

CHAPTER – 4

Externally Aided Projects

4.1 Externally Aided Projects play an important role in the economy of a Special Category State like Himachal Pradesh to supplement the State resources. The Special Category States get 90% grant and 10% loan under the Externally Aided Projects. The State Government has given a very high priority for the Externally Aided Projects (EAPs) in the resource mobilization strategy of the State.

4.2 The State Government is implementing Externally Aided Projects (EAPs) in the sectors of Public Works, Forestry, Irrigation & Public Health, Power, Tourism & Agriculture etc. The implementation of these projects would help in achieving the objectives of increasing productivity and raising the quality of life especially of the rural masses.

4.3 The guidelines of GoI lay down that no proposal for External Assistance shall be posed directly by any State Government to the bilateral and multilateral funding agencies. The terms and conditions of the external assistance should not be negotiated with external funding agencies except through Department of Economic Affairs (DEA) of Ministry of Finance, GoI. The Preliminary Project Report (PPR) is required to be prepared with tentative financial details before the project is submitted to GoI for external assistance.

4.4 The PPR should be prepared keeping in view the priorities of the Government of India and the State Government (in case of State Projects) as envisaged in the Five Year Plan document. The PPR should list the desired developmental objectives and, as far as possible, quantify the objectives. PPR for the State project should be routed to the Department of Economic Affairs (DEA) through the Central Sector Line Ministry. Once the PPR is cleared, the State Government should submit a Detailed Project Report (DPR) for external assistance. The DPR should adequately reflect the strategic elements of techno-economic (economic viability, social cost benefit, value addition, etc.), ecological (land use, ecological sustainability, etc.), socio-cultural (target population and gender matters, participation, social impact, etc.) and institutional (institutional and organizational analysis, capacity building, training, etc.) dimensions in the project design in measurable terms. Fulfillment of debt sustainability criteria is required while recommending project for external assistance. Other procedural requirements as laid down by the Government of India from time to time are also required to be fulfilled for EAPs.

4.5 Monitoring and Evaluation / Impact Assessment Study by reputed neutral institutions or organizations to ascertain the actual achievement and retention of project objectives, after two or three years of the completion of the project, is a pre-requisite condition in respect of EAPs.

4.6 In a recent development, MI Division of Department of Economic Affairs, Ministry of Finance, GoI vide Circular No. 04/01/2011-FB-II dated 1st December, 2011 has decided that minimum counterpart funding to be provided by the Government/PSUs (in case of Central PSUs) for World Bank and ADB funded projects will be 50%, 30% & 20% of the project size for Central Sector Projects, State Sector Projects & State Sector Projects (Special Category States) respectively.

ON-GOING EAPS IN HIMACHAL PRADESH:

1. ADB ASSISTED HYDRO-ELECTRIC POWER PROJECTS:

4.1.1 Government of India is availing a loan from Asian Development Bank under Himachal Pradesh Clean Energy Development Programme for financing a part of the cost of execution of following four Hydro-Electric Projects in the State of Himachal Pradesh:-

- | | |
|--------------------------|----------|
| 1. SAWRA-KUDDU HEP | – 111 MW |
| 2. KASHANG HEP | – 195 MW |
| 3. SAINJ HEP | – 100 MW |
| 4. SHONGTONG-KARCHEM HEP | – 450 MW |

4.1.2 The Government of India is transferring loan granted by the ADB to GoHP, which inter alia, is being transferred to Himachal Pradesh Power Corporation Ltd, which is designated implementing agency for these Hydro Electric Projects. An agreement to this effect has already been signed between GoHP and Himachal Pradesh Power Corporation Ltd.

4.1.3 The total estimated cost of the above mentioned four ADB assisted power projects is ₹ 6673.87crore. Project cost of these projects will be shared by ADB, Other Financial Institutions and State Government in ratio of 53:17:30 respectively. An outlay of ₹ 260.00 crore has been kept for the financial year 2012-13 against which an expenditure of ₹ 438.40 crore has been incurred upto 31st December, 2012. Reimbursement of ₹152.02 crore has been received upto December, 2012 against the filed claims of ₹ 272.83 crore. An outlay of ₹ 270.00 crore has been proposed under these projects for the financial year 2013-14. Reimbursement of ₹ 200.34crore is expected by the State Government for the financial year 2013-14. The project wise detail is as below:-

I. SHONGTONG KARCHEM HYDROELECTRIC PROJECT:

The Shongtong-Karcham HEP has been contemplated as a run of river scheme on river Satluj in the reach between Powari and Ralli villages in Kinnaur District with an installed capacity of 450 MW. The total estimated cost of the project is ₹ 2750.00 crore.

II. SAINJ HYDROELECTRIC PROJECT:

The Sainj Hydroelectric Power Project is a run of the river scheme on Sainj

river, a tributary of Beas river in Kullu District of Himachal Pradesh. The total revised estimated cost of the project is ₹ 802.96 crore. The main objective of the construction of the Sainj Hydroelectric Power Project is to generate 100 MW of power.

III KASHANG HYDRO ELECTRIC PROJECT:

The total estimated cost of Kashang Hydroelectric Power Project is ₹1939.00 crore. Integrated Kashang HEP in district Kinnaur envisages development of Kashang and Kerang streams; the tributaries of river Satluj with an installed capacity of 195 MW which will be actualized in three stages, each stage having an installed capacity of 65 MW.

IV SAWRA-KUDDU HYDRO ELECTRIC PROJECT:

The Sawra-Kuddu HEP has been contemplated as a run of the river scheme on Pabbar river in Shimla District. The total estimated cost of the project is ₹1181.91 crore. The main objective of the construction of Sawra-Kuddu Hydroelectric Power Project is to generate 111 MW of power.

2. WORLD BANK ASSISTED HIMACHAL PRADESH STATE ROADS PROJECT:

4.2.1 The World Bank assisted State Roads Project has been started from 1st July, 2007 with a total estimated cost of ₹1365.43 crore for a period of five years. The project cost is likely to be increased to ₹1802.84 crore with the extension of project period by three more years. The project consists of up-gradation and improvement of about 2435 kms of State Highways and Major District Roads. The project has been divided into two components:-

- i) Core Network Improvement Component and
- ii) Core Network Maintenance and Management.

4.2.2 The objective of the project is to have positive social impacts in term of reducing transportation costs and improving traffic flows on priority segments of the core road network of Himachal Pradesh. This objective will be achieved through a package of prioritized infrastructure investment and improved management practices.

4.2.3 The sharing pattern of the project is in the ratio of 72.50: 27.50 between the GoI and State. An outlay of ₹285.73 crore has been kept for the financial year 2012-13, against which an expenditure of ₹133.60 crore has been incurred up-to December, 2012. Reimbursement of ₹ 98.08 crore has been received upto December, 2012 against the filed claims of ₹ 124.01 crore. An outlay of ₹ 320.00 crore has been proposed and reimbursement of ₹ 172.14 crore is expected by the State Government under this project for the financial year 2013-14.

3. WORLD BANK ASSISTED HP MID-HIMALAYAN WATERSHED DEVELOPMENT PROJECT

4.3.1 Mid Himalayan Watershed Development Project became operative in Himachal Pradesh w.e.f. 1st October, 2005 with the total project cost of ₹ 365.00 crore and termination date of 31st March, 2013. The sharing pattern is in the ratio of 80:20 between the GoI and State. The Board of Executive Directors of the International Development Association of World bank has approved on 27th September, 2012, a credit of U SD 37 million (₹185.00 crore) for the additional financing in respect of this project. Now, the project cost has been revised to ₹596.25 crore with the extension of project period by three more years. Now the project will culminate on March, 2016. The overall goal of the project is to reverse the process of degradation of the natural resource base and improve productive potential of natural resources and incomes of the rural households in the project area in Himachal Pradesh. Secondary objective is to support policy institutional development in the State to harmonize watershed development projects and programmes across the State. The project will now cover 102 new Gram Panchayats(GPs) in addition to 602 existing GPs within 272 micro watersheds spread over 44 blocks and 10 districts (Chamba, Kangra, Hamirpur, Mandi, Bilaspur, Kullu, Solan, Shimla, Sirmaur and Una Districts). The project is being implemented by the Himachal Pradesh Natural Resource Management Society. State Forest Department is the Nodal Department for implementation of this project.

The main thrust of the project is:-

1. To improve productivity of agrarian and natural resource systems for raising per capita income of people,
2. To generate gainful employment opportunities through project interventions and
3. To raise the living standard of women and other disadvantaged groups.

4.3.2 During the year 2012-13, an expenditure of ₹ 18.69 crore has been incurred, up-to December, 2012 against the approved provision of ₹35.00 crore. Reimbursement claims of ₹ 26.35 crore have been filed against which an amount of ₹ 24.93 crore have been received up-to December, 2012. An outlay of ₹ 42.50 crore has been proposed under this project for the year 2012-13 against which reimbursement of ₹25.22 crore is expected by the State Government.

4. JICA ASSISTED SWAN RIVER INTEGRATED WATERSHED MANAGEMENT PROJECT:

4.4.1 Swan River Integrated Watershed Management Project (SRIWMP) has been started with total estimated cost of ₹ 160.00 crore in Una District of HP with the financial support from the Japan International Cooperation Agency (JICA). This project with 8 years of duration (2006-14) became operative from 2006. The project cost has now been revised to ₹ 215.00 crore alongwith the extension of

terminating date of project upto March, 2015. Forest Department is the nodal agency to implement the project. 85% of the total project cost will be received as external assistance and 15% will be borne by the State Government as state share. The main objective of this project is to regenerate the forests, to protect the agriculture land, to enhance agriculture and forestry production in the catchments area, to secure protection and optimize use of land resources, to reduce soil erosion & decrease sedimentation and to reduce the water traffic to the main Swan River.

4.4.2 An outlay of ₹ 35.00 crore has been kept for the financial year 2012-13, against which an expenditure of ₹26.25 crore has been incurred up-to December, 2012. Reimbursement claims of ₹ 22.95 crore have been filed and an amount of ₹ 16.52 crore has been received up to December, 2012. An outlay of ₹ 35.00 crore has been proposed under this project for the financial year 2013-14 and reimbursement of ₹ 22.07 crore is expected by the State Government.

5. HYDROLOGY PROJECT-II

4.5.1 The World Bank Aided Hydrology Project-II has been started with total cost of ₹ 49.50 crore for six years from 1st April, 2006 and will be concluded in 2012. The terminating date has now been extended upto June, 2014. About 77.76% of the total project cost will be received as an external assistance and 22.24% will be borne by the State Government as State share. The project is being implemented by I & PH Department. The project envisages measuring / monitoring of surface and ground water by means of making provision of permanent gauging station and water quality laboratory.

4.5.2 An outlay of ₹ 11.00 crore has been kept for the financial year 2012-13 against which an expenditure of ₹5.85 crore has been incurred upto December, 2012. Reimbursement of ₹ 3.46 crore has been received upto December, 2012 against the filed claims of ₹ 4.30 crore. An outlay of ₹ 14.00 crore has been proposed under this project for the financial year 2013-14 and reimbursement of ₹ 8.07 crore is expected by the State Government.

6. ADB ASSISTED INFRASTRUCTURE DEVELOPMENT INVESTMENT PROGRAMME FOR TOURISM IN HP:

4.6.1 Various sub-projects are being started by Tourism Department under *Infrastructure Development Investment Programme for Tourism in HP* with total estimated cost of ₹ 428.22 crore. The overall program cost will be shared by ADB and State Government in the ratio of 70:30 under the Multi- tranche Financing Facility (MFF) of ADB. The State will receive ADB financing under MFF through the Government of India. The overall period for the implementation of various sub-projects under this program is from 2010 to 2020.

4.6.2 The project aims to improve basic tourist facilities such as information centre, waste management, camping sites, parking, toilets, landscaping, road improvement, beautification and development of tourist places including historical

and religious places of tourist attraction in the project area, etc. in order to increase the in flow of religious and other national and inter-national tourists in the State. The project will provide direct and indirect benefits to the State such as generating additional employment, increasing income of the people, creating additional infrastructure in the State, etc. Some of the Infrastructure Development Investment Schemes/sub projects being implemented under this program are as under:

- i) Sub Project 1 : Naina Devi subproject:
 - Package-I : Circular road 1 KM long at Naina Devi
 - Package-II : Car Parking at Naina Devi
- ii) Sub Project 2 : Chintpurni area subproject:
 - Package-I : Integrating parking, interpretation centre and tourist amenities complex at Chintpurni.
 - Package-II : Rest sheds, toilets facilities and view points along path from TRC to Temple at Chintpurni
- iii) Sub Project 3 : Pong Dam area subproject:
 - Packagae-1 : Information centre at Pong Dam
 - Package-II : Parking and toilet facilities.
 - Package-III : Camping facilities with provision for 10 tents including toilets etc.
 - Package-IV : Jetty development.
 - Package-V : Land scaping and signages
- Sub Project 4 : Ranser island and Karu Island improvement sub project:
 - Package-I : Re-development of Forests Rest House–Ranser island.
 - Package-II : Jetty development, ranser and Karu island.
 - Package-III : Treks around the island – 4 KM.
 - Package-IV : Land scaping, planting along the peripheral trail and directional signages.
 - Package-V : Watch Towers for bird watching in Karu island.
- iv) Sub Project 5 : Forest Rest Houses and camping sites of VFDS subproject:
 - Package-I : Forest Rest Houses improvement and camping sites development at Dhameta at Nagrota Surian.
- v) Subject project 6 : Community based tourism activities sub project:
 - Package-I : Community based tourism activities in villages including skill development, training etc.
- vi) Sub project-7 : Masroor destination sub project:
 - Package-I : Conservation and restoration of Masroor temples in line with the management plan.
 - Package-II : Parking and information centre.
- vii) Sub Project-8 : Kangra town sub project:
 - Package-I : Parking for 100 vehicles at Brijeshwari temple, Kangra.
- viii) Sub Project-9 : Shimla sub project:
 - Package-I : Shimla, Mall Road restoration project and rehabilitation of town hall.

4.6.3 An outlay of ₹10.00 crore has been kept for the financial year 2012-13, against which an expenditure of ₹ 3.23 crore has been incurred up-to December, 2012. Reimbursement claims of ₹ 2.68 crore have been filed and an amount of ₹2.68 crore received up to December, 2012. An outlay of ₹ 20.00 crore has been proposed and reimbursement of ₹ 10.38 crore is expected by the State Government under this project for the financial year 2013-14.

7. JICA ASSISTED HIMACHAL PRADESH CROP DIVERSIFICATION PROMOTION PROJECT:

4.7.1 Crop Diversification Promotion Project has been started in Agriculture sector with total estimated cost of ₹ 321.00 crore with the assistance of Japan International Co-operation Agency (JICA). The project has been started from July, 2011 and will terminate on 31st March, 2018. The Agriculture Department of Himachal Pradesh is the nodal department for the implementation of this project. The objectives of the project are - to increase income per unit area by diversifying to cash crops cultivation, sustainable growth of agriculture sector through organic agriculture thereby ensuring prosperity of small and marginal farmers of the State, taking advantage of climatic conditions in the State for growing off-season vegetable, etc.

4.7.2 An outlay of ₹ 20.00 crore has been kept for the financial year 2012-13 against which an expenditure of ₹ 5.83 crore has been incurred upto December, 2012. Reimbursement of ₹ 2.47 crore has been filed and received upto December, 2012. An outlay of ₹ 30.00 crore has been proposed under this project and reimbursement of ₹ 18.92 crore is expected by the State Government for the financial year 2013-14.

8. ADB ASSISTED HP CLEAN ENERGY TRANSMISSION INVESTMENT PROGRAM:

4.8.1 A Power System Master Plan (PSMP) has been prepared for Himachal Pradesh by International Consultants appointed by Asian Development Bank (ADB) for strengthening of Transmission Network and Evacuation of Power from upcoming Hydro Electric Projects. In order to execute the various projects included in the PSMP, ADB has approved the Himachal Pradesh Clean Energy Transmission Investment Program (HPCETIP) with total estimated cost of ₹ 1927.00 crore. ADB shall provide a loan amounting to ₹1540.00 crore which is 80% of the total investment under Multi-Tranche Financing Facility (MFF) to the Government for execution of Transmission Master Plan of the State through HP Power Transmission Corporation Limited (HPPTCL) established by the Himachal Pradesh Government. The rest 20% share i.e. ₹ 387.00 crore shall be borne by the State Government. The MFF is expected to have three Tranches. The project has been started from January, 2012 and will terminate in December, 2018.

4.8.2 An outlay of ₹ 95.00 crore has been kept for the financial year 2012-13 against which an expenditure of ₹ 8.95 crore has been incurred upto December, 2012. Reimbursement of Rs 8.81 crore has been filed and received under this project upto December, 2012. An outlay of ₹ 60.00 crore has been proposed under this project and reimbursement of ₹ 44.52 crore is expected by the State Government for the financial year 2013-14.

All the On-going Externally Aided Projects (EAPs) being implemented in the State of Himachal Pradesh, in the tabular form, are as per Annexure- “A”.

Annexure- “A”

Ongoing Externally Aided Projects (EAPs) being implemented in State of Himachal Pradesh

Sr. No.	Name of the Project	Total Cost		Sharing Pattern		Start Date	Termination Date	Donor Agency	Implementing Department/ Agency	Targets for Annual Plan 2013-2014	
		Original	Revised	% age External Aid	% age State Share					Proposed Outlay	Likely Reimbursement to be received
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
1.	Power Projects Sawra Kuddu, Integrated Kashang, Sainj and Shongtong Karchham including Capacity Development*	6227.00	6673.87	53:17	30.00	2009	06/2016	ADB	HP Power Corporation Limited	270.00*	200.34
2.	HP State Road Project	1365.43	1802.84	72.50	27.50	07/2007	06/2016	World Bank	Public Works Department	320.00	172.14
3.	HP Mid-Himalayan Watershed Development Project #	365.00	596.25 Expected	80.00	20.00	10/2005	03/2016 Expected	World Bank	Forest Department	42.50	25.22
4.	Swan River Integrated Watershed Management Project	160.00	215.00	85.00	15.00	03/2006	03/2015	JICA	Forest Department	35.00	22.07
5.	Hydrology Project-II (WB)	49.50	49.50	77.76	22.24	04/2006	06/2014	World Bank	I&PH Department	14.00	8.07
6.	Infrastructure Development Investment Programme for Tourism in HP	428.22	428.22	70.00	30.00	2010	2020	ADB	Tourism Department	20.00	10.38
7.	Himachal Pradesh Crop Diversification Promotion Project	321.00	321.00	85.00	15.00	07/2011	03/2018	JICA	Agriculture Department	30.00	18.92
8.	HP Clean Energy Transmission Investment Program*	1927.00	1927.00	80.00	20.00	01/2012	12/2018	ADB	HP Power Transmission Corporation Limited	60.00*	44.52
	Grand Total	10843.15	12013.68	-	-					791.50	501.66

* ADB share only.

The Board of Executive Directors of the World Bank has approved on 27th September, 2012, a credit of USD 37 million (₹ 185.00 crore) for the additional financing in respect of this project. Thus the total project cost will be revised to ₹ 596.25 crore with the extension of project period by three more years.