

## **TALKING POINTS - ANNUAL PLAN 2012-13**

Respected Sardar Montek Singh Ahluwalia Ji, Deputy Chairman, Planning Commission, Sh. Ashwani Kumar Ji, State Minister, Planning, Science & Technology & Earth Science, Members of Planning Commission, Ladies and Gentlemen

Let me first of all thank you for the opportunity given to me to present the Plan Proposals for Punjab for the year 2012-2013 and vision for the 12<sup>th</sup> Five Year Plan.

### **PLAN PERFORMANCE**

- The Plan performance for the entire 11<sup>th</sup> Plan Period has been to the extent of 80%.

### **ECONOMIC GROWTH**

- As against the 11th Plan target of 5.90%, the state's economy grew at 6.74%

### **KEY ACHIEVEMENTS**

- Our performance in most of the sectors has been extremely good during the 11<sup>th</sup> Five Year Plan. I would like to focus on few key areas.

#### **Power**

- Punjab has 7035 MW of power against requirement of 10435.
- Major initiatives taken to address the 30% power shortage.
- Work was started on 3 new power plants of 3920 MW capacity.
- To be functional between May, 2013 and May, 2014 and thereafter the State to become power surplus.

#### **Education**

- 50395 teachers were recruited.
- During 11<sup>th</sup> Plan, expenditure incurred on infrastructure was Rs 2010 crore.

- The Educational Development Index of the state jumped from 14<sup>th</sup> position in 2006-07 to 3<sup>rd</sup> position in 2010-11, after Kerala and Tamil Nadu.

### **Health**

- 2000 doctors and 6700 para-medics recruited during the 5 year period.
- Doctors and para-medics will be recruited on regular basis and there would be no vacancy.
- Major focus on upgradation of infrastructure. Rs. 1392 crore spent on infrastructure.
- The Common Review Mission of NRHM by GoI, rated the health infrastructure in the state as "excellent".
- There is sharp decline in rural IMR by 5 points in the year 2010. There are only 4 other states who have recorded such sharp decline in the IMR.
- 108 - ambulance service with 240 ambulances launched in 2011.

### **Agriculture**

- Record production of 170 lac MT of wheat and 155 lac MT of paddy in 2011-12.
- Punjab got the Best Performance Award under National Food Security Mission for wheat.
- The State was awarded Krishi Karman Award for production and productivity of foodgrains by Government of India during 2011-12.

### **Rural Sanitation**

- A total of 10.89 lac rural toilets were constructed from the state's own funds and now only 10 lac rural families are without toilets which will be covered during the next 5 years.

### **DEBT**

- Punjab was a revenue surplus state till 1986-87. The rising expenditure on security due to long spell of militancy and President's Rule during which no attempt was made to

mobilize additional resources contributed to growing revenue deficit. On the other hand, the State was burdened with Special Term Loans.

- Tax concession to neighbouring states have further contributed to decline of industry in the state.

### **Inadequate Support**

- Increasing debt service burden, implementation of Pay Commission recommendations and inadequate support from GoI have been further contributed to fiscal stress of the state.
- The share of the state in central taxes has gone down from 2.450% in 1975 to 1.389% in 2010, due to unfavourable criteria of devolution of central taxes. Similarly, Gadgil Mukherjee Formula for grant of plan assistance to states also does not favour the developed states. Government of India should revise this formula to account for percentage of SCs population and the contribution to central pool for food grains.
- Criteria for allocation of funds under major Centrally Sponsored Schemes do not favour the developed states. Major allocation is made for new infrastructure works in the less developed states. Our request is that provision be made for maintenance of huge infrastructure created by the state from its own resources under the flagship schemes of the GoI.

### **Interest liabilities**

- The state made tremendous efforts to increase its own revenue which has more than doubled from Rs. 9017 crore in 2006-07 to Rs. 18443 crore in 2011-12.
- In spite of that, the net debt has increased to Rs. 77585 crore and interest liability to Rs. 7100 crore in 2012-13. 21% of the total revenue receipts goes **into** interest payments every year.

### **Government of India Committee**

- It is difficult for the state to sustain this level of debt and annual interest payments. As recommended by the 13<sup>th</sup> Finance Commission, a committee headed by Secretary Expenditure, GoI has been appointed to help the states of

Punjab, West Bengal and Kerala. However there has been little progress.

### **Our Request**

- The small saving component of Rs 23264 crore in the net debt of Rs77585 crore should be written off. Or in the alternative there be moratorium on re-payment of principal and interest for the next 5 years.

## **AGRICULTURE**

### **Criteria for RKVY**

- Present criteria is not favourable to agriculturally developed states like Punjab. Funds are given on the basis of un-irrigated area and increase in productivity.
- We urge the Government of India to include areas where subsoil water is declining within the ambit of un-irrigated area. Weightage should be given to maintenance and up-gradation of existing irrigation infrastructure and ensuring availability of power for agriculture

### **Minimum Support Price**

- Minimum Support Price should be equal to atleast cost of production plus 50% of the profit as recommended by the noted agriculture scientist Dr Swaminathan.

### **Inclusion in National Food Security Mission**

- Only 10 districts are covered for wheat and no district for rice. All the 22 districts should be covered for both the crops.

### **Outstanding dues in food procurement**

- FCI needs to settle up Rs. 7461 crore dues of procurement agencies pending since 2003-04. The agencies are paying an interest of Rs. 75 crore per month.
- FCI is paying increased 3% cess rate on foodgrains purchased by itself. However, it is paying only 2% cess rate

to the state agencies for the foodgrains purchased by them. FCI should reimburse Rs. 786 crore to the state government on account of less payment for the foodgrains purchased by the agencies.

### **Agriculture Insurance**

- Only three districts of Punjab are covered under the Modified National Agriculture Insurance Scheme. All districts should be covered.

### **Support to Universities**

- Rs 100 crore should be given as permanent annual central assistance to institutes of national significance, the Punjab Agricultural University, Ludhiana.
- We welcome the decision of the GoI to set up Borlaug Institute for South Asia for Maize and Wheat in Ludhiana.
- Punjab is primarily agrarian state. However, there is no major central institute for research on agriculture and allied activities in Punjab. GoI should set up at least 2-3 institutes in the field of agriculture, animal husbandry in the state.

### **Storage**

- The GoI had identified 71 lac MT of shortage of storage in the state. The state was allotted only 51 lac MT of capacity and remaining 20 lac MT was diverted to other states.
- GoI should re-allot the diverted 20 lac MT capacity to the state in the form of silos.
- Due to lack of storage capacity, about 0.18 lac MT of food grains was damaged every year during 2007-08 to 2010-11. 40 lac MT of 2011-12 and 35 lac MT of 2012-13 in open storage is vulnerable to damage.

### **Rural Debt**

- It has risen to Rs 35000 crore. We urge Government of India to waive off all agricultural loans as a one time measure regardless of the size of land holdings.

### **Rural Credit**

- Credit should be given at 4% rate of interest to the farmers, (short as well as long term)
- NABARD has increased the rate of interest of re-finance from 4 to 4.5% which is not justified and it should be reduced to 2.5%.
- NABARD has recently increased rate of interest on RIDF projects from 6.5% to 7.5%. This also needs to be reduced.
- Withdrawal of Income Tax on Cooperative Banks.

### **Crop Damage Compensation**

- Should be increased from Rs 1600/- per acre to Rs 15000/- per acre.

### **Subsidy on Fertilizer**

- There was no need to tinker with the existing policy on fertilizer subsidy. The new Nutrient Based Subsidy has resulted in drastic increase in price of DAP fertilizers which now stands de-controlled.
- The new policy would result in exposing the poor farmers to fluctuation in the international prices of fertilizers. This may lead to reduction in fertilizer consumption and consequent fall in production of foodgrains.

## **RURAL DEVELOPMENT**

### **NREGA**

- We welcome the recent decision of the Central Government to add 30 new activities relating to agricultural and animal husbandry, flood management and sanitation related works under NREGA. This would create permanent infrastructure in the villages and improve the living conditions of the poor.

### **Pradhan Mantri Adarsh Gram Yojana**

- Government of India launched Pardhan Mantri Adarsh Gram Yojana in 2009-10 for the development of 1000 villages having more than 50% SC Population.
- No village of Punjab was included under this scheme in spite of the fact that the State has highest SC population (28.85%) in the country. There are 2068 villages having more than 50% SC population in the State.
- Ministry of Social Justice and Empowerment, Government of India should include all the 37 villages in the State having 100% SC population and other villages having more than 50% SC population.

### **Rural Sanitation**

- **So far 10.89 lac toilets have been constructed in the rural areas.**
- The state government plans to cover the remaining 10 lac rural families with toilets by involving NGOs and other government agencies. A sum of Rs. 1500 crore is required.
- While we welcome the new Nirmal Bharat Abhiyan for construction of individual toilet at a revised unit cost of 9500, we still feel that the unit cost should be increased to Rs 18500 crore as determined by the NGO Sulabh.

### **Houses for Houseless**

- A total of 1.03 lac houses were constructed during the last 5 years. Still 4.16 lac rural families are without pucca houses. The scope of Indira Awas Yojana at Rs 45000 per house is inadequate and should be increased to Rs 1.00 lac.

### **BPL families**

- Based upon the latest NSSO Survey of 2009-10, the Planning Commission has estimated 9.75 lac BPL families which is about 15.90 % of the population. The state government has completed the socio economic survey and the Planning Commission should finalize the poverty figures at the earliest.

## **IRRIGATION**

- Canal system being a century old, the canal capacity has gone down about 30% due to which there is huge dependence on ground water for irrigation purposes in the state. 27% irrigation is from canals and 73% from tubewells.
- We are thankful to Planning Commission for investment clearance to Rs 734 crore project for extension, renovation and modernization of the canals from river Satluj. We request for release of funds.

### **Request**

- Waiving of 1 for 1 criteria under AIBP. The works require closure of canals and the works are delayed.
- Construction of water courses - The limit of Rs 15000/- per ha needs to be enhanced to Rs 30000/- per ha under CADWM.
- New project - Rs 3800 crore for modernization and extension of canals , lining of water courses etc. submitted to Water Resources Ministry for approval. It needs to be expedited.
- The project for Rs 3500 crore for Management of ground water through resource conservation by way of under ground pipe system, laser leveling, artificial recharge of ground water, conservation of low dams and rain water harvesting has been submitted under National Food Security Mission to the Ministry of Water Resources. This project should be sanctioned.

## **POWER**

### **Request**

- State government to be compensated from the Central Pool for supplying 380 MW for providing special lightening systems along the international border with Pakistan.
- Gas for 1000 MW gas based power plant at Ropar to be provided at control rates by GoI from the newly inaugurated Dadri – Nangal gas pipeline of GAIL.



## **INDUSTRIAL DEVELOPMENT**

### **Concessions**

- The prolonged militancy and tax concessions to neighbouring states have contributed to decline of industrial growth in the state. GoI needs to provide similar concessions atleast in the border districts if the industry is to be revived in the state.

### **Freight Corridor**

- Government of India should extend Delhi – Mumbai Industrial Corridor (DMIC) up to Amritsar in Punjab. Similarly the Eastern Dedicated Freight Corridor which is at present upto Ludhiana should also be extended upto to Amritsar. Without these 2 projects it will be difficult to revive industry in the state.

### **Trade with Pakistan**

- Government of Pakistan has liberalized its trade policy with India and at present all the items except 1209 items are tradable through the Mumbai-Karachi route.
- Only 137 items can be traded through the land route at Attari which has negated the advantage of newly constructed integrated check post at a cost of Rs. 150 crore at Attari by Government of India. This discrimination should be ended and all items which are tradable through Mumbai-Karachi should also be allowed to be traded through land route.

### **Agro Industries**

- Punjab being primarily an agricultural state, there is lot of potential for agro based industries. We request for special package for agro based industries in the state.

### **Central Projects**

- The share of central sector investment in the state is less than 1.5%. It is, therefore, requested that GOI should help in locating some leading Automobile Industry having potential for large scale ancillaries in Punjab.

## **URBAN DEVELOPMENT**

- State is implementing a project for water supply and sewerage and sewage treatment plants and other civic services in all municipal areas.
- Project for 33 towns submitted to GoI under National River Conservation Project. We thank GoI for approving projects for 11 towns for Rs 576 crore. Projects for remaining 22 towns should also be approved.
- Punjab Dyers Association is constructing Common Effluent Treatment Plant at Tajpur in Ludhiana at an estimated cost of Rs 437 crore. GoI should contribute atleast 50% of the amount i.e Rs 218 crore.

## **ROADS**

### **CRF**

- The old formula of giving 60% weightage to fuel consumption in the state and 40% to the geographical area should be restored instead of the present 30% for fuel and 70% for area.
- PMGSY - we request that the width norm of rural roads should be relaxed from 10 mtr to 8.5 mtr for the state.

## **EDUCATION**

### **Right to Education**

- Right to Education Act is a central act and Government of India should share the cost of Rs 250 crore required for its implementation.

### **Model Schools**

- GoI should allow at least one model school in every block.

### **Sarva Siksha Abhiyan**

- 13th Finance Commission grant for elementary education should be allowed to be adjusted against state share under Sarva Siksha Abhiyan.

### **Upgradation of Schools**

- For upgradation of schools from middle to secondary under Rashtriya Madhmik Siksha Abhiyan, the condition of 5 km should be relaxed and population rather than distance from existing school, should be made the criteria.

### **Kendriya Vidyalayas**

- At present, there are only 14 Kendriya Vidyalayas and 6 districts are without such schools. We urge GoI to approve the opening of 6 more central schools in the remaining districts.

### **Navodaya Vidyalayas**

- The State has created 2 new districts of Fazilka and Pathankot. 2 new Navodaya Vidyalayas one in Fazilka and other in district Gurdaspur need to be constructed by GoI.

### **Colleges in Educationally Backward Districts**

- 13 colleges were constructed. GoI should sanction 2 more colleges at Moonak and Verka for the 2 newly carved out districts of Barnala and Tarn Taran.
- GoI assistance is limited to only 33% and should be increased to 66%.

## **HEALTH AND MEDICAL EDUCATION**

### **Cancer Hospitals**

- Government of India should set up a national level Super Specialty Diagnostic and Treatment Institute for CANCER.

## **BORDER AREA DEVELOPMENT**

- Compensation should be given for farmers cultivating land on the other side of the fence @ Rs 15000/- per acre for 18500 acres - Rs 28 crore.
- Industrial package for the border areas of the state at par with the package given to hilly states.
- More funds for flood protection works on river Ravi. Pakistan Government and Army spending huge funds on shifting of river Ravi towards Indian side. This is a national problem.

- GoI is requested to take district as a unit instead of block so that all people residing in the border district are able to avail benefits.

### **ANNUAL PLAN 2012-13**

- The size of the Annual Plan 2012-13 has been pegged at Rs 14000 crore with an increase of 22% over the previous year.
- Planning Commission is requested to approve it.