



# GOVERNMENT OF MIZORAM

PU J. LALSANGZUALA

**Hon'ble Finance Minister's  
Statement  
On  
the Budget for 1998-1999  
In the  
Mizoram Legislative Assembly**

**On  
Tuesday, the 14<sup>th</sup> July 1998**

Mr. Speaker, Sir,

In March, 1998 I had sought the approval of this House and obtained "Vote on Account: for expenditure to cover the period from 1<sup>st</sup> April, 1998 to July, 1998. I was constrained to present Vote on Account due to the fact that the Central Government could not finalize the Plan allocation for the State. I had prepared an Interim Budget for the year 1988-1999 at the level of 1997-1998 allocations as per the advice of the Planning Commission and the Budget was accordingly presented to this House in March 1998. The size of the annual Plan for the current year is not expected to be finalized by the Central Government in the near future and, therefore, I am compelled to commend to this House to treat the Interim Budget presented by me earlier as the final and regular Budget. I have reason to hope that the final size of the Annual Plan for the State would be some-what bigger than the one presented now and revision in the quantum of fund, if any, would again be brought before this august House at the appropriate stage for obtaining supplementary Grants. The Budget documents now supplied to the Hon'ble Members of this House are copies of the ones, which were presented to this House on 19<sup>th</sup> March 1998 with minor modification, except Explanatory Memorandum on the Budget for the year 1998-1999 and Appendices of the Budget for the year 1998-1999.

Before I proceed further, I would like to take this House into confidence about the severe financial difficulties the State Government is passing through. Based on the Revised Estimate 1997-1998 presented by me earlier, the closing deficit was estimated at Rs. 85.77 crores. As against this, the actual deficit, as per records of the Reserve Bank of India, was in order of Rs. 79.36 crores, implying an improvement of Rs. 6.41 crores. In spite of this improvement, the opening deficit for the current year amounting to Rs. 79.36 crores is rather heavy for a State like Mizoram, which has a very limited scope to mobilize meaningful resources to cover such a huge gap. This is the main contributing factor for our over-drafts and the State Government has to face suspension of payment order from Reserve Bank of India on 3 (three) occasions during the current financial year. We approached the Central Government for assistance, and relief used to

be given by way of advance release of our future monthly share of Central devolutions. These are merely temporary solutions. Permanent solution of the acute perpetual financial problem of the state Government can only be achieved by way of reducing the expenditure drastically and at the same time mobilize additional resources in whatever areas that can be identified. To make these measures successful. I fervently appeal to all the hon'ble members of this House to extend your full and whole-hearted support and cooperation, which is the crying need of the hour. I would like to take the hon'ble members into confidence regarding the measures being taken by the Government to improve the finances of the State.

1. All the Departments should make saving of 20% of their Annual Plan fund to supplement the shortfall in the Non-Plan sector.
2. Reduction of expenditure on salaries and wages of Government, workcharged and Muster Roll employees so as to contain the expenditure within 25% of the budget.
3. Ban on creation of posts, except unavoidable posts to man new office and against surrendered posts of equivalent or higher posts.
4. Reduction of Office expenses to 50%.
5. Disposal of surplus/unnecessary stock of stationery, construction materials, vehicles, furniture and other items through open public auction; restricting to the minimum required purchase of materials for store, even under stock suspense.
6. Restriction on purchase of materials, which are not required for day-to-day running of the office, and these, should be made only with concurrence of Finance Department.
7. Restriction to the barest minimum of tours and training of Government servants.
8. Disposal of Departmental buses by public auction.
9. Reduction of financial assistance of the State Government-run Corporations by 25%
10. Moratorium on purchase of lands and buildings at least for two years, except cases where lands and buildings are inevitable for implementing Project/Schemes.

11. Grounding of all Government vehicles used by officers on all holidays and also one working day in a week, and proportionate reduction of monthly POL for local duties.
12. Complete ban on purchase of vehicles for a period of one year.
13. Withdrawal of LTC, except LTC for hometown and medical reimbursement facilities other than hospitalization, referred cases and other serious cases falling under fell diseases.
14. Application of all the above measures to the Corporations/Boards and other Bodies funded by the State Government.

The State is dependent, almost fully, on the Central Government for funds required for running the administration and for implementing various developmental schemes. We have to do our mite to augment the funds received from the Centre. Towards this objective, the Government decides to adopt the following measures:

1. Introduction of sales Tax on luxury and other items, which are not likely to affect the common man.
2. Upward revision of power tariff, water charges, petroleum tax, road tax and rates of forest royalty.
3. More systematic and vigorous measures for enhanced collection of dues by Revenue Department.
4. Introduction of toll tax from private vehicles on the State and District Highways, ferries and marboats.

In my budget speech of 19<sup>th</sup> March, 1998, I had already highlighted some of the significant achievements during the last year and a booklet containing the achievements of plan schemes executed by various Department during 1997-1998 was circulated along with the budget documents and, therefore, I do not now intend to repeat these achievements. However, I take

this opportunity to mention some other issues of considerable significance and importance for the State. The Golden Jubilee of Independence of the nation has been celebrated in a befitting manner by organizing various activities involving large sections of the population. We are also observing the year of Mahatma's Martyrdom for which various programmes and activities have been planned, including preparation of a Souvenir on the life, philosophy and achievements of Gandhiji, particularly his contribution of secularism and communal harmony, self-reliance and rural development in tune with the aspirations of the local people. We recollect with pride and gratitude the rapid progress made by the nation and also by the people of Mizoram who enjoyed the fruits of freedom and independence during the last 50 years. I would like to convey our sincere thanks to the Central Government for extending all kinds of help assistance to bring about the socio-economic development of the people living in this far corner of the country. We have great hopes that the Central Government will continue to extend special care and support for the continued development of the people of this backward state.

I would like to emphasize the point that all the schemes and projects undertaken by the Government of Mizoram are aimed at poverty alleviation, particularly those who live and work in the rural areas. The creation of two new Districts should be viewed in this context. Creation of new Districts will not only result in improvement of administration but would also usher in faster development by bringing the administration at the door-steps of the people, even in the remote areas of the State. I must also mention another issue, which is of great interest to all of us, particularly to the Government employees. This is regarding implementation of the recommendations of the 5<sup>th</sup> Pay Commission. As you all know the recommendations were examined by the Haukhum Hauzel Committee, which made various recommendations to facilitate implementation of the recommendations while at the same time minimizing the pay anomalies of various sections of employees to the greatest extent possible. The Government has already accepted the recommendations in principle but thought it necessary to consider the cases where standard pay conversions were not recommended by the Committee. This review is being undertaken by the Vanhela Committee whose report is expected within a short period. While the

Government is very keen to give higher salaries to its employees, the financial burden that would result weighs heavily in its consideration. Along with the other Chief Ministers of the North-Eastern States, the Central Government has already been approached to provide additional fund to meet the increased costs, which would inevitably result if the Commission's recommendations are to be implemented.

Sir, with a view to further bring the administrative machinery closer to the people and to cater to the future needs of the youth of the State, the Government is actively considering to take up the following measures during the 9<sup>th</sup> Plan.

- (a) Creation of more Districts and Civil Sub-Divisions and 10 (ten) Community Development Block.
- (b) Establishment of Urban Development Department for more efficient administration of the State Capital, towns and sub-towns.
- (c) Organising study tours of young men and women of the State, within India and outside the country, so as to acquaint themselves with self-employment opportunities.

Provision has already been made to provide better agricultural marketing facilities and the provision would be enhanced as may be needed in the future. The Government also has under active consideration adoption of the Panchayati Raj System for empowerment of the people at the grass-root level, which will make meaningful contribution to local self-government.

Before I end my speech, I would like to draw the attention of the Members of this House that within the next 19 months or so, we will be entering the new millennium. I am sure the Hon'ble Members will share my hope that the 21<sup>st</sup> Century would usher in a period of progress, prosperity and all-round rapid development for all the people of Mizoram. With these

words I commend the Budget for 1998-1999 for the consideration and approval of this august House.

Jai Hind.