

Micro Irrigation Fund (MIF)

Operational Guidelines

**Department of Agriculture & Farmers Welfare
Ministry of Agriculture & Farmers Welfare
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Operational Guidelines of Micro Irrigation Fund (MIF)

1. Introduction

- 1.1. Water being the most critical input for agriculture, its judicious use is important to ensure sustainable agricultural development and food security. There is a need for adopting optimum cropping pattern and efficient water application that utilises available water resources in an efficient manner. The saving of water will not only help in improving soil health, enhancing productivity and providing environmental advantage, but also in supporting irrigation with extended coverage for a longer duration from the same source of water.
- 1.2. The water use efficiency of protective irrigation sources through small water harvesting structures in rainfed areas can be enhanced by integrating them to micro-irrigation systems and provide life saving irrigation to the standing crop. Micro irrigation techniques not only help in water saving but also in reducing fertilizer usage, labour expenses, and other inputs and input costs, besides sustaining soil health. Micro-irrigation systems deliver water savings of upto 40 per cent over conventional flood irrigation methods, along with appreciable crop productivity and income enhancement.
- 1.3. Department of Agriculture & Farmers Welfare (DA&FW) has been playing a leading role since VIII Plan for the promotion of improved irrigation methods like drip and sprinkler irrigation. DA&FW launched centrally sponsored scheme on Micro Irrigation in 2005-06, which was subsequently converted as National Mission on Micro Irrigation in 2010-11. During 2014-15, the scheme was subsumed as On-Farm Water Management component of National Mission for Sustainable Agriculture (NMSA) and further subsumed under Per Drop More Crop (PDMC) Component of Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) in the year 2015-16. During 2015-16 to 2021-22, PDMC was implemented under PMKSY. From the year 2022-23, the scheme is being implemented under the Pradhan Mantri Rashtriya Krishi Vikas Yojana (PM-RKVY).
- 1.4. With a view to provide impetus to the micro irrigation, in the Union Budget 2017-18, Hon'ble Finance Minister announced setting up of a dedicated Micro Irrigation Fund (MIF) with NABARD with an initial corpus of Rs. 5000 crore. Accordingly, Micro Irrigation Fund was set up in 2018-19 to facilitate the States to mobilize additional resources for expanding coverage of Micro Irrigation. This fund has been augmented by another Rs.5000 Crores pursuant to Hon'ble Finance Minister's announcement in the

Budget Speech 2021-22 with the approval of Union Cabinet in its meeting held on 3rd October, 2024.

2. Rationale

- 2.1. The Task Force on Micro Irrigation had estimated a potential of 69.6 m ha for coverage under micro irrigation. MIF would facilitate the States/UTs in augmenting their resources to provide top-up subsidy as well as to take up innovative projects on micro irrigation which would help in covering more area under micro irrigation. The additional funds of Rs.5000 Crores would help in further accelerating the pace of coverage of area under micro irrigation.
- 2.2. It is observed that while Western and Southern States use substantial portion of the allocated amount under PDMC Scheme, remaining States particularly in the Indo-Gangetic Plain, Eastern and North-Eastern regions are not availing adequate benefits from the programme.
- 2.3. Farmers in States with high MI coverage are mainly encouraged by offering an additional (Top up) subsidy by these States, in addition to the subsidy available under the PDMC Scheme. With the operationalization of MIF, it is expected that the States/UTs which are lagging behind, would also be encouraged to promote micro irrigation on a larger scale in the line of better performing States.
- 2.4. There is also a need to cover more area with micro irrigation in irrigation commands to improve water use efficiency for bringing additional area under assured irrigation and enable water availability to tail-end farmers.

3. Objective

The main objective of the fund is to facilitate States/UTs in mobilising their resources for expanding coverage of Micro Irrigation by taking up special and innovative projects and also for incentivising micro irrigation beyond the provisions available under PDMC to encourage farmers to install micro irrigation systems.

4. Strategy for implementation of Micro Irrigation Fund (MIF)

- 4.1. MIF would not only facilitate States/UTs in incentivising and mobilizing resources for achieving the target envisaged under PDMC but also in bringing additional coverage through special and innovative initiatives by State/UT Governments/ Administration.

- 4.2. The fund is to be accessed by the State/UT Government/Administration and not by individual farmers.
- 4.3. States/UTs may access MIF for incentivising micro irrigation through an additional (top up) subsidy over and above the one available under PDMC Guidelines for achieving the target. The proposal for this purpose should clearly indicate the details of the approved Annual Action Plan of PDMC and extent of fund required under MIF for top up subsidy.
- 4.4. The MIF should not be a substitute for State's share in PDMC.
- 4.5. States/UTs may access MIF exclusively for innovative integrated projects (such as high water duty crops like sugarcane/solar linked systems/ Micro irrigation in PPIC/ commands etc.) including projects in the Public Private Partnership (PPP) mode depending on State/UT's specific requirements. The project proposal should clearly indicate the component/activity wise source of funding viz. MIF/State/UT Government/PDMC/Farmers' share and convergence, if any, from other programmes/schemes of GoI/State Government.
- 4.6. Coverage of more area with micro irrigation in irrigation command to improve water use efficiency and bring additional area under assured irrigation is also need of the hour. MIF may be accessed for taking up such projects in commands, wherever necessary.
- 4.7. Farmers Producers Organizations (FPOs)/ Cooperatives/ Water User Associations (WUAs)/ State Level Agencies can also access the funds with State/UT Government Guarantee or equivalent collateral in the alternate. These organizations may access this fund for innovative cluster based Community Irrigation projects for Micro irrigation coverage. The cluster size would be preferably 20 ha or more in North Eastern & Himalayan States and 50 ha or more in other States. The general procedure for accessing MIF is prescribed in Para 5.1 of the Operational Guidelines.
- 4.8. For better implementation of the programme, States/UTs should ensure assured energy support for installation of MI.
- 4.9. Borrowings from NABARD shall be paid back in 7 years including the moratorium period of 2 years. The State/UT Government/Administration shall repay the loan to NABARD as per the instructions as specified in the Terms

and conditions of the Sanction letter and disbursement advice issued by NABARD.

- 4.10. To keep the borrowing under MIF attractive for the State/UT Governments/ Administration, NABARD shall lend at 2% lower interest rate than the corresponding cost of funds mobilized by NABARD from the market. The cost of fund shall include the rate at which NABARD borrows from the market and NABARD's margin of 0.60 p.a. Else, the cost of funds shall be the FIMMDA rate applicable to AAA rated PSU entities for equivalent tenor, observable on FIMMDA website on one day prior to the date of disbursement plus NABARD's margin of 0.60%. The interest subvention amount shall be paid to NABARD on annual/periodical basis by Government of India @ 3% on the amount already sanctioned and disbursed. However, interest subvention by Government of India would be 2% on the loan amount which has been sanctioned but not disbursed as well as the amount which may be sanctioned in future to States/UTs. The expenditure on interest subvention to be paid by Government of India shall be met from the ongoing scheme of PDMC under PM-RKVY with provisioning of appropriate Budget head.
- 4.11. The loan amount shall be given to States/UTs in a perspective manner for the purpose which it has been sanctioned.
- 4.12. Technical requirements/ standards, cost norms etc. for various activities/interventions involved in projects/proposals will be as per the existing Operational Guidelines of Per Drop More Crop. For additional activities/interventions involved in formulation and implementation of projects /proposals, not covered therein, concerned subject matter scheme Guidelines of Government of India will be followed for technical requirements/ standards, cost norms etc.
- 4.13. While formulating innovative proposals under MIF, it shall be ensured that Micro Irrigation activity is the major component of the proposal.
- 4.14. The company must provide free after sales service to the farmers for three years from the date of installation of system.
- 4.15. While preparing the Proposals/Projects, due priority should be given to small and marginal farmers in selection of beneficiaries and wherever possible, Operational Guidelines of PDMC should be adopted.

5. Implementation mechanism:

- 5.1. An Advisory Committee chaired by Secretary, DA&FW will provide policy direction and ensure effective planning, coordination and monitoring; and Steering Committee chaired by CEO, NRAA will examine and approve the Projects/proposals from State/UT Governments/ Administration (total cost, eligible loan amount to the State and phasing) which are recommended by State/UT Level Sanctioning Committee (SLSC) of the concerned State/UT Govt., including those bodies seeking direct funding without State/UT Government/Administration guarantee. The Steering committee will also coordinate and monitor to ensure time bound implementation of the assisted projects/proposals within approved cost and phasing. The proposals shall be sanctioned by the Steering Committee & then recommended to NABARD for grant of loan, if found eligible.
- 5.2. The composition of the **Advisory Committee** and **Steering Committee** are as under:

5.2.1 Advisory Committee

i.	Secretary, Department of Agriculture Farmers Welfare (DA&FW)	Chairman
ii.	Secretary, Department of Water Resources, River Development & Ganga Rejuvenation	Member
iii.	Secretary, Department of Land Resources	Member
iv.	Secretary, Ministry of New & Renewable Energy	Member
v.	Secretary, Ministry of Rural Development	Member
vi.	Chief Executive Officer (CEO), National Rainfed Area Authority (NRAA)	Member
vii.	Chairman, NABARD or his rep. not below the rank of DMD	Member
viii.	Joint Secretary, NRM/RFS, DA&FW	Member Secretary

5.2.2. Steering Committee:

i.	Chief Executive Officer, National Rainfed Area Authority (NRAA) / Additional Secretary, DA&FW	Chairman
ii.	Chief General Manager, NABARD	Co-Chairman
iii.	Joint Secretary, Crops, DA&FW	Member
iv.	Representative from Department of Land Resources	Member
v.	Commissioner, Command Area Development (CAD), (DoWR, RD &GR)	Member

vi.	Joint Secretary, Ministry of New & Renewable Energy	Member
vii.	Sr .Advisor/ Advisor Agriculture, NITI Aayog	Member
viii.	Representative of IFD, DA&FW	Member
ix.	Representative of the State seeking assistance from the Corpus	Member
x.	Joint Secretary, NRM/RFS, DA&FW	Member Secretary

5.3 Role and Function of the Committees:

5.3.1 The Advisory Committee will provide policy direction and ensure effective planning, coordination and monitoring of the Micro Irrigation Fund. The Committee will also to establish an effective inter and intra Departmental / Ministerial co-ordination for accomplishing key deliverables of Micro Irrigation Fund and to review the activities of the Mission and suggest corrective measures.

5.3.2 The Steering Committee will examine and approve the Projects/Proposals from State Governments (total cost, eligible loan amount to the State and Phasing). The Committee will also coordinate and monitor to ensure time bound implementation of the assisted projects/proposals within approved cost and phasing. The proposals of the States shall be recommended to NABARD by the Steering Committee, for grant of loan, if found eligible.

6. Monitoring Mechanism

6.1 The scheme will be implemented under the frame work of PDMC and all monitoring and evaluation provisions prescribed shall also be applicable to MIF.

6.2 The existing institutions, monitoring information system, Direct Benefit Transfer (DBT) and geo- tagging of infrastructure created under PDMC will also be applicable for monitoring of MIF. The progress and information on the activities undertaken through the MIF shall be reported in National Portal of PDMC.

7. Memorandum of Agreement:

7.1. A Memorandum of Agreement will be signed between the State/UT Government/Administration, NABARD and DA&FW to ensure effective implementation and periodic repayment of loan and interest to NABARD. The Operational Guidelines for sanction and release of loan out of MIF and any modifications thereto shall be read as part and parcel of this Memorandum of Agreement.

7.2. A format of Memorandum of Agreement (MoA) is Annexed.