

No.A.11011/1/2016-FMC
GOVERNMENT OF MIZORAM
FINANCE DEPARTMENT (FC&MC)

OFFICE MEMORANDUM

Dated Aizawl, the 4th May, 2016

In pursuance of decision of the Council of Ministers obtained by Circulation in respect of Para 9.1 - 9.25 (*Devolution of 15% State's Own Tax Revenues to Local Bodies and Deficit Financing of Local Bodies*) of the Report of the first Mizoram Finance Commission (2015-2020) which was laid in the 7th Mizoram Legislative Assembly in its eighth session during March, 2016, the Governor of Mizoram is pleased to issue this memorandum regarding mode of release of Share of Taxes and Non-Plan Revenue Deficit Grant to Local Bodies of the State as shown below:-

1. 15 % share in Own Tax Revenue of the State shall be devolved to the Local bodies over and above the grants in aid of the State or of the centre flowing to Local bodies. The commission also recommended that a share of at least 5% of the excise duty may be devolved to the local bodies. Since the excise duties form part of the tax revenue it should not be treated as separate component and should be included in the divisible pool as part of the tax revenue. That means 15% of the excise duty collected will also be shared to local bodies instead of the recommended 5%.
2. The State Government shall release the share of Local Bodies in State's Own Tax Revenues in fourteen (14) installments and the Non-Plan Revenue Deficit Grant due to the Local Bodies in monthly installments as being practised at the national level in making devolution to the States. This practice is to ensure that funds are available for transfer to the Local Bodies in line with receipt of remittances by State Government from the Central Government.
3. The Commission has recommended devolution of Share of State's Own Tax and Non-Plan Revenue Deficit Grant for a period of 5 (five) years starting from 2015-16 to 2019- 20. However, for actual devolution of the share of the Local Bodies, amounts recommended for the year 2015-16 shall be treated to have lapsed and in no case, claim either in the form of arrear or yearly installments can be preferred to the State Government.
4. All revenue expenditure including Pay revision, pension and increase in Dearness Allowance/Dearness Relief, land compensation etc. shall be met from the Revenue Deficit Grants or Non-Plan Revenue Deficit Grants and the State's Own Tax Revenues devolved to the Local Bodies as recommended by the Commission. However, expenditure for conduct of elections to the Local Bodies including Autonomous District Councils shall be borne by the State Government.

5. **Distribution of the 15% devolution of State Own Tax Revenues among the local bodies would be made in three(3) stages as follows:-**

Stage 1 The 15 % of the State Own Tax Revenue shall be shared by

| | | | |
|-------|--|---|---------------------|
| (i) | Autonomous District Council | - | 58.33% |
| (ii) | Village Council of the Eight (8) Districts | - | 24.17% |
| (iii) | Aizawl Municipal Council | - | 17.50% |
| | | | Total = 100% |

Stage 2 The 58.33% of the 15% of the State Own Tax Revenue to be devolved to Autonomous District Council shall be shared as follows:-

| | | | |
|------|------------------------------------|---|--------|
| i) | Lai Autonomous District Council | - | 41.97% |
| ii) | Marā Autonomous District Council | - | 34.07% |
| iii) | Chakma Autonomous District Council | - | 23.96% |

Stage 3 The 24.17 % of the 15 % of the State Own Tax Revenue shall be shared by the Village Councils as follows:-

| | | | |
|--------|--------------------|---|--------|
| (i) | Aizawl District | - | 12.32% |
| (ii) | Lunglei District | - | 22.27% |
| (iii) | Champhai District | - | 16.42% |
| (iv) | Serchhip District | - | 7.66% |
| (v) | Mamit District | - | 9.8% |
| (vi) | Kolasib District | - | 10.73% |
| (vii) | Saiha District | - | 7.81% |
| (viii) | Lawngtlai District | - | 12.99% |

6. The share of Village Councils under Lawngtlai and Saiha districts will be transferred to respective Autonomous District Council (ADC) who in turn will transfer the absolute share to the individual Village Council within seven (7) days from the date of receipt of the devolution amount from the State Government, failing which the amount would be deducted from the next payment due to the ADC and the amount will be directly transferred to the concerned Village Council by the State Government.
7. In addition to the recommendation made for the devolution of State's Own Tax Revenues, Non-Plan Revenue Deficit Grant for Autonomous District Councils, Village Councils and Urban Local Bodies will be provided up to 2019-2020 as per assessment and recommendation of the Commission. It is however to be noted that there can be fluctuations in the amounts as the projections by Central Government are also subject to national and international economic position.

8. The accounts of the Local Bodies shall be audited by the Director of Local Fund Audit, Office of the Chief Controller of Accounts. The audited accounts shall be placed before the Local Fund Accounts Committee which will further be laid in the State Legislature.


Sd/- LALROPARA
Secretary to Government of Mizoram
Finance Department

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: Dated Aizawl, the 4th May, 2016

Copy to:

1. Secretary to Governor, Mizoram.
2. Principal Secretary to Hon'ble Chief Minister, Mizoram.
3. P.S to Speaker/ Deputy Speaker, Mizoram Legislative Assembly.
4. All P.S to all Ministers/ Minister of State/Parliamentary Secretary, Mizoram
5. All Members of Legislative Assembly.
6. P.P.S. to Chief Secretary, Government of Mizoram
7. All Administrative Heads of Department for information and necessary action.
8. All Heads of Department for information and necessary action.
9. Accountant General, Mizoram for information.
10. Guard File.


(LALHMINGMAWIA SAILO)
Joint Secretary to the Govt. of Mizoram
Finance Department
(FC&MC)