

Budget Speech of Shri Surinder Singla, Finance Minister, Punjab

Tuesday, March 7th, 2006

Hon'ble Speaker, Sir,

I rise to present the Budget for the year 2006-2007. This is the fifth consecutive Budget of the Congress Government, led by Capt. Amarinder Singh.

2. The vision spelt out in the last year's budget was translated into a number of initiatives. It has been our endeavour to bring all of them to fruition. This budget reflects our continuing commitment to the goals spelt out in the earlier budgets and, at the same time, includes new initiatives to respond to the felt needs of the people. I take pride in the fact that, our Government has shown strong resolve and resilience in dealing with the many challenges and constraints it faced in the last four years.

3. I am happy to inform the Hon'ble Members that, through prudent fiscal policies and financial discipline, our Government, under the able leadership of Capt. Amarinder Singh, has been able to pull the State out of the financial morass that it was in when it assumed office in February, 2002. We have, now, launched a credible development effort, after a gap of many years. The State's economy is picking up and the rate of growth has now inched up to 5.5 percent per annum. I will discuss these aspects in detail a little later.

4. The primary objective of our Government has been to provide clean and efficient administration to the people of Punjab and restore to Punjab a place of pride as the most prosperous and forward looking State in the Country. We have been, and will, always strive for social justice through our policies for the welfare of the Scheduled Castes and other weaker sections of society, and secure higher standards of life and prosperity for all the people of the State. All our economic policies during the last four years were directed towards the attainment of these goals.

5. Last year, when stating the development goals of the State Government, I had said that we envision Punjab as

- a front-runner in India's changing economy;
- a caring state where the poor, the underprivileged and the disadvantaged are looked after;
- a state with world-class infrastructure where the entrepreneurial spirit flows freely; and
- a state where educated, healthy people and skilled workers make cities economic power houses and villages micro-business centres.

6. We have been able to take several important steps towards achieving these goals during the year. Some of the significant achievements are:-

- Economic growth, investment, business confidence and employment are looking up as a result of our disciplined fiscal policy, investment promotion, good governance and transparent regulatory regime.
- A dedicated Social Security Fund has been set up to ensure timely payment of old-age pensions assistance to the aged, destitute and handicapped, scholarships and other welfare assistance to the poor.
- Infrastructure for connectivity in urban and rural areas has been promoted both through public-private participation and government projects like the Municipal Development Fund and the Village Development Fund.
- Universal and quality delivery of education and health services is being implemented through new, decentralised,

people-oriented delivery mechanisms.

7. The bold initiatives taken by the Government in the recent past have placed me in the happy position of being able to report to this August House a number of new and unparalleled benchmarks that the State Government has created. These are:

- Clearance of a record level of private investment, amounting to about Rs. 52,000 crore, in various industrial and housing projects by the Empowered Committee, headed by the Chief Minister. Out of this, investment to the tune of Rs. 4,000 crore has already materialized. In addition, the Bathinda refinery project of Rs. 9,609 crore has been relaunched.
- A resurgent economy has resulted in an unprecedented buoyancy in tax receipts during the current year. State's tax revenue is likely to increase from Rs. 6945 crore in 2004-05 to Rs. 8608 crore in 2005-06 and further to Rs. 9811 crore in 2006-07.
- Punjab was adjudged the best administered state in India over the last three years by an independent survey conducted by a reputed publishing house. This was widely reported in the press and Honourable Chief Minister was felicitated at a special function held in New Delhi. The development story of Punjab has been splashed in the media all over the world.
- Several important IT companies have set up their units in Punjab, including one of the world's largest computer manufacturers, and two of India's largest software companies.
- Historically, our share of foreign direct investment has been very low, amounting to less than 1% of the FDI flowing into India. This is changing quickly, and Punjab is now being recognised as a favoured investment destination.
- State Government's policies towards diversification of agriculture into high value-added produce and larger investment into research and development, marketing, processing and transportation have imparted a new impetus to agriculture.

8. Before speaking on our development efforts across the sectors, I would like to dwell on the overall performance of the economy and a massive turnaround in the State's fiscal.

State of the Economy

9. The continued fiscal stress, the lagged effect of terrorism and the petering out of the Green Revolution adversely impacted the economic growth of the State in the nineties. While the national economy grew at an average rate of more than 6 percent, the State's economy witnessed a rate of growth of only about 4 percent during this period. The rate of economic growth further dipped to a historic low in 2001-02 and 2002-03 and hovered around 2 percent. The State's economy is now gradually picking up, it exhibited a growth of 6.29 percent during the year 2003-04. The growth rate of the economy slipped slightly in 2004-05 to 5.39 percent. The last two years have shown a distinct improvement in the rate of economic growth. We are confident that, with Government's efforts at fiscal reforms, infrastructure creation, human resource development and attracting private investment, the State will achieve the targeted growth of 6.4 percent per annum in the medium term.

10. Punjab's per capita income, at constant prices, has been estimated at Rs.16,756 during 2004-05, as against Rs.16,119 during 2003-04, registering an increase of 3.95 percent. The per capita income at current prices is estimated at Rs.30,701 in 2004-05 as against Rs.28,607 in 2003-04.

11. Before I speak of the State Government's finances, I would like to share my sentiments through a couplet:

State Finances

12. The present Government faced a very severe financial crisis on assuming office in February 2002. All important fiscal parameters were in a bad shape. The revenue deficit was at an all time high at Rs.3,781 crore, fiscal deficit at Rs.4,959 crore was 6.99 percent of GSDP and public debt was at an unsustainable level. The severity of the financial crunch faced by the State can be judged from the fact that, its entire revenue receipts were not sufficient even to meet expenditure on salaries, pensions and interest payments. The previous Government also left behind huge amounts of unfunded liabilities, on account of non-release of funds received from the Central Government and financial institutions for various schemes and projects, which further compounded the fiscal crisis. Besides, cash credit limit sanctioned by the banks to procure food grains was partly diverted to meet the committed expenditure. We had converted this irregularity into a term loan, for which State Government is repaying about Rs. 65 crore per month.

13. To present the State's financial situation in a true perspective, a White Paper was presented to this August House on 25th March, 2002. Responding to the commitment made to restore the fiscal health of the State, our Government took various measures for achieving fiscal consolidation even at the cost of being termed "unpopular". It has taken over 3 years of strenuous efforts of the State Government to bear fruit on the fiscal front.

14. This is evident from the following major fiscal indicators:-

(Rs. in crore)

Description	2001-02 (Accounts)	2004-05 (Accounts)	2005-06 (RE)	2006-07 (BE)
1	2	3	4	5
Revenue Deficit	3781	3391	1710	1390
Revenue Deficit as percentage of GSDP	5.33%	3.83%	1.74%	1.28%
Revenue Deficit as percentage of Revenue Receipts	42.34%	24.56%	9.56%	6.93%
Fiscal Deficit	4959	4115	3659	3576
Fiscal Deficit as percentage of GSDP	6.99%	4.65%	3.73%	3.28%
Total Debt	32496	44982	49306	53391
Debt Stock as percentage of Revenue Receipts	460.39%	402.55%	333.62%	331.37%
Salaries, Pensions and Interest payments as percentage of Revenue Receipts	118.24%	97.62%	76.34%	73.91%

15. Fiscal deficit, which was 6.99% of GSDP in 2001-02 is likely to come down to 3.28 percent in 2006-07. Committed expenditure on salaries, pensions and interest payments is estimated to decrease from 118.24 percent of revenue receipts in 2001-02 to 73.91 percent in 2006-07. The revenue deficit, which was Rs.3781 crore in 2001-02 is expected to decrease to Rs.1390 crore in 2006-07. Continuing on the path of fiscal consolidation, State Government is hopeful of achieving a positive revenue balance by 2008-09.

Public Debt

16. The onerous burden of public debt is a cause of worry for the State. The sharp increase in revenue expenditure in the latter half of the nineties, mainly on account of salaries, pension and debt servicing and the absence of commensurate growth in revenue receipts, led to a mounting and unsustainable debt burden. The outstanding debt stock more than doubled during 1996-97 to 2001-02 from Rs. 15,250 to Rs.32,496 crore. It stood at Rs.44,982 crore at the end of 2004-05.

17. Our Government has taken definite measures to keep public debt under control. We adopted the debt-swap scheme floated by the Government of India and swapped costly debt of Rs.5,329 crore carrying coupon rate exceeding 13% during the period 2002-

03 to 2004-05. This helped us to save interest outgo to the tune of Rs.339 crore per annum.

18. Prudent debt management has enabled the Government to reduce debt as a percentage of revenue receipts from 460 in 2001-02 to an expected 334 in 2005-06, and 331 in 2006-07.

Debt Consolidation and Relief

19. Restructuring of State Finances was a major focus of the Twelfth Finance Commission (TFC), which had recommended that the Central loans to States contracted till 31st March, 2004 and outstanding on 31st March, 2005, may be consolidated and rescheduled for a fresh term of 20 years at an interest of 7.5 percent. TFC had also framed a scheme of debt waiver, based on fiscal performance linked to the reduction of revenue deficit and control of fiscal deficit of States. The Government of India have accepted the recommendations of the TFC and have framed a States' Debt Consolidation and Relief Facility for the period 2005-06 to 2009-10.

20. Under this scheme, the State will get a relief of Rs. 200.28 crore, consisting of Rs. 70.30 crore principal and Rs.129.98 crore interest on Central loans during the year 2005-06. During the five-year period from 2005-06 to 2009-10, the State will get a relief of Rs.351.48 crore in principal and Rs.523.18 crore in interest payments, on this account. As a measure of self-discipline, the State Government enacted the Fiscal Responsibility and Budget Management Act, 2003. The Act has been amended to conform to the recommendations of the Twelfth Finance Commission, which includes eliminating revenue deficit by 2008-09 and reducing fiscal deficit to 3 percent of GSDP.

21. The State Government has prepared its own Fiscal Correction Path for the current year and the next four years so as to comply with recommendations of TFC to be eligible for debt waiver. According to this path the State will eliminate revenue deficit by 2008-09 and will restrict its fiscal deficit to 3 percent of GSDP. By achieving these targets the State will be eligible for debt waiver of Rs.752 crore over 5 years from 2005-06 to 2009-10.

State Finance Commission

22. The Third State Finance Commission was constituted in September, 2004, for recommending devolution of resources to the Panchayati Raj Institutions and Urban Local Bodies during 2006-07 to 2010-11. The Commission has submitted its Interim Report, containing recommendations for devolution for the year 2006-07. The recommendations made by the Commission have been processed and it has been decided to accept the same to the extent they relate to transfer of resources from the State to Panchyati Raj Institutions and Urban Local Bodies. As required by Article 243 of the Constitution of India, an Action Taken Report on the recommendations of the Commission for the year 2006-07 will be laid on the table of the House during the next session. With the implementation of the recommendations of the Commission, funds to the tune of Rs.496 crore will to be transferred to the Panchayati Raj Institutions and Urban Local Bodies during the year 2006-07. Out of this, the share of Panchayati Raj Institutions is Rs.308.03 crore and that of Municipalities is Rs.187.97 crore. Together with grants of Rs.99 crore, recommended by the Twelfth Finance Commission, which include Rs.64.80 crore for Panchayati Raj Institutions and Rs.34.20 crore for Urban Local Bodies; a total sum of Rs.595 crore will flow to the rural and urban local bodies in 2006-07. This is the highest level of devolution ever provided. It will greatly assist the Local Bodies, both rural and urban, to significantly improve infrastructure and civic services in their areas.

Union Budget

23. The Government of India has presented a very progressive Budget, 2006-07, with enhanced outlays for States. We are especially thankful for the following announcements made by the Union Finance Minister which

will benefit the people of Punjab:

- Reducing the interest rate on agricultural loans upto Rs.3 lac to 7% per annum;
- A grant of Rs.100 crore for the Punjab Agricultural University, Ludhiana, in recognition of its pioneering

contribution to the green revolution; and

- Delhi-Chandigarh Express way.

Employment and Investment

24. The State Government, under the able leadership of Capt. Amarinder Singh has embarked upon a multifaceted Strategy to achieve its stated Development Goals by attracting investment in high-technology sectors that create high value-added jobs. I had described in detail, last year, this Strategy, which focuses on human resource development, infrastructure, rural rejuvenation, urban renewal, developing modern habitats, and ensuring a stable policy framework for modern industry and services.

25. I am happy to note that the Government's efforts to implement its development strategy have yielded significant results in a short period of time. Not only has the rate of growth of the economy looked up after nearly two decades of stagnation, the response of all sections of investors, businesses and employers has been very positive to Punjab. We have been able to attract investments from all over India and also from other parts of the world. These projects are in a wide variety of sectors that include manufacturing, IT-enabled services, health services, urban development and infrastructure. We expect investment of about Rs 56,000 crore, out of which about Rs 4,000 crore is already on the ground. These projects will create employment for about 10 lakh, mostly skilled, persons. Never before in the history of Punjab has so much been done in so short a time. The credit for this historic achievement must go to, Chief Minister Capt. Amarinder Singh, whose vision for the State, dedication to its cause, bold decisions and untiring efforts have borne fruit.

26. Now, I turn to the Annual Plan for the year 2006-07:

Annual Plan 2005-06 performance

27. With the improvement in finances of the State, plan performance during the current financial year has substantially improved over that of the last year. An expenditure of Rs. 2116 crore, against a plan provision of Rs.3557.86 crore has already been incurred (59.46%) as on 31.12.2005, as compared to an expenditure of Rs. 1183 crore during 2004-05.

Highlights of the Annual Plan 2006-07 and Development Initiatives

The size of the Annual Plan 2006-07 has been fixed at Rs. 4,000 crore against the revised outlay of Rs. 3,557.86 crore for the year 2005-06 indicating an increased of 12.42 per cent.

Agriculture:

28. We have a vision of Punjab as a prosperous agricultural economy. This vision echoes in the culture & poetry of Punjab. Here, I would like to quote a poet:

29. The State Government's efforts for diversification and value addition in agriculture are beginning to bear fruit. On the recommendations of the Punjab State Farmers Commission, the Government will implement an **Agriculture Renewal Programme** for small farmers with holdings up to 4 hectares of land. Such farmers constitute about 65 percent of agriculturists and cultivate about 30 percent of the agricultural land in the State.

30. The proposed, programme will consist of the following components:-

- Commercial Dairy units
- Commercial Poultry units

- Fishery units (about 1 acre each)
- Vegetable production in green houses and net houses
(about 2 Kanal each)

31. This Programme will be implemented in selected clusters of villages which will be provided all required services in an integrated manner, including finance, inputs, training, technology, marketing tie-up etc. In this regard, we are tying up with commercial banks, including our lead Bank, the Punjab National Bank, who have shown interest to provide Rs. 200 crore credit to agriculturists for this purpose.

32. We will use the services of the Punjab Farmers Commission to evolve institutional structures that will support agricultural renewal. All stake-holders, including farmers, scientists, corporates, traders, government and consumers will be associated, so as to provide holistic action plans for the purpose.

33. It is estimated that about Rs. 525 crore of investment and Rs. 450 crore of additional income will be generated in 3 years.

34. State Government has launched a set of programs to increase productivity in agriculture and conserve soil & water resources, which include:

- A provision of 35.56 crore in the Annual Plan 2006-07 for the development and promotion of agriculture against an approved outlay of Rs.33.68 crore during 2005-06. For '**Agriculture Diversification Research and Development Fund**', an amount of Rs.10 crore was released during the current financial year.
- A grant of Rs.100 crore sanctioned by the Government of India to the Punjab Agricultural University, Ludhiana, in acknowledgment of its pioneering contribution to the green revolution. This amount will be placed at the disposal of the University in the form of a corpus fund for research and development, specially for diversification.
- A provision of Rs.24 crore under the '**Agriculture Production Pattern Adjustment Programme**' for productivity and growth. This programme will be implemented at an estimated cost of about Rs. 96 crore during the next 4 years.
- An outlay of Rs.4.36 crore for the development of horticulture in the State in addition to the grants being received from the Government of India under the **National Horticulture Mission**.
- Contract farming, which has enabled farmers to diversify into non-traditional crops. Such arrangements now cover 340,000 hectares and the target for the next year is 500,000 hectares.
- Facilitation of large corporates to invest in agro-based projects. ITC, Reliance & Bharti Groups have decided to bring major investments in agriculture production, processing and marketing in Punjab.

Animal Husbandry and Fisheries:

35. Animal Husbandry plays an important role in revitalizing the rural economy of Punjab. The important initiatives in this sector are:-

- Handing over the management of about 450 rural veterinary dispensaries to Panchayati Raj Institutions, along

with funds for operating them.

- Rs.4.00 crore is provided during the current financial year for the establishment of '**Sri Guru Angad Dev University of Animal and Veterinary Sciences at Ludhiana**'. An amount of Rs.1.00 crore has been provided next year for research in animal sciences through this university.
- A new scheme for grants to new and existing Gau-shalas has been included at an estimated cost of Rs.2.00 crore to rehabilitate stray cattle.
- Rs.5.00 crore has been provided for strengthening existing veterinary polyclinics.

Cooperation

36. Last year, I had announced that the rate of interest for crop loans by cooperatives had been reduced. Government of India had set a target for cooperative doubling credit to agriculture in 3 years. The State's co-operative loans in 2004-05 to agriculturists stood at Rs. 5,292 crore. Our target for the current year is Rs.6,768 crore and for next year it is Rs. 8,516. We are confident that we will be able to double agricultural credit to Rs. 10,600 crore by 2007-08.

37. Punjab Government is taking steps to enable cooperatives to function as independent, autonomous and self supporting organizations. To achieve this objective, the Punjab Cooperative Societies Act, 1961, will be amended and Punjab Self Supporting Cooperative Societies Bill will be introduced.

38. The Sanjivni Health Insurance Scheme, announced in my budget last year, has progressed well. Hospitals in all areas of Punjab have been empanelled and approximately 4,80,000 co-op. members in rural areas have already opted for this scheme, which will be made operational shortly.

39. I had announced last year that SUGARFED would ensure full payment to cane-growers. However, in view of the weak financial position of SUGARFED, it will be necessary for State Government to step in and provide it with financial assistance. We have approached Central Government for plan assistance under its Sugarcane Development Programme. In any case, it will be ensured that cane growers' outstanding dues to the tune of Rs. 36.30 crore will be cleared by 31st March, 2006.

Forestry and Wild life:

40. The State's forests and wild life are well conserved due to Government's efforts & vigil. We have sought Government of India's approval for Phase III of the Integrated Watershed Development Project (Hills). The important proposals for next year are:

- Rs.70.00 crore has been provided for the '**Externally Aided Forestry Development Project**' for the preservation of forests in the State.
- Rs.40.00 lacs has been provided for the development of forests in the State as recommended by Twelfth Finance Commission.
- Rs.7.50 crore has been provided for completion of the '**Integrated Watershed Development Project (Hills)**', Punjab (Kandi Area)', Phase II.

Irrigation:

41. State Government has made adequate allocation for the maintenance & improvement of canals so as to ensure that water reaches the tail ends. We propose to introduce the participation of users in water management so as to improve efficiency of water

usage and maintenance of assets.

42. A provision of Rs.292.24 crore has been made in the Annual Plan 2006-07 against an approved outlay of Rs.221.76 crore for the financial year 2005-06. Major works to be taken up in this sector are:

- Extension of Phase-II of Kandi Kanal from Hoshiarpur to Balachaur -Rs.34 crore.
- Lining of Channels Phase-II- Rs.16.50 crore
- Construction of Shahpur Kandi Dam – Rs.50 crore.
- Remodeling of Channels of UBDC system to meet the Revised Water Allowance (AIBP)- Rs.20 crore.
- Rehabilitation of channels of district Patiala feeder and Kotla branch -Rs.20 crore.
- Lying of Mamdot distributory system -Rs.3 crore.
- Lining of Laduka distributory system - Rs.6.80 crore.
- Raising capacity of main branch canal - Rs.3 crore.
- Low Dam in Kandi Area(Thana Dam) - Rs.12.00 crore
- Externally Aided Project Hydrology Phse-II-Rs.15 crore.
- Tubewells and other schemes for deep tubewells in Kandi area –Rs.32.70 crore.
- Replacement of existing tubewells -Rs.1 crore
- Converting Banur Canal from non perennial to perennial -Rs.5 crore.
- Construction of fields channels - Rs.23.00 crore
- Construction of flood protection works on river Ghagar -Rs.5.00 crore.
- Construction of flood protection works at river Satluj – Rs.3.00 crore
- Flood protection works of river Ravi, Beas and Satluj -Rs.10.00 crore.
- Canalization of Sakki Nallah in Amritsar and Gurdaspur districts – Rs.2.67 crore.
- Rs.19.94 crore for the repair of three head works namely Madhopur, Harike and Hussainiwala.

Rural Development

43. 66% of the people of Punjab live in the rural areas. We have taken an important policy decision to hand over the management of primary schools and dispensaries in rural areas to Panchayati Raj Institutions and Urban Local Bodies. We shall begin by handing over nearly 4,000 primary schools and all 1,310 rural dispensaries. Gram Panchayats are the basic unit of self-Government in villages. Sarpanches play a vital role in their proper functioning. With the devolution of more functions to Gram Panchayats, the responsibilities and duties of Sarpanches have increased. Recognizing the services of Sarpanches and other

functionaries in the village, I am pleased to announce:-

- i) **An honorarium of Rs. 600/- per month to each Sarpanch.**
- ii) **An increase in the honorarium of Village Chowkidar from Rs. 200/- per month to Rs. 400/- per month.**
- iii) **A grant of Rs. 300/- per month to each Panchayat for cleanliness and sanitation of the village.**

These decisions will be implemented with effect from April 1st, 2006.

44. The State government aims at providing urban amenities such as piped drinking water supply, proper sewerage and disposal systems and roads in the villages. The program to provide infrastructure in villages announced by me last year has taken off.

- In all, Rs. 984 crore will be spent for rural development (including devolution to local bodies) under various schemes during 2006-07. An outlay of Rs. 384.00 crore is proposed in the Annual Plan 2006-07.
- Village Development Fund has been operationalised to provide low-cost sewerage facilities in 1692 villages at a total cost of Rs. 680 crore, out of which 10% will be contributed by Panchayats and 90% will come from VDF. We hope to cover the remaining 10,800 villages in Punjab in the next 5 years.
- Devolution of resources to Panchayati Raj Institutions (PRIs) for development under Punjab Nirman Programme (Rs.264.32 crore).
- A grant of Rs. 64.80 crore has been provided as per recommendations of the Twelfth Finance Commission to PRIs for supplementing their resources for development and maintenance works.
- Rs.60 crore has been released this year for the construction of toilets in rural areas, another Rs.60 crore has been provided in 2006-07.
- Rs.10 crore has been provided to give grants for strengthening of infrastructure and institutional works.
- Rs.10 crore has been provided under the **Sampoorn Gramin Rozgar Yojana**.
- Rs.5 crore State share under '**Indira Awas Yojana**' for providing houses to the poor in the rural areas.
- Rs.10 crore has been provided for the environmental improvement of scheduled castes basties and villages in the rural areas.
- Rs.4 crore has been provided for completion of incomplete sewerage systems in the villages.
- Adequate provision has been made for the implementation of '**Sawarn Jayanti Gram Swa Rozgar Yojana**' and '**Integrated Wasteland Development Project**'.
- A new scheme, **National Rural Employment Guarantee Scheme** has been launched in the Hoshiarpur district of Punjab. An amount of Rs. 5 crore has been provided as State share for the implementation of this scheme during 2006-07.
- Rs. 164 crore has been provided for the Rajiv Gandhi Grameen Vidyutikaran Scheme.
- The scheme to provide 24-hour power supply to domestic consumers in all villages has been implemented and is

nearly complete. We expect the PSEB to provide this facility to all villages by July 2006.

Rural Business Hubs

45. Government of India has formulated a programme for creating business hubs in rural areas that will promote manufacturing, handicrafts and business activity. Next year, we propose to set up 6 rural business hubs in Punjab in collaboration with Industrial Associations, Financial Institutions and Panchayats, and expand to 30 hubs in 3 years. These hubs will provide access to information, finance and high quality training for rural farmers, entrepreneurs and artisans to improve their prospects and to assist them in self-employment ventures.

46. The scope of activities is very wide and can include processing and marketing of agri produce; local power generation; production and marketing of handlooms, handicrafts, footwear, embroidery, folk art; etc.

47. State Government will set up the Punjab Rural Business Hub Council, identify locations and product profiles for these Hubs, and constitute at least 6 Hubs next year.

Water Supply & Sanitation:

48. The allocations for major Water Supply & Sanitation projects are:

- Rs.151.30 crore for various water supply schemes in the rural areas.
- A World Bank Project for Rural Water Supply and Environment Sanitation with a total outlay of Rs. 1,819 crore is being launched in the next financial year, for which an amount of Rs. 20 crore has been provided.
- Rs.100 crore for NABARD Aided Rural Water Supply Schemes.

49. Rs. 20 crore has been provided to revive non-functional village drinking water supply schemes, in addition to funds devolved to PRIs under the Punjab Nirman Programme.

NRI affairs:

50. NRIs has been taking great interest in the development of infrastructure in the rural areas. An amount of Rs.3.75 crore has been released during the current financial year as matching share for providing basic infrastructure in rural areas through NRI's participation. An amount of Rs.1.00 crore has been provided for this purpose in the Annual Plan 2006-07, which will be enhanced as per actual requirement during the course of the year.

Urban Development

51. Punjab is in the midst of urban transition. The proliferation of slums is a long standing problem of urbanization in India. Punjab is no exception. Slum dwellers are the poorest of people living in miserable conditions and they deserve our attention.

52. State Government has decided to formulate a comprehensive policy to improve slums *in situ*, as per the national policy of slum development. Our policy will aim at regularizing slums that are not located on public land. The basic services of water supply, sewerage, drainage, roads, street lights and public institutions will be provided.

53. Similarly, unauthorized colonies have mushroomed around towns and cities of Punjab. These are a result of failure of policy

and enforcement over the last 4 or 5 decades which we must recognize and remedy. Therefore, our policy will provide for regularization of all such colonies, which are not on public land. Government is committed to provide basic infrastructure in all such urban areas. A detailed scheme to regularise such slums and colonies will be announced in May, 2006.

54. Urban Local Bodies in Punjab have, by and large, adopted the State Government's system of gradually enhancing user charges for water supply and sewerage. This is a progressive step that will enable local bodies to properly finance the operation and maintenance of water supply and sewerage schemes. However, State Government is conscious of additional burden that it may place on the poor. Therefore, we will encourage local bodies to exclude poor residents from user charges.

55. Punjab now attracts investment in urban development, I.T. and High-tech manufacturing from all over the world. We have a vision to develop world class modern habitats, where the new economy of Punjab can be housed. Therefore, the Government has decided to develop super economic corridors around Ludhiana and S.A.S. Nagar (Mohali).

56. A new policy for regulated development of Chandigarh periphery has been announced. Government has decided to constitute a new district with headquarters at S.A.S. Nagar in April 2006. We will develop Greater Mohali as a world-class city which will create high-wage jobs for our youth, and provide the best education facilities and social amenities.

57. The Government plans to provide infrastructural facilities needed for the fast increasing urban population with the following proposals:

- Municipal Development Fund for water supply & sewerage projects totaling Rs. 458 crore has become operative. Water supply projects in 122 towns of Punjab and sewerage projects in 39 towns have been taken up. The State will achieve 100% coverage of safe drinking water for its urban population during 2006-07.
- Rs.135.00 crore to be spent under the '**Jawahar Lal Nehru National Urban Renewal Mission**' for the integrated development of Amritsar and Ludhiana cities.
- Rs.8.00 crore for the implementation of '**Sri Guru Ram Dass Development Project at Amritsar**'.
- Rs.10.00 crore for '**Prevention of Pollution on River Satluj**' with participation of PIDB.
- Rs.31 crore for the development of Patiala city as a counter magnet to the National Capital Region.
- PUDA will contribute Rs. 50 crore towards development of Mohali as super economic corridor.
- Rs.20.00 crore for the implementation of Integrated Development of Urban infrastructure in Bathinda City.
- Rs.34.20 crore for giving grant-in-aid to Urban Local Bodies, as per recommendations of TFC, for maintenance of civic services in the urban areas.
- Rs. 135.68 crore is being devolved to urban local bodies under the Punjab Nirman Programme.
- In addition to the Municipal Development Fund, an outlay of Rs. 522.16 crore have been provided for development of urban areas.

Civil Aviation:

58. Government of India have approved, in principle, the setting up of an international Civil Air Port at Halwara in district Ludhiana, catering both to passengers and cargo. A token provision of Rs.50.00 lacs has been made in the Annual Plan 2006-07 for this purpose. A pre-feasibility study has already been commissioned. We plan to start work on the project next year with the Airports Authority of India.

Industry:

59. The State owes an amount of about Rs.480 crore on account of subsidy under the Industrial Policy to the promoters of the industry set up during 1997 to 2002. Due to financial constraints, this amount of subsidy could not be paid to the promoters. The State Government has now decided to raise bonds through PSIDC for the payment of this subsidy in 3 to 4 years time.

60. Whereas, State Government has successfully attracted the largest number of industrial projects and the highest industrial investment in Punjab in its history, at the same time, Government is continuously facilitating the existing units to improve and grow. Punjab has a natural advantage for textiles. The development of cotton processing and cotton textiles will give a boost to diversification of agriculture. Hence, State Government will finalize a Textile Policy to rejuvenate the existing units and promote new units in Punjab. The new Textile Policy will be announced in April, 2006.

61. The industry and trade of Punjab has been demanding for a long time that like our neighboring State Governments, octroi should be abolished in Punjab. State Government has taken a decision, in principle, that octroi should be abolished. However, we need to ensure alternative sources of revenue for Urban Local Bodies since they depend on octroi for 70-80 percent of their revenues. We are in the process of consultations with Urban Local Bodies, and will finalize the modalities to do away with octroi and find alternative revenue sources for our local bodies.

62. Another opportunity will be given to industrial units from whom recovery of interest free loan of the Department of Industries is due, to pay the principal amount in a specified time frame. Those who clear the principal amount during this time will get full waiver of penal interest.

63. Punjab has a large and thriving manufacturing industry consisting mostly of small scale units engaged in auto-mobiles, bicycles, metallurgy etc. The State requires large manufacturing units which can source their inputs from small scale industries.

64. The territorial taxation concessions given by Govt. of India during the N.D.A. regime have hit investment in Punjab. In fact, there has been a flight of capital from Punjab to the neighbouring hill States.

65. The Government of India, on the intervention of Hon'ble Chief Minister, Capt. Amarinder Singh, has introduced a time limit of 31st March 2007, after which no new units will be given concessions of central excise and income tax in the hill States.

66. State Government have decided to provide special concessions for one year, up to 31st March 2007, to attract new super mega manufacturing units with a minimum investment of Rs.1000 crore each. The Council of Ministers will be empowered to approve special incentives for such units under a well defined policy, which, among other things, will have regard to the level of investment to be made, ancillarization and employment to be generated by such units.

Science Technology and Environment:

67. The Government is encouraging biotechnology, as Punjab has competence in this field and because of its linkages with agriculture.

68. A Bio Technology Park is being set-up in the joint sector at Dera Bassi. The setting up of a National Institute of Nano-Technology in Punjab is under consideration of the Government of India, for which a token provision has been made in the Annual Plan 2006-07. An amount of Rs.6.00 crore has already been released for the purchase of land for this institute in the current financial year. An amount of Rs.2.71 crore has been provided in the Annual Plan 2006-07 for meeting the state share of Science City at Jalandhar.

Tourism:

69. The growth of the services sector is very significant in Punjab's economy. Tourism is an important part of this. Government has announced a new Tourism Promotion Policy to increase investment & employment in this sector.

70. In order to provide better facilities to the tourists visiting the State of Punjab, provision under this sector has been

substantially increased from Rs.11.00 lacs in 2005-06 to Rs.5.05 crore in the Annual Plan 2006-07, which includes:

- An amount of Rs.3 crore for the setting up of a ‘**Tourist Centre at Amritsar**’ in collaboration with the International Youth Hostels Association and Improvement Trust, Amritsar.
- An amount of Rs.45 lacs which was released during the current financial year for the development of Shambu Mughal Sarai as tourist destination. An amount of Rs.1.00 crore has been provided in the Annual Plan 2006-07 for this purpose.
- Two tourist circuits, namely freedom struggle circuit and religious circuit, are being developed in the State with the help of the Government of India.

Energy

71. State Government has put in place its plans to meet the fast-growing demand for energy. Apart from new thermal power projects at Goindwal and Doraha (gas based) in the State, the Government is tying up sources of energy from outside the State. This includes a share of 1500 megawatts of power in a super thermal plant being set up by NTPC at the pitheads in Chhattisgarh, and 1,200 MW in two new power plants to be awarded by Government of India.

72. The Government announced free power for agriculture pumping sets from 1st September, 2005. This was necessary to provide relief to farmers facing stagnant prices for their output and increase in input costs. Government will compensate PSEB in this regard. An additional allocation of Rs.257 crore has been provided for this purpose during this year.

73. Access to electricity is an important component of the welfare and human development of the poor sections of society. Therefore, State Government has decided to enhance the entitlement of free domestic power to Scheduled Caste families from 50 units to 200 units per month. Again, PSEB is being compensated by the State Government for this loss.

74. Power being crucial to the growth of Agriculture and Industry in the State, top priority has been accorded to it in the Annual Plan 2006-07.

- An amount of Rs.924.37 crore, which is 23.11% of the plan, is proposed to be provided, mainly for generation and strengthening of the transmission and distribution of electricity.
- Rs.400.00 crore is proposed to be spent on strengthening of transmission and distribution system.
- Rs.300.00 crore will be utilized for the completion of Thermal Plant, Lehra Mohabat stage-II.
- An amount of Rs. 25.00 crore to set up a mini Hydal Project, an Energy Recovery Project from Urban Municipal Industrial waste and for the installation of Solar Water Pumping System at the agriculture farms has been provided.
- The implementation of Shahpur Kandi Project at a total cost of about Rs.2400.00 crore will be taken up during the next financial year.

Social Services Sector:

75. The Social Services Sector, which includes Education, Technical Education, Sports & Youth Services, Art & Culture, Urban Development, Health, Drinking Water Supply, Defence Services Welfare, Welfare of Scheduled Castes/Backward Classes, and other weaker sections of the society is of the utmost importance to the Government.

76. An amount of Rs.1080.75 crore is proposed to be provided for this sector in the Annual Plan 2006-07 against Rs.894.60 crore provided during the current financial year. This represents an increase of 20.8%.

Education:

77. Education is the means for achieving the objective of high-wage employment through Human Resource Development.

78. An outlay of Rs.240.96 crore has been provided for this sector in the Annual Plan 2006-07, against the outlay of Rs.177.51 crore during 2005-06. The major projects under this sector are:

- Sarv Shiksha Abhiyan (Rs.260.00 crore, including share of Govt. of India).
- Vocational education has been introduced in 1633 upper primary schools in the State to encourage girl students and students from poor families to stay in school.
- Pre-primary classes have been introduced in 1300 primary schools so as to inculcate school readiness and reduce drop outs, and are proposed to be extended to about 1,000 more schools next year.
- “ICT (Information and Communication Technology) in Schools” has been implemented in 1,306 schools this year, another 1,306 schools will start this program in April 2006 and the remaining 2,050 schools will be covered by July 2006, thereby achieving full coverage of ICT in all 4,662 upper primary Schools in Punjab. An outlay of Rs. 77.34 crore is proposed for the next year for this purpose.
- The Mid-day Meal program has been successfully launched and is proposed to be extended to all government schools next year. The allocation of Rs 13.1 crore this year is proposed to be enhanced to Rs 34 crore in 2006-07 to fully meet the requirements of this program.
- For the **Indian Institute of Science Education & Research** in Punjab, announced by Hon’ble President of India in his address to the Parliament, a token provision of Rs. 5.00 crore has been made in the Annual Plan 2006-07.
- It is proposed to set up ‘**Rajiv Gandhi National University of Law**’ in Punjab during 2006-07, for which a token provision of Rs. 5.00 crore has been made in the Annual Plan 2006-07.
- A provision of Rs. 4.00 crore has been made in the Annual Plan 2006-07 to give grants to unaided rural colleges for the development of educational infrastructure.
- An amount of Rs.2.00 crore was released to the Punjabi University, Patiala for the setting up of World Punjabi Centre at Patiala during the current financial year. An amount of Rs. 3.00 crore has been provided in the Annual Plan 2006-07 for the construction of building of this centre.
- An amount of Rs. 1.00 crore has been provided in the Annual Plan 2006-07 for the setting-up of ‘**Baba Hira Singh Bhatthal Institute of Engineering Technology at Lehragaga**’, district Sangrur.
- About 4,000 primary schools will be transferred to PRI’s who will recruit about 12,000 teachers on regular basis at full wages.
- An Education Commission will be set up to recommend improvements at all levels of education.

Sports and Youth Services:

79. The Government is committed to promote sports in the State. The Chief Minister, Capt. Amarinder Singh, has made a new beginning with his visit to Punjab, Pakistan, last year announcing the periodic exchange of Sporting teams and organising sporting events between the two States. The Third Indo Pak Games are planned to be held in Jalandhar.

80. An amount of Rs. 2.00 crore has been provided for the development of sports infrastructure which will be enhanced as

required.

Art and Culture:

81. The State Government is committed to preserve, promote and protect the cultural heritage of the State. The following important projects will be implemented:

- Rs. 14.21 crore has been released for the development of a Theme Park at Chamkaur Sahib in district Ropar, and for the development of Mukatsar city for the celebration of 300th anniversary of Martyrdom of 40 Muktas, besides the celebration of 3 heritage festivals at Kapurthala, Amritsar and Patiala.
- Rs. 2 crore has been provided for the maintenance of heritage buildings such as Quila Mubarak at Patiala, Nawab Jassa Singh Ahluwalia Samadh and Quila at Amritsar and other heritage buildings at Kapurthala and Bathinda.
- An amount of Rs. 2.50 crore recommended by the Twelfth Finance Commission has been provided for conservation of historic buildings including Aam Khas Bagh, Sirhind.

Health:

82. Health Care is a basic human requirement. I had stated last year our resolve to improve the quality and coverage of rural health care services by involving the community and through public-private partnerships, as part of the State Government's Strategy for achieving its Development Goals. There are 1,310 rural subsidiary health centres (dispensaries) in the State, each staffed by a doctor and a para-medic.

83. It has been decided that, all the 1,310 rural dispensaries will be handed over to Panchayati Raj Institutions, who will be provided funds at the rate of Rs 3.60 lac per dispensary per annum to engage service providers, who will be responsible for providing the services of doctors, para-medics and availability of basic drugs and supplies at the dispensaries.

84. A sum of Rs 48 crore is proposed to be devolved to Zila Parishads for this purpose in 2006-07.

85. The following important initiatives will be launched to ensure comprehensive health care to citizens through a network of Public Sector Health Institutions.

- The National Rural Health Mission was launched by the Honourable Prime Minister on April 12th, 2005, with an allocation of Rs 75.02 crore for Punjab. The objective of this Mission is to ensure effective, affordable and quality health care for rural people. The State Government has implemented all components of this Mission including the Reproductive and Child Health Care Program Phase 2, the Special Immunization Program and the upgradation of infrastructure.
- A new Civil Hospital at Nangal (Rs.1.00 crore) and a Super Speciality Mother & Child Health Care Hospital (Rs.7.60 crore) at Fatehgarh Sahib in the memory of Sahibzada Zorawar Singh and Fateh Singh and Mata Gujri ji are being set up.
- New schemes for the control of Hepatitis-B and Dengu fever are proposed.
- Rs.22 crore has been provided for the expansion and improvement of three Medical and Dental Colleges in the State, which will be made autonomous by reconstituting them as societies.
- Baba Farid University of Health Sciences will be provided Grant-in-Aid to improve its infrastructure.
- A NABARD-financed scheme for 150 mobile dispensaries and 150 mobile veterinary care vans will be

implemented.

Welfare of Scheduled Castes & Backward Classes

86. The Government has always cared for the well being of Scheduled Castes and Backward Classes. Next year, the allocation under the special component plan has been increased from Rs. 934.62 crore (in Revised Estimates 2005-06) to Rs. 1154.00 crore, indicating an increase of 23.5 percent. An amount of Rs.65.65 crore has been provided in the Annual Plan 2006-07 exclusively for the welfare of SCs and BCs in the State. This outlay includes:

- Rs. 20 crore for the grant of attendance scholarships to scheduled caste primary girl students.
- Rs.35 crore under the scheme '**Aashirwad to scheduled castes/Christian girls, daughters of the Widows**' at the time of their marriage. The grant under this scheme has been enhanced to Rs.15000/- from Rs. 6100/-.
- Rs.3 crore has been provided for construction and completion of Ambedkar Bhawans in the State.
- Adequate provision for the grant of scholarships to the Schedules Castes and OBC students.
- Funds for free text books to SC girl students studying in 10+1 and +2.
- Implementation of removal of untouchability under the 'PCR Act' and 'Creation of an Atrocity Cell' under the Atrocity Act, 1989.
- Rs.1 crore for the construction of Harijan Dharmshalas in addition to the funds provided under the Punjab Nirman Programme.
- Adequate provisions have been made for providing share capital to Punjab Scheduled Castes Corporation, Backward Classes Corporation and for National Minority Development and Finance Corporation.

Social Welfare

87. The welfare of the aged, the destitute and the disabled has always been our concern.

- **To help the aged, it has been decided to increase the amount of old age pension by 25% from Rs.200/- to Rs.250/- per month.**
- **The State Govt. will open 2691 new Anganwadi Centres under the Integrated Child Development Scheme.**
- Rs. 59.96 crore for Nutrition to children in the age group of 0 to 6 years and adolescent girls and pregnant and lactating mothers have been provided.

88. The other important allocations are:

- Rs. 48.00 crore for the grant of financial assistance to widows and destitute women and Rs. 22.50 crore to

disabled persons.

- Financial assistance of Rs. 19.50 crore to the children below the age of 21, years whose parents have passed away or who have become incapacitated due to physical and mental disability or loss of parental support.
- Rs.50 lacs for an awareness programme against drug abuse in the state.
- Rs.2 crore under the **Kanya Jagriti Jyoti** Scheme to provide social security to the girl child.
- Rs.50 lacs for the **Balri Raksha Yojana** to check the Adverse Sex Ratio.
- Rs.50 lacs for an awareness programme to improve the Adverse Sex Ratio.
- Rs.1.50 crore for the completion of 'Spinal Injuries Centre' at Mohali. Adequate provisions have been made for the enforcement of 'Juvenile Justice Act' and introduction of '**Janshree Bima Yojana**' for upliftment of economically weaker sections of the society.

89. A dedicated Social Security Fund was set up in April, 2005, with assured funding of about Rs. 450 crore per annum. This is the first such example in the country. The Social Security Fund meets the expenditure on old-age pensions, financial assistance to widows, destitute women, orphans and disabled persons. Further, all social and educational schemes pertaining to the welfare of scheduled castes and backward classes such as attendance scholarship to SC girl students, free textbooks to all SC students, etc. are financed out of this Fund.

Relief and Rehabilitation

90. The Government of India has announced a Rehabilitation Package for the victims of 1984 riots, many of whom had migrated from other States to Punjab. This Package announced in January 2006 will benefit about 23,000 families in Punjab. The details of the Rehabilitation Package are as follows:-

- 1) Rs. 3.50 lakh, would be given in each case of death in addition to the amount already paid. Cases of death in trains will also be considered.
- 2) Rs.1.25 lakh will be given in case of injuries.
- 3) In case of damage to residential and uninsured commercial/industrial properties: Ex-gratia equal to ten times the amount already paid would be given.
- 4) Children/family members of those who died in riots will be given preference in recruitment in para-military forces, IR Battalions, State Police forces, Public Sector Undertakings and State/Central Government Departments by giving necessary age relaxation.
- 5) All the widows and aged parents of those killed in riots would be given pension at the rate of Rs. 2500 per month (Punjab Government is already making this payment). Wives of those who suffered disability of 70 % or more and those who are missing will also be provided pension at the same rate.
- 6) The families of victims of riots, which migrated to Punjab, would be paid a Rehabilitation Grant @ Rs. 2 lakh per family.
- 7) Marriage grant to the dependent daughters/sisters of riot victims has been increased from Rs. 10,000 to Rs.

25,000.

91. Punjab Government has already initiated steps to implement the Package by seeking necessary applications from the eligible families and verifying the same where required. In the Budget, I propose an allocation of Rs. 450 crore for this purpose. The expenditure would be reimbursed by Government of India.

Infrastructure

92. The State Government's intent is to achieve a rate of investment in infrastructure equal to 3% of GSDP in the State sector (excluding Power) in 4 years, by 2009-10. We will target another 2% of GSDP as investment by the private sector in infrastructure by 2009-10. This will translate into a capital investment of Rs. 4,500 crore by the State and Rs. 3,000 crore by the private sector in infrastructure. We are moving steadily in this direction. This year, capital expenditure by the State Government is expected to be Rs.1980 crore and next year Rs. 2376 crore, against Rs. 682 crore during 2004-05.

93. Public-Private participation has emerged as a successful mode of implementing infrastructure projects in Punjab, as a result of our Government's well-designed policy and concerted efforts. We enacted the Punjab, Infrastructure (Development and Regulation) Act, 2002, with a view to providing a framework for open, competitive bidding and award of infrastructure projects to private parties in a transparent and time-bound manner. We expect an investment of about Rs. 2,500 crore through public private partnership in the next two years. The major projects through public-

private participation already awarded by the Government are:

· 11 road corridors measuring about 600 km on BOT basis.

Sr.No.	Name of the Road Project	Length (in Km.)	Cost (Rs. in crore)
1.	2.	3.	4.
1.	Balachaur-Dasuya	105	123.64
2.	Patiala-Patran	48.6	48.10
3.	Hoshiarpur-Tanda	27.9	30.56
4.	Moga-Kotkapura	47.7	62.09
5.	Ferozepur-Fazilka	84.5	105.52
6.	Patiala-Nabha-Materkotla	60.2	63.56
7.	Kiratpur-Una	35.7	41.84
8.	Dakha-Raikot-Barnala	57.9	78.66
9.	Bhawanigarh-Nabha-Gobindgarh	55.5	70.25
10.	Hoshiarpur-Phagwara	35.5	32.53
11.	Sirhind-Morinda-Ropar	43.2	55.63
	Total	601.7	712.38

94. These roads will require an investment of about Rs. 712 crore, and will be built within 2 years. Private sector investment will be Rs. 500 crore and grants by State Govt. will be Rs. 212 crore. In addition, the State will receive concession fees from two roads, totaling Rs. 183 crore over 15 years. We have moved a case to Government of India for viability gap funding for these road projects; the Government of India will provide a grant to the State Government to meet 20% of the project cost. Other important infrastructure projects undertaken by the Government are:-

· The new Amritsar Bus Stand built on BOT basis was opened to traffic in September 2005.

- The Bus Stands at Jalandhar and Ludhiana have been awarded on BOT basis and their construction has begun. They are scheduled to be complete in 12 months time..
- 9 ITIs have been made operational by private parties who have taken over the management on a 30-year lease basis.
- 3 incomplete polytechnics are being awarded on the same pattern as ITIs.
- 3 State roads, 2 road over-bridges, the prestigious Ludhiana ring road and Mohali bye pass projects are being processed for public-private participation.

Public Works:

95. The State Government is implementing the recommendation of the Twelfth Finance Commission to fully finance the maintenance of public buildings. Rs. 71.9 crore is provided for this purpose. In addition, I propose:

- Rs. 31.92 crore for completion of divisional offices/district and tehsil complexes, strengthening of Revenue Administration and updating of land records, construction of buildings of the judicial courts, setting up of highway traffic aid posts in the State and purchase of land for police lines at Mansa, Fatehgarh Sahib and other places.
- Rs. 10.00 crore to set up a **State Judicial Academy at Chandigarh** in collaboration with Government of Haryana and Chandigarh Administration.

Maintenance of existing assets

96. The State Government, on account of its difficult fiscal position, could not give adequate attention to the maintenance of existing assets in the past. The improved financial position has enabled us to address this issue. The State has a total road length of about 7,400 kms of plan roads that are maintained by budgetary provisions. State Government have decided to set up a dedicated Road Maintenance Fund with an outlay of Rs.216 crore per annum for the next 4 years upto 2009-10, after which the allocation will be reviewed. This Fund will be utilized to improve the system of maintenance of State Roads by shifting to performance-based maintenance contracts for long periods of 5 to 10 years. Significant savings & improvements in repair & maintenance of roads will be achieved by this mechanism. Similarly, an adequate provision of Rs. 71.8 crore has been made for maintenance of public buildings.

97. Punjab has a large network of Canals, Minors and Distributaries spread over 14,500 kms. About 10 lakh Hectares of land (net) is irrigated by canals. In order to provide adequate supply of canal water and also to ensure availability of water at the tail ends, the Government is providing sufficient funds for maintenance of irrigation systems in the State.

Roads & Bridges:

98. Road Infrastructure has received the highest priority of the Government since it is vital for economic development. In addition to BOT road projects already mentioned, I proposed the following allocations:

- Rs.176.24 crore under the '**NABARD assisted project for construction and widening of roads and construction of bridges**'.
- Rs. 100 crore for an ambitious '**World Bank Project for Road Infrastructure**'.
- Rs.63 crore received under the '**Central Road Fund**' will be utilized for strengthening the road infrastructure in the State.
- A Road Maintenance Fund has been set up with an outlay of Rs. 216 crore.

- 21 new road over bridges over railway lines will be constructed as well as 2 under-bridges at Mansa & Maur.

Road Transport:

99. The public transport system in Punjab has a mix of State undertakings and private operators. The State Government has decided to embark on a comprehensive reform programme for the public transport system so as to improve the quality, connectivity and frequency of bus services provided to users. The Public Transport Reform Programme has three important features.

- First, the Punjab Roadways and PRTC will be strengthened and modernized with new buses of better quality. Modern inventory management, purchase and workshop systems, and improved human resources management will be introduced. We have already inducted 360 new buses this year and plan to acquire another 300 new buses next year to replace the ageing fleet.
- Second, the policy regarding identification, allotment and renewal of private sector bus routes will be rationalised to make it more transparent and more responsive to the demand for bus services.
- Third, the major cities of Punjab namely, Amritsar, Jalandhar, Ludhiana and Patiala will be provided with high-quality urban bus services with public- private participation.

100. With these measures, the Punjab Roadways is expected to reduce its losses and break even in 4 years.

101. Government will implement a liberal policy in this regard and will set standards for the quality of vehicles and services to be provided.

102. We propose to modernise public transport as follows:-

- A modern bus terminal completed in BOT mode at Amritsar has been made operational.
- Two major bus terminals at Jalandhar and Ludhiana are under construction on BOT basis and will be made operational within 12 months.
- Rs.20 crore for constructing bus stands at sub-divisional level towns with a contribution from the Punjab Infrastructure Development Board.
- An International Bus Terminal has been set up at Amritsar for operating bus services to Lahore and Nankana Sahib.
- Regular bus service to Lahore has been made operational w.e.f. 24th January 2006.
- A State Road Safety Council headed by the Hon'ble Chief Minister will take care of the requirements of road safety.

Information Technology:

103. State Government has implemented its vision to provide its citizens with digital services through e-governance. Major departments like Excise & Taxation, Revenue, Treasuries are being computerised. Suvidha Centres are working in District

Headquarters and will be extended to Sub-divisions

next year. The major I.T. initiatives proposed are:

- Rs. 20 crore to set up a village knowledge centre in about 300 villages in the State.
- Rs. 7.00 crore for the introduction of computerization in Punjab government offices and for the implementation of National E-governance Action Plan in Punjab.
- Rs.3.00 crore for the creation of IT infrastructure and promotion of IT industry in the State.

Defence Services Welfare:

104. We are committed to look after the welfare of serving military personnel and ex-servicemen belonging to Punjab.

105. Three important decisions taken by our Government are:

- Enhancement in award money to gallantry award recipients in lieu of land / stipend / pension;
- Exemption from VAT for all CSD items; and
- Free treatment of ex-servicemen at State Government hospitals.

106. We will implement the following schemes:

- Rs. 50 lacs for the completion of Maharaja Ranjit Singh War Museum at Ludhiana.
- Rs. 40 lacs for training of wards of ex-servicemen for technical and non-technical trades.
- Rs. 7.25 crore released during the current financial year to provide for the grant of Rs. 5 lac each for the purchase of plot/houses for the widows of Martyrs and 75% to 100% disabled soldiers during the different operations from 1999 onwards. Rs. 7.00 crore has been provided in the Annual Plan 2006-07 for covering the remaining widows of Martyrs and 75% to 100% disabled soldiers under this scheme.
- The Govt. of India has been requested to set up a **National Defence University** in the State for which a token provision of Rs. 50 lacs has been made.

Special Development Programmes:

107. **Rashtriya Sam Vikas Yojana** – A programme for the development of Hoshiarpur district was launched during 2005-06 at an estimated cost of Rs. 45.00 crore to be incurred during three years. An amount of Rs. 7.50 crore was released during the current financial year. An amount of Rs. 15 crore has been provided in the Annual Plan 2006-07 for this purpose. Schemes of drinking

water supply, processing of agriculture produce, forestry, soil conservation, vermiculture compost and bee keeping etc. have been taken up under this programme.

108. **Border Area Development Programme** – This Programme is designed for the development of 17 border blocks touching the international border with Pakistan. The development of villages and improvement in road connectivity are taken up under this programme. An amount of Rs. 10.08 crore has been released under this programme during the current financial year and a similar amount has been provided for this purpose in 2006-07.

109. **Development of Land Port at Wagah** – The State Government is extending full support to the Government of India's plan for improving facilities at Wagah Border and Attari Railway Station. Whereas, the Central Government is up-grading the facilities for customs clearance, security check, immigration and railways, the State Government is executing a comprehensive plan for developing facilities outside the land ports at Wagah and Attari. These facilities will include tourist reception, lodging, restaurants, parking, warehousing, container freight station, truck stand, bus stand, taxi services etc. and improving the link road from Attari to National Highway 1. A sum of Rs. 5 crore is proposed to be spent next year for these facilities.

Punjab Nirman Programme:

110. The fiscal space provided by the success of the fiscal reform measures consistently implemented by our Government over the last 4 years has enabled us to address the felt needs of the people by formulating decentralised development initiatives.

111. The Government has launched the ambitious Punjab Nirman Program within an allocation of Rs. 500 crore. Out of this Rs. 100 crore has been disbursed this year and Rs. 400 crore is proposed in the annual plan next year. The scope of the Program includes:

- Augmenting, completing or operationalising drinking water projects;
- sanitation projects, drainage and disposal systems, compost pits;
- drinking water facilities, toilets, rooms in government schools, health institutions and veterinary institutions;
- street lighting and urban connectivity, paving of streets and drains;
- repair/reconstruction of community centres, panchayat ghars, dharamshalas, etc.;
- houses for the houseless; and
- any other infrastructure connected with the above facilities.

112. Out of the total outlay of Rs. 500 crore, a sum of Rs. 100 crore will be spent on State-level initiatives. The balance Rs. 400 crore shall devolve to rural areas (Rs. 264.32 crore) and urban areas (Rs. 135.68 crore).

113. Guidelines for selecting projects and utilising funds under the Program have been issued. All projects are expected to be completed within six months of disbursement of funds. We shall ensure this by reviewing progress of the Program every quarter in the Planning Department.

Decentralised Planning

114. The State Government has accorded the highest priority to decentralized planning in order to address the local needs of the people. To ensure people's participation in the development process the Punjab District Planning Committees Act, 2005 has been enacted and District Planning Committees are being constituted under this Act. These Committees will formulate and implement the

district plans at the grass root level as envisaged by the Constitution of India.

- A provision of Rs. 915.16 crore has been made for district level schemes in the Annual Plan 2006-07 against the provision of Rs. 522.88 crore during the year 2005-06.
- **Each MLA has been earmarked a sum of Rs. 25 lacs for critical infrastructure in his/her Constituency.**
- Important schemes such as Indira Awas Yojana, construction of toilets in rural areas, Punjab Nirman Programme, Aashirwad Scheme and pension schemes have been brought under the ambit of district level planning.

115. This participatory approach, I am sure, will help to meet the aspirations of the people of the State.

Welfare of Government Employees

116. The State Government is conscious of the welfare of its employees and those who have retired. Employees are our valuable human resource and are working with dedication and devotion for implementing the policies and programmes of the Government. They are among the highest paid in the Country. As much as 48 percent of the revenue expenditure is committed to employees and pensioners. In spite of a difficult fiscal position, the State Government has been sanctioning installments of Dearness Allowance (D.A.) on the Central Government pattern. We have also merged Dearness Allowance equivalent to 50 percent of the basic pay/pension of Government employees/pensioners with effect from 1st April, 2004. Keeping in view the rising medical expenses, the Government has already allowed enhanced medical reimbursement for chronic diseases.

117. As a measure to address the concerns of Government employees, the Chief Minister, Punjab, has announced the setting up of a State Pay Commission for reviewing the Scales of Pay and Emoluments of its employees. We will be shortly announcing the composition of the Fifth Punjab Pay Commission and its terms of reference. The interests of employees and pensioners are fully safe in the hands of our Government.

Taxation

118. VAT was introduced by the State Government on 1st April, 2005, as a bold measure of taxation reform, despite opposition from certain political parties. VAT has simplified and rationalized the taxation structure. It avoids multiple- taxation of goods. It has been accepted by trade and industry as a boon to them, due to simpler procedures, more transparency and avoidance of multiple taxation. Revenues have increased substantially. Last year Sales Tax collection was Rs. 3816 crore, whereas, this year we expect VAT revenues of Rs. 4500 crore; this is an increase of 18%.

119. The introduction of VAT has been the biggest tax reform in India since independence. During this year, State Government has addressed many initial problems that arose and has solved them to the satisfaction of the tax payers. Tariffs have been rationalized, procedures have been simplified and clarifications made for the benefit of tax payers. The new system is working satisfactorily now. We shall continue to address problems brought up by tax payers from time to time. In this regard, the following measures are being taken:-

- A separate audit required under VAT will be abolished where a dealer is already subject to income audit and his turnover certified by qualified auditors.
- Pre-owned cars shall be taxed at 4% without entitlement of Input Tax Credit.
- For exporters, Duty Entitlement Pass Book (DEPB) and Duty Free Replenishment Certificate (DFRC) will be placed in Schedule 'A' i.e. items attracting 'Zero' rate of VAT.

Lump sum VAT shall be introduced for brick-kilns.

120. As a member of the Empowered Committee of State Finance Ministers, I have emphasized the need to phase out central sales tax in view of the introduction of VAT. We are hopeful that the Government of India will soon implement the policy for phasing out central sales tax in 3 year's time. State Government also intends to undertake wide-ranging reforms in the Excise administration.

Annual Financial Statement

121. The summary of the Annual Financial Statement according to the Budget Estimates 2006-2007 is as under: -

Consolidated Fund		(Rs. in crore)
1.	Revenue Account-	
	Receipts 20040.13	
	Expenditure 21429.76	
	Net (-) 1389.63	
2.	Capital Expenditure-	2376.45
3.	Public Debt-	
	Debt incurred 5511.55	
	Payments 1847.99	
	Net	3663.56
4.	Loans and Advances-	
	Advances 52.12	
	Recoveries 241.90	
	Net	189.78
5.	Total Consolidated Fund (Net)-	
	(No. 1 to 4 above) (+) 87.26	
6.	Public Account (Net)-	
	(GPF, GIS, Calamity Relief Fund, (+)309.68	

Civil Deposits etc.)

7.	Total Transaction (5+6)-	(+)396.94
8.	Opening Balance-	(+)1688.61
9.	Closing Balance-	(+)2085.55

122. The deficit on revenue account is estimated at Rs. 1390 crore for the year 2006-07, as against Rs. 1710 crore in 2005-06 (Revised Estimates) and Rs. 3391 crore in 2004-05. We are committed to a fiscal reform path which will enable us to achieve a revenue balance in next few years.

Conclusion

123. Mr. Speaker, Sir, in conclusion, I would like to reiterate the firm resolve of our Government to bring prosperity to all the people of Punjab and to put the State on a high growth path. In the not so distant future, with a better fiscal position and with greater vigor, we will make Punjab a front-runner State in the emerging economy of the country. I take this opportunity to thank this August House for the full support and cooperation extended to our Government and we hope for the same in future. With these words, I commend the Budget 2006-2007 to this August House for approval.

JAI HIND

GOVERNMENT OF PUNJAB

SEAL

SPEECH OF SHRI SURINDER SINGLA Finance Minister, Punjab Presenting the Budget for the year 2006-2007 to the Punjab Vidhan Sabha Chandigarh:

7th March, 2006