

Budget 2022-23
Speech of
Harpal Singh Cheema
Finance Minister

Hon'ble Speaker Sir,

1. I rise to present the maiden Budget of AAP Government formed on 16th March, 2022 under the leadership of Sardar Bhagwant Singh Mann Ji, our Hon'ble Chief Minister. I feel privileged to have got an opportunity to serve Punjab as the Finance Minister. This becomes more opportune because we as a Nation are celebrating 75th year of our Independence. We all are sitting in this temple of democracy only because of the great sacrifices made by our forefathers and freedom fighters in the national movement. I, on behalf of this Government, dedicate this Budget to them and derive firm resolve and strength to shape their dreams into reality by contributing towards the welfare of Punjab and its people.

2. The people of Punjab have exuded tremendous faith and conviction in the Aam Aadmi Party. They have voted for "Badlaav" and this Government expresses its sincere gratitude for giving an unprecedented majority of 92 out of total 117 seats to the Aam Aadmi Party. This Government led by our Hon'ble Chief Minister Sardar Bhagwant Singh Mann Ji promises to create "The Rangla Punjab", which would be an epitome of economic prosperity, social development, and universal brotherhood. We reaffirm our commitment to end the menace of corruption, mafia raj and restore rule of law in the State.

3. The people of Punjab have understood the principles of Aam Aadmi Party. This party does not believe in mere rhetorics, rather it has

presented its resolve in the form of Guarantees. The party has presented a successful and effective model in Delhi under the leadership of Hon'ble Chief Minister, Delhi and National Convener of Aam Admi Party. Replicating similar initiatives in Punjab, we promise to make it a State over which present and future generations will be proud of.

4. The historical win has infused deep motivation in us to perform and deliver; and the same has been manifested right from the very first day of our assuming the office. Getting inspiration from our revered Gurus, lives of Shaheed-e-Azam Sardar Bhagat Singh who had dreamt of an independent and egalitarian India at the age of 23 and sacrificed his life in furtherance thereof and Dr. Bhim Rao Ambedkar, whose vision of democratic India is clearly manifested in our Constitution, I consider myself fortunate of having this opportunity to present "the roadmap" for the welfare and development of Punjab through this Budget. I am happy to share that our Government in a very short span of last 100 days has introduced umpteen measures and taken decisions which have positively impacted the life of Punjabis.

5. Speaker Sir, AAP Government shall develop a quintessential model of good governance and promises a clean, efficient and effective administration. Our governance model would be participatory, responsive and would ensure equity and inclusiveness. I, on behalf of my Government, pledge that when Punjab would move forward, no section of the population or area of Punjab would be left behind.

6. Our Government under the able and dynamic leadership of Hon'ble Chief Minister Sardar Bhagwant Singh Mann Ji has zero tolerance towards corruption. An "Anti-Corruption Action Line" has been launched for common citizens to raise their voice against corruption

and any malpractices being faced by them The entire world is witness to the resolute action of our Hon'ble Chief Minister who took no time to remove his own minister over corruption charges and I would like to inform this august House that as of now 28 corruption related F.I.R. have been registered and 45 people have been sent to jail on corruption charges. I want to appeal to every Punjabi to stand up and become our partner to create a corruption free and mafia raj free Punjab.

7. It is unprecedented that Aam Aadmi Party Government has fulfilled slew of its poll promises just within few days of forming the Government. The Government has taken a breakthrough decision by approving the fresh recruitment of 26,454 employees in the Government and regularization of 36,000 contractual employees. This process is expected to be completed in the next few months. Further, our Government accords its highest priority to the youth of Punjab and is well cognizant of the potential demographic dividend it holds. We undertake to develop an ecosystem to stop brain-drain to countries like Canada, Australia, and create conducive conditions for employment opportunities within Punjab.

8. Speaker Sir, AAP Government is fulfilling its first guarantee made to the people of Punjab by providing 300 units of domestic power supply per month free to all citizens of Punjab w.e.f. from 1st July, 2022. This will bring big relief to Punjabis, who were reeling under exorbitant power bills. I want to further assure this august House that we are fully prepared and have already planned to finance this scheme by cutting wasteful expenditure and through enhancement of our own revenue.

9. We commit that we shall deliver on our promise that every single penny from the State Exchequer would be spent only on peoples' welfare and nothing else. Taking a cue from this philosophy, our Hon'ble Chief Minister has introduced 'One MLA One Pension' which would annually save public money to the tune of ₹19.53 crore (approx.).

10. Hon'ble Chief Minister Sardar Bhagwant Singh Mann Ji realizes that Punjab can't succeed if Agriculture sector and farmers fail. In a seemingly small, but significant step towards sustainable agriculture and special emphasis on water saving techniques, this Government has already announced a special financial assistance to promote Direct Seeding of Rice in paddy. Further a landmark decision to procure Moong Dal on MSP has already been taken. The reflection of these initiatives shall be seen in detail in the later part of my Speech.

Hon'ble Speaker Sir,

11. On this day, I express my sincere thanks to you for allowing me to present the Budget digitally. All Budget documents would be available on a mobile app once I finish my speech. This initiative would help save ₹21 lakhs per annum and more importantly would save over 800 trees.

12. This Budget reflects the philosophy of our Hon'ble Chief Minister Sardar Bhagwant Singh Mann Ji and National Convener of Aam Aadmi Party, who believe that without giving voice to the public, public policy would be a bane. This is for the first time that Government has resorted to wider consultation with general public to prepare the Budget. The Budget preparation exercise that used to remain confined to the walls of the Government Offices went this year beyond these confines and reached the principal stakeholder- the "People of Punjab". The suggestions and consultations were put forward by people from all strata, industrialists, trade associations, youngsters, women and

representatives from all walks of life and I am pleased to state that the feasible aspirations stated by the people of Punjab have been included in this Budget, thus making it a true “Janta Budget”.

13. It gives me immense pleasure to say that we had received 20,384 suggestions on portal and also through emails, letters and memorandums. 72.70% suggestions were received from men with highest from 31 to 40 years age group (45.42%) and 27.30% from women with highest from 31 to 40 years age group (48.20%). The Government also organized meetings at district level to have a bird's-eye-view of peoples' expectations from this Budget. All 23 districts were covered during the tour and slew of suggestions were received. We got overwhelming response from Ludhiana, Patiala, Fazilka, Bathinda, Mandi Gobindgarh, Batala, Sangrur and Amritsar.

14. Speaker Sir, our focus in the first year will be threefold, i.e.

- (a) to restore the deteriorating fiscal health and moderate the augmenting debt by increasing our own revenues;
- (b) to deliver on the promise of “Good Governance” by ensuring effective and efficient use of the public funds, arresting wasteful expenditure, and revamping existing schemes; and
- (c) concentrate on the two foundations of any society, i.e. Health and Education.

15. I, now solicit attention of this august House as I present the Budget for FY 2022-23, which shall contain facts of our State Finances and the vision of this Government standing absolutely true to basic fundamentals of democracy i.e. the Government for the people, by the people and of the people.

WHERE WE STAND

Speaker Sir,

16. The Government has presented before this august House, a White Paper on State Finances bringing its true picture before the people of Punjab. There is a paradigm shift from the White Papers presented by the predecessor Governments which were pessimistic in their perspective and never spoke about the solutions and the way forward. This White Paper presented by our Government while on one hand presents the real condition of State Finances, it also talks about the probable solutions and steps that ought to be undertaken, to bring Punjab back to its original No. 1 stature.

17. The White Paper makes it vividly clear that Punjab has suffered decades of fiscal imprudence. Little was done except lip talk to check skyrocketing unproductive revenue expenditure, freebies and unmerited subsidies. Punjab saw a virtual collapse in the capital and social sector investments, which is vital for future growth, and literally nothing concrete was done to augment tax and non-tax revenues.

18. To put things in perspective, the current Effective Outstanding Debt of Punjab stands at ₹2.63 lac crore as per 2021-22 (RE). In addition, State Agencies /PSUs /Boards /Corporations have a debt close to ₹55,000 crore, out of which around ₹22,250 crore has been guaranteed by the State Government. In the last five years, from FY 2016-17 to FY 2021-22, the Debt of the State has grown by 44.23%.

19. While the State of Punjab was number one in Per Capita Income across the country for a long time, it has now lost the race to other States. The State slid from the top to the 11th position on Per Capita Income ranking. States like Maharashtra, Kerala, Tamil Nadu,

Karnataka, Gujarat, Haryana and even Himachal Pradesh have surpassed Punjab on the Per Capita Income parameter.

20. Total Central Transfers (i.e. Share of Central Taxes + Grants from Centre) which was just 22.85% of Total Revenue Receipts in FY 2011-12 has doubled to 46.11% of the Total Revenue Receipts in FY 2021-22. The State's Own Tax Revenue has decreased from 71.82% to 47.79% in the above period, indicating a perceptible decline in the State's ability to raise resources internally and higher reliance of State Finances on transfer from Union Government. The less than expected buoyancy in VAT, State Excise, Taxes on Vehicles, Stamps & Registrations, and Mining etc. is a tell-tale sign of market failure and faulty policies across these revenue generating sectors.

21. There were no attempts or incentive to increase the revenue of the State by the previous Government. It will not be amiss to say that the lack of planning and efforts to consolidate revenue in preparation for end of GST compensation regime has put the State in a compromising situation. As the GST compensation regime is ending in June 2022, the State Government would be staring down a big hole left in its finances to the tune of ₹14,000- ₹15,000 crore in FY 2022-23 itself. This is a "Fall off the Cliff" scenario for the State.

22. To revive Punjab to its glory days, serious relook into the expenditure commitments coupled with direct revenue enhancement measures are need of the hour. To consolidate finances, sustained growth, reduce reliance on debt, structural and policy initiatives are required with unheard levels of ground-level enforcement.

23. To compensate for this "lost decade", State has to cautiously resort to debt option and invest heavily in high quality Capital asset

creation. This would have a multiplier effect on the economy and would initiate a cycle of value-acceleration. Hopefully, Punjab would be able to increase its growth rate and sustain it for years to come.

CURRENT ECONOMIC PROFILE

Speaker Sir

24. Now, I would like to apprise this august House about few key macroeconomic indicators of the State. The GSDP of Punjab for the year 2021-22 at current prices stood at ₹5,73,763 crore which is 8.32% higher than that of the previous year, while the national growth stood at 8.90%. The GSDP for FY 2022-23 is pegged at ₹6,29,834 crore i.e. an increase of 9.77% over previous year. In Punjab's economy, agriculture sector is still a significant contributor i.e. 24.83% in the GSDP. The contribution of service sector and that of industrial sector is 50.63% and 24.54% respectively. Punjab's effective Outstanding Debt stands at 45.88% of GSDP (2021-22) which has shown a growth of 44.23% since 2016-17.

STRENGTHENING PUBLIC FINANCE

25. AAP Government is acutely conscious of the need for fiscal prudence given the status quo. I would like to inform this august House of the notable measures being undertaken for bringing fiscal prudence and efficiency in management of State Finances:

a. **Introduction of Fiscal Risk Statement:** It is a pioneering attempt to introduce a Fiscal Risk Statement along with the Budget with the aim to bring on paper the various kinds of fiscal risk the State is exposed to. This statement would enhance transparency; aid in sound

management of public finances and help in devising appropriate risk mitigation measures for the future.

b. **Gender Based Budgeting Guidelines:** Building on the principles of good governance and inclusive development, I am extremely happy to state that the Government shall issue this year the Gender Responsive Budgeting Guidelines setting out the strategy to promote the goal of gender equality and gender mainstreaming for bringing in social transformation and eliminating inequality.

c. **World Bank assisted Building Fiscal and Institutional Resilience (BFAIR) Project:** The State has collaborated with the World Bank under BFAIR Project. It would introduce an overarching framework through strengthening of the institutional capabilities and accountability; supporting better public service delivery and other reform measures for good governance. The project with a total cost of ₹1,655 crore would be implemented over a period of 5 years to bring in institutional reforms to enhance resilience and fiscal sustainability. Government of Punjab would be contributing Rs. 500 crore (approx.) out of this total project cost.

d. **Tax Intelligence Unit:** To augment additional resource generation, I propose to establish a Tax Intelligence Unit in the State. The Unit shall equip the finance department to improve tax compliances under GST through taxpayer facilitation and communication; and would strengthen tax analytics capabilities in the department to capture trends, patterns thereby bringing out weak and strong areas.

e. **Consolidated Sinking Fund:** To consolidate the State Finances and create adequate provision for disposal of debt commitments in future, my Government has contributed ₹1,000 crore in Consolidated Sinking Fund (CSF) of the State within first two months, taking the

cumulative contribution to ₹3,988 crore, while the previous Governments could only contribute ₹2,988 crore over all these years.

BUDGET 2022-23

Hon'ble Speaker Sir,

26. Now, I present before you the Budget Estimates for FY 2022-23. These estimates have been derived out of the sanguine hope of rebuilding Punjab with a strong focus on targeted expenditure on identified priority sectors with special focus on Health and Education sector which are foundation of Punjab's economy and society. My forthcoming announcements will testify the same.

27. I propose a total Budget Expenditure of ₹1,55,860 crore for the FY 2022-23 which reflects 14.20% growth compared to the FY 2021-22 (RE). The Revenue Deficit and Fiscal Deficit have been pegged at 1.99% and 3.78% respectively. The effective Outstanding Debt to GSDP has been estimated to be 45.23% for FY 2022-23.

28. I propose the Estimates of Revenue Expenditure of State at ₹1,07,932 crore which shows an incremental growth of 5.35% over the previous year Revised Estimates. Out of this, ₹66,440 crore is proposed towards the committed expenditure, a jump of 11.10% in comparison to the last financial year. This is largely attributed to the implementation of the 6th Punjab Pay Commission report, legacy debt and associated interest payments.

29. The Budget Estimates of Capital Expenditure is pegged at ₹10,981 crore i.e. a growth of 8.95% over the previous year. This shows the commitment of the Government to invest in the future as capital assets and infrastructure have a multiplier effect on the economy.

30. Now in sync with the vision of AAP Government, I propose the following sectoral allocations and new initiatives.

EDUCATION

Speaker Sir,

I quote here Dr. B. R Ambedkar who said “Education is the milk of a lioness. He who drinks will roar”

31. This Government considers Education as a stairway to the growth and development of humankind. We believe that Education is fundamental to employability, character building, poverty reduction and social prosperity. History is witness to Punjab being the vanguard in our freedom struggle led by great men like Lala Rajpat Rai Ji, Shaheed-e-Azam Sardar Bhagat Singh Ji, Sardar Kartar Singh Sarabha Ji, Shaheed Udham Singh Ji and many other unsung heroes. Similarly, our effort towards education shall be to ensure Punjab becoming a leader in 2047 (100th year of Independence) towards prosperity of the Nation. I am confident that our society equipped with the most advanced education, the farmers with the most advanced technology and the industrialist with most efficient practices shall provide leadership to the Nation. With this aim, AAP Government is committed to provide quality education at affordable prices, where focus will not only be on inputs but also on outcomes.

32. A change in approach is being adopted whereby emphasis shall not only be on improving the existing infrastructure and introduction of state-of-the-art school buildings with modern gadgets but also on strengthening and institutionalizing the capabilities of the founders of schools and colleges i.e. the teachers/principals. It gives me immense

pleasure to state that an increased budgetary outlay of 16.27% has been provided in school and higher education; further a 47.84% increase in technical education and a whopping 56.60% increase in budget provisions for medical education have been provided in FY 2022-23. I propose the introduction of the following new initiatives to be undertaken in FY 2022-23.

33. **Financial Support for upkeep of Government Schools:** A Slew of Governments schools are poorly maintained. Lack of basic things such as general cleanliness, potable drinking water, clean toilets, fans and light arrangements and tiny repairs like whitewash dissuade students to attend school and learn. This is basically due to paucity of funds, centralization of decision making and over occupation of School heads/ Principals. The Government proposes to post 'Estate Managers' for a cluster of schools, so that while the principals remain focused on academics, basic and necessary repairs may get immediate attention. For this, I propose budgetary allocation of ₹123 crore in FY 2022-23 and ensure that my Government shall take care of these basic issues in its very first year.

34. **Skill Up-Gradation Programme for Teachers/ School Heads/ Educational Administrators:** With the objective of providing quality education, our Government proposes to impart trainings and build capacities of teachers/ heads/ principals to enhance the qualitative aspects of teaching and better child centric pedagogical practices. I propose an allocation of ₹30 crore for FY 2022-23 to impart short-term and medium-term training through reputed agencies/institutions of India and abroad.

35. Specialized Agencies to undertake Research Studies/Programme Evaluation/ Impact Analysis of various Schemes/ Programmes: The Government proposes to undertake services of specialized Agencies/ Research Institutes like CRRID/ IDC/ Panjab University/ NCERT/ NIEPA etc. for conducting impact and outcome analysis of various schemes currently being run in the Education sector such as Transfer Policy; Smart School Policy; Parho Punjab Paraho Punjab; English Booster Club etc. This would provide a feedback loop to refine these programmes further making them more effective.

36. Schools of Eminence: Our Government is committed to bring world class education to our students, to equip them for future challenges in this competitive world. We have identified 100 existing schools that are proposed to be upgraded as “Schools of Eminence”. These schools would be composite schools from Pre-Primary to 12th standard and would be equipped with superlative infrastructure like digital classrooms, fully equipped labs, vocational training facilities and trained faculty. A budgetary allocation of ₹200 crore has been earmarked for this purpose during FY 2022-23.

37. Establishment of Modern Digital Classrooms in Government Schools: To help teachers and mentors to connect with the students residing in remote places and make use of various virtual learning tools, the Government proposes to establish classrooms connected digitally with online platforms bringing quality education to villages and making learning a virtual interactive experience in itself. The Government proposes to establish modern digital classrooms in 500 Government schools in Phase 1. An allocation of ₹40 crore has been allocated for this during this financial year.

38. **Installation of Roof Top Solar Panel System in Government Schools:** Tapping solar energy can aid schools reduce carbon footprint by 25% and meet 70% of their demand. Producing power via solar panels has proved to be economical which would help schools reduce their power bills. At present, out of 19,176 Government schools in the State only 3,597 have a solar panel system, installed under various schemes. Here, I propose a comprehensive scheme for installation of roof top solar panel systems in Government schools and allocate ₹100 crore for this purpose in the current financial year.

39. **Up-gradation of Infrastructure including boundary-wall in Government Schools:** Schools ought to be safe and secure places, especially for girl students. Further, moveable infrastructure and equipment's especially IT infrastructure must not be prone to theft or vandalism. Our survey shows that still there are 2,728 rural schools & 212 urban schools where new boundary wall is required and there are 2,310 Rural Schools & 93 Urban Schools where urgent repair of boundary wall is required. Further, there is a need of world class school infrastructure, which would be built in every district of Punjab. A budgetary allocation ₹424 crore has been made in this budget of FY 2022-23 for this purpose.

40. **Uniforms for Students:** Currently all Girls and SC/ ST/ BPL Boys from Class 1 to 8 studying in Government Schools are being provided with uniform. This Government has decided to provide uniform to all students studying in Pre-Primary to 8th Class of Government schools, transforming this scheme into a Universal scheme and an amount of ₹23 crore has been provisioned in FY 2022-23.