

## LONG TERM IRRIGATION FUND (LTIF)

### 1. Genesis of LTIF

The Hon'ble Union Finance Minister, during his Budget Speech 2016-17, has announced creation of a dedicated Long Term Irrigation Fund (LTIF) in NABARD with an initial corpus of `20,000 crore for funding and fast tracking the implementation of incomplete major and medium irrigation projects. A Mission has been established in the Ministry of Water Resources, River Development and Ganga Rejuvenation (MoWR, RD & GR) for overall implementation of the scheme. The Long Term Irrigation Fund (LTIF) aims to bridge the resource gap and facilitate completion of these projects during 2016-2020. 23 projects (priority-I) have been identified to be completed by 2016-17, 31 projects (priority –II) have been identified to be completed by 2017-18 and balance 45 projects (priority – III) have been identified to be completed by 2019-20.

### 2. Financial Requirements

The estimated Central Assistance and state share requirements for Accelerated Irrigation Benefit Program (AIBP) and Command Area Development and Water Management (CADWM) works for the identified projects assessed by MOWR, RD & GR, as on 01.04.2016 are as under :-

(` in crore)

<b>Year</b>	<b>Central Assistance</b>	<b>State Share</b>	<b>Year-wise total</b>
2016-17	11918	17787	29705
2017-18	7930	10644	18574
2018-19	7121	10548	17669
Dec 2019	4373	7274	11647
<b>Total for project works</b>	<b>31342</b>	<b>46253</b>	<b>77595</b>
1% of CA for concurrent evaluation/ social audit, third party monitoring and evaluation, IEC, IT and professional services, administrative expenses	313	-	313
<b>Grand Total</b>	<b>31655</b>	<b>46253</b>	<b>77,908</b>

### **3. LTIF corpus**

As per the proposal of MoWR, RD & GR approved by the Union Cabinet, the initial LTIF corpus shall comprise of a mix of various sources like Budgetary Allocation from Govt. of India (GoI)/ Extra Budgetary Resources through GOI fully serviced bonds to be raised by NABARD and direct market borrowings by NABARD. In respect of GoI fully serviced bonds in the nature of extra budgetary resources, the Government of India will make budgetary provision each year for the entire period of the bond for coupon payments to bond investors.

### **4. Eligible borrowing entity**

For Central share, National Water Development Agency (NWDA), a society registered under Societies Registration Act 1860 and functioning under Ministry of Water Resources (MoWR), Government of India would borrow resources from LTIF. The State Governments can borrow funds directly from NABARD under LTIF to meet the state share in the projects or to deploy their own resources.

The identified 99 projects are in 18 States, viz; Andhra Pradesh, Assam, Bihar, Chhattisgarh, Goa, Gujarat, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Odisha, Punjab, Rajasthan, Telangana and Uttar Pradesh.

### **5. Appraisal and monitoring**

As per the approved proposal, all the projects to be funded under LTIF shall be appraised at the field level jointly by CWC and State Government. Regional Offices of CWC will also monitor the physical progress of the projects once in six months.

### **6. Sanction of loans on program basis**

LTIF loans to NWDA and State Governments would be sanctioned by NABARD on a program mode, based on the appraisal of individual projects by Central Water Commission (CWC), recommended by Technical Advisory Committee (TAC) and accorded investment clearance by the Planning Commission/GoI. Based on the original approval by GoI, these projects are already under implementation and the various statutory requirements/clearances such as environment, forest, etc. are in place and available with NWDA / MoWR, RD & GR. Loan proposals of both NWDA and State Govts. shall be recommended by MoWR/ Mission to NABARD for sanction of loan. NABARD shall place the proposals to the Project sanctioning Committee (PSC), sub-committee of the Board of NABARD for sanction.

### **7. Interest rate & repayment period**

As approved by the Union Cabinet, the Ministry of Finance shall allow NABARD for cost free funds of appropriate amount each year from 2016–17 to 2019-20 so that rate of interest on lending under LTIF is maintained at around 6%.

Loan assistance under the fund shall be for a period of upto 15 years with a moratorium period of 03 years. The loan to NWDA would be repaid in quarterly instalments while State Governments would repay loan in annual instalments. Interest would be payable at quarterly intervals. During the moratorium period also the interest would be serviced by the borrowing entity.

## **8. Proposed Implementing Structure**

The scheme is proposed to be completed in a mission mode and following structure for decision making and project approval has been proposed by MoWR, RD & GR, GoI.

- (i) **High Level Empowered Committee** – For new projects costing above `2000 crore each - comprising of Finance Minister, Minister (WR, RD & GR), Minister of Agriculture, Co-operation and farmer Welfare, Minister of Rural Development, Deputy Chairman, Niti Aayog.
- (ii) **Council** – For new projects costing above Rs 1000 crore and upto `2000 crore each – comprising of CEO, Niti Aayog, Secretary (WR, RD & GR), Secretary (A&Co), Secretary (RD), Secretary (Finance) and Chairman, NABARD.
- (iii) **Mission** – For new projects costing upto ` 1000 crore each and Central Assistance (CA) release for all the ongoing projects and 2 National projects – Additional Secretary / Special Secretary, MoWR, RD & GR may be the Mission Director.

## **9. Progress so far**

As per the loan application received from NWDA, a loan amount of Rs 19702 crore has been sanctioned by the National Bank for Agriculture and Rural Development (NABARD) to National Water Development Agency (NWDA) towards central share of 50 identified irrigation projects of 11 states (Andhra Pradesh, Assam, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Manipur, Odisha, Punjab, Rajasthan, Telangana), under the Long Term Irrigation Fund (LTIF). The irrigation potential utilisation is estimated to be 39.14 lakh hectares, on completion of the 50 projects sanctioned.

An amount of Rs 1500 crore was released to NWDA in the august presence of Hon' Ble Finance Minister and Sushree Uma Bharati, Hon' ble Minister of Water Resources, River Development and Ganaga Rejuvenation, (MoWR, RD & GR) towards first instalment. These funds for release by NWDA to the respective State Governments as central share for carrying out the works under sanctioned projects.

The MoWR, RD & GR has set up a Mission to oversee the speedy implementation of total 99 identified projects with funding arrangements under LTIF.

