

No. M-13048/21/Pb/06-SP (N)
Planning Commission
(State Plans Division)

Yojana Bhavan,
Sansad Marg, New Delhi.
Dated 25th June, 2007.

Subject: Meeting between the Deputy Chairman, Planning Commission and the Chief Minister, Punjab to determine the outlay for Annual Plan 2007-08 of the state.

The meeting on the above mentioned subject was held in Yojana Bhavan on 31.05.2007.

Summary record of the discussions held in the meeting is enclosed.

Sd/
(Bal Ram)
Deputy Adviser (SP-N)

Encl. As above

Planning Commission
Principal Advisers/
Sr. Advisers / Advisers/
JS(SP)

PMO
Director (Ms. Vini Mahajan)

Ministry of Finance
Joint Secretary (PF-I) (Sh. V.S.Senthil)

Copy to Private Secretary to:

Deputy Chairman / Minister of State / Member Secretary / Members

Copy also to:

Director (SP-Coordination) / Director (PC Division) / Information Officer.

Govt. of Punjab

Pr. Secretary to Chief Minister
Chief Secretary
Pr. Secretary (Finance)
Secretary (Planning)

Planning Commission
(State Plans Division)

Summary record of discussions of the Meeting between the Deputy Chairman, Planning Commission and the Chief Minister, Punjab held on 31st May, 2007 for finalization of Annual Plan 2007-08 of the State.

The above mentioned meeting was held under the Chairmanship of Deputy Chairman, Planning Commission in Yojana Bhavan, New Delhi on 31st May, 2007. The list of participants in the meeting is annexed as Annexure-I.

2. The Deputy Chairman welcomed the Chief Minister, Punjab and his team in the meeting and invited Members, Planning Commission to comment on the Plan performance of the State.

3. Member (VLC) expressed his happiness about the concern shown by the Chief Minister and his colleagues regarding the need of Science & Technology. He, however, felt disappointed over the fact that during AP 2006-07 nothing was spent by the State on Ecology and Environment and that working expenditure for agricultural scientists was almost nil. According to him the concern shown by the State for the sector was not reflected in allocation / utilization of funds for this purpose. He also expressed his concern about the state of affairs in Punjab Agricultural University, the institution which occupied premier status and suggested for serious and appropriate measures to be taken by the State Government. The Member was of the opinion that agriculture in the state badly needed technological breakthrough for conservation of scarce natural resources like ground water and to improve soil health. According to him, providing funds for development of new technology to Punjab Agricultural University in particular and other scientific establishments should be an area of high priority. Focused attention on extension efforts for diffusion of new technology was also stressed by him.

While appreciating the technical performance of the State in power sector, Member (KP) was not satisfied with financial performance of the PSEB. He was of the opinion that huge amount of money spent by the State on purchase of power would have been better utilized by creating additional capacity for power generation. He, however, praised the State's plan to meet most of the projected requirement of power during the Eleventh Plan through its own generation programmes and suggested close monitoring of the projects in the pipeline. T&D losses of the State were below the all-India average and were suggested to be brought down further. He also suggested incentivising the farmers for judicious use of ground water, which is overexploited in the State, by creating cooperatives

of water users, etc. The Member felt concerned about the large number of drinking water quality affected villages in the State. He was also concerned about low performance of Punjab in TSC in terms of low utilization of funds and coverage and urged the State for appropriate steps to achieve Total Sanitation quickly.

Member (AS) felt that development of skills was the foremost requirement in the case of Punjab as this would significantly help in creating employment opportunities in the areas other than agriculture, wherein growth in the State has slipped. He suggested for spending a large part of Central Assistance for skill development programmes to achieve this. In the opinion of the Member, agriculture department in the State was not getting the requisite attention in terms of allocation and release of funds. He pointed out that during Annual Plan 2007-08 also Punjab had proposed very low allocation for agriculture (less than 2% of total proposed plan). The Member advised the State Govt. to allocate adequately for the sector to achieve technological breakthrough and to enable the State to take advantage of the new ACA scheme on agriculture announced in the recent NDC meeting. He felt that considerable potential existed for dairy and fisheries in the State and suggested its exploitation through focused interventions to enhance the income of rural families.

Member (BCM) appreciated the initiatives taken by the State Govt. in SSA, MDM, etc. and was satisfied with the quality of education in the State. He, however, was concerned about the drop out rates which needed to be brought down. He suggested the State Govt. to put in serious efforts, like, pre-metric scholarship to achieve this. The Member pointed out that unemployment in Punjab had grown at much faster rate between 1999-2000 and 2004-05 and advised the State to invest more in skill development related programmes to tackle this menace. He expressed dissatisfaction at implementation of SCSP and expected the State Govt. to take appropriate steps for its implementation in letter and spirit. He also advised the State Govt. to take appropriate steps, in consultation with the Centre, for better maintenance / upkeep of Jallianwala Bagh, Amritsar.

Member (SH) was satisfied with the general indicators of health but expressed concern over decline in vaccination coverage, increase in anemia in children and shortage of manpower in the sector. As lot of deliveries in rural areas still took place at home, the Member felt that antenatal care deserved more attention. She suggested proper training of 'dais' in this regard. She also desired bringing down of maternal mortality rate. Gender development and adverse sex-ratio were suggested for faster correction through awareness generation campaigns. Based on her experience during the visits to rural areas especially those of Malerkotla, the Member felt that health facilities in those areas deserved more attention of the State Govt.

Member (AH) noted the reasonable level of affluence already existing in the State and was of the opinion that for its further increase the State couldn't depend on agriculture alone. He accordingly stressed upon the need to promote industrial growth in the State by creating an environment conducive to this. He suggested the Punjab Govt. to follow the Haryana pattern wherein State authorities find out the prospective investors, handhold them and promote their investment in the State by facilitating project clearance. Infrastructure in and around the industrial clusters was also suggested for improvement. According to the Member, Punjab has an advantage in establishing units manufacturing engineering machinery, cycle and sewing machine parts in the SSI sector. Development of leather / apparel parks would also enhance industrial investment in the State.

While dwelling upon the issues mentioned in Punjab Chief Minister's speech and those raised by him earlier, Deputy Chairman, Planning Commission felt that the proposal of the State Govt. to provide 'atta-dal' to the weaker sections of society was a non-plan activity and suggested its exclusion from the State's plan. He felt that to enable the State to have a larger plan size, enhancement in its allocations under AIBP and JNNURM could be considered. He, however, desired that the one time ACA allocated for Annual Plan 2007-08 be used for education or skill development programmes, especially in rural areas. According to him improvement in irrigation facilities in the State was of prime importance. Deputy Chairman advised the State Govt. to explore operating the currently unutilized hospital infrastructure created at Jalandhar, effectively in PPP mode. He mentioned that the Eleventh Plan outlay proposed by the State was only 54.4 percent more than its Tenth Plan approved outlay and desired that Punjab should propose for the Eleventh Plan, an outlay double the size of Tenth Plan approved outlay, so as to achieve the projected growth targets.

Member Secretary was of the opinion that providing financial compensation to the farmers, whose land is situated across the border fence, was perhaps not possible. He, however, mentioned that Planning Commission could consider, as a special dispensation for the State, its request to allow it to undertake 3-4 projects simultaneously under AIBP, without altering the existing funding pattern. Member Secretary also suggested the State Govt. to bring in sufficient manpower in education sector by pruning the same in other areas which are overstaffed. Accordingly to him, a large gap between the growth rate of the State and the all-India average growth rate was major cause of concern. He felt that the State had not been able to avail benefits under some central sector schemes as it didn't provide adequate counterpart funds for those schemes and desired that the State undertakes vigorous exercise to avail all such benefits in future.

Chief Minister, Punjab thanked the Planning Commission for patient hearing and mentioned the following points:

- Punjab has exhausted its natural resources (groundwater) to make the country self-sufficient in food and should, therefore, be treated on the same basis as that of a special category State.
- Farming is no longer profitable in Punjab because the rise in input prices has not been offset by higher MSP. The present MSP is not a fair price.
- Farmers are suffering from an excessive debt burden and this is a major cause of suicides in Punjab. Central support is needed to waive farm loans by cooperative banks. OTS by commercial banks is also necessary.
- The irrigation system in Punjab is deteriorating and the water carrying capacity of the canal system has declined. There should be a special programme of assistance for rehabilitation and modernization of the canal system.
- The condition of the poor and the dalits in Punjab is pitiable. Though infrastructure development is important, planning should focus on the needs of the poor, who need better schooling, housing etc.
- Skill development should receive top priority and the Centre should assist the State in this process. Punjab has announced a scheme (the Adarsh School Scheme) whereby good quality schools will be constructed in each block. Although private players will be roped in, the State will have to spend Rs.400 crore and they want 50% of this amount as assistance from the Centre.
- In addition to the 6 AIIMS institutions being set up, the Centre should also pick up the Punjab Institute of Medical Sciences in Jalandhar which is currently being built but which needs additional funds. About 240 crore have already been spent on the Institute and the Centre could fund the rest. CM, Punjab said he will send a letter to the Prime Minister on the subject.

Member-Secretary, Planning Commission referred to the deliberations in the meeting and mentioned that Annual Plan, 2007-08 outlay for Punjab, as agreed upon, would be Rs. 5,111 crore, assuming additional resources mobilization by the State Government and also draws from the new agriculture ACA and JNNURM. The scheme of financing the Annual Plan-2007-08 outlay is annexed at Annexure-II (A&B).

The meeting ended with vote of thanks to the chair.

ANNEXURE - I

List of participants in the DCH-CM Meeting on 31st May, 2007 in Yojana Bhavan, New Delhi to finalize Annual Plan 2007-08 of Punjab.

<u>Planning Commission</u>	<u>State Govt. of Punjab</u>
1 Shri Montek Singh Ahluwalia Deputy Chairman	1 Sardar Parkash Singh Badal Chief Minister
2 Shri Rajeeva Ratna Shah Member-Secretary	2 Shri Manpreet Singh Badal Finance & Planning Minister
3 Prof. V.L. Chopra Member	3 Prof. J. S. Bajaj Vice Chairman, PSPB
4 Dr. Kirit S. Parikh Member	4 Shri Ramesh Inder Singh Chief Secretary
5 Prof. Abhijit Sen Member	5 Shri D.S. Kalha Pr. Secretary, Finance
6 Dr. Bhalchandra Mungekar Member	6 Shri D.S. Guru Pr. Secretary to CM
7 Dr. (Ms.) Syeda Hameed Member	7 Shri Satish Chandra Secretary, Planning
8 Shri Anwarul Hoda Member	8 Shri Tejveer Singh Spl. Secretary, Planning
9 Shri Ajay Shankar Pr. Adviser	9 Smt. Anjuly Chib Duggal Resident Commissioner
10 Smt. Manjulika Gautam Sr. Adviser	10 Shri Gagandeep Singh Brar Dy. Pr. Secretary to CM
11 Dr. V.V. Sadamate Adviser	11 Shri Jasbir Singh Director
12 Shri R. Sridharan JS/Adviser	12 Smt. Urmil Jit Khosa Director
13 Shri Rajat Sachar Director	13 Shri Chaman Lal Director
14 Shri R. K. Kaul Jt. Adviser	1 <u>Ministry of Finance</u> Smt Babni Lal Director
15 Shri Bal Ram Dy. Adviser	

ANNEXURE-II (A)

PUNJAB**Approved Scheme of Financing for the Annual Plan 2007-08- Punjab****(Rs. crore)**

				Items	Annual Plan 2007-08- Approved
				1	2
A. State Government					
	1			State's Own Resources (Non-Loan Portion (a to e))	-1907.80
		a		BCR	-3074.70
		b		MCR (excluding deductions for repayment of loans)	-111.00
		c		Plan grants from GOI (TFC)	26.90
		d		ARM	794.00
		e		Adjustment of Opening Balances	457.00
	2			State's Borrowings (i) – (ii)	4647.72
		(i)		Gross Borrowings (a to f)	6087.45
		a		State Provident Fund (net)	700.00
		b		Small Savings (gross)	2500.00
		c		Market Borrowings (net)	1590.56
		d		Negotiated Loans (gross)	400.35
		e		Bonds/Debentures	0.00
		f		Loans portion of Central Assistance (f1 to f4)	896.54
		f1		Normal Central Assistance	326.96
		f2		ACA for EAP	20.83
		f3		EAPs (back to back)	443.75
		f4		Others (Details as per attached Annex-II)	105.00
		(ii)		Repayment	1439.73
	3			State's Own Resources (1+2)	2739.92
	4			CENTRAL ASSISTANCE – Grant Portion (a+b+c)	962.08
		a		Normal Central Assistance	140.13
		b		ACA for EAPs	8.93

				Items	Annual Plan 2007-08- Approved
				1	2
			c	Others (Details as per attached Annex-II)	813.02
				i) SPA for regular Plan	
				ii) SPA for PMRP	
				iii) Others	
				Total A : State Government Resources (1+2+3)	3702.00
B. Public Sector Enterprises (PSE)					
		1		Internal Resources	352.00
		2		Extra Budgetary Resources	1057.00
		3		Budgetary Support	
				Total B : PSEs (1+2+3)	1409.00
C. Local Bodies					
		I		Urban Local Bodies	
			a	Internal Resources	
			b	Extra Budgetary Resources	
			c	Budgetary Support	
				Total (a+b+c)	0.00
		II		Rural Local Bodies	
			a	Internal Resources	
			b	Extra Budgetary Resources	
			c	Budgetary Support	
				Total (a+b+c)	0.00
				Total C : Local Bodies (I+II)	0.00
D	Aggregate Plan Resources (A+B+C)				5111.00
E	State Plan Outlay				

ANNEXURE-II (B)

Components of Others of Central Assistance 2007-08 - Punjab

(Rs. crores)

	Components of Others	Annual Plan 2007-08		
		Grant	Loan @	Total
1	AIBP	200.00		200.00
2	JNNURM	249.99		249.99
3	CRF	62.90		62.90
4	NSAP	16.02		16.02
5	NPAG	1.37		1.37
6	RSVY/BRGF	16.62		16.62
7	APDRP	65.59		65.59
8	BADP	18.70		18.70
9	NE-GAP	11.83		11.83
10	New ACA Scheme for Agriculture	125.00	0.00	125.00
11	One time ACA for projects linked to a skills development programme	45.00	105.00	150.00
	TOTAL	813.02	105.00	918.02
@	To be raised by the State Government directly			