No. 235 /SAD/2024 **Dated 22nd July, 2024**

Sub : Views of Shiromani Akali Dal before the Sixteenth Finance Commission.

Sir,

With reference to above subject on behalf of Shiromani Akali Dal, we express our views as under :

1. The Shiromani Akali Dal is an oldest regional party of the country. This Party has always struggled for more powers to the states. We have always supported the view that our country should work on the principles of Federalism. In this context we have also passed a historic resolution in 1973 at Sri Anandpur Sahib which is known as Anandpur Sahib Resolution. We again reiterate that for the welfare, prosperity, development, stability and good governance of the nation, Federal system of Government is the best form of Government.

2. The state of Punjab is passing through extremely difficult times. The agrarian economy is going down, farmers are reeling under heavy debt & farmers suicides are increasing day by day. Agriculture marketing infrastructure is deteriorating due to stoppage of Rural Development Funds by GOI.

3. The trade & industrial development has gone down and the international trade with Pakistan has been completely stopped since 2019.

4. The public debt has reached an alarming figure of Rs 3,43,626 Cr. The debt to GSDP ratio has gone as high as 49 %. After fulfilling committed liabilities very negligible amount is left for capital expenditure.

5. Therefore our earnest request is that the state has reached at such a pitiable state where it needs extra financial support from the Finance Commission. But we are worried that if the formulas adopted for devolution of taxes by the previous Commission are continued, the state may land into a fiscal emergency. So the formulas need to be modified accordingly.

6. The Fifteenth Finance Commission has fixed the state share as 41% in the vertical devolution of taxes. We strongly recomend that it should be increased to minimum 50%. Only then states will be able to meet their committed liabilities with ease.

7. In horizontal devolution the formula being adopted by the Fifteen Finance Commission is as under:

Population of state	= 15%
Land area of state	= 15%
Area under forest & ecology	= 10%
Per captia income distance	= 45%
Fiscal effort	= 2.5%
Demographic performance	= 12.5%

6. But, we feel that this formula is doing grave injustice with the states like Punjab which have supported National Family Planning Programme of the country and which have controlled their population. Instead of being rewarded for controlling their population, these states are being punished. Punjab is one among these states to control its population. So we strongly appeal to the commission to review this formula. We recommend that states which have implemented Family Planning programmes should be encouraged by giving more weightage to them.

7. The Punjab is a border state and it has about 550 Kilometer long alive border with a hostile country. Being a border state it is facing the menace of drug trafficking / smuggling and other subversive activities. Due to these problems, the state government has to spend additional money on internal security & maintenance of law & order. So we recommend that special weightage must be given to Punjab because of being a border state.

8. The SC population in Punjab is 32%, which is highest. But no weightage is given to the state for this important socio-economic factor.

9. Although Punjab is a small state as per the land area but it is the major contributor to the food security of the country. To support the National food security needs, the state has suffered on many counts. As Per Central Ground Water Board Report-2023 out the 153 developmental blocks 117 are in the over exploited zone, 3 are in crtical stage & 13 are in semi critical stage. Only 20 blocks are in safe category. Apart from this the soil fertility is also decreased. This is also affecting air quality. So over all there is massive environmental damage. To save the state from further environmental degradation, there is

need for major diversification plan. In addition to save the ground water table, special grants should be given to improve the water carrying capacity of the present canals and for drip irrigation plans etc.

10. The state of Punjab has a large Kandi Area. This area extends to the districts of Mohali, Ropar, Shaheed Bhagat Singh Nagar, Hoshiarpur, Gurdaspur and Pathankot. The people living in this area have major problems like approach roads, bridges, drinking water problem, irrigation problems, insufficient education and health infrastructure etc. Previously there was specific Kandi Area Grant for the infrastructure development of this area. But this grant was stopped without any justified reasons. This area needs special attention and major grants so that people residing in these difficult areas get a sigh of relief.

11. The state of Punjab is providing employment to lacs of migrant labourers from other states in the agriculture sector as well as in the industrial sector. This population is never counted in the permanent population of the state for calculation of devolution of taxes. But in reality to support such a large migrant population, the state has to spend to create extra infrastructure for this migratory population also. So this factor may also be counted while deciding the devolution of taxes.

12. In Punjab farming is done right upto the last point on Indo-Pakistan border. Thousands of farmers in the border districts of Pathankot, Gurdaspur, Amritsar, Tarn Taran, Ferozepur and Fazlika districts have their cultiviable land beyond the barbed fencing on international border. These farmers get much less time to look after their fields due to restriction of movement by the forces on border. Previously these farmers were given some compensation but it was discontinued later on. We appeal to commission to fix a regular specific grant for compensating these farmers.

13. The Punjab is the food bowl of the country & it has exhausted all its resources to fulfill the food requirements of the country. But due to long term anti-farmer policies of the centre the agrarian economy has gone down. Due to this the small & marginal farmers are under heavy debt. The numbers of suicides cases have reached all time high. So we strongly recommend that Commission should come out with a debt waiver scheme at the earliest to help the beleaguered farming community.

14. Industrial growth in Punjab has suffered due to long term tax concessions to the neighboring hill states in the past. We strongly demand that to promote

industrialisation in Punjab same tax concessions should be given to Punjab also.

15. The Commission should seriously take notice of stoppage of Rural Development Fund of Punjab by GOI. All pending amount be released without delay. Any delay will further affect the rural infrastructure especially grain markets & rural roads. It will lead to degeneration of PDS.

16. We also appeal to the Commission to take a decision to release funds to states as untied funds. The present system of Centrally Sponsored Schemes should be discouraged. It has generally been felt that one scheme conceived by centre does not suit all the states. India is a diverse country. So it should be left to the states to plan their own state specific schemes.

17. The GOI is also withholding the state funds under Sarb Sikhya Abhian & funds under various health schemes due to some procedural issues with the state government. This should be sorted out because ultimately the genuine people of the state are suffering.

18. We strongly demand that Commission should recommend to the GOI to immediately open trade with Pakistan via Wagah-Attari border. This will definitely improve the fiscal position of the state.

19. We also demand that issue of settlement of accounts of FCI be sorted out & an amount of Rs 31000 Cr which the state had been forced to pay should be waived.

Undo Historic Injustices done with Punjab.

In addition to all above we also make a humble submission to the Sixteenth Finance Commission that time has come when decades old historic injustices done with Punjab should also be undone :

1. **In an inter-state conference of GOI, Ministry of Irrigation & Power held at New Delhi on Jan 29, 1955 regarding the development and utilisation of waters of Ravi-Beas rivers, 8 MAF water was given to non riparian state of Rajasthan ignoring internationally accepted riparian principle.**

2. **It was decided in the above meeting that question of cost of water will be taken up separately.**

3. **The water is regularly going since then but cost has not been finalised even after a lapse of about 69 years.**

4. **We request the Hon'ble Commission to do justice with the state & recommend to GOI to pay the state its due amount.**

5. **Similarly, the issue of transfer of Capital city of Chandigarh to Punjab has also been kept pending. The Haryana was supposed to vacate the Capital within 10 years but it has not been done till today. Due to this Chandigarh is being kept as UT. Punjab is not getting anything as income from its Capital city. We demand that Chandigarh should be transferred to Punjab without any further delay. The State of Punjab needs to be compensated on this issue till Chandigarh is transferred to Punjab.**

With regards,

(MaheshInder Singh Grewal)
Member Core Committee &
Former Cabinet Minister.

(Dr. Daljit Singh Cheema)
Member Core Committee &
Former Cabinet Minister.

Dr Arvind Panagariya,
Hon'ble Chairman,
Sixteenth Finance Commission,
Govt of India.