

40 Years of Advancing India's Prosperity,
Partnering for Viksit Bharat

India Water Week 2026

Public Financing for Irrigation in India

From financing irrigation assets to financing reliable water and agricultural outcomes

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ADB

Solving Complex Challenges Together

India's irrigation financing challenge

The objective is shifting from creating assets to delivering reliable services and resilience

84%

of India's water withdrawals are used by agriculture

42%

of agricultural land is irrigated

38%

average irrigation water-use efficiency (ADB estimate)

Finance reliable irrigation services, water productivity and climate resilience

Why the financing objective is changing

- Long-lived infrastructure faces growing drought and flood risks
- Many benefits cannot be fully captured through user charges
- Productivity, groundwater, flood resilience and rural benefits are public goods

Illustrative ADB reference

Madhya Pradesh Irrigation Efficiency Improvement Project

Shows how financing can be tied to service delivery standards and water productivity, rather than construction milestones alone.



India's existing irrigation financing architecture

Public finance remains the backbone, supported by institutional and external capital

Union Programmes
- PMKSY
- AIBP
- CADWM
- Watershed Development

State Governments
- Irrigation infrastructure
- Command areas
- Associated programmes

Institutional finance
- NABARD LTIF
- RIDF
- Micro Irrigation Fund

Complementary Capital
- MDBs
- Climate finance
- Private and farmer investment

₹8,259.85 cr
PMKSY FY2025–26

₹2,505 cr
Watershed component

₹46,496 cr
LTIF central-share sanctions

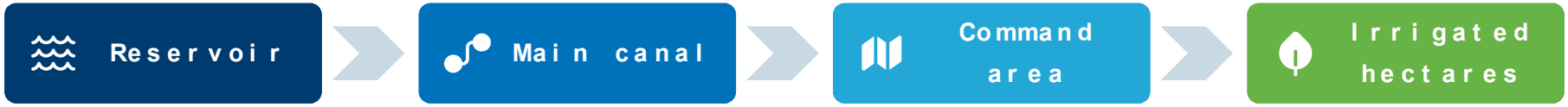
₹4,719 cr
MIF sanctions

95.58 lakh ha
PDMC coverage to Dec 2024

The issue is not the absence of financing channels. It is how to deploy each source strategically for the outcomes expected.

From financing assets to financing outcomes

Physical infrastructure is necessary, but it does not automatically deliver reliable irrigation



What must work between the assets and the outcomes

- Last-mile connectivity
- Adequate O&M
- Water-user institutions
- Efficient water management

- Large upfront capital and long project gestation
- Fiscal pressure and persistent O&M gaps
- Fragmentation between infrastructure and command-area development
- Public-good benefits are difficult to monetize

Financing irrigation assets ≠ financing reliable irrigation and water-security outcomes

What ADB experience in India demonstrates

Financing can combine infrastructure with delivery models, institutions and efficiency

Madhya Pradesh



$375m loan | $535.1m tota

- 125,000 ha covered
- Pressurized, automated pipe networks
- Micro-irrigation for high-value crops

FINANCING LESSON

Design-Build-Operate links construction with five years of O&M

Karnataka



$31m + $91m tranches

- Basin planning and water information
- Modernization and water-use reduction
- Water user associations strengthened

FINANCING LESSON

Finance extends to basin systems, data and institutions

Odisha



$120m loan | $172m tota

- ~215,000 ha covered
- Modernization and asset management
- Pani Panchayats strengthened

FINANCING LESSON

Infrastructure is paired with institutions and sustainable management

Differentiated financing for different irrigation investments

Match instruments to public-good content, revenue potential, risk and institutional requirements

Investment area	Financing approach
PUBLIC-GOOD INFRASTRUCTURE Dams, main canals, basin assets	Government budgets + MDB + climate finance
MODERNIZATION Rehabilitation, pressurized systems, SCADA	Public + concessional + performance finance
SERVICE & O&M Reliable service, WUA capacity, asset management	Public + users + performance funding
REVENUE-POTENTIAL ACTIVITIES Reuse, solar, irrigation-as-a-service, PPPs	Blended finance + VGF + guarantees
AGRICULTURE / VALUE CHAINS Micro-irrigation, FPOs, agribusiness	Private / farmer / institutional finance

Not every component should generate a financial return, and not every component must rely entirely on government budgets.

Three financing models for irrigation

Public finance can reward outcomes, enable user participation and crowd in viable capital

PERFORMANCE-BASED PUBLIC FINANCE

- Hectares modernized
- Service reliability
- Water saved / productivity
- WUA functionality
- O&M performance

Pays for measurable results

USER + PUBLIC CO-FINANCING

- Core infrastructure remains public
- Users support service and O&M
- Selected tertiary investments
- Predictable service standards
- Accountable WUAs

Shares cost and ownership

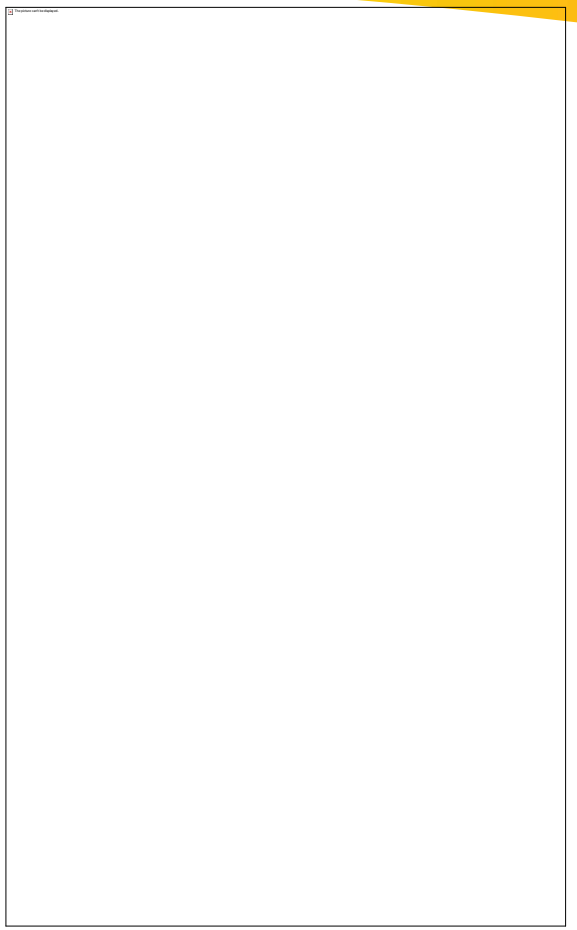
BLENDED FINANCE / VGF

- Reuse and recycling
- Solar irrigation
- Irrigation-as-a-service
- Selected PPPs
- Risk and affordability support

De-risks viable investment

Thank You!

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