

Directives by the Governor of Maharashtra under Rule 7 of the Development Boards for Vidarbha, Marathwada and the Rest of Maharashtra Order, 1994, the region-wise distribution of the Annual Plan outlays, time frame for its removal and region-wise allocation for the removal of backlog of Irrigation sector in the Annual Plan FY 2007-08.

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. These Directives are issued in continuation of the Governor's Directives dated 6 March 2006.

3. **Annexure I** indicates the comparative position of financial backlog in Irrigation Sector between 2002 and 2006. **Annexure II** gives the statement of region-wise percentage of population, net sown area and backlog of Irrigation sector in the state. **Annexure-III** gives the statement of on-going projects and their balance costs as on 1 April 2004.

4. **Formula for equitable distribution of allocation in Irrigation Sector :**

4.1 The Directives dated 6 March 2006 aim at liquidating the remaining backlog as on 1st April 2005 in Irrigation Sector in next four years. The backlog in the Irrigation sector was assessed in 1994 by the Indicators & Backlog Committee by using the cost-norm of Rs. 50,000 per hectare. However, the Irrigation Department had finalised the region-wise backlog as on 1 April 2000 by taking into consideration the remaining cost of projects identified for backlog removal instead of uniform cost of Rs. 50,000 per hectare. Since then the backlog in the subsequent years has been calculated by deducting the expenditure incurred on backlog removal from the financial backlog as on 1 April 2000. In continuation of this practice, the Irrigation Department has communicated the backlog as on 1 April 2006 which has been obtained by deducting the expenditure incurred on backlog removal (i.e. by multiplying the assigned weightage attached to backlog removal in the respective year to the expenditure incurred) from the financial backlog as on 1 April 2002. At present, the backlog as on 1 April 2006 is being considered for allocations under backlog removal, i.e. for assigning weightage to the backlog factor as shown in Annexure-V.

This procedure has given rise to certain anomaly in the calculation of the latest figures for backlog, while the basic values of 1st

April 2000 are taken into consideration for assessing the backlog, the values subtracted subsequently have not been adjusted for inflation. However this is being done for the sake of expediency and this adjustment will be carried out at some later date.

The issue of mismatch between the financial and physical backlog in the Irrigation sector, occurred as a result of the aforesaid anomaly has been dealt with in details at Clause 7.12 of the Directives dated 15 December 2001. While giving emphasis on removal of financial backlog, it was then presumed that the financial backlog would be wiped out in four years, i.e. by April 2006 and the fresh assessment of backlog giving emphasis on physical backlog would be carried out. Since, the backlog was not liquidated within the stipulated time frame and the same has been extended upto April 2010 by the Directives dated 6 March 2006 the above mentioned exercise will be carried out after that.

- 4.2** The directives dated 6 March 2006 stipulated a workable calendar for the region-wise allocation of outlay with respective weightage to backlog, population, net sown area and on-going projects as given below:

Year	Weightage to :			
	Backlog	Population	Net sown area	On-going projects
2006-07	25	40	20	15
2007-08	35	30	20	15
2008-09	45	20	20	15
2009-10	55	10	20	15

- 4.3** As the present tenure of the Development Boards is till 30th April 2010, it is envisaged that the backlog should be liquidated within four years commencing from 1st April 2006. Therefore, for the remaining financial backlog of **Rs. 3549.53 crore** to be removed within the **next 3 years**, a

minimum of **Rs.1185.18 crore** will have to be allocated every year to the Irrigation Sector for removal of backlog. By assigning 40% weightage to backlog in overall allocation for the Irrigation sector as stipulated in Clause 7.6 of the Directives dated 6 March 2006, an amount of Rs. 2957.95 crore would be the minimum allocation in the Irrigation sector for next 3 years.

4.4 Now, the Planning Department by its communication dated 21 February 2007 has specified that the overall allocation for the Irrigation sector in the Annual Plan of FY 2007-08 is Rs. 4157.15 crore. Out of that the allocation for major & medium projects, Irrigation Corporations and minor irrigation sector is considered for the purpose of the Directives. **Thus the allocation of the Irrigation sector for which the Directives are applicable comes to Rs. 4051.16 crore.** 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. The region-wise distribution of allocation of outlay amongst the three regions based on this formula is given at **Annexure V**. Thus for FY 2007-08 with weightage to backlog at 35%, population at 30%, net sown area at 20% and on-going projects at 15%, the allocation in the Irrigation Sector, for Vidarbha will be Rs. 1781.29 crore, the allocation for the Marathwada region will be Rs. 859.66 crore and allocation for the Rest of Maharashtra region will be Rs.1410.21 crore.

4.5 Expenditure incurred in the Irrigation sector in the Annual Plans of FY 2004-05 and FY 2005-06 :

The statement showing the region-wise outlay allocated and expenditure incurred in the Annual Plans of FY 2004-05 and FY 2005-06 and the shortfalls and excess expenditure are given in Annexure IV. As these aberrations are not adjusted in allocation of outlays among the three regions in FY 2006-07 they are required to be adjusted now. The total shortfalls and excess expenditure for both the years are given in Annexure IV-A. There is a total shortfall in expenditure of Rs.1316.46 crore in

Vidarbha and Rs 300.79 crore in Marathwada, whereas there is a total excess expenditure of Rs. 1617.15 crore in the Rest of Maharashtra region. At the root of these aberrations is the inability of the Irrigation Department to ensure timely and effective utilisation of funds in the backward regions. In the absence of satisfactory resolution of issues of governance in backward areas, the intended results of equitable allocation of resources are not forthcoming. Therefore it is imperative that the aberrations of FY 2004-05 and FY 2005-06 are corrected. It will not be practicable to adjust this aberration only in one year, i.e. in the allocation for FY 2007-08. After a detailed deliberation on this issue, the Governor has directed that the distortions in the expenditure in FY 2004-05 and FY 2005-06 are to be made good in a phased manner over next three years as specified in Annexure-IV-A. Therefore, the shortfall of Rs. 438.82 crore in Vidarbha and Rs. 100.26 crore in Marathwada be made good and the excess expenditure of Rs.539.08 crore in Rest of Maharashtra be deducted from outlay allocated to them in FY 2007- 2008. This is presuming that no such deviation takes place from FY 2006-07 onwards. It is further directed that if such instance of deviation is noticed in future, the regions having shortfall in expenditure will be compensated as per the formula of allocation prevalent in that year.

5. In addition to this the guidelines laid down by earlier Directives in respect of allocation of non-budgetable outlay, decentralization of powers to give approvals and divisible and non-divisible plan outlays and the guidelines prescribed by the Directives dated 6 March 2006 in respect of committed expenditure, projects under NABARD and AIBP and DPAP areas 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.

6. Allocation for Irrigation Sector in the Annual Plan 2007-08 :

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 2007-08 for Irrigation Sector should be made in the following manner.

6.1 As in the past there shall be no distinction between backlog and non-backlog allocations in the Irrigation Sector. The divisible outlay in the overall allocation in the Irrigation sector as a whole, which includes both the budgetable and non-budgetable outlay should be distributed on the basis of weighted average as specified in Annexure V, which have been worked out on the basis of the following weightages :

- (1) Backlog (as on 1 April 2006) - 35%,
- (2) Population (excluding Greater Mumbai) -30%,
- (3) Net sown area-20%; and
- (4) On-going projects (as on 1 April 2004) - 15%.

6.2 However, the distortions in expenditure in F.Y. 2004-05 and F.Y. 2005-06 as specified in Annexure-IV and Annexure-IV-A should be made good as explained in Annexure-VI. Therefore the actual region-wise allocation of Rs. 4051.16 crore in F.Y. 2007-08 in the Irrigation sector is as follows :

Vidarbha	--	Rs.2220.11 crore
Marathwada	--	Rs. 959.92 crore
Rest of Maharashtra	--	Rs. 871.13 crore

6.3 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.

- 6.4** 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.
- 6.5** There shall be no diversion of funds from backlog districts to non-backlog districts and from the area of one Development Board to another.
- 6.6** The allocation indicated in these Directives are on the basis of what has been indicated by the State Government. Should over all allocation for irrigation increases subsequently, the same formula specified at Annexure-V shall be applicable to such additional plan allocations.
- 6.7** The disbursement of outlay in the Irrigation sector in the Annual Plan 2007-08 should be strictly in accordance with the region-wise percentages stipulated at Annexure-V in the directives.
- 6.8** It is also noticed that in absence of work-wise allocation at the time of budget sanctioning and the subsequent delays in doing so, the expenditure is not incurred in desired proportion and manner. Therefore in order to ensure effective utilization of funds and timely completion of projects, the Governor has directed that, the allocation for Irrigation sector should be budgeted work-wise at the beginning of the financial year itself and it should be made part of the budget documents.
- 6.9 Governance Issues :**

The Governor of Maharashtra, through these directives has ensured equitable allocation of plan outlay among the three regions of the State. Unfortunately, this equitable allocation has not been matched by

commensurate efforts at the implementation level. Unresolved issues of governance continue to cripple and impair the capability of the administrative machinery to utilise the allocation in an effective and time bound manner. The result is time overrun for the complete liquidation of backlog. It has therefore become imperative that the efforts for equitable allocation of resources are adequately and concurrently matched by the efforts of the Irrigation Department to remove bottlenecks in timely and effective utilisation of funds in the backward areas. Instead of addressing the issues of governance in an abstract manner, the Irrigation Department should evolve certain parameters that are conceptually sound and readily measurable, which will become the basis for testing the efficiency of the implementing machinery and also for providing corrective interventions. The issue whether the directives pertaining to governance are mandatory or advisory should not agitate the minds unnecessarily. The Advocate General has already clarified this. Even if this part of directives is merely advisory in nature, the complementarity between allocation and implementation cannot be wished away. That for want of proper implementation the intended results of equitable allocation are incapable of being fully realised. This is the reason for the Governor's anxiety over issues of governance in backward areas and the reason why he attaches so much importance to the satisfactory resolution of this issue. The Governor therefore desires that the issues such as delegation of powers, adequacy of staff, flow of funds and logistic support and other issues of governance be addressed on top priority.

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

Raj Bhavan, Mumbai
Date : 1 March 2007

sd/-
(Sitaram Kunte)
Secretary to the Governor.