



# GOVERNMENT OF MIZORAM

**Budget Speech  
1991-1992**

**PU J. LALSANGZUALA**

**Finance Minister**

**Of Mizoram**

**in the**

**Mizoram Legislative Assembly**

**On Tuesday, the 12<sup>th</sup> March, 1991**

**AIZAWL**

Mr. Speaker, Sir,

May I have your permission to have the honour to rise before this august House to present the Revised Estimates for the current year 1990-1991 and the Budget Estimate for the next year 1991-1992?

2. Before presenting these estimates, I would like to dwell a little on the background of the financial difficulties the State has been experiencing right from its inception. Their genesis lay in the faulty assessment of the State's financial requirements made by the Planning Commission for 1987-1988 and 1988-1989. As a result, we had overdrafts of Rs. 53.41 crores and Rs. 59.47 crores at the end of those two years respectively. Thanks to the efforts made by our Hon'ble Chief Minister at the highest level that the Government of India constituted a Committee of Senior Officers headed by Dr. P.D. Muherji, Consultant, Planning Commission, to look into the matter. The committee recommended additional Central assistance of Rs. 76.79 crores to set right the errors. I am glad to say that Rs. 72.09 crores of this has by now been released to us and the balance of Rs. 4.70 crores may also be made available soon.

3. As brought to the notice of Hon'ble Members in my last year's speech, Mizoram on becoming a State inherited a huge Central loan liability of over Rs. 200 crores whose servicing proved a big drag on the nascent State's limited resources. As this liability was mostly because of the unrealistic Central assistance pattern applicable to the erstwhile U.T., the State Government pleaded before the ninth Finance Commission as also the Govt. of India for the write off of this burden in full. The relief of Rs. 110.49 crores afforded by the Ninth Finance Commission in respect of liability on Plan account, though welcome, did not go far. Unfortunately, the government of India also has not acceded to our request for further relief. Accordingly, we are required to pay to the Centre in respect of these loans in the current year

1990-1991 an amount of over Rs. 65 crores, including arrears of about Rs. 54 crores for 1988-1989 and 1989-1990. This has caused a considerable strain on the State's already difficult financial position.

4. Another problem has been caused by the inadequacy of the Central assistance for the current year's Annual Plan. For an outlay of rs. 125 crores, Planning Commission originally allocated a Central assistance of rs. 90.58 crores only, requiring the State to find Rs. 34.42 crores from out of its own sources. With great difficulty the state Government has succeeded to get an additional assistance of Rs 14.34 crores. The State Government has still to find an amount of rs. 20.08 crores for the Plan in 1990-1991 over and above its -Plan commitments. This is an impossible task viewed in the light of the fact that the State's contribution for 1989-1990 Plan was limited to Rs. 1.08 crores only.

#### **NINTH FINANCE COMISSION**

5. The Ninth Finance Commission which submitted its second report for the five year period 1990-1995 set right the injustice done to the State in its first report for 1989-1990 in the matter of devolution of taxes. The Commission recommended a total devolution of Rs. 1017.26 crores to Mizoram on non-Plan account over the five years (1990-1995\_ Rs. 637.47 crores by way of share of taxes and Rs. 379.79 crores by way of gran-in-aid under article 275 of the Constitution. Further, as stated earlier, the Commission recommended write off of Rs. 110.49 crores out of the Central loan outstandings of Rs. 113.53 crores on Plan account as at the end of 1989-1990. The Commission's recommendations provided to the State additional resources including debt relief of over Rs. 35 crores in 1990-1991. However, the Commission's recommendations fell far short of our requirements. It made an unrealistic assessment of the returns from investments in electricity, transport etc. Secondly, unlike the preceding Commissions it did not cover the committed liability for the maintenance of completed Seventh Plan schemes in the grant-in-aid recommended for non-Plan account. We, therefore, had no

alternative but to show this liability as part of Plan outlay in the Eight Plan. Lastly, the scheme for its debt relief was partial as not to cover the non-plan loan liability.

### **PLAN EXPENDITURES**

6. For 1990-1991, the first year of the Eight Plan, the Planning Commission fixed the size of the State's Annual Plan at Rs. 125 crores. On present indications, this outlay is expected to be fully utilized. In addition, an outlay of Rs. 1.45 crores was incurred on Aizawl Drainage Scheme.
  
7. As for 1991-1992 Plan the outlay approved by the Planning Commission is Rs. 150 crores, representing a step up of 20 percent over that for the proceeding year. This step-up is one of the highest allowed in the case of any State. The following sentences are inserted after the second sentence of para 7 of the finance Minister's Budget speech 1991-92 and may be read accordingly.

In addition to this ,a firm assurance has been received from the Planning Commission for allotment if another Rs 2 Crores for utilization in certain productive schemes in the Agriculture and marketing of agricultural produce. The Government has already decided to engage a Consultant for preparation of Schemes for this additional outlay. As earlier, our emphasis will be on agriculture and rural development. Of the total outlay of Rs. 150 crores, Rs. 47.38 crores accounting for about one third of the total is earmarked for these sectors. It is noteworthy that the step-up in outlay on programmes under NLUP in 1991-1992 is more than 70 percent. Other important allocations are Rs. 19.00 crores for roads and bridges, Rs. 22.60 crores for Power, Rs. 11.33 crores for Water supply and Sanitation, Rs. 8.75 crores for Industries and minerals and Rs. 10.47 crores on Education and allied activities. I take pride to say that Mizoram would be the first State in the country to achieve complete eradication of illiteracy by 1991-1990. A booklet highlighting the performance in 1990-91 1nd programmes for 1991-1992 of various Departments has been circulated

separately along with the Budget documents. I do not, therefore, propose to go into the same here.

### **REVISED ESTIMATES FOR 1990-1991**

8. I had in my speech last year stated that the year 1989-1990 might close with a deficit of Rs. 65.26 crores. However, according to the Reserve Bank's account, the actual deficit was much smaller at Rs. 18.35 crores only. This was mainly because of State Government not paying to the Centre the dues in respect of U.T. period loans provided for earlier, pending decision on State's request for write off of those loans.

9. I am pained to say that the Centre has not acceded to the State's genuine request for write off of U.T. period loans. Provision is therefore, being made for payment of Rs. 65.09 crores in 1990-1991 to the Centre in respect of these loans, including Rs. 54.24 crores by way of arrears for 1988-1989 and 1989-1990. On the other hand, we have received from the Centre arrear Plan assistance of Rs. 32.09 crores under the Mukherji Committee and a term loan of Rs. 14 crores towards the opening deficit, apart from Rs. 3.75 crores by way of additional share in small saving collections arising out of U.T.I. Investment.

10. In my last speech, I had proposed various measures to raise additional resources of Rs. 6.63 crores in the current year. Though there was a shortfall of about Rs. 3 crores in receipts from those measures, mainly under sales tax, Land Revenue, Water, Road Transport and Power charges, this was more than made up through impounding of D.A. Payments to Government employees. Including the resources available through impounding of D.A., the yield from additional resource mobilization measures is expected to be over Rs. 8 crores in the current year. Besides, in view of the difficult resource position, the State Government enforced the various economy measures initiated earlier more vigorously. It is noteworthy in this context that with a view to conserving fuel, the Government has started observing Tuesday & Saturday as Vehicle-

less days. The various economy measures are estimated to result in a saving of Rs. 5-6 crores in Non-Plan expenditures.

11. As per the Revised Estimates for 1990-1991, the year is likely to close with a deficit of Rs. 25.92 crores. Most of this is because of the gap of Rs. 20.08 crores left uncovered by the Planning Commission in the Schemes of funding of the current year's Plan. We have approached the Government of India for staggering of a part of the payments due in respect of U.T. period loans to cover the deficit in 1990-1991. We hope to have a positive response on this. However, for the moment, I am leaving this deficit uncovered.

#### **BUDGET ESTIMATES FOR 1991-1992**

12. As for the next year 1991-1992, I take a momentary pleasure in presenting a Budget with a marginal current surplus of Rs. 2.61 lakhs. The Budget Estimates for 1991-1992 place the Revenue receipts at Rs. 349.16 crores and Revenue expenditures at Rs. 296.22 crores resulting in a surplus of Rs. 52.94 crores. The Public Account also shows a surplus of RS. 9.78 crores. On the other hand, there is a huge deficit of Rs. 62.69 crores on Capital Account.

13. I just talked about our proposal for staggering of U.T. loan repayment. This, if agreed to, would involve an additional liability of Rs. 7.6 crores and turn the Budget into a deficit one. I may add that I have not provided for the possible impact on Budget of the recommendations of the Pay Commission whose report may be expected sometime next year. This is another factor, which may add to the deficit.

14. The whole of the deficit in 1991-1992 would be on non-Plan account. In so far Plan is concerned, the Planning Commission has been persuaded to make available assistance to fund

the entire outlay of Rs. 150 crores in 1991-1992. This is no a mean achievement on the part of our Hon'ble Chief Minister. The State Government has however, to find measures to bridge the gap on on-Plan account. In this context, the need for continuing the rigorous discipline on the non-Plan expenditures cannot be over emphasized. Further tightening up is the need of the hour. What is required is to get the best out of the given investments through improvement of efficiency in administration and better husbanding of resources. The Government may also come up in due course with some hard measures to mobilize additional resources.

15. May, I Sir, in the end express my thanks to the Officers and Staff of various departments especially those in the Finance Department and the Printing & Stationery Department with whose unstinted and willing Co-operation it was possible for me to accomplish the task of presenting the Budget to this august House well in time. May I also thank you, sir, and the Hon'ble Members for bearing with me and request them for their co-operation in the efforts to pull the State out of the current Financial impasse and put in on a path of progress and prosperity.

16. With these words, Sir, I now present the Revised Estimates for 1990-1991 and the Budget Estimates for 1991-1992 for the consideration and approval of this august House.

Thank You.