

A. Profile of Punjab Economy

Annex I contains Tables 1 to 5. **Table 1** compares the growth performance of Punjab with its neighbouring States and All India. **Table 2** compares the per capita GSDP of Punjab with its neighbouring States and All India. **Table 3** details sector-wise growth in the State of Punjab. **Tables 4 and 5** present the credit deposit profile of Punjab and its neighbouring States and All-India.

B. Fiscal Overview of Punjab

Annex II contains Tables 6 to 11. **Table 6** presents the fiscal profile of the State. **Table 7** indicates the trend in State's Own Tax Revenue and GSDP ratio of Punjab and its neighbouring States. **Table 8** compares total expenditure and GSDP ratio of Punjab with its neighbouring States. **Table 9** indicates the social allocation ratio in Punjab and its neighbouring States. **Table 10** presents per capita revenue receipts, plan expenditure and total expenditure in Punjab. **Table 11** provides financial overview of the State.

C. Performance of the State Plan

Achievement in approved plan outlays during the Eleventh Five Year Plan period (2007-08 to 2011-12) and first year of the Twelfth Plan (2012-13) is given below in the table:

Achievement of Plan Outlay

(Rs. Crore)

| Year | GSDP | GSDP Growth (%) | Plan Outlay | | | |
|---------|--------|-----------------|--------------------|--------------|------------|--------|
| | | | Approved | Actual | % achieved | % GSDP |
| 2007-08 | 152245 | 19.8 | 5023.96 | 5024 | 100.0 | 3.3 |
| 2008-09 | 174039 | 14.3 | 6925.10 | 6925 | 100.0 | 4.0 |
| 2009-10 | 200382 | 15.1 | 4973.80 | 8600 | 172.9 | 4.3 |
| 2010-11 | 229304 | 14.4 | 8325.28 | 8670 | 104.1 | 3.8 |
| 2011-12 | 259424 | 13.1 | 11520.00 | 7278.28 (LE) | 63.2 | 2.8 |
| 2012-13 | 289258 | 11.5 # | 13983.00(Proposed) | - | - | - |

*GSDP- CSO Current prices as on 01.3.2012., # growth as indicated by 13th Finance Commission,
Note: 2010-11 onwards Plan Outlay/ expenditure is inclusive of the PSE plan.

D. Assumptions underlying State Government projections for Annual Plan 2012-13

Assumptions made by the State Government for projection of resources for the Annual Plan 2012-13 are as follows:

| Indicators | Percentage increase in 2012-13 over previous year LE |
|------------------------------|--|
| GDP growth (nominal price) # | 11.50 |
| Share in Central Taxes | 18.24 |
| SOTR | 17.92 |
| Own non-tax revenues | -13.13 |
| Interest payments | 9.00 |
| Pensions | 16.00 |
| Salaries | 14.00 |

Projected annual growth rate from 13th TFC Report. All other assumptions are based on estimates submitted by the State Govt.

E. Release of grants under 13th Finance Commission in 2012-13

(Rs.crore)

| Non Plan Grants | | Amount |
|-----------------|--|--------------|
| 1 | Local Bodies (General Basic) | 221.3 |
| 2 | Local Bodies (General Performance) | 151.9 |
| 3 | Local Bodies (Special Area Basic Grants) | 0 |
| 4 | Local Bodies (Special Area performance Grants) | 0 |
| 5 | Disaster Relief fund | 184.33 |
| 6 | Non Plan Revenue Grants | 0 |
| 7 | Capacity building | 5 |
| 8 | Performance incentives | 0 |
| 9 | Delivery of Justice | 24.17 |
| 10 | Grants for State Statistical System | 4 |
| 11 | Maintenance of Roads & Bridges | 148 |
| 12 | Water Sector Management | 80 |
| 13 | Employee and Pension Database | 0 |
| | Total Non Plan Grant | 818.7 |

| Plan Grants | | Amount |
|-------------|----------------------------|---------------|
| 1 | Elementary Education | 45 |
| 2 | Protection of Forest | 2.3 |
| 3 | Incentive for issuing UIDs | 4.32 |
| 4 | District innovation fund | 10 |
| 5 | State Specific Needs | 362.5 |
| | Total Plan Grant | 424.12 |

Note: Classification of Grants-in-aid to States recommended by 13th Finance Commission as Plan/ Non Plan resources of the States for the purpose of resource estimation in the scheme of financing of Annual Plan 2011-12 is based on circular issued by FC Division, Deptt. of Expenditure dated 5.3.2010

F. Scheme of Financing for Annual Plan 2012-13

Draft scheme of financing for Annual Plan 2012-13 is at **Annex III**, Other Central Assistance is at **Annex- IV** and BCR projections are at **Annex V**.

G. Resources of Public Sector Enterprises

IEBR of the PSEs is estimated to increase from Rs.4949.28 crore in 2011-12 (LE) to Rs. 6045.39 crore in 2012-13, which is an increase of 22% over the previous year.

H. Issues pertaining to State Finances

1. **Desired Plan Size:** The estimates given by the State Government show the desired plan size of Rs.13983.00 crore for 2012-13 including demand for one time ACA of Rs. 142 crore. The proposed aggregate plan resources are equivalent to the proposed plan size. The resources of the State are proposed to increase by 22% over the

previous year approved figures. The achievement in resource position in 2011-12(LE) is 63.2% of approved figures.

- Borrowing Ceiling:** State Government resources for 2012-13 have been estimated by limiting its borrowings to Rs. 9586 crore as per the prescribed ceiling of the Ministry of Finance, which is 3.3% of GSDP. The 13th FC has laid future target of 3.5% fiscal deficit for the State in 2012-13 and 3% in the next two years.

The 13th Finance Commission has projected outstanding liabilities for the state at 41% of GSDP in 2012-13. This ratio is 25% of GSDP for the State in 2011-12 and has come down gradually from 35% in 2007-08. These estimates have not been projected by the State Govt. for 2012-13.

Table indicating the borrowings of the State as % to GSDP from 2007-08 is given below:

| Years | GSDP (Rs. crore) | Borrowings (Rs. crore) | As % to GSDP |
|---------|------------------|------------------------|--------------|
| 2007-08 | 152245 | 4561.15 | 3.00 |
| 2008-09 | 174039 | 4823.31 | 2.77 |
| 2009-10 | 200382 | 5626.41 | 2.81 |
| 2010-11 | 229304 | 6134.07 | 2.68 |
| 2011-12 | 259424 | 8923.00 (LE) | 3.44 |
| 2012-13 | 289258 # | 9586.00 | 3.31 |

Source: Borrowings from State SoF

GSDP- CSO Current prices as on 01.3.2012. # growth as indicated by 13th Finance Commission.

- Salaries and Pensions:**

| (Rs..crore) | | | | |
|-------------|-------------------------------------|------------|--------------|-------------------------------|
| S.No. | Heads | 2011-12 LE | 2012-13 Est. | % increase in 2012-13 over LE |
| 1 | Pension Payments | 5000 | 5800 | 16.00 |
| 2 | Salary- Non Development Expenditure | 3279.00 | 3742.00 | 14.12 |
| 3 | Salary-Development Expenditure | 6896.00 | 7857.00 | 13.94 |
| | Total Salary (2+3) | 10175.00 | 11599.00 | 14.00 |
| 4 | DA and Pay Revision | 2604.00 | 2322.00 | -10.8 |

Source: State Govt.- BCR Table

- One Time Additional Central Assistance :** One time ACA allocated to the State since 2003-04 is given below in the table:

Onetime ACA/SPA allocated to the state since 2003-04

(Rs Crore)

| Year | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2011-12 |
|-------------|---------|---------|---------|---------|----------------|---------|---------|---------|---------|---------|
| Onetime ACA | 50 | 59.23 | 60 | 60 | 70 (21) (G) | 30(G) | 33(G) | 50 (G) | 100 | 120 |

Profile of Punjab Economy

(i) Trends in Growth Rate of Punjab compared to neighbouring States (2005-06 to 2011-12)

Table-1: Real Growth Rate of GSDP

| States | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|-----------|---------|---------|---------|---------|---------|---------|---------|
| Punjab | 5.90 | 10.18 | 9.05 | 5.85 | 6.61 | 7.04 | 5.79 |
| Haryana | 9.20 | 11.22 | 8.46 | 8.20 | 11.00 | 9.59 | 8.12 |
| Rajasthan | 6.68 | 11.67 | 5.14 | 9.09 | 5.52 | 10.97 | NA |
| All-India | 9.48 | 9.57 | 9.32 | 6.75 | 8.39 | 8.39 | 6.88 |

Source: GSDP- CSO- at constant prices (2004-05 Series) as on 1.3.2012

(ii) Per Capita NSDP of Punjab compared to neighbouring States (2004-05 to 2011-12)

Table-2- Per capita NSDP

(at constant prices)

| States | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|-----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Punjab | 33103 | 36199 | 41883 | 49380 | 55315 | 62605 | 69737 | 78171 |
| Rajasthan | 18565 | 20275 | 24055 | 26882 | 31279 | 34982 | 42434 | N.A |
| Haryana | 37972 | 42310 | 49264 | 56922 | 67397 | 80759 | 94680 | 109227 |
| All-India | 24143 | 27131 | 31206 | 35825 | 40775 | 46117 | 53331 | 60972 |

Source: NSDP- CSO- at constant prices (2004-05 Series) as on 1.3.2012

(iii) Sectoral Growth Rates

Table-3 - Sectoral Real Growth Rates of Punjab (2005-06 to 2010-11)

| Sector | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|----------------|-------------|--------------|-------------|-------------|-------------|-------------|
| Agr and Allied | 0.95 | 2.85 | 3.83 | 2.15 | 1.36 | 1.78 |
| Industry | 9.55 | 21.19 | 15.90 | 5.89 | 11.29 | 9.19 |
| Services | 6.70 | 8.78 | 7.65 | 9.44 | 8.82 | 8.92 |
| GSDP | 5.53 | 10.12 | 8.87 | 6.34 | 7.57 | 7.21 |

CSO as on 2.08.2011 at 2004-05 prices by industry of origin at constant prices

(iv) **Credit Deposit Ratio**

Table 4 - Credit Deposit Ratio of the State (2006 to 2011)

(Rs.crore)

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------|-------|-------|--------|--------|--------|--------|
| Deposit | 72808 | 84621 | 101046 | 120667 | 133571 | 153737 |
| Credit | 41219 | 52812 | 66998 | 79064 | 94980 | 118906 |
| CD ratio | 56.61 | 62.41 | 66.30 | 65.52 | 71.11 | 77.34 |
| ROG(Deposit) | - | 16.22 | 19.41 | 19.42 | 10.69 | 15.10 |
| ROG(Credit) | - | 28.13 | 26.86 | 18.01 | 20.13 | 25.19 |

Source- RBI Publication-Statistical Tables Relating to Banks of India

Note : 1. Year refers to financial year ending March 31 2. Deposits and Credits are in Rs. Crore

(v) **Credit Deposit Ratio including neighbouring States**

Table 5 - Credit Deposit Ratio of the State including neighbouring States

| States | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|------------------|-------|-------|-------|-------|-------|-------|
| Punjab | 56.61 | 62.41 | 66.30 | 65.52 | 71.11 | 77.34 |
| Haryana | 57.35 | 57.61 | 60.58 | 61.48 | 63.03 | 71.52 |
| Rajasthan | 78.39 | 82.51 | 82.04 | 80.16 | 88.21 | 90.01 |
| All India | 72.50 | 75.02 | 74.16 | 72.58 | 72.70 | 75.13 |

Source- RBI Publication-Statistical Tables Relating to Banks of India

Note : 1. Year refers to financial year ending March 31

Fiscal Overview of Punjab

(i) Fiscal parameters

Table-6- Fiscal Profile of Punjab (2007-08 to 2012-13)

(% of GSDP at current prices)

| Indicator | 2007-08 | 2008-09 | 2009-10 | 2010-11 (Prov Actual) | 2011-12 BE |
|-----------------|---------|---------|---------|-----------------------|------------|
| Fiscal Deficit | -3.04 | -3.67 | -2.78 | -2.70 | -2.85 |
| Revenue Deficit | -2.52 | -2.11 | -2.37 | -2.00 | -1.09 |
| Primary Deficit | -0.05 | -0.98 | -0.52 | -0.62 | -0.73 |
| OL | 34.91 | 31.66 | 28.57 | 26.35 | 25.08 |
| IP/RR | 0.24 | 0.24 | 0.23 | 0.20 | 0.20 |

OL=outstanding liabilities, IP=interest payment, RR= revenue receipt

Source: GSDP- CSO Current prices as on 01.3.2012.

- Note : 1. Year refers to financial year ending March 31
 2. Data as per State Govt.- Fiscal indicator Table
 3. Deficit (-), Surplus (+)

(ii) States Own Tax Revenue (SOTR)

Table 7 - SOTR compared with neighbouring States (2007-08 to 2012-13)

(as % of GSDP at current prices)

| States/Year | 2007-08 | 2008-09 | 2009-10 | 2010-11 (Prov Actual) | 2011-12 BE | 2012-13 Est |
|-------------|---------|---------|---------|-----------------------|------------|-------------|
| Punjab | 6.50 | 6.41 | 6.01 | 7.34 | 7.87 | NA |
| Haryana | 7.66 | 6.39 | 5.95 | 6.36 | 6.79 | 6.74 |
| Rajasthan | 6.81 | 6.47 | 6.24 | 6.41 | 5.92 | 6.53 |

Note : 1. Year refers to financial year ending March 31 2. Data as per State Government

*GSDP- CSO Current prices as on 01.3.2012.

(iii) Public Expenditure Ratio

Table 8 - Public Expenditure Ratio compared with neighbouring States (2007-08 to 2012-13)

(% of GSDP at current prices)

| States/Year | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 LE | 2012-13 Est |
|-------------|---------|---------|---------|---------|------------|-------------|
| Punjab | 16.61 | 15.79 | 14.77 | 15.42 | 15.77 | 0.00 |
| Haryana | 14.01 | 13.90 | 14.10 | 12.52 | 13.41 | 12.80 |
| Rajasthan | 18.46 | 17.55 | 17.40 | 15.57 | 16.79 | 18.04 |

Note : 1. Year refers to financial year ending March 31 2. Data as per State Government. 3. Public expenditure ratio= the percentage of public expenditure (plan + non-plan) to GSDP.

Source: GSDP- CSO Current prices as on 01.3.2012.

(iv) **Social Allocation Ratio:** Table 9 below presents the ratio of social expenditure to total expenditure of Punjab and its neighbouring states

Table 9 - Social Allocation Ratio (2007-08 to 2011-12)
(as % of total expenditure)

| States | 2007-08 | 2008-09 | 2009-10 | 2010-11 (RE) | 2011-12(BE) |
|-------------------|-------------|-------------|-------------|--------------|-------------|
| Punjab | 18.8 | 23.8 | 22.7 | 27.3 | 30.5 |
| Haryana | 33.3 | 37.2 | 41.0 | 40.9 | 40.3 |
| Rajasthan | 38.9 | 45.2 | 44.3 | 43.0 | 43.5 |
| All States | 35.3 | 37.6 | 38.7 | 40.0 | 40.0 |

Note: 1. Includes expenditure on social services, rural development and food storage and warehousing under revenue expenditure, capital outlay and loans and advances by the State Governments.

2. Figures for Jammu and Kashmir and Jharkhand for the year 2009-10 (Accounts) relate to Revised Estimates

Source :RBI- State Finances

(v) **Per capita profile**

Table 10: Per capita profile of Punjab (2006-07 to 2010-11)

| | (in Rupees) | | | | |
|------------------------------|-------------|-------|-------|--------------|------------|
| | 2007 | 2008 | 2009 | 2010 Actuals | 2010-11 BE |
| Per capita Total Expenditure | 9463 | 10160 | 10817 | 12772 | 14620 |
| Per capita RR | 7199 | 7658 | 8096 | 9975 | 11446 |
| Per capita Plan expenditure | 1154 | 1488 | 1244 | 1621 | 3089 |

Note : 1. Year refers to financial year ending March 31st.

2. Data as per FR Estimates of State Govt.

3. RGI estimated Population (as on 1st March)

Table 11

Fiscal Indicators

| | Items | 2007-08 | 2008-09 | 2009-10 | 2010-11 Actual | 2011-12 (BE) |
|-----|---|-----------|-----------|-----------|-------------------|-----------------|
| 1 | Tax Revenue | 11874.16 | 13234.20 | 14183.58 | 19879.05 | 24072.73 |
| 1a | State's Own Tax Revenue | 9899.25 | 11150.19 | 12039.48 | 16828.18 | 20407.70 |
| 1b | Share in Central Taxes | 1974.91 | 2084.01 | 2144.10 | 3050.87 | 3665.03 |
| 2 | Non Tax Revenue | 7363.46 | 7478.59 | 7973.00 | 7729.42 | 7954.03 |
| 2a | State's Own Non-Tax Revenue | 5253.97 | 5783.91 | 5652.70 | 5330.17 | 3126.25 |
| 2b | ARM | 0.00 | 0.00 | 0.00 | 0.00 | 500.00 |
| 2c | Grants | 2109.49 | 1694.68 | 2320.30 | 2399.25 | 4327.78 |
| 3 | Total Revenue Receipts | 19237.62 | 20712.79 | 22156.58 | 27608.47 | 32026.76 |
| 4 | Non Debt Capital Receipts | 1445.86 | 78.75 | 1276.52 | 597.90 | 80.35 |
| 5 | Total Receipts | 20683.48 | 20791.54 | 23433.10 | 28206.37 | 32107.11 |
| 6 | Revenue Expenditure | 23060.86 | 24568.99 | 27407.94 | 32897.18 | 35405.75 |
| 6a | Plan+C.S.S. | 1163.54 | 1422.46 | 1424.45 | 2320.72 | 3476.82 |
| 6b | Non Plan | 21897.32 | 23146.53 | 25983.49 | 30576.46 | 31928.93 |
| | Revenue Expenditure | 23060.86 | 24568.99 | 27407.94 | 32897.18 | 35405.75 |
| | i) Interest Payments | 4526.92 | 4901.68 | 5010.99 | 5515.11 | 6530.01 |
| | ii) Pensions | 2432.59 | 2829.83 | 3357.42 | 5309.32 | 4821.87 |
| | iii) Salaries | 6257.99 | 6711.03 | 8095.43 | 9589.28 | 12417.08 |
| | vi) Others | 9843.36 | 10126.45 | 10944.10 | 12483.47 | 11636.79 |
| 7 | Capital Expenditure | 2226.45 | 2913.00 | 2195.25 | 2452.49 | 5502.69 |
| 7a | Plan+C.S.S. | 1919.44 | 2602.68 | 1979.90 | 2166.03 | 5165.60 |
| 7b | Non Plan | 307.01 | 310.32 | 215.35 | 288.46 | 337.02 |
| 8 | Capital Outlay | 2191.60 | 2857.93 | 2166.41 | 2384.09 | 5418.34 |
| 8a | Plan+C.S.S. | 1919.44 | 2602.68 | 1979.90 | 2166.03 | 5164.60 |
| 8b | Non Plan | 272.16 | 255.25 | 186.51 | 218.06 | 253.74 |
| 9 | Loans & Advances | 34.85 | 55.07 | 28.84 | 68.40 | 84.35 |
| 9a | Plan+C.S.S. | 0.00 | 0.00 | 0.00 | 0.00 | 1.00 |
| 9b | Non Plan | 34.85 | 55.07 | 28.84 | 68.40 | 83.35 |
| 10 | Total Expenditure | 25287.31 | 27481.99 | 29603.19 | 35349.67 | 40908.44 |
| 10a | Plan+C.S.S. | 3082.98 | 4025.13 | 3404.35 | 4486.72 | 8642.42 |
| 10b | Non Plan | 22204.33 | 23456.86 | 26198.84 | 30862.94 | 32266.02 |
| 11 | Revenue Surplus(+) / Deficit (-) | -3823.24 | -3856.20 | -5251.36 | -5288.71 | -3378.99 |
| 12 | Fiscal Deficit | -4603.83 | -6690.45 | -6170.09 | -7143.30 | -8801.33 |
| 13 | Primary Surplus(+) / Deficit (-) | -76.91 | -1788.77 | -1159.10 | -1628.19 | -2271.32 |
| 14 | Total Outstanding Liabilities) | 52923.00 | 57787.00 | 63435.00 | 69594.00 | 77585.00 |
| 15 | GSDP (at current prices) | 152245.00 | 174039.00 | 200382.00 | 229304.00 | 254931.00 |
| 16 | Revenue Deficit (as % of GSDP) | -2.51 | -2.22 | -2.62 | -2.31 | -1.33 |
| 17 | Fiscal Deficit (as % of GSDP) | -3.02 | -3.84 | -3.08 | -3.12 | -3.45 |
| 18 | Primary Deficit (as % of GSDP) | -0.05 | -1.03 | -0.58 | -0.71 | -0.89 |
| 19 | Total Outstanding Liabilities (as %age of GSDP) | 34.76 | 33.20 | 31.66 | 30.35 | -30.43 |
| 20 | Own Tax Revenue (as % of GSDP) | 6.50 | 6.41 | 6.01 | 7.34 | 8.01 |

