

Talking Points – NDC Meeting 24.7.2010

Respected Prime Minister, Dr. Manmohan Singh Ji, Hon'ble Union Ministers, Hon'ble Deputy Chairman, Planning Commission of India, Esteemed Members of National Development Council, Ladies and Gentlemen.

- **INTRODUCTION**

I thank Hon'ble Prime Minister of India, Dr. Manmohan Singh Ji and the Deputy Chairman Dr. Montek Singh Ahluwalia for calling the meeting of National Developmental Council in order to discuss Mid Term Appraisal of the 11th Five Year Plan and other high focus issues. All these important issues cannot be discussed in detail due to the paucity of time but I will give my views very briefly.

- **MID TERM APPRAISAL OF 11TH PLAN**

- As regards the economic growth, the Planning Commission had fixed target for Punjab at 5.90% during the 11th Plan.
- Against this target, the Economic growth during this period has been 6.88%, 6.40% and 6.69%.
- The average Plan performance for the first 3 years is 85%.
- Expenditure in respect of 16 flagship schemes has gone up from 70% to 84% in 2009-10.

- **FINANCES**

- As regards finances, Punjab is passing through acute financial crisis due to huge debt and the effect of Pay Commission recommendations.
- *Total accumulated debt is of Rupees Sixty four thousand crores (Rs.64924 Cr.). This is mainly due to decade long militancy.*
- *Net Borrowings of the State would be Rupees Sixty five hundred crores (Rs.6586 Cr) in this year.*

- *Debt servicing is to the extent of Rupees Fifty Seven hundred crores (Rs.5700 Cr) every year. The State is in a debt trap.*
- It is very disappointing that under 13th Finance Commission share of State has been increased from 1.299% to 1.389% only.

MEASURES TAKEN BY THE STATE GOVERNMENT

- **Additional Resource Mobilization** – The State is making maximum efforts to raise additional resources. This year the government would be raising Rs.1200 Cr through:
 - surcharge on VAT,
 - increasing VAT rate,
 - Tariff on agriculture Power and
 - Irrigation cess.
- The tax revenue would increase by Rs.3000 Cr in the current year.
- In spite of these measures, Punjab is till under severe financially crisis.
- **It is requested that one-time complete debt waiver OR at least debt re-scheduling for another 30 years be done.**

NAXALISM

- Hon'ble Prime Minister, S. Manmohan Singh has repeatedly stated Naxalism as the biggest internal security threat to India.
- First of all, we should be clear in mind as to why we have reached this situation.
- In my opinion, extreme poverty, unemployment, widening gap between the rich and the poor and feeling of political, economic and social injustice are the breeding grounds of Naxalism. These conditions prevail through out the country.

- It is shocking that even 63 years after Independence over 40% Indians live on less than Rs. 60 per day.
- People do not have access to basic necessities of life like housing ,clean drinking water, basic health and education facilities.
- Therefore, it should be the first priority of the nation and the Governments to work unitedly towards the removal of these conditions, so that the Naxalism is controlled and does not spread to the other parts of the country.
- Of late, the approach of Government of India to deal with Naxalite affected states has been by way of integrated development and to strengthen the law enforcement agencies.
- The Central Government has already identified the states with acute Naxal activities (Group-A) and is providing special assistance to fight against these organizations.
- It is requested that it should also identify those states like Punjab, where Naxalism is emerging and designate them as Group-B states.
- After identifying such states, a suitable policy be evolved by the Government of India to provide adequate financial assistance for enhancing development activities and strengthening the law enforcement agencies.

AGRICULTURE

Punjab's role in National Food Security

- We all know the contribution made by Punjab in the National Food Security.

Support Prices

- Agriculture has now become extremely capital intensive. But the increase in the support price of the agricultural produce is not in accordance with the rise in the prices of agricultural inputs, making it a non profitable occupation.

- The prices should be fixed by providing a margin of 50% over the cost of production as suggested by National Commission on Farmers.

Debt

- The debt in rural areas of Punjab is estimated as Rs.35,000 crores. Most of the States did not benefit much from the debt waiver scheme offered by Govt. of India.
- We urge the Union Govt. to waive all agriculture loans as one time measure.

Credit

- Since agriculture is no more a remunerative activity, credit should be made available at 4% rate of interest.

Compensation for Crop damage

- Agriculture is heavily dependent upon nature. But the compensation provided to the farmers as per current norms is very meager. It is only Rs.1600 per Acre. It should be increased to Rs.10,000 per acre.

New Technology and Research

- There is a dire need for research to evolve new varieties and technologies where crops need less water, have high yields, are nutritious and resistant to insects, diseases and terminal heat. The research should be fully financed by Govt. of India.

Future Growth

- The productivity of major crops is almost stagnant. To achieve 4% growth rate, special efforts will have to be made to increase the production of fruits, vegetables and live stock i.e. Dairy and Fisheries.

POWER

- **Allocation of the Coal Block :-** There is a great shortage of power in Punjab. We have tapped all the hydro potential. Now the only alternative is thermal power. Punjab is in the process of establishing three thermal power plants. For assured coal supply it is very important that a coal

block of good quality be urgently allocated to the State.

- **Gas based Thermal Plant** - Due to shortage of coal Punjab is setting up a gas based power project at Ropar.
 - Land for 1000 MW project is available.
 - Gas transportation arrangement has been finalized with GAIL.
 - It is urged that Gas at Government administered price is given at the earliest.
- **Enhanced allocation of Power from unallocated central sector power quota during Paddy season:-** Punjab is the food bowl of the country. It is purchasing very costly power from open market to meet with the irrigation demand especially during Paddy season. Power from the unallocated central sector power (1400 MW) to Punjab should be enhanced to 30% (from 20% at present), the ratio in which it contributes rice to the central pool.
- **4000 MW Ultra Mega Power project by NTPC in the State :-** Punjab has no central sector power plant. Therefore a 4000 MW Ultra mega Power Project should be set by NTPC in the state with atleast 50% share of the State. Punjab would provide land and water linkage for the project.
- **Coal Linkage for 2640 MW Gidderbaha Power Project:-**
 - 2640 MW Gidderbaha thermal power project is held up for want of the coal linkage.
 - Land is available, water linkage obtained, Environmental studies completed.
 - Central Electricity Authority (CEA) has already recommended Coal linkage.
 - It is requested that coal linkage be immediately provided for expeditious implementation of the project.

Water Resources

Special Category status under AIBP (Accelerated Irrigation Benefit Programme)

- Punjab being major contributor of food grains to central pool, needs to be included under 'special category' for funding under AIBP (Accelerated Irrigation Benefit Programme). Special category States are entitled to 90% grant against 25% for non special category

Special Grant for rehabilitation/rejuvenation of Century old Canal System

- The canal infrastructure is century old and its capacity has reduced by 20%. Therefore, one time grant needs to be given to state to rehabilitate and rejuvenate its canal system.

ERM Project costing Rs. 734.46 Cr.

- The project for ERM (Extension, Renovation & Modernization) of canals costing Rs. 734.46 Cr, which is pending with Government of India needs to be cleared for aid under AIBP without applying one-to one principle.

Relining of Rajasthan Feeder and Sirhind Feeder

- The interstate projects for relining of Rajasthan Feeder and Sirhind Feeder have been sanctioned. The funding pattern for share cost of Rajasthan and Punjab has to be same i.e. 90:10 (GOI:State).

Canalization of River Ghaggar

- River Ghaggar, which is responsible for floods leading to heavy losses in life, property and crops in Punjab and Haryana, needs to be canalized in order to save both states from devastation. This project needs to be declared as "**National Project**".

Riparian Principal

- Riparian Principle should be adopted for inter basin transfer of water by protecting existing usages and future needs of Riparian States.

Recharging Of Ground Water

- Government of India should provide grant for recharging of ground water in order to improve the ground water table.

CENTRAL STATE RELATIONS

- Though this issue is not part of the agenda but I want to bring in the notice of august house that the powers conferred upon the states by the Constitution of India are being usurped by the Central Government which is against the spirit of the Constitution.
- Instead of federal structure, the Central Government is going toward unitary form of the Government, which is not in the interest of country's overall development and prosperity.