



EXECUTIVE SUMMARY PUNJAB: NEW ERA OF ECONOMIC DEVELOPMENT

Overview



Punjab, a progressive, dynamic and forward looking state is on the threshold of a new era of development. The industrial policy and proactive environment, has set the path to attract large scale investments.

The government has made efforts to provide a comprehensive framework to create an investor friendly environment to ensure sustainable industrial development in the state through the *Industrial Policy of 2003*. Various fiscal and non fiscal incentives have been offered as part of the policy which aims to promote investments and participation in the state.

Punjab promises exceptional prospects for the development of high value added Agribusiness Projects. In addition, the knowledge base of its human resource can be effectively utilized to develop the IT Services Sector in the state. Bio technology has also been identified as an important sunrise sector which can make significant contributions in the areas of agriculture, human and animal health, environmental management and process industries.

Integrated Agribusiness



In the state of Punjab **Agriculture and Allied Activities** is the mainstay of the state's economy with about 97 percent of the total cultivable land under the plough. Wheat, rice and cotton are the main crops grown in the state.

However the government has now given priority to oil seeds, horticulture and forestry to reduce dependence on the wheat and paddy rotation (**this has progressively resulted in high ground water depletion and significant reduction in soil nutrients in the state**) and for



achieving higher commercial yield. Contract farming is being encouraged for the diversification of agriculture and shift to value added crops. Further there exists a large quantity of surplus of agriculture produce that is available for agro-based industries. The state is looking at ways and means of adding value to its agricultural produce, agricultural residues and agricultural wastes. Furthermore the government has given high priority to providing an assured market system and enhancing knowledge of the agriculturists.

Investment Opportunities In Agri- Infrastructure

AREA OF CONCERN	INVESTMENT OPPORTUNITY
Fruits and vegetables but inadequate storage space	Bulk and Specialized Warehousing
Potential in Horticulture	Contract Farming & Export Zones
Inadequate food processing	Value addition through Processing Units and Cold Chain
Inadequate information & extension services	Agri Service Centers/ Information Kiosks
Rampant intermediary practices	Auction Centers & Commodity Exchanges
Consumer pull: Quality needs	Value Addition Centers: Agro Parks, Food Parks
Alternative irrigation facilities	Water Management Practices
Quality of produce	Tissue Culture and Quality Certification Lab
Upgradation of Transportation facilities	Bulk Grain Handling Systems/ Perishable Cargo Centers/ Carrier vehicle
Upgradation of Market Infrastructure	Market upgradation – modern mandi, terminal market set up

Certain key areas have been identified in the **Agri-infrastructure** sector in the state where considerable opportunities, for Indian as well as international agribusiness players exist to develop projects using Public Private Partnerships and private sector financing.

- Logistic and transportation of farm inputs and farm produce through upgrading existing projects for container terminals, ICDs, carrier vehicles and Agricargo centers.
- Putting up efficient transmission and distribution systems and prevention of power losses.
- Need to adapt sustainable water management practices which includes ground water management, watershed management, rain water harvesting and establish alternative sources like micro irrigation.



- Ensuring quick transfer of biotechnology to the farm sector.
- Instead of building individual storage and warehousing facilities for seeds a group of seed companies can come together and find a third party entrepreneur who would construct, operate and maintain on a BOT basis a seed storage facility under stringent quality control parameters for these companies.
- Creation of farmer metamarkets to facilitate one stop input retail outlets.
- Setting up of Agri-Service Centers which would facilitate information dissemination and availability of farm equipment and machinery between groups of farmers.
- Establishment of Agriclincs and Agribusiness Centers to create self employment opportunities.
- Establishment of Agro Parks at strategic locations offer the advantage of providing integrated facilities for the smooth operation of the venture together with easy and cost effective availability of raw material and manpower.
- Establishment of Quality Certification laboratories is required to meet the desired quality parameters for the export of agro products.
- Developing post harvest management infrastructure and an integrated network for marketing of horticulture produce including cool chains.

Infrastructure



Proper infrastructural facilities are essential for the overall and industrial development of the state of Punjab. The state does lead in terms of infrastructure in the country. There is a great dependence on roads and railways to provide the necessary transport infrastructure to look after the needs of the state. The **Punjab Infrastructure Development Board (PIDB)**

has been created to retain and improve upon this position through appropriate infrastructure development. Punjab is one of the first states of the country having initiated a forward looking infrastructure development fund available with PIDB. This fund is channelised to receive money from the Petrol cess and Mandi cess levied in the state and uses this to leverage enhanced funding using PPP methods.

Though Punjab has one of the better infrastructural setups in the country there still exists the potential for upgradation and modernization of these facilities. Furthermore, to provide a boost to industrial development the state would need to ensure an effective telecommunication network, state-of-the-art information technology infrastructure, uninterrupted supply of power and upgradation and modernization of existing industrial area infrastructure.



The government has placed significant emphasis on the issue of infrastructural development which is the crux for achieving the developmental targets and is making efforts to address the issue of upgradation, modernization and development of the same. Emphasis has also been laid on encouraging maximum private sector participation with the government slowly moving into the role of a facilitator. While development of generic infrastructure like roads and power is on track and should be further enhanced, developing specialized infrastructure like agro food park, agri infrastructure, biotech park, among others should be taken up to capitalize additional investments into the state.

<i>Area of Concern</i>	<i>Current Status</i>	<i>Proposed Project</i>
Adequate Transport facilities		
Roadways	<ul style="list-style-type: none"> Substantial road coverage Potential still exists for the further upgradation and modernization of these roads Improvements in rural connectivity Further expansion of project like modern bus terminals 	<ul style="list-style-type: none"> PPP for upgradation and construction of high quality roads Modernization and upgradation of Roads and National Highways Upgradation and Expansion of rural link roads
Railways	<ul style="list-style-type: none"> Well connected through the Indian Railway 	<ul style="list-style-type: none"> Invite private participation to set up feeder projects near rail heads - e.g Agri Export Zones
Airways	<ul style="list-style-type: none"> Need to develop modern aviation infrastructure 	<ul style="list-style-type: none"> Upgradation and strengthening of existing airstrips Upgradation and modernization of airports
Power	<ul style="list-style-type: none"> Better off than some other States with regard to adequacy of power Need to further upgrade and modernize 	<ul style="list-style-type: none"> Invite more private sector participation
Industrial Infrastructure	<ul style="list-style-type: none"> Special Economic Zones Setting up Agro Parks Growth Centres Cluster Approach for uniform development of industry 	<ul style="list-style-type: none"> Development of common infrastructure within and around the Industrial Estates



Conclusion

There exist a vast number of investment and business opportunities in the state of Punjab. The state needs to focus on the development of industry through of three fold approach of harnessing the synergies between agriculture and industry through the development of agro-based industries, by strengthening its manufacturing base (particularly the small and medium enterprises), and by providing the necessary thrust to the development of the service and knowledge based industry (such as biotechnology, pharmaceuticals, information technology and electronics).

Punjab promises exceptional prospects for the development of high value added Agribusiness Projects. In addition, the knowledge base of its human resource can be effectively utilized to develop the IT Services Sector in the state. Bio technology has also been identified as an important sunrise sector which can make significant contributions in the areas of agriculture, human and animal health, environmental management and process industries.

The Government of Punjab has started inviting private sector participation/investments and encouraging the creation of long term partnerships in a number of areas with it playing the role of the facilitator. A number of fiscal and non fiscal incentives and institutional frameworks to ease the process for private sector participation have also been introduced by the government.