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Friday, November 27, 2015

The Tribune
VOICE OF THE PEOPLE

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Posted at: Jul 23 2015 10:30AM

Punjab's mega investor summit fails to deliver

After 18 months, 117 MoUs and Rs 65,000-cr pledged investment

Print

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Tribune News Service
Chandigarh, July 22

The worst fears of Punjab Chief Minister Parkash Singh Badal on the industry not keeping its promise on investment seem to have come true.

Badal had, at the 'Progressive Punjab Investors Summit' on December 9, 2013, aired his apprehensions that the 117 memorandums of understanding (MoUs), entailing an assured investment of Rs 65,000 crore, could remain just that — MoUs. He had, thus, urged the industry captains, gathered at Mohali, to transform their MoU into a "Memorandum of Commitment" whereby they would be duty-bound to invest in Punjab.

A year-and-a-half after the mega summit, all major companies have not cared two hoots about Badal's appeal. While several industries did not even submit formal proposals, some projects have been awaiting regulatory clearances. The heat has yet again been generated on the success of the summit, which the Akali-BJP government had then claimed was a "major success". The opposition Congress had dubbed it a "non-starter" since the beginning.

Leading industry body Assocham (Associated Chambers of Commerce and Industry) has, in a study, claimed that Punjab had failed to capitalise on its core benefits, leading to a dismal economic growth scenario where new investments attracted by the state registered a fall of over 63 per cent on year-on-year basis. It said the investments fell from over Rs 7,200 crore in 2013-14 to about Rs 2,600 crore in 2014-15. Caught off-guard, the Punjab industries department has questioned the authenticity of the study, maintaining it was never asked to participate in the research.

The study, "Impact of delay in investment implementation in Punjab", says that despite boasting of a robust infrastructure, the state has failed to lure investors over the years. As a result, new investments, at its peak of Rs 36,650 crore in 2007-08, declined to Rs 2,600 crore in 2014-15 (a fall of 93 per cent). Comparatively, new investments attracted by states across India increased by over 44 per cent year-on-year basis, from about Rs 6 lakh crore in 2013-14 to over Rs 10 lakh crore in 2014-15.

Top officials in the Punjab industry department have debunked the

Ground reality

- The existing industry in Punjab has been battling the worst-ever slowdown. Since 2011-12, 688 units shut in the Khanna-Mandi Gobindgarh belt alone
- Top industrial houses have been preferring expansion in Madhya Pradesh, Gujarat and Chhattisgarh where land is cheaper and power situation better than Punjab
- The delay in complete rollout of Punjab's new industrial policy in 2013 also led to investments materialising only in the second half of 2014

Corrective measures need of hour: Oppn

- The alarming decline in fresh investments does not augur well for Punjab. There is total policy paralysis, which is bound to lead to widespread unemployment and decline in revenue. Instead of denying the harsh realities, the government must initiate corrective measures before it is

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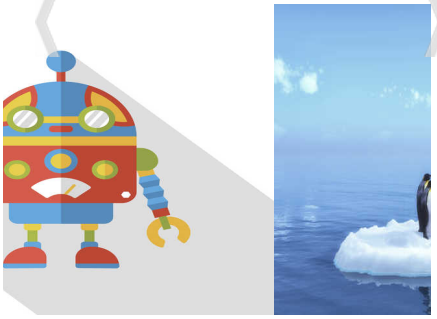

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Top officials in the Punjab industry department have debunked the study, claiming they have received 206 applications from the industry to set up projects since the 2013 summit, entailing an investment of Rs 14,500 crore.

"Of these, we have accepted 160 applications, which are in different stages of getting approvals. Over 100 new projects have got the first stage of regulatory clearances--change in land use, power connections, clearances from the pollution control board and forests department. Several big companies, including ITC and Cargill India, have got second stage of regulatory clearances and have started construction activity after getting their building plans approved," said a top official in the industry department.

"Thirteen companies have got the final level of clearances, and will shortly get the consent letters from the government to go into commercial production. Besides, big companies like Reliance are rolling out their 4G network across the state and have already pumped in Rs 600 crore. Infosys is awaiting clearance for setting up an SEZ," he said.

The official said the government had also created a land bank of 300 acres, with 662 pre-cleared industry sites to be offered to investors.

However, the fact remains that the economic slowdown has impacted investment, with industry having a re-think on making fresh investments. In cases, where projects have been rolled out — especially in infrastructure and real estate sector--companies are going slow in completing their projects.

Also, other than during the investor summit, Punjab's two attempts to woo the industry last year--during visits to industry houses in other parts of the country--have failed to attract any big investment. The major investment that has happened is only in the solar energy sector where projects worth Rs 1,500 crore have been set up. But here again, the state-run Punjab State Power Corporation Limited is buying the solar power generated by these solar projects. It has not resulted in benefits for the state in terms of revenue or employment generation.

But the more worrying part for Punjab is the continuous flight of the existing industry to other states. High cost of land and power tariff and lack of skilled manpower is pushing the existing industry to other states. In Khanna-Mandi Gobindgarh alone (the steel belt of Punjab), 688 industrial units have closed and between 2011 and March this year, with 1.9 lakh kilowatt of electric load being permanently disconnected by the power department.

With the tax holiday in neighbouring hill states having reached its sunset clause, the government cannot keep blaming the tax sops in Himachal Pradesh or Jammu and Kashmir for the flight of industry. Recently, state Industry Minister Madan Mohan Mittal had, addressing industry delegates at CII, himself admitted that conducive government policy for industry was needed to protect the existing industry.

too late —Capt Amarinder Singh, former CM

- The myth of the state's industrial growth that was created by Deputy Chief Minister Sukhbir Singh Badal stands shattered. The situation on the farm front is no better. Punjab has turned into a region where the industrialists fear to tread. The state government made tall claims about attracting investment, but there is nothing on the ground — Manpreet Badal, People's Party of Punjab chief

Assocham study says it all

- Total Investment attracted by Punjab till March 2015: Rs 2 lakh crore
- 302 projects with investments worth over Rs 1.6 lakh crore have remained non-starter
- Of the 302 projects, 140 have either reported cost or time overruns
- Industrial sector has registered sharp decline in growth performance--from peak 21% in 2006-07 to a mere 2% in 2014-15

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