

Micro Irrigation Fund

July 23, 2020

Details:

- The allocation of Rs. 2,000 crore and Rs. 3,000 crore will be utilised 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
- The total financial implication on interest subvention comes to about Rs 750 crore.

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 mobilise 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. It should not be a substitute for the State's share in PMKSY-PDMC.
- 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.

Coverage:

- The approval shall have Pan India coverage. With the operation of MIF, it is expected that the States which are lagging behind in the adoption of Micro Irrigation would also be encouraged to take advantage of the fund for incentivizing farmers as being done by the good performing States. Besides, community-driven and innovative projects to be taken up by the States would bring additional coverage of Micro Irrigation.

Rationale:

- The Task Force on Micro Irrigation had estimated a potential of 69.5 m ha under micro-irrigation, whereas the area covered so far is only about 10 m. ha (14%).

Further, the Group of Secretaries, 2017, emphasized on a target of 10 million ha under micro irrigation over the next 5 years, which would require additional annual coverage of about 1 million ha compared to the present pace of implementation. This can be accomplished by effective utilization of the resources of both PMKSY-PDMC and MIF in any or both of the following manner:

- To facilitate the States in mobilising the resources for expanding coverage of Micro Irrigation by taking up special and innovative projects
- To incentivise micro-irrigation beyond the provisions available under PMKSY-PDMC to encourage farmers to install micro-irrigation systems