

**GOVERNMENT OF PUNJAB**

**TEXT OF SPEECH**

**OF**

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**Hon'ble Prime Minister of India, Deputy Chairman Planning Commission, Esteemed Members of the National Development Council, Ladies and Gentlemen**

**INTRODUCTORY**

1. At the very outset, I would like to congratulate Dr. Montek Singh Ahluwalia, Deputy Chairman, Planning Commission of India and Members of the Commission for preparing an exhaustive and thought provoking Approach Paper for the 11<sup>th</sup> Five Year Plan. The Paper has been aptly titled "Towards Faster and More Inclusive Growth". No doubt, the country witnessed the highest rate of growth, at an average of 7% per annum, during the 10<sup>th</sup> Five Year Plan. However, decline in the poverty ratio has been rather slow and a large section of our people still subsist in abject poverty and lack access to quality education, health care, drinking water and sanitation. Aiming at a higher rate of growth during the 11<sup>th</sup> Five Year Plan, for alleviating poverty and for improving the quality of life of people is, therefore, understandable. However, the goal of inclusive development would remain elusive unless the needs of disadvantaged groups are addressed through specially designed projects and programmes.

2. The Approach Paper envisages an annual rate of growth of 9 % during the 11<sup>th</sup> Five Year Plan. This is ambitious, but not unachievable. However, it is not inevitable. To achieve the projected rate of growth would call for a massive effort at improving infrastructure, stepping up rate of savings, and investment and vast improvement in human capital and its productivity. Besides, finding financial resources, both in the public and private sector, to fund the Plan, would pose a formidable challenge, in the face of restrictions imposed by the Fiscal Responsibility and Budget Management Act at the Federal and State level. There is, thus, a need for working out a trade off between fiscal rectitude and stepping up of the growth rate of the economy. In this scenario, the role of private sector in filling up the investment gaps and in efficient delivery of various Socio-Economic Services needs to be underscored.

**STATE'S ECONOMY AND FINANCES**

3. Prolonged period of militancy and a continuous mismatch between revenue and expenditure played havoc with the State's economy. The rate of economic growth ebbed to an abysmal 2% in 2001-02. Agriculture and allied Sectors, which are the mainstay of the State's economy, clocked in a negative rate of growth during 2001-02. Therefore, the first priority for the State Government was to arrest the decline in growth and to restore the financial health of the State. A clutch of measures were undertaken in this direction by the State Government, even at the cost of being termed unpopular. As a result, the State has witnessed economic revival and a fiscal

turn around. From 2003-04 to 2005-06, State's economy has been growing at an average of about 6% per annum. However, due to a poor rate of growth in the first year of the 10<sup>th</sup> Five-Year Plan, the rate of growth, during the 10<sup>th</sup> Five Year Plan, is likely to be 5% per annum, as against a target of 6.4%.

4. On the fiscal front, on the base of 2001-02, revenue deficit has reduced from 5.33% of the GDP to 1.26%, fiscal deficit from 6.99% of GDP to 2.70% and debt stock as percentage of revenue receipts from 460% to 352.49% at the end of 2005-06. Mr. Prime Minister, I am happy to share with the Council that, after a long interval of over 10 years, the State Government, during 2005-06, was in a position to achieve a Plan performance of 107%. The Plan performance during the 1<sup>st</sup> half of the current year is to the extent of 59 % and at the end of the current year it is likely to be 118%. However, due to the poor Plan performance during the first three years of the 10<sup>th</sup> Five Year Plan, actual expenditure is likely to be about Rs.13,863 crore, against the approved size of Rs. 18,657 crore, giving an overall achievement of 74.30%.

5. The rate of economic growth during the 11<sup>th</sup> Plan period has been fixed at 5.9 % with Agriculture, Industry and Services growing at 2.4 %, 8.0 % and 7.4 % respectively. It will not be difficult for the state to achieve these targets.

6. The State Government has recently granted Interim Relief and other concessions to its employees and pensioners. It has been decided to set up 5<sup>th</sup> Pay Commission on the pattern of Central Government. Its recommendations may have to be implemented in 2008-09 with retrospective effect from 1/1/2006. The concessions and the recommendations are likely to result in an additional burden of Rs. 9042 crore on the state exchequer during the 11<sup>th</sup> Plan Period.

7. The Government of India advanced Special Term Loans of Rs. 5799.92 crore to the State from 1984-85 to 1993-94 to combat insurgency in the state. The State Government has repaid a total sum of Rs. 6108 crore - Rs. 2028 crore as principal and Rs. 4080 crore as interest to the Union Government, leaving a balance of Rs. 3772 crore as principal and interest thereon. It was decided in a meeting held on 8/9/1997 at the level of the Prime Minister that these loans would be waived, because the state had to incur this expenditure in defence of the integrity of the nation. The matter was referred to 11<sup>th</sup> Finance Commission which recommended moratorium on repayment till 2004-05. The 12<sup>th</sup> Finance Commission recommended extension of moratorium till 2006-07. The Union Government was required to finalise the quantum of debt relief by that time. I need not emphasize here that the Punjab Government fought a proxy war which is a matter of national defence (a Central responsibility) and not a matter of law and order (a State

responsibility). Therefore as already decided by the then Prime Minister, the entire loan must be waived.

## **MAJOR CHALLENGES**

8. Mr. Prime Minister, major challenges, such as providing essential public services for the poor, regaining agricultural dynamism, increasing competitiveness, developing human resource, protecting the environment and improving governance are well known and have been rightly captured in the Approach Paper. However, the real difficulty is how to address, rather redress them.

9. Mr. Prime Minister, I will now like to briefly dwell upon the problems and prospects across various sectors of the State's economy.

## **AGRICULTURE AND ALLIED SECTORS**

10. Notwithstanding the great achievements of the 1960s and 70s, it is undeniable that, the agriculture economy of the State has been slowing down since the 80s and agricultural growth declined from a high growth rate of 5% in the 80s to less than 2% at the end of the millennium. Galloping costs of inputs, stagnation in productivity and unrealistic MSP, which is totally unrelated to increase in cost of cultivation are the principal causes of decline in agriculture. In addition, the natural resource base i.e. soil and water, has been degraded and eroded due to over exploitation. The consequences have been increasing indebtedness among farmers, loss of morale and tragic narratives of farmers' suicides.

11. The State Government will be adopting a regionally differentiated approach, keeping in view the strengths of different regions, during the 11<sup>th</sup> Five Year Plan. Cereal production, will, of necessity, remain in the vanguard. A special programme for increasing cereal productivity needs to be initiated and the pricing policies for agricultural produce need to be reviewed and made more responsive to market signals by fixing a realistic MSP. To tackle the problem of soil degradation and water depletion, a dedicated programme for promoting resource conservation technologies, such as zero tillage, deep ploughing, raised bed planting, laser land levelling etc. need to be popularized. The Approach Paper has rightly highlighted the existing knowledge deficit in agriculture. The State Government is grateful to the Union Government for a grant of Rs. 100 crore for reinvigorating research and development in the PAU.

12. The Approach Paper has also rightly emphasized the need for modern marketing for agriculture produce, which is possible only with the involvement of mega corporate entities. The

State Government has been able to attract corporates like Reliance, Field Fresh Limited (Bharti) and Pepsico, which will not only provide inputs and extension services to the farmers, but will also lift their produce for processing and for marketing across the country and overseas. The State Government has already created the enabling legal framework through suitably amending the Agriculture Produce Markets Act to promote agri-processing and marketing.

13. For agricultural diversification, the new strategy lays emphasis on production of fruits and vegetables under controlled conditions, using modern practices like net houses, plastic tunnels and green houses. For achieving the same objective, half a million acres of land has been brought under crops, other than wheat and paddy, through contract farming. Yet another step towards diversification of agriculture, taken by the State Government, is the establishment of a new University of Animal Sciences. This is likely to impart desired impetus to dairy and livestock development. Besides, an Agriculture Diversification, Research and Development Fund, with an initial corpus of Rs. 20 crore has also been created. However, there is a need for creating a Venture Capital Fund at the National level for promoting agri-businesses.

14. Provision of Rs. 500 crore earmarked for the National Horticulture Mission during 2005-06 is too meagre, which needs to be enhanced to fully accommodate the requirement of funds for shifting from the traditional to horticulture crops.

## **RURAL INDEBTEDNESS**

15. Low farm prices, rising input costs and inadequate increase in productivity are responsible for the problem of acute agrarian stress. This is depicted by the mounting rural debt which stands at Rs. 26,000 crore – Rs. 7800 crore of Commercial Banks, Rs. 6200 crore of Cooperative Banks and Rs. 12,000 crore of money lenders. The immediate problem is not that of access to credit, but the unbearable burden of payment of interest and repayment of loans. The Government of Punjab has reduced interest on co-operative loans from 14.5% to 7% and has also offered OTS for settling sticky loans. We also propose to enact a law for providing relief from rural indebtedness. No debt relief on the basis of Vaidyanathan Committee Report or Vidharaba like Package has been given to farmers of Punjab. We have, therefore, proposed a special package for debt relief to Punjabi Farmers. A sum of Rs. 544 crore has been requested from the Union Government – Rs. 211 crore for OTS for Cooperative Loans, Rs. 199 crore for Losses of Cooperative Banks and Rs. 134 crore for financial support to District CCBs for providing crop loans at the reduced rate of 7 % during the next five years. Government of India should approve it. They should also advise the

Commercial Banks to allow OTS of sticky agricultural loans, on the pattern of the State Cooperative Financing Institutions.

## **HUMAN RESOURCE DEVELOPMENT**

16. Quality education and healthcare play a vital role in creating a healthy Knowledge Pool. No doubt, most of the social indicators in Punjab are above the national average. However, quality education and quality healthcare continues to be out of reach, not only of the poor, but also of relatively well off sections of the population. Low investment and lack of innovative delivery systems are mainly responsible for poor quality of education and health care. Health and Education being public goods, will have to be publicly funded. However, private sector, citizen sector and the community at large should be involved, both for meeting the investment gap, and more importantly, for improving delivery and quality of these services.

17. A beginning has been made by the State Government by transferring 5059 Primary Schools, 1300 Primary Healthcare Units and 582 veterinary dispensaries to the Zila Parishads. Delivery of primary healthcare and veterinary care has been entrusted to service providers, who would enter into a service contract with the Zila Parishads. The concerned line Departments will monitor the performance of the service providers. In so far as primary education is concerned, 5059 schools have been transferred to be managed and run by the Zila Parishads and the teachers will be appointed under the new service rules, which ensure quality, non-transferability and accountability to the community rooted institutions. Such experiments need to be replicated and incentivised. I would strongly urge upon the Commission to incorporate in the 11<sup>th</sup> Five Year Plan a comprehensive policy in this behalf.

18. The Sarv Siksha Abhiyan has proved very successful in upgrading the infrastructure in the Primary and Elementary schools. The State Government feels that this programme not only needs to be continued but similar programme should be launched for upgrading the infrastructure in the secondary schools. There is an urgent need to strengthen the teaching of science and mathematics at secondary level by providing qualified faculty and fully equipped laboratories. The State is effectively implementing the Mid Day Meal scheme in all the 15,943 primary and elementary (primary section) schools covering about 14.65 lakh students.

19. The Information Communication Technology (ICT) Project was launched in the state in the year 2004-05 to cover all the upper primary schools. So far, 2879, schools have been covered and the remaining 2344 schools will be covered in the current year. A total of 5218 teachers have been recruited and 1600 more teachers are proposed to be recruited in the current year. The

emoluments of these teachers have now been increased from Rs. 4500 to Rs. 7000 per month. The students contribute Rs. 20 per month and the remaining cost of salaries and the entire cost of hardware is borne by the State Government. A sum of Rs. 134 crore will be spent on this project at the end of 2006-07. This initiative of the State Government needs to be encouraged by the Union Government.

20. In the context of the globalized economy and flexible labour markets, it is important to build world class educational institutions from bottom to top, not only to provide skilled and productive human resource to the domestic economy, but also to realize full benefits from the international labour markets. I would, therefore, strongly recommend that the States should be enabled to set up educational institutions of world standards through public private partnership. Our vision is to set up 300 world class schools, 100 ITIs, 20 Polytechnics, 20 Colleges and 10 Centres of Excellence in the State during the 11<sup>th</sup> Five Year Plan. We are also planning to set up a Knowledge City at Mohali on an area of 400 acre, where Indian Institute of Science Education and Research, National Institute of Nano-technology, National Institute of Biotechnology and a Biotechnology Park would be set up.

21. A special initiative of the State Government has been in the field of healthcare for the members of Rural Cooperative Societies. Under the Sanjivani Health Care Scheme launched on 31/3/2006, a member of Rural Cooperative Society and his dependants are entitled to medical treatment upto Rs. 2 lakh. He contributes only a sum of Rs. 300 in a year as premium. Nearly 5.92 lakh members of the Cooperative Societies have been enrolled as members. The beneficiaries are getting treatment under this scheme. As on 30/11/2006, 11,039 members have got cashless treatment of Rs.18.78 crore. The government plans similar scheme for the BPL families numbering about 4.45 lakh. The premium for AAY families is proposed to be paid by the State Government. BPL families would pay premium for Rs. 50 per family per year and the remaining premium will be paid by the State Government.

## **IRRIGATION AND POWER**

22. Water and Electricity are the most acute constraints on the socio-economic development of the State. While the State is hugely deficit in power, its surface and ground water resources have been considerably eroded by overuse, resulting from paddy-wheat monoculture.

23. The State has an installed capacity of 5920 MW. The peak demand during the year 2006-07 was 8917 MW and it is likely to go up to 11000 MW by the end of the 11<sup>th</sup> Plan, resulting in a

shortage of 5080 MW. Two Power Projects – 168 MW Shahpur Kandi and 75 MW UBDC Stage-III Malikpur are under construction and likely to be completed by the end of 11<sup>th</sup> Plan. Lehra Mohabbat Thermal Power Plant is being expanded to provide additional 500 MW of power. It is likely to be completed by the end of 2007. A 500 MW Thermal Power Plant at Goindwal is proposed to be set up by M/S GVK Limited. The State has tied up with other states for 1200 MW of power. On its own, the State will be able to manage about 2500 MW, leaving a deficit of 3500 MW by the end of 11<sup>th</sup> Plan. I am grateful to the Prime Minister for allocating 1500 MW of power in the Thermal Plant being set up at Lara in Chhattisgarh by NTPC. Another 1600 MW power has been allotted to the State in the ultra mega thermal projects to be set up at Sasan (MP), Mundra (Gujrat) and Orissa respectively. I would also like to request my colleagues from Uttaranchal and Himachal Pradesh to join hands and collaborate with the Government of Punjab in tapping their huge hydro power potential to our mutual benefit.

24. We are aware of the problems in the transmission and distribution segments of the Power sector. The T&D losses, which stood at 30.82% during 1999-2000 have been brought down to 25.07% during the year 2005-06. The State Electricity Board plans to reduce it to 15% by the end of the 11<sup>th</sup> Plan. The State Government was entitled to an incentive of Rs. 251 crore for the year 2003-04 under the Accelerated Power Development Reforms Programme (APDRP). This amount has been with-held on the ground that the State announced free power to the farmers. Free power was provided with effect from 1/9/2005 and therefore, it should have no bearing on the incentives due in the year 2003-04.

25. The State Government in order to meet its commitment to the farmers for providing 8 hour power supply during the paddy season, purchased power worth Rs. 2800 crore during the current year 2006-07. The project for 24 hour power supply to the rural areas on the pattern of urban areas, has been completed in 13101 villages and habitations, leaving 22 villages where the work would be completed by 31/12/2006. A sum of Rs. 316 crore has been spent on this project.

26. In so far as water is concerned, in addition to generating new resources and augmenting the existing resources, water conservation, underground water recharge, macro irrigation and less water intensive agri-practices need to be emphasized, while formulating the 11<sup>th</sup> Five Year Plan. There is also a need to involve beneficiaries in this task through participatory management of irrigation systems.

27. The State added about 57,000 hectares of additional irrigation potential during the 10<sup>th</sup> Plan and plans to add 3 lakh hectares during the 11<sup>th</sup> Plan by completing various projects and works -



Shahpurkandi Dam Project, Kandi Canal Project, Construction of Low Dams, Rehabilitation of Canals and Repair and Lining of Water Courses at an estimated cost of Rs. 2600 crore. We request for liberal assistance from the Centre for these projects.

## **INFRASTRUCTURE**

28. To fill the infrastructure gaps in roads, airports, drinking water, sewerage and solid waste management, is a gigantic task, involving huge investments. It is not possible to fully provide for infrastructure development out of meagre resources of the State. State's efforts need to be supplemented, at a larger scale, by the Central Government. Besides, it is important to attract private investment into infrastructure development. The Government of Punjab have already created necessary legal framework in this behalf by enacting an over-arching law, namely the Punjab Infrastructure (Development and Regulation) Act.

29. Important infrastructure projects undertaken in Public Private Partnership include – 14 important State Highways of 760 km length at an estimated cost of Rs. 881 crore, 4 new Bus Terminals at Amritsar, Jalandhar, Ludhiana & Hoshiarpur, and 12 Polytechnics and Industrial Training Institutes. The other important projects planned are - Construction of Ring Road Ludhiana at an estimated cost of Rs. 1000 crore, Urban Corridor Mohali - Rs. 250 crore, Punjab Institute of Medical Science and the City Transport Service in the three Corporation Towns of Amritsar, Ludhiana & Jalandhar. We propose to deepen this partnership by involving the private sector in setting up of Integrated Townships, Industrial Parks and Special Economic Zones and Bye-passes in 7 districts and other towns.

30. There is a programme of viability gap funding at the national level. However, it is sub-optimally provided for and is subject to tardy procedures, resulting in poor fund flow to the States. Not only procedures need to be simplified, funding for this programme also needs to be significantly up-scaled.

31. With the improvement in the State's financial position, the engagement with the World Bank for development assistance to the state has been resumed. State's rural drinking water supply and sanitation project, with an outlay of Rs 1280 crore and the Roads project, with an outlay of Rs 1100 crore, have been approved by the Bank.

32. To tackle the problem of drinking water, sewerage, solid waste management and sanitation in the cities, towns and villages of the States, the State Government has launched two initiatives, namely, the Municipal Development Fund and the Village Development Fund. These funds have

been provided with an independent Corpus, outside the State Budget, and if need be, can access capital market. The objective of these Funds is to fund total management of water cycle projects in the cities, towns and villages of the State.

33. The state government has planned to provide 100% coverage under water supply & sewerage in all the Municipal Towns in the state by 2008 at an estimated cost of Rs. 1458 crore. In the current year, drinking water supply projects in 126 cities and sewerage projects in 72 cities are proposed to be undertaken. Similarly, low cost sewer and sewerage treatment plants have been planned in the 1682 villages at an estimated cost of Rs. 980 crore. In the 11<sup>th</sup> Five Year Plan, larger outlays for these programmes are proposed.

34. A unique feature of the projects being implemented out of these Funds is a small capital contribution by the Municipalities and the Village Panchayats, apart from earmarking dedicated revenue streams to meet operation and maintenance costs. Operation and maintenance for the first 3 years after commissioning the project, is built up in the contract itself. I would strongly urge upon the Planning Commission to adequately fund and incentivise such initiatives on the part of the States. Jawahar Lal Nehru National Urban Renewal Mission, which was set up during the last year, is very limited in coverage and funding and is not likely to make a significant dent on the problem of urban renewal.

35. The State Government is providing assistance to poor people in rural areas for construction of toilets. A sum of Rs. 60 crore and a sum of Rs. 120 crore was released during the year 2005-06 and 2006-07, respectively for construction of 2,90,000 toilets. A sum of Rs. 6300 is given to the beneficiaries and non BPL families are required to contribute a sum of Rs. 1000. As per the latest survey, an additional 6,68,195 number of toilets are required to be constructed at an estimated cost of Rs. 420 crore. The Union Government should provide atleast 50% of these funds.

36. While on infrastructure, I would like to request the Government of India to extend the access-controlled express way from Ambala to Wagha, to construct Ludhiana-Chandigarh Expressway, extend gas grid to Punjab and to extend the dedicated freight corridor, if not to Amritsar, at least to Jalandhar. The Railway Stations of Amritsar, Ludhiana and Jalandhar need to be modernized. Two National Highways Ludhiana-Ferozepur (NH 95) and Dabwali-Fazilka (NH 10), which meet the norm of 4-laning need to be upgraded by the Ministry of Road Transport, Government of India.

37. The International Airport at Amritsar is being upgraded and a Cargo Complex is also planned at Amritsar. We are grateful to Government of India for granting approval for construction of a new International Airport at Halwara near Ludhiana.

38. We are also grateful to the Government of India for sanctioning the project for upgradation of facilities at Railway Station Attari and development of On-Port and Off-Port facilities at Wagha. RITES and ILFS have prepared a detailed project report and work is likely to begin in 2-3 months. The State Government, on its part, has completed the strengthening and upgradation of road from Attari Railway Station to Wagha at an estimated cost of Rs. 1.7 crore. It will also undertake the various developmental activities outside the land port at Wagha and Attari as suggested in the project report. We are grateful to the Prime Minister for sanctioning the 4-laning of National Highway from Wagha to Amritsar. These projects will give a fillip to trade with Pakistan and help bring investments in the backward border areas of the State.

39. Punjab could derive only a marginal benefit from the newly launched Bharat Nirman Programme. The norms for availing assistance under this programme are so fixed that, relatively developed States like Punjab, are completely excluded. We have, therefore, launched a new Programme, called the Punjab Nirman Programme to meet the felt developmental needs of the urban and rural areas and Rs. 1020 crore have already been released to the District Planning Boards for funding the same. I would strongly urge upon the Commission to support such state specific initiatives.

40. Punjab has 553 km long international border in Pakistan. The four border districts of Gurdaspur, Amritsar, Tarn Taran and Ferozepur are not as developed as the other districts of the State. Indo-Pak wars, other disturbances and long spell of cross border terrorism has contributed to their backwardness and lakh of investment in the industrial sector. Land measuring 18500 acres is situated across the border fence. Access to these areas is restricted and farmers are discouraged from growing tall crops. The farmers were compensated at the rate of Rs. 3000 per acre per year for these lands during the year 1998-99 by the Planning Commission by way of Additional Central Assistance. There is a need to compensate the farmers on regular basis at the rate of Rs. 10,000 per acre per year. The conditions of schools, dispensaries and veterinary hospitals also needs to be improved. The village link roads, which are used by defence forces need to be upgraded and strengthened. The responsibility for maintenance of these roads falls on the State Government as the Border Roads Organisation has not been assigned any meaningful role in the border areas of the state. A meagre sum of Rs 11 crore is received annually by the State under the Border Area Development Programme. The State Government accordingly submitted a package for grant of Rs. 345 crore for upgrading the infrastructure in the border areas. There is not much industrial

investment in these border districts. We request that in order to attract industry to those areas, fiscal and other incentives granted to the new industries in the neighbouring states of Himachal Pradesh and Jammu & Kashmir be extended to the four border districts of Punjab also.

## **INDUSTRIAL DEVELOPMENT**

41. Mr. Prime Minister, in the Approach Paper, increasing manufacturing competitiveness has been rightly emphasized as a challenge. If the manufacturing sector is to grow at 12%, as envisaged, infrastructure, consisting of roads, railways, airports, communication and electric power will need to be improved at least to the level of the countries, we are competing in the world market. In the open trade environment, producers need to compete not only to capture international markets, but also to retain domestic market share. This calls for a level-playing-field in terms of additional costs, which poor infrastructure entails for the producers. While it may not be possible to provide world class infrastructure all over the country, compact Investment and Manufacturing Regions over an area of 250-400 square kms, are eminently sensible for this purpose. We propose to create four such Regions, namely, Mohali, Ludhiana, Amritsar and Bathinda. Our endeavor would be to provide world class infrastructure for manufacturing units in these Regions. At least, one such Region in Punjab may be taken up for funding by the Central Government in the 11<sup>th</sup> Five Year Plan.

42. The State Government has taken a number of steps to augment private investment in the state. These include: enactment of Industrial Facilitation Act, 2005, setting up of Punjab Investment Commission, constitution of an Empowered Committee for clearance of Mega Projects, approval of textile policy and abolition of Octroi. As many as 351 industrial mega projects worth Rs. 96,222.29 crore have been approved by the Empowered Committee, which must create 20 lakh jobs. Investments of about Rs. 8000 crore have already been made. Industrial sector has been able to increase its exports from Rs. 4000 crore in 2001 to Rs. 12000 crore in 2005-06.

43. A 1200 acre Special Economic Zone (SEZ) is being developed in partnership with DLF Limited at Amritsar. Besides two other SEZs of M/s Quark and Ranbaxy at Mohali have been approved by Government of India.

44. Our Government is alive to the sensitive issue of land acquisition and displacement of farmers. We have recently approved a new Land Acquisition Policy which provides that a State Level Board will scrutinize the proposal for land acquisition and approval will be granted only if the land is needed for a public purpose, the definition of which has been laid down. The private

companies will buy the land on their own and the state government will not acquire more than 20% of the land for them at their cost to provide contiguity and connectivity. The policy also aims at compensating the land owners at market rates. There is a provision for Land Pooling Scheme in case the land is being acquired for residential or industrial estates.

45. Manufacturing sector in the State has been rendered totally uncompetitive due to tax sops offered by the Government of India to the neighbouring States of Uttaranchal, Himachal and J&K. In the compact manufacturing zones in the proposed Investment Regions and the border districts, manufacturing units may be provided similar tax concessions. The Government of India should also facilitate big ticket investments in the State in agri-processing, auto and auto components and textiles to revitalize the manufacturing sector.

## **EMPLOYMENT**

46. Growth in employment, especially in the organized sector, has not been commensurate with the growth in the Economy during the 10<sup>th</sup> Five Year Plan. Jobless growth is clearly unsustainable. Construction, retail and realty and services sectors are the biggest generators of employment. A special package of incentives needs to be worked out to promote a model of development in the States on the pattern of Dubai, Singapore and Malasia.

47. The stamp duty on sale of land stands reduced to 6 % in the state. The Urban Land Ceiling Act has also been abolished. Housing and other Real Estate Projects involving investment over Rs. 100 crore are eligible for single window approval by the Empowered Committee headed by the Chief Minister. The Ministry of Environment and Forest, Government of India guidelines regarding obtaining environmental clearance for all the projects having investment more than Rs. 50 crore are delaying the execution of these projects. Housing Projects are not that sensitive from environmental point of view and therefore, the State Government has requested that the guidelines should be withdrawn or atleast the ceiling be revised from Rs. 50 crore to Rs. 250 crore.

48. The National Rural Employment Guarantee Scheme is being implemented in Hoshiarpur District. This scheme is quite useful for providing employment and creating infrastructure in rural areas. The State Government welcomes the suggestions of the Union Government for extending this scheme to all the districts in the country during the 11<sup>th</sup> Plan.

## **DISADVANTAGED GROUPS**

49. Plight of disadvantaged groups like scheduled castes and backward classes, children, women and disabled in Punjab is not much different from their brethren in other States of the

country. The State Government has played a pro-active role in ameliorating their lot. The State Government spends about Rs 60 crore every year for supply of books to 14 lakh SC boys & girls, grant of attendance scholarship to SC girls studying in primary schools and post-matric scholarship to SC and OBC students. Under Ashirwad Scheme, a grant of Rs. 15,000 is given to SC, Christian and Muslim families at the time of marriage of the girls. SC families are provided free power upto 200 units per month. Similar concession is planned for all BPL families. The State Government fully reimburses the State Electricity Board for free power to these disadvantaged sections of the society.

50. Apart from providing free education facilities and scholarships, a dedicated Social Security Fund, with an annual corpus of about Rs. 500 crore, has been created. The Fund is being used for various welfare measures for the weaker sections. The percentage of scheduled castes population in the State, at 28.85%, which is the highest in the country. No weightage is being given by the Planning Commission in the allocation of funds through various windows to this factor. I would, therefore, suggest that percentage of scheduled caste population may be included as one of the factors in the criteria governing transfer of funds from the Centre to the States.

51. The issue of definition and assistance to BPL families requires a re-look. At present, BPL families are defined in minimalist terms. The State receives about Rs. 170 crore every year for various welfare schemes for BPL families. The Planning Commission has fixed an upper limit of 3.26 lakh BPL families in rural areas in the state. If 1.25 lakh BPL families in urban areas are included, then the total number of BPL families in the state cannot exceed 4.51 lakh, which works out to 10.54 % of the families in the State. There is a need to broaden the definition of BPL families, so as to cover more families and increase assistance to the States.

52. We are conscious of the adverse sex ratio in the State and several measures to reverse the same have been taken. Under the Balri Rakshak Yojana, incentive of Rs. 500 and 700 is given to the couples who go for terminal method of family planning after birth of first and second female child (no male child) till the age of 18 years. A sum of Rs. 5,000 is deposited for a girl born in BPL family with the Life Insurance Corporation under the Kanya Jagriti Scheme. She becomes eligible for an annual scholarship of Rs. 1200 from 6 to 12 years of age and Rs. 2400 from 13 to 18/21 years of age. Panchayats, which achieve the child sex ratio above 950 and 1000 are honoured with a grant of Rs. 2.50 lakh and Rs. 3 lakh respectively. The PNDDT Act is also being rigorously enforced. These measures have resulted in improvement in the sex ratio, which has in the age group of 0 - 6, gone up from 798 in 2001 to 817 in 2005.

## **DECENTRALISATION**

53. Mr. Prime Minister, towards the concluding part of my address, I would like to turn to some specific issues that have been raised in the Approach Paper. Firstly, the Government of Punjab is of the firm view that all Centrally Sponsored Schemes, relating to subjects allocated to the States under the Constitution, must be done away with and funds thus released may be unconditionally allocated to the States under the revised Gadgil Formula. Secondly, the State Government firmly believes in decentralization of Planning process and have taken certain concrete measures in this direction. The Punjab District Planning Committees Act, 2005, has been enacted and the District Planning Committees will be constituted shortly. Significantly higher outlays have been allocated to the district level schemes. 29 activities, which are currently administered at the provincial level, are proposed to be effectively decentralized to the Municipalities and the Panchayati Raj Institutions. Primary healthcare, primary education, rural water supply, social security and elementary nutrition programme have already been transferred to these institutions.

54. Last, but not the least, Mr. Prime Minister, I would like to draw your attention to the fact that relatively developed States like Punjab are virtually excluded from accessing most of the national programmes because of the procedural rigidities and the availment norms, which are fixed solely with an eye on the least developed States. Without intending to harm other States, which are relatively less developed, I would like to suggest that, if any State has already achieved more than minimum national norms, they may be suitably assisted to improve their performance further and benchmark themselves to the best in the world, rather than being deprived of assistance under the National Programmes.

55. While concluding, Mr. Prime Minister, I would like to thank you for affording me this opportunity to meet you all and share my thoughts on the Approach to the 11<sup>th</sup> Five Year Plan.

**JAI HIND**

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