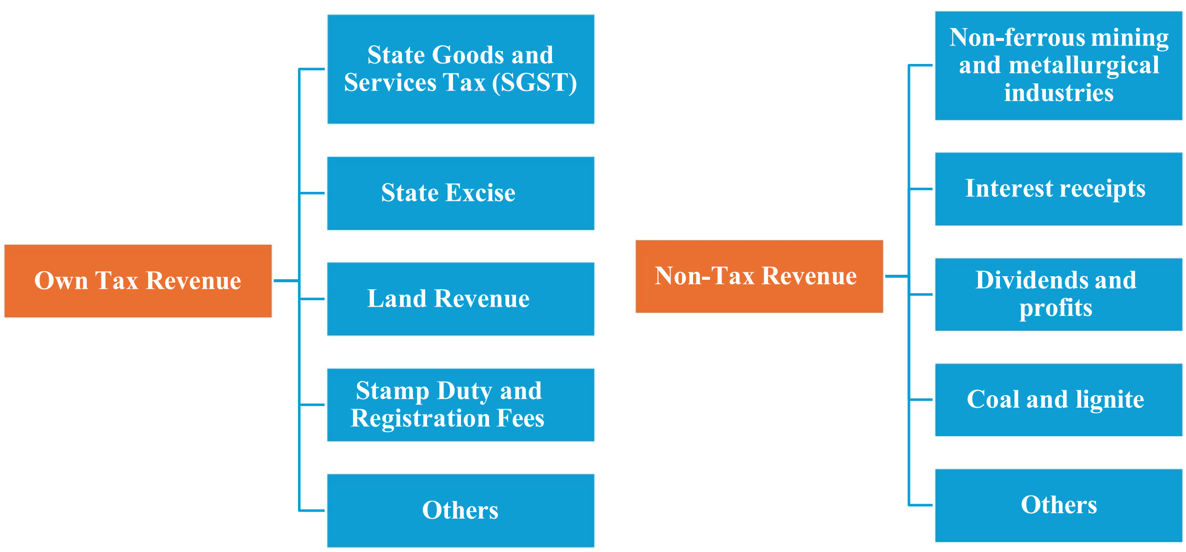


In **Chart 1.7**, Revenue Receipts as a percentage of GSDP, which had started to show an increasing trend in 2021-22 and then shows the fluctuated trend and it falls to 28.86 *per cent* in 2024-25.

In **Chart 1.8**, during 2024-25, the Grants-in-aid from the GoI made up 22.42 *per cent* of the Revenue Receipts while Central Tax Transfers contributed 58.16 *per cent.* State's own revenue made up 19.42 *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 the GoI (80.58 *per cent*).

A. State's Own Resources

Chart 1.9: Details of State's Own Revenue



(i) Own Tax Revenue

Own Tax Revenue is the revenue collected by the State Government through taxes, it is empowered to levy under the Constitution. Actuals for FY 2023-24, Budget Estimate (BE), Revised Estimate (RE), and Actuals of Own Tax Revenue for the FY 2024-25 is given in **Table 1.6**.

Table 1.6: Own Tax Revenue: 2023-24 (Actuals) and 2024-25 (BE, RE, and Actuals)

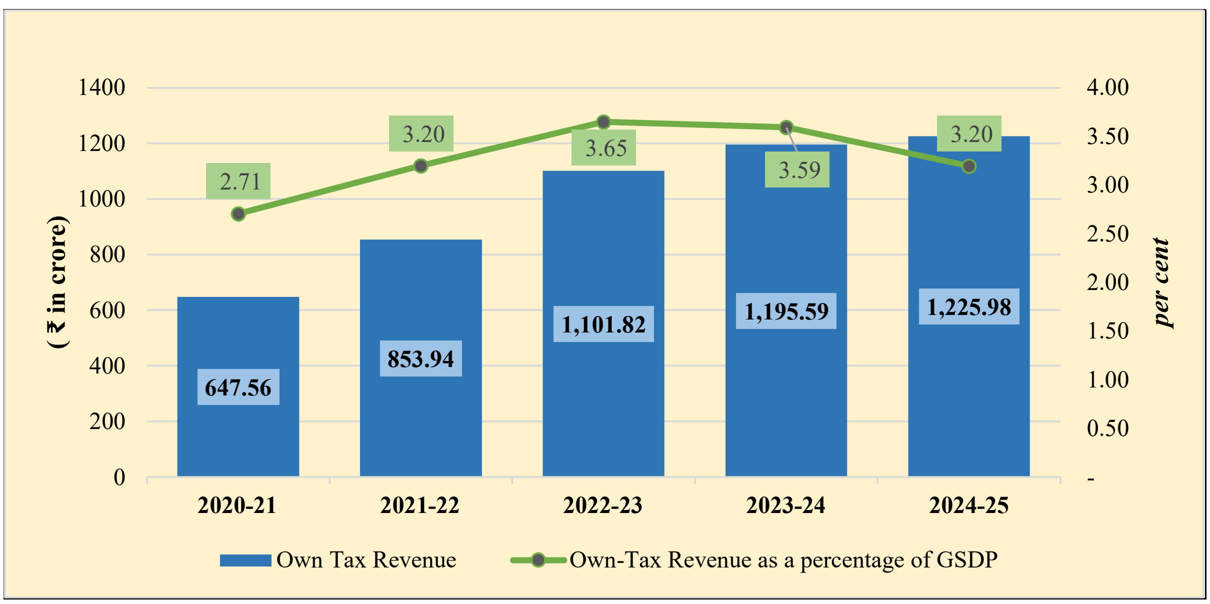
(₹ in crore)

Tax Revenue	2023-24 (Actuals)	2024-25 BE	2024-25 RE	2024-25 (Actuals)
Taxes on Sales, Trades, *etc.*	125.93	140.00	140.00	169.13
State Goods and Services Tax	969.11	1,045.00	1,045.00	934.39
State Excise	2.57	2.00	2.00	2.37
Taxes on Vehicles	46.17	50.00	50.00	46.27
Stamp Duty and Registration Fees	16.80	30.00	23.60	12.19
Land Revenue	10.14	22.00	22.00	10.49
Taxes on Goods and Passengers	8.47	8.30	8.30	7.72
Other Taxes on Income and Expenditure	16.40	15.00	15.00	16.91
Entertainment tax	0.00	0.00	0.00	0.01
Receipts from cesses under other Acts	0.00	0.00	0.00	26.50
Other Taxes & Duties on commodities and Services	0.00	0.12	30.00	0.00
Total	**1,195.59**	**1,312.42**	**1,335.90**	**1,225.98**

Source: Finance Accounts and Budget documents of the State

From the above Table, it appears that though the State Government made the budget for 'Other Taxes & Duties on commodities and Services' for the year 2024-25 but the actual collection was Nil. Trends of own tax revenue and its components during the period 2020-21 to 2024-25 are shown in **Chart 1.10** and **Chart 1.11** respectively.

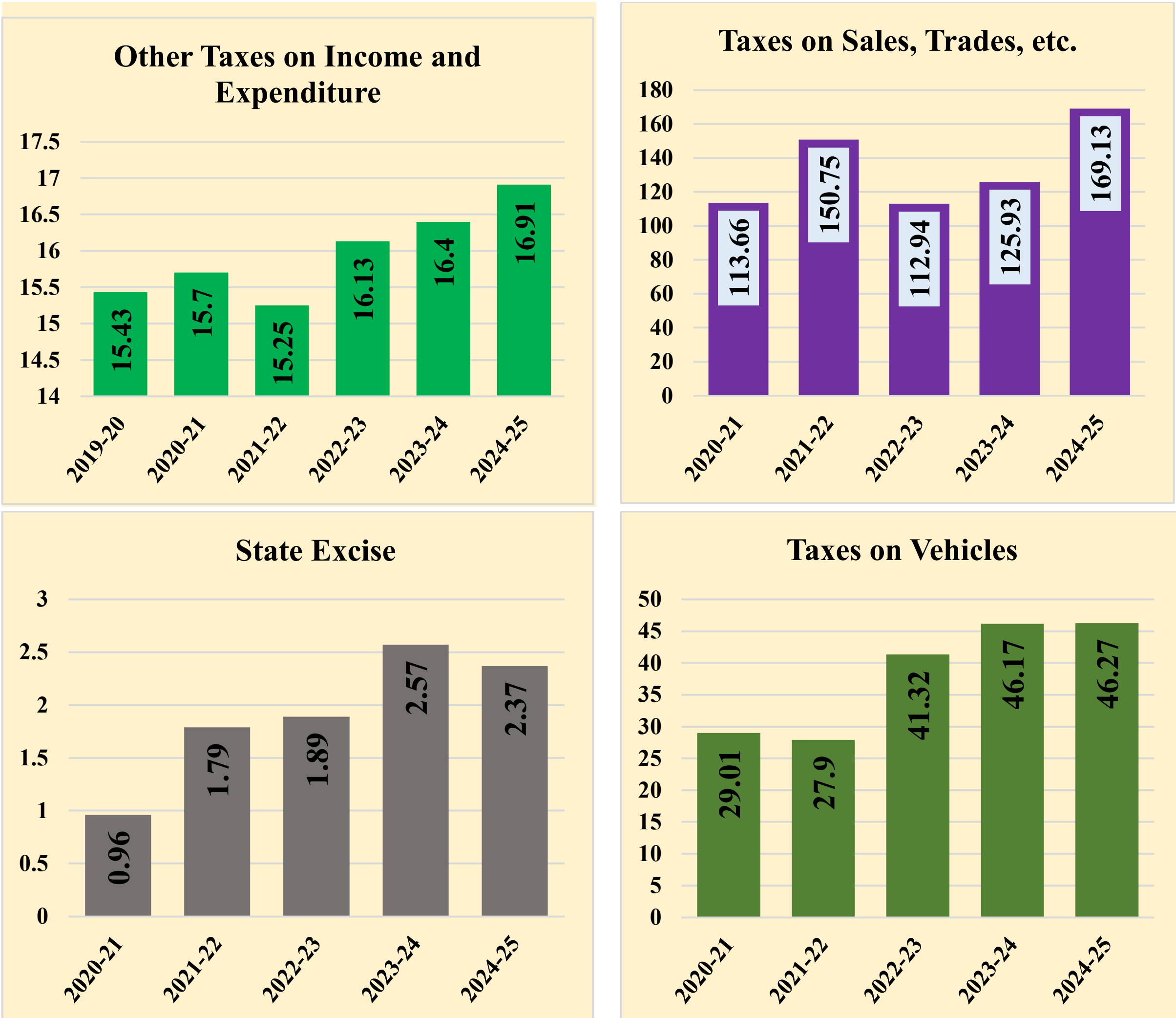
Chart 1.10: Trends of Own Tax Revenue during FY 2020-21 to FY 2024-25



Source: Finance Accounts

Chart 1.11: Major components of State's Own Tax Revenue

(₹ in crore)



Source: Finance Accounts of the respective years

During the year 2024-25, Own Tax Revenue (₹ 1,225.98 crore) increased by ₹ 30.39 crore (2.54 *per cent*) from the 2023-24 (₹ 1,195.59 crore). Major contributors of Tax Revenue were State Goods and Services Tax (SGST) (76.22 *per cent*), Taxes on Sales, Trades, *etc.*, (13.80 *per cent*) and Taxes on Vehicles (3.77 *per cent*). State's Own Tax Revenue as percentage of GSDP during 2024-25 decreased to 3.20 *per cent* from 3.59 *per cent* in 2023-24. Own Tax Revenue was ₹ 86.44 crore less than budget estimates and ₹ 109.92 crore less than Revised estimates during 2024-25.

It was observed that the State had failed to achieve the target revenue receipts set in the Budget Estimate 2024-25 (BE) mainly under SGST, Stamp duty and Registration fees, Land revenue. The State Government may increase the tax base to augment its own revenue receipts.

During the Exit Conference (19 December 2025), Finance Secretary stated that the shortfall was mainly due to the reduction in receipts from Tax Deducted at Source (TDS) on GST payable from contract works. He further commented that the State Government was currently in the process of restructuring the State Taxation Department with an aim to optimize and improve the available resources. He further added that expanding the tax base was a matter of great importance and that the matter would be brought to the notice of the appropriate authority.

(ii) Non-Tax Revenue

Non-Tax Revenue of a State refers to rent, fees, royalties and other receipts, of the State Government from sources other than taxes.

Actuals for FY 2023-24, Budget Estimate (BE), Revised Estimate (RE), and Actuals of Non-Tax Revenue for the FY 2024-25 is given in **Table 1.7**.

Table 1.7: Major Non-Tax Revenue: 2023-24 (Actuals) and 2024-25 (BE, RE, and Actuals)

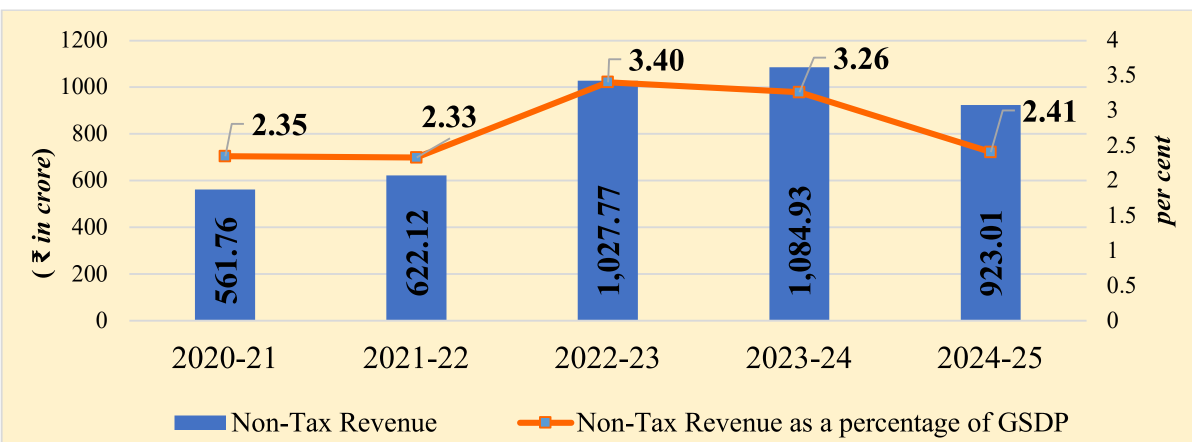
(₹ in crore)

Non-Tax Revenue	2023-24 (Actual)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actual)
Other Fiscal Services	68.03	22.82	22.82	14.56
Interest Receipts, Dividends and Profits	15.45	50.70	50.70	31.66
Police	234.87	3.80	3.80	4.32
Other Administrative Services	23.09	18.30	18.30	22.13
Miscellaneous General Services	20.46	36.00	36.00	17.87
Water Supply and Sanitation	77.19	80.00	80.00	79.41
Power	577.27	841.23	845.73	577.91
Forest and Wildlife	5.65	6.50	6.50	13.84
Non-Ferrous Mining and Metallurgical Industries	11.70	15.00	15.00	8.33
Roads and Bridges	0.24	0.12	0.12	90.90
Tourism	3.80	3.50	3.50	3.29
Civil Aviation	13.09	17.95	17.95	18.23
Food, Storage and Warehousing	7.82	1.80	1.80	8.54
Others	26.27	24.67	24.67	32.02
Total	**1,084.93**	**1,122.39**	**1,126.89**	**923.01**

Source: Finance Accounts

Trends of Non-tax revenue and its components during the period 2020-21 to 2024-25 are shown in **Chart 1.12** and **Chart 1.13** respectively.

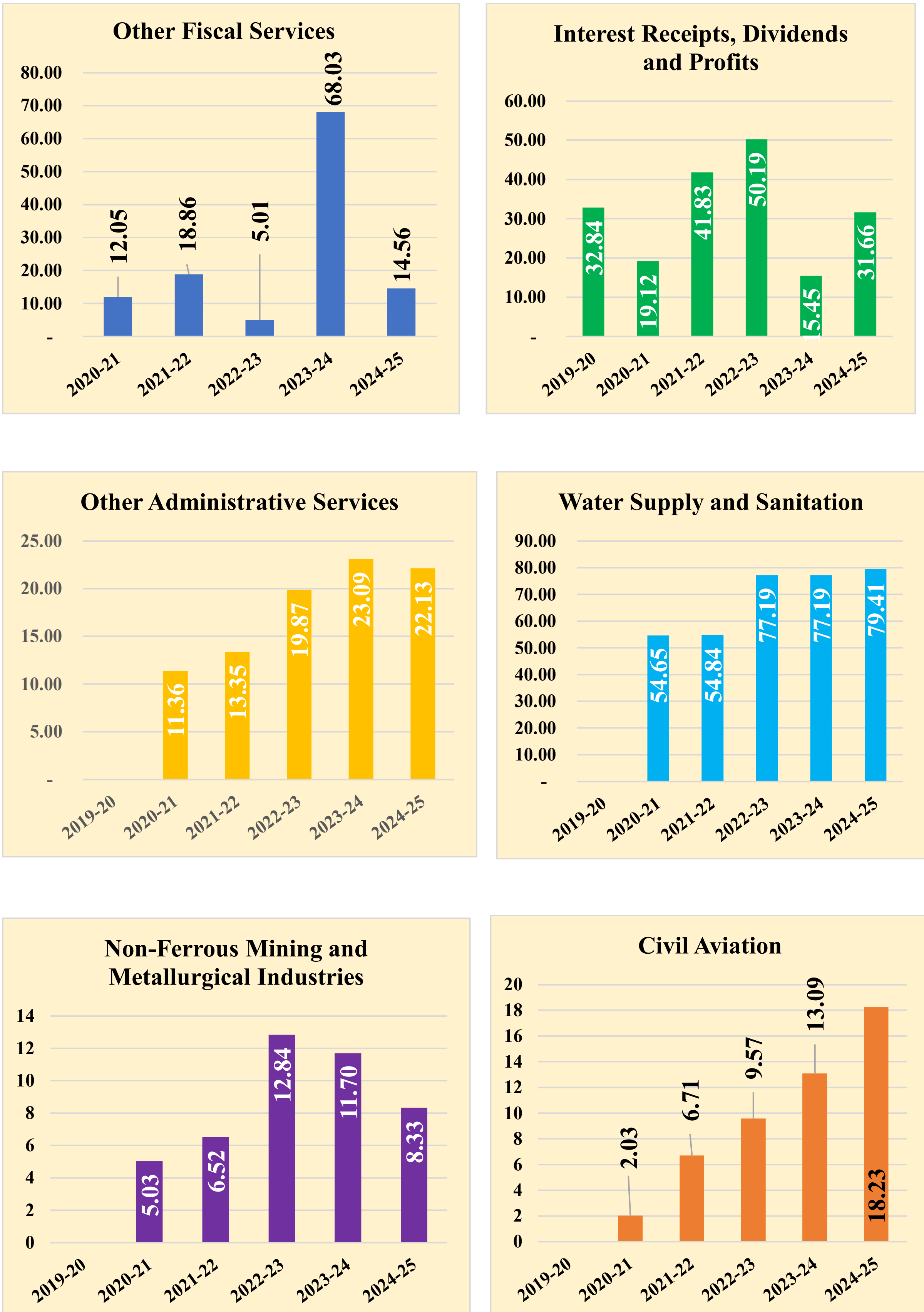
Chart 1.12: Trends in Non-Tax Revenue

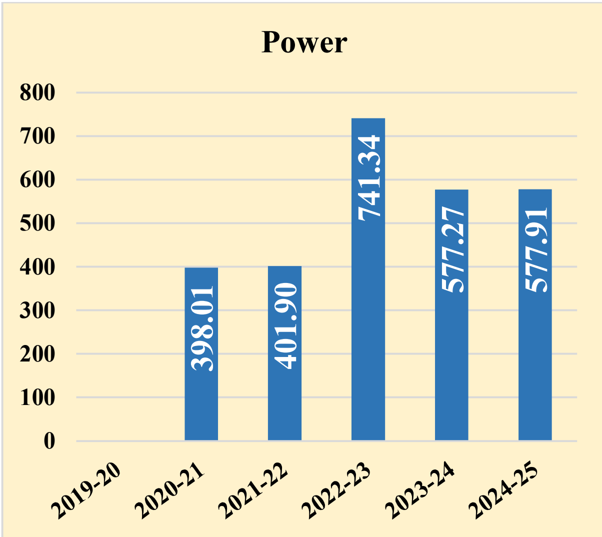


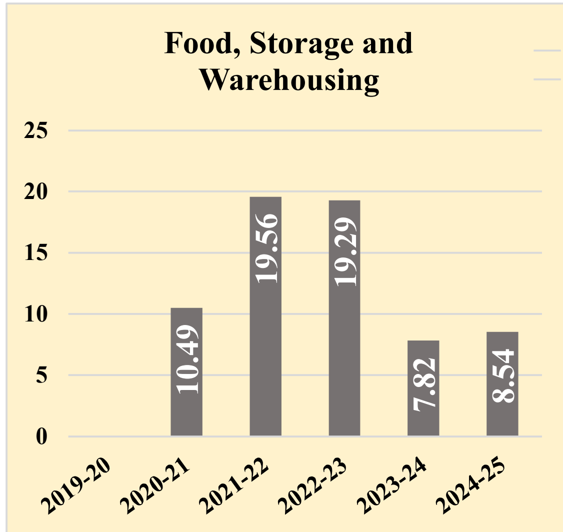
Source: Finance Accounts of respective years

Chart 1.13: Major components of State's Non-Tax Revenue

(₹ in crore)







Source: Finance Accounts of respective years

All non-tax revenue under Education, Health, Water Supply and Sanitation, Transport and Tourism pertaining to Major Head 0202, 0210, 0215, 1054 and 1452 are user charges.

Non-Tax Revenue decreased by ₹ 161.92 crore (14.92 *per cent*) during the year 2024-25 from the year 2023-24. The major contributor to Non-Tax Revenues was revenue received under Power which was at ₹ 577.91 crore contributed 62.61 *per cent* of the total non-tax receipts during 2024-25. Non-Tax revenue was 82.24 *per cent* of budget estimates and 81.91 *per cent* of revised estimates for 2024-25.

B. State's share in Union Taxes and Duties

Trends in the components of State's share in Union taxes and duties are shown in **Table 1.8.**

Table 1.8: State's share in Union Taxes and Duties

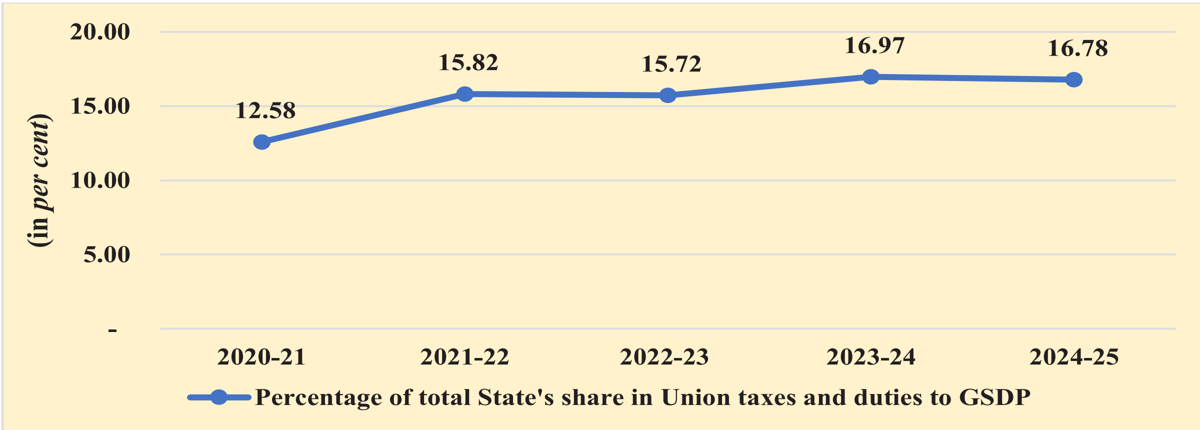
(₹ in crore)

Components	2020-21	2021-22	2022-23	2023-24	2024-25
Central Goods and Services Tax (CGST)	897.91	1,268.97	1,341.69	1,713.94	1,879.25
Integrated Goods and Services Tax (IGST)	Nil	Nil	Nil	Nil	Nil
Corporation Tax	906.03	1,225.41	1,588.99	1,695.13	1,825.78
Taxes on Income other than Corporation Tax	928.54	1,287.88	1,554.09	1,957.62	2,328.46
Customs	162.09	276.41	186.69	197.91	327.38
Union Excise Duties	101.51	127.21	58.58	74.89	63.04
Service Tax	12.42	32.49	7.40	1.04	0.26
Other Taxes	2.05	4.50	7.81	6.94	10.35
Total	**3,010.55**	**4,222.87**	**4,745.25**	**5,647.47**	**6,434.52**

Source: Finance Accounts

The percentage of total State's share in Union taxes and duties to GSDP is given in **Chart 1.14.**

Chart 1.14: Percentage of total State's share in Union taxes and duties to GSDP



Source: Finance Accounts

Chart 1.14 depicts percentage of total State's share in Union taxes and duties to GSDP. **Table 1.8** shows the trend of State's share in Union taxes and duties over the period 2020-25. Over the period, Central transfers increased by 113.73 *per cent* from ₹ 3,010.55 crore in 2020-21 to ₹ 6,434.52 crore in 2024-25. During the year 2024-25, the amount increased by 13.94 *per cent* from ₹ 5,647.47 crore in 2023-24.

C. Grants-in-aid from Government of India

Trend of Grants-in-aid (GIA) from GoI and its components are shown in **Table 1.9**.

Table 1.9: Grants-in-aid from Government of India

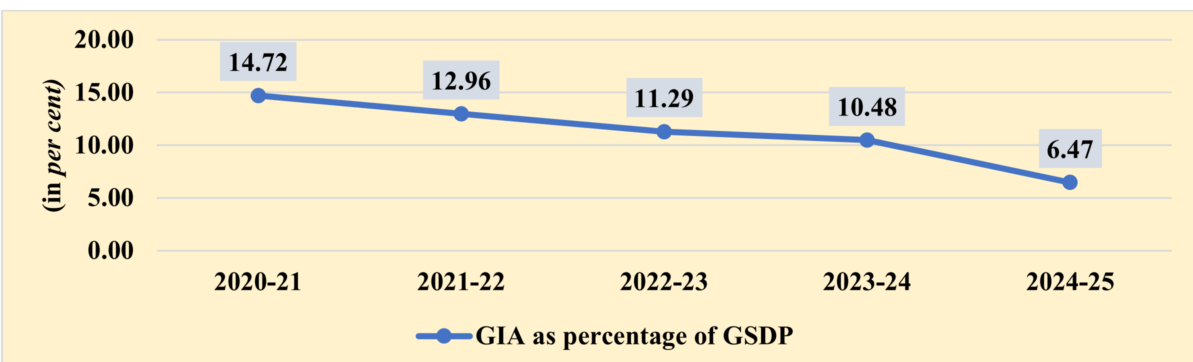
(₹ in crore)

Components	2020-21	2021-22	2022-23	2023-24	2024-25
Grants for Centrally Sponsored Schemes (CSS)	1,329.94	1,366.12	1,599.98	1,777.72	1,180.38
Finance Commission Grants	1,725.48	1,879.10	1,722.10	1,635.90	1,225.58
Other transfers/Grants to States	465.38	215.6	85.14	72.44	74.45
Total	**3,520.80**	**3,460.82**	**3,407.22**	**3,486.06**	**2,480.41**

Source: Finance Accounts

Percentage of Grant-in-aid from Government of India to GSDP is given in **Chart 1.15**.

Chart 1.15: Percentage of Grant-in-aid from Government of India to GSDP



It could be seen from the above chart that the Share of Grants-in-aid from the Government of India to GSDP showed a declining trend over the last five years.

(i) Grants for Centrally Sponsored Schemes

Out of the Grants of ₹ 1,180.38 crore for Centrally Sponsored Schemes during 2024-25, major allocations (more than ₹ 100 crore) were made to the schemes shown in **Table 1.10**.

Table 1.10: Major Schemes receiving grants

(₹ in crore)

Name of the Scheme	2024-25	2023-24	Percentage change over previous year
Pradhan Mantri Gram Sadak Yojana (PMGSY)	226.79	299.63	-24.31
Elementary Education under Samagra	182.76	103.7	76.24
National Health Mission (NHM)	116.52	105.31	10.64

Source: Finance Accounts

(ii) Fifteenth Finance Commission Grants

The Fifteenth Finance Commission (XV FC) grants were provided to the States for local bodies and State Disaster Response Fund (SDRF), State Disaster Mitigation Fund (SDMF) and health sector grants. Details of grants provided by GoI are given in **Table 1.11.**

Table 1.11: Recommended amount, actual release and transfers of Grant-in- aid

(₹ in crore)

Transfers		Recommendation of XV FC for 2024-25	Actual release by GoI, during 2024-25	Release by State Government (Total percentage of the amount released by GoI)
(i) Grants to PRIs				
(a) Performance/Tied Grants		45.60	28.40	28.40 (100)
(b) Untied Grants		30.40	42.60	42.60 (100)
(ii) Grants to ULBs				
(a) Non-Million Plus Cities (Performance/Tied Grant)		23.40	11.10	11.10 (100)
(b) Non-Million Plus Cities (General Basic/Untied Grant)		15.60	14.80	14.80 (100)
(iii) Grant for Health Sector		**35.00**	**31.18**	**31.18 (100)**
Total for Local Bodies (i+ii+iii)		**150.00**	**128.08**	**128.08 (100)**
State Disaster Response Fund (SDRF)	Central Share	43.20	43.20	43.20 (100)
	State Share	4.80	4.80	4.80 (100)
State Disaster Mitigation Fund (SDMF)	Central Share	10.80	10.80	10.80 (100)
	State Share	1.20	1.20	1.20 (100)
Total for SDRMF		**60.00**	**60.00**	**60.00 (100)**

Source: XV FC Report and departmental information

PRIs - Panchayati Raj Institutions and ULBs - Urban Local Bodies.

Against the XV FC recommendation for 2024-25, there was a shortfall in receipts of GoI funds amounting ₹ 17.20 crore, ₹ 12.30 crore and ₹ 3.82 crore during the year in respect of grants to PRIs, ULBs and Health sector respectively.

During 2024-25, the GoI released ₹ 182.08 crore which was 100 *per cent* of the release by the State Government.

During the Exit conference (19 December 2025), the Finance Secretary stated that the decreasing trend of GIA received from GoI was mainly due to the reduction in allocations for the state as per the recommendations of the XV Finance Commission (XV FC). Regarding the drop in CSS funds, he added that the main reason was due to the delay in implementation of CSS which led to delay in receiving expenditure sanction for subsequent instalments of funds for the year.

1.2.2 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.

Trends of capital receipts and its components during 2020-21 to 2024-25 are shown in **Table 1.12.**

Table 1.12: Trends in growth and composition of capital receipts

(₹ in crore)

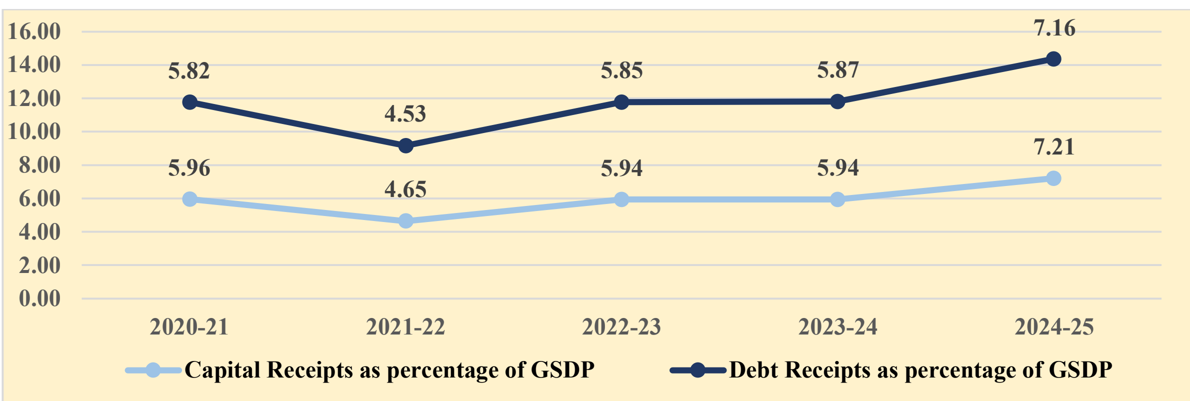
Sources of State's Receipts	2020-21	2021-22	2022-23	2023-24	2024-25
Capital Receipts	1,424.87	1,240.21	1,791.46	1,977.42	2,765.58
Miscellaneous Capital Receipts	-	-	-	-	-
Recovery of Loans and Advances	33.69	32.18	26.49	23.96	21.15
Public Debt Receipts	1,391.18	1,208.03	1,764.97	1,953.46	2,744.43
*Internal Debt**	*1,143.56*	*898.21*	*1,464.57*	*1,199.48*	*1,374.37*
Loans and advances from GoI	*247.62*	*309.82*	*300.40*	*753.98*	*1,370.06*
Year-on Year growth rates (in per cent)					
GSDP	-4.27	11.59	13.07	10.25	15.22
Capital Receipts	21.33	-12.96	44.45	10.38	39.86
Debt Capital Receipts	29.37	-13.17	46.10	10.68	40.49
Internal Debt	*7.83*	*-21.45*	*63.05*	*-18.10*	*14.58*
Loans and advances from GoI	*1,564.11*	*25.12*	*-3.04*	*150.99*	*81.71*

Source: Finance Accounts

**Including net figure under Ways and Means Advances/Overdraft/Special Drawing Facility.*

Capital Receipts as percentage of GSDP is depicted in **Chart 1.16**

Chart 1.16: Capital Receipts as percentage of GSDP



During the five-year period 2020-25, Capital Receipts grew by 94.09 *per cent* from ₹ 1,424.87 crore in 2020-21 to ₹ 2,765.58 crore in 2024-25 mainly due to increased public debt receipts. Recovery of loans and advances decreased by 37.22 *per cent* from ₹ 33.69 crore in 2020-21 to ₹ 21.15 crore in 2024-25.

During 2024-25, Public Debt Receipts (₹ 2,744.43 crore) represented 99.24 *per cent* of Capital Receipts (₹ 2,765.58 crore) and increased by 40.49 *per cent* over 2023-24. Similarly, Recovery of loans and advances decreased by 11.73 *per cent* (₹ 2.81 crore) during 2024-25 compared to 2023-24 (₹ 23.96 crore).

1.2.3 Finance Commission Projections and Actuals

The projected revenue, deficits and GSDP by the 15th Finance Commission and actuals for the FY 2020-21 to FY 2024-25 are given in the **Table 1.13**.

Table 1.13: XV FC Projection *vis-à-vis* actuals

(₹ in crore)

	2020-21		2021-22		2022-23		2023-24		2024-25	
	Proj.	Actual	Proj.	Actual	Proj.	Actual	Proj.	Actual	Proj.	Actual
GSDP (2011-12 Series (Current Prices)	26,716	23,923	28,382	26,695	31,646	30,184	35,444	33,277	39,857	38,343
Own Revenue Receipts	1,114	1,210	1,139	1,476	1,312	2,130	1,519	2,281	1,768	2,149
State's Own Tax Revenue	868	648	912	854	1,051	1,102	1,217	1,196	1,417	1,226
State's Own Non-Tax Revenue	246	562	227	622	261	1,028	302	1,085	351	923
State's share in Union Taxes/Duties	4,327	3,011	3,293	4,223	3,663	4,745	4,122	5,647	4,683	6,435
Revenue Deficit/Surplus as percentage of GSDP	NIL	-3.24	NIL	2.26	NIL	0.63	NIL	1.73	NIL	-0.06
Fiscal Deficit/Surplus as percentage of GSDP	-4.5	6.43	-4	-1.5	3.5	-3.37	3	-2.04	3	-5.25

Source: XV FC Report and Departmental Information

1.2.4 Expenditure

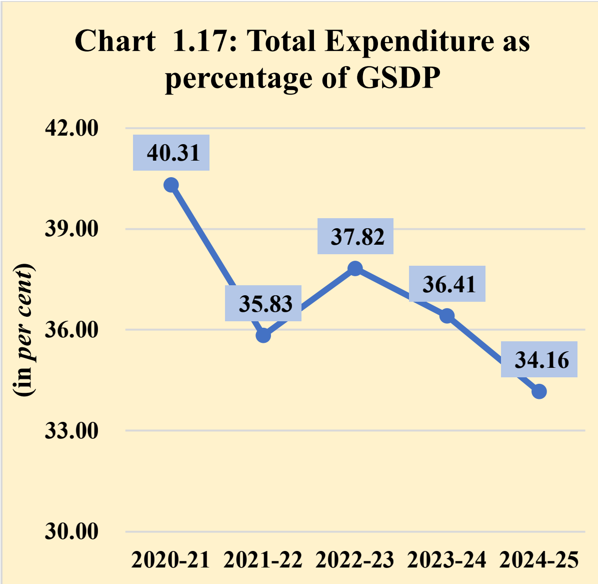
Government expenditure is classified into revenue expenditure, capital expenditure, and loans and advances. Revenue expenditure includes costs for maintenance, repairs, and day-to-day functioning of departments, including administrative and establishment expenses. Capital expenditure relates to the initial construction of projects and sanctioned improvements or additions to assets. Loans and advances comprise funds provided by the Government to Public Sector Undertakings and other entities, which are recoverable over time. Details of expenditure, total expenditure as percentage of GSDP and share of its components is given in **Table 1.14, Chart 1.17** and **Chart 1.18** respectively.

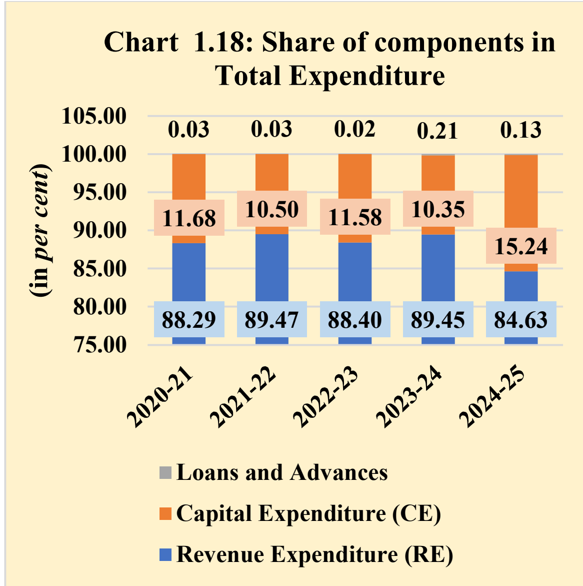
Table 1.14: Total expenditure and its composition

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
Total Expenditure (TE)	**9,643.67**	**9,564.45**	**11,416.22**	**12,115.72**	**13,099.78**
Revenue Expenditure (RE)	8,514.80	8,557.49	10,092.17	10,836.96	11,086.76
Capital Expenditure (CE)	1,125.97	1,004.38	1,321.86	1,253.78	1,996.18
Loans and Advances	2.90	2.58	2.19	24.98	16.84
Appropriation to contingency fund	-	-	-	-	-

Source: Finance Accounts





Source: Finance Accounts

Out of the total expenditure of ₹ 13,099.78 crore incurred by the State during the financial year 2024-25, a portion of ₹ 2,480.41 crore pertained to pass-through transactions such as Finance Commission grants, Centrally Sponsored Schemes, *etc.*

Sector-wise Total Expenditure

Sector-wise composition of expenditure is given in **Table 1.15** and relative share of various sectors in total expenditure is depicted in **Chart 1.19**.

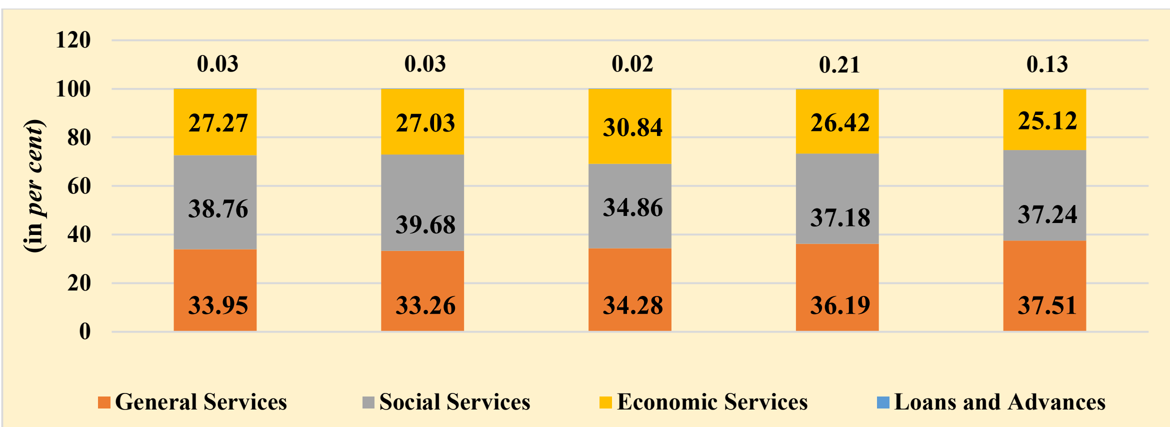
Table 1.15: Sector-wise Total expenditure

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
General Services	3,273.58	3,180.96	3,914.04	4,385.02	4,914.35
Social Services	3,737.76	3,795.19	3,979.29	4,504.89	4,877.83
Economic Services	2,629.43	2,585.72	3,520.70	3,204.27	3,290.76
Loans and Advances	2.90	2.58	2.19	21.54	16.84

Source: Finance Accounts

Chart 1.19: Relative share of various sectors in Total expenditure



Source: Finance Accounts

Expenditure on General Services increased by ₹ 529.33 crore (12.07 *per cent*) from ₹ 4,385.02 crore in 2023-24 to ₹ 4,914.35 crore in 2024-25, Social Services expenditure increased by ₹ 372.94 crore (8.28 *per cent*) from ₹ 4,504.89 crore in 2023-24 to ₹ 4,877.83 crore in 2024-25 and expenditure on Economic Services increased by ₹ 86.49 crore (2.70 *per cent*) from ₹ 3,204.27 crore in 2023-24 to ₹ 3,290.76 crore in 2024-25. Disbursement of Loans and Advances decreased by ₹ 4.70 crore (21.82 *per cent*) from ₹ 21.54 crore in 2023-24 to ₹ 16.84 crore in 2024-25.

As may be seen in **Chart 1.19**, the relative share of various components of expenditure in the total expenditure fluctuated during 2020-25. The share of General Services increased from 33.95 *per cent* in 2020-21 to 37.51 *per cent* in 2024-25 and the share of Social Services in total expenditure decreased from 38.76 *per cent* in 2020-21 to 37.24 *per cent* in 2024-25, while that of Economic Services decreased from 27.27 *per cent* to 25.12 *per cent* respectively during the same period.

1.2.4.1 Revenue expenditure

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. Growth of revenue expenditure, its ratio to total expenditure, GSDP and revenue receipts are shown in **Table 1.16**.

Table 1.16: Revenue Expenditure – Basic Parameters

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
Total Expenditure (TE)	**9,643.67**	**9,564.45**	**11,416.22**	**12,115.72**	**13,099.78**
Revenue Expenditure (RE)	8,514.80	8,557.49	10,092.17	10,836.96	11,086.76
RE as percentage of Revenue Receipts	110.00	93.43	98.15	94.94	100.21
RE as percentage of TE	88.29	89.47	88.40	89.45	84.63
RE/GSDP (*per cent*)	35.59	32.06	33.44	32.57	28.91
Year-on-year growth (in *per cent*)					
Revenue Expenditure	-9.93	0.50	17.93	7.38	2.31
GSDP Growth	-4.27	11.59	13.07	10.25	15.22

Source: Finance Accounts

A. Sector-wise Revenue Expenditure

Sector-wise composition of Revenue expenditure is given in **Table 1.17** and Relative share of various sectors in Revenue expenditure is depicted in **Chart 1.20**. Detailed Sector-wise expenditure is given in ***Appendix 1.2***.

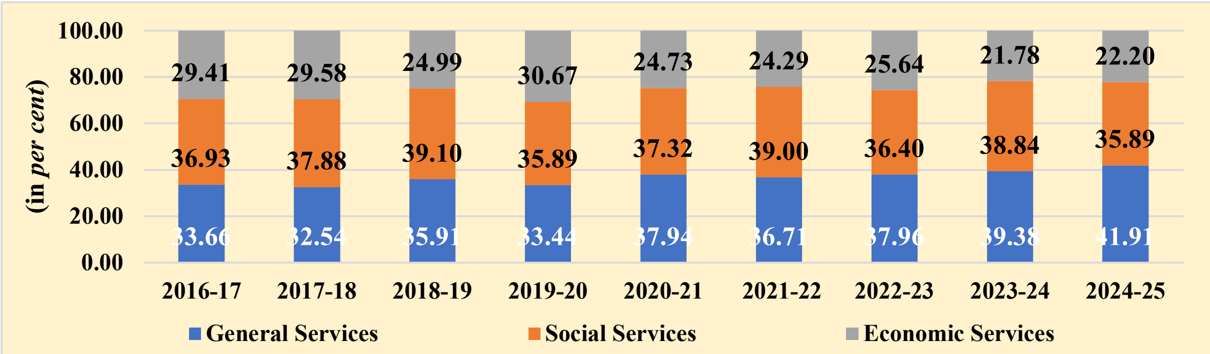
Table 1.17: Sector-wise Revenue expenditure

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
General Services	3,230.94	3,141.53	3,831.18	4,267.51	4,646.42
Social Services	3,177.84	3,337.57	3,673.78	4,209.28	3,979.46
Economic Services	2,106.02	2,078.39	2,587.21	2,360.17	2,460.88
Grants-In-Aid And Contributions	-	-	-	-	-

Source: Finance Accounts

Chart 1.20: Relative share of various sectors in Revenue expenditure



Source: Finance Accounts

Revenue Expenditure on General Services increased by ₹ 378.91 crore (8.88 *per cent*) from ₹ 4,267.51 crore in 2023-24 to ₹ 4,646.42 crore in 2024-25, Social Services expenditure decreased by ₹ 229.82 crore (5.46 *per cent*) from ₹ 4,209.28 crore in 2023-24 to ₹ 3,979.46 crore in 2024-25 and expenditure on Economic Services increased by ₹ 100.71 crore (4.27 *per cent*) from ₹ 2,360.17 crore in 2023-24 to ₹ 2,460.88 crore in 2024-25.

As may be seen in **Chart 1.20**, the relative share of various components of expenditure in the total expenditure fluctuated during 2020-25. The share of General Services increased from 37.94 *per cent* in 2020-21 to 41.91 *per cent* in 2024-25 and the share of Social Services in total expenditure decreased from 37.32 *per cent* in 2020-21 to 35.89 *per cent* in 2024-25, while that of Economic Services decreased from 24.73 *per cent* to 22.20 *per cent* during the same period.

B. Committed expenditure

The committed expenditure of the State Government on revenue account consists of interest payments; expenditure on salaries and wages; and pensions. It has first charge on Government resources. The components of committed expenditure are given in **Table 1.18** and committed expenditure as a percentage of revenue receipts and remaining fiscal space for other expenditure is given in **Chart 1.21**.

Table 1.18: Components of Committed Expenditure

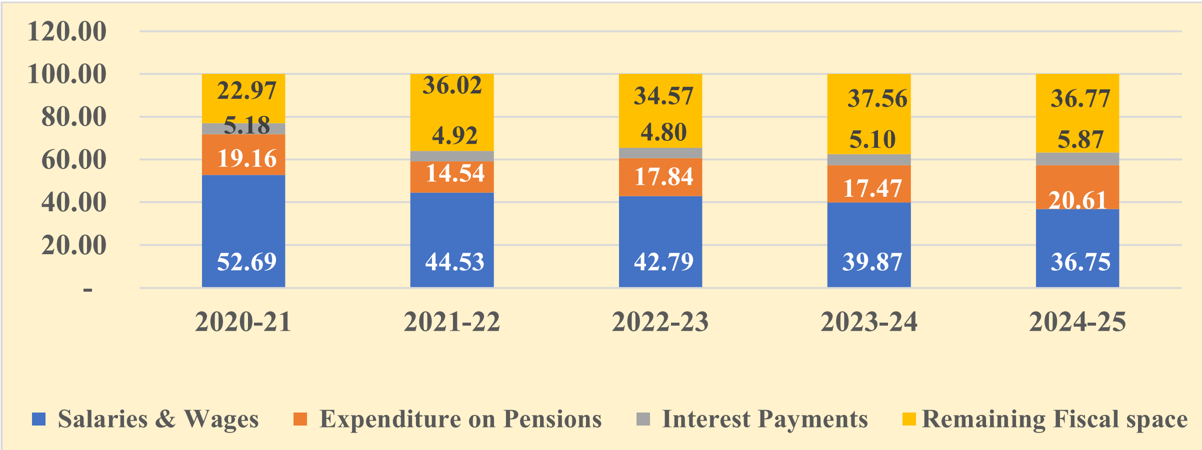
(₹ in crore)

Components of Committed Expenditure	2020-21	2021-22	2022-23	2023-24	2024-25
Salaries & Wages[3]	4,078.94	4,078.69	4,399.72	4,550.36	4,066.16
Expenditure on Pensions	1,482.90	1,331.45	1,834.18	1,994.59	2,280.17
Interest Payments	400.99	450.64	493.88	581.90	649.90
Total	**5,962.83**	**5,860.78**	**6,727.78**	**7,126.85**	**6,996.23**
Committed Expenditure as a percentage of Revenue Expenditure	**70.03**	**68.49**	**66.66**	**65.76**	**63.10**

Source: Finance Accounts

[3] *Includes Grants-in-aid (Salary): 2020-21 (₹ 758.43 crore); 2021-22 (₹ 798.00 crore); 2022-23 (₹ 882.48 crore); 2023-24 (₹ 1,018.73 crore) and 2024-25 (₹ 515.74 crore).*

Chart 1.21: Committed Expenditure as a percentage of Revenue receipts and remaining fiscal space



Source: Finance Accounts

During the Exit Conference (19 December 2025), the Finance Secretary stated that the increase in Pension expenditure was mainly due to increased rate of Dearness Relief as well as the implementation of the revised first formulation which entailed the implementation of the 7th Central Pay Commission recommendations for revising existing Pensions/Family Pensions as of 1 January 2016, using a factor of 2.57 to calculate new amounts.

C. Subsidies

The subsidies during 2024-25 increased by ₹ 72.60 crore (62.21 *per cent*) from 2023-24. The increase was mainly due to increase of ₹ 72.89 crore on account of power subsidy respectively.

Department-wise major subsidies for FY 2020-21 to 2024-25, are shown in **Table 1.19**.

Table 1.19: Department-wise Subsidies[4] during FYs 2020-21 to 2024-25

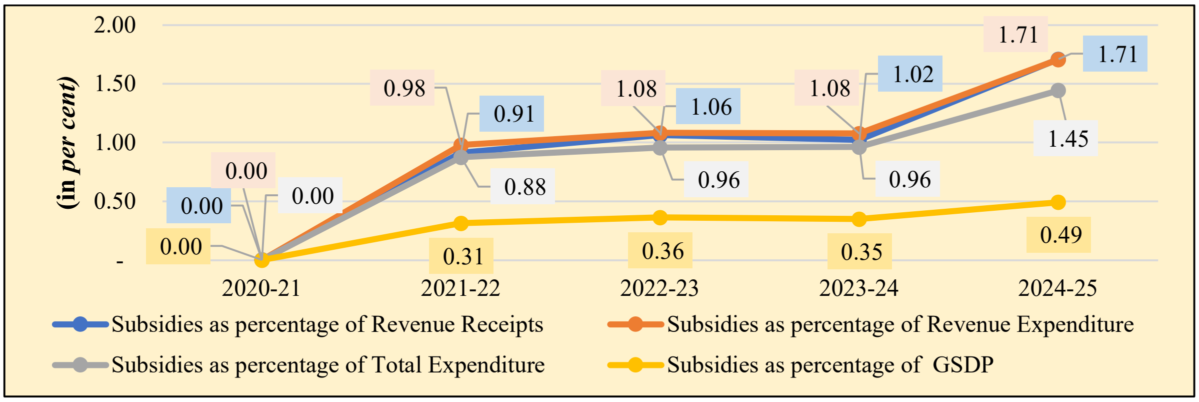
(₹ in crore)

Sl. No.	Departments	2020-21	2021-22	2022-23	2023-24	2024-25
1.	**Co-operation**	0.23	0.84	0.06	0.70	0.41
2.	**Power**	0.00	82.96	109.22	116.00	188.89
	Total Subsidy	**0.23**	**83.80**	**109.28**	**116.70**	**189.30**

Source: Finance Accounts of respective years

[4] *Figures differ from previous SFARs due to change in methodology of calculation.*

Chart 1.22: Trend analysis of subsidies



Source: Finance Accounts

As may be seen from the **Table 1.19**, expenditure on subsidies during 2024-25 was the highest in the five-year period but was still only about two *per cent* of both Revenue Receipts and Revenue Expenditure. Further, during 2024-25 subsidy expenditure on Cooperation decreased from 0.70 crore in 2023-24 to ₹ 0.41 crore while subsidy expenditure on Power rose to ₹ 188.89 crore from ₹ 116.00 crore in 2023-24.

D. Financial Assistance by the State Government to Local Bodies and Other Institutions

Assistance provided by way of grants to the local bodies and other institutions during the period 2020-21 to 2024-25 is presented in **Table 1.20**.

Table 1.20: Financial assistance to Local Bodies and other institutions

(₹ in crore)

Institutions	2020-21	2021-22	2022-23	2023-24	2024-25
(A) Local Bodies					
Municipal Corporations and Municipalities/Councils	44.72	37.46	38.75	57.76	25.55
GIA for creation of Capital assets to Municipal Corporations and Municipalities	7.73	-	-	-	-
Zilla Parishads and other Panchayati Raj Institutions	-	-	-	-	-
GIA for creation of Capital assets to PRIs	-	-	-	-	-
Total (A)	**52.45**	**37.46**	**38.75**	**57.76**	**25.55**
(B) Others					
Educational Institutions (Aided Schools, Colleges, Universities, etc.)	369.12	395.60	467.36	522.44	684.17
Development Authorities	-	-	-	-	-
Hospitals and Other Charitable Institutions	-	-	-	-	-
Other Institutions	1,359.26	1,470.58	1,724.69	2,400.55	1,878.39
Total (B)	1,728.38	1,866.18	2,192.05	2,922.99	2,562.56
Total (A+B)	**1,780.83**	**1,903.64**	**2,230.80**	**2,980.76**	**2,588.11**
Total GIA for creation of Capital assets	-	-	-	-	-
Revenue Expenditure	8,514.80	8,557.49	10,092.17	10,836.96	11,086.76
Assistance as percentage of Revenue Expenditure	20.91	22.25	22.10	27.51	23.34

Source: Finance Accounts

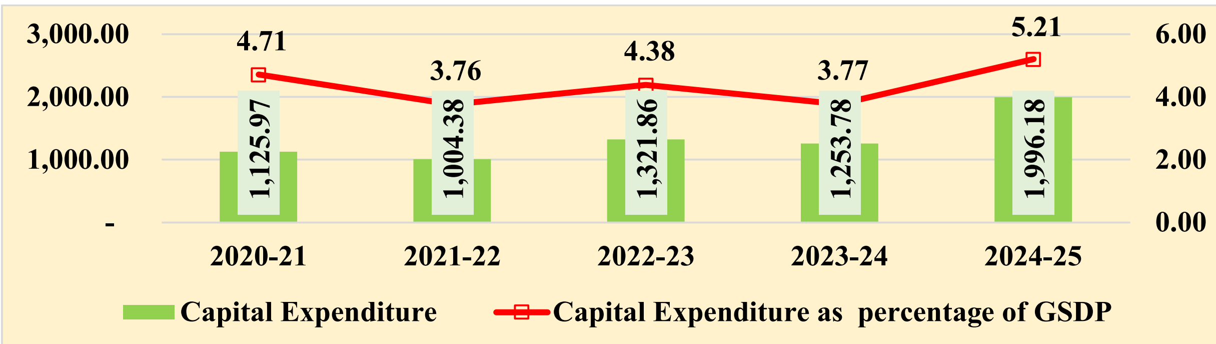
During the year 2024-25, financial assistance to the local bodies and other institutions decreased by ₹ 392.65 crore (13.17 *per cent*) from 2023-24. The decrease was mainly due to decrease in assistance to Municipal Corporations and Municipalities (₹ 32.21 crore: 55.77 *per cent*). The overall quantum of financial assistance to the local bodies and other institutions as percentage of revenue expenditure decreased to 23.34 *per cent* during the year 2024-25 from 27.51 *per cent* of the previous year.

1.2.4.2 Capital Expenditure

Capital expenditure is primarily expenditure on creation of fixed infrastructure assets, such as roads, buildings, *etc*. Capital expenditure, in both the Centre and the State, is being met from budgetary support and extra budgetary resources/ off-budget borrowings. It also includes investments made by the State Government in Companies/Corporations. Trend of capital expenditure in the State over the last five years *i.e.* 2020-25 is given in **Chart 1.23**.

Chart 1.23: Capital Expenditure in the State

(₹ in crore)



Source: Finance Accounts and Annual Financial Statements of respective years

Apart from Capital expenditure of ₹ 1,996.18 crore, State Government also transferred ₹ 291.40 crore as Grant-in-Aid for creation of capital assets to the local bodies and other institutions. Further, percentage of Capital Expenditure as compared to Debt receipts was 47.73 *per cent*, which indicates that the borrowings were not proportionately converted to infrastructural development.

During 2024-25, Capex of the State increased by ₹ 742.40 crore (59.21 *per cent*) from ₹ 1,253.78 crore during 2023-24 to ₹ 1,996.18 crore. Capex as a percentage of GSDP increased from 4.71 *per cent* in 2019-20 to 5.21 *per cent* in 2024-25.

A. Sector-wise Capital Expenditure

Sector-wise composition of Capital expenditure is given in **Table 1.21**. Detailed Sector-wise expenditure is given in ***Appendix 1.2***.

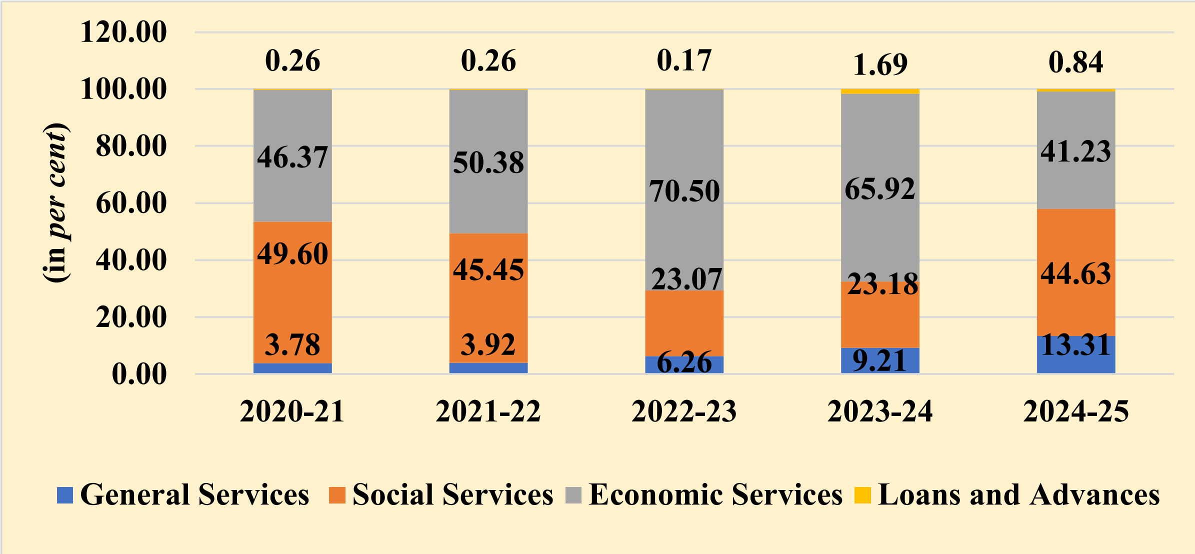
Table 1.21: Sector-wise Capital expenditure

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
General Services	42.64	39.43	82.86	117.51	267.93
Social Services	559.92	457.62	305.51	295.61	898.37
Economic Services	523.41	507.33	933.49	840.66	829.88
Loans & Advances	2.9	2.58	2.19	24.98	16.84

Source: Finance Accounts

Chart 1.24: Relative share of various sectors in Capital expenditure

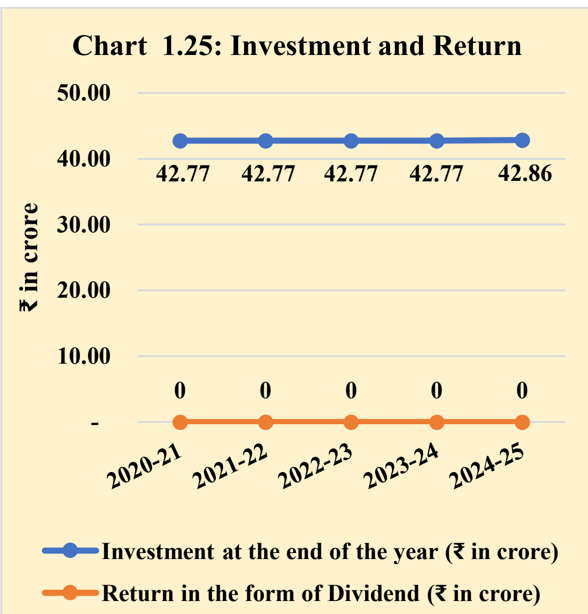


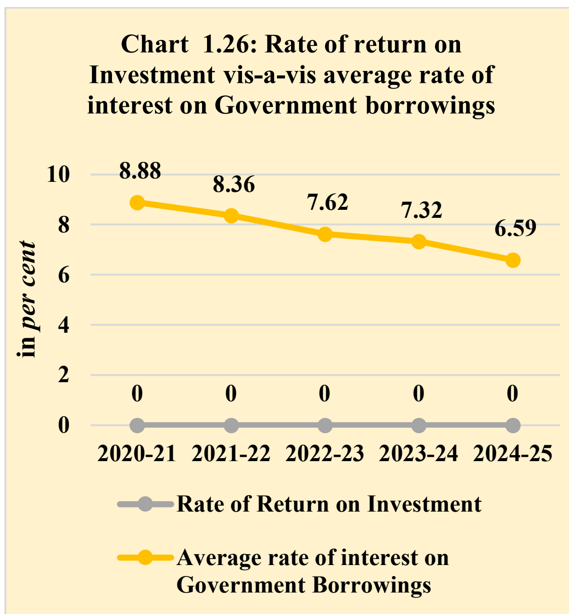
Source: Finance Accounts

B. Quality of investments in the companies, corporations and other bodies

As of 31 March 2025, the State Government's investment in companies, corporations and other bodies stood at ₹ 42.86 crore, comprising Government Companies/Statutory Corporations (₹ 6.99 crore), Co-operative Bank, Societies, etc. (₹ 35.87 crore).

Trends of investment at the end of the year in companies, corporations, and co-operative banks and societies, and return on these investment is depicted in **Chart 1.25**. Rate of return on investment made *vis-à-vis* average rate of interest on government borrowing is depicted in **Chart 1.26.**





During 2024-25, the return on investment was Nil. There was no return in the form of Dividend during 2020-25 while the average rate of interest paid by the State Government on its borrowings was between 6.59 *per cent* and 8.88 *per cent* during the same period.

Lack of Dividend Policy and Its Impact

A well-defined dividend policy mandating a minimum return from profit- making enterprises, enables the State Government to optimise its returns from investments in SPSEs and enhances monitoring of the SPSEs financial performance. It was observed that the state has not formulated any dividend policy for its Public Sector Undertakings (PSUs).

C. Loans and Advances by the State Government

In addition to the investments in co-operative societies, corporations and companies, the State Government has also been providing loans and advances to many institutions/organisations. **Table 1.22** presents the position of outstanding loans and advances as on 31 March 2025 and interest receipts *vis-à-vis* interest payments by the State Government on its borrowings during the last five years.

Table 1.22: Quantum of loans disbursed and recovered during 2020-25

(₹ in crore)

Particulars	2020-21	2021-22	2022-23	2023-24	2024-25
Opening Balance of loans outstanding	303.42	272.63	243.03	218.74	219.76
Amount advanced during the year	2.90	2.58	2.19	24.98	16.84
Amount recovered during the year	33.69	32.18	26.49	23.96	21.15
Closing Balance of the loans outstanding	272.63	243.03	218.73	219.76	215.45
Net addition	-30.79	-29.60	-24.30	1.02	-4.31
Interest received	17.37	13.45	18.10	11.56	27.63
Interest rate on Loans and Advances given by the Government	6.03	5.22	7.84	5.27	12.70
Average rate of interest on Government Borrowings (*per cent*)	8.88	8.36	7.62*	7.32	6.59
Difference between the rate of interest received and interest paid (*per cent*)	2.85	3.14	-0.22	2.05	-6.11

Source: Finance Accounts

* *The Average rate of interest on Government Borrowings (per cent) in SFAR 2022-23 was wrongly shown and this has been corrected.*

1.3 Contingency Fund

The Contingency Fund of the Government of Mizoram is intended to provide advances for the purpose of meeting unforeseen expenditure, pending its authorisation by the State Legislature. The fund is recouped once the Legislature approves the additional expenditure. The corpus of the Fund is ₹ 0.10 crore.

The Contingency Fund is constitutionally mandated to ensure financial readiness for crises, but its effectiveness depends on active monitoring, realistic corpus sizing, and periodic review, not just establishment. State should regularly assess risks, emergency expenditures, and fund utilization to ensure the contingency fund remains a vibrant fiscal tool rather than an idle reserve.

During 2024-25, no transactions were effected in this fund.

1.4 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 balance after disbursements during the year is the fund available with the Government for use for various purposes.

1.4.1 Net Public Account balances

The component-wise net balances in Public Account of the State is given in **Table 1.23**.

Table 1.23: Component-wise net balances in Public Account

(₹ in crore)

Sector	Sub Sector	2020-21	2021-22	2022-23	2023-24	2024-25
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	2,403.33	2,695.72	2,443.93	1,963.50	1,583.60
J. Reserve Funds	(a) Reserve Funds bearing Interest	227.11	241.75	222.06	213.87	217.87
	(b) Reserve Funds not bearing Interest	6.52	6.52	6.52	6.52	6.52
K. Deposits and Advances	(a) Deposits bearing Interest	2.55	2.55	2.55	2.55	2.55
	(b) Deposits not bearing Interest	2,230.12	1,850.61	1,107.41	1,192.37	1,799.99
	(c) Advances	-8.99	-8.99	-8.99	-8.99	-8.99
L. Suspense and Miscellaneous	(b) Suspense	1,253.35	909.86	1,423.02	1,761.70	1,788.91
	(c) Other Accounts	-132.43	-340.35	-172.09	-169.61	-748.35
	(d) Accounts with Governments of Foreign Countries	-0.38	-0.38	-0.38	-0.38	-0.38
	(e) Miscellaneous	Nil	Nil	Nil	Nil	Nil
M. Remittances	(a) Money Orders, and other Remittances	91.89	-58.52	131.82	-143.40	-249.04
	(b) Inter-Governmental Adjustment Accounts	-7.53	-7.16	-8.19	-6.67	-6.68
Total		**6,065.54**	**5,291.61**	**5,147.66**	**4,811.46**[5]	**4,386.00**

Source: Finance Accounts

Note: +ve figures denote credit balance and –ve figures denote debit balances.

1.4.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Account of the State Government. These funds are met from contributions or grants from the Consolidated Fund or from outside agencies. It comprises interest bearing reserve funds and reserve funds not bearing interest.

[5] *(Figure of total net balances in Public Account differ from the previous year due to correction in methodology)*

There were three interest bearing funds and four Reserve Funds not bearing interest as on 31 March 2025. The fund balances lying in these Reserve Funds as on 31 March 2025 are given in **Table 1.24**.

Table 1.24: Detail of Reserve Funds

(₹ in crore)

Sl. No.	Name of Reserve Fund	Opening Balance	Receipts during the year	Interest receipts	Repayments during the year	Balance as on 31 March 2025
A	**Reserve Funds bearing Interest -(8121) General and Other reserve funds**					
1.	State Disaster Response Fund (SDRF)	1.73	46.40	-	46.42	1.71
2.	State Compensatory Afforestation Fund (SCAF)	212.14	25.98	-	21.96	216.17
3.	State Disaster Mitigation Fund (SDMF)	0.00	17.60	-	17.60	0.00
B	**Reserve Funds not bearing Interest (8222 & 8235)**					
1.	Sinking Fund	475.85	48.18	-	0.00	524.03
2.	General Reserve Funds of Government	2.83	0.00	-	0.00	2.83
3.	Guarantee Redemption Fund	64.00	17.82	-	0.00	81.82
4.	Other Funds	3.69	0.00	-	0.00	3.69
	Grand Total	**760.24**	**155.98**	**-**	**85.98**	**830.25**

Source: Finance Accounts

1.4.3 Cash Balances

As per the agreement with Reserve Bank of India (RBI), State Governments must maintain a minimum daily cash balance with the Bank. If the balance falls below this minimum, the shortfall is met through instruments like Ways and Means Advances (WMA)/Special Ways and Means Advances (SWMA)/ Special Drawing Facility (SDF)/ Overdrafts (OD), with the WMA limit revised periodically by RBI.

The State Government invests surplus cash balances, including those from earmarked reserve funds in GoI securities and Treasury Bills. Earnings from these investments are credited under '0049-Interest Receipts'.

It is undesirable for the State Government to raise market loans while holding large unutilized cash balances, as it leads to idle funds rather than productive use. Cash balance and investment details for 2023-24 and 2024-25 are provided in **Table 1.25**.

Table 1.25: Cash Balances and their investment

(₹ in crore)

Particulars	Opening balance as on 1 April 2024	Closing balance as on 31 March 2025
A. General Cash Balances		
Deposits with Reserve Bank of India	156.66	40.20
Investments held in Cash Balance Investment Account	166.37	745.09
Total (A)	**323.03**	**785.29**

Particulars	Opening balance as on 1 April 2024	Closing balance as on 31 March 2025
B. Other Cash Balances and Investments		
Cash with departmental officers *viz.* Forest and Public Works	3.23	3.27
Permanent advances with Departmental Officers for contingent expenditure	NIL	NIL
Investment of Earmarked Funds	539.85	605.85
Total (B)	**543.08**	**609.12**
Total (A + B)	**866.11**	**1,394.41**
Interest realised	**3.90**	**4.00**

Source: Finance Accounts

Details of Cash Balance Investment Account during the last five years is given in **Table 1.26**.

Table 1.26: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)

Year	Opening Balance	Closing Balance	Increase (+) / Decrease (-)	Interest earned
2020-21	202.87	130.94	-71.93	1.75
2021-22	130.94	338.11	207.17	28.38
2022-23	338.11	169.86	-168.25	32.09
2023-24	169.86	166.37	-3.49	3.90
2024-25	166.37	745.09	578.72	4.00

Source: Finance Accounts

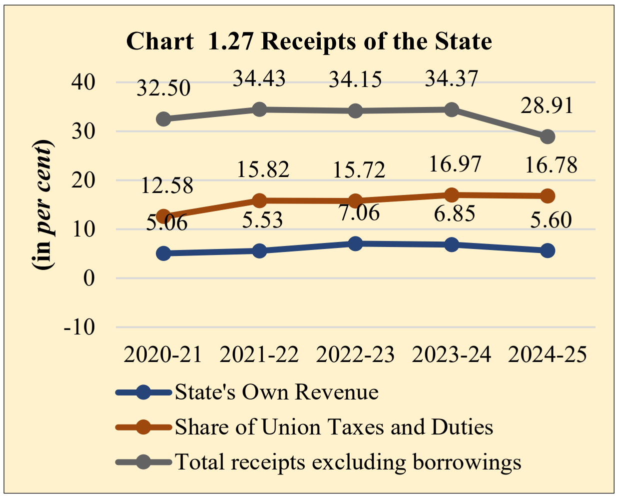
In **Table 1.25**, Cash Balance of the State Government increased by ₹ 528.30 crore from ₹ 866.11 crore in 2023-24 to ₹ 1394.41 crore in 2024-25. State Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The interest earned from such investments are credited as receipts under the head '0049-Interest Receipts'. The State Government has earned an interest of ₹ 4.00 crore during 2024-25 from the investments made in GoI Securities and Treasury Bills. Investment held in Cash Balance Investment Account stood at ₹ 745.09 crore as on 31 March 2025.

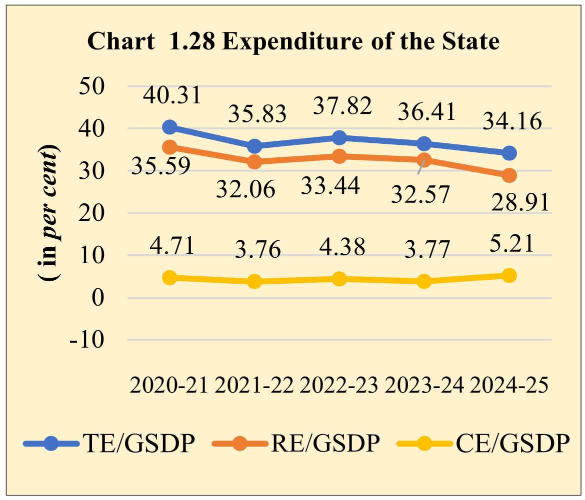
As per the review of Ways and Means Advances Scheme of the State Government, there were 7 days on which the minimum balance was maintained by taking ordinary ways and means advances and in 29 days on which the minimum balance was maintained by taking special ways and means advances and the interest discharged during the year was ₹ 1.00 crore.

Out of the investment of ₹ 605.85 crore of earmarked funds, ₹ 524.03 crore was invested out of Consolidated Sinking Fund and ₹ 81.82 crore out of Guarantee Redemption Fund at the end of the financial year 2024-25.

1.5 Fiscal Sustainability

Fiscal Sustainability is the ability of a government to manage its revenue and expenditure in a manner that ensures it can meet its current and future obligations such as public services, infrastructure, and debt repayments without excessive borrowing or accumulating unsustainable debt. It implies maintaining a stable balance between revenue generation and expenditure over the long term. **Chart 1.27** and **Chart 1.28** shows receipts and expenditure of the State as a percentage of GSDP, during FYs 2020-25 respectively.



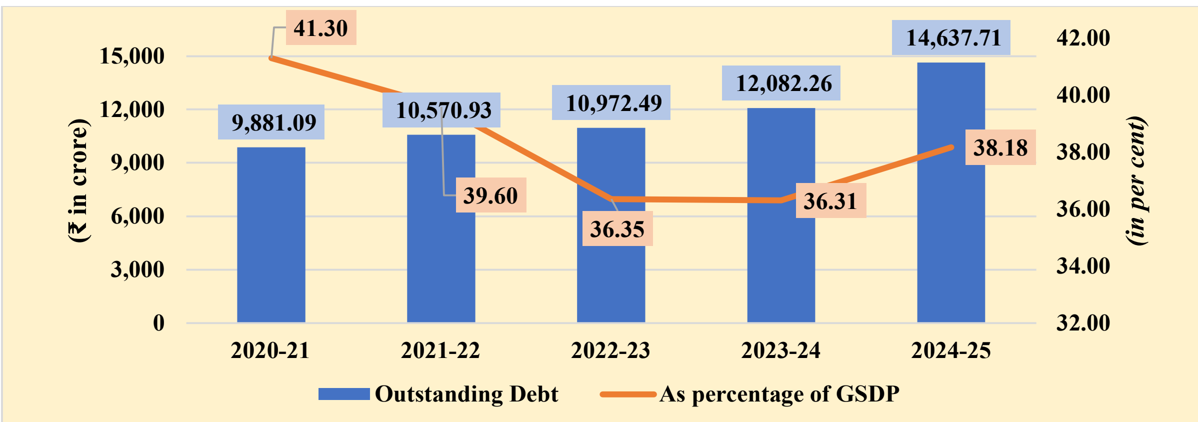


Source: Finance Accounts

1.5.1 Public Liability Management

Outstanding liability of the State along with its percentage to GSDP for the years 2020-21 to 2024-25 is depicted in **Chart 1.29**.

Chart 1.29: Outstanding Public Liability and its percentage to GSDP



Source: Finance Accounts

1.5.1.1 Liability profile: Components

Total liabilities of the State Government typically constitutes 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 for the period of five years beginning from 2020-21 are presented in **Table 1.27**.

Table 1.27: Component-wise liability trends

(₹ in crore)

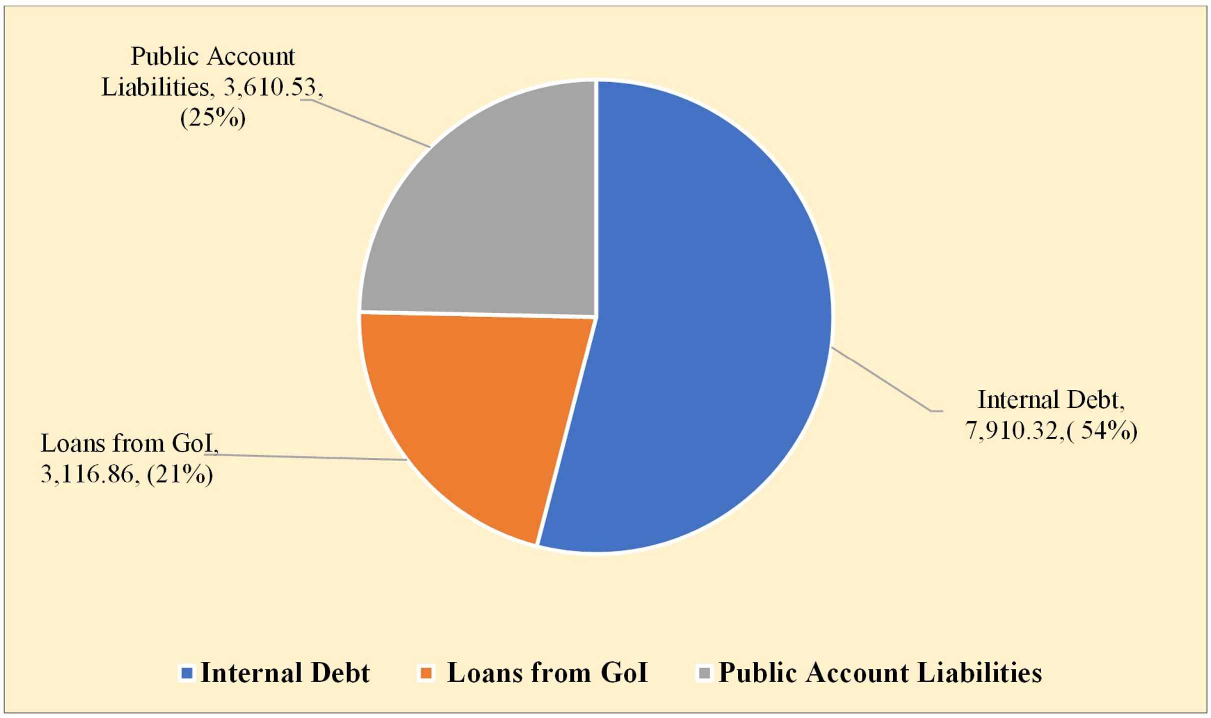
Components of fiscal liability	2020-21	2021-22	2022-23	2023-24	2024-25
Outstanding Total Liability	**9,881.09**	**10,570.93**	**10,972.49**	**12,082.26**	**14,637.71**
Public Debt	**5,011.45**	**5,773.78**	**7,190.02**	**8,703.46**	**11,027.18**
Internal Debt	*4,527.09*	*5,002.62*	*6,141.95*	*6,929.10*	*7,910.32*
*Loans from GoI**	*484.36*	*771.16*	*1,048.07*	*1,774.36*	*3,116.86*
Public Account Liabilities	**4,869.64**	**4,797.15**	**3,782.47**	**3,378.80**	**3,610.53**
Small Savings, Provident Funds, etc.	*2,403.33*	*2,695.72*	*2,443.93*	*1,963.50*	*1,583.60*

Components of fiscal liability	2020-21	2021-22	2022-23	2023-24	2024-25
Reserve Funds bearing Interest	*227.11*	*241.75*	*222.06*	*213.87*	*217.87*
Reserve Funds not bearing Interest	*6.52*	*6.52*	*6.52*	*6.52*	*6.52*
Deposits bearing Interest	*2.55*	*2.55*	*2.55*	*2.55*	*2.55*
Deposits not bearing Interest	*2,230.12*	*1,850.61*	*1,107.41*	*1,192.37*	*1,799.99*
Rate of growth of outstanding total liability (*per cent*)	13.86	6.98	3.80	10.11	21.15
Gross State Domestic Product (GSDP)	23,923	26,695	30,184	33,277	38,343
Outstanding Total Liability/GSDP (*per cent*)	41.30	39.60	36.35	36.31	38.18
Borrowings and Other Liabilities					
Total Receipts	4,963.79	6,679.68	5,857.39	8,403.39	7,086.07
Total Repayments	3,760.96	5,989.84	5,455.83	7,293.62	4,530.62
Net funds available	1,202.83	689.84	401.56	1,109.77	2,555.45
Repayments/ Receipts (per cent)	*75.77*	*89.67*	*93.14*	*86.79*	*63.94*

Source: Finance Accounts

Break-up of outstanding total liabilities at the end of 2024-25 is shown in **Chart 1.30**.

Chart 1.30: Break-up of outstanding total liabilities at the end of 2024-25

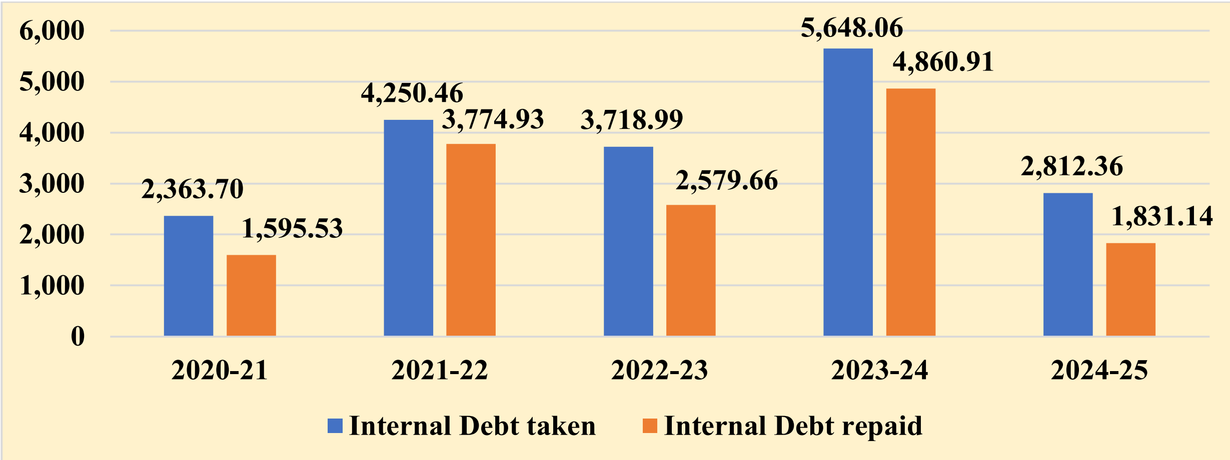


Source: Finance Accounts

Chart 1.31 depicts the quantum of internal debt taken *vis-à-vis* repaid during the period of five years i.e. 2020-25.

Chart 1.31: Internal debt taken *vis-a-vis* repaid

(₹ in crore)



Source: Finance Accounts

Internal debt of the State Government increased by ₹ 3,383.23 crore (74.73 *per cent*) from ₹ 4,527.09 crore in 2020-21 to ₹ 7,910.32 crore in 2024-25. An amount of ₹ 649.90 crore was paid towards interest on internal debt during 2024-25.

However, the quantum of fresh debt taken and repaid during 2024-25 showed a drastic reduction from the previous three years indicating that the State Government has taken a concerted effort to rationalize its borrowings. Conversely, the low repayment profile for the year may have also been a contributing factor.

1.5.1.2 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 a healthy trend. **Table 1.28 and Chart 1.32** depicts the utilisation and trends of borrowed funds during 2020-25 respectively.

Table 1.28: Utilisation of borrowed funds

(₹ in crore)

Sl. No.	Year	2020-21	2021-22	2022-23	2023-24	2024-25
1.	Total borrowings	2,611.32	4,560.28	4,019.39	6,402.04	4,182.42
2.	Repayment of earlier borrowings (Principal)	1,617.89	3,797.95	2,603.15	4,888.60	1,858.70
3.	Net capital expenditure	1,125.97	1,004.38	1,321.86	1,253.78	1,996.18
4.	Net loans and advances	-30.79	-29.59	24.30	-1.03	4.31
5.	Portion of Revenue expenditure met out of net available borrowings	-	-	118.68	258.63	331.85

Source: Finance Accounts

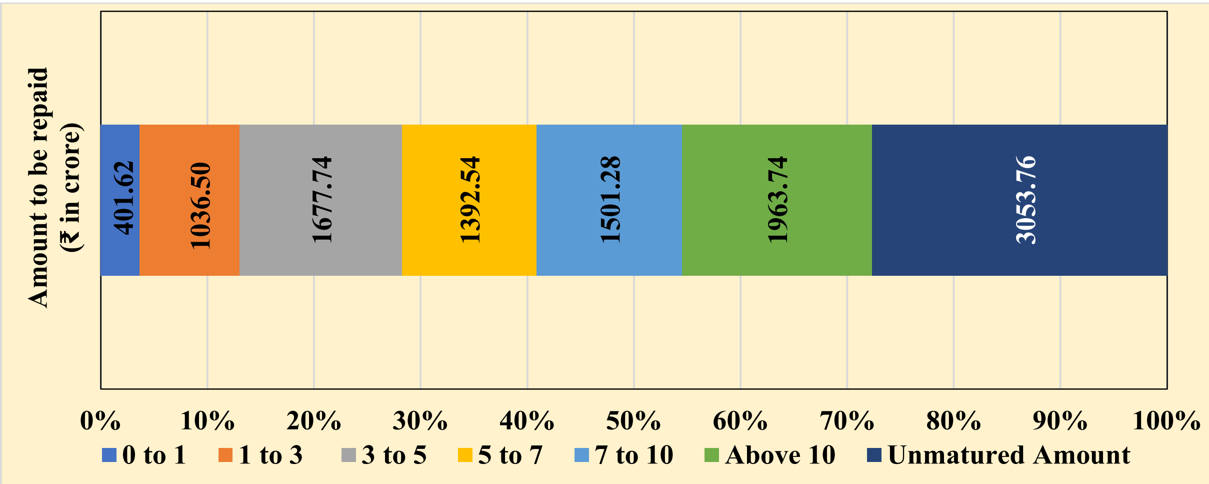
From **Table 1.28**, it can be seen that during the period 2020-25 the State Government utilised 83.28 *per cent* (2021-22) to 44.44 *per cent* (2024-25) of its current borrowings for repayment of earlier borrowings indicating that a major part of the borrowed funds were being used mostly for meeting repayment of earlier borrowings during the period.

During 2020-21 and 2021-22 borrowed fund was not sufficient for Capital expenditure after repayment of earlier borrowings. During 2024-25, the State Government spent ₹ 1,996.18 crore (47.73 *per cent*) of the borrowed funds on Capital expenditure.

1.5.1.3 Debt profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing. Debt maturity profile of the State is depicted in **Chart 1.32**.

Chart 1.32: Maturity Profile of Public Debt



Source: Finance Accounts

From **Chart 1.32**, it may be seen that the State has managed its debt reasonably well within its own intrinsic limitations. 40.88 *per cent* of Public Debt will mature within the short to medium term (7 years) window suggesting a reasonably staggered and balanced maturity schedule, avoiding a major "maturity tower" in any single year.

During the Exit Conference (19 December 2025), while accepting the facts, Finance Secretary informed that debt burden under National Small Savings Fund, which had a high rate of interest (approximately 9.62 *per cent* during 2024-25), was largely discharged, adding that this would have a positive impact on the near-term outlook.

1.5.1.4 Financing pattern of fiscal deficit

Table 1.29 depicts financing pattern of the fiscal deficit during 2020-25.

Table 1.29: Components of fiscal deficit and its financing pattern

(₹ in crore)

Particulars		2020-21	2021-22	2022-23	2023-24	2024-25
Fiscal Deficit		**-1,869.31**	**-372.54**	**-1,107.67**	**-677.71**	**-2,014.71**
1	Revenue Deficit (-) / Surplus (+)	-774.13	602.25	189.89	577.09	-22.84
2	Net Capital Expenditure	-1,125.97	-1,004.38	-1,321.86	-1,253.78	-1,996.18
3	Net loans and advances	30.79	29.59	24.30	-1.02	4.31
Financing Pattern of Fiscal Deficit						
1	Market Borrowings	678.56	447.33	1,130.32	642.31	939.55

Particulars		2020-21	2021-22	2022-23	2023-24	2024-25
2	Loans from GoI	225.25	286.80	276.91	726.29	1,342.50
3	Special Securities issued to NSSF	-16.71	-17.01	-17.01	-17.01	-17.01
4	Loans from Financial Institutions	106.32	45.21	26.02	161.85	58.68
5	Small Savings, PF, etc.	215.89	292.39	-251.79	-480.44	-379.90
6	Reserve Funds	50.93	61.79	41.57	37.71	70.00
7	Deposits and Advances	-23.35	-379.51	-743.20	84.96	607.62
8	Suspense and Miscellaneous	381.39	-343.49	513.16	338.68	27.21
9	Remittances	136.22	-150.05	189.32	-273.70	-105.66
10	**Overall Deficit**	**1,754.50**	**243.46**	**1,165.30**	**1,220.65**	**2,543.01**
11	Increase/Decrease in cash balance	114.81	129.07	-57.63	542.94	528.30
12	**Gross Fiscal Deficit**	**-1,869.31**	**-372.53**	**-1,107.67**	**-677.71**	**-2,014.71**

Source: Finance Accounts

1.5.2 Post Audit Deficit Indicators

As per Finance Accounts of the State for the FY 2024-25 the Revenue Deficit of the State was ₹ 22.84 crore (0.06 *per cent* of GSDP), fiscal deficit was ₹ 2,014.71 crore (5.25 *per cent* of GSDP) whereas primary deficit was ₹ 1,364.81 crore (3.56 *per cent* of GSDP). However, Audit found that, during 2024-25, the State Government misclassified, ₹ 0.68 crore of capital nature as Revenue expenditure **(Details discussed in paragraph no. 2.5.6 of Chapter-II)**. Further, there was a short transfer/non-transfer of ₹ 66.36 crore on account of State Disaster Response Fund (SDRF) and ₹ 6.00 crore on account of State Disaster Mitigation Fund (SDMF).The State Government did not transfer ₹ 56.09 crore on account of Central Road and Infrastructure Fund (CRIF) and Un-discharged interest liabilities totaling ₹ 7.32 crore in respect of State Compensatory Afforestation Fund (₹ 7.11 crore), State Disaster Response Fund (₹ 0.15 crore) and Miscellaneous Deposits (₹ 0.06 crore) during the year 2024-25.

This resulted in understatement of Revenue deficit, Fiscal deficit and Primary deficit to that extent. Post audit, the revenue deficit and primary deficit would have to be ₹ 157.93 crore (0.41 *per cent* of GSDP), Fiscal deficit would have to be ₹ 2,151.16 crore (5.61 *per cent* of the GSDP) and Primary deficit would have to be ₹ 1,501.26 crore after Audit.

During the Exit Conference (19 December 2025), the Finance Secretary, while accepting the facts, stated that necessary action would be taken to ensure non-recurrence of such instances in the future.

1.5.3 Fiscal Balance: Achievement of deficit and total debt targets

As per Mizoram Fiscal Responsibility and Budget Management (MZFRBM) Act, 2006 and its amendments aligned with the 15th Finance Commission, State aims to:

- Eliminate revenue deficit and maintain the fiscal deficit within the ceiling of 3 *per cent* of GSDP, with an additional 0.5 *per cent* permitted on fulfilling reform milestones.
- The outstanding debt-to-GSDP ratio is to be contained below 25 *per cent*.

- Interest payments are capped at 15 *per cent* of revenue receipts, and
- Salary expenditure should not exceed 80 *per cent* of the State's Own Revenue Receipts.
- Mizoram also follows a Medium-Term Fiscal Plan (MTFP) and is required to disclose contingent liabilities and off-budget borrowings.

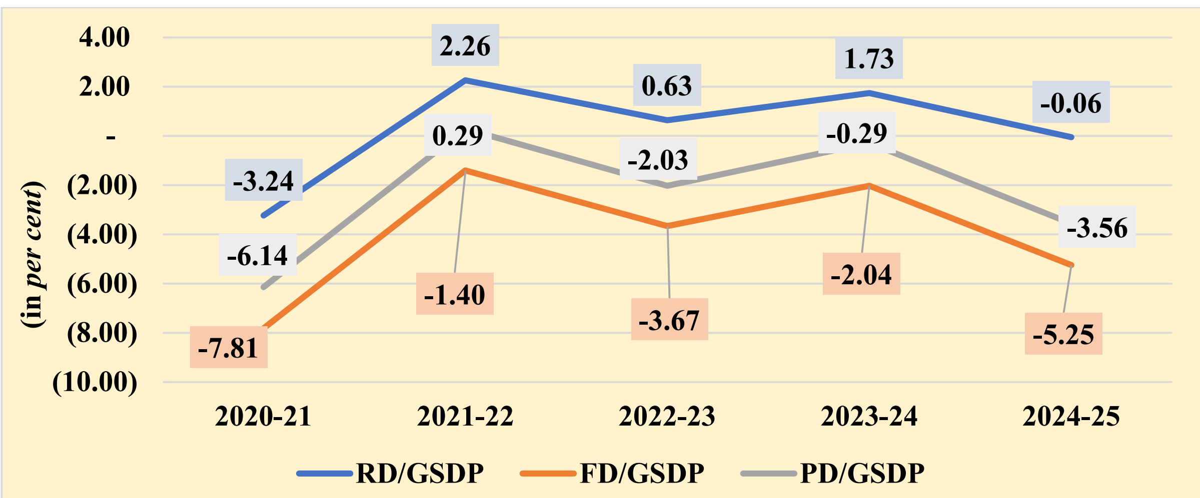
Achievements, *vis-à-vis* the fiscal targets, prescribed in the State FRBM Act for the FY 2020-21 to FY 2024-25, as per Finance Accounts are detailed in **Table 1.30**.

Table 1.30: Compliance with provisions of State FRBM Act

Fiscal Parameters		Achievement *vis-a-vis* targets set in the FRBM Act				
		2020-21	2021-22	2022-23	2023-24	2024-25
Revenue Deficit (-) / Surplus (+) *(₹ in crore)*	T	763.11	579.42	1419.7	417.87	564.95
	A	-774.13	602.25	189.89	577.09	-22.84
Fiscal Deficit (-) / Surplus (+) (as percentage of GSDP)	T	6.4	5.2	4.1	3.5	3.0
	A	7.81	1.4	3.67	2.04	5.25
Ratio of total outstanding liability to GSDP (in *per cent*)	T	27.85	27.63	31.81	37.84	29.22
	A	41.30	39.60	36.35	36.31	38.18
Interest payment as percentage of Revenue Receipts	T	3.78	3.92	4.04	5.77	4.88
	A	5.18	4.92	4.80	5.10	5.87

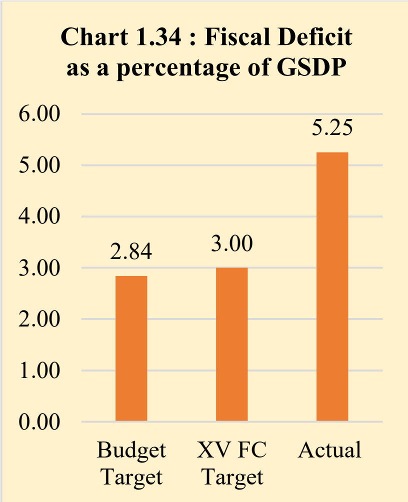
Source: State FRBM Act, 2006 and Finance Accounts

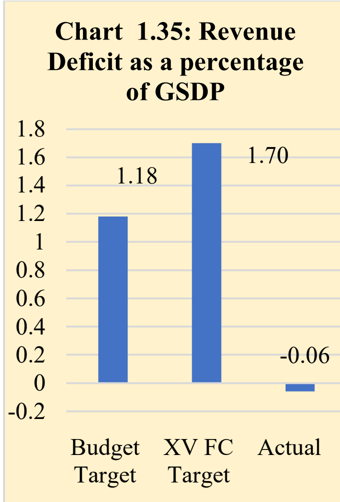
Chart 1.33: Trend analysis of deficits post audit

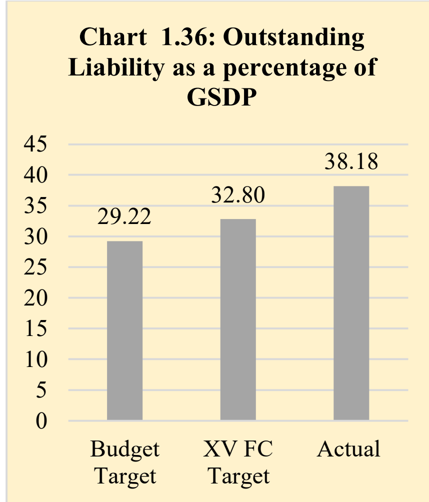


Source: Finance Accounts

The targets set by XV FC and those projected in the State budget *vis-à-vis* achievements in respect of major fiscal aggregates with reference to GSDP during 2024-25 are given in **Chart 1.34**, **Chart 1.35** and **Chart 1.36**.







Source: Finance Accounts and budget documents

During 2024-25, the State failed to contain the Revenue Surplus as a percentage of GSDP within the budgeted target or the XV FC instead, there was revenue deficit during the year 2024-25. The state could not achieve the fiscal deficit target as per the budget target and XV FC target. Further, the state also could not achieve the Outstanding liabilities as a percentage of GSDP as per the budget target and XV FC target.

The main factors contributing to the fiscal stress and non-compliance were:

- **High Non-Developmental Expenditure**: The significant increases in the actual Fiscal Deficit (FD) to 5.25 *per cent* of GSDP in 2024-25 were mainly because Revenue Expenditure was substantially outpacing revenue receipts.
- **Cumulative Effect of Past Borrowing**: The consistently high Outstanding Debt/GSDP ratio (36 *per cent* to 41 *per cent*) over the period is a result of past fiscal deficits which required greater interest payments, consuming a growing portion of revenue receipts that could otherwise be used for services or deficit reduction.
- **Ineffective Budgetary Projections**: The wide variance between the Budget Targets (T) and the Actual Achievements (A), especially for the deficits in 2024-25, indicates a potential issue with the accuracy and realism of the initial budget estimates evidenced by the significant shortfall in Revenue Receipts for the year.

1.5.4 Debt Sustainability Analysis

Debt sustainability refers to the ability of the State to service its debt obligation now and in future. Analysis of variations in debt sustainability indicators is given in **Table 1.31**.

Table 1.31: Trends in Debt Sustainability Indicators

(₹ in crore)

Sl. No.	Debt Sustainability Indicators	2020-21	2021-22	2022-23	2023-24	2024-25
1	Overall Liabilities or Overall Debt	9,881.09	10,570.93	10,972.49	12,082.26	14,637.71
2	Rate of Growth of Overall Debt (*per cent*)	13.86	6.98	3.80	10.11	21.15
3	GSDP (in nominal terms)	23,923	26,695	30,184	33,277	38,343

Sl. No.	Debt Sustainability Indicators	2020-21	2021-22	2022-23	2023-24	2024-25
4	Nominal GSDP growth (*per cent*)	-4.27	11.59	13.07	10.25	15.22
5	Overall Debt/GSDP (*per cent*)	41.30	39.60	36.35	36.31	38.18
6	Repayment to Gross Borrowings (*per cent*)	75.77	89.67	93.14	86.79	63.94
7	Net borrowings available as a percentage of Gross Borrowings	24.23	10.33	6.86	13.21	36.06
8	Interest payments on Overall Debt	400.99	450.64	493.88	581.90	649.90
9	Effective rate of interest on Overall Debt[6] (*per cent*)	5.70	5.51	5.32	5.61	5.48
10	Interest payment to Revenue Receipts (*per cent*)	5.18	4.92	4.80	5.10	5.87
11	Revenue Deficit/Surplus	-774.13	602.25	189.89	577.09	-22.84
12	Primary Revenue Balance (PRB)	-1,175.12	151.61	-1,303.98	-4.81	-672.74
13	Primary Balance (PB)	-1,468.32	78.11	-613.78	-95.80	-1,364.81
14	PB/GSDP (*per cent*)	-6.14	0.29	-2.03	-0.29	-3.56
15	Difference between RoI[7] and effective rate of interest on Overall Debt	4.08	0.09	2.52	0.34	7.22
16	Liquidity Management (use of financial accommodation instruments available with RBI) (in number of occasions)	82	105	93	176	36
17	Debt Stabilisation (Quantum spread[8] + Primary balance)	-2,230.26	607.81	150.36	408.62	-114.58
18	Domar gap					
a	GSDP (in constant terms)	16,427	17,662	19,662	21,664	24,120
b	Real Growth (in constant terms)	-8.15	7.52	11.32	10.18	11.34
c	Inflation based on CPI (*per cent*)	9.52	6.22	7.88	4.44	3.37
d	Effective Rate of interest	5.70	5.51	5.32	5.61	5.48
e	Real effective rate of interest (Effective rate of interest-Inflation)	-3.82	-0.71	-2.56	1.17	2.11
f	Growth Interest Differential (Real growth- Real effective rate of interest)	-4.33	8.23	13.89	9.01	9.23
g	Primary Balance (PB)	-1,468.32	78.11	-613.78	-95.8	-1,364.81

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'*

** *Interest paid/ (OB of Public Debt + CB of Public Debt/2) (in per cent)*

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.

6 *Effective rate of interest on Overall Debt has been calculated adjusting the Reserve Funds, Deposits not bearing interest and 50 years' interest free Central assistance to State for Capital Expenditure.*
*Effective Rate of Interest = Interest Payment/Average of Opening and Closing Stock of Debt (excluding non- interest-bearing liabilities) * 100*

7 *Return on Investment (RoI) as measured by effective rate of interest receipts.*
*RoI = Interest Receipts/Average of Opening & Closing Stock of Loans and Advances Disbursed *100*

8 *Quantum Spread = Interest Spread x Debt (excluding non- interest bearing liabilities)*

A falling debt-GSDP ratio can be considered as leading towards stability. Also, debt stabilisation condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would tend to be constant or debt would stabilise eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling. **Table 1.31** shows that this trend had been positive since 2020-21which indicates that debt-GSDP ratio would eventually be declining.

The ratio of interest payments to revenue receipts is also a good measure of debt sustainability. This ratio ranged between 5.18 *per cent* and 5.87 *per cent* during the period 2020-25, which was substantially low.

Higher the percentage of repayments to Gross Borrowings, the greater the proportion of debt utilised for debt servicing rather than productively. Ratio of repayments to Gross Borrowings ranged between 63.94 *per cent* and 93.14 *per cent* during the period 2020-25, which meant that most of the borrowings were used for repayment of earlier borrowings leaving less space for productive use.

Maturity profile captures redemption pressure on the State's debt; higher maturity means lower redemption pressure in medium term. As detailed in **Paragraph 1.5.1.3**, the State Government has to repay 41.81 *per cent* of its outstanding debt of ₹ 14,569.00 crore (including approximate interest in respect of the debt outstanding as on 31 March 2025) in the next seven years, which shows how the state eroded the value of its debt during these years, which poses roll-over risks in the short and medium term.

1.5.5 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 State extends guarantees for loans raised by entities like statutory corporations, boards, local bodies, and co-operative institutions. Details of the guarantees and status of outstanding guarantees to total receipts for the last five years is given in **Table 1.32**.

Table 1.32: Guarantees given by the State Government

(₹ in crore)

Guarantees	2020-21	2021-22	2022-23	2023-24	2024-25
Ceiling applicable to outstanding guarantees (i.e. 25 *per cent* of GSDP)	5,980.74	6,673.81	7,546.04	8,319.18	9,585.75
Outstanding guarantees at the beginning of the year	140.66	138.62	125.13	120.10	63.09
Outstanding guarantees at the end of the year	138.62	125.46	119.90	63.09	37.58

Source: Finance Accounts and Annual Financial Statements

The outstanding guarantees for ₹ 37.58 crore as on 31 March 2025 was in respect of Cooperative Banks, Societies, etc. (₹ 20.72 crore); Statutory Corporations (₹ 8.20 crore); Other Institutions (₹ 8.66 crore).

The Government gave guarantees within the limits prescribed in the FRBM Act during 2020-25. Out of the outstanding guarantees for ₹ 37.58 crore during the 2024-25, the State Government had given guarantees amounting to ₹ 2.04 crore to two Co-operative Banks, Societies, etc.

1.5.6 Pathways to Fiscal Stability

Deficits can be improved by enhancing revenues and rationalizing expenditures. This includes strengthening tax compliance, widening the tax base, revising user charges, and monetizing idle government assets. On the spending side, better targeting of subsidies, controlling salary and pension growth, and ensuring proper classification of expenditure are key factors. Prioritizing productive capital investment and improving debt management through transparent and efficient borrowing can further ease fiscal pressure. These measures collectively create fiscal space and help reduce revenue, fiscal, and primary deficits in a sustainable manner. These have been discussed in succeeding paragraphs.

1.5.6.1 Improving revenues of the State

Untapped revenue potential that, if harnessed effectively, could significantly enhance fiscal space and reduce dependence on debt. Inefficiencies in assessment, undervaluation, and limited enforcement mechanisms of key tax streams such as State GST, Stamp Duty and Excise will lead to subdued revenue growth. Under-realized non-tax revenues, with low user charges, poor cost recovery, and suboptimal returns on public assets and investments also impede the fiscal space. Timely realization of pending arrears (tax and non- tax) is another step towards enhancing the fiscal space.

A. Arrears of revenue

As on 31 March 2025, the arrears of revenue in respect of principal heads of revenue were ₹ 26.41 crore, of which ₹ 12.27 crore were outstanding for more than five years, as depicted in **Table 1.33**.

Table 1.33: Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Amount outstanding as on 31 March2025	Amount outstanding for more than five years as on 31 March 2025
1.	GST	0.68	0.00
2.	VAT	25.20	12.26
3.	Entertainment tax	0.53	0.01
Total		**26.41**	**12.27**

Source: Departmental Information

B. Arrears in assessment

The information on number of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed off during the year and number of cases pending for finalisation at the end of the year, as furnished by the Department of Taxation in respect of Sales Tax/VAT is depicted in **Table 1.34**.

Table 1.34: Arrears of assessment

Sl. No.	Head of Revenue	Cases pending at the beginning of 2024-25	New cases due for assessment during 2024-25	Total cases due for assessment	Cases disposed of during 2024-25	Balance at the end of the year	Percentage disposal
1.	GST	0	221	221	221	0	100
2.	MVAT	5	1	6	6	0	100
3.	Professional Tax	0	21,135	21,135	21,135	0	100

Source: Departmental information

During 2024-25, all cases that were due for assessment during the year, including balances from previous years were disposed off.

C. Details of evasion of tax detected by the Department, refund cases, etc.

The cases of evasion of tax detected, cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government.

The details of cases of evasion of tax detected by the Taxation Department, cases finalised and the demand for additional tax raised; during the year 2024- 25, as reported, are depicted in **Table 1.35**.

Table 1.35: Evasion of tax detected

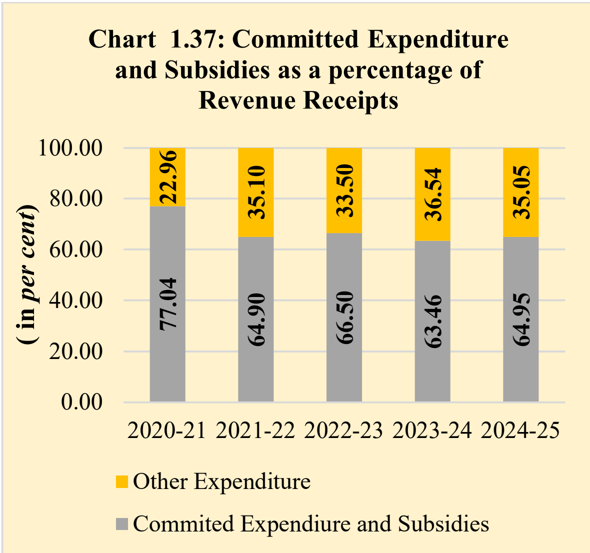
Sl. No.	Head of revenue	Cases pending as on 31 March 2024	Cases detected during 2024-25	Total	No. of cases in which assessment / investigation completed and additional demand with penalty, etc. raised		No. of cases pending for finalisation as on 31 March 2025
					No. of cases	Amount of demand *(₹ in crore)*	
1.	Goods and Services Tax	78	165	243	202	35.24	41
2.	VAT	-	1	1	1	0.10	-
Total		**78**	**166**	**244**	**203**	**35.34**	**41**

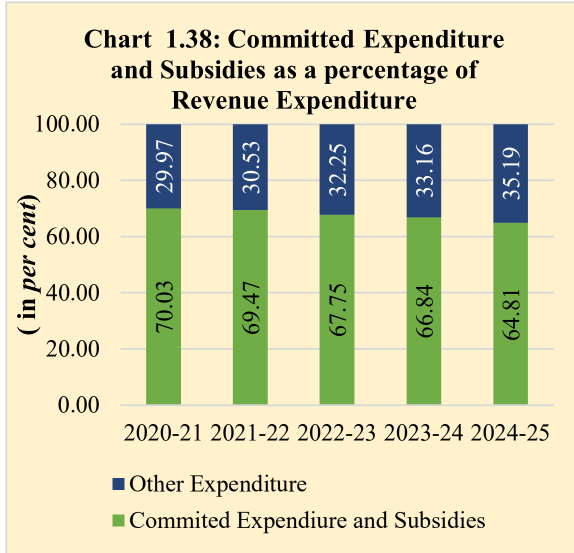
Source: Departmental information

1.5.6.2 Issues on expenditure side

A. Fiscal stress from committed expenditure and subsidies

Chart 1.37 and **Chart 1.38** depicts Committed expenditure and subsidies together as a percentage of Revenue Receipts and Revenue Expenditure during the FY 2020-25 respectively.





Source: Finance Accounts

In 2024-25, the State's committed expenditure of ₹ 6,996.65 crore comprising Salaries & wages (₹ 4,066.16 crore), pensions (₹ 2,280.59 crore), and interest payments (₹ 649.90 crore), accounted for approximately 63.23 *per cent* of the Revenue Receipts. In addition, subsidies amounted to ₹ 189.30 crore, bringing the total rigid expenditure to ₹ 7,185.53 crore (Committed Expenditure plus Subsidies), which was nearly 64.95 *per cent* of the State's revenue receipts. The high and inflexible nature of such expenditure significantly compresses fiscal space, limiting the State's ability to allocate resources towards capital investment and developmental priorities. This structural imbalance increases the risk of persistent revenue and primary deficits, constrains long-term fiscal sustainability, and reduces the government's capacity to respond to emergent socio-economic challenges.

There is an urgent need for expenditure reform through rationalization of subsidies, improved targeting, and prudent management of salary and pension commitments, to enhance fiscal flexibility and ensure a sustainable fiscal path.

B. Capital blocked in incomplete projects

An assessment of capital blocked in incomplete capital projects would also indicate the quality of Capital Expenditure. Blocking of funds in incomplete projects/ works impinges negatively on the quality of expenditure and deprives the State of the intended benefits of the projects for prolonged periods. Further, funds borrowed for implementation of these projects, during the respective years would lead to an extra burden, in terms of servicing of debt and interest liabilities. Details of the incomplete projects are shown in **Table 1.36** (based on information provided by the State Government for ***Appendix-IX*** of the Finance Accounts for the year 2024-25).

Table 1.36: Capital blocked in incomplete projects

(₹ in crore)

Age profile of incomplete projects as on 31 March 2025				Department-wise profile of incomplete projects till 31 March 2025		
Year	No. of incomplete projects	Estimated Cost	Expenditure incurred	Department	No. of incomplete projects	Estimated Cost (Expenditure incurred)
2013-14	1	2.06	1.86	Public Works	12	317.92
2014-15	-	-	-	UD&PA[9]	5	75.25
2015-16	-	-	-	I&WR[10]	29	37.58
2015-16	-	-	-	Power & Electricity	7	164.47
2016-17	1	8.00	1.04	School Education	10	3.75
2017-18	0	-	-			
2018-19	4	76.12	66.68			
2019-20	2	59.95	58.60			
2020-21	2	45.15	43.32			
2021-22	2	3.84	3.51			
2022-23	7	209.26	67.95			
2023-24	44	194.59	60.14			
Total	**63**	**598.97**	**303.10**	**Total**	**63**	**598.97**

Source: Finance Accounts

Out of the total estimated cost of ₹ 598.97 crore for 63 ongoing projects, ₹303.10 crore had been spent up to 2024-25. However, since these projects were not completed, the entire investment of ₹598.97 crore remained blocked.

Mizoram being a deficit State, funds spent on these projects were borrowed at a very high cost. Delay in completion of projects not only adversely affected the quality of expenditure but also deprived the State of intended benefits and economic growth.

C. Un-discharged liabilities on Fiscal Space

Undischarged/deferred liabilities, if not addressed timely, will reduce the available fiscal space for future developmental and infrastructure spending. Besides creating lack of transparency and credibility, this impairs the state's ability to raise resources in a sustainable manner, thereby impacting overall fiscal health and long-term sustainability.

Audit observed that the State Government had accumulated several un- discharged liabilities over the years, which have significant implications for fiscal sustainability. These include:

- There was a short transfer/non-transfer of 66.36 crore on account of SDRF and ₹ 6.00 crore on account of State Disaster Mitigation Fund (SDMF).
- The State Government did not transfer ₹56.09 crore on account of Central Road and Infrastructure Fund (CRIF).
- Un-discharged interest liabilities totaling ₹ 7.32 crore.
- Pending refund cases amounting to ₹ 0.11 crore.

[9] *Urban Development & Poverty Alleviation Department*
[10] *Irrigation & Water Resources Department*

The cumulative value of these un-discharged liabilities amounted to ₹ 135.88 crore, which is equivalent to 0.35 *per cent* of the GSDP

Audit recommends that the State Government disclose and address all un- discharged liabilities transparently and make provisions for timely discharge of these obligations to avoid future fiscal stress.

1.6 Conclusions

The State's fiscal analysis for the period highlights persistent imbalances and a strain on fiscal sustainability, driven primarily by reliance on borrowings and high committed expenditure.

The State's Own Revenue Buoyancy with respect to GSDP displayed a highly fluctuating trend, During the year the State's Own Revenue receipts was declined by 5.77 *per cent* while GSDP growth rate was 15.22 *per cent*. This indicates that the State's own revenue generation has recently been highly unresponsive to growth in the State's economy.

The State has struggled with its revenue balance, recording a Revenue Deficit in 2024-25 for the first time in five years and failing to contain the deficit-to-GSDP ratio within the set targets.

Committed Expenditure (comprising Salaries, Pensions, and Interest Payments) is high and inflexible, consuming a significant majority of the State's Revenue Receipts. This structural imbalance severely compresses the fiscal space available for capital investment and developmental priorities.

Expenditure on Subsidies, though representing a relatively small proportion of the total Revenue Receipts, saw a substantial increase in the latest year, primarily driven by a rise in power subsidy.

The Fiscal Deficit as a percentage of GSDP has shown a volatile trend, rising sharply in 2024-25 to a level significantly above the mandated ceiling set by the FRBM Act.

Regarding the ability to finance Capital Expenditure, the Fiscal Deficit amount is largely aligned with the total Capital Expenditure for 2024-25. However, the practice of using borrowed funds mainly to meet current consumption or debt repayment, rather than solely for capital creation, is an unhealthy trend.

The State's Outstanding Liabilities as a percentage of GSDP have consistently remained above both the internal FRBM targets and the ceilings recommended by the XV FC throughout the period, indicating an elevated debt burden.

The ratio of Interest Payments as a proportion of Revenue Receipts is generally low and manageable. However, the key adverse trend is seen in the difference between the rate of interest received and the rate of interest paid, which has become significantly negative in 2024-25 which is a reflection of the fact that the State is earning much less on its assets and loans than it is paying on its borrowings.

The State has accumulated a quantum of Undischarged Liabilities (which include deferred interest, and pending refunds). These liabilities reduce the available fiscal space, create a lack of transparency and negatively impact the State's long-term fiscal health.

1.7 Recommendations

The State Government may take steps to:

- *Enhance revenue by implementing immediate tax and non-tax. Crucially, enforce a mandatory minimum dividend policy for all profitable State PSUs to secure a stable, non-debt stream of revenue, directly mitigating the Revenue Deficit.*
- *Strictly control Committed expenditure by instituting a hard cap on the growth of Committed Expenditure (Salaries, Pensions) to ensure it grows slower than the State's Own Revenue. Simultaneously, address the un-discharged liabilities (like deferred interest and pending grants) transparently to improve budget credibility and free up future fiscal space.*
- *Adhere to Debt & CAPEX discipline by formulating a legislative path to immediately bring the Fiscal Deficit and Outstanding Debt ratios within the mandated FRBM targets.*