

# Micro Irrigation Fund (MIF)

October 15, 2019

**Source:** *Yojana Magazine*

In 2018, the Cabinet Committee on Economic Affairs chaired by the Prime Minister approved an initial Corpus of Rs.5,000 crore for setting up of a dedicated “Micro Irrigation Fund” (MIF) with NABARD under Pradhan Mantri Krishi Sinchayee Yojana (PMKSY)

## Key highlights

- The allocation of Rs. 2,000 crore and Rs. 3,000 crore will be utilized during 2018-19 and 2019-20 respectively. NABARD will extend the loan to State Governments during this period. Borrowings from NABARD shall be paid back in 7 years including the grace period of two years.
- The lending rate under MIF has been proposed at 3% lower than the cost of raising the fund by NABARD.
- This cost shall be met from the ongoing scheme of PMKSY-PDMC by amending the existing guidelines

## Benefits

- The dedicated Micro Irrigation Fund **would supplement the efforts of Per Drop More Crop Component (PDMC) of Pradhan Mantri Krishi Sinchayee Yojana** in an effective and timely manner.
- With the additional investment for micro-irrigation accessing MIF, innovative composite/ commodity/ community/ cluster based micro irrigation projects/ proposals may bring about 10 lakh ha.
- The Fund will facilitate States to mobilize resources for their initiatives, including additional (top up subsidy) in implementation of PMKSY-PDMC to achieve the annual target of about 2 Million ha/year during the

remaining period of 14th Finance Commission under Per Drop More Crop Component of PMKSY as recommended by the Group of Secretaries.

### **Implementation Strategy and Targets:**

- **States may access MIF for innovative integrated projects, including projects in the Public-Private Partnership (PPP) mode** and also for incentivizing micro irrigation through an additional (top-up) subsidy over and above the one available under PMKSY-PDMC Guidelines and for covering additional areas.
- **Farmers Producers Organization (FPO)/Cooperatives/State Level Agencies can also access the funds with State Government Guarantee** or equivalent collateral. Farmers Co-operatives may access this fund for innovative cluster based Community Irrigation Projects.
- An **Advisory Committee** to provide policy direction and ensure effective planning, coordination and monitoring along with a Steering Committee for examining and approving the Projects/proposals from State Governments (total cost, eligible loan amount to the State and phasing), coordination and monitoring to ensure time-bound implementation of the assisted projects/proposals within approved cost and phasing is proposed to be constituted.