



सत्यमेव जयते

GOVERNMENT OF MIZORAM

BUDGET SPEECH

of

**PU H. LIANSILOVA
HON'BLE FINANCE MINISTER**

for

2013-2014

in the

**MIZORAM LEGISLATIVE
ASSEMBLY**

on

Friday, the 15th March, 2013

Mr. Speaker Sir,

With your permission, I rise to present the Supplementary Demand for Grants 2012-13 and the regular Budget Estimates for the year 2013-14.

1. Sir, I deem it a great privilege to present my third regular Budget as Finance Minister, in particular, at a time when the current Ministry is about to complete its full term and is presently harvesting the fruitful returns of a hard labour it has put in for the uplift of the State. Taking advantage of being in the last year of current Ministry, I may avail an opportunity of introspection since inception.

2. As Hon'ble members are aware, a number of significant development and progress have been achieved and witnessed by the State on many fronts during the term of this Ministry. Foundation stone for the institution of modern farming techniques and agricultural practices in the rural areas has been laid through implementation of New Land Use Policy. Sports and Youth services have been brought to a new height and being testified by various commendable medals we have won at National and International Levels. Laudable improvements have been unfolding in every nook and corner of the State. In fact, it is a period of memorable tenure in the history of the State.

3. Eleventh Five Year Plan Report brought out by Planning Commission of India placed the growth rate of Mizoram during the 10th Plan which covers the period between 2002 and 2007 to be 5.1 per cent. Meanwhile, growth rate of the same during the 11th Plan for the period from 2007 to 2012 is worked out to be 8.87 per cent which is an achievement indeed. Our good performance is recognized even at the national level. We are awarded "*best performing State on investment among small States*" by one of the most prominent national magazines INDIA TODAY. These achievements bear an undeniable testimony to the sincere endeavor and hard work delivered by this Ministry for tremendous progress of the State.

4. Meanwhile, I recognize that there should be no room for complacency in spite of many laudable achievements. Indian economy passed through unexpected slowdown during the last two fiscal years. Consequently, diesel prices are hiked and the subsidized use of liquefied petroleum gas per year has been capped for each household. Besides, a slew of reforms have been announced to set right the growth trajectory. It is apparent that the state's economy would be affected especially special category States like ours.

5. However, as I have mentioned in my Budget Speech last year, State Government has been taking painstaking efforts to insulate ourselves from this economic slowdown. Few fall-out of this recession has been perceived and felt but addressed satisfactorily together with hard-work of the people. It is the collective wisdom of this Ministry under the competent and capable

leadership of our Hon'ble Chief Minister Pu Lal Thanhawla and the overall helping hand rendered by various stakeholders which helped the State to prevail over these troubles and come off with flying colours even under difficult economic situation.

6. Sir, it is a grand mark of respect for me to present the full Budget without Vote-on-Account in the final year of this Ministry's tenure. It is the combined effort of officials from State Government as well as my colleagues in the Ministry which help me materialize this full Budget. I want to thank them for their untiring support and flawless co-operation during those years. I am very thankful indeed to my fellow Hon'ble Members of this august House for their support and co-operation during this term. In particular, I would like to convey my heartfelt gratitude to our House Leader Pu Lal Thanhawla for the support, guidance, kind advice and impressive counsel he has given to me during those years.

I. OVERVIEW OF THE STATE ECONOMY

7. Respected Sir, the Economic Survey of Mizoram 2012-13 gives a detailed analysis of the economy over the past eleven months. This report shows that the State economy during 2012-13 would grow at 10.37 per cent in real terms over the previous year against the national growth rate of 5 per cent. Hon'ble Members may recall my Budget Speech last year in which I said that double digit growth rate is expected during 2012-13 as per Thirteenth Finance Commission's projection.

8. Mr. Speaker Sir, as this survey report reveals, we will achieve the target and attain double digit growth rate as initially expected during current financial year. The achievement is really exemplary especially in view of the current sovereign economic situation. I accord the credit of our success to hard work of the people of Mizoram, untiring support of my colleagues and generosity of the Centre.

9. The Economic Survey Report 2012-13 further shows that GSDP for 2010-11 at factor cost at current prices is estimated quickly at ` 6057.70 crore whereas the advance estimates of GSDP for 2011-12 is pegged at ` 6991.40 crore and the projected estimates of GSDP for 2012-13 is put at ` 8091.86 crore. At current prices, the growth of the State during 2012-13 is estimated to be 15.74 per cent over the previous year which is undeniably appreciable.

10. The Economic Survey 2012-13 reveals that Service sector remains the dominating sector in Mizoram economy by contributing 61.04 per cent while

Industry sector and Agriculture sector contribute 20.29 per cent and 18.68 per cent respectively. However, little improvement is seen in Agriculture and Construction sector over the performance of last year. It is therefore our constant endeavor to invest more on Agriculture and Industry to ensure balanced and inclusive growth.

11. In view of the performance of the State economy during current year and past few years, I anticipate the growth rate of the State to be a double digit even during 2013-14. I do believe that we will make it once again.

II. A REVIEW OF YEAR 2012-13

Sir, I would now come to a review of year 2012-13.

12. Respected Sir, the year 2012-13 is a year of recovery for our State. The graph of various fiscal indicators has shown upward trajectory in the chart. Besides, improvement on essential commodities' supply chain has been ushered in. Local production of various agricultural and horticultural crops shoots up to a great extent. Important sectors like construction sector, manufacturing sector, electricity, gas & water supply also show an improving trend.

13. During the year under review, Plan Grants under Thirteenth Finance Commission's recommendation are increased from ` 75.00 crore in 2011-12 to ` 113.85 crore and Non-Plan Grants from ` 780.35 crore to ` 1050.26 crore. We have benefitted a lot owing to this Commission's recommendations yet not fully. Non-plan revenue gap remains high even though it was intended to fill the same through this recommended gap grant. In spite of all these, full efforts are being taken to align our fiscal targets to those stipulated by the Finance Commission and fulfillment of other provisions.

14. Sir, 2012-13 is also a year worth-mentioning in the fiscal history of the State owing to big jump of our Annual Plan size compared to the size of the previous year. The Annual Plan of ` 2300.00 crore during 2012-13, being an increase of 35.29 per cent against the size of the previous year, is the highest ever increment percentage since we attained statehood in 1987. This blessing provides the State Government an opportunity to take up more plan schemes and projects essential for economic growth of the State.

15. Respected Sir, Central Government further extended their generosity during 2012-13 by providing additional allocation to the tune of ` 62.17 crore to our Annual Plan on RKVY - ` 58.63 crore, BADP - ` 1.38 crore and NeGAP - ` 2.16 crore. This enhanced the Annual Plan size of 2012-13 to the

level of ` 2362.17 crore and thereby making the increment percentage to become 38.98 per cent which is indeed exemplary for the State in all aspects.

16. During the year under review, our flagship programme New Land Use Policy has begun demonstrating its impact on the day to day activities of the beneficiaries as well as on the state economy. The production of rice, broom, pulses, maize, oilseeds, sugarcane etc. increased to a great extent. It is indeed a fruitful fiscal for the State.

III. BRIEF HIGHLIGHTS OF ANNUAL PLAN 2012-13

17. Mr. Speaker Sir, I wish to avail an opportunity of underlining priority sector under Annual Plan 2012-13 in addition to what I have highlighted in my Budget speech last year.

Agriculture & Allied Activities

18. Sir, State Government is paying due attention to this sector to attain overall improvement of the whole State. It is our endeavor to revamp and reinvent MIFCO. Hence, an amount of ` 262.50 lakh is allocated to MIFCO under RKVY. Besides, ` 20.00 lakh is also earmarked for construction of link road at Aizawl Melriat Suanghuan. For maintenance of Aizawl zoological park, ` 26.69 lakh has also been allocated. Moreover, additional ` 17.00 lakh is set aside for clearing of market garbage. Likewise, ` 20.00 lakh has been put aside for metalling and blacktopping of approach road to Lengte Dumping Ground.

Mizoram State Boundary Committee

19. As Hon'ble Members are aware, our State is sandwiched between two foreign countries and is also bordering three neighbour States. Recently, some issues have been raised in regard to the safety and clarity of our boundary particularly in the northern side. Since this Ministry is always mindful of and sensitive to the expectations, aspirations and grievances of the people, State Boundary Committee was set up for clarification and safeguarding of the State boundary. For efficient functioning of the Committee, ` 5.84 lakh is allocated during the period under review.

Buffer to Students' scholarship

20. This Government always pays top priority on the welfare and wellbeing of the students who could, one day, become the leaders of the State. In order to facilitate and cushion the students' welfare, an additional ` 34.46 lakh is allocated for scholarship liabilities, ` 166.42 lakh for Pre-Matric Minority

Scholarship, ` 35.00 lakh for overseas scholarship and ` 6.65 lakh additional for 95 students pursuing technical and professional course at pre-matric level.

Industry

21. Industrial sector is always lagging behind the other two sectors in the uplift of State economy. As a part of measures for inspiring and motivating this sector in addition to the existing efforts delivered through NLUP and others, additional fund of ` 35.00 lakh has been allocated for participation in International Trade Fair 2012, ` 14.00 lakh to Bamboo Development Agency, ` 30.00 lakh for purchase of cocoon, ` 224.00 lakh to ZOHANDCO and ` 615.00 lakh to MKVIB.

Health Services

22. The inclusiveness and comprehensiveness of growth could be measured in terms of many parameters but the most prominent one is growth in health sector. Keeping in mind this prominence, additional fund of ` 160.00 lakh has been earmarked for replacement of Cobalt 60 Source, ` 30.00 lakh additional for operation of Referral Hospital, ` 50.00 lakh for patient diet, ` 18.00 lakh for improvement of machineries and equipments at Aizawl Civil Hospital.

23. I may now have a brief look into Receipts and Expenditure during 2012-13

Receipts

24. Revised Estimates of total Revenue Receipts in 2012-13 is placed at ` 5259.68 crore against the Budget Estimates of ` 4796.48 crore. Total Capital Receipts is also revised to ` 426.89 crore against the Budget Estimates of ` 383.44 crore.

25. Revenue Surplus in the Revised Estimate of 2012-13 is ` 586.65 crore. Fortunately, spectacular improvement is seen in Revenue Receipts during this year.

Expenditure

26. In the Revised Estimates, Gross Revenue Expenditure is placed at ` 4684.03 crore against the Budget Estimates of ` 4169.71 crore. Capital Expenditure in the Revised Estimates is ` 1582.82 crore against the Budget Estimates of ` 1157.54 crore.

27. The total expenditure under Consolidated Fund of the State for 2012-13 stands at ` 6266.85 crore in the Revised Estimates against the Budget Estimates of ` 5327.25 crore.

IV. BUDGET ESTIMATES 2013-14

I now turn to estimates for Regular Budget of 2013-14.

28. Respected Sir, as Hon'ble Members are aware, Planning Commission of India has not determined the size of our Annual Plan for 2013-14 till today. However, I venture out to prepare the full Budget for 2013-14 and present the same before this august House by presuming Annual Plan size of the State to be the same size of last year. However, in actual, the Annual Plan size is expected to be stepped up by at least 10 per cent or more. As soon as Planning Commission fixes the final figure, the same would be incorporated in the Budget for regularization in the Supplementary Grant. This arrangement is being made in the hope that plan expenditure would be fast tracked and expedited from the beginning of the financial year 2013-14.

29. However, uniform spreading of expenditure throughout the year remains one of the top priorities of the Government. Full efforts are being taken to ensure speedy disposal and fast expenses of Plan fund, however, without compromising the quality of expenditure.

Receipts

30. Revenue Receipts for 2013-14 is estimated at ` 5039.42 crore. This estimation comprises an estimation of Own Tax Revenue at ` 222.25 crore, State's share of Central Taxes at ` 935.66 crore, Own Non-Tax Revenue at ` 266.00 crore and Grants-in-aid from the Centre at ` 3615.51 crore.

31. Capital Receipts for 2013-14 is estimated at ` 413.01 crore. This comprises an estimation of Public Debt and Recovery from Loan & Advances at ` 385.47 crore and ` 27.54 crore respectively.

32. Estimation of total Revenue Receipts for the year 2013-14 is increased by 5.06 per cent over the Budget Estimates of ` 4796.48 crore during 2012-13. Meanwhile, Estimate of Capital Receipts for 2013-14 is also increased by 13.97 per cent against Budget Estimates of the same during 2012-13.

33. Thus, the total Receipts under Consolidated Fund of the State for the year 2013-14 is estimated at ` 5452.44 crore which is an increase of 5.26 per cent over the Budget Estimates of the same ` 5179.93 crore during 2012-13.

Expenditure

34. The Budget Estimates of Gross total expenditure from Consolidated Fund of the State is placed at ` 5397.33 crore which is an increase of just 1.31 per cent over the Budget Estimates of the same during 2012-13. Of this, Gross Revenue Expenditure accounts for ` 4659.61 crore and Gross Capital Expenditure contributes ` 737.72 crore.

35. Out of the total Revenue expenditure, Development Expenditure stands at ` 3245.10 crore which is 69.64 per cent and Non-Development Expenditure at ` 1414.51 crore which is 30.36 per cent of the total Revenue Expenditure.

36. Interest Payments for 2013-14 is estimated at ` 248.48 crore which is an increase of 2.68 per cent over the Budget Estimates of 2012-13.

37. Requirement for Salaries under Non-Plan, Plan and CSS for 2013-14 is estimated at ` 1617.13 crore, ` 284.77 crore and ` 0.21 crore respectively thereby making a total requirements for Salary Payments at ` 1902.11 crore which accounts for just 35.24 per cent of estimated total expenditure.

38. Even though New Defined Contributory Pension Scheme has been implemented for the employees recruited on or after 1st September, 2010 for reduction of requirements for Pension Payments, old Pension scheme still cover major portion of the State Government's employees. Therefore, I propose to set aside ` 250.17 crore for the expenditure on Pension Payments for fiscal 2013-14.

39. Gross Capital Expenditure is estimated at ` 737.72 crore of which Capital Outlay at ` 601.80 crore, Public Debt at ` 104.72 crore and Loans & Advances at ` 31.20 crore. It is our constant endeavor to increase capital expenditure for maximum capital spending.

Non-Plan Expenditure

40. Estimates of Non-Plan Expenditure for 2013-14 is pegged at ` 3097.11 crore.

Plan Expenditure

41. Mr. Speaker Sir, it is not easy for the State Government to lay down our own sets of rule particularly in framing our own budgetary timeline. Central Government grips the handle of sovereign resources distribution. For the fiscal 2013-14, though the size of State Annual Plan has not yet been finalized, I take the liberty of maintaining the same size of Annual Plan for 2012-13. Revised sectoral break-up of Annual Plan outlay would be exercised when the actual size of Annual Plan for 2013-14 is properly determined in due course.

42. In the meantime, as a part of an effort to reinforce Plan administration in the State, all Departments are instructed to strictly adhere to the norms for providing administrative cost which is to be calculated as a percentage of the total salary for plan posts. This initiative is being taken with an aim at reducing Plan revenue expenditure for enhancing room for capital formation.

43. Within the presumed outlay of ` 2300.00 crore, I propose to allocate the following amount to different sectors as follows: (i) Agriculture & Allied Activities - ` 226.76 crore (ii) Rural Development - ` 14.92 crore (iii) Special Area Programme - ` 94.21 crore (iv) Irrigation & Flood Control - ` 142.36 crore (v) Energy - ` 53.99 crore (vi) Industry - ` 21.57 crore (vii) Transport - ` 101.57 crore (viii) Communications - ` 3.62 crore (ix) Science, Tech. & Environment - ` 1.28 crore (x) General Economic Service - ` 998.15 crore (xi) Social Services - ` 557.36 crore (xii) General Services - ` 84.21 crore.

Agriculture & Allied Activities

44. It may further be stated that this Ministry is highly committed to attain self sufficiency in food grain production and to make Agriculture and allied activities a sustainable and viable vocation for livelihood support. Owing to intervention of various central schemes as well as our flagship programme New Land Use Policy, Rice cultivation area under shifting practices has decreased significantly from 25,826 Ha during 2011-12 to 23,150 Ha during 2012-13 which is 10.36 per cent reduction over the preceding year. Productivity of rice under Jhum as well as WRC has increased considerably during 2012-13. Even Government of India recognized the achievement of the State and conferred “*Krishi Karman Awards, 2011*” to Mizoram State for having significant improvement in food grains production during last few years.

45. In spite of all these, it will remain a priority sector of the Government to improve food grains production and other agriculture crops. Despite the fact that various components of this sector like Horticulture, Soil & Water Conservation, Animal Husbandry, Fisheries etc. also demonstrate noteworthy improvement in the last few years, State Government will continue to lay more stress on this sector in years to come.

I propose a Plan Outlay of ` 226.76 crore for this sector during 2013-14.

MLA Local Area Development Programme

46. I propose to allocate ` 1200.00 lakh for this scheme during 2013-14. The proposed amount has to be allocated uniformly to each constituency at the rate of ` 30.00 lakh. It is learnt that the scheme serves its purpose and is used for creation of various durable assets in many remote parts of the State.

Special Area Programme

47. As I had specifically cited in my Budget speech last year, it would be our constant endeavor all the time to decentralize power and percolate resources down to the lowest level. Even for the financial year 2013-14, I propose to set aside ` 300.00 lakh for Sinlung Development Council, ` 600.00 lakh for Lunglei High Powered Committee including Pilot Project

and ` 500.00 lakh for five District Planning Committees - Aizawl, Champhai, Mamit, Kolasib, Serchhip.

48. In particular, plan fund received by Lunglei High Powered Committee during the tenure of this Ministry is going to exceed a whopping figure of ` 3000.00 lakh. Not only that, fund received by other five District Planning Committees will also surpass an amount of ` 1000.00 lakh. Three Autonomous District Councils are also provided handsome amount of plan fund to meet their requirements. Despite these facts, these earmarked funds would be enhanced when the size of the Annual Plan is eventually decided. I personally feel that initiative being taken by this Ministry is indeed worth-mentioning before this august House.

I propose a Plan Outlay of ` 9421.00 lakh under Special Area Programme.

Education sector

49. Mr. Speaker Sir, in line with the main objective of Twelfth Five Year Plan i.e “*faster, more inclusive and sustainable growth*”, the State Government endeavors to put in place many programmes to bring about significant development in Education sector. As well known, our State bagged the second position in literacy percentage among all States across the country in 2011 census. Full efforts are on to achieve first literacy percentage in the country by ensuring 100 per cent enrollment of children in the school and 100 per cent inclusion of adult under Adult Education Programme.

50. Besides, full efforts are being made to create world-class infrastructure in almost every sports discipline across the State so as to ensure that the ability, capability and competitiveness of our youngsters are being lifted up not only to national level but also to international level. Moreover, action is in full swing to bring about maximum participation of our sportsperson into Summer Olympics at Rio de Janeiro, 2016. In fact, a large number of remarkable achievements have been accomplished under the ambit of sports and youth services during the past few years but limited space prevents me from revealing the full story.

I propose a Plan Outlay of ` 26927.92 lakh under Education sector which comprises General Education, Technical Education, Scholarship Board, Sainik Welfare & Resettlement, Sports & Youth Services and Art & Culture during 2013-14.

Health Care Facilities

51. Sir, this Government is also highly committed to develop and improve the health care facilities uniformly throughout the State. In particular, the health care facilities in the State Capital need more attention as a result of soaring urbanization in the State. It may not be out of place to mention that Aizawl Civil Hospital can no longer afford to serve and meet the daily demand it receives as a result of population increase as well as due to shortage of staff, paucity of infrastructure and limited space. These deficiencies in this Hospital, in fact, invite innumerable grievances and complaints from the citizens.

52. Recognizing all these problems, the Government has decided to transfer Aizawl Civil Hospital to Falkawn Referral Hospital in stages from the year 2012-13. It is our intention to establish Medical College in this Referral Hospital in the near future. Besides, State Government is also working on improving health care facilities all over the State. As a part of these

initiatives, a proposal for recruitment of medical doctors, nurses etc. is currently under process and therefore a significant improvement on various health indicators is expected to be seen within a short span of time.

I propose a Plan Outlay of ` 3297.84 lakh under Medical & Public Health and ` 3588.00 lakh under Hospital & Medical Education during 2013-14.

Urban Development

53. Upsurge of urbanization is a common phenomenon across the globe. For the State Government, proliferation of population in the State capital Aizawl is a matter of urgent concern. Being situated on a hill, State capital Aizawl calls for specific plan and design which many other cities in the country do not require. To meet these specific requirements, State Investment Programme Monitoring and Implementation Unit (SIPMIU) is currently working on improvement of sewerage and sanitation, solid waste management, Aizawl water supply and capacity development of institutions. Besides, taking advantage of Central schemes like JNNURM, RAY, BSUP etc., renovation of Aizawl city is vigorously being taken up. Besides full endeavors are being put in place to improve and cover all 23 notified towns of the State under the umbrella of these schemes and projects.

I propose a Plan Outlay of ` 11,550.80 lakh under Urban Development & Poverty Alleviation which comprises ` 10000.00 lakh for JNNURM, ` 516.00 lakh for North Eastern Region Urban Development Project, ` 300.00 lakh for Aizawl Municipal Council and ` 100.00 lakh for Aizawl Development Authority during 2013-14.

New Land Use Policy (NLUP)

54. Mr. Speaker Sir, I may inform Hon'ble Members of this august House that our flagship programme New Land Use Policy has been making satisfactory progress. As a matter of fact, implementation of NLUP has landed the State into a new height. Exemplary affirmative change is seen in various economic parameters owing to NLUP, particularly, on per capita income and Gross State Domestic Product. Problem of shortages in agriculture as well as horticulture crops has become a history which is substituted by a problem of surplus production. Hence, I wish to avail an opportunity of outlining some of the noteworthy achievements of NLUP which have been brought about since its commencement.

55. Out of total target of 1,20,000 families, 96,139 families have been covered during the first two years. Another 29,862 families are being covered during the current financial year. Besides, a request has been made to Planning Commission to enhance the number of beneficiaries by 15,000 due to increase in the number of eligible families. Furthermore, an amount of ` 1085.20 crore has been received for NLUP which comprises ` 838.82 crore under Additional Central Assistance and ` 246.38 crore under convergence through Centrally Sponsored Scheme.

56. In order to strengthen the quality of monitoring being done by State, District and Village Level Monitoring Committees, NABCONS has been engaged as the Third Party Monitoring Agency. They are expected to complete Mid-Term Appraisal by end of February, 2013.

57. Impact has been felt in short gestation trades especially in dairy cattle, piggery, poultry, broom cultivation and various trades under Industries sector. Though the milk processing facilities have been strengthened by

setting up of 2 units at Serchhip and Champhai, there is a problem with MULCO because of surplus production of milk.

58. The NLUP Implementing Board constituted State Level Award Selection Committee consisting of experienced bureaucrats, professors from the University and Colleges, expert and leading citizens to make assessment of performance of beneficiaries and the villages. The Committee found that they are highly motivated and thousands of beneficiaries have increased their income 3 to 5 times.

59. In order to fulfill the announcement of our Hon'ble Chief Minister, 14th January, 2013 was observed as "*Kut Hnathawktute Ni*", in order to motivate farmers and the villages. The best performing beneficiaries at the District and Village level were given Awards on this day. It was found that there was enthusiastic support and appreciation all over the State.

60. In order to carry forward the NLUP objectives of sustainable development through on-farm and off-farm activities, food security, better water and soil management and various other areas where Mizoram needs better technical support, initiative has been taken to involve Food and Agriculture Organization (FAO) of the United Nation to make available global experts having practical experience. Four experts from the University of Minnesota came to Mizoram from 10-27th January, 2013 for detail study of complex problems of land degradation, deforestation, water scarcity, shifting cultivation and food insecurity in Mizoram. Various critical issues like citrus decline, poultry epidemic, disease of pigs and cattle, the pertinent problem faced by the farmers are examined in detail to suggest suitable remedial measures under One Health Programme, as per the sanction order of the FAO.

61. It is extremely gratifying to note that the concept and implementation of NLUP is highly appreciated wherever it is presented.

62. The process for preparation of "exit protocol" will be taken up in the near future to take care of various follow up financial and management requirements beyond the mandated 5 years period. The spillover liability especially for long gestation crops like Orange, Arecanut, Rubber, Tea, Coffee, Oil Palm etc... along with processing and marketing support measures will be priority for preparation of exit protocol to ensure higher success in the implementation of NLUP. For this purpose, the technical, financial and management requirements for the next phase of NLUP will be prepared along with more comprehensive strategy for sustainable economic development of Mizoram involving top level experts, wherever necessary.

I propose a Plan Outlay of ` 370.00 crore under NLUP during 2013-14.

Fiscal Sustainability

63. Speaker Sir, the fiscal sustainability of the State could be best judged from the position of its various fiscal indicators. Fortunately, State Government has been able to limit its various fiscal indicators within the bounds of the limit prescribed by Thirteenth Finance Commission and is also determined to keep up the same trend in the years to come. For a financial year 2013-14, the revenue surplus is estimated at ` 381.81 crore and fiscal deficit is also anticipated to be ` 73.65 crore while the projected outstanding liabilities of the State is pegged at ` 4582.85 crore.

64. Sir, I would like to reiterate once again that existing provision of mass subsidy on food grains and power trading poses a serious threat to the

prospects and sustainability of State finances. It may even derail the fiscal correction path of the State from its targets unless it is properly streamlined. I personally feel that Public Distribution System (PDS) needs to be revisited and subsequently, Ration Card holders must be categorized. PDS would be a fair and just system only if subsidy is doled out on the basis of income.

65. However, Central Government intends to roll out National Food Security Bill, 2011, as I highlighted last year, to make food a legal entitlement for all targeted population. Hon'ble Union Finance Minister has earmarked ` 10,000 crore over and above the normal provision in the Central Budget 2013-14 to pave the way for actual implementation of the Bill. Besides, Direct Benefit Transfer Scheme has been initiated by Central Government since 1st of January, 2013. Hon'ble Union Finance Minister assured the people of India that Direct Benefit Transfer scheme would be rolled out throughout the country during the term of UPA Government.

66. In the course of implementation of these schemes, I assure this august House that rationalization of mass subsidy on food grains will be taken up with circumspection by the State Government for consolidation of its financial position over a medium as well as long term.

V. ADMINISTRATIVE INITIATIVES

Mr. Speaker Sir, I would now turn to the administrative initiatives currently undertaken by this Government.

Results-Framework Documents – an instrument for improving Government performance

67. Mr Speaker Sir, it has been felt an imperative need since long time back to re-engineer the State Government set-up and process for better and more efficient performance. Fortunately, Government of India has been implementing Performance Monitoring and Evaluation System (PMES) since 11th September, 2009 with a focus to assess the effectiveness of Government departments in their mandated functions. Under PMES, each department is required to prepare Results-Framework Documents (RFD) which provides a summary of the most important results that a department expects to achieve during the financial year.

68. Influenced by the initiative of Central Government, Government of Mizoram also has decided to adopt Results-Framework Documents in *toto* for 40 departments from the financial year 2013-14. RFD has two main purposes: (a) shift the focus of the department from process-orientation to results-orientation, and (b) provide an objective and fair basis to evaluate a department's overall performance at the end of the year. For the efficient and effective functioning of RFD system, *High Power Committee on Government Performance* under the chairpersonship of Chief Secretary has also been constituted. I do believe that RFD system will bring about a major

turnaround for the improvement of Government departments' performance in due course.

State Finance Commission

69. Sir, the significance of sound and reliable financial administration for the State finance needs no further emphasis. As a part of an effort to ensure decentralization and better financial management, Mizoram Finance Commission was constituted to make recommendations on the principles which should govern (i) the distribution between the state and the Village Council /Municipalities / Municipal Boards /the Autonomous District Councils of the net proceeds of the taxes, duties, tolls and fees leviable by the State, (ii) the determination of the taxes, duties, tolls and fees which may be assigned to, or appropriated by the Village Councils, the municipalities and the autonomous district councils and (iii) the grant-in-aid to the Village Councils, the Municipalities and the Autonomous District Councils from the Consolidated Fund of Mizoram. The Commission is expected to submit final reports within October, 2014.

10 per cent Lumpsum Grants for North Eastern Region

70. Sir, various Urban Infrastructure Development projects and Slum Area Developments Projects are being implemented under 10 per cent Lumpsum Grant provisions for North East India both under the Ministry of Urban Development and the Ministry of Housing & Urban Poverty Alleviation, Government of India. Aizawl, Lunglei, Saiha, Champhai, Serchhip, Kolasib, Lawngtlai, Saitual, N.Vanlaiphai, Tlabung, Khawzawl, Zawlnuam and Darlawn are being covered under this provision and efforts are also on to expand its coverage to all the 23 notified towns. Till date, as many as 17 projects with the total cost of ` 220.90 crore have been completed. Fourteen projects with the combined total project cost of ` 186.53 crore are currently in progress.

Augmentation of Water Supply Scheme

71. The proposal for augmentation of two major water supply projects namely, Greater Lunglei Water Supply Scheme amounting to ` 867.44 lakh and Greater Serchhip Water Supply Scheme costing ` 687.60 lakh were approved and sanctioned by Govt. of India under Urban Infrastructure Development Scheme for Small and Medium Towns. The proposal is intended to provide sufficient quantity of water to the people of Lunglei and Serchhip.

Success story of NRHM

72. Mr, Speaker Sir, National Rural Health Mission (NRHM) is, in fact, an initiative of Government of India and however, the success of ground implementation depends to a large extent on the performance of State Government. Then, I would like to bring some of the achievements of State Government under this Mission for kind information of Hon'ble Members of this august House.

73. A total number of 978 Accredited Social Health Activist (ASHA) have been trained, provided with drug kits and made functional to bring about increase in institutional delivery, improvement in maternal and child health and bringing about better coordination between the health sector and the community.

74. Village Health & Sanitation Committee (VHSC) have been formed in all revenue villages and grant at the rate of ` 10000/- for each VHSC have been sanctioned in all Districts.

75. Rogi Kalyan Samiti, a patient welfare society is being actively undertaken in all District Hospitals, Community Health Centre and Public Health Centre across the State. An amount of ` 109.00 lakh has been released to these centers to bring about improvement for the patients, functioning of hospitals and for annual maintenance etc.

Improvement in statistical data

76. Sir, a reliable, up-to-date and elaborate statistical data is essentially a pre-requisite for a Government to embark on any economic and social development programme. Unsurprisingly, our State is, sometimes, devoid of dependable statistical data owing to which Detail Project Report of some schemes or projects call for a review or revision at a time when actual implementation is about to begin. Recognizing this constraint, Baseline survey has commenced from 2013 for the publication of Village Level Statistical Index. Besides, various statistical data compilation like Unemployment survey, Basic Statistics for Local Level Development, Statistical Handbook of Mizoram, Agricultural census survey, Meteorological data of Mizoram, Districts at a glance etc. are also published to bring about latest information of the State with the highest degree of reliability.

Advancement of Horticulture

77. Sir, Horticulture is a sector which brought us a fair amount of fame across the country as well as international level. Even Zopar at Chanmari, Aizawl alone is selling around 300000 flowers a month during peak season and 30000 during off-season within as well as outside the State. Many families are multiplying their income manifold through cultivation of horticulture crops.

78. In particular, Anthurium has earned special appreciation from various corners of the country. However, we want to improve the sector. We want to step up the cultivation of various horticulture crops in terms of production and area. Special attention is accorded to this sector under our flagship programme New Land Use Policy. Rural connectivity will be provided to the areas where important horticulture crops with high market value are cultivated for easy market access. Plant protection equipment, tools and implements etc. will be made available to the farmers at 50 per cent subsidy to supplement their requirement and boost the production.

Power Generation

79. The sincerity of the Government towards attaining self-sufficiency in power cannot be over-emphasized. Construction of 210 MW Tuivai HEP near Ngopa village under PPP mode has been initiated by availing Viability Gap Funding (VGF) from Ministry of Finance, Government of India. We hope that Tuivai HEP would be completed in a reasonable time. Besides, MoU has been signed with NEEPCO for execution of Lungreng HEP (815 MW), Chhimtuipui HEP (635 MW) and Mat HEP (76 MW) under Central sector. Moreover, MoU was also signed with NTPC for construction of Kolodyne Phase-II Hydro Electric Project (460 MW) to be completed within six and half years.

80. In addition to Hydel generation, the Government is also working on massive strengthening of Transmission line. Construction of various 132 KV transmission line connecting Kolasib to Aizawl, Melriat Sub-station to Luangmual Sub-station and Melriat Sub-station to Lunglei, Khawiva are being taken up vigorously whereas 132 KV line between Khawzawl and Champhai and 33 KV Double Circuit transmission line from Lawngtlai to Saiha are already made operational. Moreover, construction of Sub-station at Champhai and Sihhmui is under way. Particularly, Sihhmui Sub-station will be utilized for drawal of power generated by Pallatana Gas Based Station at Tripura State. I strongly believe that self-sufficiency in power would be attained within the foreseeable future.

Expansion of Trading across the International border

81. Sir, since the State is endowed with lack of mineral resources, poor infrastructure and absence of private investment, laying a central focus on marketing aspect of agricultural products is a must for the Government to create employment opportunity for women and to protect the prospects and welfare of the farmers all over the State. In fact, the present Ministry has already laid strong foundation in this direction with the support of Central Government not only for the agricultural products but even for the industrial merchandise.

82. We have learnt that the rising agricultural and industrial products on account of New Land Use Policy would outsell domestic market in near future. Recognizing the upcoming limitation, full efforts are on to ensure smooth functioning of international border trade with Myanmar and Bangladesh. In addition to my budget speech last year, I may inform this august House that proposal for improvement of Rih-Kalemyo road via Tiddim-Falam at the cost of ` 711.47 crore has been approved by Government of India. Actual work is expected to commence very soon. As and when this proposed road is completed, the Indo-Myanmar Border Trade from Mizoram Sector is expected to flourish immensely.

Progress in Industrial Sector

83. Mr. Speaker Sir, I am happy to inform this august House that the Industrial sector of the State is making commendable progress during the last few years. Especially under NLUP, maximum efforts are on to change the land use system of *Jhum* cultivation by providing permanent engagement under Micro-enterprise and Handloom. Actually, as many as 8692 families have been covered under this project and a target of 7500 families is being set for coverage in the next phases.

84. Development of Handloom sector is being taken up by way of envisaging a project. As a part of this initiative, Detail Project Report to the tune of ` 16.72 crore was already submitted to Ministry of Textiles, Government of India. The project will cover all Districts of the State. Two Common Facility Centres (CFCs) for handloom development will be constructed at Aizawl and Thenzawl whereas 3 mini CFCs will also be constructed at the 3 Autonomous District Councils. A number of 162 weavers will be trained and the trained weavers will be provided Looms under the scheme.

85. During 2012-13, trainings on knitting, tailoring and embroidery have been given to 118 artisans and 53 nos of prospective weavers are also being given training on weaving. These trained weavers are provided Sewing

machine, Flying shuttle, Frame loom and its accessories whereas trained artisans are presented tools, equipments and working capital assistance to the extent of ` 2500/- per craftsman or weaver.

86. Sir, a need has been felt to reinforce The Mizoram Industrial Policy, 2000 since long time back. Then, new Industrial policy for the State called, "The Industrial Policy, 2012" was published a few months ago. This new policy will provide various facilities and incentives to local entrepreneurs. The policy will also open FDI or investment from outside the State under joint venture and reservation of local labour for non-technical employment. Investment up to Small Enterprise is completely reserved for local entrepreneurs. Besides, Investment Committee of the State Government has approved a proposal for establishment of Oil Palm Extraction to be promoted by 3F Oil Palm Extraction, New Delhi.

VI. FISCAL REFORMS AND CONSOLIDATION

87. Fiscal consolidation calls for endeavors both to enhance tax collection and to lower expenditure side. Efforts are on to generate maximum own tax revenue. At the same time, austerity measures are being enforced wherever they are appropriate and applicable.

88. As a part of fiscal consolidation measures, a quarterly review meeting on Revenue Receipts is being held to monitor and oversee the performance of various Departments. Various issues like departmental problems in collection of revenue, timely remission of revenue collected, possible chance of revenue pilferage etc. have been discussed in this meeting. Visible progress has been comprehended in the performance of various Departments accordingly.

89. Sir, on the other hand, fiscal consolidation also demands restraint on bulging expenditure, in particular, unproductive expenditure like Non-Plan expenditure. The reason for burgeoning Non-Plan expenditure could be ascribed to many factors like implementation of pay revision to State government's employees, release of DA arrear, escalating cost of administration, soaring cost of conduct of various elections etc. In the meantime, I would like to inform this august House that the Government is sparing no effort to curtail the swelling Non-Plan expenditure. Contingency expenditures of various Departments have been maintained constant since 10 years ago till date as a part of austerity measures. Moreover, various severe measures like budget cut under Non-Plan, imposition of blanket ban on creation of post under Non-Plan, non-filling up of vacant posts etc. have been exercised and put into effect to repress the swelling Non-Plan expenditure.

90. Mizoram Fiscal Responsibility and Budget Management (FRBM Act) Act, 2006 has been updated to align the requirements and stipulations

recommended by Thirteenth Finance Commission. As per this Mizoram FRBM Act, the State finance is expected to maintain Revenue account in surplus, fiscal deficit and outstanding debt at 4.1 per cent and 79.2 per cent of corresponding GSDP respectively during 2013-14. I would like to inform Hon'ble Members that it is the sincere commitment of the Government to remain within those targets unless there is unavoidable circumstance.

Public Expenditure Review Committee

91. 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 eight meeting on 16th October, 2012 to review half yearly position of receipts and expenditure for the first half of 2011-12 covering April, 2011 to September, 2011. 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 of 2011-12

92. 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 of 2011-12 covering the period of April, 2011 to September, 2011. Reports of my review are also being laid in the current sitting of this august house.

Medium Term Fiscal Policy Statement

93. 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

94. As provided by Mizoram FRBM Act, 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 2014-15 has been charted out in the Statement.

Macro Economic Framework Statement

95. 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

96. Sir, Consolidated Sinking Fund is being instituted to provide a cushion for redemption of Open Market Loans and other borrowings. ₹ 17.90 crore has been invested during 2012-13, which is the prescribed 0.5 per cent of the total outstanding liabilities of the State Government as on 31st March, 2012. The continued investment of the Government results in accumulation of Sinking Fund and the principal amount already invested up to 31.3.2013 is worked out to become ₹ 135.40 crore. In 2013-14, I propose to invest ₹ 20.90 crore towards augmenting the corpus of the Fund.

Guarantee Redemption Fund

97. Mizoram Guarantee Redemption Fund had been set up in May, 2009 with initial corpus fund of ₹ 50.00 lakh. It was initiated with an objective of having an amortization fund to service contingent liabilities arising out of the invocation of State Government guarantees. As on 31.3.2013, the already invested corpus fund is worked out to reach an amount of ₹ 350.00 lakh. For a financial year 2013-14, I propose to augment the corpus with additional investment of ₹ 200.00 lakh.

VII. MEASURES FOR AUGMENTING REVENUES

98. Respected Sir, the issue of tax collection and tax effort is crucial in the literature on fiscal federalism in India even though taxable capacity varies across states. In fact, it is also vital for the State as well. However, the tax collections as well as tax efforts in our State still leave a big scope for

improvement. In fact, tax regime in our State is endowed with many disadvantageous characteristics like limited tax base, absence of private investment other than public investment, remote locations, poor infrastructure etc. These factors deter the State from maximizing its own revenue. In spite of all these, full efforts are put into action to generate maximum own revenues. Necessary steps have been taken to ensure all available resources are tapped and drawn on. Nonetheless, I may highlight initiatives taken by the Government for augmentation of its own revenue.

Computerization of Tax Administration in Mizoram

99. Development of exclusive citizen-centric web-based VAT and CST MIS software was undertaken under Mission Mode Project-Commercial Tax for State of Mizoram. The project has been approved by the Project Empowered Committee at the Centre and a sanction of ` 691.00 lakh has been made towards the project. Besides, an additional ` 26.25 lakh has been approved by the Government of India for purchase of VSAT equipment which is required for implementation of secondary connectivity. The new system will cater to the State's specific tax administration needs and therefore, a better prevention of tax evasion is expected on account of this computerization.

New software VATsoft

100. As a part of an effort to fully draw on any available taxable components and to prevent possible tax evasion in the State, an electronic tax portal called VATsoft has been launched and put into operation. It is accessible at 'zotax.nic.in'. It offers online services such as (1) e-payment, (2) e-registration, (3) e-waybills and (4) e-returns. Besides, plans are under way to integrate other tax related services.

Resumption of State's Lottery

101. State Government's Lottery business is resumed from June, 2012. An agreement has been signed with four firms to conduct draws on behalf of the Government. It is scheduled to have 6 draws per day for each firm. Besides, administrative expenses are also charged to all firms at the rate of ` 400.00 per draw per scheme. This measure is being taken with an aim at improving State's own resources.

I propose no new Tax and Non-Tax proposals during the financial year 2013-14.

VIII. RECEIPT BUDGET FOR 2013-14

102. Respected Sir, we have drawn up Receipt Budget 2013-14 and is laid before this august House along with other budget documents. This initiative, laying down targets of revenue collection of the different Departments under various heads of revenues is expected to bring about a positive turnaround in the increased efforts of the various Departments and Organization under the State Government for improving collection of various Tax and Non-Tax Revenues.

IX. CONCLUSION

103. Mr. Speaker Sir, I personally feel that the achievements of this Ministry during the past four years are highly satisfactory in spite of no room for complacency. When the current Ministry was formed four years ago, the size of Annual Plan was ` 1000.00 crore only. But the same has improved to ` 2300.00 crore in the year 2012-13 which is more than double of the former. This improvement is indeed pleasing and heartwarming to be recorded in the plan history of our State even not to speak of 2013-14 Annual Plan size. More so, these blessings have already been translated into faster, more inclusive and sustainable development.

104. Respected Sir, while I am stressing the good performance of the Government during the past few years, I also want to say that we still have a mile to go before we achieve our goals and fully realize the objective of achieving higher growth. We need more investment from private players to generate more revenue and to create more employments. We need better infrastructure to attract an investor from outside the State. We need to improve our agricultural and horticultural output for self-reliance. We need to re-engineer Government's performance for better public service delivery. A lot remains to be done even though our past performance is praise-worthy. I do hope that the next Ministry will seek to build on the gains achieved during the current Ministry. We have capacity, potential and ability to achieve higher growth. I believe in ourselves and trust that we can do it.

105. 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, the results of which will be seen within a few years to come.

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

107. With these words, I commend the Supplementary Demand for Grants 2012-13 and the regular Budget Estimates for the year 2013-14 for approval of this august House.

Thank You, Sir

Note: Full text of the Budget Speech along with full set of Budget Documents is available at www.mizofin.nic.in