

No.M-13048/21 (PNB)/2008-(SPN)
Planning Commission
(State Plans Division)

Yojana Bhawan, Sansad Marg,
New Delhi- 110001
15.7.2009

Subject: Summary record of the discussion of the meeting between the Deputy Chairman, Planning Commission and the Chief Minister of Punjab held on 26-06-2009 for finalization of the Annual Plan 2009-10 of Punjab.

A copy of the Summary Record of discussions of the Meeting between the Deputy Chairman, Planning Commission and the Chief Minister of Punjab held on 26.06.2009 at Yojana Bhawan, New Delhi for finalization of Annual Plan 2009-10 of Punjab is circulated herewith.

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Planning Commission

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Sr. Advisers/ Advisers
JS (SP)
Heads of Divisions

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Copy also to:

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PMO

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Minister of Finance

Joint Secretary (PF-1)
Deptt. of Expenditure, North
Block, New Delhi

Planning Commission
(State Plans Division)

Subject: Summary record of the discussions between the Deputy Chairman, Planning commission and the Chief Minister, Punjab held on 26th June, 2009 to finalize the Annual Plan 2009-10 of Punjab.

A meeting was held between the Dy. Chairman, Planning Commission and Chief Minister of Punjab in Yojana Bhavan, New Delhi on 26th June, 2009 for finalization of Annual Plan 2009-10 of Punjab. The list of the participants is at Annexure-1.

2. The Dy. Chairman, Planning Commission welcomed the Chief Minister, Punjab, Shri Sukhbir Singh Badal, Deputy Chief Minister, Shri Manoranjan Kalia, Local Government Industries & Commerce Minister, Shri Manpreet Singh Badal, Finance and Planning Minister, and Prof. J.S.Bajaj, Vice Chairman, Punjab State Planning Board and his delegation to the meeting.

3. The Deputy Chairman, Planning Commission appreciated the initiatives taken by the State Govt. for the development of infrastructure and work done in social sector to improve the quality of life of the people of the state. Thereafter the Deputy Chairman invited the Chief Minister to deliver his address on the State related issues.

4. 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:

- The 11th Plan target of growth for the state was fixed at 5.90%. The state grew at 6.54% during 2007-08 and 6.26% during 2008-09. The increase in MSP of wheat and rice and record procurement have mainly contributed to high growth in the primary sector.
- The financial position of the State is dismal. The debt stock of the State has increased to more than Rs. 57000 crore. The implementation of the pay commission recommendations would further put a burden of Rs. 3000 crore every year. To overcome this problem it was requested that the borrowing limit be enhanced from 3.5% to at least 5% of GSDP, partial loan be waived, defer repayment with interest being waived off, allow changing of expensive loan with cheaper loans Central Govt. should bear the 50% liability of Pay Commission.
- The plan expenditure during 2008-09 was Rs. 6869 crore against an outlay of Rs. 6210 crore. The outlay for Annual Plan 2009-10 is Rs. 8625 crore (39% more than the approved outlay of 2008-09). Main priority areas are energy, irrigation social services, Transport, Water Supply & Employment. Devolution of central taxes to states should be on 50:50.
- In agriculture sector increase MSP according to the MS Swaminathan formula (50% plus costs) - or link it to Consumer Price Index.
- Farm labour should be treated as semi-skilled and value of land should be included in cost calculation. One time total debt waiver to all farmers, including landless labours.
- For National Rural Employment Guarantee Act he requested to enlarge the scope of permitted works. Skilled labour should form part of labour component.

- In poverty alleviation the BPL criterion should be reviewed and the cap should be removed and fresh survey should be conducted.
- For Irrigation sector, he requested to approve all projects submitted for central assistance, relax AIBP norms – a grant of 50% instead of 25% and remove 1-for-1 restriction under AIBP. Finalisation of coal linkage for Gidderbaha Thermal Power Project by GoI. Bring Power component of the Shahpurkandi Hydro Power Project under the special category (90% grant by GoI) of national project. NTPC to set up atleast one Centre Sector Thermal Plant in Punjab. Allocated 1500 MW from other Central Power Projects in lieu of the Lara Power Plant in Chhattisgrah.
- Expedite the Rs. 2700 crore gas pipe line project of GAIL from Dadri to Nangal.
- For Industrial Development sector extension of Mumbai-Delhi Industrial Corridor and the Eastern Rail Freight Corridor upto Amritsar and link to the Western Freight Corridor.
- In Rural Water supply and sanitation sector liberalise the norms for construction of toilets under the Total Sanitation Campaign.
- Expedite the work on setting up of the two universities and expedite the work on setting up of 15 colleges in educationally backward districts.
- Establish National Institute of Studies in Sri Guru Granth Sahib in Amritsar.
- In food & civil supplies sector Punjab being a forerunner, should be reimbursed the cost of Rs. 25 crore per month w.e.f 2008-09 incurred on Atta Dal Scheme by the Government of India.
- In Border areas development compensate farmers @Rs. 10,000 per acre annually for 18,500 acres of cultivable land situated across the border fence.
- Assistance of Rs. 134 crore to the 11 Border Towns not covered under BADP and upgrade 753 km village roads in the border areas.

5. Shri Manoranjan Kalia, Local Government Industries & Commerce Minister, Punjab urged the Govt. of India to expedite the Rs. 2700 crore gas pipe line project of GAIL from Dadri to Nangal covering a distance of 590 km. the gas is proposed to be utilized for generating 1000 MW power at Doraha Power Station and for domestic supply and industrial use at Gonbindgarh.

6. He also urged to the Government of India to extent Mumbai-Delhi Industrial Corridor and the Eastern Rail Freight Corridor.

7. He mentioned that Manufacturing Sector in the State has been rendered totally uncompetitive due to tax sops offered to the neighboring State of Uttrakhand, Himachal and J&K, the Govt. of India should extent similar package to entire Punjab State or atleast to the four border districts.

8. He also mentioned that the utilization of funds under Jawahar Lal Nehru National Urban Renewal Mission (JNNURM) may be stepped up in the current year. The guidelines under BSUP and IHSDP allow maximum grant of Rs. 1.28 lac and Rs. 80,000/- for construction of a dwelling unit. This amount is inadequate and therefore the norms should be increased to Rs. 2.20 lac and Rs. 1.50 lac under BSUP and IHSDP respectively.

9. Shri Manpreet Singh Badal, Finance Planning Minister Punjab informed that 14500 k canal net work of the State is the oldest in the country and has outlived its life. Rs. 3469 crore projects have been identified and submitted for the approval of Ministry of Water Resources and Central Water Commission. It was requested for early approval of all projects submitted for Central assistance costing Rs. 3469 crore. He also requested that the various State projects should be reconsidered under relaxed AIBP norms i.e. a grant of 50% instead of 25% be provided by the Government of India. He urged the removal of 1-1 restriction for funding of projects under AIBP, which is a bottleneck in taking up new projects execution.

10. Finance and Planning Minister Punjab mentioned that Punjab has a 553 km long international border with Pakistan. The problems of border area people require special attention. There is a need to compensate farmers @Rs. 10,000 per acre annually for 18,500 acres of cultivable land situated across the border fence. Farmers face hardships in cultivating this land owing to various restrictions imposed by the BSF. There are 11 towns situated within 15 km of the border. The funds allocated under BAPD is meager and no money is allocated to these towns. The State Government has submitted to Government of India, a Rs. 134 crore project for providing water supply, sewerage and other amenities in these towns and Rs. 200 crore DPRs for upgradation of 753 km village roads in the border areas. These two projects may be cleared by GoI at the earliest.

11. Shri J.S. Bajaj, Vice Chairman, Punjab State Planning Board informed that for making available health services at affordable price to the poor, Bhai Ghanaya Health Insurance Scheme has been launched to provide Rs. 2 lac insurance cover to 1.8 lac members of Cooperative Societies and their 4 lac dependents.

12. He mentioned that National Rural Health Mission is being implemented successfully in the State. Having taken the initiative for setting up a model of urban healthcare for urban poor and slum dwellers, He thanked the Government of India for approving up gradation of Government Medical College, Amritsar under the Pradhan Mantri Swasthya Suraksha Yojana (PMSSY).

13. Deputy Chairman, Planning Commission assured appropriate consideration and follow up action on the issues raised in the Chief Minister's address. The utilization of expenditure for the year 2008-09 which was 110% was appreciated by the Deputy Chairman. He expressed concern over the policy of the power sector of the state and a big loss in the power sector.

14. Shri B.K. Chaturvedi, Member, Planning Commission expressed his deep concern about the grim power sector scenario in the State as a result of the free power to farm sector of the State. He mentioned that as indicated in the Annual Plan 2009-10 of Punjab the sector would need a subsidy of about Rs. 2602 crore during the year and would still have negative resources. He mentioned that in view of the high purchase costs, the losses are mounting over the year. The actual losses for 2007-08 has been reported at Rs. 4459 crore and is expected to go up to Rs. 5254 crore in 2008-09 (RE). The high purchase of cost through traders should be discouraged as it is deteriorating the health of PSEB with the losses mounting over the years. He mentioned that the State Govt. is required to unbundle the PSEB into separate entities as mandated under the Electricity Act, 2003, however, the progress in this regard is very slow.

15. Dr. Narendra Jadhav, Member, Planning Commission mentioned that as per DISE 2007-08, the gross enrolment ratio at primary level is quite low in the State (67.79%), much below the national average (113.94), the GER at UPS level is also low at 65.64% compared to the national average of 69.88%. This means a lot of children in age group 6-14 years are remaining outside the government schooling system. He expressed concern over the 6% government schools have kitchen sheds and State's coverage on toilets and drinking water is partial. The State should fill the gaps of 16% of girls toilets in primary schools and 10% common toilets.

16. Secretary, Planning Commission thanked the Chief Minister of Punjab, Minister of Finance & Planning, Minister for Industries and Commerce, Vice Chairman, State Planning Board and Senior Officers from Punjab for being with the Planning Commission and participating in the discussion on the Annual Plan of the State for 2009-10. He suggested close monitoring of resources to ensure their optimum utilization. The Secretary further stressed on energizing state administration so as to leverage more resources from central schemes by ensuring timely formulation and submission of proposals, utilization certificate etc. He mentioned the willingness of Planning Commission in taking up with the concerned Ministers, the flexibility related needs, if any of the Punjab Government.

17. While summing up the discussions, Secretary, Planning Commission mentioned that the size of Annual Plan 2009-10 of Punjab was agreed at Rs. 8600 crore. Detailed scheme of financing of the Annual Plan is at Annexure-II.

The meeting ended with a vote of thanks to the chair.

Annexure-I

List of participants in the meeting between the Deputy Chairman, Planning Commission and the Chief Minister of Punjab held on 26.06.2009 to finalize the Annual Plan 2009-10 of the State.

Planning Commission

1.	Shri Montek Singh Ahluwalia	Deputy Chairman
2.	Shri B.K. Chaturvedi	Member
3.	Dr. Narendra Jadhav	Member
4.	Dr. Subas Pani	Secretary
5.	Shri. A.K. Misra	Sr. Adviser (SP-Punjab)
6.	Shri. R. Sreedharan	Joint Secretary (SP)
7.	Dr. V.V. Sadamate	Adviser (Agri.)
8.	Shri. J.P. Vijay	Director (SP-N)

Minister of Finance

Shri P.K. Monga, Director (PF-I)

Government of Punjab

1.	Hon'ble Sardar Prakash Singh Badal	Chief Minister
2.	Shri Manoranjan Kalia	Local Govt. Industries & Commerce Minister
3.	Shri. Manpreet Singh Badal	Finance and Planning Minister
4.	Prof. J.S.Bajaj	Vice Chairman, Punjab State Planning Board
5.	Shri Raj Khurana	Chief Parliamentary Secretary Finance
6.	Shri Ramesh Inder Singh, IAS	Chief Secretary
7.	Shri. S.C. Agrawal, IAS	Principle Secretary, Finance
8.	Shri. D.S. Guru, IAS	Principle Secretary to Chief Minister
9.	Shri. D.S. Bains, IAS	Principle Secretary, Local Government
10.	Shri. N.S. Kang, IAS	Financial Commissioner Development
11.	Shri Suresh Kumar, IAS	Principal Secretary, Irrigation & Power
12.	Shri. Jagpal Singh Sandh, IAS	Principal Commissioner, Rural Development & Panchayat
13.	Shri Satish Chandra, IAS	Secretary, Planning
14.	Shri. T.R. Sarangal, IAS	Secretary, Welfare of SCs&BCs
15.	Shri S.S. Sandhu, IAS	MD, PIDB