

FINANCIAL/COST/ECONOMIC ASSESSMENT OF THE INDIRA GANDHI CANAL PROJECT

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Abstract

The IGNP was started as a single project in the year 1957 and was later split into two stages i.e. Stage I and II in 1970 due to continuous change in scope and cost of the project. Continuous cost monitoring of the project became absolutely necessary so that various aspects that affect the project cost can be assessed and remedial measures can be taken. The paper describes IGNP, its sources of funds, application of funds and about cost overrun in various project subheads. It also discusses the financial aspects highlighting inflation as one of the important factors for cost overrun in IGNP. The paper also discusses a sub project of IGNP under Japan ODA loan and role of inflation played in its cost escalation.

Keywords: IGNP, ODA, Sources of Funds, Application of Funds, Inflation, Cost Escalation.

Introduction

Description of the Project

IGNP is a large water infrastructural project designed for transferring 9.36 billion m³ (7.59 million acre feet) of Rajasthan's share agreed under the Indus Water Treaty (1960) and Inter-State Water Agreement (1981). The water from the Harike Barrage in Punjab is transferred to the western desert region of Rajasthan through a 200 km long feeder canal. The system is designed to irrigate 2.5 million hectares of Thar Desert through an extensive network of a more than 9,000 km length of distribution system and 450 km length of main canals. The IGNP traverses seven districts of Rajasthan viz Barmer, Bikaner, Churu, Hanumangarh, Jaisalmer, Jodhpur, and Sriganganagar. The project was started in the year 1957 and during construction; the scope of the project kept on changing due to which the cost of the project increased substantially. Therefore in the year 1970, the project was split into two stages i.e. Stage I and II.

The IGNP Stage-I

It consists of a 204 km long feeder canal which takes off from the Harike Barrage in Punjab to Masitawali in Hanumangarh district in Rajasthan, and from there a 189 km long main canal to Chattergarh in Bikaner district. It has a 3,454 km long distribution system including Kanwar Sain lift canal to irrigate the areas in Ganganagar, Bikaner and Jaisalmer district. The stage I was completed in the year 1992. The CCA and potential of the project is 557.6 thousand hectares.

The IGNP Stage-II

It consists of the 256 km long main canal from Chattergarh in Bikaner district to mohangarh in Jaisalmer district. It has a 5,606 km long distribution system with a CCA of 12.44 lakh hectares consisting of 8.02 lakh hectares under flow irrigation and 4.42 lakh hectares under lift canals with irrigation intensity of 80% for flow and around 60% for lift. Stage-II would provide irrigation in the districts of Sriganganagar, Hanumangarh, Churu, Bikaner, Jodhpur, Jaisalmer and Barmer.

Economic Importance of Canal

Indira Gandhi Nahar Project (IGNP) is one of the biggest projects in the world which aims to transform desert waste land area into agriculturally productive area. The project objectives include drought proofing, providing drinking water, improvement of environment, a forestation, employment, rehabilitation, development and projection of animal wealth and increasing agricultural produce. The

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