



Cabinet

Cabinet approves raising Extra Budgetary Resources upto Rs. 9020 crore for Long Term Irrigation Fund during the year 2017-18

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The Union Cabinet chaired by the Prime Minister Shri Narendra Modi today has given its approval for raising Extra Budgetary Resources (EBR) of upto Rs. 9020 crore as per the requirement during 2017-18 by NABARD through issuance of Bonds for ensuring lending rate of 6% per annum (pa) in respect of borrowings for implementation of Accelerated Irrigation Benefits Programme (AIBP) works of 99 ongoing prioritized irrigation projects along with their command area development (CAD) works under PMKSY.

A large number of major and medium irrigation projects taken up under Accelerated Irrigation Benefit Programme (AIBP) were languishing mainly due to inadequate provision of funds. During 2016-17, 99 ongoing projects under PMKSY- AIBP were identified for completion in phases by December-2019. To cater to the large fund requirement and ensure completion of these projects, the Union Finance Minister, during his Budget speech 2016-17, announced creation of dedicated Long Term Irrigation Fund (LTIF) in NABARD with an initial corpus of Rs. 20,000 crore for funding of Central and State share for the identified ongoing projects under PMKSY (AIBP and CAD).

To make the loan from NABARD attractive for states, it was decided that the rate of interest may be kept around 6% by providing requisite cost free funds to NABARD every year during 2016-17 to 2019-20 on which interest cost would be borne by Govt. of India.

During the year 2016-17, NABARD disbursed aggregate amount of Rs. 9086.02 crore under LTIF, out of which Rs. 2414.16 crore was released for Polavaram project (without EBR component) and balance Rs. 6671.86 crore was released to identified projects using EBR. Further, an amount of Rs. 924.9 crore was disbursed as Central Assistance (CA) through budgetary provision. During 2016-17, overall an amount of Rs 2187 crore was raised by NABARD in the form of Government of India fully serviced bond as EBR.

During 2017-18, it is estimated that an amount of Rs 29,000 Crore may be required through LTIF, for which EBR of Rs 9020 cr would be required.

As per the status reported by the states and Central Water Commission during various review meeting, 18 projects have been completed/almost completed. Irrigation potential utilization is expected to be more than 14 lakh hectares during 2016-17 from all the 99 projects. During 2017-18, 33 more projects are likely to be completed. The completion of the identified irrigation projects will generate immediate wage and other employment opportunities in good measure during the construction phase. More importantly, on completion of the projects, the utilization of irrigation potential of about 76 lakh hectares will transform the agriculture scenario of the region resulting in generation of substantially more employment opportunities through increase in cropping intensity, change in cropping pattern, agro processing and other ancillary activities.

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