



GOVERNMENT OF MIZORAM

Budget Speech

1994-1995

PU LALHMINGTHANGA

Hon'ble Finance Minister

In the

Mizoram Legislative Assembly

On

Tuesday, the 15th March, 1994

Mr. Speaker Sir,

May I with your permission, rise to present before this august House the Revised Estimates for the current year, 1993-1994 and the Budget Estimates for the next year, 1994-1995?

2. This is the first Budget of the new Government voted to power in the general election held in the State in November last year. We convey our thanks to the people of Mizoram for their affirmation of faith in the path of democracy, peace and progress and also for their support and confidence reposed in us. We would like to assure that our Ministry would do its utmost to fulfill the commitments made to the people. We also thank our officials for the smooth and peaceful conduct of the entire election process.

3. Another landmark which I would specially like to make mention is the Gospel Centenary being celebrated in the States this year. January 11th is a red-letter day in the annals of Mizoram. It is on this day 1894 that the Missionaries landed in Mizoram and started preaching the gospel. In fact, civilisation in real sense dawned on the people of Mizoram only with this event. Let us take this opportunity to pay tributes from the deepest core of our hearts to those holy souls who ventured at great risk to undertake this noble task. Let us also solemnly undertake to work with dedication and zeal to ensure a clean and efficient administration devoted to the well being of the poor and downtrodden masses in keeping with the true spirit of the Gospel.

4. As you know, sir, our economy and the budget are heavily dependent on the general health of the economy of the country. I am glad that there has been a marked turn-around in the economic conditions of the country through a move away from regulation and control and towards the strengthening of competition and efficiency. The external payment crisis has been

overcome and the foreign exchange reserves have been rebuilt. Inflation has fallen to a single digit and the economy has begun to recover. There is also progress in removing obstacles to long-term growth through de-regulation of industry, liberalisation of trade and foreign investment and financial sector reforms. The country is moving fast on the part of fiscal consolidation. In order to reap full benefits flowing therefore, it incumbent upon us to contribute our humble might to strengthen those trends. This might involve some sacrifices on our part. I would, therefore, implore the honourable members of this august House and the people of Mizoram to be ready for the same in the long-term interest of the State.

PLAN EFFORT

5. Before I go further, I would like to give some background of our Plan efforts. Our Eight Plan (1992-1997) involved an outlay of Rs. 763 crore. The Plan efforts in the first two years (1992-1994) accounted for about 46 percent of the five-year targetted outlay. For the third i.e. the next year (1994-1995), an outlay of Rs. 207.66 crores has been approved by the Planning Commission, representing a step up of 12.2 percent over the current year. The broad sectoral allocation of this outlay is as under:

	(Rs. Crore)
1. Agricultural and allied activities	24.02
2. Rural Development	35.81
3. Irrigation and flood control	2.88
4. Energy	39.49
5. Industry and Minerals	9.70
6. Transport and Communication	23.92
7. District Councils	9.95
8. Education and allied activities	12.31
9. Medical & Public Health	7.20
10. Water Supply and Sanitation	12.70
11. Urban Development (incl. Capital Project)	14.74

12. Other minor sector	14.94
TOTAL:	207.66

6. The Planning Commission has been kind enough to extend to us assistance to cover the Plan outlay in 1994-1995 almost fully. You will be glad to know that for the first time, and assistance of Rs. 10 crore has been earmarked for externally aided projects. We have to identify the areas/schemes against this provision. Another Rs. 10 crore has been approved for the Capital Project. With this, construction of Assembly building, additional Secretariat Building and a few Directorate buildings will be taken up vigorously during 1994-1995.

7. In our Plan for the next year, Agriculture and allied sectors are given top-most priority with the objective of moving towards self-sufficiency in food production and providing permanent settlements to the 'Jhumia' families. The Power sector has been given a big boost with a provision of Rs. 39.49 crore accounting for about one-fifth of the total outlay. This is with a view to accelerating the tempo of the projects in hand including Serlui 'B' Hydel Project for which a provision of Rs. 17 crores has been earmarked. Communications also occupy an important place with an outlay of Rs. 23.92 crore. Social Services Sector such as Water Supply and Sanitation and Education are given high priority with outlays of Rs. 12.70 crore and Rs. 12.31 crore respectively. In regard to elementary education, the aim is to achieve 100 percent literacy and improve school buildings. It is heartening to note that over 70 percent of the Annual Plan provision is proposed to be utilised for rural upliftment and family-oriented schemes.

RESUME OF DEPARTMENTAL ACTIVITIES

8. A booklet highlighting the performance in 1993-1994 and the programmes for 1994-1995 of various Departments has been circulated separately with the Budget documents to all the honourable members. However, I may briefly recount some of the important achievement and programmes of the Government.

9. The two Departments, which occupy prime place, are Rural Development and Power & Electricity. These two Departments have made significant strides. The most important programme of the Rural Development department relates to the New Land Use Policy (NLUP) designed to wean away people from 'Jhumming' and provide them permanent settlement. Sizable provisions of Rs. 27.70 crore in 1993-1994 and Rs. 28.30 crore in 1994-1995 have been set apart for the implementation of this Policy. In 1993-1994, the provisions was utilised for maintaining 21,853 families under 6 Blocks and for covering 6,225 new families in Serchhip and Lungdar 'E'. As for 1994-1995, 15,000 more families are proposed to be covered in Lunglei and parts of Lungdar, Khawzawl and Tlangnuam Blocks.

10. Coming to the Power Sector, emphasis is being laid on the acceleration of the tempo of projects in hand. The Maicham Mini Hydel Project and the two NEC sponsored projects at Ramri Lui and Vawra Lui are expected to be commissioned in 1994-1995. The Serlui 'B' Hydel Project, the preliminary work which is in progress, is slated for commissioned in 1994-1995. Apart from the Mini Hydel Projects at Tuipang Lui and Teirei Lui the work on which has already been taken up, two more Mini Hydel Projects at Kau-Tlabung and Tuiphal will be taken up next year. Simultaneously, the 60MW Tuirial Hydel Project, 210-MW Tuivai Hydel Project and 60 MW Kolodyne Phase -I are being processed to be taken up through private and foreign agencies. The Government is also pursuing vigorously the 120 MW Dhaleshwari Hydel Project (popularly known as Bairabi Hydel Project) to be taken up as early as possible as a central Sector Project. As regards transmission, apart from the Zemabawk-West Phaileng and Serchhip- 'E' Lungdar 132 KV lines likely to be commissioned shortly, the construction of three more 132 KV lines connecting Marpara, Lungsen and Lawngtlai is also expected to be completed next year. Under the Power Sector, Rural electrification remains an important programme. As many as 50 additional villages are expected to be electrified in 1993-1994. With this, 88 percent of the villages would get covered by this programmes.

11. In Agriculture, emphasis is being laid on mechanization through distribution of tractors and power tillers to the farmers on subsidy and on bringing more potential flat land under cultivation. About 3,000 hectares of such land is expected to be covered in two years 1993-1995. I may make mention also of the proposal to set up a Veterinary College at Aizawl. The co-operation organisation is being strengthened. A Land Development Bank has been set up to strengthen credit structure.

12. As regards industry, private entrepreneurs are being encouraged through the provision of subsidies and other infrastructural facilities at the Zuangtui Industrial Estate. In 1993-1994, the central transport subsidy was provided to 40 entrepreneurs. Special mention may be made to the priority being accorded to the development of tea processing industry. The Government's efforts in the direction of tapping the State's latent natural resources have borne fruit. The Geology and Mining wing has identified the exploitable deposits of shell Limestone in Muthi area, suitable for production of glazed slabs. In the field of sericulture, efforts are being made to encourage the private sector in the matter of mulberry plantation and cocoon production on a mass scale through provision of grants-in-aid and other facilities including training.

13. Needless to say that lack of communications has proved a serious bottleneck in the way of development in Mizoram. The government is earnestly addressing itself to over-come this handicap as early as possible. In this connection, I would make special mention of the following schemes under process, namely, (i) the construction of airport at Lengpui (2) better State Highway connections between Mizoram and neighbouring States of Manipur and Tripura, and (3) the improvement of Railways between Lala Bazar and Bairabi. Further, the State Transport fleet is also being augmented. The Department purchased eight new Buses in 1993-1994 and proposes to go in for twelve more Buses next year. The construction of a number of new Bus stations has been taken up. As regards the State Public Works Department, special mention may be made of the inauguration of the new Mizoram Houses at Guwahati and Salt Lake, Calcutta. It is

a matter of satisfaction that the Aircraft Refueling Station at Tuirial became operational last month.

14. The Social Services Sector also recorded significant progress. In 1993-1994, 87 aided Middle Schools and 62 High Schools were provincialised. As many as 45 private Middle Schools were also upgraded to deficit status. 20 more such Middle Schools are proposed to be covered by the system in 1994-1995. Coming to Arts & Culture, the Department organised cultural shows within and outside the State on several occasions, apart from imparting training in both traditionally and modern dance and music. As regards sports, a special mention may be made of the success of our participants in the Third National Games held at Pune in January last. They brought glory to the State by gagging one gold, three silver and one bronze medals in archery. Two players were also sent to participate in the second World Wushu championship, 1993 at Kuala Lumpur, Malaysia. Besides, the Department constructed 10 indoor stadia. It also hosted the Ninth National Sub-Junior Boxing championship at Aizawl. As many as 19 states participated in it.

15. The Health Department, which established one Community Health Centre, four Primary Health Centres and 12 Sub-Centres in 1993-1994, proposed to add two more Community Health Centres and four Primary Health Centres next year. The expansion of the Civil Hospital at Lunglei into a 200-bedded capacity and improvement of Civil Hospital at Aizawl are being taken up. The work for the establishment of a Maternity Hospital at Luangmual and a 40 bedded Hospital at Kulikawn would continue.

16. In Mizoram, Water Supply Schemes are very vital. During 1993-1994, the rural water supply schemes were augmented in 40 villages under the State Plan. An equal number is proposed to be covered next year. Vigorous efforts are being made to complete the Greater Lunglei Water Supply Scheme. Next year, the execution of phase II of the Greater Aizawl Water Supply Schemes and of those at Serchhip, Kolasib and Saiha will be taken up.

17. Under Rural Housing Scheme, 1064 poor families were provided assistance of Rs. 2500/- each. In 1994-1995, such assistance will be provided to 1280 more families. As regards the Information & Public Relations Department, it continued the installation of community viewing and listening sets in more and more rural areas. The Auditorium- cum-Conference Hall at Aizawl started in 1991 is expected to be completed next year. The Department proposed to produce this year, a film on the Gospel Centenary.

18. Coming to Social Welfare, the Department continued the work in the fields of Child and Women Welfare and also for the rehabilitation of handicapped. Besides, old-age pension at Rs. 100/- per month was paid to 2291 persons. The maintenance of Remand Homes and De-addiction-cum-Rehabilitation Centres continued to engage the attention of the Department.

19. As regards the Revenue Department, a cadastral survey for purposes of preparation of records of right is in progress in the State. The Department expects to achieve the target of 2900 hectares in 1993-1994 and is aiming to cover another 2900 hectares in 1994-1995. The target of 3800 fixed under the House Site Plan is also expected to be achieved. The Accounts & Treasuries Department completed the General Provident Fund Account of Government employees for the year 1992-1993. A new Sub-Treasury was also opened at Mamit this year.

20. Sir, as you know, the three Autonomous District Councils are being entrusted with more powers. Now, they will have sole authority to deal with the subjects assigned to them without State Government's interference. In order to enable them to do so, more funds are being allotted to them. In 1994-1995, the budgetary allocations are Rs. 9.95 crores on Plan account and Rs. 8.14 crore on Non-Plan account as compared to Rs. 7.06 crores and Rs. 4.26 crore respectively in the current year.

21. The last, but not the least, I may say a word about the Home Department. It is a matter of great satisfaction that the law and order situation in the State continued to be peaceful. As a

result of several rounds of talks with HPC, a stage has been set for a settlement leading to the formation of Singlung Hill Development Council. With rising of three more companies in 1993-1994, the 3rd MAP Battalion will come to be established in a full-fledged form. The recruitment process for the India Reserve Battalion for which the Govt. of India has sanctioned Rs. 6.37 crore is also complete. Besides, a detailed scheme has been prepared for the construction of 1222 units of accommodation over the three years 1994 – 1997 under Police Housing. The Excise Department in collaboration with the Police Department is making vigorous efforts at combating illicit drug trafficking and its abuse. Efforts are also being made for checking illegal brewing and selling of liquor. As a result of these efforts, 1.722 kg. of heroin 2.50 Kg of opium and 64 Kg of Ganja were seized, apart from other drugs, during the current year. As may as 84 drug traffickers were also nabbed.

TENTH FINANCE COMMISSION

22. Sir, The budget speech last year of my worthy predecessor made a mention of the appointment of Tenth Finance commission under the Chairmanship of Shri K.C. Pant. We submitted a Memorandum to the Commission giving our views on its terms of reference and also a forecast of our revenue receipts and disbursements over the five years 1995-2000, the period to be covered by the recommendations of the Commission. Besides, we submitted another Memorandum incorporating our demands for upgradation and modernization of cultivation and a stock of subsidiary information on various aspects of the State's economy.

23. In our forecast, we have projected our requirements of assistance at Rs. 2036 crore for the five-year period 1995-2000. This is about double of what was recommended by the Ninth Finance Commission for the preceding quinquennium. Our proposals for upgradation and modernization add up to another Rs. 303 crore. As regards our memorandum on terms of reference, we have pleaded that the Commission should seriously address itself to the widening of inter-state disparities in the matter of public services and accord predominant role to redistribute justice in the scheme of devolution of funds to States. In this context, we also urged

the Commission to treat the Special Category States as a distinct class. It was emphasized that even amongst the Special Category States, Mizoram, on account of its peculiar features and historical backlog, should be accorded preferential treatment.

24. Sir, I am glad to inform this House of the historic visit of the Commission last month to have the first hand account of our problems. We had very detailed and useful discussions with them, We hope that the Commission has appreciated our case and would do justice to us. Needless to say that its recommendations would be of vital importance to the State Government.

U.T. PERIOD LOANS

25. A word may be said at this stage about the U.T. Period Loans. A sizeable amount of these loans had been writing off by the Ninth Finance Commission. However, these loans to the extent of Rs. 50.62 crore remain outstanding against us. We have been pleading with the Government of India that this outstanding amount of loans also should be written off entirely, I am glad to inform you that thanks to the Union Finance Minister, Dr. Man Mohan Singh, who visited Aizawl in May last year that the write off of these loans has been agreed to by the Union Government in principle. The modalities for giving effect to the same are expected to be completed soon.

REVISED ESTIMATES FOR 1993-1994

26. According to the Reserve Bank account, the year 1993-1994 opened with a deficit of rs. 30.33 crore. This was about one and half times of what was envisaged earlier. The Government of India was approached to help us in the matter. I may express my gratitude to them to have agreed to cover this deficit through the release of advance Central assistance in the current year. However, inspite of our best efforts, the deficit at the close of the year is again likely to be Rs. 31.58 crore.

27. The main factors responsible for this deterioration include provisions made for raising of three companies of the third MAP Battallion, Provincialization of School and restoration of damages caused by natural calamities, like landslides and heavy monsoons, I am sorry to say that the government of India did not help in the matter except through advance release of our share of the Calamity Relief Fund. The sanction to two installments of dearness allowance to employees effective from 1.1.93 and 1.7.93 and the heavy expenditure on the recent Legislative Assembly elections and a high rate of price escalations also added to the deficit. I must thank our employees for the sacrifice made through impounding of additional dearness allowance arrears amounting to over rupees two and half crore.

BUDGET ESTIMATES FOR 1994-1995

28. The Budget for the next year is framed under the shadow cast by the huge deficit of Rs. 31.58 crore being inherited from the current year. I felt seriously concerned about this and did my best, while framing the Budget, to reverse the trend.

29. The budget Estimates place the revenue receipts at Rs. 458.39 crores and revenue expenditures Rs. 398.26 crore showing a surplus of Rs. 60.12 crore on Revenue Account. This surplus is from the Plan account resulting from the favourable dispensation of Plan assistance being 90 percent in the form of grants-in-aid. There is surplus of Rs. 6.96 crore on Public Account also. These surpluses came handy to meet, to a large extent, the huge deficit of Rs. 71.32 crore on the Capital Account. In the overall, the budget reveals a deficit of Rs 4.24 Crores This will only go to add to the opening deficit, if efforts were not made to raise additional resources and cut down expenditures.

30. For funding the State Plan and the Budget for 1994-1995, the Government is required to make a massive effort at resource mobilisation. It has undertaken to raise Rs. 10 crore by way of market borrowings and Rs. 8.71 crore as negotiated loans from Central financial institutions like LIC, HUDCO, Infrastructures Leasing and financial services Ltd., etc. We have also undertaken

with the Planning Commission to raise additional resources of Rs. 10 crore in 1994-1995. Though efforts would be made to augment tax and non-tax revenues, let me say that in our context the expenditure control especially that on establishment has to play vital role. Every rupee saved is an addition to our resources required for the enlistment of the fate of the common man waiting haplessly at the end of the queue. Much in this direction is possible through improvement in efficiency and productivity. It also required identification of areas of redundant and wasteful expenditures and overlapping activities and doing away with these expeditiously. We have issued a package of economy instructions. One important aspect of these which I would like to highlight is the decision to reduce by 25 percent the Budget provisions for 1994-1995 in respect upkeep, repairs and maintenance of vehicles, traveling and office expenses including Medical re-imburements, etc, But, I know these are not enough. Much more is the need of the hour. The Government would come forward with more stringent measures during the course of the year. To the extent we succeed in this direction, our efforts at fiscal correction will be further strengthened. This warrants considerable discipline on the part of all those involved in the process. I appeal for full and unstinted cooperation in this difficult task from all sections of the community, especially those entrusted with the running of administration.

31. Mr. Speaker Sir, I would like to express our heart-felt gratitude to the Govt. of India, Ministry of Finance and Planning Commission in particular, for their generous financial help to Mizoram since the inception of Union Territory i.e. 1972 and till the present day. This help enabled us to ensure gradual enlistment of the people of Mizoram. I hope that this generosity will be continued by the Govt. of India in future as well. However, as the saying goes that even God helps only those who help themselves, it is incumbent upon us that we should also do our utmost to raise resources. In this connection, I would like to appeal to all sections of the people of Mizoram and especially those who are directly concerned with the spending to ensure frugal and judicious use of every rupee spent.

32. Before concluding my speech, I would like to express my sincere thanks to the officers and staff of all the Departments, especially the Finance Department and the Government Press, whose dedication and hard work has enabled me to present the Budget in time.

33. Mr. Speaker, Sir, I thank you and all the Members of the House for giving me patient hearing and attention. I sincerely appeal for their support and cooperation in carrying out my difficult task. With these remarks, I commend the Supplementary Demands for 1993-1994 and the Budget Estimates for 1994-1995 for consideration and approval of this august House.

Jai Hind.