



BASAI News Updates

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Highs and lows of Punjab's economic journey



BS GHUMAN
FORMER VICE-CHANCELLOR,
PUNJABI UNIVERSITY, PATIALA

THE 75th anniversary of Independence is the most suitable occasion to trace the economic journey of Punjab, which suffered irredeemable loss due to Partition. The enterprising people of Punjab and the government accepted the challenges and started reconstruction of the economy on a war footing. Accomplishments in terms of growth, agriculture and the service sector have been impressive. In the case of industry, the progress has been moderate. During the post-economic liberalisation period, however, the economy started slowing down on many fronts. The economic journey of Punjab, therefore, has been marked by milestones and downfalls.

The Punjab economy started recovery quickly. During the First Five-Year Plan (1951-56), it experienced a growth rate of 5.3 per cent, much higher than the Indian economy (3.5 per cent). During the Second Plan, Punjab registered a growth rate (2.9 per cent) lower than the average for India (3.7 per cent). In the Third Plan, Punjab (4.5 per cent) performed slightly better compared to the national average (4 per cent).

The mid-1960s proved a watershed in the journey on two counts. First, Punjab's reorganisation on November 1, 1966, changed the political and social landscape, impacting economic development. Second, the launch of the Green Revolution, which took Punjab to a higher growth trajectory.

Punjab's economy grew in the vicinity of 5 per cent per annum from the mid-1960s to the early 1990s. During most of this period, the Indian economy grew by around 3.5 per cent per annum. However, from 1980s onwards, due to partial liberalisation, the growth rate of India's econ-



TURNING POINT: Green Revolution helped in meeting the shortage of foodgrains. m

omy surpassed that of Punjab.

Punjab also enjoyed economic supremacy by having the highest per capita income among the major states from 1966-67 to 1994-95. Later on, the economic supremacy started crumbling. In 2020-21, Punjab got relegated to the 14th position in terms of per capita income. The downside is attributed to economic liberalisation, near stagnation in land producing, sluggishness in industry, deteriorating fiscal health and poor policy attention to social sectors.

The structure of the economy has witnessed remarkable changes. In 1952-53, the share of the primary sector in the state's income was 54.4 per cent and that of secondary and tertiary sectors were 10.2 per cent and 35.4 per cent, respectively. In 2020-21, the corresponding shares changed to 30.74 per cent, 23.33 per cent

and 45.93 per cent. The growing strength of the service sector suggests that Punjab has skipped the transition to industrialisation.

The agriculture sector was hit hard by the Partition. East Punjab got only 20 per cent share of irrigation and 14 per cent of the area despite accounting for 47 per cent of the population. The fertile canal colonies of Lyallpur, Montgomery and Sardograha went to Pakistan.

India faced food shortage after Partition. Punjab being an agrarian state, it played a pivotal role in this national endeavour. Empirical evidence suggests that the performance of Punjab was superior than the all-India average. Its agriculture grew at a rate of 3.8 per cent per annum, higher than that for India (2.8 per cent) during

the First Plan. During the successive two plans, state agriculture witnessed 5.1 per cent and 5.56 per cent rate of growth respectively. The corresponding rates at national level were 3.9 per cent and 3.42 per cent. This impressive performance is ascribed to institutional changes like land to the tillers and consolidation of holdings, increased public investment in irrigation and power, including dams, rural roads and cooperative institutions. These initiatives provided a fertile ground for the Green Revolution.

The Green Revolution strategy of the mid-1960s proved to be a boon for agriculture. Wheat yield recorded four-fold increase from 1,238 kg per hectare in 1965-66 to 4,868 kg per hectare in 2020-21. Similarly, the yield of paddy increased from 1,000 kg per hectare to 4,443 kg per hectare during the same period. In the process, the economy benefited phenomenally but at a heavy cost of excessive exploitation and pollution of environmental resources. The yield levels of both the crops have reached a plateau. This, coupled with decline in public investment in agriculture, depletion of underground water, decline in soil fertility, changing weather conditions and terms of trade against agriculture, resulted in deceleration of the rural economy.

Industry suffered heavily on account of Partition. For reviving industry, the government initiated measures, including increased resource allocation, freight equalisation policy by the Central Government, manpower training, financial & technical assistance and common service facilities, including marketing and industrial estates. More than 35 per cent of the urban migrant families had a business and industry background. They

along with local entrepreneurs played a pivotal role. However, the Indo-Pak conflict of 1965 and the state's reorganisation in 1966 adversely affected industry. During reorganisation, a number of industrial centres, having proximity to the national capital, went to Haryana along with areas of mineral resources. Despite best efforts, the Fourth Plan states that though progress of small-scale industries took place, it was not spectacular during the first three plans.

The Indo-Pak war of 1971, militancy, economic liberalisation, withdrawal of freight equalisation policy in 1993, collapse of the USSR — a stable market for hosiery products, and cheaper Chinese goods slowed down industrial development. Many units moved out of the state due to locational disadvantages and the Central Government's tax holidays to the neighbouring hill states.

The service sector also bore the brunt of Partition. The progress has been examined on the basis of its share in the state's income. In 1952-53, the share of the service sector in the state's income was 35.4 per cent; it increased to 45.93 per cent in 2020-21. Thus, the sector consolidated its position.

Punjab's economic journey has entered the downside phase primarily due to lack of policies of Central and state governments for steering the economy to the next stage of development — industrialisation. Punjab is a forward-looking state and has strengths such as well-developed infrastructure, industrial peace, high bank deposits, demographic dividends, sizeable Punjabi diaspora and adequate markets. In this endeavour, the Central and state governments should together devise a strategy, as was done for agricultural development.



Delayed payments, pest attack on sugarcane worries farmers

NITISH SHARMA
TRIBUNE NEWS SERVICE

AMBALA, AUGUST 31
Delayed payments from the Naraingarh sugar mills, coupled with the fear of yield loss due to diseases such as top borer and Pokkah boeng, have left sugarcane farmers of Naraingarh worried.

Farmers rue that they had already been struggling to get payments from the sugar mills for the previous season when the pest attack added to their woes.

"We have to spend extra money on fungicides and pesticides to control the disease, resulting in an increase in the cost of production. We are staring at a yield loss," farmers said.

Vinod Rana, president, Ganna Kisan Sangharsh Samiti, said: "Top borer is harmful for sugarcane as it damages its growth. I have grown sugarcane in around 45 acres and the pesticide has badly affected the growth of the crop. I have spent Rs 10,000 per acre on multiple sprays of fungicides and pesticides, which resulted in an increase in my cost of production. Different medicines were used to control pokkah boeng and top borer diseases. We

Fungicides, pesticides affecting crop growth



PRODUCTION COST INCREASING

"I have spent ₹10,000 per acre on fungicides and pesticides, which resulted in an increase in my cost of production. We fear that diseases will affect the yield by at least 25 per cent, but the exact situation will be clear by September. Vinod Rana, PRESIDENT, GANNA KISAN SANGHARSH SAMITI

<< Pest-affected cane crop at Hasanpur village of Ambala.

SITUATION UNDER CONTROL

"Top borer and pokkah boeng have been reported in sugarcane crop in some areas, but the situation is under control. Recommendations are being given to farmers to control the pest attack. Harish Kumar, AGRICULTURE DEVELOPMENT OFFICER

fear that these diseases will affect the yield by at least 25 per cent, but the exact situation will be clear by September."

"The delay in payments has also been a major concern for Naraingarh farmers. Despite the mill being run by government offi-

cial, farmers have been forced to wait endless hours to get their payments cleared. Naraingarh SDM has been given the charge of the CEO of the mill. The government should appoint a permanent CEO and ensure timely operations of the mill," he added.

Rajiv Sharma, spokesman, BKU (Charuni), who has sown sugarcane in 5 acres, said: "Due to delay in the payment, farmers were already in a fix and then the pest attack on the sugarcane crop further increased the financial burden. The growth of the crop has also been affected by pesticides. Farmers have been using sprays to control the situation, but the yield is likely to remain on the lower side."

Farm leader Singara Singh said: "A payment of around Rs 59 crore, including post-dated cheques to the tune of Rs 36 crore of the previous season, is still pending. A mahapanchayat is being organised on Thursday outside the sugar mills to discuss the issue of the delayed payments. Members of the Samyukt Kisan Morcha will also attend the meeting."

Agriculture Development Officer Harish Kumar said: "Top borer and pokkah boeng have been reported in sugarcane in some areas, but the situation is under control. The major effect has been witnessed in the Co6238 variety. Recommendations are being given to the farmers to control the pest attack."

4 PAU wheat varieties to be released at national level

TRIBUNE NEWS SERVICE

LUDHIANA, AUGUST 31

Four wheat varieties from the Punjab Agricultural University (PAU) have been identified for release at the national level. The varieties were identified at a meeting of the Varietal Identification Committee (VIC) held under the chairmanship of Dr TR Sharma, Deputy Director

General (Crop Sciences), Indian Council of Agricultural Research (ICAR), at the Rajmata Vijayaraje Scindia Krishi Vishwavidyalaya, Gwalior (Madhya Pradesh) on Monday.

The decisions of the VIC were announced on Wednesday during the plenary session of the 61st All India Wheat and Barley Research Workers' Meet held from August 29 to 31.

PBW 826 wheat variety has been identified for release under irrigated timely sown conditions of the North West Plain Zone — comprising Punjab, Haryana, Delhi, and western Uttar Pradesh, parts of Rajasthan, Uttarakhand, Jammu and Himachal Pradesh. It ranked first for grain yield in the zone during all three years of testing. It possesses bold grains with

higher hectolitre weight.

The variety was also identified for release under irrigated timely sown conditions of the North East Plain Zone comprising eastern Uttar Pradesh, Bihar, West Bengal and Jharkhand, etc on the account of high grain yield. It is rare that a wheat variety has been identified simultaneously for the two major wheat-growing zones of India.

Another PAU wheat variety named PBW 872 has been identified for release under irrigated, early sown and high-yield potential conditions of the North West Plain Zone.

Also, PBW 833 variety has been identified for release under irrigated late-sown conditions of the North East Plain Zone on the account of high-grain yield, rust resistance and protein content.