



GOVERNMENT OF MIZORAM

Budget Speech

1990—91

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Finance Minister

of Mizoram

in the

Mizoram Legislative Assembly

on

Monday, the 19th March, 1990

AIZAWL

Mr. Speaker, Sir,

I feel greatly privileged in having the honour to rise before this august House to present the Revised Estimates for the current financial year 1989—90 and the Budget Estimates for the next year 1990—91.

In order that the House has proper appreciation of the constraints under which the Budget has been framed, may I, at the outset give a little past background? The State Government has been facing financial problems from the financial year 1987—88 onwards. The financial year 1987—88 ended with a deficit of Rs. 53.41 crores as per the Reserve Bank of India.

The problems continued in 1988—89 also at the end of which there was a deficit of Rs. 59.47 crores as per the Reserve Bank of India. The Government of Mizoram had requested the Government of India to provide additional financial assistance to cover the deficit. The Government of India appointed a Committee of senior officers headed by Dr. P. D. Mukherji, Consultant, Planning Commission to go into the whole matter and in the meanwhile, gave some temporary assistance.

The Committee, headed by Dr. Mukherji visited Mizoram in October, 1989 and submitted their report to the Govt. of India. We have been pressing the Govt. of India for an early decision on the report of the Committee's recommendations. We hope that additional financial assistance will be given by the Govt. of India to clear the past deficit.

Another problem which the Govt. of Mizoram has been facing is the huge loan liability incurred during the period when Mizoram was a Union Territory. The total loan liability to the Govt. of India outstanding as on 20. 2. 1987 when Mizoram became a State was to the tune of Rs. 207.37 crores. Since Mizoram did not have financial resources to pay the interest and repay the principal on this huge loan liability, the Govt. of India was requested to convert the loans outstanding as on 20. 2. 1987 into grants. A memorandum was also submitted to the 9th Finance Commission on the same lines. The report of the 9th Finance Commission has just been laid in Parliament. This report is yet to be examined by the Government. However, it is learnt that the Commission have recommended some relief to the State on this account. Pending a final decision by the Govt. of India on this issue, the interest and principal due in 1988—89 on loans received during the U. T. period were not paid by the Mizoram Government. Therefore, in the

current financial year, the total liability on this account is Rs. 54.94 crores out of which Rs. 26.14 crores is for payment of interest and Rs. 28.80 crores is for repayment of principal. While payment due on the loans received after Mizoram became a State would be made to the Govt. of India in time, the payment in respect of loans received during the U. T. period will be made after the report of the 9th Finance Commission is examined, and the final decision of the Govt. of India is received on our representation.

In the meanwhile, Govt. of Mizoram has been taking a number of steps to enforce financial discipline and economy in expenditure. These steps include curbs on purchase of furniture and furnishings, curbs on creation and filling up of posts, checking of cash accounts of various departments and offices and disciplinary action against officials found to be responsible for financial irregularities. We hope to continue these measures more vigorously during the coming financial year.

REVISED ESTIMATES 1989—90

As per the Revised Estimates, the financial year 1989—90 is estimated to end with a deficit of Rs. 65.26 crores. This includes provision for payment of Rs. 54.94 crores to Govt. of India as interest and principal on loans.

On the Plan side, the approved Plan Outlay for 1989—90 was Rs. 102 crores against which the actual expenditure is estimated at Rs. 102.54 crores. Under the Plan, the major emphasis has been on Agriculture, Rural Development, Rural Housing, Rural Water Supply, Communication and Rural Electrification so that the people living in the villages derive maximum benefit from the Plan Schemes.

In appreciation of our satisfactory performance in Plan implementation and the measures taken by the Government of Mizoram to enforce financial discipline and mobilise financial resources, the Planning Commission have approved an outlay of Rs. 125 crores for 1990—91. I am glad to say that Mizoram has received the highest percentage increase in Plan outlay among all the states and Union Territories of the country. The Govt. of Mizoram, under the dynamic leadership of our Chief Minister, Pu Lal Thanhawla, take this opportunity to pledge ourselves for greater efforts in the coming year for the benefit of the people of Mizoram.

Out of the Rs. 125 crores of Plan outlay proposed for 1990-91, Rs. 18.47 crores will be spent on agriculture and allied activities, Rs. 12 crores on programmes under the New Land Use Policy,

Rs. 5.3 crores on other rural development programmes, Rs. 2.77 crores on irrigation and flood control, Rs. 9.33 crores on Water Supply and Sanitation, Rs. 18.16 crores on Power, Rs. 8.15 crores on Industries and Minerals and Rs. 16.99 crores on Roads and Bridges. As in 1989—90, our emphasis will be on Agriculture and Rural Development in 1990—91 also.

BUDGET ESTIMATES FOR 1990—91:

Mizoram, being a backward State, will not be able to meet its requirements of funds from its own resources. We will, therefore, be depending, to a large extent, on the funds to be received from the Govt. of India under the award of the 9th Finance Commission. At the same time, as a State, Mizoram has to raise its own resources if we have to implement more schemes for the benefit of the people. Therefore, the Government have decided to make all-out efforts to raise additional resources. A number of measures have been proposed in my budget for 1990—91 for additional resources mobilisation. The following are the measures proposed to be implemented:—

The foremost of these measures is the enforcement of the Mizoram Sales Tax Act, 1989 with effect from 1. 4. 1990. 97 items of goods, in all, including 22 items of special luxury goods, have been notified under the Act as taxable. A tax at the rate of 5 percent will be levied on these goods at the first point of sale. This measure is expected to yield an additional revenue of Rs. 190 lakhs in 1990—91.

Secondly, an additional revenue of Rs. 60 lakhs in 1990—91 is proposed to be raised by the Revenue Department by revision of rates of Trade Tax, House Tax, Fees, etc.

Thirdly, it is proposed to revise the electricity tariff in such a manner as to have an average rate per unit sale of 105 paise compared to 91 paise at present. This is expected to yield an additional revenue of Rs. 55 lakhs in 1990—91.

Fourthly, it is proposed to raise an additional revenue of Rs. 20 lakhs through enhancement of Bus fares and hiring charges for vehicles.

Fifthly, it is proposed to raise an additional revenue of Rs. 75 lakhs next year from revision of various charges by the Water Supply Department. It is proposed to realise house connection service charge and increase the existing rate of Rs. 30/- per month per house connection.

Sixthly, the rates of tax on profession, Trade, Calling and Employment will be enhanced. As a result, there will be additional revenue receipt to the tune of Rs.10 lakhs during 1990—91. Further, the rates of tax on sale of Petroleum and Petroleum products including motor spirit and lubricants will be revised from 10 paise to 20 paise per litre of motor spirit and from 7 paise to 10 paise per litre of diesel oil. A tax at 10% will be levied on L.P.G. These measures will fetch additional Rs. 3 lakhs.

Seventhly, we expect to get an additional revenue of Rs. 90 lakhs from the sale of teak thinning materials from teak plantations. An additional revenue of Rs. 10 lakhs in 1990—91 is expected by way of hiring charges of the 16 bulldozers with the Agriculture Department.

Further, an additional revenue of Rs. 1.50 crores is expected from the State Lotteries.

The Budget Estimates for 1990—91 envisage total receipt of Rs. 389.71 crores and total expenditure of Rs. 394.42 crores (net) thus leaving a deficit of Rs. 4.71 crores. Details of the transactions in the Consolidated Fund, Contingency Fund and Public Accounts are given in the Statement. In case our loan liability to the Govt. of India for the U.T. period is reduced as a result of the 9th Finance Commission's recommendations or otherwise, there will be improvement in the financial position.

Before concluding, I would like to call upon the Hon'ble Members to bestow their well-considered thoughts on the various proposals made in the next year's Budget Estimates and favour this august House with the benefit of their valuable ideas, experience and advice. In the end, I would like to express my thanks to the officers and staff of the Finance Department for preparing the Budget in a short time. I also would like to thank the Printing & Stationery Department for getting the documents printed expeditiously.

With these words, Sir, I now present the Revised Estimates for 1989—90 and Budget Estimates for 1990—91 and commend them for the consideration and approval of this august House.

Thank You.