



PUNJAB NEWSLINE

Punjab economy's downhill spiral: EFI rank slips to 12th from 6th in 6 yrs

By: Abhijit Prashar- January, 29 2013

CHANDIGARH: An urgent need to tackle Punjab's chronic fiscal deficit, avoiding public spending on unproductive subsidies like free power to farmers, ending perverse incentives that encourage land speculation pushing up land prices making industrial investments uneconomical and freeing agricultural marketing from the grip of unscientific controls are just some of the measures that noted economists in a report on 'Economic Freedom of the States of India 2012' have recommended.

Speaking to the media on Tuesday, research fellow at Cato Institute, USA and senior economist, columnist and television commentator Swaminathan S Anklesaria Aiyar said that the report measures economic freedom from state to state within the country with results providing an empirical roadmap for the state governments to have better governance and policies for the welfare of its people.

He said, "Punjab's rank, as per Economic Freedom Index, has slipped from 6th position in 2005 to 12th position in 2011.

The EFI report ranks various states of the country on the parameters that include interference by the government, its ability to protect human life and property, and the prevailing labour and industrial laws, to find out how much freedom is given to the businesses.

Though there has not been major decline in freedom rating which dipped marginally from 0.41 to 0.39, however the state has slipped in relative terms vis-à-vis other states like Gujarat, which have improved their ratings dramatically."

Aiyar lamented Punjab's loss of economic leadership since 1980s despite having been the fastest-growing and richest states of India, and having successfully led the green revolution reducing India's dependence on food aid.

He said, "Since the 1990s, the state's GDP growth in 1994-2002 was 4.32 per cent per year against the national average of 6.16 per cent and during 2002-11, the state was 6.61 per cent against national GDP growth rate of 7.95 per cent."

Aiyar added that the report states that certain recent developments in Punjab augur positively for the state especially private investment in power that would meet the power shortage, the PPP in health, education and infrastructure, the improvement of administrative efficiency through Right to Service Act, and possible rise in agricultural productivity through big investments made possible through long-term farm leases, and opening of trade between India and Pakistan through the state.