

SPEAKER : 'Give to every one who begs from you and of him who takes away your goods do not ask them again' Luke 6:30
Starred Question No. 161 to be asked by Pu H. Liansailova.

PU H. LIANSILOVA : Mr. Speaker, will the Hon'ble Minister in-charge Power & Electricity Department be pleased to state -
(a) Whether all the necessary clearance has been obtained for Bairabi - Tlawng Hydel Project (b) What is the steps taken so far for the commencement of the project ?

PU ZORAMTHANGA CHIEF MINISTER : Mr. Speaker, the answer to starred Question no.161 are as below - (a) All the Necessary clearance have already been obtained for Tlawng Hydel Project.
(b) As invited by the Power Minister fund has been sought from development bank for the project.

PU H. LIANSILOVA : Mr. Speaker, a supplementary question please. It is pleasing to hear that clearance has already been obtained for the project. I would further like to ask how far the government has taken steps in regard to newly claimed compensation and what are the measures taken to avoid obstacles on the way.

PU LALDUHOMA : Mr. Speaker, I think the subject under discussion is relevant to Tuirial Hydel Project . Is it true that the authority of NEEPCO has towards abandoning Tuirial Hydel Project? Is it a fact that the project is not abandoned due to the pressure from the Power Minister? What is the reason for the tremendous increase in RE and if the RE is approved how will it affect the generation lost? What is the policy of the government in this regard?

S P E A K E R : Though the subject of Tuirial is not relevant to the main one. The Minister may please furnish his reply.

**PU ZORAMTHANGA
CHIEF MINISTER** : Mr. Speaker, we cannot argue that the compensation involved in Bairabi Hydel Project should be high compared to other Hydel Project in Mizoram. With the help of the NGO's the govt. has taken various efforts to lighten the burden of compensation. The govt. also received cooperation from the public . World Bank has already studied the funding system, but, not yet given its decision. In case World Bank refused to provide fund, we have been looking for another source. According to either central project 12 % of power goes to share of the State free of cost and the funding system is not problem . But as a state project, if we expect higher generation volume, the state govt needs to search for fund. Therefore, we want high power generation from the project and we need to contribute 90 % of the fund. If the state is not successful with World Bank in the funding system, we will look for others for funding.

In the case of the point given by Pu Lalduhoma, the record to NEEPCO is satisfactory in taking up Hydel Project. In the Case of Tuirial, NEEPCO tries to raise the estimated cost from 300 to 800. As I have stated earlier the concerned officials is set to have a discussion with NEEPCO on this coming Friday. Power requirement is very high in India and there is enough potential in the N.E. But, the problem is funding system. The center has fully realized this. As for Bairabi . I think compensation will not be a hindrance.

PU R. LALZIRLIANA : Mr. Speaker what is the rough estimate for Tlawng Hydel Project and its compensation?

It has been understood that compensation claimants has increased for Tlawng Hydel Project. The help of NGO's is even sought to ask the claimants to reduce the amount of compensation they claimed. Why does not the same been done for Tuirial Hydel Project as compensation is also a problem here?

For the period between 9.6.2004 – 13.8.2004 a bandh was organized at Tuirial area to the ongoing work. But, the government had not paid attention to it. Is this because the organizers of the Bandh belongs to the relatives of the Chief Minister?

- PU H. ROHLUNA** : Mr. Speaker, is it true that NEEPCO had abandoned Tuivai Hydel Project owing to the pressure from the govt. of Mizoram?
- S P E A K E R** : Chief Minister may furnish his replies.
- PU ZORAMTHANGA CHIEF MINISTER** : Mr. Speaker, it is expected that 30 crores project including compensation. The reason for the abandoning of Tuirial Project is not due to bandh but for the demand to raise in the estimate.
- PU LALRINLIANA SAILO** : Mr. Speaker, I am convinced that NEEPCO left the project due to bandh.
- PU ZORAMTHANGA CHIEF MINISTER** : Mr. Speaker, I will repeat that NEEPCO has not abandoned Tuirial Project because of the bandh.
- PU LALRINLIANA SAILO** : Mr. Speaker, I would like to ask if our Engineers and experts have analyzed the R.E made by NEEPCO.
- PU ZORAMTHANGA CHIEF MINISTER** : Mr. Speaker, this is between Power Ministry and NEEPCO. The part played by the government of Mizoram is to analyze the compensation. For this matter a meeting is being held.
- PU R. LALZIRLIANA** : Mr. Speaker, Sir, I would like to request the Hon'ble Chief Minister to furnish the reason why the government had not interfered in the 10 day bandh organized in connection with Tuirial Hydel Project.

PU ZORAMTHANGA : Mr. Speaker , the govt. had asked them not
CHIEF MINISTER to organize bandh. But, a bandh was going on to show their dislike for the action of NEEPCO . Despite the steps

taken by the govt. NEEPCO refused to response . I had personally discussed the problem with the CMD in Shillong. But, NEEPCO still stand on increasing the estimated cost. Therefore, this is our problem.

PU R. LALZIRLIANA : Mr. Speaker,that is not the case. Relatives of the high authority and officials at the DC's office have made a deal by making bogus VC pass in order to claim compensation.

S P E A K E R : Your Points have no affect on the House. Therefore, the Minister may continue his speech.

PU ZORAMTHANGA : Mr. Speaker, if we are to be
CHIEF MINISTER responsible, it is partly the mistake of the former ministry that declared the area as Forest reserved. Because of that Forest department has received compensation. But, there are also private property and they have now claimed compensation. Now, the MNF ministry has to bear the burden to solve that problem.

PU R. LALZIRLIANA : Mr. Speaker, let us have on the spot notification to check whether Teak plantation really existed as claimed in the compensation (Interruption)

PU ZORAMTHANGA : Mr. Speaker, the compensation has been
CHIEF MINISTER decided after verified by Power Department, DC and NEEPCO. NEEPCO had even agreed with it.

Regarding Tuivai Hydel Project, NEEPCO is not pressed by the government to abandon it. But, the project has been abandoned due to funding problem.

S P E A K E R : No new developments can be seen from the debate. It is desirable if the govt. can thoroughly examine compensation cases in future. Starred question no.163 to be asked by Pu Sailothanga Sailo.

PU SAILOTHANGA SAILO : Mr. Speaker, will the Hon'ble Minister i/c E & F department be pleased to state –
(a) The measures taken by the govt. to combat the imminent bamboo flowering.
(b) Whether assistance has been received from the central government. If so, what is the amount? (c) Has the state government expecting more assistance?

DR. R. LALTHANGLIANA MINISTER : Mr. Speaker Sir, here is the answer – (a) The govt. is taking precautionary measures in various aspects for the imminent (Mautam) bamboo flowering plan has already been submitted to the central government. (b) During the period 2004-2005, 20 crore rupees of Additional Central Assistance has already been received which will be distributed to various 13 departments for use as necessary. (c) The question of continuation of this assistance from the Central government, BAFFACOS scheme is made to cover 5 years only and will be continued within this 5 years.

PU LALRINLIANA SAILO : Mr. Speaker Sir, we have learned from the statement of our Chief Minister that the amount sanctioned for compensation of Forest in the area of Tuivai Hydel Project is 7 crore. My question is - whether the sanction has already been utilized to combat against Mautam Famine? Which areas are under the coverage of Compensatory Land?

PU SAILOTHANGA SAILO : Mr. Speaker Sir, may the concern Minister give some points of the said action plan?

PU LALDUHOMA : Mr. Speaker Sir, In my opinion God has given us natural wealth in bamboo across our state and it is obvious that the plant is multiplying naturally without the necessity of establishing laboratory for tissue culture. But now we are having the laboratory. My question is – Whether this is used for processing bamboo seeds for worldwide commercial use advantage?

S P E A K E R : I, now call upon Minister for Forest Department.

DR.R. LALTHANGLIANA : Mr. Speaker Sir, in reply to the question of
MINISTER Pu Lalrinliana Sailo, sanction for compensatory land in the area around Tuirial Hydel Project had already been received since certain years back. I may produce copy of the detail later as I haven't prepared for this question at this time.

In reply to main question of Pu Sailothanga Sailo, the said action plan covers Bamboo Flowering and Famine Combat Scheme, and this has not been prepared only by Forest Department but by High Power Committee headed by the Hon'ble Chief Minister. Under this committee, Task Force is formed under the chairmanship of Chief Secretary which consists of coordination of various departments which will be put into force for 5 years. As a result of efforts made by the Hon'ble Chief Minister, the total amount of sanction for the scheme happened to be of 500 crore Rupees and out of the total sanction, 20 crore has already been received including 2 crore for Forest Department separately. The detail of action plan could not be given due to limit of time but sanction received by Forest Department be utilized for free works for land preparation, infrastructure acquirement for roads, for construction of ropeway, check gate and for the cost of extraction.

In regard to maintenance of nursery, 17 divisions of nursery existed to accommodate 30 lakhs of bamboo plants of numerous variety. (**PU SAIKAPTHIANGA** : I don't think it is necessary to maintain such an amount of plant seeds as each seed is supposed to disperse itself.) To resume my speech, 90% of bamboo is of a variety called Muli bamboo. In this relation, it is to be noted that number of trees are also being planted so as to maintain stability of soils of the selected areas. Here, there is an intention to grow a variety of bamboo which will not be effected by what we called Mautam and which will be consumed by the Industry.

S P E A K E R : Starred question No.164 to be asked by Pu H. Lalsangzuala.

PU H. LALSANGZUALA : Mr. Speaker Sir, here is my question. (a) What is the quality of Silpauline purchased by the government? (b) What is the cost price per piece? (c) Whether the people in rural areas can also avail Silpauline purchased by the government?

S P E A K E R : Pu Lalrinchhana, Minister, Relief & Rehabilitation to answer the question.

PU LALRINCHHANA MINISTER : Mr. Speaker Sir, here is the answer. (a) 70.GSM (b) Rs.725/- (c) Yes, the people in rural areas too can avail Silpauline from the government.

PU H. LALSANGZUALA : Supplementary question Mr. Speaker Sir, may the government improve the quality of Silpauline being distributed as the material cannot be used for the second time? In this way, I believe expenditure for purchase of the material may be reduced.

Secondly, it is regretted to learn that there are number of rural people who came to Aizawl for Silpauline returned empty handed despite recommendation of their concern MLA. I, therefore, request the government to give importance to the recommendation of the concern MLA or VCP as only genuine case is recommended.

PU LIANSUAMA : Mr. Speaker Sir, last year, quotation for supply of Silpauline was called on 7th May to be opened on 28th May for which only manufacturer, agent and dealer can apply. But surprisingly, the supply order was given to Delim Enterprise of Bethlehem Veng, none other than manufacturers, agents or dealers. Besides, Hauva & Sons had also been selected for the supply even though this firm fails to meet conditions given in the quotation. Not only this Mr. Speaker Sir, it is further learned that the selected

supplier from Bethlehem Veng applied by the name of Margaret Lalramchhani D/o Lalrintluanga who is underage and it is also a must for the selected supplier to produce clearance of House Tax and Professional Tax Certificate. It is obvious that the selected supplier from Bethlehem Veng is not having the necessary certificates to attach to the application. Hence, decision is made against the terms and condition for selection of supplier. The Hon'ble Minister may clarify the process in detail.

PU SAIKAPTHIANGA : Mr. Speaker Sir, during the year 2004-2005, what is the expenditure of the government for purchase of Silpauline? I would like to know number of Silpauline being allotted to each District.

S P E A K E R : Pu Lalrinchhana, the concern Minister to answer the question.

PU LALRINCHHANA MINISTER : Mr. Speaker Sir, the question on improvement of the quality of Silpauline being purchased by the government, since this quality last for barely a year or so, the Board calls quotation for supply of any type of water-proof materials such as Silpauline and Tarpaulin and discussion has been made for reduction of expenditure for this supply. In the selection of supplier of those materials, there are two types of recognized suppliers : - Floria Glamour, for supply of Silpauline and Hauva & Sons for supply of Tarpaulin (Black).

In regard to distribution of these items in rural areas, it is put in the hands of the concern District Commissioner, who is also the District Attorney and he may disposed of as necessary. In the case of unavailability of the item and the concern MLA makes a demand for his constituency, it may also be issued from the Directorate Office.

According to information collected,
allotment of the material to each Districts -

Aizawl District	-	4156
Lunglei District	-	1750
Saiha District	-	582
Kolasib District	-	1454

Champhai District	-	1307
Mamit District	-	800
Serchhip District	-	654
Lawngtlai District	-	900
Total	=	11,603.

Regarding supplier of the material, only Floria Glamour and Hauva & Sons are recognized firms where as Delim Enterprise too applied for the supply. But the Board determines to recognize this firm depending on that it complies with rules set by the Board itself. Since this firm is of the lowest bidder. I suppose the concern Board too favors to give the supply work but formality has to be completed. In the same manner, the Board too have its recommendation in the selection for supply of other items. But certain firms failed to produce documents demanded by the Board.

In regard to the question of under aged supplier, the Board too determines the matter very seriously, but accepted as the firm is not having problem because of age.

PU LIANSUAMA : Mr. Speaker Sir, we have seen here an order which runs 'as desired by the government vide. order no.- so and so dt. 7- 8- 2004 Rupees 2 lakhs may be released to Delim Enterprise, Bethlehem Aizawl, cheque be prepare and put up for signature please'. Mr. Speaker Sir, it is obvious that cheque and work order has already been issued to the said firm. But the concern Minister mentioned that enquiry on the said firm is being made as of now the concern Minister is giving wrong information to this House.

Moreover, Mr. Speaker Sir, this firm is not having dealership certificate while quotation is called on 28-5-2004 where as their Sale Tax Registration dated 29-7-2004 concerns only for retail distribution of Stationery, Motor Parts and Building materials and this does not cover by the quotation. I, therefore, insist on examining this matter once again.

PU SAILOTHANGA SAILO : Mr. Speaker Sir, I first of all would like to know the condition of the request to provide Silpauline to the villages such as Lungdai, Zanlawn and Thingdawl where some households had been destroyed by the recent hailstorm.

Secondly, it is learned that 1454 nos. of Silpauline is allotted to Kolasib District last year. Despite this allotment, I have made ...408/-

a number of recommendations to the needy within my Constituency but to no avail. I, therefore, request the government to give importance to any recommendation made by MLAs. Thank You.

PU SAIKAPTHIANGA : Supplementary question Mr. Speaker Sir. In regard to supply of Silpauline, there are certain terms and conditions to be fulfilled by the concern applicants. It is learned that Delim Enterprise of Bethlehem does not fulfill the said terms and conditions. It is not necessary to enquire whether they are able to fulfill the condition. Once the said quotation is not fulfilled, their application should lapse and invalid.

Secondly, I have made a question on the total expenditure for purchase of Silpauline during the year 2004-2005 but no answer is given. Besides, the concern Minister stated that the material is purchased @ 750/- per one. It is necessary to calculate whether the said expenditure equalize the total number of material being purchased.

S P E A K E R : I now call upon Pu Lalrinchhana, the Minister to answer those questions.

PU LALRINCHHANA MINISTER : Mr. Speaker Sir, the concern authority for selection of dealership and purchase Board calls quotation and then made its recommendation. It is then approved by the purchase Board and I am personally not acquainted with whom the Board selected.

PU SAIKAPTHIANGA : Mr. Speaker Sir, the statement of the concern Minister is absolutely wrong.

S P E A K E R : The concern Minister explains the situation as requested. If he is not acquainted with the applicant as he said so. We may take it for granted that it is right.

PU LALRINCHHANA
MINISTER

Directorate examines the applications and inquiry is made against certain firms.

Mr. Speaker Sir, if there is something wrong in the process, it is the Board to deal with the problem. In the case of supply of Poly - Tarpaulin also, the

and found some to be incomplete for which

is put in the hands of District Authority. purchase of Silpauline happened to be

In regard to distribution of Silpauline, it During the year 2004-2005, expenditure for purchase of Silpauline happened to be 106 lakh rupees.

S P E A K E R

: Starred question no.165 to be asked by Pu H.Rohluna

PU H. ROHLUNA

Starred question no.165 for favor of answer by the Minister of Rural Development. (a) During the year 2004-2005, what is the amount of financial sanction received from centrally sponsored scheme BADP? (b) What is the amount allotted to each RD Block of the area covered by BADP?

Starred question no.165 for favor of answer by the Minister of Rural Development. (a) During the year 2004-2005, what is the amount of financial

S P E A K E R

: The concern Minister may answer the question.

PU AICHHINGA
MINISTER

additional fund of Rs.724 lakhs is about

Mr. Speaker Sir, during the period 2004-2005, normal allocation from BADP is Rs.832 lakhs. We have already received an information from the central that to be released.

Here is financed allotment of BADP to each RD Block of the area covered by the project -

- | | | | |
|----|-------------------|---|--------------|
| 1. | NgopaBlock | - | Rs.55 lakhs |
| 2. | Khawzawl Block | - | Rs.100 lakhs |
| 3. | Khawbung Block | - | Rs.64 lakhs |
| 4. | Lungdar 'E' Block | - | Rs.52 lakhs |
| 5. | Hnahthial Block | - | Rs.70 lakhs |
| 6. | Sangau Block | - | Rs.48 lakhs |
| 7. | Tuipang Block | - | Rs.90 lakhs |

8.	Lawngtlai Block	-	Rs.55 lakhs
9.	W.Phaileng Block	-	Rs.66 lakhs
10.	Bunghmun Block	-	Rs.65 lakhs
11.	Lungsen Block	-	Rs.65 lakhs
12.	Chawngte Block	-	Rs.65 lakhs
	Total	=	Rs.796 lakhs

Besides, Rs.5 lakh is allotted for preparation of documentary films, for setting of community listening/viewing Rs.6 lakhs for the 12 RD Block. Rs.25 lakhs has also been allocated for BADP Monitoring cell.

Hence, the total amount received under BADP is Rs.832 lakhs.

S P E A K E R : Starred question no.166 to be asked by Andrew Latherliana

PU ANDREW LALHERLIANA : Mr. Speaker Sir, my question is--
(a) Whether the government of Mizoram and NEEPCO have signed MOU for construction of Tipaimukh Dam Project? (b) If so, When? (c) What is the share (in percent) of power in respect to Mizoram?

S P E A K E R : Pu Zoramthanga, Hon'ble Chief Minister to answer the question.

**PU ZORAMTHANGA
CHIEF MINISTER** : Mr. Speaker Sir, here is the answer.
(a) MOU for construction of Tipaimukh Dam Project is not existed. (b) Does not arise. (c) Does not arise.

S P E A K E R : Pu Andrew Latherliana.

PU ANDREW LALHERLIANA : Mr. Speaker Sir, as we have listened yesterday some sort of arrangement is made even though MOU has not been signed. It may be wise for the government to put pressure on NEEPCO to increase power supply from this project on the basis of large area contributed by the government of Mizoram for catchments area.

S P E A K E R : Pu Zoramthanga, Chief Minister may give the answer.

PU ZORAMTHANGA CHIEF MINISTER : Mr. Speaker Sir, Tipaimukh Project is estimated to produce 1500 MW and is to be constructed in the order of Mizoram and Manipur. According to the assessment of NEEPCO, construction of this Dam will take more than 5163.96 crore. The government of Mizoram have not yet produced NOC for the construction yet communication relating to our demand for the construction had already been made. According to the project report, the Dam is expected to cover 10,000 hectares of land where a 1,600 hectares on Mizoram side. From this catchments area on Mizoram, power percentage is 0.6 which is 9 MW and the rest 170 is the share of Manipur. As already mentioned, we have communicated our demand yet no response is yet received.

Presently, this project is at a pre-stage where as NOC or MOU has not yet been done from our side.

S P E A K E R : Today, the following members Pu Sainghaka, Pu K.Lianzuala and Pu P.P Thawla are absent.
I now call upon Pu Zoramthanga, Chief Minister to lay on the table of the House MIFCO Annual Report 10.

PU ZORAMTHANGA CHIEF MINISTER : Mr. Speaker Sir, with your permission and of the House. I, now lay on the table of the House 10th Annual Report of MIFCO 1.4.1999 – 31.3.2000.

S P E A K E R : We will now continue with our business. We are having 2 bills to discuss today, the first one – Passengers and Goods (Taxation) Bill, 2005 which is of Transport Department Bill and the second one is Mizoram Value Added Tax Bill, 2005. We may take up the second one first which has already been introduced to this House on 16.3.2005. I call upon Pu B. Lalthlengliana Minister to move to this House.

PU B. LALTHLENGLIANA MINISTER : Mr Speaker Sir, I first of all want to extend my thanks to this House for giving an opportunity to move this Bill for discussion. This Bill is expected to put into effect not only in Mizoram but the whole country at the same time. Which will make history for Mizoram too. This Bill is being prepared urgently and some errors might have been found which may be amended as necessary.

Since there are two opinions in regard to introduction of Value Added Tax in Mizoram, it is necessary to discuss here in the House. Consultation has been made to various NGOs and their support is being obtained as the matter is of an important step towards progress. To familiar with the meaning of VAT, it is the tax to be taken by the concern manufacturers and retailers from the product he had made. VAT is introduced globally yet mode of their practices may not be the same.

France introduced VAT since 1885 and time passes and after hundred years 130 countries do the same. Even in the continent of Asia, South Korea introduced this VAT by the year 1997, Japan 1989, Pakistan 1999, Bangladesh 1991, China 1994, Sri Lanka 1995 and India gives its thought too as all the neighboring countries are introducing it. Proposal for introduction of VAT came into existence during the Ministry of NDA and was approved at the Chief Ministers Conference on 26th Nov.1999. A committee on empowerment of the State Finance Minister to monitor sale tax reforms was then form under the chairmanship of Dr.Asim Das Gupta, Finance Minister of West Bengal. In the same way, our Prime Minister Shri Manmohan Singh, during his Finance Ministership in the previous Congress Ministry have also given a thought about this and as a consequence, NDA government approved introduction of VAT. Again, Pu P.Chidambaram too had made efforts for the achievement of the same in order to improve the economy of the country.

This bill contained 12 chapters and 86 sections. Besides, it also includes 3 schedules. The first schedule notified exempted goods of 46 items. The second includes 4 parts with part 'A' - Zero rated goods, part 'B' - items from which 1% of tax be taken, 'C' – 4 % with 88 entries. In addition to this, it also includes 30 products Annexure of 30 nos. and 164 items of Industrial input annexure. Part 'C' includes 274 entries. Part 'D' includes items from which 12.5 % of tax be taken with 152 entries. Schedule 3 give the detail of

...413/-

contract work from which tax be taken and rate per labour charge and amount of deduction permitted.

As soon as VAT is introduced in Mizoram. It will repeal the Mizoram Sale Tax Act, 1989.

Regarding the opinion that it is not safe for our state to introduce VAT before having appropriate rules, it is agreeable to a certain extent. In this connection, I would like point out Trading Regulation. As already mentioned by the concern Minister of Trade & Commerce, it is obvious that we are not able to have this particular rule due to the fact that the state government is not vested with this power. For this reason, we have been preparing Trading Regulation since the Ministry of Congress Party in our state and then moved to the Assembly for its approval. But as the bill contradicts the Indian Constitution Article 304 (B) approval of the President of India cannot be obtained. Due to lack of appropriate power by the state to make so reasonable restriction, we are not able to have our own Trading Regulation and of this reason, we are compelled to introduce Sale Tax in Mizoram.

It is regretted that certain persons spread the news that VAT system is being made applicable to locally produced vegetables which is absolutely untrue and only is of intimidation to the concern people.

Regarding fixation of Taxable limit and threshold limit, it is to be noted that this concerns only the products within the state with the turn over or gross profit of 3 lakhs a year or so. Presumptive payment of tax has also been made to gross profit less than 10 lakhs. Besides, it will not be necessary to give tax by the Industry or manufacturers who are making profit less than 2 lakh a year.

Not only this Mr. Speaker Sir, I would also like to inform the House that if this Bill for VAT is passed, programmes concerning this matter will all be computerized and will be funded by the Central. It is learned that the work has already been given to TATA consultative committee. Information exchange system will also be made available by means of net working computers across the country. Mr. Speaker Sir, hopefully, the state revenue will improve if all the aforesaid matter is achieved.

S P E A K E R

: We will now discuss from the light of introduction made by the concern Minister of Taxation Department. To start with, I call upon Pu Zodintluanga to have his speech.

PU ZODINTLUANGA : Mr. Speaker Sir, I first of all would like to extend my appreciation to the Minister of Taxation Department for his effort to convince even members of the Opposition by keeping aside his true opinion on this matter. The Minister himself have already mentioned the necessity of passing of this Bill and effort made by the government for the achievement of VAT. In this connection, I would like to request the Minister to explain in detail the effort which has been made so far and how long preparation is going on.

Mr. Speaker Sir, it is regretted that the people of Mizoram particularly those concerned with business are beginning to face hardship in connection with import of goods. Even more, as soon as the Bill is passed, it will be necessary for the concern businessmen to have their registration and Tax Identification Number (TIN) otherwise order could not be made to their concern agents. It is, therefore, necessary to determine whether the government is ready to produce such necessities for the businessmen. If we have to wait completion of networking of computer as pointed out by the concern Minister regular supply of goods will not be possible and scarcity of daily needs will then be existed.

Since this Bill is of public concern, it is much important for the government to have preparation so that the concern businessmen as well as the people do not suffer during the period of transition.

As we have been experiencing the ill-effect of popularity of imposition of tax in our State, it is regretted to learn that Sale Tax or Professional Tax has not been taken from eminent suppliers from outside the State where as even poorer section of the people in our state are compelled to give taxes. It is, therefore, much important for the government to determine collection of taxes from flying businessmen from outside Mizoram.

Last but not least, it is important for the government to determine how to alleviate the burden of businessmen least if we pass the Bill for introduction of VAT and also resolve their problem as a result of introduction of VAT.

PU SAILOTHANGA SAILO : Mr. Speaker Sir, I first of all would like to express my desire to the government to give more time to the people for adjustment before introduction of VAT. Otherwise, economic assimilation will be looming as our main problem. Experts who are concern with preparation of VAT believe that VAT will change economic condition of the country as for this reason, chance for adjustment for the people as VAT is introduced, strict regulation will be maintained and it will be

necessary for each businessmen, to have their registration. If any concern person fails to do so, penalty will be given. On the other hand, it will not be possible to all to make registration instantly and penalty is a must to the concern people.

In the meantime, it will be important for the concern authority to give awareness to the concern persons of VAT and miscellaneous items such as Input Tax Credit (ITC), Export and Import, Stock Exchange, Tax Payer Identification, Return, Sale Assessment, Audit and all the incentive that concern with VAT. It is, therefore, necessary for the government to give the chance to the concern people to study about VAT and miscellaneous.

Besides, Mr. Speaker Sir, as soon as VAT introduced in our State, Central Sale Tax (CST) is supposed to be abolished. In my opinion, we are having difficulties to abolish CST instantly and may be put for the decision of empower committee to do so when the situation is suitable. In this connection, it is learned that there are 550 items under the coverage of VAT and the rate is fixed that is 12.50% at maximum and 4% minimum. Where as the existing rate of the government is 12%, 8% and 4%. It is, therefore, necessary to determine for the government of whether this changing could be of a burden to the concern people. As we have seen here, 270 out of 550 items are of capital goods from which 4% will be charged and 12% from 280 items. Obviously, this changing will be of a great burden to the people. For this reason, confederation of All India Traders determines the situation and decides to call total bandh through out the country in protest against introduction of VAT.

In the same manner, procession had been held in Mizoram in protest against immediate introduction of VAT.

I, therefore, request the government to give awareness to the people prior to introduction of VAT. Thank you.

PU LALDUHOMA

Mr. Speaker Sir, to start with, it is absolutely wrong to teach Mizoram as making less contribution of Tax in comparison with other states as it has been made in every tax except of Income Tax. In this regard, it is to be noted that in determining the economic condition of our State contribution we have been made so far is good. VAT itself is good enough as it is being widely used. But we have to determine whether we the Mizos will be saved from assimilation by non-Mizo traders.

In this connection, I have even made a question in the last session of whether the government achieved Trading Regulation and in reply the concern Minister stated that Trading Regulation meant for the safety of the

Mizos is being prepared. But it is confusing to learn that the same Minister mentioned yesterday that matter concerning preparation of Trading Regulation does not arise. It is, therefore, regretted to learn that the government gives up preparation of measure for the safety of the Mizos. It reminds me of the value of trading by non-tribal regulation-1953 which had been renewed with the effort given by the late Chief Minister Pu Ch. Chhunga. Yet, it is regretted that this also had expired as other leaders ignore the importance of that regulation after Pu CH. Chhunga have left.

Furthermore, Mr Speaker Sir, the said regulation concern with control of non-mizo traders in our state which has been planned on the basis of 6th Scheduled Amendment 10 para. But later it is being removed since the time of District Council. We no longer have any foundation even if retainment of this regulation is felt to be necessary. It all began during the Chief Minister ship of Pu Laldenga, acquiring the support of Pu Santosh Mohan Dev, the then MP from Silchar Constituency to move to Parliament for enhancement of power to the Governor so that the ruling Congress Ministry in District Council cannot act against the will of the State government ran by MNF Ministry. By taking opportunity of Pu Laldenga's request, Pu Santosh Mohan Dev included bill for removal of the said Trading Regulation for traders of his constituency and was then passed in the Parliament. A Press Conference had even been held to express our dislike of this decision.

If we insist retaining this Trading Regulation, we have to determine of what steps to be taken. In my opinion, it is necessary to make our own Trading Regulation provided with the assent of the Governor. We must also ready to face the result even if court case is filed against us no matter we lost the case or not.

The Second remedy in my opinion is, appropriate enforcement of ILP in our state. It is important to determine how to keep up with ILP. We have seen at the 8 para. of Mizoram Accord that ILP cannot be removed unless the government of Mizoram is consulted first. We have also seen in the State of Mizoram Act, section 43 that any existing regulation of Mizoram will be adopted at the coming Mizoram State. It is, therefore, obvious that those regulations are still in existence and what is importance is to determine how to make the best use of such regulations.

In this connection, it is necessary to Review how such regulations are exercised. Sale Tax is introduced in Mizoram on 11.4.1990 during the Ministry of Congress Party where as there are 75 registered non-mizo traders. This indicates we are not safe from assimilation and consequently the collection of Sale Tax Act was stopped. Again, as MNF Ministry came into power, a review on Sale Tax was held and registration of 72 non Mizo traders was cancelled. A gazette notification was then issued with the order that any trader

under Sale Tax Act should have their registration with 2 years of ILP validity. Again later in June 24, 2004 the government issued guidelines to enable enforcement of ILP which is now still in existence.

Next, we have to determine of whether regulations under Sale Tax Act will again be adopted under VAT. If we look into section 21, no such instruction is given except that ILP guidelines be followed which I felt as not being safe enough. It is therefore wise for the government to include power of amendment under section 83 of power to remove difficulties. If we fail to do so the case will be more serious than expected. As already pointed out at section 21 any registration under Sale Tax Act whether Mizos or Non-Mizos be brought under VAT. Here, I would like to know number of temporary and permanent trade license issued during District Council which may be brought under Sale Tax Act. The concern Minister may furnish the exact figure later on so that number of registered – non mizo traders under VAT will be known.

Not only this Mr. Speaker Sir, as we have learned from the news papers, there are 700-800 illegal traders within Mizoram presently. We will be able to check those illegal traders thoroughly as they are able to sell their goods at cheaper rate than that of those legal traders since the formers are not concern with VAT. It is, therefore, important to determine how to drive off those illegal traders for the safety of our very own traders. It will be much appreciated if leader of the House explained in detail of the plan to be taken by the government relating to this matter for the safety of our own people so that no objection is made against introduction of VAT.

In regard to fixation of presumptive tax i.e 10 lakhs turn over obviously corruption will evolve here. Not only this Mr Speaker Sir, I don't understand why the department of Taxation suddenly needs creation of 110 new posts. If office work of the department have to be computerized, the demand for man power too would be lessened. The leader of the House may explain this confusion later on. If we understand the necessity of this plan, we the members could oblige accordingly. Thank you.

- DEPUTY SPEAKER** : I now call upon Pu Liansuama to have his speech.
- PU LIANSUAMA** : Mr. Speaker Sir, in my opinion, it is not surprising to learn that the MNF Ministry is introducing new kind of tax as its so happened in their previous

Ministry also not only of this tax. Passenger and Goods tax will also be introduced and by the following year, the Aizawl Development Authority Tax..

Mr Speaker Sir, the effort made by the concern authority for drafting of this bill is much appreciated as it is expected to provide the safety of the Mizos from assimilation of traders from outside Mizoram. Yet, I would like to point out few sentences which could be hardly understood.

Firstly, what do we mean by this 'contractual transfer price' as it is repeated used in the drafting of the bill. Secondly, as we have listened suggestion made by certain members, VAT will be made to non-mizo traders too. But the problem is, which part of this bill will cover to that effect? It is also necessary to determine whether those suppliers under Police Modernization scheme have paid Sale Tax and the same with other suppliers of departments such as P & E, PHE and PWD. As we have known the work of Serlui Hydel Project too is now in progress under the Bharat Electricals. It may also be clarified of whether such prominent firm too are effected by VAT. In the case of Teirei Hydel Project which has already been privatized, to what extent does this VAT effect? Not only this Mr. Speaker Sir, obviously VAT also concern local contractors for which it is necessary to make a clear cut guideline and how will tax be paid by those contractors.

If we look into exempted list given here, there are 5 entries from which 1% of Tax be taken, 88 entries from which 4 % be taken and 152 entries from which 12.5% be taken. Totally there are more than 500 entries. By examining the list, there are certain items from which tax is supposed to be taken for which leader of the House may later clarify the whole processes.

Mr Dy.Speaker Sir, it is also pointed out that the sale of goods as specified in schedule 1 shall be exempted from tax under this Act subject to conditions and exception set up there-in. It is, therefore, believed that more oppression will be suffered by the public and that it is necessary to reconsider the matter.

The question of time for enforcement of this bill is here given as it is mentioned that " It shall come into force on such date as the government may, by notification in the official gazette appoint". In this relation, I opine it is necessary to give the people chance for adjustment so does the government, to give awareness of this upcoming bill.

DEPUTY SPEAKER : Next, Pu R. Khawpuithanga.

PU R. KHAWPUITHANGA : Mr. Speaker Sir, Mizoram as we all have known is fully depending on centrally sponsored budget and we could hardly contribute 3% of our budget despite pressure from the Central Government to mobilize 100% of our budget. We should be ashamed of ourselves for living on resources of other states.

The decision of the government for introduction of certain kinds of tax is in way agreeable as the situation compels us to do so. In my opinion, this is not a matter of laying blame on the ruling party or else as it is time for us to determine resources.

We have already listened various speeches about VAT and the concern authority have even discussed the matter with each of the MLA and we all seem to feel its importance. Yet, the pros and cons of this bill has to be discussed here in the House. As already pointed out, the system of VAT is widely introduced and even our neighboring states are ready to use it. Presently, 21 states out of 29 are preparing for introduction of VAT in their respective states. We must also comply with the decision of empower committee for introduction of VAT with effect from 1st April.

It is to be noted that the government of India no matter which party controls the machinery of the government is having financial problem. As a matter of fact, it is often necessary for the Prime Minister of India to have a quality in order to improve the economic condition of the country. Likewise, the job of Finance Minister needs extensive knowledge of economic and financial conditions of the country. It is, therefore, wise for us to accept the ides of our expert leaders particularly relating to VAT as all the neighboring states too are complying with instruction of the central government.

Yet, it is important for the concern authority to determine how to cause the least burden to the people if VAT has to be introduced in our state. As we have seen here, schedule I gives the detail of items from which tax will not be taken and schedule II gives the detail of taxable items. As far as my knowledge is concern, I don't think it is appropriate to introduce this bill without having our own trading regulation first. But considering the practice of ILP without negative reaction obviously the condition is safe if not completely. It is therefore, intended to introduce VAT in our state on the basis of ILP for the time being. There is no reason for us not to be introduce VAT if other states are able to do so.

DEPUTY SPEAKER : We will now have recess and the meeting will be resumed at 1:30 PM.

PU F. LALTHANZUALA : Thank you Mr. Dy. Speaker Sir, In my opinion, Sir, since introduction of VAT is originated from the idea of experts of the Central Government, we have no reason to criticize the plan and we may pass accordingly. In this way, our state will then catch up with global uniformity with introduction of VAT. Not only this, it will also pave the way for the state to have a better dealing with the Central Government as the status of our state will then be improved.

It is, therefore, necessary for this House to pass this unanimously. Thank You.

PU ANDREW LALHERLIANA : Thank You Mr. Speaker Sir. Obviously this bill will be passed by this House since it is of an official bill from the ruling side. In this connection, I would like to point out that the government is not giving enough chance for preparation to the people. In the same way, the concern authority fails to answer certain questions relating to VAT during the meeting at Synod Conference Hall, obviously because of lack of preparation to that effect.

In other states such as Andhra Pradesh, the concern committee after having prepared the bill, publicized to the people by insisting opinions and suggestion for a certain period of time and then modified as necessary. In this relation, it is to be noted that in order to get the public opinion on VAT, the government of Andhra Pradesh have even publicized the drafting two months before it was actually introduced.

But in the case of Mizoram, inspite of taking public opinion the bill has been kept as confidential even if demand is made, speaking of Andhra Pradesh, the then Chief Minister of Andhra Pradesh have even stated that "till the traders in the state do not agree to the implementation of VAT, the state will not implement it." It is much desirable if our government is taking an example from the said state government.

Mr. Speaker Sir, in reply to the question of House Committee of the problem which may arise out of preparation for introduction of VAT, Taxation Department emphasizes that at least 300 more employees is s required so as to implement VAT effectively. But till date no such employment has been made. I personally have no reason to criticize the bill body but what is important for the concern authority is to provide enough time of preparation to traders community.

In the meantime it may also be necessary to determine the strength of our state. It will not be applicable the fixation of tax made by other states. For instance, if we look into schedule 2 part (b), only 1% of tax will be taken from gold, precious stone, silver, platinum etc., which concern only of rich people in our state. It is not appropriate to take example of other states as the said items are attached to their traditionally and are attached to their way of life. But in the case of Mizoram, the situation is absolutely different and is not suggestive to take less tax on the said valuable items.

Next, we have seen here at clause II and sub clause III, rate of tax with the amendment of tax rate. In this regard, it is to be noted that any refixation of tax has its effect in the cost of living. In the case of traders, goods which has already been delivered before will also be effected automatically if the rate is increased. It is, therefore, necessary for the concern authority to give three months notification before implementation as it is mentioned in the Act that "The state government after giving notification in the official gazette not less than 3 months notice of its intention to do so may by like notification either reduce or increase the rate of tax specified in the said scheduled listed," by pointing out the list and there upon the schedule shall be deemed to be amended accordingly. Even if clause II, sub clause III could not be altered instantly it may be necessary to make amendment what the rule is prepared so as not to create problem for traders.

Relating to ILP, I support the opinion of a member from Ratu Constituency as it is important to determine whether ILP is being enforced effectively if we have to depend on ILP for implementation of VAT. In this connection, I would like to request the government not to take immediate step for introduction of VAT as all the states governed ran by BJP Ministry are not intending to use VAT as our state too is governed by the party that support BJP.

DEPUTY SPEAKER

: Next, Pu Lalhmingthanga.

PU LALHMINGTHANGA

: Thank you, Mr. Speaker Sir. As already pointed out by certain members, various Ministries in the Central Government determined to rationalize tax structure of the country. Besides, every states has their respective state finance taxes. There are certain items from which tax is taken twice. In order to avoid such mistake, our experts in the Central Government determines the structure of VAT very carefully. We, the states of North East India due to the poverty of our economic status are being graded as special category and further

provided concession while determining uniform floor rate of sale tax. As time passes by the Central Government now again determine to introduce VAT though out the country by giving instruction to each state. Even though there could be a chance to evade the instruction, I opine the department is not well-prepared to take that opportunity.

Mr. Dy. Speaker Sir, if we look into list of taxable items, there are 46 exempted items. Here, I opine it is important to use the Act effectively as being quoted here, "It shall come into force on such date as the government may, by notification in the official gazette, different dates may be appointed for different provisions of this Act". The statement itself shows that we are not ready yet to use the said with effect from 1st January.

As we have seen here in the list, there are number of formalities to be followed by the concern traders such as maintenance of Accounts & Records, Tax in-voice, Automation, requirement to provide information, Audit Accounts, dealer to declare the name of the business manager. If so, it is necessary to give some sort of training to our traders. I, therefore, would like to suggest to the concern authority to lay down appropriate plan for public and traders education.

Besides, Mr. Dy. Speaker Sir, it is also important to determine for the government as well as the concern public of how to fight back economic assimilation. In order to do so, it is necessary for the concern official to identify all the Benami Traders within our state and terminate their permission if found. In the same way, flying business is very popular in our state and it even involves in some major construction works of various departments. Mizoram is now turning into tax exemption paradise to those non-mizo traders which is of a serious problem. It is, therefore, important for the government to determine some measures so that tax is no longer avoidable to those non-mizo traders.

In regard to the problem of transportation, most of the commodities here in Mizoram are not of our own product since we are not an industrialized state and due to this reason, we are being obstructed to improve our economic status as we are in a bottlenecked state. It is, therefore, wise for the concern authority to determine how to cause less burden to ordinary people if we are free to fix the tax on our own choice. In regard to introduction of uniform rate also, it may be wise to rationalize the rate keeping in mind our status of a non-productive or non-industrialized state so that the people of all level enjoy the same opportunity.

PU LALTHLENGLIANA

:

Mr. Dy. Speaker Sir, In my opinion there is nothing to worry about ILP as the rule no. I sub section III provides us so the power to make alteration as our

...423/-

own convenience. If the situation demands, we still have the chance to re-examine ILP which may be amended as necessary later on. I, therefore, opine it is safe enough for the time being and this bill be passed here in the House unanimously. Thank you.

DEPUTY SPEAKER : Pu R. Lalzirliana.

PU R. LALZIRLIANA : Thank you Mr. Dy. Speaker Sir. As there is no permanent animosity in the field of politics, it may be important for the government too to be able to change its opinion overnight. What is best for us is to determine the best for our people and the state. It will not be appropriate if we have to pass this bill only because of pressure from the Central Government. What is best for our leaders is to have their own conviction for the welfare of our people and the state.

Speaking of introduction of VAT in our state, it is necessary to determine of whether Taxation Officials are able to maintain the work appropriately. It will not be effective unless the existing system of administration of the department is not improved. Relating to this matter, I have to point out that the practice of corruption is commonly known in this department where even Inspectors at certain check gates are including to make personal benefit if opportunity arises.

Introduction of VAT is appreciated keeping in mind the process of Central Industry subsidy commonly applied by some well-to-do businessman by means of fake-documents. Such kind of malpractices will then be checked. Despite objections made by various members or the people against passing of this bill, obviously it will be passed since it is of an official bill from the Ruling Party. Anyway, let us hope for the best and it is to be maintained appropriately.

While our government had its preparation for introduction of Sale Tax Act in our State barely 50 items was included as we are not having the capacity to follow uniform floor rate. Even though no remarkable improvement has yet been made since then, we are now including 500 items at the same capacity of uniform floor rate under VAT. I don't think we could afford to so. Not only this Mr. Dy. Speaker Sir, there is a plan to recruit 113 new employees under Taxation Department who are likely to be paid from tax contribution from our poor people and it is much regretted. I, therefore would like to request the concern Minister to lay down appropriate policy in order to impose VAT. Thank you.

DEPUTY SPEAKER : Pu H. Liansailova

PU H. LIANSILOVA : Thank you, Mr. Dy. Speaker Sir. We have already listened that preparation is going on for introduction of VAT in our State. In the same manner, it has also been discussed in the Central Government. What has been decided by the Central Government will certainly yield a positive result for the country and of the states.

It is understandable to a certain extent that the concern people are reluctant to accept the plan completely as they are not familiar enough with the system and nature of this new bill since they hardly have the time to study about it. We have already learned that this plan covers 500 items. If so, it is obvious that large number of families will be effected as registration will be compulsory to anyone whose annual turn over is more than 2 lakh rupees.

Not only this, it will also be important to maintain careful dealing of record, account and invoice for which the majority of our traders are lacking of such efficiency and it will take sometimes to adjust with the situation. It could be taken for granted if certain traders are trying to draw attention of the government by conducting procession recently. Thank you.

DEPUTY SPEAKER : Pu H. Rohluna

PU H. ROHLUNA : Mr. Dy. Speaker Sir, I first of all would like to stress the need to give awareness to the public about VAT if we have to introduce right away. In the meantime, it will also be important to give training to the concern traders in order to maintain the new system purposely. Under the concern traders are not familiar with the purpose, I am afraid this will not be effective.

Mr. Dy. Speaker Sir, what I don't understand is the implication of VAT as a mean to reduce the cost of certain commodities. When transportation charge for goods will be increased and 12.5% of tax will be taken from most of the items. The concern Minister may later explain in detail.

In regard to Trading Regulation, I strongly support certain points raised by my fellow members as there are suppliers who can sell their goods at cheaper rate than that of our own Mizo traders as they are not concern by this Trading Regulation. Even if VAT is introduced in our state obviously the same trend will be maintained and it will not help us resolve the problem of assimilation.

Regarding fixation of tax on commodities for example soap and washing soaps the rate is fixed at 12.5% which I opine is too high as they are of daily needs to every household. It may be pleasing if the rate for such commodities is reconsidered.

Lastly, I would like to request the department as well as the concern authority to make relaxation for a certain period of time even if this bill has to be introduced immediately as it will effect all the consumers no matter what the condition of each concern family is so that we all could make adjustment with the situation sooner or later.

S P E A K E R : I now call upon Pu Lal Thanhawla and be followed by the concern Minister to wind up the discussion.

P U L A L T H A N H A W L A : Mr. Speaker Sir, as already mentioned by certain members, VAT has been a common topic in the discussion of the Central Government for many years and is now being treated as priority by the UPA government. As for the member and the people of Mizoram our knowledge of VAT is much narrow. It is, therefore, important for the concern traders and public to be familiar with this matter. In the meantime, the government should give enough chance to the concern people to acquire the knowledge and confidence about the matter. It is also necessary for the concern authority to determine this matter so as not to bring heavy burden to the poorer section of the people.

It is our obligation to follow instruction of the Central Government and is also necessary for the concern authority to take a careful step to that effect.

In regard to the speech made by a member from Ratu Constituency, I have to make a correction relating to Trading Regulation which is reported as ended by the year 1985. The exact year to that effect is May 1987. In this regard, I would like to mention that it is inappropriate to lay the blame on a particular political party as it was done so for the cause of the Mizos.

I would also like to point out that in addition to traders from outside, it is ourselves who have been exploited our very own economy due to our desire for more money. The problem to that effect is somehow less serious in compare to other state in the North Eastern regions. It is, therefore, necessary for the concern authority as well as the people to be careful of how to deal with the situation.

In the meantime, it is necessary for the concern authority to determine how to convince the public to that effect. In my opinion, we are not in the fixed date considering the on going preparation of the concern authority and of the public. Thank you.

S P E A K E R : I now call upon mover of this bill. Pu B. Lalthlengliana to wind up the discussion and then move to pass the bill.

PU B. LALTHLENGLIANA MINISTER : Mr. Speaker Sir, I first of all would like to express my appreciation as no member speaks against this bill but make formative suggestion for the achievement of the bill.

In fact, it is important for the concern authority to take careful steps so as to implement VAT. In the same manner, it is important for the concern officials and employees to deal with their jobs so as not to evolve the practice of corruption relating to the official works.

Presently, the only state which can be taken as an example for us is of Haryana. Which introduced VAT with effect from 1.4.2003. Our leaders have even enquired about the possible advantages and disadvantages of using Value Added Tax. According to the report of our Finance Minister to that concern, revenue income of Haryana government from sale tax is of 24% per year and this further resulted in decrease of cost price of the commodities. Let us hope to experience the trend as well.

In relation to this matter, I have to express my regret of the fallible rumors that sale tax will cover even vegetable vendors at the market places. It is listed down at the copy given to the members of taxable items and of exempted. It is time for us to stop the habit of spreading unreliable rumor which can effect moral of the public as a whole.

As soon as Vat is used in our state it will then be necessary for the concern traders to use Tax Invoice and this may cause apprehension to the concern community to a certain extent. Yet, it is important for the producers as well as retailers to maintain the practice so as to enable for the government to deal with the work accurately.

In regard to this matter, discussion is conducted by inviting leaders of certain NGOs and we all seem to convince ourselves with the necessity of VAT.

Regarding point raised by Pu Zodintluanga on the question of how to deal with flying business, section 85 provide that the department and local authority have to demand clearance certificate issued by Commissioner of Taxes from the concern contractor before the allotment of any contract works. Procession had even been organized lately by traders union because of misunderstanding relating to this problem. The government is trying its best to negotiate with those traders yet their demand is of the main problem which cannot solved instantly.

The question of whether our government is ready to introduce VAT in our state. I would like to point out that the Rules relating to this matter has already been prepared and instruction has also been given to Law Department to finish checking up of the draft so that it is laid during this budget session. But the department opines it is not necessary to take immediate action since it could be passed without laying at the table of the House if notification is issued beforehand. Even so, we have been pressing the concern Secretary to follow the instruction and till date no clear response has yet been received. What we have to know is that the rules has already been prepared and will soon be implemented after the Governor have given his assent.

Regarding the question of whether the department of Taxation is ready to issue Tax payers Identification (TIN) as soon as the rule is implemented, it is to be noted that unless the Governor have given his assent first for passing of the bill, it cannot be done so. After it is implemented each department which concerns with supply of material will then pursue their respective tasks and allotment of contract work without clearance certificate will then be restricted by this VAT.

In regard to taxation on contract work, it will be done according to section 8, sub section 2(c). In dealing with stock maintenance of the department, notification will be issued by the department which shall be followed accordingly.

PU LIANSUAMA : Mr. Speaker Sir, in the construction of city center for instance, 30% will be deducted according to schedule no.3 where as cement and stone chips are of taxable items where will the tax be given?

PU B. LALTHLENGLIANA MINISTER : Mr. Speaker Sir, as far as my knowledge is concerned, it will then be
...428/-

necessary for the concerned contractor to demand a receipt for purchase of items such as iron rods, cements etc., as they are of taxable items and the department will make the decision from the receipt being produced.

PU ZODINTLUANGA : Mr. Speaker Sir, according to Rules No.79, it is meant only for knowing the amount of stock. My main question in this regard is of fixation of sale tax to those items which has already been stocked. How will it be adjusted where as 8% or 4% will be taken from other items.

PU B. LALTHLENGLIANA MINISTER : Mr. Speaker Sir, this is of a technical matter, I cannot give the answer right now.

PU LIANSUAMA : Mr. Speaker Sir, does it mean that those concerned persons will now require to get registration after introduction of VAT? For example, sand is of taxable item and is being used by contractors and also by common people. In regard to registration, it is necessary for the concern owner of quarry to get one from Taxation Department and the other from Forest Department?

PU B. LALTHLENGLIANA MINISTER : Mr. Speaker Sir, I cannot give the answer right now and the department may later prepare the answer.

PU SAILOTHANGA SAILO : Mr. Speaker Sir, I think it is important for the government to understand clearly the freight charge of transportation in order to maintain uniform rate to this effect.

PU B. LALTHLENGLIANA : Mr. Speaker Sir, as already pointed out,
MINISTER uniform freight charge has not been maintained as of now for which the department may resolve the problem.

In regard to the point raised by Pu Sailothanga of penalty under VAT. I want to mention that the department is now giving awareness campaign to the concern public and traders by organizing some sort of training and distribution of booklets in every districts. But the work cannot be continued due to this budget session as the department needs preparation for the questions for the coming budget session. Our main problem relating to this awareness campaign is lack of sufficient time to cover majority of the concern public and traders. What we have to know in this regard is that the department is trying its level best to give awareness to the concern people.

Regarding point raised by Pu Lalduhoma on the question of whether mode of registration under sale tax be resumed for VAT. My answer is 'Yes' as the process for this registration has also been given in section 21. The detail order may further be prescribed on the basis of section 83, power to remove difficulties. In this connection, I would like to point out that number of illegal traders had not been increased beyond central and the government too somehow manage to deal with this problem during 6 years of the ministry. Hopefully, we will manage with the situation.

Regarding the question of number of registration of non-mizo traders, there are 31 non-mizo traders who are having temporary/permanent license out of which 16 (sixteen) are contractors working under the project of the Govt. of Mizoram and the rest 15 are general traders, their licenses being issued during the time of District Council. The question of revalidation of those licensed, ILP is being issued as permanent trade license to those who are having permanent trade license and registration has not been given to any of those who are having only temporary trade license. In regard to issue of ILP it is the concern of General Administration Department and my department has nothing to do with it.

PU LALDUHOMA : Mr. Speaker Sir, thanks for the
information given by the concern
Minister. Yet, I still want to know
whether there is possibility of exemption
of workers under NBCC as it is done so with other government servants of
security personal and corporations.

PU B. LALTHLENGLIANA : Mr. Speaker Sir I cannot give the
MINISTER answer right now. In my opinion, it

may not be necessary as those contractors are supposed to go back right after the work is completed. The question regarding additional post for computerization of the department of Taxation. It is determined as a minimum requirement of the department. In this connection, it is to be noted that even computerization of the office work may not be possible so as to cover the whole state due to insufficiency of staff especially of Inspector. Presently, one inspector is put to supervise four MLA constituencies which is of much problem for the department. The department can perform the work effectively only if the cabinet approved the requirement as submitted.

In regard to the point raised by Pu Liansuama, the definition of contractual transfer has been given here in clause 10.

There are certain opinions of power of the state government as not being compatible to make alteration to taxable items and those to be exempted. In this connection, I have to point out that section 19 empowered the state government with a power to make alteration of schedule. Items which are not ideally categorized could also be altered since they are of flexible items and will be re-examined as necessary.

Regarding point raised by Pu Andrew Lalherliana of valuable items such as gold, silver and platinum, the uniform rate is fixed by empower committee in order to evade problem of inter-state trade relation.

In regard to the suggestion made by Pu Andrew Lalherliana of taking an example of the government of Andhra Pradesh of giving awareness to the concern public and traders community, I have to mention that we hardly had the time to follow that example as the discussion on introduction of VAT is made in the last moment.

In regard to the suggestion made by Pu Lalhmingthanga of giving chance for preparation to the people of this VAT. I want to mention that effort has been made by the department for this concern for three months. Yet, it is not possible to make extensive coverage of this campaign due to shortage of staff and limit of time. In doing so, we have even organized a meeting with every MLA to discuss this matter on which Pu Suama have even suggested the concern authority to be familiar with VAT so as to be able to convince the concern traders and the public. Keeping in mind of the importance of the suggestion, we have been trying over best to be familiar with this subject but somewhat difficult to know the details. It is, therefore, decided to take the next step instead of wasting our times.

PU LALHMINGTHANGA : Mr. Speaker Sir, our main problem is of whether VAT act concerns those illegal traders by the name of the Mizos. If no restriction is made in this regard, I opine it is necessary for the concern authority to determine this problem for which I request the concern Minister to clarify the situation.

PU LALDUHOMA : Mr. Speaker Sir, according to section II, No.3 the state government have the power to change taxable items into non-taxable items and vice versa and haven't yet made reaction to the question of Pu Andrew Lalherliana in this connection. A trader may have large amount of stock before appropriate rate is fixed for the item. It is possible to give advance notification at least for three months before the rate is fixed? As the Act does not particularize to that effect it will be appreciated if the Rule has taken care of this matter.

PU LALHMINGTHANGA : Mr. Speaker Sir, as already pointed out Mizoram is having the problem in railhead. Which further effects in fixation of uniform floor rate of goods. It is, therefore necessary for the government to determine fixation of tax carefully as our state is of a bottlenecked state in transportation. The concern Minister may clarify whether the concern authority is determining so as to cause less burden to the general people.

PU SAIKAPTHIANGA : Mr. Speaker Sir, it is pleasing to learn that only few of the non-Mizo traders have registration under Sales Tax Act. But the problem is there are numbers who are having registration by the name of the Mizos. Relating to this problem, I have to ask the concern Minister of whether there is an intention to make some sort of restrictions concerning those who are having registration by the name of the local traders?

PU B. LALTHLENGLIANA : Mr. Speaker Sir, let me finish my answer before having recess. I am very much concerned with the problem of Benami. In my opinion, the effort of YMA will again be most effective in regard to finding of Binami Traders in our state. It is somewhat difficult for the officials to disclose registration of those traders as holders of those registration too have followed all the formalities. As

suggested by Pu Liansailova, prevention of those traders may be determined by the department.

PU LALHMINGTHANGA : Mr. Speaker Sir, the concern Minister have pointed out that our state government have nothing to do with fixation of rate of valuable items and is done so by the Central Government with a view to evade the problem of inter-state trade relation. In regard to schedule No.3, it is also mentioned that 30% will be deducted from restriction of contract work which is 4%. In regard to those fixation as a whole, whether determination is made keeping in mind our economic problem caused by our situation as being bottlenecked state.

PU B. LALTHLEGLIANA MINISTER : Mr. Speaker Sir, the Power Committee have listed items with their respective rates in percent. Yet, items which has not been fixed ideally may be re-considered later as the power is vested to the state government to that effect. In regard to the common incident at Vairengte's check gate relating to the collection of tax on goods coming from Silchar. Section 62 underlines that no goods of registered dealers will be assessed or checked at this check gate and dealing of any goods will be done on the basis of weight bill.

Hence, Mr. Speaker Sir, I now move to this House the Mizoram Value Added Tax Bill 2005 for favor of passing by the members.

S P E A K E R : The concern Minister have now moved ' The Mizoram Value Added Tax Bill 2005 ' for favor of passing by this House. This bill is supposed to be discussed and passed clause by clause and we may follow the formalities.

Members who agree to pass chapter 2 to chapter 12 of this Bill may say 'Yes' and those who don't may say 'No' (The Members- 'Yes')

This House has now passed chapter 2-12 of the Mizoram Value Added Tax Bill 2005 unanimously.

Next, Members who agree to pass short title, extent and commencement of chapter 2 may say 'Yes' and those who don't may say 'No' (The Members - 'Yes')

...433/-

This House has now passed chapter 2 short title, extent and commencement of chapter 2.

Coming now to Preamble, Members who agree to pass may say 'Yes' and those who don't may say 'No'. (The Members – 'Yes').

The Preamble has now been passed by this House unanimously.

It is pleasing that ' The Mizoram Value Added Tax Bill 2005 ' is now being passed by the House unanimously.

We will now take up the next business, discussion of the Mizoram Passengers and Goods Taxation Bill 2005 which has already been introduced earlier.

PU LIANSUAMA : Mr. Speaker Sir, considering limit of time for discussion of the next business, it may be better to start from tomorrow.

S P E A K E R : We may not have enough time tomorrow as the Hon'ble Minister is going to arrange dinner after the end of this session. It is, therefore more convenient to take up this business today. But if the member really meant with his suggestion, he may move his motion to this House provided that it is supported and then the decision will be taken.

PU LIANSUAMA : Mr. Speaker Sir, with your permission and of the rules, I now move to this House a verbal motion for deferment of discussion of Passengers and Goods Taxation Bill which has already been introduced by the concern Minister for Transport Department.

S P E A K E R : Any Member who support motion from Pu Liansuama ? (The majority supported) If so, the Mizoram Passengers and Goods Taxation Bill 2005, will be discussed tomorrow. Our discussion for today is now finished. We will resume the discussion tomorrow the 3rd March at 10:30 AM. Sitting Adjourned. 4:15 PM.