

No. M-13048/21/Pb/07-SP (N)  
Planning Commission  
(State Plans Division)

Yojana Bhavan,  
Sansad Marg, New Delhi.  
Dated 4<sup>th</sup> March, 2008.

**Subject: Meeting between Deputy Chairman, Planning Commission and the Chief Minister, Punjab to determine the outlay for Annual Plan 2008-09 of the state.**

The meeting on the above mentioned subject was held in Yojana Bhavan on 19.02.2008.

Summary record of the discussions held in the meeting is enclosed.

Sd/-  
(Bal Ram)  
Deputy Adviser (SP-N)

Encl. As above

**Planning Commission**  
Principal Advisers /  
Sr Advisers / Advisers /  
JS(SP)

**PMO**  
Director (Punjab)

**Ministry of Finance**  
Joint Secretary (PF-I) (Sh. V.S.Senthil)

**Copy to Private Secretary to:**

Deputy Chairman / Minister of State / Members / Secretary

**Copy also to:**

Director (SP-Coordination) / Director (PC Division) / Information Officer.

**Govt. of Punjab**

Secretary to Chief Minister  
Chief Secretary  
Pr. Secretary (Finance)  
Secretary (Planning)  
Spl. Secretary (Planning)

Planning Commission  
(State Plans Division)

**Summary record of discussions of the Meeting between the Deputy Chairman, Planning Commission and the Chief Minister, Punjab held on 19<sup>th</sup> February, 2008 for finalization of Annual Plan 2008-09 of the State.**

The above mentioned meeting was held under the Chairmanship of Deputy Chairman, Planning Commission in Yojana Bhavan, New Delhi on 19<sup>th</sup> February, 2008. The list of participants in the meeting is annexed as Annexure-I.

2. The Deputy Chairman welcomed the Chief Minister, Punjab, Minister for Local Govt., Minister for Finance and Planning and other senior officers participating in the meeting and invited the Chief Minister to deliver his address on the State related issues.

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

- i) Growth in the State during the Tenth Plan had been sluggish, mainly due to the reasons beyond the State's control, like militancy, locational disadvantage (being border State), etc.
- ii) Annual Plan 2008-09 of the State seeks to impart a special thrust to the development of infrastructure, improvement in power generation, regeneration of irrigation network, high priority on education and skill development, popularizing science education among rural children, etc.
- iii) Productivity and profitability of agricultural operations need to be addressed upfront to correct stagnation in the sector. Re examination of existing methodology of fixation of MSP and creation of Agriculture Development Fund, which might be financed through payment of additional Rs.100 per quintal of Paddy and wheat procurement in the State were suggested as appropriate steps in this direction.
- iv) The canal irrigation network in the State is amongst the oldest in the country, has outlived its life and has sub optimum carrying capacity. The State needs support for the ambitious programme prepared for its rejuvenation.
- v) RKVY is a welcome initiative. It is, however, requested that while allocating grants to the States, half the weightage may be given to

maintenance and upgradation of existing irrigation infrastructure and remaining half to the un irrigated area against the existing norms of giving full weightage to un-irrigated area.

- vi) There is need to enhance the number of projects from three to six to be simultaneously taken up under AIBP.
- vii) Punjab should be taken on board in the consultations for the Centre's proposal for Ravi – Beas link.
- viii) Excessive seepage of water from Rajasthan Feeder and Sirhind Feeder has caused water logging in Muktsar and parts of Firozpur district. The projects for lining of these canals, prepared and sent to Ministry of Water Resources, are requested to be approved by way of special funding.
- ix) Allocation of power from unallocated power of Central Sector Plants in the Northern Region and equity participation in 1400 MW Rajasthan Atomic Power Project to bridge the peak demand shortfall in the State be allowed.
- x) State is making vigorous efforts to ensure that after April, 2008 no rural school is without a teacher. Also rural schools are being upgraded by introducing science education in a big way. It is, however, requested that the funding pattern of SSA may be kept unchanged.
- xi) The request for setting up of an Indian Institute of Technology and Indian Institute of Management in the State may be acceded.
- xii) National Urban Health Mission may be launched early and the State's proposal for Urban Health Care in Bhatinda may be cleared.
- xiii) Mumbai – Delhi – Ludhiana dedicated freight corridor be extended up to Amritsar.
- xiv) Domoria Bridge, Jalandhar, announced by the former Prime Minister (Sh. I.K. Gujral) be funded as Centre's commitment.
- xv) Chandigarh International Airport be named after Shaheed Bhagat Singh and Civil Airports may be considered at Bhatinda and Sahnewal.
- xvi) Fresh Survey for identification of BPL families in the State be conducted.
- xvii) Amount of grant for constructing a house under IAY be enhanced to at least Rs.50, 000.
- xviii) Compensation to farmers, whose land is situated across the international border fence, be allowed.

4. The Deputy Chairman assured appropriate consideration and follow up action on the issues raised in the Chief Minister's address. While expressing his concern over persisting low growth rate in the State, Deputy Chairman observed that in case Punjab was able to maintain the growth rate which had improved over the last-few years, there appeared great chances of improving it further. He also expressed his deep concern over the power policy of the

State and felt that free power to agriculture sector was not a viable option as it resulted not only in huge recurring cost of more than Rs.3,000 crore per annum to the public exchequer but also resulted in over exploitation of ground water. According to him, earliest possible corrective measures were desirable to get out of the present scenario. He also flagged the issue of diversification to be pursued by the State in a big way. In his opinion lapsing of APMC Act in the State was unfortunate and the State Government should take appropriate steps to correct the situation. As regards the rejuvenation of ITIs in the State, Deputy Chairman suggested the Punjab Govt. to set a timeline for bringing in PPP in the activity, so as to avail the financial grants under the Centre's existing scheme for upgradation of ITIs. He appreciated the idea of opening an Adarsh School in each block by the State and expressed willingness to help Punjab in making the scheme eligible for funding under the new Central initiative of one such school per block, in case the State was ready to identify and upgrade more than 50% of such schools in PPP mode.

5. There after the Deputy Chairman invited the Members, Planning Commission to comment on the Plan Performance of the State.

6. Member (VLC) expressed his full faith in Punjab's entrepreneurship and appreciated the rightly identified areas of priority in its State Plan. Dwelling upon the issue of improving productivity of three major food crops of the State, viz., wheat, rice and cotton, the Member expressed his concern over the fact that Punjab's contribution in developing improved varieties of rice and cotton was not significant. He suggested energizing the system to see it happen. He also expressed his concern over unbalanced fertilization as a result of faulty supply chain and inadequate soil testing facilities and urged the State Government for appropriate corrective steps. The Member suggested that Agricultural University, Stake holders and line departments in the State be charged to develop different Resource Technologies/ strategies for three different regions of the State. Use of the expertise of other relevant institutions was also suggested. The Member believed the existence of large scope for harnessing culture fisheries, the yield of which was highest in Punjab and which could provide large cost advantage to farmers. He also desired the State to create livelihood opportunities. Serious problem of environmental degradation in the State also needed to be addressed. The Member a lot of scope for development of social forestry in the State.

7. Member (BCM) appreciated the State Govt.'s efforts towards recruitment of school Teachers. He, however, expressed his deep concern over high Teacher-Student ratio in the State and expected immediate attention to the problem. He also drew State Govt.'s attention towards the problems of 'Out of School Children' and 'gender disparities in literacy' and urged for appropriate interventions. Concern over non existence of pucca kitchen sheds in schools for preparing Mid Day Meals and existence of inter-district variations in utilization of food grains and cooking costs under MDM

scheme was also expressed. While sharing the feed back that the allocations for SCSP were not fully spent for the purpose, the Member urged the State Govt. to ensure complete utilization of SCSP allocations.

8. Member (KP) felt concerned about over exploitation of ground water for which free power to agriculture sector was responsible. He felt that rather than giving free power to farmers, the State should consider giving subsidy in the form of fixed amount per unit of land per annum to ensure optimum use of power and ground water. Promotion of water use cooperatives was also suggested. As regards the problem of water logging due to leakage in canals, the Member suggested deepening of drains as the immediate remedy.

9. While flagging the big issue of diversification in the State, Member (AS) observed that after a gap of several years, agriculture in the State had started looking up during the last two years and diversification from wheat / rice to less water intensive crops was also picking up. Increased MSP for wheat and rice, however, made these crops more profitable, thus adversely affecting the process of diversification. He felt that the State Govt.'s goal should again be on diversification so as to improve agricultural growth.

10. Member (SH) was concerned about the adverse sex ratio / child sex ratio and declining health indicators in the State and advised them to take suitable corrective steps. She also expressed her concern about token allocations made in Annual Plan 2008-09 for the schemes aimed at empowerment of women and suggested appropriate formulation and effective enforcement of such schemes to ensure genuine empowerment of women.

11. Member (AH) felt that the appropriate route for improving growth rate in Punjab would be through growth of industry and services. According to him, the adverse effects, if any, of the package allowed to adjoining States, on Punjab's industry could be overcome by improving infrastructure in the State. According to him good response on BoT roads and bridges and SEZs, greater emphasis on skill development initiatives and extension of freight corridor to the State would enable Punjab to overcome its locational disadvantage. The Member felt concerned about slow progress of JNNURM in the State and desired it to submit as many projects as possible for approval.

12. Principal Adviser (Power & Energy), Planning Commission expressed his deep concern about the grim power sector scenario in the State as a result of free power to farm sector. He mentioned that as indicated in the draft Annual Plan 2008-09 of Punjab, the sector would need a subsidy of about Rs.2500 crore during the year and would still have negative resources. According to him, upward tariff revision of about 33% would be needed to recover the subsidy and about 50% to recover the subsidy plus negative

resources, which are tall orders and unheard of in the history of any State. Further, about 40% of the power requirement in the State is being met through market purchase, at an average price of more than 80 paise higher than the average tariff. Thus, more the purchase of power, more financial burden on the sector. Also free power doesn't distribute subsidy evenly among the farmers as the large farmers corner most of it. Free power also results in over exploitation of ground water.

13. In the above backdrop, the Principal Adviser felt that the subsidy in the form of free power should be withdrawn. However, in case the State Govt. still needed to continue with the farm sector subsidy, it may be given in the form of fixed amount per unit of land per annum as already suggested by Member (KP). To reduce the losses, levy of surcharge on the electricity supplied for commercial uses during peak hours was suggested. The State was also advised to quickly unbundle PSEB to meet the requirements of the Electricity Act, 2003.

14. Secretary, Planning Commission suggested that while unbundling PSEB, the State may quickly study the models adopted by various State Govts., including Orissa and learn from their experience. He also suggested close monitoring of resources so as ensure their optimum utilisation. While reiterating the need for diversification in agriculture and optimum use of water resources, he also stressed upon the need of promoting logistics, like cold chain, processing and marketing facilities for agricultural produce, etc., and assured all possible help to the State in this regard. The Secretary further stressed on energizing State's administration so as to leverage more resources from Central schemes by ensuring timely formulation and submission of proposals, utilization certificates, etc. He mentioned the willingness of Planning Commission in taking up with the concerned Ministry, the flexibility related needs, if any, of the Punjab Govt.

15. While summing up the discussions, Secretary, Planning Commission mentioned that the size of Annual Plan 2008-09 of Punjab was agreed at Rs.6210 crore. Detailed scheme of financing the Annual Plan is at Annexure II.

\*\*\*\*\*

## ANNEXURE-I

### LIST OF PARTICIPANTS IN THE MEETING BETWEEN DEPUTY CHAIRMAN PLANNING COMMISSION AND CHIEF MINISTER OF PUNJAB HELD ON 19.02.2008 FOR FINALISATION OF ANNUAL PLAN 2008-09 OF THE STATE

#### Planning Commission

1. Sh. Montek Singh Ahluwalia	Deputy Chairman
2. Dr. V.L. Chopra	Member
3. Dr. Kirit Parikh	-do-
4. Dr. (Ms) Syeda Hameed	-do-
5. Prof. Abhijit Sen	-do-
6. Dr. Bhalchandra L. Mungekar	-do-
7. Sh. Anwarul Hoda	-do-
8. Dr. Subas Pani	Secretary
9. Sh. S.P. Sethi	Pr. Adviser
10. Ms. Manjulika Gautam	Sr. Adviser
11. Sh. R. Sridharan	Adviser
12. Sh. Rajat Sachar	Director
13. Sh. R.K. Kaul	Jt. Adviser
14. Sh. Bal Ram	Deputy Adviser
15. Sh. Arun Kumar	Deputy Adviser
15. Sh. Anand Prakash	Research Officer

#### Ministry of Finance

1. Ms. Babni Lal	Director
------------------	----------

#### State Government of Punjab

1. Sardar Parkash Singh Badal	Chief Minister
2. Shri Manoranjan Kalia	Minister, Local Government
3. Shri Manpreet Singh Badal	Finance & Planning Minister
4. Prof. J.S. Bajaj	Vice Chairman, PSPB
5. Shri R.K. Khurana	Chief Parliamentary Secretary (Fin)
6. Shri Ramesh Inder Singh	Chief Secretary
7. Shri D.S. Kalha	Pr. Secretary, Finance
8. Shri D.S. Guru	Pr. Secretary to CM
9. Shri K.J.S. Cheema	Spl. Secretary to CM
10. Shri R.S. Sandhu	Financial Commissioner
11. Shri Suresh Kumar	Secretary, Irrigation & Power
12. Shri Satish Chandra	Secretary, Planning
13. Shri Narinderjeet Singh	Secretary, Welfare of SCs & BCs
14. Shri Tejveer Singh	Spl. Secretary, Planning

				<b>Annex-II A</b>
<b>Scheme of Financing of Annual Plan 2008-09-Punjab</b>				
				<b>(Rs. Crore)</b>
				<b>2008-09 AP</b>
			<b>Items</b>	<b>Approved</b>
			<b>1</b>	<b>2</b>
<b>A State Government</b>				
	<b>1</b>	<b>State's Own Resources (Non-Loan Portion)</b>		<b>-557.36</b>
		a	BCR	-2863.26
		b	MCR (excluding deductions for repayment of loans)	-121.00
		c	Plan grants from GOI (TFC)	26.90
		d	ARM	2400.00
		e	Adjustment of Opening Balance	0.00
	<b>2</b>	<b>State's Borrowings (i-ii)</b>		<b>4207.40</b>
		<b>(i)</b>	<b>Gross Borrowings (a to f)</b>	<b>5634.40</b>
		a	Net State Provident Fund	700.00
		b	Small Savings (Gross)	1000.00
		c	Net Market Borrowings	3140.42
		d	Negotiated Loans (Gross)	450.00
		e	Bonds/Debentures	0.00
		f	Loans portion of Central Assistance (f1 to f4)	343.98
		f1	Normal Central Assistance	0.00
		f2	ACA for EAPs	23.80
		f3	EAPs (back to back)	320.18
		f4	Others	0.00
		<b>(ii)</b>	<b>Repayments</b>	<b>1427.00</b>
	<b>3</b>	<b>State's Own resources (1+2)</b>		<b>3650.04</b>
	<b>4</b>	<b>CENTRAL ASSISTANCE- Grants Portion (a+b+c)</b>		<b>893.04</b>
		a	Normal Central Assistance	151.89
		b	ACA for EAPs	10.20
		c	Others (Details as per attached Annexe- II-B)	730.95
		<b>Total A: State Government Resources (1+2+4)</b>		<b>4543.08</b>
<b>B Public Sector Enterprises (PSEs)</b>				
		1	Internal resources	-533.08
		2	Extra Budgetary Resources	2200.00
		3	Budgetary Support	
		<b>Total B: PSEs(1+2+3)</b>		<b>1666.92</b>
<b>C Local Bodies</b>				
		<b>i. Urban Local Bodies</b>		
		a	Internal resources	
		b	Extra Budgetary Resources	
		c	Budgetary support	
		Total (a+b+c)		
		<b>ii. Rural Local Bodies</b>		
		a	Internal resources	
		b	Extra Budgetary Resources	
		c	Budgetary support	
		Total (a+b+c)		
		Total C: local bodies (i+ii)		0.00
	<b>D AGGREGATE PLAN RESOURCES (A+B+C)</b>			<b>6210.00</b>
<b>E STATE PLAN OUTLAY</b>				

Components of Others of Central Assisatnace 2007-08 Punjab							Annex-II-B
							(Rs. Crore)
S.No.	Components of Others						2008-09 AP
							Grant
1	AIBP						100.00
2	JNNURM						275.00
3	CRF						62.90
4	NSAP						17.62
5	NPAG						1.51
6	RSVY/ BRGF						16.62
7	APDRP						65.59
8	BADP						18.70
9	NE-GAP						13.01
10	New ACA Scheme for Agriculture (RKVY)						100.00
11	One Time ACA for projects of Special importance to the State.						60.00
	<b>Total</b>						<b>730.95</b>
Details of the projects of sepcial importane to the State will be submitted to the Planning							
Commission by the State Govt. for approval of Planning Commission.							