

Summary Record of the Meeting between the Deputy Chairman, Planning Commission and Chief Minister of Punjab for Finalisation of Annual Plan 2010-11 on 10th June, 2010

A meeting under the Chairmanship of Deputy Chairman, Planning Commission was convened on 10th June, 2010, to discuss and finalise the Annual Plan of the State of Punjab for the year 2010-11.

2. The Deputy Chairman welcomed the Chief Minister, Minister (Planning and Finance), Minister (Finance), Minister (Industries and Commerce) and other senior officers of the Government of Punjab (GoP) and requested the delegation to begin the discussion.

3. While thanking the Deputy Chairman, Planning Commission and his team for the support they have been extending to the State, the Chief Minister highlighted, inter-alia, the following in his address.

- i. The economic growth during the first three years of the plan has been 6.88%, 6.4% and 6.69% and has exceeded the target of 5.9%. The State Govt. has accorded top priority to Flagship Schemes and the financial achievement in Flagship Schemes during 2009-10 has been 84% as against 70% during 2008-09.
- ii. The main problem of the state is the accumulated debt burden of Rs 64924 crore which requires an annual interest payment of Rs 6570 crore. The State has to resort to heavy borrowing of Rs 9000 cr during 2010-11 and has to bear additional burden of Rs 5292 crore due to sixth pay commission. The Chief Minister requested Deputy Chairman for the intervention of Planning Commission for one time complete debt waiver or debt rescheduling.
- iii. The State is committed to raise additional resource mobilization to the extent of Rs.1200 crore in 2010-11 which includes Rs 600 crore through 10% surcharge on VAT, Rs 100 crore from increase in VAT rate from 4% to 5%, Rs 500 crore from imposition of tariff on agricultural power consumption, Rs 120 crore from rationalization of power subsidy, Rs 270 crore from enhancement of electricity duty from 10% to 13%, and Rs 120 crore from Irrigation cess. However, State's efforts have to be reinforced by a major capital assistance by the Planning Commission and the Central Govt.

- iv. The canal system of irrigation is amongst the oldest in the country and has outlived its life. The carrying capacity of the system has gone down and there is 30% reduction in canal water. The system requires rejuvenation. For relining of Rajasthan Feeder and Sirhind Feeder 90% grant may be given as for Rajasthan. Technical clearance has been given by CWC to Rs 734 crore project for Strengthening Of Canals fed by River Sutlej and Planning Commission may accord early approval.
- v. Regarding Depletion of Ground water due to over-drawl, the Chief Minister requested that the Planning Commission may set up a committee to advise the State Govt. on revival of the depleted water through new technology. The Borlaugh Institute for South Asia (BISA) proposed to be set up by the International Centre for Maize and Wheat should be located in Ludhiana. The deterioration in soil health due to intensive cultivation has made farmer use more fertilizers and micronutrients. Therefore supply of micronutrients may be subsidized. Remunerative prices should be fixed for crops according to the formula given by Dr. Swaminathan i.e, farmers may be provided a margin of 50% over the cost of production. There is a need to create and strengthen market infrastructure and scientific storage of food grain in Silos. The credit to farmers should be available at 4% for both short and long term loans. The present rate of Compensation provided to farmers is very meager and it should be enhanced to Rs. 10,000 per acre.
- vi. Regarding Rural Development schemes, the State has performed very well in MGNREGA but the State has been allocated only Rs 212 crore for 2010-11. The allocation under MGNREGA needs to be enhanced. The scope of NREGA should be widened to include toilets for SC and BPL families, lining of distributaries and minor water courses, boundary walls of schools and hospitals etc. The Tendulkar Committee Report of 20.4% BPL may be accepted for Punjab.
- vii. The State has added 3840 MW of power in the last three years. A central sector power plant may be set up in Punjab.
- viii. The formula for the Central Road Fund (CRF) is based on fuel consumption and is in favor of some of the states. The formula needs revision.

- ix. On education, more than 26000 teachers have been recruited. The Education Development Index for the state has gone up to sixth position from twelfth position. Twenty one model schools are being set up in educationally backward blocks. These schools are in PPP mode and need to be set up in all the blocks.
 - x. On the border area development the Chief Minister requested that a compensation of Rs. 10000 per acre maybe provided to farmers on the border for 18500 acres. The total amount calculates to Rs. 19 crore. In addition a compensation for 11 feet track along the border fence for Rs. 20 crore may also be provided.
 - xi. The Govt. medical colleges at Patiala may be covered under the next phase of Pradhan Mantri Swasthya Shiksha Yojana and one time ACA of Rs. 10 crore may be given to Guru Ravidas Ayurveda University.
 - xii. The animal husbandry activities may be declared at par with agriculture for income tax and interest rate for long and short term loan. Punjab may be included in Venture Capital Fund Scheme of NABARD. The one time financial grant of Rs. 100 crore may be given to Guru Angad Dev Veterinary and Animal Sciences University (GADVASU).
4. Minister(Finance and Planning), Govt of Punjab stated that the State has undertaken some power reforms but is conscious that more reforms are required to be undertaken in power sector. Regarding GSP and purchase tax, he requested that purchase tax may be allowed to be continued for a few years. He further informed that the State is exploring the potential under Dairy sector and has developed a new breed of cow. The Minister requested that same norms should not be applicable to all states under the Centrally Sponsored Schemes. Under RKVY post harvest technology should be included. Under MDMS funds available may be permitted to be utilised for engaging teachers. The border areas in Punjab may get enhanced funds under BADP as this is the only border which is cultivated to the last inch.
5. The Minister (Industries & Commerce), Govt.of Punjab stated that the state has 5 corporation and 139 Municipal Local Bodies. Only 2 corporations are covered under JNNURM. More allocation is therefore, required under UIDSSMP Scheme. He also requested that Central Govt. should frame industrial policy according to natural resources of the State. While certain sectors like tourism and forests may be encouraged for hilly states, Industries can be encouraged in plain

States. He stressed that certain Industries in Punjab have flourished because of the enterprising nature of People even though the raw material for such Industries was not found in the State eg steel and rubber. These existing Industries need to be protected and freight equilisation should be reintroduced.

6. The Chief Secretary, Govt. of Punjab stated that the state is facing a major handicap in attracting investors to set up industries in Punjab as Punjab is not able to offer free land and cash to the investors as other states due to its debt burden. The Chief Secretary requested that special dispensation may be provided for limited industries like auto industry in the state for setting up one to two mother units with support from Govt. of India.

4. The Deputy Chairman assured appropriate consideration and follow-up action on the issues raised in the Chief Minister's address. He informed that the recommendations of the Tendulkar Committee have been accepted. The matter of lining of canals in Punjab will be followed up in coordination with M/o Water Resources. Regarding Industries, the Deputy Chairman suggested that the state may share some of the best practices from Andhra Pradesh, Karnataka, Tamil Nadu and Maharashtra. The quantity of power supply and infrastructure is crucial for setting up industry and Punjab is in a relatively advantageous position. The Deputy Chairman requested the state to share some of its PPP experiences and to highlight success stories in the field of infrastructure. The DCH suggested that the State should avail Central assistance in the projects which are run in PPP Mode.

5. Thereafter, the Deputy Chairman invited the Members, Planning Commission to comment on the Plan performance and the issues raised by the State.

6. Member (AS) pointed out that the state suffers from weak resources but the State is aware of the problem and is trying to find solutions. He appreciated the steps taken by the State to provide the State share for the Flagship programmes. He however expressed concern for certain sectors in which there has been very low expenditure like Fisheries, Dairies, and Ecology and Environment. The member assured that Planning Commission will assist the State in areas like Ground Water and Pollution of Rivers etc as requested by the State. On the Power sector he appreciated that there has been progress in the State but in Skill Development more efforts are required. The Member pointed out that there are certain issues in Agriculture which require foremost attention of State like storage of food grain. He urged the State to examine the possibility of involvement of PPP in storage ie Silos. He suggested that Punjab should

become a part of National Agriculture Insurance Scheme. As far as BISA is concerned, the Member assured that the interest of State will be protected at the appropriate time.

7. Member (BK) appreciated the performance of State under PMGSY and congratulated the State for setting up a good network of roads. He expressed his concern over poor performance of State under RGGVY. He urged the Chief Secretary to identify the problem areas in RGGVY and improve the performance of the programme. The Member congratulated the State on imposing tariff on Agricultural consumption of power and doing away with free power. He also appreciated that the State has started unbundling the PSEB. The Member expressed his worries about the mounting losses of the SEB to the extent of Rs 2500 crore and pointed out that if the tariff is not revised as projected, the losses will be to tune of 3000 to 4000 crore and will increase every year. On setting up a Thermal Power Plant in the State the Member assured that matter will be discussed with NTPC.

8. Member (SH) stated that while State has performed better than National Average in most indicators on Health and Women & Child Welfare, this is not good enough for Punjab and State should strive to achieve the targets set under monitorable indicators. The Child Sex Ratio as per SRS-2007 has improved to 838, but a ratio of 838 is also not good enough. The MMR has increased and indicators for Ante natal care show a poor performance. She congratulated the State on implementation of PNMT Act, specially for filing court cases, cancelling licenses and convicting the offenders. The Member stated that the State has given equal rights to women over land under law. However, in certain areas State needs to increase efforts. The female rural literacy is poor and State must think beyond the Shagun scheme for empowering women and girl children. She drew the attention of the State to the problem of abandoned women in Southern Punjab and child labour in the brick kilns, malnutrition of Children in the age group of 0-3 years and anemia amongst women. She appreciated that under NREGA, participation of women has gone up but in TSC, the State performance is short of target for individual households.

9. Member (KK) pointed out that soil health is an important issue for Punjab. Most of the Soil Testing labs are working at 30% of the capacity due to inadequacy of staff and the 66 soil testing labs are not equipped with testing for micronutrients. The State must undertake a major programme for preparing a soil map and soil treatment. The State must also endeavor to prepare a road map for Science and Technology interventions on water, energy, environment,

health and nutrition security etc. He advised that Department of Science and Technology has come up with a basket of technologies which are available with several states and Punjab must examine the possibilities in view of its own capabilities and the needs. He commended the State for setting up a Centre of Excellence for Technology Assessment and Transfer which can be used for developing databases for the technologies developed, for evaluations of the applicability and techno economic studies and even forecasting a timeframe in which the older technologies would be replaced by the new technology. He however cautioned that specific priority areas should be taken up in project mode with a definite goal and time frame

10. Member (AM) stated that in some parts of the country like Punjab, a variety of industries has performed very well due to entrepreneurship of people. He stated the under the task force commissioned by Prime Minister, the broad observations for Punjab are that the strength is in small industries. But the cluster development required for effective marketing and finance is poor as compared to other States.

11. The Deputy Chairman thanked the Chief Minister and other participants and concluded that the total Plan Size has been enhanced to Rs 9150 crore against Rs 9050 crore proposed by the State, and includes One Time ACA of Rs 100 crores. The One Time ACA is to be utilised for projects related to agriculture, water management and creation of productive assets to be approved by the Planning Commission.

12. The Chief Minister thanked the Deputy Chairman and requested that an expert team of Members, Planning Commission should guide the State on the best possible course of action to be taken on the issues identified and problems faced by the State. The Deputy Chairman assured all co-operation and assistance from Planning Commission and requested Member (Punjab) to organize the meetings with the State Govt after a period of three months.

The meeting ended with vote of thanks to the chair.

A copy of the detailed Scheme of Financing of the approved Annual Plan 2010-11 is enclosed at Annexure – II. The details of Scheme-wise Additional Central Assistance are enclosed at Annexure- III.

Annexure-I

LIST OF PARTICIPANTS IN THE MEETING OF ANNUAL PLAN 2010-11 BETWEEN DEPUTY CHAIRMAN, PLANNING COMMISSION AND CHIEF MINISTER OF PUNJAB ON 10-6-2010 AT 2.30 PM IN ROOM NO. 122, YOJANA BHAWAN, NEW DELHI

1. PLANNING COMMISSION:

Sl.No	Name	Designation
1.	Sh. M.S.Ahluwalia	Deputy Chairman
2.	Prof. Abhijeet Sen	Member
3.	Dr(Ms). Syed Hameed	Member
4.	Dr. K. Kastoorirangan	Member
5.	Sh. Arun Maira	Member
6.	Sh. B.K. Chaturvedi	Member
7	Smt. Sudha Pillai	Member Secretary
8	Sh. A.K.Mishra	Pr. Adviser(SP-PB)
9	Sh. Gajendra Haldia	Pr. Adviser to DCH(Infrastructure)
10	Sh. Yudhvair Uppal	Sr. Adviser (WR)
11	Sh. T.K. Pandey	Joint Secretary(FR)
12	Sh. Surender Singh	Adviser(Agriculture)
13	Smt. A.S.Katiyar	Director
14	Smt. Kusum Mishra	Director
15	Sh. R.Sachar	Director

2. GOVERNMENT OF INDIA

Sl.No	Name	Designation
1.	Sh. J.S Samra	CEO.NRAA.
2.	Sh. J.D. Sharma	Asst. Director (MoF)

LIST OF PARTICIPANTS IN THE MEETING OF ANNUAL PLAN 2010-11 BETWEEN DEPUTY CHAIRMAN, PLANNING COMMISSION AND CHIEF MINISTER OF PUNJAB ON 10-6-2010 AT 2.30 PM IN ROOM NO. 122, YOJANA BHAWAN, NEW DELHI

3. PUNJAB :

Sl.No	Name	Designation
1.	Sh. Parkash Singh Badal	Chief Minister
2.	Sh. Manoranjan Kaila	Minister for Industries & Commerce
3.	Sh. Manpreet Singh Badal	Minister for Finance & Planning
4.	Prof . Ranjinder Bhandari	Deputy Chairman, PSPB
5.	Sh. Raj Khurana	Chief Parliamentary Secretary, Finance
6.	Sh. S.C. Agarwal	Chief Secretary
7	Sh. D.S. Guru	Pr. Secretary to C.M.
8	Sh. N.S. Kang	Financial Commissioner Development
9	Sh. Jagpal Singh Sandhu	Financial Commissioner, Rural Dev. and Panchayats
10	Sh. K.B.S Sidhu	Pr. Secretary, Finance
11.	Sh. Mandeep Singh Sandhu	Pr. Secretary, School Education
12	Sh. Arun Goyal	Pr. Secretary Irr. & Power
13.	Sh. C.Roul	Pr. Secretary, Local Government
14	Sh. Satish Chandra	Pr. Secretary, Health & Planning
15	Sh. T.R.Sarangal	Pr. Secretary, SCs and BCs
16	Sh. Vishwajeet Khanna	Spl. Pr. Secretary to Deputy CM
17	Sh. Suresh Kumar	Pr. Secretary, Technical Education & Industrial Training
18	Sh. Sukhbir Singh	MD, PIDB
19	Sh. K. Siva Prasad	R.C Punjab
20	Sh. K.J.S. Cheema	Spl. Pr. Secretary to CM
21	Sh. Krishan Kumar	DGSE D/o School Education
22	Sh. Anirudh Tewari	Secretary, Expenditure
23	Sh. Chaman Lal	Director, Sc, SP
24	Sh. H.S.Dhillon	Director, Planning
25	Sh. Harjinder Singh	Director, Planning
26	Sh. Jagjit Singh	Jt.Director, Tech.Education Punjab
27	Ms. Sangeeta Maini	Assistant Director, Tech. Education

STATE :PUNJAB
Scheme of Financing for the Annual Plan 2010-11

		(Rs Crore)
Sr.No	Item	Amount
A	State Government	
1.	State Government's Own Funds(a to e)	-3603.28
	a. BCR	-5140.05
	b. MCR (excluding deductions for repayment of loans)	-20.33
	c. Plan grants from GoI(TFC)	75.47
	d. ARM and Economy	1200
	e. Adjustment of Opening balance	281.63
2.	State Government's Budgetary Borrowings(i-ii)	6502.70
	(i) Gross Borrowings(a to e)	8533.44
	a. Net Accretion to State Provident Fund	762.84
	b. Gross Small Savings	500
	c. Net market borrowings	6574.30
	d. Gross Negotiated loans	447.9
	(i) NABARD	447.9
	e. Loans for EAPs(back to back)	248.4
	(ii) Repayment(a to d)	2030.74
	a. Repayment of GoI Loans	227.39
	b. Repayment of NSSF	754.06
	c. Repayment of Negotiated Loans	356.03
	d. Other Repayments	693.26
3.	Central Assistance (a+b+c)	1534.58
	a. Normal Central Assistance	226.71
	b. ACA for EAPs	16.00
	c. Others (Details given at Annexure-III)	1291.87
B	Resources of Public Sector Enterprises(PSEs)	
1.	1. Internal resources	-917.20
	a. PIDB	916.00
	b. RDF	500.00
	c. PSEB	-2333.2
	2. Extra Budgetary Resources (PSEB)-Borrowings	5633.2
	3.PIDB-Borrowings	0
	Total B: PSEs(1+2+3)	4716.00
C	Resources of Local Bodies	0.00
	i. Urban Local Bodies	0.00
	ii. Rural Local Bodies	0.00
	Total C: Local Bodies(i+ii)	0.00
D	AGGREGATE PLAN RESOURCES(A+B+C)	9150.00

State :Punjab

Balance from Current Revenues(BCR) for the Annual Plan 2010-11

Sr.No	Item	Amount
I. NON PLAN REVENUE RECEIPTS (1 TO 4)		21125.28
1	Share in Central Taxes	2907.66
2.	State's Own Tax Revenue	16308
3.	State's Own Non Tax Revenues	1543.46
4	Grants From Centre(4.1 to 4.4)	366.16
4.1	Revenue Deficit Grant	0
4.2	Central Share of Calamity Relief Fund	167.19
4.3	Grants for Local Bodies	163.3
4.4	Other Non-Plan Grants	35.67
II. NON PLAN REVENUE EXPENDITURE(5 to 9)		26265.33
5.	Non Development Expenditure(5.1 to 5.4)	15104.62
5.1	Interest Payments	5763.66
5.2	Pension Payments	3794.09
5.3	Salaries	2734.33
5.4	Others	2812.54
6	Development Expenditure (6.1 to 6.2)	11160.71
6.1	Salaries	5755.74
6.2	Others	5404.97
III. BCR without ARM (I-II)		-5140.05
IV. ARM		1200
V. BCR with ARM(III+IV)		-3940.05

Annexure-III**Details of ACA for 2010-11****(Rs. Crore)**

S.No.	Schemes/Programmes	Amount
i)	AIBP	637.28
ii)	JNNURM	235.00
iii)	CRF	48.09
iv)	NSAP	50.26
v)	RSVY/BRGF	16.65
vi)	BADP	22.25
vii)	NE-GAP	12.18
viii)	RKVY	170.16
ix)	One Time ACA for projects of special importance to the State #	100.00
	Total	1291.87

#-Rs. 0.15 crore is proposed to be earmarked for project for development of sports infrastructure in 2010-11.