

Mr. Speaker Sir,

With your permission, I rise to present the Regular Budget Estimates for the year 2012-13 before this august House.

1. Sir, I deem it a great privilege to present my second Regular Budget as Finance Minister and the fourth Regular Budget of the current Ministry specially at a time when the Central Government has given us a very generous Plan endowment despite the country being impacted by the Euro zone debt crisis, political turmoil in the Middle East and widespread internal economic uncertainties. It will, therefore, be the constant endeavor of the State Government to ensure a judicious utilization of these funds to ensure economic growth and development of the State at a comparable pace with other well-performing States of the country.

2. The performance of the State in terms of GSDP has shown good results during last financial year. Even though the main factor for attaining such a commendable performance is Service sector, the progress of Agriculture & Allied Sector and Industry cannot be overlooked while undertaking a fiscal overview on the State economy specially as the percentage of the area of primordial shifting cultivation has gradually decreased across the State since last few years.

3. In the meantime, the State experiences the minor impact of global economic slowdown in the form of LPG (Liquefied Petroleum Gas) inadequacy, steep hike of Motor Spirit and devaluation of currency resulting in high inflation

in the market. However, it is the heartfelt commitment of this Government to overcome these restraints in the quickest and simplest manner to do away with the supply constraints. Hence, I assure this august House that the Government is and will be constantly vigilant and responsive to the problems of the common man and will leave no stone unturned to address their grievances.

4. I would like to share with Hon'ble Members of this august House the fortunate prospects for the State for economic reforms since Government of India has accorded top priority for the Look East Policy, and more so with the opening of economic window by neighbouring country Myanmar. Hon'ble Prime Minister of India has visited Myanmar at the beginning of this year as a part of an initiative to boost the bilateral trade between the two countries. Mizoram will be one of the most benefited States from this bilateral trade through the trade centres Zokhawthar and Zorinpui. It is hoped that this new economic policy will bring about new economic developments in the State within the foreseeable future.

5. As we are entering the first year of the Twelfth Five Year Plan with the basic objectives of '*faster, more inclusive and sustainable growth*', five objectives identified by Hon'ble Union Finance Minister in his Budget Speech early this year are highlighted once again as they will be the guiding principles of our Plan policy and programmes:

- (i) To focus on domestic demand driven growth recovery;
- (ii) To create conditions for rapid revival of high growth in private investment;

- (iii) To address supply bottlenecks in agriculture, energy and transport sectors, particularly in coal, power, national highways, railways and civil aviation;
- (iv) To intervene decisively to address the problem of malnutrition especially in the 200 high burden districts; and
- (v) To expedite coordinated implementation of decisions being taken to improve delivery systems, governance, and transparency; and address the problem of black money and corruption in public life.

6. Sir, I am also deeply honoured for being able to prepare the Budget and being able to drive the fiscal wheel of the State, particularly, at the dawn of the Twelfth Five Year Plan which is committed to bring the country in the forefront of global economic field by targeting a *9 to 9.5 percentile* growth rate.

## **I. OVERVIEW OF THE STATE ECONOMY**

7. Respected Sir, I laid on the table of the House the Economic Survey of Mizoram 2011-12 in March this year which gives a detailed analysis of the economy over the past twelve months with some of the noteworthy achievements of our Departments. This report shows that the State economy is estimated to grow at *10.09 per cent* in real terms in 2011-12 over the previous year against the national growth rate of *6.9 percentile*. Besides, the GSDP (Gross State Domestic Product) at constant prices (2004-05) clocked 8 per cent average annual growth rate during the financial years from 2004-05 to 2010-11.

8. The expected average growth rate of GSDP of Mizoram during the Eleventh Plan period was *7.1 per cent*. However, the Mid-Term Appraisal of the Eleventh Five Year Plan (2007-08 to 2011-12) produced by the Planning Commission of India placed the growth rate of the State at *5.5 per cent* in 2007-08, *6.4 per cent* in 2008-09 and the growth rate of the State for 2009-10 was *7 per cent* only. In the meantime, the growth rate in the last two financial years empirically pulled up the average growth rate of the State during these first three years of Eleventh Plan which led to achievement of better growth rate for the whole Eleventh Five Year Plan period than forecasted by Planning Commission of India. This achievement bears *ipso facto* testimony to the serious and sincere efforts rendered by this Ministry under the able and proficient guidance of our Hon'ble Chief Minister Pu Lal Thanhawla to bring forward the State's economy to the vanguard of progress.

9. The Economic Survey Report 2011-12 reveals that GSDP for 2009-10 at factor cost at current prices was provisionally estimated at **₹ 5253.93 crore** whereas the quick estimates of GSDP for 2010-11 was pegged at **₹ 6058.70 crore** and the advance estimates of GSDP for 2011-12 was put at **₹ 6991.40 crore**. This shows that the growth rate of projected State's GSDP overtakes the growth rate of the country during last financial year.

10. Together with the increased inflow of various grants and assistance defrayed from the Centre coupled with utmost endeavor of this Ministry and the hard-work of people of Mizoram, I expect the GSDP growth rate of Mizoram for the year 2012-13 to be a double digit of *10 per cent* in line with the target set by Thirteenth Finance Commission.

11. The Economic Survey 2011-12 further shows that Service sector continued to dominate the economy of the State by sharing 60 percent, followed by Industry sector and Agriculture & Allied sector at 20 per cent each. Hence, the Government needs to continue to invest more on Agriculture and Industry sectors for balanced growth.

## **II. A REVIEW OF YEAR 2011-12**

Sir, I may now come to a review of year 2011-12.

12. Respected Sir, the year 2011-12 has passed through ups and downs in terms of economic indicators. While we are proud of achievement in terms of GSDP, this achievement could solely be ascribed to improvement of Service sector alone since the performance of Agriculture and Industry sector still left big room for progress. Even though the foundation stone for rapid development of Agriculture and Industry sector has been laid, the fruitful result of this effort in these sectors may take a while to bear significant outcome in the overall performance of State's GDP.

13. The fiscal policy of the State has to be, time and time, undertaken in line with the provisions and stipulations as laid down by Thirteenth Finance Commission. This tight fiscal belt recommended by the Commission brings about many beneficial effects on the financial management of the State as the State is determined to avail the offered-incentive on compliance.

14. The same history of fiscal problem continued its existence in this fiscal year too. The fiscal hiccups as a result of implementation of Pay revision to State Government employees and owing to provision of mass subsidy for the purchase of food grains and power are still in the forefront among the problem faced by the Government. It is, therefore, the serious commitment of the Government to chalk out a credible roadmap backed by a set of implementable proposals so as to provide solution to these financial dilemmas.

### ***Revenue Receipts***

15. Revised Estimates of total Revenue Receipts in 2011-12 was placed at **₹ 4127.72 crore** against the Budget Estimates of **₹ 3748.30 crore**. Out of Revised Estimates, Tax revenues, comprising Own Tax revenue and Share in Taxes, was **₹ 890.04 crore** whereas Non-Tax revenues inclusive of Grant in aid was pegged at **₹ 3237.68 crore**.

16. Out of this Tax revenues of **₹ 890.04 crore**, Own Tax Revenue was placed at **₹ 180.31 crore** against the Budget Estimate of **₹ 173.17 crore** and Share in Taxes at **₹ 709.73 crore** by maintaining the figure of Budget Estimates.

17. The Non-Tax Revenues of **₹ 3237.68 crore** in the Revised Estimates of 2011-12 comprises Own Non-Tax Revenue of **₹ 241.18 crore** and Grants from the Centre to the tune of **₹ 2996.50 crore** against the Budget Estimates of **₹ 237.58 crore** and **₹ 2627.82 crore** respectively.

18. Revenue Surplus in the Revised Estimate of 2011-12 was **₹ 193.67 crore**. In this regard, it may be pertinent to mention that the Revenue Receipts accounts show an improving trend during this year and this is a very good sign

for the fiscal health of the State. The Government will continue to render untiring efforts for improvement of Revenue Receipts so as to attain maximum Revenue surplus for maximum capital investment.

### ***Capital Receipts***

19. Revised Estimates of the total Capital Receipts in 2011-12 was ₹ **492.42 crore** in which Recovery of Loans & Advances was ₹ **36.76 crore** and Public Debt was ₹ **455.66 crore**.

### ***Revenue Expenditure***

20. In the Revised Estimates, Gross Revenue Expenditure was placed at ₹ **3935.31 crore** against the Budget Estimates of ₹ **3427.51 crore**. Higher spending in the Revised Estimates is mainly attributed to consequential impact of Revision of Pay in 2010.

### ***Capital Expenditure***

21. Capital Expenditure in the Revised Estimates was ₹ **1064.00 crore** against the Budget Estimates of ₹ **789.83 crore**.

22. The total expenditure under Consolidated Fund of the State stood at ₹ **5149.31 crore** in the Revised Estimates against the Budget Estimates of ₹ **4367.34 crore**.

### ***Fiscal Indicators***

23. Revenue Surplus and Fiscal Deficit are the main key indicators which reflect the fiscal performance of the State. Revenue Surplus during 2011-12 in the Revised Estimates

was ₹ **193.67 crore** against the Budget Estimates of ₹ **322.04 crore**. Fiscal Deficit of the State was also pegged at ₹ **490.86 crore** in the Revised Estimates against the Budget Estimates of ₹ **172.87 crore**. These unanticipated results in respect of Revenue Surplus and Fiscal Deficit could be attributed to unexpected upsurge of expenditure for the purchase of food grains and power, higher spending on Education and unforeseen escalation of expenditure for supply of drinking water to the public.

24. In particular, the year 2011-12 marked a serious default payment on power purchase as a result of retrospective revision of power tariff by CERC (Central Electricity Regulatory Commission) which, in turn, has a untoward repercussion on the State finances. However, this Ministry is highly committed to address these specific undesired experiences by streamlining revenue collection efficiency in the concerned Department.

### **III. BUDGET ESTIMATES 2012-13**

I now turn to estimates for Regular Budget of 2012-13.

25. Respected Sir, I may inform Hon'ble Members once again that Budget on Vote-on-Account was required to be presented for the first four months of current financial year consequent to late finalization of State Annual Plan. However, I would like to clarify that the State Government is not responsible for late finalization of Annual Plan as the power to set a date and time for finalization of Annual Plan size is solely vested in Planning Commission of India.

26. Notwithstanding the above, delay of Regular Budget triggers late utilization of Plan fund even though uniform spreading of expenditure throughout the year is one of the top priorities of this Ministry. However, I assure Hon'ble Members of this august House that paramount endeavor would be undertaken to ensure optimum utilization of Public Fund in the right direction in the right time so as to ensure uniform percolation of the resources to the general public of the State.

### ***Revenue Receipts***

27. Revenue Receipts comprise Tax Revenue and Non-Tax Revenue. Tax Revenue for current year is estimated at **₹ 1004.13 crore** which consists of an estimation of Own Tax Revenue at **₹ 190.42 crore** and State's share of Central Taxes at **₹ 813.71 crore**.

28. Receipts under Non-Tax Revenue are estimated at **₹ 3792.35 crore**. This Non-Tax Revenue comprises estimations of Own Non-Tax Revenue at **₹ 229.43 crore** and Grants-in-aid from the Centre at **₹ 3562.92 crore**. Components of Grants-in-aid from the Centre under Non-Plan and Plan are placed at **₹ 1164.36 crore** and **₹ 2398.56 crore** respectively.

29. Budget Estimates of total Revenue Receipts for the year 2012-13 is pegged at **₹ 4796.48 crore** which is an increase of *27.96 per cent* over the Budget Estimates of **₹ 3748.30 crore** during 2011-12.

## ***Capital Receipts***

30. Capital Receipts is estimated at ₹ **383.44 crore**. This comprises an estimation of Public Debt and Recovery from Loan & Advances at ₹ **356.89 crore** and ₹ **26.55 crore** respectively. Public Debt of ₹ **356.89 crore** again consists of estimation of Internal Debt of State Government at ₹ **347.25 crore** and Loans & Advances from Govt. of India at ₹ **9.64 crore**.

31. Estimate of Capital Receipts for 2012-13 is decreased by *22.28 per cent* against Budget Estimates of the same during 2011-12 as a result of downsizing of borrowing limit by Ministry of Finance, Government of India in line with Thirteenth Finance Commission's recommendation.

32. Thus, the total Receipts under Consolidated Fund of the State for the year 2012-13 is estimated at ₹ **5179.93 crore** which is an increase of 22.12 per cent over the Budget Estimates of the same ₹ **4241.69 crore** during 2011-12.

## ***Expenditure***

33. The Gross total expenditure from Consolidated Fund of the State is budgeted at ₹ **5327.25 crore** which is an increase of *21.98 per cent* over the Budget Estimates of the same during 2011-12. Of this, Gross Revenue Expenditure accounts for ₹ **4169.71 crore** and Gross Capital Expenditure contributes ₹ **1157.54 crore**.

34. The total expenditure can also be classified as Plan and Non-Plan expenditure. Out of the estimate of total expenditure, Plan Expenditure is ₹ **2300.00 crore** and Non-Plan Expenditure is ₹ **2875.37 crore** of which an increase of Non-Plan Expenditure is *12.25 per cent* against Budget

Estimate of last year. Beside this, expenditure to be incurred under CSS/NEA/NLCPR is estimated to be ₹ **151.88 crore**.

### ***Revenue Expenditure***

35. Out of the total Revenue expenditure, Development Expenditure stood at ₹ **1341.51 crore** which is *32.17 per cent* and Non-Development Expenditure at ₹ **2828.20 crore** which is *67.83 per cent* of the total Revenue Expenditure.

### *Interest Payments*

36. Interest Payments for 2012-13 is budgeted at ₹ **242.00 crore** which is a decrease of *10.78 per cent* over the Budget Estimates of 2011-12. This is a sign of significant improvement in the State finances. The reason could be attributed to *Prepayment of high cost loans* under Mizoram Public Resource Management Program (MPRMP).

### *Salaries*

37. Salaries and wages of State Government's employees always share a sizeable portion of every annual Budget of the State. In this connection, I would like to reaffirm to Hon'ble members of the House that no single Ministry should be held responsible for the cause of this situation since the Budget allocation pattern has been brought forward and handed over from Ministry to Ministry since long time ago.

38. However, utmost efforts need to be paid by any Ministry in the Government to find practicable solution to address this particular fiscal problem. It may be pertinent to mention that more than 10000 sanctioned posts are still lying

unfilled as a part of fiscal discipline measure, that too, at the cost of operational efficiency of the Government. This portrays the seriousness of this Ministry in compressing the number of Government employees along with minimizing expenditure for their salary and its related items.

39. Requirement for Salaries under Non-Plan, Plan and CSS for 2012-13 are estimated at ₹ **1615.64 crore**, ₹ **416.15 crore** and ₹ **25.97 crore** respectively thereby making a total Salary Payments at ₹ **2057.76 crore**.

### *Pensions*

40. New Defined Contributory Pension Scheme was launched for the employees recruited on or after 1<sup>st</sup> September, 2010 with a focus to minimize requirements for Pension Payments. As major portion of the State Government's employees are still under the old Pension Scheme, I propose to set aside ₹ **268.72 crore** for the expenditure on Pension Payments for fiscal 2012-13 which is a decrease of *1.53 per cent* over the Budget Estimates of 2011-12.

### ***Capital Expenditure***

41. Gross Capital Expenditure is estimated at ₹ **1157.54 crore** of which Capital Outlay at ₹ **1038.74 crore**, Public Debt at ₹ **87.60 crore** and Loans & Advances at ₹ **31.20 crore**. It is the intention of this Ministry to allocate fund as much as possible for Capital Outlay vis-à-vis minimizing expenditure on Repayments of Borrowings and its consequential Interest Payments.

## ***Non-Plan Expenditure***

42. Minimizing Non-Plan Expenditure to the lowest possible extent is one of the top priorities of this Ministry as a result of which all Departments were instructed to reduce their respective Budget allocation under the head of *non-salary portion of Non-Plan Fund* by 2 (two) percent of the total allocation during 2011-12.

43. Estimates of Non-Plan Expenditure for 2012-13 is pegged at **₹ 2875.36 crore.**

## ***Plan Expenditure***

### *Annual Plan 2012-13*

44. Speaker Sir, as Hon'ble Members are aware, the size of State Annual Plan for 2012-13 was fixed at **₹ 2300.00 crore** in a meeting between Hon'ble Chief Minister of Mizoram and Deputy Chairman, Planning Commission of India on 6<sup>th</sup> June, 2012 which is an increase of 35.29 against the Annual Plan size of 2011-12. This is the highest ever increment of Annual Plan size in the history of Mizoram State. This achievement confirms thrust and confidence reposed on the policy and programme of this Ministry by Government of India so that optimum utilization of this blessing showered by the Centre would be the utmost endeavor of this Government.

45. Within the approved outlay of **₹ 2300.00 crore**, I propose to allocate the following amount to different sectors as follows: (i) Agriculture & Allied Activities - **₹ 504.88 crore**

(ii) Rural Development - ₹ **49.29 crore** (iii) Special Area Programme - ₹ **94.21 crore** (iv) Irrigation & Flood Control - ₹ **115.36 crore** (v) Energy - ₹ **97.09 crore** (vi) Industry - ₹ **93.84 crore** (vii) Transport - ₹ **335.23 crore** (viii) Communications - ₹ **3.62 crore** (ix) Science, Tech. & Environment - ₹ **1.28 crore** (x) General Economic Services- ₹ **181.49 crore** (xi) Social Services - ₹ **715.83 crore** (xii) General Services - ₹ **107.88 crore**.

### ***Fiscal Sustainability***

46. It will be the continued effort of the Government to maintain Revenue Surplus even in this year 2012-13 with the estimate of ₹ **627.77 crore** which is the highest ever in the history of State finances. Fiscal Deficit was estimated at ₹ **265.61 crore** which is 3.31 per cent of the projected GSDP ₹ **8018.96 crore** against Thirteenth Finance Commission's target of 5.2 per cent. Outstanding debt was also estimated at ₹ **4362.31 crore** which is 54.40 per cent of the same GSDP against the Thirteenth Finance Commission's target of 82.9 per cent. The performance of the State under these fiscal indicators signifies the sincerity and seriousness of the Government towards consolidation and reformation of its fiscal policy.

47. Provision of mass subsidy in respect of food grains and power, as pointed out time and again, has become the major bottleneck in the fiscal management of the State over the years. During 2011-12 alone, State Government spent more than ₹ **100.00 crore** for purchase of power and food grains from its Exchequer. It is not known how long the State finances will be able to sustain this subsidy. Since the subsidy is provided for the benefit of the poor, lay man and

the masses, I assure Hon'ble Members of this House that the current Ministry will continue to provide subsidy for these purchases even at the cost of Exchequer for the targeted people. However, the Government will tender all-out effort to contain this subsidy burden by way of streamlining recovery system on User charges and sale proceeds.

#### **IV. PRIORITY SECTOR UNDER ANNUAL PLAN 2012-13**

Sir, Let me now turn to priority sector under Annual Plan 2012-13.

48. Mr. Speaker Sir, the flagship programme of this Ministry i.e. New Land Use Policy (NLUP) will continue to be accorded top priority. As I have outlined in my Budget Speech for Vote-on-account early this year, the ground implementation of NLUP is found satisfactory and praiseworthy by Central Government owing to which the specific allocation for NLUP for the year 2012-13 is enhanced to a momentous figure of **₹ 370.00 crore**. This is an increase of 58.12 per cent over the previous year allocation of **₹ 234.00 crore**.

#### ***Agriculture & Allied Activities***

49. The proposed total outlay for 2012-13 is **₹ 504.88 crore**. The increased percentage is 42.14 against the outlay of **₹ 355.21 crore** for 2011-12. The enhancement of total outlay for Agriculture & Allied Activities is being taken with a view to simultaneously improve the contribution of this sector in the overall growth rate of State's GSDP.

### ***MLA Local Area Development Scheme***

50. In view of a notable impact of this Scheme in each MLA constituency, I propose to enhance the existing allocation from **₹ 1000.00 lakh** to **₹ 1200.00 lakh** which is an increase of 20 per cent. The proposed amount has to be allocated uniformly to each constituency at the rate of **₹ 30.00 lakh**.

### ***Provision of equity share for construction of 400 Kv line***

51. Being a power resource-deficient state, priority is accorded to improvement of Power line within as well as outside the State as it is necessary to import a sizeable portion of requirement from outside the State. Hence, I propose to allocate **₹ 30.64 crore** as equity share for construction of 400 Kv D/C line from Pallatana to Bongaigoan.

### ***Improvement of Road Communication***

52. As Road Communication plays an indispensable part for boosting developmental initiatives and for picking up of economic state of affairs evenly across the State, I propose to allocate a total amount of **₹ 329.37 crore** for improvement of Road network throughout the State. Of this, the following have been earmarked -

- (a) **₹ 10.00 crore** for Mizoram State Roads Project
- (b) **₹ 30.00 crore** for North Eastern State Roads Investment Program
- (c) **₹ 24.98 crore** for Rural Road Project under NABARD

(d) **₹ 200.00 crore** for Special Programme for Road Development

(e) **₹ 27.78 crore** for State's Priority Project.

The total outlay for 2012-13 is increased by 169.51 per cent against the outlay of the same during 2011-12. This allocation illustrated that this Government is paying utmost effort to ensure homogenous economic development across the territory.

### ***Districts Empowerment***

53. As a part of decentralization of power to percolate the resources down to grass roots level and to evolve plan formulation at District level, I propose to allocate **₹ 600.00 lakh** to Lunglei High Power Committee and **₹ 500.00 lakh** for five District Planning Committees at Aizawl, Champhai, Mamit, Kolasib and Serchhip. Besides, I also propose to allocate **₹ 50.00 lakh** for Sialkal Tlangdung Development Committee. This is a very significant episode in the history of Mizoram and phenomenal initiatives particularly in terms of resources distribution.

### ***Enthusiating Education***

54. The importance of education for all-round development may not need more emphasis and in particular education at the Primary and Secondary level. To provide impetus to the existing strength of education set up in terms of salary, wages and infrastructure, I propose to enhance allocation on School Education by almost 20 percent at **₹ 223.32 crore** against allocation for the same during 2011-12. Further, Higher & Technical Education and Mizoram Scholarship Board are also provided adequate fund at **₹ 52.29 crore** and

₹ **5.23 crore** respectively with remarkable increased percentage so as to promote the future and welfare of the students.

### ***Promotion of Youth services in Sports***

55. This Ministry always pays importance on encouragement of youngsters to take up sports profession as their career. As such, I propose to enhance allocation for this purpose at ₹ **29.87 crore** which is an increase of 31.05 per cent over and above the allocation for the same in 2011-12. This allocation comprises a specifically earmarked fund of ₹ **400.00 lakh** for Mizoram State Sports Council and ₹ **100.00 lakh** for construction of Ramhlun Indoor Stadium.

### ***Promotion of Visual Arts***

56. For the first time in the history of Mizoram, I propose to allocate ₹ **20.00 lakh** for promotion of visual arts and to create conducive environment for encouragement of film industry so as to open new window for the youth and educated unemployed.

### ***Infrastructure Development***

57. It has been repeatedly said that our State is lagging behind other State in various economic parameter particularly in terms of Infrastructure development. As a part of an effort to improve infrastructure in the State, I propose to allocate –

- (i) ₹ **23.67 crore** for construction of various Buildings under State's Priority Projects

- (ii) ₹ **20.00 lakh** for maintenance of Mizoram House, Bangalore.
- (iii) ₹ **466.00 lakh** for construction and improvement of Fire Stations.
- (iv) ₹ **500.00 lakh** for additional Secretariat Building.
- (v) ₹ **750.00 lakh** for construction of Raj Bhavan.
- (vi) ₹ **800.00 lakh** for construction of Police Station Buildings
- (vii) ₹ **833.00 lakh** for construction of Jails
- (viii) ₹ **50.00 lakh** for renovation of State Guest House, Aizawl.

### ***Plan Loans from Central Financial Institutions***

58. Sir, with a view to enhance capital expenditure for developmental initiatives, State Government is trying to avail Loans from some Central Financial Institutions with the prior consent of Government of India under Article 293(3). Hence, during 2012-13, I propose to avail Plan Loans from-

- (i) National Bank for Agriculture and Rural Development (NABARD) to the tune of ₹ **50.00 crore** and
- (ii) National Co-operative Development Council (NCDC) amounting to ₹ **1.50 crore**.

The total amount of Negotiated Plan Loan to be availed during 2012-13 comes to ₹ **51.50 crore**.

## ***Plan Grants from Finance Commission***

59. As per recommendations of Thirteenth Finance Commission, an amount to the tune of **₹ 113.85 crore** was allocated inside the Annual Plan for taking up various projects like state specific needs, maintenance of forests etc.. on plan account during current financial year 2012-13. The increased percentage is 27.72 against the allocation of the same during 2011-12.

## ***Central Assistance for State Plan Scheme***

60. Within the State Annual Plan of **₹ 2300.00 crore**, an amount to the tune of **₹ 487.46 crore** is included as Additional Central Assistance (ACA). Scheme wise details of ACA for 2012-13 are:

(i)	Accelerated Irrigation Benefit Programme (AIBP)	- ₹ 140.00 crore
(ii)	Border Area Development Programme (BADP)	- ₹ 40.72 crore
(iii)	Roads & Bridges	- ₹ 10.88 crore
(iv)	National Social Assistance Programme (NSAP)	- ₹ 7.47 crore
(v)	Grants in Aid under Art. 275(1)	- ₹ 12.91 crore
(vi)	Jawaharlal Nehru National Urban Renewal Mission (JNNURM)	- ₹ 100.00 crore
(vii)	Backward Regions Grant Fund (BRGF)	- ₹ 25.58 crore
(viii)	National e-Governance Plan (NEGAP)	- ₹ 1.35 crore
(ix)	Rashtriya Krishi Vikash Yojana (RKVY)	- ₹ 148.55 crore

61. The increased percentage of current year allocation of **₹ 487.46 crore** is 103.35 per cent against the last year allocation of **₹ 239.72 crore** which is incredibly worth mentioning in the Plan history of the State. This achievement, once again, reaffirms the trust and faith

reposed by Central Government in the fiscal management as well as in the plan policy and programme undertaken by current Ministry. Therefore, it will be the perpetual commitment of this Ministry to continue quality output performance in implementation of various Centrally Sponsored Schemes and Central Plan Schemes so as to earn the confidence of the Centre year after year.

### ***Externally Aided Project***

62. Sir, I want to share with Hon'ble Members of this august House the opportunity of the State in availing development partnership with multilateral institutions particularly foreign institutions for financing developmental initiatives. Such foreign financial institutions include World Bank and Asian Development Bank (ADB). During 2012-13, an amount of **₹ 96.40 crore** has been allocated under Annual Plan for taking up of the following projects –

- (i) Mizoram State Roads Project (MSRP) funded by World Bank
- (ii) North Eastern State Roads Investment Programme funded by ADB
- (iii) North Eastern Region Urban Development Project (NERUDP) funded by ADB
- (iv) Mizoram Public Resource Management Programme (MPRMP) under ADB

### ***New Land Use Policy (NLUP)***

63. Respected Sir, I would like to highlight once again the accomplishment of this Ministry on actual implementation of our flagship program called New Land Use Policy (NLUP) in brief for the past two years in spite of some achievement

being highlighted in my previous Budget Speeches. The main objective of this Programme is improving the livelihood of vulnerable groups mainly jhumia families in a sustainable manner through improved management of their resource base in a way that contributes to protecting and restoring environment. This programme, despite initial problems, had made satisfactory progress during the last two years. Particularly, it has made considerable contribution in facilitating reduction of jhuming areas by 42 per cent during Eleventh Five Year Plan.

64. During 2010-11, ₹ **234.82 crore** was released by Government of India for implementation of NLUP. Subsequently, an amount of ₹ **234.00 crore** was released again for the same during 2011-12. In the meantime, appreciating the progress under NLUP, Planning Commission of India enhanced the allocation for the year 2012-13 to ₹ **370.00 crore** which is an increase of almost 60 per cent against the last year's allocation. This commendable act of kindness shown by Planning Commission of India could solely be ascribed to responsible and trustworthy utilization of NLUP fund by this Ministry and attestable achievement of the beneficiaries on the field.

65. Besides earmarked fund of ₹ **370.00 crore** from Annual Plan 2012-13, additional allocation under Rashtriya Krishi Vikash Yojana (RKVY) to the tune of ₹ **40.00 crore** has also been arranged for convergence with NLUP. This indicates that the total fund available for family oriented programme under NLUP during 2012-13 will be ₹ **410.00 crore**. As such, additional 29,861 beneficiaries will be selected during 2012-13 to cover 1,20,000 beneficiaries by end of this fiscal in addition to 90,139 beneficiaries selected during the first two years. Hence, substantial amount of this year's

allocation shall be spent for 45,000 beneficiaries selected under phase-II as additional installments whereas a large portion of the same fund will also be doled out to new 29,861 beneficiaries of phase-III as first installments.

## **V. ADMINISTRATIVE INITIATIVES**

Mr. Speaker Sir, let me now turn to the administrative initiatives being undertaken by this Government.

### ***Good Governance Initiatives***

#### *Launching of MIPUI AW- State Module of CPGRAMS*

66. The 2<sup>nd</sup> Administrative Reforms Commission elucidates in its 12<sup>th</sup> Report, Chapter 5 that every government organization must ensure – a fool proof system for registration of all complaints, a prescribed time schedule for response and resolution. Hence, Government of Mizoram launched its own version of Grievances redress system called MIPUI AW – State module of CPGRAMS (Centralized Public Grievances Redressal and Monitoring System), in line with the system adopted by Government of India, on 29<sup>th</sup> February, 2012 with a view to provide better governance to the public. It is believed that this system will help the citizens in lodging their grievances to the right forum so that the same could be aptly redressed by appropriate authority.

#### *Mizoram State Wide Area Network (MSWAN)*

67. Respected Sir, as a part of an effort to facilitate all Government services accessible to the common man in his locality, through common service delivery outlets and ensure

efficiency, transparency and reliability of such services at affordable costs to realize the basic needs of the common man, Mizoram State Wide Area Network (MSWAN) was launched successfully on 19<sup>th</sup> June, 2012 to connect 42 locations across the State like District headquarters, Sub-Division headquarters and Block headquarters. It uses the latest and state of the art technology to provide platform for transfer of various data like video, voice and documents so as to improve administrative efficiency throughout the State.

### *VAT-soft*

68. The new system, called VAT-soft was formally launched on 8<sup>th</sup> December, 2011 with a focus to provide better services on E-Registration, E-Way Bill, E-Return, E-filing of Invoices, E-Payment and E-CST Forms to the public. It is hoped that this new system will bring better efficiency and competency in collective system of various Taxes in the State.

### ***Promotion of small, micro and macro-Industry***

#### *Industrial Development Area*

69. As Hon'ble Members are aware, Mizoram State has a long way to go in this sector so as to compete with other States. Hence, with a focus to promote industrial activities in the State, Industrial Development Areas were established at Zuangtui Industrial Estate, Export Promotion of Industrial Park, Lengte and Industrial Growth Centre, Luangmual. Basic infrastructure requirements like water supply, power supply, industrial plots and other necessary facilities have also been installed in these Industrial development areas to provide opportunities to the investors.

As of now, 150 units had been given industrial plots in Zuangtui Industrial Area whereas 24 units are to be accommodated in Export Promotion of Industrial Park at Lengte. It is hoped that this initiative will bring about a turnaround for industrial development of the State.

### *Establishment of Weavers' Service Centre*

70. Respected Sir, as announced by Hon'ble Union Finance Minister in his Budget Speech early this year, Weavers' Service Centre run by Ministry of Textiles, Government of India is proposed to be set up in our State to provide technical support to poor handloom weavers. I want to thank once again Central Government for the care and support they provide to us. I hope that this financial as well as technical support would be of immense significance in the development of industrial activities across the State.

### *Development of Bamboo Sector*

71. With the State contributing to 14 per cent of all India Bamboo distribution, Bamboo processing has become a centre-stage in the industrial activities of the State as a part of which Bamboo Board is established and many Mat Ply Industries have come up in the State. As of now, 9 Bamboo chipping units having a capacity of producing 27 tons of Bamboo chips per day have been established at various parts of the State. Besides, several units of Agarbati stick making units have also been established within the State. Moreover, Bamboo pebble mat making unit, Bamboo mat weaving unit, Bamboo charcoal and vinegar making unit are also a part of Bamboo Development initiatives in the State. A comprehensive roadmap for development of bamboo sector through Bamboo Development Agency has also been framed

so as to focus on resource mapping, plantation, usage and marketing value addition. These initiatives are strongly believed to bring the economic development of the State many steps forward.

### ***Improvement of Power Sector***

72. Since it is inevitable to be hitherto self-sufficient in power supply to embark on any developmental initiative, the State Government undertakes many projects to achieve self-sufficiency in power supply. Serlui 'B' Hydro Electric Project (HEP) has been commissioned technically generating 14.91 Mega Watt. Tlawva HEP is also under construction to be completed within 3 years from award of work and Tuivai HEP is also proposed to be taken up under Public Private Partnership mode by availing Viability Gap Funding from Ministry of Finance, Government of India. Besides these projects, various projects like – Lungreng HEP, Chhimtuipui HEP, Mat HEP, Kolodyne Phase –II HEP, Tuirini HEP and Tuivawl HEP are being taken up and pursued vigorously for production of sufficient power supply within the State. These initiatives are expected to fetch a remarkable improvement for the State economy as well as State finances.

### ***Promoting Border Trade***

#### *Border Trade with Myanmar*

73. Sir, as I have outlined at the beginning of my speech, many initiatives have been taken to promote bilateral Border Trade with Myanmar. As a part of this initiative, Land Custom Station at Zokhawthar has also been completed and is ready for formal inauguration. Besides, a site has been earmarked for location of another Land Custom Station at

Zorinpui, Lawngtlai District to facilitate bilateral trade within the framework provided by Government of India and Government of Myanmar. This initiative would have special significance in the economic growth of North Eastern States especially Mizoram due to its geographical isolation from the mainland and its relative proximity to the vibrant market economy of the neighbouring South East Asian Countries. Access to South-East Asian Countries will be provided by Kaladan Multi-Modal Transit Transport on inland and water through Aizawl to Sittwe port in Myanmar via Lawngtlai, Zorinpui, Kaletwa and Paletwa.

#### *Border Trade with Bangladesh*

74. Similarly, a suitable plot of land at Kawrpuichhuah is acquired for establishment of Integrated Check Post and at the same time, Trade Facilitation Centre at Tlabung has also been commissioned to facilitate bilateral trade with Bangladesh.

#### ***Aizawl – Solar City & empowerment of Municipality***

75. Aizawl City has been declared ‘Solar City’ for which installation of Solar Photovoltaic Power Plants in the Civil Secretariat Building and the Municipal Council Building are being taken up with an effort to complete the project by September this year. Moreover, 13<sup>th</sup> Finance Commission Grants for Urban Local Bodies have also been transferred to Aizawl Municipal Council to enable to take up core services like solid waste management, water supply, drainage and other public amenities.

## **VI. FISCAL REFORMS AND CONSOLIDATION**

76. Sir, as we are in the period of Thirteenth Finance Commission which recommended tight fiscal belt on the Central Government and State Government, it is imperative for the State to obey and comply with recommendations and stipulations laid down by the Commission so as to avail various incentives offered by the Commission. In regard to fiscal reforms and consolidation, the performance of the State is noteworthy. It has been maintaining Revenue Surplus since 2003-04. Fiscal deficit has also been put under control. Moreover, Outstanding debt is also efficiently managed to hang around far below the targeted limit.

77. Meanwhile, a challenge which the State Government has to confront within a foreseeable future is the problem of confining these fiscal indicators to remain inside the periphery of the Thirteenth Finance Commission's target since provision of mass subsidy on purchase of food grains and power coupled with implementation of Pay revision on State's employees is a heavy price on the State finances year by year. In spite of subsidy being provided for the good of the poor, lay people and the populace, it is detrimental to the State's finances. However, as a part of an effort to comply with the recommendation of Thirteenth Finance Commission for consolidation of State's finances, a serious endeavor is being undertaken by the State Government to evolve better form of food-trading and power-trading.

78. For evolution of better form of food-trading, the State Government has been deliberating on the upcoming National Food Security Bill, 2011 as the same is being designed to create food security at the household level by making food a legal entitlement for all targeted people. Further, a National

Information Utility for the computerization of Public Distribution Centre is also created to become operational by December, 2012 as a part of an effort to ensure that the objectives of the National Food Security Bill are effectively realized. Therefore, I would like to inform Hon'ble Members that the State Government will seriously ponder again the issue of food-trading after the National Food Security Bill came into being so as to manage the food trading in the principle of no-loss no-gain.

79. In the case of power-trading, State Government has been trying its best effort to generate sufficient power within its territory so as to dispense with import from outside the State as I have mentioned in detail before. After fully operationalizing these Hydro Electric Projects within the State, the current imbalanced power trading is expected to wane and instead, revenue will be earned from power trading.

80. As Mizoram Fiscal Responsibility and Budget Management (FRBMA) Act, 2006 has been put in place with a series of target on fiscal indicators like elimination of Revenue Deficit, control of Fiscal deficit not to exceed a certain limit and compressing outstanding debt to remain within a specified target, I would like to inform Hon'ble Members that this Government is highly committed to remain within those targets unless it is absolutely necessary.

#### *Public Expenditure Review Committee*

81. As provided in Section 8 of Mizoram FRBM Act, 2006, a five member Committee of Public Expenditure Review Committee was constituted. It has held its seventh meeting

on 3<sup>rd</sup> July, 2012 to review half yearly position of receipts and expenditure for the first half and second half of 2010-11 covering April, 2010 to September, 2010 and October, 2010 to March, 2011 respectively. Reviewing two half yearly position of receipts and expenditure in one meeting was necessitated as a result of late publication of Finance Account for 2010-11. This committee submitted recommendations to the State Government for the improvement of Public expenditure and to bring forward tax administration to earn more revenue.

*Review of Fiscal Position for the First Half and Second Half of 2010-11*

82. As provided in Section 9 of sub-section (2) of Mizoram FRBM Act, 2006, a half yearly review of receipts and expenditure is to be carried out by the Minister-in-charge of Finance Department. As such, I have taken up review of the State finance for first half and second half of 2010-11 covering the period of April, 2010 to September, 2010 and October, 2010 to March, 2011 respectively. Reports of my review are also being laid in the current sitting of this august house.

*Medium Term Fiscal Policy Statement*

83. As provided under the Rules, a Medium Term Fiscal Policy Statement which set forth the fiscal objectives and strategic priorities of the State Government in relation to certain selected indicators over the medium term is laid along with the budget documents in this session. This statement presents an assessment of sustainability relating to the balance between revenue receipts and revenue

expenditure, use of capital receipts including borrowings for generating productive assets and the estimated yearly pension liabilities for the next ten years.

### *Fiscal Policy Strategy Statement*

84. As provided by Mizoram FRBM Act, 2006, a Fiscal Policy Strategy Statement is also drawn up and laid along with the budget documents in the current sittings. This statement presents an overview of the fiscal policy of current year and the policy of the ensuing year in regard to taxation, expenditure, borrowings and investments of the State Government in the instruments like Sinking Fund and Guarantee Redemption Fund. A Fiscal Correction Path laying the targets for fiscal indicators over the medium term up to 2013-14 has been charted out in the Statement.

### *Macro Economic Framework Statement*

85. A Macro Economic Framework is drawn up and laid along with the budget documents. This statement presents an overview of the economy for the current year and of the state's economy for the ensuing year. It also touches upon the estimates of GSDP of the state and prospects of the economic growth over the medium term.

### ***Consolidated Sinking Fund***

86. Sir, Consolidated Sinking Fund is being used as redemption of outstanding liabilities of State Government. The Fund is managed by Reserve Bank of India and the corpus is invested in Government of India securities. As per the Revised Scheme of Consolidated Sinking Fund, an

amount of **₹ 16.50 crore** was invested in 2010-11, which is the prescribed 0.5 *per cent* of the total outstanding liabilities of the State Government as on 31<sup>st</sup> March, 2010. In addition, an amount of **₹ 21.75 crore** was invested again during 2011-12. The continued investment of the Government results in accumulation of Sinking Fund and the principal amount already invested up to 31.3.2012 comes to **₹ 112.50 crore**. In 2012-13, I propose to invest **₹ 17.90 crore** towards augmenting the corpus of the Fund.

### ***Guarantee Redemption Fund***

87. Guarantee Redemption Fund had been set up in May, 2009 with initial corpus fund of **₹ 50.00 lakh**. It was established with an objective of utilizing the accumulated Fund towards the payment of contingent liabilities. As on 31.3.2012, the already invested corpus fund accumulated to **₹ 200.00 lakh**. For the current financial year 2012-13, I propose to augment the corpus with additional investment of **₹ 150.00 lakh**.

## **VII. TAX AND NON-TAX PROPOSALS**

88. Respected Sir, the year 2011-12 experienced unexpected inconsistency in collection of Tax and Non-Tax Revenues. While performance in some sectors were appreciable, performance in few sectors were dismally poor as the Government needs to review its stand on the rate of collection as a result of legal implication and public pressure. However, the State Government has initiated corrective measure in the year itself so as to minimize the repercussion of this review on the State finances. In this regard, even the public and populace must also understand

the necessity and compulsoriness of paying contribution to the Government as the Government is not endowed with limitless resources.

### **Tax Measures**

#### *Sales Tax and VAT*

89. Mr. Speaker Sir, I propose to maintain the existing rate of Sales Tax on LPG (Liquefied Petroleum Gas) at 4 per cent, Motor Spirit (Petrol) at 20 per cent and High Speed Diesel at 12 per cent as the current financial position of the State demands.

#### *Stamps and Registration*

90. Unfortunately, Notification to impose levying of Stamp-duty on monthly payment of Salaries to all regular Government officials including the Council of Ministers and Parliamentary Secretaries and on all bills in respect of payment made by various Departments and offices to private parties needs review due to certain legal reasons in the mid-way of last financial year. Hence, I propose to maintain the *status quo* except on the rate of Stamp which shall now, henceforth, be fixed at Re. 1 per bill from current financial year. Besides, during 2011-12, initiatives have been taken to enforce compulsory registration of all Revenue connected documents like Land Settlements Certificate (LSCs), Periodic Patta etc. with a view to generate more revenue. Due to some problems, actual implementation is still deferred for the moment. It is expected that this measure will also be put in place in near future with public support.

## *Hiking of Vehicle Taxes*

91. It is also learnt that Taxes on various Vehicles collected under Transport Department have not been reviewed since 1997 and it became long overdue for revision. As such, the Mizoram Motor Vehicles (Taxation) Act, 2011 was put into place to revise the existing Vehicle Tax at par with the rate of pan-India. Unfortunately, it is required to pause the said Act due to some pressure group as a result of which a Committee was formed to look into the matter meticulously once again.

## **Non-Tax Measures**

### *User charges on Water Supply*

92. Mr Speaker Sir, as a part of an endeavor to augment the state own resources and to generate more revenue, the State Government decided to increase the existing user charge of drinking water supplied to the public through any types of Water Supply Scheme to certain comfortable level and Notification to this effect has also been issued during 2011-12. Regrettably, this action received unexpected response from some section of the public as a result of which the Notification was suspended for a certain period. However, in view of incessant loss incurred by Water Supply scheme from the State Exchequer, the Government felt it essential to enhance the existing rate to a certain comfortable level as a matter of which the suspension order has been revoked. It is hoped that this enhancement will bring substantial amount of revenue to the State Exchequer.

## *Compulsory Registration of Laborers and Casual employees*

93. In connection with this subject, Government of Mizoram has already legislated appropriate Act and thereby put the following Rules into its place:

- 1) The Mizoram Contract Labour (Regulation and Abolition) Rules, 2004.
- 2) The Mizoram Inter-State Migrant Workmen (Regulation of Employment & conditions of services) Rules 2005.
- 3) The Mizoram Building and other Construction workers (Regulation of employment and condition of service) Rules, 2008.

However, actual implementation of the abovementioned rules fell short of expectation in terms of revenue collection during the last few financial years. Therefore, I would like to inform this august House that the matter would be pursued in full swing from current financial year.

## **VIII. RECEIPT BUDGET FOR 2012-13**

94. Respected Sir, we have drawn up Receipt Budget 2012-13 and is laid before this august House along with other budget documents. This initiative, laying down targets of revenue collection of different Departments under various heads of revenues is expected to bring about a positive turnaround in the increased efforts of various Departments and Organizations under the State Government for improving collection of various Taxes and Non-Tax Revenues.

## **IX. CONCLUSION**

95. Mr. Speaker Sir, I would like to reiterate with heartfelt gratitude the blessing of subventions and various grants showered by Central Government during current financial year especially at a time the country is passing through economic slowdown. As such, the State Government will committedly endeavor to shift the gear and accelerate towards self-sustaining economy by way of enhancing the productive capacity of rural economy based on local resources and by creating conducive environment for establishment of micro-industry through implementation of New Land Use Policy. In the meantime, I may inform Hon'ble Members of this august House that this policy does not belong to a particular political party; instead it is being developed and implemented for all citizens of the State who are in need of it. Therefore, I would like to appeal to all stakeholders- policy makers, implementing officials and the beneficiaries once again to lend their sincere and devoted helping hand for the grand success of this noble and gigantic Programme so as to bring about faster, more inclusive and massive economic development uniformly throughout the State.

96. Sir, I would like to stress once again the necessity of generating own resources as well as essentiality of tax compliance. As Hon'ble Members are aware, 90 per cent of the State economy depends on various resources defrayed and devolved by the Centre. Therefore, it is my sincere appeal to the general public, Government employees and policy makers to realize the importance of tax payment and to extend their support to the Government policies and programme in achieving the growth rate target and inclusive

economic development in the form of agricultural and industrial activities particularly at the time we are entering the first year of Twelfth Five Year Plan to ensure that we have a better and prosperous State to live in.

97. Having said all this, I hope the Government's policies and programme will be able to bring about long term and stable economic growth and development for the State of Mizoram of which the results will be harvested in the years to come.

98. I would like to thank all the Hon'ble Members of this august House for giving me a patient hearing.

99. With these words, I commend the **Regular Budget Estimates for 2012-13** for approval of this august House.

*Thank You, Sir*

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**Note:** Full text of the Budget Speech along with full set of Budget Documents is available at [www.mizofin.nic.in](http://www.mizofin.nic.in)