1. Introduction

1.1 The State of Maharashtra (Special Responsibility of Governor for Vidarbha, Marathwada and the Rest of Maharashtra) Order, 1994 made by the President of India under Article 371(2) of the Constitution of India has assigned the Governor of Maharashtra special responsibility for matters specified in sub Clauses (b) and (c) of Clause (2) of Article 371 of the Constitution in respect of the areas of Development Boards for Vidarbha, Marathwada and the Rest of Maharashtra. On 30 April 1994, the Governor of Maharashtra issued the “Development Boards for Vidarbha, Marathwada and the Rest of Maharashtra Order, 1994” (hereinafter referred to as the Order) constituting separate Development Boards for the said three regions.

1.2 According to Rule 7 of the said Order, the Governor of Maharashtra has the special responsibility of ensuring equitable allocation of funds for development expenditure over the areas of Development Boards, subject to the requirements of the State as a whole.

1.3 According to Rule 8 of the said Order, the allocation of funds or outlays made by the Governor shall be reflected in the Annual Financial Statement to be placed before the State Legislature and the development
activities with regard to the outlays as aforesaid, shall be carried out or 
caused to be carried out by the State Government and the funds so 
allocated shall be non-divertible from the area of one Board to that of 
another Board.

2. Background

2.1 The Fact Finding Committee which was a Committee of experts 
under the chairmanship of Dr. V. M. Dandekar appointed by the 
Government of Maharashtra to address the problem of regional disparity, 
had identified the backlog as Rs. 3186.78 crores in 1984.

2.2 After the constitution of the Boards in 1994, a new committee of 
experts called the Indicators & Backlog Committee was appointed by the 
Governor in 1995 to ascertain relative levels of development and assess 
the regional backlog. After considerable deliberations the Committee 
estimated the backlog to be Rs. 14006.77 crores, out of which Rs. 
7418.00 crores was the backlog for Irrigation Sector, the details of which 
are given at Annexure I. After deducting the expenditure incurred for 
removal of backlog since 1994 the backlog as on 1st April,2000 was 
assessed as Rs.11974.44 crores out of which Rs.6618.37 crores was the 
backlog of Irrigation Sector.

2.3 The share of Vidarbha and Marathwada in the over all backlog, as 
specified at Annexure I-A increased substantially during the year 1995 
to 2000. As the regional disparity was more conspicuous in the Irrigation 
Sector, the Governor considered it necessary to intervene and issue 
Directives to the State Government for distribution of resources amongst 
the three regions, Marathwada, Vidarbha and Rest of Maharashtra. 
Accordingly, Directives were issued on 15th December,2001 , whereby a 
formula for equitable distribution of allocation in Irrigation Sector was
prescribed. The distinction between backlog and non-backlog allocations in the Irrigation Sector was removed and a more equitable share in the overall allocation as a whole was envisaged.

2.4 In order to ensure greater flexibility and transparency in the allocation of funds amongst the three regions a formula based on backlog, population and net sown area was prescribed. With due weightage given to backlog, population and net sown area a workable calendar for allocation was prescribed as below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Weightages to</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Backlog</td>
</tr>
<tr>
<td>2002-03</td>
<td>35</td>
</tr>
<tr>
<td>2003-04</td>
<td>45</td>
</tr>
<tr>
<td>2004-05</td>
<td>55</td>
</tr>
<tr>
<td>2005-06</td>
<td>65</td>
</tr>
</tbody>
</table>

2.5 Taking into consideration the committed expenditure of the Rest of Maharashtra region, it was indicated that the Irrigation Department should not take up new projects in order to avoid dilution of priority to committed expenditure. The Directives placed more emphasis on removal of financial rather than physical backlog within a four year time frame starting from the year 2002-03 and ending with the year 2005-06.

3. Implementation of the Directives in the Irrigation Sector

The Directives envisaged that the backlog in the Irrigation Sector as of 1st April, 2002 would be liquidated in a time frame of four years ending on 31st March, 2006. As per the formula prescribed by the Directives, the Governor, every year indicated the minimum allocation for
the Irrigation Sector and its apportionment amongst the three regions. However, there has been an obvious mismatch in the allocations prescribed by the Directives and the actual expenditure incurred in the past three years, details of which are specified at Annexure II. Consequently, even after issue of the Directives for three consecutive years, the backlog till March 2005 in the Irrigation Sector has been reduced by only 21.30%. Table at Annexure III indicates the comparative position of financial backlog in Irrigation Sector. This situation of backlog still continuing despite the Directives of the Governor has necessitated a review and issue of a fresh set of Directives.

4. Status of on-going Irrigation Projects in the State

As per the information provided by the Irrigation Department there are 1076 on-going irrigation projects in the State. The balance cost of these projects as on 1st April, 2004, was Rs.33750 crores. These projects are spread throughout the basins of the rivers Godavari, Krishna, Tapi and Narmada. The region-wise position of the on-going irrigation projects in terms of physical and financial progress is specified at Annexure IV. At various meetings and fora on the issue of backlog the formidable task of completion of these on-going projects has been brought to the notice of the Governor. Therefore, it is imperative that due consideration be given to the issue of incomplete projects, while at the same time laying emphasis on the liquidation of backlog.


5.1 In its recommendations to the Government of India to continue the Statutory Development Boards till 2010, the State Cabinet in its Meeting held on 21st April, 2005 and resolved that while disbursing outlays, strict
implementation of provisions of the Rule 7(5)(vii) of Development Board Rules, 1994 should be adhered to.

5.2 Rule 7(5)(vii) of the Development Board Rules, 1994 reads as follows:

7(5) “While working out the allocation amount for development expenditure for subsequent year due consideration shall be given to the amounts required by the State Government for the following items of expenditure:

(i) Charged expenditure,

(ii) Non-plan expenditure,

(iii) Outlay on Externally Aided Programmes,

(iv) Outlay on Centrally Assisted Programmes,

(v) Programmes and Projects which benefit the areas extending beyond one Board or the entire State and wherein the investment is indivisible,

(vi) Expenditure related to programmes and projects related to investments by either domestic or international private sectors,

(vii) Expenditure relate to implementation of Inter-State Agreements or Inter-State Awards and Court Decisions,

(viii) The funds to be allocated to local bodies in pursuance of Government decisions on the recommendations of the State Finance Commission constituted by the Governor in pursuance to clause (1) of Article 243-I of the constitution,

(ix) Any other item of expenditure which may be deemed fit as requirement of the State as a whole by the Governor.”
5.3 The Irrigation Department has indicated that to complete all the incomplete projects a budgetary allocation of Rs.5000 crores should be made every year in the next six years. Out of 1076 incomplete on-going irrigation projects 1022 projects are inter-state projects as they fall in the river basins of Krishna, Godavari and Tapi. This represents 94% of the total on-going irrigation projects in the State. Keeping this in mind in the spirit of Rule 7(5)(vii) the provision of funds for incomplete irrigation projects needs to be factored in for the purpose of allocation of funds.

6 Projects under AIBP, NABARD etc.

6.1 The Irrigation Department has indicated that there are certain projects which are sponsored either by NABARD or under Accelerated Irrigation Benefit Programme which require approval from the Central Water Commission and the Government of India. The Irrigation Department had requested in 2005-06 that the formula prescribed by the Directives should not be made applicable for such projects and the regional distribution for the allocation for such projects should be in a ratio of 40:20:40 in case of Vidarbha, Marathwada and Rest of Maharashtra region respectively.

6.2 The projects to be proposed under AIBP or NABARD Schemes, are selected from the currently on-going projects to which certain weightage is assigned in the formula for distribution of resources. Therefore, it is not necessary to make an exception in respect of such projects. With a shelf of on-going projects in all the three regions, there should be no difficulty in taking up AIBP & NABARD Schemes.

7. Formula for equitable distribution of allocation in Irrigation Sector:

7.1 These Directives aim at liquidating the remaining backlog as on 1st April,2005 in Irrigation Sector in next four years. Likely changes in the
assessment of backlog after deduction of the expenditure incurred in the current year i.e. 2005-06 would be considered while issuing Directives in the year 2007-08. The approach is such that while allocating funds for the Irrigation Sector there should be concerted efforts to remove the existing backlog progressively ensuring simultaneously that no fresh backlog is created. Backwardness in Irrigation therefore merits consideration as an important factor in the formula for equitable distribution of allocations.

7.2 Backlog

The backwardness of the regions in development of Irrigation facilities must be taken note of in deciding the distribution of allocation. The backlog in the Irrigation Sector can be taken as a fair measure of backwardness in Irrigation. At present, the remaining financial backlog as on 1 April 2005 from the backlog identified by the Indicators and Backlog Committee as on 1 April 1994 is being considered for allocations under backlog removal.

7.2.1 As the present tenure of the Development Boards is till 30\textsuperscript{th} April, 2010 it is envisaged that the backlog should be liquidated within four years commencing from 1\textsuperscript{st} April, 2006. Therefore, for the remaining financial backlog of \textbf{Rs.4329.94 crores} to be removed within the \textbf{next 4 years}, a minimum of \textbf{Rs.1082.50 crores} will have to be allocated every year to the Irrigation Sector for removal of backlog.

7.2.2 The overall Plan allocation of 2006-07 for the Irrigation Sector as communicated by the Planning Department is approximately Rs.2480 crores. Considering this allocation and the average expenditure of past three years, it is assumed that a minimum outlay of Rs.2480 crores would be available for the Irrigation Sector for the next three years. It is observed that the annual requirement for removal of backlog i.e.
Rs.1082.50, amounts to 40% of the total Annual Plan Outlay for Irrigation Sector. As the distinction between backlog and non-backlog allocation in the Irrigation Sector has been removed and the over all Plan allocation as a whole is to be distributed amongst the three regions, the weightage to backlog in the formula for distribution of allocation is worked out at least 40%.

### 7.3 Net Sown Area

The Indicators and Backlog Committee had adopted the ratio of irrigation potential developed to net sown area as an indicator while estimating the backlog in the Irrigation Sector. While laying emphasis on liquidation of existing backlog, it should also be ensured that no further backlog is created in the Irrigation Sector. Therefore, net sown area is another important factor to be taken into consideration for equitable distribution of funds under the Irrigation Sector.

### 7.4 Population

The Nagpur Agreement, which is the spirit behind inclusion of Article 371(2) in the Constitution of India through the Seventh Constitutional amendment, envisages the distribution of development funds on the basis of population of the respective regions. Hence population should be considered an important factor while deciding the allocation in the Irrigation Sector. The Indicators and Backlog Committee has estimated backlog for the Rest of Maharashtra region in the Irrigation Sector by excluding Greater Mumbai area as irrigation is not relevant to Mumbai. Therefore, the overall population excluding the population of Greater Mumbai, should be taken as a factor in the formula for equitable distribution of allocation to the three regions.
7.5 **On-going projects**

This is a new factor introduced to the existing formula of distribution. The status of on-going irrigation projects in physical and financial terms has already been discussed at Para 4. The expeditious completion of these irrigation projects is extremely important. These projects are distributed all over the state including the backlog areas, details of which can be seen at Annexe IV. Therefore, assigning certain weightage to the on-going projects would be beneficial not only to non-backlog areas but also to backlog areas. Apart from this more importantly this would also fulfill the requirements of Rule 7(5)(vii) in letter and spirit.

7.6 Therefore, four factors, namely, backlog, net sown area, population (excluding population of Greater Mumbai) and on-going irrigation projects form the basis for the formula for equitable allocation. For removal of the backlog in the next four years, a minimum weightage of 40% for backlog removal is essential. The remaining 60% is distributed between population, net sown area and on-going projects at 25%, 20% and 15% weightage each. Apportionment of allocation amongst the three regions based on this formula is given at Annexe V.

7.7 **DPAP Areas**

The issue whether DPAP Areas should be considered as a factor in allocation of irrigation funds among the three regions has been discussed at length in the previous Directives issued in 2001. The details of developed irrigation in the DPAP Talukas have not been updated since June 1998. There have been representations from the 66 DPAP Talukas in Rest of Maharashtra region to allocate more funds for completion of irrigation projects in this region. As per the available data it is seen that out of 66 DPAP Talukas in Rest of Maharashtra region, 41 Talukas have irrigation facilities higher than the state average, as estimated by the
Indicators and Backlog Committee. In the remaining 25 Talukas which were below the state average as on June 1998, either the irrigation potential is very limited or irrigation is possible only by lift irrigation schemes. Also to be kept in mind is the fact that all the districts having DPAP Areas in the Rest of Maharashtra region are at present above the state average in irrigation. In Marathwada region there are 18 DPAP Talukas which are below the state average and consequently would require more funds for completion of irrigation projects. Considering this it is not advisable to have DPAP Areas as one of the factors in allocation of irrigation funds among the three regions but at the same time it is directed that while completing the on-going projects within constraints of financial allocation available to each region projects in DPAP Areas should be taken up on priority.

7.8 Consideration of Phased increase in weightage to backlog

Taking into consideration the on-going projects with committed expenditure especially in the Rest of Maharashtra region a formula based on phased increase in weightage to backlog was proposed in the earlier Directives. The estimated cost of all the on-going projects is as high as Rs.33733.88 crores, and hence the issue of committed expenditure still remains unresolved. This issue becomes more pronounced in respect of Rest of Maharashtra region where the share in the cost of on-going projects is almost 57%. Therefore, by exercising the same logic of that of the earlier Directives, formula based on phased increase in weightage to backlog and phased decrease in weightage to population can be adopted so that the issue of committed expenditure is addressed adequately. A workable calendar for the allocation with respective weightage to backlog, population, net sown area and on-going projects is given below:
### Year | Weightage to
<table>
<thead>
<tr>
<th></th>
<th>Backlog</th>
<th>Population</th>
<th>Net sown area</th>
<th>On-going projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-07</td>
<td>25</td>
<td>40</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>2007-08</td>
<td>35</td>
<td>30</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>2008-09</td>
<td>45</td>
<td>20</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>2009-10</td>
<td>55</td>
<td>10</td>
<td>20</td>
<td>15</td>
</tr>
</tbody>
</table>

The allocations to the three regions on the basis of above referred weightages are indicated in **Annexure VI**. Thus for the year 2006-07 with weightage to backlog at 25%, population at 40%, net sown area at 20% and on-going projects at 15%, the allocation in the Irrigation Sector, for Vidarbha will be Rs. 1025.46 crores, the allocation for the Marathwada region will be Rs. 578.61 crores and allocation for the Rest of Maharashtra region will be Rs. 1095.93 crores.

**7.9** It is however clarified in the guidelines itself that added weightage to population for initial two years is only for the purpose of ensuring more funds for committed expenditure on the projects in the three regions and not for taking up new projects. The priority to committed expenditure should not be diluted by taking up new projects. An exception can be made in the case of Vidarbha and Marathwada where new projects may be taken up if they are really necessary for removal of backlog. The details of the committed expenditure as on 1\textsuperscript{st} April,2000 were submitted to the Governor at the time of issuance of the previous Directives. The same details should be followed up to the extent possible and if necessary fresh details should be worked out by the Irrigation Department and furnished to this office as early as possible. Physical progress in a project should be the basis of arriving at committed expenditure so that projects where storage works have been completed but irrigation facilities are not provided can be taken up on priority. It
simply means emphasis should be laid on utilization of irrigation potential once the irrigation potential has been created. Many of the minor irrigation projects might be covered under this category. In case of major and medium irrigation projects creation of storage capacity would be the criteria of for prioritization of projects. Within the constraints of the allocation earmarked to each region, a regionwise list of the projects where water can be utilized in the current year should be prepared and the outlays should be primarily expended on such projects. Besides, the projects which are required to be completed for implementation of inter-state awards as per the provisions of Rule 7(5)(vii) as well as the on-going projects in DPAP Areas should also be given priority while spending the allocation received by each region. This is to check the “spreading thin” approach and ensure completion of certain number of projects with optimum utilization of resources.

7.10 In addition to this the guidelines laid down by earlier Directives in respect of allocation of non-budgetable outlay, emphasis on removal of financial rather than physical backlog, decentralization of powers to give approvals and divisible and non-divisible plan outlays stand as they are. It is also reiterated that the Development Boards should be involved in deciding priority and identification of the projects for liquidation of backlog by the Irrigation Development Corporations and the Government to ensure meaningful participation of the Boards in the functioning of these corporations.

8. **Allocation for Irrigation Sector in the Annual Plan 2006-07**

In the background of what has been stated and to ensure that no further backlog is created while the existing backlog is being liquidated, His Excellency the Governor has directed that the Annual Plan outlays in
the Annual Plan 2006-07 for Irrigation Sector should be made in the following manner.

8.1 The distinction between backlog and non-backlog allocations should be removed in the Irrigation Sector and the Divisible outlays in the overall allocation in the Irrigation Sector as a whole, which includes both the Budgetable and Non-budgetable outlays, should be distributed amongst the areas of the three Development Boards on the basis of the following weightages.

(1) Backlog - 25%
   (As on 1 April 2005)
(2) Population - 40%
   (Excluding Greater Mumbai)
(3) Net sown area - 20%
(4) On-going projects 15%

8.2 Further, should the State Government, resort to market borrowings, outside the budget, for the irrigation sector, money so raised should be for the State Government as a whole and distributed amongst the three Development Boards equitably as indicated above.

8.3 After deducting allocation for the Irrigation Sector and funds for removal of backlog in other backlog sectors, the Divisible portion of the remaining Plan outlays should be distributed amongst the three regions in proportion to the overall population of the respective regions.

8.4 There shall be no diversion of funds from backlog to non-backlog and from the area of one Development Board to another.
8.5 The allocation indicated in these Directives or on the basis of what has been indicated by the State Government. Should in subsequent years over all allocation for irrigation increase the same formula shall be applicable to such additional plan allocations.

By order and in the name of the Governor of Maharashtra,

Raj Bhavan, Mumbai
Date: 6th March 2006

Secretary to the Governor of Maharashtra.

Sd/-

(Jayakar Jerome)