

# Report of Fact Finding Team on Vidharbha

Regional Disparities and Rural Distress in Maharashtra  
with particular reference to Vidharbha



Government of India  
Planning Commission

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## **Report of Fact Finding Team on Vidharbha**

**Set up on March 2<sup>nd</sup>, 2006 by Planning Commission  
Government of India**

To study the causes of Regional Disparities and  
Rural Distress in Maharashtra  
with particular reference to Vidharbha

**30<sup>th</sup> May, 2006**

## Background

(i) A number of suicides have been reported from Yavatmal, Akola, Amravati, Wardha, Buldana and Washim districts of Vidarbha area. Initially reports from the press suggested high indebtedness as the reason for suicides. Subsequently it was assumed that the cessation of Monopoly Purchase by Maharashtra for purchase of cotton was a major immediate trigger and had led to these suicides as farmers were not getting remunerative returns on cotton. Doubts were also raised about the yield actually obtained from Bt. Cotton. The possibility of lower returns from rain-fed areas was also raised.

(ii) Issues related to rural distress have been covered by many studies earlier amongst which were the NCF<sup>1</sup>, under chairmanship of Dr. M.S. Swaminathan, Vaidyanathan Committee Report and others. Due to the spate of suicides, the Government of Maharashtra appointed Indira Gandhi Institute of Development Research (IGIDR) to study the causes. This report has opined that indebtedness is one of the major causes of suicides. It also brings out the role of input dealers in agriculture, the possibility of informal debts being much higher than the formal debt and the feeling of helplessness that the farmer is trapped in as some of the main causes of suicides. It has clearly brought out the reasons why cotton growing has become less profitable. It has analyzed the role of MSP and Monopoly Procurement. It dwells upon the many causes of mental illness and also draws upon the possibility of connection with use of pesticides as a germane reason for high incidence of mental illness.

(iii) In the December 2005 session of the Maharashtra Legislative Assembly held in Nagpur, the Chief Minister announced a detailed package for relief on various issues of credit to farmers. The package is for entire Maharashtra with special focus on backward areas. The details of the package are at **Annexure-A**. Briefly, this package rescheduled all outstanding crop loans up to a limit of Rs.25000; imposed interest rates at the rates of District Central Cooperative Banks on to input dealers; interest on outstanding loans on Govt. sources would be written off; principal amount rescheduled over next 5 years with moratorium on repayment on first two years, brought interest rates to 9% with difference to be paid by the State Government; restructured the interest payments for formal debts, and announced all other debts from unauthorized money lenders as null and void. It also provided for three installments due for payments to farmers for procurements taken up earlier. A total amount of Rs.600 crore already stands committed by the Government of Maharashtra for this purpose.

(iv) Planning Commission has been raising the issue of backlog in development of the backward regions from time to time with the State of Maharashtra. The Rajya Sabha had also taken up this issue for detailed

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<sup>1</sup> National Commission on Farmers

discussion on 10.3.06 in pursuance of a Private Member's Resolution tabled by Shri Datta Meghe, M.P. on regional disparities in Vidarbha In the context of the spate of suicides, and in order to analyze and study the usefulness of the package offered by the Chief Minister Maharashtra, the Prime Minister desired that Planning Commission should study the facts of the matter. Planning Commission set up a Fact Finding Team on March 2<sup>nd</sup> 2006, to study the long term causes for rural distress and to suggest measures and alternatives to meeting the imbalance in investment in backward areas of Maharashtra with specific reference to Vidarbha.

**(v)** A Fact Finding Team was constituted. A copy of the relevant Order is at **Annexure B.**

**(vi) The Terms of Reference for the team were as follows:**

- (1) to study the situation regarding disparities in regional development in Maharashtra with particular emphasis on Vidarbha region;
- (2) to study the effectiveness of the existing mechanisms for balanced regional development in Maharashtra;
- (3) to find out the factors leading to rural distress in Vidarbha region and to study the existing relief packages announced by the State Government; and
- (4) to recommend necessary measures for reducing regional disparities in Maharashtra and for addressing the issue of rural distress, especially in the Vidarbha region.

**(vii)** The team comprised the following Members.

Mrs. Adarsh Misra, Principal Adviser (E&F/HUD/TRP/SP-West/UTs/IDA) (Chairperson); Principal Adviser (Health); Principal Adviser (Education); Mrs. Manjulika Gautam, Adviser (SP-West/WCD); Mr. R. Bandyopadhyay, Adviser (Rural Development); Mr. V.V. Sadamate, Adviser (Agriculture); Mr. Chandra Pal, Adviser (MLP/SP-E/SCP/TSP); Mr. N.D.George, Director (SP-W) **[Planning Commission]**; Mr. V.K. Aggarwal, Principal Secretary (Planning); Mr. A. M. Limaye, Divisional Commissioner, Nagpur; Dr. S. A. Nimbalkar, Vice Chancellor, Dr. Panjabrao Deshmukh Krishi Vidyapeeth, Akola **[Government of Maharashtra]**; Mr. Satish Chander, Joint Secretary (Credit & Co-op) **[M/o Agriculture]** and Dr. Amar Singh, Joint Secretary (SGSY), **[M/o Rural Development]**.

The co-opted Members were: Mr. R.M. Vatsa, Secretary R&R; Mr. Sudhir Goyal, Divisional Commissioner, Amravati **[Government of Maharashtra]**.

(viii) Dr. Vandana Dwivedi, Joint Adviser (Agriculture); Mr. Vijay Kumar, Director (Agriculture); Mr. Rupinder Singh, Deputy Secretary and Mr. S. M. Meena, SRO (RD) assisted the team. Mr. V.B. Singh, Joint Director, M/o RD represented his Joint Secretary and Mr. Sirajiddin, Dy. Adviser (SCP/TSP) represented Adviser (SCP/TSP). Ms. Manjulika Gautam, the then Adviser (SP W) was replaced later by other Advisers, the present Adviser (SP W) being Mr. V.K. Bhatia, Mr. A. Shekhar, Adviser (WR), Mr. Rohit Sarkar (Senior Consultant) [PP] assisted the Team. Pr Adviser Education and Pr Adviser Health could not attend the meetings. Assistance of Mr. P. Sen, Pr. Adviser (PP) was also taken for finalizing suggestion on crop insurance. Mr. Saji Thomas and Mr. Krishnan (Consultants) also provided staff support. Mr. D.N. Goel, Private Secretary, Mr. Mahender Singh Rawat, Personal Assistant and Mr. Santosh Kumar Singh, L.D.C. provided the required stenographic support.

(ix) The Team was to submit a report within a period of three months, that is, by 2<sup>nd</sup> June 2006.

**(x) Physical Fact Finding**

The Fact Finding Team visited Vidarbha on March 8<sup>th</sup> to March 11<sup>th</sup> 2006. The team organized itself into 3 sub groups and undertook intense touring of Wardha, Yavatmal, Buldana, Washim, Akola and Amravati. The physical tours undertaken are given respectively at **Annexure C, D, and E** respectively. During the course of touring, the State had given adequate advance publicity so that all those concerned with the issues and the TORs could meet the team. At all places representatives from different political parties, ex and elected MPs, ex MLAs, representatives and authorized officials of political parties, elected MLAs Panchayat representatives, Non Governmental organizations, concerned citizens, farmers federations, unions and farmers and individuals, along with journalists and media persons met with the team members. Minister of State for Finance, Education Minister and other representatives from the Legislative Assembly of Maharashtra also participated in discussion with the team.

The Vidarbha Board officials and officials of different departments also gave various presentations and material.

Smt. Prabha Rao, Chairperson, Maharashtra Pradesh Congress Committee met the team at Nagpur along with a large group of Congress men and workers. Shri Datta Meghe, M.P. specially flew back to Nagpur after having placed a Private Member's Resolution before the Rajya Sabha. He met the chairperson of the team with many representatives accompanying him. Shri N. Gadkari, Leader of the Opposition in Maharashtra Assembly submitted a representation at the air-port before the team departed.

The team also had inputs from various concerned individuals like Shri Deshmukh, ex Minister, Shri B.T. Deshmukh, ex MLA.

The visit was well publicized so that all who had issues regarding rural distress, regional imbalance and backlog of investment were given adequate timings and place to meet the team at District Headquarters and Divisional Headquarters, both at Amravati and at Nagpur. Innumerable people met with the team at different places. Over 300 memoranda and papers were presented to the Team and an illustrative gist of some of them is given at **Annexure F**; **Annexure G** is the list of memoranda given by the delegations and **Annexure H** is the list of papers and reports studied by the Team. There was extensive press coverage. There was live coverage on different TV channels on most days.

The Team has met in Delhi and also contacted the following officials: Chairman (CCI); Joint Commissioner, Technology Mission Cotton and Mr. B. Brahma, Director (CACP).

The Team got valuable insights into cotton production from Mr. Rajiv Mehta, Member Secretary (CACP).

The Team also met the delegations along with concerned citizens, ex-MLA and other peoples and later a delegation from Helpline led by Mr. B.T. Deshmukh, comprising other MLAs and MP of Yavatmal.

The Team also called on the Chief Secretary, Government of Maharashtra, The Chief Secretary had kindly convened a meeting with Pr. Secretary (Planning); Pr. Secretary (Finance); Pr. Secretary (EGS); Secretary (Agriculture); Secretary (Cooperation), Secretary (Irrigation), Government of Maharashtra.

The Team also called on the Minister of State for Finance, the Finance Minister and the Chief Minister at a meeting convened for this purpose by the Chief Minister Maharashtra. The Team also called on the Governor Maharashtra and held discussions regarding the implementation of the Article 371 (2) of the Constitution of India and the functioning of the Statutory Boards. A brief summary of the discussions with Chief Secretary and his team, the Chief Minister and the Governor is at **Annexure-I**.

(xi) The Report of the Fact Finding Team is organized as follows:

Background

Impressions

Executive Summary

Chapter I - Rural distress in Vidarbha: Issues related to cultivation of cotton

Chapter - II Special package announced by Government of Maharashtra for farmers

Chapter - III Regional disparities: Issues related to removal of backlog in public investment

Chapter - IV Analysis of the constitutional Issues involved

Chapter - V Analysis of the working of the Development Boards

Chapter - VI Backlog in irrigation development in Vidarbha

Chapter - VII Energisation of pumpsets & energy backlog in Vidarbha

Chapter VIII Recommendations

## Impressions

### (i) The feel

A well paved State road, a ribbon running through miles and miles of fields; Yavatmal to Amravati; Akola to Amravati; Wardha to Yavatmal with dense trees in the distance; Washim to Buldana. Hundreds of kilometers before one sees an occasional inter state convoy of trucks. Miles and miles without a single industry, shop/ paan wala/ dhabha. Potholes and uneven surfaces on the roads to villages. Oil lanterns and occasionally a single bulb in some homes and at the public places. Sometimes a three wheeler on the road. Some electricity poles. The sameness of a shanty town market look in the District Headquarters, with slightly more prosperity, due to nationalistic tourism, in Wardha. None of the bustle, the festive look of ugly facades where shopkeepers have sufficient kept by to invest in atrocious and yet imaginative paint and frontage as in sleepy Dhenkanal, wet and filthy Hardwar, busy Ambala. The beautiful siting of Amravati on graduated hills, quiet, with no audible or visual reminder of the bursts of energy of people toiling, or even loitering, in other hills in the North or South of India not sufficient business as in Landsdowe, the busy-ness of Una, no feel of the push of economic forces at work in Nainital, Ooty, Gangtok, Coimbatore.

Acres and acres of rain-fed fields with some pockets of irrigated affluence. (Irrigated potential created in Vidarbha is 19% of gross cropped area). At some places a few ginning mills could be seen with cotton bales piled in the open and covered high with dust and waste. Obviously these would not reach Ludhiana with its need for Long Staple for hosiery and which is met from exports with 10% and imports duty, an issue causing great aggravation amongst the farmers. No textile mills, no flourishing feel of thriving end to end production. Cotton being purchased from doorstep by traders despite earlier Monopoly Procurement by Cotton Federation. Traders reported to be in league with unscrupulous people who would then sell at the much higher price to the Federation. The farmers getting their money only in long installments, thus leading to higher debt due to their immediate needs not being met for the next season. Nearer the Divisional Headquarters, roadside sellers of oranges in heaps. Oranges at Rs.10-12/- a kg. No longer export quality, and quite a few orchards destroyed due to the heavy hailstorms. The feeling of a people hanging on by their nails to a semblance of a livelihood. A land quite isolated from the main business of development or the fruits of development

In the homes of the widows a bareness. No acquisitions of note. Only a few with even a bed. Mostly empty one rooms with bare floors, a few possessions in bundles in corners, the rooms enclosed with any available oddment for a wall, the entrance often an uneven aperture covered with a string from which a torn piece of cloth, often an old sari, acts as the curtain. A feeling of quiet despair in the midst of a few slightly more affluent houses. The look of

incomprehension on the faces of widows, now suddenly 'farmers', with no skills for engaging even a contract for leasing the fields. Most widows wept copiously and could not communicate any reason for the suicide. Some youngsters and well meaning villagers reported high incidence of alcoholism. A feeling of despair and desolation. Nagpur though crowded and needing many of the inputs under JNNURM<sup>1</sup> was a contrast of almost affluence and definitely more advanced developmental inputs.

### (ii) The contradictions

Most of the widows visited confirmed they had an average of 10-15 acres of holdings. These should rank as much higher as holding size to fall in the below poverty line bracket or in the bracket of 'uneconomic' farm. Formal debts from official channels were only Rs. 15-25000/-. Nearly all widows stated that other debts were owed to informal channels like relatives. No one liked to admit the debts due to input dealers or money lenders. The figures collated by the IGIDR for suicide families are also in the region of Rs.24,000/- to Rs.34,000/ for one transaction. The average transactions for suicide cases was found to be around three. With interest rates between 100 -150 per cent, the debt burden arrived at appears to be close to Rs.1,00,000/- per case. A fair amount of this was found to be from informal sources. The figure obtained by the team through verbal discussions with the villagers and from local agriculture officials indicated an average debt of Rs. 1, 00,000/- to Rs.1, 50,000/- as it encompassed loans of previous three to four years.

Farmers reported that most Bt Cotton Packets carry the information that "Best grown in irrigated conditions" in small letters. None of the suicide homes had, however, irrigated land even though Bt Cotton will do best in irrigated or at least with one supplemental irrigation. One of the suicide victim cases had just got a cancellation of his proposal to dig a tube well under EGS. Others complained of no electricity to energise their pumps. Except for a few roadside evidences of 'bori-bund' programme to augment ground water, there was no evidence of a sustained and well participated in programme for watershed development or rain water harvesting or arrangements for sharing of water wherever pumps or traditional wells existed.

Children from families where suicides have occurred were going to Class 9<sup>th</sup> or 10<sup>th</sup> at schools in the village. The school buildings were a little old and needed paint but were of standard size. The homes were, however, quite bare.

In some villages massive concrete well maintained and new Community and Panchayat meeting halls and offices existed.

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<sup>1</sup> Jawaharlal Nehru National Urban Renewal Mission

Many of the Sarpanches were women but most could not put across their views and were represented by the menfolk. On being prompted they could repeat some of the points raised by the men.

### **(iii) The perception and the problems**

Consequent, perhaps, to local media coverage, the editorials, and the opinion of political party representatives, elected representatives, citizens voicing their concerns, most of the rural people of Vidarbha and many educated people in the Divisional Headquarter meetings believe that they have been discriminated against by policy makers and politicians in Mumbai. Most even believed that the rates for relief from distress due to hailstorm were different for Vidarbha and much higher for the Rest of Maharashtra. No amount of figures being presented by Divisional Officers could convince the people. They had numerous instances of differential to quote. All farmers believed the answer to their problems was the making available of irrigation, power for their pump sets and the procurement of cotton at assured and remunerative prices. They expressed the need for appropriate advisory and quality seeds

At the village level where meetings were often held on any open space next to the roadside due to lack of any other place, people were generally of the opinion that they needed irrigation, power to electrify their pump sets and needed more sanctions for wells to be constructed. They felt that the Government had 'deserted' them by withdrawing Monopoly Procurement. Another oft repeated complaint was that the input dealers have provided seeds for cotton with the information that this would grow best in irrigated conditions written in very small letters so they felt cheated at not having been able to protect themselves. According to the farmers they got much less yield than earlier and felt that 3 quintals an acre was too little to meet the cost of inputs which included pesticides after the initial 90 days of protection from Bollworm was over. With prices at only Rs.1700/- a quintal they could hardly survive was their sentiment. (The MSP fixed by the CACP for 2005-06 in respect of Short Staple (J-34) cotton is Rs.1760/- per quintal and for Long Staple (H-4) is Rs.1980/- per quintal).

Yashada, the State Training Institute has brought out its report after covering a sample of one third of the suicide cases and states that only 4% of the cases were of cotton growers. As per their findings the 30% alcoholism is a possible cause, as, too, the mental illness and depression caused by use of pesticides. There were other oral non documented statements made by the people regarding the headaches that the women complained about due to picking of cotton in areas where pesticides had been used in comparison to areas where organic farming practices had been observed. It is interesting to note the summation of causes of suicide in Andhra Pradesh legislative debates.<sup>2</sup> Based upon a cross section of reports regarding suicides in Punjab, Karnataka and Maharashtra the Andhra Pradesh legislators summed up the causes as

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<sup>2</sup> From web site

switch over to crash crop and cotton, exploitation by unscrupulous input dealers and crushing debt burden.

IGIDR has clearly brought out that the reasons for suicide are indebtedness of the farmers and that there are grave issues of mental health due to use of pesticides. They state that the use of insecticides in cotton is excessive. The per hectare usage is nearly 13 times higher than of Soyabean; 82 times higher than that of Tur; 442 times higher than that of sugarcane. They further state that in addition to yield uncertainty, the cost of cotton cultivation is much higher than the price received. There is poor dissemination of scientific farm techniques, farmers do not use certified seeds, seeds showing per unit land is not adhered to, fertilizers usage is not as per recommended doses, insecticides usages is excessive causing damage to crop and ecology and the farmers being increasingly exposed to price volatility.

As told by the farmers at villages and by the widows, there is no clear reason for the suicides of farmers. Suicides were inexplicable to the widows. There are, of course, the usual argumentations put forth about the mood of the man before death. Some reported conversations regarding worries as to how the daughters would be married. Others reported the huge amounts of debts. Some widows were aware of the amount of debt, some depended upon the district officials reading out the formal debts owed to different credit agencies. A few could relate the amounts owed to family members or other parties. None would admit of themselves of the amounts owed to the input dealers or to traders as, obviously, the pressure of the village people was high as none would like to have a situation where the State machinery would come down heavily on the money lenders and their future sources of credit would thus dry up.

In the villages and in the district meetings it was found that the public outcry was on the cessation of procurement by the State Government and the prices realized for cotton. The stories told by the villagers were that:

- Cotton growing had become extremely unproductive
- Bt. Cotton and hybrids show more wilting under heavy rains compared to the hybrids
- Input cost were very high with seed costing over Rs 1140/- to Rs 1600/- per packet
- With desi seed they spent only Rs 1000/- or so while their returns were also poor
- From past few years their input costs have become extremely high
- The returns were only 3 quintals per acre whereas they had been promised 12 quintals return
- Earlier they had got 10-12 quintals and the reduction in productivity was steadily increasing for previous three years
- They had got Rs 2500/- per quintal earlier

- The prices since removal of government Monopoly Procurement now were only Rs 1700/- per quintal
- Farmers got no profit
- The government had to procure their cotton
- The seed was spurious
- They had noticed the seed manufacturers warning about “best when used in irrigated conditions” too late as the lettering was very small
- No one from government had warned them not to use these seeds
- Electricity was not available to energize the few pumps installed so in the absence of rain they could not get enough water to the fields
- Many last mile irrigation projects were being held up by forest department and that while the rest of Maharashtra had irrigated conditions they were being made to suffer
- Some of the projects proposed under irrigation would lead to submerging many villages and they would not like to go for sugar cultivation as only those with large land and money can afford the same
- When the women went for supplementary E.G.S. work they got only Rs. 30/- while the men folk got Rs. 35/- that this was not enough to make ends meet.

On being asked whether they should shift from cotton there was strong resentment. They did not wish to get into supplementary farm activities as even the price of milk was not enough for them to make a profit. They did not wish to learn new activities. The Team found there were virtually no room for agriculture based activities. The Team found that there were virtually no non farm activities nor any prominent agro based initiatives. ITC has opened an E Choupal which is yet to become functional.

At the District level and Divisional Headquarter meetings which were attended by many political parties' representatives, the added dimension was the issue of Backlog due from Government of Maharashtra in terms of investment in irrigation, electricity and the identified key 8 sectors. The feeling and information conveyed by various delegations, and supported by data was that even after 2001 when some start was made by the Government to carry the allocations for backward regions, as arising out of the Governor's directives, the departments did not spend the money and a large percentage of the funds were being surrendered annually.

#### **(iv) Official Versions**

Regarding distress in rural areas, the official versions at divisional and State level amongst officers and politicians was that cotton is no longer remunerative due to heavy export subsidy by United States; similar subsidies by European producers leading to depression of international prices. Low

international prices have a dampening effect on domestic cotton prices. They further feel that Monopoly Procurement Scheme has been correctly withdrawn as the Maharashtra Cotton Federation has been running into over Rs.5000/- crore losses. They recognize the need for credit and the fact that most of the farmers have been on the list of defaulters for quite sometime. No definite programmes could be suggested by the Chief Minister and the Finance Minister for overcoming the problem of farmers being on the default list and therefore not being eligible for any fresh credit. However, they said that the overall credit requirements of farmers, particularly in suicide areas, is being considered by the Union Minister of Agriculture for all States and some package is expected by them from the Central Government. At the State level, their suggestion is that NABARD may be closely involved in the loaning through cooperative Banks and the current regulations for societies relating to net worth as obstacles to their involvement may be removed. They feel that NABARD, with its capacity to create systems for recovery of debt, will be in a better position to organize fresh credit requirements of the farmers. The existing condition of the cooperative credit banks is decrepit and revival is possible only through close involvement of organizations like NABARD and with relaxation being given by RBI so that the needs of the farmers can be met.

As regards backlog, with special reference to implementation of projects for irrigation in Vidarbha, the Chief Minister and the Finance Minister felt that the needs of Vidarbha area can be met only by augmenting the flow of funds through Central grants. They felt that the State Government is handicapped by the need to create capacity to absorb the award for Krishna waters! The fact that the capacity has already been created to absorb the Bachawat Award is not mentioned by the senior politicians of the State. Their desire is to expand the capacity in western Maharashtra. Currently they are busy with all last mile projects where 75% expenditure has already been made in western Maharashtra. On being asked why similar focused and coordinated attention cannot be made for completing irrigation projects in Vidarbha area, their response is that most of the irrigation projects in Vidarbha area fall in degraded forests area (Juddupi' jungle i.e. degraded forest) and that EIA has not been made available by Ministry of Environment and Forests. Their response to the need to provide integrated watershed development and rainwater harvesting for cost effective water conservation was lukewarm. Regarding remaining backlog in identified sectors (Irrigation, Roads, General Education, Technical Education, Public Health, Urban Water Supply, Soil Conservation, Veterinary Services, Energisation of Pump Sets), the stand taken by the Chief Minister and the Finance Minister is that the needs of overall development of the State have been the major reason why funds could not be allocated earlier.

Now, with the directives of the Governor being implemented, provision is being made annually. Funds are being made available but the pace can only be as provided at present, which is much lower than the total backlog. It is also reported by them that as of current year (2006-07), the off budget loans, Central

grants, AIBP and even supplementary grants are all under the Governor's formula for arriving at apportionment of State Budget with appropriate division for Vidarbha, Marathwada and rest of Maharashtra.

Funds are certainly being made available as of 2006-07 but the pace can only be as provided at present, which is much lower than the total backlog, which, when calculated on 1994 prices when the Indicators and Backlog Committee recommendations had been accepted, is much larger in current prices.

The fact that there is little attempt to spend the money made available under the backlog is not adequate, could not be answered convincingly by Government of Maharashtra.

### **(v) Conclusion**

Thus, there were innumerable issues which came up during the visit to the districts in Vidarbha region and in the discussions held with delegations of politicians from the area of Vidarbha, the concerned citizens and the State Government officials, the Finance Minister, the Chief Minister. Additionally, the discussions with the Board officials also led to fresh perspectives. The discussions with the Governor conducted during the later part of the study confirmed the impression of the Team regarding ineffectiveness of the Board in delivery of any planned programme in the region.

The impression carried by the Team and as communicated to the Chief Minister, Chief Secretary and the Governor was of acute distress among the farmers in the Vidarbha region due to cessation of monopoly procurement which had been in vogue for over 20 years; the vagaries of open market procurement at different prices depending upon depression in international prices; a sense of grievance among the farmers regarding variable yield from Bt cotton / hybrid; a feeling of helplessness among the farmers regarding their overwhelming indebtedness; a feeling of grievance based on lack of irrigation facilities; helplessness at not being able to energise pump sets in the area; a perception of being bereft without any support from extension machinery; confusion regarding planting procedures.

The Team found that there were virtually no non farm activities nor any prominent agro based initiatives. There was clear resistance from the people to move away from mono cropping in cotton.

Among the officials and the official State machinery, it is felt that the Governor has finally been able to achieve some discipline regarding observance by the Council of Ministers in introducing the backlog provisions and provisions for backward regions as per the Constitutional provision of Article 371 (2) but that the system is not geared up towards implementation and that annual

surrenders against the amounts allocated leading to supplementary budgets, which are then spent in the rest of Maharashtra.

The Team felt there was inadequate explanation for this lackadaisical attitude in implementation of projects for Vidarbha and that there was ample reason to suspect collusion and connivance in not sanctioning the funds for the region and later to move for supplementary budgets, mostly for irrigation in Western Maharashtra.

### **(vi) Organizing the study with reference to the Terms of Reference**

The Terms of Reference as enjoined upon the Fact Finding Team (FFT) were to study:

- the situation regarding regional disparities with particular emphasis on Vidarbha;
- the effectiveness of existing mechanism for bringing about balanced regional development;
- to ascertain the factors leading the rural distress and the effectiveness of relief packages announced by the State Government;
- and to recommend necessary measures for reducing regional disparities and addressing the issue of the rural areas especially the Vidarbha region.

On rural distress, the Team decided to focus on cotton. One of the chief reasons for this was the fact that while cotton is not the single crop in the area, it was the crop leading to huge public outcry due to low yield, low price realisation, questions regarding quality of seeds, and cessation of procurement by the State Government, and reported presence of input dealers and their role in acting as agricultural advisers. Along with this the team analyzed the other components of agricultural distress, namely, issues pertaining to indebtedness, credit and crop insurance, extension delivery and agricultural practices adopted.

Taking the overall Terms of Reference into account, the team, therefore, focused on the issues related to rural distress, that is, cotton cultivation, irrigation, backlog in public investment and the functioning of the Development Boards. The findings are given in subsequent sections, summary and recommendations.

## Executive Summary

### (i) Background

A Fact Finding Team had been constituted by the Planning Commission, at the behest of the Prime Minister, to study the situation regarding disparities in regional development, to recommend necessary measures for reducing regional disparities in Maharashtra, and for addressing the issue of rural distress, especially in the Vidarbha region.

The Team led by Mrs. Adarsh Misra, Principal Adviser, Planning Commission, comprised senior Advisers from Planning Commission and members at the level of Joint Secretary from Ministry of Agriculture and Ministry of Rural Development, Government of Maharashtra and other co-opted members. The Team conducted intensive field tours of all the six affected districts, namely, Yavatmal, Akola, Amravati, Wardha, Buldana and Washim in Nagpur and Amravati divisions in Maharashtra. The visit of the Team had been well publicized in advance and timings had been given to concerned persons and public to meet the Team during the period of visit in March 2006. The Team met innumerable individuals and delegations representing different political and interest groups.

The Team also called upon and held detailed discussions with the officials of State of Maharashtra, with the Finance Minister, Chief Minister and with the Governor of Maharashtra.

Innumerable memoranda were received and studied apart from the reports of Indira Gandhi Institute of Development Research (IGIDR), Mumbai, which had conducted a special study for the causes of suicides as commissioned by Government of Maharashtra. The report brought out by YASHADA, a State Training Institute of Government of Maharashtra; the third and fourth reports of the National Commission on Farmers chaired by Dr. M.S. Swaminathan; and accessed data and other reports through the Government of Maharashtra and as available on the website for the data of Commission of Agricultural Costs & Prices (CACP) and Cotton Corporation of India (CCI) and Technology Mission for Cotton, RBI, etc.

### (ii) Historical disregard of the Constitutional Provision for appropriate investment.

Visiting the six acutely distressed districts, namely, Wardha, Yavatmal, Akola, Buldhana, Washim and Amravati, the Team found astounding evidence of years of continued neglect of a region and its people. Ironically, the area is protected by the Constitution of India under Article 371(2) which, essentially, enjoins a special responsibility upon the Governor and thereby the State

Government to ensure that the State provides equitable treatment to the area after taking into account the requirements of the State as a whole. It would appear that with the Nagpur Agreement, 1953, followed by the passing of the Constitutional Ninth Amendment 1956, the problem of providing appropriate investment to this part of erstwhile Central Provinces has persisted since the very beginning. It is also apparent that the elected representatives in the State had, after a couple of decades of such neglect, recognized the difficulty in implementing the above said constitutional provision and passed unanimous resolutions in their 1982 sessions in both Houses of the State Legislature requesting the President of India to issue suitable orders to operationalise the constitutional provision under Article 371(2). Thereafter, in 1994 the President of India was pleased to issue suitable orders giving the special responsibility to the Governor. Pursuant to the special orders of 1994, in the same year, the Governor issued the Development Boards for Vidarbha and Marathwada and rest of Maharashtra Order. This details the rules and methodology for allocation of development resources for irrigation and other identified sectors amongst the 3 regions.

The Dandekar Committee on Backlogs which was set up in 1983 submitted its recommendations in 1984. These were not formally accepted by the State Government. A fresh Indicators and Backlog Committee was set up by the Governor of Maharashtra in 1995 which also presented its report in 9<sup>1</sup> identified sectors, but no action was taken by the Government of Maharashtra or the Governor of Maharashtra till 2000 when for the first time an attempt was made to have the recommendations accepted by the Government and to peg the backlog at 1994 prices. The delay in implementing the budgetary consequences of having willingly joined Vidarbha to Maharashtra in its very constitution as a State is by itself a measure of inadequacy of the intentions of the Government of Maharashtra over the past more than a decade. The subsequent carrying of the directives of the Governor on the backlog allocations as an Annexure to the Annual Financial Statement has been followed by a weak implementation. It would not be incorrect to state that this lack of implementation in some of the major areas of development is possibly one of the major causes of the present acute distress faced in this region.

The acute and continued neglect of the area is well evidenced even by the Human Development Index (HDI) of the State which shows that out of the 35 districts, 4 of the six highly distressed districts are uniformly among the lowest in the State.<sup>2</sup>

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<sup>1</sup> Irrigation, Energy, Energisation of Pump sets, General Education including Technical Education, Public Health, Roads, Urban Water Supply, Conservation, Veterinary Services.

<sup>2</sup> Washim 31; Yavatmal 33; Wardha 15; Amravati 16; Akola 27; Buldana 20; Nagpur 5; Bhandara 19; Gondia 21; Chandrapur 26; Gadchiroli 34

Till date what the team has found is that the letter of the Constitution is now visible as Annexure to the Annual Statement of Accounts but the spirit to implement is still to be tested. The history of implementation of the allocations since 2000, when the first allocations were indicated, shows that the State has traditionally surrendered the provisions for Vidarbha, while, paradoxically, bulk of the State's power requirements are drawn from this region<sup>3</sup>. Even the need to provide energy for energisation of pump sets has not lead to a system of prioritisation. While Nasik district alone has over 2 lakh pump sets, in Vidarbha the number can be equaled only by counting the total pump sets for 5 districts,. The difference is not in the water table but in the treatment. Another major area pertains to irrigation, where the region has only 4% area under irrigation compared to rest of Maharashtra with almost 20% irrigated area. One of the oft quoted reasons is the existence of large forest areas (56%) and deemed forests leading to difficulty in getting environmental clearances for the projects. The State has sent applications to Ministry of Environment and Forests, GOI with apparently little success. Appropriate solutions like finding alternative lands for afforestation need to be found. Other reasons for non implementation as found by the team were shortage of qualified manpower, non delegation of powers at the regional level, and delay in sanctions at State level. There is an obvious lack of commitment in implementing any schemes under irrigation in Vidarbha.

As a result of the lack of implementation of the previous directives of the Governor, the remaining backlog as on March 31, 2005 is Rs.8238.94 crores at 1994 prices. The remaining backlog would be Rs.14434.64 crores at 2003-04 prices.

The Team has recommended that a time frame of 5 years may be fixed for removal of backlog; absorptive capacity of various sectors for incurring expenditure be improved; a strong monitoring mechanism be established for ensuring implementation; a non-lapsable budget head may be created for funds allocated by the Governor; the Annual Financial Statement may reflect both allocation and expenditure for the previous years so as to facilitate better monitoring. The Team also felt that it was necessary to focus on overall perspective planning for the backward regions and emphasis on only removal of backlog should not be the only means of achieving the developmental needs of the region.

As terrorism has already more than a foothold in the region it is suggested that the State may consider treating this not in a compartmental manner but as an urgent signal for development. The team strongly recommends considered measures be explored for ensuring that the commitment of funds in the Budget see the light of actual implementation. In the first instance the team feels that a strong monitoring mechanism under the Chief Minister be put into place. This Committee should monitor the overall trend of expenditure, review the preparative steps for implementation and take decisions on any road blocks

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<sup>3</sup> Koredi, Paras, Chandrapur, Kappesera power projects

arising during implementation. The results of every quarter's planning and implementation of the budgeted provisions should be closely monitored, at least quarterly, by the Governor and the Planning Commission.

Milestones be clearly developed and the relevant Departments should immediately be given delegations at regional level to enable quicker sanctioning and approvals. The Departments be enabled to get the works executed through departmental or out sourced mechanisms so that identified milestones are achieved within given time schedules.

The State Government may consider positioning an Administrator of the seniority of the Chief Secretary of the State to oversee the functioning of these delegated powers.

The State should strengthen the presence of different departments at the regional level. The team noted the posting of a senior and experienced Agricultural Commissioner as the Development Commissioner Amravati and feels this is a step in the right direction for finding appropriate solutions to the needs of strong advisory for the farmers.

The Development Board of Vidarbha should be strengthened. Existing vacancies at different levels including the senior most should be filled urgently. The Board may be charged with the responsibility to oversee the works to be executed through the departmental or out sourced mechanisms so that identified milestones are achieved within given time schedules. The Board should report progress regularly to the State Government and to the Governor.

The following measures are also suggested:

**(iii) Pegging of backlog**

The backlog has to be pegged at Rs.8238.94 crore at 1993-94 prices and Rs. 14434.64 crore at 2003-04 prices.

**(iv) Time bound reduction of backlog**

A time frame of 5 years may be fixed for the removal of backlog taking into consideration the overall resource position of the State and the absorptive capacity of various sectors for incurring expenditure.

**(v) Monitoring mechanism to be improved**

At the State level a high level committee under the Chairmanship of the Finance Minister of the State may be set up to monitor on a quarterly basis the progress of expenditure in respect of allocations made by the Governor and submit a report to the Governor and the Planning Commission. The State Chief

Secretary, Principal Secretary Planning, the Chairmen of the Statutory Development Boards and one MLA from the region concerned may be members of this high level committee.

### **(vi) Allocations to become visible**

It is, therefore, necessary to show the allocations made by the Governor separately in the Financial Statement (Budget) under their respective development heads with details of actual expenditure and Revised Estimates for the previous two years as is being normally done for various heads of expenditures. Similarly, the Summary Statement presently included in the Financial Statement showing the Board-wise distribution of allocations made by the Governor should also contain Actual Expenditure for the year preceding the previous year and Revised Estimates for the previous year.

### **(vii) Earmarking of allocations both by State and Planning Commission**

The State Government may indicate the allocations made by the Governor as earmarked outlays in the Annual Plans and the Planning Commission may in turn earmark these outlays in the approval letters for the Annual Plan. There will be a proportionate cut in normal central assistance if the State Government does not spend the earmarked allocations.

### **(viii) Reporting**

The State Government may include a separate chapter on regional imbalances, removal of backlog etc, in their Annual Plan documents with details of allocations and year wise progress of expenditure. The Planning Commission may specifically take up the issues related to regional imbalances, backlog removal etc. in the Annual Plan review meetings.

### **(ix) Suicides and action by the State**

Suicide, an extreme expression of distress, has raised grave questions regarding not only the historical neglect of the region but also a philosophical question about the capacity of Governments to be of immediate service to people in such acute distress. While the State Government of Maharashtra has announced a special package in its Assembly in December 2005 at Nagpur, the spate of suicides has continued unabated all through the middle of the last year bringing the number of suicides to over 500 by the middle of May 2006. Maharashtra is not alone amongst various States to face this kind of a crisis. It is reported by the officers of the State Government that in Yavatmal suicides have been occurring in previous years also. To look into the matter in greater detail the State commissioned various professional bodies to study the matter. The State announced its package almost 7 months after the spate of suicides started becoming a near hysterical epidemic expression of the distress of the farmers of

the State. At present, however, the State is well organised, and acting almost on a war footing. It is sending teams of officers to visit and provide both economic and psychological counseling to all indebted families. This covers lakhs of farmers in the six districts. Unsubstantiated reports have also been heard regarding suicides from Marathwada also.

It is learnt from a study of past such cases in other States, that suicides have abated only with the announcements of assurances of support price and procurement. The Punjab suicides in Sangrur and other districts are a case in example. Although the crop was paddy, the severe and detrimental linkages to informal input and credit providers and consequential loss of face appears to have been the triggers. Switch over to commercial crop like cotton, lack of procurement on quality reasons or low realization of price and quantity and persistence by the informal input dealer to collect his debt with consequential loss of face to the farmer appear to be common strains in suicides across the country. In Karnataka, Andhra Pradesh and in Punjab legislative provisions exist to protect the farmer from having to pay more than the principal as interest. The abolishing of "*kanthuvatt*" i.e. usurious interest to facilitate the farmers to get the loans at lesser rate of interest of note, as too the strong punitive provisions in the Karnataka legislation backed with provision for administrative action through the Head of the Zillah Panchayati Raj who is an administrator. In the Special package announced by the Government of Maharashtra all such debts from unlicensed money lenders have already been declared as null and void and the State has picked up the difference between any interest which is more than the principal. What is needed additionally, perhaps is a system by which any action to pursue collection of debt by unlicensed money lender would be acted upon and the person would be made a public example of so as to act as deterrent to others.<sup>4</sup>

### **(x) Causes for rural distress in Vidarbha**

The Team analyzed the various reasons for distress in the region. The physical field tour had given ample evidence of distress due to lack of procurement of cotton, loss due to lower price realization, and low yield. On a detailed analysis, the Team found that the area has a fair proportion of land under cotton. Jowar and Tur are also grown. Cotton had accrued in leaps and bounds in coverage of hectares earlier but the present trend shows a definite trend towards reduction in area under cotton in the selected districts and a marked increase of area under Soyabean.

The team considered the problems faced by the farmers under different crops and found that for Jowar and Tur, the problems were generally similar to the other regions of the country as the investment cycle and productivity cycle stay at little higher than that of subsistence level. This is essentially because the crops are not really commercial crops and the input outputs are well settled

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<sup>4</sup> Further dwelt on in para 9.3 of this summary.

issues and price fluctuations have not disturbed the investment cycle. What has been found is that Jowar is in fact equally unproductive, like cotton, as the cost of inputs and price realized are adverse. As regards Soyabean, where a significant switch over as diversification seems to be happening, the dependence on rainfall has not led to the same problems as in case of cotton. The price fluctuations in Soyabean are a factor in determining the area under this crop. The existence of ITC e- Choupals are likely to become a significant positive event in the area. With these e- Choupals the farmers will be able to enter into hedging at the local level thus reducing the impact of international price fluctuations. More investment into such initiatives which eliminate the middleman will be of tremendous benefit to the farmers. Multi Commodity Exchanges should become a major programme in the area.

In the case of cotton, however, the shock of drop in income due to a variety of reasons including cessation of procurement lead to an alarming perception of acute distress. This found expression in the form of suicide in many cases. The team found various reasons contributing for this distress.

### **(xi) Distress in Cotton**

#### **Cost of seeds and their quality and how this impinged on cost of production.**

The flooding of the rural areas by open market input dealers for seeds, pesticides, etc. was another channel through which their distress was increased. Although only 15% of the area was found to be under Bt cotton, nonetheless the team found that farmers had invested in seeds which were possibly spurious but also had , on checking, found to have had strains of Bt in them. Having switched to commercial and market economy of hybrids and new strains in cotton, the farmers appear to have been taken in by the promise of protection from bollworm disease and bought into a variety of seeds from input dealers giving out promises of high yield and protection from bollworm, hence an expectation of less expenditure on pesticides. Farmers therefore invested in Bt Cotton or other seeds promising the same results from input dealers with possibly spurious seeds offered at high prices. MAHYCO (Monsanto), a Bt Cotton seed of Monsanto was being sold at Rs 1600/- per packet of 450gms. The alternative seeds made available in different names were sold to farmers at Rs 1400-to Rs 1450 per packet of 450 gms seed. Added to this was the cost of additional packets, often another variety so that the fields could be fully filled. This led to, after picking and preparation of bales, a mixing of the different lengths of staple, thus leading to further lowering of prices actually received by the farmers. The State was aware of the problem and a strong regulatory action of seizing 1 crore suspected spurious seeds was taken. The spurious seeds samples and the results and reports were sent by the State to CICR<sup>5</sup>. State Regulatory action notwithstanding, the farmer had already sown the field and not having any

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<sup>5</sup> CICR- Central Institute for Cotton Research, Nagpur

alternative was the ultimate loser as even the expected procurement by the MSCCGF<sup>6</sup> was not done.

In fact the MAHYCO packet available at Rs.1600/- per packet is with a very high royalty. The issue has already been taken up by Monopoly & Restrictive Trade Practices Commission (MRTPC) and recently it is learnt from newspapers that they have ordered that MAHYCO prices should be equivalent to the prices currently prevailing in China. It is learnt that Monsanto have moved the Supreme Court to obtain relief from this order. In comparison, seed packets of 450 gms are available in Gujarat at Rs 450/- to Rs 500/- per packet as what is in use is Navbharat, a locally developed strain.<sup>7</sup>

### **Recommended package for free appropriate quality seeds**

Given the conditions of severe stress prevailing in the region, the team strongly feels the need to recommend the distribution of 2 packets each per acre (for 2 hectare per farmer of 450 gms free seed packets, appropriate to the climate and soil to about 15 lakh farmers involved in cotton growing in the six districts under severe distress.<sup>8</sup> It is estimated that, with intense advisory as part of the package, the estimated cost would be around Rs 700/- Crores. This is a minimum and essential support package in view of the large number of suicides and the extreme distress by converting to a commercial crop, by stopping monopoly procurement and by the present adverse influencers of open market practices to which the farmers are not as yet used to. In view of the very short period remaining for khariff sowing, the Team feels that in case seeds cannot be procured or market signals being given in time for the free seeds to reach the farmers, Govt. should provide any other inputs like fertilizer or pesticide within the cap of the package above. The Seed Corporation of India which caters to about half the requirements of seeds of the area can be the agency for distributing the free seeds.

### **Lack of advisory or extension and incorrect farm practices**

There was an obvious lack of responsible advisory. This led to the wrong or uninformed choice by the farmers in adopting varieties of seeds which were not suitable for rainfed conditions, coupled with the last 3 years low rains in an otherwise assured rainfall area. The packets clearly carried the sticker that they were best under rainfed conditions, but the farmers did not pay heed to this as, the letters were small, the advisor was the input dealer and the State machinery did not take precautions or measures to warn the farmers. The yield became lower and questions regarding the genuineness of the seeds also became

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<sup>6</sup> MSCCGF -Maharashtra State Cooperative Cotton Growers Federation

<sup>7</sup> The seed had some earlier patent questions, but is at present in circulation through farmers seed banks.

<sup>8</sup> Calculation premise: 1 farmer x 2.5 acres x 2x ha x2 packets seed @ Rs 450 per packet( Rs 900 per p farmer per acres x 5 acres= 4500 per farmer x 1500000 farmers=675000000, ie Rs 675 Crores

pertinent. The study shows that while Bt cotton, in fact, does quite well in irrigated conditions, does not do as well in rainfed conditions. Besides, it is found that use of pesticides continued to be high in rainfed conditions and as a preponderant number of farmers in Vidarbha are without irrigation, the problem became acute. Even for the forthcoming season it is disturbing to share that there are no campaign wide plans for taking detailed advisory into the hinterland.

Further, it was found that the farm practices followed were questionable as there was 'inadvertent' mix up of different quality of seeds in an attempt to fully sow the land under cotton. Farmers often used 1 packet of Bt cotton and an additional packet of Desi or other hybrid cotton. This resulted in a quality of products which was not of high enough standards for good quality bales and thus the realization of prices was poor.

The team strongly feels the need to have the State government more directly involved in the provision of appropriate advisory and extension, if necessary by associating Agricultural Universities and other out sourced partners so that people are well aware of the various limitations of different options. The Team also felt it would be necessary to have adequate financial counseling built into the delivery mechanism so that farmers take appropriate decisions.

### **Cost of production**

The cost of production itself could not be finally settled by the Team. However, based upon different sources of data like Akola University experiments, IGIDR data, data from Department of Economic & Statistics / CACP, the overall finding of the Team was that cotton has not been increasing in productivity in terms of realization or remunerative returns. As per even the CACP cost of production data, the gross profit to the farmer was less than Rs.4-5000 per hectare.

### **Promoting value addition**

Given the fact that India is also exporting large quantities of cotton, and the relaxed regime for quotas in garment exports, and keeping in mind the extreme backwardness and low investment in the Vidarbha region, the Team strongly felt that end to end production for cotton should be promoted and value addition be done as close to the region as possible. For this, the Team strongly recommended that suitable incentives should be provided for exemption from excise and income tax on the lines of Himachal Pradesh and Uttaranchal so that these six districts are given a special status and investment can be secured for down stream and backward linkages to reduce rural distress. Besides increasing the earnings to the people, this will also enforce a quality check on the farm practices for growing appropriate cotton.

## Withdrawal of Monopoly Procurement

The Team found that the immediate trigger of present distress was the sudden shock faced by the farmers due to the withdrawal of monopoly procurement which had been in vogue for the past over two decades.

The Monopoly Cotton Procurement Scheme (MCPS) has been in operation since 1972-73 in Maharashtra. Under this scheme, Cotton procurement was the monopoly of the MSCCGMF and the farmer was not only assured of the MSP, but also received a bonus if MSCCGMF made profit.

IGIDR in its study states "Over time, a plethora of problems were identified with the scheme. The bonus was converted to additional advance price that was also guaranteed. The farmers paid commission to middlemen at the procurement centres. There emerged a class of traders in the guise of farmers. The farmer sold his produce to trader-farmer at a lower price who in turn sold it to the MSCCGMF." Due to additional Rs.500/- paid by the Federation, there have been instances of cotton procurement from other States to Maharashtra. This led to further accumulation of losses. Due to this, MCPS was relaxed and private traders and textile mills were allowed to buy from farmers directly in 2002-03 when prices were high. Thereafter due to fresh fluctuations in cotton prices, MCPS had to be re-introduced.

The Table below summarizes the MSP/Monopoly Procurement Prices as obtained from the Government of Maharashtra:

Procurement of cotton by State of Maharashtra

Year	MSP of GOI (Rs. / Qtl.)	Price declared by Govt. of Maharashtra (Rs. / Qtl.)	Procurement by Govt. of Maharashtra(* <sup>9</sup> )	Remarks of GOM why no monopoly procurement was undertaken	Average Price received by farmer as reported by Govt. of Maharashtra (Rs./Qtl)
1	2	3	4	5	6
2000-2001	1,825	2,300	15.30		1997.13
2001-2002	1,875	2,300	32.28		1873.91
2002-2003	1,875 (+20) <sup>10**</sup>	2,300	04.98	Mkt. Prices were high	1949.33
2003-2004	1,925	2,500	NIL	Mkt. Prices were high	2445.46
2004-2005	1,960	2,500	44.95		2086.19

<sup>9</sup> Lakh Bales. ( Each Bale is produced from 170 k.g.)

<sup>10</sup> Special relief for drought area.

2005-2006	1,980	1,980	03.75 <sup>11</sup> \$	Mkt. Prices were high	1910.00 <b>XX</b> <sup>12</sup>
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Unfortunately, despite more than three decades of monopoly procurement by the MSCCGF there appears to be only lost opportunities in terms of building close relationship with the farmers. Neither in the development of appropriate farm practices nor in pursuing the goals of good quality bales has the Federation stepped in to assist the farmers. Productivity did not improve nor did competitiveness. Procurement has largely stayed a business and that, too, often through middlemen acting on behalf of the farmers. When market prices fall the farmers need support. Assured procurement when the market fails at least at MSP is necessary.

### **Procurement and Pricing**

Procurement per se will stay an important life line for the farmers. The team firmly recommends that MSP<sup>13</sup> should carry appropriate variation for the region, so that the price reflects the actual input costs and is not an estimated figure for the entire nation as at present. With this there should be a clear intention to buy at MSP if market prices fall below the same. Farmers should be aware of this policy and annual changes should not be made to the detriment of the farmers.

### **(xii) The need for Water**

#### **Irrigation**

The crying need of the area is for water. While it is true that the area is awaiting a favorable allocation under the Governor's directives, the real ailment is also appropriate planning of projects which would benefit the most people. Many projects have been prepared and shelved for want of environmental clearance. Many claim to have capability of reaching water to lakhs of farmers. Priorities need to be developed for such projects as will reach the poorest farmers and the most backward farmers the earliest. At present even last mile projects have not been taken up. With Rs.10,600 crores needed for the balance on-going projects in the region, it was felt that prioritization should be adopted so as to ensure that

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<sup>11</sup> Sudden drop in Monopoly Procurement Prices of GOM is stated to be due to high market prices. However, the Fact Finding Team found that there were internal reasons for not proceeding with Monopoly Procurement any further due to high losses in Maharashtra State Cooperative Cotton Growers Federation (MSCCGF).

<sup>12</sup> Average price received by farmers at doorstep would be less than the Monopoly Procurement Prices due to purchase by intermediaries. As regards 2005-06 was concerned, the price reported by farmers was Rs.1500/- to Rs.1700/- per quintal.

<sup>13</sup> Minimum Support Price

those projects where only canal development remains to be completed are given high priority. For the current year the Finance Minister has indicated a list of projects which all under minor irrigation and can be taken up. The list of projects to be taken up for Vidarbha should be reviewed urgently and a time bound programme for the implementation of the full backlog should be designed and put into implementation mode within the next six months, that is right after the monsoons.

The intention should be to reduce the backlog of development of this component within the foreseeable future, in any case the projects should be sanctioned and work should be started no later than the current financial year. Relevant clearances should be obtained from MOEF<sup>14</sup> without further delay, and where necessary the intervention of the Apex Court should be sought. The programme with time bound milestones should be placed in the public domain within the next three months so that people can be assured of the concern of the Government. The programme should be monitored by a Committee under the Chief Minister and be reviewed quarterly by the Governor. The team in its report has provided the material in the annexures to the relevant chapter of the report.

### **Energisation of Pump sets**

At present large pendency is reported in according approvals to pump sets for the region. It is essential that part from reducing the aggravated feelings of neglect the area is given its due share as per the Indicators and Backlog Committee report. Programmes involving participation in sharing of costs and benefits for maximum benefit to the people should be considered and implemented. A time bound programme should be prepared and placed in public domain so that people are aware of the time by when their demands are likely to be met. The Team also recommends that system for clearance of applications for energisation of pumps may be created in favour of reduction of massive backlog in Vidarbha. This programme should be commenced upon within next few months and should be monitored by a mechanism which should be placed with the Chief Minister as Chairman. The programme should be reviewed quarterly by the Governor.

### **Watershed development**

The Team recommends large scale efforts for water harvesting and popularizing participatory water harvesting and management measures so that at least one supplementary irrigation is available to the cotton crop.

The team found that the farmers have faced additional crisis due to use of seeds meant for irrigated conditions; adverse cost of production; and due to lower rains in an otherwise assured rainfall area. The team also found that,

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<sup>14</sup> Ministry of Environment and Forests , Govt. of India

surprisingly, only a few attempts at bori-bund programme were visible by the roadside. Comprehensive programme for development of harvesting structures or water shed programmes were not available. Obviously the essential input of water as a supplementary irrigation was not available to the farmer. Possibly, the manner in which the schemes for watershed development are being conducted have contributed to this deficiency. Possibly the reason could be found in the continuous pegging of the backlog in irrigation with no attempt at finding adequate and sufficient alternatives in the field. It is necessary to take up water shed development in a campaign mode with clearly set time schedules. Close participation of the people should be ensured. Participatory management techniques and systems should be encouraged. There should be wide dissemination of the advantages, the maintenance requirements and the need to build community strength for ensuring that there is adequate supervision and care for the continuance of the cleared out channels. Different sources have indicated to the team that the channels for watershed development are held up due to these getting silted in forest areas and that it is difficult to get environmental clearances for executing relevant works.

The team felt it was desirable to have detailed micro plans prepared either with the supervision of the Development Board or through outside agencies so that time bound programmes for augmenting the availability of water can be put in place. Works should include the malgajari tanks which are communally owned and if repaired could give tremendous support to the farmers. The micro plans can be prepared simultaneously if work is outsourced. A strict time schedule for preparation and for involvement of people and also for obtaining relevant clearances should be followed. The plans and their implementation should be placed in the public domain for comments and for sharing of information and should be monitored by a Committee to be set up under the Chief Minister and be reviewed quarterly by the Governor. The Planning Commission should also review at the time of Half yearly review and Annual Plan discussions. The plans and implementation strategies should be ready by the end of the current calendar year at the latest.

The Planning Commission should review the progress at the time of Half yearly review and Annual Plan discussions.

### **(xiii) Credit**

All the 11 districts of Vidarbha have a good banking network consisting of 823 commercial banks, 199 RRBs<sup>15</sup>, 709 DCCBs<sup>16</sup> and 59 other banks adding up to a total of 1790 bank branches. The total outstanding deposits and advances as on 31.03.2005 are Rs. 10,777 crore and Rs. 6,022 crore respectively. The Credit Deposit Ratio is 68.8%. The direct finances to agriculture is Rs. 2,449.76 crore as on 31.03.2005. However, in spite of a good

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<sup>15</sup> Regional Rural Banks

<sup>16</sup> District Central Cooperative Banks

banking network, the farmers face a lot of problems in availing credit due to various reasons such as default of earlier loans, existence of defunct co-operative banks, societies, etc.,

Credit availability is of crucial importance for this region. Admittedly, the lack of adequate credit is a problem in other areas too. However, this region has suffered on many counts and it would be appropriate to put into place mechanisms and a package to alleviate the special sufferings of people in the distressed six districts. Due to the fact that with switch over to commercial varieties of seeds, debts have accumulated over the last few years and very few in these districts are outside the defaulter lists. A case study of one district conducted in Washim District is part of the report as an annexure. This shows a very high volume of accounts holders, in fact more than the number of total family units of 5 for the population, and a very high figure for default. The heavy indebtedness among the cotton farmers is not only due to loans outstanding to formal system but also to informal system. The larger volume of loans appeared to be owed to the informal system, bulk of which comprised unlicensed money lenders or input dealers.

The State has announced a special package which is stated to have financial implications of over Rs.1000 crores. The package is unlikely to actually provide relief sought by the farmers. It has taken a significant step to announce all debt from unlicensed money lenders as null and void, has rescheduled the payment of the principal amount, has restructured outstanding crop loans up to Rs.25,000/- @ 9% interest rate, declared a moratorium for the first 2 years and announced concessional interest rate of 5% if restructured loan is paid on schedule and has opened a fresh credit line with a cap of Rs.25,000/- through the Kissan Credit Cards.

While all loans from unlicensed money lenders have been declared as null and void, the problem is acute and will need some other solutions. As indicated earlier, while legislation exists in some states for dealing with this problem, and in the instance case a declaration has been made making all such loans as null and void, nonetheless the issue of magnitude of loan, the service which is provided by informal channels and the persistence with which the input dealer will return to his identified 'market' remains. The team, at this moment is unable, due to shortage of time and insufficient consultation, to suggest clear recommendations. It does however feel that the problem needs to be attended to systematically, particularly within the context of the fact that open market is here to stay, a service is provided and a cost is paid. Consumer protection mechanisms clearly need to be developed along with enablement of the farmer to use the same.

As the State package has declared all loans from unlicensed dealers as null and void, the essential aspect of a strong administrative deterrent for any actions by dealers to try and collect old dues need to be streamlined. For the

immediate future for Vidarbha region the team can only suggest open public hearings at the level of Collector or his Deputy Collector authorized by him to identify the magnitude of the problem of credit owed to unlicensed as well as to licensed dealers so that the magnitude of the problem is identified and immediate deterrent measures can be initiated. This will also ensure that farmers feel the protection of the government machinery and do not face perpetual loss of face on this issue leading to suicides. The issue is sensitive to farmers and will need very delicate handling. This forum should become a permanent feature till such time that rural resource poor credit problems have been systemically resolved. In the meantime this forum should be authorized to undertake grievance redressal on a case to case basis. Legislative backing for the long run needs to be strengthened. The team has also made recommendations regarding establishment of wide network of Farmers Self Help Groups and creation of a Jointly Administered and funded Account to tide the farmer over such immediate distress.

In practical terms, farmers, who are now into the commercial crop of cotton will need high amount of credit for both fertilizers and pesticides apart from the input cost for seeds while they will have a cap of Rs.25,000/- to contend with, as per the package. Firstly, due to the cap in the package, no other activity than farming will have a line of credit available for the next some years. The declaration of all other debts as null and void would mean that few input dealers would be on the scene for the next forthcoming season at least. What alternative mechanisms are proposed by the State Government for provision of seeds and other inputs is still a big question mark.

The Team strongly felt that the list of defaulters being very large, it is important to bring farmers back to the formal credit system as expeditiously as possible. Banks have a big role to discharge direct lending in the area. While the defaulter list can be handled with a waiver which will be to the tune of at least Rs 300 crores (based upon averaging of the figures from one district, namely, Washim. After adjusting for funds allocated for restructuring the interest component of the special package of Maharashtra of December 2005, it is expected that the amount will be approx. Rs.300 crores) banks have also to be ready to step forward to help the people. The State and District Coordination and Planning Committees for banks should take note of the issues involved and adopt practices which are promotive and not negative right at the time of getting the application from an ex defaulter. The administrative machinery from agriculture department should take up information dissemination amongst the bankers.

Government should also consider providing back ended subsidies to the banks. Lead banks should play an active role in otherwise likely to rejected as risky applications. De risking can be best achieved by a back ended subsidy.

Appropriate assistance should be provided by the State Government in regard to this, if necessary, with dialogue with RBI of India.<sup>17</sup>

As cooperative structure in the region is very weak and most of the cooperative banks / societies are stated to have their net-worth eroded, the Team recommend the intervention of NABARD<sup>18</sup> for strengthening the cooperative system. The team recognizes that this is an unconventional step and that NABARD is usually involved only in refinancing only, and that special dispensation would need to be made by RBI for direct lending to identified nodal agencies., the team nonetheless feels that involvement of NABARD is desirable given the current level of weak credit availability due to lending procedure. Since it would be operationally cumbersome for NABARD to monitor the activities of every cooperative banks / societies individually, a few nodal agencies should be identified from among the banks / societies. Such agencies would essentially be the larger of the entities having several smaller entities under their command area. NABARD would then be able to provide a line of credit to each nodal agency who would in turn distribute the line to the individual entities. NABARD would provide training in credit assessment, disbursal and recovery skills to the nodal agencies and would jointly scrutinize the loan applications with the agency. This would ensure that the credit appraisal and monitoring is done with the necessary level of expertise. Prudential norms could then be introduced to develop the functioning of the societies. The team recommends that the Government of Maharashtra enter into dialogue with NABARD and RBI for this purpose.

#### **(xiv) Recapturing main recommendations**

##### **Short Term and Immediate (Immediate to one year)**

##### **Distribution of appropriate seeds**

Provide free seeds to every farmer in affected districts @ 2 packets per acre for 2 hectares, that is 5 acres @ approximately Rs 450/- per packet for the forthcoming kharif season this year, the expected cost for the region being approx. Rs.700/- crores for 15 lakh farmers, including intense advisory and extension to be undertaken by the Government. Procurement to be either by Government or with outsourcing under technical supervision. The time for kharif being very near, an urgent implementation for timely sowing will be necessary. In view of the very short period remaining for khariff sowing, the Team feels that in case seeds cannot be procured or market signals being given in time for the free seeds to reach the farmers, Govt. should provide any other inputs like fertilizer or pesticide within the cap of the package above. The Seed Corporation

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<sup>17</sup> Reserve Bank of India

<sup>18</sup> NABARD- National Bank for Agricultural and Rural Development

of India which caters to about half the requirements of seeds of the area can be the agency for distributing the free seeds.

### **Advisory and Extension**

While it is recommended that advisory be carried out in campaign mode under distribution of seeds as above, it is necessary to design and implement advisory for improved farm practices and appropriate informed decisions regarding pesticides, fertilizer, supplementary irrigation by harvesting rain Water, maintaining quality of product.

### **Waiver of Institutional credit**

Waive all institutional credits owed by the farmers in affected districts of Vidarbha region. After adjusting for funds allocated for restructuring the interest component of the special package of Maharashtra of December 2005, it is expected that the amount will be approx. Rs.300/- crores.

### **Disciplining unlicensed money lenders**

Public hearings to be organized and conducted intensely in the distressed districts to evaluate dealer by dealer the money owed to them covering both principal and interest. This will ensure that presence of Government is firmly established in the minds of the people, grievance redressal is taken up, and the fear of loss of face in public is given a different cast thus reducing the chances of further suicides. Additionally, legislative measures should be strengthened on the pattern of Karnataka, Andhra Pradesh and Punjab be considered. The implementation of such provisions be taken up seriously so that examples are made with adequate publicity thus assisting the cause of protection of the farmers

### **Streamline Institutional credit flow**

Increase the flow of credit from commercial banks; provide suitable de-risking of banks with back ended subsidies for taking up loan applications from ex-defaulters. Lead banks to take up the issue of increased direct lending urgently. NABARD to be requested to consider reopening a direct lending line of credit for nodal agencies of cooperative society banks along with measures for introduction of prudential norms and discipline.

### **Water harvesting and conservation**

To ensure this year's monsoon water is conserved, watershed development and rainwater harvesting structures (eg. Check dams) need to be

put in place. Existing Malgajari tanks need to be renovated and restored and projects where only canal development remains incomplete need to be taken up urgently. Participatory water sharing and management systems may be introduced. Co-operation of Agricultural Universities and their students may be enlisted for implementation of such programmes during the immediate season.

### **Backlog and its implementation issues**

A non-lapsable budget head may be created for the funds allocated by the Governor for backlog removal and for the equitable distribution of resources among the different regions.

The backlog has to be pegged at Rs.8238.94 crore at 1993-94 prices and Rs14434.64 crore at 2003-04 prices.

A time frame of 5 years may be fixed for the removal of backlog taking into consideration the overall resource position of the State and the absorptive capacity of various sectors for incurring expenditure.

The mechanism for monitoring the progress of expenditure needs to be strengthened. At the State level a high level committee under the Chairmanship of the State Finance Minister may be set up to monitor on a quarterly basis the progress of expenditure in respect of allocations made by the Governor and submit a report to the Governor and the Planning Commission. The State Chief Secretary, Principal Secretary Planning, the Chairmen of the Statutory Development Boards and one MLA from the region concerned may be members of this high level committee.

Committees be set up for finalizing administrative actions for delegating funds to the regional level under different departments

Time lines and mile stones for implementation of the identified 9 sectors be established and action for quarterly monitoring by the Chief Minister and the Governor be completed.

Lists of pending applications for agricultural pump sets from Vidarbha region be scheduled for clearance and the time schedule be laid out and shared in public domain.

### **Irrigation Backlog**

Irrigation, which is a major emotive issue in the area, must be given due emphasis. Apart from the money which is due to Vidarbha region under backlog in irrigation, emphasis needs to be placed on completion of on-going projects. The current difficulties being faced due to 'Juddupi jungle', the degraded forest, need to be resolved on a war footing. State Government should apply to Ministry

of Environment and Forests (MOEF) / Forest Advisory Committee for providing alternate land for forestation immediately.

Prioritization of irrigation projects in consultation with the Development Boards and the local administration be completed by a committee under the Chief Secretary.

Dedicated Feeder line for separate agriculture requirement be implemented.

The Development Board of Vidarbha should be strengthened. Existing vacancies at different levels including the senior most should be filled urgently. The Board may be charged with the responsibility to oversee the works to be executed through the departmental or out sourced mechanisms so that identified milestones are achieved within given time schedules. The Board should report progress regularly to the State Government and to the Governor.

### **Intermediate Measures ( Within two years)**

#### **Regional Development Plans**

While the efforts towards liquidating the identified backlog should continue vigorously, there is a need to prepare detailed regional development plans for each of the regions of the State, based on the local resources and the felt needs of the people. The available resources should be pooled together to address the development needs of the region.

#### **Allocations to become visible**

It is, necessary to show the allocations made by the Governor separately in the Financial Statement (Budget) under their respective development heads with details of actual expenditure and Revised Estimates for the previous two years as is being normally done for various heads of expenditures. Similarly, the Summary Statement presently included in the Financial Statement showing the Board-wise distribution of allocations made by the Governor should also contain Actual Expenditure for the year preceding the previous year and Revised Estimates for the previous year.

#### **Earmarking of allocations both by State and Planning Commission**

The State Government may indicate the allocations made by the Governor as earmarked outlays in the Annual Plans and the Planning Commission may in turn earmark these outlays in the approval letters for the Annual Plan. There will be a proportionate cut in normal central assistance if the State Government does not spend the earmarked allocations.

### **Reporting**

The State Government may include a separate chapter on regional imbalances, removal of backlog etc, in their Annual Plan documents with details of allocations and year wise progress of expenditure. The Planning Commission may specifically take up the issues related to regional imbalances, backlog removal etc. in the Annual Plan review meetings.

Pilot organic farming with a view to achieving self-sufficiency and sustainable farming.

### **Consumer Protection movements and systems**

Serious efforts should be made to create appropriate consumer protection measures and systems as without these the farmers will be without any recourse in open market conditions.

### **Long Term Measures**

### **Procurement and Pricing**

It is recommended that an additional provision be made under National MSP (as in the case of drought prone areas) for such areas where farmers' resource base is already severely eroded. In such cases, it would also be desirable to have a back-up effort of arrangements for procurement. There should be a clear intention to buy at MSP if market prices fall below the same.

### **Value Addition of cotton**

Restructure the sub components of Technology Mission on Cotton to ensure end to end production with close linkages with textile mills coupled with incentives for investment by private sector, if possible, in the Vidarbha region. Experimentation with public private partnership with private sector textile mills should be encouraged.

### **Empowerment of Farmer growers**

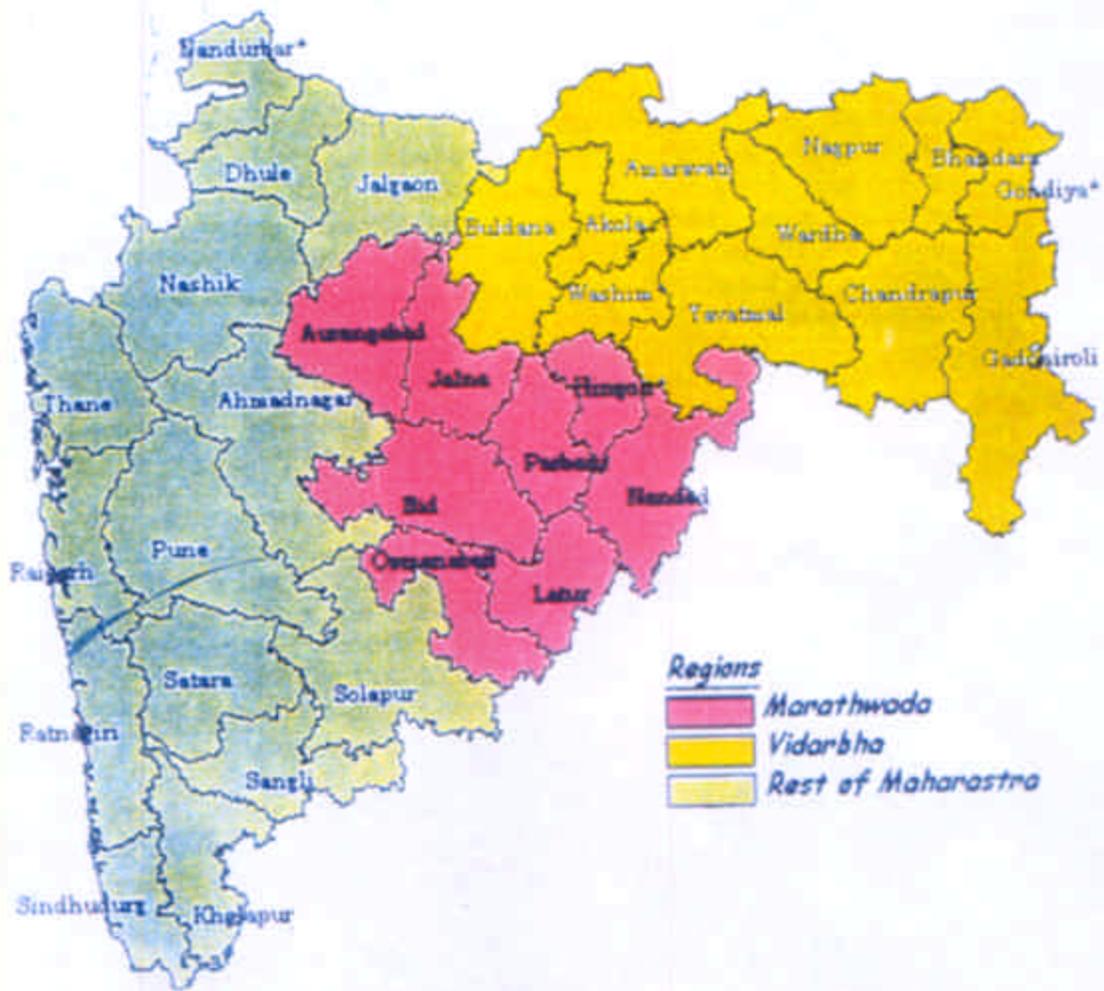
Apart from promoting Cotton Growers Federation for increased empowerment and improved information and knowledge and economic response capacity building, such forum may also be used for bringing transparency into overseeing loan approvals.

### **Contributory Fund and Self Help Groups**

Jointly administered people's social safety funds to be set up as a contributory fund with farmers SHGs being federated at Tehsil or Block levels.

### **Crop Insurance**

Crop insurance based upon weather should be expanded to cover all districts under distress. The Team recommends that if the production falls, due to less rainfall by more than 20% in a revenue village, then on the basis of Collector's certificate, and the weather forecasts and actuals of rainfall, the equivalent amount of cash for the crop loss needs to be paid to the farmers.



*Regions*

- Marathwada*
- Vidarbha*
- Rest of Maharashtra*

# **Chapter I**

## **Rural Distress in Vidarbha Issues related to cultivation of Cotton**

### **1.1 Terms of Reference 3**

Although chronologically the Team should have presented Item 1 and 2 in the beginning, the Team, feels that as the rural distress issue is of emergent importance with the continuing spate of suicides in Vidarbha, with concentrated numbers in Yavatmal, it would be important to first deal with the **TOR 3** which is:

**“to find out the factors leading to rural distress in Vidarbha region and to study the existing relief packages announced by the State Government;”**

### **1.2 Organization of material for studying the major causes of distress expressed by people in Vidarbha**

**1.3** The Fact Finding Team decided to study and analyze the situation regarding Cotton in greater detail in the context of suicides and acute rural distress reported from other states also, like Andhra Pradesh, Karnataka, Kerala and Punjab. Most of the houses visited by the team were of cotton farmers and except for rare exceptions, the memoranda submitted and the people met all talked about cotton as their major reason for distress. The team studied the data on area, production and productivity in the region for 2004-05 2005-06 and found that cotton production is covering more than approximately 40% of the area with Soyabean, Tur and Jowar being the other crops. About 10% area under cotton is inter-cropped with tur. A table under total area under production is at **Table 1**. Some of the other issues raised by people pertained to the backlog issues, particularly in relation to irrigation and also issues pertaining to lack of power and in some cases employment.

**1.4** As farmers were quite categorical in their complaints regarding low yield due to rain fed situation, low yield due to poor quality of seed, low yield due to switch over to Bt Cotton, pest infestation, higher pesticide use and increased costs due to this, these issues have also been studied based upon available data. Further, farmers had complained about spurious seeds, high costs, and low credit facilities.

**1.5** The sections below are organized to study various aspects of cotton cultivation, it's yield and performance, technical performance issues in view of the fact that Bt Cotton has taken centre stage, and of course the Minimum Support Prices, monopoly procurement and average return versus cost of cultivation. Associated issues of national policy, import and export and national initiatives are also summarized.

The Team felt it needed to specifically address the following questions:

- Whether a direct correlation can be drawn between statements of the farmers that their distress was due to performance of Bt cotton and the facts;
- How is cotton organized nationally and what policies are in place for promotion of the commodity, with what obstacles, if any;
- What is the relationship of import / export to total production and whether import duty at only 10% has any direct impact on the realization of the farmer in Vidarbha;
- Whether performance of Bt Cotton was as poor as reported' and whether the same is true for other parts of the country also;
- Whether technical questions arise regarding the quality of seed;
- Whether the all India, and Maharashtra technical performance of cotton is similar to technical performance in Vidarbha, and what are the obvious reasons for poor performance in Vidarbha;
- What is the factual position regarding use of pesticides and the contribution to costs;
- Whether prices obtained by farmers were below MSP and what are the mechanisms in place to correct price realization;
- What is the reason for monopoly procurements to be withdrawn by Maharashtra;
- What is the scale of indebtedness and is it an obvious cause of distress;
- Whether rain fed conditions have any direct impact on the performance of Bt cotton, and if yes, then what percentage of farmers are able to obtain supplementary irrigation, if at all;
- What then is the role of the State in providing irrigation in the backward region and policies for water conservation and water harvesting;
- What remedies are possible in the immediate future, and in the long run.
- Whether it is possible to switch from almost mono cropping of cotton to other crops;
- Whether allied activities are possible and what has been the investment so far in this area;
- Whether non farm activities can be easily introduced and whether any such attempt has been made at a large scale in the region so far;
- What are the input output ratios versus the MSP and what is the Cost of Production;
- Whether oranges, a major diversification in the region have fared better.

These issues, and associated have been studied and summarized below under separate headings.

## **1.6 General causes of distress**

Rural distress has, in the recent past been the topic of many journalistic articles and has raised feelings on the need to study the matter in greater detail. From causes, to economics at work, to an analysis of the investments, the marketing structures, the legal provisions for farmers marketing federations, the capacities available for informed decision taking, the need to find solutions for large hectares under rain-fed alone conditions, to cooperative successes and failures, and even to choices for urea and pesticides have been engaging the government for some time now. Gross fixed capital formation in agriculture as a proportion of GDP declined from 3.1% during late eighties to 1.6% during last part of the ninth plan. Percentage of Plan expenditure against total plan expenditure also declined nationally from 13.1% to 7.4%. In Maharashtra the decline was to 4.5% from 6.1% for the same period. Planning Commission has announced a desirable rate of 4% growth in Mid Term Appraisal for Tenth Plan for Agriculture and thus expects to address the issue by drawing attention to required initiatives in this neglected area.

Various studies have been conducted to go into the reasons as to why agrarian crisis has become so acute that farmers in certain regions of the country have resorted to the extreme steps of committing suicide. The studies reveal that there is a complete breakdown of coping mechanisms in rain-fed areas to take risks with a kind of farming system which requires substantial loan taking from informal sources at high interest rates, and this too in a scenario in which returns are not assured due to vagaries of both monsoons as well as markets.

The availability and the utilization of agricultural credit is under severe strain. There appears to be a gap of at least 50% in agricultural requirements, (based upon district case studies), for agricultural credit, while there appears to be some evidence in shift of availability of credit to urban areas. In Maharashtra, where the cooperative banks have, traditionally been the strong supporters and almost the single means of credit to the farmers for many years, are now under severe strain. The National Sample Survey 2003 indicates a high level of outstanding loans. The credibility of the institution is also under question as the real interest rates to the beneficiary have, over time, been much higher due to the three tier structure of giving the loan. By the time the in between tiers have adjusted their administrative costs, the farmer pays above 13% interest as found in Washim District. The procedures have also been found to be cumbersome and time taking. The structures are no longer sturdy and are unable to deliver real relief or timely support. This issue of credit has been expanded upon in greater detail in the discussion below.

Breakdown of cotton-economy has been largely due to high cost of cultivation, low prices or sharp corrections like cessation of Monopoly Procurement in Maharashtra. Decisions to import long staple cotton at 10%

import duty for Ludhiana hosiery are being quoted as possible causes for farmers' distress in Vidarbha. While monopoly procurement has been burdening the state with unproductive expenditure, free market operations are leading to agrarian distress in the cotton-belt of Vidarbha. All kinds of cotton has been getting mixed while being purchased by the traders and all kinds of cotton gets grown by the farmers in an unorganized manner without adequate extension and or knowledge of the appropriate practices for optimum returns. The markets have also been, in Maharashtra, in the hands of traders, some of them unscrupulous who have either purchased the bales from the doorstep or have been part of the Monopoly Procurement scheme and taken over the procurement on behalf of the Federation and made profits while transferring a bare minimum to the farmer. When the procurement is done by the Federation, the payments are in three installments making it difficult for farmers to retain sufficient funds for their working capital for the next sowing seasons. IGIDR in its study on the cotton part of rural distress has clearly brought out the yield related and price related shocks have been many in cotton growing leading to many farmers dropping below the poverty line. This, despite the fact that, the farm holdings have generally been in the region of over 2 to 3 hectares, except in some districts like Washim where at least 50% of the farm holdings are less than 2 hectares.

### **1.7 Cotton: Area and Production**

Cotton is one of the important commercial crops grown extensively in India. Over 4 million farmers in India grow cotton as the main source of their income and livelihood. The textiles sector, which is primarily based on cotton fiber, is the largest employer and income provider in India, second only to agriculture. It employs close to 82 million people – 35 million in textiles and 47 million in allied sector. The total employment by 2010 is expected to reach 94 million people. With about 9 million hectare area under cotton, the country occupies 1<sup>st</sup> position in the world. However, the productivity is relatively low in comparison to other cotton growing countries. India produces 177 lakh bales on 78 lakh hectares (2003-04) as against 325 lakh bales in China on 51 lakh hectare area and 218 lakh bales on 49 lakh hectares in USA. India accounts for approximately 25 per cent of world's total cotton area and 16 per cent of world's cotton production. The per hectare yield of cotton in India is lowest (300 kgs per hectare against world average of 580 kgs. per hectare). **(Table 2 gives the international comparative data).**

### **1.8 Total production of Cotton**

The calculation based for total production adopted in this report is based upon Directorate of Economic and Statistics, Ministry of Agriculture which provides the data to CACP in the calculation for official version of cotton production. As per the CACP, the calculation is based upon the cotton plucked and thereafter a seed and fiber ratio is used for arriving at number of bales by

dividing by 170 kgs. In the case of Textiles Commissioner's Trade Estimates brought out annually, they are based upon the actual number of bales as reported by all ginning mills in the country. The variation occurs because of the use of moisture in formation of bales. At national level the variation is too wide and reconciliation, though attempted, has not yet been completed in the finalization of production figures. For the current year, for example, the official version shows 16 million bales while the Textile Commissioner's Trade Estimates shows 23 million bales. The Team has adopted production figures of CACP which is the official version.

Maharashtra contributes 33% of the total cotton acreage of the country, but the share in total cotton production is only 19%. The major reason for low productivity is said to be the mostly rainfed cultivation conditions and the heavy infestation of pests. A mere 4% of the area under cotton in Maharashtra under irrigated conditions. The productivity is abysmally low (271 kg /ha, 2005-06) (**Table 3 gives the State wise comparative productivity figures**). The hybrid cotton covers about 73% of the area while improved hirsutum varieties cover about 11% and arboretum cultivars cover 16% area of total area under cotton. Most of the cotton varieties and hybrids possess medium and medium long fiber.

There is growth of area under cotton despite the anomalous situation of reduced profitability reported from Maharashtra and particularly from Vidarbha.

The Crop wise share of Estimated Gross Value Added ( EGVA) to share of Area (TE 2002-03) and Incremental EGVA<sup>1</sup> (TE 200203 over TE 1995-96) and the Production Growth rate of major Crop Groups in Selected Districts, 1990-01 to 2002-03 indicate that the area under cotton has been growing at a higher rate even though the gross profitability has been decreasing. The increase in growth rate of area under cotton has, in fact, been at least 0.4% in some of the districts studied by the Fact Finding Team to 1.1% in Yavatmal and 2.8 % for Maharashtra overall. Share of area under cotton in the districts visited by the team was found ranging between 33.13% to 46.81% for the same period. This is given in detail at **Annexure J**. Tables are at **Annexure K** and **L** respectively.

During 2004-05 total area under cotton cultivation is 2839500 ha. out of which 78100 ha. was irrigated and 2761400 ha. rain-fed. The year-wise details of area under irrigated and area under rain-fed are at **Table.4** Current Scenario of Desi cotton cultivation in Maharashtra presented in **Annexure J**.

The yield level is much higher in the States which have larger areas under irrigation. The average yield (2005-06) in the States of Gujarat, Madhya Pradesh, Andhra Pradesh, Karnataka and Tamil Nadu which have 15 to 41 per cent area coverage under irrigation was 655, 401, 525, 328 and 623 kg/ ha respectively.

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<sup>1</sup> ( Source: State Income of Maharashtra , Directorate of Economics and Statistics, Mumbai 2005—On web)

Vidarbha region is one of the four major cotton growing regions of the State. In Vidarbha, cotton is a predominant crop in six districts namely Yavatmal, Amravati, Akola, Buldana, Washim, and Wardha. Although crops like jowar, soybean, moong and tur are also grown in some limited area, the farming economy of the region revolves around cotton cultivation. Cotton is also grown in Marathwada, Khandesh and Deccan canal regions.

### **1.9 Bt-Cotton in India: Technical information regarding the genetic modification and approvals thereof.**

Bt. cotton is a genetically modified crop wherein cry1Ac gene derived from *Bacillus thuringiensis* variety Kurstaki is introduced in the cotton plant enabling it to encode for an insecticidal protein cry 1Ac resulting in conferring resistance to a group of insects especially bollworm. With the breeding efforts and aggressive marketing by private sector seed companies, particularly MAHYCO, Bt. cotton varieties gained popularity among the farmers in all cotton growing areas. The area under cotton trebled in a very short time, both in India and in the world.

The Genetic Engineering Approval Committee (GEAC), in the Ministry of Environment and Forest has so far approved 20 Bt. Cotton hybrids for commercial cultivation in the country.

GEAC approved the Bt. Cotton hybrids on account of the superiority in Bollworm control, particularly in *Heliothis* bollworm, management, and due to reduced use of insecticides in respect of Bt. Cotton hybrids. Besides, it helped in conservation of natural enemies of cotton pests and non-target organisms.

### **1.10 Productivity; Pests and disease; and technical performance**

Pest and disease attack are one of the most important factors affecting yield levels significantly. Approximately 21500 M.T. insecticides in terms of active ingredients are used on cotton. This contributes 55 percent of the total pesticides utilized in the country. In cotton the three most damaging lepidoteran species affecting the crop in India are American bollworm (*Helicoverpa armigera*), Pink Bollworm (*Pectinophora gossypiella*), and Spotted Bollworm (*Earia vittella*). Indian cotton farmers have to spray their cotton crop 6 to 15 times per growing season for controlling insects with an average cost of Rs. 5500-6000 per hectare.

**1.11** Commissionerate of Agriculture has conducted field evaluation on different characteristics on the standing crops to study usefulness of the Bt. Technology.

The highlights of the findings are as below, There is no difference in the physical characteristics; diseases and pests incidents were noticed only on non Bt. cotton hybrid, sucking pests was noticed in both varieties. For Aphids, Jassids & Thrips it was found that infestation was 7 to 10% and in Bt. hybrids 12 to 15%. While fly: 2 to 3% infestation was reported on both BT and Non-Bt cotton varieties. For Bollworm, during 2004-05, there was moderate to heavy infestation reported on non Bt. cotton hybrids crossing ETL level and farmers had to spray their crops for control. The infestation of bollworm was also reported on Bt. cotton hybrids but was below ETL level. The yield of Bt. cotton on an average is more than yield of its non-Bt counterpart and standard check in every picking.

### **1.12 Yield and Technical Performance of Bt. Cotton in major cotton growing States:**

As per the information provided by the different States, the **yield of Bt. cotton is 15% to 30% higher as compared to non-Bt. Cotton.** Performance report of Bt. cotton received from the States of Tamil Nadu, Karnataka, Andhra Pradesh, Gujarat and Madhya Pradesh are summarized in **Annexure-K**. In general, the productivity of Bt. cotton remained higher than non-Bt. cultivars. Nonetheless, a few observations emerged out of the report which necessitate serious consideration; Impact of drought on Bt Cotton was recorded in some districts in Tamil Nadu in Kharif 2003; The yield in irrigated plots was comparatively better compared to rainfed crops in Bt cotton hybrids; The Bt. cotton hybrid could not withstand the moisture stress compared to non-Bt cotton varieties; thereby the yield was affected.

### **1.13 Yield and Technical Performance of Bt. Cotton in Maharashtra:**

Maharashtra has the highest area under cotton cultivation in India. Average area under cotton cultivation in Maharashtra is 2.8 million ha. On an average Maharashtra share of area under cotton is 33% with 19% of the cotton production at national level. The productivity of cotton is 271 kg. per ha. which is low compared with productivity of other States. Maharashtra produces approximately 30 lakh bales per year (2003-04). The area covered under Mahyco Bt. cotton varieties is 106080 hectares. Studies at IACCIP, Akola on the infestation of bollworm in Bt. vs. non Bt. cotton and the yield levels indicated superiority of Bt. Varieties. Significant findings were that Bollworm damage seen through bollworm larval population was significantly less in Bt. cotton hybrids as compared to non Bt. and Check hybrids in spite of no sprays for bollworm control on Bt. cotton hybrids as compared to 3 to 5 sprays on non Bt. and Check hybrids. Yield of seed cotton was significantly more in Bt. cotton hybrids as compared to their non Bt. and Check hybrids. Under irrigated conditions, **the seed yield of Bt. cotton went up to 25 to 30 qts/ha, however, the area under irrigation is meager (2 to 3%) in the State.**

#### **1.14 Area expansion under Bt. Cotton in Vidarbha as well as Maharashtra:**

In the year 2002-03, only three Bt. cotton hybrids i.e. MECH-12 Bt, MECH-162 Bt and MECH-184 Bt were under cultivation in Maharashtra state on 12194 ha. which was only 0.4% of the total area of cotton in the state. In the year 2005-06, 12 Bt. cotton varieties are under cultivation on 520050.4 ha which is 15% of the total area under cotton during the year. The area under Bt. cotton increased from 0.4% in 2002-03 to 15% in the year 2005-06. **Table 5** gives the variety wise, year wise, picture of Bt. Cotton hybrids in Maharashtra. The Specific Bt. Cotton varieties grown in Vidarbha as well Maharashtra are at **Table 6**. Briefly MAHYCO, NUJUWIDU, Rasi Seed, Pro-Agro, Ankur, Maha Beej are covering MCH 12, 162, 184, 650 varieties.

#### **1.15 Other studies on Technical issues**

Detailed information on the damage of other insects (aphids, Jassids, thrips, etc.) in Bt. cotton, and also on the susceptibility of Bt. cotton to these insects vis-à-vis non-Bt. Cotton needs to be generated. There is no detailed survey available on performance of Bt. varieties under rainfed conditions. The limited data nonetheless shows that Bt. varieties have relatively less tolerance to drought and that they are more advantageous under irrigated conditions only. **The performance of Bt. Cotton hybrids against bollworms under rain-fed situation at AICCIP, Akola is given at Table 7.**

#### **Improvement in local germplasms-**

##### **The Gujarat Story**

Gujarat has achieved tremendous increase in productivity, reduction in cost of cultivation by 50% by reducing seed cost and expenses on pesticides mainly by encouraging seed research and farmer to farmer exchange of seeds without inviting provisions of the global IPR regime. The Central Seeds Act, 1996 was instrumental in the success of local varieties. It was, however, alleged that a hybrid variety (Navbharat-151) developed by a local seed company, Navbharat, which has become very popular among farmers because of its high productivity (1200 to 1500 kg per hectare), resistance to bollworm attack and low seed cost (Rs.500 per packet of 450 gms), has tested positive for Bt.

Source: Down to Earth, March 31, 2006.

#### **1.16 Some conclusions regarding technical parameters and yield issues in Maharashtra/Vidarbha based upon State's Report:**

- The average yield increase of Bt. cotton over its non Bt. counter part during last three years is 29.54% and over its standard check during last two years is 15.79%.

- The cost of seed fixed by Mahyco is Rs. 1600/- per packet, which is extremely high for resource poor farmers
- The average productivity of cotton in the State is 190 kg. lint per ha (2003-04) as against 357 kg. per ha, in Andhra Pradesh, 452 kg. per ha in Punjab, 399 kg. per ha in Haryana and 274 kg. per ha. in Karnataka.
- The studies carried out by State Department of Agriculture, Maharashtra revealed that the yield of Bt. cotton varieties is undoubtedly higher than the non-Bt.
- The pest resistance of Bt. cotton is restricted to Lepidoptera insects only, and the varieties are as susceptible to other insects as their non-Bt cotton counterparts.
- The economics of Bt. cotton is more attractive under irrigated conditions. Moreover, field level observations also indicated that despite resistance to Lepidoptera group of insects, Bt. cotton is not completely free from Bollworm infestation, of course, the damage is less compared with non-Bt varieties.

### **1.17 High output of Bt. Cotton**

- Cost benefit ratio is less in Bt. cotton hybrids as compared to non Bt. and Check hybrids due to high cost of seed of Bt. cotton hybrids.
- Gross monetary return is more in Bt. cotton hybrids as compared to non Bt. and Check hybrids.
- Cost on plant protection is less in Bt. cotton hybrids as compared to non Bt. and Check hybrids.

### **1.18 Supply and Demand of Cotton**

The year-wise details of supply of and demand for cotton in India are given at **Table 8**. The table shows that opening stock is increasing at a high rate every year due to excess of supply over demand. The estimated opening stock for 2006-07 is 82.50 lakh bales which is 34.02% of the production of the previous year. The continuing situation of the excess supply of cotton will have a dampening impact on domestic prices unless exports are stepped up. This will need quality control on fiber length.

One solution could be to encourage diversification to other crops by reducing the area under cotton and also in encouraging export of cotton by providing suitable incentives. In Vidarbha some diversification has taken place already with an increase of 1 lakh ha in Soya bean. ITC is investing in E Choupal service in Vidarbha for crops other than cotton. The initiative has to yet take off.

An alternative could be to expand the end to end production with suitable incentives for intensive involvement of the textile and garment industry so that value addition is done as close to the farm as possible, thus ensuring appropriate

farming practices, growing of appropriate cotton, and quality maintenance in ginning and packing.

One should, perhaps not be too concerned about the apparent over supply of cotton at present. It appears that with the present WTO dispensations the prospects of cotton economy and its development strategies should not be assessed in isolation. Cotton has relatively stronger linkages with the forward value addition chain to the textiles industry. This industry is apparently fairly well integrated with the world market where India is a significant trade stakeholder. The distortions in the global cotton trade and price volatility thereof had been impinging on the domestic cotton sector. Besides, the high subsidies by some countries, and the erstwhile quota system, the FTAs / PTAs and applications of rule of origin by trade blocks had been creating barriers in the trade. However, in recent years, the global cotton and textiles economy is witnessing relatively stronger reform impulses. The lapse of Multi Fibre Agreement ( MFA) since 1<sup>st</sup> January, 2005 brought an end to trade distorting quota regime, thus offering larger opportunities for India to expand its textiles trade. Lately, the declaration of the recently held Hong Kong Ministerial Conference of WTO unveiled the frame work of negotiations for the Agreement on Agriculture (AoA), which is emphatic on phasing out the exports subsidies. Besides, the declaration also expresses greater sensitivity to the trade distorting subsidies given by developed countries to their cotton farmers, which in turn has adversely affected the cotton economy of several Least Developed Countries of Africa. In the outcome of ongoing negotiations, the reduction of subsidies in world cotton economy therefore is expected to be more specific. These developments provide the prospects of better competitiveness to Indian cotton farmers as well. The development agenda of the domestic cotton economy therefore needs to take note of these trade dynamics and orient itself for harnessing larger benefits from emerging opportunities.

The cotton economy therefore needs to be viewed as a commodity package which is fairly well integrated with the global market and the trade environment.

### **1.19 Technology Mission on Cotton**

In view of lower yields & poorer lint quality of cotton as compared to many other countries, the Government of India is implementing a Technology Mission on Cotton (TMC) since 2000-2001 in 13 States viz. Andhra Pradesh, Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal and Tripura. **The aim of the mission is to increase the production, productivity & quality of cotton.**

The TMC has four Mini Missions (MM) namely MM-1 (Research and Technology Generation), MM-II (Extension and Developmental Activities), MM-III (Improvement in Marketing Infrastructure) and MM-IV (Modernization of

Ginning and Pressing Techniques). MM-I is implemented by the ICAR, MM-II by Department of Agriculture and Cooperation and MM-III and MM-IV by Ministry of Textiles. During past five years, TMC have shown significant impact in terms of enhancement of cotton productivity, quality and area expansion under the crop. Major components of different Mini Missions and budget allocations are given in **Annexure-L**.

### **1.20 Deficiencies in the TMC approach**

It may be seen that the needed emphases on end to end production with the farmer in the forefront is lacking, While approved components like up gradations of specified components of ginning mills etc. are being implemented the entire effort is to implement that specific component without building desire backward and forward linkages for the farmers. There is an opportunity to identify the appropriate seeds for specific areas by conducting trials with Agricultural Universities. This could be followed by launching strong advisories to the farmers. While it is not proposed that free market operations be interfered with, the mission should take leadership for ensuring that informed options and choices are operated by farmers. Similarly, end to end development will require necessary linkages being developed either in Government or innovatively through Private/Public participation. The models of farmers as shareholders, and as banks for seeds as operational in Gujarat are attractive. Alternative methodologies could also be planned for.

### **Import / Export Policy of cotton**

The import of cotton is under OGL with 10% import duty. Export of cotton was earlier regulated by the Ministry of Textiles based upon availability for domestic use. However, it is now deregulated. The quantity of raw cotton imported came down from 22 lakh bales in 2000-01 to 6 lakh bales in 2004-05. At the same time the exports of cotton went up from 0.6 lakh bales in 2000-01 to 20 lakh bales during the same period. There is definite evidence of creation of threat perception when cotton is imported. **Table 9** shows the export and import of cotton from 1996-97 to 2004-05.

### **Support Price (MSP) for cotton**

The minimum support price for different varieties of cotton in India is given in **Table 10**. However in Maharashtra Cotton Federation purchases cotton under monopoly procurement scheme. Cotton Corporation of India and Private purchasers are also in competition for the purchase of cotton. The MSP has ranged from Rs1215 for Bengali Desi in 2000-01 to Rs 1310 for same variety in 2005-06; from Rs 2900 for Suvin in 2000-01 to Rs 3135 for same variety in 2005-06 with other varieties like V797, J 34, LRA 5166, H-4, JKHY-1, S-6, DCH South, fetching a variety of prices in between.

The Minimum Support Price (MSP) for two basic varieties of cotton viz. F-414/ H-777 and H-4 are announced by the Government of India on the basis of recommendations of the Commission for Agricultural Costs and Prices (CACP). The MSPs for other varieties of Cotton are fixed and announced by the Textile Commissioner on the basis of MSPs announced for these two basic varieties of Kapas. For the Cotton Season 2005-06 (Oct.-Sept.), the MSP for F-414/H-777/J-34 variety was Rs.1760/-per quintal, and Rs1980 /per quintal for H-4 (Long Staple) variety.

Whenever market price of cotton falls below the MSPs, the Cotton Corporation of India (CCI) in the Ministry of Textiles undertakes procurement of cotton at MSP in all the cotton growing states, except in Maharashtra where Monopoly procurement Scheme of the state government is in operation.

The Minimum Support Price for cotton in India in Rs. per quintal is at **Table 10A**.

### **1.21 The Monopoly Cotton Procurement Scheme (MCPS)**

The Monopoly Cotton Procurement Scheme (MCPS) has been in operation since 1972-73 in Maharashtra. Under this scheme, Cotton procurement was the monopoly of the MSCCGMF and the farmer was not only assured of the MSP, but also received a bonus if MSCCGMF made profit.

Over time, a plethora of problems were identified with the scheme. The bonus was converted to additional advance price that was also guaranteed. The payment of additional price was de-linked from the actual market scenario leading to instances when Cotton was purchased dear and sold at a cheaper rate. This led to a loss that cumulated over time. In addition to this, poor storage facilities led to mixing of different grades of Cotton and destruction by fire and rain. Office bearers involved in grading and weighing took to rent seeking activities. The farmers paid commission to middlemen at the procurement centres. There emerged a class of traders in the guise of farmers. The farmer sold his produce to trader-farmer at a lower price who in turn sold it to the MSCCGMF. The payment to farmers was delayed and staggered.

To do away with the problems under MCPS, monopoly procurement was relaxed and private traders and textile mills were allowed to buy from the farmers directly in 2002-03. This proved beneficial to the farmers, as the open market prices during this and particularly in the next season was higher than the MSP because of higher international price for Cotton.

The doing away with MCPS was very short lived. In 2004-05, there was an increase in Cotton production all over the world and open market prices fell much below the MSP and MCPS was back in operation leading to record procurement by MSCCGMF. Under MCPS, price paid per quintal (average fair quality of long

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staple) was about Rs.2500, but payment was not immediate. Many farmers sold their produce in the open market at Rs.1900 or even lower. It is by and large the trader-farmers or farmers who do not want ready cash who sold to the MSCCGMF. The MCPS was relaxed in 2005-06 and private players were allowed to procure resulting in farmers resorting to distress sale and realizing prices much less than the MSP.

### 1.22 Procurement of cotton at MSP during 2004-05

Due to a record production of cotton in the country and in the world during 2004-05, there was crash in prices both in domestic and international markets. Accordingly, cotton was purchased at MSP by various agencies. The quantity procured under price support scheme till now, is as under:

Agency	Quantity procured( lakh Bales)
Cotton Corporation of India	27.08
NAFED	0.36
Maharashtra State Cooperative Cotton Growers Marketing Federation	43.00

### 1.23 Steps taken for stabilization of cotton prices

- For stabilizing cotton prices, interaction with stakeholders was held in Oct-2004 by Department of Agriculture;
- Cotton Corporation of India is procuring cotton at MSP;
- For the first time , GOI allowed NAFED also to procure cotton at MSP;
- GOI approved export of cotton limiting 20 lakh bales under price neutralizing scheme with an export assistance of Rs 1000 / candy of kg towards transport , handling etc.;
- CCI has exported 2.87 lakh bales of cotton till 6.5.2005.

### Cost of Production: Data from Akola Agricultural University

#### 1.24 Input Output in rain-fed/irrigated conditions.

**1.24.1** Some data from experiments conducted at Akola Agricultural University (AICCIP) give a clue as to the input out put ratios. These are given at **Annexure- M.**

**1.24.2** They have deduced that the input output is not favorable as below:

**1.24.3** Input/output ratio for cultivation of Bt. Cotton in Maharashtra

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Sr. No.	Average production cost per hectare (input cost) Bt. Cotton	Average cotton production (qu/ha)	Income in Rs. per hectare
1	Rs. 16000/ ha.	10	Rs. 2010 per quintal i.e. Rs. 20100

Also given are calculations from Akola on the actual cost of production of different varieties, both in irrigated and rainfed conditions. These are at **Annexure N, O, P and Q** respectively.

**1.25 Cost of production: IGIDR**

**1.25.1** IGIDR in its study of specific cases has identified that they found cost in studies to range between Rs.15,000 to Rs.20,000 per acre; including all other expenditure of fertilizers, pesticides, labour and total costs. They determined a hypothetical net income varying from Rs.12,200 to Rs.27,000. On their analysis, such net income in fact means the per annum earning of around Rs.2500 per person. Variations can be built in for Rs.500 per quintal additional income in cases where Maharashtra Monopoly Procurement was in place.

**1.25.2** They have summarized that “it is generally the case that in an acre of land one packet of seeds (910 grams) that costs around Rs.450/- to Rs.500/- for non-Bt. Varieties and Rs.1600/- for legal Bt. Varieties would suffice. However, due to a guaranteed germination rate of 65 per cent only, farmers end up sowing two instead of one packet of seed. This increases the seed requirement. Under assured water, the seed requirement might reduce with existing practices; an income of Rs.4037 per person per annum (that is Rs.336.45 per capita per month) is arrived at.

**1.26 Cost of production: Department of Economics and Statistics/CACP**

**1.26.1 General observations regarding Cost of Bt Cotton to the farmer; practices; and causes for low returns**

About 95% area is rainfed in Vidarbha region of Maharashtra and hence, cotton is mostly grown under rainfed situation. Under rainfed condition spacing recommended for hybrid cotton is 90 x 60 cm and the plant population comes to 18500 plants/ha. Generally sowing of two seeds per hill is recommended under rainfed situations that means 37000 seeds will be required for sowing one hectare area and seed rate required will be 3 to 3.5 kg/ha for 90 x 60 cm spacing. The cost of Bt. cotton hybrid seed is Rs. 1600-1800 for a bag of 450 gms which contains approximately 5000-5500 seeds that means for 37000 seeds i.e. seven packets of 450 gms will be required which costs Rs. 11200/-. This seed cost is not affordable by a normal cotton grower. Under rainfed situations the yields of

cotton are not constant every year due to erratic and uneven rainfall. Presently the Bt. cotton producing seed companies giving one packet of 450 gm for one acre area with the recommendation to sow one seed per hill, which reduces the plant population per hectare which results in yield less than expectation under rainfed situation. It is observed that Bt Cotton gives more yield versus non-Bt Cotton. Bt. Cotton seed cost is high; that is why cost of cultivation increases. Bt Cotton needs good management practices

An analysis has been conducted of the data generated by the Directorate of Economics and Statistics in Ministry of Agriculture (which forms the basis of recommendation on prices announced by CACP).

This is a stratified sampling of large, medium and small farm holdings and around 6000 samples are taken annually. The total inputs include rental lease labour, costs of pesticides, fertilizers etc. for the farm as a whole, hereafter an apportionment is done for specific commodities. The costs of production data published currently are available for 2002-03 (**Table 11**) and annual additions are made by accounting for changes in wage/labour/other costs as known nationally. Disaggregated data at regional level is not possible while State level data is available. The Team has thereby taken into account the data and analysis done by experiments of Agricultural University of Akola; case studies carried out by IGIDR and source data quoted by IGIDR in various studies carried out by different experts for the Vidarbha region. Clear conclusions regarding actual input/output are, thereby not statistically possible as this would be an area of study itself. However, the Team is of the clear opinion that precise input/output is not available and the cost of production at present appears to be much higher particularly for Bt. Cotton which is available only in specific varieties as per the desire of the cotton seeds companies. Till such time that high prices are lowered, the market economic pressure will push the low resource farmer to a level of investment which is indeed suicidal.

In such an event, it is but natural that expectations will be created from the Government for providing protections either by support prices or by making available crop loans.

### **1.27 Cost of Seed**

**1.27.1** Cost of seed in the calculation under cost of production has been difficult to identify precisely for Vidarbha region. However, taking into account the fact that 15% of the area in the State is under Bt. Cotton from MAHYCO where the cost of one packet is Rs.1600/- on the average, the remaining figures have been derived from the cost of production and its basic data as used by CACP. CACP has estimated Rs.600/- per packet as a base cost in the calculation of cost of production. The Team has, thereby, adopted the CACP costing in arriving at the cost of production. The Akola data based upon experiments has used Rs.1600/-

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as a base cost for seed. The variation in return to the farmer is thereby greater when the tables between Akola and CACP are compared.

## **1.28 Cost of production: Findings**

**1.28.1** Between TE 1995-96 and TE 2002-03, the annual average for gross value of inputs used in agriculture in Maharashtra increased by Rs.2063 crore (from Rs. 19892 crore to Rs.21956 crore). In TE 2002-03, Jowar, Tur, Soyabean and Cotton account for 88 per cent, 69 per cent and 84 per cent of the area under major crops in Wardha, Washim and Yavatmal respectively. For these four crops the item wise share of cost of production in Maharashtra in 2001-02 is given in **Table 11A**. It shows that operational costs account for nearly 75 per cent of the costs in Jowar, Soyabean and Cotton and about 57 per cent in Tur. A substantial part of operational costs is human and animal labour. For cost attributed to human labour, imputed family labour account for 47 per cent in Jowar, 45 per cent in Tur, 34 per cent in Soyabean and 37 per cent in Cotton. With regard to animal labour more than 75 per cent of the costs is attributed to owned bullocks. It is as high as 92 per cent for Cotton. Most of the machine labour is hired. The share of costs on account of seeds, fertilizer, manure and insecticides is higher for the cash crops, Cotton and Soyabean, when compared with Jowar and Tur.

**1.28.2** What is most striking is the high use of insecticides in Cotton. Per hectare usage in cotton cultivation is nearly 13 times higher than that of Soyabean, 82 times higher than that of Tur, 442 times higher than that of Sugarcane where per hectare insecticide use was Rs.1.4 in 2001-02 in Maharashtra, and nearly 2000 times greater than Jowar. Cotton accounts for more than 89 per cent of the total expenses for insecticides.

**1.28.3** For Jowar, Tur, Soyabean and Cotton the projected cost of cultivation for Maharashtra and Minimum Support Prices (MSP) for India in 2004-05 is given in **Table 11B**. It shows that the MSP for Jowar and Cotton are greater than A2+FL costs (all paid costs including rent for land imputed family labour) but lower than the C2 costs (A2+FL plus interest on value of owned capital assets and rental value of owned land), for Tur and Soyabean it is above C2 costs. This gap between costs and MSP reiterates the relative disadvantages associated with the cultivation of Jowar and Cotton and relative advantages of cultivating Tur and Soybean. This would hold for Cotton even after taking into account that Maharashtra State Co-operative Cotton Growers Marketing Federation Limited (MSCCGMF) paid an additional Rs.500/- per quintal over and above the MSP in 2004-05.

**1.28.4** Thus it may be seen that for the farmer the growing of cotton has become increasingly unproductive in Maharashtra.

## **1.29 Rural Credit Requirements**

### **1.29.1 Credit Requirements of Yavatmal**

Vidarbha Jan Andolan's— Kishore Tiwari states

“The district, along with four others in western Vidarbha's Amravati division, has witnessed most of the suicides. The money-spinner of yesteryears has become an unremunerative crop, with even once-progressive farmers with 20 to 40 acres balking at sowing another crop. Increasing cost of inputs, piling debts and dwindling incomes that have made repayment difficult are pushing the farmers over the brink.”

**1.29.2** Fresh crop loan to all farmers is only solution to stop suicide. Government of Maharashtra has announced that interest rate on crop loan will be reduced to 6% from existing 9%, but when only 5% farmers are taking loan for farming from bank, what is the use of this reduction, Kishore Tiwari asked.

**“In Vidarbha out of 3.2.million cotton growers, 2.8 million farmers are old defaulters of bank loans and not eligible for institutional credit. Hence taking loan from private money lenders and falling in to the debt trap is inevitable for them. In order to stop this exploitation of Vidarbha farmers, it is must to provide them bank credit”.**

### **1.30 Case study: Washim District**

**1.30.1** The issue of Rural credit and its availability for agricultural purposes has been analysed in greater detail in one district, Washim. It is found that of the 841771 population, there were 195543 account holders in Washim, 50357 were having less than 1 ha of land, 89521 had more than 2 ha of land. From above classification of Agriculturists it is clear that almost 50% of the Landholders in the Washim District are holding land which is economically not viable and can not become self sustainable. Therefore they have to depend on Agricultural crop credit every year. The study shows that on an average the requirement of credit for agricultural purposes was at least Rs. 75 Crores per annum. With addition of other needs, including household needs the requirement increases to Rs. 150 Crores. Details, including particulars of credit owed by suicide families are at the **Annexure R** giving details of the Case Study of Washim.

**1.30.2** The Fact Finding Team during its visit to various villages and districts found that over 95% of the farmers had been covered through institutional credit either through banks or rural cooperative societies. There are 823 Commercial Banks, 199 RRBs<sup>2</sup>, 709 DCCBs, 59 Other Banks. There are thus 1790 bank branches in total in the 11 Districts of Vidarbha. The Districts wise details of bank branches are at **Table 12**. The district wise details of outstanding deposits, advances, CD Ratio<sup>3</sup>, priority sector advances, direct finance to agriculture, advances to weaker sections and SC/ST are at **Table 13**. Over time, particularly during the last 3-4 years, due to inability to pay back principal amount, most of the farmers are now in the list of defaulters. Nonetheless, since the farmers are

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<sup>2</sup> Regional Rural Banks

<sup>3</sup> Ratio of credits to deposits

continuing in agriculture, their requirements of sustainable and productive occupation will continue to require adequate pre-crop sowing loans. There is, therefore, an emergent need to review the credit package as it is currently available. The operation of the defaulter list will continue to keep most of the farmers out of the frame of formal credit system. The special package of the Chief Minister announced in December 2005 under formal Institutions only provides for moratorium of interest while the principal amount stays outstanding. The issue regarding input dealers and credit available through them at exorbitant rates continues to stay a problem area as these are not registered/licensed dealers. Despite the annual dispensation of 30% increase of credit availability by banks in rural areas for agriculture, as per existing policy, we will be unable to reach large number of distressed agriculturists. To bring back the majority of these farmers to the formal credit system is an essential pre-requisite for amelioration of the current rural distress prevailing in the region.

**1.30.3** The overall outstanding credit figures at national level for agriculture are given in The Trends & Progress in bank credit 2004-05 (RBI) which shows that for agriculture the figures of outstanding credit have risen from Rs.73,518 crores in March 2003 to Rs.1,22,370 crores in March 2005 with a variation of 31.8% over the period 2003-04 to 2004-05. Similarly, the State-wise distribution of deposit and credit of scheduled commercial banks in statements of 2004 and 2005 of RBI (from website data of RBI – [www.rbi.org.in](http://www.rbi.org.in)) indicates the credit figures of Rs.3,65,925 crores for Maharashtra as a whole (Team could not obtain immediately, the variations for Vidarbha). However, since this would be through banks, it would not be relevant to the rural farmers as they were found to be covered more by cooperative banks than by commercial banks.

**1.30.4** Given the above figures, it would seem relevant to study the precise outstanding figures in the Vidarbha region. In the absence of disaggregated data, the Team has made an estimation of outstanding from the case study data available from district Wasim. Rs. 85 crores have been found to be an outstanding figure through different sources of formal credits in Wasim and if we multiply these figures by six affected districts, we would arrive at a figure of Rs. 510 crores outstanding debt for the distressed region. Gross farm credit requirement as indicated by the Chief Minister, Maharashtra is Rs.6000 crore, 20% of which in Vidarbha.

**1.31** Taking into account, the magnitude of requirement for credit in the region, the team has made several recommendations.

**1.32 Terms of Reference 3** pertains also to an analysis of the adequacy of the **Special Package announced by Maharashtra Government** in December 2005. Specifically it enjoins upon the Team:

“to find out the factors leading to rural distress in Vidarbha region and to study the existing relief packages announced by the State Government;”

The Special package announced by the State Government (copy of detailed package at **Annexure-A**) contains a few sound proposals regarding sharing of crop insurance premium, increasing flow of credit and rescheduling of loans. Detailed discussion on the Special Package is at Section 5 (page 48). The package is nonetheless unlikely to address some of the most important and perpetual problems causing distress to the farmers of the Vidarbha region. It is silent on the issue of indebtedness, spurious seeds, exorbitant cost of seeds, transport of produce (cotton) to the Federation purchase points, delay in completion of irrigation projects, etc. There is also a need for integrated watershed development and cost effective water harvesting measures. (The State Government has now in 2006-07 included a water shed development programme for Yavatmal alone at Rs.100 crore annually. This is a good beginning). Any package ignoring these issues would be of limited advantage to the farmers. State Government may consider following action points for inclusion in the Special package:

- Inclusion of public sector agencies in production and sale of Bt Cotton and strict measures to prevent the entry of spurious seeds in the market.
- Completion of pending irrigation projects on top priority and in a fixed time frame.
- Implementing cost effective watershed development projects including rainwater harvesting.
- For credit requirements of farmers and for crop insurance specific suggestions are made at paragraph 33 above.

**1.33** It may also be interesting to find out the reasons as to why farmers borrow from unlicensed money lenders at high interest rates despite existence of public sector credit institutions. This knowledge (feedback) should be used to revamp the functioning of credit institutions as far as loaning to the poor farmers of Vidarbha is concerned.

**1.34** There are other necessary recommendations which are summarized subsequently in the Report.

### **1.35 Summary of Findings under Rural Issues**

#### **1. 35.1 Miseries of cotton growers of Vidarbha**

In the recent surveys conducted by Fact Finding Team in different districts, an array of problems related to cultivation and marketing of cotton were noticed, which are listed below:

- **Exorbitant cost of Seeds:** The cost of Bt. cotton seed is one of the major factors affecting the cost of production and the cost benefit ratio.

One packet of MAHYCO is sold for sowing of 1 acre of land at Rs. 1650/-. This one packet per acre is the recommendation for normal sowing in good irrigated conditions. However, one packet is not sufficient for raising a rainfed crop because of narrow spacing. Thus farmers have to either use more than 1 packet seed per acre for desired plant population or compromise with a poor crop stand resulting in lesser yield. According to AICCIP, Akola, a good crop stand in rainfed area would require 07(seven) packets of 450 gms seed per hectare.

- **Yield and economics of cotton under irrigated vs. un-irrigated areas:** Statistics clearly indicate scarcity of irrigation water is one of the major bottlenecks in achieving high productivity. The state of Maharashtra with 4% area under irrigation has an average cotton productivity of 147 kg. per hectare. On the other hand, average cotton productivity (lint) in the State of Punjab, Andhra Pradesh, Tamil Nadu and Karnataka is 366, 289, 295 and 202 kg per hectare respectively as 99.7, 18.1, 34.9 and 13.8 per cent of the cotton areas in these States respectively is irrigated. Studies carried out by State Department of Maharashtra further reveal that the net returns under Bt. cotton are higher under irrigated conditions.
- **Farmers' perceptions on Bt. Cotton versus other popular hybrids:** As per the feedback of the field level officers in Maharashtra, although the performance of Bt. over its non-Bt counterparts is better its performance as compared with other popular non-Bt hybrids like (NCS-145) (Bunny), Ankur 651, Paras, Brahma is not better. The feedback received from most of the farmers of the states is as follows:
  - i) The average boll weight of MAHYCO BT cotton varieties is 300 gms/ 100 bolls i.e. three gm/boll which is low as compared to other non-Bt popular hybrids which gives 550 to 600 gms/100 bolls;
  - ii) The staple length of the Bt Cotton varieties is also short and hence it fetches lower price in market compared with other popular hybrids;
  - iii) The Bt cotton variety shows more susceptibility to wilting under heavy rains compared to other popular varieties;
  - iv) There is no mechanism to control the cost of Bt cotton seeds. In this particular year, the cost of only 450 gm packet of Bt cotton seeds of MAHYCO is Rs. 1600/-. The Team felt that in rain-fed areas this does not give adequate return the MRTPC.

- **Seed Banks:** No seed banks exist.
- **Spurious Seeds:** Due to higher cost of Bt cotton seeds and their better performance in different areas, the sale of spurious seeds by unauthorized agencies is very common. The problem is more acute in remote areas, where farmers have no access to authorized seed sale agencies (outlets).
- **Lack of awareness:** A recommended package of practices of Bt cotton cultivation is neither available to the farmers nor any such effort is visible on the part of the State Agriculture Department/ SAU to educate the farmers about cotton cultivation particularly benefits and possible risks of Bt cotton.
- **Ineffective Extension:** As the performance of State (public) extension agencies is not satisfactory. The local input dealer is the only person to guide the farmers on seed, pesticide and fertilizer related matters. The farmers are naturally misguided to spend more and follow inefficient input use practices, even Bt Cotton seed (sub standard?) is sold with the promise of complete resistance to pests and diseases whereas the farmers have to go for repeated spraying of pesticides (spurious?) to control pest infestation.
- **Poor Credit Facility:** The credit institutions are either not adequate or too methodical (involving cumbersome procedures). Hence, private money lenders are the major source of credit to the farmers. Not only are the interest rates exorbitant but farmers are also pressurised by the money lenders for timely repayment even under crop failure conditions. The situation is further aggravated when these money-lenders become input dealers, who initially misguide the farmers to purchase sub-standard material on credit and then procure his produce at their own terms and conditions.
- **Poor market infrastructure:** Inadequate road connectivity and market linkages in rural areas often lead to exploitation of farmers by the middleman procuring the produce at very low price. The farmers have to sell their produce in village itself to meet their pressing family demands as also to repay the time-bound debts.
- **Support price:** Minimum support price for cotton is low in comparison to cost of production. Monopoly procurement has been withdrawn suddenly leading to a sudden and massive shock to the farmers.

**1.36** In the light of above points, it is apparent that the cultivation to market chain is not farmer friendly. The least informed resource poor farmers therefore, succumb to the clutches of unending indebtedness and unemployment.

### **1.36.1 The problems of citrus decline:**

For last several years, citrus orchards of Maharashtra, particularly those of Nagpur and Amravati region have suffered due to several biotic and abiotic reasons leading to degeneration of citrus plantation on the one hand and falling productivity on the other. Two major reasons are identified for the same:

- **Inadequate moisture:** Because of lack of irrigation facilities and also low rainfall the moisture content in soil profile particularly in affective root zones remain inadequate at active physiological stages (i.e. flowering and fruit setting) besides the lack of moisture to meet even routine requirements of crop survival increases the chances of wilting of the plantations either due to moisture stress or due to pathological infestations;
- **Physical disorders:** physical disorders in the crops owing to neglect of balanced plant nutrition is another important constraint. Deficiency of potash and micro nutrients like Zinc, Boron and Copper have emerged as significant nutritional problems for citrus in recent studies carried out by Central Institute of Citrus, Nagpur. Unless these problems are appropriately addressed there is less hope of revival of citrus orchards.

**Due to heavy rains and hailstorms, there have been tremendous losses to farmers in the region affecting large hectares in the region. Relief is being made available by the Government as per existing norms.**

### **1.37 Recommendations**

#### **1.37.1 Quality of Seeds and related issues**

Strict quality control on Bt Cotton seed is a pre-requisite. There is need to increase the number of players in cotton seed production so as to rationalize the cost of seed. Public sector seed companies and R&D institutions should explore the possibilities of developing non-Bt strains of pest resistant hybrid cotton. Only certified seeds should be allowed to be sold in the market that too only after its satisfactory performance as verified by local SAU on the basis of 3-5 years of field trials. Existing legal provisions under Seeds Act, 1966 should be implemented vigorously to curb the entry of unauthorized seed traders in the market.

Experiments in other States have indicated success in maintenance of quality of seeds by promoting farmers cooperatives / systems for ownership and

stakeholdership in ginning mills and establishment of seed banks by farmers whereby the quality and quantity of the staples have been ensured. These systems should be studied from other States and promoted in Vidarbha region.

### **1.38 Improve Advisory and Extension**

**1.38.1** Farmer Advisory and Extension Services in the region were found to be extremely poor. It should be immediately strengthened by positioning of adequate extension staff and capacity of the staff should be built up. Farmers need to be well informed about the technological and risks factors of growing Bt cotton particularly in low productivity rainfed situations, its susceptibility to sucking type insects, market prospects, etc.

**1.38.2** There are good examples of enlisting private partnership in extension in States like Punjab. The Ex-Agriculture Commissioner, Government of Maharashtra has also made strong recommendation for the involvement of NGOs and private sectors for extension and also in some cases to provide inputs and thus, avert the need for unprincipled input dealers. The State Government may work out appropriate PPP models for extension.

### **1.39 Supplementary Irrigation**

**1.39.1** Vidarbha's annual rainfall is 90 cm and is, therefore, known as an assured rain fed area. There were poor rains in 2001-02 and 2002-03 and arrangements for supplementary irrigation would have been very useful. The terrain in Vidarbha is uneven and there is high run off of water. The soil is also shallow. There is, thus, urgent need to provide for protection and integrated watershed development. Further, due to lack of cooperation between the Forest and Irrigation Departments, the channels for irrigation in the canals for watershed are heavily silted. This can be easily sorted out by working with the tributaries in such a manner that the canals do not choke up and reasonable watershed development can take place. Besides there are innumerable irrigation projects which are held up at the last mile. Finishing these could benefit the farmers. Clearances should be obtained and resources secured.

### **1.40 Water Harvesting**

**1.40.1** Pragmatic programmes of water harvesting need to be implemented so as to enhance the possibility of raising a post cotton Rabi crop. Banaskantha is a comparable area with Vidarbha in that it has arid characteristics like in Vidarbha. The single supplementary irrigation in Banaskantha is obtained by buying the service through one large pump owned by another farmer. The pricing structure is as follows: Rs.400 to Rs.600 for the protective irrigation for each single picking, and same process is followed for the 8 to 9 pickings which are obtained by the farmers for the crop on an average. The costing of one picking and one special irrigation is as follows. Rs.1900/- is the price for picking and Rs.600/- is

the maximum amount for water and another Rs.200/- can be deducted for picking charges. A clear profit of Rs.1100/- is available on the average for every picking to the Banaskantha farmers per acre. At least one supplementary irrigation should be ensured by mapping out likely partners for the season and engaging non-governmental assistance to forge the relationships in the initial years till a strong cooperative movement grows for pani Panchayat systems.

#### **1.40.1 Reduce use of Pesticides**

**1.40.1** Extensive use of pesticides seems to induce depression. Therefore, safe and judicious use of it in cotton belt may be demonstrated and promoted.

#### **1.41 Farming System Approach**

**1.41.1** The concept of farming system i.e. mixed farming involving appropriate mix of farm enterprises needs to be promoted on a campaign basis.

#### **1.42 Cotton Growers Federation**

**1.42.1** Small farmers' cotton growers associations be promoted to empower them. Federating such associations at block / district level is strongly recommended. Contract farming concepts should be promoted with private sector / NGOs so that risks can be shared. Information and knowledge can be shared and a joint economic response is possible at the farm level.

#### **1.43 Improved Practices**

**1.43.1** To promote better farm practices for cotton, the need for harmonized production of bales so as to meet the technical parameters of good quality should be kept in mind. In Gujarat, the TMC-I (research and seeds), TMC-II (production and marketing), TMC-III (Ginning) and TMC-IV (link with textile units) are functioning effectively. All three TMCs (1, 2 & 3) work effectively and harmoniously and depend upon the farmers, who are shareholders in the cooperative ginning mills. This leads to harmonized bale preparation, where the buyers have the confidence to procure the same quality. The practice is to grow the same seeds in concentrated areas. The difference in Maharashtra is that farmers have no confidence in one variety and follow the incorrect practice of sowing three different types of seeds at the same time on the fields. This leads to non-harmonious quality in the bales prepared from their product and thus brings down the prices. There is a positive role of cooperative ginning mills where the farmer is a shareholder and is able to ensure that the quality of all products is improved.

### **1.45 Value Addition**

**1.45.1** End to end production with close tie up with textile mills needs to be taken up with missionary zeal in all cotton growing areas. The relative advantages of setting up mills elsewhere due to infrastructure need to be bridged so as to enable appropriate incentives for farmers to stay in the business of farming.

### **1.46.1 Pricing Policies**

**1.46.1** The Monopoly Purchase prices adopted by Maharashtra were much higher than those of MSP and, subsequently, with the withdrawal of monopoly purchase the capacity to make a recovery by the farmers was eroded. In other States, the farmers are protected by regular incomes and a constant pricing as against the fluctuating prices of Monopoly Purchasing schemes of Maharashtra which has led to acute erosion in the income of the farmers. In all other States, the farmers get at least what is available at the MSP provisions, if not higher than that. A consistent and economically justifiable policy which will give some reasonable level of assured support and purchase is necessary.

### **1.47 Organic Farming**

**1.47.1** Organic farming along with its limitations of being successful only in large farms needs to be studied on ground situations with reference to cotton growing belt.

### **1.48 Counseling**

**1.48.1** Counseling and information support to the affected families be extended engaging competent and professional NGOs so as to facilitate their continuing in farming.

### **1.49 Credit**

**1.49.1** As an immediate measure the current outstanding loans of farmers in the six severely affected districts may be waived. Mere restructuring will not provide any ray of hope as the farmers are not in a position to purchase seed for the forthcoming Kharif season. Years of neglect of the area in terms of little or inadequate extension has led to the farmers incapacity to make informed choices and in the present scenario of sharp market corrections and shocks like cessation of decades old practice of monopoly procurement has eroded their capacity to survive in a perceived hostile climate. Traditionally the farmers have been used to desi hybrids cotton and have had procurement year after year, with the added disadvantage of having enjoyed the 'higher' prices due to the higher rates of monopoly procurement. It is doubtful that farmers themselves have enjoyed the higher rates as it would appear that the benefit was in fact enjoyed by the traders who procured on behalf of the federation. Nonetheless

they have had assured procurement to depend upon for decades. Sudden withdrawal has made it difficult for them to face the real world with reduced prices, and incorrect choice of Bt Cotton. Either the Government of Maharashtra should revert to monopoly procurement, which would be an expensive decision for them, or the current outstanding loans, at least in the formal system should be written off. This may be around Rs. 500-600 crores as per estimations. With this the additional burden of Rs. 300/- crores expected to be borne by the Government of Maharashtra for subsidizing the banks for restructured loans an restructured interest burden will reduce automatically. As such the outflow of cash will be less than Rs 400/- crores as an estimate.

**1.49.2** The actual quantum of informal debt owed to input dealers could not be finalized by the Team. At the best, estimates can be drawn on the basis of loans taken over 3 transactions as brought out by IGIDR in its study in the Vidarbha region which gives a variation between Rs.24000 to Rs.34000 per transaction. Each suicide family has taken an average of 3 transactions and thus the figure would range around Rs.1 lakh approximately for rural resource poor families. However, discounting of the formal component of the debt will also be necessary from the above figures as brought out by IGIDR. The other variations have already been given above and the Team would not like to put a figure to the amount of debt owed to informal channels. The Team would like to strongly recommend and suggest that some measures of open public hearings may be conducted in the distressed districts to evaluate dealer by dealer, the money owed to them. This will facilitate the Government coming to a decision regarding how to give a clean slate to these farmers for forthcoming Kharif season.

**1.49.3** While waiver has been recommended for outstanding debt in the formal system at paragraph above, an alternative could be to consider provision of seeds to the farmers in the 6 districts in Vidarbha through arrangements to be made by the State Government. The distribution could be done by seed cooperatives / Seed Corporation / Seed Bank or any other method. The average seed costs as taken into account by CACP in their calculation of cost of production is Rs.600/- per packet. For each acre, 2 packets will be necessary in rainfed situation. The number of farmers in Vidarbha in the 6 districts would be ranging between 14.7 lakh to 16 lakh as per estimates received from the State Government. With an additional cost of Rs.200/- for distribution, the total cost of the packet of seeds would be Rs.800/-, thus leading to an amount of around Rs.250 crores approximately for 15 lakh farmers. This should be a feasible option of support to the farmers for making available less expensive, but hybrid variety seed, thus ensuring that the farmers have their basic seeds available with them for forthcoming kharif season. For their additional requirement for production, they would still need credit for pesticides and labour which should be organized by enhancing credit availability in the rural areas.

**1.49.4** The team considered the suggestion of Government of Maharashtra to involve NABARD as a facilitator for credit delivery through commercial banks, co-

operative banks and societies. The present impediment of many of the societies having weak financial status should be overcome by a thorough overhaul and review of the system. The involvement of NABARD will ensure appropriate lending mechanisms being brought into play, thus enabling the cooperative societies to deliver credit to the rural population.

**1.49.5** Since it would be operationally cumbersome for NABARD to monitor the activities of every cooperative banks/societies individually, a few nodal agencies should be identified from among the banks/societies. Such agencies would essentially be the larger of the entities having several smaller entities under their command area. NABARD would then be able to provide a line of credit to each nodal agency who would in turn distribute the line to the individual entities. NABARD would provide training in credit assessment, disbursement and recovery skills to the nodal agencies and would jointly scrutinize the loan applications with the agency. This would ensure that the credit appraisal and monitoring is done with the necessary level of expertise.

**1.49.6** Credit availability needs to be more even in its distribution. Systems in place do not encourage this. Mechanisms could be established with wide participation of farmers overseeing the loaning approvals. This will ensure that the list of beneficiaries is transparent and inclusive. A regular system of crop loans should be set up so that there is no reversal to earlier indebtedness. NABARD through RRBs, commercial and cooperative banks should operate with provision for wide participation in the loaning process.

**1.49.7** As a long term measure, the intervention of NABARD for making credit available to the farmers during the forthcoming Kharif season and thereafter should be attempted. NABARD may also help the co-operative banks and societies to improve their net worth. It is also essential that prudential norms and best practices are introduced in this sector and training centres are established for skill up gradation.

**1.49.8** A system for setting up a jointly owned, Jointly Administered People's Social Safety Fund needs to be considered. This could be a Contributory Fund with equal contribution for funds from farmers and Government. Government's component for the Fund can be raised by levying a cess / tax on intermediate or finished cotton products. This could be worked out by a Special Committee under Ministry of Finance. The amounts could be used for welfare of the truly distressed. This will avert suicidal situations as like in SHGs it should be possible to take loans for marriages etc. Farmers contribution could be started as low as Rs.10 or Rs.50 per family as normal in SHG situations. The system could be federated at Tehsil or District level with the SHGs of farmers being around 15-20 per group.

**1.49.9** Ill-health leading to hospitalization has been noted as the second largest cause for rural indebtedness. Ill-health necessitates immediate financial

expenditure and also results in loss of earnings from works. There is a need to deliver cost effective health care packages to the farmers. As the existing public health care facilities are inadequate and farmers invariably go for high cost private health care services, it is suggested that the State Government may take initiative in developing and implementing a public private partnership model in health care. The Government of Maharashtra may implement a scheme similar to the 'Yeshavini Cooperative Farmers Health Scheme' of Government of Karnataka under which 85 hospitals were selected based on set criteria and package rates were negotiated and fixed for over 600 types of surgeries. The package included all costs so as to provide for the beneficiary cashless surgical treatment. Premium per person is total at Rs.25/- per month which was given as subsidy by the Government in the first year. From the second year, the farmers' contribution has been fixed at Rs.10/- per month. In Karnataka, 16 lakh farmers had enrolled as members in the first year.

**1.49.10** Similar initiatives of public private partnership in Gujarat in 6 identified backward parameter districts involve handing over of management of Government hospitals to private partners. Here the existing costs under non-plan and plan continue to be provided by Government which private partner undertakes to improve health delivering to BPL and with nominal use charges for APL.

**1.49.11** Similar insurance cum savings scheme with a subsidy element needs to be developed to meet marriage expenses especially of girl children (with at least a 20 year duration).

## **1.50 Crop Insurance**

**1.50.1** Crop insurance has to be reorganized in a meaningful way. It was found that small and marginal farmers were not getting the due benefit of National Agricultural Insurance Scheme (NAIS) as at present the Insurance Unit happens to be Taluka/Block rather than Village Panchayat. The variability in crop yield at the village level gets neutralized at the block level, so the farmers get deprived of the benefits of Insurance Scheme.

**1.50.2** The Department of Agriculture & Cooperation has proposed implementation of Modified NAIS, which, inter-alia, envisages village panchayat as unit of insurance. As it involves huge outlay (Rs.8145 crores with 50% penetration), its implementation at the National level may be prohibitive. The detailed proposal in respect of modified NAIS is annexed as **Annexure S**. The Planning Commission, therefore, supports piloting the MNAIS in few States/districts having requisite data collection capability/infrastructure. In this context, the Team suggests that a few of the selected districts could be in Vidarbha region of Maharashtra

**1.50.3** As at present data is not available on actuarial basis which is essential for any successful Insurance initiative, it is suggested that the scheme may be piloted in a limited manner based on actual data of rain/weather and the insurance be linked to rainfall data of Vidarbha with provision for 20% drop in rainfall from usual of 90 cm as the basis of the insurance package on a trial basis. On successful implementation of the actuarial data based trial insurance scheme the question of expansion to other causes for failure may be considered, and even then, on a further trial for another three years .

**1.50.4** The Team also recommends that if the production falls, due to less rainfall by more than 20% in a revenue village, then on the basis of Collector's certificate, and the weather forecasts and actuals of rainfall, the equivalent amount of cash for the crop loss needs to be paid to the farmers. The extra premium for this should be part of this package.

### **1.51 Recommendations for Citrus in Vidarbha**

- Assuring some bare minimum irrigation at least during critical physiological stages.
- Soil and plant test based site specific nutrient management is the key to ensure judicious replenishment of plant nutrients. The availability of fertilizer nutrients like NPK, Zn, B and Cu have to be ensured at input sale points. Equally important is to launch an awareness drive to educate farmers and also the extension machinery about the problems of citrus decline and their possible remedies.

## **Chapter II**

**Special package of Government of Maharashtra**

**2.1** The main components of the package announced by the State Govt. on a pilot basis which are applicable to the 6 districts of Vidarbha, namely, Yavatmal, Amravati, Akola, Buldana, Washim and Wardha are the following:

- Farmers would not be required to repay the loans and interest thereon advanced to them by non-licensed money lenders.
- Wherever input dealer has provided inputs like seeds, fertilizers and pesticides on credit, they would be allowed to charge interest at the rate at which the concerned District Central Cooperative Bank gives crop loan to the farmers.
- All outstanding crop loans upto a limit of Rs.25,000 will be rescheduled in these districts.
- The interest on this outstanding loans will be written off and Government will pay Rs.61 crore to the concerned Cooperative Bank for this purpose.
- The principal amount of Rs.203 crore will be rescheduled over a period of next five years. There will be a moratorium on repayment for the first two years and then the principal will have to be paid in three equal installments.
- The rescheduled loans will bear an interest of 9%. The difference between the original interest rate and 9% will be paid by Government.
- If such loan is paid as and when due, there will be an interest concession of 4% which means the farmers would be charged only 5% for this rescheduled loans if the payment is made in time.
- If any farmer is willing to pay during the moratorium period, he will get further interest concession of 2% which means he will have to pay an interest of 3% only.
- This concession would be applicable to crop loans outstanding in the name of the farmers for loans taken from cooperative as well as nationalized banks.
- Once the outstanding loans are rescheduled, the farmers would become eligible for a fresh loan.
- Government has decided to make all farmers (big and small) eligible for credit limit of Rs.25,000 from the Banks through Kissan Credit Card at the rate of 9%. The difference between 9% and actual rate, if any, will be borne by the Government.
- Farmers would be free to draw from this limit any amount anytime as per his requirement and interest would be charged only on the amount actually drawn and only from that moment and not on the whole amount for the whole period.
- If such loans are repaid in time, a farmer would get interest rebate of 4% which means he will have to pay interest at the rate of 5% only.
- For this loan, farmers would not be required to give collateral security.

- The State Government intends to encourage formation of Farmers' Self-help Groups. They would be eligible to receive loan directly from the bank's branch, multi agency approach would be adopted to increase the number of players, bring in competition and make crop loan available to farmers to the extent required at affordable interest rate.
- No farmer who has taken a loan from cooperative bank would be required pay the interest more than the principal.

## **2.2 Comments**

**2.2.1** The financial package formulated by the State includes reduction of interest rates in some cases to 5 per cent and in some cases to even 3 per cent. However, such low interest rates have been restricted to an amount of Rs. 25,000/- only and have been proposed as an incentive for repayment of the loans. The problem of credit to the farmers pertains mainly to its availability from the institutional sources like cooperative societies, commercial banks and regional rural banks at low interest rates. Therefore, the State needs to carefully consider whether it would be able to expand access of credit to all the farmers at the low interest rates that it has envisaged in the financial package.

**2.2.2** Since these steps/package have been conceived in view of the farmers suicides, there is a need to supplement these short term measures with some medium and long term steps to raise the farmers incomes. National Commission on Farmers, headed by Dr. M.S. Swaminathan in its second report titled 'Serving Farmers and Saving Farming-Crisis to Confidence', has noted the importance of quality control in input supply with reference to Yavatmal District of Maharashtra at page 15 of the report. The State Government should take effective steps to check the sale of spurious inputs like pesticides and low quality seeds. The National Commission on Farmers in its second report has also suggested setting up 'Hope Generation Teams' of young students in agricultural and animal sciences universities who could stay in the distress villages during vacations and extend both technical and psychological support. The State may like to consider this suggestion of the Commission.

**2.2.3** The package does not address some of the most important and perpetual problems causing distress to the farmers of the Vidarbha region. It is silent on the issue of indebtedness, spurious seeds, exorbitant cost of seeds, transport of produce (cotton) to the Federation purchase points, delay in completion of irrigation projects, etc. Inclusion of public sector agencies in production and sale of hybrid Cotton and strict measures to prevent the entry of spurious seeds in the market is essential.

**2.2.4** Large scale efforts for water harvesting, popularizing cost effective water harvesting measures are also required to protect the farmers from drought related problems. Besides, cotton being a major crop the need for water is

paramount for at least one supplementary irrigation. The State Government has now in 2006-07 included a water shed development programme for Yavatmal alone at Rs.100 crore annually. This is a good beginning. Completion of pending irrigation projects on top priority should be considered in a fixed time frame.

**2.2.5** For credit requirements of farmers and for crop insurance specific suggestions are made at paragraph 4.28.1 above.

**2.2.6** Although the Central Government has taken several steps to protect the farmers from the international price falls, there are certain local factors such as inadequacy of marketing, storage and post harvest infrastructure as well as inefficient functioning of the markets which lead to price distortion against the farmers. These issues are required to be attended by the State and local authorities.

**2.2.7** Another important issue for saving the farmers from the distress relate to raising their income levels and controlling their social spending. Steps may be taken to diversify the sources of farmers' income by encouraging animal husbandry, horticulture and other non-farm activities for rural employment generation.

**2.2.8** Social campaigns and educational efforts with the involvement of NGOs, farmers groups/ associations etc. can go a long way in controlling wasteful, many a time competitive, expenditure on social ceremonies like marriages etc.

**2.2.9** The above measures, if implemented properly, will definitely go a long way in reducing the debt burden being faced by the farmers. However, these measures which mainly address the issues of credit, have to be supplemented by other long term measures such as enhanced public investment in irrigation, rural infrastructure, health, education including technical education, infrastructure for agricultural processing and marketing etc.

## **Chapter III**

### **Backlog**

**3.1** In a large country like India, disparities in the levels of development not only among States but also among regions and districts within States are bound to exist. These disparities may be attributed to historical factors, differences in resource endowments, environment, governance, terms of trade and competitiveness, quality and scale of public investment, and a host of other factors. However, in India public intervention for removal of regional disparities has been generally recognized as one of the important tools of public policy.

**3.2** Maharashtra, with an area of about 3.08 lakh Sq. kms. and a population of 9.67 crore as per the 2001 census, is the second largest State in terms of population and the third largest in terms of area. The State has three distinct regions, viz. Vidarbha, Marathwada and the rest of Maharashtra. The Vidarbha region comprises the revenue divisions of Nagpur and Amravati, the Marathwada region comprises the revenue division of Aurangabad and the Rest of Maharashtra region comprises the revenue divisions of Nasik, Pune and Konkan including greater Mumbai. There is also a demand for treating Konkan as a separate region.

**3.3** Of the three regions, Vidarbha region which was part of the erstwhile Central Provinces had from time to time raised the demand for a separate State. The origin of the movement for Maha Vidarbha can be traced back to 1905. The Akola Pact of 1947 entered into by the Congress Party leaders agreed to establish a single province of United Maharashtra with sub-provinces for the Marathi speaking areas, Central Provinces and Berar, by name 'Maha Vidarbha and for west Maharashtra with separate legislatures and cabinets for the sub-provinces, but with a common Governor. The States Reorganization Commission had, in fact, recommended the formation of a separate Vidarbha which was not accepted by the Government. Before the Commission submitted the report in 1955, eminent social and political workers of Maharashtra had entered into an agreement which is known as the Nagpur Agreement (1953). The salient features of the Nagpur agreement are as follows:

- 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.
- Subject to the requirements of a single Government, the allocation of funds for expending over the different units will be proportion to their population but, in view of the undeveloped conditions of Marathwada, special attention will be given to promote all-sided development of the area. A report in this behalf will be placed before the State Assembly every year.
- 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 specialized training, and (c) the

services, of all grades, (under Government or Government-controlled enterprises.

- The High Court of the new State will have its principal seat at Bombay and a second seat at Nagpur. The Bench of Nagpur will ordinarily function for Vidarbha area. While making recommendations of the 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.
- 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.
- The administration will be decentralized as an effective means of better associating the people of different units with the administration.

**3.4** As the leaders from Vidarbha felt that the provisions of the Nagpur Agreement needed to be given constitutional recognition, Article 371(2) was included by the Constitution (Ninth Amendment Act, 1956. Article 371 (2) now reads as follows:

**3.5** Article 371(2): Special provision with respect to the States of Maharashtra and Gujarat.

**“Notwithstanding anything in this Constitution, the President may by order made with respect to (the State of Maharashtra or Gujarat), provide for any special responsibility of the Governor for:**

- the establishment of separate development boards for Vidarbha, Marathwada (and the rest of Maharashtra or, as the case may be,) Saurashtra, Kutch and the rest of Gujarat with the provision that a report on the working of each of these boards will be placed each year before the State Legislative Assembly;
- the equitable allocation of funds for developmental expenditure over the said areas, subject to the requirements of the State as a whole; and
- an equitable arrangement providing adequate facilities for technical education and vocational training, and adequate opportunities for employment in service under the control of the State Government in respect of all the said areas, subject to the requirements of the State as a whole.”

**3.6** On 26<sup>th</sup> July, 1984 both Houses of Maharashtra State Legislature passed unanimous resolutions requesting the President of India to make an order in exercise of the powers conferred on him under Article 371(2) for the

establishment of separate Boards for Vidarbha, Marathwada and the rest of Maharashtra.

### **3.7 Fact Finding Committee (1984)**

**3.7.1** The Government of Maharashtra appointed a fact-finding committee of experts under the Chairmanship of Dr.V.M. Dandekar on August 3, 1983. The Terms of Reference of the Committee were the following:

- To decide on indicators for assessing imbalance in development.
- (2.A) On the basis of (1) above, and in relation to the average development in Maharashtra, to determine district-wise imbalance in 1960 and in the latest year for which information is available.
- (2.B) With this in view, to obtain information on the development expenditure incurred district-wise from 1960 up to the latest year for which information is available and the implementation of the development programme.
- (2.C) To take into account the assistance given by the State and the Central Governments and by institutions under their jurisdiction.
- To determine what action the Government could take in relation to which of the indicators and the limits thereof.
- To suggest remedial action to remove the existing imbalance as determined and long term measures to prevent recurrence of such imbalance.

**3.8.** The Dandekar Committee undertook a sectoral study of backlog in nine developmental sectors namely (1) Roads (2) Irrigation (3) Village Electrification, (4) General Education (5) Technical Education, (6) Health Services, (7) Water Supply, (8) Land Development Soil, and Water conservation and (9) Veterinary Services and submitted its report in 1984. The sectoral backlog calculated by the Dandekar Committee as on 30.6.1982 was Rs.3186.77 crore. Vidarbha Region was the worst sufferer with the sectoral backlog as on the said date being Rs.1, 246.54 crore the backlog in the irrigation sector as on 20.6.1982 was Rs.1, 385.93 crore. The backlog of irrigation sector in Vidarbha region was Rs.527.31 crore that is 38.05% of the total sectoral backlog. The report of the Dandekar Committee was not formally accepted by the Government of Maharashtra but made small allocations ranging from Rs.200 crore in 1985 to Rs.500 crore in 1993-94 for correcting the imbalance. Though the Committee had recommended that 85 percent of the yearly budgetary allocations might be used for removal of backlog, this recommendation was not implemented by the State Government.

### **3.9 Presidential Order (1994)**

The President of India passed an Order dated 9<sup>th</sup> march, 1994, providing for Special responsibility of the Governor of Maharashtra. The relevant portion of the Order is reproduced below:

“(ii) Special responsibility of Governor:

The Governor of Maharashtra shall have special responsibility for the establishment of separate Development Boards for Vidarbha, Marathwada and rest of Maharashtra and for matters specified in sub-clauses (b) and (c) of clause (2) of article 371 of the constitution in respect of the area of each such Development Board.”

**3.10** In discharge of the Special Responsibility conferred on the Governor by virtue of the Presidential Order, the Governor of Maharashtra issued the Development Boards for Vidarbha, Marathwada and the rest of Maharashtra Order, 1994. (hereinafter referred to as the 1994 Order). This order was issued on 30<sup>th</sup> April, 1994. Rule 7 and Rule 8 of this Order are relevant and read as under:

**3.11** Allocation of funds for developmental expenditure: - The Government of Maharashtra shall ensure equitable allocation of funds for developmental expenditure over the areas of Development Board, subject to the requirements of the State as a whole.

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

**3.12** Allocation of funds to be reflected in annual financial statement – 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:-

Provided that:

- Re-appropriation may be made in conformity with the budgetary rules and procedure on the development activities undertaken as aforesaid within the area of a Board.

- In the implementation of the development activities, the prevailing norms shall be adhered to, and
- The respective administrative departments shall continue to implement and exercise administrative and technical supervision and control over the developmental activities.”

**3.13** Rule 8 provides that allocation of funds or outlays made by the Governor under the order shall be reflected in the Annual Financing Statement to be placed before the State Legislature and that the development activities with regard to the outlays as aforesaid shall be carried out or caused to be carried out by the State Government. Rule 8 also provides that these funds shall be non-divertible from the area of one Board to that of another.

### **3.14 Indicators and Backlog Committee**

In 1995, the Hon'ble Governor appointed a committee of experts which is popularly known as “Indicators and Backlog Committee” with the following terms of reference:-

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

The indicators and Backlog Committee submitted its report to the Governor on 11.7.1997. The Government accepted the report in principle. However, the Government 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 Hon'ble Governor referred the views of the aforesaid departments to the reconstituted indicators and Backlog Committee which was asked to finalise region-wise physical and financial backlog as on 1.4.1994 in the aforesaid sectors. The reconstituted indicators and Backlog Committee submitted its report to Hon'ble Governor on 27.9 2000 and the same was accepted by the Government of Maharashtra.

The reconstituted indicators and Backlog Committee arrived at a total sectoral backlog of Rs.14, 006, 77 crore. The region-wise break up as on April 1, 1994 is given below.

**(Rs. in crore)**

SI.No.	Region	Backlog in the Irrigation Sector	Backlog in other Sectors	Total backlog
1	Vidarbha	4083.00 (55.04%)	2541.02 (38.57%)	6624.02 (47.60%)
2	Marathwada	2401.00 (32.37%)	1603.55 (24.34%)	4004.55 (28.77%)
3	Rest of Maharashtra	934.00 (12.59%)	2444.20 (37.09%)	3378.20 (23.63%)
4	<b>Total</b>	<b>7418.00</b> <b>(52.96%)</b>	<b>6588.77</b> <b>(47.04%)</b>	<b>14006.77</b> <b>(100%)</b>

(Figures in brackets are percentages to the total)

**3.15** In so far as irrigation sector in Vidarbha is concerned, the backlog arrived at by the reconstituted indicators and Backlog Committee is Rs.4, 083 crore (55.04%). The conclusions reached by the reconstituted indicators and Backlog Committee reveal that from 31.3.1984 to 31.3.1994 the backlog of Vidarbha Marathwada Regions of the State of Maharashtra continued to increase while the backlog of the rest of Maharashtra showed a declining trend. As on 31.3.1984, the backlog in the irrigation sector in Vidarbha was Rs.537.31 crores or 38.05% which rose to Rs.4,083 crore or 55.05% and in comparison the backlog or Rest of Maharashtra which was Rs.541.90 crore as on 31.3.1984 rose only marginally to Rs.934 crores. More importantly, in percentage terms the backlog of the rest of Maharashtra in irrigation sector drastically dropped from 39.10% as on 31.3.1984 to 12.59% as on 31.3.1994.

**3.16** While the irrigation backlog in Vidarbha has increased from 38.05% in 1982 to 62.20% in 2002 the irrigation backlog in rest of Maharashtra has progressively declined from 39% in 1982 to 4.73% as on 1.4.2002.

### **BACKLOG IN IRRIGATION SECTOR**

Region	As on 30.6.82	1994	2000	2002
Vidarbha	38.05%	55.4%	59.78%	62.20%
Marathwada	22.85%	32.37%	32.85%	33.10%
Rest of Maharashtra	39.10%	12.59%	7.37%	4.70%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### 3.17 Directives issued by the Governor of Maharashtra

The Hon'ble Governor of Maharashtra has been issuing detailed directions every year under clause 7 of the 1994 Order regarding allocation of plan funds. The first of such orders separately allocating funds for the three development boards were issued for the Annual Plan 1995-96. This system continued till 2001-02. Till that year, the region-wise allocation for nine identified sectors was ordered by the Governor. The nine sectors are (1) irrigation; (2) roads; (3) general education; (4) technical education & vocational training; (5) health services; (6) water supply – rural and urban ;( 7) land development, soil and water conservation and horticulture; (8) veterinary services and (9) electrification of pumps.

For the annual Plan 2002-03 the Hon'ble Governor issued detailed directives vide his Order dated 15<sup>th</sup> December 2001. These directives gave a lot of information about the backlog and allocation for the three boards for various sectors. For the first time the total allocation for the irrigation sector was distributed board-wise-in earlier years certain part of the allocation for irrigation sector used to be earmarked for removal of backlog and was covered by Hon'ble Governor's directives. In other words, for 2002-03 the distinction between backlog and non-backlog funds for the irrigation sector have been done away with. The same system was continued till now. The directives for the year 2006-07 have been issued on 6<sup>th</sup> March 2006. As per these directives, 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 <sup>st</sup> April, 2005)	25%
(2)	Population (Excluding Greater Mumbai)	40%
(3)	Net sown area -	20%
(4)	On-going projects	15%

The total allocation for irrigation ordered by the Governor is Rs.2480.00 crore. Out of this the shares of the different regions are as follows:

(1)	Vidarbha	941.91 crore
(2)	Marathwada	531.46
(3)	Rest of Maharashtra	1006.63

It was further ordered that 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.

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.

There shall be no diversion of funds from backlog to non-backlog and from the area of one Development Board to another.

The allocation indicated in these Directives or on the basis of what has been indicated by the State Government. Should be in subsequent years over all allocation for irrigation increase the same formula shall be applicable to such additional plan allocations.

The Governor further directed that a minimum allocation of Rs.1475 crore should be earmarked for backlog removal in sectors other than Irrigation in Annual Plans for next three years starting from 2006-07. The region-wise allocation of Rs.1475 crore outlays for backlog removal in 2006-07 should be as follows:

<b>Sr.No.</b>	<b>Region</b>	<b>Outlay for backlog removal (Rs.in crore)</b>	<b>Percentage to total</b>
1.	Vidarbha	501.79	34.02
2.	Marathwada	322.29	21.85
3.	Rest of Maharashtra	650.92	44.13
<b>4.</b>	<b>Total</b>	<b>1475.00</b>	<b>100.00</b>

It was also stipulated that 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, 2005.

Planning Department should study the distortions in the expenditure pattern in other backlog sectors for last three years and after assessing the reasons for the same ensure that the outlays earmarked for backlog removal are expended appropriately in future.

**3.11** 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.

**3.12** 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.

**3.13** 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.

### **3.14 Implementation of the Directives issued by the Governor**

Information received from the Government of Maharashtra, Office of the Governor and the Statutory Development Board indicate that the implementation of the directives issued by the Governor Maharashtra has not been satisfactory. The amount allocated by the Governor for the Irrigation sector and the expenditure reported by the State Government for the Annual Plans 2002-03, 2003-04 and 2004-05 are presented in **Table 14**. The figures show that while there was shortfall in expenditure to the tune of Rs.2528.21 crore for Vidarbha, Rs.1147.65 crore for Marathwada for the three Annual Plan taken together, the rest of Maharashtra region recorded an excess expenditure of Rs.1585.67 crore.

**Table 15** gives the region-wise remaining financial backlog in the sectors other than irrigation as on April 1, 2005. The table shows that Vidarbha has a backlog of Rs.1329.66 crore, Marathwada Rs.854.13 crore and rest of Maharashtra Rs.1725.21 crore as on April 1, 2005. The total remaining Backlog as on April 1, 2005 for sectors other than irrigation is Rs.3909.00 crore.

As per the information provided by the State Government the total backlog was reduced from Rs.14006.77 crore as on April 1, 1994 to Rs.8238.94 crore as on March 31, 2005 at 1994-95 prices.

As per rule 8 of the 1994 order of the Governor of Maharashtra, the allocation of funds 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 aforesaid outlays 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.

As regards including the allocations made by the Governor in the Annual Financial Statement, the State Government has included those outlays as a one page annexure in the Annual Financial Statements (copy of the relevant statement for the year 2005-06 is at Annexure). However, the allocations made by the Governor have not been shown separately under the relevant heads of expenditure. In the absence of such clear depiction of the allocations made by the Governor, under the relevant heads in the Financial Statement along with expenditure figures for the previous years, the Legislature was not in a position to review and monitor the actual expenditure incurred against the budget allocations made for the Development Board Regions.

The Financial Statement for a particular year gives information relating to expenditure incurred Revised estimates in the previous two years and budget estimates for the current year. For example, the Financial Statement for the year 2006-07 will give Actual Expenditures for 2004-05, Budget Estimates for 2005-06, Revised Estimates for 2005-06 and budget estimates for 2006-07. Such details will enable the legislature and the public to have a clear picture of the expenditure being incurred under various heads. However, the Financial Statement does not give such details regarding allocations made by the Governor making it impossible for the legislature and the public to know the actual expenditure incurred during the previous years in respect of allocations made by the Governor.

It is, therefore, necessary to show the allocations made by the Governor separately in the Financial Statement (Budget) under their respective development heads with details of actual expenditure and Revised Estimates for the previous two years as is being normally done for various heads of expenditures. Similarly, the Summary Statement presently included in the Financial Statement showing the Board-wise distribution of allocations made by the Governor should also contain Actual Expenditure for the year preceding the previous year and Revised Estimates for the previous year.

### **3.15 Existing mechanisms at the State level for monitoring removal of Backlog**

The State Government has reported that they have a multi level mechanism for reviewing the removal of backlog from the implementing department to the Hon'ble Governor. The allocations made for removal of backlog are monitored by the concerned administrative departments dealing with those subjects. In the Planning Department there is a Cell, which continuously collects and collates data and also monitors the performance of various sectors. The three development boards are headed by elected representatives and experts and review the performance of backlog in their respective area. At the Government level there is a Committee under the Chairmanship of Hon'ble Minister for Finance & Planning for reviewing performance of various sectors. The Hon'ble Governor also monitors the performance and the performance of various sectors incorporated in the directives issued by the Hon'ble Governor. The latest directives for the year 2006-07 also contain the review of performance of various sectors.

### **3.16 Brief Summary**

In brief, today's position is:

- Governor's directives under Article 371(2) of the Constitution of India are now being followed at the time of placement of Annual Financial Statement before the Legislature.

- All funds including loans, tied funds from Centre, AIBP, are subjected to the same formula.
- Even supplementary grants will have to observe the above discipline.
- Actual expenditure against allocation is likely to stay questionable as evidenced from previous track record of lack of effective monitoring and implementation systems; and lack of monitoring of implementation in identified sectors.
- Lack of political will is still evidenced for implementation.

### 3.17 Recommendations:

The foregoing review has shown that even though investment backlog in various sectors has been identified and the Governor has allocated adequate funds every year with a view to liquidating the backlog within a reasonable time frame, the total backlog still remains at a staggering Rs.8238.94 crore as on March 31, 2005 at 1994 prices. At 2003-04 prices the remaining backlog is Rs.14434.64 crore. The backlog could not be liquidated as the State Government did not spend the amount allocated by the Governor in respect of Vidarbha and Marathwada regions while there was excess expenditure in respect of Rest of Maharashtra region.

The following suggestions are made for more effectively managing the backlog issue:-

- The backlog has to be pegged at Rs.8238.94 crore at 1993-94 prices and Rs.14434.64 crore at 2003-04 prices.
- A time frame of 5 years may be fixed for the removal of backlog taking into consideration the overall resource position of the State and the absorptive capacity of various sectors for incurring expenditure.
- The following measures are also suggested:
  - ❖ At the State level a high level committee under the Chairmanship of the State Finance Minister may be set up to monitor on a quarterly basis the progress of expenditure in respect of allocations made by the Governor and submit a report to the Governor and the Planning Commission. The State Chief Secretary, Principal Secretary Planning, the Chairmen of the Statutory Development Boards and one MLA from the region concerned may be members of this high level committee.

- ❖ It is, therefore, necessary to show the allocations made by the Governor separately in the Financial Statement (Budget) under their respective development heads with details of actual expenditure and Revised Estimates for the previous two years as is being normally done for various heads of expenditures. Similarly, the Summary Statement presently included in the Financial Statement showing the Board-wise distribution of allocations made by the Governor should also contain Actual Expenditure for the year preceding the previous year and Revised Estimates for the previous year.
- ❖ The State Government may indicate the allocations made by the Governor as earmarked outlays in the Annual Plans and the Planning Commission may in turn earmark these outlays in the approval letters for the Annual Plan. There will be a proportionate cut in normal central assistance if the State Government does not spend the earmarked allocations.
- ❖ The State Government may include a separate chapter on regional imbalances, removal of backlog etc, in their Annual Plan documents with details of allocations and year wise progress of expenditure. The Planning Commission may specifically take up the issues related to regional imbalances, backlog removal etc. in the Annual Plan review meetings.

## **Chapter IV**

### **Constitutional Issues Involved**

**4.1** Article 371 (2) of the Constitution of India is unambiguous. Articles are reproduced below:

*371. Special provision with respect to the States of Maharashtra and Gujarat*

–

*(2) Notwithstanding anything in this Constitution, the President may by order made with respect to the State of Maharashtra or Gujarat, provide for any special responsibility of the Governor for –*

*(a) the establishment of separate development boards for Vidarbha, Marathwada, and the rest of Maharashtra or, as the case may be, Saurashtra, Kutch and the rest of Gujarat with the provision that a report on the working of each of these boards will be placed each year before the State Legislative Assembly;*

**4.2** Subsequent orders of President of India of 9<sup>th</sup> March 1994 provide special responsibility to the Governor for establishing separate Development Boards for Vidarbha, Marathwada and rest of Maharashtra and for all matters specified in sub clause b and c of clause 2 of Article 371 of the Constitution. The Attorney General, Mumbai has given his opinion in December 2003 regarding the mandatory nature of these provisions and has opined that while article 202 (3) F of the Constitution of India is not attracted the provisions are, nonetheless, mandatory.

**4.3** On further analysis, it is found that the provisions are adequate to even withhold permission to introduce the Annual Financial Statement to be placed before the State Legislature. The Constitutional provisions are adequate and need to be enforced.

**4.4** The expenditures since 2001-02 have, however, not been commensurate with the allocation in Marathwada and Vidarbha whereas in the rest of Maharashtra, it has been higher than the allocation carried in the Governor's directives.

**4.5** There was a continuing demand from delegations that the team may treat the expenditure as charged under Article 202. However, as Article 202 is meant for such expenditures as have been provided for in the Constitution of India, or have been voted upon by the Parliament, such a conclusion would be constitutionally incorrect.

**4.6** The current position has been explained in detail in the backlog section. It may be seen that from 1.4.2000, some part of the Governor's directives are being partially implemented. However, in the absence of any clear implementation mechanism the existing provisions are rarely getting spent.

**4.7** Given the heavy build up of backlog and annual surrender / diversion of funds, it is important for the State to consider establishing higher level of

delegation and some form of regional governance at Vidarbha so that the usual time spent in obtaining approvals can be circumvented. With any such system, we will need to have appropriate financial provision and financial delegation along with the responsibilities for the pending allocation under different departments.

**4.8** At present, there is no provision for implementation at regional level. The existing Vidarbha Board has been functioning without adequate capacity to implement. The analysis of the capacity of the Vidarbha Board is given at subsequent sections are at **Annexure-T**. While it functions under the Governor it has been supporting schemes under the annual Rs.100 crore grants in a very ad hoc manner. So far the expectation has been that allocation made for backward regions would be spent by the respective departments. Experience has shown that this is not so, and outlays are invariably surrendered and re- appropriated.

### **4.9 Recommendations:**

A non-lapsable budget head is suggested for the funds allocated by the Governor for backlog removal and for the equitable distribution of resources among the different regions.

Regional authorities may be created under relevant departments to ensure that backlog build up is reduced and that expedited implementation can take place. Appropriate staffing of the regional authorities and vacancies at the cutting edge need to be manned. Delegations both financial and administrative may be carried out. The position may be reviewed every quarter by a High Powered Committee to be set up by the State Government.

The mechanism for monitoring the progress of expenditure needs to be strengthened.

The focus so far was on identification and removal of backlog with relatively limited success. While the efforts towards liquidating the identified backlog should continue vigorously, there is a need to prepare detailed regional development plans for each of the regions of the State, based on the local resources and the felt needs of the people. The available resources should be pooled together to address the development needs of the region.

## **Chapter V**

### **Working of Statutory Development Boards**

**5.1** The three Statutory Development Boards: Vidarbha, Marathwada and Rest of Maharashtra were set-up by a Presidential order under article 371 (2) of the constitution on 9<sup>th</sup> March 1994. The Governor of Maharashtra was assigned the special responsibilities for the constitution of the Boards, framing rules and guidelines, allocation of funds for development expenditure and equitable arrangement for education, training and employment in services under the control of the State Government. After constituting the three Boards on 30<sup>th</sup> April 1994 with their Head Quarters at Nagpur for Vidarbha, Aurangabad for Marathwada and Mumbai for Rest of Maharashtra, the Governor issued detailed orders and guidelines for the proper functioning of the three Statutory Development Boards. The Governor's order and the guidelines implicitly take care of the spirit and points raised in the Nagpur agreement of 1953.

### **5.2 Composition of the Board**

**5.2.1** Each Development Board had initially seven members on it, out of which one member was a member of Maharashtra State Legislature from the area of respective Development Board. One member was from a local authority, and three expert members having special knowledge or experience are appointed from the field of Planning, Finance, Administration, Irrigation, and Public Health etc. One Commissioner of the Revenue Division from the area of respective Development Board was also appointed to the Board and an officer of the State Government of the rank of Additional Commissioner of a Revenue Division from the respective Development Board, was appointed as Member Secretary of the Development Board. Recently two more expert members, one more member of the State Legislature and Chairman of the State Planning Board as an ex-officio member have been included in the Board. In addition, Divisional Commissioners of the Revenue Divisions in each board area have also been taken as members of the respective Development Board.

### **5.3 Term of Office**

The term of the Boards is normally for three years.

### **5.4 Functions of the Development Board**

Development Board functions as laid down in the Governor's order are:

- 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 achieving overall development within its area.

- To suggest levels of development expenditure over the area of Development Board during a plan period including annual plan, and
- To prepare an annual report on its working and to send it as far as possible within three months after the end of every financial year to the Governor for placing it before the Maharashtra State Legislature Assembly.

The Governor has also institutionalized the involvement of Development Boards in the State Planning Process. The Chairmen of the Development Boards have been appointed as ex-officio members of the State Planning Board. The members of the Boards have been appointed as ex-officio members on the District Planning Committees, which prepare the district plan.

The backlog funds for three regional boards are allocated by the Governor subject to the requirement of the State as a whole. The schemes to be taken up under backlog and Annual Plan are decided by the Planning Department in consultation with the administrative departments. The Planning Department examines the proposals and accords approval to schemes in conformity with the approved schematic pattern. The Planning Department also coordinates with other Ministries/ Departments and monitors the progress annually of the physical and financial performance of the backlog and special fund schemes in the three regions.

### **5.5 Role of Development Boards in the Identification of Regional Backlog**

Regional imbalances were in existence before the Development Boards were set up in 1994. The State Government was clearing the regional imbalances identified by the FFC since 1985. The greatest contribution of Development Boards was to identify their regions' backwardness in specific sectors and highlighting the need for a fresh look of their regions position vis-a-vis to the state which has resulted in the setting – up three Joint Committees of the Development Boards.

- Indicator and Backlog committee for identifying the three regions development position in 30 sectors/sub-sectors.
- Joint Committee for higher/ technical education and training education for equitable arrangement and
- Joint Committee on opportunities for employment in Government services in the three regions.

The Chairman and expert members of the three Development Boards actively contributed by highlighting their regions development and backwardness in these Committee reports which was accepted by the Governor and the State Government and are at various stages of implementation.

Marathwada Development Board had pointed to the need for equitable distribution of water resources from Tapi valley project (9.135 TMC against the present 2 TMC of water) Marathwada Krishna project (60 TMC against the allotted 24 TMC of water) and upper Godavari river basin water by augmenting the surplus water from Nar, Par and Damanganga rivers. Marathwada and Vidarbha Development Boards had also brought to the notice of the Governor on the lack of progress in clearing the backlog of energisation of pump sets and the present policy of MSEB in the electrification of agricultural pump sets which had allocated 71% of the work in the RoM region and 17% to Marathwada and 12% towards Vidarbha region under non-backlog targets which will create fresh backlogs in the three regions. Vidarbha Development Board had been demanding the revision of Forest clearance act for the clearance of irrigation projects and to the increasing backlog position in road sector under village connectivity, road length/ 100 Sq. Km and Built Operate and Transfer Programme of major roads.

Rest of Maharashtra region had demanded that taluka may be taken as a unit in DPAP areas for calculation of backlog in irrigation sector. RoM region Board had also 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.

Development Boards were also actively involved in assessing the physical and financial backlog position periodically and gave feed back to the Governor and Planning Department. Vidarbha and Marathwada Development boards had brought to the notice of the escalating backlog in their regions. The remaining physical and financial backlog as on 1<sup>st</sup> April, 2000 was finalized by the Governor after taking the views of the three Statutory Development Boards.

Besides highlighting the existing backlog position in higher education/vocational training sector and in employment opportunities in Government services, the Development Boards of Vidarbha and Marathwada had resolved in their meetings to update and undertake fresh backlog created after 1<sup>st</sup> April 1994. They have requested the Government and the Governor to give proper directives to the concerned departments to furnish the necessary information to the Development Boards for the preparation of report.

### **5.6. Development Impact on Major Sectors**

The Vidarbha Development Board has helped to set-up the Super Specially Hospital at Nagpur as well as the Orange Processing Plant at Morshi

and Katol. The Board had also utilized the money on projects like Ambanala development work in Amravati, soil and water conservation works in the Melghat region and construction of school rooms, setting up of Agro Poly Clinics and the desalination programme in the villages of the Puma Valley. The Vidarbha Development Board has given substantial financial assistance to the literacy programme of the government.

The Marathwada Development Board has taken up construction of school rooms on a very large scale. The Marathwada Development Board has also successfully intervened in the Dairy Development Programme for establishment and/ or expansion of chilling centers at Kada, Latur, Bhoom, Aurangabad, Osmanabad, Vijaapur, Nilanga, Nanded and Beed. It has also helped in starting the Government Milk Scheme at Latur. The Marathwada Development Board has also fruitfully utilized the money in strengthening the medical infrastructure of the region. The CT Scan provided to the Government Medical College at the cost of Rs. 300 lakhs will help the poor patients immensely as the CT Scan rates have been fixed at Rs.500 to Rs.700 only. Besides these, irrigation projects, road and conservation, literacy programme, etc. has been taken up.

A review of the schemes recommended by the Development Boards as culled out from their respective Annual Reports also reveals that the Special Funds are being provided for some non-backlog or non-developmental schemes also like (i) Creation of Chair in the name of Pt. Bhimsen Joshi (Rest of Maharashtra). (ii) Modernisation of Prison facilities/Administration (Vidarbha, Marathwada and Rest of Maharashtra). Further, the schemes are being recommended without any prioritization of sectors for clearance of regional backlog out of the Special Fund. There are several schemes, recommended by the Development Boards, which appear developmental and related to clearance of backlog but not approved by the Planning Department.

### **5.7 Perspective Plan for Utilization of Special Fund**

In the meeting of Governor with the Chairman of three Development Boards held at Raj Bhavan on 8 February, 2000, the Development Boards were asked to prepare a perspective plan for utilization of Special Fund for the next 3 years with emphasis on social sectors like health, education, women and child welfare where the benefits directly reach the people in their region.

Special Fund of Rs. 100 crore is being allocated to the three Development Boards every year since 1995 –96 for small and useful work of Development in nature. These funds are allotted in proportion to their shares in backlog and population (43.86% in Vidarbha, 27.28% in Marathwada and 28.86% in RoM) and were utilized by the three boards to a large extent for strengthening social infrastructure facilities in education and health institutions, road development,

social welfare and irrigation facilities. Some weaknesses exist nonetheless these funds have helped in bringing in some development change and the resultant impact is perceptible in areas of education, health and social welfare sectors.

The activities of the Boards and the resultant impact since their formation have not been fully felt. However, the constitution of the Development Boards has helped in bringing in awareness and changes in the planning and allocative processes.

For the year 2000-2001, the Vidarbha Development Board had sent proposals of Rs. 10.56 crore to the Government for the schemes under the sectors of education, health, social welfare out of the Special Fund of Rs. 48.86 crore available with the Board. The Vidarbha Development Board has proposed Rs.10 crore each for the years 2001-2002 and 2002-2003 for sectors of education, health and social welfare. The Board has communicated to various regional offices to suggest the schemes in these sectors to be undertaken under special fund. However, the Member Secretary has mentioned that there is no active response from the concerned administrative departments.

The Marathwada Development Board has proposed to allocate about Rs. 9.40 crore to social sectors like women and child development, agriculture, animal husbandry, public health and education out of special fund of Rs. 27.28 crore. Rs. 3 crore has been proposed to be allocated for construction of roads. The Rest of Maharashtra Development Board has decided to allocate Rs. 11.30 crore out of their Special Fund every year in the plan 2001-04, for fisheries (2 crore), tribal development (1 crore) women and child development (2 crore) agriculture and animal husbandry (1 crore), public health (2 crore) and general education (3.30 crore). A detailed note on the working of the Statutory Development Board in Maharashtra is at **Annexure T**.

### 5.8 Recommendations:

- The present set up of the Statutory Development Boards does not seem to be the appropriate mechanism for achieving the planned development of the Vidarbha and Marathwada regions. As the central problem of these regions relate to rain-fed farming, an appropriate agency/authority may be established to prepare integrated watershed based development plans for these regions and to implement those plans with the participation of all stakeholders. The recent report of the Parthasarthy Committee appointed by the Union Ministry for Rural Development contains a detailed blueprint and guidelines for establishing a National Authority for Sustainable Development of Rural Areas (NASDORA) under which state level agencies up to the district and village level could be set up. Separate rain-fed area development authorities may be set up for Vidarbha

and Marathwada regions under the umbrella of the proposed NASDORA.

## **Chapter VI**

### **Backlog in Irrigation**

### 6.1 Backlog in Irrigation Development in Vidarbha

State of Maharashtra has total geographical area of 308 lakh ha, out of which 225.40 lakh ha (73%) is culturable area and 64.34 lakh ha (21%) is forest cover. Total surface water available in the State is to the tune of 4646 TMC from Major river basins like Godavari, Krishna, Tapi, Narmada and West flowing rivers of Konkan region. Water allocation except in Konkan region is decided by respective Water Dispute Tribunals. Vidarbha region of Maharashtra State, though rich in forest cover and water availability is way behind in irrigation development compared to the average irrigation status of Maharashtra State.

Vidarbha region has total geographical area of 97.40 lakh ha (31.62% of State). The culturable area of this region is about 57 lakh ha which is about 58% of its geographical area and about 25.29% of total culturable area of State. Forest cover in Vidarbha is 37.28 lakh ha, which is 38.26% of its geographical area and this is above the expected national policy cover of 33%. About 58% of forest cover of Maharashtra State is in Vidarbha region. It's percentage is much more in eastern part i.e. in Bhandara & Gondia (51.07%), Chandrapur (46.4%), Gadchiroli (94.49%).

### 6.2 Development of Irrigation Potential:

Total irrigation potential created by June 2004 in the State is 51.50 lakh ha which is about 22.85% of culturable area and 48% of the ultimate irrigation potential of the State. Compared to this, the irrigation potential developed by June 2004 in Vidarbha is 11.67 lakh ha which is about 20.46% of the culturable area and 31.60% of its ultimate irrigation potential.

The irrigation potential developed in Vidarbha comprises 1.76 lakh ha irrigation potential created by Ex-malguzari tanks constructed way back in 16-17<sup>th</sup> century. Many tanks are constructed in pre-independence era, whose irrigation potential is 0.48 lakh ha. This implies that only 9.43 lakh ha irrigation potential is developed in Vidarbha after independence, which is about 0.16 lakh ha/year. Other regions of the State which were behind Vidarbha at the time of independence in irrigation development have now marched ahead of it in post independence period.

The Pune region has lion's share of irrigation development. The irrigation potential created by June 2004 in Pune region is 37.23% of State followed by Marathawada (22.24%) and Nashik region (17%). The two regions in Vidarbha are way behind with the figures standing at 12.25% for Nagpur and 9.34% for Amravati.

The created irrigation potential is in contrast with the water availability in the region. Since, Marathwada region has only 8.5% of available water compared to State; Pune & Nashik region put together may hardly equal the Vidarbha's share if the west flowing rivers in Konkan are excluded. Considering this aspect, the backwardness of Vidarbha in irrigation sector gets highlighted.

### **6.3 Vidarbha's Backlog in Irrigation Sector:**

The backlog of Vidarbha calculated by Indicator Backlog Committee in 1994 was 8.72 lakh ha in physical terms and of Rs.10032 crores in monetary terms. If the irrigation potential developed by Ex-malguzari tanks (which is the effort of local people without Govt. participation) is excluded the backlog rises to 10.48 lakh ha which if expressed in monetary terms will account for Rs.12056 crores.

If the causes of this huge backlog are to be found out, attention goes to the Forest (C) Act, 1980. The abundance of forest in Vidarbha region (more than national policy of 33%) and particularly in the forest dominated districts viz Bhandara, Gondia, Chandrapur & Gadchiroli were the first targets of the Forest (C) Act, 1980. Nearly every irrigation project involves more or less forest land attracting the provision of the above Act and stalling its initiation or continuance any further.

### **6.4 Irrigation Projects affected by Forest (C) Act, 1980:**

As of now, 101 projects are held up for want of forest clearance having irrigation potential of 9.30 lakh ha, the forest land required for them is 0.21 lakh ha, which is a meagre 0.56% of the forest cover of Vidarbha, 0.32% of the forest cover of Maharashtra. (At present 10 projects out of the above 101, have got final approval from Central Govt. after sustained efforts).

Out of the 101 projects, 42 projects having irrigation potential of 4.80 lakh ha, though taken up for construction, could not go ahead for want of forest clearance. The forest land required for them is 0.11 lakh ha. The status of irrigation project affected by Forest (C) Act, 1980 is as below:

Sr. No.	Particulars	Vidarbha Irrigation Dev. Corp.	Water Resources Deptt.	TOTAL
1	No .of projects affected by forest	28	73	101
2	Irrigation Potential (Lakh ha)	5.72	3.58	9.30
3	Affected forest land (Lakh ha)	0.12	0.09	0.21
4	No. of projects finally approved.	2	8	10
	a) Irrigation potential (Lakh ha)	0.27	0.09	0.36
	b) Forest land diverted (Lakh ha)	0.0004	0.00113	0.00153
5	No. of Ongoing projects affected by forest	20	22	42
	a) Irrigation potential (Lakh ha)	4.32	0.48	4.80
	b) Forest land diverted (Lakh ha)	0.09	0.02	0.11
6	Administratively Approved but affected by forest	6	43	49
	a) Irrigation potential (Lakh ha)	1.4	3.1	4.5
	b) Forest land diverted (Lakh ha)	0.03	0.07	0.1

About 24 projects though got administrative approval, could not even be taken up for construction since no funds were made available to them, pending forest clearance. Their irrigation potential is 2.82 lakh ha.

The overall geographical area of Vidarbha is 97.43 lakh ha and out of this an area of 37.28 lakh ha is covered by forest of various types. The percentage of forest is 38.27% compared to the geographical area as against the national policy of 33% forest cover.

The Vidarbha area of the state is having substantial backlog in the irrigation sector. To provide relief, it is essential to have a different approach toward the problem of irrigation projects getting delayed because of non-approval under the Forest (C) Act 1980. Some separate treatment is necessary and desirable because of the forest cover being much higher than what is contemplated in the national policy.

Of the 11 districts of the Vidarbha region, the forest cover in Chandrapur, Gadchiroli, Bhandara & Gondia District is much more than the contemplated national policy of 33%.

- The total cultivable area, gross sown area and net sown area in the 11 districts of Vidarbha are 6.0627 m.ha, 6.3151 m.ha and 5.1752 m.ha. respectively.

- The region falls in Godavari and Tapi basins. The irrigation developed so far till June, 2005 is 0.874 m.ha. from state sector schemes and 0.304 m.ha. from local sector schemes (total 1.178 m.ha). Potential created as a percent of gross sown area is only 19% for the region as a whole. At least 30% irrigation coverage is required for drought proofing.
- **Table 16** gives district-wise details.
- So far 10 major, 49 medium and 650 minor schemes have been completed creating a potential of 0.6487 m.ha. (**Table 17**).
- 15 major, 30 medium, 12 renovation and 164 minor schemes are on-going with an ultimate potential of 1.259 m.ha. of which 0.2218 m.ha. has been created till June, 2005 (**Table 18**). Completion of these schemes will add another 1.04 m.ha. of potential taking the percent irrigation coverage to 35%. The balance cost of on-going projects is about Rs. 10,600 crore.
- Except in Amravati & Buldhana, the State of ground water development in other districts is less than 43%. The overall level of ground water development in the region is only 34%. Only 3 districts are having semi-critical, critical and over-exploited taluks. The total of such taluks is only 4 (**Table 19**).

### 6.5 Recommendations under Irrigation:

- The strategy should be to provide increased funding to the Vidarbha Irrigation Development Corporation to complete on-going projects in 7-10 years. Ground water in potential areas needs also to be developed through a back-ended subsidy scheme to add to the potential. The balance cost of on going projects is about Rs.10600 crores.
- On going projects may be reprioritized to ensure that those projects where only canal development remains are given high priority.
- In the case of Vidarbha what needs to be ensured is not the realization of total potential but the essentiality of specific projects based upon the maximum hectares which can be brought under irrigation. Additionally, only those projects which are already taken up and have only canal development remaining could be a second set to

be considered on parity. A division between projects falling in degraded forests or 'Juddupi jungle' will also need to be verified on the ground so that degraded forest areas can be identified and the number of projects which fall in the degraded forest area can be segregated and taken up for special permission under the Forests Act. In all such cases alternative lands will have to be identified for afforestation so that, as per the Forest Act, the total forest land cover does not get reduced.

## **Chapter VII**

### **Energization of Pumpsets & Energy Backlog**

## Energization of Pumpsets Energy Backlog

**7.1 Present Status :** At present the State of Maharashtra is passing through an acute power shortage as compared to the situation 2-3 years ago. In the year 2003-04, total demand of State was recorded at 11,357 MW whereas in the year 2004-05 the demand increased by 1392 MW and reached the level of 12,749 MW. In the current year (2005-06) the demand is recorded at 12,987 MW.

As per CEA reports the power shortage in the Maharashtra state is as given below:

Year	Peak Deficit		Energy Deficit	
	MW	%	MU	%
Beginning of 9 <sup>th</sup> Plan (1997-98)	929	9.4	1786	2.9
End of 9 <sup>th</sup> Plan (2001-02)	1539	12.5	7051	8.8
2002-03	2713	19.8	11680	13.4
2003-04	2635	18.2	8967	10.2
2004-05	2522	16.8	11174	12.1

Status of Energy Situation in Vidharbha Region: The energy requirement of Vidharbha is 2009-MW whereas the availability is 1503 to 1611 MW. The region-wise demand and availability of power for the period Oct., 2005 to Feb., 2006 is as under:-

Sr. No.	Region	Demand (MW)	Availability (MW)	Shortfall (MW)
1.	Vidharbha	2009	1503 to 1611	398 to 508
2.	Marathwada	1891	1142 to 1253	638 to 749
3.	Khandesh	1714	1090 to 1190	524 to 626
4.	Western Maharashtra	3489	2404 to 2588	901 to 1085
5.	Kokan	3181	2656 to 2880	301 to 526
	<b>Total</b>	<b>12284</b>	<b>8393 to 9522</b>	<b>2763 to 3492</b>

## Energization of Pumpsets Energy Backlog

In urban areas of Vidharbha the load shedding is 5:30 hours per day and in rural areas the load shedding is 12 hours per day. Electricity supply made available to agriculture sector is 12 hours per day.

One of the major areas where the backlog in Vidharba is felt is in the energy sector. The common refrain is that though majority of electric power is produced in Vidharba area, the energy requirements of Vidharba, in particular for the energization of agriculture pumps is not fulfilled as compared to the Western Maharashtra. The following table shows the status of generation (plant wise) in the State during the period March 2005-February 2006).

The Status of Generation (plant wise) in the State March, 2005- February 2006 is as follows:

Sr. No.	Name of the Power Generating Plant	Generation in (MU)
<b>A</b>	<b>Thermal Power Stations</b>	
1.	<b><i>Koradi</i></b>	5855.765
2.	Nasik	5126.909
3.	Bhusawal	3041.129
4	Parali	4713.911
5	<b><i>Chandrapur</i></b>	12780.709
6	<b><i>Khaperkheda</i></b>	5175.750
	<b>Total</b>	<b>37130.344</b>
<b>B.</b>	<b><i>Gas Power Plant</i></b>	
1	Uran	3431.318
<b>C.</b>	<b>Hydro Power Stations</b>	
1	Koyna I & II	947.727
2	Koyna IV	2423.826
3	Koyna III	767.916
4	KDPH	110.855
<b>D.</b>	Small Hydros	901.684
<b>E</b>	Hydro Power Plant	
1	Tata Power	1885.00
	<b>Total</b>	<b>1885.00</b>

**Energization of Pumpsets  
Energy Backlog**

<b>F</b>	<b>Thermal Power Plant</b>	
1.	Tata Power	8393.00
2.	Reliance Energy Ltd.	3947.00
	<b>Total</b>	<b>12340.00</b>
	<b>Total A+B+C+D+E+F</b>	<b>59938.667</b>

Out of the above the generation plants at Sr. No. A (1,5,6,) i.e. at Koradi, Chandrapur and Khaperkheda generating a total of 23812.224 MU energy are in Vidharbha, which constitutes **39.7%** of the total electricity generation in the State.

**7.2 Pumps in Vidharbha** : As per the information provided by Adv. M.G. Kimmatkar, Expert Member, Vidharbha Statutory Development Board, Nagpur, the average number of agricultural pumps per 1000 hect. of cropped area as on 31.3.2005 is 100.32 in Vidharbha, whereas this number is 191.25 in Western Maharashtra and 126.13 in Marathwada. Similarly, out of the total electrical energy consumed in the State for agriculture pumps during 2003-04 (which is 10155.20 MU), the Vidharbha region consumed 1166.30 MU which amounts to 11.49%. In Western Maharashtra consumption was 6659.64 MU which is 65.58% and in Marathwada consumption was 2258.91MU which is 22.24%. As far as the physical backlog of energisation of agriculture pumps is concerned, as on 1.4.2005, the backlog in Vidharbha is 215099 whereas backlog in Marathwada is 109073, whereas the Western Maharashtra not only has nil backlog but is having an excess of 357320 agriculture pumps having energised. The position as on 31<sup>st</sup> March, 2001, is that the total number of agricultural pumps in 5 districts of Amravati revenue division (i.e. Amravati, Washim, Akola, Buldhana, Yavatmal) is 2,85,160. Comparatively the number of energized agricultural pumps in 6 districts of Nagpur revenue division (i.e. Nagpur, Wardha, Chandrapur, Gadchiroli, Bhandara, Gondia) is 1,78,187. At the same point of time in only one district, namely, Nasik has the number of energized pumps is 2,00,270. Ahmednagar district has 2,33,068. Both these districts are part of Western Maharashtra Region. The reason for such an enormous difference is not the water table level but huge pendency of applications by farmers who have applied for electric connection.

This issue becomes even more significant in view of the fact that about Rs.9,250/- annual subsidy is given by the State Government on these agriculture pumps. This is perceived as not only a loss of irrigation potential which could have been made available to this region, but also as a denial of financial assistance in the form of subsidy to the farmers of this area. The detailed backlog position of energisation of agricultural pump sets of the State indifferent regions is given in **Annexure U & V.**

**7.3 Remedial Strategies:**

It is understood that at present the system of giving administrative approval by a competent authority for Vidarbha is based in Nasik district. It would serve the purpose of removal of backlog better if necessary approvals could be given from Nagpur and Amravati for their respective district.

Considering the future demand up to 2011-12 – A plan for 17,312 MW generation in addition to existing generation capacity has been prepared and the details are as under:-

Sr. No.	<i>Particulars</i>	Proposed generating capacity in MW
1.	Project under progress	750
2.	NTPC & Inter State projects	2872
3.	Dabhol Project	2150
4.	Mahagenco's Project	7540
5.	Power purchase from Private Power Project	4000
	<b>Total</b>	<b>17,312 MW</b>

Fact Finding Committee established by State Government under prominent economist Dr. Dandekar in clause 8.4 of its report has suggested" We suggest that in dealing with the applications, priority should be given to applications in district where there is a backlog. After these are cleared, applications from district having relatively smaller number of energized pumpsets per 1,000 hectares should receive priority". Similarly the Indicators and Backlog Committee with Adv. M.G.Kimatkar as the convenor adopted the same criterion. The Government has already taken decision that while liquidating backlog calculated by Indicators and Backlog Committee, care will be taken to see that no fresh backlog is created. In spite of this, imbalance is increasing every year. The consumption of energy for agricultural pumpsets is also much more in the districts and the regions having more number of pumps compared to the cropped area. All this needs to be addressed.

**7.4 Potential for electricity generation in Vidharba :** The Vidharba region is well endowed with not only rivers but, also there are huge deposits of coals in this region. As per the various representation given to the fact team of the Planning Commission the potential creation for hydro electricity is estimated to the tune of 5000 MW. These hydro electricity projects can also create an additional irrigation to the tune of 4.5 lakh hect. Similarly, new Thermal Power Projects can be set up in the region.

## **Chapter VIII**

### **Recommendations**

### **8.1 Quality of Seeds and related issues**

Strict quality control on Bt Cotton seed is a pre-requisite. There is need to increase the number of players in cotton seed production so as to rationalize the cost of seed. Public sector seed companies and R&D institutions should explore the possibilities of developing non-Bt strains of pest resistant hybrid cotton. Only certified seeds should be allowed to be sold in the market that too only after its satisfactory performance as verified by local SAU on the basis of 3-5 years of field trials. Existing legal provisions under Seeds Act, 1966 should be implemented vigorously to curb the entry of unauthorized seed traders in the market.

Experiments in other States have indicated success in maintenance of quality of seeds by promoting farmers cooperatives / systems for ownership and stakeholdership in ginning mills and establishment of seed banks by farmers whereby the quality and quantity of the staples have been ensured. These systems should be studied from other States and promoted in Vidarbha region.

### **8.2 Improve Advisory and Extension**

Farmer Advisory and Extension Services in the region were found to be extremely poor. It should be immediately strengthened by positioning of adequate extension staff and capacity of the staff should be built up. Farmers need to be well informed about the technological and risks factors of growing Bt cotton particularly in low productivity rainfed situations, its susceptibility to sucking type insects, market prospects, etc.

It is learnt from Commission for Agriculture Cost and Prices (CACP) that there are good examples of handing over extension to private sectors in Punjab. Separately the Ex-Agriculture Commissioner in Maharashtra has made strong recommendation for the involvement of NGOs and private sectors for extension and also in some cases to provide inputs and thus, avert the need for unprincipled input dealers.

### **8.3 Supplementary Irrigation**

Vidarbha's annual rainfall is 90 cm and is, therefore, it is known as an assured rain fed area. There were poor rains in 2001-02 and 2002-03 and arrangements for supplementary irrigation would have been very useful. The terrain in Vidarbha is uneven and there is high run of water. The soil is also shallow. There is, thus, urgent need to provide for protection and integrated watershed development. Further, due to lack of cooperation between the Forest and Irrigation Departments, the channels for irrigation in the canals for watershed are heavily silted. This can be easily sorted out by working with the tributaries in such a manner that the canals do not choke up and reasonable watershed

development can take place. Besides there are innumerable irrigation projects which are held up at the last mile. Finishing these could benefit the farmers. Clearances should be obtained and resources secured.

### **8.4 Water Harvesting**

Pragmatic programmes of water harvesting need to be implemented so as to enhance the possibility of raising a post cotton Rabi crop. Banaskantha is a comparable area with Vidarbha in that it has arid characteristics like in Vidarbha. The single supplementary irrigation in Banaskantha is obtained by buying the service through one large pump owned by another farmer. The pricing structure becomes as follows. Rs.400 to Rs.600 for the protective irrigation for each single picking, and same process is followed for the 8 to 9 pickings which are obtained by the farmers for the crop on an average. The costing of one picking and one special irrigation is as follows. Rs.1900/- is the price for picking and Rs.600/- is the maximum amount for water and another Rs.200/- can be deducted for picking charges. A clear profit of Rs.1100/- is available on the average for every picking to the Banaskantha farmers per acre. At least one supplementary irrigation should be ensured by mapping out likely partners for the season and engaging non-governmental assistance to forge the relationships in the initial years till a strong cooperative movement grows for pani Panchayat systems.

### **8.5 Reduce use of Pesticides**

Extensive use of pesticides seems to induce depression. Therefore, safe and judicious use of it in cotton belt may be demonstrated and promoted.

### **8.6 Farming Systems Approach**

The concept of farming system i.e. mixed farming involving appropriate mix of farm enterprises needs to be promoted on a campaign basis.

### **8.7 Cotton Growers Federation**

Small farmers' cotton growers associations be promoted to empower them. Federating such associations at block / district level is strongly recommended. Contract farming concepts should be promoted with private sector / NGOs so that risks can be shared. Information and knowledge can be shared and a joint economic response is possible at the farm level.

### **8.8 Improved Practices**

To promote better farm practices for cotton, the need for harmonized production of bales so as to meet the technical parameters of good quality should be kept in mind. In Gujarat, the TMC-I (research and seeds), TMC-II (production and marketing), TMC-III (Ginning) and TMC-IV (link with textile units) are

functioning effectively. All three TMCs (1, 2 & 3) work effectively and harmoniously and depend upon the farmers, who are shareholders in the cooperative ginning mills. This leads to harmonized bale preparation, where the buyers have the confidence to procure the same quality. The practice is to grow the same seeds in concentrated areas. The difference in Maharashtra is that farmers have no confidence in one variety and follow the incorrect practice of sowing three different types of seeds at the same time on the fields. This leads to non-harmonious quality in the bales prepared from their product and thus brings down the prices. There is a positive role of cooperative ginning mills where the farmer is a shareholder and is able to ensure that the quality of all products is improved.

### **8.9 Value Addition**

End to end production with close tie up with textile mills needs to be taken up with missionary zeal in all cotton growing areas. The relative advantages of setting up mills elsewhere due to infrastructure need to be bridged so as to enable appropriate incentives for farmers to stay in the business of farming.

### **8.10 Pricing Policies**

The Monopoly Purchase prices adopted by Maharashtra were much higher than those of MSP and, subsequently, with the withdrawal of Monopoly Purchase the capacity to make a recovery by the farmers was eroded. The Maharashtra Monopoly Purchase prices provided an additional Rs.500 crores over the National MSP. The National MSP is calculated on the basis of the averaging of around 6000 samples between large, medium and small farm holdings. This MSP has already a separate provision for an additional amount for drought-prone areas. It would be desirable to have a specific provision for such areas where farmers' resource base is already severely eroded. In such cases, it would also be desirable to have a back-up effort of arrangements for procurement.

### **8.11 Organic Farming**

Organic farming along with its limitations of being successful only in large farms needs to be studied on ground situations with reference to cotton growing belt.

### **8.12 Counseling**

Counseling and information support to the affected families be extended engaging competent and professional NGOs so as to facilitate their continuing in farming.

### 8.13 Credit

As an immediate measure the current outstanding loans of farmers in the six severely affected districts may be waived. Mere restructuring will not provide any ray of hope as the farmers are not in a position to purchase seed for the forthcoming Kharif season. Years of neglect of the area in terms of little or inadequate extension has led to the farmers incapacity to make informed choices and in the present scenario of sharp market corrections and shocks like cessation of decades old practice of monopoly procurement has doubled their incapacity to survive in a perceived hostile climate. Traditionally the farmers have been used to desi hybrids cotton wand have had procurement year after year, with the added disadvantage of having enjoyed the 'higher' prices due to the higher rates of monopoly procurement. It is doubtful that farmers themselves have enjoyed the higher rates as it would appear that the benefit was in fact enjoyed by the traders who procured on behalf of the federation. Nonetheless they have had assured procurement to depend upon for decades. Sudden withdrawal has made it difficult for them to face the real world with reduced prices, and incorrect choice of Bt Cotton. Either the Government of Maharashtra should revert to monopoly procurement, which would be an expensive decision for them, or the current outstanding loans, at least in the formal system should be written off. This may be around Rs. 500-600 crores as per estimations. With this the additional burden of Rs. 300/- crores expected to be borne by the Government of Maharashtra for subsidizing the banks for restructured loans an restructured interest burden will reduce automatically. As such the outflow of cash will be less than Rs 400/- crores as an estimate.

The actual quantum of informal debt owed to input dealers could not be finalized by the Team. At the best, estimates can be drawn on the basis of loans taken over 3 transactions as brought out by IGIDR in its study in the Vidarbha region which gives a variation between Rs.24000 to Rs.34000 per transaction. Each suicide family has taken an average of 3 transactions and thus the figure would range around Rs.1 lakh approximately for rural resource poor families. However, discounting of the formal component of the debt will also be necessary from the above figures as brought out by IGIDR. The other variations have already been given above and the Team would not like to put a figure to the amount of debt owed to informal channels. The Team would like to strongly recommend and suggest that some measures of open public hearings may be conducted in the distressed districts to evaluate dealer by dealer, the money owed to them. This will facilitate the Government coming to a decision regarding how to give a clean slate to these farmers for the future for the forthcoming Kharif season.

While waiver has been recommended for outstanding debt in the formal system at paragraph above, an alternative could be to consider provision of seeds to the farmers in the 6 districts in Vidarbha through arrangements to be made by the State Government. The distribution could be done by seed

cooperatives / Seed Corporation / Seed Bank or any other method. The average seed costs as taken into account by CACP in their calculation of cost of production is Rs.600/- per packet. For each acre, 2 packets will be necessary in rainfed situation. The number of farmers in Vidarbha in the 6 districts would be ranging between 14.7 lakh to 16 lakh as per estimates received from the State Government. With an additional cost of Rs.200/- for distribution, the total cost of the packet of seeds would be Rs.800/-, thus leading to an amount of around Rs.250 crores approximately for 15 lakh farmers. This should be a feasible option of support to the farmers for making available less expensive, but hybrid variety seed, thus ensuring that the farmers have their basic seeds available with them for forthcoming kharif season. For their additional requirement for production, they would still need credit for pesticides and labour which should be organized by enhancing credit availability in the rural areas.

The team considered the suggestion of Maharashtra to involve NABARD as a facilitator for credit delivery through commercial banks, co-operative banks and societies. The present impediment of many of the societies having weak financial status should be overcome by a thorough overhaul and review of the system. The involvement of NABARD will ensure appropriate lending mechanisms being brought into play, thus enabling the cooperative societies to deliver credit to the rural population.

Since it would be operationally cumbersome for NABARD to monitor the activities of every cooperative banks/societies individually, a few nodal agencies should be identified from among the banks/societies. Such agencies would essentially be the larger of the entities having several smaller entities under their command area. NABARD would then be able to provide a line of credit to each nodal agency who would in turn distribute the line to the individual entities. NABARD would provide training in credit assessment, disbursement and recovery skills to the nodal agencies and would jointly scrutinize the loan applications with the agency. This would ensure that the credit appraisal and monitoring is done with the necessary level of expertise.

Credit availability needs to be more even in its distribution. Systems in place do not encourage this. Mechanisms could be established with wide participation of farmers overseeing the loaning approvals. This will ensure that the list of beneficiaries is transparent and inclusive. A regular system of crop loans should be set up so that there is no reversal to earlier indebtedness. NABARD through RRBs, commercial and cooperative banks should operate with provision for wide participation in the loaning process.

As a long term measure, the intervention of NABARD for making credit available to the farmers during the forthcoming Kharif season and thereafter should be attempted. NABARD may also help the co-operative banks and societies to improve their net worth. It is also essential that prudential norms and

best practices are introduced in this sector and training centres are established for skill up gradation.

A system for setting up a jointly owned, Jointly Administered People's Social Safety Fund needs to be considered. This could be a Contributory Fund with equal contribution for funds from farmers and Government. Government's component for the Fund can be raised by levying a cess / tax on intermediate or finished cotton products. This could be worked out by a Special Committee under Ministry of Finance. The amounts could be used for welfare of the truly distressed. This will avert suicidal situations as like in SHGs it should be possible to take loans for marriages etc. Farmers contribution could be started as low as Rs.10 or Rs.50 per family as normal in SHG situations. The system could be federated at Tehsil or District level with the SHGs of farmers being around 15-20 per group.

Ill-health leading to hospitalization has been noted as the second largest cause for rural indebtedness. Ill-health necessitates immediate financial expenditure and also results in loss of earnings from works. There is a need to deliver cost effective health care packages to the farmers. As the existing public health care facilities are inadequate and farmers invariably go for high cost private health care services, it is suggested that the State Government may take initiative in developing and implementing a public private partnership model in health care. The Government of Maharashtra may implement a scheme similar to the 'Yeshavini Cooperative Farmers Health Scheme' of Government of Karnataka under which 85 hospitals were selected based on set criteria and package rates were negotiated and fixed for over 600 types of surgeries. The package included all costs so as to provide for the beneficiary cashless surgical treatment. Premium per person is total at Rs.25/- per month which was given as subsidy by the Government in the first year. From the second year, the farmers' contribution has been fixed at Rs.10/- per month. In Karnataka, 16 lakh farmers had enrolled as members in the first year.

Similar initiatives of public private partnership in Gujarat in 6 identified backward parameter districts involve handing over of management of Government hospitals to private partners. Here the existing costs under non-plan and plan continue to be provided by Government which private partner undertakes to improve health delivering to BPL and with nominal use charges for APL.

Similar insurance cum savings scheme with a subsidy element needs to be developed to meet marriage expenses especially of girl children (with at least a 20 year duration).

### 8.14 Crop Insurance

It was found that small and marginal farmers were not getting the due benefit of National Agricultural Insurance Scheme (NAIS) as at present the Insurance Unit happens to be Taluka/Block rather than Village Panchayat. The variability in crop yield at the village level gets neutralized at the block level, so the farmers get deprived of the benefits of Insurance Scheme.

The Department of Agriculture & Cooperation has proposed implementation of Modified NAIS, which, inter-alia, envisages village panchayat as unit of insurance. As it involves huge outlay (Rs.8145 crores with 50% penetration), its implementation at the National level may be prohibitive. The detailed proposal in respect of modified NAIS is annexed as **Annexure S**. The Planning Commission, therefore, supports piloting the MNAIS in few States/districts having requisite data collection capability/infrastructure. In this context, the Team suggests that a few of the selected districts could be in Vidarbha region of Maharashtra

As at present data is not available on actuarial basis which is essential for any successful Insurance initiative, it is suggested that the scheme may be piloted in a limited manner based on actual data of rain/weather and the insurance be linked to rainfall data of Vidarbha with provision for 20% drop in rainfall from usual of 90 cm as the basis of the insurance package on a trial basis. On successful implementation of the actuarial data based trial insurance scheme the question of expansion to other causes for failure may be considered, and even then, on a further trial for another three years .

The Team also recommends that if the production falls, due to less rainfall by more than 20% in a revenue village, then on the basis of Collector's certificate, and the weather forecasts and actuals of rainfall, the equivalent amount of cash for the crop loss needs to be paid to the farmers.

### 8.15 Recommendations for Citrus in Vidarbha

Assuring some bare minimum irrigation at least during critical physiological stages.

Soil and plant test based site specific nutrient management is the key to ensure judicious replenishment of plant nutrients. The availability of fertilizer nutrients like NPK, Zn, B and Cu have to be ensured at input sale points. Equally important is to launch an awareness drive to educate farmers and also the extension machinery about the problems of citrus decline and their possible remedies.

### 8.16 Recommendations under Irrigation:

- The strategy should be to provide increased funding to the Vidarbha Irrigation Development Corporation to complete on-going projects in 7-10 years. Ground water in potential areas needs also to be developed through a back-ended subsidy scheme to add to the potential. The balance cost of on going projects is about Rs.10600 crores.
- On going projects may be reprioritized to ensure that those projects where only canal development remains are given high priority.
- In the case of Vidarbha what needs to be ensured is not the realization of total potential but the essentiality of specific projects based upon the maximum hectares which can be brought under irrigation. Additionally, only those projects which are already taken up and have only canal development remaining could be a second set to be considered on parity. A division between projects falling in degraded forests or 'Juddupi jungle' will also need to be verified on the ground so that degraded forest areas can be identified and the number of projects which fall in the degraded forest area can be segregated and taken up for special permission under the Forests Act. In all such cases alternative lands will have to be identified for afforestation so that, as per the Forest Act, the total forest land cover does not get reduced.

### 8.17 Recommendations under Energisation of Pumpsets

It is recommended that systems for clearances of applications for energisation of pumps may be created in favour of reduction of massive backlog in Vidarbha. It is understood that at present the system of giving administrative approval by a competent authority for Vidarbha is based in Nasik district. It would serve the purpose of removal of backlog better if necessary approvals could be given from Nagpur and Amravati for their respective district.

### 8.18 Recommendations under backlog

The backlog has to be pegged at Rs.8238.94 crore at 1993-94 prices and Rs14434.64 crore at 2003-04 prices.

A time frame of 5 years may be fixed for the removal of backlog taking into consideration the overall resource position of the State and the absorptive capacity of various sectors for incurring expenditure.

The following measures are also suggested:

At the State level a high level committee under the Chairmanship of the State Finance Minister may be set up to monitor on a quarterly basis the progress of expenditure in respect of allocations made by the Governor and submit a report to the Governor and the Planning Commission. The State Chief Secretary, Principal Secretary Planning, the Chairmen of the Statutory Development Boards and one MLA from the region concerned may be members of this high level committee.

It is, therefore, necessary to show the allocations made by the Governor separately in the Financial Statement (Budget) under their respective development heads with details of actual expenditure and Revised Estimates for the previous two years as is being normally done for various heads of expenditures. Similarly, the Summary Statement presently included in the Financial Statement showing the Board-wise distribution of allocations made by the Governor should also contain Actual Expenditure for the year preceding the previous year and Revised Estimates for the previous year.

The State Government may indicate the allocations made by the Governor as earmarked outlays in the Annual Plans and the Planning Commission may in turn earmark these outlays in the approval letters for the Annual Plan. There will be a proportionate cut in normal central assistance if the State Government does not spend the earmarked allocations.

The State Government may include a separate chapter on regional imbalances, removal of backlog etc, in their Annual Plan documents with details of allocations and year wise progress of expenditure. The Planning Commission may specifically take up the issues related to regional imbalances, backlog removal etc. in the Annual Plan review meetings.

### **8.19 Recommendations under Development Boards**

The present set up of the Statutory Development Boards does not seem to be the appropriate mechanism for achieving the planned development of the Vidarbha and Marathwada regions. As the central problem of these regions relate to rain-fed farming, an appropriate agency/authority may be established to prepare integrated watershed based development plans for these regions and to implement those plans with the participation of all stakeholders. The recent report of the Parthasarthy Committee appointed by the Union Ministry for Rural Development contains a detailed blueprint and guidelines for establishing a National Authority for Sustainable Development of Rural Areas (NASDORA) under which state level agencies up to the district and village level could be set up. Separate rain-fed area development authorities may be set up for Vidarbha and Marathwada regions under the umbrella of the proposed NASDORA

### **8.20 Recommendations under analysis of Constitutional provisions**

A non-lapsable budget head may be created for the funds allocated by the Governor for backlog removal and for the equitable distribution of resources among the different regions.

Regional authorities may be created under relevant departments to ensure that backlog build up is reduced and that expedited implementation can take place. Appropriate staffing of the regional authorities and delegations both financial and administrative may be carried out. The position may be reviewed every quarter by a High Powered Committee to be set up by the State Government.

The mechanism for monitoring the progress of expenditure needs to be strengthened.

The focus so far was on identification and removal of backlog with relatively limited success. While the efforts towards liquidating the identified backlog should continue vigorously, there is a need to prepare detailed regional development plans for each of the regions of the State, based on the local resources and the felt needs of the people. The available resources should be pooled together to address the development needs of the region.

## **Annexures & Tables**

**Special package announced by Maharashtra Government in December 2005**

The main components of the package announced by the State Govt. on a pilot basis which are applicable to the 6 districts of Vidarbha, namely, Yavatmal, Amravati, Akola, Buldana, Washim and Wardha are the following:

- Farmers would not be required to repay the loans and interest thereon advanced to them by non-licensed money lenders.
- Wherever input dealer has provided inputs like seeds, fertilizers and pesticides on credit, they would be allowed to charge interest at the rate at which the concerned District Central Cooperative Bank gives crop loan to the farmers.
- All outstanding crop loans upto a limit of Rs.25,000 will be rescheduled in these districts.
- The interest on this outstanding loans will be written off and Government will pay Rs.61 crore to the concerned Cooperative Bank for this purpose.
- The principal amount of Rs.203 crore will be rescheduled over a period of next five years. There will be a moratorium on repayment for the first two years and then the principal will have to be paid in three equal installments.
- The rescheduled loans will bear an interest of 9%. The difference between the original interest rate and 9% will be paid by Government.
- If such loan is paid as and when due, there will be an interest concession of 4% which means the farmers would be charged only 5% for this rescheduled loans if the payment is made in time.
- If any farmer is willing to pay during the moratorium period, he will get further interest concession of 2% which means he will have to pay an interest of 3% only.
- This concession would be applicable to crop loans outstanding in the name of the farmers for loans taken from cooperative as well as nationalized banks.
- Once the outstanding loans are rescheduled, the farmers would become eligible for a fresh loan.
- Government has decided to make all farmers (big and small) eligible for credit limit of Rs.25,000 from the Banks through Kissan Credit Card at the rate of 9%. The difference between 9% and actual rate, if any, will be borne by the Government.
- Farmers would be free to draw from this limit any amount anytime as per his requirement and interest would be charged only on the amount actually drawn and only from that moment and not on the whole amount for the whole period.
- If such loans are repaid in time, a farmer would get interest rebate of 4% which means he will have to pay interest at the rate of 5% only.
- For this loan, farmers would not be required to give collateral security.

- The State Government intends to encourage formation of Farmers' Self-help Groups. They would be eligible to receive loan directly from the bank's branch, multi agency approach would be adopted to increase the number of players, bring in competition and make crop loan available to farmers to the extent required at affordable interest rate.
- No farmer who has taken a loan from cooperative bank would be required pay the interest more than the principal.

**File No. M-11020/13/05-SP-W (VIP)**  
**Government of India**  
**Planning Commission**  
**(State Plans Division)**

**Yojana Bhavan, Sansad Marg**  
**New Delhi – 110001**  
**Date: March 2, 2006**

**ORDER**

**Subject: Constitution of a Fact Finding Committee to study the situation regarding disparities in regional development in Maharashtra with particular emphasis on Vidarbha region.**

In pursuance of the directions from the Hon'ble Prime Minister, it has been decided to constitute a 'Fact Finding Committee' to study the situation regarding disparities in regional development in Maharashtra with particular emphasis on Vidarbha region.

**2.** The Committee shall consist of the following:

- |       |   |             |
|-------|---|-------------|
| i)    | Principal Adviser (SP-W), Planning Commission   | Chairperson |
| ii)   | Principal Adviser (Health) „  | Member      |
| iii)  | Senior Consultant (Education) „   | „           |
| iv)   | Adviser (SP-W) „  | „           |
| v)    | Adviser (RD) „  | „           |
| vi)   | Adviser (MLP/SCP/TSP) „   | „           |
| vii)  | Adviser (Agriculture) „   | „           |
| viii) | Joint Secretary (Credit & Co-operation), Department of Agriculture and Co-operation, New Delhi. |             |
| ix)   | Joint Secretary (SGSY), Ministry of Rural Development, New Delhi.                               |             |
| x)    | Dr. S.A. Nimbalkar, Vice Chancellor, Punjabrao Deshmukh Krishi Vidyapeed, Akola, Maharashtra.   |             |

- xi) Principal Secretary, Planning, Government of Maharashtra, Mumbai.
  - xii) Divisional Commissioner, Nagpur
3. The Chairperson may also co-opt additional members, if needed.
  4. The Terms of Reference of the Committee will be as follows:
    - (1) to study the situation regarding disparities in regional development in Maharashtra with particular emphasis on Vidarbha region;
    - (2) to study the effectiveness of the existing mechanisms for balanced regional development in Maharashtra;
    - (3) to find out the factors leading to rural distress in Vidarbha region and to study the existing relief packages announced by the State Government; and
    - (4) to recommend necessary measures for reducing regional disparities in Maharashtra and for addressing the issue of rural distress, especially in the Vidarbha region.
  5. The Team will undertake the necessary field visits and submit a report to the Deputy Chairman, Planning Commission within three months from the date of this order.
  6. All Official Members of the Team will be paid TA/DA by their respective Departments as per the rules of entitlement applicable to them. The non-official members (including co-opted Members, if any) will be paid TA/DA by the Planning Commission as per SR 190(a).

#### Chairperson and all Members of the Team

Copy to:-

1. PSs to DCH/MOS (Plg.)/Members/Member-Secretary, Planning Commission.
2. Prime Minister's Office (Shri K.V. Pratap, Deputy Secretary), South Block, New Delhi with reference to PMO ID No. 670/61/C/5/2005 ES 1 dated January 17, 2006.
3. Cabinet Secretary, Rashtrapati Bhavan, New Delhi
4. Chief Secretary, Government of Maharashtra, Mantralaya, Mumbai.

(K.K. Chhabra)  
Under Secretary to the Govt. of India

**Field Visits of Sub Group A of the Fact Finding Team on 8<sup>th</sup>-11<sup>th</sup> March 2006 ((Nagpur, Yavatmal, Wardha, and Amravati)**

The Fact Finding Team of Planning Commission started its work at Nagpur on the morning of 9<sup>th</sup> March. The entire team was present at the presentation made in the Office of Commissioner, Nagpur. Presentations were made by the officers of Commissioner, Nagpur on the 9 identified areas of backlog. Vidarbha Board members also made presentations over and above the background information presented to the Team. A Press briefing was also taken along with some live coverage on TV channel. After the morning session the team was broken into sub groups A, B & C and each sub group left for its scheduled field visits after lunch.

2. Sub Group – A comprised the following Officers:

- i) Ms. Adrash Misra, Principal Adviser, State Plan (W)
- ii) Ms. Manjulika Gautam, Adviser, State Plan (W)
- iii) Mr. N.D. George, Director, State Plan (W)
- iv) Ms. Vandana Dwivedi, Joint Adviser (Agriculture)
- v) Mr. V.P. Singh, Joint Director, Ministry of Rural Development

3. Sub Group –A visited village Mahabala, Tq. Shelu and spoke to the village Sarpanch as well as some farmers. The general feeling was that the productivity of cotton had come down and the quality of crop was also poor, and since support price did not cover the costs of production, the farmers were suffering heavy losses. The Sub Group visited the homes of Bhaorao Kisnaji Deshmukh and Rewaram Hiralal Bhetore and met their widows. Both the widows had received the compensatory amount of Rs.1 lakh granted by the State Government. Shri Bhetore had left behind a family of two daughters while Shri Deshmukh had left behind two sons and a daughter and also a widowed mother. In the first instance, the widow was working as an agricultural labourer for Rs.25/- per day to take care of the needs of the family, whereas in the second case, the land owned by her had been given on contract @ Rs.15,000/- per annum by the widow.

4. By the evening the Sub Group also met some public representatives at District Head Quarters Wardha. The general feeling was that the support price of cotton should be based on the actual cost of production and that there should be widespread dissemination of the fact that BT cotton is only suitable for irrigated land. There was also unhappiness over the high rate of interest charged by the cooperative credit societies. After dinner, the team moved to Yavatmal for a night halt.

5. On March 10, Sub Group – A visited village Bothbodan of Yavatmal District where they met widows and dependents of the following persons who had committed suicides:

- i) Shri Vinod Balu Rathod who had left behind a wife, 2 sons and 2 daughters and a debt of about Rs.30,000/-. The proposal to give him compensation was under consideration.
- ii) Shri Moreshwar Shankar Rathod, whose case for compensation was under reconsideration as the land was in the name of his father. He had taken a loan of Rs.22,000/- from the cooperative credit society.
- iii) Shri Ramchandra Bapurao Deokar, who left behind his wife and one son, had taken a loan of Rs.21,500/-. He is eligible for compensation of Rs.1 lakh from the State Government.
- iv) Shri Eknath Nathu Fufre had committed suicide because of chronic illness and hence was not eligible for compensation.
- v) Shri Ramrao Mungsiram Chavan was not a landholder or indebted hence he was not entitled to compensation.
- vi) Smt. Parvata Bhavsingh Rathod had committed suicide due to chronic illness and hence was not entitled to compensation.
- vii) Shri Tarasingh Nagorao Rathod had incurred a debt of about Rs.14,780/- and his family been given assistance of Rs. 1 lakh.
- viii) Shri Shankar Suryabhan Waghmare – He was a BPL cardholder and left behind two sons and one daughter. He had taken loan of Rs. 34,400/- from cooperative credit society and is entitled to Rs.1 lakh compensation.
- ix) Saubhagyawati Kavita Shridhar Rathod – There was no land in the name of deceased or his family and therefore the suicide was due to some other factors.

7. The Sub-Group also visited village Irthal Tq. Darwaha and met the widow and two sons and one daughter of Shri Mangusingh Ramji Rathod who had committed suicide on 31.1.2006. He had taken a loan of Rs.7250/- from SBI and had successive crop failures. His family had received compensation of Rs.1 lakh.

The next visit was to village Shirajgaon Tq. Ner to meet the widow and only son of Subhash Narayan Sawankar who was in debt to the tune of about Rs.28,000/-. His family had received compensation of Rs.1 lakh from the State Government.

8. The issues raised by all the farmers and public representatives at Yavatmal were mainly lack of irrigation facilities in Vidarbha, high cost of production of cotton specially BT cotton which is suited only to irrigated land, inadequate and expensive cooperative credit, poor availability of power and demand for spinning mills.

9. Sub Groups A, B and C had a combined meeting on 11.3.2006 at Commissioner's Office, Amravati with Divisional Officers, NGOs and the media, after which the entire team left for Nagpur.

10. At Amravati, a meeting with delegations was preceded by presentation by the Commissioner, Amravati and his officers. Many individual representatives presented memoranda and regional officers present at Amravati from Forest and Agriculture also presented their point of view. Mr. B.T. Deshmukh, MLC and ex-Chairman, Vidarbha Statutory Development Board along with Mr. Harshwardhan Deshmukh, Ex-Minister, Maharashtra and a large team presented a detailed petition. Other farmers also brought up individual issues. Amongst the people met also was Minister of State for Finance, who has specially visited Amravati to meet with the Team. The various NGOs viz. Jal Vikas Lokmanch (Buldhana District), Shri Bara Saheb Korate (Member, Panchayat Samiti Block Mohta District, Amravati), Shri Keshav Rao Thakrey, Shri Prabhakar Vidya, Shri B.S. Zhaveri (President, Vidarbha Vikas Samiti, Amravati) presented their views.

11. The Team proceeded to Nagpur and met with delegations led by Mrs. Prabha Rao, Secretary, Maharashtra Pradesh Congress Committee. She was accompanied by many Zila Parishad and Congress workers. Delegation led by Mrs. Prabha Rao presented a detailed memorandum.

12. Mr. Nitin Ronghe, MLA presented a detailed representation with area-wise particulars of backlog. Mr. Datta Meghe, MP also met the Team with a large delegation and presented his representation and memorandum including a Private Member's Resolution that he has presented in Parliament in March 2006. Mr. Banwari Lal from Vidarbha Rajya Party also presented detailed memorandum. Other people who presented memoranda were General Merchants Association and other local parties. The Education Minister, Govt. of Maharashtra also participated in the discussions.

13. MLAs from the area and M.P. representing the Vidarbha also participated in the deliberations. An Editors' Conference of all prominent newspapers in the region had also been convened and addressed before Fact Finding Team returned to Delhi. Mr. Nitin Gadkari, Leader of the Opposition in Maharashtra Legislature sent a detailed representation into the aircraft for consideration by the Team.

**Field Visits of Sub Group B of the Fact Finding Team on 8<sup>th</sup>-11<sup>th</sup> March 2006  
(Akola,Buldana)**

**Field Observation**

**Akola District**

On 9.3.2006, at the same morning team of Officers comprises of Shri V.V. Sadamate, Adviser (Agriculture), Planning Commission, Dr. S.A. Nimbalkar, Vice Chancellor, Dr. Panjabrao Deshmukh Krishi Vidyapeeth, Akola, Shri K.J. Nandeshwar, Divisional Joint Director of Agriculture, Amrawati and Shri S. M. Meena, Senior Research Officer, Planning Commission alongwith Shri Anoop Kumar, Director of Mission and Shri Eknath Dwale, District Collector, Akola, Shri Pawar, Sub Divisional Magistrate and other district and taluka level Officers of Akola have proceeded to visit the affected Lohgarh village of Akola district.

2. The Committee on reaching **Lohgarh village** started the meeting at 7.30 PM with the villagers in the Gram Panchayat of the village. During the discussions, the villagers viz; Rahul Singh Rathor, a member of Zilla Parishad, Shri Kalu Singh Bhima Rathore, Vishwas Rao Gawnde, Mrs. Asha Bai Ingle, Uasudeo Solanke and Others told the Committee various reasons for farmers suicides such as; non repayment of the loans taken from the money lenders and cooperative banks in time, inadequate rainfall in the region, inferior/duplicate quality of pesticides, no proper training to the farmers regarding storage of crops, use of pesticides, alternate cropping, high price of B.T. cotton seeds, etc. Shri G. Naik, villager enquired that the riverlet stream passing around the village required cleaning, cement bunding so that the recurring rain water inundation is canalised. Survey work for run off control has been undertaken without any follow up, so far. Farmers also mentioned that they were not getting Government Support Prices and they sold their products at the lower prices in the open market. About 16 to 18 hours power cut per day was operated in the region. Karadi, Cotton, Gram, Tur and soyabean crops were grown by the farmers in the region. Low wages to the agricultural workers (Rs. 25/- for men and Rs. 20/- for women) were observed to be provided. After completion of the meeting, the Committee proceeded to Akola at 10.30 PM.

3. Late night (9.3.2006) the Committee, in the presence of Collector, interacted with the district level heads of development departments on emerging agrarian stress. The participants, broadly, suggested as follows:

- Need for augmenting irrigation facilities and marketing linkages.
- Crops loan at lower interest rates.
- Promoting crop diversification in favour of dryland horticultural crops like awala, clustered apple, mangoes, cashewnut.
- Need for promoting small enterprises.

- Education on curtailing costs on social events.
- Organising loan melas by commercial and cooperative banks.
- Immediate improvements in extension delivery.
- Improving water conservation measures.

4. On 10.3.2006, the Committee reached **Ugwa village** and started the meeting at 10.00 AM with the villagers in the Gram Panchayat of the village alongwith the district Officials. Farmers, in general, pleaded for procurement of karadi crop, no proper information on relief package announced by the State Government, support for farm roads, proper marketing facilities & rates and no deduction in earlier crops loan if there is crop failure. The Committee also took discussion with Shri Shyam Sakarkar, a son of a farmer committed suicide in Ugwa village. He told the Committee that his father had his own 70 acre land, had taken the loan from cooperative bank for agriculture, his crops damaged and consequently he could not repay the loan to the bank in time. The bank sent a **Jabti letter** to the farmer for not repaying the loan. During the discussions, the villagers viz; Shri Prabhu Lal Patel, Sarpanch, Shri Vasant Rao Deshmukh, Shri Vijay Deshmukh, Shri Manek Deshmukh, Mrs. Gokarna Bai, Ex-Sarpanch and Others told the Committee the following reasons for the suicide.

- High cost of Production due to high price of cottonseeds and less production.
- Huge agricultural loans taken by the farmers from money lenders and cooperative banks.
- Non availability of irrigation water and less rainfall in the region.
- Farmers did not get Government support price for their crops and sold crops at lower prices in the open market.
- Crops damaged due to heavy rains and sometimes not sufficient rains.
- Paid high interest rates (17-18%) for loans taken from moneylenders and cooperative banks.
- Major power cut of 14 –16 hours per day in the region.
- Inadequate crop loans (Rs. 2000 per hectare resulting delayed irrigation needs to be increased upto Rs. 5000 per hectare.

5. After completion of the meeting, the Committee proceeds to **Higana Tamaswadi Village**, Gram Panchayat:- Nimora, District :- Akola at 12.00 noon and interacted with the villagers. During the discussions, the villagers viz; Shri Punaji Aware, Sarpanch, Mrs. Asha Bai, Shri Nanuk Ram Aware, Shri M.M. Qureshi, BDO and also took discussion with Shri Nilesh, a son of a farmer committed suicide. He is yet to be gainfully employed though there is a positive assurance from Collector. Farmers also required for timely procurement of dairy

crops farm roads, village as unit for insurance settlement, introduction of solar energy equipments and lower interest rates on agriculture loan. The villagers told the Committee the following reasons for the suicide.

- High cost of production due to high price of cotton seeds and other inputs and less production.
- Huge agricultural loan taken by the farmers from moneylenders and cooperative banks.
- Non availability of irrigation water and less rainfall in the region.
- Farmers did not get Government support price for their crops and sold their crops at lower price in the open market.
- Crops damaged due to heavy rains and sometimes crops affected because of inadequate rains.
- Paid high interest rates for loans taken from private moneylenders and cooperative banks.
- Loan used on the different purposes like social obligations- daughter's Marriage, etc.
- Major power cut of 15 –16 hours per day in the region affecting irrigation schedule.

After completion of the meeting, the Committee proceeds to Buldhana district at 4.00 P.M.

### **Buldhana district**

6. The Committee alongwith Shri Ganesh Thakur, the Collector of Buldhana and other district officials reached the **Sirala village** and started the meeting with the villagers at 4.00 PM. The team interacted with Smt. Wankhede, widow about the compensation received. She informed that only Rs. 30,000/- have been provided in cash and the rest is credited in Fixed Deposit account. She has two high school going daughters (Kalpana and Archana) who required for training in tailoring to supplement the family income. Regarding initiation of EGS works, the Collector on demand from the villagers ordered work sites to be undertaken immediately. During the discussions, the villagers viz; Devlal Muvutkar, Sarpanch, Bhaskar Rao Deshmukh, Deputy Sarpanch, Bhaskar Kokre Vithoba Kokre, Pandurang Kokre, Mrs. Sulbha Deshmukh, Mrs Kalabai Tayade and Shri Narayan Vaise and Others told the following reasons for suicide.

- Spurious inputs.
- Non repayment of agricultural loans taken by the farmers from private moneylenders.
- No adequate price support.
- High interest rates.

- Crops failure consequently.
- Social obligations, daughter's marriage, son's education, settlement, etc.

7. Team then visited a very successful crop diversification efforts in favour of grapes at Amnapur village in Chikli Taluka. The Agricultural University have promoted grape cultivation in the area covering 252 farmer 1100 acres. The grape garden of Shri Aay Deshmukh at Amnapur village cultivated Tas Ganesh variety.

8. After completion of the meeting, the Committee proceeded to **Sailsur Village** and reached at 7.00 PM. Committee straightway visited the victim's family of Sesh Rao Dugtale. On asking his wife, she told that her husband committed suicide due to not repaying the loan payment, which was taken from the State Bank of India, private moneylenders and other relatives. He has his own 7 acre land, two sons and a daughter. The family cultivated crop of cotton, soyabean and karadi. Collector, Buldhana told that this family is included in the list of beneficiaries. Committee also visited the second victim's house of the village. On asking his brother Janardhan, he told that the victim has his own 5 acre of land. He has taken loan of Rs. 70,500/- from cooperative bank and the bank sent a Japti letter to the farmer due to this he felt humility and committed suicide. After that the Committee took meeting with the villagers. During the discussions, the villagers viz; Shri Khan, Shri Patil, Shri Uttam Kale, Shri Narayan Rao, Sarpanch, Shri Vijay Patil and Others told the Committee almost same reasons for the farmer's suicide, as indicated earlier at village Shirala.

9. After completion of the meeting, the Committee proceeds to **Dhaman Gaon (Dhad)** and reached at 10.00 PM. Committee straightway visited the victim's house, On asking, wife and son Shri Ramesh told the Committee that her husband (Venkat Deokar) committed suicide due to not repaying the loan, which was taken from the cooperative bank, moneylenders and other relatives. He has four sons. The family cultivated crops of cotton, soyabean, jowar, maize and karadi. Collector, Buldhana told that this family is included in the list of beneficiaries. During the discussions, the villagers viz; Shri Dalip Patil, Shri Sanjay Devkar and Others repeated the reasons cited earlier for the farmer's suicide. However, farmers requested waiver of crop loans, augmentation of irrigation facilities, 50% ubsidy for drip, promotion of small scale industries, promotion of farmers during natural calamities, etc.

10. Late night on 10.3.2006, (11.30 PM to 2.00 AM) at Buldhana, the team interacted with representatives of social organizations, received representations from political groups and also interacted with suicide affected families. It was then followed by interface with district level development functionaries. The issues emerged included the following:

- Gradual change of cropping pattern and promoting other enterprises.
- Augmenting irrigation coverage and promoting industrial units.
- Adequate and timely finance for agriculture.
- Full crop insurance coverage – 50% borne by Centre and 50% by State.
- Augmenting post harvest, marketing linkages.
- Promoting farm ponds.
- No mortgage of land.
- Counseling and networking of affected families by involving NGOs.

11.The Committee on 11.3.2006 forenoon then proceeded to Amaravati to join the Main Central Team.

12.Important representations received as also the reports of the Divisional Joint Directors (Agriculture) are enclosed.

**Field Visits of Sub Group C of the Fact Finding Team on 8<sup>th</sup>-11<sup>th</sup> March 2006 ( Washim , Amravati)**

Amrawati on first day of the visit i.e. **9.3.2006** a meeting was held in the office of Divisional Commissioner, Nagpur. First of all the Divisional Commissioner Nagpur, Shri Anand Limaye gave the presentation of administrative units in Nagpur division as well as in Amrawati Division. After this Shri Kimatkar Adviser M.G.Kimmatkar, Expert Member, Vidharbha Statutory Development Board, Nagpur gave a detailed presentation before the Committee about status of Vidharaba backlog, viz-a-viz other parts of the state.

**AMRAVATI DISTRICT**

At about 2.00 P.M. (dated 9.03.2006), the team along with the Divisional Commissioner Amarawati, Shri Sudhir Goel started for Amarawati district and reached at 5 p.m. at Tivsa block rest house where the team which comprised of Shri R.Bandhopadhaya, Shri Rupinder Singh, Shri Sirajuddin and Shri Vijay Singh had discussion with the District Collector Shri R.Jadhar and other District officials. Therefrom the team started towards the village Rajurwadi, Talluka Morshi. It first visited the house of one Shri Gopal Devidas Manker, aged about 45 years who had committed suicide on 10<sup>st</sup> Feb., 2005. The SDM Shri Ravinder Thakrey and Sarpanch of village Shri Mangesh Munde gave the information. The team was told that the deceased farmer had a debt of Rs. 10,000/- from a money lender and Rs. 35,000/- debt from a nationalised bank, and whereas the bank was not insisting on the recovery, the money lender by the name of one Somvanshi who lives about from the 2 km. about village was pressing hard for the recovery. The deceased farmer earlier used to have 8 acres of land about 7-8 years back. Out of which he had to sell 4 acres for the treatment of elders in the family. He is survived by two sons (one in 10<sup>th</sup> standard and second in 6<sup>th</sup> standard) and two daughters (one in B.A. 1st year and second in 10<sup>th</sup> standard). The family of the farmer told the team that now nobody in the family is working in their field and agriculture is being done by the paid labour. The agriculture is totally dependent on the rains. Cotton is grown in 2 acres of land and soybean in rest of 2 acres. There is no livestock available with the family. The immediate reason for suicide was that the money lender was demanding Rs. 15,000/- of interest on his Rs. 10,000/- loan and the land was mortgaged to money lender. The return from the field was not also profitable. He was also worried about the marriage of his daughter. The Government of Maharashtra has provided Rs. 1 lakh help to the family out of which Rs. 30,000/- were given to the family in cash and Rs. 70,000/- are in the joint saving account of the family and the Tehasildar.

Afterwards, the team went to the village Sawarkhed of Taluka Morshi where one Shri Ramesh had committed suicide on 6<sup>th</sup> June, 2005. He had about Rs. 2 lakh of debt out of which Rs. 1.20 lakh was debt of cooperative banks and Rs. 70,000/- debt of private money lenders. The family blamed that the bank had issued auction notice against the land. The deceased had to earlier marry off 4 of his sisters for which he had to take loan. The deceased is survived by his wife and two sons (1 in 10<sup>th</sup> standard and second in 4<sup>th</sup> standard). The total land with the family is now 6 acres which is totally un-irrigated and the wife has to work as a farm labourer.

On **10.3.2006** at 10.00 A.M. team of officers comprising of Shri R.Bandopadhyay, Adviser (RD), Planning Commission, Shri Vijay Kumar, Director, Agriculture, Shri Rupinder Singh, Dy. Secretary, R.D., New Delhi, and Shri Sirajuddin, Dy. Adviser (JLP/SCP/TSP) along with Shri S.R.Sarkunde, Additional Divisional Commissioner, Amravati, Shri Ravindra Jadhar, District Collector, Amravati and other district and Taluka level Officers of Amravati proceeded to visit the Daryapur taluka.

The Committee on reaching Thilori village straightway visited the house of deceased Shri Manohar Sampat Pawade. On asking the wife of the deceased as to why her husband had committed suicide, she told that her husband left one suicidal note wherein he had disclosed reason for his committing suicide and blames private money lender Shri Bhattad who was exploiting him and farmers like him by giving loan by making registered sale deed of their lands in meagre amount though the market value of the land is four times more and threatening on his debt and this led to suicide. Deceased Manohar made the sale deed of 3 Acres of land. Her husband had taken loan of Rs. 36404/- of State Bank of India also. Pawade family owns 8.20 hectares of land. The family takes crops of Karadi, Cotton, Chana, Sun flower. Deceased Manohar had money transaction with Shri Bhattad for last 8 to 9 years. She has four children. Market value of their land is Rs. 80,000 per Acre. Collector, Amravati told that this family is included in the list of beneficiaries.

Committee then visited the house of deceased Smt. Laxmibai Mahadev Labade of Thilori village. On question by the member of the committee her son replied that his father died 10 years back. Deceased Laxmibai had 5:5 hectares of land. She had two sons and two daughters. She had got loan from Co-operative Bank of Rs. 55125/-. But there is no persuasion regarding refund of loan from the Bank or any other action but had he committed suicide due to bad financial condition of her family and due to bad crop condition since last 2 years. Deceased Laxmibai had got some loan from the relatives also. Chana and cotton are their main crops. Laxmibai sold quality cotton to the private party at the price of Rs. 1400/- per quintal only. Deceased Laxmibai has four issues, two daughters and two sons. One daughter is married since four year. Sons have undergone the education in HSSC and SCC.

Committee held meeting at 11.30 at Village Panchayat Office, Thilori wherein villagers, officers at taluka level and district level were present and participated in the meeting. On asking by the members the reasons why the farmers are committing suicide, all the villagers present opined that there is no facility of irrigation, Purchasing rate of government for the cotton is much less than the cost incurred, there is no proper market for the farmers for their agriculture produce. Land in vicinity is of high class quality. The expenditure for cotton yielding comes upto the Rs. 3 to 4 thousand per hect. including seeds, pesticides, fertilizers, labour etc. but compared this with the selling rate for cotton is much less which is not commensurate with the expenditure. Since last 3 to 4 years there is very less yield and frequent crop failures .

On hearing all this, Adviser (RD) asked that if cotton is not profitable they why you are not choose any other crops. Concerned Superintending Agriculture Officer states about Integrated Pest Management (IPM) scheme and its practical demonstration has already been given to all, due to this input cost reduces and expenditure on farming comes about Rs. 1500 to 2000 per hect. Manager of Co-operative Bank states that the recovery of loan is much less. State Government has declared a special package on 19.12.2005 wherein the loan upto Rs. 25000/- carried by farmers in the six district should be rescheduled. The information about the package is given to all the farmers in the area through the Gram Sabhas. In this area the yield of B.T. cotton completely failed due to lalya decease. After completion of meeting the Committee proceeded to Karanja Tahsil at 12.30 P.M.

### **WASHIM DISTRICT**

Committee reached at Karanja rest house at 1.30 P.M. The Collector Shri S.Vijay, , Washim, Shri Rajendra Patni, MLA, and District and Taluka level officers was present. Collector states that in Washim district there are six talukas having 1, 95543 land holders and out of this the land holders having land 2 hectar and above are 89521.

The District Deputy Registrar of Co-operatives, Shri Akre told that the main crops in the district are cotton, soybean, oil seeds, and groundnut. The number of borrowers are 49000 and availability of finance is 85.41 crores only. Due to the availability of finance, illegal money lending and money lenders are comparatively less in the district. There are 9 legal money lenders and they have disbursed about Rs. 3crores. He told that PAC's are quite active in the district.

Officer from the Irrigation Department states that in the district there is no major and medium project. The district is situated on ridge and adjacent to Godawari and Tapi river. In Washim district the present irrigation capacity is available for 52756 hectares. MLA, Shri Rajendra Patni suggested that minor irrigation projects is the only solution in the Washim district. Costs of projects

should be related to the benefits of construction of such minor project, the procedure of land acquisition should be simplified and clear, new Sub-Station, transformers, withdrawal of load shading etc. are required for better electricity supply.

Shri Khope leader from Congress party suggested that land under Washim district is dry land, there is no irrigation project, availability of bogus seeds from private company and there is no alternative/adjacent business with farming. Committee proceeded for Vitholi Village at about 3.30 p.m.

Committee reached to Vitholi village at 4.20 p.m. Committee held meeting at Village Panchayat office wherein MLA Shri Subhash Thakare, Ex. MLA Shri Anantkumar Patil and Sarpanch and villagers are present. Sarpanch stated that suicides by farmers is due to the reason that farmers were excess debt and repeated failure of crop for last 3-4 years. At about 6.00 P.M. Committee left the Vitholi village and come back to Amravati, at about 9.30. P.M.

On **11.3.2006** a meeting was arranged in the office of Divisional Commissioner Amravati. First of all Shri B.T.Deshmukh, MLC gave a presentation to Chairperson of the Committee Smt. Adarsh Mishra. After this Shri Harshvardhan Deshmukh ex-Chairman, Vidharbha Statutory Development Board gave his views.

The various NGOs viz. Jal Vikkash Lokmanch (Buldhana District), Shri Bara Saheb Korate (Member, Panchayat Samiti Block Mohta Disstrict Amravati), Shri Keshav Rao Thakrey, Shri Prabhakar Vidya, Shri B.S.Zhaveri (President Vidharbha Vikas Samiti, Amravati) presented their view points. After this, the queries of news persons were answered and at about 1.30 P.M. the team left for Nagpur

**Members of the team :**

1. Sh. R. Bandyopadhyay , Adviser (RD)
2. Sh. Rupinder Singh, Dy. Secy. (RD)
3. Sh. Vijay Kumar, Director (Agriculture)
4. Sh. Sirajudin , Dy. Adviser (SCP/TSP)

**Details of deceased family**

1. Madhukar Narayan Ladake  
Crop-cotton and Jawar  
No crop since 2 year  
Wife Ukandabai Madhukar Ladke  
3 sons and 1 daughter  
Private loan 15000/-  
Reasons : As above

2. Mahadev Suryabhan Patil  
Wife of deceased Mahadev is present  
Two daughter having married  
One son filed labourer and cultivated his own land  
It is not known to the family whether her husband taken any loan  
from  
Private or from any bank  
Reasons as above.
3. Shashikala Madhukar Shikare  
Litigation is going on in the High Court  
Her husband commit suicide on 1.1.2006 by consuming poison.
4. Jaising Kasan Chavan,  
Deceased has 2 acre of land having Res. 5000/- loan of Coop.  
Bank  
Deceased wife Anita Jaising Chavan  
Sunita Jaising Chavan age 16
5. Dilip Zelsing Chavan,  
From Bhamdari village.  
Illegal money lender forcibly want to take possession  
Collector is reviving the case.

### Illustrative list and gist of some of the Memoranda received

#### Memoranda Received from Wardha District in Maharashtra

SI.No.	From	To
1	Prasant Pu. Ingle Lingkar Maharashtra Pradesh Kisan Morcha Subject : Reasons for farmers suicide <u>Reasons</u>	Principal Adviser (AM)
	<ul style="list-style-type: none"> <li>a) Huge agricultural loans</li> <li>b) Farmers facing tensions, difficulties and some other problems from money lenders/creditors</li> <li>c) Farmers' land were forfeited because they were unable to repay their loan with 14% of interest.</li> <li>d) Regular announce from the bank</li> <li>e) low level of price for their crops in the open market</li> <li>f) frequent failure of power supply</li> </ul>	
	<u>Suggestion</u> Good agricultural policies should be implemented for farmers	
2	Yashwant Nath Jhade Mahashtra State Farmers Union	Planning Commission State Government Fact Finding Team
	Subject: Solution to prevention of farmers suicide <u>Solution</u>	
	<ul style="list-style-type: none"> <li>a) Give reasonable prices for their crops</li> <li>b) Measures to provide electricity ,water, seeds, medicines etc at very cheaper rate for farmers</li> <li>c) Reduce excise duty on crops/seeds</li> <li>d) To take action for complete pending construction of dams on canals</li> <li>e) Create markets facility for selling their products</li> </ul>	
3	Dr. P.S. Ghodeshwar, President,	Principal Adviser (AM)

Savitribai Fuley Magasvargiya  
Shikshan Sanstha, Pulgaon

Subject: Centre not giving fund for education

- 4      Rekha Babanrao Nimbokar,                      Principal Adviser (AM)  
Anand Dairy Production Union

Subject: Problems of farmers in Vidarbha

Problems of dairy farmers

- a) Inadequate supply of cattle feeds to the farmers.
- b) Low level of price of dairy products
- c) There is no financial help from Government
- d) Failure of collection and distribution of milk

Problems of Fruit farmers

- a) There is no cold storage facility for protection of horticulture products
- b) There is no godawns for storage.

Suggestions

- a) Increase the price of milk and milk products
- b) Give financial support/help to farmers
- c) Make some arrangements for the collection of milk from their home/firm
- d) Government may provide facility for protection of horticulture products i.e. provide cold storage facility for farmers
- e) Government should provide godawns

- 5      Shri Ghanshyam Nee Balasaheb      Hon'ble Member,  
D. Karlekar, Dy. Chairman, Co-      Fact Finding Team  
op. Cotton Mill Ltd.

Subject: Suggestions for prevention of suicide by farmers

Suggestions

- a) To provide financial assistance to agriculture sector as like other sectors
- b) To arrange loan facility to farmers at lower rate of interest, who have lands below 2 bigah
- c) Government may provide more small dams for irrigation purposes and more efforts should be given for water harvesting because ground water level is very low compared to other places
- d) To provide good quality of seeds which needs very less water

- e) To arrange more water felicity for farming
  - f) Government may fix the price of row materials like fertilizers, seeds etc.
  - g) Govt. may implement good agricultural insurance schemes for farmers
  - h) To give authority to agro-industry for by-production
  - i) Govt may provide good subsidy for farmers
  - j) Govt may arrange agricultural loans at very low level of interest
- 6 Vijay Babarao Majarkhede, Fact Finding Team  
Farmer
- Subject: Suicide by farmers and non-payment of appropriate price of crops

### **Memoranda Received from Washim District in Maharashtra**

- | <b>Sl.No.</b> | <b>From</b>   | <b>To</b>                        |
|---------------|---|----------------------------------|
| 1             | Rajendra Patni, MLA   | Hon. Chairman, Fact Finding Team |
|               | Subject: Payment for land acquisition for Irrigation Projects         |                                  |
| 2             | Sheikh Munjeem Sheikh Hamam   | Fact Finding Team                |
|               | Subject: Loan from Bank burden of education & marriage of 5 daughters |                                  |
| 3             | Keshwavrao Khope, Member,<br>Zila Parishad                            | Fact Finding Team                |
|               | Subject: Reasons for farmers suicide                                  |                                  |

#### Reasons

- a) Scarcity of water in western Vidarbha
- b) Crops failures due to poor quality of seeds distributed by private companies
- c) Majority of the people are dependent on agriculture
- d) Very less awareness regarding farming
- e) Farmers could not protect their crops from wild animals like deer and pig
- f) Farmers are not getting good price for their products especially for cotton, pulses, groundnuts, soyabeans etc.
- g) Insufficient rains for the last few years

#### Remedies

- a) To provide good quality seeds
  - b) Govt may arrange more opportunities like diary projects or other opportunities
  - c) To provide solar energy
  - d) Give reasonable price
- 4 Raju V Thakre, Member Distt. Hon. CM, Maharashtra  
Level Dakshata & Contact Smiti  
Subject: Untimely Flow of water due to Irrigation Projects
- 5 Raju V Thakre, Member Distt. Fact Finding Team  
Level Dakshata & Contact Smiti  
Subject: Economic Assistance for farmers
- 6 Smt. Shashikalbai Ma. Shikaare, Fact Finding Team  
W/O suicide victim  
Subject: Suicide by farmer for unconditional situations

#### **Memoranda Received from Akola District in Maharashtra**

- | <b>Sl.No.</b> | <b>From</b>   | <b>To</b>         |
|---------------|---|-------------------|
| 1             | Nilesh Purnaji Aware  | Collector Office  |
|               | Subject: Father's suicide due to bank loan                                      |                   |
| 2             | Vithalrao Bhimaraoji Kaware   | Fact Finding Team |
|               | Subject: Take loan from the bank due to worst condition of farming              |                   |
| 3             | Yashwantrao Harishchandrarao Mehekarey  | Pr. Adviser (AM)  |
|               | Subject: Instruction of Vidarbha's backwardness                                 |                   |
| 4             | Shri Mahadev Rao Bhuimar  | Fact Finding Team |
|               | Subject: Suggestions for prevention of suicide by farmers                       |                   |
|               | <u>Remedies</u>   |                   |
|               | a) Govt may introduce new pension schemes for the farmers To provide allowances |                   |
|               | b) To increase price of the agricultural products                               |                   |
|               | c) Govt may fix a minimum support price for their products                      |                   |
| 5             | Shivajirao Deshmukh, MLA  | Pr. Adviser (AM)  |
|               | Subject: Loss of crops  |                   |
| 6             | Shri Diliprao Asare, Founder of   | Fact Finding Team |

Vidarbha Mukti Mahamorch

Subject: Request for separate Vidarbha State & injustice done by Maharashtra Government over the Vidarbha Region.

- 7 Nilesch Prabhakar Aware Maharashtra Govt. Planning Deptt.  
Subject: Application for appointment in the State Govt.

### **Memoranda Received from Yawathmal District in Maharashtra**

- | Sl.No. | From  | To                |
|--------|---|-------------------|
| 1      | Central Kethi Sansodhan & Development Sansthy | Fact Finding Team |
|        | Subject: Causes and Remedies                  |                   |

#### Causes

- a) Very high price of fertilizers and seeds provided by private companies
- b) There is no good market facility for cotton
- c) Scarcity of water and very less price of sugarcane
- d) Cheaper quality of seeds
- e) Bank takes more time for loan disbursement
- f) Very less price

#### Remedies

- a) Govt may arrange more electricity facility for farmer
- b) To provide godawns facility
- c) To provide another works to farmers as well as farming
- d) To provide awareness regarding farming

- |   |  |                   |
|---|--|-------------------|
| 2 | Uttamrau Sheke                                 | Fact Finding Team |
|   | Subject: Suicide of farmers and their problems |                   |

#### Problems

- a) Non availability of water
- b) Very cheaper quality of seeds
- c) Lack of electric pumps
- d) High rate of interest
- e) Very low price
- f) Non availability of agricultural markets

- g) There is no substitutability i.e. there is no other works
- 3 Basudev Kokate Fact Finding Team  
Subject: To provide economic help to farmers
- 4 Sudakhar Baliram Shri. S.D. George  
Co-operative farming exchange center  
Subject: Protection of crops
- 5 Co-operative Bank , Maharashtra Hon'ble Sarath Pawar  
Minister of Agriculture  
Subject: To provide loan from bank for prevention of suicide
- 6 Maharashtra Un-employment Organisation Fact Finding Team  
Subject: Unemployment
- a) High rate of unemployment so that government may provide more opportunities/facilities
  - b) Give awareness regarding farming from primary education
  - c) Government should protect forest, water and agriculture because these are national wealth
  - d) As long as unemployed persons didn't get work so that government should provide unemployment allowances of Rs.500/-
- 7 Ramgee Aade Fact Finding Team  
Subject: Problem and suggestions  
Problem
- a) Government didn't give importance to farmers suggestions
  - a) Government may give more importance to farmers and give more financial assistance
  - b) To take in to consideration of Pan-Ganga- Project
  - c) To provide economic help to farmers
  - a) Government should give financial assistance of Rs.20000 for their daughters marriage
- 8 Saritha Mahadev Fact Finding Team  
Subject: Government should take action against who has to take crops from other farmer crops by force
- 9 Smt. Fahimbano Collector

## Yawathmal

- Subject: To provide justice regarding farming
- 10 Ashok Bhutda Fact Finding Team  
Subject: To remove injustice to farmers
- 11 Ajay Giridhari Fact Finding Team  
Subject: Crops failure due to heavy rain
- 12 Pudli Rau Fact Finding Team  
Subject: Stop of work of Cotton department
- 13 Amul Ram Das Fact Finding Team  
Subject: To provide land for river
- 14 Yakub Khan District Collector  
Subject: Price of crops and crop insurance
- a) Non availability of loans
  - b) To provide new bank loans from NABARD
- 15 Menakshi Bhatti Fact Finding Team  
Subject: Backwardness in Vidarbha
- a) There is no hospital facility and lack of Basic facility
  - b) To provide Government job for farmers
  - c) Outdated or inefficient irrigation facility
  - d) Cheaper quality of crops/seeds

### **General Memoranda Received**

- 1) A letter from Dr. P.S. Ghadeshwar, President, savitribai Fuley Magasvargiya Shikshan Sanstha, Pulgaon requesting to sanction and released a Grant-in-aid from central social justice and empowerment ministry from 2001-06
- 2) A letter recived from Dr. J.S. Dhone addressed to the Chairman, Fact Finding Team informing the current position of Vidarbha and requesting for a separate Vidarbha State.

**List of Memoranda Received from Delegations**

1. Memorandum in the form of a petition submitted to the F.F.C to study the situation regarding disparities in regional development in Maharashtra with particular emphasis on Vidarbha region pursuance of the direction from the Hon'ble P.M. on 11<sup>th</sup> March 2006 by Prof. B.T. Deshmukh, MLC
2. From : Manikrao Ji Thakare  
Home Minister of State, Maharashtra  
To : Mrs. Adarsh Misra  
Pr. Adviser ( SP-W)  
Subject : Regarding the immediate measures to be taken by the State & Central Govts. to stall the spate of suicides of debt ridden farmers of Vidarbha Region of Maharashtra State.
3. From : Ranjeet Deshmukh  
To : Pr. Adviser ( SP-W)  
Subject: Representation on various backlog issues pertaining to Vidarbha Region dated 11<sup>th</sup> March,2006.
4. From : Ranjeet Deshmukh  
To : Pr. Adviser ( SP-W)  
Subject: Representation on various backlog issues pertaining to Vidarbha Region dated 10<sup>th</sup> April,2006
5. From : Smt. Prabha Rau  
President  
Maharashtra Pradesh Congress Committee  
To : Hon'ble prime minister  
Subject: The backlog of Vidarbha Region in the State of Maharashtra along with the action plan.
6. From : Datta Meghe  
President  
Vidarbha State Development Council  
To : Pr. Adviser (SP-W)  
Subject: Problems in developing of Vidarbha.

7. From : Nitin Gandhi  
President  
Bhartiya Janta Party  
To : F.F.T  
Subject: Democratic Front Government of Congress and Nationalist Congress Party cheating families of farmers who have committed suicides because of indebtedness by getting done fake inquest panchnamas to deprive them of compensation of Rs. 1 Lakh.
8. From : Shri Diliprao Asare  
Coordinator  
Vidarbha Mukti Mahajmorcha  
To : F.F.T  
Subject: Memoradum to bring to the notice of the Committee, injustice, done by Maharashtra government over the Vidarbha region and request to recommend to the Central Government to form separate Vidarbha state.
9. From : Sandeep Aggrawal  
Deputy Chairman  
Maharashtra Pradesh Congress Committee  
To : F.F.T  
Subject: Demands of farmers.
10. From : Banwarilal Purohit  
President  
Vidarbha Rajya Party  
To : F.F.T  
Subject: Removal of backlog and urgency of creating Vidarbha as independent state.
11. From: Shri Laxmanrao Ghumare  
Vice-President  
Buldana Jila Congress Committee  
To: F.F.C  
Subject: Eradication of poverty in Vidarbha region.
12. From: Arun Tumpalliwar  
President  
All India Forward Block  
To: F.F.C  
Subject: Cause and solution of suicide of farmers.
13. From: Sunita Gawande  
President  
Nagpur Jila Gramin Congress Committee  
To: F.F.C

Subject: Regarding suicides of farmers.

14. From: Shri Yaswant Kumar  
Nagar Sewak  
Nagpur Municipal Council  
To: F.F.C  
Subject: Major problems of Vidarbha.
15. From: Shri Gajanan Aaglawe  
Vice-President  
Vidarbha Forest Worker's union  
Subject: Exploitation of daily wagers workers of forest department in Maharashtra.
16. From: Vishawant Jhadokar  
President  
Kisan Cooperative Development Society  
To: F.F.C  
Subject: Cause of suicide of farmers.
17. From: Shri Hemant Belokar  
President  
Bhagyoday Pani Waper Sahkari Sanstha  
To: F.F.C  
Subject: Irrigation backlog in Vidarbha.
18. From: Mahendra Darde  
President  
Vidarbha Chamber of Small Scale industry  
To: F.F.C  
Subject: Agrobases industrial growth of Yavatmal District.
19. From: Dinesh D. Kulkarni  
Secretary Organisation  
Bhartiya Kisan Sangh  
To: F.F.C  
Subject: Suicide of farmers.
20. From: Suresh Dhanjayrao Bhende  
District Head, Amaravati  
Maharashtra Krishak Samaj  
To: F.F.C  
Subject: Regarding suicide of farmers.

**List of Papers received and studied In connection with the Study by FFT**

1. IGIDR study on 'Suicide of Farmers in Maharashtra
2. Report of Yashada, State Training Institute, Maharashtra
3. Content analysis of farmers' suicides reported in Deshonnati During 2004 by Dr. Srijit Mishra
4. Field visit of the team of National Commission on Farmers under Prof. M.S. Swaminathan to the Vidarbha region during 19-21 October 2005
5. Chief Minister Package Presentation to Member of the High Level FFT
6. Report submitted to GOI regarding Bt-cotton by Commissioner Agriculture, Maharashtra State
7. Paper on Monsanto Company
8. Visit of F.F.T to Maharashtra to study the situation regarding disparities in regional development in Maharashtra with particular emphasis on Vidarbha region, From Vidarbha Statutory Development Board
9. Visit of F.F.T on regional imbalance – Presented by Adv. M.G. Kimmatkar.
10. Performance Evaluation of statutory development board – Book
11. Note on irrigation projects in Yavatmal District, from Water Resources Department, Govt. of Maharashtra.
12. Organic farming for sustainable agriculture – An experience of practicing farmers in Yavatmal district.
13. Natural farming – An alternative way of sustainable agriculture followed by Shri Subhash Sharma, Dorli Tq. Yavatmal.
14. Extending the Helping Hand to the distressed farmers in the State of Maharashtra.
15. Vidarbha at a glance.
16. Directive issued by the Hon'ble Governor on 15 December 2001 and 12 March 2003 pursuant in Article 371(2) of the Constitution of India.
17. Letter from Smt. Prabha Rao, President of Maharashtra Pradesh Congress Committee to F.F.C regarding farmers suicides.
18. A note on Position of Vidarbha in Brief.
19. An abstract of Regional Imbalances in Maharashtra

**Papers Received from Maharashtra**

- 1) Minutes of the meeting of the fact finding committee of the Planning Commission held in the office of Divisional Commissioner, Nagpur on 9-3-06.
- 2) A note prepared by Shi. A.K. Saxena, Chief Conservatore of Forest & Nodel Officer, Mahrashtra on 'Procedure of clearance of projects under forest (Conservation) Act, 1980'.
- 3) Some tables showing the existing Road length in Vidarbha and Details of Village Connectivity.

- 4) A short note on Nagpur Division prepared by the Office of the Divisional Joint Registrar, Nagpur.
- 5) A letter from Sampat Ramteke, President, Sickle cell society of India, Nagpur regarding the health problems in Vidarbha region
- 6) A chart prepared by Shri Annap Kumar, Director General, Office of the Director General, Vasantnao Naik Sheti Swamlambam Mission, Amaravati addressed to Shri K.S. Vatsa, Secretary (R&R), Revenue and Forest Department, Mumbai regarding the tentative itinerary of the Gol team visiting the farmer's suicide affected districts.
- 7) Present position of projects under A.I.B.P. prepared by Chief Engineer, Vidarbha irrigation Development Corporation, Nagpur and Water Resources Department, Amaravati
- 8) A note for fact finding committee prepared by the office of Divisional Joint Director of Agriculture, Nagpur Division
- 9) A report on pending Irrigation Projects due to Forest Act 1980 prepared by Irrigation Department, Govt. of Maharashtra
- 10) Social indicators prepared by Deputy Director Health Services and Education Division Nagpur
- 11) Fisheries at a Glance in Amaravati Region
- 12) An information regarding pending Irrigation Projects in Amaravati and Buldana District
- 13) A presentation prepared by Divisional Joint Director of Agriculture Amaravati Division on 'Amaravati District'
- 14) A report on position of staff vacancies in Co-operation Department as on 31-1-06 prepared by Divisional Joint Registrar, Co-operative Societies, Amaravati
- 15) A short note on Amaravati region prepared by Office of the regional Joint Commissioner of Animal Husbandry, Amaravati
- 16) An information regarding the proposals pending due to the provisions of Forest (Conservation) Act, 1980
- 17) A visit observations and suggestions on Vidarbha region of Maharashtra prepared by Prof. M.S. Swaminathan, Chairman, NCF from 19 to 21 October, 2005

**Brief Summary of the Discussions with Chief Secretary, Chief Minister and Governor, Maharashtra**

1.1 The Team called upon the Chief Secretary, Chief Minister and Governor of Maharashtra on 5-5-2006. Chief Secretary had organized a meeting with all concerned Secretaries and Commissioners at the Secretariat. The Chief Secretary informed that the State Government had taken additional measures to alleviate the distress in Vidarbha region. Over and above the existing special package announced in December 2005, they have made arrangement for fresh crop loans through the banks up to Rs.25,000 through Kisan Credit Cards @ 9%. The difference between 9% and actual bank rate, if any, will be borne by the Government of Maharashtra. The State is looking at loan disbursement of Self Help Groups and intends to encourage formation of such groups. They will adopt a multi agency approach to increase the number of players providing crop loans at affordable interest rates. The State will stand by the commitment that no loans from cooperative banks will be charged interest more than the principal.

1.2 The State is also considering subsidy on crop insurance premium.

1.3 The State has decided to give 50,000 farmers, from economically weak category from the six concerned districts, an assistance of Rs.25,000 to undertake land development, in situ soil and moisture conservation, and for this purpose Rs.50,000 will be made available annually by the Government. The State is also preparing to give assistance to farmers through Self Help Groups at Rs.1,00,000 per group for undertaking non-farm activities. They will pay share capital @ 1:5 to encourage establishment of agro processing industries. The State proposes to promote Samudaik Lagna (community marriages) to reduce the burden of finance in conducting marriages.

1.4 An amount of Rs.769 crores is owed to the farmers under the Capital Formation Fund of the Maharashtra Monopoly Procurement Scheme implemented by the Cotton Marketing Federation. Rs.354 crores were supposed to be disbursed by 31-3-2006 and the remaining was to be disbursed in 2006-07. The State proposes to give Rs.1,000 per Hectare for a maximum of 2 Hectares to 22,00,000 farmers as economic loss was caused to the farmers due to spurious seeds. The amount involved will be Rs.280 crores. At Rs.5 crores per district annually, the State proposes to proceed with a Technology Mission approach for organic farming. A special Vidarbha Watershed Mission with Rs.100 crores annual provision to tackle integrated soil and water conservation project in Vidarbha is on the anvil.

1.5 A special study of Yavatmal district has been commissioned with Gokhale Institute of Economics & Politics, Pune as the spate of suicides continued

unchecked. The State has decided to post a full time IAS officer to oversee the implementation of the package including the helpline being set up in Yavatmal.

2.1 The Chief Secretary shared the Directive dated 6<sup>th</sup> March 2006 of the Hon'ble Governor of Maharashtra issued under clause 7 of The Development Boards for Vidarbha, Marathwada and the rest of Maharashtra Order, 1994 for the Annual Plan 2006-07. The Chief Secretary pointed out that for the first time AIBP, Central grants and all other loans brought under the purview of the Governor's directives. He also reported that recent supplementary budget proposed by the Government had also been subjected to the backlog formula by the Governor and, as such, it appears that the Governor's directives are now finding clear reflections in the Annual Financial Statement of the State. During discussions, it was accepted by the Chief Secretary and officers that surrenders, and diversion made annually under the backlog still remains a matter of concern. The Chief Secretary stated that, as of now, the supplementary demands will also be subjected to the backlog formula, a percentage of the surrender will continue to be apportioned for Vidarbha and other backward regions. However, this anomalous position with the surrenders will continue to prevail, in that, the weak implementation in Vidarbha will lead to cyclical surrender and re-allocation while actual regional disparities will continue to grow.

2.2 Regarding cotton, the officers stated that the cessation of monopoly procurement at rate higher than MSP is a good decision as the State was accumulating losses of over Rs.5000 crores. The officers said that by opening up the market, there is a chance for achieving some investment in value addition. However, it would be necessary to provide special incentive of excise duty waiver and income tax waiver to the Vidarbha region to encourage establishment of industries on the lines of Uttranchal and Himachal Pradesh.

2.3 The Chief Secretary and his team of officers had tried to ensure that allocation for irrigation projects should be project specific. The projects to be chosen should be truly representative of the regional disparities. This attempt was not successful.

2.4 In the meeting with the Chief Minister where Finance Minister and Minister of State for Finance were also present, the Team expressed the sentiments of people from Vidarbha to the Chief Minister. The perspective of distress, poverty in resources, perception of neglect, and the grievances on irrigation were communicated.

2.5 Issues pertaining to cotton and quality of seeds were also discussed. The Chief Minister was also requested to give his views regarding the capacity of the Vidarbha Board to undertake perspective planning and to implement appropriate development programmes rather than ad-hoc programmes given by different MLAs. The Team also requested that the Chief Minister's views regarding

present arrangements for removal of regional disparities and whether there were any alternatives that he would like to suggest.

2.6 The Chief Minister indicated that rural distress is a fact in Vidarbha area but that such distress is also being faced in Marathwada and in the drought prone areas of Western Maharashtra. He said that the package announced by them in December 2005 and the subsequent additional measures taken by them would help improve cotton economy. However, without attention to the obstacles in implementing irrigation projects in Vidarbha due to juddupi jungle where environment clearance is not available, it will not be possible to complete the backlog under irrigation in Vidarbha. He also felt that rural credit is the large issue to be attended to under the organized sector. Assistance is needed from NABARD so that the loans can be channelised and recovered without adding to the credit burden. He felt that measures being taken to implement EGS will lead to availability of additional employment of 14,000 to 15,000 persons in Yavatmal and Amravati and will, therefore, alleviate distress further. He proposes to set up E-Chaupal so that farmers can be better informed regarding prices at the time of sale.

2.7 The Finance Minister stated that while funds being allocated for Vidarbha region were not being spent, the Government was sincerely following the correct formula in allocating the same. He felt that Government of India support, was necessary, to reduce the backlog as the same was calculated at 1994 prices and it would be difficult for the State Government to fulfill the commitment while at the same time having the overall burden of the rest of the State also. The Finance Minister explained the details of the schemes of watershed development of Vidarbha and other measures being taken to improve the human development index in the area. He repeated the Chief Minister's suggestion of involving NABARD to finance the district cooperative societies / banks and to play a supervisory role to strengthen the machinery in loan disbursement. He further stated that implementation of irrigation projects was also held up because of lack of approval from CWC for irrigation projects in Vidarbha. He felt that only by diluting the current formula adopted by the State for taking up last mile project (where 75% work has been completed) the projects in Vidarbha could be taken up. The implications are that with this relaxation projects in Western Maharashtra will be speeded up while Vidarbha is likely to continue to lag behind). The Chief Minister further stated that 16 sugar factories had been established in Vidarbha but could not be successful and had to be closed down and without provision of incentives like in Himachal Pradesh and Uttranchal, private investment could not be secured. 2600 Hectare have been developed by MIDC in Amravati but there are no takers. At least 7-10 years exemption from excise and income tax is necessary for any private investment to be secured. It was further explained by him that due to the Krishna Water Award, the need to create absorption capacity of water in the rest of Maharashtra was very high and diversion of the attention of the State to Vidarbha under backlog for water was going to be difficult. With the present coalition Government, he said that every MLA was concerned with water

in his constituency and at Taluka level and for the State to spend more money on Vidarbha was going to be difficult. He requested the Central Government to augment finances for Vidarbha. He stated that in Maharashtra “Water is on Fire” and there are no further solutions that can be found by the State itself.

2.8 As regards rural credit, apart from requesting involvement of NABARD with cooperative credit societies having net worth less than Rs.1,00,000, he stated that the credit requirement through formal system is around Rs.6000 crores for the entire State, 20% of which would be in Vidarbha. He said that waiver or re-scheduling of earlier loans was one answer while increasing the source of supply of rural credit through competitive measures would be another answer. He felt that Central Government intervention was necessary for resolving the issue.

2.9 During the meeting with the Governor, the detailed backlog issue and the performance of the Development Boards were discussed. The Governor felt that while there were contradictory opinions regarding the continuance of the Board, the complexity of the relationships prohibited any sudden action. While he generally felt that the Boards had outlived their utility and that only by their being wound up could a sense of responsibility devolve on the the State of Maharashtra for its own regional backward areas. He would personally recommend some actual implementation of the directives before taking up additional areas of direct responsibility of the State Government in implementation. He agreed that the Boards, as they are structured at present, are neither capable of implementation nor undertaking perspective planning in a true sense. Further, the need for monitoring of the allocated amount was appreciated. However, clarity of further action in this direction could not emerge. He accepted that a specially strong system was necessary to review and report regularly to the Governor on the allocation and their implementation. He accepted the need for public private partnership in increasing the availability of water and the development of watershed, etc. He accepted the need to involve, as Chancellor, the 4 Agricultural Universities in more intense agricultural expansion and to ensure their interface with the farmers to provide research and adequate delivery system in the situation of the present distress being faced by the farmers.

2.10 The general need to improve down stream investment for value addition and quality improvement was discussed.

**Current Scenario, Performance and future of *desi* cotton in Vidharbha (MS)**

There are two species of *desi* cotton Viz. *G. \_otton\_ed* and *G. herbaceum*. In Vidharbha *G. \_otton\_ed* is grown which covers approximately 15-20% of the cotton area. The precise area figures species wise are not available with the state department. *Arboreum* cotton cultivars have high degree of resistance to sucking pest and moisture stress conditions. For Vidharbha region of Maharashtra five varieties of *G. \_otton\_ed* Viz. AKA-4, AKA-5, AKA-8401, AKA-7 and AKA-8 have been released for commercial cultivation besides one Intra *\_otton\_ed* hybrid (AKDH-7). All these varieties have medium or superior medium fibre length. It is clear from the area under *\_otton\_ed* cotton (15-20%) that farmers prefer to grow either intra *hirsutum* hybrids (Non Bt/Bt) or *hirsutum* varieties (in nearly 80% of the area). Generally *hirsutum* varieties/hybrids are more productive than *desi* cotton varieties/hybrids.

In spite of the relatively higher levels of biotic and abiotic stress tolerance in *G. \_otton\_ed* varieties in comparison to *G. hirsutum* varieties and hybrids, the area under *G. \_otton\_ed* is fairly low not only in Vidharbha but in the entire country as well due to low productivity, relatively inferior fiber quality coupled with low market price. However, concerted attempts are being made in the National Agricultural Research System (NARS) to improve the performance of *G. \_otton\_ed* cultivars in terms of yield, quality and boll weight. Once these efforts fructify (already some promising material has come into being and are being tested) there is a possibility of enhancement of area under *G. \_otton\_ed* in Vidharbha region in the coming years.

***Prices of cotton***

The price of cotton as evident in the table during the last 3 years give a clear picture as to the relatively price fluctuations low price offered for *desi* cotton as compared to *hirsutum* varieties and hybrids. It is to be noted that from 2004-05 season cotton procurement by private agencies was permitted along with monopoly procurement, while in 2005-06 season the monopoly procurement system Minimum Support Price (MSP) opted as fixed by Govt. of India for procurement of cotton.

Price in rupees

Sr. no	Variety/Hybrids	Grade 2003				Grade 2004				2005
		Fine Quality	Very good	Good	Bad	Fine Quality	Very good	Good	Bad	
1	DCH32 /Varlakshmi Bunny/Bramha	2500	2175	1740	1000	2500	2175	1740	1000	2010
2	LRA-5166/ H302/Ajit/RHR-29/DHY-286/ Ankur-651	2300	1975	1600	1000	2300	1975	1600	1000	1835
3	NHH-44	2250	1925	1575	1000	2250	1925	1575	1000	1700
4	Abadhita/CNH-36/LRK-516/AKH-081/JKHy-1	2225	1900	1550	1000	2225	1900	1550	1000	1675
5	Desi cotton AKH-4/AKA-8401/AKH-7/Deputy Chairman183/Rohit/Eknath	2225	1900	1550	1000	2225	1900	1550	1000	1675

(Source: Maharashtra State Cooperative Cotton Growers Marketing Federation)

#### **Area under cotton in Vidharbha**

The area under cotton in Vidharbha has declined over the last five years from 16.12 lakh ha in 2001 to 12.18 lakh ha in the year 2005-06 as per the available data. Since the area under *desi* cotton is between 15 to 20 %, an approximate area of 17.5% is being visualized at present. Accordingly the area under *G. cotton* cotton is tentatively estimated at 2.15 lakh ha during the year 2005-06.

(Lakh ha)Division	2001-02	2002-03	2003-04	2004-05	2005-06
Nagpur	2.65	2.16	1.91	1.92	1.57
Wani	1.73	1.47	1.31	1.26	1.29
Yeotmal	3.18	2.80	2.61	2.53	2.36
Akola	3.19	2.75	2.61	2.51	2.56
Amaravati	3.18	2.50	2.63	2.61	2.41
Khamgaon	2.19	1.78	2.16	2.28	2.09
	<b>16.12</b>	<b>13.46</b>	<b>13.93</b>	<b>13.11</b>	<b>12.28</b>

( Source: Agriculture Department, Govt. of Maharashtra)

### Cost of cultivation

Even though precise information on cost of cultivation of *desi* cotton is not available, generalized figures are being furnished while the figures in respect of Bt cotton are the result of survey conducted on a few farmers in the region. The net return of *desi* cotton under rainfed condition was Rs. 4290, which was quite less as compared to rainfed Bt cotton hybrids, which worked out to Rs 12677. The lowered cost of *desi* cotton was mainly attributed to low cost of seed and reduced expenditure on inputs (fertilizers and pesticides) However, for the resource poor farmers of the region, *desi* cotton holds some promise in respect of relatively low cost of cultivation.

### Cost of cultivation

(Rs/ha)

Details	Bt hybrid	Desi cotton
Land Preparation	1382	1345
Seed and sowing	4400	900
Manures and Fertilizers	1524	1000
Gap filling	155	150

Wedding and hoeing	1900	1900
Plant protection	1134	800
Picking	2296	1340
<b>Total Cost</b>	<b>12791</b>	<b>7435</b>
Yield (q/ha)	12.0	7.0
Price	2127	1675
Gross return	25468	11725
<b>Net return</b>	<b>12677</b>	<b>4290</b>

## Performance of Bt-Cotton in Major Cotton Growing States

The performance of Bt. Cotton Deputy Chairman non Bt. Varieties as received from Cotton growing States is given below, which indicates both advantages and limitations of raising a Bt. Cotton crop.

### Performance during Kharif, 2003

#### Tamil Nadu

During Kharif 2003, it was observed that there was less attack of Bollworms in Bt. Cotton as compared to non-Bt. Cotton in some districts. Pesticidal spray has been reduced significantly leading to savings in expenditure on spray of chemicals and pesticides. **Impact of drought on Bt. Cotton was recorded in some districts in Kharif, 2003.**

#### Karnataka

Bt. Cotton performance was evaluated/assessed in Kharif, 2003 in Karnataka. **It was observed that yield in irrigated plots was comparatively better compared to rainfed crop in Bt. Cotton hybrids.** Bt. Cotton hybrids sustained less bollworm damage in comparison to non Bt. Cotton and majority of farmers were convinced about Bt. Technology in overcoming the incidence of bollworms. The performance of MECH-162 and 184 Bt. Was better over MECH-12 Bt.

#### Andhra Pradesh

The performance of Bt. Cotton during Kharif, 2003 in Andhra Pradesh was satisfactory. The yield was better in Bt. Cotton hybrid plots than non Bt. Cotton. Also the pesticidal spray was reduced in comparison to non Bt.cotton. **However, the Bt. Cotton hybrids could not withstand the moisture-stress compared to non Bt. Cotton varieties thereby the yield is affected.**

#### Gujarat

As per report received from Government of Gujarat, the overall performance of Bt. Cotton hybrids i.e. Bt. Cotton MECH-12, MECH-162 and MECH-184 Bt. Was good in comparison to non Bt. Cotton during Kharif, 2003.

#### Madhya Pradesh

The preliminary reports received from Madhya Pradesh indicate that performance of Bt. Cotton hybrids was satisfactory in comparison to non Bt. Cotton in Kharif, 2003.

## **Maharashtra**

India ranks third in global cotton production after USA and China. India accounts for approximately 25 per cent of world's total cotton area and 16 per cent of global cotton production. The per hectare yield of cotton in India is lowest with 300 kgs per hectare against world average of 580 kgs per hectare. Pest and disease attack is one of the most important factor affecting yield levels significantly. The loss due to it is to the tune of 13 to 15%. In cotton the three most damaging lepidopteran species affecting the crop in India are American bollworm (*Helicoverpa armigera*), Pink Bollworm (*Pectinophora gossypiella*), and Spotted Bollworm (*Earia vittella*). The number of insecticidal sprays undertaken by Indian cotton farmers for insect control range from 6 to 15 nos per growing season, at an average cost of Rs. 5500-6000 per hectare. At present cotton covers just 5 per cent of gross cropped area but consumes 55 per cent of the pesticides utilized in the country.

In Maharashtra cotton is cultivated in 27 districts out of which during Kharif 2003-04 Bt cotton seeds are distributed in 20 districts. 46404 packets (450 gms. – Bt.cotton & 120 gm-Non-Bt cotton) of Bt cotton varieties MECH-12 t., MECH-162 Bt. And MECH-184 Bt. Are distributed. The area covered under BT. Cotton varieties is 12194 hectare.

The Bt. Cotton fields of Aurangabad and Jalna districts are also visited from Commissionerate level. It is observed that the retention of bolls of first flush is observed in Bt. Cotton fields. The attack of bollworm was reported in non Bt. Cotton (refuge) and also in other commercial cotton hybrids. But not in Bt cotton fields.

### **Performance during Kharif, 2004**

#### **Tamil Nadu**

The State Government constituted State level monitoring team to inspect the performance of Bt. Cotton in the various districts of Tamil Nadu. During 2004-05, 10417 packets of three Bt. Cotton hybrids namely, MECH-12 Bt, MECH-162 Bt. And MECH-184 Bt. Of M/s Mahyco and 21262 packets of RCH-2 Bt of M/s Rasi Seeds were grown. Most of the farmers have not raised the refugia crop around the Bt. Cotton fields. MECH-184 Bt. Performed better than the other two Bt hybrids of Mahyco but RCH-2 Bt recorded significantly higher boll numbers per plant. There was less boll worm attack of Bt. Cotton hybrids as compared to non Bt. Counterparts. The quality of Bt. Cotton was good than non Bt and cost of cultivation was reduced due to reduction in expenditure under plant protection. In General, the performance of Bt. Cotton hybrids was good during 2004-05 in comparison to the last two years.

## Gujarat

District level committees were constituted to monitor the performance of Bt. Cotton hybrids in the State. Bt. Cotton has been cultivated in the State for the last three seasons and on the basis of observations it was found that **MECH-162 Bt and MECH-184 Bt. Have more incidence of sucking pest menace** as compared to MECH-12 Bt. MECH-12 hybrid is early type and having less incidence of *heliopsis* as well as sucking pest menace. Therefore, the area under MECH-184 was reduced due to the fact that the plant becomes dry at boll stage. RCH-2 hybrid performed better than other hybrids in its first year of cultivation. This shows that RCH-2 Bt hybrid is superior as compared to MECH hybrids.

## Technology Mission on Cotton

In view of lower yields & poorer lint quality of cotton as compared to many other countries, the Government of India is implementing Technology Mission on Cotton (TMC) since 2000-2001 in 13 States viz. Andhra Pradesh, Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal and Tripura. The aim of the mission is to increase the production, productivity & quality of cotton.

### MINI MISSIONS

TMC consists of following four Mini Missions:

	Objectives/ mandate	Nodal Agency
<b>MM I</b>	Research and Technology Generation	Indian Council of Agricultural Research (ICAR)
<b>MM II</b>	Extension and Developmental Activities	Department of Agriculture & Cooperation,
<b>MM III</b>	Improvement in Marketing Infrastructure	Ministry of Textiles
<b>MM IV</b>	Modernization of Ginning & Pressing Factories	Ministry of Textiles

### MINI MISSION –I

MM-I is being implemented by the ICAR in collaboration with State Agricultural Universities for the development of varieties and production technologies suited to various agro-climatic conditions of the country. MM-I is 100% funded by Government of India. The major activities of MM-I are as below:

- Genetic improvement for reducing cost of production and stabilizing yields under wide ranging biotic and abiotic stresses, incorporating resistance and tolerance to major insect pests and diseases.
- Seed technology to maintain genetic purity of varieties / hybrids for production of quality seeds which in turn improve the germination, better crop, higher yield and uniform quality lint.
- Resource management for judicious application of inputs to minimize nutrient losses and maximize economic benefits.

- Post harvest technologies for cotton to produce value added products such as cotton stalks for fibre board.

## **MINI MISSION II**

MM-II is being implemented by Department of Agriculture & Cooperation. The main strategies under Mini Mission-II for the development of cotton including Bt- cotton , are as below:

- Increasing the availability of quality seeds ..
- Increase in area coverage under hybrids
- Popularizing area specific production technologies.
- Popularization of Integrated Pest Management / Insecticide Resistance Management to minimize the use of pesticides.
- Promotion of efficient use of water through drip and sprinkler irrigation system to increase irrigated area under cotton.
- Transfer of improved technologies to farmers through demonstration and training.

### **Major Components of MM-II**

The major components of MM-II are as under:

- Production & supply of certified seeds of varieties / hybrids.
- Frontline demonstrations on production , IPM and implements
- Farmers Field Schools and Training of Facilitators.
- Insecticide Resistance management (IRM)
- Establishment of seed delinting plants and bio-agent production units.
- IPM Technology demonstration
- Surveillance of insects pest and diseases.
- supply of sprayers / pheromones / bio-agents.
- Supply of water saving devices like sprinkler & drip irrigation etc.

### **Sharing of Funds under MM-II**

Sharing for funds under Mini Mission-II is on 75: 25 bases between Government of India and States. However components like frontline demonstrations, IRM , maintenance of nucleus / breeder seeds etc are funded on 100% basis by GOI. These components are implemented through ICAR , SAU's, CCI etc.

## **MINI MISSION –III**

The Mini Mission- III is being implemented by the Ministry of Textiles for the development of market infrastructure by setting up of new market yards and improvement of existing market yards. The expenditure is shared by Government of India and Agriculture Produce Market Committee / States on 60:40 basis. The GOI assistance is limited to Rs 90 Lakhs for improving existing market yards and Rs 150 lakh for setting up of new yard.

## MINI MISSION –IV

Mini Mission-IV is being implemented by the Ministry of Textiles for modernization of ginning & pressing factories. A subsidy of 25% of the total cost of cotton spinning with a ceiling of Rs.20 lakh per unit is provided under this scheme. Besides, Rs 7 lakh for bale press and Rs4.00 lakh for testing lab. Is also provided by the Government to the entrepreneur.

### 10<sup>th</sup> PLAN ALLOCATION FOR TECHNOLOGY MISSION ON COTTON

The 10<sup>th</sup> Plan allocation under all Mini Mission of TMC is given below:-

SHARE	MM-I	MM-II	MM-III	MM-IV	TOTAL
GOI Share	20.00	300.00	68.10	84.50	472.60
State Share	0.00	23.14	40.40	0.00	63.54
Total	20.00	323.14	108.50	54.50	536.14

### Statewise allocation

Sr. No:	STATE	(Rs in Lakhs)						
		2002-2003		2003-2004		2004-2005		2005-2006
		Allocation	Release	Allocation	Release	Allocation	Release	Allocation
1	Andhra Pradesh	174.00	30.00	385.00	238.33	623.62	571.16	440.00
2	Gujarat	244.00	122.00	425.00	419.28	435.12	773.04	750.00
3	Haryana	117.00	98.50	225.00	159.61	225.00	112.50	280.00
4	Karnataka	166.00	108.00	385.00	386.44	486.03	478.58	500.00
5	Madhya Pradesh	170.00	28.00	325.00	213.67	607.59	483.28	400.00
6	Maharashtra	410.00	235.89	645.00	779.03	784.79	771.44	786.00
7	Orissa	64.00	11.00	145.00	93.80	103.05	40.00	78.00
8	Punjab	10.00	0.00	5.00	0.00	1.00	0.00	1.00
9	Rajasthan	163.00	70.67	275.00	265.61	719.21	231.25	500.00
10	Tamil Nadu	138.00	89.00	225.00	288.98	227.69	342.94	350.00
11	Tripura	13.00	9.62	15.00	12.88	25.00	22.00	50.00
12	Uttar Pradesh	16.00	15.46	130.00	92.92	80.00	40.00	65.00

13	West Bengal	15.00	11.86	45.00	25.58	50.00	38.59	75.00
	<b>TOTAL</b>	<b>1700.00</b>	<b>830.00</b>	<b>3230.00</b>	<b>2976.13</b>	<b>4368.10</b>	<b>3904.78</b>	<b>4275.00</b>

## MONITORING OF THE PROGRAMME

To review & monitor the implementation of the Mission, an Empowered Committee under the Chairmanship of Cabinet Secretary to Government of India has been set up, which has reviewed the scheme twice till date. Besides, there is a Standing Committee for each Mini Mission chaired by the Secretary of the implementing Department. Based upon these reviews, necessary modifications, additions etc. are made to improve the performance of the scheme. The progress of the scheme is reviewed with the states during the season regularly through monthly progress report, zonal reviews and meeting by the Mission Director/Division.

## ACHIEVEMENTS OF MISSION

### Cotton Production Target and achievement

Year	Target	in lakh bales	
		Achievement as per Dte. Of Economics & Statistics	As per Cotton Advisory Board
2002-03	160.63	86.24	136.00
2003-04	172.70	138.66	177.00
2004-05	187.38	160.66	232.00
2005-06	198.41	-	-
2006-07	215.00	-	-

### Market Yards and Ginning & Pressing factories

The number of market developed and ginning & pressing factories modernized are as under:

Activities	Target ( 10 <sup>th</sup> Plan )	Achievement till 2004-05
Development of Market yards	60	36
Modernization of ginning & pressing factories	350	150

### **Other Impacts of the Mission**

- Record cotton production and productivity
- Reduction in pesticide consumption
- Increase in area in non-traditional States like Orissa and West Bengal
- Decline in cotton leaf curl virus disease in northern States
- Improvement in cotton quality due to development of market yards and modernization of ginning & pressing factories.

## Economics of Bt. Cotton hybrids under rainfed situation at AICCIP, Akola 1.

Sr. No.	Year Cotton/Hybrid	Yield (Kg/ha)	Gross Monetary Return (Rs./ha)	Plant Protection cost (Rs./ha)	Seed cost (Rs./ha)	Cost: Benefit Ratio
1.	<b>EXPERIMENT No. 1. 2004-05</b>					
	MECH-12 Bt	911.75	22793.75	3569.78	12444.44	1:0.42
	MECH-162 Bt	1070.89	26772.25	2274.78	12444.44	1:0.82
	MECH184 Bt	1029.80	25745.00	2274.78	12444.44	1:0.75
	PKV Hy-2	862.56	21654.00	5303.77	1866.67	1:2.01
	NHH-44	897.57	22439.25	5303.77	1400.00	1:2.35
2.	<b>EXPERIMENT No. 2 2004-05</b>					
	MECH-162 Bt	1052.48	26312.00	2446.00	12444.00	1:0.77
	NHH-44	859.82	21495.50	4776.00	1400.00	1:2.48
A.	<b><u>2005-06</u> MECH-162 Bt</b>					
	IPM	2705	54100	1931	11200	1:3.12
	Farmers practice	2232	44640	923	11200	1:2.68
B.	<b>MECH-162 N-Bt</b>					
	IPM	1790	35800	4881	1344	1:4.75
	Farmers practice	1027	20540	2810	1344	1:3.94
C.	<b>NHH-44</b>					
	IPM	19.25	38500	5693	1344	1:4.47
	Farmers practice	12.22	24440	3371	1344	1:4.18

## Economics of Bt. Cotton hybrids under rainfed situation at AICCIP, Akola 2.

### Cost of cultivation of arboreum cotton varieties (genotypes) under rainfed condition 2005-06

Sr.No.	Particulars	Unit	Cost (Rs. ha <sup>-1</sup> )
1.	Ploughing once in 3 years	2 B.P.	400
2.	Stubble picking	7 FL	329
3.	Preparatory tillage (2 harrowing )	2 B.P.	400
4.	Cost of FYM once 3 years 10 t ha <sup>-1</sup> including spreading charges	-	2000
5.	Cost of seed 15 kg	-	750
6.	Cost of sowing (drilling)	1 B.P. + 3FL+1ML	200 + 188
7.	Cost of fertilizer (30+15+0 NPK kg ha <sup>-1</sup> )		
	a. Suphala 75 kg	-	555
	b. Urea 35 kg	-	172
8.	Cost of fertilizer application	5 FL	235
9.	Thinning	3 FL	141
10.	Cost of 2 hand weeding	30 FL	1410
11.	Cost of 3 hoeings	3 B.P.	600
12.	Cost of insecticides	-	-
13.	Cost of picking (Av. Yield 8 q ha <sup>-1</sup> )	-	1600
14.	Cost of carting to market	-	400
15.	Cost of supervision and watching	--	1410
	<b>Sub Total (COC)</b>		<b>10790</b>
16.	Interest on capital @ 7 % on total cost of cultivation	-	755
	<b>Total cost of cultivation (COC)</b>		<b>11545</b>
17.	Yield of seed cotton 8 q ha <sup>-1</sup>	-	14000
18.	Stalk yield 35 q ha <sup>-1</sup>	-	875
	<b>Gross monetary returns (GMR)</b>	-	<b>14875</b>
	<b>Net monetary returns (GMR - COC)</b>		<b>3330</b>
	<b>B:C ratio</b>	-	<b>1:1.29</b>

- B.P.: Bullock pair
- FL : Female Labour
- ML : Male Labour

Rate of different inputs:

1. Labour male/female : @ Rs.47/ day	7. Cost of picking Rs.2/kg
2. Transportation Rs.50/qtl.	8. Cost of insecticides
3. Seed cotton Rs.1750/kg	a. Dimethoate Rs.205/lit
4. Seed cost Rs.50/kg seed	b. Metasystoc Rs.295/lit
5. BP Rs.200/day	c. Endosulphon Rs.220/lit.
6. Cost of fertilizer	d. Qunolphos Rs.240/lit.
a) Urea Rs.490/qtl.	e. Cypermetrin 25 EC Rs.360/lit.
b) Suhpala Rs. 740/qtl.	f. Carbaryl Rs.330/kg
c) MOP Rs.452/qtl.	g. Imedacloprid Rs.55/5 g
	h. Spinosad Rs.800/75 ml
7.FYM Rs.50/qtl.	

## Economics of Bt. Cotton hybrids under rainfed situation at AICCIP, Akola 3.

## Cost of cultivation of Hirsutum cotton varieties (genotypes) under rainfed condition 2005-06

Sr.No.	Particulars	Unit	Cost (Rs. ha <sup>-1</sup> )
1.	Ploughing once in 3 years	2 B.P.	400
2.	Stubble picking	7 FL	329
3.	Preparatory tillage (2 harrowing )	2 B.P.	400
4.	Cost of FYM once 3 years 10 t ha <sup>-1</sup> including spreading charges	-	2000
5.	Marking for sowing	1BP	200
6.	Cost of seed 12 kg	-	600
7.	Cost of sowing (dibbling)	10 FL	470
8.	Cost of fertilizer (50+25+0 NPK kg ha <sup>-1</sup> ) c. Suphala 125 kg d. Urea 55 kg	- - -	925 270
9.	Cost of fertilizer application	10 FL	470
10.	Cost of 2 hand weeding	30 FL	1410
11.	Cost of 3 hoeings	3 B.P.	600
12.	Cost of insecticides (5 spray) a. 2 spray for sucking pest 1. Dimethoate 0.5 lit/ha 2. Metasystoc 0.4 lit/ha b. 3 sprays for bollworms 1. Endo. 0.85 lit/ha 2. Quinolphos 1 lit/ha 3. Cypermethrin 25 EC 0.15lit/ha		103 118 187 240 54
13.	Cost spraying (5)	25 L	1175
14.	Cost of picking (Av. Yield 10 q ha <sup>-1</sup> )	-	2000
15.	Cost of carting to market	-	500
16.	Cost of supervision and watching	--	1410
	<b>Sub Total (COC)</b>		<b>13861</b>
17.	Interest on capital @ 7 % on total cost of cultivation	-	970
	<b>Total cost of cultivation (COC)</b>		<b>14831</b>
18.	Yield of seed cotton 10 q ha <sup>-1</sup>	-	19800
19.	Stalk yield 30 q ha <sup>-1</sup>	-	750
	<b>Gross monetary returns (GMR)</b>	-	<b>20550</b>
	<b>Net monetary returns (GMR - COC)</b>		<b>5719</b>
	<b>B:C ratio</b>	-	<b>1:1.38</b>

- B.P.: Bullock pair , FL : Female Labour, ML : Male Labour

Rate of different inputs:

1. Labour male/female : @ Rs.47/ day	8. Cost of picking Rs.2/kg
2. Transportation Rs.50/qtl.	9. Cost of insecticides
3. Seed cotton Rs.1980/kg	a. Dimethoate Rs.205/lit
4. Seed cost Rs.50/kg seed	b. Metasystoc Rs.295/lit
5. BP Rs.200/day	c. Endosulphon Rs.220/lit.
6. Cost of fertilizer d) Urea Rs.490/qtl. e) Suhpala Rs. 740/qtl. f) MOP Rs.452/qtl.	d. Qunolphos Rs.240/lit. e. Cypermethrin 25 EC Rs.360/lit. f. Carbaryl Rs.330/kg g. Imedacloprid Rs.55/5 g h. Spinosad Rs.800/75 ml
7. FYM Rs.50/qtl.	10. Stalk Rs.25/qtl.

Economics of Bt. Cotton hybrids under rainfed situation at AICCIP, Akola 4.

**Cost of cultivation of Hirsutum cotton hybrids under rainfed condition 2005-06**

Sr.No.	Particulars	Unit	Cost (Rs. ha <sup>-1</sup> )
1.	Ploughing once in 3 years	2 B.P.	400
2.	Stubble picking	7 FL	329
3.	Preparatory tillage (2 harrowing)	4 B.P.	800
4.	Cost of FYM once in 3 years 10 t ha <sup>-1</sup> including spreading charges	-	2000
5.	Marking for sowing	1BP	200
6.	Cost of seed 4 kg	-	2135
7.	Cost of seed treatment of Imidacloprid 40 g		440
8.	Cost of sowing (dibbling)	10 FL	470
9.	Cost of fertilizer (50+25+25NPK kg ha <sup>-1</sup> )		
	a. Suphala 125 kg	-	925
	b. Urea 55 kg	-	270
	c. MOP 45 kg		203
10.	Cost of fertilizer application	10 FL	470
11.	Cost of 2 hand weeding	30 FL	1410
12.	Cost of 4 hoeings	4 B.P.	800
13.	Cost of insecticides (5 spray)		
	a. 2 spray for sucking pest		
	1. Dimethoate 0.5 lit/ha		103
	2. Metasystoc 0.4 lit/ha		118
	b. 4 sprays for bollworms		
	1. Endo. 0.85 lit/ha		187
	2. Quinolphos 1 lit/ha		240
	3. Carbaryl 2 kg/ha		660
	4. Cypermethrin 25 EC 0.15lit/ha		54
14.	Cost spraying (6)	30 L	1410
15.	Cost of picking (Av. Yield 15 q ha <sup>-1</sup> )	-	3000
16.	Cost of carting to market	-	750
17.	Cost of supervision and watching	--	1410
	<b>Sub Total (COC)</b>		<b>18784</b>
18.	Interest on capital @ 7 % on total cost of cultivation	-	1315
	<b>Total cost of cultivation (COC)</b>		<b>20099</b>
19.	Yield of seed cotton 15 q ha <sup>-1</sup>	-	29700
20.	Stalk yield 30 q ha <sup>-1</sup>	-	750
	<b>Gross monetary returns (GMR)</b>	-	<b>30450</b>
	<b>Net monetary returns (GMR - COC)</b>		<b>10351</b>
	<b>B:C ratio</b>	-	<b>1:1.52</b>

- B.P.: Bullock pair, FL : Female Labour, ML : Male Labour

Rate of different inputs:

1. Labour male/female : @ Rs.47/ day	8. Cost of picking Rs.2/kg
2. Transportation Rs.50/qtl.	9. Cost of insecticides
3. Seed cotton Rs.1980/kg	a. Dimethoate Rs.205/lit
4. Seed cost Rs.400/0.75kg seed	b. Metasystoc Rs.295/lit
5. BP Rs.200/day	c. Endosulphon Rs.220/lit.
6. Cost of fertilizer	d. Quinolphos Rs.240/lit.
g) Urea Rs.490/qtl.	e. Cypermethrin 25 EC Rs.360/lit.
h) Suhpala Rs. 740/qtl.	f. Carbaryl Rs.330/kg
i) MOP Rs.452/qtl.	g. Imedacloprid Rs.55/5 g
	h. Spinosad Rs.800/75 ml
7. FYM Rs.50/qtl.	10. Stalk Rs.25/qtl.

**Annexure Q**

**Cost of cultivation of Hirsutum cotton hybrids under irrigated condition 2005-06**

Sr.No.	Particulars	Unit	Cost (Rs. ha <sup>-1</sup> )
1.	Ploughing once in 3 years	2 B.P.	400
2.	Stubble picking	7 FL	329
3.	Preparatory tillage (2 harrowing )	4 B.P.	800
4.	Cost of FYM once in 3 years 10 t ha <sup>-1</sup> including spreading charges	-	2000
5.	Marking for sowing	1BP	200
6.	Cost of seed 3 kg	-	1600
7.	Cost of seed treatment of Imidacloprid 30 g		330
8.	Cost of sowing (dibbling)	8 FL	376
9.	Cost of fertilizer (100+50+50 NPK kg ha <sup>-1</sup> )		
	d. Suphala 250 kg	-	1850
	e. Urea 110 kg	-	540
	f. MOP 90 kg		406
10.	Cost of fertilizer application	15 FL	705
11.	Cost of 2 hand weeding	30 FL	1410
12.	Cost of 4 hoeings	4 B.P.	800
13.	Irrigation 5 (Rs.750/irrigation)		3750
14.	Cost of insecticides (5 spray)		
	a. 2 spray for sucking pest		
	1. Dimethoate 0.5 lit/ha		103
	2. Metasystoc 0.4 lit/ha		118
	b. 4 sprays for bollworms		
	3. Endo. 0.85 lit/ha		187
	4. Quinolphos 1 lit/ha		240
	5. Spinosad 111 ml/ha		1200
	6. Cypermethrin 25 EC 0.15lit/ha		54
15.	Cost spraying (6)	30 L	1410
16.	Cost of picking (Av. Yield 25 q ha <sup>-1</sup> )	-	5000
17.	Cost of carting to market	-	1250
18.	Cost of supervision and watching	--	1410
	<b>Sub Total (COC)</b>		<b>26468</b>
19.	Interest on capital @ 7 % on total cost of cultivation	-	1853
	<b>Total cost of cultivation (COC)</b>		<b>28321</b>
20.	Yield of seed cotton 25 q ha <sup>-1</sup>	-	49500
21.	Stalk yield 35 q ha <sup>-1</sup>	-	875
	<b>Gross monetary returns (GMR)</b>	-	<b>50375</b>
	<b>Net monetary returns (GMR - COC)</b>		<b>22054</b>
	<b>B:C ratio</b>	-	<b>1:1.77</b>

- B.P.: Bullock pair , FL : Female Labour, ML : Male Labour

Rate of different inputs:

1. Labour male/female : @ Rs.47/ day	8. Cost of picking Rs.2/kg
2. Transportation Rs.50/qtl.	9. Cost of insecticides
3. Seed cotton Rs.1980/kg	a. Dimethoate Rs.205/lit
4. Seed cost Rs.400/0.75kg seed	b. Metasystoc Rs.295/lit
5. BP Rs.200/day	c. Endosulphon Rs.220/lit.
6. Cost of fertilizer	d. Qunolphos Rs.240/lit.
j) Urea Rs.490/qtl.	e. Cypermethrin 25 EC Rs.360/lit.
k) Suhpala Rs. 740/qtl.	f. Carbaryl Rs.330/kg
MOP Rs.452/qtl.	g. Imedacloprid Rs.55/5 g
	h. Spinosad Rs.800/75 ml
7.FYM Rs.50/qtl.	10. Stalk Rs.25/qtl.

## Case Study

### Rural Credit Requirements – Study conducted in District Washim.

The issue of Rural credit and its availability for agricultural purposes has been analysed in greater detail in one district, Washim. It is found that of the 841771 population, there were 195543 account holders in Washim, 50357 were having less than 1 ha of land, 89521 had more than 2 ha of land. From above classification of Agriculturists it is clear that almost 50% of the Landholders in the Washim District are holding land which is economically not viable and can not become self sustainable. Therefore they have to depend on Agricultural crop credit every year.

Of the 515266 ha of land, 392501 ha. land are under cultivation. The cropping details are as under:

Area under food Grains	cereals	cotton	Oil seeds	Others
72101	117493	82245	108982	11680

The details of productivity, credit requirements based on needs, inputs etcetera are given below:

#### Productivity 2003-2004

Name of the Crop	soyabean	Groundnut	cotton bales (170 kg each)
Production per Hectors in kg.	1358	791	120

#### (INPUTS) Scale of finance

Name of the Crop	Scale of finance per Hectare		Difference
	Fixed by Agri.Deptt.	Disbursed by the Banks	
cotton	7000	4000	3000
soyabean	6000	4875	1125
Groundnut	8500	4625	3875
Wheat	5000	2000	3000

The difference in requirement of credit per hectare and availability through the financial institutions appears to be a major cause for distress.

#### Increasing Scale of finance year to year

Name of Crop	Scale of finance in the year		Increase in percentage
	2001	2005	
cotton	3750	4000	6.66
soyabeann	3800	4875	28.28
Groundnut	3800	4625	21.71
Wheat	2000	2000	--

## Input and Income analysis in case of Kharif & Rabbi Crop

### Inputs

Crop	Preparatory Tillage	Seed	Fertilizer	Pesticide	Interest on loan if any	Intercultivation	Harvesting	Total cost of Production
<b>Soyabean + Tur</b>	1200	900+300	1250	1000	500	2500	2225	9875
<b>Cotton+tur</b>	1200	1000+300	3000	1200	650	2650	2350	12350
<b>Udid+Mug</b>	1200	375	1250	400	450	1000	2000	6675
<b>Jowar</b>	1200	70	625	1000	450	2500	2000	7845
<b>Gram(Rabbi)</b>	600	1500	1250	500	1000	375	1075	5400
<b>Wheat(Rabbi)</b>	1200	1500	1250	500	400	1500	2000	

### Average Yield

	Qt/Ha	Rs/Ha	Net Profit
<b>Soyabean + Tur</b>	14+3	14000+4500	8625
<b>Cotton+ ur</b>	12+3	20400+4500	12550
<b>Udid+Mug</b>	10	15000	8325
<b>Jowar</b>	20	11200	3345
<b>Gram(Rabbi)</b>	8	12000	6600
<b>Wheat(Rabbi)</b>	30	21000	12650

Finance does not match with the increase in rate of cost of inputs .Shortages leads the farmer to money lenders, whose rate of finance from varies from 4% to 6% per Month( estimated—other estimates put it at 150% per annum)

### Scale of finance needed

Name of the Crop	Area under cultivation	Scale of finance	Actual need of finance in Rs. Crores
cotton	82245	7000	57.57
soyabean	108982	6000	65.38
Wheat	16124	5000	8.06
Jowar	53718	5000	26.85
			<b>157.87</b>

### Availability of finance (Amount in Crores)

Name of the crop	Nationalized Bank		Cooperative Bank		Total	
	No. of Borrowers	Amount	No. of Borrowers	Amount	No. of Borrowers	Amount
Cotton	Cropwise figures not available	35.00	22412	23.63		
Soyabean			9000	11.01		
Groundnut			--	--		
Wheat			--	--		
Jowar			1088	10.04		
Cereals			1500	9.01		
<b>Total</b>	15000	35.00	34000	53.71	49000	85.41

**Agricultural Loan in Washim District**  
**Talukawise Loan Disbursement**

Name of Talukas	No. of Borrowers	Amount in Crores
Malegaon	6205	11.58
Mang'pir	7800	12.18
Karanja	8385	13.10
Manora	9186	14.69
Washim	8618	16.75
Risod	8806	17.11
Total	49000	85.41

. Above comparison of needs of finance and availability of finance (i.e. gap of 72.45 Crores) explains, partially, why illegal money lending is Dominant in Washim district.

It appears that a large number of farmers are out of the formal credit system .

**Position regarding Money Lenders**

(Amount in Rs.)

Name of Talukas	No. of Money lenders	Total No. of Borrowers	Amount	Current Recovery		Default	
				No.	Amount	No	Amount
Malegaon	--	--	--	--	--	--	--
Mang'pir	1	25	714000	25	46412	--	--
Karanja	1	1127	4539765	1127	2812321	--	--
Manora	2	1024	25515200	1024	18822556	--	--
Washim	2	230	156650	230	122460	--	--
Risod	2	209	264000	209	212327	--	--
Total	8	2615	31189615	2615	22016076	--	--

**Gap in Credit Availability**

Name of the Crop	Actual need of finance in Rs.Crores	loan disbursed	Shortage in supply of credit
Cotton	57.57	39.64	17.93
Soyabean	65.38	30.00	35.38
Wheat	8.06	--	8.06
Jowar	26.85	15.77	11.08
Total	157.86	85.41	72.45

While analyzing the gap, household requirements have not been considered. If taken into account the gap will double. i.e. more than 150 crores.

**How the Gap is covered (tentative )**

Illegal Money lenders	Agri. Service centers	Grain Merchants	Others sources and self saving	Total
300.0	215.00	107.00	102.4	724.5

The money lenders are, clearly, the main gainers from any profit out of agriculture.

**Loan Recovery scenario in current demand**

Name of Talukas	Total current Demand		
	No. of Borrowers	Amount in crores.	Amount _otton_ed upto end of February
Malegaon	6205	11.58	1.38
Mang'pir	7800	12.18	1.75
Karanja	8385	13.10	1.02
Manora	9186	14.69	0.98
Washim	8618	16.75	1.96
Risod	8806	17.11	2.08
Total	49000	85.41	9.17

**Default scenario in loan Recovery of PACS**

No of PACS	No of socy with accumulated losses		upto 30% recovery	between 31 to 50 % Recovery	Above 50 % Recovery
	No	Amount			
423	228	980.78	201	151	71

**Default scenario in loan Recovery in Primary Agricultural Credit Societies in Washim dist.**

No.of Societies	Members			
	Marginal	small	Big landholder	total
423	17170	18322	69023	114518

Defaulters							
Marginal	Amount	small	Amount	Big landholder	Amount	total	Amount
8018	318082	5572	330.58	18310	2805	31870	33.54.

**Rate of finance**

In Washim district 70 % of loan available is through cooperative credit structure and 30 % is through Nationalised Bank. The cooperative credit structure is three tier, which increases the cost of finance to the ultimate borrowers.

Nabard gives crop finance through state cooperative bank at the rate of 5.75% , the state cooperative bank lends it to Dist cent.coop.Bank at the rate of 6.75% , in turn Dist central cooperative Bank lends it to Primary Agricultural Cooperative society, by keeping a margin of 2 % . This results in 8.75 % for the PACS. PACS add 3 % for ittheir administration and ultimately the Borrowers get the finance at the rate of 11.75 % .If we consider the deduction for shares the final rate comes out to be more than 13 % . All the PACS are suffering from heavy losses and imbalances due to dam-duppat by the banks from the PACS .

**Statement showing average indebtedness among farmers who have committed suicides in Washim District**

Period	Break-up of No. of Suicides & amount of loan						Total Reported
	Washim	Risod	Malegaon	Mangrulpir	Karanja	Manora	
1.1.01 to 31.3.01	-	-	-	-	1 farmer 12302/-	-	1
1.4.01 to 31.3.02	-	-	-	2 farmers (Nil)	3 farmers 10000/-	2 farmers 4550/-	7
1.4.02 to 31.3.03	-	1 farmer (Nil)	-	4 farmers 41798/-	1 farmer (Nil)	2 farmers (Nil)	8
1.4.03 to 31.3.04	-	-	-	-	2 farmers 24504/-	-	2
1.4.04 to 31.3.05	4 farmers 73577/-	9 farmer 88514/-	5 farmer 22090/-	8 farmers (Nil)	9 farmers 66549/-	13 farmers 113640/-	48
1.4.05 to 28.2.06	2 farmers 55158/-	8 farmer 515839/-	1 farmer (Nil)	1 farmer 55368/-	7 farmers 247893/-	15 farmers 318639/-	34
Total	128735/-	604353/-	22090/-	97166/-	361248/-	436829/-	100

The average loan amount taken by the deceased 'farmer', comes to Rs.16,504/-

**Taluka wise average indebtedness of farmers who committed suicides are as follows :-**

Name of Taluka	Total amount of Loan	No. of Farmers who committed suicide sense 2001 to 28.2.2006	Average Loan
1	2	3	4
Washim	1,28,735	6	21,455.80
Malegaon	22,090	6	3,681.00
Risod	6,04,353	19	31,808.00
Mangrulpir	97,166	15	6,477.73
Manora	4,36,829	32	13,650.90
Karanja	3,61,248	22	16,420.36

**Credit Scenario of Washim District**

(Figures in lakhs as per ACP-2005-2006)

Sr.No.	Sector	Plan Yearly	Performance	% Achievement Yearly as on 31.12.05
A	Agriculture Crop Loans	8457	8065	95
B	Agriculture Term Loan	2383	477	20
1	Agriculture (A+B)	10840	8542	79
2	NFS/SSI	384	29	08
3	OPS/Services	1605	1029	64
	<b>Total Priority</b>	<b>12829</b>	<b>9600</b>	<b>75</b>

*BANK-WISE PERFORMANCE OF THE DISTRICT AS ON 31.12.2005*

Bank	ACC		ATL		Total Agriculture		NFS/SSI		OPS/ Services		Total Priority	
	Plan	Per	Plan	Per	Plan	Per	Plan	Per	Plan	Per	Plan	Per
SBI	956	1104	410	177	1366	1281	76	13	527	686	1969	1980
CBI	660	456	277	52	937	508	21	03	236	58	1194	569
BOM	407	480	217	92	624	572	31	04	162	173	817	749
BOB	60	123	34	20	94	143	01	01	36	42	131	186
Allahabad bank	61	10	37	-	98	10	01	0	62	-	161	10
VKGB	1355	872	314	107	1669	979	78	06	126	18	1873	1003
ADCCB	4939	5020	476	29	5415	5049	55	02	-	52	5470	5103
<b>TOTAL</b>	<b>8438</b>	<b>8065</b>	<b>1765</b>	<b>477</b>	<b>10203</b>	<b>8542</b>	<b>263</b>	<b>29</b>	<b>1149</b>	<b>1029</b>	<b>11615</b>	<b>9600</b>

**Merits and Demerits of formal credit system**

**1. Merits\_** The only merit the finance through bank possesses is , some times the policy of payment of interest by the Govt. helps the borrowers to become eligible for refinance .In the year 2004-05 the Govt. has paid 561 .00 lacs interest for 36069 current borrowers and this year the govt. has paid 2020 lacs against the overdue interest. Of 32078 defaulters. The other scheme that is helpful to the borrowers is Dr. Panjabrao Deshmukh interest Rebate scheme in which if the borrower pays his current dues of the principal amount before 31 March every year he gets 4 % rebate in total amount of interest incurred on principal amount.

**2. Demerits** Insufficient finance is available, there is inordinate delay in getting the finance; the procedures are cumbersome for the farmers; and the psychology of the Bankers prohibit timely and complete release of any loan request.

**Following corrections are suggested by the Collector Washim in crop finance**

1. Number of tiers in the credit finance should be reduced
2. Procedure should be simplified .
3. Instead of interest condonation by the Govt., the Govt. should pay the premium of crop insurance.  
The crop cutting experiment must be village wise and not according to revenue circle. Because geographical conditions differ from circle to circle.
4. In case of small and Marginal farmers single natural calamity makes them defaulter therefore they need alternate additional occupation like diary, poultry, processing of agricultural goods.
5. The need of the hour is low cost farming

6. There need NGOs who shall act as a Psychologist as well as bridge between the govt. machinery and the Farmers in every village.
7. All the members of the PACS must be divided into SHGs.
8. The PACS failed in their purpose and achievements but there is no alternative except to strengthen again.
9. Self sufficient village shall be created out of self sufficient PACS only.

**Honorable M.L.A. Shri Patni made following suggestions**

1. **Electricity** : Augmentation of Additional Transformer at various sub stations is needed for qualitative and uninterrupted Power supply as the existing transformers are already over loaded.
2. Withdrawal of Load shedding for agricultural pumps considering agricultural sector is the backbone of our rural economy.
- 3 **Irrigation:**
  - 1 Due to geographical situation of Washim District construction of major and medium projects is not possible. Minor projects is the only way to increase the irrigation potential in the district.
  - 2 To increase the irrigation potential available rainfall in the district should be utilized within the district. For this purpose the cost of economics norms should be relaxed for the project which have technically good site condition but are not cost effective.
- 4 **Agriculture**

Deputy Chairman Hundred percent assistance should be provided for farm water harvesting structures like farm ponds and continuous contour trenches (C.C.T.)

  - ii Hundred percent assistance for horticulture crops like orange, Mousambi (Sweet orange), Custard apple, Mango, Amla.
  - lii Seventy five percent assistance to micro irrigation facilities like Drips and Sprinklers to all farmers who so ever wants to take benefit to economize the scarce water resource.
  - lv Providing two mobile training Vans to create awareness among farmers about soil and water management, cropping pattern and new agriculture practices.
  - V Fifty percent assistance to be provided to promote organic farming on large Scale.

### Agricultural Insurance in Vidarbha Region of Maharashtra

A Central Sector 'National Agricultural Insurance Scheme' (NAIS) was introduced in the country from the rabi season of 1999-2000. The scheme is operating on the basis of "**Area Approach**" i.e. defined areas for each notified crops for widespread calamities, and on an "**individual basis**" for localized calamities such as hailstorm, land slide, cyclone and flood.

2. The present scheme is available to all farmers (both loanee and non-loanee) irrespective of their size of land holdings. It envisages coverage of all the food crops (cereals, millets and pulses), oilseeds and annual commercial/horticultural crops in respect of which past yield data are available for an adequate number of Years. Among the annual commercial/horticultural crops, eleven crops, viz. annual Banana, chillies, cotton, ginger, jute, pineapple, onion, potato, sugarcane, tapioca and turmeric have already been covered under the scheme. The premium rates are 3.5% (of sum insured) for bajra and oilseeds, 2.5% for other Kharif Crops, 1.5% for wheat and 2% for other Rabi Crops. In the case of commercial/horticultural crops, actuarial rates are being charged. Small and marginal farmers were entitled to 50% subsidy on premiums, which was shared 50:50 by the Central and State Governments. The subsidy on premium has gradually been phased out and at present only 10% subsidy is available to small and marginal farmers. At present, 23 States and 2 Union Territories are implementing the scheme. Cumulatively, 7.51 crore farmers over an area of 1219 lakh hectares have been covered in the last 12 seasons i.e. from Rabi 1999-2000 to Kharif 2005. The coverage of the farmers/area is about 10%. The sum assured, premium and total claims stood at Rs. 70655 crore, Rs. 2223 crore and Rs. 5917 crore respectively.

3. The Department of Agriculture & Cooperation, Ministry of Agriculture has proposed implementation of Modified NAIS, which, inter-alia, envisages Village Panchayat instead of Taluka/Block/Circle/Mandal/Hobli etc, as a unit of insurance, threshold yield based on the best 5 out of preceding 7 years instead of average of preceding 3 years for rice & wheat and 5 years for others, Indemnity Limit of 90% (low risk) and 80% (others) instead of 90% (low risk), 80% (medium risk) & 60% (high risk). It further considers Risk coverage of prevented sowing & post harvest losses and on-account payment (up to 50% of likely claims) during season to be adjusted against claims based on yield data.

4. Further improvement suggested, inter-alia, include compulsory coverage of all farmers growing notified crops with net premium rate up to 4% and availing seasonal agricultural operations loans from Financial Institutions. All farmers (both loanee and non-loanee farmers) growing notified crops with net premium rate about 4% would be covered on voluntary basis.

5. The Planning Commission's observations are:

5.1 The NAIS may be transferred to Non-Plan. Till then, NAIS may continue in its present form as stated by the Finance Minister in his Budget Speech for 2006-07 (para 53).

5.2 As far as Modified National Agricultural Insurance Scheme (MNAIS) is concerned, the Planning Commission would favour funding only the overhead components of Modified NAIS such as crop cutting experiments and threshold yield determination for major crops.

5.3 Also, the Planning Commission supports piloting the MNAIS in few States/districts having requisite data collection capability/infrastructure for obtaining the feedback. This would provide scope for inducing and testing various 'insurance products' before it is up scaled to cover more number of States/districts.

5.4 It is recommended that data base to be used in actuarial formula should use easily verifiable data like rainfall or whether conditions as impact can be more easily co-related.

### **Comparative Analysis of Development Indicators, role of Statutory Development Boards and Development Strategies**

Maharashtra State located on the West coast of the Arabian Sea was carved out as a linguistic state of Marathi speaking people. It is the second largest in terms of population and the third largest in terms of area in the country. The state of Maharashtra with an area of about 3.08 lakh sq. kms has 35 districts spread over 6 revenue divisions namely Nagpur, Amaravati, Nashik, Pune, Konkan and Aurangabad. Vidarbha region has Nagpur and Amaravati revenue Divisions and Marathwada region has Aurangabad division under them. The Rest of Maharashtra region is the largest and covers three revenue divisions of Nashik, Pune and Konkan including greater Mumbai. Vidarbha region has 11 districts, Marathwada 8 districts and Rest of Maharashtra has 16 districts. Four districts, i.e. Hingoli, Washim, Gondia and Mumbai sub-urban, have been carved out recently (Table 1.1).

One part of Vidarbha region comprising Buldhana, Akola, Amaravati, Washim and Yavatmal is administered by the Amaravarti division and the rest of the Vidarbha region comprising Nagpur, Wardha, Bhandara, Gondia, Chandrapur and Gadchiroli districts comes under Nagpur division. Vidarbha is a plateau region with black soil having large tribal population and forest cover. Marathwada's 8 districts (Table 1.1) are culturally uniform, all of them being a part of the erstwhile State of Hyderabad and the region is rocky and dry with low rainfall. Konkan Division consists of Mumbai, Thane, Raigad, Ratnagiri, and Sindhudurg districts on the coastal side with small land holdings and less irrigation facilities. Nashik Division with five districts of Nashik, Dhule, Nandurbar, Jalgaon and Ahmednagar districts has a considerable tribal population, large land holdings, forests, and a few fertile tracts with good rainfall. Pune, Sangli, Satara, Kolhapur, Sholapur districts constitute the Pune division and have relatively lower rainfall but well served by canals and wells. The Nashik and Pune divisions being contiguous form into a single geographical region and is known as Western Maharashtra.

Table 1.1  
**Statutory Development Boards and their districts in Maharashtra State**

<i>Vidarbha Board</i>	<b>Marathwada Board</b>	<i>Rest of Maharashtra Board</i>
1. Buldhana	1. Aurangabad	1. Greater Mumbai**
2. Akola	2. Jalna	2. Mumbai sub-urban *
3. Amravati	3. Parbhani **	3. Thane
4. Yavatmal	4. Beed	4. Raigad
5. Wardha	5. Nanded	5. Ratnagiri
6. Nagpur	6. Osmanabad	6. Sindhudurg
7. Bhandara**	7. Latur	7. Nashik**
8. Chandrapur	8. Hingoli *	8. Dhule
9. Gadchiroli		9. Jalgaon
10. Washim*		10. Ahmednagar
11. Gondia*		11. Nandurbar **
		12. Pune
		13. Satara
		14. Sangli
		15. Solapur
		16. Kolhapur

\* New Districts as per 2001 Census

\*\* Districts, which were bifurcated during 1991-2001.

## **1. Development Indicators**

### **1.1. Geographical conditions**

The 16 districts of Rest of Maharashtra accounts for 52% of the geographical area of the State with an average geographical area of 9712 sq.km per district whereas Vidarbha has an area of 28.8% of the State with an average of 7545 sq.km per district and Marathwada is less widespread (7182 sq.km). Rest of Maharashtra region gets more rain fall (1314mm) than Vidarbha (1041mm) and Marathwada regions (756mm). Vidarbha region has more range of temperatures with a high and low of 44.9 degrees and 10.0 degrees respectively compared to Rest of Maharashtra (13.4 and 35.3 degrees) and Marathwada (12 and 41 degrees).

### **1.2 Population Composition**

According to 2001 Census, the population of Maharashtra State is 96,752,247 and approximately 21% population resides in Vidarbha and 16% in Marathwada region whereas 63% of the total population of the State reside in the Rest of Maharashtra region. As per geographical area, the Rest of Maharashtra region covers 47% of the total geographical area of the State against 32% and 21% by Vidarbha and Marathwada regions respectively. The density of population per square kilometer for the State is 409 whereas it is quite high (477) in Rest of Maharashtra (RoM) and 212 and 241 for Vidarbha and

Marathwada regions respectively. Out of the total Scheduled Caste (SC) population of 87.58 lakhs and 73.18 lakhs of Scheduled Tribe (ST) population about 48% and 41% respectively of this reside in the RoM Board region. 25% of the Rest of Maharashtra region population is urban, where as urban population is only 8% in Vidarbha and 9% in Marathwada regions. Of the 27,86,982 main workers in the State as per 2001 Census (excluding greater Mumbai region) 49.5% are in Rest of Maharashtra region, 26.2% in Marathwada and 24.3% in Vidarbha region.

### **1.3 Administrative set-up**

Vidarbha region has comparatively less number on inhabited villages per district (1082) than Marathwada (1096) and Rest of Maharashtra region (1280). Similarly, Vidarbha and Marathwada regions are less urban than the Rest of Maharashtra region which has more number of urban towns per district (15). The population density of the region is also reflected in terms of more number of Gram Panchayats and local bodies in the Rest of Maharashtra region (1280) compared to Vidarbha (1082) and Marathwada (1096).

### **1.4 Literacy Rate and Educational Facilities**

The Marathwada region is educationally backward compared to the other two regions. As per 2001 Census, the average literacy rate (male and female taken together) in Maharashtra is 77.27%. This varies between 79.04% in the Rest of Maharashtra region to 78.17% in Vidarbha and 69.48% in Marathwada. In respect of male literacy also, the Marathwada region lags behind the other two regions. The literacy level among females in Marathwada is quite low, i.e. 56.56% compared to 68.98% in Vidarbha and 70.86% in the ROM region and 67.51% for the state as a whole. As reflected in the literacy rates, Rest of Maharashtra region has more number of Primary Schools (2645) than in Marathwada (1600) and Vidarbha (1449) and enrolment of students and teachers in primary schools. However, ITIs, both governmental and non-governmental are more in number per district in Vidarbha region (45) than in Marathwada (11) and Rest of Maharashtra (23). Vocational Institutes are more or less proportionately distributed in Vidarbha region (40) and Rest of Maharashtra (44) though they are less per district in Marathwada region (31).

### **1.5 Health Institutions**

Rest of Maharashtra region is better served with the number of Public Health Centres and Sub-Centres with an average of 73 and 384 respectively compared to Marathwada (48 and 262) and Vidarbha (47 and 322) regions during the year 2000. The other health indicator of population served per government medical institution during the year 2000 also shows better delivery of

health services in Rest of Maharashtra (96,140) and Vidarbha (94,437) than in Marathwada region.

## **1.6 Per Capita Income**

The average per capita income of the district in the State during 1998-99 was Rs.15, 804 whereas the average for the three regions was Rs. 9,565 in Marathwada region compared to Rs. 11,754 in Vidarbha region and Rs. 15, 752 in Rest of Maharashtra region. During the same year, the other economic indicators like Net District Domestic Product (NDDP) also had wide disparity between Rest of Maharashtra (Rs.5,17,799) to Vidarbha (Rs.2, 70,266) and Marathwada (Rs.2,02,512) regions. The percentage share of district domestic income to State income was also higher in Rest of Maharashtra (3.7%) than in Vidarbha (1.9%) and Marathwada (1.4%) during the same period. Vidarbha accounts for more number of Below Poverty Line families in the State than in the other regions per district.

## **1.7 Transport and Communication**

Rest of Maharashtra villages have a better road linkage both in terms of perennial and seasonal roads (79.6% and 23.6% per district) compared to Marathwada region (72% and 9.05%) and Vidarbha region (59.2% and 13.7%). The other indicators of transport facility like average per district village roads(3572 km), major district roads(1726 km), state highways (169 km) and national highways (1107 km) have a comparatively better position in Rest of Maharashtra region than in the other two regions.

## **1.8 Agriculture**

As per 2001-02 data, 21 percent of the district area is covered with forest cover in the Vidarbha region whereas it is only 17.5% in Rest of Maharashtra and 3.53% in Marathwada regions. Net area sown and net area irrigated per district in Vidarbha is about 427 thousand hectares and 57 thousand hectares respectively. Though net sown area is little higher in Marathwada region but the net irrigated area in Rest of Maharashtra region is far higher per district (119 thousand hectares) than in the other two regions.

## **1.9 Irrigation**

Major and medium irrigation projects in Vidarbha are lower per district (1 and 6 respectively) and it is 2 and 11 in Marathwada region and 3 and 5 in Rest of Maharashtra region. Command area under major and medium irrigation projects is also the lowest in the Vidarbha region (108 thousand hectares per district) than in Rest of Maharashtra and Marathwada regions. The number of minor irrigation projects per district in Vidarbha region is 49 and the area

covered under minor irrigation projects is 16 hectares per district and these indicators are far below to Rest of Maharashtra (65 and 36 hectares) and even to Marathwada region (52 and 17 hectares).

### **1.10 Industry and Cooperative Societies**

The average registered factories per district in Vidarbha is 367 compared to 267 in Marathwada region and 1480 in Rest of Maharashtra region. As is well known the number of sugar factories are also more in Rest of Maharashtra and Marathwada regions compared to Vidarbha region which has an average value of 1 factory per district which is about 7 in Rest of Maharashtra. Cotton production is high in Vidarbha region, however, the average number of cotton mills per district is only 4 but it is 5 in Marathwada region and 9 in Rest of Maharashtra region. Similarly, agricultural cooperative societies per district and membership in the credit societies data of 2001 indicates that these indicators are 438 and 185 thousand per district and they are almost double the number in Rest of Maharashtra and 1.5 times in Marathwada regions.

## **II. Statutory Development Boards**

Due to the persistence of the Socio- economic imbalances in the three regions (which is evident even at present) for a long time, this was highlighted by the social activists, politicians and intellectuals in different platforms. Even after the formation of the separate Maharashtra State, the regional imbalances increased so, the Maharashtra State Legislature passed an unanimous resolution requesting the Central Government to set-up three Development Boards so that decentralisation and all round regional development can be brought out. The three Statutory Development Boards: Vidarbha, Marathwada and Rest of Maharashtra were set-up by a Presidential order under article 371 (2) of the constitution on 9<sup>th</sup> March 1994. The Governor of Maharashtra was assigned the special responsibilities for the constitution of the Boards, framing rules and guidelines, allocation of funds for development expenditure and equitable arrangement for education, training and employment in services under the control of the State Government. After constituting the three Boards on 30<sup>th</sup> April 1994 with their Head Quarters at Nagpur for Vidarbha, Aurangabad for Marathwada and Mumbai for Rest of Maharashtra, the Governor issued detailed orders and guidelines for the proper functioning of the three Statutory Development Boards. The Governor's order and the guidelines implicitly take care of the spirit and points raised in the Nagpur agreement of 1953.

### **2.1 Composition and Working Mechanism**

Each Development Board had initially seven members on it, out of which one member was a member of Maharashtra State Legislature from the area of respective Development Board. One member was from a local authority, and three expert members having special knowledge or experience are appointed

from the field of Planning, Finance, Administration, Irrigation, and Public Health etc. One Commissioner of the Revenue Division from the area of respective Development Board was also appointed to the Board and an officer of the State Government of the rank of Additional Commissioner of a Revenue Division from the respective Development Board, was appointed as Member Secretary of the Development Board. Recently two more expert members, one more member of the State Legislature and Chairman of the State Planning Board as an ex-officio member have been included in the Board. In addition, Divisional Commissioners of the Revenue Divisions in each board area have also been taken as members of the respective Development Board.

## **2.2 Term of Office**

- The term of office of the Chairman and members is as the Governor may specify while appointing them. The Governor may terminate the appointment of any member, including the chairman or reconstitute the Board before the expiry of the term of the member or as the case may be of the Board. The term of the Boards is normally for three years.
- Any member, including the Chairman other than the Government functionary members may at any time resign his office by writing under his hand, addressed to the Governor and the date on which the Governor accepts his resignation he shall be deemed to have vacated the office.
- The Chairman and members are entitled to such fees and allowances for attending the meetings of the Development Boards.
- The Chairman of the Board is appointed from the expert members and is given the status of State Cabinet Minister rank with requisite facilities.

The Development Boards completed the term of 5 years on April 30, 1999 and the President of India vide Amendment Order dated 15 December 1999 extended the term of the three Development Boards by another 5 years up to April 30, 2004. This has been further extended recently up to April 2009.

## **2.3 Functions of the Development Board**

Development Board functions as laid down in the Governor's order are:

- 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 achieving overall development within its area.

- To suggest levels of development expenditure over the area of Development Board during a plan period including annual plan, and
- To prepare an annual report on its working and to send it as far as possible within three months after the end of every financial year to the Governor for placing it before the Maharashtra State Legislature Assembly.

The Governor has also institutionalised the involvement of Development Boards in the State Planning Process. The Chairmen of the Development Boards have been appointed as ex-officio members of the State Planning Board. The members of the Boards have been appointed as ex-officio members on the District Planning Committees, which prepare the district plan.

The Development Boards have to conduct at least 6 meetings in a year and the period between two consecutive meetings should not be more than 60 days. As per the directives to the Development Boards, proceedings of all the meetings held by the Board are to be recorded and maintained in a permanent file. During these meetings various resolutions are passed, project proposals are sanctioned and development issues are discussed related to the region. The decisions in the meeting are taken based on the majority opinion as a consensus and in case of lack of unanimity the Chairman's decision prevails.

The Development Boards in the formative years used to have regular meetings/discussions most of which were scheduled at the Head Quarters of the Boards. The Board members also participated in the joint meetings of three Development Boards addressed by the Governor as and when necessary to share important issues pertaining to the Development Boards. Besides this, the Board members took part in the meetings at the district and other places of their region in connection with the development work. From time to time, the Development Boards conducted/ participated in the seminar/ workshop and conferences arranged relating to developmental issues in the Board areas the details of which are dealt in the next chapter. The meetings at the Head Quarters are considered important in view of the policy decisions taken pertaining to the Board's activity, but at the district level these are review meetings of physical and financial progress of projects/schemes undertaken for development of the districts. Table 1.2 shows that, out of 37 meetings conducted by Vidarbha Board in 1994-95, 22 meetings were held at Nagpur and in the corresponding year Marathwada Development Board had 92% of its meeting at the Head Quarters out of 35 meetings and none in the Rest of Maharashtra out of only 4 meetings of that year. It is mandatory to conduct at least 6 meetings by the Boards in a year at Head Quarters and this has not been adhered during 1997-98 in Vidarbha, 98-99 in Marathwada and during 94-95 in Rest of Maharashtra. Vidarbha Board had been more active than the other two Boards in conducting

meetings and seminars regarding the backlog and development issues. Meetings are conducted generally smoothly on important aspects like allocation, expenditure, backlog clearance, special fund proposals and awareness programme. However, instances were brought to our notice in the field that, Chairman of the Board being a Politician with overriding authority expert members role is minimized to only for advisory purposes.

**Table 1.2**  
**Meetings/Seminars arranged by Development Boards**

Year	Development Board					
	Vidarbha		Marathwada		RoM	
	Total	Headquarter	Total	Headquarter	Total	Headquarter
1994-95	37	22	38	35	4	-
1995-96	59	17	48	20	12	10
1996-97	10	9	39	14	19	10
1997-98	15	5	33	12	15	8
1998-99	23	8	8	5	6	6
1999-2000	34	10	10	8	8	8
2000-01	53	12	21	10	7	7
2001-02	40	14	30	8	8	8
<b>Total</b>	<b>271</b>	<b>97</b>	<b>227</b>	<b>112</b>	<b>79</b>	<b>57</b>

Source: Annual Reports of Vidarbha, Marathwada and Rest of Maharashtra 1994-95 to 2000-01.

## **2.4 Staffing Position**

The offices of the Chairman and Member Secretary have a support of administrative/technical staff to help the Chairman/ Member Secretary for carrying out day-to-day functions concerning the activities of each Development Board. The staff strength at Chairman's office comprises of Private Secretary, Personal Assistant, Stenographer, Clerk/Typist, Driver, Peon/Messenger. At Member Secretary's office, Joint Director, Research Assistant, Stenographer, Assistant Accounts Officer, Clerk/Typist and Peon are the normal staff.

The Chairman of the Board is always a senior member of the State Legislature of the respective Board. The Member Secretary is always a person from administrative department. The posts sanctioned and actually filled in the office of the Chairman and Member Secretary during the past 8 years for each Development Board is presented in Table 1.3. The sanctioned posts and staff in position vary depending upon the availability of the staff and workload at a particular point of time in any Board. Most of the staff members of the Boards are from the Planning Department of the State on deputation basis. A few posts are technical in the office of the Member Secretary. The staff in position was always lower than the posts sanctioned in all the Boards. It is around 80% in Marathwada and Vidarbha Development Boards against 69% in the Rest of Maharashtra Development Board. The sanctioned strength as well as the staff in position was comparatively better in Vidarbha Board compared to the Rest of Maharashtra Board and Marathwada Board. Due to the implementation of the economic measures by the Maharashtra Government, the staff strength in position had been reduced in all the three Boards. While staff strength in the office of the Chairman and Member Secretary may not be considered as an indicator of effective functioning, however, it has a bearing on development activities and removal of backlog.

**Table 1.3****Staffing pattern in the Office of the Chairman and Member Secretary**

Year	Development Board					
	Vidarbha		Rest of Maharashtra		Marathwada	
	Sanctioned	In position	Sanctioned	In position	Sanctioned	In position
1994-1995	18	18	30	19	29	29
1995-1996	18	18	30	21	30	21
1996-1997	31	28	31	21	31	24
1997-1998	31	25	31	22	31	24
1998-1999	31	27	31	19	31	23
1999-2000	31	25	31	19	31	24
2000-2001	23	21	23	21	31	25
2001-2002	23	20	23	19	23	18

Source: Annual Reports of Vidarbha, Marathwada and Rest of Maharashtra, 1994-95 to 2001-2002.

**2.5 Coordination**

Two institutions; Governor's office and Planning Department are also involved in the functioning of Development Boards. The Governor controls the Boards and his office coordinates with the three Development Boards on one hand and the Planning Department on the other. The special responsibility entrusted with the Governor of Maharashtra under the constitution is for ensuring (a) equitable allocation of funds for development expenditure over the three regions subject to the requirements of the State as a whole; and (b) equitable arrangements for providing adequate facilities for technical education and vocational training and (c) equitable opportunities for employment in the services under the control of the State Government in the three regions subject to the requirements of the State as a whole.

The Governor since 1995-96 makes an equitable allocation of overall plan funds among the three Board regions. The distribution is not based on a fixed formula but tentatively on 1991 and 2001 Census population percentage covered in each region and on the basis of backlog identified by the Fact Finding Committee in 1984. The area-wise allocations, as per the above criteria were made for the first time, after the setting-up of the Boards. The backlog funds are also quantified and earmarked for each region based on the same criteria, as for the overall funds. The allocations so made are non-divertible from the region of one Board to another. Governor periodically gives directions to the Development Boards, Planning Department, besides visiting and reviewing the functions of the Development Boards.

Once the Governor approves the total allocation, it is the Planning Department, which allocates the district wise funds further. At present, the Chairmen of the Boards or their nominees has been appointed on the State

Planning Board as ex-officio members. The schemes under backlog are fixed, and this provides the scope for consultation with Development Boards. A special provision of Rs. 100 crores had been made annually for the three Development Boards at the instance of Governor since Annual Plan 1995-96. The Governor's office allocated the special fund on the basis of FFC report backlog and population in the three regions to the three Development Boards. Accordingly, the shares are Rs. 43.86 crores for Vidarbha, Rs. 27.28 crores for Marathwada and Rs. 28.86 crores for Rest of Maharashtra region which were revised after the approval of the Indicator and Backlog Committee report. Under this special fund, the Boards are expected to take up schemes, which they consider important from the point of view of development. The Governor's office and Planning Department has prepared broad norms and admissibility of funds under which special funds works can be approved. For the utilization of these special funds, the proposals are invited by the Development Boards from the peoples' representatives, Regional and Mantralaya level officers. There is no specific format for sending a proposal to the Statutory Development Boards and these can be in the form of a plain application on a paper. These are submitted to the concerned administrative departments with a copy marked to the Planning Department for approval.

The backlog funds for three regional boards are allocated by the Governor subject to the requirement of the State as a whole. The schemes to be taken up under backlog and Annual Plan are decided by the Planning Department in consultation with the administrative departments. The Planning Department examines the proposals and accords approval to schemes in conformity with the approved schematic pattern. The Planning Department also coordinates with other Ministries/ Departments and monitors the progress annually of the physical and financial performance of the backlog and special fund schemes in the three regions.

The schemes recommended by the Statutory Development Boards under special fund along with all development schemes recommended by the Planning Department are executed by the concerned line departments. The Planning Department forwards approved proposals to the concerned implementing agency and the finance Department for budgeting/releasing the funds. The final amount is budgeted by the Finance Department and directly given to the concerned implementing agency. Supervision of all the works is carried out by the concerned implementing agencies. The Statutory Development Boards have no role once the scheme has been recommended by the Planning Department for its execution.

## **2.6 Role of Development Boards in the Identification of Regional Backlog**

Regional imbalances were in existence before the Development Boards were set up in 1994. The State Government was clearing the regional imbalances identified by the FFC since 1985. The greatest contribution of Development Boards was to identify their regions' backwardness in specific sectors and highlighting the need for a fresh look of their regions position vis-a-vis to the state which has resulted in the setting – up three Joint Committees of the Development Boards.

- Indicator and Backlog committee for identifying the three regions development position in 30 sectors/sub-sectors.
- Joint Committee for higher/ technical education and training education for equitable arrangement and
- Joint Committee on opportunities for employment in Government services in the three regions.

The Chairman and expert members of the three Development Boards actively contributed by highlighting their regions development and backwardness in these Committee reports which was accepted by the Governor and the State Government and are at various stages of implementation.

Vidarbha and Marathwada Development Boards had brought to the notice of the Governor that the irremovable backlog in Irrigation sector of 181.07 thousand hectares in Vidarbha and 78.66 thousand hectares in Marathwada as identified by the irrigation department was untenable. They had pointed to the irrigation potentiality in these regions and the need for speedier administrative clearance of irrigation projects, provision of requisite resources, electricity and application of lift irrigation facilities for clearance of backlog.

Marathwada Development Board had pointed to the need for equitable distribution of water resources from Tapi valley project (9.135 TMC against the present 2 TMC of water) Marathwada Krishna project (60 TMC against the allotted 24 TMC of water) and upper Godavari river basin water by augmenting the surplus water from Nar, Par and Damanganga rivers. Marathwada and Vidarbha Development Boards had also brought to the notice of the Governor on the lack of progress in clearing the backlog of energisation of pump sets and the present policy of MSEB in the electrification of agricultural pump sets which had allocated 71% of the work in the RoM region and 17% to Marathwada and 12% towards Vidarbha region under non-backlog targets which will create fresh backlogs in the three regions. Vidarbha Development Board had been demanding the revision of Forest clearance act for the clearance of irrigation projects and to the increasing backlog position in road sector under village

connectivity, road length/ 100 Sq. Km and Built Operate and Transfer Programme of major roads.

Rest of Maharashtra region had demanded that taluka may be taken as a unit in DPAP areas for calculation of backlog in irrigation sector. RoM region Board had also 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.

Development Boards were also actively involved in assessing the physical and financial backlog position periodically and gave feed back to the Governor and Planning Department. Vidarbha and Marathwada Development boards had brought to the notice of the escalating backlog in their regions. The remaining physical and financial backlog as on 1<sup>st</sup> April, 2000 was finalized by the Governor after taking the views of the three Statutory Development Boards.

Besides highlighting the existing backlog position in higher education/vocational training sector and in employment opportunities in Government services, the Development Boards of Vidarbha and Marathwada had resolved in their meetings to update and undertake fresh backlog created after 1<sup>st</sup> April 1994. They have requested the Government and the Governor to give proper directives to the concerned departments to furnish the necessary information to the Development Boards for the preparation of report.

## **2.7 Functions of the Development Boards**

The Development Boards, Governor and the Planning Department were assigned specific responsibilities for removing regional imbalances and ensuring balanced regional development. Two important functions of the Development Boards regarding ascertaining the relative levels of development and the suggestions regarding the development expenditure were dealt in the previous two chapters. These functions were discharged either in response to special responsibilities assigned to them by the Governor, or in an indirect manner through suggestions, resolutions and memorandums in the meetings, and presentations to the Governor. Development Boards were also assigned other important regular functions like (i) assessing the impact of various development efforts in removing backlog and in achieving overall development, (ii) to prepare annual reports of their activities to be placed in the State Legislature (iii) special fund utilization for the development of their region and other activities for the planning and development of their region and State.

## **2.8 Special Fund**

The Governor has been allocating Rs. 100 crore since 1995-96 among the three Development Boards for small but useful work of development nature. These allocations have been made in the same proportion as the funds for the

removal of backlog in the three regions. The allocated funds of the particular Development Board can not be diverted from one Board to another. It is observed that, from 1995-96 up to 2000-01 the proportion of allocation remained the same and from 2001-02, this has been changed to the proportion of the remaining backlog of the respective regions as on 1<sup>st</sup> April, 2001.

In Vidarbha region, about 93-94% of the allocations have been budgeted during 1995-96 to 2000-01 and during the same period about 84% of the budgeted amount has been spent. For Marathwada, the allocation budgeted during the period from 1996-97 to 2000-01 varies from 97% to 100% and about 95 to 99% of the budgeted amount has been spent. For the Rest of Maharashtra region, the budgetary position during the years 1996-97 to 1998-99 and 2000-01 is quite good. However, for the year 1999-2000 about 88% of the allocations only has been budgeted. Expenditure of budgeted amount varies from 95% to 100%. As Special Funds have been proved very useful, Governor's office has repeatedly written to the Development Boards to ensure that the Special Funds are fully budgeted and spent. However, Rs. 2 to 3 crore have lapsed in all the three regions every year.

The proposals submitted by the Development boards are first approved by the concerned department and then sent to the Planning Department for approval of outlay, after which the proposals are sent to Finance Department for budgeting. However, in case, Finance Department does not accept a proposal it does not convey its rejection to the Planning Department and consequently neither the concerned Administrative Department nor the Boards are aware till the end of the year about this. As a result, the amount remains non-budgeted. The Governor's office had written to the Finance Department and the Planning Department to evolve suitable mechanism whereby alternate proposals are sent in time to the Finance Department in case some proposals are rejected so as to ensure that the sanctioned outlay for each Board is fully budgeted.

In view of this, the Planning Department had prepared suitable guidelines for utilization and release of the Special Fund allocated to the Boards. The Planning Department has proposed en-bloc budgeting of Special Fund to avoid a need for budgeting each and every work at Mantralaya level. In the proposed guidelines, it has been suggested that the power of issuing administrative sanction and release of the funds to the implementing agencies will be given to Divisional Commissioners for all works with estimate less than Rs. 25 lakh. It also covers broad guidelines about the work which may be considered under the Special Fund. The Governor's office has written to the planning Department that while preparing the proposed guidelines for giving administrative sanction to the works undertaken from the Special Fund the existing procedures should not be changed. The Governor's office has also asked the Planning Department to examine the feasibility of delegation of powers of giving administrative sanction to the Development Boards itself in case of the works costing less than Rs. 20 lakhs and submit its views.

On the advise of the Governor's office, the Planning Department had written to Divisional Commissioners and all district Collectors that in the review meetings of District Planning Committees held by District Collectors to include the item of follow-up and review of expenditure of outlays budgeted out of Special Funds for the removal of backlog as a permanent agenda item. These review meetings would be useful in ensuring full spending of outlays budgeted out of Special Fund and outlays for removal of backlog. The Planning Department on the advise of the Governor has issued orders assigning the responsibility of implementation and review of works under the Special Fund and funds for backlog removal to a senior level officer of the rank of Additional Chief Secretary/Principal Secretary. This will help in sorting out the difficulties experienced by the Boards in follow-up and implementation of works undertaken from Special Fund and funds for backlog removal.

## **2.9 District-wise Allocation of Special Fund**

District wise allocation of funds shows that, in the case of Vidarbha Development Board, the districts of Gadchiroli (3.7%) and Wardha (5.7%) have received low share of special fund whereas Nagpur (25.3%) and Amravati (27.4%) have received a large share of Special Fund. In the case of Marathwada region, Latur (8.6%) and Osmanabad (7.4%) have received low share of Special Fund whereas Parbhani (33.1%) has received a large share of Special Fund (Table 6.3). In the case of the Rest of Maharashtra, the districts of Sangli (4.41%) Ahmednagar (3.72%) and Dhule (2.96%) have received low share of Special Fund whereas Pune district has received 14.55% share of special fund.

The pattern of expenditure by the three Development Boards indicate that, a large chunk of the outlay is concentrated in one or two districts of the region and the outlays allocated to the other districts is abysmally low. In this regard, the Governor's office had written to the three Development Boards in September, 2000 that they should ensure that allocation of the Special Fund is not concentrated in one or two districts alone in the region. The Governor's office has also asked the Development Boards to evolve some guidelines for utilization of special fund and communicate the same to his office.

## **2.10 Sector wise Utilization of Special Fund**

Sector-wise utilization of Special Fund by the three Development Boards reveals that Vidarbha Development Board has been allocating substantial amount of Special Fund to the roads sector. Over the years, the percentage of allocation for roads sector has been increasing and is about 50% in 1999-2000. The sectors like water supply and sanitation, co-operation and textiles have been receiving priority in allocation. However, the social sectors like public health, social welfare and women and child welfare have received lower priority.

In the case of Marathwada Development Board, the sectors of water conservation and roads accounts for nearly 60% of the allocation of the Special Fund. Grants to the Municipal Bodies had received higher priority. However, agriculture, public health and women and child welfare was given lower priority while allocating the Special Fund. The Development Board for the Rest of Maharashtra has been attaching highest priority to the roads sector during all the years. About 50% of the allocations have been given to the roads sector. Social welfare, school education and health sectors have been given lower priority. However, sectors like agriculture, medical education and irrigation have been given higher priority.

### **III. Performance of the Development Boards**

#### **3.1 Identification of Regional Disparities by Development Boards**

The pre-requisite to developing a suitable development strategy for reducing regional disparities is the assessment of the levels of development of the regions with reference to the relevant socio-economic indicators and identification of the problems to be addressed.

Regional disparities were in existence since a long time before the formation of the three Development Boards in June, 1994. FFC identified the indicators and sectors of development and quantified the regional disparities (physical and financial backlog) in the three Board regions in 1984.

- The development issues presented and highlighted by the Development Boards led to the formation of the IBC in 1995 with experts drawn from the three Development Boards for updating on the relative positions of the three regions, evaluating the escalating disparities between the regions and suggesting remedial action. Nine core development sectors (29 sub sectors) of irrigation, roads, land development, health, energisation of pumsets and others were identified and quantified (physically and financially) and remedial measures were suggested (IBC report, 2000).
- The IBC report Vol.II also dealt with the service and social welfare sectors suggesting policy changes.
- Development Boards were also instrumental in highlighting the increase in disparities, particularly in irrigation sector which constituted the greater part (5.3%) of the backlog amount during the period, 1984- 2002.
- The three Development Board experts were also involved in two other Committees; Higher/Technical and vocational education and Opportunities for employment in services set-up by the Governor for identification of regional imbalances and suggestions for course of action.

- These committees have submitted their reports in 1996 and 1998 respectively and it was found that the situation in employment in Government services is satisfactory between the regions but there are regional imbalances in higher/technical education sectors and there is a need for rectification.
- Even after the submission of the Committee reports, periodically, the Development Boards have pointed to the Governor and the Planning Department about the mounting regional disparities in specific sectors/sub sectors which needed intervention and remedial measures.
- Though they do not have the requisite administrative machinery, the Boards have monitored the physical and financial clearance of backlog in their regions periodically.

### **3.2 Suggestions by Development Boards for Removal of Regional Disparities**

Development Boards were instrumental in identifying the physical and financial regional imbalances between the regions. Methodological problems associated with this were highlighted through their involvement in specific committees and by way of their studies and surveys. They have pointed out the reasons for the accumulation of regional imbalances in various sectors and suggested appropriate distribution of funds in various sectors due to their vigil and constant monitoring.

- Following the formation of Development Boards, plan funds were being allocated among the three regions by the State Government since 1995-96.
- Vidarbha and Marathwada Development Boards have pointed out that, non-divisible pool of funds (both budgetable and non-budgetable) are being spent mainly in the RoM region. The Government is now accounting all the schemes/projects covered under this account and the Finance Department is publishing this every year.
- Due to the efforts of VDB and MDB the artificial distinction between backlog and non-backlog funds under irrigation sector has been removed for clearance of Irrigation backlog projects.
- Due to the mounting irrigation backlog pointed out by the Development Boards it is now made mandatory on the Irrigation Department to certify that no fresh backlog will be created by starting a new project or scheme.
- The periodical resolutions and annual reports of the Development Boards have highlighted the inequitable distribution of backlog funds particularly in the irrigation sector and due to their pressure the Governor gave the detailed

directives now for the clearance of remaining backlog by 2005- 2006 in all the sectors.

### 3.3 Impact of Special Fund on Regional Development

Special Fund of Rs. 100 crore is being allocated to the three Development Boards every year since 1995 –96 for small and useful work of Development in nature. These funds are allotted in proportion to their shares in backlog and population (43.86% in Vidarbha, 27.28% in Marathwada and 28.86% in RoM) and were utilized by the three boards to a large extent for strengthening social infrastructure facilities in education and health institutions, road development, social welfare and irrigation facilities. As discussed in greater detail in the previous chapter, some weaknesses notwithstanding, these funds have helped in bringing in direct development change and the resultant impact is perceptible in many areas of education, health and social welfare sectors.

- Special Fund money has been spent mostly for the infrastructure development of the educational institutions, hospitals, roads, irrigation, sanitation and public utility services.
- Out of Special Fund, 5 most backward *talukas* have been adopted by the three Development Boards (Jawahar -Thane district, Akrani– Nandurbar district, Welhe– Pune district, Bhamragad– Gadchiroli district and Jafrabad– Jalna district).
- The three Development Boards have also played a **role** in generating awareness among the people in their region on **literacy, sanitation, health and governance**. Special funds have also been utilized in undertaking several impact assessment studies by all the three Boards. These studies covered areas of concern in their region on the problems relating to education, health, social welfare, irrigation and industry. These studies have been sent to the concerned line department for remedial action and intervention.
- The three Development Boards are publishing quarterly newsletters in regional language highlighting the activities of the boards and generating awareness among the people.
- The Development Boards members and the Chairpersons of the three Development Boards are ex-officio members of the DPDCs and State Planning Board for the finalisation of the district level and State levels plan schemes.
- The activities of the Boards and the resultant impact since their formation has not been fully felt. However, the constitution of the Development Boards has

helped in bringing in awareness and changes in the planning and allocative processes.

### 3.4 Development Impact on Major Sectors

The Development Boards came into existence in June 1994 and had specific functions in their advisory role and under- took small developmental works which were evaluated and commented on earlier. The indirect impact due to the Development Boards at least partially can be attributed to the changes in the socio-economic profile of the population. Though other programmes, schemes and governmental agencies and NGOs were also instrumental in bringing about these changes an overview of the pre Development Board position in the region and post Development Board position will reveal the trend of change in the region. However, to assess the direct or indirect impact in the region and on the people of the region, sufficient time period should have elapsed and time series data should be available across the districts of the State.

However, it is suggested that in the medium-to-long run, it will be a worthwhile effort to assess the impact on demographic (variables like, population increase, density, sex-ratio, urbanization), education (variables like literacy- rural and urban, enrollment and dropout rates, teacher- pupil ratio), health (variables like IMR, MMR, CBR, CDR, number of health centers and institutions, coverage per lakh population, bed strength) and economic variables (like per capita income, agricultural productivity, percentage of land irrigated, cropping pattern and roads length per unit area. This will give an overview of the development impact across the regions, though the issue of attribution (causality) will be hard to resolve.

**Table 1.4**  
**Statement showing sector wise budgeted outlay out of Special fund for the years 1995-96 to 1999-2000 for Vidarbha Development Board**

(Rs. In lakh)

Sl. No.	Department /Sector	1995-96	1996-97	1997-98	1998-99	1999-00
1.	Agriculture, Animal Husbandry & Dairy Development	371 (9.15)	228.14 (5.59)	576.48 (13.14)	231.73 (5.32)	172.81 (4.02)
2.	Rural Development & Water Conservation	375 (9.25)	363 (8.89)	630 (14.36)	-	247.79 (5.76)
3.	Irrigation and Flood Control	550 (13.56)	1082.25 (26.49)	100 (2.28)	600 (13.77)	250 (5.82)
4.	Public Works (PWD)	1340 (33.04)	893.8 (21.88)	1218.36 (27.78)	1375.98 (31.59)	1844.16 (42.90)
5.	Higher & Technical Education	236 (5.82)	167 (4.09)	293.29 (6.69)	-	14.82 (0.34)
6.	Medical Education & Drugs	700 (17.26)	15.79 (0.39)	50 (1.14)	-	120 (2.79)
7.	Public Health	228 (5.62)	410.77 (10.06)	78 (1.78)	135 (3.10)	7.07 (0.16)
8.	Water Supply & Sanitation	5.32 (0.13)	320.5 (7.85)	-	15 (0.34)	415 (9.65)

9.	Urban Development	250 (6.16)	313.36 (7.67)	759.81 (17.32)	705 (16.18)	280.4 (6.52)
10.	School Education	-	270.99 (6.63)	180 (4.10)	650.79 (14.94)	-
11.	Social Welfare	-	-	10 (0.23)	5 (0.11)	2.25 (0.05)
12.	General Administration	-	-	9.78 (0.22)	-	61.4 (1.43)
13.	Home & Tourism	-	19.2 (0.47%)	30 (0.68)	42.5 (0.98)	-
14.	Co-operation & Textile	-	-	450 (10.26)	510 (11.70)	625 (14.54)
15.	Revenue & Forests	-	-	-	80 (1.84)	-
16.	Sports & Cultural Affairs	-	-	-	-	19.69 (0.46)
17.	Women & Child Welfare	-	-	-	-	-
18.	Trade & Commerce	-	-	-	5 (0.11)	238 (5.54)
19.	Tribal Development	-	-	-	-	-
<b>Total</b>		4055.32 (100.00)	4084.8 (100.00)	4385.72 (100.00)	4356 (100.00)	4298.39 (100.00)

(Figures in brackets indicate percentage to total)

Source : Annual Reports, Vidarbha Development Board.

The Vidarbha Development Board has helped to set-up the Super Specially Hospital at Nagpur as well as the Orange Processing Plant at Morshi and Katol. The Board had also utilized the money on projects like Ambanala development work in Amravati, soil and water conservation works in the Melghat region and construction of school rooms, setting up of Agro Poly Clinics and the desalination programme in the villages of the Puma Valley. The Vidarbha Development Board has given substantial financial assistance to the literacy programme of the government.

The Marathwada Development Board has taken up construction of school rooms on a very large scale. The Marathwada Development Board has also successfully intervened in the Dairy Development Programme for establishment and/ or expansion of chilling centers at Kada, Latur, Bhoom, Aurangabad, Osmanabad, Vijaopur, Nilanga, Nanded and Beed. It has also helped in starting the Government Milk Scheme at Latur. The Marathwada Development Board has also fruitfully utilized the money in strengthening the medical infrastructure of the region. The CT Scan provided to the Government Medical College at the cost of Rs. 300 lakhs will help the poor patients immensely as the CT Scan rates have been fixed at Rs.500 to Rs.700 only. Besides these, irrigation projects, road and conservation, literacy programme, etc. has been taken up.

A review of the schemes recommended by the Development Boards as culled out from their respective Annual Reports also reveals that the Special Funds are being provided for some non-backlog or non-developmental schemes also like (i) Creation of Chair in the name of Pt. Bhimsen Joshi (Rest of Maharashtra). (ii) Modernisation of Prison facilities/Administration (Vidarbha,

Marathwada and Rest of Maharashtra). Further, the schemes are being recommended without any prioritization of sectors for clearance of regional backlog out of the Special Fund. There are several schemes, recommended by the Development Boards, which appear developmental and related to clearance of backlog but not approved by the Planning Department.

It has been seen that there are also schemes, which have been recommended by the Planning Department and not by the Development Boards. For instance, the Minor Project-New Mandan, District Ratnagiri in Rest of Maharashtra in 1995-96. Details in respect of most schemes with respect to Planning Department or outlays budgeted by the Finance Department have been shown as not available in the Annual Reports of the Development Boards.

### **3.5 Perspective Plan for Utilization of Special Fund**

In the meeting of Governor with the Chairman of three Development Boards held at Raj Bhavan on 8 February, 2000, the Development Boards were asked to prepare a perspective plan for utilization of Special Fund for the next 3 years with emphasis on social sectors like health, education, women and child welfare where the benefits directly reach the people in their region.

For the year 2000-2001, the Vidarbha Development Board had sent proposals of Rs. 10.56 crore to the Government for the schemes under the sectors of education, health, social welfare out of the Special Fund of Rs. 48.86 crore available with the Board. The Vidarbha Development Board has proposed Rs.10 crore each for the years 2001-2002 and 2002-2003 for sectors of education, health and social welfare. The Board has communicated to various regional offices to suggest the schemes in these sectors to be undertaken under special fund. However, the Member Secretary has mentioned that there is no active response from the concerned administrative departments.

The Marathwada Development Board has proposed to allocate about Rs. 9.40 crore to social sectors like women and child development, agriculture, animal husbandry, public health and education out of special fund of Rs. 27.28 crore. Rs. 3 crore has been proposed to be allocated for construction of roads. The Rest of Maharashtra Development Board has decided to allocate Rs. 11.30 crore out of their Special Fund every year in the plan 2001-04, for fisheries (2 crore), tribal development (1 crore) women and child development (2 crore) agriculture and animal husbandry (1 crore), public health (2 crore) and general education (3.30 crore).

### **3.6 Procedure Followed for the Works Under Special Fund**

The Vidarbha Development Board has pointed out that the Cabinet in its meeting dated 18.9.2000 took decision to give Rs. 5 crore every year (Rs. 25 crore in next five years) out of the Special Fund to implement the integrated road development programme for Nagpur city and the Development Board has neither agreed nor was consulted before the decision was taken. The Development Board has communicated to the Government its inability to provide such fund for integrated road development programme for Nagpur city. All the Boards are working towards identifying the schemes to be undertaken under Special Fund in consultation with the concerned departments. The Governor's office has written to the Planning Department that the correct procedure to be followed is that schemes to be financed from the Special Fund should be strictly those approved and recommended by the Development Boards.

In the meeting of the Governor with the Chairman of the three Development Boards on February 8, 2000 it was pointed that the information regarding progress of various works undertaken by implementing agencies is not made available to the Development Boards. It was also suggested that the implementing departments should submit completion certificates of the works undertaken from Special Funds after the works are completed so that the Boards know the progress of projects suggested by them from the Special Fund.

The Vidarbha Development Board has raised the issue that out of Special Fund, several works are undertaken and executed by the Public Works Department. These works include construction of plan roads, bridges etc. Since 1995-96 to 2000-01 about Rs. 98 crore have been given to the PWD for roads, bridges etc. These are regular departmental works for which provision is being made by the department itself. This provision being less, the Vidarbha Development Board supplemented the provision for early completion of works. On the amount supplemented by the board, centage charges @ 15% are being charged. The Vidarbha Development Board has submitted that the department should be directed not to charge the centage charges for the works taken up from Special Fund.

### **3.7 Assessing Impact of Various Development Efforts**

One of the important function of the Development Boards is to undertake studies for assessing the impact of the various development efforts in removing backlog and achieving overall development within a Board's area, The Governor had directed the Development Boards to identify two or three major areas of importance in their regions and form study groups of experts to come up with report on the impact of the schemes in selected areas of study.

The completed study reports have been forwarded to the concerned administrative departments for appropriate action. Most of these studies have been given to the outside agencies like ORG, Research Institutes and some have been entrusted to the expert members of the Development Board. A perusal of the above studies indicates that, many studies have suggested for taking up the corrective steps in the implementation of the scheme. Such schemes are 1. Soya bean cultivation in Vidarbha 2. Functioning of Ashram Shalas, 3. Minor Lift Irrigation schemes, 4. Training Programmes for Dais in ANC and PNC and 5. Impact of IRDP programme in Parbhani district. While such studies on individual schemes can give the causes for their success and failure but they do not indicate the extent to which the region has improved, the very purpose for which the Development Boards were set up. Instead, the Development Boards may identify certain thrust areas on the basis of evaluations by taking/ assessing the development indicators and give an improved thrust to the planning process.

### **3.8 Annual Reports and other Development Activities**

The Development Boards are required to prepare an annual report on its working at the end of every financial year and send it to the Governor for placing before the State Legislature. So far the Development Boards have submitted their annual reports for 1995-96 to 2001- 2002 every year promptly. These reports highlighted the number of meetings conducted by the Boards, the projects sanctioned out of Special Fund outlays and budget in this regard, and the suggestions regarding the physical and financial backlog clearance in their regions The reports have been placed before both the Houses of the State Legislature.

### **3.9 Awareness Programmes**

Organization of awareness generation camps with the help of NGOs and Government agencies at the village /taluka levels. These camps are used to disseminate knowledge on important subjects such as ante and post natal care, nutrition, health and sanitation, literacy, environment etc. in co-operation with the concerned department and elected representatives of the people.

### **3.10 Physical and Financial Backlog Clearance**

The Development Boards submit their recommendations indicating the requirement of outlays on the schemes included in the annual plan in the form of a statement to the Governor. The Boards also indicate their priorities in respect of schemes for the removal of backlog which has been dealt earlier in the preceding Chapters.

### **3.11 News Letters**

In order to keep people's representatives and the general public informed about the activities, programmes and achievements of the Boards, the Development Boards have started publishing newsletters on a quarterly basis. The Governor's office also publishes a bi-annual newsletter from the Governor's Secretariat highlighting the activities of the Development Boards titled "Vikas Mandal Vritant".

### **3.12 State Planning Process**

The Development Boards are formally involved in the State's planning process by the State Government. They are involved in the formulation of district plan, State Plan, Special Component Plan and Tribal sub-plan. Members of the Development Boards have been made members of the District Planning Committees of each district. The Chairman of each Development Board have been appointed on the State Planning Board as ex-officio members. But the role played by them seems to be only formal in nature limited only to the seeking of their opinion and the attendance of meetings.

### **3.13 State Literacy Programme**

The Development Boards are also actively involved in the State Literacy Programme. The State Education Department has made an order appointing Member Secretaries of the three Development Boards as Member of the District Literacy Committee (Zilla Saksharta Samitee).

The Vidarbha Development Board is allocating funds for setting up of literacy at every post-literacy center to provide books and other reading material for neo-literates of their region. It has also prepared the literacy manual in Madiya and Gondli languages which is commonly spoken by the tribals of Gadchiroli district. It has also introduced an incentive scheme for construction of libraries and purchase of books and furniture in 3 villages from each of the 10 districts of Vidarbha for their contribution in Adult literacy. The Marathwada Development Board is allocating funds for development works in villages (as an incentive) which have actively participated in the literacy programme.

### **3.14 Perspective Plan for the Most Backward Taluka in each Region**

In the meeting of the Governor with the Chairman and Members of the three Development Boards held at Raj Bhavan on July 8, 1999 it was decided that the Development Boards should identify and adopt the most backward taluka in their region and work towards its all round development on the lines of the **Adarsh Gaon Yojana**. The three Development Boards have submitted the Perspective Plans for the Development of the most backward talukas.

The perspective plan for the development of most backward taluka had been prepared in consultation with the District Planning Committee and got approved from the District Planning Committee. Accordingly, the Development Board for the Rest of Maharashtra has selected three talukas: Jawahar (Thane district), Akrani (Nadurbar district) and Welhe (Pune district) in the three divisions. The Marathwada Development Board has selected Jafrabad taluka (Jalna district). The Vidarbha Development Board selected Bhamragad taluka in Gadchiroli district for integrated development.

### **3.15 Involvement in Planning and Monitoring**

The Marathwada Development Board has made a suggestion to involve the Development Boards in the draft annual plan of State level schemes of the region.

There is no concept of planning at the regional level. It is suggested that the regional officers may also be called at the meeting of the development Boards. It will be a good idea if regional heads of departments are called in the Boards meeting when the exercise of submitting the plan to the State Government is under preparation. By inviting and discussing with the regional heads of departments the priorities of the regions, the regional heads may be impressed upon to consider these priorities while preparing plan of State level schemes by the Boards before the same is submitted to the State Government.

The district level plan schemes are reviewed and monitored by the District Planning Committees. Similarly, the Development Boards should be entrusted with the role of reviewing and monitoring the State level plan schemes. The Planning Department and the Advocate General were of the opinion that the Development Boards could not be entrusted with the role of monitoring and executing the State level plan schemes. In the opinion of the Advocate General, it is the executive government who initiates the schemes has to monitor and execute the same.

The Marathwada Development Board and the Development Board for Rest of Maharashtra have suggested that the planning of all the development schemes should be made at the block/taluka level. This would be a need based plan with fixed priorities. The Development Board for Rest of Maharashtra has suggested that the administrative Departments should prepare the annual plans of the backlog outlays with the concurrence of the development Boards. However, the Planning Department has stated that once the region-wise allocations are made by the Governor, the sector-wise allocations are made by the Planning Department taking into account the remaining backlog in that sector as identified and quantified by the IBC. As the schemes under backlog are fixed there is no scope for consultation with the Development Boards.

### **3.16 Involvement of Development Boards in Sanctioning the Works Under Backlog Removal**

A large number of works are sanctioned by concerned administrative departments with due approval from Planning and Finance Departments under the funds for backlog removal. However, the Boards are not consulted and are kept out of the picture while selecting the works. The Development Board for Rest of Maharashtra has submitted that the Boards do not get information as to whether the works selected are from the districts having backlog. As the concerned administrative departments have also not prepared a list of the works under the backlog removal, there is no way for the Boards to ascertain whether works selected are genuinely from the district/area having backlog. Therefore, the process of giving approval to the work under backlog removal should be modified to involve the Department Boards in selection of the work. The concerned administrative departments should submit the list of the works proposed under the backlog removal to the Development Boards. The Development Boards will verify whether the works so selected are genuinely from the districts/area having backlog. This will bring more transparency in selection of the work under backlog removal and also involve the Development Boards.

### **3.17 Setting up of a Separate Department for Backlog Removal**

The Vidarbha Development Board has suggested setting up of a separate department for monitoring the backlog removal with the head quarters at Nagpur. However, the Planning Department has mentioned that the present arrangement in the Planning Department for this purpose is sufficient and therefore there is no need for creating a separate department for monitoring the backlog removal process.

### **3.18 Powers of Administrative Approval for Irrigation Projects**

The Vidarbha Development Board has demanded that the Vidarbha Irrigation Development Corporation should be given the powers to give administrative sanction to Irrigation projects on the similar lines of Maharashtra Krishna Valley Development Corporation and Tapi Irrigation Development Corporation. The Governor's office had obtained the views of the Irrigation Department in the matter. The Irrigation Department has submitted that with a view to bringing about parity of administration in the planning and utilization of water, it has been decided by the Cabinet on November 15, 2000 that the power of giving administrative sanction be vested with the State Government instead of the Irrigation Development Corporations. The State Government has therefore amended the Acts by promulgating the Ordinance to this effect.

### **3.19 Constitution of New Indicators and Backlog Committee**

The Vidarbha Development Board has suggested that the Indicators and Backlog Committee was constituted in 1995 and submitted its final report in 2000

on relative levels of development of the three regions. The backlog of the three regions in the identified sectors should be re-assessed every five years. The Vidarbha Development Board has suggested constitution of new Indicators and Backlog Committee for re-assessing the backlog as on 2001.

### **3.20 Study on Backlog Seats in Medical Education**

Vidarbha Development Board undertook a study to find out the backlog of seats in Under Graduate, Post Graduate Medical Courses and Super Specialty Courses in Medical Education in Vidarbha region. A series of measures for improving the status of Medical Sciences Education in Vidarbha have been recommended in the report. The Governor has also asked the Marathwada Development Board to consider undertaking a similar study of Medical Sciences Education in Marathwada region which was complied.

### **3.21 Role of Development Boards in Clearance of Backlog**

Two important functions assigned to the Development Boards are (a) to ascertain the relative levels of development and (b) to suggest development expenditure for their area. Neither the Boards have infrastructure facilities to identify their regions development periodically on their own nor the financial powers to allocate requisite amount to clear the accumulated backlog. However, the Boards in their meetings, resolutions and annual reports submitted to the Governor and Planning Department highlighted their regions backwardness, backlog accumulation and regional disparities and suggested allocation and expenditure for its clearance

On the request of the Development Boards, Governor had set up the IBC Committee in 1995 which is a joint committee of experts of three Development Boards to examine regional development and backwardness as on 1<sup>st</sup> April, 1994. Due to Development Boards demand, the Governor had set up Joint Committee of Development Boards to study equitable arrangements for technical and vocational training and a Joint Committee on representation of three regions in employment services. Development Board expert members acted as committee members of IBC, Joint Committee on services and technical and vocational education. By the time IBC report was accepted in November 2000, the backlog of FFC report of 1984 was getting implemented.

The Development Boards have highlighted the accumulating physical and financial backlog in their annual reports and resolutions in the meetings and brought to the notice of the Governor. The Development Boards have also highlighted the anomalies and methodological issues involved in the calculation of backlog in various sectors especially in irrigation sector. Rest of Maharashtra Development Board had pointed out that the irrigation backlog calculated by the IBC was discriminatory towards RoM region and requested IBC and Governor to consider taluka as a unit for irrigation backlog calculation in DPAP areas. Development Board RoM region had also suggested a formula of 40%

population, 30% cultivable area and 30% DPAP areas for clearance of backlog in irrigation sector. The irrigation backlog amount assigned to restoration of Ex-Malguzari tanks (Rs. 117 crore) by IBC had been suggested by RoM board to be taken as a routine work and not as a backlog work.

Vidarbha and Marathwada Development Boards had brought to the notice of the Governor of the inequitable allocation and expenditure of backlog funds between the three regions during 1994-95 to 2000-01 and the need for compensation for the two Development Boards due to excess expenditure incurred in RoM region (Table 5.2). As irrigation backlog is accumulating, Vidarbha and Marathwada Development Boards had also suggested a formula for distribution of funds with weightage to backlog, net sown area and rural population in the ratio of 50:25:25 respectively for its clearance (Table 5.9). They had also requested for flexibility on spending the amount in adjoining districts if funds can not be spent in a particular district for any reason and the regional Boards should be given powers to decide the works in the district.

**Table 1.5**

**Allocation of Plan Funds suggested by Development Boards**

<b>Vidarbha Development Board</b>		<b>Marathwada Development Board</b>	
<b>Sector</b>	<b>Proposed formula for allocation of plan funds</b>	<b>Sector</b>	<b>Proposed formula for allocation of plan funds</b>
Irrigation	50% Backlog+25% Net sown Area+25% Rural Population	Irrigation	50% Backlog+25% Net Sown Area+25% Rural Population
Road Development	Geographical + 1981-2001 Road Development plan Backlog.	Road Development	50% Backlog +50 % Rural Population
		Health Services	
		Rural Water supply	
		Agricultural Education	
Education, Public Health & Drinking Water Supply	% Population of each region	General Education	50% Backlog +50 % Total Population
		Higher & Technical Education	
Electrification of Agriculture Pumps Sets	Sown Area + Un irrigated sown area of region.	Land Development & Water Conservation	50% Backlog +25% net Sown Area +25% Rural Population
		Electrification of Agriculture Pump sets	
For other Sectors	% Population of each region/District	Animal Husbandry	50% Backlog+50% Cattle Population
		Urban Water Supply	50% Backlog+50% Urban Population

Source: Bulletins, Vidarbha Development Board and Marathwada Development Board.

Vidarbha Development Board (VDB) had suggested allocation of 50% of the annual plan funds for the backlog works and 50% for non-backlog development works. VDB had also suggested 30% of plan funds to different districts on the basis of the approved Planning Department formula and the rest of 20% annual plan funds to State level non-divisible schemes. Vidarbha and Marathwada Development Boards had highlighted the need for taking up only such schemes/projects which benefit the whole state and not a particular region for non-divisible plan funds. They had also suggested non-budgetable funds

raised in the market should be pooled together and distributed equitably among the three regions and had demanded compensation for the higher expenditure incurred so far in RoM region.

In roads sector, Vidarbha and Marathwada Development Boards had suggested backlog targets of 1981-2001 Road Development Plan, geographical area/rural population criteria as a basis for the allocation of clearance of backlog. Vidarbha and Marathwada Development Boards have suggested 50% backlog and 50% population criteria as sector wise development expenditure for the clearance of backlog (Table 5.9) in other sectors. They had also pointed to the administrative delay, forest policy hurdles and power supply shortages in the clearance of backlog and requested remedial action.

As inequitable distribution of non-backlog allocations (which is over 90%) is increasing fresh backlog, the Governor directed that the distinction between backlog and non-backlog funds should be done away in irrigation sector. The concerned Departments have been directed to ensure that no fresh backlog is created with the launching of new schemes/projects. As more funds were being spent in only one region and due to Development Boards pressure of Vidarbha and Marathwada, the State Government is showing region wise share of divisible portion of the non-budgetable part of the total plan from 1997-98. The Governor gave detailed directives for the clearance of backlog by 2005-06 after considering the view points of the three Development Boards, Irrigation Department, Planning Department and other experts.

The performance of the Development Boards with reference to their assigned responsibilities indicates that the Boards have made contribution to the planning process by highlighting the problems of regional imbalances in the State and suggesting measures for addressing the relevant issues. It was also noted that the Boards were proactive in influencing the planning process and in evolving mutually/acceptable principles of resource allocation. The impact of the role played by them will have to be judged eventually on the basis of the changes on the development indicators in the relevant areas of social and economic concern.

The Boards are only advisory bodies and the actual decisions about planning, clearance and implementation of projects are taken by the planning and line departments. Thus, their advices and suggestions have not always have been translated into action. Second, the issue of regional imbalance in Maharashtra is concerned primarily with inequality in availability of socio-economic infrastructure facilities, particularly in irrigation and roads. The Boards started playing an active role in the planning process since 2000-01, i.e. after the acceptance of the IBC report. Thus, it is too early to expect any perceptible impact on development indicators or well being. Perhaps, one can assess the impact of the activities of the Boards on some intermediate or output indicators, such as road-length, area brought under irrigation, number of institutions and facilities created etc. Even if some changes in development indicators are

observed, it may not be possible to establish a cause-effect relationship and attribute such observed changes to the Boards. It is the government's policy of allocation and expenditure and the projects executed and the resultant impact, which has played a crucial role in the redressal of regional disparities in one area compared to the other.

## Annexure U

### Physical Backlog of Agricultural Pumpsets & its percentage

Region	As on 1.4.82 No. of Pumpsets (%) Average of State = 38.80 Pumps	As on 1.4.96 No. of Pumpsets (%) Average of State = 112.08 Pumps	Balance Backlog of 1996 on 14.2005	As on 1.4.2005 No. of Pumpsets (%) Average of State = 142.44 Pumps
Vidarbha	57981 (40.58%)	171472 (57.50%)	107744 (63.66%)	215099 (55.33%)
Marathwada	52502 (36.74)	72113 (24.18%)	23611 (13.95%)	109073 (28.06%)
Konkan	15545 (10.88%)	54640 (18.32%)	37903 (22.39%)	64569 (16.61%)
Western Maharashtra	16857 (11.80%)	Backlog Nil Excess 81579 Pumpsets	Nil	Backlog Nil Excess 357320
Total Backlog	142885 (100%)	298225 (100%)	169258 (100%)	388741 (100%)

**Annexure V***Position of Agriculture Pumpsets & Consumption of Energy*

<i>Division</i>	<i>Number of Agriculture pumps &amp; its % on 31.3.2005</i>	<i>Agriculture no. of pumps per thousand he. Cropped area as on 31.3.2005</i>	<i>Consumption of electricity for pumps during 2003-04 and its % (Million Units)</i>
<i>Kokan</i>	<i>60550 (2.35%)</i>	<i>68.93</i>	<i>70.35 (0.69%)</i>
<i>Western Maharashtra</i>	<i>1400109 (54.42%)</i>	<i>191.25</i>	<i>6659.64 (65.58%)</i>
<i>Marathwada</i>	<i>599842 (23.32%)</i>	<i>126.13</i>	<i>2258.91 (22.24%)</i>
<i>Amravati</i>	<i>315241 (12.25%)</i>	<i>100.47</i>	<i>832.46 (8.20%)</i>
<i>Nagpur</i>	<i>197073 (7.66%)</i>	<i>100.08</i>	<i>333.84 (3.29%)</i>
<i>Vidarbha</i>	<i>512314 (19.91%)</i>	<i>100.32</i>	<i>1166.30 (11.49%)</i>
<i>Maharashtra</i>	<i>2572815 (100%)</i>	<i>142.44</i>	<i>10155.20 (100%)</i>

**Table 1****Area , production and productivity of Vidharbh region during 2004-05**

Area in "00"ha, Production in "00"Tonnes,Productivity in Tonnes/ha.

Sr. No.	District	Kh.Jowar			Tur			Soyabeen			Cotton		
		Area	Prodn	Prody	Area	Prodn	Prody	Area	Prodn	Prody	Area	Prodn	Prody
1	Buldhana	1019	1149	1128	616	379	616	1412	1321	936	1987	1493	128
2	Akola	822	1083	1318	522	275	528	503	310	616	2076	1378	113
3	Washim	525	533	1016	474	373	787	1851	1647	890	678	486	122
4	Amravati	928	887	956	909	700	770	1671	800	479	2682	2143	136
5	Yavatmal	1151	1130	982	1271	828	651	1763	946	537	3328	2863	146
6	Wardha	252	226	898	525	441	841	1955	2020	1033	998	1288	219

Production of cotton in "00" bales of 170 kg each.

**Tentative Area , production and productivity of Vidharbh region during 2005-06**

Area in "00"ha, Production in "00"Tonnes,Productivity in Tonnes/ha.

Sr. No.	District	Kh.Jowar			Tur			Soyabeen			Cotton		
		Area	Prodn	Prody	Area	Prodn	Prody	Area	Prodn	Prody	Area	Prodn	Prody
1	Buldhana	916	824	900	595	238	400	2068	1965	950	2096	1541	125
2	Akola	869	1304	1500	585	293	500	612	551	900	1975	2091	180
3	Washim	459	551	1200	454	227	500	2072	2694	1300	586	655	190
4	Amravati	958	766	800	829	332	400	1879	1691	900	2411	1986	140
5	Yavatmal	1405	1967	1400	1502	751	500	2532	2785	1100	3205	3771	200
6	Wardha	162	162	1000	700	350	500	1997	2396	1200	966	1392	245

Production of cotton in "00" bales of 170 kg each.

Source: Government of Maharashtra.

**Table 2****Area, Production and Yield of cotton in different countries**

Country	Area ( Lakh Ha)			Production ( Lakh bales)			Yield ( Kg/ ha)		
	2001-02	2002-03	2003-04	2001-02	2002-03	2003-04	2001-02	2002-03	2003-04
India	87	79	78	156	136	177	294	312	394
China	48	42	51	301	289	325	1066	1177	1083
USA	56	52	49	257	220	218	774	712	783
Pakistan	32	27	30	106	94	105	574	596	587
World	341	298	331	1230	1122	1197	614	640	615

Source: Technology Mission on Cotton

**Table 3**

**Area, Production and Yield of cotton in major cotton growing States along with coverage under irrigation**

States	Area in lakh hectare/Production in lakh bales/Yield kgs per hectare						% coverage under irrigation
	2005-06			2004-05			
	Area	Production	Yield	Area	Production	Yield	
<b>Punjab</b>	5.80	21.00	616	5.09	16.50	551	99.60
<b>Haryana</b>	5.97	14.00	399	6.21	15.50	424	98.70
<b>Rajasthan</b>	4.54	11.00	412	4.38	11.00	427	95.00
<b>Gujarat</b>	20.77	80.00	655	19.06	73.00	621	41.10
<b>Maharashtra</b>	28.89	46.00	271	29.80	52.00	297	04.10
<b>Madhya Pradesh</b>	6.35	15.00	402	5.76	16.00	472	31.20
<b>Andhra Pradesh</b>	9.72	30.00	525	11.74	32.50	471	20.10
<b>Karnataka</b>	3.63	7.00	328	5.12	8.00	266	14.70
<b>Tamil Nadu</b>	1.50	5.50	623	1.42	5.50	658	33.90
<b>Others</b>	1.00	1.00	170	0.62	1.00	274	
<b>Grand Total</b>	88.17	242.50	468	89.20	243.00	463	

Source: Technology Mission on Cotton

**Table 4****The year-wise details of area under irrigated and area under rain-fed (Area in ha.)**

<b>Year</b>	<b>Area under irrigated cotton</b>	<b>Area under rain-fed cotton</b>	<b>Total area under cotton</b>
<b>2000-01</b>	<b>81300</b>	<b>2995600</b>	<b>3076900</b>
<b>2001-02</b>	<b>86000</b>	<b>3018700</b>	<b>3104700</b>
<b>2002-03</b>	<b>80000</b>	<b>2719900</b>	<b>2799900</b>
<b>2003-04</b>	<b>74100</b>	<b>2688300</b>	<b>2762400</b>
<b>2004-05</b>	<b>78100</b>	<b>2761400</b>	<b>2839500</b>

Source: Technoloyg Mission on Cotton

Table 5

**Bt Cotton Hybrids under cultivation in Maharashtra**

Sr. No.	Bt-Cotton varieties/ hybrids	Year wise packets sold			
		2002-03	2003-04	2004-05	2005-06
1.	MECH-12	257	18419	148900	260000
2.	MECH-162	20665	15222	56000	188000
3.	MECH184	9563	12733	60300	191000
4.	MRC-6301	0	0	0	47000
5.	RCH-2	0	0	125104	175000
6.	RCH-138	0	0	0	71000
7.	RCH-118	0	0	0	35000
8.	RCH-114	0	0	0	144000
9.	Ankur-651	0	0	0	1989
10.	Ankur-09	0	0	0	1031
11.	NCS-207	0	0	0	11581
12.	NCS-145	0	0	0	174525
<b>Total packets sold</b>		<b>30485</b>	<b>46374</b>	<b>390304</b>	<b>1300126</b>
<b>Area covered (ha)</b>		<b>12194</b>	<b>18549.6</b>	<b>156121.6</b>	<b>520050.4</b>
<b>% to total cotton area</b>		<b>0.4</b>	<b>0.7</b>	<b>5.23</b>	<b>15</b>
<b>Yield increase (%)</b>		<b>32.84</b>	<b>26.11</b>	<b>21.13</b>	<b>--</b>

265200 packets of Bt. Cotton were sown on 106080 ha area in Maharashtra

Source: Government of Maharashtra and CACP.

**Table 6****The Specific Bt. Cotton varieties grown in Vidarbha as well Maharashtra**

<b>Sr. No.</b>	<b>Name of Company</b>	<b>Bt Cotton variety</b>
1.	MAHYCO	MECH-184, MECH-162, MECH-12
2.	NUJUWIDU	NCH-145 (Banny), NCH-207, Malika
3.	Rasi Seed	RCH-2, RCH-136
4.	Pro=-Agro	RCH-144
5.	Ankur	A-651, A-109
6.	Maha Beej	Mahashakti, RCH-188

Source: Government of Maharashtra.

Table 7

## Performance of Bt. Cotton hybrids against bollworms under rainfed situation at AICCIP, Akola

Sr. No.	Particulars	Year wise performance								
		2001-02			2004 05			2005-06		
		Bt	N Bt	Check	Bt	N Bt	Check	Bt	N Bt	Check
1.	Green Boll damage (%)	6.17-14.33	16.54-20.54	20.87-24.58	2.32-5.56	--	47.78 -50.00	--	--	--
2.	Gr. Fruiting body damage (%)	--	---	--	0-0.6	--	0.78-0.93	0.24	6.98	13.00
3.	Open ball damage at harvest (%)	15.55 to 22.57	67.77 to 79.72	60.00 to 67.12	1.35 to 8.04	--	55.83 to 60.65	3.04	31.30	10.30
4.	Loculi damage at harvest (%)	4.34 to 7.40	30.64 to 48.35	25.36 to 27.93	0.42 to 3.93	--	21.41 to 24.06	1.35	10.61	6.96
5.	H.a. larvae/ 5 plants	0.36 to 1.33	3.00 to 5.33	0.33 to 2.66	--	--	--	0.05	1.15	2.90
6.	E.V.larvae/ 5 plants	0.06 to 2.20	0.66	0.66 to 0.73	--	--	--	--	--	--
7.	PBW larvae/5 balls	1.00	8.30	5.00						
8.	No. of sprays –SP BWC	4.6 to 0	4.6 to 5	4-5 to 5	3-5 to 0	-- to --	3 to 3	2 to 0	3 to 3	2 to 5
9.	Yield of seed cotton qt/ha.	12.22 to 13.42	4.09 to 7.60	6.19 to 6.78	9.11 to 10.70	--	8.62 to 8.79	22.32	10.27	12.22

Detailed information on the damage of other insects (aphids, Jassids, thrips, etc.) in Bt. Cotton, and also on the susceptibility of Bt. Cotton to these insects vis-à-vis non-Bt. Cotton needs to be generated

Source: AICCIP, Akola

Table 8

## The year-wise details of supply of and demand for cotton in India

year	Opening stock	Supply			(lakh bales)		Demand		Difference (Excess of supply over demand)
		production	Import	Total	Mills Consumption	Non-Mills Consumption	Export	Total	
2001-02	29	158	25.26	212.26	158.70	13.06	0.5	172.26	40
2002-03	40	136	17.67	193.67	154.05	14.78	0.84	169.67	24
2003-04	24	179	7.21	210.21	150.39	26.71	12.11	189.21	21
2004-05	21	243	12	276	163	31	10	204	72
2005-06	72	242.5	6	320.50	180	33	25	238	82.5
2006-07	82.5								

Source: CACP

**Table 9**

The following table shows the export and import of cotton from 1996-97 to 2004-05.

**(Quantity in lakh bales)**

<b>Year</b>	<b>Export</b>	<b>Import</b>
1996-1997	16.82	0.30
1997-1998	3.50	4.13
1998-1999	1.01	7.87
1999-2000	0.65	22.01
2000-2001	0.60	22.00
2001-2002	1.00	16.00
2002-2003	0.84	17.67
2003-2004	13.25	7.21
2004-05 ( Anticipated)	20.00	6.00

Source: CACP

**Table 10****Minimum Support Price for Cotton in India****(In Rs. Per Quintal)**

<b>Variety</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>
Bengal Desi	1215	1250	1250	1285	1310	1310
V797	1515	1560	1560	1605	1640	1640
J-34	1625	1675	1675	1725	1760	1760
LRA-5166	1700	1750	1750	1800	1835	1835
H-4	1825	1875	1875	1925	1960	1980
JKHY-1	1750	1800	1800	1850	1885	1885
S-6	1840	1840	1860	1910	1960	1985
DCH 32 South	2000	2075	2075	2130	2170	2200
Suvin	2900	3000	3000	3080	3135	3135

Support prices are for Fair Average quality kapas  
Source : Cotton Corporation of India, 2005-06

Table 10A

## Minimum Support Price (MSP) for the Year 2005-06

Sr. No.	Varieties	Grade	Support Price Rs./qtl(S)	Specification	
				2.5 Span MN	Micronair value
1	Banny/Brahmha	FAQ	2010	320	3.4 to 4.4
2.	H-4/H-6	FAQ	1980	28.0	3.2 to 4.5
3.	MECH (Small)	FAQ	1885	28.00	3.2 to 4.2
4.	A) LRA 5166	FAQ	1835	27.0	3.4 to 4.4
	B) MCH-11		1835	27.0	3.4 to 4.4
	C)ANKUR 651		1835	27.0	3.4 to 4.4
5.	1007/DH-7286	FAQ	1835	27.0	3.7 to 4.00
	AHH-468 Vidarbh		1785	25.5	3.8 to 4.60
6	NHH-468 Marathwada and Khandesh	FAQ	1785	25.50	3.8 to 4.6
7.	NHH-44 Vidarbh	FAQ	1700	25.00	3.3 to 4.0
8.	NHH-44 Marathwada and Khandesh	FAQ	1675	24.0	3.0 to 3.6
9.	Y-1/AKH-5 varieties	All FAQ	1675	24.00	4.8 to 5.2

Source: CACP

Table 11

## Cotton : Cost of Production (Rs. Per/ctl.)

	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
<b><u>Cost of Production</u></b>						
Andhra Pradesh	2001.8	-	1835.04	1708	1744.76	1617.76
Gujarat	1376.92	1399.35	1889.38	2777.97	2282.46	1954.3
Haryana	2130.24	2034.96	1395.15	1561.66	4095.79	1874.42
Karnataka	1635.73	1789.20	2338.43	2499.48	2054.97	1987.79
Maharashtra	-	-	1903.47	2268.83	2244.61	2365.52
Madhya Pradesh	1620.76	-	2316.31	2815.81	2688.28	3015.02
Punjab	2845.02	3170.99	2375.36	1914.94	2621.82	2447.74
Rajasthan	-	-	1420.89	1112.99	1323.66	2351.37
Tamil Nadu	-	2276.86	2311.31	2984.82	2380.59	2592.19

Source : Directorate of Economics & Statistics,  
Ministry of Agriculture.

**Table11A**

<b>Share of Cost of Production In Maharashtra, 2001-02</b>				
<b>Item</b>	<b>Jowar</b>	<b>Tur</b>	<b>Soyabean</b>	<b>Cotton</b>
Operational Costs	75.7	57.2	73.8	76.8
Human Labour	29.5	27.7	20.3	26.3
Family	14.0	12.5	7.0	9.7
Animal Labour	25.5	18.4	22.0	22.4
Owned	19.8	13.9	18.0	20.5
Machine Labour	4.7	1.5	8.2	3.2
Hired	4.6	1.5	8.2	3.1
Seeds	2.3	3.1	9.9	5.3
Fertilizer	6.5	3.5	9.2	8.2
Manure	1.7	0.3	0.8	3.7
Insecticides	0.0	0.1	0.4	3.6
Irrigation	3.7	1.4	0.9	2.0
Others	1.9	1.4	2.0	2.2
Fixed Costs	24.3	42.8	26.2	23.2
Total Costs	100.0	100.0	100.0	100.0
Source: Report of the Commission for Agricultural Costs and Prices, Department of Agriculture and Co-operation, Ministry of Agriculture, Government of India, 2005.				

Table 11B

<b>Cost of Production and Minimum Support Prices, 2004-05 (Rs./Qtl.)*</b>				
<b>Indicators</b>	<b>Jowar</b>	<b>Tur</b>	<b>Soyabean</b>	<b>Cotton</b>
Costs, C2 (Maharashtra)#	629.01	1026.59	885.66	2215.55
MSP (All India)@	515.00	1390.00	1000.00	1960.00
Note: * Rs. = Rupees and Qtl.= Quintal. # C2 costs data for 2004-05 are projections. It includes all actual expenses in cash and kind incurred in production by owner, rent paid for leased in land and imputed value of family labour, interest on value of owned capital assets (excluding land) and rental value of owned land (net of land revenue). @ MSP denotes Minimum Support Prices declared by the Ministry of Agriculture, Government of India. For Soyabean MSP is for yellow variety whereas Cotton MSP is for H-4 (long staple) variety. In Maharashtra, price paid under Monopoly Cotton Procurement Scheme was about Rs.500/- more than the MSP.				

Table 12

**BANK BRANCHES (SAA) IN THE VIDARBHA REGION**

Sr.No.	District	Commercial Banks	RRBs	DCCBs	Others	Total
1.	Akola	78	28	68	7	181
2.	Amravati	147	-	95	36	278
3.	Bhandara	44	21	28	-	93
4.	Buldana	77	24	121	-	222
5.	Chandrapur	110	40	83	-	233
6.	Gadchiroli	24	20	28	-	72
7.	Gondia	40	24	25	-	89
8.	Nagpur	107	-	85	-	192
9.	Wardha	73	-	58	-	131
10.	Washim	30	19	36	-	85
11.	Yavatmal	93	23	82	16	214
	Total:-	823	199	709	59	1790

Source: Reserve Bank of India

Table 13

**Details of Deposits, Credits, CD Ratio, etc. relating to the 11 Districts of Vidarbha as on 31.3.2005.**

(Rs. in crores)

Sr. No.	District	Deposit	Advances	CD Ratio%	Priority Sector advances	Direct finance to Agriculture	Advances to Weaker Section	Advances to SC/ST
1.	Akola	973.68	613.05	62	371.65	211.99	98.08	18.14
2.	Amravati	1227	570	46	118	90	162	104
3.	Bhandara	681.25	320.13	46.99	279.91	182.89	34.31	25.97
4.	Buldana	991.39	831.70	82	683.50	444.00	116.39	59.57
5.	Chandrapur	1826	742	40.62	515	246	66	82
6.	Gadchiroli	486.30	180.90	37.19	118.62	50.41	22.03	41.60
7.	Gondia	633.73	353.88	56	234.24	123.27	33.90	24.14
8.	Nagpur	1384.52	682.54	49	500.87	328.20	107.17	28.26
9.	Wardha	918	560	61	379	200	72	21
10.	Washim	362	239	66	192	138	17	84
11.	Yavatmal	1283	929	72	762	435	70	30
	Total:-	10766.87	6022.2	618.8	4154.79	2449.76	798.88	518.68

Source: Reserve Bank of India

Table 14

**Statement showing the outlay allocated for Irrigation and the expenditure incurred in the Annual Plans 2002-03 to 2004-05**

(Rs crore)

SI.No.	Region	Annual Plan 2002-03			Annual Plan 2003-04			Annual Plan 2004-05		
		Outlay in Irrigation Sector in 2002-03	Actual expenditure	Shortfall/excess	Allocations as per G's directives 2003-04 (Percentage)	Expenditure (till 31 March 2004) (Percentage)	Shortfall/excess*	Outlay in Irrigation Sector in 2004-05	Actual expenditure	Shortfall/excess (Rs. in crore)
1	Vidarbha	932.70 (37.67%)	353.63 (18.77%)	579.07	1151.82 (42.34%)	501.48 (23.36%)	650.34	1835.27 (54.88%)	536.47 (22.15%)	1298.80
2	Marathwada	625.67 (25.27%)	319.91 (16.98%)	305.76	734.06 (27%)	350.18 (16.31%)	383.88	1081.10 (32.33%)	623.09 (25.72%)	458.01
3	Rest of Maharashtra	894.58 (36.13%)	1193.64 (63.35%)	(-)299.06(*)	834.12 (30.66%)	1272.73 (59.29%)	438.61*	396.85 (11.87%)	1245.85 (51.43%)	848.00*
4	Common schemes	23.05 (0.93%)	17.06 (0.9%)	5.99	31.00	22.35 (1.04%)	8.65	31.00 (0.92%)	17.01 (0.70%)	13.99
	<b>Total</b>	<b>2476.00</b>	<b>1884.25</b>	<b>890.82 (shortfall)</b>	<b>2751.00 (100%)</b>	<b>2146.74 (100%)</b>	<b>1042.87 (shortfall)</b>	<b>3344.22 (100%)</b>	<b>2422.42 (100%)</b>	<b>1770.80</b>

\*indicates excess expenditure in Rest of Maharashtra

(Rs. crore)

SI.No.	Region	Annual Plan 2002-03	Annual Plan 2003-04	Annual Plan 2004-05	Total
		Shortfall/excess	Shortfall/excess*	Shortfall/excess	
1	Vidarbha	579.07	650.34	1298.80	<b>2528.21</b>
2	Marathwada	305.76	383.88	458.01	<b>1147.65</b>
3	Rest of Maharashtra	(-)299.06(*)	438.61*	848.00*	<b>1585.67*</b>
4	Common schemes	5.99	8.65	13.99	<b>28.63</b>
	<b>Total</b>	<b>890.82 (shortfall)</b>	<b>1042.87 (shortfall)</b>	<b>1770.80</b>	<b>3704.49(shortfall)</b>

\*indicates excess expenditure in Rest of Maharashtra

Source: Government of Maharashtra

Table 15

Statement showing region-wise remaining financial backlog in the sectors other than Irrigation as on 1 April 2005 by taking into account the expenditure for backlog removal during the Annual Plans 2000-01,2001-02, 2002-03, 2003-04 and 2004-05

(Rs. in crore)

Sl.No	Region	Vidarbha			Marathwada			Rest of Maharashtra			Total			Sector-wise % to total
		Backlog as on 1/4/2000	Exp. 2000-01 to 2004-05	Remaining backlog as on 1/4/2005	Backlog as on 1/4/2000	Exp. 2000-01 to 2004-05	Remaining backlog as on 1/4/2005	Backlog as on 1/4/2000	Exp. 2000-01 to 2004-05	Remaining backlog as on 1/4/2005	Backlog as on 1/4/2000	Exp. 2000-01 to 2004-05	Remaining backlog as on 1/4/2005	
1	Roads	693.97	239.13	454.84 (44.48%)	437.57	310.95	126.62 (12.38%)	657.69	216.59	441.10 (43.14%)	1789.23	766.07	1022.56 (100%)	26.16%
2	General Education	14.86	--	14.86 (19%)	13.33	--	13.33 (17.03%)	50.04	--	50.04 (63.97%)	78.23	--	78.23 (100%)	2.00%
3	Technical Education	105.23	15.85	89.38 (24.33%)	73.23	12.64	60.59 (16.50%)	241.09	23.77	217.32 (59.17%)	419.55	52.26	367.29 (100%)	9.40%
4	Public Health	187.34	28.26	159.08 (12.89%)	422.74	26.69	396.05 (32.08%)	743.59	64.14	679.45 (55.03%)	1353.67	119.09	1234.58 (100%)	31.58%
5	Urban Water Supply	27.20	31.05	-3.85* (excess)	78.72	55.47	23.25 (100%)	--	18.04	-18.04* (excess)	105.92	104.56	23.25 (100%)	0.60%
6	Soil Conservation	133.21	56.68	76.53 (30.28%)	50.98	20.25	30.73 (12.15%)	245.23	99.67	145.56 (57.57%)	429.42	176.60	252.82 (100%)	6.47%
7	Veterinary Services	0.13	0.05	0.08 (2.16%)	0.87	0.05	0.82 (22.10%)	3.17	0.36	2.81 (75.74%)	4.17	0.46	3.71 (100%)	0.09%
8	Energisation of pump sets	660.19	125.30	534.89 (57.73%)	295.66	92.92	202.74 (21.88%)	220.03	31.10	188.93 (20.39%)	1175.88	249.32	926.56 (100%)	23.70%
	Total	1822.13	496.32	1329.66 (34.02%)	1373.10	518.97	854.13 (21.85%)	2160.84	453.67	1725.21 (44.13%)	5356.07	1468.96	3909.00 (100%)	100%

\* Indicates excess expenditure in the sector of Urban Water Supply of Rs.3.85 crore in Vidarbha and Rs.18.04 crore in the rest of Maharashtra region has not been taken into account.

Source: Government of Maharashtra

**Table-16****Irrigation Statistics in different districts of Vidarbha Region of Maharashtra**

(Area in 000 ha.)

Sl. No.	District	Cultivable Area	Gross Sown Area	Net Sown Area	Irrigation Potential Developed by June 2005			Potential Created as
					State Sec. Schm.	Local Sec. Schm.	Total	% of Gross Area
1	Akola	815.6	547.2	437.2	51	9	60	11
2	Amravati	815.6	1031.1	750.8	87	23	110	11
3	Bhandara	221.55	434.8	365.4	73	32	105	24
4	Buldhana	752.4	851.8	689.2	74	25	99	12
5	Chandrapur	532.5	531.1	450.2	63	60	123	23
6	Gadchiroli	252.5	181.5	169.9	36	31	67	37
7	Gondia	201.35	209.73	171.87	96	31	127	61
8	Nagpur	642.4	591.9	546.7	149	37	186	31
9	Wardha	474.2	384.1	365.3	83	11	94	24
10	Washim	410.4	574.5	379.8	38	17	55	10
11	Yavatmal	944.2	977.4	848.8	124	28	152	16
	<b>TOTAL</b>	<b>6062.70</b>	<b>6315.13</b>	<b>5175.17</b>	<b>874.00</b>	<b>304.00</b>	<b>1178.00</b>	<b>19</b>

**Note: For Gondia district Gross Sown Area and Net Sown Area has been calculated from other districts due to non availability of actual data.**

Source: Government of Maharashtra

**Table 17**

Completed Projects with Water resources Department, Nagpur and V.I.D.C., Nagpur.

Sr. No	Region	Godawari Basin		Tapi Basin		Total	
		No.	Irrigation Potential (Ha)	No.	Irrigation Potential (Ha)	No.	Irrigation Potential (Ha)
1	2	3	4	5	6	7	8
A	NAGPUR REGION						
	W.R.D., Nagpur	Major					
	1	Pench( Nagpur)	104476				104476
	2	Itiyadoh(Gondia)	40080				40080
	3	Bagh (Gondia)	38486				38486
	4	Asolamendha (Chandrapur)	9919				9919
	5	Ghodazari (Chandrapur)	3846				3846
	6	Sor (Wardha)	16194				16194
	7	Dina (Gadchiroli)	11356				11356
	V.I.D.C. Nagpur	Major		Nil			
		Medium					
	W.R.D., Nagpur	28	71908	0	0	28	71908
	V.I.D.C. Nagpur	4	17563	0	0	4	17563
		Minor					
	W.R.D., Nagpur	339	106719	0	0	339	106719
V.I.D.C. Nagpur	4	3487	0	0	4	3487	
<i>Total Nagpur Region</i>		382	424034	0	0	382	424034
	AMRAVATI REGION						
W.R.D., Nagpur	Major						
	Pus ( Yeotmal)	9183		Katepurna (Akola)	8325	2	17508
V.I.D.C. Nagpur				Nalganga ( Buldhana)	8741	1	8741
				Nil			
W.R.D., Nagpur	Medium						
	8	39119		7	35112	15	74231

	V.I.D.C. Nagpur	1	10067	1	1428	2	11495
		Minor					
	W.R.D., Nagpur	204	73162	86	22022	290	95184
	V.I.D.C. Nagpur	11	10808	6	6680	17	17488
	<i>Total Amravati Region</i>	225	142339	102	82308	327	224647
TOTAL VIDARBHA							
	Major	8	233540	2	17066	10	250606
	Medium	41	138657	8	36540	49	175197
	Minor	558	194176	92	28702	650	222878
	Total	607	566373	102	82308	709	618681

Source: Government of Maharashtra & Adviser (WR) [Planning Commission]

Table 18

Ongoing Projects with Water Resources Department, Nagpur and V.I.D.C., Nagpur.												
Sr. No	Region	Godawari Basin				Tapi Basin				Total		
		No.	Irrigation Potential (Ha)	IP. Created by June 05 (Ha)	Satte Govt. Approval (AA/RAA Dt.)	No.	Irrigation Potential (Ha)	IP. Created by June 05 (Ha)	Satte Govt. Approval (AA/RAA Dt.)	No.	Irrigation Potential (Ha)	IP. Created by June 05 (Ha)
1	2	3	4	5	6	7	8	9	10	11	12	13
(I) A	Nagpur Region W.R.D. Nagpur	Major				NIL						
	Total WRD (Major)	0	0	0	0	0	0	0	0	0	0	0
	V.I.D.C. Nagpur	Lower Wunna (Nagpur)	25545	23153	7.10.03					1	25545	23153
		Gosikhurd (Bhandara)	250800	8860	3.7.99					1	250800	8860
		Bawanthadi (Bhandara)	27708	0	7.12.01					1	27708	0
		Lower Wardha (Wardha)	51655	0	10.1.00					1	51655	0
		Tultuli (Gadchiroli)	30590	0	17.12.79					1	30590	0
		Human (Chandrapur)	46117	0	31.3.83					1	46117	0
	Total VIDC (Major)	6	432415	32013	0	0	0	0	0	6	432415	32013
	TOTAL MAJOR	6	432415	32013	0	0	0	0	0	6	432415	32013
B	W.R.D., Nagpur	Medium										

1	Satrapur LIS Nagpur	3930	0	10/15/2001	NIL					1	3930	0
2	Zansinagar LIS Gondia	4225	0	10/18/1996						1	4225	0
3	Rajegavkati LIS Gondia	4712	0	9/30/1999						1	4712	0
4	Pothra Wardha	11632	5677	1/16/2003						1	11632	5677
5	Haranghat LIS Chandrapur	4819	0	1/7/2002						1	4819	0
6	Kirmiridarur LIS Chandrapur	2440	0	¼/2002						1	2440	0
7	Bendara Chandrapur	4876	0	7/3/2001						1	4876	0
Total WRD (Medium)		7			Nil					7	36634	5677
V.I.D.C. Nagpur	Jam( Nagpur)	7184	2700	23.3.05						1	7184	2700
	Kar(Wardha)	6744	3500	16.7.01						1	6744	3500
	Katangi (Gondia)	2453	1000	23.1.06						1	2453	1000
	Dongargaon (Chandrapur)	3942	2300	2.4.04						1	3942	2300
	Sdhapewada (Gondia)	8050	1418	14.12.99						1	8050	1418
	Madan (Wardha)	3270	1030	3.8.01						1	3270	1030
	Lalnalla (Wardha)	7290	0	13.5.02						1	7290	0
	Karajkheda (Bhandara)	8050	0	29.3.05						1	8050	0
	Sondyatola ( Bhandara)	9025	0	21.12.01						1	9025	0
	Lower Chulband (Bhandara)	10437	0	29.4.95						1	10437	0
	Kalpathari ( Gondia)	2051	0	22.6.00						1	2051	0

		Wagholibuti (Chandrapur)	4542	0	24.2.00					1	4542	0	
		Sonapur Tomata (Chandrapur)	2440	0	8.1.02					1	2440	0	
		Karwaffa ( Gadchiroli)	5252	0	30.11.77					1	5252	0	
		Chenna ( Gadchiroli)	2342	0	13.5.77					1	2342	0	
		Pendhari (Nagpur)	1837	0	13.12.77					1	1837	0	
		Total VIDC (Medium)	16	84909	11948	0	0	0	0	16	84909	11948	
		TOTAL MEDIUM	23	121543	17625	0	0	0	0	23	121543	17625	
C		Renovation											
		W.R.D., Nagpur	11	3490	0	0	NIL	0	0	0	11	3490	0
		V.I.D.C. Nagpur	0	0	0	0	NIL	0	0	0	0	0	
		TOTAL RENO.	11	3490	0	0	0	0	0	11	3490	0	
		Minor				0							
		W.R.D., Nagpur	50	24568	7325	0	NIL	0	0	0	50	24568	7325
		V.I.D.C. Nagpur	24	33689	3500	0	NIL	0	0	0	24	33689	3500
		TOTAL MINOR	74	58257	10825	0	0	0	0	0	74	58257	10825
		<i>Total Nagpur Region</i>	114	615705	60463	0	0	0	0	0	114	615705	60463
(II)		AMRAVATI REGION											
A		Major											
		NIL											
		W.R.D., Nagpur					Lower Pedhi Amra vati	12230	0	8/12/2004	1	12230	0
		Total W.R.D ( Major)	0	0	0	0	1	12230	0		1	12230	0
		Upper Wardha (Amravati)					Wan ( Akola	19177			2	99427	90847
		V.I.D.C. Nagpur	80250	72024	31.7.99	222		18823	7.2.00				

						)						
	Arunavati ( Yeotmal)	24003	23234	23.5.03	Jigao n ( Buldh ana)	101088	0	20.10.05	2	125091	23234	
	Pentakli ( Buldhana)	14332	7300	25.10.05					1	14332	7300	
	Lower Painganga ( Yeotmal)	227271	0	26.6.97					1	227271	0	
	Bembla ( Yeotmal)	47000	0	4.8.04					1	47000	0	
	Khadakpurna ( Buldhana)	21443	0	15.1.02					1	21443	0	
	Total VIDC ( Major)	6	414299	102558	0	120265	18823		8	534564	121381	
	TOTAL MAJOR	6	414299	102558	0	132495	18823	0	9	546794	121381	
	Medium											
	W.R.D., Nagpur	8150	0	6/15/2005	Sapa n Amra vati	8894	0	1/13/2003	2	17044	0	
	TOTAL WRD Nagpur	1	8150	0		1	8894	0	2	17044	0	
	Navargaon ( Yeotmal)	2878	2470	30.1.06	Chan drabh aga ( Amra vati)	6732	2350	13.11.02	2	9610	4820	
B	Mun ( Buldhana)	9287	8714	6.12.05	Purna ( Amra vati)	7530	23	28.10.05	2	16817	8737	

						Utava li ( Buldh ana)	5394	320	14.2.03	1	5394	320
	Total VIDC Nagpur	2	12165	11184		3	19656	2693		5	31821	13877
	TOTAL MEDIUM	3	20315	11184		4	28550	2693	0	7	48865	13877
C	Renovation											
	W.R.D., Nagpur					1	1321	1321		1	1321	1321
	V.I.D.C. Nagpur										0	0
	TOTAL RENO.	0	0	0		1	1321	1321		1	1321	1321
D	Minor											
	W.R.D., Nagpur	59	24942	12715		21	8706	3576		80	33648	16291
	V.I.D.C. Nagpur	8	10543	6846		2	2551	1689		10	13094	8535
	TOTAL MINOR	67	35485	19561		23	11257	5265		90	46742	24826
	<i>Total Amravati Region</i>	76	470099	133303		31	173623	28102		107	643722	161405
	TOTAL VIDARBHA											
A	Major	12	846714	134571		3	132495	18823		15	979209	153394
B	Medium	26	141858	28809		4	28550	2693		30	170408	31502
C	Renovation	11	3490	0		1	1321	1321		12	4811	1321
D	Minor	141	93742	30386		23	11257	5265		164	104999	35651
	TOTAL	190	1085804	193766		31	173623	28102		221	1259427	221868

Table-19

District-Wise Ground Water Resources Availability, Utilization and Stage of Development in Vidarbha Region of Maharashtra (in ha.m./yr)

S N	District	Annual Replenishable Ground Water					Natural Discharge during Non-monsoon Season	Net Ground Water Availability	Annual Ground Water Draft			Projected Demand for Domestic and Industrial uses upto 2025	Ground Water Availability for Future Irrigation	Stage of Ground Water Development (%)
		Monsoon Season		Non-monsoon Season		Total			Irrigation	Domestic and Industrial uses	Total			
		Recharge from Rainfall	Recharge from other sources	Recharge from Rainfall	Recharge from other sources									
1	Akola	62905	1832	3493	8767	76997	3863	73135	25330	2566	27896	5094	40159	38
2	Amravati	63239	2632	8487	25063	99421	4971	94450	70759	2510	73270	3863	25913	78
3	Bhandara	70089	11622	7178	23426	112314	6339	105975	19751	5052	24803	9926	72313	23
4	Buldhana	61530	3396	4684	3648	73257	3663	69595	38758	2886	41644	4970	24855	60
5	Chandrapur	84440	4831	0	3311	92582	4629	87953	9762	4568	14331	9106	64516	16
6	Gadchiroli	81488	19530	0	30495	131513	8971	122542	9302	1372	10674	2719	109149	9
7	Nagpur	70427	11557	11334	16909	110228	6039	104189	39431	5865	45295	10603	49979	43
8	Wardha	54232	547	8676	36225	99680	5295	94385	24767	1681	26448	3342	64669	28
9	Yeotmal	94687	3400	19403	17072	134562	6728	127834	25863	5572	31435	11143	85256	25
	<b>TOTAL</b>	<b>643037</b>	<b>59347</b>	<b>63255</b>	<b>164916</b>	<b>930554</b>	<b>50498</b>	<b>880058</b>	<b>263723</b>	<b>32072</b>	<b>295796</b>	<b>60766</b>	<b>536809</b>	<b>34</b>

**CATEGORISATION OF TALUKAS IN VIDARBHA REGION OF MAHARASHTRA**

Sl. No.	District	Total no. of talukas	Semi-critical	Critical	Over-exploited	Remarks
1	Amaravati	14	-	1	3	
2	Buldhana	-	1	-	1	
3	Nagpur	13	2	-	-	
	<b>TOTAL</b>		<b>3</b>	<b>1</b>	<b>4</b>	