Jain Irrigation Systems Ltd.
Small Ideas. Big Revolutions.®
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JISL/SEC/2012/07/B-2 & B-6 Dtd. 14th July, 2014.

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Mumbai - 400 001.

Fax No. : 022 - 22722037/22723121 (Day) (seven Pages)
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Ref : Code No. 500219 (BSE) and JISLDVREQS (NSE
Ref : Company Code No.500219 (BSE), JISLJALEQS (NSE)

Sub. : Press Release.

Dear Sir.,

Attached is a press release **titled available "Subsidy for Micro Irrigation .... " for immediate dissemination to investing public and others.**

Please acknowledge.

Thanking you,

Yours faithfully,
For Jain Irrigation Systems Ltd.,

A V Ghodgaonkar
Company Secretary

CC To:
The Manager,
Listing Department,
National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051.

Fax No. 022-26598237/38 (Seven Pages)

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For immediate dissemination **14th July, 2014**

Press Release

AVAILABLE SUBSIDY FOR MICRO IRRIGATION MORE IN FY15 BUDGET COMPARED TO FY14 SPEND:

There have been inaccurate reports that funding for micro irrigation subsidy has been cut by Central Government possibly by 21 percent. To the best of our knowledge and based upon oral response to queries from agriculture ministry, direct amount available for micro irrigation subsidy is at Rs. 1,569 crores which is in fact about 21% percent higher than Rs. 1,300 crores spent in FY14. Break up of this can be seen at http://www.ncpahindia.com/sites/default/files/OFWM_EC.PDF. Funding for micro irrigation subsidy is provided under National Mission for Sustainable Agriculture ("NMSA") (earlier National Mission on Micro Irrigation, "NMMI") & Mission for Integrated Development of Horticulture ("MIDH").

As it is well known in Industry, additional funding support for micro irrigation also comes under various other schemes from different ministries. Allocation in budget has been increased in all these schemes as enumerated below. This will further augment short to medium to long term potential of this business.

Ministry of Govt. of India	Scheme	Allocation 2014-15 Rs. Crs	Allocation 2014-15 (Interim) Rs. Crs	% Change	Scheme Preamble
Agriculture	Rashtriya Krishi Vikas Yojana (RKVY)	**9,864.00**	7,000.00	40.9%	Provision includes sub-components, viz. (i) Special Initiative for pulses and oilseeds development in selected pulses/oilseed growing villages as a supplementary programme, specifically targeted to

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					rainfed areas and will be implemented on same parameters as ongoing programmes for oilseed and pulses, (ii) Scheme to bridge yield gap in agriculture in eastern India, (iii) Requirement for Saffron Mission in Jammu & Kashmir, (iv) Promotion of oil palm; (v) Initiative on vegetable clusters, (vi) Nutri-cereals, (vii) Accelerated fodder development programme, and (viii) National Mission for Protein Supplement to promote livestock development, dairy farming, piggery, goat rearing and fisheries in selected block and Rainfed Area Development Programme
Water Resources	Accelerated Irrigation Benefit & Flood Management Programme (AIBP)	**8,656.00**	-	-	The scheme supports Major, medium and minor projects of the states and also provides for national projects, Command Area development and management, flood management and Repair, Renovation and Restoration of Water Bodies.
Water Resources	Pradhan Mantri Krishi Sinchayee Yojana (PMKSY)	**1000.00**	-	-	Bulk of our farm lands are rain fed and dependent on monsoons. Therefore, there is a need to provide assured irrigation to mitigate risk. To improve access to irrigation we propose to initiate the scheme "Pradhan Mantri Krishi Sinchayee Yojana". Allocation for micro irrigation under this scheme is not yet known.

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In summary, we reiterate that adequate funds are available from Central & State Governments to support high growth rates in revenue and we are looking forward to strong FY15 for our Micro Irrigation Division.

Overall, FY15 budget has been positive for other divisions of the company including Pipes, Agro Processing and Solar Pump Division as well.

About Jain Irrigation (www.jains.com)

Our Company, Jain Irrigation Systems Limited (JISL) with more than 10,000 associates worldwide and revenue of 59 billion rupees, is an Indian multinational company with manufacturing plants in 28 locations across the globe. It is engaged in manufacturing of Micro Irrigation Systems, PVC Pipes, HDPE Pipes, Plastic Sheets, Agro Processed Products, Renewable Energy solutions, Tissue Culture Plants, Financial Services and other agricultural inputs since last 34 years. It has pioneered silent revolution with modern irrigation systems and innovative technologies in order to save precious water and has helped to get significant increase in crop yields, especially for millions of the small farmers. It has also ushered in new concept of large scale Integrated Irrigation Projects (IIP). All the products & services of JISL help create sustainable future while fulfilling its vision 'Leave this world better than you found it'.

JISL is listed in NSE-Mumbai at **JISLJALEQS** and in BSE at code **500219**. Please visit us at www.jains.com

Accelerated Irrigation Benefits & Flood Management Programme

Water is a critical natural resource for humankind, and its efficient management, conservation and utilization for productive purposes is important for the growth and development of any country. In India, water management assumes an even bigger role as: i) more than half the workforce in India is employed directly or indirectly in the farm sector for which irrigation holds the key to increasing productivity; and ii) many parts of India continue to be ravaged by floods, causing great damage to life and property. The restructured AIBP&FM scheme under the 12th Plan seeks to assist states through an **incentive-based funding structure** to improve the status of irrigation and flood management in India. It subsumes 3 previous schemes of the 11th Plan implemented by the Ministry of Water Resources, viz – Accelerated Irrigation Benefits Programme (AIBP), Command Area Development Programme (CADP) and Flood Management Programme (FMP).

Extent of the problem

- In 2008-09, only 45.3% of the gross cropped area in India was under irrigation. Further, out of the total irrigation potential of 140 million hectares in area, 85% is presently being utilized (State of Indian Agriculture Report, 13)
- Water use efficiency in agriculture (which accounts for 80% of total water usage) is a mere 38%. Israel, Japan and China have a much better efficiency of 50-60% (12th Plan)
- More than 40 million hectares (12% of total) of land in India is prone to floods and river erosion.

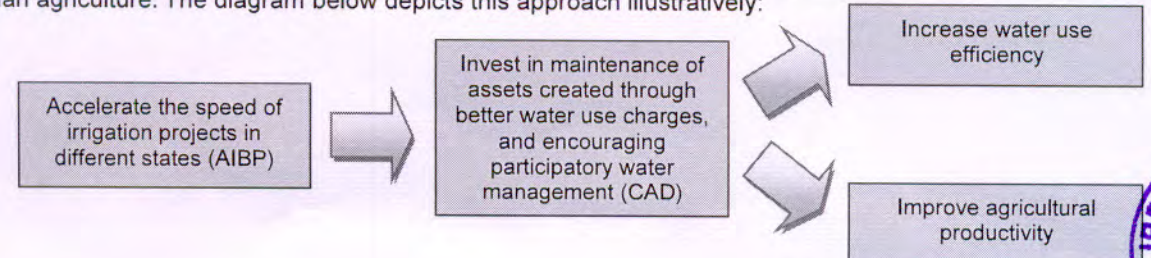
Objectives

The scheme is aimed at achieving the following objectives:

- Bring more farmland in India under irrigation by accelerating the progress of major, medium and minor irrigation projects in different States.
- Bridge the gap between potential and utilization through better maintenance of existing sources of irrigation.
- Encourage a participatory approach to irrigation management through direct involvement of farmers in water-user associations.
- Provide financial assistance to flood prone states for flood management schemes and initiatives.

Restructuring under 12th Plan

A major problem identified with irrigation schemes is that **creation of infrastructure has not been sufficiently complemented by maintenance of such infrastructure.** This explains why a large part of our irrigation potential remains unutilized. For example, in several cases, siltation of canals, low water discharge, diversion of cultivable land for other purposes in the command area have been found to be reasons for poor utilization of irrigation potential. To address this concern, it has been proposed that Command Area Development (CAD) (for better capacity utilization) be linked with all future projects sanctioned under AIBP (for creating new capacity. Such an integrated approach to water management is expected to create more sustainable assets, and also improve the efficiency of water use in Indian agriculture. The diagram below depicts this approach illustratively:



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A revised set of guidelines issued by the Ministry of Water Resources for AIBP for the 12th Plan period, include the following:

- AIBP works for creation of irrigation potential and Command Area Development works for utilization of irrigation potential would be taken up simultaneously in case of new projects
- Extension/Renovation and Modernization (ERM) Projects could be included in states which have taken steps to improve water management like ***micro-irrigation initiatives, participatory water management***, or where CAD works have already been taken up and are likely to be completed soon.
- Surface minor irrigation schemes will also be eligible for assistance in some special cases and in certain category of States

Funding mechanism & monitoring

- For general category states, the rate of Central assistance would range from 25 to 50%.
- Ongoing MMI projects and Surface Minor Irrigation schemes for Special Category States will be eligible for Central assistance up to 90% of the project cost.

The release of funds from the Centre under different schemes depends on the States contributing a ***minimum percentage of their earmarked share***. This is summarized below for 2 categories of funding:

Projects receiving Central Assistance (CA) upto 50%	In such projects, 90% of Central Assistance would be released after the State releases at least 50% of its share
Projects receiving Central Assistance (CA) upto 90%	In such projects, 50% of Central Assistance would be released after the State releases 100% of its share

The state governments are required to submit a quarterly report of financial and physical utilization of funds under the scheme to the Central Water Commission (CWC) field officer, and a Quality Assurance Report stating that all mandatory checks were carried out. For minor irrigation projects, periodic checks would be carried out by regional offices of the CWC

National Irrigation Management Fund

The 12th Plan proposes to create a non-lapsable **National Irrigation Management Fund** with the following essential features:

- The NIMF would be used to reimburse to each state a contribution equal to its irrigation service fee (ISF) collection.
- In order to avail of grants under NIMF, States will need to present certified and audited data on total ISF collected from irrigators. This would create an accurate database of irrigation statistics at the command area level.
- In order to incentivize participatory irrigation management, NIMF will also provide a bonus on the portion of ISF collected through Water User Associations (WUAs).

Further, the *bonus amount would be granted only if WUAs are allowed to retain 50% of the ISF collected by them*

Flood Control assistance in 12th Plan

All existing projects which were sanctioned under the 11th Plan would continue to be funded according to the previous fund sharing formula of 75:25 between Centre and State. Under the Scheme, ***new projects*** would be sponsored by through Central Assistance for all categories of states as given below:

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Special Category States	General Category States
• **Eligibility** : All projects with cost of Rs 10 crore and above and Benefit/Cost Ratio more than 1.0 • **Funding** : 70:30 between Centre and State	• **Eligibility** : All projects with cost of Rs 40 crore and above and Benefit/Cost Ratio more than 1.0 • **Funding** : 50:50 between Centre and State

The release of funds for flood management works would be similar to that of AIBP (previous page);Under the new guidelines, preference would be given to those states which have adopted the Flood Plain Zoning Bill drafted by MoWR (The Flood Plain Zoning Bill provides for regulating the land use in flood plains to contain the damage caused by floods). The projects taken up would be monitored by the **Central Water Commission (CWC), Ganga Flood Control Commission (GFCC) and Brahmaputra Board (BB)** in their respective jurisdictions. These organizations would conduct sample checks on the quality of construction materials used for flood control works.

Water User Associations – an example from Chhattisgarh

Members of a WUA in Kawardha District, Chhattisgarh

In India, participatory irrigation management (PIM) is increasingly been seen as an important method to improve water use efficiency and increase agricultural productivity. PIM was first formally articulated as a policy of the Government of India under the National Water Policy 1987.Since the mid 1990s, several state governments have enacted legislations to enable and enforce participatory irrigation management in their respective states. Madhya Pradesh enacted this legislation in 1999, while Chhattisgarh (carved out of

Under this legislation, farmers organize themselves in the form of Water User Associations (WUAs) which are elected bodies. These bodies have a fair representation of women (34%) to make them more democratic and inclusive. Under the Act, these WUAs get to keep 25% of water fees levied from users, which provides valuable funds to carry out small repairs/ upgrades according to members' needs. The WUAs in Chhattisgarh have also been involved with the Water Resources Department of Chhattisgarh in the planning and construction of irrigation projects. The WUAs also have legally guaranteed rights to obtain information about water availability, opening/closing of main canal, closure of canals etc.

Participatory management has led to increase in harvests, especially for small-holder farmers. WUAs also permit collective farming and marketing, which lowers costs and improves the margins for many of these farmers.
The strengthening of WUAs is being carried out under the Chhattisgarh Irrigation Development Project, funded partly by the Asian Development Bank.

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