

MODIFIED GUIDELINES FOR THE
ACCELERATED IRRIGATION BENEFITS PROGRAMME
EFFECTIVE FROM 1.4.2005

MAJOR & MEDIUM IRRIGATION PROJECTS

A) ELIGIBILITY CRITERIA FOR FUNDING

1. Only approved major and medium irrigation projects i.e. projects which have been accorded investment approval by the Planning Commission, which are in an advanced stage of construction and can be completed in the next four (4) financial years and which are not receiving any other form of assistance (NABARD, external aid, etc.) can be considered for inclusion in the programme. Components of projects not receiving other assistance can also be included under the programme. To avoid thin spreading of resources, State Governments will have to concentrate only on a few promising projects.
2. Only on completion of one project under the programme, inclusion of another project will be considered. However, Fast Track Projects and pre Fifth and Fifth Plan projects can be included under this programme without this stipulation.
3. For the KBK districts of Orissa, projects even in the initial stage of construction can be included.
4. The following categories of projects will get priority for inclusion in the programme:
 - (i) projects benefitting tribal/ drought prone areas
 - (ii) inter-State projects (All party States will be eligible individually for assistance).
 - (iii) projects with larger irrigated area per unit of additional investment.
5. For large projects, assistance will be given for their phased completion so that additional benefits can start flowing early. Projects on which more than 50% of the estimated cost has been incurred will be given priority.
6. Extension, Renovation, Modernisation (ERM) projects can be included subject to following conditions:

(a) can be permitted in States which have no major or medium projects to pose under AIBP and have thus not been availing AIBP.

(b) can be permitted:

(i) in States which have agreed to reform in water sector i.e. step up water rates to enable meeting full O&M cost over 5 years. (So far only Gujarat, Maharashtra, Madhya Pradesh, Rajasthan, Orissa and Jharkhand have signed necessary MoU).

(ii) in States which have enacted Participatory Irrigation Management legislation. OR

(iii) for ERM projects where new potential is also envisaged with water saved and not merely restoration of lost potential. OR

To ensure that funds do not flow only to ERM projects, not more than 10% of aggregate annual allocation under AIBP will be for ERM and 90% will thus be for completion of major and medium projects.

7. State Governments will be required to enter into a MoU with the MoWR (Annexure I) for each individual project under the programme indicating balance cost, balance potential, year-wise phasing of expenditure and balance potential and agreement to complete the project in 4 financial years with target completion date.

B) TERMS OF FUNDING AND MODE OF DISBURSEMENT

1. The assistance under the programme will be extended in the ratio of 2:1 (Centre : State) in the case of non-special category States and 3:1 (Centre : State) in the case of special category States on a projectise mode.

2. The assistance will be on the pattern of normal central assistance i.e. 70% loan & 30% grant in the case of non-special category States and 10% loan and 90% grant in the case of special category States and KB districts of Orissa.

3. The loan component of the assistance is to be raised by the States themselves from market borrowings and only the grant component will be released by the Centre. — LAC, MAHARAJ, ...
4. States which are considered fiscally weak and not being able to raise loan component by market borrowing, the Central Government would raise loan financing for the loan component of the Central assistance to such States.
5. The drought-prone areas, tribal areas and flood-prone areas in the country, to be identified in consultation with the Planning Commission, shall be treated at par with Special Category States for funding i.e., 90% grant and 10% loan.
6. During a financial year, the grant component will be released in two equal instalments. The first instalment will be released on confirmation of project-specific budget provision and receipt of utilization certificate for the required expenditure.
7. The second instalment will be released on receipt of utilization certificate for having incurred 70% of expenditure comprising the released grant component, required loan component to be raised by States and the State share.
8. Upto 15% of the assistance (grant & loan) can be utilized for meeting establishment expenditure to be adjusted against the State loan share.
9. Central releases will normally start in June after budget is passed. However for States which utilize the assistance by March, release of assistance in April-May will be considered subject to availability of funds.
10. The grant component together with the required loan component must be released to the project authorities by the State Government within 15 days of its release by the Government of India.
11. If State Governments fail to comply with the agreed target date for completion, the grant component released will be treated as loan and recovered as per usual terms of recovery of Central loans.
12. The Utilization Certificate shall be issued by the Chief Engineer of the project and countersigned by Secretary(WR/Irrigation)/Secretary (Finance) of the State Government.

13. The terms and conditions for the repayment of the loan component of the Central assistance if raised by the Centre would be as fixed by the lending agency.

14. The States would be required to submit Audited Statements Expenditure on the project within 9 months of the completion of the financial year.

15. The State Governments should confirm the project specific budget provision for grant component, State share and loan component raised by market borrowing.

C) SPECIAL PROVISIONS FOR REFORMING STATES

1) Criteria for categorising a State as reforming

- a) At the end of one year, calculation & communication of data to the State government of existing projects category-wise relative to actual O&M as Rs. per ha. and net revenue collection.
- b) At the end of three years - increase water rates to enable allocation of Rs.225/ha. for minor irrigation schemes and Rs.450/ha. to major & medium projects from revenue earned without subsidy as per XI Finance Commission.
- c) At the end of 5 years - further increase water rates to meet full O&M costs for all category of projects.

2) For States which agree to above milestones and submit required Undertaking (Annex II) to the MoWR, relaxed terms of assistance will be extended as under.

- a) For non special category States 4:1 (Centre:State).
- b) For special category States and for projects in KBK identified flood prone, tribal and drought prone areas, 1:0 (Centre : State).

3) In case of defaulting States, additional grant share released as per relaxed norms will be recovered fully from the States at prescribed rate of interest.

D) SPECIAL PROVISION FOR FAST TRACK PROJECTS:

- 1) Approved projects which can be completed in next two financial years can be posed by States under Fast Track component of AIBP.
- 2) The pattern of assistance will be 1:0 (Centre : State). The Central share will be on Normal Central Assistance pattern with grant component being released by Centre and loan component raised by States.
- 3) Establishment expenditure of projects under fast track will be entirely borne by States themselves.
- 4) The releases will be made in two instalments of 50% each. The second instalment will be released after full utilization of the 1st instalment.
- 5) State governments will sign a MoU with the MoWR for fast track projects (Annexure-III).

E) MONITORING OF PROJECTS

- 1) A comprehensive physical and financial periodical monitoring of major/medium projects will be carried out by Central Water Commission with emphasis on quality control. Fast track projects will be closely monitored. The releases of subsequent instalments will be based on the recommendations of Central Water Commission.
- 2) Monitoring of the programme will also be done by the Ministry of Programme Implementation.

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MODIFIED GUIDELINES FOR THE
ACCELERATED IRRIGATION BENEFITS PROGRAMME
EFFECTIVE FROM 1.4.2005

SURFACE MINOR IRRIGATION SCHEMES

(A) ELIGIBILITY CRITERIA FOR FUNDING

- 1) Surface Minor Irrigation(MI) Schemes (both new as well as on-going) of States of North-East, Hilly States (Himachal Pradesh, Sikkim , Jammu and Kashmir and Uttaranchal) and drought prone KBK districts of Orissa which are approved by State TAC/State Planning Department will be eligible under the programme. However, the State Government should submit only those proposals where the individual schemes are benefiting irrigation potential of at least 20 ha. and group of schemes (within a radius of 5 km) benefiting total ultimate irrigation potential of at least 50 ha. The proposed MI schemes should have benefit cost ratio of more than 1 and the development cost of these schemes per ha. should not exceed Rs.1.00 lakh.
- 2) For Non-Special category States, only those Minor Irrigation Schemes with potential more than 100 hectare with preference to Tribal Areas and drought prone areas which wholly benefit dalits and adivasis are to be included under AIBP. The State Government would give an undertaking (Annexure-IV) for their completion on schedule in two financial years, beneficiary contributing 10% in cost and formation of Water Users Association (WUA) for post-construction maintenance. The schemes to be taken up will be decided in consultation with Planning Commission.
- 3) The other conditions to be satisfied are
 - i) State Governments will be required to enter into a Memorandum of Understanding (MOU) (Annexure-I) for each individual/group of schemes under the programme with MoWR indicating balance cost, balance potential, year-wise phasing of expenditure and agreement to complete the scheme in two financial years with target of completion date.
 - ii) The projects which are already receiving assistance from external/domestic agencies such as NABARD will not be

eligible for Central Loan Assistance (CLA) under the programme.

(B) TERMS OF FUNDING AND MODE OF DISBURSEMENT

1. The assistance under the programme will be extended in the ratio of 2:1 (Centre : State) in the case of non-special category States and 3:1 (Centre : State) in the case of special category States on a projectised mode.
2. The assistance will be on the pattern of normal central assistance i.e. 70% loan & 30% grant in the case of non-special category States and 10% loan and 90% grant in the case of special category States and KBK districts of Orissa.
3. The loan component of the assistance is to be raised by the States themselves from market borrowings and only the grant component will be released by the Centre.
4. States which are considered fiscally weak and not being able to raise loan component by market borrowing, the Central Government would raise loan financing for the loan component of the Central assistance to such States.
5. The drought-prone areas, tribal areas and flood-prone areas in the country, to be identified in consultation with the Planning Commission, shall be treated at par with Special Category States for funding i.e., 90% grant and 10% loan.
6. During a financial year, the grant component will be released in two equal instalments. The first instalment will be released on confirmation of project-specific budget provision and receipt of utilization certificate for the required expenditure.
7. The second instalment will be released on receipt of utilization certificate for having incurred 70% of expenditure comprising the released grant component, required loan component to be raised by States and the State share.
8. Upto 15% of the assistance (grant & loan) can be utilized for meeting establishment expenditure to be adjusted against the State loan share.
9. Central releases will normally start in June after budget is passed. However for States which utilize the assistance by March, release of assistance in April-May will be considered subject to availability of funds.

10. The grant component together with the required loan component must be released to the project authorities by the State Government within 15 days of its release by the Government of India.

11. If State Governments fail to comply with the agreed target date for completion, the grant component released will be treated as loan and recovered as per usual terms of recovery of Central Assistance.

12. The Utilization Certificate shall be issued by the Chief Engineer of the project and countersigned by Secretary(WR/Irrigation)/Secretary (Finance) of the State Government.

13. The terms and conditions for the repayment of the loan component of the Central assistance if raised by the Centre would be as fixed by the lending agency.

14. The States would be required to submit Audited Statements of Expenditure on the project within 9 months of the completion of the financial year.

15. The State Governments should confirm the project specific budget provision for State share and loan component raised by market borrowing.

(C) SPECIAL PROVISION FOR REFORMING STATES

1) Criteria for categorizing a State as reforming

- (a) At the end of one year, calculation & communication of data by the State Government of existing projects category-wise relating to actual O&M as Rs. per ha. and net revenue collection.
- (b) At the end of three years - Increase water rates to enable allocation of Rs.225/ha. for MI schemes and Rs.450/ha. to Major & Medium projects from revenue earned without subsidy as per XI Finance Commission.
- (c) At the end of 5 years - Further increase water rates to meet full O&M costs for all category of projects.

- 2) For States which agree to above milestones and submit required Undertaking (Annex II) to the MoWR, relaxed terms of assistance will be extended as under.
- a) For non special category States 4:1 (Centre:State).
 - b) For special category States and for projects in KBK and identified flood prone, tribal and drought prone areas, 1:0 (Centre : State).
- 3) In case of defaulting States, additional grant share released as per relaxed norms will be recovered fully from the States at prescribed rate of interest.

(D) MONITORING OF PROJECTS

Monitoring system as given below is proposed for the projects availing CLA under the programme.

1. Monitoring of these schemes has to be done by a State Government mechanism independent of construction agencies. These schemes would also be monitored periodically and assessed against predetermined targets by Ministry of Water Resources/Central Water Commission.
2. Quarterly Physical/Financial progress report should be made available to Ministry of Water Resources. The Finance/Planning Department of the State Government should furnish utilization certificate before the release of the next instalment.
3. The State Governments should provide sufficient O&M funds for these schemes and on completion preferably hand these over to local Panchayats/water users associations.
4. Number of schemes submitted by the State Governments should be in keeping with the existing staff which can handle these optimally.

Memorandum of Understanding between the Ministry of Water Resources, Government of India and Government of.....on completion of irrigation project.

1. This memorandum of understanding is made between the Ministry of Water Resources, Government of India and the Government offor the completion of the ongoing.....irrigation project in the next four(4) financial years under the central assistance programme of the Government of India.
2. Theirrigation project was approved by the Planning Commission in.....for Rs.....crores to irrigate.....ha. annually.
3. According to the State Government, the latest estimated cost of the project is Rs.....crores, the expenditure till is Rs.....crores and a potential ofha. has already been created.
4. The balance cost for completion of the project is thus Rs.....crores with a balance potential of.....ha. The physical and financial details of the components to be covered under this programme are annexed.
5. The Ministry of Water Resources, Government of India agrees to extend Central assistance to cover the full balance cost of Rs.....crores for the completion of the project in the next four(4) financial years subject to the following conditions:
 - i) The project will be completed by the Government ofby.....Its completion will be informed immediately thereafter to the CWC, Ministry of Water Resources and the Planning Commission for deleting the project from the list of on-going projects.
 - ii) The Central assistance will be given in two instalments of 50% each on year to year basis.
 - iii) The second instalment will be released after 70% utilization of the 1st instalment of CLA alongwith State share.
 - iv) The terms and conditions for the repayment of the Central assistance will be as prescribed by the Ministry of Finance from time to time.
 - v) The project will be closely monitored by the Central Water Commission and the release of the second instalment will be based on the recommendation of the Central Water Commission.

vi) The State Government shall ensure required quality control in the execution of the works. This aspect will also be covered by the Central Water Commission in their monitoring report.

Signed on the day.....200 at New Delhi.

For and on behalf of the Govt.

Of.....

Secretary,

Government of.....

For and on behalf of

Government of.....

Commissioner(PR)

Ministry of Water Resources

UNDERTAKING BY THE STATE GOVERNMENT OF _____ FOR
ECONOMIC REFORMS IN IRRIGATION SECTOR

To

The President of India,
Acting through _____
(name, designation),
Ministry of _____
Government of India,
New Delhi.

In consideration of the President of India, acting through _____ having agreed for providing Central assistance to States for Economic Reforms in the irrigation sector under Accelerated Irrigation Benefits Programme (AIBP), the Governor of the State of _____ acting through (name, designation), Ministry/Department of _____ Government of _____ (hereinafter referred to as "the SG", hereby undertakes to review and rationalize the water rates for irrigation projects so as to recover full operation & maintenance cost within a period of maximum 5 (five) years for availing financial assistance under AIBP at proposed relaxed norms in the form of loan.

In pursuance to the aforesaid condition mentioned in the said AIBP, the SG do hereby declare and undertake as follows:

- i) Calculation and communication of the gap between actual O&M cost per hectare of major/medium irrigation project including multi-purpose projects and minor irrigation projects and realization of water rates as on the date of the undertaking within one year from the date of signing of the undertaking shall be intimated to the Government of India (hereinafter referred to as "the GOI")
- ii) Revision of water rate to reach the milestones for 3rd year within one year from the date of signing of the undertaking.
- iii) Actual net revenue collection equivalent to cost of O&M at Rs.225/ha. for Minor Irrigation Schemes and Rs.450/ha. for major and medium schemes within a period of 3 years from the date of signing of undertaking.

- iv) The SG agrees to further increase the water rates to meet full O & M costs of irrigation projects within 5 (five) years from the date of signing of undertaking.
- v) Half yearly progress report in respect of the steps taken by the SG for rationalizing the water rates shall be submitted to the GOI by 7th January and 7th July positively.
- vi) The SG shall will immediately inform non-adherence, if any, of the above programme and thereafter henceforth shall not make any claim for central assistance at proposed relaxed criteria.
- vii) In case of such failure, the SG will make extra efforts to meet the milestones set in the programme within one year otherwise additional central share as per relaxed norms provided to the SG shall be treated as withdrawn and recovered in one lumpsum instalment with interest as prescribed by the Ministry of Finance. Further Central assistance to the SG will be released as per existing norms.

Dated: _____

Place: _____

Signature _____

Secretary(WR/Irrigation) _____

Govt. of _____

For and on behalf of the Governor of

the state of _____

In presence of

(witness)

Memorandum of Understanding between the Ministry of Water Resources, Government of India and Government ofon completion of irrigation projects under Fast Track Programme.

1. This memorandum of understanding is made between the Ministry of Water Resources, Government of India and the Government of ----- for the completion of the ongoing ----- irrigation project in next two (2) financial years under the Central assistance programme of the Government of India for fast track projects.
2. The ----- irrigation project was approved by the Planning Commission in ----- for Rs.- ----- crores to irrigate----- ha. annually.
3. According to the State Government, the latest estimated cost of the project is Rs.,----- crores, the expenditure till..... is Rs.----- crores and a potential of ----- ha. has already been created.
4. The balance cost for completion of the project is thus Rs.-----crores with a balance potential of ----- ha. The physical and financial details of the components to be covered under this programme are annexed.
5. The Ministry of Water Resources, Government of India agrees to extend Central assistance to cover the full balance cost of Rs.----- crores for the completion of the project in next two (2) financial years subject to the following conditions :
 - i) The project will be completed by the Government of by..... Its completion will be informed immediately thereafter to the Central Water Commission, Ministry of Water Resources and the Planning Commission for deleting the project from the list of ongoing projects.
 - ii) The Central assistance will be given in two instalments of each 50% of the balance cost.
 - iii) The second instalment will be released after full utilization of the 1st instalment.
 - iv) The terms and conditions for the repayment of the Central assistance will be as prescribed by the Ministry of Finance from time to time.
 - v) The project will be closely monitored by the Central Water Commission and the release of the second instalment will be based on the recommendation of the Central Water Commission.
 - vi) The State Government shall ensure required quality control in the execution of the works. This aspect will also be covered by the Central Water Commission in their monitoring report.

- vii) Request for extension of time-limit for completion will not be normally entertained. Under special circumstances, extension of time-limit by one more year can be considered by the Ministry of Water Resources if proper justification is given by the State Government.
- viii) In the event of default by the State Government to complete the project in the stipulated time, the 100% Central assistance will be converted to normal AIBP funding assistance as per existing terms and conditions applicable to the State viz. special or non-special category and recoveries due on account of this made from the State Government with interest as prescribed by the Ministry of Finance in one lump by adjusting the same against the instalments of normal Central assistance.

Signed on the day-----200 at New Delhi

For and on behalf of the Govt.

Of-----

Secretary,

Government of -----

For and on behalf of

Government of India

Commissioner (PR)

Ministry of Water Resources

UNDERTAKING BY THE STATE GOVERNMENT OF _____ FOR
INCLUSION OF NEW SURFACE MINOR IRRIGATION SCHEMES IN NON-SPECIAL
CATEGORY STATES

To

The President of India,
Acting through _____,
(Name, Designation),
Ministry of _____,
Government of India,
New Delhi.

In consideration of the President of India, acting through _____ having agreed for providing Central Assistance to Surface Minor Irrigation Schemes under the Accelerated Irrigation Benefits Programme (AIBP), the Governor of the State of _____ acting through (name, designation), Ministry/Department of _____ Government of _____, hereinafter referred to as "the SG", do hereby declare and undertake as follows:-

- i) The SG agrees for the completion of surface minor irrigation schemes on schedule.
- ii) The SG agrees for 10% beneficiary contributing in cost.
- iii) The SG will form water-users association for post construction maintenance and formation of such water users association shall be intimated to Government of India within one year from the date of signing of the undertaking.
- iv) Quarterly progress report in respect of the Surface Minor Irrigation Schemes being implemented under AIBP shall be submitted to the Government of India by 7th January, April, July and October positively.
- v) In case of failure, the Central share provided to the SG under the programme shall be treated as withdrawn and recovered in one lump-sum instalment with interest as prescribed by the Ministry of Finance.

Date: _____

Place: _____

Signature _____

Secretary (WR/Irrigation) _____

Govt. of _____

For and on behalf of the Governor
of the State _____

In presence of

(witness)