



India: Punjab Development Finance Program

Project Name	Punjab Development Finance Program												
Project Number	45288-002												
Country	India												
Project Status	Active												
Project Type / Modality of Assistance	Loan Technical Assistance												
Source of Funding / Amount	<table border="1"> <tr> <td colspan="2">Loan 3187-IND: Punjab Development Finance Program</td> </tr> <tr> <td>Ordinary capital resources</td> <td>US\$ 200.00 million</td> </tr> <tr> <td colspan="2">TA 8759-IND: Supporting the Punjab Development Finance Program</td> </tr> <tr> <td>Technical Assistance Special Fund</td> <td>US\$ 400,000.00</td> </tr> <tr> <td colspan="2">TA 8759-IND: Supporting the Punjab Development Finance Program (Supplementary)</td> </tr> <tr> <td>Technical Assistance Special Fund</td> <td>US\$ 100,000.00</td> </tr> </table>	Loan 3187-IND: Punjab Development Finance Program		Ordinary capital resources	US\$ 200.00 million	TA 8759-IND: Supporting the Punjab Development Finance Program		Technical Assistance Special Fund	US\$ 400,000.00	TA 8759-IND: Supporting the Punjab Development Finance Program (Supplementary)		Technical Assistance Special Fund	US\$ 100,000.00
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Strategic Agendas	Environmentally sustainable growth Inclusive economic growth												
Drivers of Change	Governance and capacity development Knowledge solutions												
Sector / Subsector	Public sector management - Public expenditure and fiscal management												
Gender Equity and Mainstreaming	Some gender elements												
Description	ADB and the Government of Punjab in India are working together to improve the state's finances so that it can better deliver government services. The state is undertaking a comprehensive fiscal consolidation program to free up money that can be spent on health, education, power, and public works. The program is also addressing environmental issues through improved targeting of free power for irrigation. The program is expected to create adequate fiscal space for augmenting development spending in the state.												
Project Rationale and Linkage to Country/Regional Strategy	Punjab state in India, which relies primarily on agriculture, traditionally provides a wide variety of subsidies to farmers, including free power. Subsidies and ad hoc government spending, combined with the fixed costs of the government, including salaries, pensions, and interest payments, have left the state budget in a weak fiscal position. Little has been available in the state budget for investing in infrastructure and social programs, or for improving the delivery of public goods and services. This has put the state into a cycle of deficit spending.												
Impact	Improved development financing in the state												

Project Outcome

Description of Outcome	Larger and sustainable fiscal space in the state government
Progress Toward Outcome	in progress
Implementation Progress	
Description of Project Outputs	<ol style="list-style-type: none"> 1. Improved capacity for fiscal management 2. Rationalized expenditure focusing on power subsidies 3. Improved revenue efforts

Status of Implementation Progress (Outputs, Activities, and Issues)	The 5 out of 7 policy actions for the second tranche were fully completed and tranche documents were endorsed as of August 2016. GOP has decided to introduce an alternative methodology, 45% high voltage distribution system (HVDS), 21% DT metering and 15% consumer metering and 1% sampling of agricultural feeders, in lieu of 100% DT metering of agricultural connections (T2-A9) to improve the energy audit. Several letter explaining rationale of HVDS, capital investment requirements and coverage were shared earlier and a new technical note explaining the proposed alternative together with other energy efficiency related initiatives will be shared with DEA for their consideration and endorsement in March 2017. ADB energy specialist reviewed/verified the technical note as requested by DEA during November 2016 and January 2017 review missions. GOP was unable to submit the profession tax bill to the State legislature (T2-A14) due to upcoming state elections (expected by March 2017) despite completing technical work. GOP submitted a letter to DEA, indicating that GOP is fully committed to submission of profession tax bill to State legislature in the financial year 2017-2018 after the elections. Due to delays in implementation of T2-A9 and T2-A14, timeline of the Punjab Development Program may need to be extended until end of 2017 or early 2018, which will be discussed with DEA. Implementation of third tranche policy actions are on track.
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Geographical Location

Safeguard Categories

Environment	C
Involuntary Resettlement	C
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	None
Involuntary Resettlement	The proposed policy actions under the program will have no direct and indirect impacts.
Indigenous Peoples	The proposed policy actions under the program will have no direct and indirect impacts.

Stakeholder Communication, Participation, and Consultation

During Project Design	Extensive consultations were carried out with Government officials including both the state Government and the Government of India. Several tripartite meetings were held under the Chairmanship of the Additional Secretary, Finance, Government of India. Those meetings were attended by officials from various Government departments and ADB. Consultations were also held with the officials from the Confederation of Indian Industries (Northern region) and the university professors.
During Project Implementation	Operationalization of a communication strategy is included in the design of the program to create public awareness about the proposed reforms among various stakeholders. Completion of the public awareness campaign is also included as a tranche release policy action. The Fiscal Policy and Management Unit (FPMU) has already been set-up to monitor the progress of compliance with the policy actions. FPMU will carry out necessary consultations with relevant Government departments and officials.

Business Opportunities

Consulting Services	none
Procurement	Procurement, advance contracting, and retroactive financing are not expected. The loan proceeds will be disbursed in accordance with ADB's Loan Disbursement Handbook (2012, as amended from time to time) and detailed arrangements agreed upon between the government and ADB. ADB will monitor program implementation through periodic progress reports and will field regular missions to confirm the fulfillment of policy actions for tranche releases.

Responsible Staff

Responsible ADB Officer	Akin, Cigdem
Responsible ADB Department	South Asia Department
Responsible ADB Division	Public Management, Financial Sector and Trade Division, SARD
Executing Agencies	<i>Finance Department, Government of Punjab PUNJABFIN@GMAIL.COM Punjab Government Secretariat, Chandigarh, Punjab, India</i>

Timetable

Concept Clearance	22 Nov 2012
Fact Finding	19 Jun 2013 to 24 Jun 2013
MRM	15 Jul 2013
Approval	19 Nov 2014
Last Review Mission	-
Last PDS Update	09 Mar 2017

Loan 3187-IND

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
19 Nov 2014	28 Nov 2014	12 Dec 2014	30 Jun 2017	30 Apr 2018	-

Financing Plan			Loan Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	200.00		Cumulative Contract Awards			
ADB	200.00		19 Nov 2014	50.00	0.00	25%
Counterpart	0.00		Cumulative Disbursements			
Cofinancing	0.00		19 Nov 2014	50.00	0.00	25%

TA 8759-IND

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
19 Nov 2014	22 Dec 2014	22 Dec 2014	30 Apr 2017	30 Apr 2018	-

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
500,000.00	0.00	0.00	0.00	0.00	0.00	500,000.00	19 Nov 2014	239,365.00

Project Page	https://www.adb.org/projects/45288-002/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=45288-002
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