COVID-19 and Nagaland Budget- 2021-2022

Dr. Paramasivam P1, Huto A Chrisho2, Y. Along3
Kehouineinuo Khro4, Elizhuni Khekho5

1Assistant Professor, Department of Economics (PG)
St. Joseph’s College, Jakhama, Kohima, Nagaland- 797 001.
2MA- Political Science, St. Joseph’s College, Jakhama,
Kohima, Nagaland- 797 001.
3MA- Political Science, St. Joseph’s College, Jakhama,
Kohima, Nagaland- 797 001.
4MA- English, St. Joseph’s College, Jakhama,
Kohima, Nagaland- 797 001.
5MA- History, St. Joseph’s College, Jakhama,
Kohima, Nagaland- 797 001.

Abstract
Nagaland is a hill state in north-east India, bordering Myanmar in the east, Assam on the west, Arunachal on the north Manipur on the south. It was inaugurated as the 16th state of Indian union on 1st Dec 1963. It has a total geographical area of 16,579 sq km. Kohima is the capital city of Nagaland. Budget is the most basic yet effective tool for financial management. The importance of budgeting is huge and it can make a whole lot of difference to one’s life, therefore everyone should be aware of it. Nagaland state budget was presented by the Honorable Chief Minister who is also the Minister in charge of Finance on 18th February 2021 in State’s Legislative Assembly. Neiphiu Rio proposed the budget estimating the gross receipt of Rs. 22,451.28 crore and overall expenditure of Rs. 22,816.61 crore for the financial year March 2021-February 2022. Hence, the study discuss the overview of 2021-2011 budget of Nagaland State.
I. INTRODUCTION

Nagaland is a hill state in north-east India, bordering Myanmar in the east, Assam on the west, Arunachal on the north Manipur on the south. It was inaugurated as the 16th state of Indian union on 1st Dec 1963. It has a total geographical area of 16,579 sq km. Kohima is the capital city of Nagaland. The Nagas living in Nagaland comprises of various ethnic groups. Nagas speak over 89 different languages and dialects. The population of Nagaland is 19,78,502 according to 2011 census. Nagaland has 12 administrative districts and 16 recognized tribes. At present the Government of Nagaland is run by National Democratic Progressive Alliance (NDPP) with Neiphiu Rio as the Chief Minister.

Budget

A budget is a financial document which is used to project future income and expenses. It is an estimation of revenues and expenses over a specified future period of time. Budgets can be made for a person, a group of people, a business a government, or just about anything else that makes and spends money. It is prepared prior to a defined period of time (budget period) during which it will operate. It usually shows the planned income to be generated and expenditure to be incurred. It also shows capital to be employed during the period.

Need of a Budget

As the size of the organization increases, the need for the budgeting is correspondingly more because a budget is an effective tool of planning and control. As the activities of various department heads are coordinated at the preparation of budget, it is helpful in developing a team work which is very much needed for the very success of an organization. Thus, a budget is necessary to plan for the future, to motivate the stuff associated, to coordinate the activities of different departments and to control the performance of various persons operating at different levels.

Importance of Budget

Budget is the most basic yet effective tool for financial management. The importance of budgeting is huge and it can make a whole lot of difference to one’s life, therefore everyone should be aware of it. Budgeting is important in every spheres of life either it be business, institutions, government-based issues and many more. Some of the importance of budget are:

- Budgeting helps to properly organize and manage one’s own money
- It helps one to enable a plan as to how money should be spent rather than spending it mindlessly.
- It allocates appropriate resources to projects and monitor performance.
- Budgets help us to meet our objectives and also improve in decision making.
- It helps in planning for the future.
Budgeting is a continuous process and one should make sure to put up a good budget plan.

**Budget in India: Historical Perspective**

The union budget of India, also known as annual financial statement in Article 112 of the Indian constitution is the annual budget of the Republic of India. Since 1947, there have been a total of 73 annual budgets, 14 interim budgets and four special budgets or mini budgets. Among the finance Ministers who have presented the budget, Morarji Desai presented 10 budgets which is the highest Count till date. The first union budget of independent India was presented by R.K. Shanmukham Chetty on 26th November 1947 in which total revenue stood at 171.15 crore, and the fiscal deficit was Rs 24.59 crore. At present the then finance Minister Nirmala Sitharaman has presented the budget from 2019 till date, the recent one being on 1st February 2021 where she presented the first paperless budget, the reason behind it was the ongoing COVID-19 pandemic.

**Nagaland Budget for 2021-22**

Nagaland state budget was presented by the Honorable Chief Minister who is also the Minister in charge of Finance on 18th February 2021 in State’s Legislative Assembly. Neiphiu Rio proposed the budget estimating the gross receipt of Rs. 22,451.28 crore and overall expenditure of Rs. 22,816.61 crore for the financial year March 2021- February 2022.

CM has mentioned that the havoc caused by the COVID-19 pandemic that hit India and rest of the world since March 2020 and how adversely it impacted not only the normal life but also the economy and governance at large. He applauded the Indian Government that in spite of the circumstances, they managed to come out with a vaccine in record time and said that Nagaland too is working with India to regain the lost time and also participate in rebuilding the economy together. The financial year 2020-21 saw a great decline of the economy at the centre and Nagaland being a state whose economy is heavily dependent on central funds was also greatly affected both in terms of the share of central taxes as well as the state tax collections and therefore has reduced the revenues substantially.

**Naga political Issue**

Chief Minister of Nagaland stated that the early resolution of the Naga political issue remains at the top of the Government’s political agenda and the state government is making all efforts for early resolution of the peace process. In this regard he mentioned different meetings with the stakeholders within the state and also with the Government of India, the recent one being Consultative Meeting held at the State Banquet Hall, Kohima on 15th October 2020. This issue was also discussed in the present session on 16th February, 2021 where the members of the House shared their views, opinions and suggestions and a Committee was constituted comprising of Honorable Members across all political party affiliations.
Sectoral Allocations of Funds

On sectoral allocation, the State Development outlay was fixed at Rs. 700 crore which is an increase of 9.55% over the plan size of 2020-21 and Rs. 250 crore towards State Matching Share for Central schemes including that of DoNER and NEC to ensure smooth flow of central funds. He stated that the Government has also made efforts to tap funding for roads and other key infrastructure projects under the scheme of Special Assistance to States for Capital Expenditure with Rs. 200 crore interest free loan assistance under which several new ongoing projects including roads of district headquarters are being undertaken. The provision of 307.31 crore is also kept as a provision for externally aided projects.

Head wise allocations for different sectors and departments are presented in the chart below:

| Sector                                      | Allocation   |
|---------------------------------------------|--------------|
| 1) Agriculture Department                  | ₹665 Lakhs   |
| 2) Horticulture Department                 | ₹300 Lakhs   |
| 3) Soil & Water Conservation Department    | ₹340 Lakhs   |
| 4) Animal Husbandry & Veterinary            | ₹350 Lakhs   |
| 5) Fisheries Department                    | ₹350 Lakhs   |
| 6) Forestry & Wildlife Department          | ₹200 Lakhs   |
| 7) Rural Development                        | ₹100 Lakhs   |
| 8) State Institute of Rural Development    | ₹240 Lakhs   |
| 9) Land Revenue Department                 | ₹326 Lakhs   |
| 10) Water Resources Department              | ₹200 Lakhs   |
| 11) Department of New and Renewable Resources | ₹350 Lakhs |
| 12) Cooperation Department                  | ₹100 Lakhs   |
| 13) Land Resource Department               | ₹473.73 Lakhs|
| 14) Industries & Commerce Department        | ₹350 Lakhs   |
| 15) Sericulture Department                 | ₹327.84 Lakhs|
| 16) Geology & Mining Department            | ₹200 Lakhs   |
| 17) Nagaland State Mineral Development      | ₹100 Lakhs   |
| 18) Roads & Bridges Department              | ₹3,500 Lakhs |
| 19) Road Transport Department              | ₹461.86 Lakhs|
| 20) Motor Vehicles Department              | ₹225.39 Lakhs|
| 21) Mechanical Engineering Department      | ₹650 Lakhs   |
| 22) Science & Technology Department        | ₹300 Lakhs   |
| 23) Communication Department               | ₹200 Lakhs   |
| 24) Planning & Coordination Department     | ₹500 Lakhs   |
| 25) Tourism Department                     | ₹750 Lakhs   |
| 26) Urban Development Department           | ₹350.16 Lakhs|
| 27) Legal Meteorology & Consumer Protection Department | ₹100 Lakhs |
| 28) Evaluation Department                  | ₹309.58 Lakhs|
| 29) Education Department                   | ₹769 Lakhs   |
| 30) Higher Education Department            | ₹620 Lakhs   |
| No.  | Department                                                        | Budget  |
|------|-------------------------------------------------------------------|---------|
| 31)  | Technology Education Department                                   | ₹100 Lakhs |
| 32)  | SCERT Department                                                  | ₹100 Lakhs |
| 33)  | Municipal Affairs Department                                      | ₹170 Lakhs |
| 34)  | Law & Justice Department                                           | ₹330 Lakhs |
| 35)  | Prisons Department                                                | ₹408 Lakhs |
| 36)  | Home Guards Department                                            | ₹178.48 Lakhs |
| 37)  | Youth & Sports Department                                          | ₹790 Lakhs |
| 38)  | Art & Culture Department                                           | ₹168.50 Lakhs |
| 39)  | Health & Family Welfare Department                                | ₹604.90 Lakhs |
| 40)  | Excise Department                                                 | ₹100 Lakhs |
| 41)  | Information & Public Relations Department                         | ₹109.22 Lakhs |
| 42)  | Labour Department                                                 | ₹115 Lakhs |
| 43)  | Employment Skill Development and Entrepreneurship Department      | ₹100 Lakhs |
| 44)  | Nagaland Bamboo Development Agency                                | ₹100 Lakhs |
| 45)  | Bee and Honey Mission                                             | ₹170 Lakhs |
| 46)  | NEPED                                                             | ₹75 Lakhs |
| 47)  | Bio Resource and Aromatic Plant                                   | ₹100 Lakhs |
| 48)  | Tribal Affairs Department                                          | ₹50 Lakhs |
| 49)  | Minority Affairs Department                                       | ₹75 Lakhs |
| 50)  | Energy Sector                                                     | ₹1,970 Lakhs |
| 51)  | Revenue Distribution                                              | ₹770 Lakhs |
| 52)  | Transmission & Generation Wing                                    | ₹800 Lakhs |
| 53)  | Treasuries & Accounts Department                                  | ₹150.41 Lakhs |
| 54)  | Border Affairs Department                                         | ₹200 Lakhs |
| 55)  | Staff Quarters for Border Affairs Department                      | ₹90.56 Lakhs |
| 56)  | Parliamentary Affairs Department                                  | ₹100 Lakhs |
| 57)  | Taxes Department                                                   | ₹90.56 Lakhs |
| 58)  | Village Guard Department                                           | ₹300 Lakhs |
| 59)  | Election Department                                                | ₹150 Lakhs |
| 60)  | Home Department                                                    | ₹150 Lakhs |
| 61)  | Disaster Management                                                | ₹50 Lakhs |
| 62)  | Printing & Stationary Department                                  | ₹63.74 Lakhs |
| 63)  | Administrative Training Institute                                  | ₹50 Lakhs |
| 64)  | Assembly Complex Project                                           | ₹375 Lakhs |
| 65)  | Social Welfare Department                                          | ₹200 Lakhs |
| 66)  | Women Resources Department                                         | ₹250 Lakhs |
| 67)  | Fire Services Department                                           | ₹300 Lakhs |
| 68)  | Department of Under Developed Areas                               | ₹21 Crore |
| 69)  | Department of Economics & Statistics                              | ₹343 Lakhs |
| 70)  | Department of Food & Civil Supplies                               | ₹127.68 Lakhs |
On 20th January 2021, Nagaland also inaugurated its newest district called Noklak. Located at the Indo-Myanmar border and sharing more than 80 km of international border which Rio named it as “Frontier District”. Rio stated that the State government will undertake all possible measures to elevate the district on human and infrastructure development especially in the fields of administration, police, youth empowerment, education and healthcare.

Coming to the employment of the youths CM mentioned that the COVID-19 pandemic had greatly affected about 20,000 people who had returned to the State in the wake of the Pandemic. IDAN turned its attention on designing a “Digital Employment Exchange” in collaboration of the IT and the Employment Departments, it has also launched an e-commerce platform called the “Yellow Chain” to help the ‘returnees’ to try and start their own business online. To explore the potential and establish an organic fibre industry in the State, Rio said IDAN enabled creation of a consortium of private entrepreneurs already engaged in the sector and is making efforts to link them to financial institutions as well as the global market. Rio further stated that the wake of COVID-19 Pandemic also brought out our dependence on supplies of even basic food items like food grains, fruits, vegetables, meat, etc. from outside the State.

Further, large scale migration of working populations during the lock down period created a need for additional employment opportunities for returnees and re-skilling of local people. Therefore to ensure re-employment of the returnees in a manner that is self-sustaining in the long run, the Government set up a Strategic Committee on Economic Affairs which formulated a detailed road map for economic development with special focus on Agri and Allied sector and entrepreneurial and skill training. The State Government will also be launching the Chief Minister’s Scholarships for Entrepreneurship to enable youngsters and start-ups to enhance their business and financial skills.

CM also announced the introduction of two new grants namely, the Chief Minister’s Grant for Journalism and the Chief Minister’s Research Grant. The journalism grant will support the strengthening of democracy and thereby positively impact good governance. The research grant will support advancement of science and extend funding to research and research scholars. The government is also set to launch the Chief Minister’s Young Leadership Programme. A Centre for Parliamentary Studies & Research Centre for Conflict Resolution will also be set up in the Nagaland Legislative Assembly.

**Status of State's Finances**

The finance of the State during 2020-21 has been severely affected due to the lock downs during the pandemic. As a result the State’s revenue receipts - both from state’s own resources as well as Share of Union Taxes and Duties have fallen far below initial estimations projected in the budget. To avert a potential financial collapse the Government had to resort to austerity measures to offset the revenue losses by curtailing expenditure both under nondevelopment and development (State Resources) funds. Under non development we have, like the Central Government, frozen the payment of 3 installments of Dearness Allowances and Dearness Relief payable to the...
State Government employees and pensioners. The expenditure under various items such as office expenses, travel expenses, motor vehicles and maintenance under non-development were also reduced by 15%. Purchase of new vehicles and fresh appointments under the State Government have also been put on hold. In addition, there has been 15% reduction in the Development Outlay given to various departments. These measures have helped to keep the deficit within manageable levels, he stated.

**Goods and Services Tax**

The pandemic had a huge negative impact on GST collections which constitutes the largest source of State’s own revenue. Against the budget estimates of Rs. 844.49 crore for 2020-21, the Taxes Department has so far collected Rs. 506.20 crores as of November 2020. This constitutes 59.95% of the target set. However, following the lifting of the lockdown restrictions and intensive drives undertaken by the department, GST collections have shown some improvement during the second quarter. This improvement is mainly due to the resumption of business activities in all parts of the State.

**Budget proposals**

The pandemic has adversely impacted the finances of the State with huge shortfalls in revenues. Therefore to compound the problems, we were compelled to invest huge amounts of unbudgeted funds to fight the pandemic. He said the additional expenditure on fighting the pandemic alone comes to ₹90 crore as on date. Hence owing to the pandemic lockdowns the State’s Share of Central Taxes has been reduced in the Revised Estimates of the Union Budget by ₹1341.99 crore. State's own revenues are also estimated to decline by ₹86.19 crore. Accordingly, the State’s closing deficit for 2020-21 would have deteriorated by this amount had it not been for the various measures of reduction in expenditure undertaken by the State Government. As a result the year 2020-21 is estimated to close with a deficit of ₹2314.13 crore, he added.

**II. CONCLUSION**

In view of the difficult situation that we are facing now, he will not propose to raise any new taxes, however the government will have to make all possible efforts to increase revenue collections through measures such as better enforcement and steps to check leakage of revenue. As a part of this exercise, he said instructions have been issued to all Government departments not to award any supply orders or works contract to the firms or contractors who are not registered with the taxes department to reduce scope for evasion of taxes. Efforts are also being made in sectors like Forests and Geology and Mining to tighten up control and supervision of the Government agencies over the trade in minerals and different natural resources. It was noted that the current year’s transaction is estimated to result in a negative balance of ₹365.33 crore. However, because of the negative opening balance of ₹2314.13 crore, the year 2021-22 is also estimated to close with a negative balance of ₹2679.46 crore. With these words he commended the Budget for 2021-22 to this august House for consideration and passing.
III. REFERENCES

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