

Hon'ble Prime Minister, Hon'ble Deputy Chairman Planning Commission, Hon'ble Members of the Union Cabinet and Planning Commission, Hon'ble Chief Ministers distinguished participants, Ladies and Gentlemen.

## **11<sup>TH</sup> PLAN PERFORMANCE**

2. Mr. Prime Minister, Sir, Let me begin by congratulating yourself as the Chairman, Dr. Montek Singh Ahluwalia, Deputy Chairman, Planning Commission of India and Members of the Planning Commission for preparing a draft approach paper for the 12<sup>th</sup> Five year plan with focus on Faster, Sustainable and More Inclusive Growth. The Country witnessed an average growth rate of 8.2% against the target of 9% during the 11<sup>th</sup> Plan period. The approach paper envisages 9% rate of growth during the 12<sup>th</sup> plan. This is not difficult to achieve. However, it would require a massive effort at improving infrastructure, stepping up rate of savings, investment and improvement in human capital and its productivity. Large sections of our rural population and those residing in urban slums are yet to partake of the fruits of growth and development. Thus, while we must aim and strive to achieve the envisioned growth rate, the growth strategy must also focus at reducing disparities within regions, within states and within rural and urban population in each state, thus making the people of India true partners in our march towards progress.

3. I feel proud to inform this august house that the state achieved growth rate of 9.25%, 6.55%, 7.84% and 7.78% in 2007-08, 2008-09, 2009-10 and 2010-11 against the target of 5.9% fixed for the 11<sup>th</sup> plan by the Planning Commission. The corresponding figures for the country's growth stand at 9.34%, 6.76%, 7.96% and 8.58%. The growth rate of the state is now practically equal to the national average. The state is likely to achieve the growth rate of 7.85% during the current year 2011-12. On the whole the state's average growth rate during 11<sup>th</sup> plan is likely to be 7.85% against the national average of 8.2%.

4. The total outlay earmarked for the 11<sup>th</sup> Plan was Rs. 28923 crore. However, the actual annual plan size for the 11<sup>th</sup> plan was Rs. 40616 crore. The plan performance during the first 4 years has been to the extent of 98%, 112%, 58% and 91%. The likely average financial achievement during the 11<sup>th</sup> Plan shall be 91%.

### **NEED FOR CHANGE IN GADGIL FORMULA**

5. As per Gadgil/Mukherjee formula of 1991, the Normal Central Assistance is disbursed among the Non Special Category States on the basis of following criteria :-

1. Population (1971)	60%
2. Per capita income	25%
3. Performance	7.5%
4. Special Problems	7.5%

We request that this criteria needs to be amended and should take in to account the SC population in the state and performance in terms of contribution of foodgrains to the national pool in order to ensure food security. The welfare of SCs should receive special attention as required in the Scheduled Castes Sub Plan. Increased food production is also equally important in view of rising food prices and hunger levels. The 60% weightage of population should be split up in to total population (40%) and SC population (20%). The weightage of 25% for per capita income should be reduced to 15% and the weightage of performance should be increased to 17.5% with 10% weightage to the contribution of foodgrains to the national pool.

### **DECLINING SHARE OF PUNJAB IN CENTRAL TAXES**

6. The state is passing through a phase of fiscal stress on account of huge accumulated debt, implementation of recommendations of Pay Commission and inadequate support from the government of India. The 13<sup>th</sup> Finance Commission increased the share of the states in central taxes from 30.5% to 32% against their demand of 50%. This is gross injustice to all the states. Further due to skewed criteria adopted by

successive Finance Commissions, Punjab's share in inter-se distribution of Central Taxes has gone down from 2.450% recommended by 5<sup>th</sup> Finance Commission to 1.389% recommended by 13<sup>th</sup> Finance Commission. At this stage it is not possible to alter the recommendations of 13<sup>th</sup> Finance Commission, but I would request the government of India to compensate the state through special package, which should be a part of the 12<sup>th</sup> Plan. Government of India should also compensate the state by providing non plan grant to the tune of Rs. 2000 crore per year in 12<sup>th</sup> Plan.

### **DEBT RESTRUCTURING OF PUNJAB**

7. Lack of resources and inadequate support from government of India have compelled the state government to resort to heavy borrowings which have accumulated to Rs. 69594 crore by the end of March, 2011. The expenditure on debt servicing during 2010-11 was Rs. 7855 crore, which includes interest payment of Rs. 5515 crore and repayment of principle of Rs. 2340 crore. Punjab was a revenue surplus upto 1985-86 and its debt burden was only 26% of GSDP. Nine year later in 1994-95, the debt rose to almost 40% of GSDP on account of consistent revenue and fiscal deficit. These were the years of militancy and there was little growth in revenues. On the contrary, the state had to incur heavy expenditure on security and creation of employment in various departments.

8. The 13<sup>th</sup> Finance Commission identified three general category states i.e. Punjab, Kerala & West Bengal as revenue deficit & debt stressed states. The government of India constituted a committee under the Chairmanship of Secretary Expenditure, Ministry of Finance, government of India to explore ways to assist Kerala, Punjab and West Bengal in getting out of their current fiscal stress. The committee was required to submit its report to government of India by the end of August, 2010. The state has supplied all the requisite information about its debt to the Committee. The state government requests the government of India to expedite the recommendations of this Committee and help the state in reducing the debt burden. It is also requested that entire small saving loan of Rs. 23146 crore outstanding at the end of 2010-11 may be waived off.

## **CENTRALLY SPONSORED SCHEMES**

9. The criteria for allocation of funds under flagship schemes is not favourable for the developed states like Punjab. The state has hardly any un-irrigated area and therefore receives a meagre allocation under RKVY. Similarly, under other flagship schemes like Sarva Shiksha Abhiyan, Prime Minister Gramin Sadak Yojna and Rajiv Gandhi Gramin Vidutikaran Yojana, the state having already developed the requisite infrastructure, it is deprived of its legitimate share. The state is required to incur heavy expenditure on the maintenance of huge infrastructure and, therefore, there should be provision for upgradation and maintenance of infrastructure under the flagship schemes. The state is also of the view that all centrally sponsored schemes except the flagship schemes should be abolished and the funds earmarked for these schemes should be distributed to the states on the basis of Gadgil formula.

## **STATE DISASTER RELIEF FUND / CRF**

10. The government of India altered the recommendation of the 11th and 12th Finance Commissions that “the balance in the fund at the end of five year plan period, may be made available to the state to be used as a resource for funding the next plan” and decided that these funds shall be treated as opening balance for the next year plan. The state government had requested the 13<sup>th</sup> Finance Commission that the recommendations of 11<sup>th</sup> & 12<sup>th</sup> Finance Commissions in this regard be implemented. But the 13<sup>th</sup> Finance Commission has not accepted this request of the state government. The government of India should re-consider the issue and balance amount in SDRF/CRF at the end of financial year should be made available to the state for being used as resource for next plan or may be written off in the states where these funds are not available on actual basis.

## **BORROWING LIMIT**

11. The borrowing limit for the state is determined by the Ministry of Finance, government of India. But while working out borrowing limits of the states, Ministry of

Finance does not include full repayment of principal amount by the state government, which is not fair. It is suggested that the gross borrowings of the states should be worked out by taking into account full repayment of principal amount. For example for the year 2011-12, the state's gross borrowing would be Rs. 11609 crore which would include repayment of principal amount of Rs. 2686 crore, resulting into a net borrowing of Rs. 8923 crore. However, the gross borrowing limit fixed by government of India for the year 2011-12 is Rs. 9383 crore including Rs. 460 crore of repayment of market loan.

## **GOODS AND SERVICES TAX**

12. The state government agrees in principle with the introduction of Goods and Services Tax(GST) in the country. However, it should not be at the expense of limited revenues of the states. The state gets about Rs. 1500 crore of revenue per annum from the purchase tax on paddy, wheat, cotton etc. The request of the state government is that the purchase tax should not be subsumed in the proposed Goods and Services Tax. There is no mention of the exclusion of the purchase tax in the proposed 151th Amendment Bill introduced in Parliament regarding Goods and Services Tax. Therefore, purchase tax on foodgrains needs to be kept out of the purview of the GST like in the case of state taxes on petrol, diesel, natural gas, liquor etc.

I would now like to briefly dwell upon the problems and prospects across various sectors of the state's economy.

## **AGRICULTURE**

13. The agricultural sector grew by about 3% during the 11<sup>th</sup> plan. Sustainance of cereal production and productivity is not only important for the state but also for the food security of the nation. Punjab has been producing about 160 lac MT of paddy and 150 lac MT of wheat over the years and has been consistently contributing 45 % of wheat and 25 % of rice towards the central pool. However, productivity has stagnated in the absence of

scientific breakthroughs in new high yielding varieties. Intensive farming regime has been at a huge cost in terms of depleted water table and degradation of soils in the state.

14. The state government is thankful to the government of India for setting up of the Borlaugh Institute for South Asia (BISA) in Ludhiana. It would give fillip to research in new areas and help the state in achieving new productivity levels. There is an urgent need to revitalize research in agriculture and related activities. The problem of soil degradation and water depletion needs to be tackled through a dedicated programme for promoting resource conservation technologies such as zero tillage, deep ploughing, raised bed planting, laser land leveling etc. Heavy investments are required to be made for rejuvenation of these resources. The following are the thrust areas of the agriculture research:-

- (a) Identification and development of new varieties with higher yield potential and better quality of the agriculture produce;
- (b) Ecologically viable cropping systems and practices for maximization of production and profitability;
- (c) Processing and increasing of shelf- life of the horticultural produce;
- (d) Use of biotechnology to evolve pest tolerant varieties, bio-pesticides etc. with a focus on environmental sustainability;
- (e) Sustaining natural resources (soil, water, environment, biodiversity etc.) and increasing inputs use efficiency.

15. The rice- wheat cropping pattern is not sustainable. The state has made some progress in the areas of diversification of crops. The introduction of BT cotton has helped in increasing its productivity and consequently area under cotton is increasing. The introduction of high yielding maize hybrids have contributed to improvement of maize productivity. There is a need to increase the productivity of crops which are alternate to rice e.g. maize and cotton as well as fruits and vegetables. Government of India has announced minimum support price for as many as 25 agriculture commodities including pulses and oilseeds etc. However, there is no effective procurement mechanism for the purchase of

crops other than wheat and paddy. Without an effective purchase mechanism farmers are not inclined to go for large scale diversification.

16. Sir, the solution to agrarian crisis in the state lies in the diversification to cultivation of high value low volume crops. To achieve this objective, steps should be taken to move from agriculture to agri-business. In the area of setting up of agro processing units, the experience so far has not been encouraging. However, small-scale food processing activities represent a huge potential source for improving livelihood of many poor people. The overall potential of agro-processing is huge as it can increase the value of crops of farmers and thus yield higher returns; expand marketing opportunities; extend shelf-life of commodities; improve palatability of commodities; and enhance food security.

17. Three major issues that require immediate attention are food and nutrition security, poor economy of small and marginal farmers and farm indebtedness, which is the result of falling real farm incomes. The Commission for Agriculture Cost and Prices (CACCP) needs to re-examine the existing methodology of fixation of MSP. The MSP should account for the cost of production and should be linked to the consumer price index. The other alternative is to accept and implement the recommendations of the National Commission on Farmers headed by the noted farm economist, Dr. MS Swaminathan, that MSP should be equal to the cost of production plus 50% as profit. The farm labour should be treated as semi skilled and the value of land should be taken into account while working out the cost of production.

18. In Punjab we are faced with falling real farm incomes leading to rising agricultural indebtedness. The rural debts in Punjab, estimated to be Rs. 35000 crore, have assumed the proportions of a grave human tragedy. The state did not benefit much from the debt waiver scheme offered by government of India as there are less number of small and marginal farmers and few defaulters in the state. We urge government of India to waive all agricultural loans as a one time measure regardless of the size of land holding. The landless farmers and agricultural labour should be brought within the gamut of the relief scheme. The farmers should not be penalized for making regular repayments of the loan.

19. The increased food production and slow movement of food-grains have compounded the problem of food storage in the state. The state needs at least 78 lac MT of long term storage capacity out of which 25 lac MT should be in the form of silos which can store food grains up to three years. Government of India is requested to assist the state in the creation of long term, modern and scientific storage capacity. It is also proposed to take up a programme for creation of additional storage in PPP mode.

20. To attract private investment in modern agricultural marketing, the state government is contemplating amendments in the Punjab Agricultural Produce Markets Act, 1961 thereby enabling the private and cooperative sectors to set up markets in the state particularly in the area of horticulture produce. It is hoped that with the creation of modern markets for perishables, stimulus to production of fruits and vegetables in the state will be provided.

21. The Rashtriya Krishi Vikas Yojana (RKVY) being a good initiative, should be continued in the 12<sup>th</sup> Five Year Plan. However, the criteria for allocation of funds needs to be reviewed as it is biased against the agriculturally developed states on account of more emphasis on development of un-irrigated areas and projected growth in GSDP from agriculture. Punjab has already reached saturation levels as far as food production is concerned, and therefore, the growth rate in agriculture sector is not going to be too much. As such, the sustainability of agriculture in states like Punjab and Haryana has to be assured under RKVY. The state government suggests that due weightage should be given to maintenance and up-gradation of irrigation infrastructure, depletion of underground water table and ensuring availability of power for agricultural sector while allocating funds under RKVY. Only 10 districts of the state are covered under National Food Security Mission for wheat and no district of the state has been included under National Food Security Mission for rice even though state is its leading producer.

22. The new fertilizer subsidy policy has been introduced in the country to achieve balanced use of fertilizers. However, it has an inherent risk of exposing the poor



and unorganized farmers to the volatility in the international prices of fertilizers. The prices of phosphatic and potassic fertilizers have almost doubled during the year. Any reduction in fertilizer use due to decreased affordability on account of higher prices can plunge the country into serious food crisis. The green revolution did not just happen but it was a consequence of considerable and sustained nurturing by the state. A quick response mechanism to mitigate the adverse impact of increasing international prices is a must to achieve the objectives of the new subsidy policy without compromising the National Food Security.

23. We welcome the launch of the new centrally sponsored scheme “Modified National Agriculture Insurance Scheme” in the year 2011-12 which aims at sustainable production in agriculture sector, crop diversification and enhancing growth and competitiveness from agriculture sector, besides protecting farmers from production risks. Only 3 districts Gurdaspur, Ropar and Hoshiarpur have been selected by government of India in the 1<sup>st</sup> year. It is suggested that all the districts of Punjab be covered under this scheme.

## **ANIMAL HUSBANDRY**

24. Animal husbandry is fast emerging as an independent economic activity as it has lot of potential for boosting the income of the farmers as well as the diversification of agricultural sector in the state. We urge government of India to treat animal husbandry sector at par with crop sector for accessing credit at a lower rate of interest and exemption from income tax. The state has set-up a new University of Animal Sciences i.e. Sri Guru Angad Dev Veterinary & Animal Sciences University (GADVASU) at Ludhiana. The University may be provided a one time grant of Rs. 100 crore so that it can support the state in producing quality manpower, generation and dissemination of technologies and address the issue of emerging diseases etc. and thereby contribute in improving the income of small land holders.

## **RURAL DEVELOPMENT**

25. Livelihood security, housing and sanitation are the important areas under Rural Development which needs to be addressed on top priority during 12<sup>th</sup> plan. The National Rural Employment Guarantee Scheme and National Rural Livelihood Mission are laudable initiatives of government of India. However, the state of Punjab is not able to avail full benefit of MGNREGS. The real bottleneck in implementation of this scheme is extremely low wage rate. Though government of India has increased the wage rate from Rs. 123/- to Rs. 153/- per day for the state but it should be increased to Rs. 179/- equivalent to the neighbouring state of Haryana. Government of India should also consider flexibility in 60:40 ratio between wage and material component to make the scheme more effective. The state can access more funds if the construction of toilets for SC and BPL families, lining of distributaries, minors, water courses, construction of boundary walls for schools and hospitals and white washing of government buildings are included in the list of approved works under MGNREGS. The National Rural Livelihoods Mission will be implemented in 14 blocks of five districts of the state namely Taran Tarn, Ferozepur, Sangrur, Gurdaspur and Patiala.

26. The scope of Indira Awaas Yojana is limited to BPL families. There are large number of non BPL families without pucca houses. There should be a provision for kitchen and boundary wall for IAY houses. Due to rising cost of building material/construction, the financial assistance for construction of house should be enhanced from Rs. 45,000 to Rs. 1 lac per unit.

27. I am glad to inform the august gathering that the state would have the unique distinction of having covered all the village habitations with water supply by 2011-12. Already 13512 habitations have been covered and the remaining 599 habitations would be covered by March, 2012. A loan of Rs. 755 crore was taken from the World Bank and the remaining requirements were met from the government of India schemes and the state resources. Another important initiative has been to cover nearly 1700 villages with RO system for providing quality water supply in the southern districts of the state. The state government has been encouraging the Panchayats to take responsibility for operation

and maintenance of water supply schemes and about 1670 water supply schemes have already been handed over to PRIs. However, the state has not been so successful in its attempt to provide toilets to its village population. So far 2.85 lac toilets have been constructed at a cost of Rs. 180 crore in 2006-09 and Rs. 498 crore are being spent for construction of about 5 lac more toilets in the current financial year. However, there would still be a gap of 7 lac toilets, for which Rs. 700 crore is required. The country still has the highest number of people without access to proper sanitation facilities. Water supply and sanitation should be accorded top priority during 12<sup>th</sup> plan and it should be ensured that all households are covered with piped water supply and toilets.

28. The total number of BPL families in the state was limited to 5.23 lac (3.44 lac rural and 1.79 lac urban) which is about 10% of the families in the state, as a result of which the state received limited grants under poverty alleviation programmes. Tendulkar Committee has now increased the poverty ratio to 20.73%. As per this revised ratio, Punjab would have 11.74 lac BPL families, out of which 7.49 lac families would be in rural areas and 4.25 lac in urban areas. The BPL survey is under way in the state and is likely to be completed by 31/12/2011. Though, the number of BPL families has more than doubled, yet it is felt that the idea of a pre-determined ceiling of BPL population is not good. The number of BPL families should be determined after the detailed survey without any pre-determined limit and poverty alleviation schemes should target the people on the basis of deprivation score.

## **IRRIGATION**

29. Contrary to common perception, only 27% of the area is irrigated by canals and the remaining 73% is irrigated by tubewells in Punjab. This has resulted in depletion of ground water and as many as 115 of 138 blocks have been categorized as over exploited/critical or semi critical leaving only 23 blocks in safe category. The canal network in the state is more than century old. The state was unable to make provision for adequate funds for upgradation and maintenance of this system with the result that the canals are

now working at 30% below their designed capacity. Therefore, there is a dire need to increase the canal capacity, reduce dependence on tubewells, conserve irrigation water through lining of water courses and utilize surface water through construction of low cost dams in the semi hilly areas.

30. The state government is likely to begin work on the 3 AIBP projects – namely Rs. 734 crore project for modernization of canals fed from river Sutlej, Rs. 952 crore and Rs.489 crore projects for relining of Rajasthan feeder and Sirhind Feeder respectively. The state of Punjab has been discriminated in respect of assistance under AIBP for Sirhind Feeder. Government of India's grant is to the extent of 90% for the state of Rajasthan for the portion of Sirhind feeder in that state while it is only 25% for Punjab for the Punjab portion. I would like to request government of India that grant of 90% should be provided for the water logged area of Punjab as is being provided for the drought prone area of Rajasthan or balance 65% may be provided as one time special assistance.

31. The state government has submitted a project costing Rs. 3800 crore for modernization/remodeling/renovation and extension of canals, deep tubewells, lining of water courses, cleaning of head works and repair of gates etc. to the Ministry of Water Resources, government of India for financial assistance under AIBP. The grant under AIBP is 90% in case of special category states and 25% in case of non-special category states. Punjab has been categorized as non-special category state. Since Punjab is a major contributor of food grains to the central pool, it should be categorized as a special category state. Government of India is requested to consider including irrigation projects under special category allowing 90% grant as admissible to special category states.

32. The state government has taken a number of measures to check the depletion of ground water table. A project costing Rs. 3498 crore for management of ground water through resource conservation by way of laser leveling, underground pipe system, implementing on-farm practices, artificial recharge of ground water, conservation of low dams, adoption of micro irrigation techniques and rain water harvesting has been submitted under National Food Security Mission to the Ministry of Water Resources for financial assistance. We seek its early clearance.

33. There is an emergent need for optimum utilization of water resources in Kandi area. The state has identified 29 sites for low dams in which 12 low dams have already been constructed and remaining dams need to be constructed. Since one of the major objectives of low dams is flood attenuation, government of India should consider funding of these projects under 'Flood Management Programme' wherein 75% grant is provided by Ministry of Water Resources. Haryana, Rajasthan and J&K are beneficiaries of Punjab rivers and therefore, they should also contribute to the cost of flood protection works and losses due to floods in Punjab.

34. Under Command Area Development and Water Management Programme to provide assured irrigation to the farmers, two projects namely Sirhind feeder Phase-II and Bathinda canal Phase-II costing Rs. 995 crore are under progress. Work of lining of water courses on Abohar canal and Bhakhra Main Branch canal is being carried out with NABARD assistance. The central grant for lining of water courses under CADWM is 50% of the project cost subject to maximum of Rs. 15,000/- per ha of area covered which was fixed on the price index as on 01/04/2008. This limit needs to be enhanced to at least Rs. 25,000/- per ha in view of present price index and enhanced cost of material and labour.

## **POWER**

35. The present generation capacity of Punjab is 7305 MW including central share of 1973 MW, whereas peak unrestricted demand is about 9399 MW. Thus, there is a shortfall of 25% of peak demand. The state government has embarked upon an ambitious plan for addition of 3920 MW generation capacity by 2014. The work is in full swing at 1980 MW Talwandi Sabo, 540 MW Goindwal Sahib Thermal Power Plants and 1400 MW Rajpura Thermal Power Plant. The state would be power surplus by March, 2014.

36. The state government has signed MoUs for power generation for 5820 MW. The 2640 MW coal based Gidderbaha thermal power plant has been allocated to NTPC. 206 MW Shahpur Kandi Hydel Project will be commissioned during 12<sup>th</sup> Plan period.

Besides, the share of the state from the ultra mega power projects is 2272 MW. All these power plants would contribute about 11000 MW of power.

37. Punjab government has planned to set up 1000 MW gas based power plant at Ropar. Gas for this plant is to be transmitted through proposed Dadri-Bawana-Nangal pipeline for which the agreement has already been signed with M/s GAIL India Ltd. GAIL should be asked to start the work on this important project.

38. State government is supplying about 380 MW of power from its own sources for lighting the border fence, power connections to BSF & army establishments, besides feeding the load of agriculture tube-wells falling within restricted area of international border between India & Pakistan. Therefore, Punjab needs to be compensated by allocating equivalent additional power from the central sector projects or central pool of unallocated power on continuous basis.

39. The state government seeks the help of government of India for additional coal linkages for the upcoming Talwandi Sabo and Rajpura Thermal power plants for which an additional coal linkage of 7.8 MT per annum is required. Besides, the coal linkage of 12.8 MT per annum for Gidderbaha power plant is yet to be finalized. Punjab State Power Corporation Ltd. intends to set up 1320 MW power plant in Hajipur, district Hoshiarpur provided a captive coal block of 500 million tones capacity is allotted to the state. Government of India should ensure adequate production of coal and its supply to various power plants in Punjab, most of which are coal based.

40. Power utilities in Punjab are facing difficulties in raising loans from almost all the nationalized/commercial banks. They have stopped providing loans (both short term and long term) to power utilities in Punjab indicating that their exposure limit in the power sector has been exhausted. This decision is based on the advice of the Reserve Bank of India and has possibly been taken on the basis of draft report of V.K. Shunglu Committee. If the banks continue to refrain from giving loans to the power utilities in Punjab, it will completely jeopardize the financial system of the companies which will not only have a crippling effect on the power supply position but also slow down the economic development of the state. I request government of India to intervene in the matter and issue necessary

directions to Reserve Bank of India to allow banks to continue their financial support to the power utilities in Punjab.

## **ENVIRONMENT**

41. The state government welcomes the initiative of the central government for cleaning of river water under National River Conservation Programme. The state government has already started the work on Rs. 2111 crore project for construction of sewerage and sewage treatment plants in 45 towns situated near the rivers. It is very important programme and government of India should substantially increase the allocation during 12<sup>th</sup> plan. Large number of rural water supply schemes in the state are based on river water and, therefore, no town should be permitted to discharge its waste water into the rivers. Government of India is also requested to modify the funding criteria for CETP/STP so as to include the cost of land and conveyance system in the cost of CETP/STP.

42. The state government has executed two World Bank funded projects of Rs. 517 crore for afforestation mainly in kandi and semi hilly areas. Work is also going on small scale for conservation and management of wet lands. These projects and the Integrated Watershed Development Programme (IWDP) should be strengthened during the 12<sup>th</sup> five year plan.

43. The state government has accorded priority to generation of electricity through renewable sources. A capacity of 400 MW has already been added through bio-mass based, mini-hydel and solar power plants. It is expected that due to technological development in renewable sources and rising cost of conventional power, the existing gap in the prices would come down. The union government should give huge incentives to reduce the cost of non conventional power.

## **INDUSTRY**

44. Abolition of freight equalisation policy for iron and coal, problem of militancy and tax concessions to neighbouring states have rendered the manufacturing sector in the state uncompetitive. Some specific measures needs to be taken during the next five year plan to rejuvenate and revive the industry in the state.

45. Punjab, which is primarily an agricultural and landlocked state, should be provided assistance for agro processing industries. There is need to develop storage facilities, cold chain facilities, processing and marketing of agriculture produce. Government of India and Planning Commission should assist the state keeping in view the non-availability of natural resources of the state. The state does not have much un-productive land and the cost of land is very high. There is potential for development of IT and IT related industry in the state. Government of India has laid down norms of minimum land requirement of 1000 hectares, 100 hectares, 40 hectare and 10 hectares for development of multi-product, product specific, ware house and IT SEZ respectively. Since there is a scarcity of land in Punjab, it is suggested that the land requirement criteria should be done away with, in the case of Punjab.

46. Government of India should link Delhi – Mumbai Industrial Corridor (DMIC) with Western Freight Corridor instead of Eastern Freight Corridor and extend it up to Amritsar in Punjab. Eastern Freight Corridor should also be extended up to Amritsar. These initiatives would be of great help in accelerating the pace of industrialization in the land locked state. Private sector participation in the development of infrastructure is very essential. There is potential for development of industrial parks for pharmaceuticals, auto parts, hand tools, sports & leather goods industry which have large concentration in the state. Government of India should provide assistance for development of such parks as is being done in the case of textile parks.

47. Central Sector Investment in Punjab is only to the extent of about 1.5% of the total investment in the country. There has been no major investment in the state for past many years except for the Refinery Project which is being set up at Bathinda. Government of India may facilitate location of a major project such as Automobile Manufacturing Unit which will have large scale potential for ancillary development. Punjab



state should also be considered for allocation of one National Manufacturing Investment Zone and the criteria of minimum land requirement for eligibility under this scheme should also be based on the land availability in different states and should be left to the developer as per viability of the Zone.

48. Government of India should also sanction a plastic park in the state under the new scheme for the development of plastic parks in the country which will give boost to the development of downstream ancillary industries of refinery and such units will be viable due to availability of raw-material (by-products) from refinery at Bathinda. Since industrial base in Punjab is mainly of micro, small & medium enterprises, cluster development approach is the best strategy for the growth of such units. Government of India should sanction more cluster proposals for the state.

49. The wheat processing industry in Punjab is suffering because of the pricing policy of FCI which makes wheat available to other states in India at rates which are marginally higher than Punjab. Freight component and other handling charges on wheat / flour are much higher than this price difference. Punjab industry is, thus, denied the locational advantage of being situated in the state where the wheat is grown. Government of India is requested to revise the pricing policy for wheat to provide a level playing field to the industry as it exists in case of mines and minerals.

50. Increased trade with Pakistan through the land route is of utmost importance for revival of industry in the state in general and the border areas in particular. The state government is thankful to government of India for construction of integrated check post at Attari at cost of Rs. 87 crore and for four laning of Amritsar-Attari National Highway. These projects can give tremendous boost to trade with Pakistan and help in bringing investment to the border areas of the state provided some policy changes are made. More than 1000 items are tradable with Pakistan, but only few of these items can move through the land route. This negates the locational advantages the state has with Pakistan. India had granted Most Favoured Nation status to Pakistan. We welcome the recent announcement of Foreign Minister of Pakistan in the National Assembly regarding in principle decision to accord MFN status to India. Pakistan should be persuaded to accord

Most Favoured Nation status to India. Besides, Pakistan should also be persuaded to improve trade via a short negative list of goods that cannot be traded (and everything else can) rather than a positive list (where goods not on the list cannot be traded).

51. Training of manpower so as to upgrade their skills as per the requirement of Industry is essential for the growth of Industry and overall economy of the state. Therefore, attractive schemes need to be formulated at the level of government of India to encourage linkages between Industry and educational institutions. In Punjab, the Punjab Infotech Corporation and the Department of Higher Education have joined hands to train the students under Punjab Skill Training for Employment Potential (P-STEP) programme to meet the growing needs of trained and skilled manpower in the Knowledge Industry. Government of India should support such programmes through suitable financial assistance.

## **TRANSPORT**

52. The state has big net work of 64037 km of roads comprising of 1739 km of national highways, 1503 km of state highways, 2107 Km of major district roads, and 58688 km of rural roads including village link roads. All villages in the state were connected with village roads in early 1970's. The state government requires at-least Rs.1500 crore per year for maintenance and up-gradation of these roads. The 13th Finance Commission has given an assistance of Rs. 122 crore per year for the next four years but that is miniscule as compared to the total requirement.

### **Central Road Fund Scheme**

53. Punjab contributes about Rs. 600 crore per year in terms of levy of cess of Rs. 1.5 per litre on diesel and petrol to Central Road Fund. However, the formula of allocation of funds under CRF has been altered to the disadvantage of the state in the year 2010. As per earlier formula, the weightage was given to the states for area and fuel consumption in the ratio of 40:60. Now this ratio has been changed to 70:30. Due to this

change, the state has to bear loss upto 35% of the annual accrual. The earlier formula for allocating funds may be restored.

## **National Highways**

54. Work is under progress for 6-laning of Shambhu - Jalandhar road, 4- laning of Bhogpur – Mukerian – Pathankot road, Pathankot – Amritsar road and Ludhiana – Talwandi road. Government of India is requested to start the work on 4 laning of Chandigarh- Bathinda, Amritsar- Ganganagar, Jalandhar- Jind and Chandigarh-Ludhiana road. The Ministry of Railways is requested to complete the railway portion of railway over bridge at Damoria which is lying uncompleted since 2006.

A very big refinery project with an investment of Rs. 19000 crore is being set up at Bathinda, besides a power plant at Talwandi Sabo. There are other private and public sector plants in Bathinda. Government of India is, therefore, requested to run a Shatabadi train from Bathinda to Delhi..

## **URBANIZATION**

55. Punjab being the 7<sup>th</sup> major urbanized state (37.49%) of India, the critical challenges are basic urban services for the poor i.e. water supply, sewerage, sanitation, solid waste management, affordable housing, health facilities, street lighting and public transport. The urban population in the state during the last decade grew by 26% as against 8% growth in rural areas. There is an increasing trend of existing bigger rural areas getting converted into urban areas. Providing civic amenities in these towns would require huge funds during 12<sup>th</sup> plan period.

56. The state government is implementing an action plan of Rs. 5051 crore to provide 100% water supply, sewerage and sewage treatment plants in all the urban local bodies in the state. Work has already been started on the Rs. 2111 crore project under National River Conservation Programme for 45 towns situated near river Sutlej, Beas and

Ghaggar. Government of India should liberally assist the states in providing civic infrastructure to the growing urban population.

57. The financial resources of local bodies are limited as compared to their requirements. The major source of income of octroi has been abolished in the state. The income from property tax and other taxes is also very limited. All the Municipal Committees are practically dependent on state government and Finance Commission funds for their requirements. The state government is compensating the Municipal Committees for loss of income on account of octroi. However, the transfer of 4% of vat collections as recommended by State Finance Commission are not being transferred to local bodies. The assistance under 13<sup>th</sup> Finance Commission amounts to Rs. 125 crore per year for 135 local bodies. The government of India should, therefore, realize the problem of shortage of funds with municipal bodies and devolve more funds commensurate with the responsibilities of local bodies. It is proposed to develop and propagate innovative ways of municipal financing, through Public-Private Partnerships (PPPs)

## **EDUCATION**

58. The state government has made concerted efforts to upgrade the infrastructure in the government schools in terms of civil works and recruitment of teachers. As many as 54000 new teachers have been recruited. The Educational Development Index of the state has jumped from 10<sup>th</sup> position among all the states in the year 2006-07 to 3<sup>rd</sup> position after Kerala and Tamil Nadu in the year 2009-10. Similarly, Gross Enrolment Ratio at primary level has improved to 95.29% and for upper primary level it is 78.74%, the drop out rate has come down to 2.25% for primary level and 0.57 % for upper primary level in 2010-11. The state aims to achieve 100% GER and 100% retention during the 12<sup>th</sup> plan. The literacy rate of the state has improved to 76.68% against all India level at 74.04% as per 2011 census. The gender gap in literacy of the state is 10.14% against all India level of 16.68%.

59. The other major initiatives taken by the state government in the 11<sup>th</sup> plan was to set up Adarsh schools across the state in PPP mode. Against the target of 129 Adarsh schools, 30 schools have already been made functional, 47 sites have been allotted to various corporate houses, another 41 MoUs signed and construction works has begun on 15 sites. Punjab has also taken lead in establishing Model Schools in 21 backward blocks of the state. Good schools especially in rural areas are extremely important. Government of India should help establish at least one model school in every block in 142 blocks in the state.

60. The 13<sup>th</sup> Finance Commission has recommended a total grant of Rs. 224 crore for implementation of the RTE Act in Punjab. While we welcome the restoration of sharing pattern under SSA to 65:35 (GoI: State) for implementing the RTE, the decision to subtract the Finance Commission grant from the annual budget and then work out the annual cost sharing between the centre and the state needs to be reviewed. We urge the government of India to work out the cost sharing as per the actual budget of SSA and then allow the state government to adjust the Finance Commission grant as state share.

61. The state government has notified RTE Rules. Under the Act, private schools are required to admit students belonging to weaker sections (to the extent of 25% of the student strength) into class-I and provide free education till elementary level. These schools are required to be reimbursed by the state government for the expenditure incurred by the schools on these students. Right to Education Act has been enacted by the central government and therefore, it should share this burden. The state government feels that an amount of Rs. 250 crore required by Punjab should either be fully reimbursed by government of India or at least it should be made a sub scheme under SSA.

62. The state government seeks amendment in the guidelines for Rashtriya Madhyamik Shiksha Abhiyan (RMSA) for upgradation of middle schools to secondary schools. As per the existing norms, no new high school or senior secondary school can be established within a radius of 5 km of existing high schools or senior secondary schools. The distance criteria should be reduced to 3 km in view of the fact that Punjab is densely populated state and there are adequate number of students within a radius of 3 km. It is

also requested that under RMSA, upgradation of middle school to senior secondary school and upgradation of high school to senior secondary level should be permitted.

63. The Gross Enrolment Ratio for higher education in the state is around 11.12% in the year 2010. To encourage private participation in higher education, the state has notified Punjab Private Universities Policy, 2010 for setting up of self financed private universities. We urge that government of India may consider revising the sharing pattern for opening up of colleges in educationally backward districts where GER is low from 33:66 to 66:33.

64. The state government has made available 544 acres of land for Central University in Bathinda. However, the construction work is yet to begin. As regards the World Class University near Amritsar, some sites have been identified which have been visited by the site selection committee and government of India is requested to convey approval for one of these sites.

## **SKILL DEVELOPMENT**

65. The state government has taken number of initiatives to enhance the employability of the youth and reduce the mismatch between the skill and training level of youth and the requirements of the private sector. Number of skill development centres have been set up in collaboration with leading corporate houses like L&T centre at Muktsar, Retail training centre of Bharti-Wall Mart at Amritsar and other centres for training to youths for security guards and jobs in military and para-military forces.

66. The scope of skill development initiative of government of India needs to be enlarged. There is huge requirement for construction related jobs in India and abroad and large number of people from the state go abroad for these small works. There is scope of setting up of number of skill development centres for construction industry. Government of India through an act should make it compulsory for the construction industry to employ only certified and skilled man power for the construction work. Similarly there is a lot of demand for skill upgradation in textile, retail and hospitality industry in the state. The state

government would make concerted efforts to open more skill development centres in these areas.

67. The state proposes to put in special efforts to improve Technical Education and promote skill development courses for improving the prospects of gainful employment. The state proposes to achieve this through - (a) opening of new institutions of technical education, industrial training and skill development centres in untouched areas,(b) upgrading and revamping of existing institutions (c) promoting higher education (post graduation and research), (d) establishing State Institutes of Technical Teachers' Training and Research; (e) regular upgradation of equipments (f) establishing new dedicated labs for thematic research and (g) Incentivise Higher Education and Research in Technology. The state seeks adequate central funding for achieving the above. There are 43 blocks without ITIs for which the state seeks government of India assistance.

## **HEALTH & MEDICAL EDUCATION**

68. The state government accorded top priority to revamping of health care infrastructure in the state. It has been decided to fill up all the posts of doctors and para-medics in the department. Already more than 700 doctors and 3800 para-medics have been recruited while recruitment of 1300 doctors and 2900 para-medics is under progress and likely to be completed by November, 2011. A comprehensive plan for Rs. 350 crore for upgradation and construction of health institutions as per norms has been started and 3 new district hospitals, 8 sub-divisional hospitals and 35 community health centres would be constructed by the end of current year.

69. The other major initiative of the state government was in regard to mother and child health. More than 50 percent of PHCs were upgraded for 24x7 delivery services and similarly all the 114 CHCs were upgraded as First Referral Units. Deliveries were made free in hospitals in all respects i.e. free transport, free tests, free medicines etc.

Besides, the state government from its own budget started giving Rs. 1000/- for every delivery. The state has recorded an impressive performance on reduction of infant mortality rate from 41 to 38 in the year 2009 alone. The maternal mortality rate has also declined from 192 in 2004-06 to 172 in 2007-09. Similarly, the child sex ratio has also improved from 798 in 2001 to 846 in 2011.

70. The National Rural Health Mission has been a huge success in the state and a sum of Rs. 300 crore is to be spent in the current year. The state of Punjab has been categorized as non-focus state and therefore, the level of incentives under NRHM for various programmes are much less as compared to focus states. There are certain areas in the state which owing to high SC population and low literacy rates have very poor health indicators comparable to focus states. These districts should be given incentives at par with the districts of focus states. Government of India should launch the much awaited National Urban Health Mission.

71. The state government seeks the help of government of India for upgradation of health infrastructure as per requirements of Indian Public Health Standards. Government of India should announce a new scheme for upgradation of district hospitals in a phased manner. These hospitals should be adequately equipped for all essential services on 24x7 basis. There is some shortfall in the number of sub centres, primary health centres and community health centres as per requirement of existing norms. The states should be assisted for construction of new health institutions as per norms. We welcome the suggestion of Planning Commission to have a health sub centre in every panchayat and an anganwadi centre in every habitation.

72. The proposal to introduce a government funded health insurance scheme for every citizen along the lines of the RSBY is a good initiative of government of India to provide health insurance cover to its citizens. Rashtriya Swasthya Bima Yojna is currently limited to the poor and for certain select groups. The insurance cover is limited to Rs.30,000 which is too meager. The scope of this important scheme should also be increased and insurance coverage be increased to atleast Rs. one lac.



73. The state government was successful in starting two Super Specialty Hospitals at Mohali and Bathinda on government land in collaboration with the MAX Healthcare Limited. The income from these hospitals accruing to the state government would be utilized for treatment of poor patients. The Emergency Medical Response Service (108) was introduced in April, 2011 throughout the state through deployment of 240 ambulances. The school health programme was strengthened and free treatment of government school students for congenital heart disease, cancer and thalassemia was provided in PGI Chandigarh and other reputed hospitals. There is need to further strengthen it by including all life threatening diseases for the school children.

74. The scope of Rashtriya Arogya Nidhi is extremely limited since only BPL families are covered and that too only if they get treatment in government hospitals. The cost of treatment of life threatening diseases is prohibitive even for middle class families and therefore the scope of this scheme should be enlarged and all the families whose annual income is less than Rs.1, 00,000 should be covered under this programme. There is a need to cover private hospitals under this scheme at PGI/AIIMS rates.

75. Punjab has seen rising number of cases of cancer especially in the southern Malwa districts. The three government medical colleges are being upgraded for treatment of cancer patients. The cancer patients in the state are being provided assistance upto Rs. 1.5 lac w.e.f current year. However, there are large number of cancer patients for which the state government requires Rs. 100 crore every year. Government of India is requested to construct a cancer hospital in one of the southern districts of Punjab.

76. All the three government medical colleges in the state are being upgraded at a cost of Rs. 284 crore. Government medical college Amritsar has been taken up under Pradhan Mantri Swasthya Suraksha Yojna, while the remaining two colleges at Patiala and Faridkot are being upgraded from the state resources. All government medical colleges in the states should be upgraded with government of India assistance in a phased manner during the 12th plan. The issue of man power especially the medical specialists has to be addressed. Government of India has increased the number of PG seats in medical

colleges. The medical graduates and post graduates should do atleast 3 year compulsory service in government hospitals and remote areas.

## **DISADVANTAGED GROUPS**

77. The support of government of India to the states under various welfare schemes for weaker sections requires to be substantially increased during the 12<sup>th</sup> Plan. At present, the support is limited to Integrated Child Development Services. The state has nearly 20 lac beneficiaries under various pension schemes like pensions for old, widow, disabled and dependent children. However, under the National Social Assistance Programme of government of India, the number of beneficiaries is limited to 1.86 lac pensioners and the quantum of pension is only Rs. 200 per month. There is a need to increase the number of beneficiaries as well as the quantum of pension.

78. The state government is providing bicycles to all girl students of class 11<sup>th</sup> and 12<sup>th</sup> at a cost of Rs. 42 crore every year. For the girl child scheme, a sum of Rs. 20,000 is invested at the time of birth of every girl child who receives regular financial support during her schooling years. A sum of Rs. 75 crore is required for this scheme. Welfare of girl children cannot be left to the state government alone. Child sex ratio is declining in most of the states and, therefore, government of India should launch some effective schemes for the girl child.

79. There are about 27,000 anganwadi centres in the state and most of them are working in rented buildings. Government of India should fix realistic norms of rent for these rented buildings which are, at present, very low. Government of India should assist the states in construction of pucca buildings for these centres. The problem of drug consumption has assumed alarming proportions in the state. Drug de-addiction centres have been set up in government hospitals in the state but a lot more is required for de-addiction and re-habilitation of the affected youth.

80. The state has highest SC population of 29% in the country but this huge SC population is not taken into account under most of government of India schemes. Even the

'Pradhan Mantri Adarsh Gram Yojana' for the development of villages having more than 50% SC population is yet to be introduced in the state by government of India. The state seeks support of government of India for effective implementation of Scheduled Castes Sub Plan (SCSP) in the state.

## **BORDER AREA DEVELOPMENT**

81. Punjab has a 553 km long international border with Pakistan. The four border districts of Punjab were one of the most prosperous areas in the state. The Indo-Pak war and the prolonged militancy in the state rendered them un-attractive for investment and other economic activities. We urge government of India to announce an Industrial Package in these border areas on the lines of the package provided for some of the hilly states.

82. The state receives about Rs. 32 Cr annually under the Border Area Development Programme. This amount is mostly utilized for small works in the villages and hardly any money is left for the towns. The state government has submitted a project of Rs. 134 Cr for providing water supply, sewer and other amenities in 11 border towns situated within 15 km of the border which has yet not been approved by government of India.

83. The demand of farmers for compensation @ Rs. 10,000/- per acre for the 18500 acres cultivable land situated across the border fence, for which Rs. 19 Cr are required annually, remains unfulfilled. In certain areas, no compensation has been paid for the land used by the BSF for the 11ft track along the border fence. A sum of Rs. 20 Cr is required for these 323 acres of land.

## **CONCLUSION**

84. Last, but not the least, Sir, 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 rather than being deprived of assistance under the National Programmes.

85. 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 12<sup>th</sup> Five Year Plan.

**JAI HIND**