Pradhan Mantri Krishi Sinchayee Yojana

Micro Irrigation Fund

Operational Guidelines

Department of Agriculture, Cooperation & Farmers' Welfare
Ministry of Agriculture & Farmers'Welfare
Government of India

2018

Operational Guidelines of Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) – 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 source through small water harvesting structures in rainfed areas can be enhanced by integrating them to micro-irrigation systems, and provide live 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, Cooperation & Farmers Welfare (DAC&FW) has been playing a leading role since VIII Plan for the promotion of improved irrigation methods like drip and sprinkler irrigation. DAC&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 Component of PMKSY.

1.4. The Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) was launched on 1st July, 2015 with the objective to achieve convergence of investments in irrigation sector at field level. The scheme aims at providing end-to-end solutions in irrigation supply chain, viz., water resources, distribution network, farm level applications and improving water use efficiency. PMKSY not only focuses on creating sources for assured irrigation, but also creating protective irrigation by harnessing rain water at micro level through 'Jal Sanchay' and 'Jal Sinchan'. Micro irrigation (MI) is an integral component of PMKSY to maximise water use efficiency at field level and ensuring 'Per Drop-More Crop' (PMKSY-PDMC).

1.5. 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) to be instituted with NABARD with an initial corpus of Rs. 5000 crore for facilitating the States to mobilize additional resources for expanding coverage of Micro Irrigation.

2. Rationale

2.1. The Task Force on Micro Irrigation had estimated a potential of 69.5 m ha under micro irrigation, whereas the area covered so far (2017-18) is only about 10 m. ha (14%). Considering the importance of efficient water management, the Group of Secretaries, 2017, emphasized on target of 10 million ha under micro irrigation over the period of 5 years (2017-18 to 2021-22), which would require an 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. It is expected that MIF would not only facilitate States in incentivising and mobilizing resources for achieving the target envisaged under PMKSY-PDMC but also in bringing additional coverage through special and innovative initiatives by State Governments.

2.2. It is observed that while Western and Southern States use substantial portion of the allocated amount under PMKSY-PDMC Scheme, remaining states particularly in the Indo-Gangetic Plain, Eastern and North-Eastern regions are not availing of adequate benefit 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 Scheme. With the operationalization of MIF, it is expected that the States 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 shall be to facilitate the States in mobilising the 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 PMKSY-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 in incentivising and mobilizing resources for achieving the target envisaged under PMKSY-PDMC but also in bringing additional coverage through special and innovative initiatives by State Governments.

4.2. The loans will be extended by NABARD to the State Governments during the remaining period of 14th Finance Commission i.e. during 2018-19 and 2019-20 with an allocation of Rs. 2000 crore and Rs. 3000 crore respectively.

4.3. The fund is to be accessed by the State Government and not by individual farmers.

4.4. States may access MIF for incentivizing micro irrigation through an additional (top up) subsidy over and above the one available under

PMKSY-PDMC Guidelines for achieving the target. The proposal for this purpose should clearly indicate the details of the approved Annual Action Plan of PMKSY -PDMC and extent of fund required under MIF for top up subsidy.

4.5. The MIF should not be a substitute for State's share in PMKSY-PDMC.

4.6. States may access MIF exclusively for innovative integrated projects (like high water duty crops like sugarcane/solar linked systems/ Micro irrigation in commands etc.) including projects in the Public Private Partnership (PPP) mode depending on State specific requirements. The project proposal should clearly indicate the component/activity wise source of funding viz. MIF/State Government/PMKSY- PDMC/Farmers' share and convergence if any from other programmes/schemes of GoI/State Government.

4.7. 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.

4.8. Farmers Producers Organizations (FPOs)/Cooperatives/Water User Associations (WUAs)/State Level Agencies can also access the funds with State 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 and50 ha or more in other States. The general procedure for accessing MIF is prescribed in Para 5.1 of the Operational Guidelines.

4.9. For better implementation of the programme, States should ensure assured energy support for installation of MI.

4.10. Borrowings from NABARD shall be paid back in 7 years including the grace period of 2 years starting from 2018-19 to 2026-27.The State Government 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.

4.11. To keep the borrowing under MIF attractive for the State Governments, NABARD shall lend at 3% 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. The interest subvention amount shall be paid to NABARD on annual/periodical basis by Government of India. This cost shall be met from the ongoing scheme of PMKSY-PDMC with provisioning of appropriate budget head. However, the Interest subvention will be restricted to Rs. 150 crore of budgetary outlay per year.

4.12. The loan amount shall be given to States in a perspective manner for the purpose which it has been sanctioned.

4.13. Technical requirements / standards, cost norms etc. for various activities/interventions involved in projects/proposals will be as per the existing Operational Guidelines of PMKSY - Per Drop More Crop (Micro Irrigation) (at Para 7 to 17). 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.

4.14. 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 (para 13.4 on page 15 should be adopted".

5. Implementation mechanism

5.1. An Advisory Committee chaired by Secretary, DAC&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 Governments (total cost, eligible loan amount to the State and phasing) which are recommended by State Level Sanctioning Committee (SLSC) of PMKSY, including those bodies seeking direct funding without State Government 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 screening 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, Cooperation & Farmers Welfare (DAC&FW)	Chairman
(ii)	Secretary, Ministry 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, DAC&FW	Member Secretary

5.2.2. Steering Committee:

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

(vii)	Advisor Agriculture, NITI Aayog	Member
(viii)	Representative of IFD, DAC&FW	Member
(ix)	Representative of the State seeking assistance from the Corpus	Member
(x)	Joint Secretary, NRM/RFS, DAC&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 PMKSY and all monitoring and evaluation provisions prescribed for PMKSY shall also be applicable to MIF.

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

7. Memorandum of Agreement:

7.1. A Memorandum of Agreement will be signed between the State Government, DAC&FW and NABARD 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 given at ANNEXURE-I.