



# GOVERNMENT OF MIZORAM

**Budget Speech**

**1992-1993**

**PU J. LALSANGZUALA**

**Hon'ble Finance Minister**

**In the**

**Mizoram Legislative Assembly**

**On**

**Monday, the 16<sup>th</sup> March 1992**

Mr. Speaker,

With your permission, Sir, may I now present to this august House the Mizoram Budget for the next financial year 1992-1993.

2. I am presenting this Budget under the shadow of massive developments in the world economic scene. Neither the country at large nor Mizoram could remain completely immune from these developments. As a result of living beyond its means for long, the country came to have deficit in both its internal as well as external accounts. A huge debt-burden got amassed. To meet its external obligations, the country had to go in for some of the most unpleasant steps including devaluation of the rupee and mortgaging of its gold reserves. A whole host of non-conventional measures have been taken to set right the situation. The process of liberalization initiated by Late Shri Rajiv Gandhi in 1985 has been intensified. The economy is being freed from the shackles of various kinds of the controls and restrictions. Several areas which were so far considered preserve of the public sector have been thrown open to private sector. Foreign participation is being encouraged in a greater measure. All these measures are designed to widen the economic base so as to generate surplus for a balanced working on a higher place. This is quite a painful process in the short-run requiring every citizen to tighten his belt and make sacrifices. The bold, enterprising and patriotic people of Mizoram would not, I am sure, lag behind to contribute their mite in this national task.

3. Our State's heavy dependence on the Central support is not unknown. Because of the overall resource crunch faced by the Government of India, it may not, however much it may like, be possible for it to continue to help us to the requisite extent. The need of the hour, therefore, is that we make maximum efforts to generate extra resources through tapping of various sources available to us, including savings in expenditures and reduction in cost of delivery of public services and execution of projects. This is no easy task but should not prove difficult if public

Cooperation forth comes in adequate measures. It is in this background that I would request the Honourable Members to appreciate and appraise the Budget proposals.

### **PLAN EXPENDITURES**

4. As you know, Sir, the Eight Plan, which was earlier decided to be launched from 1990-1991, will now start from 1992-1993. However, because of some uncertainties on the economic horizon and shortage of time, it has not been possible for the Planning Commission to finalise the State's Eight Plan. They have for the present done the exercise for the first year 1992-1993 only. According to this, the size of the Mizoram Plan for the next year has been fixed at Rs. 160 crores. For funding this Plan, the Planning Commission has allocated a Central assistance of Rs. 155.49 crores. The balance of rs. 4.51 crores is to be contributed by the State Government through mobilization of Small Savings and obtaining loans from Central financial institutions. The size of the Plan, I may caution, Sir, need not be compared with that of the current year, as the co-operative and private sectors are expected to play much greater role than hitherto in the accomplishment of targets for the Eight Plan. However, I may add that due to non-availability of the grant-in-aid from the Finance Commission for committed liability in respect of completed Seventh Plan Schemes, it has not been found possible to shift this liability to the non-plan account.

5. With a view to doing away with 'Jhum' the highest priority has been given in the State's Eight Plan to the Agricultural sector, especially to crop husbandry. This was essential to ensure food security. The power and communications have been accorded the second and third priorities respectively. Full literacy is expected to be achieved by the end of 1992-1993. For better husbanding of limited resources, those schemes/projects which show promise of high returns and could be completed in short time and significantly enhance the benefits from existing assets, have been given priority.

6. A part from the outlay of Rs. 160 crores on the State Plan, an allocation of Rs. 6.92 crores has been received from NEC. It is also proposed to incur an additional expenditure of Rs. 8.68 crores for expediting the completion of power schemes. This is expected to be funded by loans from the Power Finance Corporation. As regards Centrally Sponsored Scheme, only token provisions have been made, in the absence of clear indications available at present from the various sponsoring agencies.

7. A booklet highlighting the performance in 1991-1992 and the programmes for 1992-1993 of various departments have been circulated separately along with the Budget documents. I do not, therefore, proposed to dwell upon the same here.

#### **U.T. PERIOD LOANS**

8. In my last year's speech, I have referred to the heavy burden of the Union Territory period loans inherited by the State. Though a good part of this loan was fortunately written off by the Ninth Finance Commission, its servicing proved a heavy drag on State's limited resources. The State paid to the Centre about Rs. 85 crores during the five years 1987-1992. Another amount Rs. 43 crores would fall due for payment over the Eight Plan period. However, I have good news to give to the Honourable Members on this subject. Due to the vigorous efforts made by our Honourable Chief Minister, the Central Government, in spite of the heavy odds, has under its active consideration a proposal for writing off of these loans. I earnestly hope that this would come off soon.

#### **REVISED ESTIMATES FOR 1991-1992**

9. According to the Reserve Bank of India, the current year 1991-1992 opened with a deficit of Rs. 32.74 crores, showing a deterioration of Rs. 6.82 crores compared to the position envisaged last year. This was mainly because of clearance of credit built in 1989-1990 on Deposit Head in the Public Account. The consolidated Fund, which is a real measure of State's discipline, however, showed considerable improvement.

10. I am glad to say that during the year transaction in 1991-1992, as per the revised estimates, reveal an overall surplus of Rs. 11.82 crores as against a nominal surplus of about Rs. 3 lakhs only envisaged in the Budget Estimates. Though part of this improvement was due to the release of some arrear assistance for power projects pending in dispute for quite sometime, I may, with all humility, take pride to say that prudent fiscal management on the part of the State Government has no less role to play in bringing about his improvement. While on this subject, I would also like to thank the Government employees for their sacrifice in having their Dearness Allowances increase arrears impounded in General Provident fund Account. As a result of this improvement, the State's overdraft with the Reserve Bank of India is expected to be reduced to Rs. 20.92 crores.

11. The Budget Estimates for 1992-93 place the Revenue Receipts at Rs.369.33 crores and Revenue Expenditures at Rs.310.03 crores, yielding a Revenue Surplus of Rs.59.30 crores. The Public Account also shows a surplus of Rs.6.47 crores. However, on account of deficit in the Capital Account, including repayment of public debt, the overall surplus is placed at Rs.7.94 crores. For the reason already stated by me earlier, I am for the present not making any provision in the Budget for servicing of the Union Territory period loans.

12. I have extreme pleasure to present a surplus Budget for the second consecutive year. As you know, Sir, the Budget for 1991-92, I presented last year showed a nominal surplus of Rs.2.61 lakhs. That symbolized our sincere intentions to reverse the trend of deficit through prudent fiscal management. I take special pride to say today that our efforts are bearing tangible fruits as manifested by an overall surplus of as much as Rs.11.82 crores, as per revised estimates in 1991-92. We propose to continue these efforts with a more vigorous zeal to bring the State out of the domain of overdrafts in the near future. As a result of these efforts, the overdraft with the Reserve Bank placed at Rs.32.74 crores at the beginning of the current year is expected to be reduced to Rs.12.97 crores only by the close of next year. However, there should be no cause for

complacency, so long as even a paisa of overdraft is outstanding against the State. We must continue to make efforts to wipe this stigma out.

13. It is in this vein that I now turn to the most unpleasant part of my speech. With a view to arriving at as much a balance in Government's working as possible, I propose the following measures to raise additional resources in 1992-93, in addition to revision of bus fares already effected from fourth November 1991 yielding an additional revenue of Rs.19 lakhs next year and revision of rates of sales tax on petroleum products with effect from first January 1992.

14. First of all, the Mizoram Sales Tax Act revived in January last is proposed to be enforced after plugging some administrative loopholes. I implore the business community and others to appreciate the current situation and cooperate fully with the Government in the matter.

15. The second measure relates to the revision of power tariffs with effect from first March 1992. The main features of these revisions are – introduction of a nominal charge of Rs.5 per month from those provided a single light point under the Kutir Jyoti Scheme, increase in the tariff on domestic life and power from Rs.0.75 per kwh to Rs.0.90 per kwh for the first 200 kwh and Rs.1.00 per kwh for the remaining, increase in tariff on commercial use from Rs.0.85 per kwh for the first 100 units and Rs.0.95 per kwh thereafter to Rs.1.05 for the first 200 units and Rs.1.25 per kwh thereafter. The tariff rates for power used for industrial and agricultural purposes and for public lighting, apart from the various fees, have also been increased.

16. The third measure envisages an increase of 25 p.c. in the rate of royalty on forest produces. The thinning operations of teak plantations would also yield additional revenues.

17. Fourthly, the rate of excise duty on liquor is proposed to be enhanced. Besides, the maximum limit of fines on excise offenders is also proposed to be increased from Rs.500/- to Rs.5000/-.

18. The next step at additional resource mobilization proposed by the Government is for imposition of parking fees to regulate and control indiscriminate parking of vehicles in the narrow roads within the town areas.

19. Lastly, it is proposed to enhance the rates of taxes like house tax, shop tax, stall tax etc. It is also proposed to introduce fees for allotment of land, house sites, agricultural land, farms and fish farms.

20. All the above measures together are expected to yield additional revenue of over Rs.4.00 crores in 1992-93.

21. Looking to the other side of the balance sheet, we may be burdened with some additional liabilities during the course of next year. Most important of these is the additional expenditure, which may devolve on account of the recommendations of the Pay Commission. The Commission is likely to submit its report sometime before the close of the next year. Another item, which may result in additional expenditure, is the payment of increased dearness allowance to employees. The State Government has paid Dearness Allowances increases due up to 1<sup>st</sup> July 1991. Payments on account of two more installments, one from 1st Jan 1992 and the other from 1<sup>st</sup> July 1992 would be due next year. Lastly, the Government's decision to carve out more districts out of the existing Aizawl District would also throw some burden on the State Budget next year.

22. Let me say, Sir, that the present welcome change in the fiscal scenario in the State has been possible due to the unstinted and willing cooperation of my colleagues and the various departments in bringing about greater discipline and restraint in their day to day working. I sincerely thank them for this and implore upon them to make this as part of their routine culture so as to sustain the trend with greater tempo.

23. May, I, Sir, in the end thank all those involved in the preparation and printing of the Budget, especially the officers and staff of the Finance Department and Printing & Stationery Department for their cooperation to bring up this Budget before this august House well in time . I may also thank you, Sir, and the Honourable Members for bearing with me. I earnestly request them to give their considered thought to the proposals and make their wise counsel available for our guidance.

24. With these words, Sir, I now present the State Budget for 1992-1993 for the consideration and approval of this august House.

Jai Hind.