



Special assistance measure for Andhra Pradesh by way of special dispensation in funding of Externally Aided Projects (EAPs) and funding of irrigation component of Polavaram project

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The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has given its approval for the Special assistance measure for the Successor State of Andhra Pradesh by way of special dispensation in funding of Externally Aided Projects (EAPs) and funding of irrigation component of Polavaram project.

The modalities for implementation of the announcements for providing central assistance to the State of Andhra Pradesh are as follows:

i. The Central Government will provide special assistance measure to Government of Andhra Pradesh, which would make up for the additional Central share the State might have received during 2015-16 to 2019-20, if the funding of Centrally Sponsored Schemes (CSS) would have been shared at the ratio of 90:10 between the Centre and the State. The special assistance will be provided by way of repayment of loan and interest for the Externally Aided Projects (EAPs) signed and disbursed during 2015-2016 to 2019-20 by the State.

ii. Funding of 100% of the remaining cost of the irrigation component only of the Polavaram project for the period starting from 1.4.2014, to the extent of the cost of the irrigation component on that date. Andhra Pradesh Government will execute the project on behalf of Government of India. However, the overall coordination, quality control, design issues, monitoring, clearances related issues etc. are to be dealt by the Polavaram Project Authority of Ministry of Water Resources, River Development & Ganga Rejuvenation. The Polavaram Project Authority will also assess out the cost of the irrigation component as on 01.04.2014 in consultation with the Department of Expenditure, Ministry of Finance.

This support for capital expenditure by way of repayment of EAP loans would help and assist the newly formed state of Andhra Pradesh to put the State's finances on a firmer footing and promote economic growth. Further, the central funding of the irrigation component of the Polavaram Irrigation Project and its execution by the State Government shall expedite completion of the project and the increase irrigation prospects in the State benefitting the people at large.

Background:

The Government of India, while fulfilling its commitments under Andhra Pradesh Reorganisation Act 2014, has already provided "Special Assistance" of Rs.1,976.50 crore to the state during 2016-17. The amount includes Rs.1176.50 for Resource Gap, Rs.350 crore for the development of 7 backward districts covering Rayalaseema & North Coastal region and Rs.450 crore as assistance to the capital city.

Apart from this the Ministry of Water Resources, River Development & Ganga Rejuvenation has also provided Rs.2081.54 crore for the Polavaram Irrigation Project during the current financial year. Thus the Central Government, after the enactment of the Reorganisation Act, has provided central assistance of Rs.10,461.04 crore to the state of Andhra Pradesh which includes Rs.4403 crore released during 2014-15, Rs.2000 crore released during 2015-16 and Rs. 4058.04 in released in 2016-17.

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