



GOVERNMENT OF MIZORAM

BUDGET SPEECH OF

PU ZORAMTHANGA

**CHIEF MINSITER
IN-CHARGE OF FINANCE
FOR**

1999-2000

IN

THE MIZORAM LEGISLATIVE ASSEMBLY

ON

MONDAY, the 22nd March 1999

AIZAWL

Mr. Speaker Sir,

May I with your permission, rise to present before this august House the Supplementary Demands for the year 1998-99 and the Budget Estimates for 1999-2000.

2. First of all, I am happy to say that this is the first budget of the new Government voted to power by the people of Mizoram in the General Election of the State held in November 1998. I convey my thank to the people of Mizoram who have reposed their full confidence and trust upon the new Ministry to give them a clean and efficient Government and also to lead them to new economic activities so as to enable them to stand on their own feet. To fulfill this aspiration, the Government is gearing up itself to take all necessary measures. I also thank the Government officials for the smooth and peaceful conduct of the entire election process.

3. The Budget Estimates for the year 1999-2000 I am now presenting is interim in nature. Hon'ble Members of this august House are well aware that the State own resource is quite meager and is hardly 10% of the total receipt and as such we are heavily dependant on devolution of funds from the Central Government for both Plan and Non-Plan expenditure. The size of the Annual Plan for the State of Mizoram for 1999-2000 and the quantum of Central Assistance in support of the plan allocation are yet to be finalized by the Central Government. In view of this, the size of the Annual Plan is maintained at the level of 1998-1999 as advised by the Planning Commission. Therefore, pending final allocation of the Annual Plan for 1999-2000, I am to seek "Vote on Account" for the first four months of 1999-2000. As you are all aware, the State of Mizoram has been passing through precarious financial situation. The first task of my Ministry is, therefore, to look into the financial problems and at the same time to find means of solving the issue. But the resources base of the State being very limited, the only immediate alternative option is to approach the Central Government for relieving our hardship. The Central Government leaders are very considerate to us and they fully appreciate the financial

problem being faced by this Government. Accordingly, a Committee of group of officers has been set up by the Ministry of Finance, Govt. of India through our efforts, to make recommendation for resolving the financial crisis being faced by the Govt. of Mizoram. We are looking forward to the favourable recommendation of the Committee and positive decision of the Govt. of India.

4. Further, pending final outcome of the decision of Central Government on our request for looking into our financial problem, I am happy to inform this august House that the efforts made by us for additional financial assistance have, as an interim measure, resulted in securing Rs. 10.00 crores additional loan from Life Insurance Corporation of India for construction of houses for Govt. servants and public, Rs. 8.14 crores under Basic Minimum Services, Rs. 1.86 crores for construction of Indo Myanmar Border Road. We also pressed hard to get waiver to the special Ways & Means Advance of Rs. 50.00 crores given to us by the Central Government to temporarily tide over our present financial problem.

5. I am very happy to say that Lengpui Airport was inaugurated by Hon'ble Union Home Minister Pu L.K. Advani on 12.12.1998 after test landing on 1st September 1998. The length of the runway is 2500 metres, which is one of the best Airports in the North Eastern Region. I hope this will immensely help the State in achieving all round development.

6. I would like to inform the honourable members of this House that Central Government has already set up Eleventh Finance Commission under the Chairmanship of Prof. A.M. Khusro. The required information of the Commissions are being furnished by the Finance Department. The recommendation of this Commission will determine the system of devolution of fund from the Central Government and the quantum of assistance for the 5(five) years to come i.e. 2000-2001 to 2004-2005. All honorable members of the House are hereby apprised to apply their deepest thoughts to contribute points for presentation to the Commission, which is visiting the State very shortly.

7. I had mentioned in the foregoing para about the financial situation of the State. As we are facing such a situation, the State Government was compelled to insist various Departments to surrender 20% of their Non-Plan non-salary provision. At the same time drastic reduction has also been exercised under Annual Plan allocation. These actions are only the beginning of measures necessary to be taken to solve the financial problem of the State. Every one of us is fully aware of the limitation of our resource base. Attempts made in the past for reintroduction of Sales Tax to raise additional resource ended with negative result due to certain technical problems. Therefore, drastic reduction of fund allocation under Non-Plan and Plan is the only immediate solution of our financial problem as the Non-Plan expenditure is much more than our Non-Plan receipt.

8. As you are aware, this Ministry was installed at a time when the State Government was reeling under heavy debt burden. Our first task is, therefore, to take immediate steps just to survive financially while the people are expecting enormous positive change in the process of development. The Government desires to practice "Zero based budgeting" It may not be possible to immediately introduce this Zero based budgeting, however, departmental activities will be closely screened to eliminate non-productive and non remunerative ones as far as practicable. I am confident that this august House will support this idea and thus I hope that the State will be able to move in a new direction towards prioritized developmental activities.

9. Mizoram has become one of the most peaceful States in the Country, and as such there is ample scope at the moment for infrastructure development activities in the State. The Central authorities, therefore, have been requested to give additional Central support for clearing the heavy liabilities to enable us to start developmental activities with a clean slate and to allocate more funds with a special dispensation for taking up more developmental projects. In our Plan for next year, agriculture, horticulture and allied sectors will be given top most priority with a view to moving towards self sufficiency in food production. This will be followed by income

earning activities, generation of more power & electricity and social reforms. To supplement the normal annual plan funds, more effort will be made to avail maximum possible funds from various Central Ministries for taken up more Centrally Sponsored Schemes and Externally Aided Projects.

10. Further, I may apprise this august House that the Central Government and some other States have already implemented revised pay scales for their employees. The initiative taken by the previous Ministry for implementation of Central Fifth Pay Commission for the employees of the State Government of Mizoram could not be finalized till now. A Committee to look into this matter is yet to submit its reports and recommendations. As already stated by me, the financial position of the State is so critical that we have approached the Central Government for additional allocation of funds for this purpose and the outcome of their decision is awaited. For immediate relief to the State Government employees in their financial hardships, impounding of D.A. and I.R. into their G.P.F. accounts have been discontinued and additional Dearness Allowance up to 22% of their basic pay has been released.

11. I may now give a very brief highlight of the performance and tentative programmes of some Departments. Tentative programmes are subject to change after finalization of the Annual Plan size for 1999-2000.

(i) **Agriculture**

Five Minor Irrigation Projects with a command area of 316 hectares have been completed thereby raising a total number of functioning projects to fifty five numbers with a total command area of 2245 hectares. For the purpose of mechanization of Farms, Ten Tractors and Twenty-two Power Tillers were distributed to the farmers on subsidy. The Department has also increased Wet Rice Cultivation (WRC) area by 430 hectares during 1998-1999. With Contour Trench Farming System, about 5,294 families have been benefited for permanent cultivation with double cropping. For gearing up towards optimum agricultural produce, 480 MT fertilizers were

distributed on subsidy to the farmers. Plan Protection measures were taken up against crop pests. With the impending occurrence of Mautam in 2007 A.D., Rodent Control Committees has been formed and 75000 numbers of rat-tails have been purchased so far at the rate of Re.1/- per rat-tail. This has been done to encourage killing of rats pests. Also baited poison of higher efficiency are distributed free of cost on demand.

During 1999-2000, the area of WRC proposed to be developed is 5,000 hectares. At least fifteen new Minor Irrigation Projects with a command area of about 185 hectares will be taken up and ongoing twelve projects will also be continued. For mechanization of private farms, more machineries of different types are proposed to be distributed on subsidy.

(ii) **Horticulture**

Under Area expansion on fruits, vegetables, spices, floriculture and plantation scheme, 200 hectares have been achieved and another 30 hectares is expected shortly under Banana cultivation. Various planting materials, equipments, fertilizer of different kinds and seeds have also been distributed at a subsidy of 50%. For faster development of the Horticulture in the State, the department is being expanded by creating one Division, Six Sub-Divisions and twelve Circles. During 1999-2000, more emphasis will be given on development of Horticulture production in the State and in addition to the existing schemes, cultivation and production of revenue earning crops such as passion fruits, oranges, banana, pine-apple, hatkora, tung, black pepper, bird-eye chilli will be pursued in larger scale. It is also proposed to introduce kiwi and avocado fruits plantation which are expected to be thriving well in Mizoram for large scale production. Importance will also be given to Agriculture/Horticulture link roads.

During 1999-2000, the department envisages to lay more emphasis on development of Horticulture products to alleviate the economic condition of the State.

(iii) **Fishery:**

There are 4700 fish farmers in Mizoram who are given fish seeds at 50% subsidized rate and also fish seeds were realized in the rivers to enhance fish population. During 1999-2000, apart from maintaining the existing five fish seeds farms, two more new fish seeds farm will be constructed and the water areas for fish culture will also be increased. For fish marketing, it is proposed to complete two cold storage and ice plant, refrigerated van will be purchase. Construction of local fish selling booth at Aizawl and Kolasib will also be taken up. Technical and financial assistance is proposed to be extended to the fish farmers. For further development of riverine fish seedlings, it is proposed to release quality fish seeds in thirteen major rivers in the State. More training will be imparted to fish farmers and it is also proposed to send trainees for technical fishery course.

(iv) **Power & Electricity**

The Significant achievement during the current year is the commissioning of 12.50 MVA sub-station at Luangmual which increased our receiving capacity, and also commissioning of 1.5 MW Diesel Power Station at Champhai. Three villages and five villages have been electrified by conventional and non-conventional sources of energy respectively, as much as 433 solar lanterns have also been distributed as subsidized rate during the current year. Further, augmentation of Luangmual 132 KV sub-station by another 12.5 MVA is expected to be commissioned during the next financial year. Three Mini Hydel Projects of Teirei (3MW) , Tuipanglui (3MW) and Kau Tlabung (3MW) are expected to be commissioned shortly. Amongst a number of projects in the pipe-line, priority will be given to the construction of Thermal Power Plan (20MW) at Bairabi and Serlui 'B' Hydro Electric Project (9MW). Schemes for implementation of Tuivai Hydro Electric Project (210 MW) , Kolodyne Phase I (100 MW) and Bairabi Hydro Electric Project (75 MW) will be vigorously pursued. As regards Bairabi Project, the Brahmaputra Board is updating the project report, which is expected to be finalized during this year.

(v) **Industries:**

The Department has put its efforts in development of tea gardens and raising of Toklai approved varieties of tea seedlings and plantations have been concentrated around Biate village. The growers are assisted with tools, implements and chemicals. The department is also striving to educate the educated youth in the field of electronics and computers by way of conducting awareness campaigns and seminars.

Vertical Industrial building capable of accommodating fifty non-polluting cottage Industrial units have been constructed and the rooms are almost ready to be rented out.

During 1999-2000 the department is intending to concentrate on development of electronics, computers, tea industry and Industrial Growth Centre at Luangmual.

(vi) **Social Welfare**

The construction of 300-bedded De-addiction-cum-rehabilitation-centre at Sethawn has been completed and now become functional. Being fully aware of the enormous problem of drugs abuse and addiction to alcohol amongst a large section of the youth in Mizoram, we are in the process of taking measures to find a solution. A very high priority is therefore, accorded to the programme for prevention of this social menace as it is not posing a threat not only to the process of our endeavour for human resources development but is also a stumbling block to the economic growth of the State. All out efforts will thus be taken to solve this serious problem within the shortest possible time. As many as 5416 old aged persons have been given financial assistance at the rate of Rs. 100/- per month. Women Commission has been set up for the Welfare and Safeguard of women with legal entity.

(vii) **Excise**

For better implementation of mizoram Total Prohibition Act, officers and staff have been posted at Champhai, Serchhip, Kolasib and Vairengte. In order to check the trafficking and

abuse of drugs, the department proposes to legislate new laws for the effective prevention of illegal possession, sale, use and consumption of various kinds of intoxicating drugs and also for making drug addiction an offence.

(viii) **Police:**

The level of satisfaction on accommodation for Police personnel in Mizoram is one of the lowest in the country. During 1998-1999, the department constructed seven type IV quarters, one Type III quarter and Four two storied Barracks. In 1999-2000, thirty numbers of type-II and III quarters will be constructed in all the new District Headquarters. Besides, the department also proposes to construct Reserve line at Mualpui and quarter Guards/Magazine at Aizawl.

(ix) **Public Health Engineering**

During the current financial year under Rural Water Supply Scheme, forty-nine habitations have been provided with Water Supply. Under Urban Water Supply Scheme, Zawlnuam Water Supply Scheme and Greater Kolasib Water Supply Scheme have already been commissioned and Greater Water Supply Scheme of Saiha is expected to be commissioned shortly. The Integrated Project of Aizawl comprising various schemes like Greater Aizawl Water Supply Scheme Phase-II, Aizawl Sewerage Scheme Phase-I, Aizawl Storm Drainage Scheme Phase-I, Aizawl Solid Waste Management Scheme (feasibility), Water Quality Monitoring and Public Health Education at the estimated cost of Rs. 176.55 crores have been approved to be taken up under Central non-lapsable pod fund. Against this project, Greater Aizawl Water Supply Scheme Phase-II with an amount of Rs.71.80 Crores designed for a population of 2,25,000 is being taken up. Cost of this project will however, be shared at the ratio of 75:25 between the Central Government and the State Government.

(x) **Public works Department**

The Government has approached World Bank for funding upgradation of the existing rural roads and for taking up new projects for road communication in the State. For this purpose, the Government of Mizoram had already signed contract with Inter-Continental Consultants and Technocrats Lts., for strategic option study and the study is in progress and the report is awaited.

(xi) **Forest:**

The new concept of Joint Forest Management has taken roots in Mizoram by involving the public in the management of Forest. It is proposed to create 4300 hectares plantations under this concept in 1999-2000. It is also proposed to take up teak thinning in older plantations in the State. This will fetch certain amount of revenue.

(xii) **Health & Family Welfare**

During 1998-1999, 30 bedded Hospital each at Sakawrdai and Saitual will be completed and five Primary Health Centre buildings are also expected to be completed. The Cobalt Therapy Unit for cancer treatment has been functioning properly now. Reproductive and Child Health projects have been implemented under World Bank assistance and Rs. 17.31 crores have been sanctioned for the 9th plan period. Central Government has already released the first installment of Rs. 4.00 crores for State's Referral Hospital under Central Non-lapsable pool fund.

During 1999-2000, the department will continue the ongoing works and the department intends to improve supply of patients diet, purchase & supplies of essential drugs and equipments to all the health institutions.

(xiii) **Rural Development**

The main thrust of this department in the past was New Land Use Policy Programme (NLUP). However, a need has now been felt that the department should be appropriately

restructured and review of the NLUP programme be made so as to better utilize the funds and manpower more effectively towards attainment of rapid economic development in the State of Mizoram. Besides the normal NLUP Programme, a new scheme called Special Development Scheme has been evolved to assist urban poor families at Aizawl and Lunglei towns. Under National Programme of improved Chulhas, a number of rural poor families have been benefitted. The department sold portable Chulhas at 25% of the unit cost during 1998-1999. This programme will be continued. This department is one of the implementing agencies of the Border Area Development Programme (BADP) and is also functioning as a Nodal department for BADP in the State.

(xiv) **Soil & Water Conservaiton**

This department has given more stress on the production of seeds and seedlings. Twenty-six new nurseries of cash crop were raised by the department for coffee, rubber, arecanut and large cardamom. Sixteen Quintals of coffee seeds were sold and also distributed to the interested families and also 248 coffee planters were given cash assistance at the rate of Rs. 5000/- per hectare shared between Coffee Board and the State Government at the ratio of 80:20. This has greatly encouraged the Coffee planters and the scheme will be continued during next year also.

(xv) **A.H. & Vety**

During 1998-1999, 7000 dozes of Artificial Insemination has been performed to the cattle, also new technology of artificial insemination for pigs has been introduced and 150 units of biogas plants are being installed. Production of live-stock and poultry products have been substantially improved. During 1999-2000, it is proposed to increase quantum of implementation of Feed Transport Subsidy in order to reduce the cost of livestock and poultry production as well as to encourage more families to adopt livestock and poultry farming for livelihood.

(xvi) **Food & Civil Supplies**

The department has been trying improvement of distribution of LPG and through the efforts of the department, IOC has purchased a site for establishment of Bottling Plant to ensure long term solution of the scarcity of LPG.

(xvii) **Sericulture**

A number of rural families have adopted sericulture farming and silkworm rearing and have been earning sustainable income. As many as 300 families in various places have established sericulture farming and it is expected to double the number in the near future. To improve the sericulture development, the department will concentrate on research and training and seed production in 1999-2000.

(xviii) **Home Guard**

155 Home Guards were trained in Basic, Leadership and Advance training courses and 100 odd excise personnel were also given training. For the first time, Mizoram Home Guards participated in All India Home Guards and Civil Defence Professional and Sports Meet 1998 at Calcutta.

(xix) **Tourism:**

The department has increased tourist accommodation by 12 additional rooms comprising 40 beds in various Tourist Lodges during the current year. Therefore, the department has 111 rooms having 328 beds in operation in various places within the State.

During 1999-2000, with the Centrally Sponsored Scheme Fund from Govt. of India, a number of projects for development of tourist and pilgrimage centres will be taken up on priority.

(xx) **Revenue:**

Cadastral survey operation has been carried out and as much as five notified towns are covered during this year. During 1999-2000, ten notified towns will be targeted for Cadastral Survey Operation and it is also proposed to complete House site Plan of 2000 plots for allotment to the needy families.

(xxi) **Prison:**

To accommodate increased inmates in various jails as a result of implementation of Mizoram Total Prohibition Act, new barracks and quarters have been constructed. Against the upgradation of administration grants, repair and renovation of existing accommodations and improvement for medical care and sanitation for prisoners were taken up.

(xxii) **Local Administration Department**

In view of the increased cost of construction of houses, the quantum of composite cash loan to Govt. employees and housing loan to private families have been enhanced and during this year additional amount of Rs. 10.00 crores have been received and hence more people will be benefited.

(xxiii) **Administrative Training Institute**

With a meager fund, the department is conducting 28 different training programmes during the current financial year. In 1999-2000, at least 25 programmes of different courses are proposed to be conducted. So far the Institute has imparted training to 7050 Government servants of various categories.

(xxiv) **Trade & Commerce**

During 1998-99, semi-permanent market buildings at Vairengte Bazar and Bawngkawn Bazar were constructed. With an expectation of assured remunerative price of ginger in the coming seasons, financial assistance by way of loan is being extended to producers of ginger for seeds and intending ginger growers. To facilitate and to encourage export schemes, project report for installation of Export intensive Area at Tlabung with an estimated amount of Rs. 5.00 crores is prepared and sent to the Government of India for approval.

During 1999-2000, the department proposes to open regional office at Lunglei and Champhai and checkgates at Tlabung and Champhai-Zokhawthar will be installed. Waterways in Chhimtuipui, Khawthlangtuipui and Tlawng will be developed to make them navigable. To facilitate operation of Trade, buildings for warehouse, godowns, regional offices and check gates sheds will be constructed. Great emphasis will be laid on arrangement of marketing channels for the remunerative selling of Mizoram products outside the State.

(xxv) **General Administration Department:**

During 1998-1999, foundation stone for construction of Guest House at Bangalore has been laid. This Guest House will cater to the needs of the increasing large number of Mizo Students, the Mizo Community of Bangalore and the touring VIPs and others.

The dream of having a modern airport capable of handling bigger aircraft has become a reality, thanks to the Central Government for the generous financial support. Indian Airlines now operate regular flights thrice a week on every Tuesday, Thursday and Saturday on Calcutta-Aizawl-Imphal route. We are pressing the Central Government to operate daily flights to arrive Aizawl and also to connect Aizawl with Guwahati.

During 1999-2000, efforts will be made to make the newly created five Districts, thirteen Civil sub-divisions and five Sadar sub-divisions operationalise effectively.

REVISED ESTIMATES FOR 1998-1999

12. The current financial year of 1998-1999 was opened with a deficit of Rs. 79.36 cores against the estimated deficit of Rs. 85.77 crores. Over and above a deficit of Rs. 79.36 crores, the Government parked about Rs. 60.00 crores in the K. Deposit out of the fund of 1997-1998 and in reality the opening deficit should have been Rs. 139.36 crores. The reason of heavy opening deficit is attributed to the non-fulfillment of the commitments made on resource mobilization during the previous year. At the same time devolution of fund under share of taxes from Central Government has been considerably reduced due to less collection of revenue by the Central Government.

13. As per the Revised Estimates, it is estimated to close the year with a deficit of Rs. 126.11 crores which is much more than the Budget Estimated deficit of Rs.59.96 crores. The main reasons of this increase is due to release of K. Deposit, release of Dearness Allowance @ 22% of basic pay to the Government servants and also discontinuation of impounding D.A. and I.R. of the Government servants into their G.P. Fund accounts from November, 1998.

14. I may say that it is really unfortunate to reduce the Annual Plan allocation under various sectors in the Revised Estimate. This reduction has to be done under compulsion as the State could not fulfil its commitments for mobilization of additional resources and non accrual of the envisaged amounts from GPF account from plan funding due to discontinuance of impounding D.A. and I.R. of Government employees.

BUDGET ESTIMATE FOR 1999-2000

15. The Budget Estimates for 1999-2000 has been prepared with an estimated opening deficit of Rs. 126.11 crores. There is further deterioration from the opening deficit of the previous year due to reason stated earlier. As already stated by me, the resource base of the state is so meager, there is practically no scope to improve during this extremely short period of our Ministry. The estimated closing deficit for the year 1999-2000 is Rs. 157.35 crores. This substantial

deterioration is mainly due to making Plan allocation at the level of 1998-1999 as advised by the Planning Commission. On the other hand, the State's own resources have been greatly reduced as no additional resources is envisaged at this stage and that impounding of D.A. and I.R. of the Govt. employees have been discontinued, resulting to less amount in GPF account for funding the Annual Plan.

16. The need of the hour is to mobilize more resources in the State and at the same time to drastically reduce the Non-Plan expenditure. We would make an endeavour to fully tap all the existing resources and take some new measures to improve the states resources. While introducing new measures for resource mobilization, my Government will ensure that the poorer sections of the citizens are not affected.

17. As required, the Annual Financial Statement 1999-2000 has been laid before this august House. However, as already stated in the beginning, I am, at this stage, seeking "Vote on Account" for the first four months – April to July of the fiscal year 1999-2000.

18. Sir, while I would like to thank all the members of the House for giving me a patient hearing, I express my sincere apology for presenting budget documents the printing of which is not up to the desired quality due to certain technical problem. I also express my sincere appreciation to the officers and staff of Finance and the Printing & Stationery Departments for helping me in preparation of this budget. My thanks are also due to the Mizoram Unit of National Informatics Centre for their valuable co-operation.

19. With these words, I commend the Supplementary Demands for 1998-1999 and the "Vote on Account" of the budget for 1999-2000 for consideration and approval of the House.

Jai Hind.