

## **ADDRESS BY SARDAR PARKASH SINGH BADAL, CHIEF MINISTER, PUNJAB**

**Hon'ble Deputy Chairman and Members of the Planning Commission, Senior Officers of the Commission, Ladies and Gentlemen.**

1. I would like to thank the Deputy Chairman Planning Commission for providing me this opportunity to express my views on the challenges faced by my state and put forward the Plan Proposals for the Annual Plan 2007-08 and 11<sup>th</sup> Five Year Plan (2007-12).

### **INTRODUCTORY**

2. The economy of Punjab has traditionally revolved around its success in the agriculture sector. The strategy of increased foodgrains production also brought along its concomitant problems, viz. depletion of ground water resources and soil nutrient imbalance. Thus the present agricultural system is increasingly becoming ecologically and even economically untenable. Punjab's hopes for sustaining its position as a front-runner state in economic growth thus hinges on achieving a second breakthrough in agriculture as well as successfully expanding its manufacturing and services sector. Diversification of agricultural production patterns, agri-processing and marketing has, therefore, rightly come to acquire prominence in the government's planning process in the recent years. Almost two decades of militancy in the state and tax concessions granted to neighbouring states have rendered the manufacturing sector in the state totally uncompetitive.

3. The State Plan aims at creating employment opportunities, improving quality of life by providing better healthcare facilities, sanitation, safe drinking water, education and greater access to food. It seeks to lay greater focus on improving the state's performance on social indicators to match its economic progress. The concerns of the development of women and children are being addressed with greater emphasis. Similarly, economic and social advancement of the under-privileged and disadvantaged sections have been given greater attention. Strengthening of grass-root level Panchayati Raj Institutions is required along with their increased involvement not only in capital formation and asset management but the entire process of planning, implementation and monitoring. The state government has encouraged private sector participation in the development, funding and operation of infrastructure-oriented projects through the Punjab Infrastructure Development Board (PIDB). Emphasis is also being laid on augmentation of urban infrastructure with PIDB support.

## **STATE FINANCES**

4. The state government enacted Fiscal Responsibility and Budget Management Act in the year 2003. As per recommendations of the 12<sup>th</sup> Finance Commission, the state government has adopted a fiscal correction plan under which Revenue Deficit is to be reduced to zero and Fiscal Deficit is to be brought down to 3% or below of GSDP by the year 2008-09. The State government achieved the stipulated target for the year 2005-06 and was able to secure a relief of Rs. 152 crore for 2005-06 by way of reimbursement of payment of principal amount to Government of India. The state government could get a relief of Rs. 760 crore from 2005-06 to 2009-10 provided the stipulated targets are met.

5. The state government acknowledges with gratitude Government of India's decision regarding waiving the unpaid amount of Special Term Loans. These loans amounting to Rs. 5799.92 crore, were advanced by Government of India from 1984-85 to 1993-94 to combat insurgency in the state. My government in September, 1997 took up the matter with the then Prime Minister Sh. Inder Kumar Gujral for waiving the unpaid amount on the ground that the state had to incur this expenditure in the defence of the integrity of the nation. He was kind enough to assure the waiver of these loans. The balance amount Rs. 3772 crore as principal and interest thereon stands waived by Government of India vide their letter dated December 2006.

6. The state is facing a dismal financial situation for the last few years. The revenue receipts are not keeping pace with the growing expenditure. The state's tax revenue grew at mere 9 % against more than 15 % increase in revenue expenditure during the pervious year. The government has been meeting a part of its consumption expenditure through loans. The debt of the state has increased from Rs. 32496 crore in the year 2001-02 to Rs. 53391 crore in 2006-07 which works out to about 50 % of the GSDP and 330 % of revenue receipts and is, therefore, highly unsustainable. Debt servicing pre-empts a major chunk of revenue receipts and is increasing in tandem with debt liability. The recommendations of the state's 5<sup>th</sup> Pay Commission which are likely to be implemented in 2008-09 with retrospective effect from 1/1/2006 would further strain the finances of the state. The Planning Commission is urged to help the state government by providing liberal central assistance for Agriculture, Education and Health. The grant and loan

component of Additional Central Assistance which is at present 30:70 needs to be reviewed and revised to atleast 50:50.

## **STATE'S ECONOMY**

7. My Government took over only a few months back. We have inherited a sagging economy and an abysmal fiscal position. The Punjab State which ranked at No. 1(3<sup>rd</sup> if Goa and Delhi are included) in respect of per capita income in the country in 2001-02 when our government demitted office has slipped to 4<sup>th</sup> place (6<sup>th</sup> place if Goa and Delhi are included) among the major states in the year 2006-07.

8. Prolonged period of militancy and a continuous mismatch between revenue and expenditure played havoc with the state's economy. The state economy is expected to register a growth of 5.03 % during the 10<sup>th</sup> Plan (2002-07) against the target of 6.4 % fixed by the Planning Commission and the average growth of 7.9 % of the national economy. The Planning Commission has indicated a target of 5.9 % growth rate for the state during the 11<sup>th</sup> Plan against the national target of 9 %. It will not be difficult to achieve this target with Agriculture, Industry and Services growing at 4.35 %, 5.11 % and 7.90 % respectively.

## **PLAN PERFORMANCE**

9. The plan performance during the first three years of the 10<sup>th</sup> Plan was less than 60 %. The performance during the last two years 2005-06 & 2006-07 was to the extent of 107 % and 130 %. The average plan performance during the 10<sup>th</sup> plan period works out to 82 % with reference to the approved outlay and 87 % with reference to the revised outlay.

## **ANNUAL PLAN 2007-08**

10. The proposed outlay for Annual Plan 2007-08 is Rs. 4800 crore which is 20 % higher than the outlay of Annual Plan 2006-07. The proposed outlay for the 11<sup>th</sup> Plan is Rs. 28805 crore which is about 54 % more than the 10<sup>th</sup> Plan size. The Annual Plan for 2007-08 accords high priority to the Social Services Sector with 29.05 % of the proposed outlay allocated to this Sector alone. Social Security and Welfare commitments of the Government alongwith providing subsidized Atta-Dal to the poor contribute to the high allocation for this component. Energy at 22.13% forms the second highest component of the Plan with major thrust towards power generation and upgradation of transmission system. Road Transport sector also forms over 18% of the Plan outlay with major funding envisaged on account of World Bank and NABARD projects.

## **AGRICULTURE**

11. 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.

## **MSP**

12. 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 State Government is grateful to the Union Government for a grant of Rs. 100 crore in 2006-07 for reinvigorating research and development in the PAU.

## **Diversification**

13. The state government has taken some steps to diversify the agriculture and wean away the farmers from wheat-paddy rotation. Some success has been registered under BT cotton. The state's efforts to promote contract farming through hybrid maize, hyola, sunflower, etc have met with modest success. The state would focus on the need to modernize marketing of agricultural produce that is possible only with the involvement of mega corporate entities. The state proposes to enact an enabling legislation to promote agri-processing and marketing and carry further the MOUs signed with Reliance and Bharati in 2006-07 to promote contract farming and organized retail in vegetables, foodgrains and dairying.

14. To boost farm exports, a temporary Perishable Cargo Complex at Amritsar Airport has already been constructed though GOI

have not allowed construction of a permanent Complex in view of the present sub-optimal business. To make agriculture more remunerative, allied activities such as dairy farming, poultry and fish-farming need to be strengthened through more capital assistance and extension services. Both domestic and international markets could be harnessed to expand the scope of dairying in the state given the interest evinced by the private sector. In this regard, the state has already established the Guru Angad Dev University of Animal Sciences at Ludhiana and proposes to strengthen it further in the Eleventh Plan.

## **RURAL INDEBTEDNESS**

15. Low farm prices, rising input costs and inadequate increase in productivity are responsible for the problem of acute agrarian distress. 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. 12000 crore of moneylenders. The immediate problem is not that of access to credit, but the unbearable burden of payment of interest and repayment of loans. The Government has reduced interest on cooperative loans from 14.5% to 7% and has also offered a One Time Settlement (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 difficult agricultural loans.

## **RURAL DEVELOPMENT**

16. In its earnest endeavor towards rural rejuvenation, the Punjab Government has adopted a two-pronged strategy, empowerment of the Panchayati Raj Institutions through greater functional and financial autonomy and all-round improvement of the rural habitats with provision of basic amenities.

17. The state government has already transferred some of the important activities of 6 departments to the PRIs in 2006-07. These include transfer of 1187 Rural Health Dispensaries, 582 Rural Veterinary Hospitals and 5752 Primary Schools to the Zila Parishads. The doctors have been engaged as Service Providers on contract basis while the teachers have been recruited by the respective Zila Parishads. The move has ensured almost cent percent attendance in schools and greater accountability to the Gram Panchayats. The other activities transferred are disbursement of social security pensions, ICDS Centres and 754 Rural Water Supply Schemes.

### **Rural Toilets**

18. A sum of Rs. 180 crore was released to the Gram Panchayats for construction of about 2,90,000 rural pucca toilets in the villages at an estimated cost of Rs. 6300 per unit. As per the latest survey an additional 7 lakh toilets are required to be constructed at an estimated cost of Rs.

420 crore. The government has also launched Village Development Fund (to be funded by PIDB, state government and beneficiaries) for construction of low cost sewer in 282 villages, two villages each in the 141 blocks in the state. This programme would be expanded to cover 1410 villages at an estimated cost of Rs. 846 crore. The state government request that Government of India should assist in bridging the resource gap by providing assistance for these important schemes.

### **Village Ponds**

19. The condition of village ponds, which act as natural ground water re-chargers, is extremely bad. They have not been cleaned for many years and have now become a source of great nuisance and many diseases. The state government proposes to clean and deepen these village ponds and provide for the treatment of sullage water through tested technologies. The estimated cost of the project is Rs. 500 crore. A sum of Rs. 10 crore has been earmarked in the current year's allocation for this scheme. The Planning Commission is requested to formulate a proper scheme for cleaning of these village ponds and grant liberal assistance to the State Government.

### **BPL Families**

20. The issue of definition and assistance to BPL families requires a re-look. At present, BPL families are defined in minimalist terms. The State received 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 need to broaden the definition of BPL families, so as to cover more families and increase assistance to the states.

### **Decentralization**

21. The Act and Rules for constitution of District Planning Committees have been notified. The state government is shortly going to hold elections for the Panchayat Samities and Zila Parishads which are due in June 2007. It is proposed to constitute District Planning Committees immediately after these elections.

### **IRRIGATION**

22. At present 96% of the arable land in the State is irrigated. During the 10<sup>th</sup> Plan, about 106.46 thousand hectares of additional irrigation potential was created. During the 11<sup>th</sup> Plan, about 286 thousand hectares of additional irrigation potential is proposed to be created. The major projects envisaged during the 11<sup>th</sup> Plan are: Shahpur Kandi dam project (168 MW), completion of on-going Kandi canal project, Construction of Thana Dam, rehabilitation and lining of canals and repair of water courses. Besides flood protection works, embankments of Ghaggar river are also planned for preventing damage to crops due to floods.

23. A Rs. 143.42 crore project for irrigation facilities to Himachal area below Talwara is being executed by Government of

Himachal Pradesh with funds provided by Government of Punjab to the extent of Rs. 88.49 crore in accordance with agreement arrived in 1983. Government of Punjab is getting this Project funded under AIBP. Himachal Pradesh is a special category state and is eligible to get 75% grant under AIBP guidelines for projects in Himachal Pradesh. This Project is located and is meant for irrigating lands in Himachal Pradesh and, therefore, under AIBP funding, the grant component being received by Punjab State for this Project should be as admissible to a special category state i.e. 75%. Besides, grants allocated under AIBP need to be increased in view of huge canal network in the state.

## **POWER**

24. The state government is committed towards making Punjab a power surplus state by the end of 11<sup>th</sup> Five Year Plan. The power deficit which at present is 3000 MW will go up to 5000 MW by the end of 11<sup>th</sup> Plan.

25. The work on 500 MW Lehra Mohabat Thermal Power Plant will be completed by 31/12/2007. Work is also in progress on 18 MW Mukerian Hydel Project and 75 MW UBDC Stage-III Project. An agreement has been signed for 500 MW Thermal Power Plant at Goindwal with M/s GVK Power Limited.

### **Power from Central Projects**

26. The Government of India has allocated 2250 MW Power from 5 New Ultra-Mega Power Projects. NTPC has also agreed to allocate 1500 MW Power from its proposed Lara Thermal Power Project

in Chhatisgarh. This project is likely to be delayed and, therefore, Punjab may be given 1500 MW of power from the ongoing projects of NTPC. Ministry of Power, GoI allocates of power to the states from new central sector stations as per Gadgil formula. This formula does not take into account the extent of power deficit being faced by a particular state and, therefore, it needs to be revised.

### **New Plants**

27. The state government is planning its own two Thermal Power Plants of 1200 MW each at Nabha and Talwandi Sabo. Government of India should expedite allocation of a captive coal mine in Jharkhand/Bihar/Chhatisgarh for catering to the requirement of coal for these two plants. Besides, 1000 MW gas based power plant is also planned at Doraha in Ludhiana district. We urge Ministry of Petroleum, GoI to expedite the construction of Dadri-Nangal gas pipe line and allocate gas for the Power Project. The state government is also making efforts to have some private parties set up the Thermal Power Plants at coal-pit heads and ports.

### **Transmission and Distribution**

28. The state is conscious 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 24% during the year 2006-07. The State Electricity Board plans to reduce it to 18% by the end of the 11<sup>th</sup> Plan. The State Government was entitled to an incentive of Rs. 251.00 Cr for the year 2003-04 under the Accelerated Power Development Reforms Programme (APDRP). This amount has

been withheld 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.

## **INDUSTRIAL DEVELOPMENT**

29. The State Government has taken number of steps to augment the private investment in the state. These include abolition of octroi, enactment of Industrial Facilitation Act, 2005, constitution of Empowered Committee for clearance of Mega Projects and release of capital subsidy to the industrialists. A 1206 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 SAS Nagar (Mohali) have been approved by Government of India. The State Government is trying to revitalize the Industrial Focal Point at Goindwal Sahib near Amritsar by developing it as a product-specific SEZ. Some of the other important projects proposed during the 11<sup>th</sup> Five Year Plan are development of Industrial Cluster at Batala, establishment of two Textile Parks at Ludhiana and Barnala, setting up of Convention Centre at Amritsar and Mohali.

### **Land Acquisition**

30. The state government is alive to the sensitive issue of land acquisition and displacement of farmers and has notified a new Land Acquisition Policy. Henceforth, private land would be acquired only if the land is needed for a defined public purpose. The private companies will buy land on their own and the government will not acquire more than

10% of the land for them at their cost to provide contiguity and connectivity. The acquisition would be at the actual market rate and the farmers would be fully compensated. The policy is being amended to make the farmers stakeholders in the development of commercial, housing and industrial projects.

### **Gas Pipeline**

31. The Union Ministry of Petroleum has decided to implement the Refinery Project at Bathinda of Hindustan Petroleum Corporation Limited in collaboration with Sh. Lakshmi Narayan Mittal. This decision requires the approval of Union Cabinet. Gas Authority of India Limited (GAIL) is requested to expedite the Dadri to Nangal gas pipe line. The gas is proposed to be utilized for generating 1000 MW power at Doraha Power Station and for domestic supply and industrial use at Gobindgarh and elsewhere.

### **Concessions To Neighboring States**

32. The concessions granted to neighbouring states have particularly hit the state in textiles, pharmaceuticals, engineering and auto component manufacturing. Government of India may define investment zones in which concessions comparable to hilly states may be given for specific industries. Districts of Mohali, Fatehgarh Sahib, Ropar and Patiala may be taken up for pharmaceutical industry, while the districts of Hoshiarpur, Nawanshahar, Jalandhar and Kapurthala may be given these concessions for auto/engineering industry.

## **Wheat Industry**

33. The wheat processing industry in Punjab is suffering because of the pricing policy of FCI which makes wheat available to the other states in India at rates which are only marginally higher than Punjab. Freight component and other handling charges on wheat / flour are much higher than this price difference. As such, Mills in Punjab are not able to compete with the Mills situated in the consumption areas. Punjab industry is, thus, denied the locational advantage of being situated in the state where most of the wheat is grown. Government of India has been 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.

## **Indo Pak Trade**

34. The state government thanks the Union Government for sanctioning two projects for upgradation of facilities at Railway Station Attari at an estimated cost of Rs. 19 crore and development of On-Port and Off-Port facilities at Wagha at an estimated cost of Rs. 87 crore. A new Cargo Complex is also planned at Amritsar Airport. The 4-lanning of National Highway from Wagha to Amritsar is also underway. These projects can give a tremendous boost to trade with Pakistan and help in bringing investments in the backward border areas of the State provided some policy changes are made. More than one thousand items are tradable with Pakistan. However, out of these only 5 items can move through land route. This negates the locational advantages, the state has with Pakistan.

## **INFRASTRUCTURE**

35. To fill the infrastructure gaps in roads, airports, drinking water, sewerage and power is a gigantic task, involving huge investments. It is not possible to fully provide for infrastructure development out of the meagre resources of the state. It is, therefore, important to attract private investment into infrastructure development. Punjab Infrastructure and Development Board was set up in 1998 under the Punjab Infrastructure Development Act, 1998. This was replaced by a comprehensive Punjab Infrastructure Development and Regulation Act, 2002 enacted to take care of new issues like standardized process of private partnership, establishment of Punjab Infrastructure Regulatory Authority (PIRA) and a regulatory frame work. PIDB is funded by a cess of Rs. 1 on every litre of petrol and 1% Market Fees in the Mandis.

### **Important PPP Initiatives**

36. Important infrastructure projects undertaken in PPPs during the 10<sup>th</sup> Plan 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 and Hoshiarpur and 12 Polytechnics and Industrial Training Institutes. Some of the new projects planned during the 11<sup>th</sup> Plan are -

- 62 km ring road in Ludhiana in BOT Mode at an estimated cost of Rs. 1516 crore.
- Ring Road and Urban Corridor in SAS Nagar (Mohali)
- Bye Passes of 3 important roads in Bathinda, Nawanshehar and Garhshankar
- Punjab Institute of Medical Sciences at Jalandhar

- City Transport Services in the 4 Municipal Corporation Towns Amritsar, Ludhiana, Jalandhar and Patiala.
- Special Economic Zone in Amritsar and Goindwal Sahib
- Good Quality Adarsh Schools in every block.

## **TRANSPORT**

37. 14 important State Highways and 700 km link roads are being widened and upgraded at an estimated cost of Rs. 881 crore under BOT basis. 3 road corridors have already been completed and remaining 11 roads would be completed by 2008 and put under toll tax. Besides, work was started on 24 ROBs/RUBs and the work is likely to be completed in a year's time. 8 new ROBs are planned in the current year. There are 16 Railway Crossings on different National Highways in the state that are major bottlenecks for the smooth running of the traffic. The estimated cost of construction of 16 ROBs is Rs.320 crore. These ROBs cannot be constructed with the allotment made by Ministry against the Annual Plan approved every year. The MORTH has been recently requested to grant additional funds for this purpose for completing the 16 ROBs in the 11<sup>th</sup> Plan.

38. An agreement was signed on 26/2/2007 between the state government and World Bank for Rs.1500 crore as World Bank assistance for the project. The Bank would contribute 75% while the remaining 25% will be contributed by the state government. The project envisages the upgradation and rehabilitation of 1100 km road length during the next five years.

39. The work of 4-laning of the three National Highways: Chandigarh – Kiratpur, Jalandhar – Pathankot and Jalandhar-Amritsar has been sanctioned but the progress of work is very slow. NHAI needs to expedite the completion of 4-laning of these roads. There are some projects which need to be included by MORTH in NHAI programme -

- 70 km Ludhiana – Chandigarh road, 6 laning of which was announced by Hon’ble Prime Minister in Ludhiana on 23<sup>rd</sup> September 2005;
- 83 km Ludhiana – Moga - Talwandi Bhai road, 4 laning of which was announced by Hon’ble Prime Minister in Amritsar on 20<sup>th</sup> December 2004; and
- 4 laning of 209 kms of Chandigarh – Patiala – Bhatinda National Highway under BOT.

40. The other issue is in regard to Domoria Bridge, Jalandhar, the foundation stone of which was laid by the then Prime Minister, Sh. Inder Kumar Gujral. It was announced that the Government of India would bear the entire cost of construction. The Punjab Government has nearly completed the construction of the bridge, the estimated cost of which is Rs. 26.11 crore. MORTH was to contribute Rs. 20.78 crore and Railways Rs. 5.33 crore. They must honour the commitment made by the then Prime Minister and immediately release Rs.20.78 crore so that the Punjab Government could reimburse the loan amount to PIDB.

## **CIVIL AVIATION**

41. The construction of an International Airport at Halwara was approved in principle by Government of India but the requisite approval of Union Cabinet is not forthcoming in view of objection from the Ministry of Defence. Government of India has been requested to expedite

its approval. The State Government is also keen to develop Sahnewal Air strip near Ludhiana into a domestic airport. The Government is willing to make adequate land available for this airport. The AAI is requested to finalize its study and take steps for construction of this domestic airport.

### **Amritsar and Chandigarh Airport**

42. The Amritsar International Airport needs to be expanded and up-graded to handle the increased air traffic. The state government has already conveyed its decision to provide 45 acres of land free of cost to the Airports Authority of India. The expansion of Airport needs to be expedited at the earliest. Similarly, the Chandigarh Airport, which caters to the 3 northern states of Haryana, Punjab, Himachal Pradesh and Union Territory of Chandigarh, needs to be upgraded to an International Airport. The Airports Authority of India has asked the Punjab Government to provide 300 acres of land free of cost for this purpose. The Airport caters to 3 states and UT of Chandigarh and, therefore, the cost of land acquisition amounting to Rs. 300 crore or so should be borne by the beneficiary States/ UT.

### **New Flying Clubs**

43. The state government has planned establishment of 3 new flying training centres at Amritsar, Ludhiana and Bathinda in collaboration with the private sector in the state. Besides, Flying Club at Patiala is being upgraded and training in night landing would be provided to the students. The state government is committed to providing better pilot training facilities in the state.

## **RURAL WATER SUPPLY**

44. An agreement was signed by the State Government with World Bank for Rs. 1280 crore for Punjab Rural Water Supply and Sanitation Project for five years in February, 2007. The project aims at covering 2124 Not Covered villages and 920 Partially Covered villages, improvement of existing water supply schemes in 1600 villages, providing small bore sewer in 100 villages & renovation of ponds in 1000 villages. The State Government proposes to cover all remaining 2991 PC and 3575 NC villages during the 11<sup>th</sup> Plan period either under the World Bank or NABARD Aided Project and Accelerated Rural Water Supply Programmes.

## **URBAN RENEWAL**

45. City Development Plans for Amritsar to the extent of Rs. 3150 crore and for Ludhiana to the tune of Rs. 2054 crore have been approved by MoUD, GoI under JNNURM. Detailed Project Report (DPR) for some components of Amritsar Project have been prepared and funds have been received from Government of India. DPRs for Ludhiana are under preparation. Similarly DPRs for other component of the JNNURM i.e. Urban Infrastructure scheme for Small and Medium Towns and Integrated Housing and Slum Development Programme are also being prepared for 36 towns.

46. The state government launched a Municipal Development Fund to finance complete water cycle management in all 126 Towns in the State at an estimated cost of Rs. 1498 crore. It is proposed to provide water supply, sewerage net work and completion of STPs. Municipal

Development Fund has been endowed with an independent Corpus, outside the State Budget, and if need be, can access capital markets. The unique feature of the projects under MDF is that the Municipal Committees are required to contribute 10-20% towards the cost of the project and for remaining 80-90 % contribution is made by the PIDB and the state government. The Planning Commission is urged to adequately fund and incentivize this important initiative of the state government.

## **EDUCATION**

47. The literacy rate of Punjab at 69.95% (as per 2001 census) is marginally higher than national average of 65.38%. The state has not succeeded in universalizing primary education. The enrolment in schools is about 80% and the drop out rate at primary level is 25% and at secondary level is 70%. The drop out rate of SCs and other weaker sections is even higher.

48. The target of 94.62% literacy rate for the state at the end of the 11<sup>th</sup> Plan appears to be over-ambitious and the state is expected to achieve a target of 81.20 %. For males, it is expected to be 85% against the target of 95% and for females it is expected to be 76.31% against the target of 94.31%. The drop out rate in Elementary Education in the State has declined from 35.19% in 2003-04 to 32.35% in 2005-2006. The drop out rate is expected to decline from 30.04% in 2006-07 to 6.79% by 2011-12. The 6.70% target fixed by the Commission for the State for the 11<sup>th</sup> Plan is, therefore, achievable.

49. The state government has taken appropriate measures for increasing the enrolment and checking the drop out rates. 5752 schools

in rural areas and 252 schools in urban areas have been transferred to Zila Parishads and Urban Local Bodies. About 13,000 teachers have been recruited by the Zila Parishads and Local Bodies. The tuition fee for girls from Class I to XII stands abolished. The government spends Rs. 85 crore every year for supply of free text books to SC students, attendance and other pre and post matric scholarships for SC/OBC students.

50. The state is successfully implementing the Mid-day Meal scheme in 15943 Primary and Elementary (Primary Section) schools covering about 14.65 lac students. The Sarv Siksha Abhyian has proved very successful in upgrading the infrastructure in Primary and Elementary Schools. The government feels that this programme needs to be strengthened and extended to secondary schools. The funding pattern which was 75:25 till 2006-07, has now been reduced to 50:50 in the 11<sup>th</sup> Five Year Plan. The State Government urges the Planning Commission to restore the funding pattern to 75:25. There is an urgent need to strengthen the teaching in science and mathematics at secondary level by providing qualified faculty and fully-equipped laboratories.

### **Computer Education**

51. The state government has introduced computer education in 5272 Upper Primary Schools under the Information & Communication Technology project benefitting 13.50 lac students. So far a sum of Rs. 86 crore has been spent on this project. The annual liability on account of pay of teachers and maintenance of computer systems is about Rs. 62 crore. The Planning Commission is requested to grant incentives to the state Government for launching this project and finance 50% of the annual recurring liability. EDUSAT Programme covering 300 Senior

Secondary Schools and other institutes of Higher Education at a cost of Rs. 12 crore is likely to be commissioned by the end of this year.

### **Adarsh Schools**

52. The state government intends to construct high quality Adarsh Schools in each of the 144 blocks in the State. These will be located in an area of 10-12 acres at a capital cost of Rs. 5-6 crore. Private players will be roped in for schools. Yet the state government would be required to spend about Rs. 400 crore or so for establishing these schools. Admissions to these schools equipped with all modern facilities would be restricted to poor and meritorious children. Planning Commission is requested to help the state government by financing at least 50% of the cost for providing these facilities.

### **Knowledge City**

53. The state government is grateful to the Government of India for sanctioning three important National Level Institutes of higher knowledge. These institutes - Indian Institute of Science Education and Research (IISER), National Agro Food Bio-Technology Institute & National Institute of Nano-Technology are being located in the Knowledge City in SAS Nagar (Mohali) where land measuring 390 acres has been acquired at a cost of Rs. 272 crore by the State Government.

### **New Schemes**

54. The state government has launched two new schemes. Under Financial assistance to SC youth for flying training of Commercial

Pilot Licence (CPL) SC students enrolled in Pilot training would be given fee concession to the extent of Rs. 5.00 lac (50% cost of training) per beneficiary. Under Encouragement Awards to SC girls students pursuing 10+2 education, an annual lump sum of Rs. 3,000 and bicycle per SC girl student would be given.

## **HEALTH**

55. The targets fixed for the State for the 11<sup>th</sup> Plan for various parameters are achievable. The infant mortality rate (IMR) will decline to 22 (at present 44). Similarly the target of MMR of 59 (178 at present) and total fertility rate of 2.1 (2.3 at present) will also be achieved.

56. The state proposes to upgrade the hospitals in Municipal Corporation Towns in the current year at an estimated cost of Rs. 12 crore. It is also proposed to establish drug de-addiction centres in the existing hospitals and State Drug Dependence Treatment Centre. The facilities at Baba Farid University of Health Sciences and in the 5 Government Medical Dental Institutions are proposed to be upgraded at an estimated cost of Rs. 33 crore.

## **PIMS Jalandhar**

57. My government started the work of construction of Punjab Institute of Medical Sciences at Jalandhar over an area of 56 acre in 1998. The work of this institute has nearly been completed at an estimated cost of Rs. 240 crore. The state government is finding it difficult to run the institute from its own resources. The state has requested the GOI that PIMS be converted into an AIIMS-like institute and run by the Central

Government. PGI Chandigarh constructed by Punjab was given to Government of India after re-organisation of the state in 1966 and, therefore, Government of India should provide one AIIMS like institute in the state.

### **Medical Insurance**

58. Department of Information Technology, GoI has recently sanctioned a sum of Rs. 4 crore for Tele-Medicine Project under which all the districts hospitals and the 2 Medical Colleges are to be linked with PGI at Chandigarh and other National Level Institutions. The state government would extend Bhai Kanhiya Medical Insurance Scheme for the members of cooperative societies in the state. The members would be entitled to medical treatment upto Rs. 2 lakh against a premium of Rs. 300 in a year. The Government plans to introduce a similar scheme for the BPL families numbering about 4.45 lakh.

### **Sex Ratio**

59. The state will have no difficulty in achieving the target of child sex ratio 805 by the end of 11<sup>th</sup> Five Year Plan. In fact, the survey of 3000 villages conducted in 2005 has revealed that the sex ratio in the age group of 0-6 has already gone up to 817. The State would consolidate these gains and would endeavor to achieve the child sex ratio of 850 by 2011-12.

60. Several measures to reverse the adverse sex ratio have been taken. Under the Balri Rakshak Yojana of the state government, an incentive of Rs. 500 and 700 per month 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. An award of Rs. 5,000 is given to informers and decoys for cases of violation of PNDDT Act and female foeticide.

61. The state government has formulated a new scheme “Assistance to NGOs/District Administration for enforcement of PNDDT Act, monitoring of pregnancies, helpline, etc.” and annual allocation of Rs. 1 crore has been proposed. This money would be utilized for enforcement of PNDDT Act and monitoring of the programme. Good work was done in the district of Nawanshehar in this regard and this needs to be replicated in other districts also.

## **SOCIAL SECURITY**

62. The state government is conscious of its responsibility towards the weaker and disadvantaged groups of the society. A dedicated Social Security Fund funded by 5% cess on Electricity Duty and 3% additional Stamp Duty on urban land transactions has been created to meet the state’s commitment in regard to old age and other pensions, various scholarships to SC girls and boys and other beneficiary schemes for the disadvantaged groups. The total annual expenditure for the pensions for 14.50 lakh persons is about Rs. 427 crore and Rs. 85 crore

for scholarships. Under ICDS 17421 Anganwadi Centres are being run for the benefit of 11.19 lakh children and pregnant mothers. The annual expenditure is Rs. 55 crore.

## **WELFARE OF SCHEDULED CASTES / BACKWARD CLASSES**

63. All SC and BPL families get free electricity up to 200 units per month. The State Electricity Board is fully reimbursed the cost of free power by the state government. Under the Aashirwad scheme, a grant of Rs. 15,000 is given to SC/ Christian/ Muslim family at the time of marriage of the girls with an annual outlay of Rs. 40 crore. The government spends about Rs. 85 crore every year for supply of text books to SC students studying in 1-10<sup>th</sup> class and SC girls students studying in 10+1 and 10+2 classes, for attendance scholarship to SC primary girl students, scholarships for Pre-matric and Post-matric SC/OBC students. About 9.92 lakh students are being benefitted. There is a proposal to grant OTS in respect of loans advanced by Punjab State Scheduled Castes Corporation and BACKFINCO. The total amount involved is Rs. 13 crore.

### **SCSP Component**

64. As per Planning Commission guidelines, the SCSP component has been depicted separately for individual schemes. For some of the schemes, the allocation is notional where as in other schemes benefits would directly flow to the SC beneficiaries. The size of the Annual Plan 2007-08 is Rs. 4800 crore and a sum of Rs. 1228 crore has been earmarked for SCSP component which works out to 26%.

65. The SC population in the state constitutes 28.85% of the total population which is highest in the country. No weightage is given by the Planning Commission in the allocation of funds through various windows to the SC population in the state. It is, therefore, suggested that percentage of SC population may be included as one of the factors in the criteria governing transfer of funds from the centre to the states.

## **FOOD & CIVIL SUPPLIES**

66. The Public Distribution System is being successfully implemented for the benefit of 4.68 lac poor families comprising of 1.79 lac AAY and 2.89 lac for BPL (Non AAY) families. The scope and coverage of the existing PDS is limited. The state government has decided to implement Atta Dal scheme under which poor families would be provided 35 kg of wheat and 4 kg of Dal per month at the subsidized rate of Rs. 4 per kg and 20 per kg respectively. The survey for identifying families having an annual income of Rs. 30,000 or less is under way and would be finalized by 15/6/2007. The subsidy per month per 1 lac family is Rs. 3.43 crore. It is expected that 15 lac families would be covered and the subsidy for the current year would work out to about Rs. 385 crore. We seek the support of Government of India for addressing the basic needs of the poor people.

## **SCIENCE, TECHNOLOGY AND ENVIRONMENT**

67. The state government plans to complete the 2<sup>nd</sup> phase of Pushpa Gujral Science City at Jalandhar at an estimated cost of Rs. 15 crore in the current year. 41 sites have been allotted for construction of the Mini Hydel Plants on various canals in the state with an installed

capacity of 27 MW. The state government is posing two important works for generation of power from Agro-waste and Mini-Hydel Plants with a total installed capacity of 177 MW to JBIC in the 11<sup>th</sup> Plan.

68. The state government has launched a major programme for cleaning up Holy Bein (a sacred but polluted rivulet) which empties into river Beas and Budha Nallah which carries the waste of Ludhiana city and empties into the Sutlej river. There are 3 STPs at Ludhiana, one of which has already been commissioned and the remaining 2 would be commissioned by December, 2007.

## **SPORTS & YOUTH SERVICES**

69. The infrastructure in the State-Level Hockey Academy at Sansarpur (Jalandhar) is being upgraded at an estimated cost of Rs. 2 crore.

70. The state government has established 8 Centres for Training and Employment to Punjab Youth (CPYTE) with a view to increasing the employability of the youth for Para-Military and Armed Forces in the state. The government proposes to cover all the districts under this scheme in the current year itself by establishing 12 more centres.

## **TOURISM**

71. The importance of tourism sector in generating employment opportunities is well recognized. The state government will be spending about Rs. 35 crore during the next two years for developing Amritsar, Wagha and Patiala as Tourist Destinations and on development of

religious pilgrim circuits and freedom struggle circuits. The existing religious monuments, homes of freedom fighters and other monuments would be renovated. Another important initiative planned by the Ministry of Tourism, GoI, state government and the Indian Railways is the 'Incredible India – Punjab Luxury Train' costing about Rs. 30 crore. It would cover important tourist destinations in the state as well as cities of New Delhi, Jaipur and Agra.

72. The historic Fort in Gobindgarh at Amritsar, built by Maharaja Ranjit Singh and under the control of Army, has been handed over to the state government with the kind intervention of the Hon'ble Prime Minister. This fort has been now transferred to the Tourism Department and its renovation at an estimated cost of Rs. 50 crore is planned for which assistance from the Planning Commission is sought. The other projects planned for promotion of tourism in the State are upgradation of facilities in tourism complex Neem Chameli at Wagha Border and construction of Convention Centres in Amritsar and Mohali.

## **EMPLOYMENT GENERATION**

73. 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 and there is urgent need to enhance the employability of the youth in the State. It is in this context that the state government has recently created a separate Department of Employment Generation.

74. Construction, retail and realty and services sector 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 Malaysia. 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 widow approval by the Empowered Committee headed by the Chief Minister to facilitate investment and promote employment generation.

75. A sum of Rs. 12 crore has been earmarked for this Department in the current year with a view to exploring avenues for employment for Punjab youth in various places. We welcome the recent Rs. 550 crore GoI scheme for skills development initiative (SDI) aimed at improving the employment potential of an estimated one million school dropouts and workers during the next five years.

### **BRGF & NREGA**

76. The Backward Region Grant Fund is being implemented in Hoshiarpur district in the State. Besides National Rural Employment Guarantee (NREGA) Scheme, which was being implemented in Hoshiarpur district, has now been extended to three more districts, viz. Amritsar, Jalandhar and Nawanshehar in the year 2007-08. We have already requested MoRD to extend these schemes in the current year to 5 other districts with high BPL and SC population.

### **BORDER AREA DEVELOPMENT**

77. Punjab has a 553 km long international border with Pakistan. The four districts of Gurdaspur, Amritsar, Tarn Taran and Ferozepur are not as developed as the other districts of the state. The state government

thanks the Hon'ble Prime Minister for announcing an ACA of Rs. 137 crore for improving health and educational facilities in the border belt. during his visit to Amritsar on 20<sup>th</sup> December 2006. The money has since been received and the work of construction of new schools, dispensaries, ITIs and rural toilets would be completed during the next two years.

### **Compensation to Farmers**

78. 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 annum for these lands during the year 1998-99 by the Planning Commission by way of Additional Central Assistance. There is an urgent need to restore payment of compensation to farmers on regular basis at the rate of Rs. 10,000 per acre per annum. The annual liability is hardly Rs. 18 crore.

### **Border Roads**

79. The rural 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 (BRO) has not been assigned any meaningful role in the border areas of the state. A meager sum of Rs. 11 crore is received annually by the state under the Border Area Development Programme. The state government has submitted a package for grant of Rs. 183 crore for upgrading the 753 km village link roads in the border areas. Ministry of Rural Development and Planning Commission are requested to sanction.

## **Concession to Border Districts**

80. There is no significant industrial investment in these border districts. The State Government feels that in order to attract industry to these areas, fiscal and other incentives granted to the new industries in the neighbouring states of Himachal Pradesh and Jammu & Kashmir must be extended to the four border districts of Punjab.

## **GENDER BUDGETING**

81. As per guidelines of Ministry of Social Justice and Empowerment, Government of India, an attempt has been made in the Annual Plan 2007-08 to introduce gender specific programmes for women. Though majority of programmes included in the Plan are gender neutral, an allocation of Rs. 370 crore has been provided for special programmes exclusively for the welfare and development of women.

## **CONCLUSION**

82. The state's economy is thus at crossroads. The Eleventh Plan bears great importance for the future growth and development of the state. The state would be required to take special steps in the critical areas in order to arrest the economic downslide as well as to achieve marked improved performance on social indicators, especially in human resource development. The state also has to revive its manufacturing sector.

83. Last, but not the least, 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.

84. While concluding, I would like to thank you for affording me this opportunity to meet you all and discuss the Annual Plan 2007-08 and the 11<sup>th</sup> Plan.

**JAI HIND**