

PUNJAB

THE STATE PROFILE

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Punjab : The State Profile

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From President's Desk



Sharad Jaipuria

Punjab is a state endowed with rich culture, tradition, religion and acknowledged for its self-dependence, self-reliance and glory. The state is predominantly an agrarian state and has been accorded with the status of 'Granary of India'. The state contributes a considerable share in national food grain production and thereby aids in ensuring the national food security. The state's fertile and productive soil coupled with excellent network of irrigation facilities plays a significant role in developing and boosting the agro-based industry.

The state is one of the largest producer of two crops i.e. wheat and rice in India. Punjab is undertaking special efforts to increase the area of cotton, maize, oil seeds and pulses. The state government is highly focused on developing Horticulture, as it offers a lot of scope for crop diversification, value addition, productivity enhancement, export promotion, employment generation, increase in income and rural development.

The state possesses huge potential in agro exports, due to its extensive presence of agricultural base. Rice accounts as the prominent export item from the state. Punjab is investing in research & development and production of quality planting materials for higher farm productivity, better post harvest management and value addition, processing and packaging, marketing and export promotion. In order to facilitate export of fresh fruits & vegetables, the State is upgrading and expanding the perishable cargo centre set up at Amritsar Airport to a world class permanent perishable centre.

Going ahead, diversification in the farm sector, crop rotation and organic farming should be encouraged and promoted in the state to improve the soil quality and to enhance the crop productivity. The state government should promote setting up of low cost rain water harvesting techniques such as check dams, which would help in raising water table levels.

My best wishes for grand success of Agriculture Summit 2014 which will be a useful platform for different stakeholders including farmers, researchers, policy planners, government officials, administrators, businessmen and business leaders.



Alok B Shriram

From Senior Vice President's Desk

Punjab offers conducive milieu for industrial investments by providing various policy incentives and good industrial infrastructure. Industries remain an integral component of the state economy. The state is building successful partnerships with foreign firms, strengthening domestic capabilities and forging strategic linkages. In order to sustain, nurture and to grow the entrepreneurial ecosystem, the state has set up several nodal agencies to facilitate industrial development and investments.

The state offers tremendous investment potential in sectors such as agro based projects (food products and beverages), leather and sports goods, meat processing, textiles, electronics and telecommunications, information technology, infrastructure modernization, automobiles, farm machinery, engineering industries, chemical industries and export oriented units.

The industrial sector is mainly dominated by the small scale units in the state, whereas large and medium enterprises accounted for a very minimal share. To attain balanced industrial growth, it is necessary to have small, medium and large industrial units. Going ahead, the state government should encourage more investment for setting up large and medium units coupled with package of incentives and policies.

Ludhiana has been regarded as the easiest place for doing business in India and is acknowledge for its readymade garments, woollen garments and hosiery goods and its is popularly known as Manchester of India. While Jalandhar is widely known for its sports goods, leather products, hand tools, rubber goods, auto parts and electrical goods. Mohali has been developed as IT-ITeS hub in the state.

I am sure Agriculture Summit 2014 will be a useful platform for investors to tap the emerging investment avenues in the state by exchanging views and success stories.

I wish all the best to distinguished participants at Agriculture Summit 2014



Mahesh Gupta

From Vice President's Desk

Infrastructure is a vital sector for the development of the industry and economy and the state government is working rigorously towards the development of infrastructure to promote industry, commerce and trade in the state. Punjab boasts of one of the most well knit and dense road, rail and transport network in India. The civil aviation infrastructure of the state is also good.

However, the demand for power in the state is rising sharply on account of rapidly increasing use of electrical energy for agricultural operations, progressive industrialization, high living standard of residents and intensive rural electrification programme. Hence, there is a vital need for speedy approvals of power projects, project management techniques, rapid up-skilling of manpower, strengthening transmission and distribution system and taking on alternative sources of energy like wind, bio gas, agricultural biomass, would help in meeting the crippling demand and supply gap and to make the state self reliant and power surplus.

On social front, state has performed reasonably well with a very small proportion of people living below poverty line and literacy rate of the state is higher than the national literacy level. The state has made serious efforts to enhance the employability of the youth by imparting job specific vocational skills. Punjab should promote setting up training centres, skill development centres and job oriented education system. It is necessary to promote agricultural allied activities, such as livestock, to provide source of livelihood in the state.

In this regard, more emphasis must be laid on upgradation of the development of veterinary infrastructure to protect livestock from deadly diseases and increasing their productivity. Employment can be generated in allied activities like fisheries and many others, which carry high potential in the state.

Going ahead, the state is all set to scale new heights to emerge as an economy with sustainable and inclusive growth.

My best wishes to all the distinguished participants present at Agriculture Summit 2014



Saurabh Sanyal

From Executive Director's Desk

Punjab: The state profile is an extensive study of the state of Punjab which has been prepared with the objective to highlight latest socio-economic developments in the state. This study is unique in its kind, which captures the essence of the grass roots of the lush green state of Punjab. The report also highlights the vital suggestions and the areas which require immediate policy intervention.

The study has made recommendations to improve the agriculture production scenario, to capitalize on the opportunities emerging from its innovative policies, to explore alternative energy based industries and to strengthen the tourism sector. Finally the study recommends measures to attract investments in the various sectors of the economy. It also includes its economic policies like industrial policy, agro & food processing policy, tourism development policy, IT & knowledge industry policy, textile sector development policy etc.

The PHD Chamber has always aimed to be an important stakeholder to the development of the Northern and Central states of India and the nation. I hope this study helps in further policy formulation in the state, so as to serve as a vehicle for its inclusive growth and socio-economic development. This is one of the studies in the series of state profiles that the PHD chamber is coming out with and we would also be bringing out other state profiles in the coming times.

I commend and appreciate the tireless efforts of PHD Research Bureau team led by Dr. S P Sharma, Chief Economist and assisted by team members Ms. Surbhi Sharma, Ms. Bhawana Sharma, Ms. Nidhi Gautam and Mr. Syed Zaki Mehdi producing this study of analytical value. I hope that this report serves as an informative guide to the policy makers, researchers and industry stakeholders.



Rajiv Bali

From Chairman's Desk (Punjab Committee)

Punjab with a population size of about 3 crore has grown at a decent rate of 7% (average) during FY2006-13. The state contributes nearly 3% to GSDP of Indian states in 2012-13. Punjab has rich and productive agricultural base coupled with conducive agro industrial policy, making an ideal destination for setting up agro & food processing industries. The state is one of the leading producers of food grains and contributes significantly to the nation's food grain basket. Major crops grown in the state include wheat, paddy and sugarcane. The main fruits grown in state are kinnow, orange, malta, lemon, guava, pear, mango and grapes etc.

The state government has given top priority to the development of agriculture and allied sectors in the state. Punjab focuses to increase flow of investments in agro & food processing and has announced a bouquet of incentives for setting up new investments. Since Punjab is a leader in agricultural productivity, the state must set an example for other states as well by taking steps such as diversifying their crop pattern apart from wheat and paddy.

Punjab is now well on its way to rapid industrialization through coordinated development of small, medium and large scale industries. Tourism and heritage development is one of the thrust areas of the Punjab government which has contributed significantly in the economic development of the state. The state is endowed with rich heritage and is one of the preferred locations in India for pilgrimage tourism. Punjab has positioned itself as one of the emerging tourist destinations in the country; offering varied tourism products including rich cultural and natural heritage experiences. Tourism in the state is primarily religious, however, traditional, wildlife and eco tourism can go a long way in attracting domestic as well as international tourists.

Going ahead, it is essential for the state government and industries to join hands and work in the development of the state.

I commend and appreciate the sincere and invaluable support of Shri R S Sachdeva, Co-Chairman, Punjab Committee for the Agriculture Summit 2014. I also highly appreciate the tireless efforts of PHD Secretariat at Chandigarh Office led by Shri Dalip Sharma, Director and his team in facilitating the Agriculture Summit 2014.

My heartiest congratulations and best wishes for the success of Agriculture Summit 2014



R S Sachdeva

From Co-Chairman's Desk (Punjab Committee)

Punjab is a vibrant state which has been able to harness its strengths to expand its economy with the support of conducive policies coupled with one of the most diverse and expressive culture in India. The state identifies IT and ITeS as their niche areas and focuses to make the state as one of the most preferred and competitive investment destination in the field of information technology and knowledge and electronics hardware industry.

Punjab provides gamut of incentives in order to make the state a preferred destination for emerging IT business opportunities and it is believed that growth in coming years will be increasingly driven by the knowledge and service based sectors. The state government is highly focused on developing necessary infrastructure development of human capital, proactive engagement with investors and effective policy implementation so as to create a conducive milieu for IT industry.

In order to boost agriculture and allied industry in Punjab, we need to develop cold chains, warehousing and food processing industry in the State. To give an impetus to the bilateral trade with Pakistan, it is important to develop a cold chain and warehousing hub between Amritsar & Jalandhar so that business with Pakistan through Wagah can be promoted.

The state government has taken special measures for development of industrial sector and is on its way to rapid industrialization through coordinated set of policies, incentives and excellent infrastructure.

Going forward, the Punjab economy is all set to post remarkable achievements to emerge as one of the most preferred investment destination for IT sector.

I am hopeful that the state will emerge as a leading state which drives national development going ahead.

My best wishes and compliments for the huge success of Agriculture Summit 2014.

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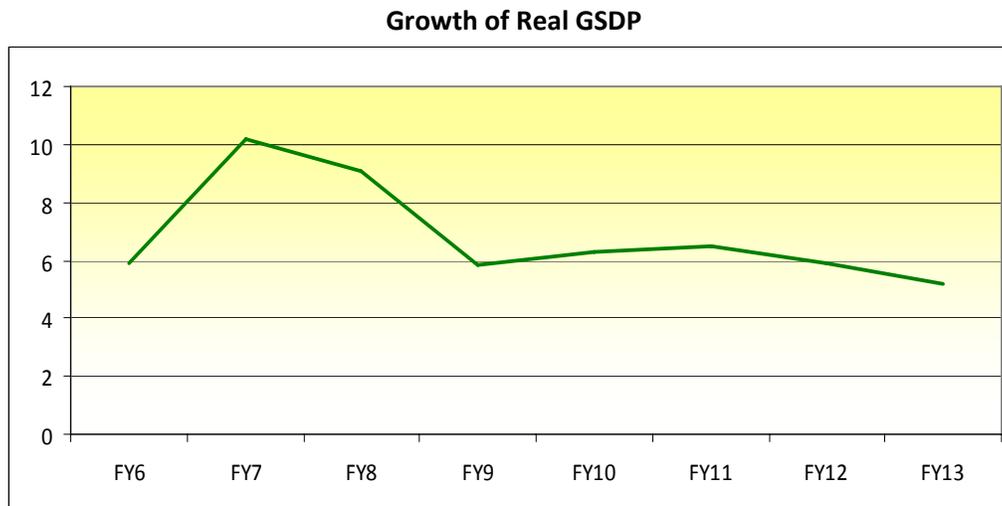
Abbreviations

APMC	Agriculture Produce Marketing Committee
AT&C	Aggregate Technical and Commercial
BISA	Borlaug Institute for South Asia
BPL	Below Poverty Line
Bn	Billion
BT Cotton	Bacillus Thuringiensis Cotton
CD Ratio	Credit Deposit Ratio
CSO	Central Statistics Office
CST	Central Sales Tax
ERS	Emergency Response Services
FCI	Fixed Capital Investment
FDI	Foreign Direct Investment
FY	Financial Year
GADVASU	Guru Angad Dev Veterinary & Animal Sciences University
GDP	Gross Domestic Product
GER	Gross Enrollment Ratio
GFD	Gross Fiscal Deficit
GSDP	Gross State Domestic Product
J&K	Jammu and Kashmir
IT	Information Technology
IMR	Infant Mortality Rate
ITES	Information Technology Enabled Services
ITU	Integrated Textile Units
KWh	Kilowatt-hour
Mn	Million
MT	Million Tonnes
MNCs	Multinational Companies
MSME	Micro Small and Medium Enterprises
MW	Megawatt
NCT	National Capital Territory
NIIFT	Northern India Institute of Fashion Technology
NRHM	National Rural Health Mission
NRSE	New and Renewable Sources of Energy
NSDP	Net State Domestic Product
PAFC	Punjab Agro Foodgrains Corporation
PAGREXCO	Punjab Agri Export Corporation
PAIC	Punjab Agro Industries Corporation
PMA	Preferential Market Access
PAU	Punjab Agricultural University
PD	Primary Deficit
PHC	Primary Health Centre
PIDB	Punjab Infrastructure Development Board
PITEX	Punjab International Trade Expo
PPCB	Punjab Pollution Control Board
PPP	Public Private Partnership
PRD	Primary Revenue Deficit
PRTS	Public Rapid Transit System
PSIDC	Punjab State Industrial Development Corporation
PSIEC	Punjab Small Industry and Export Corporation
PSPCL	Punjab State Power Corporation Ltd
PWD	Public Works Department
RD	Revenue Deficit
R&D	Research & Development
SEZ	Special Economic Zone
STPI	Software Technology Parks of India
TRAI	Telecom Regulatory Authority of India
TUFS	Technology Up-gradation Fund Scheme
USD	United States Dollar
VAT	Value Added Tax

Punjab : The State Profile

1. Structure of the economy

The economy of Punjab has witnessed a steady growth path during the recent years. The real GSDP of the state has increased from about Rs. 102556 crores in FY2006 to Rs. 164525 crores in FY2013. The average real GSDP of the state has grown at around 7% during the period FY2006- FY2013.



Source: PHD Research Bureau, compiled from CSO.

Services sector contributes a significant share of around 45% in the GSDP followed by the agriculture and industry at 29% and 26% respectively during FY2013. However, the share of agriculture has declined from around 32% in FY2009 to 29% in FY2013, while share of services has scaled upward from 41% in FY2009 to 45% in FY2013.

Gross State Domestic Product and its Composition

Components	FY2009	FY2011	FY2013
GSDP at current prices (Rs. crore)	174039	226204	293815
NSDP at current prices(Rs. crore)	154827	202019	264537
Economic Growth % (GSDP at constant prices)	5.85	6.52	5.19
Sectoral Contribution in GSDP at current prices (%)			
Agriculture	32	30	29
Industry	27	27	26
Services	41	43	45

Source: PHD Research Bureau, compiled from CSO.

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Summary of socio-economic indicators

State Capital	Chandigarh
Area (Sq. km)	50,362 sq. km
Population (Census 2011)	2.77 crore
Population Density(Sq. Km) Census 2011	550
No. of Districts#	22
Important Rivers	Ravi, Beas, Satluj, Chenab and Jhelum
Prominent tourist destinations	Golden temple, Wagah Border, Anandpur Sahib, Jallianwala Bagh
GSDP at Current Prices (FY2012-13)	Rs. 293815 crore
GSDP at Constant Prices(FY2012-13)	Rs. 164524 crore
Growth of GSDP at Constant Prices(FY2012-13)	5.19%
Per capita Income (2012-13)	Rs. 88,783
Fiscal Deficit (FY2014)*	3%
Population below Poverty Line (FY2011-12)	8.3%
National Highway length	1739 kms
Rail Length (2012)##	4127.76 kms
Domestic Airport	Chandigarh, Ludhiana and Pathankot
International airport	Sri Guru Ram Dass Jee International Airport at Amritsar
Per Capita Health Expenditure (NHA2004-05)**	Rs. 1359
Literacy Rate (2011 Census)	76.7%
Sex Ratio (2011 Census)	895.1
Key Industries	Agro and food processing, Beverages, IT and knowledge, Textiles, Hoisery, Wollen garments Tourism, Handicrafts, Automobile, Chemicals, Metal and Light Engineering.
Main Industrial Cities	Ludhiana , Jalandhar, Amritsar, and Mohali
Total Population (Census 2011)	277.04 lakh
(i) Male population	146.35 lakh (52.8%)
(ii) Female population	130.69 lakh (47.2%)
Large and Medium Scale Industries^ (2012-13)	475 working units
Small Scale Units^ (2012-13)	172000 working units

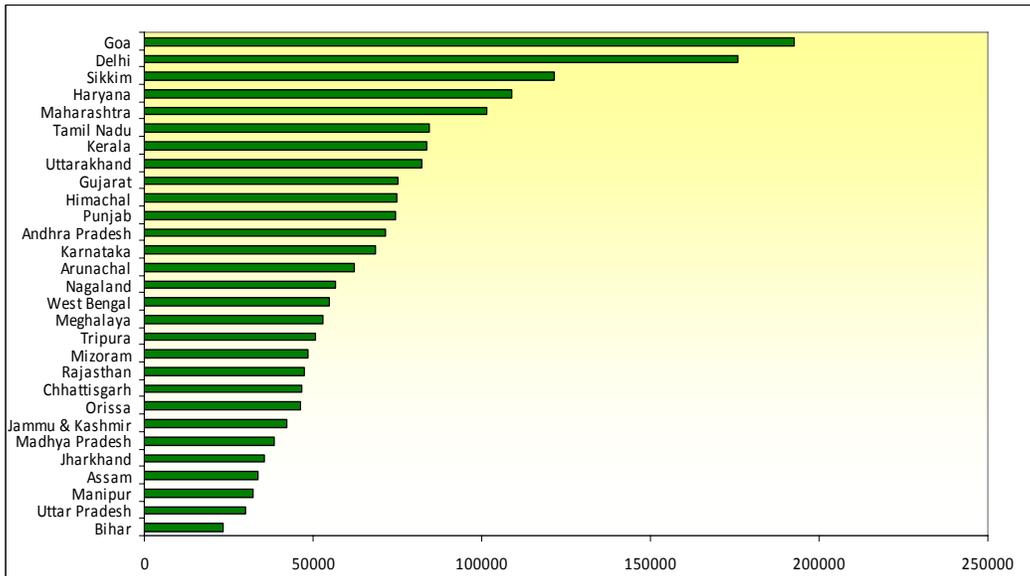
Source: PHD Research Bureau, compiled from Department of Planning, Government of Punjab, Census 2011, Government of India, Economic Survey of Punjab 2012-13,*RBI, **Annual report to people on Health, December 2011, # The state of Punjab has 22 districts which comprises of sub-divisions, tehsils and blocks, ^ Projections , ## as on 31st March 2012 Includes route Kilometres of Punjab, Haryana, Himachal Pradesh and Union Territory of Chandigarh in the respective divisions

Punjab : The State Profile

Per-capita income

Per capita income of Punjab stands at Rs. 74,606 (FY2012), which is around 23% higher than the national average of Rs. 60,603. As per the latest comparable data¹ during FY2012, Punjab is ranked at the 11th in terms of per capita income among all the Indian states.

Pattern of per-capita income of the Indian states



Source: PHD Research Bureau, compiled from Economic Survey of India 2012-13.

Note: Comparable data is available for FY2012 at current prices, however the data for Guajrat and Mizoram pertains to FY2011.

Fiscal Deficit

Gross fiscal deficit of the state as a percentage of GSDP has decreased to 3% in FY2014 as compared to the 3.2% in FY2013. Primary deficit as percentage of GSDP has also decreased to 0.5% from 0.8% during the same period. The revenue deficit has shown a decrease from 1.6% in FY2013 to 0.6% in FY2014. Primary revenue balance has increased from 0.8% in FY2013 to 1.9% in FY2014.

¹ Latest Comparable data of states available for 2011-12, Economic Survey of Govt. of India 2012-13

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Fiscal Indicators

(% of GSDP)

Fiscal components	2004-08 (Avg.)	2008-10 (Avg.)	2011-12	2012-13 (RE)	2013-14 (BE)
RD/GSDP	2.1	2.4	2.6	1.6	0.6
GFD/GSDP	3.3	3.5	3.3	3.2	3.0
PD/GSDP	-0.2	0.8	0.9	0.8	0.5
PRB/GSDP	-1.3	-0.2	0.2	-0.8	-1.9

Source: PHD Research Bureau, Compiled from RBI.

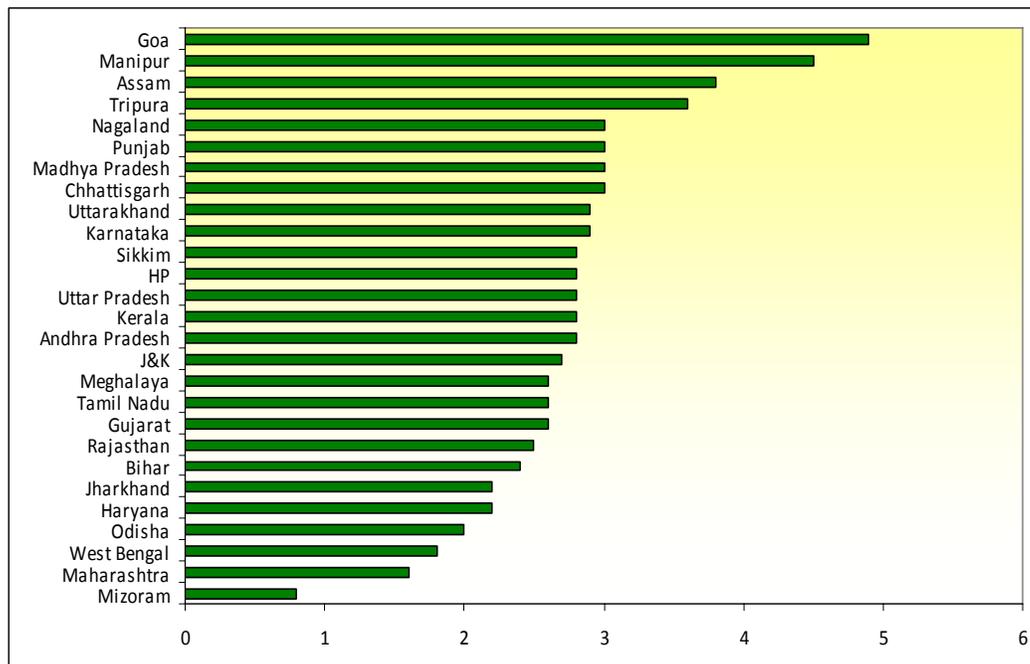
RD: Revenue Deficit, GFD: Gross Fiscal Deficit, PD: Primary Deficit, PRB: Primary Revenue Balance.

BE: Budgeted Estimates, RE: Revised Estimates, (-) sign refers to surplus.

Comparison of fiscal position with other states

Gross fiscal deficit of Punjab is lower in comparison to states like Goa, Manipur, Assam and Tripura and higher than the states like Uttarakhand, Karnataka, Himachal Pradesh, Uttar Pradesh, Kerala, Jammu & Kashmir, Gujarat, etc.

Comparison of Gross Fiscal Deficit as a % of GSDP



Source: PHD Research Bureau, Compiled from RBI, Note: Data pertains to 2013-14

Note: NCT of Delhi and Arunachal Pradesh have fiscal surplus of 0.5 % of GSDP and 1% of GSDP respectively

Industrial investments

Punjab offers conducive milieu for industrial investments by providing various policy incentives and good industrial infrastructure. Industries remain an integral component of the state economy, with capabilities in the entire manufacturing value chain, from R&D and design to marketing and sales. Punjab is building successful partnerships with foreign firms, strengthening domestic capabilities and forging strategic linkages.

The state backed with resources, policy incentives, infrastructure and climate which support investments in sectors such as agro-based industries, food products, light engineering goods, automotives, chemicals, sports goods, textiles, pharmaceuticals, paper and paper products, metal and alloy products etc. In order to sustain, nurture and to grow the entrepreneurial ecosystem, the state has set up nodal agencies to facilitate industrial development and investments such as Punjab State Industrial Development Corporation Ltd (PSIDC), Punjab Small Industry and Export Corporation (PSIEC), Punjab Information & Communication Technology Corporation Ltd. (INFOTECH), Punjab Agro Industries Corporation (PAIC) etc. The state government has set up “Udyog Sahayak” as the state-level nodal agency and District Industry Centres (DIC) as the district-level committee for single-window clearance of industrial projects.

The state has been able to attract more than Rs. 44000 crore as industrial investment proposals in the last five years (2008-2012). However, share of Punjab in India’s industrial investment proposals has remained steady at around 0.7% (average 2008-2012) during the recent years.

Year	Punjab	India	Share of Punjab in India’s total investment proposals
2008	9482	1523852	0.62
2009	9731	1040259	0.94
2010	6779	1736322	0.39
2011	13571	1539728	0.88
2012	4477	567868	0.79
2013(Dec)	2491	530086	0.47

Source: PHD Research Bureau, Compiled from Department of Industrial Policy and Promotion, Govt. of India

The state is dominated by small and medium enterprises which account for more than 95% of the total industrial units. During 11th Plan, 10487 new units have come up with an investment of Rs.17925 crore providing employment to more than 2 lakh persons.

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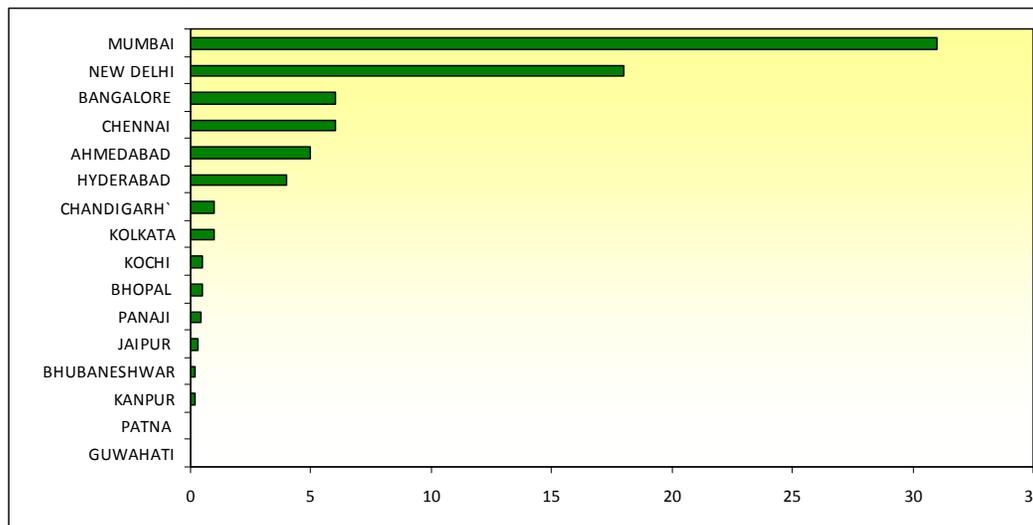
During the last five years, 150 mega projects, worth investment of Rs.61932 crore were sanctioned and investment of Rs.13087 crore has already been made.

The state is home to many large Indian companies & MNCs. Ludhiana has been regarded as the easiest place for doing business in India^[1] and is acknowledge for its readymade garments, woolen garments and hosiery goods and its is popularly known as Manchester of India. While Jalandhar is widely known for its sports goods, leather products, hand tools, rubber goods, auto parts and electrical goods. Mohali has been developed as IT-ITeS hub in the state.

FDI inflows

During recent years, the FDI inflows (Chandigarh region)² in the state have posted an inspiring growth. However, the region constitutes around 1% of the total FDI inflows in India.

Regional (Chandigarh) share of FDI* in India's total FDI inflows



Source:PHD Research Bureau, Compiled from Department of Industrial Policy and Promotion, Govt. of India.
Note: Data pertains to Apr'00-Nov'13 and represents FDI equity inflows

In the wake of volatile global economic environment during the recent years, the FDI inflows of the state have been impacted. FDI inflows in Chandigarh region has decreased to US\$47 million during FY2013 as compared to US\$130 million during FY2012 , thereby marking a decline of about 64%. The cumulative inflows of the region from April 2000 to November 2013 constitute around US\$ 1,246 million.

^[1] According to World Bank Study 2009.

² Pertains to Punjab, Haryana and Himachal Pradesh

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Pattern in attracting FDI (equity) inflows: Chandigarh Region

Year	FDI inflows (US\$mn)
FY 2011-12	130
FY 2012-13	47
FY 2013-14 (April-November 2013)	45
Cumulative Inflows (April 2000 - November 2013)	1,246

Source: PHD Research Bureau, Compiled from Department of Industrial Policy and Promotion, Govt. of India.

Exports

The major principal commodity export items from the state are hosiery and ready made garments, engineering goods, sports goods and yarn and textile, machine tools and hand tools etc. Ludhiana, Amritsar, Jalandhar, Kapurthala and Patiala constitute to be the leading exports hub within the state. The main crops grown in the state are wheat, paddy and sugarcane. The state possesses huge potential in agro exports, due to its extensive presence of agricultural base. Rice accounts as the prominent export item from the state.

The export performance of the state has increased during the last few years. The total exports from the state stands at around Rs. 17,430 crore during the year 2010-11, which further scaled up to about Rs. 21,302 crore during 2011-12 and it is further expected that industrial goods worth Rs. 24,000 crore would be exported from the state during 2012-13. There has been tremendous growth in software export from the Punjab region recording an increase from about Rs. 1565 crore in the year 2010-11 to an estimated figure of around Rs 1943 crore in the year 2011-12. The total number of software export units registered under STPI Scheme in S.A.S.Nagar has reached 171 and government of India has sanctioned another STPI center which is proposed to be set up at Amritsar.

Punjab Small Industries and Export Corporation Ltd. (PSIEC) has provided healthy industrial infrastructure and maintenance thereof, the Government has enacted the Punjab Common Infrastructure (Regulation and Maintenance) Act, 2012. PSIEC has developed 27 industrial focal points in the state. Punjab Government has also allotted 227 acres of land for Integrated Industrial Mixed Use Park at Kapurthala. The Govt. of India has also accorded approval for setting up an Apparel Park at Ludhiana with a financial assistance of Rs.17 crores. The Park is being promoted by Apparel Exporters Association of Ludhiana having a total cost of Rs.40 crores.

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Exports of principal items from industrial sector in Punjab (Rs. Crore)

Sl. No.	Principal Items	1980-81	1990-91	2000-01	2010-11	2011-12
1	Woollen Textile/Carpets	7.71	13.94	72.24	59.15	5.20
2	Cotton Textile	1.97	29.39	-	-	-
3	Hosiery and Readymade garments	45.19	290.55	524.72	5407.81	3142.96
4	Tanned, Chrome leather & leather goods	3.23	29.97	118.14	85.27	367.47
5	Rubber Products	2.95	8.21	-	-	-
6	Sewing Machines and Parts	1.53	6.19	52.15	17.14	28.84
7	Electrical Switch gears and Electrical accessories	2.06	25.05	14.15	97.00	651.88
8	P.V.C. Cables	2.37	9.68	-	-	-
9	Auto Parts	3.91	11.21	144.15	1133.22	650.18
10	Bicycle and Parts	23.64	65.88	520.16	296.36	1283.13
11	Sports goods	20.34	25.95	204.16	393.47	1655.91
12	Coffee	12.28	9.43	-	-	-
13	Solvent oil/Rice bran Extraction	3.73	7.36	-	-	-
14	Machine Tools/Hand Tools	12.60	31.87	320.88	278.72	231.45
15	Art Silk	1.60	8.79	-	-	-
16	Rice	-	-	499.16	2150.20	2160.95
17	Food Products	-	-	64.15	131.25	303.51
18	Engineering goods	-	-	152.28	2371.90	877.24
19	Yarn and Textile	-	-	934.24	4000.34	6519.80
20	Handicraft	-	-	7.42	40.74	29.15
21	Other Items	17.01	195.73	386.96	967.19	3393.88
	Total	162.13	769.20	4014.96	17429.76	21301.55

Source: PHD Research Bureau compiled from Statistical Abstract Punjab, 2012

State Government has successfully pursued with Government of India for the extension of Eastern Rail Freight Corridor from Son Nagar in Bihar to Delhi, up to Ludhiana in Punjab. Request has been made to extend this Corridor up to Amritsar and to link it to the Western Freight Corridor. The case for expanding list of items for Import-Export permissible through Wagah Border is also constantly pursued with Government of India so as to allow trade of more items through this route. Mohali Airport is also being upgraded to the International level on about 300 acres of land.

Punjab : The State Profile

Agriculture

The state's fertile and productive soil has accorded it the status of 'Granary of India'. The state contributes a considerable share in national food grain production and thereby aids in ensuring the national food security. Punjab has an excellent network of irrigation facilities, canals and tubewells are main sources of irrigation in Punjab. Major crops grown in the state include wheat, paddy and sugarcane. The main fruits grown in state are kinnow, orange, malta, lemon, guava, pear, mango and grapes and it is undertaking special efforts to increase the area of cotton, maize, oil seeds and pulses. Cultivation of maize and potato has been encouraged and in certain pockets, banana cultivation has become very popular.

Summary of agro statistics

Sr. No	Components	Growth/ratio/ production
1	Agriculture & allied GSDP at Current prices (FY2013)	Rs85458.3 Crore
2	Growth of Agriculture & Allied real GSDP (Avg. from FY2006 to FY 2013)	1.6%
3	Agricultural & allied sector's contribution in GSDP (FY 2013)	29.1%
4	Food Grain production (FY2013)	28071.3 (Thousand tonnes)
5	State's contribution to national food grain production (FY2013)	11%
6	State's rank in national food grains production (FY2013)	2 nd
7	Gross area irrigated (FY2012)	7724 Thousand hectare
8	Population dependent on agriculture	Two-third
9	Rice Production (FY2013)	11374 (Thousand tonnes)
10	Wheat Production (FY2013)	16106.1 (Thousand tonnes)
11	Coarse Cereals (FY2013)	526 (Thousand tonnes)
12	Pulses (FY2013)	65.2 (Thousand tonnes)
13	Oil Seeds (FY2013)	71 (Thousand tonnes)
14	Sugarcane (FY2013)	4890 (Thousand tonnes)
15	Rank in Rice production (FY2013)	3 rd
16	Rank in Wheat production (FY2013)	2 nd
17	Yield – Wheat (FY2012)	5097 kg/hectare
18	Yield – Rice (FY2012)	3741 kg/hectare
19	Yield – Maize (FY2012)	3981 kg/hectare
20	Yield – Sugarcane (Gur) (FY2012)	5834 kg/hectare

Source: PHD Research Bureau, Compiled from RBI & Ministry of Agriculture, Economic Survey of Punjab 2012-13

Punjab : The State Profile

The state focuses to improve the sustainability of paddy-wheat system being practiced by the farmers in the state and stress has been laid on popularization of low water conservation techniques specially, zero tillage technology, raised bed plantations and sprinkler irrigation, etc. Further in order to improve the ground water level the state government has enacted "The Punjab Preservation of Sub Soil Water Act 2009" which highlights that no farmer will be allowed to sow nursery of Paddy before 1st May of the agricultural year and similarly no farmer can transplant paddy before the date fixed by state government.

The state government is highly focused on developing Horticulture, as it offers a lot of scope for crop diversification, value addition, productivity enhancement, export promotion, employment generation, increase in income and rural development. Area under horticultural crops has been increasing in recent years. Presently citrus (kinnow) and potato are the major horticultural crops of Punjab. There is good scope for cultivation of fruits like mango, guava, strawberry etc. and vegetables like peas, tomato etc. Punjab is investing in research & development and production of quality planting materials for higher farm productivity, better post harvest management and value addition, processing and packaging, marketing and export promotion to bring additional areas under horticultural crops. To facilitate export of fresh fruits & vegetables, the state is upgrading and expanding the perishable cargo centre set up at Amritsar Airport to a world class permanent perishable centre with an investment of over Rs. 18 Crores.

In order to address the emerging challenges of soil degradation, water depletion, climatic aberrations and shortage of labour, Punjab Agricultural University (PAU) has reoriented its research and technology transfer programmes towards natural resources conservation, input use efficiency and enhanced productivity in accordance with available resources. The state has also made some progress in the area of diversification of crops. The introduction of BT Cotton has helped in increasing its productivity and consequently area under cotton is increasing. The introduction of high yielding varieties has contributed to improvement in maize productivity.

Punjab stands at second position at all India level in terms of food grain production. The state's food grain production has grown from about 25 million tonnes in FY2001 to more than 28 million tonnes in FY2013, marking a growth of around 11%.

Punjab : The State Profile

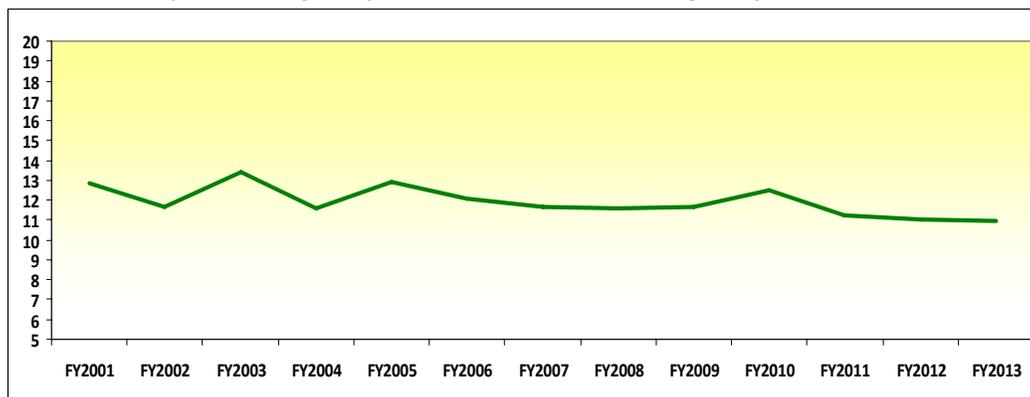
Foodgrain production in Punjab vis-à-vis India

Year (FY)	Punjab (Million Tonnes)	India (Million Tonnes)	Share of Punjab in India (%)
2001	25.32	196.81	12.87
2002	24.88	212.85	11.69
2003	23.49	174.78	13.44
2004	24.72	213.19	11.60
2005	25.67	198.36	12.94
2006	25.18	208.59	12.07
2007	25.31	217.28	11.65
2008	26.81	230.78	11.62
2009	27.32	234.47	11.65
2010	27.32	218.2	12.52
2011	27.22	244.49	11.13
2012	28.35	257.44	11.01
2013	28.07	255.36	10.99

Source: PHD Research Bureau, compiled from RBI

Share of Punjab in India’s food grain production has declined over the years. It has come down to around 11% in FY2013 from around 13% in FY2001.

Share of Punjab’s food grain production in India’s food grain production (% Share)



Source: PHD Research Bureau, compiled from RBI

The state is one of the largest producer of two crops i.e. wheat and rice in India. Production of rice in Punjab has grown from around 9 million tonnes in FY2001 to around 11 million tonnes in FY2013, while the production of wheat has remained stagnant at about 16 million tonnes during the same period. The government of India has decided to set up Borlaug Institute for South Asia (BISA) for Wheat and Maize in Ludhiana which would give fillip to research in new areas and help the state in achieving the new productivity levels.

Punjab : The State Profile

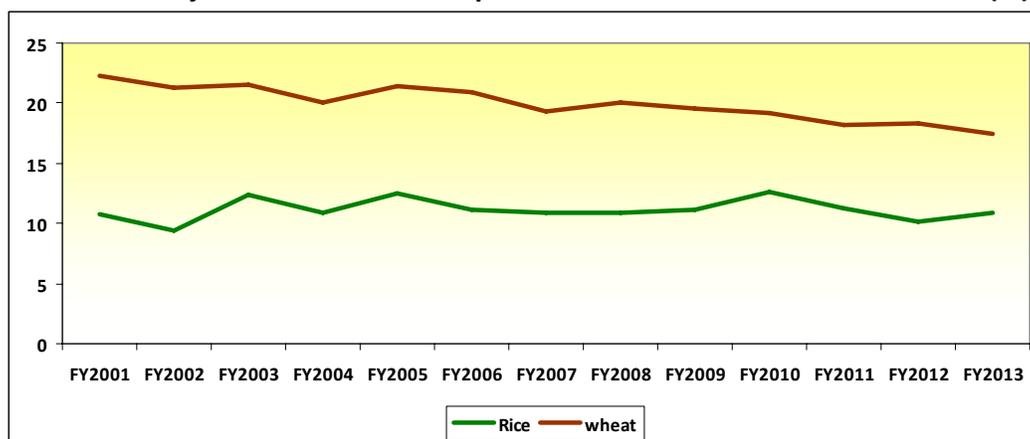
Production of wheat and rice in Punjab vis-à-vis India

Year (FY)	Punjab (Million Tonnes)		India (Million Tonnes)		Share of Punjab in India (%)	
	Rice	Wheat	Rice	Wheat	Rice	Wheat
2001	9.15	15.55	84.98	69.68	10.77	22.32
2002	8.82	15.50	93.34	72.77	9.45	21.30
2003	8.88	14.18	71.82	65.76	12.36	21.56
2004	9.66	14.49	88.53	72.16	10.91	20.08
2005	10.44	14.70	83.13	68.64	12.55	21.41
2006	10.19	14.49	91.79	69.35	11.10	20.90
2007	10.14	14.60	93.36	75.81	10.86	19.25
2008	10.49	15.72	96.69	78.57	10.85	20.01
2009	11.00	15.73	99.18	80.68	11.09	19.50
2010	11.24	15.54	89.09	80.80	12.61	19.23
2011	10.84	15.83	95.98	86.87	11.29	18.22
2012	10.54	17.21	104.32	93.90	10.11	18.32
2013	11.37	16.11	104.40	92.46	10.89	17.42

Source: PHD Research Bureau, compiled from RBI, Ministry of Agriculture

The share of Punjab in the India's total rice production has remained more or less same during the last decade. While state's share in wheat production of India has declined from around 22% during FY2001 to about 17% in FY2013.

Share of Punjab in wheat and rice production of India (%)



Source: PHD Research Bureau, compiled from RBI

Punjab : The State Profile

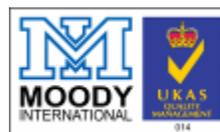
Animal Husbandry is fastly emerging as an independent economic activity and carries potential for boosting the agricultural income in the state, hence Guru Angad Dev Veterinary & Animal Sciences University (GADVASU) has taken an initiative to set up three new colleges viz. College of Dairy Science & Technology and College of Fisheries in its campus at Ludhiana and Veterinary Polytechnic College at village Kaljharani in Bathinda which focuses on imparting training to farmers for poultry, piggery, artificial insemination and dairy. The state is a leading producer of milk with dairy production of 262 lac kg per day. Punjab has been undertaking various steps in the direction to increase the milk production from the present level of 1300 litres per lactation to 3000 litres per lactation

Punjab Agro Foodgrains Corporation Ltd. (PAFC) started the programme of diversification of agriculture and contract farming in 2002-03. Since then, it identified various crops like Sunflower, Malting Barley, Hyola, Durum Wheat, Maize, Basmati and vegetables etc. Till 2011-12, a total area of 16.67 lakh acres had been covered under Contract Farming Programme.

Key initiatives taken to diversify cropping pattern

- The state government decided to amend APMC Act, 1961 to provide for direct marketing and setting up of private markets and to review the tax structure on purchase of produce of alternate crops.
- It has been decided by the state to enact a new Contract Farming Act so as to regulate the contracts and make these enforceable.
- Five citrus estates have been set up and new varieties of citrus fruits i.e. Daisy Tengerne and W. Murcott are being supplied to the farmers.
- The state government has set up two Agro-Juicing Plants at Abohar and Hoshiarpur. Four modern wood markets equipped with high tech saw mills and seasoning plants are being set up for promoting agro forestry
- Commercial dairy farming is being encouraged by providing capital assistance on construction of animal housing and subsidy on insurance premium. Besides 200 integrated Buffalo Development Centres have been set up to cover about 1600 villages

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2. Economic Policy

Punjab is a land of boundless opportunities which offers distinct advantage for investment and industry. Punjab provides conducive investment environment and the state government has taken many initiatives to induce the industrial investments in the state. The state offers tremendous investment potential in agro based projects in areas such as processing of major and minor crops, processing of fruits and vegetables, processing of crop and agro industrial residue (wheat/ paddy straw, paddy husk), poultry and animal husbandry, dairy and milk processing etc.

In addition the state also offers investment opportunities in various sectors such as leather and sports goods, meat processing, textiles, electronics and telecommunications, information technology, infrastructure modernization, automobiles, farm machinery, engineering industries, chemical industries and export oriented units.

Punjab State Industrial Development Corporation Ltd. (PSIDC) is engaged in industrial development in the state as an institutional promoter and also acts as state level financial institution. It plays pivotal role in the over-all industrial development of the state and makes rigorous efforts in attracting investments and provides facilitation services to companies or entrepreneurs.

Industrial policy

In order to overcome the global recessionary trend and to establish an amiable industrial milieu in the state, Punjab has implemented the Industrial Policy, 2009. The thrust area of this policy is to play the role of facilitator and hand holder by lessening government's control while outsourcing the regulatory measures. Special emphasis has also been given to the development of industrial infrastructure, implementing the industrial reforms for the existing industries and measure for attracting new investments by providing specific concessions for the development of information technology and knowledge and agro based industries.

The state also focuses to attract investments in the private sector and under the PPP mode, promote competitiveness and cutting costs for the industry, fresh employment generation and skill upgradation and addressing and taking care of environmental issues. As per World Bank Study 2009, Ludhiana, Punjab has been adjudged the "Easiest Destination for doing business in India".

Punjab : The State Profile

Ease of doing business

Industry participation	To facilitate the system for organized participation of industry and trade in the process of suggesting policy measures for the development of industry and trade, state government has constituted Boards/ Council such as Large Industry Development Board, Infrastructure Development Council, Medium Industry Development Board, Small Industry Development Board, Traders Board, Small Traders Board. These council/boards are responsible for interacting with the representatives of the industry and make recommendations to the state government for development of industry.
Industry facilitation	Punjab Industrial Facilitation Act with an aim to expedite the industrial approvals in a time bound manner. Further Empowered Committee on Industrial Facilitation is there to review and monitor the status of application for clearances and resolve inter-departmental matters. District Level Single Window Clearance Committee has also been set up. In addition State Board under the Chairmanship of Hon'ble Chief Minister is to review and monitor the industrial approvals
Single window service	Punjab government has introduced an online submission of composite application form under the single window service. Single composite application form for all clearances required by an entrepreneur has been devised under the Industrial facilitation Act. The facility of online tracking the status of application by the applicant has also been introduced.
24 hour help line	24 hour help line has been set up by the by state for providing information regarding state government policies and investment opportunities to the entrepreneurs
Key advantages	The state offers one of the highest work force productivity, excellent human resources and availability of manpower, all towns and villages are covered with telecom infrastructure, every village of the State is connected with metal roads, decent per capita bank deposits and motor vehicle density

Source: PHD Research Bureau compiled from various policy papers by Punjab Government

In order to facilitate the development of Special Economic Zone in the state, Punjab Government has enacted a Special Economic Zone Act, 2009. Under this Act, exemptions from state taxes, duties, cess or levies, stamp duty registration fee and social security cess on purchase of land for Special Economic Zone for first transfer or release of land/plots in these areas have been provided. There are 17 Special Economic Zones Projects which have been approved by the Govt. of India and 2 Special Economic Zones have already been notified. Punjab Small Industries and Export Corporation Ltd. (PSIEC) has provided healthy industrial infrastructure and maintenance thereof, the Government has enacted the Punjab Common Infrastructure (Regulation and Maintenance) Act, 2012.

Punjab : The State Profile

Agro industrial policy

Punjab has been in the forefront of the Green revolution in the late sixties and the seventies, with abundant agro base. With a view to develop agro industries, the state government has announced its agro industry policy in 2009. The policy focuses to increase flow of investments in agro & food processing and agri infrastructure projects, focuses to make state the best source state for supplying agro products and processed foods to other states through retail network/wholesale markets.

It also highlights to increase value addition and reduce wastages, accelerate a close interface between research, extension mechanisms, industry, farmers, markets and consumers, encourage on-farm processing so as to provide self employment opportunities to rural youth, assist small-scale agro/food processing units to remain competitive in a globalized market, increase export of fresh/processed fruit & vegetables and value added agri products, create processing capacities in the state for poultry, pork, meat, fish, etc. Further it also focuses to encourage private sector for establishing tissue culture laboratories to produce quality planting material and private sector to set up steel silos/scientific godowns for storage of food grains.

Incentives for new investments in agro/food processing and hi-tech agriculture

In order to encourage agro food processing industry, the state government has announced the new package of fiscal incentives 2013 for setting up new investments.

Incentives for Agro / Food Processing Industries

	FCI (Rs 1 Cr to < Rs25 Cr)	FCI (Rs 25 Cr to < Rs 100 Cr)	FCI (>= Rs 100 Cr)	Electricity Duty	Stamp Duty	Property Tax
	80% VAT + 75 % CST	85% VAT + 80 % CST	90 % VAT + 85 % CST	100%	100%	100%
Ceiling quantum of FCI	80%	85%	90%	100%		
Period	10 Yr	10 Yr	12 Yr	10 to 12 Yr as per range of investment	One time	10 to 12 Yr as per range of investment

Source: Punjab Government fiscal incentive policy 2013

Mega Food Parks-- Agro industrial units coming up in Mega Food Parks set up under Mega Food Park Scheme of Ministry of Food Processing Industries, Government of India (GOI), will be eligible for incentives under this policy.

Support for setting up of Centre(s) of Excellence/Agri-business Incubator(s)-- The state government proposes to encourage setting up of centre of excellence/Agri-business Incubators to develop/standardize appropriate food processing technologies based on local produce for their commercial exploitation by entrepreneurs/producers. The centre will also have pilot plant/incubation facility for up scaling of technologies. Besides, the centre will provide training/vocational courses in

Punjab : The State Profile

agro processing to students/farmers/entrepreneurs. The centre will also undertake work like demonstration of good agronomic practices, domestic and international market certification, quality assurance, patenting, brand promotion, logistics etc. The centre would be provided with financial assistance upto 25% of fixed capital investment, subject to a ceiling of Rs.2.50 Cr. A Corpus of Rs. 35 Cr. will be created in the govt. to provide requisite financial assistance to such centres and other assistance as provided for in the Policy.

Subsidy on domestic distant marketing and export of flowers, fruits & vegetables and import of planting material— Punjab Agro (PAGREXCO) has been providing following subsidies from the Corpus Fund being maintained by it for distant domestic marketing and exports of flowers, fruits & vegetables to the growers

Domestic distant marketing subsidies--Subsidy at about 50% of the cost of waxing/grading of kinnow, 50% of the cost pre-cooling & cold storage on fruits & vegetables, 25% of the cost of non-wooden packing material for all fruits & vegetables, 25% of the inland cost of freight for all fruits & vegetables, 25% of the inland freight cost of frozen fruits & vegetables (other than peas)

Export of flowers, fruits & vegetables— Subsidy at 30% of the cost of non-wooden packing material for flowers, fruits & vegetables including frozen, processed and de-hydrated products, 30% of in-land reefer cost of freight upto airport and/or sea port for flowers, fruits & vegetables including frozen, processed and dehydrated Products, 30% of air freight, subject to a maximum of Rs. 10/- per kg. for Asian countries and 25/- per kg. for other countries for flowers, fruits & vegetables including frozen, processed and de-hydrated products, 50% of air freight, subject to a maximum of Rs. 20/- per kg. for flowers, fruits & vegetables including frozen, processed and de-hydrated products and 30% of sea freight cost, subject to a maximum of Rs. 10/- per kg. for Asian countries and 25/- per kg. for other countries for flowers, fruits & vegetables including frozen, processed and de-hydrated products.

Subsidy on import of seed & planting material for Horticultural crops—Subsidy at 50% of the landed cost in India including cost of planting material & freight

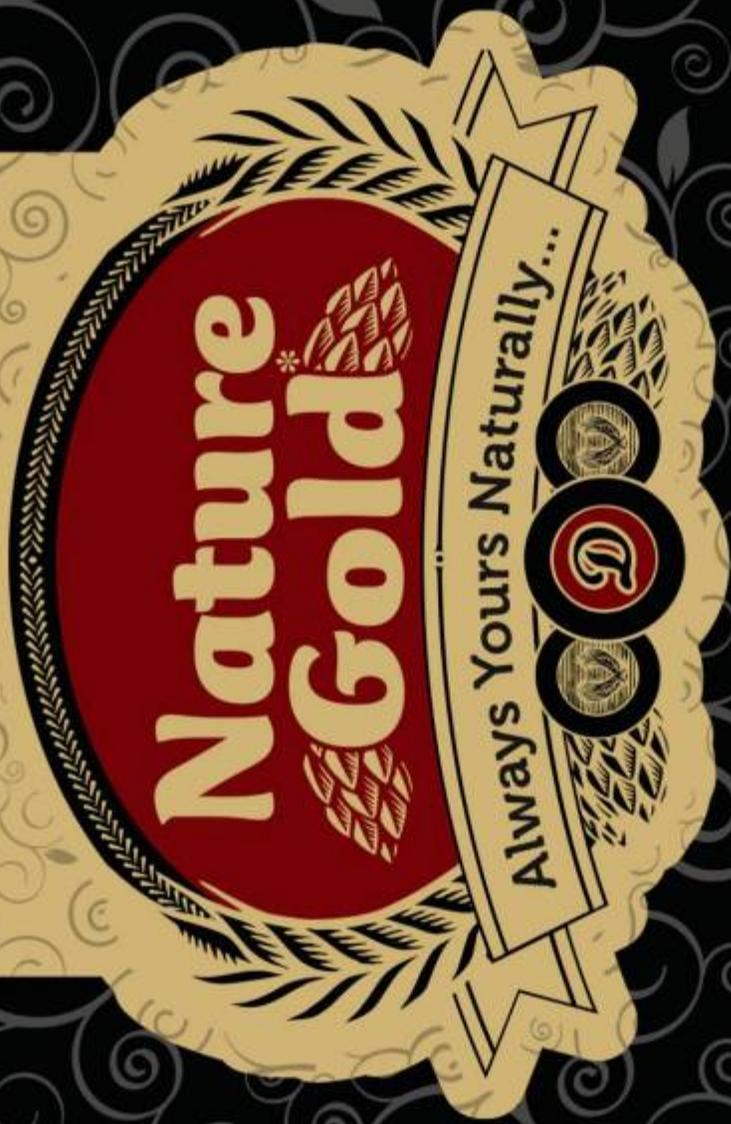
Patent Registration Assistance—The state government will encourage individual organization in Government, private or cooperative sector in patent registration by providing financial assistance of 50% cost of patent registration with ceiling of Rs.5 lacs.

Modernization of Agriculture-- The state government shall encourage setting up/strengthening of Agro Service Centres providing modern farm machinery to farmers, especially small, marginal and landless tenant farmers. Subsidy will be provided to individuals/groups purchasing farm equipments under various schemes of Deptt. of Agriculture

Research & Development— The state government will encourage R&D activities in the state. Assistance will be provided to agro/food processing units for sponsored research work undertaken by reputed research institutions, upto 50% of the cost, with a ceiling of Rs.10 lacs, which will be provided from the Corpus Fund

Food Retailing— Food retail chains making a fixed capital investment of more than Rs.100 Cr. will be given exemption of mandi fee (2%) and rural development fund (2%) on purchase of fruits & vegetables from mandis/farmers within the state for a period of seven years

Contract Farming-- Agro industrial units will be encouraged to enter into contract farming arrangements with producers as per the Punjab Contract Farming Act, 2013



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Large, medium and small scale Units-- The number of large & medium scale industrial units in the state stands at 450 during the year 2011-12 with a fixed investment of Rs 45000 crore, which provided employment to 2.50 lakh persons with a turn-over of Rs. 95000 crore. During the year 2012-2013, these units are estimated to scale up to 475 with a fixed investment of Rs.50000 crore and with an estimated employment to about 3 lakh persons with a turn-over of Rs. 105000 crore.

Large, medium and small scale units in the state

Item	Unit	2007-2008	2008-2009	2009-2010	2010-2011(P)	2011-2012(P)	2012-2013(Proj)
Large and Medium Scale Industries							
Working Units	No.	355	373	400	425	450	475
Fixed Investment	Rs. Crore	28568	32227	33500	40000	45000	50000
Employment	No.	219456	219891	225000	235000	250000	270000
Production	Rs. Crore	47667	58313	70000	82000	95000	105000
Small Scale Units							
Working Units	No.	167722	162559	164732	168000	170000	172000
Fixed Investment	Rs. Crore	5503	5784	7300	8600	9000	9400
Employment	No.	954769	944241	990000	1020000	1040000	1060000
Production	Rs. Crore	36438	41897	48000	54000	60000	64000

Source: PHD Research Bureau compiled from various policy papers by Punjab Government

Punjab : The State Profile

In order to encourage industrial development and employment generation, the state government has announced the new package of incentives 2013 for setting up new industries.

Incentives for large and small medium manufacturing sector units

Eligible Area	FCI Rs. 1.0cr to Rs. 10cr	FCI above Rs.10cr to below Rs. 25cr	FCI Rs.25cr to below Rs. 100cr	FCI Rs.100cr to below Rs. 500cr	FCI Rs.500cr and above	Electricity Duty Incentive	Stamp Duty Incentive	Property Tax Incentive
Zone I	50%VAT+ 75% CST (*only in IFPs.)	50% VAT+ 75% CST	60% VAT +75% CST	70%VAT +75%CST	80%VAT +75%CST	100%	100%	100%
Maximum cumulative quantum of incentive	50% of FCI	50% of FCI	60% of FCI	70% of FCI	80% of FCI	100% of FCI	N.A.	N.A.
Zone II	Nil	25% VAT+ 50% CST	30% VAT+ 50% CST	35% VAT+ 50% CST	40% VAT+ 50% CST	50%	50%	50%
Maximum cumulative quantum of incentive	Nil	25% of FCI	30% of FCI	35% of FCI	40% of FCI	50% of FCI	N.A.	N.A.
Eligibility period in years	7 Yr	8Yr	10Yr	11Yr	13Yr	--	--	--

Source: PHD Research Bureau compiled from Punjab Fiscal incentive 2013

Note: Zone 1 includes Fazilka, Ferozepur, Tarn Taran, Amritsar, Gurdaspur, Pathankot, Hoshiarpur, Sangrur, Barnala, Mansa, Moga, Bathinda, Sri Muktsar Sahib and Faridkot. All approved Industrial Parks, Industrial Focal Points and Industrial Estates in all districts of the State and Zone II includes Patiala, Fatehgarh Sahib, Ludhiana, Jalandhar, Kapurthala, Shaheed Bhagat Singh Nagar (Nawanshahr), Rupnagar and Ajitgarh(Mohali).NA: Not Available

During the year 2011-12, there were 170000 small scale industrial units with an investment of Rs. 9000 crore which generated employment to about 10 lakh persons with a turnover of Rs. 60000 crore . During the year 2012-13 it is estimated that the number has increased to 172000, with a fixed investment of Rs. 9400 crore, with an estimated employment to around 11 lakh persons, with a production value of Rs. 64000 crore.

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Key incentives for MSMEs of the state

MSME outlook of the State	Sectors covered	Broad incentives	Sectoral incentives	
<p>MSMEs constitute an important part of Punjab's 50 years old industrial development .</p> <p>The state envisages to rejuvenate and make the existing industry competitive, particularly the Micro, small & Medium Enterprises through improved technology, product quality and marketing</p>	<p>1.Manufacturing Sectors 2.Integrated Textile Units 3.Agro/ Food Processing 4.Industries and Electronic Hardware and IT Industry</p>	Fiscal Incentives	Incentives for Manufacturing Sectors	<ul style="list-style-type: none"> • Taxation incentives • Electricity Duty Incentives • Stamp Duty Incentive • Property Tax Incentive
			Fiscal Incentives for Integrated Textile Units	<ul style="list-style-type: none"> • Retention of VAT and CST • Electricity Duty Incentives • Stamp Duty Incentives • Property Tax Incentives • Market Fee/ Rural Development Fund/ Infrastructure Development Cess
			Fiscal Incentives for Agro/Food Processing Incentives	<ul style="list-style-type: none"> • Taxation Incentives • Electricity Duty Incentives • Stam Duty Incentives • Property Tax Incentives
			Incentives for Electronic Hardware and IT units IT/ITeS/Knowledge Industry (In districts of Mohali and Amritsar only with mini. Investment of Rs 1 crore	<ul style="list-style-type: none"> • VAT Incentives • Power related Incentives, • Stamp duty Incentives, • Property Tax Incentives, • Exemption from Punjab Pollution Control Board (PPCB) • Exemption from inspection under labour laws • Exemption from Punjab Apartment and Property Regulation Act (PAPRA), Incentives related to Housing and Urban Development
			Electronic Hardware manufacturing industry (Min Investment Rs 5 Cr) In addition to the other incentives	<ul style="list-style-type: none"> • Preferential Market Access (PMA) • Special incentive for Semi-Conductor Wafer FAB
		Facilitation Measures	For the ease of doing business in the state	<ul style="list-style-type: none"> • Simplify procedures and documents • Transparent workflows • Online application and approval • Self attestation of documents • Third party certification of building • Payment gateway for online payments

Source: PHD Research Bureau compiled from various policy papers by Punjab Government

Punjab : The State Profile

The state has emerged as a hub for textile industry and has set up Apparel park at Ludhiana. Textile policy of the state offer a gamut of incentives such as creation of infrastructure through cluster development, maximum utilization of Central Government's Technology Up-gradation Fund Scheme (TUFS), reduction of electricity duties and assistance in acquiring land for textile related projects. Northern India Institute of Fashion Technology has been set up in Mohali for providing qualitative manpower to textile industry. Ludhiana is known for its readymade garments, woollen garments and hosiery goods. In order to provide empowerment to the unemployed and rural women and to ensure their economic independence, Punjab Government has allowed the employment of women workers in the Textile units during night shifts subject to fulfillment of guidelines regarding safety and other parameters as laid down by the Government for this purpose, by the industrial units.

Key incentives for integrated textile units

State government offers incentives to Integrated Textile Units (ITU) which is one that consists of composite processes including spinning, weaving and/or knitting, processing and manufacturing of end-products like fabrics, garments, towels, etc. Integrated Textile Units shall be eligible for incentives in the districts covered in Textile Zone which include Mansa, Bathinda, Muktsar, Fazilka, Ferozepur, Faridkot, Moga, Barnala, Sangrur, Patiala, Amritsar and Tarn Taran and all approved Industrial Parks, Industrial Focal Points and Industrial Estates in all districts of the State.

VAT and CST Incentives --VAT & CST incentive shall be available to new Integrated Textile Units with Fixed Capital Investment (FCI) of Rs.150cr and above. This incentive shall commence only after the date of production.

Quantum of VAT/CST incentive

Category	Fixed Capital Investment (FCI) Rs.150cr to Rs. 500cr	Fixed Capital Investment (FCI) above Rs.500cr
VAT & CST Incentive	80%VAT +80%CST	90%VAT +80%CST
Maximum cumulative quantum of incentive	80% of FCI	90% of FCI

Source: Punjab Government, Note: The eligible period of availing VAT, CST, Electricity Duty, Property Tax, Market Fee, Rural Development Fund and Infrastructure Development Cess incentives for FCI Rs.150cr to 500cr is 11 years and FCI above Rs.500cr is 13 years, Fixed Capital Investment (FCI) shall mean the investment incurred on building, plant & machinery and equipment.

Electricity duty incentive--The 100% exemption from payment of electricity duty on Power, including captive power consumed by the same unit or exported to Punjab State Power Corporation Ltd. (PSPCL), shall be available to new integrated textile units, with the proviso that any contributions made out of the electricity duty levied, such as those deposited in the Social Security Fund, shall not be exempted. The maximum Cumulative Quantum of this incentive for Eligible Period is limited to 100% of FCI.

Stamp duty incentive-- 100% exemption from payment of Stamp duty as levied in Schedule 1-A of Indian Stamp Duty Act on purchase/lease of land is available. This exemption shall be available for real estate purchased/leased within a period of 3 years from date of approval. Refund of stamp duty shall be allowed for all real estate which has been purchased/leased upto 3 years prior to the date of submission of application form, by the same entity. The refund, however, will be given only after the date of production.

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The quantum of land shall be determined as per the project report appraised by the Financial Institution/Bank

Property Tax Incentive-- 100% exemption from payment of property tax shall be available and projects whose real estate subsequently falls, on extension of limits, in Municipal Corporation, Municipal Council or Notified Area Committee, shall also remain exempt from payment of Property Tax.

Market Fee/ Rural Development Fund/ Infrastructure Development Cess, Incentive-- 50% exemption from payment of Market Fee, Rural Development Fund and Infrastructure Development Cess on the purchase of cotton would be available and maximum cumulative quantum of this incentive is limited to 50% of FCI.

Source: PHD Research Bureau compiled from various policy papers of Punjab Government

Services sector

During the last decade, the services sector has performed significantly better and has come out to be as a major segment in contributing to its economic growth. Services sector has marked an impressive growth of about 9% during FY2013. The contribution of services sector in GSDP (current prices) of Punjab stands at 45% during FY2013.

IT/Knowledge industry

Punjab identifies IT and ITES as their niche areas and focuses to make the state as one of the most preferred and competitive investment destination in the field of Information Technology (IT), Information Technology Enabled Services (ITES), Knowledge and Electronics Hardware Industry. The state government announced its IT industry policy in 2009 which focuses on providing conducive environment to foster the growth of IT industry. Punjab provides gamut of incentives in order to make the state a preferred destination for emerging IT business opportunities.

The state has planned to develop knowledge city in Mohali with major initiatives of setting-up Indian Institute of Science Education & Research, Indian Institute of Nano Science Technology, National Agri-Food Biotechnology Institute etc. The state has Indian School of Business at Mohali and Indian Institute of Technology at Rupnagar. Mohali and areas in its vicinity has been emerging as the most preferred investment destination in Northern India for IT/ ITeS/ Knowledge industry.

The state believes that growth in coming years will be increasingly driven by the knowledge and service based sectors. The state intends to create an IT/Knowledge industry with exports worth USD 4.6 bn and about 0.6 million direct and indirect jobs by 2018.

Key incentives³ for IT/ ITES/ knowledge industry units

Provisions of VAT--80% exemption of VAT for the new units from commencement of production for a period of 10 years for products made in Punjab and sold in Punjab. Further 80% exemption of CST on all IT products for 10 years. However the maximum cumulative quantum of these incentives will be limited to 80% of FCI. In addition there is also provision for reimbursement of VAT paid by the promoter on the purchase of machinery and equipment for the unit, within the State.

Electric power-- Exemption from payment of electricity duty on power, including Captive Power consumed by the same unit or exported to Punjab State Power Corporation Ltd. (PSPCL) shall be available to new units, with the proviso that any contributions made out of the electricity duty levied, such as those deposited in the Social Security Fund, shall not be exempted.

Exemption from stamp duty-- No stamp duty will be levied in respect of land allotted by Department of Information Technology/any other Development Authority of the State to the units. Further 100% exemption of stamp duty for IT/ITES/Knowledge Units/Developers on all components within the said Park on the sale/ lease / lease-cumsale of land or built up office space within the constructed IT Park.

Property tax incentive-- The units shall be exempted from payment of Property Tax for a period of 10 years from the date of approval. The projects whose premises subsequently falls in Municipal Corporation, Municipal Council or Notified Area Committee limits shall also remain exempt from payment of property tax for this period of 10 years from the date of approval

Exemption from clearance from pollution control board-- The units notified by Department of Information Technology, Government of Punjab will not require any NOC/ Clearance from Punjab Pollution Control Board (PPCB) for release of electricity connection from Punjab State Power Corporation Limited (PSPCL).

Exemption from inspection under various labour laws-- The units will be exempted from inspections under Acts such as The Payment of Wages Act, 1936, The Minimum Wages Act, 1948, The Factories Act, 1948, The Employment Exchanges Act, 1959, The Employment Exchange (Notification of Vacancies Act), 1961, Punjab Shops and Commercial Establishment, 1958 and The Contract Labour (Regulation & Abolition) Act, 1970

Preferential Market Access (PMA)-- In line with the Government of India policy, Preferential Market access shall be given to electronics hardware manufacturing units in the State for the products procured by all government departments in the State. This policy shall be applicable from the date of notification and shall remain in force for a period of next 7 years.

Source: PHD Research Bureau compiled from various sources

³ Availing of incentives would require a minimum investment of Rs. 1crore unless otherwise specifically mentioned, under this policy. These incentives will be available for the Districts of Mohali and Amritsar only.

With best compliments from :



Gagan Anand

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Solicitor, England & Wales
Managing Partner



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PHD Chamber – PITEX, 2013

PHD Chamber organized the eighth edition of its annual flagship event, the **Punjab International Trade Expo (PITEX) 2013** from December 5-9, 2013, at Amritsar. The event was hosted by the Government of Punjab and supported by the Ministry of Micro, Medium and Small Enterprises, Ministry of Textiles, National Small Industries Corporation, NSIC, NABARD, Punjab Technical University, National Jute Board, Industrial Extension- Cottage Gujarat, Textile Manufacturers Association, Shawl Club and Knitwear Club.



Shri Sharad Jaipuria, President PHD Chamber presenting memento to S. Sukhbir Badal, Hon'ble Deputy Chief Minister, Punjab at PITEX-13. Also seen in the picture are Mr Anil Joshi, Hon'ble Minister for Local Bodies and Medical Education and Research, Mr Rajiv Bali, Chairman, Punjab Committee, PHD Chamber and Dr Ashok Khanna, Past President, PHD Chamber.

Punjab : The State Profile



Shri Rajiv Bali, Chairman, Punjab Committee, PHD Chamber presenting memento to Shri Parkash Singh Badal, Hon'ble Chief Minister Punjab during valedictory ceremony of PITEX-13. Also seen in the picture are Mr Anil Joshi, Hon'ble Minister for Local Bodies and Medical Education and Research and Shri R S Sachdeva, Co-Chairman, Punjab Committee, PHD Chamber.



Mr Rajiv Bali, Chairman, Punjab Committee, PHD Chamber welcoming Shri Parkash Singh Badal, Hon'ble Chief Minister Punjab during the valedictory session of PITEX-13. Also seen in the picture on the left is Mr Anil Joshi, Hon'ble Minister for Local Bodies and Medical Education and Research and Shri R S Sachdeva, Co-Chairman, Punjab Committee, PHD Chamber on the right.



From L To R: Mr Zbigniew Magdziarz, Embassy of Poland, MS Dr Nahid Rashid, Bangladesh Trade Commission, Mr Dalip Sharma, Director, PHD Chamber, Mr Guann Jyh Lee, Embassy of Taiwan during the Conference on Fostering Global Economic Linkages during PITEX-13 at Amritsar.

Punjab : The State Profile

Seminar on 'Architecture at Crossroads'



Mr. Sanjay Goel addressing the delegates. Also seen from L-R are Ar. Vikas Bhola,Architect, Jammu;Ar. Ajay Monga,Architect Planner, Murthal;Ar. Deepak Ghavri,Architect; Ar. Surinder Bahga, Chairman, IIA- Publication Board, Chandigarh – Punjab chapter; Dr. Smt. Sarita Singla,Professor, PEC, Chandigarh; Mr. Ashwani Kumar ,AVP- (Product Application Group), Jindal Steel and Power Ltd

Seminar on Architecture, Building Material and Technologies



Mr. Surinder Bahga, Chairman, IIA- Publication Board, Chandigarh – Punjab chapter addressing the delegates Also seen are Sh. Sanjay Kanvinde, Architect, New Delhi; Sh. Dalip Sharma, Director, PHD Chamber; Chief Guest, Ar. S D Sharma, a veteran architect; Ar. Sumit Kaur, Chief Architect, UT- Chandigarh ; Sh. Manmohan Khanna, Chairman, IIA and Ms. Tanuja Kanvinde, Architect, New Delhi.

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Tourism developments

Punjab has positioned itself as one of the emerging tourist destinations in the country; offering varied tourism products including rich cultural and natural heritage experiences. The tourism sector is an important source of creation of income, employment and regional development. It can act as a key economic driver to boost the economy of the state. Punjab aims to promote tourism as a means to achieve sustainable economic development and positive social change while preserving and protecting its environment and heritage.

The Tourism Policy of Punjab 2003 has been formulated in order to develop tourism as the major industry in the state, by providing leadership and organizational and strategic direction, to improve the quality of the tourism products, both nationally and internationally so as to provide employment and for all economic, environmental, social and cultural benefit to all citizens of the state.

The state government has prepared the “Tourism Development Master Plan” with the technical assistance of United Nations World Tourism Organisation (UNWTO) in 2008 for a period of 15 years. The state government has made huge investment in developing infrastructure, marketing and publicity of tourist sites, monuments, developing tourism products, historical and religious buildings and the hotel sector.

Incentives to new tourism⁴ projects-

Tax holiday for new tourism projects--Exemption from Stamp Duty, Electricity Duty, Property Tax and the period of eligibility of the incentives is given under to new tourism projects:

*Categorization based on Investment Slab	Category-1 #FCI Rs.10 cr to Rs.25 cr.	Category-2 FCI above Rs.25 cr to Rs.50 cr	Category-3 FCI above Rs.50cr to Rs.100 cr	Category-4 FCI above Rs.100 cr
VAT/CST	40%	50%	60%	75%
Stamp Duty exemption	50%	50%	100%	100%
Electricity Duty exemption	100%	100%	100%	100%
Property Tax exemption	100%	100%	100%	100%
Eligibility period in years	5	7	8	10

*Note: *The incentive shall be available during the eligible period from the date of approval of the unit, # Units, which have obtained a term loan from Financial Institution/Bank.*

Punjab : The State Profile

Earmarked hotel sites-- To promote tourism in the state, sites for hotel projects/entertainment infrastructure will be ear-marked in all the Urban Estates developed by the various authorities of the Housing and Urban Development Department and within the optimum use of vacant government land (OUVGL) properties of the Government.

Heritage hotels--Private heritage properties will be allowed to convert themselves into heritage hotels. Heritage status will be assigned to structures built before 1950 and having Heritage Architecture. Heritage status will be certified by a Committee constituted by the Department of Tourism, Punjab.

Special tourism & eco-tourism units--Water supply will be charged at domestic rates as per guidelines of the schemes issued by Department of Tourism and electricity charges at domestic rates provided they are not liable to pay Service Tax.

The state is also striving to promote eco-tourism in the state and thus in this regard, a separate Ecotourism policy, 2009 has been introduced which focuses to promote regulated and meaningful public access to forests, peripheral areas and other natural landscapes of the state , development of permissible and ecologically sound ecotourism infrastructure, diversification of the range of tourism activities available at destinations, development and enforcement of standards and norms for ecotourism activities, securing involvement of the local communities living in and dependent on peripheral and other areas for their livelihood and safeguarding their economic benefits without adversely affecting their cultural ethos. The well renowned tourist spots in the state are Golden temple, Wagah Border, Anandpur Sahib and Jallianwala Bagh.

Banking

Banks have become the spine for the development of the economy. They are not only significant for industrial development but also for social development. Over the years the number of banks working in the state has increased from about 7857 as on 31st December 2007 to about 8981 as on 31st December 2011. The number of commercial banks has increased significantly from 3045 to 4231 during the same period.

Number of Foreign Banks, Cooperative Banks, Primary Agriculture Development Banks and Post Office Saving Banks in the state stands at 8, 804, 89 and 3849 respectively as on 31st December 2011.

Punjab : The State Profile

Banking scenario in Punjab

Bank	2007	2008	2009	2010	2011
Indian Commercial Banks	3045	3314	3580	3823	4231
(a) Indian Schedule Banks	3042	3298	3564	3806	4206
(b) Indian Non-Schedule Bank	3	16	16	17	25
Foreign Banks	6	6	7	8	8
Co-operative Banks	806	807	805	804	804
Primary Agriculture Development Banks@	89	89	89	89	89
Post office Saving Banks	3911	3854	3877	3853	3849
Total	7857	8070	8358	8577	8981

Source: PHD Research Bureau compiled from Statistical Abstract 2012, Note: Data pertains as on 31st December of the respective period, @Relates to 30th June

Punjab provides wide network of banking facilities and offer excellent financial outreach to the dwellers of the state. The high credit deposit ratio represents the effective functioning of banking sector. The credit deposit ratio (CD Ratio) reveals the entrepreneurial nature of the people which plays a vital role in the economic development of a state. This ratio in Punjab is high as compared to all India. It stands at 81% for Punjab as compared to 78% at all India level during 2013.

Bank's total credit and deposits in Punjab

(Rs. Billion)

Components	Punjab			India		
	Deposit	Credit	Credit deposit Ratio(%)	Deposit	Credit	Credit deposit Ratio(%)
SBI and its Associates	537.1	511.3	95.2	15530.2	12482.7	80.4
Nationalised Banks \$	1176.4	910.1	77.4	36939.3	28057.7	76.0
Foreign Banks	6.7	2.9	43.3	2800.8	2707.0	96.7
Regional Rural Banks	38.8	30.9	79.8	2064.6	1366.9	66.2
Private Sector Banks	248.0	170.2	68.6	13178.3	10450.6	79.3
All Scheduled Commercial Banks	2006.8	1625.5	81.0	70513.3	55065.0	78.1

Source: PHD Research Bureau compiled from RBI, Note \$ includes IDBI Bank Ltd. Data pertains to 2013

Punjab : The State Profile

Investment opportunities in Punjab

Agro based, food processing & beverages	<p>Punjab is endowed with rich agricultural base and it is popularly known as wheat basket of India. The state offers rich fertility, gamut of incentives and packages for the growth of agricultural output and carry immense potential for setting up agro based industrial units. The state is one of the leading producers of food grains and contributes significantly to the nation's food grain basket. The state has achieved highest productivity levels in the production of wheat, paddy, tomatoes, potatoes, maize, cotton, citrus, etc. Punjab possesses competitive advantage of lowest farm gate prices in several crops like wheat, paddy, cotton and horticultural crops such as potatoes, citrus, chilly, etc. The state government has set up Punjab Agro engaged in providing assistance to processing units linked with Agriculture and helps entrepreneurs to get sanctions, licenses & permits for timely completion of projects.</p>
Auto parts industry	<p>The state is a leading producer of bicycle and bicycle components and it is also amongst the major producer of tractor, auto and two-wheeler parts. Punjab's inherent competitive advantages such as skilled labour, good industrial relations and established ecosystem give impetus to investments in light engineering sector. It also caters to the needs of foreign auto market.</p>
Biotechnology	<p>To facilitate biotech industries, state has provided special package of incentives. Provision for setting up new biotechnology institutes for research and development, creation of Punjab Biotech Promotion Board (PBPB) to attract investments are the key initiatives taken up by the state. The state has established Biotech park situated in Chandigarh to provide favourable environment.</p>
Handicrafts	<p>Punjab has a distinguished tradition of art and culture. The state has set up Punjab Small Industries & Export Corporation Limited to provide conducive environment and support to develop small scale industries and to market the handicrafts products, the corporation has opened a chain of emporia named as " Phulkari" in major cities of Punjab.</p>
Information technology & knowledge industry	<p>State government is highly focused on developing necessary infrastructure development of human capital, proactive engagement with investors and effective policy implementation so as to create a conducive milieu for IT industry. The state has offered a gamut of incentives under its IT policy. Punjab Infotech has established an incubation center spreading over an area of 12,000 square feet situated in Pun Com Technology Park at Mohali which offers ready to move in infrastructure with plug and play facilities, common conference room, IT and communication facilities such as broadband connection, telephone and voice mail. Electronics Township (ELTOP) has been established at Mohali for promotion and growth of IT and electronics industry in the state.</p>
Textiles	<p>The state has emerged as a hub for textile industry and has set up Apparel park at Ludhiana. Textile policy of the state offer a gamut of incentives such as creation of infrastructure through cluster development, maximum utilization of Central Government's Technology Up-gradation Fund Scheme (TUFs), reduction of electricity duties and assistance in acquiring land for textile related projects. Northern India Institute of Fashion Technology has been set up in Mohali for providing qualitative manpower to textile industry. Ludhiana is known for its readymade garments, woolen garments and hosiery goods.</p>
Tourism	<p>Tourism industry has been accorded as one of the key thrust areas in the state. With rich cultural tradition and heritage coupled with good infrastructure, the state has emerged as one of the favorable tourist destination. The state has provided various incentives under its Tourism policy such as tax incentives, single window clearance facility and facilitation of private sector investments for Tourism related projects. The government of Punjab has set constituted the Punjab Heritage & Tourism Promotion Board under chairmanship of Chief Minister.</p>

Source: PHD Research Bureau, compiled from various policy papers

3. Infrastructure

Infrastructure is a vital sector for the development of the industry and economy and the state government is making serious efforts towards the development of infrastructure to promote industry, commerce and trade in the state. Punjab has also been declared as one of the best states in India in terms of rail, road and transport network⁵. The state has set up Punjab Infrastructure Development Board (PIDB), a nodal agency for infrastructure development in the state. During 2007-12 period, PIDB has worked on creation of infrastructure in roads, irrigation, urban, water supply and sewerage and health sectors. The agency has facilitated 14 infrastructure projects in Public Private Partnership (PPP) with a private sector investment during the 11th plan and during 2012-17, PIDB is likely to spend around Rs 5000 crore for the overall development of infrastructure in the state.

Roads— Roads are the major mode of transportation services available in Punjab. The state has an extensive 64037 km network of roads comprising of 1739 km of national highways, 1503 km of state highways, 2107 km of major district roads and 58688 km of rural roads which includes other district roads and village link roads. During the 11th Five Year Plan period 405 km road length of National Highways were upgraded to four lanes with an investment of Rs.1916 crore. The state government also focuses to upgrade 5 national highways of 893 km road length of Zirakpur-Bathinda, Jalandhar-Dhilwan, Amritsar-Shri Ganga Nagar, Jalandhar-Jind and Kharar-Ludhiana to 4/6 lanning under Public Private Partnership with an estimated cost of Rs.5000 crore during the 12th Five year plan period.

Road infrastructure

Category of road	Length in Kms
National Highway	1739
State Highway	1503
Major district roads	2107
Other district roads and Village link roads	58688

Source: PHD Research Bureau, Compiled from Punjab Economic survey, 2012-13

Railways - The railways play a significant role in the state. It connects major industrial units such as oil refining, cement, fertiliser, thermal power and manufacturing sectors to suppliers and markets. Punjab offers good railway infrastructure and its network⁶ spans over 4128 km. The main inter-state railway routes are Amritsar – Ambala - Delhi, Sriganaganar – Ambala - Delhi, Ferozpur – Ludhiana - Ambala, Pathankot - Roopnagar-Fatehgarh Sahib and Sriganaganar – Bhatinda - Narwana. The state government is planning a metro rail project in Ludhiana on public-private partnership (PPP) basis.

Punjab : The State Profile

Further, Punjab government has successfully pursued with Government of India for the extension of Eastern Rail Freight Corridor from Son Nagar in Bihar to Delhi, upto Ludhiana in Punjab.

Aviation – The state has made considerable progress in the filed of civil aviation and is focusing on enhancing air connectivity with other states and countries. Punjab has three domestic airports which are located in Chandigarh, Ludhiana and Pathankot. The International flights operate from the Sri Guru Ram Dass Jee International Airport at Amritsar. Shaheed Bhagat Singh International Airport is being set up at Chandigarh by the Government of India in collaboration with the state governments of Punjab and Haryana.

In the 12th five year plan, the state government proposes to construct civil enclave at Indian Air Force Station at Adampur near Jalandhar for domestic flight. The commercial flights have already been started at Sahnewal at Ludhiana in 2012-13. Further, Mohali Airport is also being upgraded to the International level on about 300 acres of land.

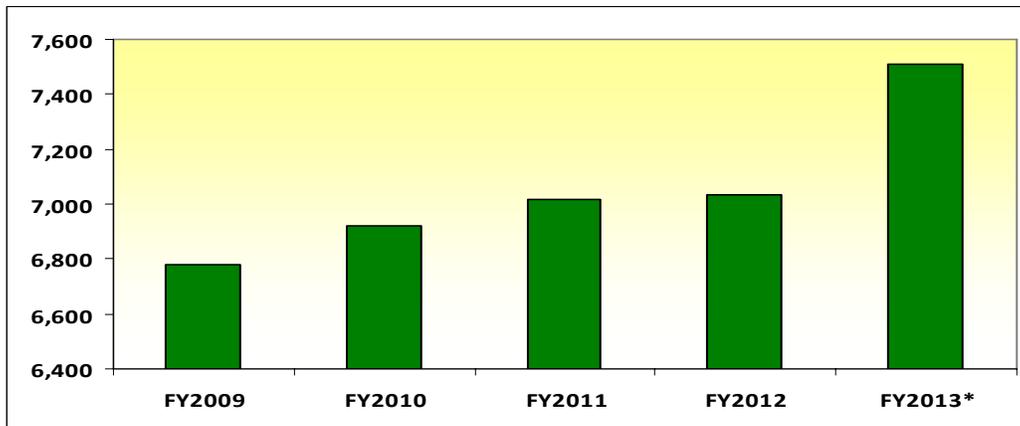
Power – Power is a vital infrastructure for economic development and the State is fully committed to make it a power surplus state and to provide quality power to its consumers. With this backdrop, Punjab State Power Corporation limited has taken several initiatives such as reduction in Aggregate Technical and Commercial (AT&C) losses, better services to consumers, IT enabled services, additional creation of generation capacity, setting up of new grid sub-stations for improving voltage quality and to bring about organizational transformation. The power generation in the state will witness an increase with the commissioning of the three thermal projects adding up to 3920 MW that are coming up at Talwandi Sabo, Rajpura and Goindwal Sahib.

The state has power deficit⁷ of 5.3% which is lower than the national power deficit of 8.7% during (FY2013). Whereas per capita consumption of electricity stands at around 1204 KWH, which is higher than the national average of 879 KWH (FY2012). The state government has allocated an amount of Rs. 3209 crore out of which Rs. 1209 crore has been embarked for transmission, Rs. 750 crore for generation and distribution each, Rs. 500 crore for restructured Accelerated Power Development Reform Programmes and Rs. 50 crore for providing 24 hour urban pattern supply to left out dhanis.

The state has increased its Installed power capacity by around 11% between FY2009 and FY2013, however the demand for power in the state is rising sharply on account of rapidly increasing use of electrical energy for agricultural operations, progressive industrialization, high living standard of residents and intensive rural electrification programme. The state government has notified a policy for New and Renewable sources of Energy (NRSE) – 2012 which incentivizes solar and biomass based technologies.

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Installed Power Capacity (MW)



Source: PHD Research Bureau, compiled from Economic survey of Punjab 2012-13

*As of April, 2013

Urban Infrastructure – Urban infrastructure services (including water supply, sanitation, drainage, solid waste management) are reasonably good in the urban areas of Punjab. The state government has undertaken a major scheme to provide 100% coverage for water supply, sewerage treatment plants, roads and streetlights in all towns of the state. The state also focuses to establish 50 urban states in different towns for planned and quality housing facilities across the state.

Punjab has planned an ambitious plan of Rs. 8888 crore for providing 100% basic civic amenities to the urban townships. The state has undertaken initiatives for inclusive and sustainable urban development such as under solid waste management initiative in PPP mode, the door to door collection of solid waste and its transportation to dumping sites has started in 4 clusters i.e. Jalandhar, Ludhiana, Ferozepur and Bathinda, city bus service started in Jalandhar and Ludhiana and is planning to come in Amritsar, preparation of Master plans for 32 towns, process to set up Public Rapid Transit System (PRTS) in Amritsar etc.

Telecom – According to TRAI, the total subscriber base of Punjab was 3.04 crore with a share of 3.49% in India’s telecom subscriber base⁸. Punjab contributes around 3.46% in total wireless subscribers in India and around 4.38% in wire line connectivity in India.

Telecom subscriber base

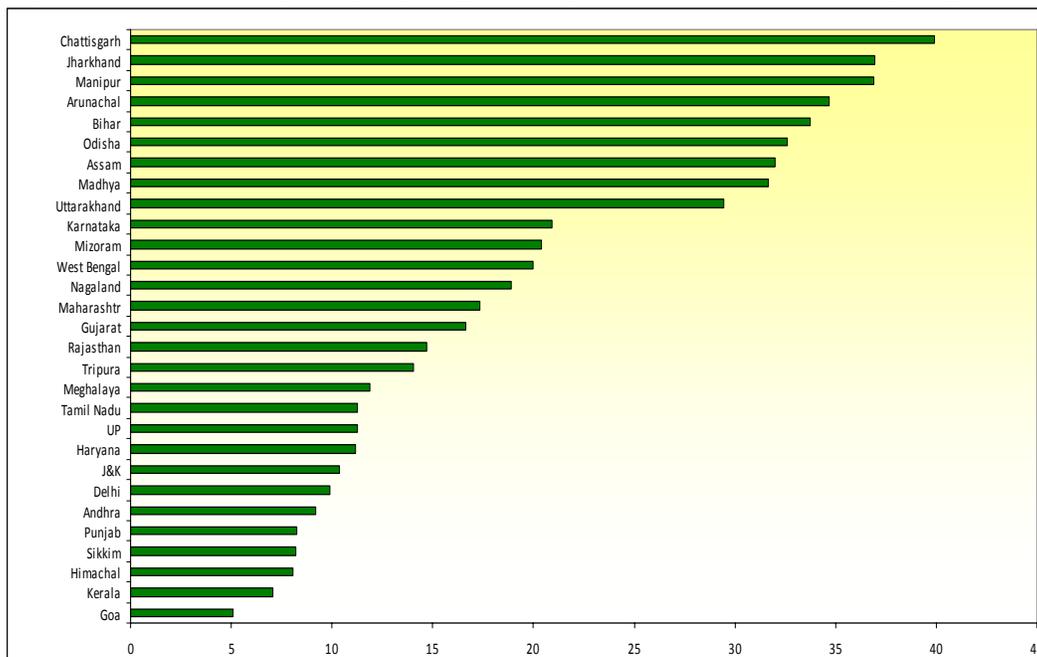
Name of the Region	Wireless subscriber	Wire line subscriber	Total
Punjab	30466538	1271112	31737650
India	881133968	29005342	910139310
Share of Punjab in India (%)	3.46%	4.38%	3.49%

Source: PHD Research Bureau, compiled from TRAI, end November 2013.

4. Social infrastructure

Poverty –Punjab has done reasonably well to reduce its poverty, with only 8.3% of the population living below the poverty line (BPL) as against the national average of 21.9% during 2011-12. However, population below the poverty line is higher as compared to Goa, Kerala, Himachal Pradesh and Sikkim.

Population below Poverty Line (BPL): Punjab amongst other states FY2011-12 (% Population)



Source: PHD Research Bureau, compiled from Planning Commission , Note: Data for 2011-12

Unemployment –The unemployment rate⁹ of Punjab stands at 1.8%, which is significant low as compared to national average of 3.8%. The number of job seekers (both educated and un-educated) on the live registers of Employment Exchanges during¹⁰ 2011 was 3.62 lac out of which 2.53 lac were educated. Out of the educated job seekers, 1.95 lac (77.23%) were non- technical whereas 0.58 lac (22.77%) had technical qualifications. The state has made serious efforts to enhance the employability of the youth by imparting job specific vocational skills. Punjab government is providing unemployment allowance to educated unemployed persons who are not adjusted in any gainful employment.

The state has introduced a programme on Centre for Training and Employment of Punjab Youth (C-PYTE). Under this programme sixteen training centers are running in the state where unemployed youth are being provided training for recruitment in Armed Forces/Para Military Forces and also employment/self-employment in Industry

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Education– Education is the single most important input in promoting human resource development. The state government is taking special measures for the up gradation of education level in the state. The key thrust areas of State Government for education during 12th five year plan are to bring qualitative improvement in the field of school education, achieve 100% Gross Enrolment Ratio (GER), Zero drop out and 100% retention, implement Right to Free and Compulsory Education Act in the state in letter and spirit, fill all vacant posts in schools and colleges on a regular basis, overall development of government schools and higher institutions.

The Educational Development Index of state has jumped from 14th position among all the states in the year 2006-07 to 3rd position after Kerala and Tamil Nadu in the year 2010-11.

Educational Infrastructure

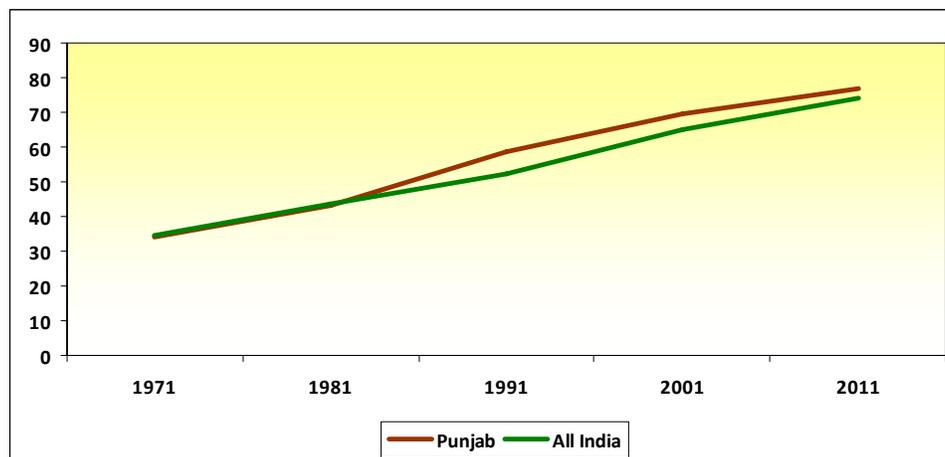
Type of Institution	Number
Universities	10
Arts, Commerce, Home Science & Science Colleges	238
High/ Senior Secondary Schools	8654
Middle Schools	5766
Primary Schools	15738
Enrolment in school (30 Sep, 2011)	57.88*
Enrolment in colleges (30 Sep, 2011)	3.39*

Source: PHD Research Bureau, compiled from Economic Survey of Punjab 2012-13.

*Note: * Data As on 30 Sep 2011 and is lakhs*

The literacy rate of Punjab has been very impressive over the last two decades and it lies above the national average literacy levels. The state's literacy level¹¹ stands at 76.7%, which is higher than the national average of around 74%.

Trend of literacy rate: Punjab vis-à-vis India

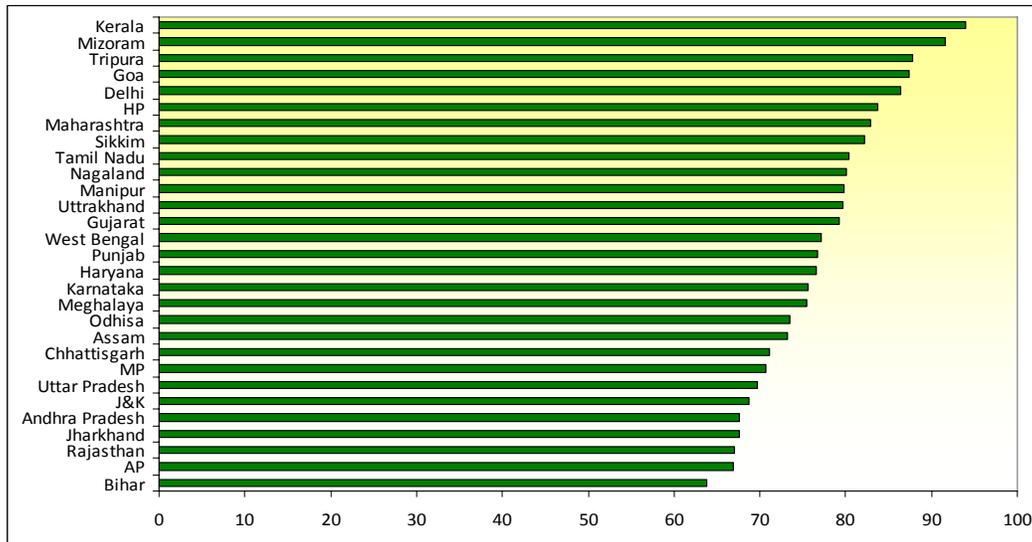


Source: PHD Research Bureau, Compiled from Economic Survey of India 2012-13, Census of India 2011

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Punjab ranks 14th in literacy rate at all India level. The state's literacy rate is lower as compared to states like Uttarakhand, Gujarat and Maharashtra, however it is better than States like Haryana, Karnataka, Madhya Pradesh, Uttar Pradesh, Rajasthan etc.

Trend in literacy in comparison with other states



Source: PHD Research Bureau, Compiled from Economic Survey 2012-13, Note; AP stands for Arunachal Pradesh
Data pertains to 2011

Health – The state government focuses to provide preventive, promotive and curative health services to the people and in order to achieve this target Punjab Government during the last five years has accorded top priority to upgradation of infrastructure in terms of manpower, civil works and equipments in the hospitals. A sum of Rs. 3443 crore has been earmarked in the budget 2013-14.

The major thrust areas of the state is to equip medical colleges and attached hospitals with modern infrastructure and modern educational facilities, special emphasis to bring health indicators at par with the national level, concrete measures for treatment of increasing cancer cases especially in Southern Malwa districts, to provide medical care services at the door-steps of the people living in the far flung areas, and for the operationalization of Emergency Medical Response Services. In addition to this state has given special emphasis on the rural health infrastructure in the border and kandi areas, Hot Line facilities would be extended in sub-divisional and rural Hospitals to ensure uninterrupted power supply to the hospitals and to make the enforcement of Drug and Food Safety Act more effective.

Health infrastructure in the state comprises of 99 hospitals, 151 community health centres, 1429 dispensaries and 428 Primary Health Centres (PHC). Punjab has 529 Ayurvedic and Unani institutions and 111 Homeopathic institutions. Under National

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Rural Health Mission (NRHM) Government of Punjab has started Emergency Response Services (ERS) in the State of Punjab. Since October 2011, 240 ambulances are operational in the State of Punjab. The per capita health expenditure of Punjab stands at Rs.1359 which is marginally above the national average of Rs.1201.

Summary of Health Indicators

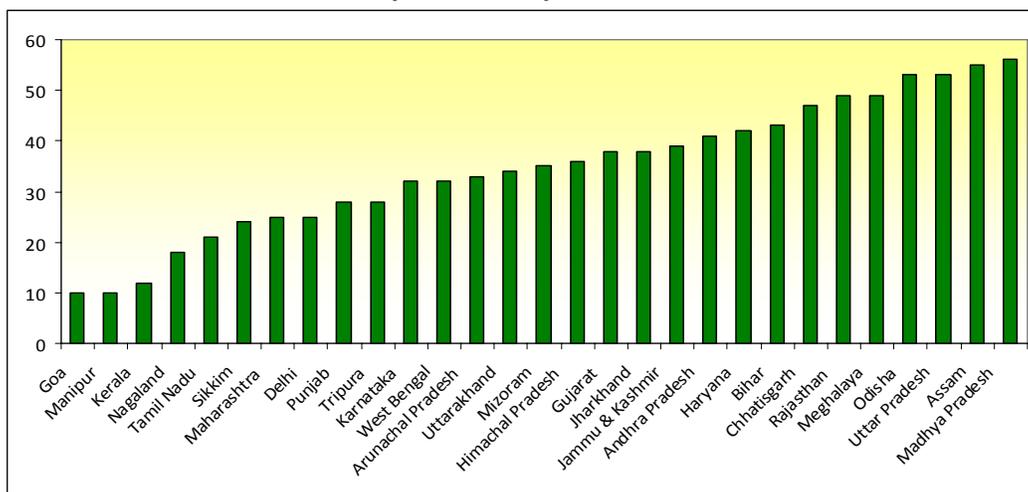
Life expectancy at birth(2006-12)	
(i) Male	68.7 years
(ii) Female	71.6 yeas
Birth Rate*	16.2 per thousand per annum
Death Rate	6.8 per thousand per annum
Infant Mortality Rate	28 per thousand live births
Hospitals (Numbers)	99
Community Health Center (Numbers)	151
Dispensaries (Numbers)	1429
Primary Health Centers (Numbers)	428
Ayurvedic and Unani Hospitals (Numbers)	529
Homeopathic Institutions (Numbers)	111
Bed Installed in medical institution-Allopathy (Numbers)	22434

Source: PHD Research Bureau, Compiled from Economic survey of Punjab 2012-13

Note: * as on 1/4/12

The infant mortality rate of Punjab is also better as compared to the national average of 42 and many other states like Gujarat, Haryana, Himachal Pradesh, Andhra Pradesh, Assam, Bihar and Jharkhand etc. However it is higher as compared to states like Goa, Kerala, Tamil Nadu and Maharashtra.

Infant mortality rate of Punjab vis-à-vis other states

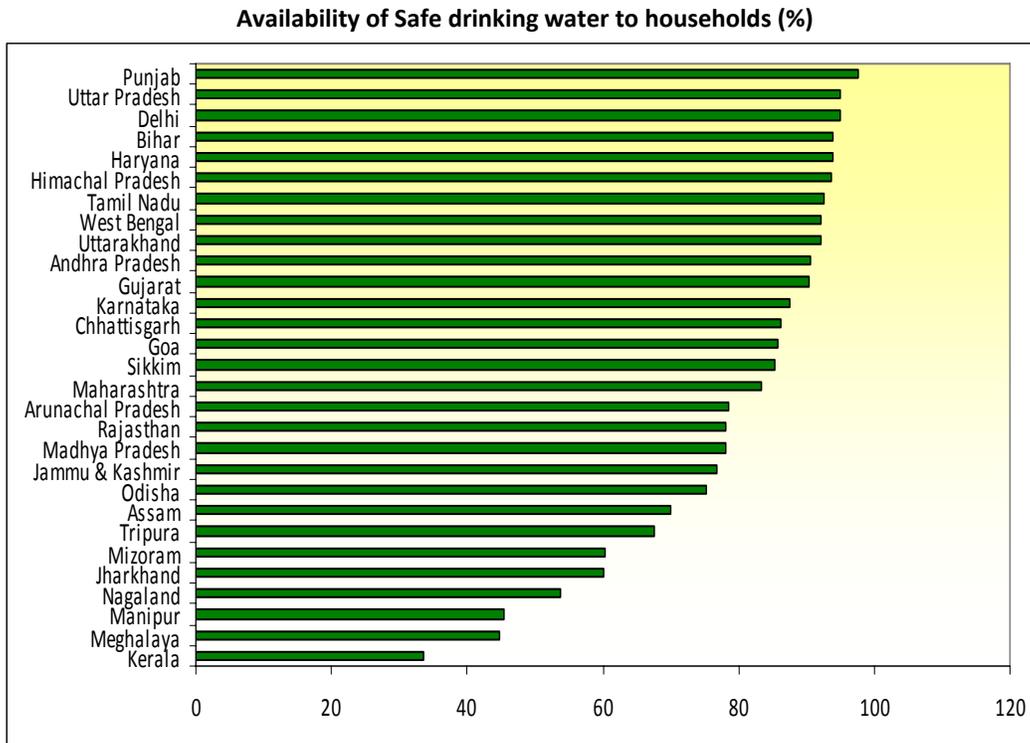


Source: PHD Research Bureau, Compiled from Data-book for use of Deputy Chairman, Planning Commission.

Punjab : The State Profile

Availability of Safe drinking water

The name "Punjab" means "land of five rivers" and derives from the Persian words 'panj,' meaning five, and 'aab,' meaning water. Punjab tops the chart among Indian states in the availability of safe drinking water to 97.6% households in Punjab which is significantly high as compared to the national average of 85.5%.



Source: PHD Research Bureau, Compiled from Economic Survey 2012-13, Note: Data pertains to 2011

5. Performance in the six thrust areas focused by PHD Chamber

The six thrust areas of PHD Chamber are Industry, Infrastructure, Education and Skill Development, Health, Housing, Agriculture and Agribusiness. Punjab is one of the fastest growing states of India and has done fairly well in the areas focused by PHD Chamber.

Punjab : The State Profile

Performance in six thrust areas

Agriculture and Agribusiness	Punjab has rich and productive agricultural base coupled with conducive agro industrial policy, making an ideal destination for setting up agro & food processing industries. The state is one of the leading producers of food grains and contributes significantly to the nation's food grain basket. The state has achieved highest productivity levels in the production of wheat, paddy, tomatoes, potatoes, maize, cotton, citrus, etc. The state government has given top priority to the development of agriculture and allied sectors in the state and has allocated an amount of Rs. 1063 crore in 2013-14 which includes state share of Rs. 790 crore and central support of Rs. 273 crore. To facilitate export of fresh fruits & vegetables, the State is upgrading and expanding the perishable cargo centre set up at Amritsar Airport to a world class permanent perishable centre with an investment of over Rs. 18 Crores
Education and Skill Development	The state offers good educational infrastructure with literacy level of 76.7%, which is higher than that of national average of 74.4%. The state has taken special measures for the upliftment of education level of the masses of the State. The Educational Development Index of state has jumped from 14 th position among all the states in the year 2006-07 to 3rd position after Kerala and Tamil Nadu in the year 2010-11.
Health	The state has done fairly well in providing health facilities and has been committed to provide preventive, promotive and curative health services to the people of the state. The life expectancy and other health parameters are showing a continuous improvement over period of time. The state has a good network of hospitals and health centres. Punjab has initiated various schemes to provide health services to the people residing in far flung areas.
Housing	The state government has undertaken a major and ambitious scheme to provide 100% coverage for water supply, sewerage treatment plans, roads and streetlights in all towns of the state. The state has undertaken initiatives for inclusive and sustainable urban development such as under solid waste management initiative in PPP mode, the door to door collection of solid waste and its transportation to dumping sites has started in 4 clusters i.e. Jalandhar, Ludhiana, Ferozepur and Bathinda, city bus service started in Jalandhar and Ludhiana and is planning to come in Amritsar, preparation of Master plans for 32 towns, process to set up Public Rapid Transit System (PRTS) in Amritsar etc.. However, there is lot to be done in this regard, to provide affordable houses to the dwellers of the state especially to the larger section of the state who reside in rural areas.
Industry	Punjab has a well diversified and stable industrial environment. Textile, Tourism, Handicrafts, Agribusiness and IT industry are the thrust industries of the state in which Punjab has performed very well. The state government has taken special measures for development of industrial sector and is on its way to rapid industrialization through coordinated set of policies, incentives and excellent infrastructure.
Infrastructure	The state has one of the excellent infrastructure in field of roads, aviation and railways. The State is fully committed to make it a power surplus state and to provide quality power to its consumers. With this backdrop, Punjab State Power Corporation limited has taken several initiatives such as reduction in Aggregate Technical and Commercial (AT&C) losses, better services to consumers ,IT enabled services, additional creation of generation capacity, setting up of new grid sub-stations for improving voltage quality and to bring about organizational transformation.

6. Budget Highlights 2013-14

The state government has given top priority to the development of agriculture and allied sectors and has allocated an amount of Rs 1063 crore in 2013-14. In addition, the state government has earmarked an amount of Rs. 110 crore for animal husbandry, dairy development and fisheries. For expansion and improvement of irrigation system, the state allocated an amount of Rs 1103 crore in the year 2013-14.

For creation of rural employment and rural livelihood, construction of rural toilets, brick paving in dhans and for other rural development activities an amount of Rs 763 crore has been earmarked for the year 2013-14. Further plan allocation for improving water supply and sanitation facilities has been increased by 35% to Rs 393 crore in 2013-14.

Power sector constitutes 20% of the total plan budget with an outlay of Rs 3,209 crore. The major allocations in this sector include an amount of Rs 1,209 crore for transmission, Rs 750 crore for generation, Rs. 750 crore distribution, Rs 500 crore for Re-structured Accelerated Power Development Reforms Programme and Rs 50 crore providing 24 hour urban pattern supply to left out dhans.

Road Transport has also received a major chunk of plan budget outlay with an amount of Rs 4,200 crore in the year 2013-14. For advancement of industrial focal points and NIIFT Mohali the state government has allocated an amount of Rs. 285 crore in the budget 2013-14.

An amount of Rs 27 crore has been allocated for development of tourism infrastructure and Rs 30 crore has been allotted for heritage sites including up gradation of Gobindgarh Fort at Amritsar

School education has earmarked 12% of the state's Budget in 2013-14 amounting to Rs. 9641 crores. In order to strengthen the health infrastructure in terms of buildings, equipments and human resources in all health institutions, the state government has provided with an outlay of Rs 3,443 crore.

Greater stress has been laid on welfare of scheduled castes and other weaker sections of the society. An amount of Rs 596 crore has been earmarked for welfare of scheduled castes/backward classes. For the disbursement of old age and other pensions to the 21.55 lakh beneficiaries an amount of Rs. 646 crore has been allocated in 2013-14. On the other hand, a sum of Rs.91 crore has been earmarked for sports and youth services.

Punjab : The State Profile

Budget at a glance

(Rs. Crore)

S. No.	RECEIPTS	2013-2014 (BE)	EXPENDITURE	2013-2014(BE)
1	Opening Balance	(-) 420	Revenue Expenditure	44412
2	Revenue Receipts	42666	Capital Expenditure	7283
3	Receipts from Public Debt	23954*	Public Debt Repayment	16988*
4	Recovery of Loans & Advances	140	Loans and Advances disbursal	368
5	Public Account (Net)	2252	Total expenditure	69052
6	Capital Receipts (3+4+5)	26346	Closing Balance	(-) 460
7	Total 1+2+6	68592	Total	68592

Source: PHD Research Bureau, Compiled from State budget of Punjab 2013-14

*Includes a sum of Rs 11,000 crore for 2012-13 (RE) and Rs 13,000 crore for 2013-14 (BE) On account of receipts & payments into ways and means/overdraft.

7. Conclusions and Recommendations

Punjab endowed with rich culture, tradition and religion is one of the most prosperous states of India. The state is acknowledged for its self-dependence, self-reliance and glory. It is located in the North-Western region of India. The state is bounded on the West by Pakistan, on the North by Jammu and Kashmir, on the North East by Himachal Pradesh and on the South by Haryana and Rajasthan. The five rivers Sutlej, Beas, Ravi, Chenab and Jhelum gave it its name 'punj-ab' or the 'land of five waters'. These five rivers divide the state into three regions: Majha, Doaba and Malwa. As a civilization, it is one of the most ancient in the world with an eminent culture. The economy of Punjab has witnessed a steady growth path during the recent years. The real GSDP of the state has increased from about Rs. 102556 crores in FY2006 to Rs about Rs. 164525 crores in FY2013. The average real GSDP of the state has grown at around 7% during the period FY2006- FY2013. Services sector contributes a significant share of around 45% in the GSDP followed by the agriculture and industry at 29% and 26% respectively during FY2013. Gross fiscal deficit of the state as a percentage of GSDP has decreased to 3% in FY2014 as compared to the 3.2% in FY2013. Gross fiscal deficit of Punjab is lower in comparison to states like Goa, Manipur, Assam and Tripura and higher than the states like Uttarakhand, Karnataka, Himachal Pradesh, Uttar Pradesh, Kerala, Jammu & Kashmir, Gujarat, etc.

Punjab offers conducive milieu for industrial investments by providing various policy incentives and good industrial infrastructure. Industries remain an integral component of the state economy, with capabilities in the entire manufacturing value chain, from R&D and design to marketing and sales. Punjab is building successful partnerships with foreign firms, strengthening domestic capabilities and forging strategic linkages. The state has been able to attract more than Rs. 44000 crore as industrial investment proposals in the last five years (2008-2012). The state offers tremendous investment potential in agro based projects in areas such as processing of major and minor crops, processing of fruits and vegetables, processing of crop and agro industrial residue (wheat/ paddy straw, paddy husk), poultry and animal husbandry, dairy and milk processing etc. In addition the state

Punjab : The State Profile

also offers investment opportunities in various sectors such as leather and sports goods, meat processing, textiles, electronics and telecommunications, information technology, infrastructure modernization, automobiles, farm machinery, engineering industries, chemical industries and export oriented units.

The major principal commodity export items from the state are hosiery and ready made garments, engineering goods, sports goods and yarn and textile, machine tools and hand tools etc. Ludhiana, Amritsar , Jalandhar, Kapurthala and Patiala constitute to be the leading exports hub within the state. The main crops grown in the state are wheat, paddy and sugarcane. The state possesses huge potential in agro exports, due to its extensive presence of agricultural base. Rice accounts as the prominent export item from the state. The economic policy of the state mainly focuses on the development of agro & food processing industry, tourism, IT, textile and biotech. The state offers excellent infrastructure and environment for undertaking industrial ventures and has attracted huge industrial investments in the recent years. Ludhiana has been regarded as one of the easiest place for doing business in India.

The state's fertile and productive soil has accorded it the status of 'Granary of India'. The state contributes a considerable share in national food grain production and thereby aids in ensuring the national food security. Punjab has an excellent network of irrigation facilities, canals and tubewells are main sources of irrigation in Punjab. Major crops grown in the state include wheat, paddy and sugarcane. The main fruits grown in state are Kinnow, orange, malta, lemon, guava, pear, mango and grapes and it is undertaking special efforts to increase the area of cotton, maize, oil seeds and pulses. Cultivation of maize and potato has been encouraged and in certain pockets, banana cultivation has become very popular. In spite of being predominantly an agrarian state, its share has been declining over the years. High usage of fertilizers and chemical has deteriorated the quality of soil and rampant construction of irrigation facilities has depleted the ground water table, which has in turn affected the quality of soil. Diversification in the farm sector, crop rotation and organic farming should be encouraged and promoted in the state to improve the soil quality and to enhance the crop productivity. The state government should promote setting up of low cost rain water harvesting techniques such as check dams, which would help in raising water table levels.

Punjab has to its credit a rich agricultural base and immense potential lies for agro based industries in the state. As one of the leading producer of food grains, there is a critical need to provide warehousing facilities in the state to store large scale production. It is also necessary to provide credit to farmers at easy terms to encourage them into diversification of agriculture. In addition to this, government of India should bring more crops under the umbrella of Minimum Support Price, which would help farmers to diversify their crops apart from wheat and paddy.

The industrial sector is mainly dominated by the small scale units in the state, whereas large and medium enterprises accounted for a very minimal share. To attain balanced industrial

Punjab : The State Profile

growth, it is necessary to have small, medium and large industrial units. The state government should encourage more investment for setting up large and medium units coupled with package of incentives and policies. There lies huge potential for the exports of handicrafts in the state, which will not only cater to the domestic need, but also reach out beyond national borders. Thus, state government should strengthen backward and forward market linkages to revive and support its wealthy culture. In addition to this, Punjab should also develop its agro processing zone, to supports it rich agricultural background and exports of agro commodities and facilitate in augmenting IT exports.

In services sector, tourism, banking and information technology are the important areas. The state is endowed with rich heritage and is one of the preferred locations in India for pilgrimage tourism. Mohali has been developed as IT and ITeS hub in the state. Tourism in the state is primarily religious, however, traditional, wildlife and eco tourism can go a long way in attracting domestic as well as international tourists. The credit deposit ratio (CD Ratio) reveals the entrepreneurial nature of the people which plays a vital role in the economic development of a State. This ratio in Punjab is high as compared to all India. It stands at 81% for Punjab as compared to 78% at all India level during 2013. However, the state government should endeavour to step it up to promote more financial outreach to improve credit delivery.

Punjab boasts of one of the most well knit and dense road, rail and transport network in India. The civil aviation infrastructure of the state is also good. The demand for power in the state is rising sharply on account of rapidly increasing use of electrical energy for agricultural operations, progressive industrialization, high living standard of residents and intensive rural electrification programme. There is a vital need for speedy approvals of power projects, project management techniques, rapid up-skilling of manpower, strengthening transmission and distribution system and taking on alterative sources of energy like wind, bio gas, agricultural biomass, would help in meeting the crippling demand and supply gap and to make the state self reliant and power surplus.

On social front, state has performed reasonably well with a very small proportion of people living below poverty line while literacy rate of the state and per capita health expenditure is higher than the national level. The state has made serious efforts to enhance the employability of the youth by imparting job specific vocational skills. Punjab government is providing unemployment allowance to educated unemployed persons who are not adjusted in any gainful employment. Punjab should promote setting up training centres, skill development centres and job oriented education system. It is necessary to promote agricultural allied activities, such as livestock, to provide source of livelihood in the state. In this regard, more emphasis must be laid on up gradation of the development of veterinary infrastructure to protect livestock from deadly diseases and increasing their productivity. Employment can be generated in allied activities like fisheries and many others, which carry high potential in the state. The economy is all set to scale new heights to emerge as an economy with sustainable and inclusive growth, going forward.

Punjab : The State Profile

Punjab: Key contacts

Sector/Area	Key Contact
Infrastructure	Chairman, Punjab Infrastructure Development Board, Punjab Room No.32, Floor 2, Pb. Civil Sectt., Sector-2, Chandigarh Ph 0172-2740325,0172 -2740769
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Industry	Principal Secretary, Minister of Industries & Commerce Ph: 0172-2740423
PHD Chamber of Commerce and Industry Regional Office, Chandigarh PHD House, Sector-31 A, Chandigarh- 160031 Phone: 0172- 2638941, 2638662, 2638981 Telefax: 0172 2638982	Mr Rajiv Bali, Chairman, Punjab Committee Mr R S Sachdeva, Co-Chairman, Punjab Committee Mr Dalip Sharma, Director Ms Dipti Bansal, Assistant Secretary



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About the PHD Chamber

PHD Chamber is a 109 years old vibrant and proactive representative organization of business and mercantile community of northern and central India, serving their interest. This apex regional organization plays an active role in India's development and acts as a much needed link between government and industry, serving as a catalyst for rapid economic development and prosperity of the community in the region through promotion of trade, industry and services.

With its base in the National Capital, Delhi, the Chamber has Regional offices in States of Bihar, Chhattisgarh, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Madhya Pradesh, Punjab, Rajasthan, Uttar Pradesh, Uttarakhand and the Union Territory of Chandigarh.



PHD signifies
PROGRESS • HARMONY • DEVELOPMENT

Six Thrust Areas

- Industrial Development
- Infrastructure
- Housing
- Health
- Education and Skill Development
- Agriculture and Agribusiness

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