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ECONOMY OF PUNJAB

CHAPTER 1

Financial Position and Agriculture of Punjab

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CHAPTER 1

Financial Position and Agriculture of Punjab

Key Economic Indicators, State Finances and the Agriculture Sector

IN THIS CHAPTER

- Punjab's economic size and per-capita income
- Sector-wise contribution to GSDP
- Revenue deficit, fiscal deficit and debt
- Key agricultural facts and irrigation
- National production rankings
- Rabi, Kharif and Zaid crop seasons

PART A Financial Position

Punjab is a significant contributor to India's economic growth. Key indicators (as given in the book):

Economic ranking	**15th**-largest state economy in India
GSDP	**₹8.02 lakh crore** (₹8.02 trillion)
Per-capita GSDP	About **₹2.64 lakh** (17th among states)
Revenue deficit (2024-25)	₹23,198 crore (**2.9%** of GSDP)
Fiscal deficit (2024-25)	₹30,465 crore (**3.8%** of GSDP)
Public debt	₹3.74 lakh crore (about **45%** of GSDP)

Sectoral contribution (2023-24):

Agriculture – 27% **Industry/Manufacturing – 27%** **Services – 46%**

LATEST UPDATE – PUNJAB BUDGET 2026-27

- Budget size: **₹2,60,437 crore** · GSDP (2026-27 BE): **₹9.81 lakh crore** (10% over 2025-26)
- Revenue deficit: **2.2%** of GSDP (₹21,955 crore) · Fiscal deficit: **4.1%** of GSDP (₹39,971 crore)
- Outstanding liabilities: about **45%** of GSDP – among the highest debt burdens of Indian states

Source: PRS Legislative Research, Punjab Budget Analysis 2026-27.

UNDERSTAND THE TERMS

- **GSDP** – total value of goods and services produced within the state in a year.
- **Revenue deficit** – revenue expenditure minus revenue receipts (borrowing to meet day-to-day expenses).
- **Fiscal deficit** – total expenditure minus total receipts excluding borrowings (the state's total borrowing need).

PART B Agriculture Sector

Agriculture is the **backbone** of Punjab's economy – it contributes about **27%** of state GSDP and supports about **62.5%** of the population directly or indirectly.

Main fruit	**Kinnow**
Main vegetable	**Potato**
Cultivated area	**4.2 million hectares** (83% of geographical area)
Cropping intensity	About **190%**
Irrigation coverage	**99%** of cultivated area – tubewells about **72%**, canals about **28%**

Production Rankings (National)

Crop / product	Punjab's rank	Share in India	Top producer
Wheat	3rd	~14%	Uttar Pradesh
Rice	3rd	~11%	West Bengal
Cotton	9th	~3%	Gujarat
Milk	7th	~6% (about 14 million tonnes)	Uttar Pradesh

Major crops: Wheat, Rice, Cotton, Sugarcane.

District-wise Specialisation

Citrus fruits (kinnow)	**Fazilka** (Abohar belt – leading), Muktsar, Hoshiarpur
Grapes	**Bathinda**
Litchi	**Pathankot–Gurdaspur**

Important Agricultural Facts

- **Kheti Bhawan** – Mohali · **Punjab Agricultural University** – Ludhiana, established **1962**
- Indebted farm households: about **54%** in Punjab; highest in India – Andhra Pradesh (~93%) (NSSO SAS 2019)
- **Malwa Canal Project** – to irrigate about 1.78 lakh acres in Bathinda, Faridkot, Ferozepur and Muktsar

Cropping Seasons

Season	Duration	Characteristics	Examples
Rabi (Haarhi)	November – March	Winter crops; need cool climate for growth and long day length for flowering	Wheat, mustard, cumin, coriander
Kharif (Saauni)	July – October	Monsoon crops; need hot weather, rainwater and short day length	Rice, maize, bajra, cotton, sugarcane, soybean
Zaid	March – July	Summer crops between rabi and kharif; need warm conditions	Pumpkin, cucumber, bitter gourd, watermelon

QUICK REVISION

- 15th-largest state economy · Services 46% · Agriculture 27% · Debt ~45% of GSDP
- Cultivated area 4.2 Mha (83%) · Cropping intensity 190% · Irrigation 99% (tubewells > canals)
- Wheat & rice – 3rd in India · Kinnow – Fazilka/Abohar · Grapes – Bathinda · Litchi – Pathankot

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