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Central nod to Rs 1,400-crore financing for Polavaram project

The Ministry of Water Resources (MoWR), National Water Development Agency (NWDA) and National Bank for Agriculture and Rural Development (NABARD) signed a fresh Memorandum of Agreement (MOA) to provide for a total Rs 1,400 crore as part of the central share.

Just days after Andhra Pradesh Chief Minister N Chandrababu Naidu criticised the BJP-led Centre for allegedly putting hurdles in securing funds for the multi-purpose Polavaram Irrigation Project, the Centre on Thursday drew up a Rs 1,400-crore financing mechanism for the central share of the project for the current fiscal.

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Sources in the ministry told The Indian Express that the communication for immediate release of funds came from the Prime Minister's Office on Thursday evening. A letter was also sent on Thursday to the NWDA director general for payment of grant-in-aid for 2018-19 for the project amounting to Rs 310.93 crore under the Accelerated Irrigation Benefit Programme for 2018-19. This is over and above another Rs 1,089 crore sanctioned earlier in May.

Although the Centre had sanctioned Rs 1,400 crore earlier this year, the amount was not released due to procedural lapses, said a source. Naidu had said in March that this amount was never released, and that Rs 13,000 crore had been spent on the project since June 2014.

The central assistance comes amid the latest tussle between the BJP and its former ally TDP over financing of the project to take credit for what is considered the lifeline of the state, bringing benefits to farmers and reducing drinking water shortage. The TDP raised the pitch against the Centre on the Polavaram issue at

its party conclave earlier this week. Naidu had said that the project would be completed by 2019 irrespective of the Centre's help.

The Polavaram Irrigation Project, which was declared a national project as part of the legislation bifurcating the erstwhile Andhra Pradesh in 2014, has become a political issue in the run-up to 2019 Assembly elections in the state. The ruling TDP seeks to take credit for the project by promising to complete it ahead of the election. The TDP, consequently, blames the BJP at the Centre for stalling the project financing.

Dumped by the TDP as its alliance partner a few months ago, the BJP is trying to stay electorally relevant in the state by honouring the commitments made under the Andhra Pradesh Reorganisation Act, 2014. Polavaram, consequently, is one such project.

The Rs 1,400 crore fund sanctioned by the Centre will be done through Extra Budgetary Resources to be raised by NABARD through government serviced bonds. The central government revised the Memorandum of Agreement since it meant significant deviations from the existing mechanism of funding the project under the Long Term Irrigation Fund.
