

**Directives by the Governor of Maharashtra under Rule 7 of the Development Boards for Vidarbha, Marathwada and rest of Maharashtra Order, 1994 regarding the region-wise distribution of the Annual Plan outlays, the quantum of backlog, time frame for its removal and region-wise and sector-wise allocation for the removal of backlog in the Annual Plan 2002-03.**

## **1. Background**

**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.

**1.4** The important provisions in the Nagpur Agreement find reflection in Article 371(2). One of the important features of the Nagpur Agreement was that - subject to the requirements of a single Government, the allocation of funds for expenditure over the different units (Vidarbha, Marathwada and the rest of Maharashtra) will be in proportion to their population, but in view of the undeveloped conditions of Marathwada, special attention will be given to promote all sided development of that area.

## **2. Fact Finding Committee**

**2.1** To address the problem of regional disparity in development, the Government, long before the constitution of the Boards in 1994, had appointed a Committee of experts viz. the Fact Finding Committee under the chairmanship of renowned economist Dr. V. M. Dandekar to undertake an objective and in-depth study of the problem of regional imbalances. The Preamble to the Government Resolution appointing the Fact Finding Committee, states that there is a feeling among the people that the development of the different regions of the State has not occurred in a balanced manner and that the government should endeavour to correct this imbalance.

**2.2** The Fact Finding Committee had identified a backlog of Rs.3186.78 crore in 1984 in the said three regions of the State. The region-wise and Sector-wise backlog identified by the Fact Finding Committee is given at **Annexure-I**. Although the Government had not formally accepted the recommendations in the report, small allocations were made from the year 1985 onwards for removal of backlog ranging from Rs.200 crore in 1985 to Rs.500 crore in 1993-94.

## **3. Indicators and Backlog Committee**

**3.1** After the constitution of the Boards in 1994, it was brought to the notice of the Governor that the backlog had continued to increase in the Vidarbha and Marathwada regions. In order to assess the correct extent of backlog, a

Committee of experts namely, the Indicators and Backlog Committee was appointed by the Governor in 1995 with the following terms of reference:

- (a) to decide on appropriate indicators for assessing relative levels of development and appropriate sectors for assessing the backlog in different areas;
- (b) to ascertain relative levels of development according to such indicators and the backlog in different sectors for every district and, where applicable, for every taluka having regard to the levels of development in the State as a whole;
- (c) to suggest appropriate action for bringing about balanced regional development on the basis of relative levels of development and the backlog so ascertained; and
- (d) to suggest appropriate methods for ensuring equitable allocations of development expenditure over the areas of the three Development Boards.

**3.2** This Committee submitted its report to the Governor on 11 July 1997. The report was subsequently sent to the State Government for its views. While accepting the report in principle, the Government had recommended that the views of the Departments in the Sectors relating to Irrigation, Higher and Technical Education, Energisation of Pumps and Land Development, Soil and Water Conservation should be referred to the Indicators and Backlog Committee for consideration while calculating the physical and financial backlog. The Governor referred these views of the Departments to the reconstituted Indicators and Backlog Committee to finalise region-wise physical and financial backlog as on 1 April 1994, in the above mentioned sectors, in consultation with the concerned Departments. After taking into account the views of these Departments, the re-constituted Indicators and Backlog Committee submitted its report to the Governor on 27 September 2000. The re-constituted Indicators and Backlog Committee estimated the backlog at Rs.14006.77 crore. The region-wise and Sector-wise backlog as identified by the reconstituted Indicators and Backlog Committee is given at **Annexure-II**. The State Government and the

Governor accepted the recommendations in the report of the re-constituted Indicators and Backlog Committee in November 2000 and the allocation for backlog removal on the basis of this report was first made in the Annual Plan for the year 2001-02. The Governor had also directed that the remaining backlog as on 1 April 2001, by taking into consideration the expenditure already incurred from 1994-95 to 1999-2000 and the allocation made for removal of backlog for the year 2000-01, should be liquidated in a period of 5 years starting from 2001-02.

#### **4. Allocations for removal of backlog**

After the constitution of the Boards, the amount for backlog removal was increased from Rs.500 crore in 1994-95 to Rs.700 crore in 1996-97 and further to Rs.900 crore in 1997-98. From 1998-99 to 2000-01 the allocation for backlog removal was pegged at Rs.1100 crore. The allocation for removal of backlog was increased to Rs.1720 crore in the Annual Plan 2001-02.

#### **5. Increasing regional imbalance**

**5.1** The Planning Department has recently reconciled the remaining physical backlog and its financial implications after taking into account the expenditure incurred from 1994-95 to 1999-2000 for removal of backlog. The views of the three Development Boards were also ascertained on the extent of physical and financial backlog calculated by the Planning Department as on 1 April 2000. After taking into consideration the views of the Planning and other Administrative Departments and the Development Boards, the region-wise and Sector-wise remaining physical and financial backlog as on 1 April 2000 as approved by the Governor is given in the statement at **Annexure- III**. After taking into consideration the expenditure incurred during the year 2000-01 and the allocation made for removal of backlog for the year 2001-02, the remaining backlog as on 1 April 2002 would be **Rs.9377.69 crore** as shown in the statement at **Annexure V**. The region-wise and Sector-wise remaining backlog as on 1 April 2002 is given in the statement at **Annexure V-A**. The Governor

has directed that this backlog should be liquidated in a period of 4 years starting from the year 2002-03.

**5.2** From the statements at Annexure-I, II and III, it is seen that the share of Vidarbha in the overall backlog has increased from 39.12% as identified by the Fact Finding Committee in 1984 to 47.60% as identified by the Indicators and Backlog Committee in 1994 and further to 48.26% as on 1 April 2000. Similarly, in case of Marathwada region, it has increased from 23.56% in 1984 to 28.77% as identified by the Indicators and Backlog Committee in 1994 and further to 29.62% as on 1 April 2000. On the other hand, the share of the rest of Maharashtra region in the overall backlog has decreased from 37.32% as identified by the Fact Finding Committee in 1984 to 23.63% as identified by the Indicators and Backlog Committee in 1994 and further to 22.12% as on 1 April 2000. Thus, the regional disparity continued to increase over the years in Vidarbha and Marathwada despite special allocations for backlog removal

**5.3** The regional disparity has increased more conspicuously in the Irrigation Sector. The proportion of backlog in the Irrigation Sector in the overall backlog of Vidarbha has increased from 42.30% as identified by the Fact Finding Committee in 1984 to 61.64% as identified by the Indicators and Backlog Committee in 1994 and further to 68.47% as on 1 April 2000. Similarly, in the case of the Marathwada region, the same has increased from 42.18% in 1984 to 59.96% in 1994 and further to 61.29% as on 1 April 2000. On the other hand the proportion of backlog in the Irrigation Sector in the overall backlog of the rest of Maharashtra region has decreased from 45.56% as identified by the Fact Finding Committee in the year 1994 to 27.65% as identified by the Indicators and Backlog Committee in 1994 and further to 18.42% as on 1 April 2000. The regional imbalance in the Irrigation Sector is more evident compared to other backlog sectors and therefore there is a need for review of the policy of allocation in the Irrigation Sector.

## **6. Need to review the policy of allocation**

**6.1** A delegation of the Forum for Backlog Removal and Development of Vidarbha and the Development Boards for Marathwada and Vidarbha have brought to the notice of the Governor that since special allocation for backlog removal constitutes only a small portion of the total Annual Plan, as is clear from the statement at **Annexure-IV**, the extent of backlog has increased in Vidarbha and Marathwada. An overemphasis and extra focus on the fact that higher allocations are flowing to Vidarbha and Marathwada out of backlog funds has created an illusion that the problem of backlog in these two regions has been adequately addressed. However, inequitable allocations under the non-backlog funds which constitute over 90% of the total Annual Plan has caused distortions in the allocations for these two regions resulting in gross inequity in allocation of funds between the rest of Maharashtra region and the other two regions. Although emphasis should be given on liquidation of backlog, inequitable distribution of non-backlog allocations is creating fresh backlog at a much rapid rate than the rate at which the existing backlog is being liquidated. Therefore, a new approach has become necessary to ensure that no new backlog is created while liquidating the existing backlog.

**6.2** After accepting the recommendations of the Indicators and Backlog Committee in this respect, the State government in the Planning Department has issued instructions to all Administrative Departments vide G.R. dated 5 September 2001 that while submitting proposals before the Cabinet for its approval, the Secretary of the concerned Administrative Department should certify that no new backlog will be created if those proposals are approved. The State government is therefore committed to ensure that no fresh backlog is created. However, this needs to be incorporated in the scheme of allocation of Annual Plan outlays so that each region gets an equitable share in the Annual Plan.

**6.3** As mentioned earlier, creation of fresh backlog at a rapid rate has been more conspicuous in the Irrigation Sector. It is therefore necessary that the

distinction between backlog and non-backlog allocations should be done away with in the Irrigation Sector and the overall allocation in the Irrigation Sector as a whole should be distributed more equitably among the three regions keeping in view the backwardness of the Vidarbha and Marathwada regions. The focus should be on a more equitable share in the overall allocation as a whole in the Irrigation Sector. The artificial distinction between backlog and non-backlog works has resulted in a situation where the backlog funds are not spent on backlog works for some reasons and funds are not made available for non-backlog works either.

**6.4** There is also need for greater flexibility in spending the allocation in the Irrigation Sector. Funds, which cannot be spent on backlog works in one district, should be allowed to be spent on backlog works in other districts in the region. Similarly, funds, which cannot be spent in backlog districts, should be allowed to be spent on other non-backlog works in the region. This flexibility will be achieved if the artificial distinction between backlog and non-backlog allocations is removed. The allocation in the Irrigation Sector as a whole can then be fully and fruitfully spent in the region.

**6.5** At present there is no formula adopted for region-wise distribution of allocation out of non-backlog funds in the Irrigation Sector. There is also no transparency in allocation of funds among the three regions in the Irrigation Sector. There is therefore need for prescribing a suitable formula for distribution of overall allocation under the Irrigation Sector to bring in equity and transparency in distribution of allocation amongst the three regions.

## **7. Formula for equitable distribution of allocation in Irrigation Sector**

**7.1** The approach to be adopted should be such that while allocating the funds in 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 must be one of the important factors to be considered in the formula for equitable distribution of allocation. Various

suggestions have also been made to consider net sown area, population and DPAP areas in addition to backwardness in the formula for allocation in the Irrigation Sector.

## 7.2 Backlog

The backwardness of the regions in development of Irrigation facilities must be one of the important factors in deciding the distribution of allocation. The backlog in Irrigation Sector can be taken as a fair measure of backwardness in Irrigation. At present, the backlog identified by the Indicators and Backlog Committee as on 1 April 1994 is being considered for allocations under backlog removal. However, the latest revised quantum of physical and financial backing should be taken into account when the allocations are made on an annual basis. This concept of rolling backlog will reflect the realistic picture of backlog in the Irrigation Sector. This will also ensure that corrective measures are automatically taken into account to address the shortfalls in expenditure in previous years or for any freshly created backlog.

**7.2.1** The statement at **Annexure V** shows the remaining backlog as on 1 April 2002 in Irrigation and other backlog sectors after taking into account the expenditure incurred during 2000-01 and the allocation for backlog removal in the Annual Plan of 2001-02. From the statement, it may be seen that the remaining backlog as on 1 April 2002 in the Irrigation Sector would be around Rs.5168.71 crore. The Governor has given directives to the State Government that the backlog should be liquidated within 5 years starting from 2001. Therefore, if this financial backlog is to be removed within the next 4 years, then Rs.1292.18 crore will have to be allocated every year in the Irrigation Sector for removal of backlog. Assuming that the current size of the total allocation in the Irrigation Sector, which is Rs.2476 crore, would continue to be the same in the next 4 years, it would require at least 52.19% of the overall allocation in the Irrigation Sector to be earmarked for removal of backlog in that Sector. If the distinction between backlog and non-backlog allocations in Irrigation Sector is removed and the overall allocation in the Irrigation Sector as a whole is distributed among the

three regions, the weightage to backlog in the Irrigation Sector in the formula for distribution of allocation would have to be at least 50%.

### 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 backlog in the Irrigation sector. The Development Board for rest of Maharashtra has demanded that the indicator based on the ratio of developed potential to **ultimate potential** should be used for working out the backlog in Irrigation Sector. This submission was rejected by the Indicators and Backlog Committee because the ultimate irrigation potential is not a static concept but an ever changing figure, and cannot therefore serve as a fixed indicator for assessing relative levels of development in the Irrigation Sector. With the advance technology now available in irrigation, the ultimate potential cannot be fixed and will change over the period. For instance, the potential in the Krishna Valley Project has undergone upward revisions on account of changing concepts of water utilisation like lift Irrigation. Therefore, the indicator based on **net sown area** is more appropriate in assessing the relative backwardness in Irrigation. While giving 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 should be the other important factor to be considered 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. The data on region-wise overall population excluding population of Greater Mumbai as per the 2001 Census is given in the statement at **Annexure VII-A**.

## 7.5 DPAP Areas

In the pre-Independence period, the development of Irrigation occurred primarily to give relief to areas affected by severe scarcity. After independence certain areas which experience regular scarcity were identified as Drought Prone Areas and certain specific programmes were taken up in these areas to address the scarcity problem. Development of Irrigation facilities was therefore historically concentrated in DPAP areas. Although, the districts having DPAP areas in the rest of Maharashtra region except Dhule and Nashik were above the State average in development of irrigation, the Fact-Finding Committee still considered Taluka as a unit in the DPAP areas while estimating the backlog in the Irrigation Sector. This was because the Committee felt that the need for Irrigation was paramount in the DPAP areas compared to those areas with assured rainfall. Since the allocations for backlog removal in the Irrigation Sector were made till 1999-2000 on the basis of the Fact Finding Committee report, which had specially taken into account the Irrigation needs of the DPAP areas, large investments in DPAP areas have considerably improved Irrigation facilities in those areas. The details of developed irrigation in the DPAP Talukas as in June 1998 are given in the statements at **Annexure-VI** and **Annexure- XI**. From the statement at Annexure- VI, it may be seen that as on June 1998 out of 66 DPAP Talukas in the rest of Maharashtra region, 41 Talukas have irrigation facilities more than the State average, which was estimated by the Indicators and Backlog Committee. All the **districts** having DPAP areas in the rest of Maharashtra region are at present above the State average in Irrigation. 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. In the two districts of Solapur and Sangli lift irrigation

schemes have been undertaken to benefit mainly the DPAP Talukas. However, the economic viability of the lift irrigation schemes is now under question.

**7.6** The Indicators and Backlog Committee in its report has discussed at great length about DPAP areas while estimating the backlog in the Irrigation Sector. The Committee had rejected Taluka as a unit in DPAP areas for estimating the backlog in irrigation. The districts with DPAP areas are now well above the State average in irrigation. Therefore, the priority should be given to bring other undeveloped districts in the State up to the State average. Moreover, the report of the Indicators and Backlog Committee has also been accepted by the Government. In these circumstances, the weightage to DPAP areas while allocating funds in the Irrigation Sector cannot be justified as far as rest of Maharashtra region is concerned. The 25 DPAP Talukas in the rest of Maharashtra region which are below the State average may be accorded priority while allocating Irrigation funds inter-se within the region. However, Marathwada with 18 DPAP Talukas in the State considerably needs more funds for these Talukas as they are below the State average in irrigation as is seen from the statement at **Annexure-VI**. Therefore, instead of giving weightage to DPAP areas in distribution of allocation which will not be justifiable for the rest of Maharashtra region, the Marathwada region may be given more allocation by giving higher weightage to other factors namely, backlog or net sown area to benefit the DPAP areas. Hence, DPAP areas should not be considered as a factor in allocation of Irrigation funds among the three regions.

### **7.7 Committed Expenditure in Irrigation Sector**

A point to be seriously considered while deciding allocations in the Irrigation Sector is the committed expenditure on the ongoing irrigation projects in the State and in particular under the Krishna Valley Project. The information on the committed expenditure for the three regions furnished by the Irrigation Department is given in the statement at **Annexure X**. The Irrigation Department considers that expenditure to be committed which is required to complete those projects of which the storage works have been completed but the irrigation

facilities have not been fully created. The purpose therefore is to make productive use of the investments in the Irrigation Sector. The percentages of the population (excluding Greater Mumbai) of the three regions is also shown in the statement at Annexure X for comparison. It will be seen that the percentage of the committed expenditure of the three regions in the overall committed expenditure in the State in the Irrigation Sector closely corresponds to the population percentage of the respective regions. Thus the priority to the committed expenditure in the three regions can suitably be addressed by assigning appropriate weightage to the population in the formula for distribution of the outlays in Irrigation Sector amongst the three regions.

**7.8** Thus, there should be only three factors, namely, backlog, net sown area and population (excluding population of Greater Mumbai) in the formula for equitable allocation. The Irrigation Department has indicated that although no specific formula was adopted in the past for making allocations in the Irrigation Sector, the share of the three regions in the overall allocation in the Irrigation Sector during the period from 1960 to 1994 closely corresponds with a weightage of 50%, 25% and 25% for population, DPAP areas and net sown area respectively. The Department has however acknowledged that there were significant distortions in the allocations in the Irrigation Sector from 1995-96 onwards, where bulk of the share of the irrigation funds has gone to the rest of the Maharashtra region. It is thus evident that the broad 50:25:25 percent share in respect of population, DPAP areas and net sown area has not resulted in any reduction in the backlog in both Vidarbha and Marathwada regions. On the contrary, despite specific allocations for backlog removal the quantum of backlog has consistently increased both in Vidarbha and Marathwada. If the backlog is to be removed in the next 4 years then as explained in para 7.1.1 a minimum weightage of 50% for backlog removal is essential. The remaining 50% can be evenly distributed between population and net sown area at 25% weightage each.

## 7.9 Consideration of Phased increase in weightage to backlog

If 50% weightage to backlog as explained in para 7.2.1 and 25% each to net sown area and population is to be given, then the share of each region in the allocation of Irrigation funds along with the comparison with the existing allocations for the three regions has been shown in the statement at **Annexure-VII**, which contains various options on the weightages. The data on population, net sown area and backlog for the three regions is given in **Annexure-VII-A**. It will be seen that if 50% weightage is given to backlog, there will be considerable reduction in the allocation for the rest of Maharashtra region from Rs.1243 crore at present to Rs.713 crore, and this will significantly affect the ongoing projects in that region. At the same time, if the allocations are substantially enhanced for Vidarbha and Marathwada, it will also have to be ensured that there are adequate number of works on which the allocations can be fully spent. However, from the information received from the field officers in the Irrigation Department it is clear that there is no constraint on the capacity to absorb funds in Vidarbha and Marathwada, as there are adequate number of projects available for implementation. A considerable reduction in the allocation for the rest of Maharashtra region in the first year itself i.e. 2002-03 on account of 50% weightage to backlog will affect the ongoing projects with committed expenditure in the rest of Maharashtra region. Such a reduction in allocation will not only have adverse bearing on the committed expenditure but will also make expenditure incurred in the past infructuous. However, there are projects with committed expenditure in the other two regions as well. It is therefore necessary to address on priority the needs on account of committed expenditure on ongoing irrigation projects in the three regions. This can be done by giving appropriate weightage to population as discussed in para 7.7. As mentioned in para 7.8, the overall weightage to backlog, population and net sown area should be maintained at 50%, 25% and 25% respectively for ensuring equitable distribution of allocation in Irrigation Sector amongst the three regions so that no further backlog is created. The issue of committed expenditure in all the regions, and in particular in the rest of Maharashtra region can be adequately addressed by assigning higher weightage to population during the initial first two years beginning 2002

which can subsequently be decreased over the remaining period. Also, as mentioned above, high weightage to backlog in the first year i.e. 2002-03 at 50% will considerably reduce the allocation in rest of Maharashtra region. Therefore the weightage to backlog in the first year i.e. 2002-03 may be kept lower at 35% which can be increased subsequently. This will adequately take care of both issues i.e. removal of backlog and committed expenditure. The weightage to net sown area, which is the basis of assessment of backlog in irrigation, may be kept uniformly at 25% over the next four years. However, on the whole the average weightage to backlog, population and net sown area over the four years will work out to 50%, 25% and 25% respectively. Therefore for the reasons mentioned above a workable calendar for the allocation with respective weightage to backlog, population and net sown area is given below.

Year	Weightages to		
	Backlog	Population	Net Sown Area
2002-03	35	40	25
2003-04	45	30	25
2004-05	55	20	25
2005-06	65	10	25

The allocations to the three regions on the basis of above referred weightages have also been indicated in the **Annexure-VII**. Thus for the year 2002-03 with weightage to backlog at 35%, population at 40% and net sown area at 25%, the revised allocation in the Irrigation Sector, for Vidarbha will be Rs. 941 crore as against the present allocation of Rs.719 crore, the allocation for the Marathwada region will be Rs. 632 crore as against Rs. 514 crore at present, and allocation for the rest of Maharashtra region will be Rs. 903 crore as against its provision of Rs. 1243 crore in 2001-02. These figures have been indicated based on the assumption that the outlay for the total allocation in the Irrigation Sector will remain the same i.e. Rs.2476 crore during the next four years.

**7.10** It will however have to be clarified in the guidelines itself and through strict instructions by the Planning and Irrigation Departments that the added weightage

to population for the initial 2 years is only for the purpose of giving more funds for committed expenditure on the projects in the three regions. If this is not done, the purpose of added weightage to population will be defeated if the Irrigation Department takes up new works or incurs expenditure on projects other than those having committed expenditure. As the committed expenditure of rest of Maharashtra region as on 1 April 2000 is high at Rs. 7384 crore, it will not be advisable for the Irrigation Department to take up new projects so that the priority to committed expenditure is not diluted. For the other two regions also, priority should be given to those projects having committed expenditure. However, regions of Vidarbha and Marathwada will have some flexibility in taking up a few new projects, as the quantum of committed expenditure is comparatively less.

#### **7.11 Allocation of Non-budgetable outlay**

Both the budgetable and non-budgetable allocations have been taken into account in the overall allocation in Irrigation Sector. Thus, both the budgetable and non-budgetable allocations taken together should be distributed among the three regions in the Irrigation Sector on the basis of the above-mentioned formula. The main reason for growing imbalance in development in the Irrigation Sector is the dominance of the Krishna Valley Project where the bulk of funds in the Irrigation Sector is being spent in the rest of Maharashtra region. This distortion is more marked in the last 4 to 5 years. Overriding priority has been given to the early completion of projects in the Krishna Valley to meet the obligations under the Krishna Valley Disputes Tribunal Award taking into consideration the interests of the State as a whole. After the constitution of the Krishna Valley Irrigation Development Corporation, large resources were raised from the market and were spent in Krishna Valley areas in the rest of Maharashtra region. Although the resources were raised from the market, the regions of Marathwada and Vidarbha have been getting little share in the funds raised in the market as is revealed from the statement at **Annexure-VIII**. Thus, the lopsided distribution of funds raised from the market has worsened the regional imbalance in the development of Irrigation. It has therefore been demanded that the resources raised in the market should be pooled together and

distributed equitably among all the Irrigation Development Corporations in the three regions. While raising the Bond money by the Irrigation Development Corporations the interest and repayment liabilities are guaranteed by the State Government and accordingly a provision for interest liability is made by the Government in the budget. As both the interest and repayment liabilities are ultimately borne by the State Government, equitable distribution of the non-budgetable allocation over all the three regions is therefore both desirable and necessary. The Governor has directed that the State Government should raise such resources in the market for the State as a whole and distribute among the three regions in the manner mentioned above.

#### **7.12 Emphasis on removal of financial rather than physical backlog**

Creation of the irrigation facilities depends upon stages of construction of various projects. The major or medium projects are generally completed between 5 to 6 years. Therefore the expenditure in a particular year may not have any definite co-relation with creation of additional irrigation facilities. There will be serious limitation for creating additional irrigation facilities especially if the funds are thinly distributed over a large number of projects. With the distinction between backlog and non-backlog allocations being done away with there will be more flexibility in spending funds in both backlog and non backlog districts. Although, the outlays corresponding to weightage to backlog in the formula for allocation is expected to be spent in backlog districts, it is likely that the funds may also be spent in non backlog districts taking into consideration the requirements of the region as a whole. This may result in a situation where the funds on account of weightage to backlog are spent in the region, but irrigation facilities may not be created in the backlog districts. It is possible that after 4 years the financial allocations which are supposed to remove physical backlog in the irrigation Sector are entirely spent in a region, but the physical backlog may not be removed commensurate with the funds spent in the region. Some of the districts will again show unliquidated physical backlog on account of the spending of the funds elsewhere thereby requiring financial outlays for removal of the remaining backlog. Therefore, it is necessary for the Irrigation Department that

the outlays corresponding to the weightage for backlog are spent in backlog districts on priority so that the physical backlog will be fully liquidated in those districts at the end of 4 years. At the time of fresh assessment of backlog after 4 years, if necessary, region rather than District or Taluka should be the basis which will also address the problem of irremovability of backlog in certain districts.

### **7.13 Decentralisation of powers to give approvals**

As mentioned earlier, the priority to be accorded for spending allocations should correspond to the weightage for irrigation backlog in the backlog districts. If this is not possible in respect of a particular district for any special reason then allocations can be spent in another district within the same region so as to ensure the removal of backlog in that region. This would be possible only after the regional Heads of the Irrigation Department / Irrigation Development Corporations have the power to give administrative/revised administrative approval to the works to be taken up within the districts/region. There is therefore need for greater autonomy to the Irrigation Development Corporations/regional Heads to identify the projects for liquidation of backlog in the districts/region and to assign project-wise priority in the allocation of funds. The Maharashtra Krishna Valley Development Corporation and the Tapi Irrigation Development Corporation had these powers which were subsequently withdrawn and vested with the State Government after the constitution of the other Irrigation Development Corporations namely the Marathwada-Godavari Irrigation Development Corporation, the Vidarbha Irrigation Development Corporation and the Konkan Irrigation Development Corporation. To ensure proper utilisation of funds for backlog removal, it is not desirable to have complete centralisation of these powers to accord approvals. The Government may therefore frame suitable guidelines and allow the Irrigation Development Corporations to give administrative approval/revised administrative approval and flexibility to determine the priority of the projects to be taken up in the districts/region upto certain financial limits. While deciding the priority of the projects for liquidation of backlog, the Irrigation Development Corporations and the regional Heads of the

Irrigation Department should fully involve the respective Development Boards through structured consultations. The State Government may therefore institutionalise the formal participation of the Development Boards in the taking up of irrigation projects within their respective regions.

#### **7.14 Allocation to other backlog sectors**

For backlog sectors other than the Irrigation Sector, there is no need of a new formula or doing away with the distinction between backlog and non-backlog allocations, as the imbalances are not so evident as in the Irrigation Sector. From the statement at **Annexure-V**, the backlog under the other sectors excluding Irrigation Sector as on April 2002 would be around Rs.4208.98 crore. If this financial backlog is to be liquidated in the next 4 years from 1 April 2002 onwards, an allocation of Rs.1052.24 crore would be required to be earmarked every year for removal of backlog in those sectors. In the Annual Plan 2001-02, out of Rs.1720 crore earmarked for removal of backlog, Rs.755 crore have been earmarked for backlog removal in Irrigation Sector and Rs.965 crore have been earmarked for removal of backlog in other sectors. Thus, no considerable increase would be required in the allocation to be provided for removal of backlog in other sectors in the next 4 years compared to the allocation of Rs. 965 crore at present. Allocation of Rs.1060 crore keeping in view the escalation of cost norms should be earmarked during the next 4 years from 1 April 2002 for removal of backlog in sectors other than the Irrigation Sector.

#### **8. Divisible and Non-divisible Plan outlays**

The outlays which benefit the State as a whole and the benefits of which cannot be divided between the three regions are shown as Non-divisible outlays. A serious concern was raised over the rising magnitude and proportion of Non-divisible outlays in the Annual Plans of the State. The Non-divisible Plan outlay which was at 16.01% of the Annual Plan in 1995-96 rose to 57% in the Annual Plan for 1999-2000. Fears were expressed that the Non-divisible outlays have mainly benefitted the rest of Maharashtra region. The region-wise distribution of

the Non-divisible outlays (particularly Non-budgetable) in the Annual Plans is given in **Annexure-IX**. The statement at Annexure-IX reveals that the major share in the Non-divisible outlays had gone to the rest of Maharashtra region. Since only the Divisible Plan outlay is available for distribution among the three regions, it is absolutely necessary to include only those outlays in the Non-divisible Plan outlays, which truly benefit the State as a whole and the benefit of which can not be shown as divisible in the three regions. The Planning Department will have to ensure this in future.

## 9. Overall Allocation of the Annual Plan

On the background mentioned above and to ensure that no further backlog is created while the existing backlog is being liquidated, the Governor has directed that the Annual Plan outlays in the Annual Plan 2002-03 should be made in the following manner.

### (1) Irrigation Sector :

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 - (As on 1 April 2002)	35%
(1)	Population - (Excluding Greater Mumbai)	40%
(3)	Net sown area -	25%

Further, if the State Government raises the Non-budgetable resources in the Irrigation Sector from the market, these should be

raised for the State as a whole and distributed amongst the areas of the three Development Boards equitably as mentioned above.

- (2) The State Government should give more autonomy to the Irrigation Development Corporations and the regional Heads in the Irrigation Department regarding giving administrative or revised administrative approvals to the projects upto certain financial limits subject to general guidelines by the Irrigation Department. The Development Boards should also be involved in deciding the priority and identification of the projects for liquidation of backlog by the Irrigation Development Corporations. The Government should institutionalise formal participation of the Development Boards in the functioning of the Irrigation Development Corporations through structured consultations for this purpose.

(3) **Other Backlog Sectors :**

Rs.1060 crore should be earmarked for backlog removal in sectors other than the Irrigation Sector. The distribution of this allocation among the three regions should be done in proportion to the remaining backlog of the respective regions as on 1 April 2002 as given in the statement at **Annexure V-B**. Further, the sectoral allocation for backlog removal within the region should be done in proportion to the remaining backlog in the respective sectors as on 1 April 2002. The distinction between backlog and non-backlog allocations in these sectors should not be removed.

(4) **Scheme-wise Outlays for Removal of Backlog within Sectors.**

Within the overall allocation for the removal of backlog in the areas under the respective Development Boards, as mentioned above, the scheme-wise outlays should be made by the Planning Department based on the recommendations made in consultation

with the respective Development Boards and the concerned District Planning Committees in respect of district level schemes and the concerned Departments in respect of State Pool and State Level Schemes.

- (5) 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 the proportion to the overall population of the respective regions.
- (6) The funds from backlog to Non-backlog and from the area of one Development Board to that of another Development Board shall not be diverted.

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

sd/-

Date : 15 December, 2001

**(Vinesh Jairath)**  
**Secretary to the Governor of Maharashtra.**