

Hon'ble Prime Minister and Union Cabinet Ministers, Hon'ble Chief Ministers from different States, Vice Chairman, Members and CEO of NITI Aayog, Senior Officers from different States, ladies and gentlemen.

2. At the outset let me begin by thanking the Hon'ble Prime Minister for convening the third Governing Council Meeting of the NITI Aayog. This gives me an opportunity to bring before you some urgent and crucial challenges confronting the people and Government of Punjab. This meeting comes soon after the State Assembly Elections where the people of Punjab have, with one voice, through a historic mandate entrusted upon us the onerous task of bringing the State out of its present financial distress, stagnating agriculture and industry, rising unemployment, collapsing urban infrastructure, declining

agricultural income and consequent rural distress. Punjab has voted for the restoration of rule of law and the clear mandate of the people is to bring it out of its present morass and restore the State to its pre-eminent position among the states of our Nation.

3. During the last meeting of the Governing Council, a sub group was constituted to focus on Skill Development and another task force was constituted under the Vice Chairman of NITI Aayog to focus on Agriculture Development, among other important decisions. These two areas are of particular importance to Punjab. Our State faces problems of rising unemployment, falling income and also agricultural stagnation. There is a need to revive the economy of the State, ensure investment in industry, especially in Agro Industry, promote the service sector,

educate, skill and train our youth for productive employment.

#### **4. AGRICULTURE: MSP SUPPORT FOR ALTERNATE CROPS**

Punjab has always been the bulwark against external aggression aimed at our country. It has faced the horrors of partition, wars against Pakistan, and externally sponsored militancy and terrorism for a decade and half. Punjab has withstood all these and yet has taken the lead in ensuring food security for the entire Nation. Punjab still produces 18% of the Nations wheat and 11% of its rice, 5% of cotton, 10% of milk, 20% of honey, and 48% of mushrooms grown in the country. The wheat/paddy rotation in Punjab, which has sustained the food requirements of India, has substantially depleted Punjab's water table. 70% of the development blocks are now

stressed with an average Groundwater Development Index of 172, as per 2011 report CGWB. The Wheat/Paddy cycle is no longer sufficiently remunerative for the farming community, leading to large scale indebtedness. The answer to the crisis is through crop diversification by encouraging alternative crops like maize, soyabean, oilseeds, pulses etc. This can be achieved through assured procurement at minimum support price by Central agencies. Although MSP has been announced regularly for crops like maize, pulses and oil seeds; however, no central agency practically procures these in the markets of Punjab. The Task Force appointed by NITI Aayog for Agriculture Development has also noted in its report that diversification of crops is essential today. *The Aayog may consider providing Deficiency Price Payment Support to the farmers with a view*

*that they get crop remuneration as per MSP declared by Government of India for all crops other than wheat and paddy which are not being procured now.* It is felt that this would encourage the farmers to shift to cultivation of alternate crops like maize, soyabean, oilseeds and pulses.

## **5. FARM DEBT IN PUNJAB**

Farming debt has resulted in many farmers suicides across the State. The total farm sector credit is estimated at around Rs. 80,000 crore of which about Rs. 31,000 crore has been availed by small and marginal farmers. However, another survey by NSSO estimates it to be even higher, i.e. at around Rs. 1,09,000 crore, which is the highest amongst all the States in the country. Around 3,900 farmers and almost 3000 agricultural labourers have committed

suicide during the period 2000-2011. Most of these were due to economic distress. The problem is more acute among small and marginal farmers. *We solicit financial assistance from NITI Aayog for mitigating the fiscal distress of this section of farming community.* While Punjab's abundant raw material is its agriculture produce, farming suffers due to lack of value addition, since hardly any investment has been made in Agro-based industry. Over 20% of fruits and vegetables grown in the State are wasted and rot in the field due to lack of cold chain infrastructure and marketing facilities. Punjab also has the highest per capita production of milk. However, only about 15% is handled by the organized sector. The value addition to milk products is also very limited. It is imperative that farm income be increased substantially to

eliminate this distress. Since there is hardly any scope to increase the cropped area, the way forward is to invest in diversification to high value crops and allied sector activities. This involves adoption of modern techniques of farming and upgradation of skills of farmers in their use. It also involves providing substantial farm credit and marketing support at a reasonable cost. *Punjab seeks the support of Government of India and NITI Aayog for encouraging Agro Food Parks in the State.* I am sure this would help the country to save substantial foreign exchange which is now used for import of such agri-produce.

## **6. DOUBLING FARMER INCOME**

NITI Aayog has done substantial work through its task force headed by its worthy Vice Chairman on doubling farmers' income. Punjab

has also given its inputs relating to fair value for farm produce, requirement of filling the existing gaps in infrastructure, upgrading production technology and marketing support for crops. These have to be linked to efficiency of inputs, introduction of better seed varieties, inclusion of new technologies, food processing units and value addition to crops, livestock production, post-harvest management and markets. Productivity can be improved by efficient use of resources such as water, nutrients, seeds, modern agriculture machinery, advance agronomics and genetics in production systems. Establishing data and information networks for advance planning of agri-production based on demand would facilitate better utilization of resources. A transparent, credible system of trading and futures in agri-commodities linked to national and international markets would go a long way

in ensuring remunerative prices for farmers. It would also encourage farmers to improve efficiency and quality of produce. However, with the high levels of productivity already achieved, relatively no scope for expansion of cultivated area and irrigated area, the task of doubling the income of the farmers in the state is huge. *We, therefore, seek technical support from NITI Aayog in preparing a road map for doubling the farmers' income in the state. The Aayog may consider a special dispensation for original Green Revolution states which face a gigantic task of doubling farmers' income to realize the vision of Hon'ble Prime Minister.*

I am told that NITI Aayog has a working group focused on entrepreneurship in contract farming. Consolidating land for contract farming can bring in investment and best practices used

in developed countries. It will ensure increased productivity and increased income for the landholders and farmers. We look forward with anticipation to the recommendations of this Group to understand how these can be implemented on the ground for helping increase income from agriculture.

## **7. SKILL TRAINING AND EMPLOYMENT FOR YOUTH**

Punjab today faces a serious problem of its youth being unemployed often fall prey to the menace of drug addiction. While our Government is committed to wean them away from these addictions and punish the guilty who profit from the trade, it is also essential to create gainful employment opportunities for the frustrated younger generation. This involves a multi-pronged approach of skilling them by

making changes in the education system and introducing skill training along with academic learning at the school level itself. Creating opportunities for self-employment and job creation through the services sector and industrial growth are crucial.

## **8. EMPLOYMENT AND MICRO ENTERPRISE PROMOTION**

Our Government has announced a comprehensive job creation scheme named Shaheed Bhagat Singh Employment Generation scheme aimed at ensuring “Ghar Ghar me Naukri”, a job for every household in the State, in a time bound manner. In the first phase, under “Apna Ghar Apna Rozgar” programme one lakh taxis and light commercial vehicles per annum would be provided to the unemployed youth in the State. The Government would stand

guarantee to ensure that no collateral is required for the loan to be obtained from financial institutions which would be paid out of earnings by the beneficiaries in five years. Similarly, under the “Harra” (Green) Tractor Scheme, tractor along with other agriculture implements is to be given to 25,000 youths every year for self-employment in agriculture services. A 3<sup>rd</sup> scheme “Yaari” Enterprises would encourage 2 or more youth to form a partnership and combine their skills for small entrepreneurial ventures. ***I request the Government of India and NITI Aayog to support these initiatives by providing a capital assistance of Rs. 1 lac to each of these youth in these three schemes to reduce their loan and interest burden.*** This would go a long way in helping job creation and have a multiplier effect on the state's economy. It would, at the same time, bring the

entrepreneurial spirit back into the youth of the State. This would not only motivate the youth but give them pride in their work and achievements. The total outlay for the Government of India would be only Rs. 2,250 crore per year over the next five years but it would have huge and lasting social and economic impact in Punjab.

## **9. PUNJAB INDUSTRY VIS-A-VIS INCENTIVES TO NEIGHBOURING STATES**

During the last decade, industrial growth has not only stagnated but a number of industrial units have shut down or shifted out of the State. This has resulted in loss of employment, loss of tax revenue to the State and lack of multipliers in the economy. While Punjab has some locational disadvantages, being away from sources of raw material and ports, the special tax

incentives given by Government of India to neighbouring States has directly damaged Punjab industry. Ostensibly while the purpose was to encourage investment in the remote regions of these hill States, actually bulk of the investment came up only in the adjoining plains in Baddi, Dehradun, Haridwar and around Jammu. Many of Punjab's industries have migrated to these industrial zones, given geographical proximity, which has retarded even natural industrial growth in Punjab. *There is a strong need to encourage micro, small and medium enterprises in Punjab State with similar incentives in the border belt and in the sub-mountainous area along the hilly tracts to promote employment and bring buoyancy in the tax revenue of the State. For balanced regional development, Punjab needs Government of India's support by way of a*

*special package to promote major industrial hubs in the State.* Since there is a proposal to upscale the Bathinda Refinery, I would earnestly urge the Government of India to also promote a Petro Chemical hub adjoining the Bathinda Refinery for manufacturing value added products.

## **10. PUNJAB'S FISCAL DISTRESS**

Our Government has inherited a bankrupt treasury with a revenue deficit of Rs.13,484 crore and fiscal deficit of Rs.26,801 crore. During the last 10 years, the total debt of the State has increased from Rs.48,344 crore in the year 2006-07 to Rs.1,82,537 crore at the end of 2016-17 and a White Paper will be presented in the Budget Session of the Assembly in June this year. It needs little saying that this debt is unsustainable. Our current annual borrowing

barely meets the cost of debt servicing. There are substantial committed liabilities which are yet to be paid by the treasury. Part of this debt is the term loan of Rs.31,000 crore taken in order to settle the gap in Cash Credit Limit for food. This gap of Rs.31,000 crore needs to be reconciled with the Government of India and settled reasonably so that this huge additional burden is mitigated. State Government has now established an Expenditure Reforms Commission to examine all government expenditure to ensure prudence and efficiency in financial transactions. We are fully committed to restore the fiscal health of the State and put it back on a high growth trajectory. However, *Government of India may consider a one-time debt waiver and debt swap as a special dispensation for the state to enable it to come out of its difficulties.*

## **11. PUNJAB'S WATER RESOURCES**

As mentioned earlier, Punjab takes pride in being at the forefront in ensuring food security for the country. However, this has led to a serious crisis in terms of depletion of scarce water resources and soil health. I would like to re-emphasise here strongly that there is serious depletion in water availability not only in the sub surface water but also in the river systems of Punjab. The people of Punjab have given our Government the mandate to take all possible administrative and legal measures to defend the rights of the State. I earnestly urge the Government of India to take the correct and reasonable stand in this case. The availability of water in the State today is not sufficient to meet even our own requirement. Our Government has decided to formulate a proposal for canalization

of major rivers of the State i.e. Ravi, Beas and Satluj and construct high speed economic corridors on their banks to prudently and optimally utilize this scarce and valuable resource and generate economic activity around it.

We are all aware of the effects of global warming and the changing climate patterns on earth. Climate change has resulted in concentrated intense monsoon periods over 2-4 months in a year while huge water deficiency is faced during the rest of the year. Due to high intensity rains, there is huge run off of water which washes away the rich top soil also. The large dams only receive water from their catchment area which is proving to be insufficient. Streams which were perennial have been rendered seasonal and dry stream beds are

a common sight in the State. There is urgent need to build small water harvesting check dams to capture this run-off during the monsoon and to use these earthen dams for local irrigation purposes and for ground water recharge. Latest water use technologies like sprinkler and drip irrigation need to be broad based to remove inefficiency of water use in agriculture. Recycling of used water, moderation and efficiency in domestic consumption should be made mandatory. Water is increasingly becoming the most scarce and precious resources. We need to recognize this and plan its efficient use for the future. *Punjab would welcome NITI Aayog's support in planning and implementing micro irrigation systems in agriculture to enhance the water productivity in the State.*

## **12. NITI SUPPORT FOR OUTCOME STUDIES IN EDUCATION, HEALTH AND WATER**

NITI Aayog has commissioned outcome studies in Education, Healthcare and Water Resource utilization through internationally recognized consultants like Mckinsey and BCG (Boston Consulting Group) to assist the States and suggest ways to improve their infrastructure and its utilization. I request NITI Aayog to include Punjab in the first group for all these sectors i.e. Education, Healthcare and Water. Punjab will extend full cooperation and positively utilize all inputs given by the consultants.

## **13. SMART CITIES**

Government of India has selected three cities in Punjab i.e. Ludhiana, Amritsar and

Jalandhar under the Smart City Mission. Amritsar has been selected as one of the 12 cities in India for heritage development with urban HRIDAY scheme to be executed during the next four years. I would like to point out that the outlay for each Smart City Project is presently very low. The present allocation in Punjab would be able to support only pilot projects in certain parts of each city. The allocation needs to be enhanced considerably to introduce even basic Smart modules in every city. It would be desirable to completely modernise the selected cities to implement all Smart modules before selecting new cities in the country. Similarly, *a Mission to establish Smart Villages may also be launched with adequate funding to upgrade rural infrastructure and bring the benefits of technology and markets to our rural areas.*

#### **14. GST**

An important structural change in the offering is the Goods and Service Tax which is likely to be implemented from July 2017. It will have a huge impact on the movement of goods and services across the country. Till the system stabilizes, there will be substantial pressure on the revenue of each State. Although the issues have been discussed and resolved at the national level in the GST Council, *Government of India should ensure that the flow of funds to the States is not adversely impacted.*

#### **15. BORDER AREA DEVELOPMENT**

Punjab has a 553 km long sensitive and live international border comprising the districts of Pathankot, Gurdaspur, Amritsar, Tarn Taran, Ferozepur and Fazilka. Due to its sensitive

location, it has been deprived of essential development and remains among the most backward of Punjab's regions. State Government is committed to ensure the development and progress of these areas and provide the same facilities to its residents as are available in other parts of the State. We are considering a special package to create new social and industrial infrastructure, reserve jobs in Government and seats in selected educational institutions for its residents. It is also proposed to provide special incentives to these areas in the State's New Industrial Policy.

Since this region is the buffer for our Nation in a tense, strategic international border, the Government of India should also extend support in its development as per the following:

(a) The Border Area Development programme, which was fully funded by Government of India till the year 2015-16, has now been converted into a 60:40 scheme. The objective is to meet special development needs of the people living in remote, inaccessible and hostile areas near international borders. ***I urge Government of India to provide a special one-time infrastructure development package for improving the border areas;***

(b) ***Government of India should acquire lands that lie beyond the border fence*** as this area can never be optimally used for agriculture due to security restrictions by BSF. Till such time these lands are acquired, the farmers should be compensated for loss of their livelihood due to border fencing;

- (c) *Government of India should also liberally compensate lands which are damaged or rendered ineffective for farming due to periodic military deployment.* A liberal compensation to affected land owners would also reinforce their long association with the Indian Army and strengthen our defence preparedness along the Punjab border;
- (d) *The Government of India should provide the same level of tax incentives and promotional schemes to this region as is given to the hilly and north-eastern region;* and
- (e) *The border roads of this area should be taken up for special development and maintenance under the National Highway Programme of the country.* This will also provide better access to the

paramilitary and armed forces in securing the border and will also provide connectivity to this region for its development.

It may be emphasized that unlike other States, Punjab border is densely populated with many major district towns like Amritsar, Ferozepur, Pathankot, etc located within 30 kms of the international border.

## **16. MODERNISATION OF THE STATE POLICE FORCE**

It is needless to reiterate that Punjab has a sensitive international border. We have faced many years of insurgency with cross border funding of terrorist groups in the State. Even today such incidents keep recurring. An example is the recent terrorist attack on the

Pathankot Air Force Station. Also, there is substantial inflow of drugs from across the border, harming generations of our youth. The Government of India needs to pay attention to further enhance and strengthen the Paramilitary presence along the Punjab border. *Punjab may also be included as a category 'A' State for financial assistance on the pattern of Jammu & Kashmir and eight north-east states under the modernization of State Police forces scheme with Central funding on a 90:10 basis.* It is imperative that Government of India allocates substantial funds in order to help modernize and upgrade the State Police for improved surveillance, better coordination with Paramilitary and Armed Forces to become an effective check to external inimical forces.

**17.** In the end, I convey my sincere thanks to the Hon'ble Prime Minister, Union Cabinet Ministers, Vice Chairman and members of the NITI Aayog and all other dignitaries present. I am sure that the vision, strategy and action plan presented by NITI Aayog will meet with all success for the progress and betterment of our country and the States in the true spirit of cooperative federalism.

**Jai Hind.**