

Mr. Speaker Sir,

I rise to present the Budget of the Government of Manipur for the year 2007-08. Five years ago, the Secular Progressive Front under my leadership assumed office in March, 2002. My Government has been returned to office for a second term with a clear mandate for which we are grateful to the people of the State. We believe this as an endorsement of the policies and programmes that were initiated and pursued by us in our earlier term. We now propose to emphasise the timely actualization of the key developmental initiatives spilled over from our preceding term in addition to articulation of fresh strategies for promoting the momentum of growth and development.

2. Mr. Speaker Sir, in presenting the first Budget for my Government's second term in office, I would like to recollect some of the challenges that confronted us when we assumed our first term of office and the predicament of an unsustainable fiscal situation.

3. Hon'ble Members will recall that mere successes even in the routine act of disbursement of monthly salaries of the employees were interpreted as noteworthy achievements of the Government. The critical fiscal position peaked in the year 2003-04 when the closing deficit touched Rs.609.00 crores. The circumstance warranted a transparent analysis and understanding of the nature and magnitude of the financial infirmity afflicting the State. With this objective, my Government prepared and presented a White Paper on State Finances before this august House in July 2002.

4. The White Paper diagnosed the core problem to be the widening gap in the non-plan revenue account. More specifically, the gap was caused by the persistent mismatch between the resources that could be mobilised and the resources that was required to be

committed for meeting expenditure for payment of salaries, pensions and debt servicing over the years. Mr. Speaker Sir, with a clearer grasp and understanding of the nature and magnitude of the problems directly afflicting the State's finances, my Government made a determined effort to restore macro-economic stability in a calibrated manner.

5. The policy framework that the Government pursued consistently to restore financial stability in our earlier term in office included measures to augment tax revenue as well as non-tax revenue, compression of expenditure particularly non-plan revenue expenditure through a moratorium on fresh recruitment, avoiding fresh grant-in-aid commitments, curving of explicit or implicit subsidies, winding up of unremunerative PSUs that were a drain on the resources of the State through implementation of Voluntary Retirement Schemes (VRS), debt swapping of outstanding loans etc.

6. Hon'ble Members are aware that the State's own resources in the form of tax and non-tax revenue has historically constituted less than 10% of the total State's Revenue. The major share of the receipts are transfers from the Central Government through its various mechanisms and agencies. As such, a meaningful restitution of the crisis called for ensuring more legitimate transfers from the Central Government. The Government therefore effectively presented our case to the Twelfth Finance Commission to recognize our fundamental imbalance and recommend a fairer devolution for Manipur. The management of the routine financial obligations has been considerably eased pursuant upon a more just endowment under the Twelfth Finance Commission norms.

7. Mr. Speaker Sir, it is on these firmer fundamentals of the State's economy achieved during my preceding term in office that the incumbent Government intends to anchor and strengthen the financial system that would generate an impulse for all round economic growth and development of our State.

8. Power has become the most vital infrastructure in the modern era. However, in reality, Manipur has not been able to tap the requisite power even to meet household consumption owing to the overall shortage of power production in the region. To attain self sufficiency in power production, higher priority need to be accorded to harnessing of power from our physiographic endowments. It is with this perspective that the 90 MW Loktak Downstream Project was initiated in the Joint Venture between the State Government and NHPC, and it is in this very context that I appeal to one and all to dispassionately weigh and deliberate on the proposed Tipaimukh Hydro Electric (Multipurpose) Project (1500 MW)

9. Keeping in view the overriding importance of the energy sector, a plan provision of Rs.100.08 crores including the non-conventional sources of energy in Revised Estimates 2006-07 has been made along with a tentative provision of Rs.51.95 crores in Budget Estimates 2007-08.

10. It will be appreciated that a crucial element of the power sector reforms should provide for a more effective realisation of power consumption charges including scope for recourse to legal remedies where necessary. Accordingly, two special Judges and two Public Prosecutors have been appointed to try power related offences.

11. Hon'ble Members will appreciate that lack of qualitative educational opportunities and non-availability of proper health facilities contribute to the vicious cycle of poverty. The Education sector has accordingly been allocated a total provision of Rs.421.62 crores in the Revised Estimate and Rs.385.51 crores in the Budget Estimate inclusive of all sectors under Non-plan, Plan and C.S.S. The provision includes for construction of school and college buildings, hostels in Manipur University, improvement of other infrastructure and also the State's share for implementation of Sarva Sikshya Abhiyan.

12. For advancing opportunity to the deserving young talents in higher technical education, the Manipur Institute of Technology will be converted to National Institute of Technology at a cost of Rs.35.00 crores for which the foundation stone was laid by Hon'ble Prime Minister on 2nd December, 2006. A provision of Rs.10.00 crores has been earmarked in Budget Estimates of 2007-08 to meet the cost of acquisition of land.

13. The two premier institutions of Regional Institute of Medical Sciences (RIMS) and the District Hospital at Porompat have to be enabled to function as referral hospitals. To facilitate this, 4 District Hospitals in the hills and at Jiribam are being upgraded by construction of 50 bedded Hospitals under NLCPR. Besides, the Government of India has consented to our proposal to upgrade RIMS to the status of AIIMS with the support of Ministry of Health and Family Welfare

14. Our sportspersons are not only representing Manipur but have started representing many other States and organizations with equal commitment and distinction. Incentive awards totaling to Rs. 1.10

crores has been administered to the sportspersons who won medals in the 33rd National Games held recently in Assam. Another allocation of Rs.5.00 crores has been provided in the Budget Estimates 2007-08 for procurement and upgradation of sports equipments and facilities for advance preparation for the forthcoming Commonwealth Games and the Olympics. To boost the sports movement further, a project for establishment of National Sports Academy at Khuman Lampak has been sanctioned at a cost of Rs. 18.43 crores and foundation stone has been laid by the Hon'ble Prime Minister.

15. Mr. Speaker Sir, in my preceding term in office, my Government had made a concerted effort for early completion of the three main irrigation projects, namely, Khuga Multipurpose Project, Thoubal Multipurpose Project and the Dolaithabi Barrage. My Government will accord highest priority to commissioning the Thoubal and Dolaithabi Projects also during our current term in office.

16. Mr. Speaker Sir, an integrated Imphal City Development Plan involving Rs.1872.00 crores was prepared which would cover aspects relating to environment, tourism and heritage, water supply, transportation, drainage, sanitation, basic services of urban poor, solid waste management, capacity building of IMC etc. The outlay has been approved in the form of 90% grants from JNNURM and 10% State's share.

17. Roads is the principal lifeline for our people and NH-39 is the most crucial amongst the Highways. There is now consent to upgrade the 78 Kms. section from Maram to Imphal to four lane at an estimated cost of Rs.300.00 crores. The Old Cachar Road from Bishnupur to Rengpang via Khoupum measuring 93 Kms. will be

made motorable at an estimated cost of Rs.86.00 crores. The restoration of the bridges on Barak and Makru has made NH-53 operational after many years and has opened up a vital alternative lifeline. The construction of the Jiri-Tipaimukh Road estimated to cost Rs.21.57 crores has been retained for funding under NLCPR.

18. The Jiribam-Tupul railway link is expected to promote trade and commerce in many ways. The prospect of linking with South East Asia through this network and the gains that could be prospected when dove-tailed with an appropriate policy framework make it all the more appealing. Work on this route has already commenced and the Government has taken up the issue for extension of the 25 Kms. linkage from Tupul to Imphal.

19. Mr. Speaker Sir, the initiatives cited to promote the different forms of infrastructure and the social sector all converge to the overriding objective for generation of employment opportunities for our youths and thus induce them for affirmative contribution to nation building. However, the number of unemployed in the live register of Employment Exchange in 2002 was 4.14 lakhs. An urgent intervention was therefore warranted to tackle the issue of unemployment more directly. The State Government therefore framed the Special Employment Generation Programme (SEGP) to which the Central Government agreed to finance a sum of Rs.150.00 crores under the Reconstruction Plan of the State. The scheme is being implemented through the Manipur State Co-operative Bank Ltd. (MSCB).

20. Mr. Speaker Sir, the RBI observed the potentials as well as the existing impediments in extending banking services in the North Eastern Region and felt it imperative that a mission mode be adopted

to improve the situation. In order to address the constraints of the region in a more focused and State-specific manner, the RBI constituted in January, 2006 a Committee on Financial Sector Plan for North Eastern Region which reviewed the entire spectrum of credit flow and impediment in the region and made comprehensive recommendations to increase the flow of credit and achieve greater financial inclusion of the people. The Committee has estimated for financial support of Rs.156.20 crores comprising of Rs.129.85 crores through loans from Banks and Rs.26.35 crores as grant over the ensuing five years. The allocation will mostly be utilised in the agriculture and allied sector.

21. Out of the 36 Blocks in the State, 18 Blocks are still unbanked. The Government is committed to cover all the Blocks under the banking network in a phased manner. The Government realized that revival of the Manipur State Co-operative Bank Ltd. would correctly signal the importance attached to the rejuvenation of the credit sector in the Government's policy. Accordingly, a host of measures was taken for its rehabilitation. The policy is beginning to bear fruit and can be appreciated from the fact that the bank is expected to turn around from a position of negative networth to that of a positive networth.

22. Our pursuit for evolving an efficient and transparent financial management system require computerisation of the Treasury Offices. Presently, the State Government is implementing the Treasuries computerization in association with the National Informatics Centre.

23. Appreciating the vital role of women, the Manipur State Commission for Women Act, 2006 was enacted during the preceding term of the SPF Government. The Commission has been constituted

with the appointment of the Chairperson and the Members. An outlay of Rs. 9.00 lakhs for 2006-07 and Rs. 10.00 lakhs for 2007-08 have been provided to initiate the functioning of the Commission.

24. In my earlier term in office, the Government had constituted the Manipur Information Commission and had also appointed the Chief Information Commissioner in pursuance of the provisions under The Right to Information Act, 2005. A sum of Rs. 13.00 lakhs is provided for the functioning of the Commission.

25. To prepare and equip ourselves better for any eventuality in the future, a new Relief and Disaster Management Department has been established with an initial budgetary support of Rs.614.52 lakhs under Non Plan and Rs.10.00 lakhs under Plan

26. I now present the Revised Estimates for 2006-07 and Budget Estimates for 2007-08.

REVISED ESTIMATES, 2006-07

27. The Budget Estimates for 2006-07 provided for a gross expenditure of Rs. 3362.93 crores. This has been increased to Rs. 3593.67 crores in the Revised Estimates, 2006-07. The portion of “charged” expenditure is Rs.552.50 crores under the Consolidated Fund of the State and the balance amount of Rs.3041.17 crores is shown as “Voted” expenditure.

28. The State Plan outlay in BE 2006-07 was Rs.1160 crores. There has been an overall increase of Rs.23.67 crores in the plan allocation and the Revised Annual Plan Outlay now stands at Rs.1183.67 crores. Out of this, Rs. 307.10 crores is in the Revenue Account and

Rs.876.57 crores is in the Capital Account constituting 25.95% and 74.05% respectively of the total plan outlay.

29. The provision of Rs.289.07 crores for Centrally Sponsored Schemes, Central Plan Schemes and North Eastern Council Schemes in the Revised Estimates, 2006-07 is higher by Rs.157.37 crores over the provision in BE 2006-07.

30. Due to the adjustments made, the Revised Estimates of net revenue expenditure is Rs.2212.19 crores as compared to Rs.1994.72 crores in the Budget Estimates 2006-07. On the Capital Account, the proposed net expenditure in the Revised Estimates is Rs.941.01 crores against the Budget Estimates of Rs.839.30 crores. Revenue Surplus is projected to be Rs.776.50 crores in the Revised estimates against the actuals of Rs. 404.43 crores in 2005-06.

31. The State's own Tax and Non-Tax Revenue projected in the Revised Estimates is Rs.275.97 crores against the actuals of Rs.171.46 crores during 2005-06.

32. With the Revised estimates of expenditure and receipts during 2006-07, the year is expected to close with a deficit of Rs.162.85 crores. This is against the projected closing deficit of Rs.239.46 crores in the Budget Estimates and the actual closing deficit of Rs.139.78 crores in 2005-06. It is expected to be achieved despite the unfilled opening deficit of the current year because of higher resource flows under the 12th Finance Commission recommendations and better resource management.

BUDGET ESTIMATES, 2007-08

33. Let me now turn to the Budget Estimates. The Annual Plan Outlay of the State for 2007-08 has not yet been finalised. The provisions under Plan are therefore tentative and will be revised through Supplementary Demands when the outlay is finalised.

34. The total estimates of State's own tax and non-tax receipts projected in the Budget Estimates 2007-08 are 127.54 crores and Rs.146.27 crores respectively totaling to Rs.273.81 crores. The receipts from the State's share in Central Taxes & Duties are expected to rise by 25.59% and have been estimated at Rs. 516.41 crores in 2007-08. The non-plan grants from the Centre is estimated to be Rs.976.27 crores implying an increase of 5.31% over the year Revised Estimates of 2006-07.

35. On the expenditure front, the Budget Estimates for 2007-08 show a total gross expenditure of Rs.3216.51 crores from out of the Consolidated Fund of the State. Out of this, Rs.2126.74 crores is under Non-Plan, Rs.900.00 crores under State Plan and Rs.189.77 crores under Centrally Sponsored Schemes, Central Plan Schemes and NEC schemes. An amount of Rs.593.53 crores is "charged" expenditure under the Consolidated Fund of the State and the remaining amount of Rs.2622.98 crores is shown as "Voted" expenditure.

36. Among the economic sectors, mention may be made of the plan provisions made out of the tentative plan outlay of Rs. 900 crores in respect of certain sectors. Power sector is allocated Rs.51.95 crores representing 5.77% of the plan outlay, Irrigation & Flood Control Rs.220.28 representing 24.48% and Rs. 81.36 crores being 9.04% is earmarked for Industries & Minerals.

37. Among the social sectors, Education & Art & Culture have been allocated a sum of Rs.81.15 crores representing 9.02% of the outlay. Health and Water Supply sectors have been provided Rs.10.19 crores and Rs.62.00 crores respectively constituting 1.13% and 6.89% respectively, Rs.17.81 crores for Urban Development representing 1.98% and Rs. 12.13 crores for Public Works which is 3.08%. A sum of Rs. 21.03 crores has been reflected for Special Area programmes devoted to the development of border and tribal areas. In addition, Rs. 15.00 crores for Tamenglong District under Backward Area District Fund and another sum of Rs.13.33 crores have been earmarked for SC and ST amounting to a total sum of Rs.49.36 crores which constitute 5.48% of the total plan outlay. Rs.7.50 crores has been earmarked for the OBCs and Minorities.

38. The Gross Fiscal Deficit was of the order of (-) Rs. 449.31 crores in 2004-05 which was compressed to (-) Rs. 271.34 crores in 2005-06. This positive trend is expected to be maintained with an estimated Fiscal Deficit of (-)Rs. 227.92 crores only in the Revised Estimates 2006-07 which is 4.35% of the GSDP of the State compared to 6.08% for the preceding year 2005-06. The estimate for 2007-08 is Rs. 106.00 crores which constitute 1.80% of GSDP. The target attempted by the State Government is to achieve a ratio of 3.00% by 2008-09.

39. The Medium Term Fiscal Policy Statement, Fiscal Policy Strategy Statement and the Macro Economic Framework Statement along with the Disclosures as required under the Manipur Fiscal Responsibility and Budget Management Rules, 2005 will be placed

before the august House during the next Session when the full Budget will be discussed.

40. As the detailed consideration of the Demand for Grants would take sometime, I propose to move separately a “Vote on Accounts” for grant of expenditure covering the first four months of the financial year 2007-08 so as to enable the State Government to carry on its activities from the 1st April 2007.

41. With this submission, Mr. Speaker Sir, I present the Revised Estimates for 2006-07 and Budget Estimates for 2007-08 with the hope that the same will receive approval of this august House.

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