

## **Minutes of the Fifth Meeting of the "Group on Financial Aspects under Task Force for Interlinking of Rivers" held on 06.02.2018 in the Committee Room of NWDA, Palika Bhawan, New Delhi.**

The fifth meeting of the "Group on Financial Aspects under Task Force for Interlinking of Rivers" was held under the Chairmanship of Dr. Prodipto Ghosh, Former Secretary to Govt. of India and Chairman of the Group on 06.02.2018 (Tuesday) at 11:30 AM in the Committee Room of NWDA, 3rd floor, Palika Bhawan, New Delhi. List of Members and other participants is enclosed as **Annex-I**.

At the outset, the Chair welcomed all the Members, Invitees and other participants. He mentioned that the tenure of the Group has already expired and NWDA has already processed the proposal for extension of the tenure of the Group by six months. So we may discuss work plan in detail so that work assigned to the Group is completed in next six months time. He once again expressed concern over absence of Member from NITI Ayog and enquired about the D.O. letter from Chairman, Task Force to NITI Ayog to depute some other officer from the Niti Ayog in case Sh. Dhiraj Nayyar was otherwise committed, He then requested Member Secretary of the Group to take up the agenda items one by one for discussion.

### **Item no.5.1 Confirmation of minutes of the Fourth meeting of the Group on Financial Aspect held on 09.01.2018:**

The minutes of the fourth meeting of the Group on financial aspects under Task Force for Interlinking of Rivers held on 09.01.2018 at New Delhi were circulated among the Members/Special Invitees vide NWDA's letter dated January 19, 2018. Since no comments were received from any Members, minutes of the fourth meeting held on 09.01.2018 were confirmed.

### **Item no.5.2.1 Presentation by NITI Ayog on projection of fiscal resources:**

This item was once again deferred for the next meeting as the representative of NITI Ayog could not come to attend the meeting due to some other pre-occupation. Chairman told that presentation of NITI Ayog is very essential to know the extent of Government funding for such infrastructure projects as well as various policy decisions having a bearing on the work of the Finance Group.

### **Item no.5.2.2 Presentation by Yes Bank on projections of possible flow of funds for the ILR programme from Indian Banks/ Financial Institutions:**

A team of Yes Bank including Shri Bhupesh Rathore, President, Strategic Govt. Advisory, Yes Bank, New Delhi (Representing Shri Rana Kapoor, MD & CEO, Yes Bank) made a presentation. A Financial Model projecting the finance available with IFIs for projects such as ILR prepared by YES BANK was presented. During presentation it was pointed out that in water resources sector the generation of revenue usually takes a long duration, so the question of who will give payment guarantee whether, State Govt. or Central Govt. becomes an important issue. During discussion it was pointed out that NHAI, Airport Authority and railway sector etc. are not facing any problem for funding, as they are revenue generating departments, and there is implicit payment guarantee by the Central Government.. Each assumption made in the presentation was deliberated by the group, and a consensus was arrived at that while the overall

approach was appropriate, the projections may be recast at constant prices of 2015-16 i.e. by getting rid of inflation. It was further suggested that we may for the present flag the issue of what could be the initial level of funding for the ILR project, on which annual growth in funding would happen, and reconsider the same in due course.

Further, the Chairperson concluded that the revised financial model should be presented in the next meeting alongwith trends of lending to different infrastructure sectors with/without Government Guarantee.

**Item no. 5.2.3 Cost analysis of Mahanadi-Godavari link and its impact on the cost of the entire ILR project (Presentation by NWDA):**

Shri M.K. Sinha, Special Invitee and former senior consultant of NWDA made a Power Point Presentation on cost analysis of Mahanadi-Godavari (MG) link and extrapolated cost of ILR projects, based on the suggestions made in last meeting. Copy of his presentation is enclosed as Annexure-5.5.1. It was noted by the Group that the total cost of ILR Projects has come down from previous estimations as the sum total of link-wise irrigation and power benefits are lower than the projected benefits under NPP (National Perspective Plan). Dr Das Gupta desired to know whether the unit cost of irrigation development in case of ILR projects has been checked with the unit cost of irrigation development of Micro irrigation projects which is being followed vigorously in Maharashtra and some other States. Shri A.B.Pandya, former Chairman, CWC stated that Micro irrigation system is developed at distributary /minor level for the known quantity of water which is available there. Alternatively, it is planned for available ground water. In both the cases quantum of water available is much lower in scale than and the ILR Projects, which have planned for diversion of huge quantum of water. Presently States are planning micro-irrigation system for available residual water within the basin after development of major and medium irrigation projects. Now many States had reached saturation stage in respect of irrigation development and further development is possible only if water is brought in from other States/Basin. The ILR projects are meant for precisely this and it would require huge cost due to construction of Dams/Barrages and long Canal network. So its comparison or checking with the cost of micro irrigation system would not serve any purpose.

Chairman of the Group stated that the Economic Survey 2018-19 has been published by the Ministry of Finance, in which in the chapter on “Climate Change”, one of the important projections is that there could be 25% decline in food grain production in the next two to three decades. In such situation ILR Projects may be considered for declaration by the Government as a Climate Change Adaption Project which may help ease flow of international funding to the ILR . After discussion, total cost of ILR projects at **2015-16 Price level was fixed at Rs. 8.68 lakh crore**. Chairman told that further planning of funding would be based on this cost and period of implementation of ILR Projects worked out on the basis of projected financial flows

Chairman congratulated Shri M.K.Sinha on joining his new assignment in Krishna Water Dispute Tribunal and thanked him for sparing time for making the cost estimate of the ILR for the Group. In view of his vast experience in water sector, particularly in ILR, he requested Shri Sinha to remain associated with this Group till finalization of the Report.

Chairman stated that the task the theme of cost estimation;of ILR had been completed. He suggested that NWDA may prepare a write-up on the theme in about not more than 1000-1500 words which can be included in the main Report of the Group.

**Item no.5.3.1&5.3.2 Review of progress of work of the Group and to draw up a work programme completion of its tasks.**

Chairman made a presentation on this agenda item. Copy of his presentation is enclosed as Annexure-5.5.2. During his presentation, he elaborated the different themes of the tasks to be taken up by the the Group with reference to the terms of reference. He also suggested Anchors (agencies) who are/ will be primarily working for the different themes. Among Anchors, he emphasized the role of Resource Persons. During discussion the following names were identified as additional Resource Persons for making presentations on various themes like experience with PPP models for infrastructure, due diligence requirements and project cycle of multilateral financial institutions (such as World Bank, ADB, BRICS Bank, etc.) , etc These are .(i) Prof. Pradeep Singh (ii) Sri Vinayak Chaterjee (iii) Dr.Vanika Tulsidhar. For Sl.(i)&(ii) NWDA may contact through Yes Bank and for Sl.(iii) NWDA may contact through Sri Satish Rao, (Retd. Director General Asian Development Bank).

**Item no. 5.6 Any other matter(s) with the permission of the Chair:**

- (i) Director (Tech), NWDA informed that the proposal for extension of the tenure of the Group by another six months alongwith extension of the time for submission of its Report has been processed and sent to the Chairman, Task Force on ILR on dated 29.01.2018. After approval of the Chairman formal proposal will be sent to MoWR,RD & GR.
- (ii) After discussion with Members and other participants it was decided to convene next meeting, i.e., 6<sup>th</sup> meeting of the Group on Financial Aspects on 27<sup>th</sup> February, 2018 at 11.30 hrs in the Committee Room, NWDA, 3<sup>rd</sup> floor, Palika Bhawan, New Delhi. The Agenda for the sixth meeting would include: (i) Confirmation of minutes of fifth meeting, (ii) presentation by Niti Ayog on projections of fiscal resources for the ILR till 2050, (iii) presentation by YES Bank on the financial model for projection of financial resources from Indian Financial Institutions, and (iv) initial discussion (to be led by Mr. H. Satish Rao and Dr Dipak Dasgupta) on funding possibilities from MFIs, bilateral etc.; besides any other matters.

*The meeting ended with vote of thanks to the Chair.*

## Annex-I

### List of Members, Special Invitees and other participants of the Fifth meeting of the “Group on Financial Aspects under Task Force for Interlinking of Rivers” held on 6<sup>th</sup> February, 2018 at New Delhi.

1.	Dr. Prodipto Ghosh, Former Secretary to Govt. of India & Member of Task Force for ILR and Distinguished Fellow, TERI, New Delhi	In Chair
2.	Shri A. B. Pandya, Former Chairman, CWC, New Delhi	Member
3.	Shri H. Satish Rao, (Retd.) Director General, ADB, Bangaluru	Member
4.	Shri Bhupesh Rathore, President, Strategic Govt. Advisory, Yes Bank Ltd., New Delhi	Representing Shri Rana Kapoor, Managing Director and CEO, Yes Bank Ltd., Mumbai
5.	Shri Muzaffar Ahmad, I/c Director (Technical), NWDA, New Delhi	Member-Secretary
6.	Shri Dipak Das Gupta, Former Principal Economic Advisor, Ministry of Finance, New Delhi	Special Invitee
7.	Shri M.K. Sinha Assessor, Krishna Water Disputes Tribunal & (Retd.) Chief Engineer, CWC, New Delhi	Special Invitee
8.	Shri R. P. S. Verma, Director (NP) CWC, New Delhi	Representing Chief Engineer (PPO), CWC - Special Invitee
	<b>Other Officers</b>	
9.	Shri Anil Kumar Jain, Deputy Director(SCILR), NWDA New Delhi	
10.	Shri R. K. Agrawal, Consultant, NWDA New Delhi	
11.	Shri Pranay Ranjan, Sr. Vice President -CF, Yes Bank Ltd., New Delhi	
12.	Shri Punish Oberoi, Vice President-CF, Yes Bank Ltd., New Delhi	
13.	Shri Vaibhav Jain, Sr. Manager-Strategic Govt. Advisory, Yes Bank Ltd., New Delhi	