

THE PROBLEM OF REGIONAL DISPARITIES IN MAHARASHTRA STATE AND THE ROLE OF THE REGIONAL DEVELOPMENT BOARDS

R.P. Kurulkar

The problem of regional disparities exists at the international, national as well as at the state levels. This paper has made an attempt to study the problem of regional disparities in Maharashtra State, with special reference to the Fact Finding Committee Report [1984] and the Indicators and Backlog Committee Report [1997]. Between 1984 and 1994, the data show that, the regional disparities, instead of reducing, have actually increased. To solve this problem, "accelerated development" of identified backward districts is suggested.

In the second part the paper discusses the role of the Regional Development Boards in Maharashtra, under Article 371(2) of the Constitution of India. Their functions and achievements during the period 1995-2010, are critically examined. To ensure minimum or equitable funds (as per cent of population) to backward areas in larger states (like Rajasthan, U.P., M.P., Orissa, etc.) the establishment of such regional boards, is suggested. This step may reduce regional disparities in these states to some extent.

1. INTRODUCTION

The problem of regional disparities exists at the international, national as well as at the state levels. North-South dialogue on development is basically the problem of rich versus poor regions. The controversy relating to the trade-off between national objective of high growth rate and the regional objective of equity or social justice is also well-known in economic literature. It has to be noted that regional disparities cannot be altogether eliminated; but they can be certainly reduced to the minimum by adopting appropriate policies. i) In the light of these conditions it is proposed to discuss in this article the problem of regional disparities in the State of Maharashtra since its inception in May 1960, up to 2010. ii) In the second part, an attempt is made to discuss the role and achievements of the Statutory Regional Development Boards in Maharashtra, as a mechanism to reduce such regional disparities in the State during the period, 1995 to 2010.

In recent years, there has been a demand for the appointment of a "Second States Commis-

sion" from certain neglected areas in India, for example, Telangana agitation in Andhra Pradesh; Vidarbha agitation in Maharashtra; or demand for the creation of Harit Pradesh in Uttar Pradesh, etc. It may be suggested here that creation of Statutory Regional Development Boards, in such neglected and larger states, may prove useful to solve this problem to some extent.

PART I

2. THE PROBLEM OF REGIONAL DISPARITIES IN MAHARASHTRA

a) Maharashtra State was created on the 1st of May 1960 with the merger of two Marathi speaking areas of Marathwada (which formed part of the former Hyderabad State) and Vidarbha (which formed part of the former Madhya Pradesh State). Thus, the present state of Maharashtra comprises three regions, viz., (i) Rest of Maharashtra (which includes Western Maharashtra, Konkan and Mumbai City. ii) Vidarbha, and iii) Marathwada. Hence, we shall be making a com-

R.P. Kurulkar is Professor (Retd.) and Head, Department of Economics, Dr. Babasaheb Ambedkar Marathwada University, Aurangabad (MS), and Currently, Acting Chairman, Marathwada Statutory Development Board, Aurangabad. The author is thankful to the anonymous referee for his useful comments and suggestions on the earlier draft of this paper.

Views expressed are personal.

parison of the relative socio-economic progress made by these three regions during the last 50 years or between 1960 and 2010.

3. MAJOR STUDIES ON REGIONAL DISPARITIES IN MAHARASHTRA

The Third Five Year Plan (1961-1966) of Maharashtra State discussed, for the first time, by using certain indicators of development, the relative levels of development of the four regions of the State. In 1975, the Gokhale Institute of Politics and Economics Pune, published a study on, "Regional Planning For Marathwada", [Brahme et al., 1975] in which it also discussed the relative levels of development of Greater Mumbai, Pune region, Marathwada and Vidarbha regions. In 1980 Narottam Shah, a Member of the State Planning Board, published a report on the "Levels of Development of Districts in Maharashtra".

In [1992], Seeta Prabhu and P. C. Sarker published their research paper on "Identification of Levels of Development of the Districts in Maharashtra", using the data for 1985-86. The following important conclusions emerged from this study: (i) of the 29 districts in Maharashtra 11 districts had attained a "high level" of development; while 3 districts could attain "medium level", and the remaining 15 districts were identified as "backward" or at lower level of development". Most of these 15 districts belonged to the Marathwada and Vidarbha regions.

In 1983, the Government of Maharashtra appointed a "Fact Finding Committee on Regional Imbalance in Maharashtra", under the Chairmanship of the eminent economist the Late Prof. V.M. Dandekar [Henceforth, FFC or Dandekar Committee]. The report of this committee was published by the Government in 1984. Again in 1992, the State Planning Board of the Government of Maharashtra appointed a Study Group under the Chairmanship of B.A. Kulkarni to identify the "Backward Areas in Maharashtra

State". This Study Group identified, by using 12 indicators of development, 17 districts in the state as "backward". Of these 17 backward districts, six districts belonged to Marathwada, 8 districts to Vidarbha and 3 districts to the Rest of Maharashtra region. In 1995, the Governor of Maharashtra, appointed, the "Indicators and Backlog Committee" to study the impact of the expenditure incurred by the Government for the removal backlog, estimated by the Dandekar Committee, between 1984-1994, on the three regions of the state. We shall discuss the reports of the Dandekar Committee (1984) and Indicators and Backlog Committee (1995) in greater details in the next section.

Recently, in 1997, the Government of India had appointed a Committee under the Chairmanship of Mr. E.A.S. Sarma to identify "100 Poorest Districts" in India. Surprisingly, this Committee identified 10 districts in a highly developed State like Maharashtra. The entire Marathwada Region (8 districts) was identified as "Poorest". Vidarbha region included 3 districts, viz. Gadchiroli, Buldhana and Yavatmal.

In July [2007], the Government of India had appointed a Committee on Indebtedness of farmers in India. This Committee, chaired by Prof. R. Radhakrishna, identified "100 agriculturally distressed and backward districts", in India. Of them, 11 were identified in Maharashtra mostly from suicides affected regions of Vidarbha and two districts from Marathwada, i.e., Osmanabad and Nanded.

Recently (in 2009), M. H. Suryanarayana, has published a paper on "Intra-State Economic Disparities: Karnataka and Maharashtra", which has concluded that, "The four urban districts of Mumbai, Thane, Pune and Nashik account for half of the state income; the other half is shared by the remaining 31 districts." And, "Almost half of the rural population was deprived in the Inland central and Eastern regions", "Needless to say,

this calls for concerted efforts at balanced regional development in Maharashtra" [Suryanarayana, 2009, p. 223].

We may conclude from all these studies that over the last five decades the Marathwada and Vidarbha regions and a small part of Rest of Maharashtra (namely, Dhule, Nandurbar, Ratnagiri and Sindhudurg) have been found to be relatively under-developed.

4. A CRITIQUE OF THE FACT FINDING COMMITTEE ON REGIONAL IMBALANCE IN MAHARASHTRA STATE (1984)

The Government of Maharashtra had appointed this Committee in 1983 under the Chairmanship of the eminent economist, the Late Prof. V.M. Dandekar. The Committee submitted its report to the Government in 1984. There was extensive discussion on this report in various parts of the State, especially in backward regions like Marathwada and Vidarbha. **The State Government has not accepted this report, but surprisingly, the Government has been making annual provisions in its Annual Budget since 1985-86 for the removal of backlog on the basis of this report.** Moreover, the methodology followed by this Committee was again followed by the other Committee, that is, "the Indicators and Backlog Committee", appointed by the Governor of Maharashtra in 1995. Hence, it is proposed in this section to make a critical evaluation of this FFC report (1984), very briefly. It may be noted here that for the purposes of liquidating the regional backlog, the State Government has not followed the recommendation of the Dandekar Committee, i.e., 85 per cent of the plan funds scheme by scheme for removal of backlog and 15 per cent for ongoing projects and natural growth in all districts. **Actually only 15 per cent of the plan funds were spent for removal of backlog resulting into time and cost overruns.** The FFC had recommended removal of all backlog in seven

years, while the time taken into account by the Government for this purpose was 16 years, (due to meager allocation).

Between 1985-86 and 2003-04, (i.e., 19 years) the State Government had made a total budgetary provision of Rs. 14050.93 crore, in its annual budgets, for the removal of backlog, but in actual practice, the Government could make a total expenditure of Rs. 10,745.81 crore only or 76.47 per cent of budget allocation. In recent years, i.e., in 2002-03, 2003-04 and 2004-05, the proportion of expenditure to annual allocations, was only, 25.23 per cent 22.66 per cent and 8.40 per cent, respectively! The big difference between allocation and actual expenditure in removal of backlog clearly indicates the apathy of the Government towards removal of backlog. (Memorandum submitted to the Meeting of the state cabinet held on 18th 19th September 2006 at Aurangabad, by the Marathwada Statutory Development Board.)

There was huge diversion of irrigation funds to the Rest of Maharashtra (ROM) Region at the cost of the Vidarbha and Marathwada Regions. This had led to huge irrigation backlog in both Vidarbha and Marathwada Regions. The diversion of funds from one region to another is against the Article 371(2) clause 8 of the Constitution of India. However, this excess of funds diverted to the ROM region, were rectified by the Hon. Governor, in later period. Although, there are number of instances of such diversion of funds in irrigation sector, we are presenting one case below:

During the year 2004-05, the allocation made to the ROM region was Rs. 396.85 crore; while the actual expenditure incurred during this year in ROM was Rs. 1,245.85 crore or an excess expenditure of Rs. 849 crore. On the other hand, there were short falls in expenditures in irrigation in Marathwada and Vidarbha regions.

5. THE APPROACH OF THE FACT FINDING COMMITTEE (1984)

A) *The important terms of reference of the Committee were as follows:*

1. To decide on indicators for assessing imbalance in development
2. On the basis of 1) above, and relation to the average development in Maharashtra, to determine district-wise imbalance in 1960 and in the latest year for which information is available.
3. To determine what action the Government could take in relation to which of the indicators and the limits thereof.
4. To suggest remedial action to remove the existing imbalance as determined and long-term measures to prevent recurrence of such imbalance [FFC, 1984, p. 1].

B) *Sector Approach:* In Chapter III, the Fact Finding Committee (FFC) has discussed the methodology it adopted for estimation of regional backlog of development of the three regions of the state. After discussing drawbacks in the methods of identification of backwardness, followed by various Committees, that is, ranking method, Index method and the principal component analysis method, the Committee chose to adopt the sectoral method for estimation of regional backlog, with district as the unit of measurement (except irrigation, for which, "taluka" level information was used for drought-prone talukas).

Although the Committee also discussed taluka level industrial development, with various incentives, **the Committee did not estimate regional backlog of industrial sector.**

The Committee has clearly stated that, "In fact, our central purpose is not so much to identify backward areas classifying the districts into two classes called Backward and Not Backward" [FFC, 1984, p. 18]. Hence, the committee adopted

what is called the sectoral approach. The following sectors were considered for the estimation of backlog.

1) Roads Development, 2) Irrigation from surface water resources, 3) Rural Electrification, 4) General Education, 5) Technical Education, 6) Health Services, 7) Water supply, 8) Land Development, and 9) Veterinary services.

6. THE CONCEPT OF BACKLOG ESTIMATION

As stated earlier, the FFC [1984] adopted the sectoral approach while estimating the backlog of a district/taluka in 9 sectors of the economy. The State average in each sector was considered as the basis for estimation of backlog. All those districts which were below the state average were only considered for the estimation of backlog in each of the nine sectors mentioned above. Those districts which were above the state average in each sector were not considered for the estimation of backlog. The backlog was defined as the difference between the district average and the State average for each sector. Appropriate indicators were adopted in each sector for estimation of backlog. First, the backlog was estimated in physical terms, (e.g., hectares of irrigated area etc.) and then it was converted into financial terms by estimating the cost at current prices (1983 prices) of bringing the development of the physical infrastructure of the sector in the district up to the level indicated by the average for the State. To arrive at the total district backlog, the financial backlogs of all nine sectors were added together. The financial backlog of a region was estimated by adding the district backlogs of a given region, namely Vidarbha, Marathwada and Rest of Maharashtra.

The total developmental backlog, estimated (at 1983 prices) by the committee, was as follows:

i)	Vidarbha	Rs. 1,246.55 crore (or 39.12 per cent)
ii)	Marathwada	Rs. 750.85 crore (or 23.56 per cent)
iii)	Rest of Maharashtra	Rs. 1,189.38 crore (or 37.32 per cent)
	Total backlog	Rs. 3,186.77 crore (or 100 per cent)

7. SOME CRITICAL ISSUES

(i) Unit of measurement:-

The Fact Finding Committee decided to adopt "district" as a unit of measurement of backlog with reference to state average. But, in case of irrigation sector it decided to adopt "taluka" as unit of measurement for "drought-prone" areas because of availability of taluka level data. We do not agree with this argument on the following grounds:

1) In all other eight sectors, the Committee adopted "district" as a unit, while in only one sector it adopted "taluka" losing uniformity of measurement. Secondly, the Vidarbha region had only 2 drought prone talukas in Buldhana district, while 67 talukas were in Rest of Maharashtra Region, and only 19 in Marathwada. Hence, this indicator was not common to all regions; in fact, it was injustice to Vidarbha region. Consider the following case.

Table 7.5 of the report shows district-wise irrigation potential created as on June 30, 1982. It shows the backlog in irrigation in Konkan region as 105.58 (thousand ha); while in Western Maharashtra only Nashik (0.77) and Dhule district (29.96) (thousand hectares), had a total of 30.73 (thousand ha) of backlog. Or, in other words, in Rest of Maharashtra, the total backlog in irrigation sector, with district as a unit, was only 136.31 thousand hectares, or only Rs. 136.31 crore at the rate of Rs. 10,000 per hectare! Because, all other districts were found to be above the State average.

By changing the unit of measurement from "district" to "taluka", the Rest of Maharashtra could get huge amount of backlog under irrigation sector, i.e. Rs. 541.90 crores! That is Rs. 541.90 crore - 136.31 crore = Rs. 405.59 crores as additional amount. Marathwada could receive Rs. 316.71 crore - Rs. 260.67 crore = Rs. 56.04 crore while Vidarbha could get nothing by way of

additional irrigation potential for meeting the requirements of drought-prone taluka! This was sheer injustice.

If the Committee had adopted uniformly "district" as the unit of measurement of backlog for all 9 sectors including irrigation, the backlog of Rest of Maharashtra would have come down from Rs. 1189.38 crore to Rs. 783.79 crore; and the total backlog of the whole State would have been reduced from Rs. 3,186.77 crore to Rs. 2,725.14 crore!

2) The Committee instead of changing the unit of measurement from district to taluka, could have recommended the appointment of a separate committee to study the problems of these 88 drought-prone talukas. In fact, recently, such a committee was appointed by the State Government to study, the problems of 148 drought prone talukas in the state. This committee chaired by Rangnathan has recently (2010), submitted its report to the Government. Its findings are not yet published.

3) One may add one more point that, to reduce inter-taluka disparities is the responsibility of the District Planning Committees (DPCs) under the 73rd & 74th Amendment to the constitution. The Marathwada Development Board had prepared Comprehensive District Plans (Tenth Plan) for Jalna and Beed districts, with the objective of reducing inter-taluka disparities.

(ii) Considering only the public expenditure, ignoring private sector in Health and Education:

During the 1980s, the public sector was dominant and played an important role in the Indian economy in almost all economic activities, including industry and social sectors. Hence, the FFC considered only public expenditure (included only the government aided institutions) while measuring the backlog of each district. But,

this approach of the committee resulted in very paradoxical situations, especially, in sectors like health and education.

In developed regions, especially Western Maharashtra region, the private sector was playing a major role in education and industry. That was not the condition at least in Marathwada. Private educational institutions, health services, and industrial entrepreneurship were almost non-existence. One must consider this major difference between developed and backward regions.

We present two cases to stress this point.

A) In case of Number of PHUs and PHCs per million of population (1981) Dhule, Beed, Chandrapur, Osmanabad, etc, have been identified as districts" above the state average, or developed!

While Nagpur, Thane, Nashik, Satara, etc, have been identified as districts, below the "state average" (or backward) (see page 145 of the report of FFC).

B) In technical education, Mumbai City has been identified as below state average or backward. The backlog for Industrial training Institutes in Mumbai was estimated at Rs. 970.55 lakhs [see FFC, 1984, p. 294].

This has happened mainly because; the committee completely ignored the health and education services in the private sector. Had the committee estimated averages of public plus private sectors services in education and health sectors together, this average would have given us a very realistic picture of these services. The data on private sector could have been obtained from the Government.

(iii) State Averages:

1. The Fact Finding Committee, while estimating the sectoral backlog district wise, adopted the method of the distance between district average and state average in nine sectors mentioned above. All districts below the State average in each sector were given backlog funds; those districts above the state average were not given backlog funds. The method has a major drawback, that is, those districts below the State average (for example in irrigation) may reach the state average over a period of about 15 years; but during these 15 years, the State average itself moves upwards, and backward districts in irrigation again remain below the state average! The committee itself has agreed that, "reducing disparities is a continuous process" (page 289). That means, backward districts can reach up to state average but cannot cross it. This indeed has been the experience of the last 25 years of backlog removal.

Let us consider one example to prove this point. In 1994, the percentage of irrigation for the state was 35.11 per cent, (Rabi equivalent) which increased to 54.42 per cent in 2008. Therefore, all the districts which were below the state average of 35.11 per cent have to catch up the new state average of 54.42 per cent in 2008, creating a new backlog in Irrigation as shown below

Table 1. New Backlog in Irrigation in 2008 (000ha)

Region	Physical Backlog (000 ha)	Financial (Rs. In crore)
(1)	(2)	(3)
1) Vidarbha	1076.79 (57.3)	10767.90
2) Marathwada	500.97 (26.7)	5009.70
3) Rest of Maharashtra	301.15 (16.0)	3011.50
Total	1878.91 (100)	18789.10

Note: To create one hectare of irrigation potential the cost norm assumed is Rs. One lakh.

Hence, the total backlog in irrigation sector alone amounted to Rs. 18,789.10 crore or in physical terms a backlog 1,878.91 (000) hectares. The minimum new backlog is in Rest of Maharashtra region, while the maximum is in Vidarbha region. (Figures are obtained from Irrigation Department, Government of Maharashtra.)

(iv) Impact of the Removal of Backlog on Regional Balance:

The major objective of the Fact Finding Committee (1984) **was to remove the existing imbalance as determined and to suggest long-term measures to prevent recurrence of such imbalance.** To what extent, have we been able to achieve this objective? To answer this question, we need to refer to the Report of the Indicators and Backlog Committee, appointed in 1995 by the Hon'ble Governor of Maharashtra. This committee submitted its report in 1997. We shall discuss some of the major findings of this committee.

* At the outset it should be mentioned that the Indicators and Backlog Committee (or I. B. Committee), adopted the same methodology which was adopted by the Dandekar Committee, except for one change, that, this committee adopted "district" as the unit of measurement of backlog for all nine sectors of the economy, including irrigation sector.

* The total backlog estimated by this committee (at 1994 prices) was found to be Rs. 14006.77 crore! Or, almost 4 1/2 times larger than what was estimated by the Dandekar Committee! The IB Committee (1997) has also estimated that in real terms the total backlog of the state had increased by 88 per cent between 1984 and 1994. (The committee had actually estimated the total backlog at Rs. 15355.77 crore but later on the same was adjusted to Rs. 14006.77 crore.) The impact of the removal of backlog over the period, 1984-1994, is shown in the following table-2.

Table 2. Impact of Government Expenditure (Backlog) on three Regions of the State

Sr. no.	Region	Proportion of Backlog per cent (1984)	Proportion of Backlog (1994)	Change in Proportion per cent	Index of Per Capita Backlog		
					1984	1994	Change
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Rest of Maharashtra	37.32	24.54	-(12.78)	61	39	-22
2.	Marathwada	23.56	30.13	+(6.57)	143	186	+43
3.	Vidarbha	39.12	45.33	+(6.21)	161	206	+47
	Total	100.00	100.00				

Source: *Indicators & Backlog Committee Report* (1997) GoM Mumbai Pp. 242 and 243.

Table 3. The Region - wise Backlog Estimated by the I & B. Committee was as follows:

1	Rest of Maharashtra	3738.32 crore	24.54 per cent
2	Marathwada	4626.55 crore	30.43 per cent
3	Vidarbha	6961.02 crore	45.33 per cent
	Total Rs.	15355.77	100.00

Source: *Indicators & Backlog Committee Report* [1997] GoM Mumbai Pp. 242 and 243.

8. NEW-ECONOMIC POLICY AND BACKWARD REGION

The impact of liberalisation, privatisation and Globalisation on backward areas like Vidarbha and especially Marathwada has been quite adverse. This is explained in terms of the development of the industrial sector as well as in terms of the Special Economic Zones proposed in the three regions of the State (see table-4).

Table 4. Information Relating to the Development of Tiny, Small and Medium and Large Scale Industries in Maharashtra (up to 30th Nov. 2009)

Sr. no.	Region	No. of Tiny, Small, Medium Establishments	Employment (no)	Large Scale Units (no)	Employment (no.)
(1)	(2)	(3)	(4)	(5)	(6)
1	Rest of Maharashtra	116478 (76.9)	894458 (75.3)	2231 (83.6)	506223 (79.6)
2	Marathwada	11672 (7.7)	102076 (8.6)	142 (5.3)	41936 (6.6)
3	Vidarbha	23345 (15.4)	191647 (16.1)	297 (11.1)	87478 (13.8)
	Total	151495 (100.00)	1188181 (100.0)	2670 (100.0)	635637 (100.0)

Note: Figures in brackets are percentages to total.

Source: Prepared from the table no. 8.11 'Economic Survey of Maharashtra 2009-10, Government of Maharashtra Mumbai p. 101.

This table clearly shows that between 1991 and 2009, (i.e., post-liberalisation period, the Rest of Maharashtra region has made phenomenal industrial progress, due to its location advantage, and better infrastructure facilities in this region. About three fourth of the total industrial units are located in this region while, of the total industrial employment about 80 per cent is created in this region. The position of the Marathwada is extremely poor, both in terms of proportion of industrial units (7 per cent to 8 per cent) and employment created (5 per cent to 6 per cent),

during this period.

The position of Vidarbha is a little better than Marathwada in terms of industrial units (15 per cent) and employment (13 per cent to 16 per cent) This clearly shows a very lopsided industrial development of the state, which may be considered as a major factor leading to rising regional disparities in the State. Let us examine the position of the Special Economic Zones in Maharashtra.

Table 5. Progress of Special Economic Zones in Maharashtra (up to 2009)

Region	No. of SEZ	Proposed Investment (Rs. Cr.)	Employment in lakhs
(1)	(2)	(3)	(4)
Rest of Maharashtra	119 (82.6)	171608 (90.7)	57.91 (88.8)
Maharashtra	15 (10.4)	4962 (6.6)	1.53 (2.3)
Vidarbha	10 (7.0)	12578 (2.7)	5.81 (8.9)
Total	144 (100.00)	189148 (100.00)	65.25 (100.00)

Source: *Economic Survey of Maharashtra 2009-10*, p. 108.

The establishment of Special Economic Zones in Maharashtra up to Nov. 2009 again shows that more than 80 per cent SEZs are located in ROM. Of the total proposed investment, 90 per cent is to be made in ROM creating about 90 per cent of total employment. Again due to poor infrastructure facilities in the other two regions, the proposed investment as well as employment created in extremely poor. If the present trend of such investment continues (which is very likely to continue), the regional disparities are bound to increase in the years to come.

9. PRESENT POSITION OF REGIONAL IMBALANCE

- i) Table - 3 indicates that, between 1984 and 1994, the regional disparities, instead of reducing, have increased by about 4 1/2 times. Disparities in Marathwada, as indicated by the proportion of backlog; increased from 23.56 per cent to 30.13 per cent. Similarly, the proportion of backlog in backward Vidarbha also increased from 39.12 per cent to 45.33 per cent during the same period.
- ii) Surprisingly, the proportion of backlog in a highly developed Rest of Maharashtra region has reduced from 37.32 per cent to 24.54 per cent between 1984 and 1994.
- iii) In terms of per capita backlog index also the backward regions of Marathwada and Vidarbha stand to lose as their changes are +43 per cent and +47 per cent, respectively. On the other hand, the change of per capita backlog Index for the Rest of Maharashtra is (-) 22 per cent, indicating an improved position.
- iv) Present position of the backward region:

In 1978-79 (FFC report) the per capita income of Marathwada was Rs. 1036 which formed 66 per cent of the State per capita income (Rs. 1570) at current prices. In 2008-09, the per capita

income of Marathwada region was Rs. 34538 or 63 per cent of the state average or Rs. 54867; this shows a decline from 66 per cent to 63 per cent.

- * In 1997, the Sarma Committee appointed by the Government of India, identified 100 backward and poorest in India. This Committee identified the entire Marathwada Region (8 districts) as "poorest".
- * The Human Development Report 2002 of Maharashtra State, states that, all the 8 districts of Marathwada region have HDI values below the State average of 0.58. The same is the case with Vidarbha region (except Nagpur)
- * Of the 10 high HDI districts in the state 9 districts are located in Rest of Maharashtra region, indicating a high level of disparities not only in per capita income also the quality of life of the common people in backward regions (see Appendix-3).
- * According to the Economic Survey of Maharashtra 2009-10; out of 8 districts in Marathwada, four districts have shown a negative growth rate in their per capita incomes between 2007-08 and 2008-09. These districts are: (i) Latur (-2.19 per cent); Osmanabad (-2.56); Jalna (-17.8 per cent); and Hingoli (-3.3 per cent). Please see Appendix- 1.

The State per capita income during 2008-09 was Rs. 47473 Mumbai district topped the table with per capita income of Rs. 89343 (which was 63 per cent above the state average); while Jalna district had the lowest per capita income of Rs. 23635 (or only 43.08 per cent of state average).

1. The distance between Jalna and Mumbai was nearly 4 times. In Marathwada region, except Aurangabad all 7 districts had per capita incomes ranging between 43.08 per cent (Jalna) to 65.91 per cent (Parbhani).

There were only 7 districts in the state, which had per capita income above the state average. The remaining 27 districts had lower per capita income than the state average. This clearly indicates not only inter-regional but inter-district disparities in development.

2. Division wise data show that Konkan (143.91) and Pune division (110.02) had per capita incomes above the state average, while, Nashik (84.55) Marathwada (62.95), Nagpur (86.52) and Amravati (60.51) divisions had per capita incomes well below the state average.

10. HOW TO REDUCE REGIONAL DISPARITIES IN MAHARASHTRA?

We have concluded that during the period, 1985-86 to 1994-95, the regional disparities, instead of reducing have actually increased. This has been proved by factual data and no-body can deny this fact. Similarly, the developed ROM region is the most beneficiary region in whole process of backlog removal. This has mainly happened due to inappropriate Government policies. What is way out? Hence, we have to search for an alternative solution, which is briefly stated below.

11. CLASSIFICATION OF DISTRICTS INTO, "BACKWARD" AND "DEVELOPED"

i) We have stated earlier that both FFC and I&B Committees have avoided the classification of districts into "backward" and "developed". But, we feel that to reduce inter-district disparities such a classification is important and is the first step. There are a number of committees at the National and State levels which have adopted such a classification for identification of backward areas; for example, Chakravarty Committee Report (All India); Committee for Identification of Backward Areas in Maharashtra [1992]. Secondly, the reasons given by the FFC, that there are drawbacks in the methods of identification of

backward regions, (i.e., Ranking method, Index method and Principal Component Analysis) are not convincing on the following grounds:

- a) By identifying 'backward' and developed regions/district, we could design policies for the accelerated development of backward districts by providing additional funds to these districts. Unless, backward districts are provided higher level of investment than the "developed" districts, the objective of reducing regional disparities cannot be achieved. We have suggested this approach in this paper.
- b) These additional funds should be utilised in each of the identified backward districts through SWOT analysis and "Vision Documents" of each district, so that full potential of each district is exploited. In fact, the 14th chapter of the I. B. Committee report specifically discusses long range planning and balanced development of these districts.

ii) Methods of Identification: There are well known methods of identification of backward areas, which were followed by the above mentioned committees or researchers. They are, (a) Ranking Method (b) Index Method (c) Principal Component Analysis. The Chakravarty Committee had followed all these three methods and those districts which were common to all the three methods were identified as "Core Backward" districts. Seeta Prabhu and Sarker as well as the Study Group appointed by the Maharashtra State Planning Board [1992] also identified backward districts in Maharashtra by following the above three methods, using indicators representing, agriculture, industries and social sectors. Therefore, we feel that to reduce regional disparities in Maharashtra during the next decade (2010-20), we have to follow the same methodology as stated above, with suitable indicators.

iii) Accelerated Development of Backward District: The State Planning Board had appointed a Committee in 1992, to identify backward areas in Maharashtra State, under the Chairmanship of B.A. Kulkarni.

This Committee had identified 17 districts in Maharashtra as, "backward" on the basis of 12 socio-economic indicators and by using the above mentioned three methods of identification. This report was in Marathi language and was not published by the State Government. But the recommendations of this Committee were very pragmatic and important. Had the State Government accepted and implemented these recommendations, in 1992 the problem of regional disparities in Maharashtra would have been solved to a great extent.

At a later stage in 1995, the Indicators and Backlog Committee again reconsidered the recommendations of this committee (chapters 12 and 13 of the I & B Committee Report) and advocated implementation of those recommendations. Therefore, we shall briefly mention the major recommendations of this committee.

- 1) The committee identified 17 districts in Maharashtra as backward by using 12 socio-economic indicators. These districts were as follows:
 - i) Gadchiroli, ii) Buldhana, iii) Amaravati, iv) Chandrapur, v) Yavatmal, vi) Akola, vii) Bhandara, viii) Wardha (Vidarbha 8 districts) ix) Jalna, x) Parbhani, xi) Osmanabad, xii) Latur, xiii) Beed, and Nanded (Marathwada 6 districts) xv) Dhule, xvii) Ratnagiri, xviii) Sindhudurg (Rest of Maharashtra 3 district)
- 2) The Committee recommended 15 per cent of the Plan Funds for accelerated development of these 17 districts; the distribution of these 15 per cent funds was made on the basis of population and area of these 17 districts, as follows:

i) Vidarbha 7.5 per cent; ii) Marathwada 5.0 per cent, and iii) Rest of Maharashtra 2.5 per cent.

- 3) Assuming that the Annual Plan of the Government of Maharashtra for the year 2010 - 11 is Rs. 33934.53 cr. Then the 15 per cent of this amount would be about Rs. 5090 crore.

Then the division of this amount (Rs. 5090 cr) among the three regions of the State would be

i) Vidarbha Rs. 2545 crore, ii) Marathwada Rs. 1695 crore; and iii) Rest of Maharashtra Rs. 850 crore.

These special Funds are to be considered as additional funds for the accelerated development of these 17 districts.

- 4) Although the FF Committee Report (1984) was not accepted by the Government, the report of the Indicators to Backlog Committee (1997) was accepted by the State Government. Hence, one may suggest that to reduce regional imbalance in Maharashtra State, the proposal discussed above may be accepted and implemented by the state Government from the year 2011-12.
- 5) We have suggested this proposal mainly because, even today, the relative developmental stage of the backward regions is not much better.

PART - II

12. ROLE OF THE STATUTORY REGIONAL DEVELOPMENT BOARDS

After the publication of the Fact Finding Committee Report in 1984, there was the demand from the backward regions like Marathwada, Vidarbha and Konkan for the creation of the Statutory Regional Development Boards under

Article 371 (2) of the Constitution of India. Shri B.A. Kulkarni one of the members of this committee in his Note of Dissent to this report, has expressed the necessity of invoking provisions of Article 371 (2) of the Constitution of India (see page 341). Secondly, the Fact Finding Committee has also accepted the fact that the historic Nagpur Agreement of Sept. 1953, which was signed by the political leaders of these three regions, was not implemented by the State Government between 1960 and 1984. The Committee States, "in our opinion, the failure to report to the State Assembly every year in terms of the Nagpur Agreement has been a serious lapse on the part of the State Government". **The demand for invoking the provisions of Article 371 (2) of the Constitution is mainly an expression of this feeling of hurt and distrust" (Report page 10).** For details of the Nagpur Agreement, Please see Appendix - 2.

Therefore in 1984, both the Houses of Legislative Assembly and Legislative Council of Maharashtra, recommended unanimously to the Central Government for the creation of the Statutory Regional Development Boards for (i) Vidarbha, (ii) Marathwada and (iii) the Rest of Maharashtra.

13. CREATION OF REGIONAL DEVELOPMENT BOARDS: (1994)

The President of India issued an order under Article 371 (2) of the Constitution of India, on 9th March 1994, for the establishment of three separate Development Boards, namely, for Vidarbha, Marathwada and the Rest of Maharashtra. This order states that, "the Governor of Maharashtra shall have a special responsibility for the establishment of separate Development Boards for Vidarbha, Marathwada and Rest of Maharashtra and for matter specified in the sub-clause (b) and (c) of clause (2) of Article 371 of the Constitution in respect of the area of each such Development Board".

Accordingly, the Governor of Maharashtra issued an order on 30th April 1994, and created three regional Development Boards.

- * The Vidarbha Development Board, Nagpur.
- * The Marathwada Development Board, Aurangabad, and,
- * The Development Board for the Rest of Maharashtra, Mumbai.

14. COMPOSITION OF THE DEVELOPMENT BOARDS:

- * Each Development Board shall consist of 10 Members including the Chairman, all of whom shall be appointed by the Governor.
- * Two members of the Maharashtra Legislative Assembly from the area of the respective Development Board.
- * One member from the local Authority from the area of the respective Development Board.
- * Four members from amongst the persons who,
 - * have special knowledge of the planning process, finances and accounts of the Government, or,
 - * have had a wide experience in financial matters and administration, or,
 - * have special knowledge in different fields like, irrigation, public health, public works, industries, agriculture, education or employment.
- * A Commissioner of Revenue Division from the area of the respective Development Board.
- * An officer of the State Government not below the rank of Additional Commissioner of a Revenue Division from the area of the respective Development Board. He shall be the Member Secretary of the respective Development Board.

15. FUNCTIONS OF THE DEVELOPMENT BOARDS

The main functions of the Development Boards are as follows;

- * To ascertain relative levels of development in different sectors in relation to its area on the basis of appropriate indicators having regard to the levels of development in the state as a whole;
- * To assess the impact of various development efforts in removing backlog and in achieving an overall development within its area.

16. DIRECTIONS BY THE GOVERNOR

The Governor may by order, from time to time, give directions to a Development Board in the matter of its functioning. The Directives of the Hon. Governor, with reference to equitable distribution of Plan Funds, among the three regions of the state are binding on the state Government, under Article 371 2) of the Constitution of India. How would these ensure a minimum flow of funds to backward regions? We consider this question in the following section.

17. SUITABLE ARRANGEMENT FOR EDUCATION, TRAINING AND EMPLOYMENT

The Governor shall ensure equitable arrangement providing adequate facilities for technical education and vocational training and for adequate opportunities for employment in services under the control of the State Government.

It may be noted here that almost all the provisions made in the "Nagpur Agreement" of 1953, are incorporated in the provisions made in the Article 371 (2) of the Constitution.

18. ALLOCATION OF FUNDS FOR DEVELOPMENT EXPENDITURE

- * The Governor of Maharashtra shall ensure equitable allocation of funds for development expenditure over the areas of Development Boards, subject to the requirement of the State as a whole.

- * In ensuring equitable allocation of funds the Governor may (i) take into account the recommendations, if any, made by the Development Board, and,
- * Where he considers it necessary and appropriate to seek advice from any person or body of persons in matter of allocation of funds.

19. ALLOCATION OF FUNDS TO BE REFLECTED IN ANNUAL FINANCIAL STATEMENT

The allocation of funds made by the Governor shall be reflected in the Annual Financial Statements to be placed before the State Legislature and the development activities with regard to the outlays as aforesaid shall be carried out by the State Government **and funds so allocated shall be non-divertible from one area of the Board to that of another Board, provided that.**

- * Re-appropriation may be made in conformity with the budgetary rules and procedures on the developmental activities undertaken within the area of the Board.
- * In the implementation of the development activities the prevailing norms shall be adhered to.
- * The respective administrative departments shall continue to implement and exercise administrative and technical supervision and control over the developmental activities.

20. ACHIEVEMENTS OF THE DEVELOPMENT BOARDS

A Critical evaluation: The Statutory Regional Development Boards in Maharashtra have been functioning for the last 15 years, (i.e., 1995-2010); Therefore, it would be quite useful to make a critical evaluation of their progress and achievements during this period.

At the outset, it should be made clear that these Boards are merely a recommendatory body and not an implementing agency. The Boards pass resolutions on various aspects of the problems of

the region, like removal of backlog, relative levels of development, etc., as mentioned earlier. These resolutions are submitted to the Hon'ble Governor's Office for consideration. Those resolutions, if found suitable by the Governor's Office, are sent to the State Government for consideration and implementation by the Line Departments. We are stating below some of the major achievements of these Boards during the last 15 years.

i) The Boards have made constant efforts to increase the allocation of funds for the removal of backlog in the Annual Budgets of the State Government. For example, in the initial years 1985-86, the State Government allocated only Rs. 200 crore for the removal backlog which was hardly 12 per cent of the total Plan Outlay. Later on this amount was increased to Rs. 500 crore in 1994 - 95; then to Rs. 1100 crore, and to Rs. 1720 crore in 2002-03. Even then, the percentage plan funds allocated for removal of backlog has been about 15 per cent over these years.

ii) The Boards have constantly pointed out to the Government that **there is a big difference between the allocation of funds for the removal of backlog and actual expenditure incurred year-wise.** For example, the total approved outlay for the Marathwada Region for the period 1985-86 to 2007-08, was Rs. 4971.08 crore; but, the actual expenditure incurred during this period was Rs. 3234.09 crore or about 65 per cent of the approved outlay. As 35 per cent of the approved amount was unspent, it resulted into lower level of physical achievements as well as cost-overruns of various projects. It is alarming that, in the years 2002-03; 2003-04 and 2004-05, the percentages of expenditure incurred were, 31.1 per cent 31.2 per cent and 10.7 per cent respectively! This was brought to the notice of the Government. The Hon. Governor has taken a serious note of these lapses.

iii) The problem of Divisible and Non-divisible Funds was also examined by the Boards and was solved satisfactorily in consultation with the Planning Department. The Non-Divisible expenditures are those which cannot be considered for region-wise division among the 3 regions. These are expenditures which are made for "the State as a whole", while those expenditures which can be divided region-wise are known as "Divisible Funds". As the percentage of Non-divisible funds to total Plan Funds increased to about 59 per cent, the proportion of Divisible Fund declined sharply to 41 per cent. Hence, the Marathwada and Vidarbha Development Boards raised this issue with the Government. The Planning Department, on making a closer examination of these expenditures found that many of the Non-divisible expenditures were actually "divisible". Hence, the percentage of Non-divisible expenditures was brought down from 59 per cent to about 30 per cent.

iv) Another important achievement of the Boards is the issue of the Directives by the Hon'ble Governor on 15th December 2001, relating to allocation of funds for irrigation sector, among three regions of the state. To ensure that the irrigation sector in backward Marathwada and Vidarbha get adequate funds for completion of various irrigation projects, he directed the State Government to adopt following formula for allocating plan funds for irrigation sector.

- * 50 per cent on the basis of backlog,
- * 25 per cent on the basis of net sown area of the region
- * 25 per cent on the basis of population (excluding Mumbai) of the region

The above formula was made operative from the year 2001-02 onwards, and was made applicable to i) Budgeted allocations (for irrigation) and ii) Non-budgeted allocations, (i.e., Bonds or market borrowings to finance irrigation projects, especially the Krishna Valley Irrigation Project).

The distinction between backlog funds and non-backlog funds was abolished (for irrigation sector only). Due to implementation of this formula, the flow of funds to irrigation sector in backward regions was increased to a great extent. Earlier the allocation to irrigation sector was included in the total amount of backlog budgeted for all 9 sectors. For example, in 1985-86, only Rs. 200 crore was allocated for all 9 sectors, for removal of backlog. Hence, irrigation could get very small amount. Now the entire budget allocated for irrigation sector (over Rs. 5000 crore) is distributed among the 3 regions on the basis of the formula mentioned above. **Hence the funds for irrigation sector have increased many times.**

This step taken by the Hon'ble Governor was highly appreciated by the political leadership and common people from backward areas like Vidarbha and Marathwada as it augmented the allocation of resources for irrigation sector in these areas

v) With the publication of the "Human Development Report-2002" by Government of Maharashtra, it was found that majority of the districts in Marathwada and Vidarbha were below the state average of 0.58. As mentioned earlier, in Marathwada all 8 districts were below this average, while in Vidarbha also, except Nagpur, all districts were below average. Of the 10 high HDI districts, 9 were located in Rest of Maharashtra while only one (Nagpur) was in Vidarbha. These data clearly indicate that even today, there is a big developmental gap between developed and backward regions of the state.

To remove this gap the Marathwada Development Board made a proposal to the Hon'ble Governor to allocate "Special Fund" of Rs. 2000 crore, in the Annual Budget of the Government for the improvement of HDI values in low HDI districts of the State (19 districts). It is gratifying to note that the Government of Maharashtra has provided Rs. 500 crore for the purpose, in its Annual Budget 2010-11. But, unfortunately the Government could not spend a single rupee under this Head during the fiscal year 2010-11. The Government has now decided to identify 172

backward talukas in the state on the basis of a few socio-economic indicators. The Marathwada Statutory Development Board has opposed this move on the following theoretical grounds:

- a) HDI values cannot be estimated at the taluka level mainly because taluka income cannot be estimated at the taluka level, which has a weightage of 1.0 and
- b) Hence, progress of the taluka cannot be estimated at taluka level in terms of HDI, over a period of time. Also, how does the Government come to the figure of 172 backward talukas, without going into the procedure of selecting these talukas on the basis of some 25 socio-economic indicators? Because, if you follow (i) Ranking Method or (ii) Index Method or (iii) Principal Component Analysis, you will get different number of backward talukas. Without going into this exercise, the Government has decided these 172 talukas, without any sound basis. This is something very serious indeed.

21. RESEARCH STUDIES

The Marathwada Development Board had financed a few research studies relating to the problems of this region.

- i) The Board had financed a study titled, "Comprehensive District Development Plans", of Jalna and Beed districts, in 1998-98. The major thrust of these plans was to reduce inter-taluka disparities in development; secondly, the "Growth Centre" approach was adopted in these plans.
- ii) The Board also financed "A Report on the Farmers' Suicides in Marathwada Region" in 2006. The findings of this report were presented before the "Committee on Farmers' Indebtedness" appointed by the Finance Ministry Government of India (2007). The report was also submitted to concerned authorities, at state and central Government level.

- iii) Recently, on the advice of the Hon'ble Governor, this Board has undertaken a research study relating to the socio-economic problems of tribal population in Marathwada region. The results are to be published shortly.

22. CRITICAL EVALUATION

There are a few criticisms against the structure and working of these Boards:

- a) The Chairman of the Board is generally an MLA or a person from the ruling party. Hence, it is a kind of political appointment. The Late Shri Govindbhai Shroff a prominent Freedom Fighter of the Hyderabad State Liberation Movement had expressed his opinion that the Chairman of the Development Board should be a visionary or a retired Judge of the High Court.
- b) It is also opined that the Boards work in isolation without any public contact. Many people do not know about even the objectives and the working of these Boards.
- c) There is a demand from other parts of Maharashtra for the creation of such Boards, on the ground that they are also not getting benefits of development, e.g., (Konkan, North Maharashtra). But, personally I feel that such Boards are to be set up for backward areas only that is, Marathwada, Vidarbha and Konkan. In fact, there was never any demand from developed Western Maharashtra for the creation of such Board. Hence, there was no need for the creation of the Development Board for the Rest of Maharashtra Region. It was purely a political decision.

23. REPLICATION OF SUCH BOARDS IN OTHER STATES:

Finally, one may explore the possibility of creating such Boards in larger States like, Rajasthan, Madhya Pradesh, Uttar Pradesh, Bihar, etc, because there are areas in these States which were neglected by the dominant regions of the State. Creation of Boards on statutory basis

would at least ensure these regions an equitable allocation of funds for their development, i.e., in proportion to their population.

But this kind of a proposal is likely to be opposed by the "elected representatives" or MLAs on the ground that the financial powers of the state legislatures are being transferred to the Governor while preparing the Annual State Budgets. If the experience of Maharashtra is any guide, these Boards are functioning fairly well and effectively ensuring at least the minimum funds for their development.

The Evaluation Team of the Planning Commission [2003], has also expressed satisfaction about the working of these Boards in Maharashtra. The Team has suggested that these Boards should expand their activities like preparation of Regional plans; Annual plans; creating awareness among the masses etc. (See Appendix - 4).

REFERENCES

- Brahme, Sulabha, Kumud Pore, S.H. Pore, 1975; 'Regional Planning: A Case Study of Marathwada Region', Gokhale Institute of Politics and Economics, Pune - 4.
- Government of India, 2007; *Report of the Expert Group on Agricultural Indebtedness*, Chairman: Dr. R. Radhakrishna, Ministry of Finance, New Delhi.
- Government of Maharashtra, 1984; *Report of the Fact Finding committee on Regional Imbalance in Maharashtra*, Planning Department, Mumbai.
- Government of Maharashtra, 1992; *Report of the Study Group on Identification of Backward Areas in Maharashtra State*, (in Marathi, Unpublished), Planning Department, Mumbai.
- Government of Maharashtra, 1997; *Report of the Indicators and Backlog Committee*, Vol. I, Planning Department, Mumbai.
- Government of Maharashtra, 2002; *Human Development Report - 2002*, Planning Department, Mumbai.
- Kurulkar, R.P., 2003; '100 Poorest Districts in India, Problems and Solutions', in Jagagirdar Mukta and Sushama Deshmukh (eds.), *Post - Reforms Scenario of India Economy*, Centre for Economic and Social Studies, Amaravati.
- Kurulkar, R.P., 2003; *Regional Disparities: Genesis and Solutions, The Economy of Maharashtra*: Edited by Dr. Bhalchandra Mungekar, Dr. Ambedkar Institute of Social and Economic Change, Mumbai.
- Prabhu, K. Seeta and P.C. Sarker, 1992; 'Identification of Levels of Development of Districts in Maharashtra', *Economic and Political Weekly*, Sept. 5, Mumbai.
- Suryanarayana, M.H., 2009; 'Intra-State Economic Disparities: Karnataka and Maharashtra', *Economic and Political Weekly*, June 27, Mumbai.
- Swami Ramanand Teerth Research Institute, 1998; *Development of Marathwada - A Perspective*, Aurangabad.

APPENDIX - 1

Per Capita District Incomes at Current Prices for 2007-08 and 2008-09

Sr. no.	Region/Dist	2007-08 Rs.*	2008-09 Rs. *	Growth Rate (per cent)	Percentage to State Average *
(1)	(2)	(3)	(4)	(5)	(6)
1	Mumbai	77145	89343	15.8	162.84
2	Thane	69265	78531	13.4	143.13
3	Raigad	55935	57074	2.0	104.02
4	Ratnagiri	39527	45060	14.0	82.13
5	Sindhudurg	40738	47183	15.8	86.00
	Konkan Region	69199	78961	14.1	143.91
6	Nashik	51711	55841	7.8	101.78
7	Dhule	31194	33869	8.6	61.73
8	Nandurbar	33240	30516	-8.2	55.62
9	Jalgaon	37651	43184	14.7	78.71
10	Ahmednagar	41584	47856	15.0	87.22
	Nashik Region	42127	46391	10.1	84.55
11	Pune	71073	79968	12.5	145.75
12	Satara	43531	47009	7.9	85.68
13	Sangli	41321	46699	13.0	85.11
14	Solapur	40899	45055	10.2	82.12
15	Kolhapur	50445	55931	10.9	101.94
	Pune Region	54126	60365	11.5	110.02
16	Aurangabad	42927	49465	15.2	90.15
17	Jalna	28754	23635	-17.8	43.08
18	Parbhani	32102	36161	1.6	65.91
19	Hingoli	30257	29150	-3.7	53.13
20	Beed	31562	33672	6.7	61.37
21	Nanded	25581	28853	12.8	52.59
22	Osmanabad	29924	29155	-2.6	53.14
23	Latur	29410	28764	-2.2	52.42
	Aurangabad Region	31840	34538	8.5	62.95
24	Buldhana	27326	30165	10.4	54.98
25	Akola	33834	36750	8.6	66.98
26	Washim	27469	23628	-13.9	43.06
27	Amaravati	31317	33710	7.6	61.44
28	Yavatmal	32349	36979	14.3	67.40
	Amravati Region	30706	33202	8.1	60.51
29	Wardha	38434	41757	8.6	76.11
30	Nagpur	52884	60592	14.6	110.43
31	Bhandara	38439	42037	9.4	76.62
32	Gondia	33807	36986	9.4	67.41
33	Chandrapur	40379	43456	7.6	79.20
34	Gadchiroli	24115	24370	1.0	44.42
	Nagpur Region	42699	47473	11.2	86.52
	Maharashtra State	49058	54867	11.8	100.00

Source: *Economic Survey of Maharashtra 2009-10*, GOM, Mumbai (Table 3.8) Growth rate estimated.

Appendix - 2 Nagpur Agreement:

The problem goes back to the reorganisation of the States. The States Reorganisation Commission was appointed by the Government of India on December 29, 1953. In anticipation, informal deliberations began among eminent social and political workers of Maharashtra on the formation of a Marathi-speaking State out of contiguous Marathi-speaking areas of the then Bombay, Madhya Pradesh and Hyderabad States, and they signed an agreement which would constitute the basis for bringing together the three-Marathi-speaking areas in one single State. The agreement is known as the Nagpur Agreement (September 1953). Its salient features are as under:

(1) For the purpose of all types of development and administration, the three units, namely, Vidarbha, Marathwada and the rest of Maharashtra will be retained as such.

(2) Subject to the requirements of a single Government, the allocation of funds for expenditure over the different units 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. A report in this behalf will be placed before the State Assembly every year.

(3) The three units will be given representation in proportion to population in (a) the composition of the Government, (b) the admission

to all educational institutions having training facilities in vocational and scientific professions or other specialised training, and (c) the services, of all grades, under Government or Government-controlled enterprises.

(4) The High Court of the new State will have its principal seat at Bombay and a second seat at Nagpur. The Bench at Nagpur will ordinarily function for Vidarbha area. While making recommendations of High Court Judges it shall be seen that Vidarbha and Marathwada areas get adequate representation in respect of appointments from, the services and the bar.

(5) Subject to the efficient conduct of administration of a single State, the advantages derived by the people of Vidarbha from Nagpur as the capital of their State shall be preserved to the extent possible. The Government shall officially shift to Nagpur for a definite period and at least one session of the State Legislature shall be held every year in Nagpur.

(6) The administration will be decentralised as an effective means of better associating the people of different units with the administration.

Appendix 3 Human Development Index: Maharashtra State - 2000

District	HDI	Region	Backward District
(1)	(2)	(3)	(4)
1. Mumbai	1.00 H	Rest of Maharashtra	-
2. Gr. Mumbai	1.00 H	-do-	-
3. Thane	0.82 H	-do-	-
4. Raigad	0.70 H	-do-	-
5. Ratnagiri	0.44 L	-do-	B
6. Sindhudurg	0.60 H	-do-	B
7. Nashik	0.51 M	-do-	-
8. Dhule	0.36 L	-do-	B
9. Nandurbar	0.28 L	-do-	-
10. Jalgaon	0.50 M	-do-	-
11. Ahmednagar	0.57 M	-do-	-
12. Pune	0.76 H	-do-	-
13. Satara	0.59 H	-do-	-
14. Sangli	0.68 H	-do-	-
15. Solapur	0.48 L	-do-	-
16. Kolhapur	0.64 H	-do-	-
17. Aurangabad	0.57 M	Marathwada	-
18. Jalna	0.27 L	-do-	B
19. Parbhani	0.43 L	-do-	B
20. Hingoli	0.43 L	-do-	New District
21. Beed	0.47 L	-do-	B
22. Nanded	0.37 L	-do-	B
23. Osmanabad	0.38 L	-do-	B
24. Latur	0.47 L	-do-	B
25. Buldhana	0.41 L	Vidarbha	B
26. Akola	0.44 L	-do-	B
27. Washim	0.36 L	-do-	New District
28. Amravati	0.50 M	-do-	B
29. Yavatmal	0.22 L	-do-	B
30. Wardha	0.49 M	-do-	B
31. Nagpur	0.71 H	Vidarbha	-
32. Bhandara	0.46 L	-do-	B
33. Gondia	0.46 L	-do-	New District
34. Chandrapur	0.41 L	-do-	B
35. Gadchiroli	0.21 L	-do-	B
State	0.58		17

H = High, M = Medium, L = Low, B = Backward districts identified by Government of Maharashtra.

Source: Government of Maharashtra, [2002], p. 274.

Appendix - 4

The following suggestions have been made by the Programme Evaluation Organisation of the Planning Commission, New Delhi in its Study No. 186, dated April 2003, pp X, XI.

The Development Boards were constituted to address certain specific areas of development concern. As per the Governor's order, the Boards are required to function till 2004. The Governor has also desired that all backlogs referred to in the IBC report be removed by 2006.

The performance evaluation brings out both **positive and negative** aspects of their functioning. While the Boards activities have generally brought about important changes in the planning process, their approaches and recommendations were not always in keeping with the objectives of **efficient use of public** resources and developing a strategy for **balanced regional development**.

Should the **term** of the Boards be then **extended**? For two reasons, it may not be fair to conclude that the services of the Boards will no longer be required. First, the activities of the Boards have helped in bringing about several modifications in the planning process for removal of existing backlogs and the impacts of the changes introduced need to be **monitored and evaluated** and perhaps, more **corrective actions** may be required to ensure balanced regional development in the State. Second, being decentralised units, the Boards are better aware of **the local resources, needs, development potentials and areas of socio-economic concern**. Their experience in articulating the issues of regional development in the planning process can be very useful inputs to the planners and policy makers.

The Boards, however, will not be required to carry on with the special functions that were assigned to them by the Governor for backlog monitoring and updating beyond 2006. It is also felt that some of the routine functions of the Boards need not be carried out by them. In view of these, the **role and functions** of the Development Boards must be **redefined**. The following suggestions are made towards this end:-

- * The Boards should be given the **responsibility of preparing the regional development reports** and periodically updating the same. The reports should contain:
 - * an analysis of the assessment of local resource base (human, natural and socio-economic) and development potentials;
 - * the development status of important **population groups and spatial units** in terms of **development indicators** of the various areas of socio-economic concern;
 - * computation of development gaps (not disparity in infrastructure) between the regions and "the State averages in the broad areas of social concern (material well-being, health, education, etc. as in the Human Development Reports brought out by Planning Commission, different State Governments and the UNDP); and
 - * an outline of the regional development plan for consideration of the Planning Department, based on resources and potentials of regions.
- * Based on the regional development reports prepared by the Boards, appropriate **locative principles** for allocation of development resources across regions may be worked out. An **Expert Committee** may be constituted to study the reports and recommend appropriate allocation principles.
- * The Planning Department must regularly give feedback to the Development Boards on the status of proposals and suggestions made by the Boards with explanations wherever needed.
- * The services of the Boards should be used for **monitoring and evaluation** (M&E) of plan programmes and overall regional development. They can monitor the physical and financial performance of plan schemes more effectively than being done at present by the line departments. They can also undertake evaluation of development interventions in collaboration with the research institutions. Results of the **independent** M&E exercises can be forwarded to the concerned line Departments through the office of the Governor for follow-up actions. Perhaps, some capacity **development** of the Boards may be necessary for the purpose.

- * Spending the large part of the **Special** Fund on various development schemes, as is being done at present, is not advisable as many such development schemes can be taken up under the normal State Plan and M.P./M.L.A. Local Area Development Schemes. Instead, they should carry on with the compliance of Governor's directives of using some proportion of this fund for adopting the most backward talukas in the region for intensive development.
- * The Boards should carry on with the task of conducting generation programmes and supporting capacity building of the grassroots level institutions and other such schemes which cannot be adequately funded under the normal plan activities.