

# Financial Assistance to the Tamilnadu State by World Bank for Improving Productivity in Agriculture

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## Abstract

Tamilnadu is one of the progressive & largest states in India. Large chunk of population is engaged in agriculture activities. The state rural population faces scarcity of water, more particularly for irrigation. To overcome this, the state government with assistance of World Bank and other international agencies initiated novel agriculture infrastructure development program that ensure better crop with less water requirement. The paper discusses issues related to the project and advantage in development of state economy. The article was authored in 2006-07.

**Keywords:** Agriculture, Infrastructure, Water

## 1. Introduction

Tamilnadu is home to about 62 million people living in 17 river basins. Many of these basins are water stressed, as suppliers are limited and increasingly polluted, and competing demands are growing. The majority of the population is rural and dependent on agriculture. The agriculture sector faces major constraints due to poor state of irrigation infrastructure, water scarcity, ground waters. About 20-30 percent of the rural population is classified poor and is heavily dependent on agriculture wages.

The Tamilnadu state is making hard efforts in the development of basic infrastructure to give boost the agriculture sector. The state government with the help of central government move toward to the World Bank for financial assistance to improve agriculture production and productivity through irrigation and promote diversification into higher value, less water intensive crops.

Accordingly, in the year 2006 the World Bank approved the financial assistance package of US\$ 485 million to the Tamilnadu state for making improvement in agriculture system as well as cropping pattern so as to increase agriculture productivity by modernizing the state's irrigation infrastructure.

The Tamilnadu Irrigated Agriculture Modernization and Water Bodies Restoration and Management Project is designed to modernize irrigation systems covering over 600,000 hectares in 63 selected sub-basin approach to synergize the activities of multiple agencies involved with irrigation, on farm development,

agriculture, horticulture, marketing, livestock, fisheries and applied research.

"Improved performance in agriculture and related areas can be the key to unlocking the tremendous potential of Tamilnadu's rural areas," said Fayez Omar, Senior Manager, India Program and Acting World Bank Country Director of India. "This project will help improve productivity of water in irrigated agriculture and promote diversification into higher value, less water intensive crops."

The project will place special focus on modernization of Tanks (traditional water bodies that are integrated into the state's irrigation systems) supported by a Government of India initiative. The Water Resources Organization and Water User Associations would be strengthened to improve irrigation service delivery. In addition, the project aims to strengthen the institutional framework and tools for sustainable water resources management.

Work will also be initiated on improving the management of the Cooum sub-basin that demonstrates unique urban-rural linkages and resources and water quality challenges.

Some of the benefits from the project include increased area and reliability of irrigation, increase in production, productivity and profitability of foodgrains, oilseeds, green fodder, milk and fish in inland water bodies. Farm incomes are expected to rise in project area households, and it is estimated that about 50,000 rural farm

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jobs will be created.

"An appropriate combination of modern tools and techniques, synergizing the work of various agencies and partners, as well as empowerment of farmers would yield improved farmer incomes and products to fuel economic growth and alleviate rural poverty," said Srinivasan Raj Rajagopal, World Bank Lead Water Resources Specialist and project task team leader. "Creation of employment opportunities in on and off farm activities would further reduce rural poverty. It is time for irrigated agriculture and water resources management to catch up with other modernization efforts in the state and this project would assist in this process in an innovative manner."

Rajagopal said participation and ownership of farmers and their organizations is critical for sustainable irrigation and agricultural

intensification and diversification. "In this project, participatory planning, design, implementation and monitoring have been built into instill a sense of ownership, improve transparency and reduce conflicts."

The US\$150 million credit is provided by the International Development Association (IDA), the World Bank's concessionary lending arm and has 35 years to maturity and a 10 years grace period.

It is high time, the state like Gujarat should use its influence in economic growth & social development using international soft funding for rural, infrastructure & agriculture development. The US\$335 million loan is from the International Bank for Reconstruction and Development (IBRD) and has 20 years to maturity including 5 years of grace period.

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