



GOVERNMENT OF MIZORAM

**Budget Speech
1997-98**

PU J. LALSANGZUALA

**Hon'ble Finance Minister
In the
Mizoram Legislative Assemble
On
Tuesday, the 18th March 1997**

Sir,

I rise to present to this august House the Budget of Mizoram for the year 1997-98.

2. Much against my wish, I am constrained to present a Budget, which is interim in nature. Though the total size of the next year Plan has been fixed by the Planning Commission, the sectoral allocations are yet to be finalised by them. In the circumstances, the Plan allocations as made in the Budget at present are tentative and these would require to be revised later in the light of the sectoral allocations as approved by the Planning Commission.

3. The year 1997 is blessed to us for more than one reason. It marks the birth-Centenary of the great son of India, Netaji Subhas Chandra Bose and the Golden Jubilee of the country's Independence. Nearer home, the year represents the Silver Jubilee of the Legislative Assembly and the successful completion of a decade of the State-hood for Mizoram. I take this opportunity to congratulate our brethren all over the country on behalf of this House. No doubt, these are occasions for rejoicing and celebrations, these also afford us an opportunity to take stock of how far we have come to meet the new challenges thrown on our shoulders and rededicate ourselves with renewed vigor to fulfill the remaining tasks.

4. Before I go further, I would exhort this House to join me in expressing our sincere gratitude to the Hon'ble Prime Minister for his historic announcement of the "New Initiative for the Northern Eastern Region" made at Guwahati on 27th October, 1996, after visiting the States of the region. I am happy that at long last, after 50 years of Independence, there is appreciation at the highest quarters of the problems afflicting this region for long and a bold and time-bound comprehensive treatise designed to strike at the roots of those problems has been conceived. If you permit me, Sir, I may highlight some of the important features of this package.

5. The spirit underlying the announcement is a firm resolution for removal of the feeling that the Centres has been giving step-motherly treatment to this region, by endeavouring to ensure that the basic infrastructure and the Basic Minimum Services in this region are so developed as to reach the standards in the rest of the country in a specific time-frame. In pursuance to this, a High-Level Commission has been appointed by the Planning Commission on 20th November, 1996 under the Chairmanship of Pu S.P. Shukla, Member, Planning Commission, to critically examine the backlog in respect of Basic Minimum Services and the gaps in infrastructure sectors for development of States in the North Eastern Region, specially in power, communication, railways, roads, education, agriculture, etc. and to suggest policies, programmes and requirement of funds to bridge the same. It is a matter of pride for us that one of our colleagues, Pu Sainghaka, Vice Chairman of the State Planning Board, is a member of this High-Level Commission. The Commission has already submitted its report. It is taken that adequate additional funds will be provided for the implementation of the recommendations of this Commission, on an annual basis, over and above the normal allocations under the Ninth Five Year Plan.

6. The announcement makes a pointed reference to the lack of adequate employment opportunities, outside the Government service, on account of absence of major industries or economic activities in the region. With a view to tackling this problem, another High Level Expert Committee has been appointed to urgently suggest specific step to promote employment among the educated unemployed in the North Eastern States. Other measures envisaged on this subject are

- a) extension of the Employment Assurance Scheme (EAS) to all blocks in the region;
- b) formulation of a new Industrial Policy specific to the North Eastern Region and its requirements to promote private investment, both domestic and foreign;
- c) setting up of a special cell in the Reserve Bank of India to ensure availability of more credit-flow to Industry, Agriculture and for self-employment schemes in the region ; and

- d) strengthening of the presence in the region of Central agencies concern with the promotion of agriculture, trade and industry like National Bank for Agriculture and Rural Development (NABARD).

7. As part of the new initiative, all Central Ministries/Departments have been asked to earmark at least 10% of their Budget for specific programmes in the North East. The Border Area Development Programmes (BADP) as well as Border Roads Programmes will be extended to some more areas on the Indo-Myanmar border. And, an export policy will be worked out by the Government of India for promoting border trade between the North Eastern Region and the countries in South East Asia. Besides, the proposals for new railway lines coming from States without railhead or very limited access will be given priority. I am glad that a sub-committee of the Parliamentary Standing Committee on Commerce made a visit of the State in January last, to look into the development of potential of trade between the North Eastern Region and the South East Asian countries. We thank them for the same.

8. Further, based on the proposals made by the States during his visit, the Hon'ble Prime Minister announced a package of projects and schemes which the Government of India has decided to take up immediately. In so far as Mizoram is concerned, the package includes Tuirial Hydro Electrical Project (Rs.425 crore), State Referral Hospital with selected specialties and 200 beds (Rs.40 crore), Phase-II of Aizawl Urban Drinking Water Supply Scheme (Rs.130 crore), Border Area Development Programme (Rs.30 crore) and an Industrial Growth Centre (Rs.10 crore). These account for over 10% of the total package of Rs.6100 crore announced. (The Tuirial Project is being funded by the Overseas Economic Co-operation Fund (OECF) of Japan).

9. We would be failing in our duty if we do not extend our thanks to the Hon'ble Union Railways Minister, Pu Ram Vilas Paswan, also for paying heed to the special communication problems in the North East and allocating in the railway Budget for 1997-98, an amount of Rs.300 crore for laying new railway lines in this region. This includes a scheme for the survey

for a line linking Sairang to Aizawl. We hope that this work would be taken up soon and that in the future Plans of the Government of India more and more attention would be paid to our communications problems.

10. With the above in the background, you will agree, Sir, that our immediate future is pregnant with great possibilities in the direction of meeting the long-cherished aspirations of the people of the North East in general and of Mizoram in particular. We are looking to these developments, particularly the report of the High-Level Commission, with great hope and expectations.

11. I would like to express our gratitude to the Government of India on another count. This is the proposal for introduction of the scheme for supply through Public Distribution System network of rice and atta at half the price to the families below the poverty line, from 1st June this year. This would go a long way in alleviating their miseries.

12. Now I would like to make mention of important step taken by the State Government in introducing total prohibition in the State effective from the anniversary day of Statehood this year. The Hon'ble Members know how the rampant evil of drinking has been proving a drag on family budgets and sapping the health and energies of our people, specially the youth, apart from causing law and order problems. This step is expected to result in the all round well being of the people, though causing some worry to me as Finance Minister in finding means to make up for the loss of revenue and for additional expenditure on enforcement. Necessary infrastructure for effective implementation of prohibition has been created. However, the real success of the measure would be possible only through the active co-operation of the people at large. Sir, I would make an earnest appeal through you to the people for this purpose in their own interests.

EIGHT FIVE YEAR PLAN

13. In a few days, the Eight Plan would come to a close. This is thus an occasions for having a quick retrospect of our performance. The size of the Eight Plan of Mizoram was initially fixed at Rs.763 crore. On present assessment, the expenditure on the State Plan over the five years (1992-97) is placed at over Rs.1050 crore. This worked out to an increase of more than 37.5% over the originally outlay. While I take pride for this, I must admit that this was possible because of the generosity of the Planning Commission in releasing to us Central assistance of Rs.1130 crore against the original allocation of Rs.760 crore only. Our sincere thanks are due to them for this gesture. On the other hand, I must be frank to share with you the fact that inspite of the Planning Commission giving assistance in excess of the Plan to the extent of Rs.80 crore, the cumulative deficit by the end of the Eight Plan is expected to mount to Rs.76.79 crore. Such a situation arose because of our failure to mobilize adequate tax and non-tax revenues, on the one hand, and to control non-Plan expenditure, on the other. This is to acquaint my colleagues here with the daunting challenge ahead of us on the threshold of the Ninth Plan and to prepare them mentally to meet the same.

14. Over and above the Eight Plan allocation mentioned above, Planning Commission allotted Rs.29.70 crore for the State Capital Project, Rs.8 crore for Indo-Myanmar trade and Rs.4 crore for the State University. As for the capital project, Rs.25 crore are likely to be made available by this year, leaving Rs.4.70 crore for the next year. The new administrative buildings including this grand new Assembly building, dotting the skyline of Aizawl, are witness to how usefully the money has been spent.

15. The story of our Plan efforts would not be complete without a mention of the new orientation being given to the Plans through provision of the Basic Minimum Services. With a view to make a meaningful dent on the low level of services, seven Basic Minimum Services were identified at a conference of State Chief Ministers taken by Hon'ble Prime Minister for giving special treatment in the development strategy over the period 1996-2000. I made a

mention of these services in my Budget Speech in September last. This includes provision of safe drinking water and primary health services for all, universalisation of primary education, public housing assistance to all shelter less poor families, extension of mid-day meal programme to cover all rural blocks, urban slums and other disadvantaged sections, connectivity to all unconnected villages and habitations and strengthening of Public Distribution System with focus on the poor. In the Annual Plan for 1996-97, a provision of Rs.36.87 crore was made for these services.

16. The State made an all round progress during the Eight Plan period (1992-97). If you permit me, Sir, I may highlight some of the important achievements. During the Eight Plan, the production of rice, maize, oilseed and pulses far exceeded the targets. Taking all the horticulture products together, the production was more or less double of the target. The target for milk, eggs and meat were fully achieved.

17. A potential of 2026 hectares was created and 92% of this utilized under minor irrigation. As many as 53,454 families benefited under the New Land Use Policy (NLUP) and 10,054 families under Integrated Rural Development Programme (IRDP). Employment for 31.32 lakhs mandays was generated under the Employment Assurance Scheme (EAS). Further, 19,163 urban poor families were identified in Aizawl and Lunglei for affording an assistance of Rs.10,000 per family.

18. Under Power & Electricity, modernization and renovation of diesel power stations was completed and the Maicham Mini Hydel Project was also completed. 60% of the work on Teirei Mini Hydel and Tuipang Lui Mini Hydel and 50% of the work on Kau-Tlabung Mini Hydel is expected to be accomplished by the end of Eight Plan. As regards transmission, the work will be completed on 132 KV Zemabawk – Khawzawl (87 km), Zemabawk – West Phaileng (60 km), Serchhip – E.Lungdar (45 km), Serchhip – Marpara (100 km) and Lunglei – Lungsen (40 km)

lines. Besides, 4269 street lights and 7054 service connections were provided. 673 villages were covered under Rural Electrification.

19. In the road sector, 24.57 km of formation cutting, 458.57 km of improvement and widening, 52 km of soling, 53.4 km of metalling and 98 km of black topping were undertaken on State Highways. Besides, 111.92 km of formation-cutting, 95.62 km of improvement and widening, 246.22 km of soling, 205.78 km of metalling and 287.28 km of black topping was done on Major and other District Roads. As regards village roads, 165.50 km of formation-cutting, 112.21 km of improvement and widening, 43.70 km of soling and 8.85 km of black topping were completed.

20. During the Eight Plan, 57 buses were purchased and 14 new bus stations were constructed, apart from improvement of 33 existing stations. 77,903 domestic tourists visited the State and 230 additional beds were added in tourist bungalows and rest house. There was all round strengthening of the tourism infrastructure in the State for attracting more tourists, both domestic and foreign.

21. In the field of education, 1,36,565 boys and girls on the age group of 6-10 were enrolled covering 87.5% of the population of the group. In the age group of 11-14, also the enrolment reached 73%. A population of 50,000 was covered by Adult Education. The percentage of literacy reach 89.84%, second only to Kerala.

22. In the health sector, 2 new Community Health Centres, 17 Sub-Centres and 6 Primary Health Centres were established. The Greater Lunglei Water Supply Scheme was commissioned. The Greater Serchhip Water Supply Scheme will be completed by April, 1997 and 90% of the work on Greater Kolasib and Greater Saiha schemes is expected to be completed. The Rural Water Supply is expected to cover 523 habitations and Rural Sanitation 466 habitations.

23. During the Eight Plan, 1165 houses for lower income group, 1684 houses for middle income group and 240 houses for economically weaker sections were constructed. In rural areas, 3900 persons were given house construction assistance and 16800 house sites were provided. A large number of administrative buildings were constructed. This include Legislative Assembly, additional Secretariat building, Cobalt Therapy Unit building at Zemabawk, Civil Hospital Administrative Block, Conference Hall-cum-Auditorium, Mizoram Houses at Calcutta, Guwahati and Shillong, Office of the Chief Engineer, PWD, Office of the Suptd., Taxation at Lunglei and Kolasib and Excise Department offices at Saiha and Kolasib.

24. The account of our progress given above is by no means an exhaustive one. I propose to bring up a separate booklet on our performance and programme while presenting the final Budget later in the year.

NINTH FIVE YEAR PLAN

25. Next year, we are going to launch the Ninth Five Year Plan. We had discussions with Planning Commissions on the formulation of the Plan, but they have not yet indicated the overall size of the Plan beyond the next year 1997-98. For this year, the Planning Commission has approved an outlay of Rs.290 crore on the State Plan. Against this, the Central assistance allocated by them is as much as Rs.305.08 crore, implying an improvement of about 17% over the current year. This includes Rs.36.87 crore for Basic Minimum Services, Rs.20 crore for Prime Minister's package in the North East, Rs.5.73 crore for Border Area Development Programme, Rs.5 crore for Externally Aided Projects and Rs. 1 crore for slum improvement. In addition, the balance of RS.4.70 crore out of the total allocation of Rs.29.70 crore made for Capital Project is also likely to be made available in 1997-98.

26. For 1997-98, the Planning Commission has approved our proposal for acceleration of the pace of the development of the Lengpui airport by advancing the grant-in-aid of Rs.17.10 crore recommended by the Tenth Finance Commission for 1998-99 and providing the total outlay of

Rs.31.35 crore on the airport next year. With this, we would have spent an amount of Rs.77 crore on this project by then. In order that the airport is complete by March 1998 as scheduled now, it would be necessary to approach the Government of India for still larger allocation. We are seized of the problem and are in touch with the Government of India in this regard. The commissioning of the airport would open up immense opportunities for Mizoram in the field of export of its products to other parts of the country and abroad. There would be all round fillip to the economic activity in the State in general by resolving a serious communication bottleneck.

REVISED ESTIMATES FOR 1996-97

27. The Government opened the year 1996-97 with a deficit of Rs.53.32 crore in their account with the Reserve Bank of India. Much of this could be attributed to the lesser receipts from the Centre by way of share of taxes as compared to the Tenth Finance Commission estimate.

28. As per the Budget Estimates for 1996-97, during the year transactions were to yield an over-all surplus of Rs.4.47 crore. The Revised Estimates for this year formulated now turned the above surplus into an over-all deficit of Rs.23.47 crore implying a deterioration of Rs.27.94 crore. Hon'ble Members know that for the reasons explained last year, the Budget I presented then was an interim one and a number of adjustments had to be made therein during the course of the year both on Plan and Non-Plan accounts. Provision had to be made for payment to employees of two installments of Dearness Allowance with effect from 1.1.1996 and 1.7.1996, Interim Relief with effect from 1.4.1996, apart from Bonus. Other important item responsible for increase in expenditure relate to larger provision for salary of teachers upgraded to higher pay-scale on acquisition of better educational qualifications and of substitute teachers, introduction of 10+2 system in high schools, purchase of grid power and maintenance of diesel power stations, proper maintenance of roads, buildings and water supply and creation of infrastructure for enforcement of prohibition. As compared to the Budget Estimates, there was some net increase on Plan account also. We did our best to contain the damage. We mopped up as much as Rs.24

crore through impounding of increase in Dearness Allowance and Interim Relief of employees. There was some increase in receipts under non-tax revenues also mainly under State Lotteries. Nevertheless, the deficit in the current year as mentioned above is as large as Rs.23.47 crore.

BUDGET ESTIMATES FOR 1997-98

29. The year 1997-98 is expected to open with a deficit of Rs.76.79 crore. This colossal deficit cast its dark shadow on the Budget exercise for the next year.

30. In the budget estimate, the revised receipts are placed at Rs.676.97 crore and revenue expenditure at Rs.586.59 crore, revealing a surplus of Rs.90.38 crore on Revenue Account. This surplus is the result of favourable dispensation of Central assistance for Plan in the ratio of 90:10 between grants and loans. This is, however, offset by the deficit of Rs.93.09 crore on Capital Account, resulting in the net deficit of Rs.2.71 crore in the Consolidated Fund of the State. However, the Public Account, constituted mostly of the Provident Fund contributions of the employees, is expected to reveal a surplus of Rs.40.15 crore. This surplus after covering the deficit in the Consolidated Fund mentioned above, yields an over-all surplus of Rs.37.44 crore in the Budget for 1997-98 as against the deficit of Rs.23.47 crore in 1996-97, I don't want to take credit for this improvement as it was largely on account of the sacrifices of the State Government employees. I would request this House to join me in proposing a vote of thanks to them. As much as Rs.60 crore would be get mopped up during the three years 1995-98 through impounding of their increased emoluments. This is by no means a small job.

31. The job of resolving the financial crisis is not yet over. Rather it has just begun. Even with the over-all surplus in 1997-98, as much as Rs.39.36 crore of the opening deficit would remain outstanding. Further, the liability which may arise consequent on the report of the Fifth Central Pay Commission and that for payment of increased Dearness Allowance to employees in 1997-98 is likely to make the position much worse. The need of the hour is, therefore, to take some hard decisions however unpleasant these may be, in the direction of improvement of

receipts and controlling expenditures on unconventional lines. Our Government is fully seized of their responsibilities and are in the process of evolving a concrete package designed at fiscal correction and restoration of the balance to the utmost extent possible. We hope to bring up this package before this House in due course.

32. I would earnestly exhort this august House to appreciate that time is more than ripe now to expect a much larger contribution from the people at large, specially the well-off sections of the society. The need for mobilization of additional resources for development has never been greater than now. The Government of India cannot help us beyond a point if we do not do our mite. Even God helps only those who help themselves. I made an appeal some time back to the people to come forward and do their bit through contribution to various Small Saving Schemes in their own interest and in the general interest of the State and the Country at large. I would take this opportunity to request the Hon'ble Members to join me in making an appeal to the people to lend their helping hand in the efforts at development.

33. At large stage, I would like to inform this House that the President has given his assent to the Mizoram Trading Regulation Bill and steps are being taken up implement its provisions. With this, the objections of the Mizoram Chamber of Commerce to some of the measures designed to mobilize additional resources would be fully met. I would, therefore, appeal to them to extend their full co-operation in the mobilization of additional resources for the Plan.

34. As required, the Annual Financial Statement for the year 1997-98 has been laid before this House. However, for the reason stated already in the beginning and also for the fact that the passage of the Budget by the House may well go beyond 31st March, 1997 because of the constitution of Subject Committee of the House for detailed examination of the demands of different departments, I am, at this stage, seeking a "Vote on Account" for the four months April to July only of the fiscal year 1997-98.

35. Sir, in the end, I would like to thank you and the other members of the House for giving me a patient hearing. I also express my thanks to the officers and staff of all the departments, especially the Finance Department and the Government Press. My thanks are also due to the Mizoram Unit of National Informatics Centre for their co-operation.

36. With these words, I commend the “Vote on Account” Budget for 1997-98 for consideration and approval of the House.

Thank you, Sir.