

**PROCEEDINGS OF THE FIFTH LEGISLATIVE ASSEMBLY OF  
MIZORAM ( TWELFTH SESSION )**

**LIST OF BUSINESS**

**THIRD SITTING ON THURSDAY, THE 13<sup>TH</sup> MARCH, 2008  
(Time 10:30 AM to 1:00 PM and 2:00 PM to 4:00 PM)**

**PRESENT**

**Pu Lalchamliana**, Speaker at the Chair, Chief Minister, Deputy Speaker, 14 Ministers and 23 Members were present.

1. RESUMPTION OF DISCUSSION ON MOTION OF THANKS  
( to be concluded )

**PRESENTATION OF BUDGET**

2. PU ZORAMTHANGA to present to the House :
  - 1) Supplementary Demand for Grants for the year 2007 – 2008
  - 2) Annual Budget for the year 2008 – 2009
  - 3) Supplementary Demands for Grants 2002-2003 and 2003-2004  
(Regulation of excess expenditure )

S P E A K E R : You shall do no injustice in judgement, you shall not be partial to the poor as defer to the great, but in righteousness shall you judge your neighbour.

Leviticus 19 : 15

There are members who are not able to attend today's meeting. Anyway, we will now resume our discussion. To start with, may I apologize for the technical problem of our conference system for which I beg understanding of this House.

P U L A L T H A N H A W L A : Pu Speaker, since our system is of technical matter, it may not be wise to lay the blame on any concerned person. And much as well, Mr Speaker Sir, you should not take this responsibility personally as it is surely a failure of the system.

S P E A K E R : Thank you for your understanding. We will now resume our discussion on motion of thanks of his Excellency, Governor. 12 members have already made their speeches to that effect and still there are members yet to speak. To start with, let me call upon Pu Lalthlengliana to have his speech.

### **RESUMPTION OF MOTION OF THANKS**

P U L A L T H L E N G L I A N A : Thank you Pu Speaker, I first of all want to express my appreciation of the statement of our Governor to this august House. Most of all, his speech in Mizo is much appreciated though not fluent. It seems that our Governor knew very well of this House as he expressed his appreciation at New Delhi based magazine 'Mail Today' which emphasized the conduct of this House. He had even expressed his desire for 545 members of Parliament to visit Mizoram Legislative Assembly to study our conduct in the House.

Mr Speaker Sir, despite the impression of our Governor of this House, I must say that we still have a long way to go. For example, Pu R.Lalzirliana

of Saitual constituency used an abusive language yesterday while making verbal attack on member of Chawngte constituency, and will be much appreciated if such practice is stopped for our common good and of the House.

Regarding the performance of our police as pointed out by the Governor, it is to be noted that types of arms and other materials collected by Home Department have also been acquired by other states as it is necessary for security and with the help of that collection, our police forces ranked number one in crime detection. That performance further indicates that our Police personals are courageous enough to act as their conviction as more than 10 police have lost their lives in Chhatisgarh who happened to be heroes for the nation as much as pride of Mizoram.

Mr Speaker Sir, there are so much speculation relating to scarcity of food and the ministry too is receiving more than enough allegation despite of effective steps taken by the government to resolve the problem whereas payment had already been made for monsoon stocking of rice. Not only this, it is appreciated that number of buildings had been constructed during this ministry, road communication had also been developed immensely which had never been in the previous terms. I, therefore, opine that there is nothing much to complain about the performance of this ministry. Thank you.

PU H. LIANSILOVA : Thank you Mr Speaker Sir. At the outset, I must say that this session is remarkable as it concerns with famine caused by bamboo flowering. It is, therefore, necessary for each of the member to take our discussion more seriously as the matter concerns with the welfare of our people as a whole.

Not only this, Mr Speaker Sir, the central government, with a view to promote economy of the country outlines vision 2020 and Look East Policy the scheme of which is set for upgradation of the North Eastern States of India. It is, therefore, necessary for each of the member to express our appreciation to those schemes laid down by the central government.

Mr Speaker Sir, I opine it is necessary to clear up the allegation relating to rice received from FCI. In doing so, it may be wise for us to base our discussion on the fact provided in the documents. The concerned minister for Agriculture Department, in his reply during Budget Session last year stated that the total amount of local production of rice happened to be 7,54,280 quintals whereas the demand of the state is 99,832 metric tones. If so, our shortfall seems to be only 10,000 metric tones. I am, therefore, convinced that it is not a matter of allegation but there is confusion due to inconsistency of the report.

Secondly, our Governor's address to this House during last year stated that contribution of state domestic product in respect of cultivators as only 28% whereas 70% of the total population of Mizoram engaged in cultivation. The government hardly give chance to the poors to get through this impending danger of famine.

Again Mr Speaker Sir, it is sad that the Governor did not evolve in his speech matters concerning aspiration and needs of our youths today. Not only this, Youth Commission had been started yet no further steps is taken in pursuance for its fulfilment. In this regard, I opine it is important to make realistic approach so as to meet the present needs and aspiration of the youths today.

Last but not the least, it is mentioned that Hydel Project of Lamsial, Maicham and Serlui 'B' are meant to be completed by December 2007 but no positive result had yet been seen whereas Tuirial Project is now being abandoned which is much regretted. It is sad that the progress of work of any development in our state is too slow and therefore need fresh determination. Thank you.

PU K. LALRINLIANA : Thank you Pu Speaker, we are sitting here today with the members who are in the opinion that it is not necessary to extend our appreciation in regard to Governor's speech. As for me, Mr Speaker Sir, I think it is a must to express words of praise to the same as it involves number of points achieved by the government.

Certain members criticized the government for lack of enough fund for the development of our state. I do not think it is appropriate for the members to instil that idea in the mind of the people as we all know very well that our state is not sufficient enough to manage itself without depending on central source. We should rather be appreciative of any fund from the central with the efforts of our leaders. In this way, we will encourage our people.

We have also listened that construction of Rail station at Bairabi is wholly taken up by the central government yet effort had been put by the hon'ble Chief Minister and the concerned authority to set up extensive railroad so that normal size train is accommodated for which the existing meter gauge is now changed to broad gauge.

Furthermore, our airport will also be improved so communication with the neighbouring countries will also improve under the scheme of Look East Policy. It is therefore, evident that financial sufficiency of our state is depending on the mercy of central government.

In regard to the statement of the Governor regarding the progress of Power & Electricity, particularly Serlui 'B' Hydel Project, Lamsial and Maicham-II Hydel Project are nearing completion, I want to mention that members from the opposition have no reason to criticize the progress since the same project was ignored before completion during the ministry of their respective parties. The said projects will be completed and will turn out to be the largest one in the state. It is, therefore, important to consider the reality and which political party put the effort most to that effect.

Coming now to matter concerning Home Department, it is regretted to mention that we are in the habit of speculating on matter even before the case is completed. We must have patience to wait for what is turning out without making speculation and publicized through media. Let us have confidence in our police forces in probing any case as for crime rate in our state is reduced to 6% with their efforts.

Mr Speaker Sir, the department of Food & Civil Supply too put their best effort to improve their services to the public through state and district level committees. In this relation, I am proud to mention that payment had already been made for stockage of enough rice so as to evade scarcity of supply during monsoon season and carrying work is now being started. Presently, 8500 quintals of rice had already been stored at Lawngtlai Godown within 7<sup>th</sup> to 11<sup>th</sup> March. As of rate of the product it is delivered at the rate of Rs.1400 per quintal and is being issued at the rate of Rs.950/- per quintal and with that the government loss 2 crore rupees every month.

Regarding Education Department, literacy percent of Mizoram is 88% and we are now in the first position as our Governor had pointed out. Besides, female literacy percent is 86% as a result of which we are having healthy newborn babies who receive regular nutrition and vaccine. This opportunity indicates favourable future of the Mizo society.

I, therefore, strongly support this motion of thanks moved by Pu A.B. Chakma and may be passed unanimously. Thank you.

S P E A K E R : Pu H.Lalsangzuala, next.

PU H.LALSANGZUALA : Thank you Pu Speaker. The Governor's address in my opinion is a read out address, carefully prepared by someone and it had no value in itself. I opine it is time to express the reality than taking some advantages for the party for the General Election to be held after a few days. Our people are greaving not only because of an impending dangerous famine but also for a good government I, therefore, feel to move motion of thanks on that address to be unnecessary.

As my first point, I would like to mention about law and order in our state. The report on reduction of crime rate may be true, yet the saddest part is the tragic death of Rev. Chanchinmawia, the case which had not been solved till date. We have even heard of an unidentified body found at the corridor of one office. It may not be safe for me to speak of incident in my constituency during the General Election of 2003 that those persons involved in that case were never captured. For that reason, I almost lost all my confidence to sit here in this august House for 5 years and this further caused me to work for the people of my constituency in handicapped. I, therefore, implore the concerned leaders to take up the case for immediate findings of the culprits, unless the case is solved in time, I am afraid more serious case is again committed.

Regarding famine caused by upsurge of rats, the people in my constituency are grieving for want of enough food as all the crops had been damaged. I, therefore, find no reason to praise Governor's address while the people in my constituency are grieving. Thank you.

PU H. VANLALTHALIANA : Pu Speaker, it is a great opportunity to have time for discussion on the Governor's address. I have to mention that this Budget session receives so much concern of the members as well as the people as it falls within the period of famine caused by bamboo flowering and also because the General Election is drawing near. I am afraid that this discussion is used by the members as political party advantage for the coming election.

Relating to the solution of famine, I have to point out that even though 2007, 2008 and 2009 is the expected period for the coming of this famine in certain areas, the problem had already been suffered since 2006. If the Government availed BAFFACOS fund to resolve the problem, provision should be made in the concerned areas throughout the whole period. It is sad to learn that there are number of families in my constituency who do not even have money to buy food. It is, therefore, important for the concerned authority to resolve the problem of this area.

Therefore, we should not blame each other in the bamboo flowering and famine combat, instead we should work towards solving the problem that arises in our respective constituencies.

I would like to thank this Government for the significant achievement it made for communication, I recently visited Aizawl – Lunglei via Thenzawl road, it was amazing to note that it is 70 Km shorter than Aizawl Serchhip – Lunglei, which means that one hr. could be saved, I, therefore, suggest that we should all give thanks for the speech delivered by the Governor. Thank you.

PU LALHMINGTHANGA : Pu Speaker, today we are discussing the Governor's speech. I would also like to point out how I view the speech. The present Government had governed the

state for the past 10 years. In my view if this government is really keen in uplifting and developing the state, it is time to do development works as there are projects and schemes for the future. The government is constituted by the people and it is the people who judge the government. From the present situation various organizations and associations such as Kut Hnathawktu, Poor Federation had shown agitation against the government. There are other organizations who wish to drive the government in the right track by submitting PIL. Pu Speaker, it is disheartening to note that there is a general view of not trusting the politicians. The aspiration that the youth have in this government remains unfulfilled. The present government does not function according to their expectation. Thus, I can not be displeased with the Governor's speech as he is the constitutional head. But there is nothing in the speech which is worth to be pleased of.

We, the Mizos, do things passionately in whatever we do. Pu Speaker, the recently held Berampu Convention is very touching, it indicates that the government should look into its functioning. In this situation our leaders should deliver speech for the future. All hope had faded away Pu Speaker.

The answer to these problems are power infrastructure, generation of employment Pu Speaker. To deal with gregarious flowering of bamboo programmes such as bamboo flowering and famine, combat scheme with fund provision from the Planning Commission and the Twelfth Finance Commission had been received by the state government. However, it is unfortunate to state that these funds which amounts to Rs. 125 crore do not reach 70% of the population of the state who are engaged in agriculture. It is due to this reason that MHIP, YMA and the Church had to take up relief programme. The House Leader should admit the failure of the government instead of proclaiming its success considering the present crisis.

In the Governor's speech it is stated that the government had released Rs.12.93 crores from the state calamity relief fund and national contingency fund for relief of the affected families. Pu Speker, the fund is to be utilized to compensate after making value assessment when natural calamities occur. This is nothing to be pleased for. State Chief Minister had discretionary power. If hon'ble House Leader make use of this discretionary power, it could be appropriated.

Pu Speaker, the main agenda of MPC is power. As we are all aware, during MPC ministry, various hydel potentials were investigated. Detail Project Report for Bairabi Hydel Project, Kolodyne, Tuivai were completed. It is unfortunate that nothing had materialized during the 10 years of MNF ministry. Non of these projects had been highlighted in the Governor's speech. There is nothing pleasing for Mizoram in the speech. Pu Speaker, thank you for giving me additional 2 minutes. Thank you.

PU D. THANGLIANA : Pu Speaker, thank you. First of all I would like to thank the hon'ble member from Chawngte for the motion of thanks on the Governor's speech. It is pleasing to note that the Governor highlighted all the details of the government's achievements.

Today, I would like to discuss the Governor's speech as it is. Pu Speaker, if one wishes to speak against the speech there could be many points. First of all it is worth mentioning that the crime rate had gone down that suited being a Christian state. The decreased crime rate indicates that the law and order maintenance by this government is effective.

Pu Speaker, as highlighted in the speech, three battalions of I.R. had been constituted. It is amazing that 3000/4000 youth had been recruited. It is also pleasing to note that not so highly educated youth are given the chance in the recruitment.

No. 3 of the speech highlighted that the cultivation and processing of Red Oil Palm will cover all the districts which eventually will lead to self-sufficiency. The proposal for the fixing of agricultural product of farmers is indeed a pleasing news for the farmers.

I would like to thank the government for the proposal to give grants to the families of MNF returnees as a result of Peace Accord for construction of dwelling houses.

I would like to thank for Maicham-II being undertaken and that the project is scheduled to be completed within 2008. I would once again like to give thanks on behalf of my constituency.

It is pleasing to note that Kaladan Multi-Model Transport envisaged to link the North Eastern States is being pursued vigorously to bring accelerated economic vibrancy in Mizoram. This project is not looked forward only by Mizoram but the whole country, thus it is an important project which is worth mentioning.

The Governor's speech highlighted that the Greater Aizawl Water Supply Scheme Phase-II was commissioned. I made an enquiry at the department's office, I am informed that everyday water is pumped for 7 hrs. It is fortunate that we have received water supply every week after phase-II is commissioned. The water received had increased by 30%. Also, it seems that phase-II will extend up to Luangmual and Chawlhmun.

I would like to thank for Keitum road. Due to the steps taken by the hon'ble Chief Minister. Road constructed under NEC at Artahkawn Pu Speaker is not yet metalled, but I suppose it will be the best road of Mizoram.

I would like to give thank for Darlung bridge. It is a great stepping stone of development. At the same time, I would like to plead for Tuichang bridge. There is one point I would like to give thanks for, which the Governor did not mention is the opposition party and the people of Mizoram blessed the MNF party to regain majority in the coming 2008 General Election. Thank you.

PU LALDUHOMA : Pu Speaker, I imagine the mind set of the Governor under this Government, babies and pastors are not safe. It is the land where culprits are unpunished and virtuous persons do not receive any for their noble deeds. The Governor realized all the happenings and on top of this he does not have any concrete speech to deliver. Thus, the Governor was so glad that we, the oppositions, stay calm without creating any problem that a press released was made to give his gratitude.

S P E A K E R : Please, the press release was made before this session.

PU LALDUHOMA : Pu Speaker, if it was before this session, how can the Governor state about this session ?

S P E A K E R : He must have spoken about the previous session.

PU LALDUHOMA : Pu Speaker, if the Governor is pleased with the previous session then the Governor must be more pleased with the present session.

The main focus of the people of the state, at present, is how the government is going to tackle the menace of famine. The government is not prepared inspite of knowing the coming famine due to bamboo flowering. The government was reluctant to introduce crop insurance. Had the government introduced crop-insurance, many of the problems faced today could be solved. If crop-insurance is mentioned now, instead of being pleased with it would be disgusting.

Pu Speaker, a resolution on citrus decline was passed in this august House. It is unfortunate that no step had been taken to accomplish the resolution. These are what we expected in the Governor's speech.

The selection of beneficiaries for crop damage is also too partial, if we are willing to use this for political benefits I believe it will be unwise.

In my constituency, Rs one is cut for AAY and BPL rice grain. Under what provision of law is this cut done? What is the reason? The government should be concerned as to how it is implemented at grass root level. Bamboo flowering Committee is to be constituted at every village, but the committee does not exist, the ruling party is using this for political gain and whatever benefits available is distributed among the ruling party. This proves that there is no preparation which is evident in the bamboo link road. The hon'ble Chief Minister stated that if bamboo is sold even at the cheapest rate, we could purchase food grain to last us for the next 100 years. The hon'ble Chief Minister further stated that it could be sold before bamboo flowering. This could have been done a little earlier since bamboo flowering is not natural calamity. Mizoram does not need this kind of government. However, what makes me glad is that this government's term is coming to an end very shortly and that it is the Governor's last speech under this government. For this reason I would like to give thanks.

Pu Speaker, if we look at BAFFACOS fund, supply department which is supposed to be the main support for 70% of the people is allotted only 5.78% crore out of the 125 crore. This clearly showed that the government is not moved by famine. The fund allocated in other 15/16 departments does not suffice famine and does not relief famine. The fund allocation in supply department should be the highest, Pu Speaker, after all, the government had now

constituted Emergency Committee comprising of Non-Government Organization and representatives of all parties , I would like to suggest that this Committee should be the confidence of the people. Pu Speaker, clarification should be given in the House regarding the decreased of quota in food grain.

Pu Speaker, there is infrastructure for development under Bharat Nirman. Why is the Chief Minister not taking step in this regard, we received the same answer every year. Consultative Committee met once with the Chief Minister. Pu Speaker, what kind of government is this government ? We expect huge projects which brings development.

There is development is Parliamentary Affairs Department, but nothing is mentioned in this regard. While the state is going through crisis and people are facing famine, it is amazing that this government is still pleased. I, therefore, appreciate the government for still being able to be pleased in times of trouble. Thank you.

PU R. KHAWPUITHANGA : Pu Speaker, there are people who are happy with whatever circumstances they are in and some who can never be happy. People are not the same.

Today I would like to give thanks to the Governor for being able to understand all the details of the government's achievements.

Let me start with No. 1. Our Governor rightly stated that internal security is the most important features of the democratic government. We have had suffered long lasting insurgency in Mizoram for 20 years and the same is with the neighbouring states such as Tripura, Assam and Manipur and further spread beyond the neighbouring international border. Despite the previous experiences, it is pleasing to learn that we are now living in a peaceful state on which the Governor compared Mizoram with an Island of Peace as the problem still persists in the said neighbouring states. I must say that we will not be in this situation without the effort of our Chief Minister in bringing up internal security of the state which is the most essential feature for smooth administration in a democratic government. With the existing internal security in our state, we are having a smooth government in which reduction of crime rate and smooth development is achieved from north to south of Mizoram owing to relentless effort made by the government.

Next, I have to mention about Education in our state. Mr Speaker Sir, the statement of our Governor indicates his appreciation on the status of Mizoram in the field of literacy where as our state ranked No.1 in the country. Furthermore, the concerned Education Minister, so as to promote our education makes the effort by seeking further training course for 16,000 teachers under the

experts from Cambridge University and this will be organized in each district of Mizoram.

In the same manner, experts in the field of sports from America are being engaged for which MoU had already been signed. Training will then be given to interested youths in the near future.

In the field of Health, I am proud to mention that we are now having 130 Health-Sub-Centre to be constructed, 8 Health Centres at 8 Districts for upgradation to hospital and upgradation of hospital at Lunglei District to 60 bedded hospital. The Governor's address, therefore, indicates all kinds of developments made by the government and hence it deserves much appreciation of the members of this House. It may be pleasing if this motion is passed unanimously. Thank you.

S P E A K E R : I now call upon Pu Lal Thanhawla, Leader of the Opposition.

P U L A L T H A N H A W L A : Pu Speaker, the Governor's address as per instruction of the government, expresses itself as a vision document, yet, it is sad to learn that no vision is included.

Next Mr Speaker Sir, it is an essential feature of the democracy to see the people are safe where as majority of the people find themselves insecure in this government. There are few, who, somehow manage to carry on their livelihood or survive from this hardship. In this regard, it is to be noted that such opportunity is attained out of desperation. Hence, assumed name given to Mizoram such as 'Island of Peace' or 'the most peaceful state' may be taken for granted to a certain extent. But the truth is that the people cannot accept that we are now in a stable condition.

Mr Speaker Sir, it is wise to know for the members that we have to express our appreciation to any motion of thanks necessarily yet it can also be opposed if the necessity is felt. A state can not be said to be having a good governance only because firing of guns is not heard it may rather be determined by the condition of the people of whether they are free to do anything, whether they are satisfied with the existing developments or are they in a peaceful state of mind. Hence, Mr Speaker Sir, it is much desirable to learn that crime rate too is reduced actually. As for me, I find it hard to accept the statement while learning the incident of crime continuously. I am afraid that there is an order from higher authority to proclaim reduction of crime rate compulsorily where there are number of incidents

such as rape, robbery, missing of motor bikes, and even killings and those cases which had not yet been solved. Hence, I can not accept the statement of the Governor regarding reduction of crime rate in our state. Mr Speaker Sir, the Governor should be provided with fact for his address to this august House.

During the General Election of 2003, I have personally witnessed the activities of ZRA where leader of Paite were kidnapped and forced not to cast their vote in favour of Congress Party. As the police force suddenly besieged the place where those insurgent ZRA were sheltered, they were being captured with their belongings such as arms and incriminating documents and further revealed that they were being deployed by our Chief Minister. It was further learnt that those persons were released shortly without appropriate case.

Mr Speaker Sir, I have further learnt from a reliable source that on the 13<sup>th</sup> August, 2006, a meeting was held at the Chief Ministers' Bungalow with the members from leaders of 7 underground militants in the neighbourhood to form UPF. It was then formulated on 15<sup>th</sup> August, 2006 at State Guest House and UPF was then formed. It indicates that underground militants are moving freely within Mizoram and this effects security of our state no matter what the objectives of the said UPF is. Even at Lunglei, a society is formed by Meitei underground group to run their business of gun-running. Hence, the statement of the Governor is far from truth.

Not only this Mr Speaker Sir, it is unfortunate to learn that on many occasions, there were counter attack between undergrounds of Hmar and Hmar within Mizoram. I, therefore, insist the government to determine means to bring freedom to our people and protect them from outsiders. Thank you.

S P E A K E R : I now call upon Leader of the House.

PU ZORAMTHANGA : Pu Speaker, as already pointed out by  
CHIEF MINISTER certain members, there are number of points on our Governor's address to this House that deserves appreciation though not 100% satisfactory.

Even though our Governor's address cannot be said as 100% satisfactory, there are number of points which deserved appreciation.

Our Governor stated his appreciation of our government in maintaining law and order not only here in his address to this House but also before the Press at New Delhi. Thereby emphasizing law and order situation comparatively

peaceful within other states. It is learnt from our day to day life that crime and other complication is increasing with the changing of the world whereas law and order situation in Mizoram is improving comparatively within different parts of the country.

As known to us all, Mizoram is surrounded by areas of insurgency such as Myanmar, Bangladesh, Tripura and Assam and it is therefore difficult to be in a perfect state. Even so, we are fortunate to live peacefully and our Governor too have pointed out in his speech his appreciation of the peaceful atmosphere of Mizoram.

With the request of the Prime Minister Mr Vajpayee, I have rendered my best effort as a mediator between the Government of India and an insurgent group of Nagaland and visit places like Bangkok and others to pursue my duty. Before achieving this mission fully, central ministry have changed with the new Prime Minister, Mr. Man Mohan Singh which compels me to look forward for the chance to discuss the matter with him. Discussing the matter, I have asked his opinion on how to proceed with this business and he had given me an affirmative answer to resume. It is true that law and order situation in our state is not satisfactory, yet we are fortunate to live peacefully in the midst of disturbances that prevails in our neighbouring states and countries. Hence I truly agree with the opinion of the Governor.

As of famine caused by bamboo flowering, it is to be noted that even the central government or famous country like America too are quite busy in dealing with the problem caused by natural calamity such as cyclone or tsunami etc. In the same manner, our government too put effort in determining precaution and measures and relief for the affected people and areas at its best level. So as to alleviate the problem, central government makes provision amounting to not less than 1000 crore rupees but left un-used for almost six years due to confusion of the nodal head of the provision. Fortunately, our Prime Minister lately activates that provision for further use and we are compelled to determine the immediate use of this fund.

Pu Speaker, it is to be noted that project for construction of bamboo road is completely different from BAFFACOS and 60 crore rupees is now being sanctioned for bamboo road construction and the rest is of BAFFACOS.

Regarding supply of food grains, I have to point out that during the year 2006-2007, the amount of rice received as APL i.e. 43640 quintals per month is reduced to 24460 quintals. For this reason, we have approached the central authority not to reduce the supply specially during the time of our needs and in response an additional amount of 39,000 quintal was issued. Again, we have again approached the same knowing the amount is still inadequate to serve our needs and another 50,000 quintals is issued but not as APL rate. Since then, the government somehow managed to serve the needs of the people.

Regarding BAFFACOS, it is to be noted that the provision is not targeted for purchase of food grains but to facilitate measures to combat famine caused by bamboo flowering. Provision for purchase of food grain will be met from non-plan fund.

So Mr Speaker Sir, the statement of our Governor as a whole is appreciated as it concerns with our main problems and immediate needs. It is, therefore, much desirable if all the members in this House, no matter which side we are sitting unanimously express our appreciation to the Governor's speech. Thank you.

S P E A K E R : I now call upon the concerned mover to wind up the discussion.

P U A. B. C H A K M A : Pu Speaker, it is fortunate for the House for having a chance to discuss motion of thanks on the Governor's address. Furthermore, it is pleasing to hear the concern of each member for this motion though we have different ideas and approach.

I, therefore, earnestly request the House to unanimously pass this motion of thanks. Thank you.

S P E A K E R : The mover had now begged the House to pass the motion. Members who agree to pass may say 'yes' and those who do not may say 'no'.

Alright, this House passed motion of thanks that " The members of the Mizoram Legislative Assembly assembled in this session are deeply grateful to the Governor for the address which he had been pleased to deliver to the Assembly on 11.3.2008 " moved by Pu A.B.Chakma.

P U A. B. C H A K M A : Thank you Mr Speaker Sir.

S P E A K E R : We now have finished the discussion.  
The meeting will be resumed at 2:00 P.M.

**2 : 00 P.M.**

S P E A K E R : We will now take up our Business and to start with, presentation of Budget.

I now call upon the hon'ble Chief Minister to lay on the table of the House, Supplementary Demand for Grants for the year 2007-2008, Annual Budget for the year 2008-2009 and Supplementary Demand for Grants 2002-2003 and regularization of excess expenditure for the year 2003-2004.

PU ZORAMTHANGA CHIEF MINISTER : Mr Speaker Sir, with your permission, I rise to present before this august House the Supplementary Demands for the year 2007-2008 and Budget Estimates for the year 2008-2009.

**I. OVERVIEW OF THE ECONOMY**

2. As per advance estimates, the State's economy is expected to register a real growth rate of 6.74 per cent in 2007-2008 as against **7.50 per cent** in 2006-2007. The nominal growth rate is estimated at **10.15 per cent** in 2007-2008. While the nominal growth for 2006-2007 was **10.67 per cent**. Thus, with the advance estimates, the Gross State Domestic Product (GSDP) for 2007-2008 at current price is **Rs.3287.89 crore** while the figure at constant price ( of 1999-2000) stood at **Rs.2527.88 crore**.

3. A study of sectoral share of GSDP of 2007-2008 by industry of origin clearly reveals the predominance of service sector in terms of contribution to GSDP. Service Sector contributes the largest share of **67.12 per cent**, followed by the Industry sector at **17.65 per cent** and the Agriculture & Allied Sector with the lowest at **15.23 per cent**.

***Agriculture Sector***

4. The Agriculture sector comprising of agriculture, livestock, forestry and fishing had registered a growth rate of **3.16 per cent** in 2007-2008 as against the growth rate of **3.14 per cent** in 2006-2007.

### ***Industry Sector***

5. The Industry sector which includes mining and quarrying, manufacturing, construction and electricity, gas and water supply registered a growth rate of **4.68 per cent** in 2007-2008 as against the growth of **8.95 per cent** as against **8.31 per cent** in 2006-2007.

### ***Service Sector***

6. Over the years, the Service Sector had remained the highest contributor of GSDP. In the estimates for 2007-2008, the share of this sector is 67.12 per cent. The estimated growth rate under this sector is 8.15 per cent as against 8.31 per cent in 2006-2007.

## **II. OVERVIEW OF THE BUDGET**

7. I am happy to present the full budget for the year 2008-2009. This is the fourth consecutive year that I have the privilege of presenting a full budget.

8. As I have mentioned in my last Budget Speech, the budget for the current year and the year 2008-2009 fall with the award period of the Twelfth Finance Commission (TFC). This award period ( 2005-2010) is marked by a relatively higher level of inflow of resources from the Centre in different forms to the State. This results in a relatively comfortable fiscal position for the State.

9. The year 2008-2009 is critical in that selected fiscal indicators are to be brought to the targeted levels mandated by the Mizoram Fiscal Responsibility and Budget Management Act, 2006. The level of Gross Fiscal Deficit is to be brought down to **3 per cent** of GSDP and Revenue Deficit is to be eliminated and we have to generate revenue surplus in the following years. Achieving all these targets will call for very concerted and determined efforts on the part of my government towards fiscal reforms. I assure the hon'ble Members that the government will take all necessary measures to achieve the above set targets.

### **Fiscal Indicators**

#### ***Revenue Surplus***

10. In the Budget Estimates for 2008-2009, we have an estimated revenue surplus to the tune of **Rs.185.23 crore**. As mandated in the FRBM Act, the revenue deficit is to be eliminated and we have to generate revenue surplus. Thus, we have a revenue surplus in excess of what we had to the tune of **Rs.162.85 crore** in the Budget Estimate for 2007-2008. We are well within the stipulations of '*The Mizoram Fiscal Responsibility and Budget Management Act, 2006*'.

#### ***Fiscal Deficit***

11. The Gross Fiscal Deficit for 2007-2008 (Revised Estimate) is pegged at **Rs.138.59 crore**, which is **3.51 per cent** of GSDP, Gross Fiscal Deficit for 2008-

2009 is estimated at **Rs. 131.49 crore**, which is **3.00 per cent** of GSDP. This is in line with the stipulation of the FRBM Act to achieve a position of Gross Fiscal Deficit at the level of **3 per cent** of GSDP by 2008-2009.

12. The continued improvement of the state's finances is apparent in that the Government no longer needs to park huge funds in the Public Account to meet expenditure requirements on the Consolidated Fund. We will continue to maintain that position that the government does not keep idle funds in Public Account Deposits.

#### ***Deficit and surplus in the Budget***

13. The year 2008-2009 is expected to commence with an estimated opening deficit of **Rs.84.65 crore** and the Budget Estimate is a surplus Budget to the tune of **Rs.54.29 crore**. Accordingly, we will have a closing deficit of **Rs. 30.36 crore** at the end of the year.

### **III. REVENUE AND CAPITAL RECEIPTS**

14. The total estimated receipt for the year 2007-2008 at the Budget Estimates level was **Rs. 2226.49 crore**. The amount as per the revised estimate is **Rs. 2659.89 crore**. We expect to mobilize a total receipt of **Rs. 2492.06 crore** during 2008-2009. At the Budget Estimate level, the estimated receipt for 2008-2009 increase by **Rs. 265.57 crore** which represents an increase of **11.93 per cent**.

15. Out of the total estimated receipt for the year 2008-2009, estimated revenue receipt is **Rs. 2217.87 crore** and capital receipt is **Rs. 274.19 crore**.

#### **Revenue Receipts**

16. I may now go to the estimates of receipts from various tax and non-tax revenues.

#### ***Tax Revenues***

17. Of the Revenue Receipts, the major classification consist of Tax and Non-Tax Revenues. The estimated Tax Revenue for 2008-2009 is **Rs. 502.37 crore** which includes state's own tax revenue of **Rs. 74.56 crore** and State's Share of Central Taxes of **Rs. 427.81 crore**.

18. As indicated above, state's own tax revenue for 2008-2009 is estimated at **Rs.74.56 crore**. The amount for 2007-2008 (BE) was **Rs. 68.13 crore**. This estimate is an increase of **9.44 per cent**.

19. The estimated amount of state's share in Central Taxes for 2008-2009 is **Rs. 427.81 crore**. A significant point I would like to highlight here is that with continued

growth momentum in the country's economy, the collection of taxes by the central government increased considerably and much beyond the expectation of the TFC. The central government had already stepped up 'State's Share of Central Taxes' for the coming year. state's share of Central Taxes for the year 2008-2009 is placed at **Rs. 427.81 crore** while the recommended amount by the TFC is **Rs. 330.16 crore**, registering an increase of **Rs.97.65 crore**. This amount even exceeded the projected figure while finalizing the State's Plan Resources for Annual Plan 2008-2009 by **Rs. 35.79 crore** which is as high as **9.13 per cent**. I may, once again, take this opportunity to express my gratitude to the government of India for their generous transfer of resources to the state.

#### ***Non-Tax Revenues***

20. The estimated amount for Non-tax revenues for 2008-2009 is **Rs.1715.50 crore**. Out of this, we estimate State's own non-tax revenues at **Rs. 117.27 crore**. At the Budget estimates level, State's non-tax revenues increasing by **Rs.19.30 crore** from **Rs. 97.97 crore** in 2007-2008 which represents an increase of **19.70 per cent**.

21. Non-tax revenue in the form of Grants-in-aid from the central government for 2008-2009 is estimated at **Rs. 1598.23 crore**. The components of grants are : (i) Non-Plan Grants at **Rs.687.50 crore**, and (ii) Plan Grants at **Rs.910.73 crore**.

#### **Capital Receipts**

22. Capital receipts are mainly resources raised by the Government in the form of borrowings from various sources with the exception of non-debt capital receipts. Receipt on capital account comprises of Public Debt and Loans and Advances. The estimated total receipt for 2008-2009 is **Rs. 274.19 crore**.

#### ***Receipts on account of Public Debt***

23. In 2008-2009, receipt on account of Public Debt is estimated at **Rs.248.88 crore**. This includes receipt of **Rs.223.58 crore** on Internal Debt and **Rs.25.30 crore** on account of fund towards loans and advances.

#### ***Recoveries of Loans and Advances***

24. Estimated receipt on Loans and Advance categorized as Non-Debt Capital Receipts is estimated at **Rs.25.31 crore**. This is a return that we have on investment of fund forwards loans and advances.

#### ***Deficit Financing***

25. The time had come to put a check on the increasing tendency of deficit financing in the state's finances. The accumulation of debts in the state government over the years is the result of borrowings to finance the deficit in resources. As we are all aware, we are predominantly dependent on resources transfers from the Centre. As a result, the transfer of resources on the recommendations of the successive Finance Commissions had been the main determinant in the fiscal position of the state government. With the improved situation in the balance of receipts and payments, the

state government could now put a check on the level of deficit financing and set an ambitious target of fiscal deficit at **3 per cent** of GSDP in 2008-2009. In my proposed budget for 2008-2009, the total amount of new loans to be raised including those on Public Account is **Rs. 225.73 crore** and repayments during the year is estimated at **Rs. 80.24 crore**. However, the net borrowing on the Consolidated Fund is estimated at **Rs.85.00 crore**. Thus gross fiscal deficit is placed at **Rs. 131.49 crore**, which is 3.00 per cent of GSDP. I may inform the hon'ble members that for the purpose of estimating GSDP of the state, the calculation is based on the time series data estimated by the TFC for its award period ; the GSDP of Mizoram for 2008-2009 as estimated by TFC is **Rs.4383.00 crore**.

26. The details of borrowings of the state government for 2008-2009 are as follows : (i) State Provident Funds-**Rs.73.52 crore**, (ii) Net Market Borrowings-**Rs.92.91 crore**, (iii) Negotiated Loans-**Rs.34.00 crore**,(iv) Block Loan (loan portion of Externally Aided Projects) – **Rs.25.30 crore** taking the total gross borrowings to **Rs. 225.73 crore**.

#### **IV. REVENUE AND CAPITAL EXPENDITURE**

27. Estimated gross total expenditure on the Consolidated Fund of the State for 2008-09 is **Rs.2625.03 crore** in which gross revenue expenditure is **Rs.2034.89 crore** and gross capital expenditure is **Rs.590.14 crore**. However, after deduction of recoveries on account of stock suspense of **Rs.2.25 crore** on revenue account and **Rs 68.00 crore** on capital account, net total expenditure on the Consolidated Fund of the State for 2008-09 is **Rs.2032.64 crore** and estimated net capital expenditure is **Rs.522.14 crore**. In terms of classification on Plan and Non-Plan accounts, estimated Non-Plan expenditure is **Rs.1553.57 crore** whereas Plan expenditure will be **Rs. 1001.21 crore**. The Plan expenditure will include Centrally Sponsored Schemes (CSS), Central Plan Schemes (CPS), Special Schemes like those of the North Eastern Council (NEC), Non-Lapseable Central Pool of Resources (NLCPR) etc, which are outside the State's Annual Plan.

#### **Revenue Expenditure**

28. In the revenue account for the year 2008-09, non-developmental expenditure is estimated at **Rs.720.68 crore** which is **35.46 per cent** of the total revenue expenditure whereas the remaining amount under development sector is **Rs.1311.96 crore** which accounts for **64.54** which is an improvement of **1.45 per cent** over previous year's level of **63.09 per cent**.

#### ***Interest Payments***

29. Another indicator of public spending is the level of expenditure on interest payments in a fiscal year. It is an indicator of the debt sustainability levels in the fiscal operations of the state government. The TFC had, after taking into account the

fiscal position of various states, recommended interest payment up to the level of **17 per cent** of revenue receipts in a long term frame-work as a sustainable level of interest payments relative to revenue receipts is **15 per cent** in the year 2009-10 and the Ministry even recommended to include this stipulation in the Fiscal Responsibility Legislation of the states. In the case of our state, I may share with the hon'ble members that the level of interest payments is still at a very comfortable level. Interest payments for 2007-08 at the Revised Estimate level is **Rs.180.58 crore** which is **7.64 per cent** of the estimated revenue receipts. The estimate amount if interest payments for 2008-09 is **Rs.203.13** which is **9.16 per cent** of the revenue receipts.

### *Salaries*

30. Salary bills have always been forming an important component of the State's Non-Plan and Plan expenditure over the years. The successive pay revisions at periodical intervals and revision of dearness allowance of the employees brought about increase in the wage bill of the Government. At the Budget Estimates level, expenditure for salary of 2007-08 was **Rs.596.75 crore** which forms **33.65 per cent** of revenue expenditure and **26.49 per cent** of net total expenditure is **Rs.708.37 crore** which forms **34.85 per cent** of revenue expenditure and **27.73 per cent** of net total expenditure in the Consolidated Fund.

### *Pensions*

31. Pension payments have also become an issue of serious concern. The heavy expenditure occurred as a result of the increasing number of pensioners as well as the increase in pension payment per capita. In 2008-09, the estimated amount of pension bill is **Rs.106.01 crore** which forms **5.22 per cent** of revenue expenditure and **4.15 per cent** of net total expenditure in the Consolidated Fund. It is the endeavour of the government of gradually move towards reforms in the Pension sector so that pension payments are brought within prudential levels and that the state's finance is not heavily strained by expenditure on this account.

### Capital Expenditure

32. Capital Expenditure includes expenditure on capital outlay, disbursement of loans and advances and repayment of loans. Estimated capital expenditure for 2007-08 (Budget Estimate) was **Rs 479.17 crore** which improved to **Rs.730.76 crore** at the Revised Estimate level. Capital expenditure for 2008-09 is estimated at **Rs.522.14 crore**.

### *Capital Outlay*

33. Expenditure under this account is one of the most important components under the state's budget as it is used for creation of capital assets. Basic infrastructural needs of the state under General Services, Economic and Social Services have been met with expenditure under this account. In the revised estimates for 2007-08, capital expenditure is estimated at **Rs.730.76 crore** out of which capital outlay is **Rs.541.42 crore**. In the Budget Estimates of 2008-09, capital outlay is

estimated at **Rs.332.95 crore**. It is the commitment of my government to move towards increased spending for creation of capital assets for laying a strong foundation of economic growth across the State.

### ***Repayment of Loans***

34. The increasing expenditure of the state government towards servicing of debt had also become a matter of serious concern. The increasing debt stock of the government over the years brought about corresponding increase in the expenditure for servicing of loans. However, the state government had been making all out efforts to reduce the debt stock and corresponding repayments. The measures we have been adopting include arriving at One-Time Settlement (OTS) package with the financial institutions, rescheduling of loans and prepayment of high cost loans by availing

Structural Adjustment Loan from the Asian Development Bank which I will describe at length in the later part of my speech. The estimated amount for repayment of loans for 2008-09 is **Rs.189.19 crore**. However, if the state government could finalise the proposal for prepayment of loans with state with Structural Adjustment Loan, we may utilize a much higher amount for repayment of loans. The proposed prepayment of high cost loans will bring about reduction in the debt stock, corresponding reduction in annual repayment of loans and payment of interests.

### ***Loans and Advances***

35. The State Government had been giving loans and advances to the government servants and to the general public under different specified schemes. Out of these, loans and advances under Plan Account are advanced to the general public in the form of housing loans out loans availed from the Life Insurance Corporation of India. I propose **Rs.3.82 crore** for this purpose during 2008-09.

36. Loans and Advances on Non-Plan Account include advances given to the members of the Legislative Assembly and advances to the government employees for purchase of motor cars. The amount for 2007-08 (RE) is **Rs5.25 crore**. I propose to allocate the same amount for the purpose during 2008-09.

## **V. NON-PLAN EXPENDITURE**

37. Non-Plan Expenditure covers the entire gamut of expenditure other than those falling under Plan Expenditure. It encompasses recurring expenditure including interest payments and certain capital expenditure. Net Expenditure on Non-Plan Account as per the revised estimate for 2007-08 is **Rs.1456.85 crore** and the amount in 2008-09 is estimated at **Rs.1553.57 crore**.

### ***Non-Development Expenditure***

38. Non-Plan Non-Development Expenditure covers the expenditure on account of General Services. Main contributors are expenditure on account of administrative costs of the Government, fiscal services and payment of interests. Because of the nature of expenditure they are classified as non-developmental. The estimated amount

of expenditure under this for 2008-09 is **Rs.709.36 crore** which forms **45.66 per cent** of total non-plan expenditure and the estimated amount of non-developmental expenditure on non-plan account in 2007-08 (BE) was **44.93 per cent**.

### ***Development Expenditure***

39. The expenditure covers expenditure on Social and Economic Services. The estimated expenditure for these two sectors for 2008-09 are **Rs.360.29 crore** and **Rs.298.56 crore** respectively taking the total expenditure to **Rs.658.85 crore**. The expenditure on these sectors is aimed at socio-economic development of the state for which it is termed developmental expenditure. The combined expenditure under these two sectors contributes **42.41 per cent** of total Non-Plan Expenditure.

40. Mr.Speaker Sir, I may share with the hon'ble members that a very serious concern in the state's finances today is the increasing pressure of Non-Plan Expenditure and the burgeoning Interest Payments. It is with an attempt to rein in Non-Plan Expenditure that the Fiscal Responsibility and Budget Management Act, 2006 was passed, as you would recall. It had been the conscious endeavour of the government to achieve the targets set out in the Act so that the state's finances continuously move towards a path of fiscal balance and sustainability.

## **VI. PLAN RESOURCES AND EXPENDITURE**

41. Mr. Speaker Sir, it is the Plan Account in which major policy initiatives for development of the economy had been taken up. As a result, the state government had been keenly pursuing policies that could trigger development of the state across the sectors so as to achieve the ideals of balanced development. I may share with the hon'ble members that we would continue the initiatives of bringing about a quick pace of development of the state for the benefit of the people. I may now highlight the resources and proposals for outlay for the Annual Plan 2008-09.

### **Annual Plan 2008-09**

42. Mr. Speaker Sir, we know that the size of the Annual Plan for 2008-09 had been fixed at Rs.1000.00 crore. The same was finalized in the discussion I had with the Deputy Chairman of the Planning Commission in the month of January, 2008. This approved plan size is an increase of **Rs.150.00 crore** over the approved plan for 2007-08.

### ***Plan resources***

43. The Scheme of Financing of the Annual Plan 2008-09 reflects the various resources that we would be able to mobilize for funding the Annual Plan. The resources include (i) State's Own Funds – **Rs. (-) 87.91 crore**, (ii) State's Borrowings – **Rs. 145.49 crore**, (iii) Central Assistance – **Rs.943.52 crore**, (iii) Public Sector Enterprises (PSE) – **Rs. (-) 1.17 crore** and (iv) Local Bodies – **Rs.0.07 crore**.

### ***Plan expenditure***

44. On expenditure side, the approved outlay of **Rs.1000.00 crore** for 2008-09 had been allocated to different sectors. Sector-wise allocations of outlays are: (i) Agriculture & Allied Activities – **Rs.78.42 crore**, (ii) Rural Development – **Rs.46.15 crore**, (iii) Special Areas Programme – **Rs.49.23 crore**, (iv) Irrigation and Flood Control – **Rs.27.66 crore**, (v) Energy – **Rs.68.11 crore**, (vi) Industries and Minerals – **Rs.27.15 crore**, (vii) Transport – **Rs.51.99 crore**, (viii) Communications – **Rs.6.46 crore**, (ix) Science, Technology & Environment – **Rs.2.04 crore**, (x) General Economic Services – **Rs.144.21 crore**, (xi) Social Services – **Rs.480.57 crore** and (xii) General Services – **Rs.18.01 crore**.

### **Priority Sectors**

45. Mr. Speaker Sir, I may now highlight the plan priorities of my government as contained in the Annual Plan of 2008-09.

46. Agriculture & Allied Activities and Rural Development with particular emphasis on self sufficiency in food production, employment generation and poverty eradication are the priorities of the Annual Plan 2008-09. We are all aware of the *mautam* famine as a result of bamboo flowering which resulted in crop destruction on a large scale. In this connection, the National Rural Employment Guarantee Scheme (NREGS) will be a great help for combating a state-wide famine while helping in increasing agriculture production and developing rural infrastructure.

47. In the agriculture sector, a major breakthrough had been made in infrastructure development during the Tenth Plan and the first year of the Eleventh Plan. We have taken up infrastructure development in the form of land development, agriculture link roads, storage, godowns, plants and agriculture machineries. We have laid infrastructural foundation for agriculture development and there had been a shift in policy from infrastructure development to production and marketing stages by incentivising the farmers through assistances and market linkage.

48. I may share with the hon'ble members that the government makes sustained efforts to accelerate the agriculture growth and more emphasis is being given to this sector by prioritizing and reaffirming our commitment to increase investment in agriculture and allied sectors to achieve an annual growth of 4 per cent as envisaged by the central government. The initiatives we are taking in 2008-09 include i) Assistance to Jhumia Families for innovative activities, ii) National Agriculture Insurance Scheme (NAIS) to be implemented on 50:50 sharing pattern between the government of India and the state government, iii) Market intervention in selected crops. A contingency plan is in place in the form of providing inputs such as local paddy seeds for the affected cultivators due to rodent attacks during bamboo flowering.

49. Development of economic infrastructure continues to be the priority of the Plan. Implementation of the Mizoram State Roads Project under World Bank,

development of economically important roads under Non-Lapseable Central Pool of Resources (NLCPR) and North Eastern Council (NEC) and North Eastern Road Project shall continue. Development of power infrastructure under Accelerated Power Development and Reforms Programme (APDRP) will continue to be a priority in 2008-09.

50. In Social Services, education, health services and sports and youth services will continue to receive high priority. The plan endeavour will be not only to sustain favourable education and health indicators but also significantly improve them during this year. The SSA Mission together with State Plan Schemes will not only improve elementary education but will also greatly reduce the drop-out rate and the National Rural Health Mission will improve the health indicators and health infrastructure in the state. The setting up to Youth Commission is expected to go a long way towards serving the interests and welfare of our youth.

51. The initiatives under PPP will also be carried forward so as to attract private investors for infrastructure development in the state. We had initiated the process to take up Tuivai Hydroelectric Project on PPP mode.

#### ***Mautam famine***

52. As all the hon'ble members are aware, bamboo flowering had taken place for the last few years and the flowering came to an end in 2007 thereby destroying the bamboo forests of the state. Due to attack of rodents, the crop production in the State had gone down drastically bringing about the apprehended *mautam* famine in the state. I will share with the hon'ble members that the government is fully prepared for the situation. As I had mentioned in my last Budget Speech, tackling the impending *mautam* famine is an important agenda of the government. I reiterate that we are not going to allow any member of the citizen to suffer from the deprivation of famine on this account. The government will always ensure that enough foodgrains are available to the people. At the same time, we will also ensure that purchasing power is created to enable the people to access the stock of foodgrains.

53. For successful tackling of famine, we would be integrated the various activities of the state government with various schemes including the Central Scheme of 'National Rural Employment Guarantee Scheme' which is mandated with creation of a hundred-day employment in a year. Besides the existing coverage of four districts of Mizoram, the Central Government is extending the scheme to the remaining four districts thus bringing all the eight districts of Mizoram under its coverage. With the employment so generated under the scheme coupled with the availability of foodgrains, we will ensure that the adverse impact of *mautam* famine is minimized.

#### ***Mizoram Intodelhna Project***

54. Implementation of Mizoram Intodelhna Project (MIP) will continue to be an important development programme of the government. Accordingly, I propose to allocate **Rs.20.00 crore** during 2008-09.

### ***Externally Aided Projects***

55. I mentioned in my budget speech last year that an important feature of the State's Plan since the last few years is the inclusion of projects in the Annual Plan in the form of 'Externally Aided Projects (EAP)'. The World Bank assisted 'Third Technician Education Project' had been completed in 2007-08. The other World Bank assisted-Mizoram State Roads Project is under implementation and is expected to be completed in May, 2009.

56. During 2007-08 we have included the scheme of 'North Eastern Region Urban Development Project (NERUDP) (Phase-I)' with an estimated cost of **Rs.298.58 crore**. We also propose to avail one more assistance from the Asian Development Bank under the title of 'Structure Adjustment Loan' for meeting adjustment costs in the reforms processes being taken up by the government in fiscal and socio-economic fronts. The proposed amount of loan is **\$ 150 million** and it will be implemented over a period of three years. I propose to allocate fund for these EAP schemes during the year 2008-09 as follows – **Rs.2.88 crore** for Mizoram State Roads project, **Rs.110.12 crore** for North-Eastern Region Urban Development Project and **Rs.140.00 crore** for Structural Adjustment Loan taking the total to **Rs.253.00 crore**.

### **MLA Local Area Development Scheme**

57. The Scheme would be continued during 2008-2009 and I propose to allocate **Rs.600.00 lakh** for 2008-2009 to be utilized as **Rs.15.00 lakh** per constituency.

### **Central Assistance for State Plan Schemes**

58. Within the approved plan size of **Rs.1000.00 crore** for 2008-2009, **Rs.190.66 crore** is included as Additional Central Assistance (ACA). The Scheme-wise detail for 2008-2009 are as follows – (i) Accelerated Irrigation Benefit Programme (AIBP) – **Rs.25.00 crore**, (ii) Control of Shifting Cultivation – **Rs.5.50 crore**, (iii) Border Area Development Programme (BADP) – **Rs.13.02 crore**, (iv) Roads & Bridges – **Rs.4.74 crore**, (v) National Adolescent Girls (NPAG) – **Rs.0.07 crore**, (vi) Grants-in-aid under Article 275(1) – **Rs.3.24 crore**, (vii) Jawaharlal Nehru National Urban Renewal Mission (JNNURM) – **Rs.14.77 crore**, (ix) Backward Region Grant Fund (BRGF) – **Rs.24.97 crore**, (x) Accelerated Power Development and Reforms Programme (APDRP) – **Rs.19.94 crore**, (xi) National e-Governance Action Plan (NEGAP) – **Rs.5.96 crore**, One-time Additional Central Assistance – **Rs.70.00 crore**.

59. The grant portion under Additional Central Assistance is **Rs.179.17 crore** and loan portion is **Rs.11.49 crore**. The Government will raise market loans for meeting the loan components under the schemes.

### **One-Time Additional Central Assistance**

60. The allocated amount of **Rs.70.00 crore** under One-time Additional Central Assistance for 2008-2009 is proposed to be utilized under specified items as follows:

(i) Public Health Engineering – **Rs.22.00 crore**, (ii) Public Works – **Rs.20.00 crore**, (iii) Power – **Rs.15.00 crore**, (iv) School Education – **Rs.5.00 crore**, (v) Health Services – **Rs.3.50 crore**, (vi) Fisheries – **Rs.2.00 crore**, (vii) Agriculture – **Rs.2.50 crore**.

#### ***Plan Loans from Central Financial Institutions***

61. For the last many years the state government had been funding a part of the plan expenditure by resorting to borrowings from Central Financial Institutions with due consent of the government of India under Article 293 (3). With the objective of tightening the borrowings of the state government, borrowings from the Central Financial Institutions had been reduced. I propose an amount of **Rs.33.00 crore** under this out of which **Rs.20.00 crore** will be availed from Life Insurance Corporation of India (LIC) and **Rs.14.00 crore** from National Bank for Agriculture and Rural Development (NABARD). The achievements we had attained with funding from these financial institutions are very encouraging. The proposed amount of **Rs.20.00 crore** from LIC will be utilized for the following schemes: (i) Government Housing – **Rs.2.95 crore**, (ii) Police Housing – **Rs.3.20 crore**, (iii) LAD Housing – **Rs.3.82 crore**, (iv) Public Works(Building) – **Rs.10.03 crore**.

62. Funds from NABARD are coming in the form of Rural Infrastructure Development Fund (RIDF) which aims at building rural infrastructure in partnership of the state government with the Bank. We had completed several important infrastructure projects in rural health, minor irrigation, water supplies and rural roads. During 2007-08, we are taking up more important projects covering rural roads and rural water supply schemes under RIDF-XIII. We would continue these projects during 2008-09 with the proposed allocation of **Rs.14.00 crore**.

#### ***Plan Grants from Twelfth Finance Commission***

63. A part of the grants from the Twelfth Finance Commission had been released to the state governments as plan grants. The total amount earmarked as plan grants for 2008-09 is **Rs.22.50 crore**. Plan grants for 2008-09 are to be utilized for the specific schemes identified by the Twelfth Finance Commission as follows: (i) Maintenance of Forests – **Rs.5.00 crore**, (ii) Conservation of Heritage – **Rs.1.25 crore**, (iii) State's Specific Needs – **Rs.16.25 crore**.

#### ***Commitment of Plan posts into Non-Plan***

64. As I announced in my last budget speech, a number of posts under Plan have been committed into Non-Plan during the current year. During 2008-09 also, I propose to commit 227 posts of Group 'A' and 600 posts of Group 'B' posts created during the Seventh Plan period. I may inform the hon'ble members that the government will continue to commit posts under Plan into Non-Plan so that posts under Plan created during the preceding periods are fully committed to Non-Plan and that funds under Plan account will be available for capital investment.

### **Other Plan Expenditure**

65. During 2007-08, we have taken up many programmes and schemes outside State's Annual Plan. These schemes which are implemented on the initiative of the government of India effectively supplement the development efforts of the state. We may now look at the position of such schemes falling outside State's Annual Plans.

### ***North Eastern Council***

66. The estimated amount of fund received from NEC during 2007-08 as per the revised estimate is **Rs.53.16 crore**.

### ***Non-Lapseable Central Pool of Resources (NLCPR)***

67. The estimated amount of receipt under NLCPR during 2007-08 as per the revised estimate is **Rs.57.98 crore**.

### ***Centrally Sponsored Schemes***

68. During 2007-08 we received **Rs.251.13 crore** as per the revised estimate.

### ***Central Plan Schemes***

69. We received **Rs.1.10 crore** during the current year as per the revised estimate.

## **V. ADMINISTRATIVE INITIATIVES**

### ***Creation of Minor Irrigation Department***

70. During 2006-07, we had created a new Department of 'Minor Irrigation' with the intention of bringing about a more efficient implementation of irrigation in the State and for bringing about agriculture development for the state's economy. We would provide necessary fund to enable functioning of the department.

### ***Creation of Information Technology Department***

71. Acknowledging the growing importance of information technology and the IT enabled services in today's world, the government had taken a decision to create a separate Department of Information Technology.

### ***Third and Fourth Battalions of Indian Reserve Police***

72. We successfully completed raising of the 3<sup>rd</sup> Indian Reserve Battalion during the current year. The newly recruited personnel are undergoing trainings at PTC Thenzawl, PTC Lungverh and at the four Battalion Headquarters.

73. With the permission and financial support of the government of India, we are now raising the 4<sup>th</sup> Indian Reserve Police Battalion in our state. Preliminary steps for recruitment of personnel have been taken during the current year; raising of the battalion is expected to be completed during 2008-09.

### ***Special loan for purchase of car for Government employees***

74. As I mentioned in my budget speech last year, privatization of government vehicles was implemented successfully during 2007-08 and the sister scheme for providing special car loan at concessional interest rate was given effect during the year. Under the provisions of 'The Mizoram Government Employees (Special Loan for Purchase of Car) Rules, 2001, officers deprived of the entitlement have been provided with concessional interest rate of **5.5 per cent** with a maximum loan ceiling of **Rs.5.00 lakh**. A number of officers deprived of the entitlement already availed the loan.

### ***Reforms of the Public Sector Enterprises***

75. As hon'ble members are aware, several Public Sector Enterprises (PSE) have been established by the government of India to attain the objectives of socialist economy of the country and for taking up economic activities within the umbrella of the government. However, the performance of some of the Public Sector Units over the years had left ample room for improvement and a majority of them turned out to be virtually sick units instead of achieving the social objectives of the government. In our state too, the performances of some of our PSEs are not reassuring, and most of them depend on continued budgetary support of the government over the years, let alone accruals of dividends to the government. The situation calls for introspection on the policies so as to find ways for revamping the PSEs with prospects of revival and for winding up of units with no such prospects.

76. For the purpose of reorienting the policies in the PSEs, a High Powered Committee had been set up in the Finance Department to look into the future policy initiatives of the government. In the light of the above policy, we would be taking measures to restructure and revitalize PSEs by taking up reforms measures.

### ***Corporatisation of Power***

77. As required under the Electricity Act, 2003, the government of Mizoram decides to introduce reforms in the power sector and finally transform the Department of Power & Electricity into a corporation. The government have had taken the initiative and had commissioned the Administrative Staff College of India (ASCI), Hyderabad as consultant. A report was already submitted and the government is actively pursuing the reforms, and the Structural Adjustment Loan from the Asian Development Bank could also meet a part of the cost of reforms being contemplated in power sector.

### ***Separation of Judiciary from Executive***

78. We have completed the process of separation of Judiciary from the Executive by absorption and induction of the existing Judicial Officers into the Mizoram Judicial Service. Excluding the Autonomous District Council areas, Civil Courts have been established during the current year. It is the commitment of my government that efficient functioning of the Judiciary for smooth administration of justice will always be ensured.

## **VI FISCAL REFORMS**

79. Mr. Speaker Sir, I have mentioned about the economy measures taken by the government. An important policy initiative of the government is the reforms process in the fiscal operations of the government. Let me now highlight the reforms processes taken up by the government.

### ***Fiscal Responsibility and Budget Management Rules, 2007***

80. As I had mentioned in my last budget speech, '*The Mizoram Fiscal Responsibility and Budget Management Rules, 2007*' was finalized and notified on 01.07.2007. With the finalization of the said Rules, we had proceeded in full swing towards implementation of the Mizoram Fiscal Responsibility and Budget Management Act, 2006. As a result of the implementation of the Act and Rules, the state government had been taking up fiscal reforms as laid down in the following paragraphs.

### ***Public Expenditure Review Committee***

81. As provided under the Rules, we constituted a 'Public Expenditure Review Committee' which is a five-member Committee under the chairmanship of the Finance Secretary. The Committee was initially constituted for a period of one year. The Committee had already held its first meeting to review the half yearly position of receipts and expenditure for the first half of 2007-08 covering April to September, 2007.

### ***Finance Minister's Half-Yearly Review***

82. As provided under the Rules, a half yearly review of receipts and expenditure is to be carried out by the Minister in-charge of Finance. In compliance of the above statutory requirement, I had taken up review of the State's finances for the first half of 2007-08 covering the period from April to September 2007; a report of my review will be laid in the current sitting of this august House.

### ***Medium Term Fiscal Policy Statement***

83. As provided under the Rules, a Medium Term Fiscal Policy Statement presenting the fiscal policies of the state government in relation to certain selected indicators over the medium term with three-year rolling targets is drawn up and laid along with the budget documents in this sitting of the Assembly. The Statement lays emphasis on the sustainability aspect in the state's finances and for generation of revenue surplus for utilization towards creation of capital assets.

### ***Fiscal Policy Strategy Statement***

84. A Fiscal Policy Strategy Statement was also drawn up and laid along with the budget documents. This statement presents an overview of the fiscal policy of current year and the policy of the ensuing year in regard to taxation, expenditure, borrowings and investments of the state government in instruments like Sinking Fund etc. A Fiscal Correction Path laying down targets for reduction of fiscal deficit and for

elimination of revenue deficit over the medium term had been charted out in the Statement.

### ***Macro Economic Framework Statement***

85. A Macro Economic Framework Statement is drawn up and laid along with the budget documents. This Statement presents an overview of the economy for the current year and of the state's economy for the ensuing year. It also touches upon the estimates of GSDP of the state and prospects of the economic growth over the medium term.

### ***Debt Consolidation and Relief facility***

86. I mentioned in my last budget speech the facility of Debt Consolidation and Relief Facility as devised by the TFC and that the states could get the benefits of debt consolidation and write-off based on the performance in fiscal management. Consequent upon our enactment of Fiscal Responsibility Legislation in 2006, all block loans of the government of Mizoram released up to 31.03.2004 and outstanding as on 31.03.2006 amounting to **Rs.258.55 crore** was consolidated by the Ministry of Finance, Government of India and rescheduled for a fresh term of twenty years and the interest rate reset at **7.5 per cent**. Consolidation was approved by the Central Monitoring Committee in January, 2007.

87. The benefits that are admissible to us under the facility have been accruing to us. The loan consolidation was carried out in the last part of 2006-07. As a result of the consolidation we have been benefited by lowering of interest relief accrued during 2006-07 was **Rs.10.67 crore**. The government of India had adjusted this amount against repayment dues of the following years. Similarly, interest relief would accrue in the following years as follow : 2007-08 - **Rs. 9.78 crore**, 2008-09- **Rs. 9.30 crore**, 2009-10-**Rs.8.33 crore** taking the total for the award period of the TFC to **Rs.38.08 crore**. The benefit of interest relief would continue till the consolidated loan is fully repaid by the 20<sup>th</sup> year after 2006-07. However, we take into account the benefits of interest relief for the award period of the TFC only.

88. Apart from relief on account of consolidation, we have got the benefit on account of debt write-off. This write-off is available only when the State achieves the target of reducing the revenue deficit and containing it within the base year level and reducing fiscal deficit and containing it within the level of 2004-05. As a result of our performance in 2006-07, we had earned the benefit of write-off of repayment dues for the year amounting to **Rs.12.93 crore** and approval was conveyed in the last part of March, 2007. During the current year also, the government of India already approved a write-off of repayment for 2007-08 of **Rs.12.93 crore**. All these facilities could accrue to us only because of the improvements we had carried out in fiscal management over the last few years. Likewise, we expect to earn a debt write-off of **Rs.12.93 crore** each for 2008-09 and 2009-10.

89. Besides the above, the government of benefited by lower repayments as a result of loan consolidation. The benefits that we will have as a result of lower repayments during the award period of TFC (2005-10) is **Rs.11.49 crore**.

#### ***Consolidated Sinking Fund***

90. As per the Revised Scheme of Consolidated Sinking Fund, we invested **Rs.14.00 crore** in 2007-08, which is the prescribed **0.5 per cent** of the total outstanding liabilities of the government as on 31<sup>st</sup> March, 2007. The continued investment of the government results in accumulation of funds in Sinking Fund and the estimated balance amount in the Fund as on 31.3.2008 is **Rs.54.47 crore**. In 2008-09, I propose to invest **Rs.15.00 crore** which is **0.5 per cent** of outstanding liabilities as on 31.03.2008 in the Consolidated Sinking Fund.

#### ***Guarantee Redemption Fund***

91. While we had been trying our best to complete setting up to Guarantee Redemption Fund (GRF) during the current year, we could not finalise the process though we had completed a part of the formalities for the purpose. Assessment of risk-weights in the guaranteed loans takes some time and finally we had finalized engagement of Credit Rating Information Services of India Limited (CRISIL Ltd.) for the purpose. We would be able to complete the assessment and finalise the constitution of the Fund shortly.

#### ***Special Ways and Means Advance***

92. We were given the facility of Special Ways and Means Advance from 2006-07 with the initial ceiling of **Rs.6.70 crore**. The amount is determined on the basis of the average amount of Sinking Fund invested in the government of India's Securities. The ceiling had been revised from time to time; the ceiling currently in force is **Rs.16.57 crore**.

#### ***Debt Stock***

93. As required under the FRBM Act, 2006, I am laying down the data on outstanding debt for the five-year period covering the period 2006-07 to 2010-11. I may share with the hon'ble members that serious efforts are being taken to reduce the debt and interest payments thereof to sustainable levels. The estimated amount of debt stock as on 31.03.2008 is **Rs.3026.59 crore**.

#### ***Management of Public Debt***

94. Throughout the year we have been making utmost efforts towards efficient management of public debt. Repayments had been made and interest dues cleared. We had even earned rebate for timely payments in some of our loans. During the current year total amount utilized for repayment of loans is **Rs.178.92 crore** and for interest payments is **Rs.180.58 crore**. I assure the hon'ble members that we will continue to carry on management of public debt in an efficient manner.

***Structural Adjustment Loan for tax, fiscal and socio-economic reforms***

95. I may now share with the Hon'ble Members that the commitments of the state government in bringing about a continued reforms process in fiscal operations is bringing about negotiation of loan for reforms with the Asian Development Bank. We had entered into negotiations with the Bank for availing a Structural Adjustment Loan (SAL) of **\$150 million** as Externally Aided Project starting from 2008-09. The loan would be availed through the government of India in the form of 90:10 grants and loan pattern. The nature of utilization of the loan is mainly non-plan in nature and will cover the costs of adjustment in carrying out reforms in the state's finances and governance sectors. The main areas of concern include prepayment of high-cost debts, fiscal and tax reforms, reforms in health and education sectors, power sector reforms and social sector reforms. It is very much expected that the proposed loan will bring about visible impacts in the fiscal and governance scenarios and lay a robust fiscal foundation for the state for the years to come.

96. Mr. Speaker Sir, while highlighting the continued improvement of the state government's financial position, let me also share with the hon'ble members that fiscal reforms is a continuous process and unstinted efforts need to be made to sustain the present comfortable position. We will continue to pursue the various reforms processes to lay a strong fiscal foundation conducive to socio-economic development.

**VII. TAX AND NON-TAX PROPOSALS**

97. As hon'ble members are all aware, the main obstacle towards generation of revenues in the state's finance remains limited tax and non-tax base leaving us limited scope for improvements in generation of revenues. However, even with such limitations, our achievements towards collection of revenues are no less remarkable. As we all know, different departments under my government are collecting revenues. Taxation, Excise & Narcotics, Transport, Accounts & Treasuries and Land Revenue & Settlement are involved in collection of tax revenues. Even with the limitations that we have, I assure the hon'ble members that utmost efforts will be on with the departments so as to ensure higher collection while maintaining optimum levels of taxation without creating undue burden to the general public.

98. Let me now highlight some proposals on Tax and Non-Tax revenues.

***Improvement of Tax Administration***

99. I mentioned in my last budget speech about the issue of Audit Assessment on VAT. The exercise we had carried out resulted in increased collection much beyond our estimation. As a result, the estimated collection on VAT in 2006-07 (BE) of **Rs.35.00 crore** improved to **Rs.53.72 crore** on actual collections for the year. In percentage terms, this improvement touched **53.49 per cent** which was not insignificant.

100. To increase the efficiency of collection of tax, we had been taking up strengthening of man-power in Taxation Department. We expect to achieve higher tax collection efficiency with this measure.

### **Proposals for Tax Rates**

#### ***Land Revenue, Stamps and Registration***

101. I propose to maintain the existing rate in 2008-09.

#### ***State Excise***

102. With total prohibition in force in the State, the contribution of State excise duty to the total revenue may continue to be modest.

#### ***Value Added Tax (VAT)***

103. As the rates of taxes are implemented in line with the recommendations of All India VAT Empowered Committee, it is not prudent to make our own commitment for tax levels. However, as tax on VAT continues to remain the major source of tax revenue, I may like to review the rates in tune with the recommendations of the Committee.

#### ***Taxes on vehicles, Other taxes on Goods & Passengers***

104. I propose to maintain the existing rates.

#### ***Non-Tax Measures***

106. While I do not propose for new measures on collection of non-tax revenues during 2008-09, we would ensure efficiency in collection.

### **VIII CONCLUSION**

107. Mr. Speaker Sir, I shared with the hon'ble members my dream of development and a bright future in my last year's budget speech. I am still confident of the possibility of bringing our state in the forefront of development with the active support of the ongoing policies of the government of the public. At the national level, the vibrant nature of the Indian economy is buttressed by the estimated growth of **8.7 per cent** for the current year according to the advanced estimate of the Central Statistical Organisation. Advanced estimated growth rate of our state's economy at **6.74 per cent** is no less reassuring.

108. In the fiscal federalism of the country, it is a precondition for the state governments to work in close tandem with the government at the centre so as to bring about convergence of resources that flow to the States in various forms. It is the continued stance of my government that the various resources that are transferred to us in various forms like Finance Commission transfers, transfers of the Planning Commission for State Plans and those from the Central Government Ministries as CSS and CPS are optimally deployed for furthering the economic policies of my government.

109. It is in the light of the above that we are working with the central government in the priority sectors so as to bring about a change in the socio-economic landscape of the state. The successes we are achieving in Central Sector Schemes like SSA, MDM, NHRM, ARWSP, RGGVY, etc. are clear indications of my government's commitment to the convergence of schemes for socio-economic development of the state. The partnership we have with the Asian Development Bank since the recent past is a sign of our commitment towards attraction of investments from other sources for economic development.

110. In the light of what I have mentioned in the preceding paras, I may share with the hon'ble members that there is a very bright future which could materialize in a few years'time so that the people of the state can reap the benefits of development and prosperity.

111. Sir, I would like to thank all the hon'ble members of this august House for giving me a patient hearing. Before I conclude my speech, I would like to call upon the hon'ble members to bestow their well considered thoughts on the various proposals and programmes made in the next year's Budget Estimates and favour this august House with the benefit of their wisdom, valuable ideas, experiences and positive advice.

With these words, I commend the **Supplementary Demand for Grants 2007-08** and the **Budget Estimates for 2008-09** for consideration and approval of this august House. Thank you, Sir.

S P E A K E R : Hon'ble Chief Minister have now laid on the table of this House Demand for Grants 2007-2008 and Annual Budget Estimate 2008-2009 for approval.

A copy of **Annual Budget and Supplementary Demand for Grants** and relating documents may now be distributed to the members.

Alright, our discussion for today is now finished there will be no discussion tomorrow since it is **Chapchar Kut**. Meeting will be resumed on Monday the 17<sup>th</sup> March at 10:30 AM

Sitting Adjourned at 3:05 PM