



**GOVERNMENT OF MIZORAM**

**PU J. LALSANGZUALA**  
**Hon'ble Finance Minister's**

**Statement**

**on**

**the Budget for 1997-98**

**in the**

**Mizoram Legislative Assembly**

**on**

**Tuesday, the 15th July, 1997**

Sir,

I had presented, in March last, an interim Budget for the current financial year 1997-98 and obtained approval of this House to the vote-on-account for four months ending July, 1997. This was for the reason that the Planning Commission had not finalised by then the sectoral allocations of the Plan outlay of Rs. 290 crore approved for the year. I am sorry to say that unfortunately these allocations have not been finalised by the Commission even as yet. In the circumstances, I am constrained to commend to this House to treat the Budget presented by me earlier as final. I would separately come up before the House with the Appropriation Bill covering grants for the full twelve months of the current financial year. Revisions in these, if any, would be brought before the House at the appropriate stage in the form of supplementary grants.

2. Sir, next month, the country would be celebrating the Golden Jubilee of its hard-earned Independence. On this occasion, my heart naturally goes to the illustrious martyrs who laid down their lives and suffered untold miseries for its sake. I take this opportunity to invite the honourable Members to join me to salute them and to pay them our humble homage. The best homage to them, to my mind, would be to rise above ourselves and take a solemn pledge to work relentlessly and with earnest dedication and devotion, for ameliorating the lot of the one waiting haplessly at the end of the queue with hope. This way alone we can fulfil the cherished dream of the freedom fighters of a truly free India—free from want, hunger, privation and exploitation. Sir, I would like to take this opportunity also to

congratulate on this occasion our brethren all over the country and the honourable Members of the House in particular.

3. Before I proceed, I would on behalf of this House and the entire populace of Mizoram, express our most earnest gratitude to the Hon'ble Prime Minister Pu Inder Kumar Gujral for according the highest priority to solve the long-standing economic and other problems of the North Eastern States and making a visit of the region including Mizoram, soon after assuming charge of his office, to demonstrate his commitment to the new approach to our problems. He picked up the thread exactly where his worthy predecessor had left. He expressed his firm resolve to go ahead with the Prime Minister's New Initiative details of which were given by me in my last speech. He also reiterated his commitment to honour the Economic Package for the North East involving an outlay of Rs. 6,100 crore. This Package has a component of Rs. 683 crore for Mizoram. A beginning in this direction has already been made by making provision of Rs. 20 crore on this account in the State plan for 1997-98. While on this subject, I consider it very much in place to quote what the Hon'ble Prime Minister said at his press conference in Guwahati on 20th May, 1997 -

*"We are committed to rectifying the infrastructural deficiencies of the region, improving the environment for investment and giving a definite push for development".*

He exhorted the misguided youth to ensure peace and assured to work for our prosperity in return. It is our bounden duty to take full advantage of this opportunity by firmly clasping his hand of help and cooperation.

4. Before going ahead, I may make mention of some other important announcements made by the Hon'ble Prime Minister during his visit to Aizawl. These include —

- (i) acceptance of our long standing demand for setting up a Central University in the State,
- (ii) assurance of full Central funding for the on-going NEC-assisted Para-Medical and Nursing Training Institute at Aizawl,
- (iii) commissioning of the LPG Bottling Plant involving an expenditure of Rs. 14 crore, by mid-1999,
- (iv) setting up of a separate cell in the Prime Minister's Office for monitoring the schemes in the North Eastern Region, and
- (v) formulation of a separate industrial policy for the North Eastern Region, in view of its special needs and peculiar problems.

I take this opportunity to invite this House to join me in thanking the Hon'ble Prime Minister for the special care and attention being bestowed by him for our betterment.

5. Sir, I made a mention in my last speech to the Ninth Five Year Plan of Mizoram. On the basis of the guidelines given by the Planning Commission, we formulated proposals for an outlay of Rs. 1694 crore on the State's Ninth Plan. The same was submitted to the Planning Commission. Last month, a meeting was held with Planning Commission at the level of Hon'ble Chief Minister. However, no decision could be taken on the size of the State's Ninth Plan for two reasons. Firstly, the Government of India has not taken decisions yet on the recommendations of the High

Level Shukla Commission on the Backlog of Basic Minimum Services and Gaps in Infrastructural Sectors in the States in North East. Secondly, clear picture was not available yet about the proposed transfer of several Centrally Sponsored Schemes to the State sector. We hope the position to be clear soon, so that the State's Ninth Plan could be finalised.

6. At this stage, let me refer to an important development in the area of Centre-States financial relations. Sir, as you know, under the existing Constitutional framework, proceeds from only personal income tax and Union excise duties are shareable with States. In view of the persistent demand coming from States and some other quarters, the Tenth Finance Commission recommended an alternative scheme of vertical tax-sharing between Centre and States. Under this, 29 per cent of the gross tax revenues of the Centre from all sources was designed to be made available to States by way of tax-sharing, in lieu of their present share of income tax and excise. On the recommendation of the Inter-State Council, the Government of India has accepted this alternative scheme. This will be effective retrospectively from 1996-97, subject to the necessary amendments in the Constitution. The new arrangement is estimated to yield an additional tax-share of about Rs. 5,000 crore to all the States together over the two years 1996-98. Out of this, Mizoram's share is roughly estimated at around Rs. 30 crore. However, the scheme has a potential of imparting much larger buoyancy to the shares in future.

7. In the end, I would like to take this House into confidence about the acute financial difficulties we are passing through. On the basis of the Revised Estimates for 1996-97 presented by me earlier, the closing deficit was envisaged at Rs. 76.79 crore. As against this, as per the Reserve Bank of India account, the actual deficit came out to be as much as Rs. 117.14 crore, implying a further deterioration of over Rs. 40 crore. This has been hanging very heavy on my nerves as the Finance Minister with the proverbial Damocle's sword of the Reserve Bank of India on my neck all the time. In order to avert stoppage of payments by the Bank, we have already taken advances of Rs. 49.5 crore from the Government of India. These are proposed to be adjusted against our share of taxes and Plan assistance in the coming months, making my job all the more unenviable.

8. Needless to say that, to a large extent, the present crisis is nothing but culmination of our tendency of living beyond our means for quite long. The solution to the present impasse lies in augmenting our revenues, on the one hand, and disciplining the expenditure-growth on the other. We have made a humble beginning in the direction of mobilising additional resources. The road transport fares have been hiked by five paise per kilometre from 1.4.1997 to yield additional revenue of Rs. 21 lakh. Secondly, new Motor Vehicle Taxation Rules have been introduced with effect from 1.4.1997 to produce Rs. 100 lakh extra this year. Thirdly, additional revenue of Rs. 9 lakh is expected through increase in the rates of land revenue and land recording fee ranging from as much as hundred to five hundred per

cent. Fourthly, the provisions of Indian Stamp Act and Indian Registration Act have been made fully applicable to Mizoram with effect from 1.4.1997. Fifthly, the power and water tariffs are proposed to be revised this year. And, lastly, the proposal for revival of sales tax is engaging active consideration of the State Government.

9. Sir, the above measures though significant, do not take us anywhere near the target fixed for us by the Planning Commission for funding the Plan this year. Therefore, our quest for additional resource mobilisation has to continue and we have to explore further avenues for augmentation of our resources. However, my real worry emanates from the expenditure front. I have no hesitation in admitting our failure in restraining the growth of non-Plan expenditures, especially on establishment. It is a cause of real concern that of late we had been sustaining this at the cost of our Plan. Last year, we had to divert over Rs. 10 crore from Plan assistance towards the non-Plan gap. This year again, much against our wishes, we had to issue instructions for a cut of 20 per cent in Plan allocations to all sectors/schemes other than Basic Minimum Services, Civil Aviation, District Council Affairs, Sinlung Hills Development Council and schemes funded by Tenth Finance Commission grants. This is likely to yield a saving of around Rs. 30 crore for further diversion to the non-Plan budget. This is a very unhealthy trend, let me admit. This remedy is worse than the disease and would only aggravate the situation in the long run. We have reached a stage when what is required is a surgical rather than a homeopathic treatment of the problem. This could be quite an unpleasant job on my part. The earlier we take it up, the better and less painful.

10. With a view to restore fiscal balance, I have resolved to explore more avenues of raising additional revenues. I also propose to make a rigorous review of the existing economy measures to make them really effective and to formulate new ones. This task could be accomplished only with the active and willing cooperation of all concerned in the spirit of sacrifice and goodwill. Sir, through you, I invite all my colleagues here to join hands with me to achieve the desired results.

11. With these words, Sir, I commend for the consideration of this House the Budget for 1997-98.

*Thank You, Sir.*