

EXPLODING THE POPULAR MYTHS AND MISINFORMATION

Propagators of a separate Vidarbha state are wont to state only half truths and cover up the facts some of these are listed below with the factual position set forth:

1) **Myth:** *Vidarbha Has A Large Forest Cover And Revenue From Forests Is Great.*

Fact: The total forest area in Maharashtra is 63,000 Sq Km out of which 22,000 Sq Kms is identified as degraded forest. As per the Sixth Assessment of Forest Cover based on visual interpretation of Landsat Imagery 51% of the Forest area was under dense forest and 48% classified as open forest with comparatively less dense cover due to degradation and 1% was mangrove forest cover. Out of this, Vidarbha has 60% of the Forest area.

The Government has restricted clear felling of trees in the forest areas in order to maintain ecological balance. The estimated production of timber for the year 1999-00 was 1.79 Lakhs Cubic Meters valued at Rs 122 Crores. The value of firewood produced was Rs. 19.2 crores; minor forest product Rs. 63.8 crores and tendu Leaves Rs 35.9 crores and Bamboo Rs. 24.9 crores.

Thus the Total Revenue (net) from the forest for the current year (**WHICH YEAR**) was estimated as Rs. 143 Crores out of which the total revenue from the forests in Vidarbha is Rs. 120 Crores. Over the last 15 years or more, the expenditure on the forests has always been more than the revenue from the forests. The total expenditure over all the forests in Maharashtra for the current year is Rs. 295 Crores out of which the expenditure on the forests in Vidarbha is Rs. 184.65 Crores. Thus the forests of Maharashtra are running at a loss of Rs. 107.75 crores and the forests of Vidarbha are incurring losses of Rs. 64.65 Crores.

Thus it is clear that the forests in Vidarbha will not give a single paisa as revenue to the State exchequer, but that it is the State which will have to spend Rs 64.65 crores on the upkeep of the forests.

Thus Forests are not a 'giving' item but are a 'spending' item.

Myth 2: *Vidarbha is Rich in Coal mines, Manganese Ore And Other Minerals And We Will Get Huge Royalty Which can be Used to Run The State*

Fact : Under Article 246 of the Constitution of India, it is the Union of India which has the power and jurisdiction over the List 1 or Union List of the Seventh Schedule. All mines and Minerals are in the Union List except those excluded by Parliament. Coal, Manganese and all other mines and minerals are in the Union List. The Parliament has only given minor minerals like Murrum. Sand (Reti) ,Gitti etc. to the States.

All the Coal Mines presently located in Vidarbha are already paying royalty to the Government of Maharashtra. The present revenue from all these coal mines including other mines, to the Maharashtra exchequer is Rs 336 crores. Out of this the revenue exclusively from the mines located in Vidarbha is Rs. 201.63 crores. Thus it is not only a myth but great misinformation to the public that Vidarbha will benefit from the coal and manganese mines.

The Government of Maharashtra tried its hand at mining but the experiment failed and the Maharashtra State Mining Corporation has always been in losses for the last 25 years. In a separate Vidarbha State revenue from coal or other mines is not going to increase by any stretch of imagination.

Thus Coal Mines or Other Mines do not give much revenue to the State and Rs. 201.63 crores from coal and other mines can never cover the deficit of 2850 Crores.

COMPARISON OF THE SECTORAL COMPOSITION OF NATIONAL INCOME AND STATE INCOME AT CURRENT PRICES AND THEIR RELEVANCE TO VIDARBHA

The National Income and the State Income has three components:

The Primary Sector consisting of Agriculture, Forestry and Logging, Fishing and Mining and Quarrying.

The Secondary Sector consists of Manufacturing Industries, Construction, Electricity, Gas and Water Supply.

The Tertiary Sector consists of Transport, Storage and Communications, Trade, Hotels and Restaurants, Banking and Insurance, Real Estate and Ownership of dwellings, Business services, Public Administration and other services.

The comparison of the National and State figures is as follows:

Sector	National	Maharashtra	Vidarbha
Primary Sector	33 %	18%	30 %
Secondary Sector	21 %	29%	22 %
Tertiary Sector	46 %	53 %	48 %

The decrease in the contribution of Agriculture as percentage of National Income or State Income is one of the best indicators of progress. In Maharashtra the contribution of the Primary Sector which mainly includes Agriculture is progressively decreasing every year. This year (**WHICH YEAR**) it was 18%, much less than the National average of 33 %. This is because of the progressive growth of the Secondary and Tertiary Sector in and around Bombay. Because of this, we are a part of a progressive and forward state. Thus Maharashtra's economy is not predominantly agricultural but is of the Secondary and Tertiary Sector. If Vidarbha becomes a separate State the Contribution of Agriculture i.e. the Primary Sector in the State Income will be 30 % making Vidarbha a predominantly Agricultural State. The Tertiary Sector figure at 48 % is illusory because it includes the Salary components of the Services, and with the 5th Pay Commission, the increased salary has increased this figure. Thus the people of Vidarbha who are now the members of a forward State will become members of a backward State if we become separate.

The vicious cycle will then begin. Vidarbha will become a predominantly Agricultural economy. This will depend more on the vagaries of nature. To prevent the vagaries of nature, more and more irrigation potential will have to be exploited which will require more money. The Vidarbha State will not have enough money to pay salaries of its servants, so there is no question of money for the irrigation projects. If the Gosi Khurd Project takes 10 years to complete in Maharashtra, it will take 25 years to complete in Vidarbha

Thus the State Income of Vidarbha will go on proportionally decreasing with reference to constant prices.

Thus being a separate State will not be for the good of the people but only for the worse.

BUDGET OF VIDARBHA COMPARED TO THAT OF MAHARASHTRA WITH RESPECT TO DIFFERENT TYPES OF REVENUE PAYING FOR THE TOTAL EXPENDITURE

In the Maharashtra Budget, the Taxes collected by the State pay for 50% of the total expenditure whereas in the Vidarbha Budget the Taxes Collected by the State will pay for only 20% of the total expenditure.

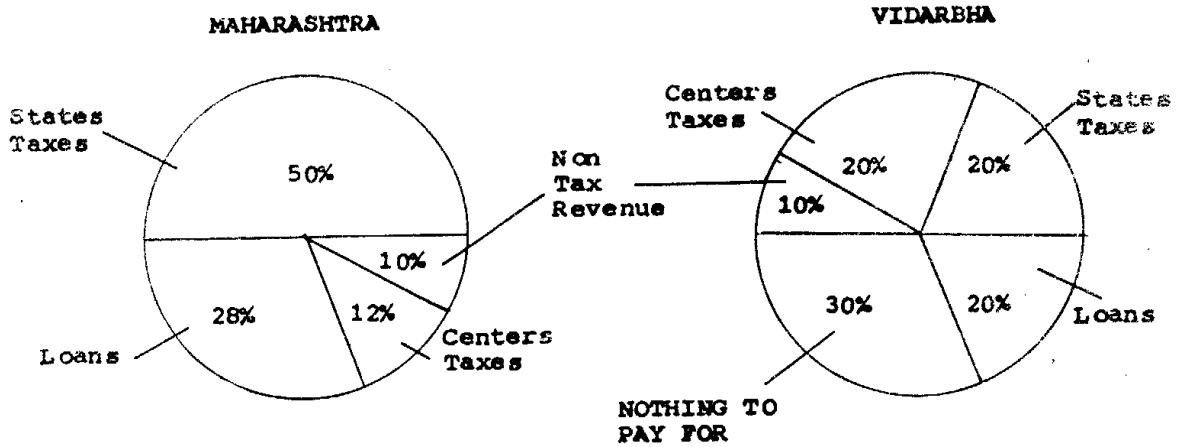
In the Maharashtra Budget our share in Centre's Taxes and Grants pay for only 12% of the total expenditure whereas in the Vidarbha Budget States share in Centre's taxes and grants will pay for 20% of the total expenditure.

In the Maharashtra Budget the Non-Tax Revenue pays for 10% of the Total Expenditure which is the same for Vidarbha.

In the Maharashtra Budget Loans pay for 28% of the Total Expenditure whereas in the Vidarbha Budget Loans will pay for 20% of the expenditure.

The total expenditure in Maharashtra is fully accounted for by the revenues from the State, Centre, non-tax revenue and loans. But in the Vidarbha Budget, there remains a gap of 30% of the expenditure which has absolutely no means to fund.

How can a State be carved out which has no means to fund 30% of its expenditure!



COMPARISON OF REVENUE GENERATED FROM MAHARASHTRA, MUMBAI & VIDARBHA

Corporation TAX, Income Tax & Union Excise Duties

The estimates for the current year 2003-04 are as follows:

2003-04	India	Maharashtra	Mumbai	Vidarbha
Corporation Tax	51,499	19,569	18,002	586
Income Tax	44,070	7,932	5,950	516
Union Excise Duties	96,791	24,198	15,486	1,209

Corporation Tax is not shared by the States. The Corporation Tax generated by the City of Mumbai is 30 times more than that generated by the 11 districts of Vidarbha. This Tax coming from Mumbai alone is 35% of the entire country. This shows the heavy concentration of Companies in the City of Mumbai.

Eighty five per cent of the Income Tax is returned back to the States according to the shares fixed by the Finance Commission. Out of the Rs 5686 Crores sent by Maharashtra, Rs 4265 Crores i.e 75% is generated in the Mumbai City alone. The 11 districts of Vidarbha generate only 370 Crores. If Vidarbha becomes a separate State, its share from the shareable proceeds will not be more than that of Assam and the upper limit will be 2.6%.

Forty five per cent of the proceeds of the Union Excise Duties are shareable by the States. Due to the heavy concentration of the Manufacturing Industries in Mumbai, this one city alone generates 64% of Excise duties of Maharashtra. If Vidarbha becomes a separate State, the Share of Vidarbha cannot be more than that of Assam which will be comparable in area and population but much backward. Thus the upper limit for Vidarbha's share will be 3.8%.

The money given as Vidarbha's share will be governed by the provisions of the Constitution of India and hence will be decided by the Finance Commission. A study of all the 11 finance Commissions has been made. The upper limit for Share in Income Tax is Rs 698 Crores and for Union Excise Duties is 1218 Crores.

Because of Mumbai, where weightage to collection is given, Maharashtra gets a larger share and in the internal distribution, much more money comes to Vidarbha in the Budget. By losing Mumbai, Vidarbha will lose the financial advantage.

UNDERSTANDING THE VIDARBHA BUDGET

The budgetary format of Revenue and Capital is not easily understood by the common man. An attempt is made here to present Vidarbha's budget in a more understandable format. The main committed expenditure from which Vidarbha cannot escape is that on the salaries of Government Employees and the School and College Teachers. After the fifth Pay Commission the average Salary of one Government servant in Maharashtra is Rs 2 Lakhs. Almost 2.25 Lakh Government Servants have their substantial service in Vidarbha and therefore they will have to be in Vidarbha. The net Expenditure on them will be Rs 4,500 Crores per year. Compared to the rest of Maharashtra, the number of Schools and Colleges in Vidarbha are more. The total expenditure on the School and College teachers in Vidarbha will be Rs 2,240 Crores. Our Interest payments will be Rs 1,400 crores and our installment of Repayment of Loans will be annually Rs 800 crores. The total expenditure on these four counts alone is Rs 8,940 crores. From all the sources which are available the total revenue and capital receipts of Vidarbha is Rs 7,770 crores. Which means that there will be Rs 1,170 crores less even for salaries of employees and teachers. A sum of Rs 660 Crores is required for other revenue expenditure and Rs 1000 crores are required for Capital Expenditure outside the revenue account which is the only account where the actual assets are created. Thus there will be a total deficit of Rs 2,848 crores. This means that the Vidarbha Government will not be able to run because there is no money for any other revenue expenditure. There will not be a single paisa for development because since there will be no money , the capital expenditure outside revenue account cannot be met.

(Rs. In Crores)

	Expenditure	Amt.	Receipts	Amt.
1	Salaries, wages and emoluments of Govt. Servants	4,500	Taxes Collected by the State	2,200
2	Salaries, wages and emoluments of School & College Teachers	2,240	Share in Centre's Taxes & Grants	2,200
3	Interest Payments	1,400	Non-Tax Revenue	1,050
4	Repayment of Loans	800	Loans	2,300
5	Other revenue expenditure to run the Government	660		
6	Capital Expenditure for development	1,000		
	TOTAL EXPENDITURE	10,600	TOTAL REVENUE	7,750
			TOTAL DEFICIT	2,850

Even if no development work is done, there will be still a deficit of 1850 crores only for running the Government. Government servants and teachers will not get their full pay even on the first day of the new Government. Government will try to tax more and more and this will lead to large scale dissatisfaction. No development work will take place because there would be no money in the budget. All the sources of loans will be exhausted and therefore there will not be any loan available. In short, the new Vidarbha State will not be able to run.

BUDGET OF MAHARASHTRA AND VIDARBHA (2002-03)

Revenue Receipts :

(Rs. In Crores)

Revenue Receipts		VIDARBHA		MAHARASHTRA	
		2000-01	2002-03	2000-01	2002-03
A	TAX REVENUE				
a	Taxes on Income and Expenditure				
	1) Taxes on Income other than Corporation Tax	514.00	227.31	1211.00	535.54
	2) Taxes on Agricultural Income				
	3) Other Taxes on Income & Expenditure (Profession Tax etc.)	184.00	253.00	800.00	1100.00
b	Taxes on property and Capital Transactions				
	4) Land Revenue	30.42	111.78	92.00	338.06
	5) Stamps and Registration	483.00	665.71	2100.00	2894.40
	6) Estate Duty (abolished)				
	7) Taxes on Immoveable Property other than Agricultural land				
c	Taxes on Commodities and Services				
	8) State Excise	360.00	450.00	1800.00	2250.00
	9) Sales Tax	722.00	942.25	12034.00	15705.00
	10) Taxes on Vehicles	72.00	114.80	715.00	1140.00
	11) Taxes on Goods and Passengers	51.48	85.79	396.00	659.90
	12) Taxes and Duties on Electricity	132.30	192.00	882.00	1280.00
	13) Other taxes and duties on Commodities and services	83.25	105.00	555.00	700.00
B	NON-TAX REVENUE				
a	Other Fiscal Services				
b	Interest Receipts Dividends and profits				
	14) Interest Receipts	183.90	80.81	1226.00	538.75
	15) Dividends and Profits	159.39	3.65	694.00	15.88
C	OTHER NON-TAX REVENUE				
a	General Services				
	16) Public Service Commission	0.03	0.03	0.11	0.12
	17) Police	14.95	42.55	65.00	185.00
	18) Jails	2.80	4.04	8.48	12.25
	19) Supplies and Disposal	0.14	0.00	0.60	0.01
	20) Stationary and Printing	10.09	5.90	43.89	25.66
	21) Public Works	13.68	19.32	59.47	83.98
	22) Other Administrative Services	10.10	14.38	43.44	61.86

(Rs. In Crores)

Revenue Receipts		VIDARBHA		MAHARASHTRA	
		2000-01	2002-03	2000-01	2002-03
	23) Contributions & Recoveries towards pensions & other retirement benefits	8.29	12.07	36.05	52.50
b	Social and Community Services				
	24) Miscellaneous General Service	22.73	672.43	98.93	2926.67
	25) Education, Sports & Culture	7.91	11.63	34.42	50.62
	26) Medical & Public Health	21.64	29.45	94.12	128.11
	27) Family Welfare	0.43	0.49	1.88	2.13
	28) Water Supply & Sanitation	4.48	2.64	13.60	8.00
	29) Housing	3.13	29.18	13.62	126.96
	30) Urban Development	3.51	7.57	16.31	35.18
	31) Information & Publicity	0.12	0.17	0.39	0.55
	32) Labour & Employment	6.20	7.24	26.97	31.50
	33) Social Welfare & Security	6.33	7.13	27.52	30.98
	34) Other Social & Community Service	12.00	24.22	52.00	104.94
c	Economic Services				
	35) Crop Husbandary	6.11	147.94	18.54	448.90
	36) Animal Husbandary	1.16	43.09	5.04	187.22
	37) Dairy Development	121.14	140.36	700.00	811.04
	38) Fisheries	0.65	5.21	2.82	22.60
	39) Forest & Wild Life	120.00	177.47	200.00	295.79
	40) Food Storage & Nutrition	0.29	22.76	0.88	69.07
	41) Cooperation	11.08	27.98	48.16	121.63
	42) Other Agricultural Prog.	0.18	62.38	0.55	190.62
	43) Land Reforms	0.83	2.22	2.50	6.69
	44) Other Rural Development Prog.	6.46	4.63	28.09	20.12
	45) Major, Medium & Minor Irrigation	9.07	28.36	60.44	189.00
	46) Power	116.97	24.45	409.00	85.50
	47) Village & Small Industries	2.16	2.30	9.40	10.00
	48) Industries	0.23	0.46	1.00	2.00
	49) Non Ferrous Mines & Metallurgical Industries (includes Coal Royalty etc)	201.63	240.04	336.00	400.00
	50) Roads & Bridges	1.23	1.07	3.75	3.25
	51) Other General Misc. Services	2.96	3.95	12.88	17.18
D	GRANTS-IN-AID AND CONTRIBUTION				
	52) Grant in Aid from Central Government (for Schemes)	406.41	685.66	1767.00	2981.14
	53) States Share of Basic Union Excise Duties	1173.00	1987.77	1473.00	2940.02
	54) States Share of Additional Excise Duties in lieu of Sales Tax	92.00		398.00	
	TOTAL RECEIPTS ON REVENUE ACCOUNT	5397.86	7730.64	28618.85	39826.32

BUDGET OF MAHARASHTRA AND VIDARBHA (2002-03)

Revenue Expenditure :

Rs. In Crores

Revenue Expenditure		VIDARBHA		MAHARASHTRA	
		2000-01	2002-03	2000-01	2002-03
A	GENERAL SERVICES				
a	Organs of State				
	1) Legislature	7.62	9.21	33.12	40.02
	2) Governor	3.16	3.48	3.16	3.48
	3) Council of Ministers	10.16	12.12	10.16	12.12
	4) Administration of Justice	75.84	93.56	229.84	283.54
	5) Elections	3.18	5.20	13.85	22.64
b	Fiscal Services				
	6) Collection of Taxes on Income/Expenditure	183.86	252.86	799.42	1099.42
	7) Land Revenue	31.43	35.17	95.25	106.59
	8) Stamps & Registration	7.55	10.32	32.85	44.92
	9) State Excise	6.52	6.58	28.35	28.63
	10) Sales Tax	337.18	33.89	1446.61	145.40
	11) Taxes on Vehicles	118.47	215.62	515.09	937.49
	12) Other Taxes/Duties on Commodities and Services	54.74	97.13	238.42	423.06
c	General Services				
	13) Other Fiscal Services	7.91	10.66	34.40	46.38
	14) Interest Payments & Debt Servicing	1421.17	1954.80	6179.26	8499.47
	15) Public Service Commission	1.83	1.21	7.97	5.27
	16) Secretariate General Services	21.64	18.04	94.09	78.44
	17) District Administration	229.89	304.87	696.63	923.85
	18) Treasury & Accounts Administration	19.89	22.55	60.28	68.35
	19) Police	538.07	623.46	1630.54	1889.30
	20) Jails	16.36	31.20	49.58	94.54
	21) Supplies & Disposal	0.17	0.15	0.78	0.67
	22) Stationary & Printing	78.85	73.09	78.85	73.09
	23) Public Works	94.79	95.76	287.23	290.17
	24) Other Administrative Services	309.81	72.29	1346.99	314.30
	25) Pensions & retirement benefits	535.00	579.35	2326.35	2519.21
	26) Miscellaeneous General Services	10.35	1189.72	31.35	3603.63
B	SOCIAL SERVICES				
	27) General Education	2163.63	2701.29	6556.46	8185.73
	28) Technical Education	77.15	82.26	233.8	249.29

Rs. In Crores

Revenue Expenditure		VIDARBHA		MAHARASHTRA	
		2000-01	2002-03	2000-01	2002-03
	29) Sports & Youth Services	15.26	22.15	66.39	96.36
	30) Art & Culture	10.49	13.19	45.63	57.36
	31) Medical & Public Health	306.36	391.97	1332.40	1704.75
	32) Family Welfare	48.75	40.10	211.94	174.32
	33) Water Supply & Sanitation	195.29	247.68	849.07	1076.83
	34) Housing	26.16	44.81	261.54	447.98
	35) Urban Development	74.47	128.51	323.80	558.78
	36) Information & Publicity	6.66	6.32	20.17	19.14
	37) Welfare of ST/SC/OBC	208.11	359.49	630.65	1089.39
	38) Labour & Employment	67.10	66.55	203.34	201.67
	39) Social Security & Welfare	112.20	172.33	340.01	522.24
	40) Nutrition	50.14	62.41	217.98	271.34
	41) Relief of Natural Calamities	22.31	41.92	97.00	182.25
	42) Secretariate Social Services etc.	5.26	6.42	22.85	27.89
C	OTHER NON-TAX REVENUE				
	43) Crop Husbandry	133.77	148.13	405.37	448.90
	44) Soil & Water Conservation	6.45	6.60	19.56	20.00
	45) Animal Husbandry	54.55	61.78	165.32	187.22
	46) Dairy Development	160.86	178.49	730.95	811.05
	47) Fisheries	5.30	5.19	23.08	22.60
	48) Forestry & Wild Life	184.65	177.47	307.75	295.79
	49) Food Storage & Warehousing	17.39	15.88	75.63	69.08
	50) Agricultural Research/Education	40.04	47.65	160.17	190.62
	51) Cooperation	29.39	27.97	127.80	121.64
	52) Rural Development/Hill Areas	213.15	41.14	645.92	124.67
	53) Irrigation & Flood Control	109.29	47.31	728.63	315.43
	54) Energy	10.34	244.00	31.34	739.56
	55) Industry and Minerals	9.77	26.73	42.51	116.30
	56) Transport	3.46	3.85	15.06	16.76
	57) Science Technology & Environment	5.01	7.20	21.81	31.35
	58) General Economic Services	20.67	64.56	89.89	280.78
D	GRANTS-IN-AID AND CONTRIBUTIONS				
	59) Grants in Aid and Contributions	134.67	169.60	585.53	737.38
TOTAL EXPENDITURE ON REVENUE ACCOUNT		8653.54	11413.26	31859.77	40948.43

BUDGET OF MAHARASHTRA AND VIDARBHA (2002-03)

Capital Receipts and Capital Expenditure :

Rs. In Crores

Capital Receipts		VIDARBHA		MAHARASHTRA	
		2000-01	2002-03	2000-01	2002-03
1	Internal Debt of the State Government	781.08	2672.96	3396.52	20721.83
2	Loans & Advances from Central Government	796.47	280.69	4789.32	1687.82
3	Loans & Advances by the State Government	69.69	84.92	303.13	369.36
4	Net Receipts on Public Account	625.83	303.82	2668.28	1295.36
5	Other Receipts				
Total Receipts on Capital Account		2273.07	3342.39	11157.25	24074.37
Capital Expenditure					
1	Capital Expenditure outside the Revenue Account	1013.53	1140.02	3071.33	3454.64
2	Repayment of Internal Debt of the State Government	600.76	3130.67	2612.18	13612.58
3	Repayment of Loans & Advances from the Central Government	199.64	301.55	868.73	1312.18
4	Loans and Advances by the State Government	150.80	287.65	654.30	1248.09
Total Expenditure on Capital Account		1964.73	4859.89	7206.54	19627.49

BUDGET OF MAHARASHTRA AND VIDARBHA (2002-03)

	MAHARASHTRA	VIDARBHA
Total Revenue Receipts	39826.32	7730.64
Total Capital Receipts	24074.37	3342.39
Total Receipts	63900.69	11073.03
Total Revenue Expenditure	40948.43	11412.9
Total Capital Expenditure	19627.49	4859.89
Total Expenditure	60575.92	16272.79
Total Budget Surplus/Deficit	3324.77	-5199.76