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Four States Sign Narmada NWDT Payment Pact

9 July 2026 ·

POLITY

GS2

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Four States Sign Narmada NWDT Payment Pact

9 July 2026 · 5 min read ·

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WHY IN NEWS

On July 7, 2026 in New Delhi, Madhya Pradesh, Gujarat, Rajasthan and Maharashtra signed a payment agreement to settle long-pending financial dues on the Sardar Sarovar Project (SSP) and the Indira Sagar Project under the Narmada Water Disputes Tribunal (NWDT) Award, in a ceremony attended by Union Home Minister Amit Shah and Jal Shakti Minister C.R. Patil.

Inter-state river water disputes are among the most stubborn tensions in Indian [federalism](https://ujjyari.com/terms/federalism/) (<https://ujjyari.com/terms/federalism/>). The Narmada dispute, one of the oldest, has run for decades through a tribunal award, a landmark Supreme Court battle over dam height, and years of unsettled financial accounts. The new payment pact does not reopen water-sharing; it closes a long-standing **financial chapter** through negotiation rather than litigation.

THE AGREEMENT

The four states signed a **one-time settlement** to clear pending financial dues arising from the two major projects on the Narmada. The ceremony was attended by **Union Home Minister Amit Shah** and **Jal Shakti Minister C.R. Patil**, with Shah framing the agreement as an example of “**cooperative federalism**” (<https://ujjyari.com/terms/cooperative-federalism/>).”

The settlement covers a bundle of accumulated financial claims among the states:

COMPONENT	WHAT IT SETTLES
Cost-sharing	Distribution of construction and project costs among the states
Rehabilitation (https://ujiyari.com/vocab/rehabilitation/) and resettlement (R&R)	Expenses for resettling people displaced by the reservoirs
Compensation	Payment for submerged land
Interest	Interest accrued on borrowings
Inter-state dues	Other pending amounts owed between the states

By settling these heads together in a single agreement, the states aim to draw a line under years of disputed accounts tied to the **Sardar Sarovar Project** and the **Indira Sagar Project**.

THE TWO PROJECTS

The **Sardar Sarovar Project (SSP)** is built on the **Narmada in Gujarat** (at Kevadia/Navagam) and is **one of the world's largest concrete gravity dams by volume**. The **Indira Sagar Project** lies upstream in **Madhya Pradesh** (Khandwa district). The **SSP's beneficiary states** are **Gujarat, Madhya Pradesh, Maharashtra and Rajasthan**, which is why all four are parties to the financial settlement.

THE CONSTITUTIONAL AND LEGAL BACKDROP

The Narmada allocation rests on a tribunal award. The **Narmada Water Disputes Tribunal (NWDT)** was **constituted in 1969** and delivered its **final award in 1979**, apportioning the river's waters and setting the framework for cost-sharing among the basin states.

Inter-state river water disputes in India are governed by a dedicated constitutional and statutory (<https://ujiyari.com/vocab/statutory/>) architecture:

- **Article 262** of the Constitution empowers Parliament to provide for the adjudication of disputes relating to inter-state rivers and river valleys, and allows Parliament to bar the jurisdiction of courts, including the Supreme Court, in such disputes.
- The **Inter-State River Water Disputes Act, 1956** operationalises Article 262 by allowing the Centre to constitute a **tribunal** when negotiations between states fail.

The Narmada story shows both instruments at work: a tribunal award set the water-sharing terms, while the residual **financial** disputes have now been resolved by **negotiation**, an illustration that tribunals and inter-state bargaining can be complementary routes to resolution.

ANALYSIS

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The pact matters less for the money and more for the method. Water-sharing itself remains governed by the 1979 award; what the states have done is use **negotiated settlement** to clear the financial overhang that tribunal awards often leave behind, the tangled accounts of cost-sharing, R&R and interest. This is the quieter, less-noticed half of dispute resolution: even after the water question is settled, the **money question** can fester for decades. Resolving it through consensus, rather than fresh litigation, is what allows the Centre to badge the agreement as cooperative federalism. The pact also underlines the heavy **rehabilitation and resettlement legacy** of large dams, where compensation for submerged land and displaced people remains a live financial and human concern long after construction ends.

UPSC RELEVANCE

GS Paper 2 (Polity and Governance): Federalism and Centre-State and inter-state relations; mechanisms for resolving inter-state river water disputes; the role of constitutional provisions and statutory tribunals; cooperative federalism in practice.

Prelims pointers:

- The **Narmada Water Disputes Tribunal (NWDT)** was **constituted in 1969** and gave its **final award in 1979**.
- The **Sardar Sarovar Project (SSP)** is on the **Narmada in Gujarat** (Kevadia/Navagam), one of the world's largest **concrete gravity dams by volume**.
- The **Indira Sagar Project** is in **Madhya Pradesh** (Khandwa).
- **SSP beneficiary states:** Gujarat, Madhya Pradesh, Maharashtra and Rajasthan.
- Inter-state river water disputes are governed by **Article 262** and the **Inter-State River Water Disputes Act, 1956**.
- The July 7, 2026 pact is a **one-time financial settlement** (cost-sharing, R&R, land compensation, interest, inter-state dues), not a re-allocation of water.

Mains question: “Tribunal awards settle the water, but the money often lingers.” In this light, examine the mechanisms available for resolving inter-state river water disputes in India and the role of negotiated settlements such as the recent Narmada payment pact. (15 marks, 250 words)

FACTS CORNER

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The pact: On July 7, 2026 in New Delhi, Madhya Pradesh, Gujarat, Rajasthan and Maharashtra signed a one-time payment agreement settling dues on the Sardar Sarovar and Indira Sagar projects under the NWDT Award.

Attended by: Union Home Minister Amit Shah and Jal Shakti Minister C.R. Patil; framed as “cooperative federalism.”

Covers: Cost-sharing, rehabilitation and resettlement, compensation for submerged land, interest on borrowings, and pending inter-state dues.

NWDT: Constituted in 1969; final award in 1979.

Sardar Sarovar Project: On the Narmada in Gujarat (Kevadia/Navagam), one of the world’s largest concrete gravity dams by volume.

Indira Sagar Project: In Madhya Pradesh (Khandwa).

SSP beneficiary states: Gujarat, Madhya Pradesh, Maharashtra and Rajasthan.

Legal framework: Article 262 and the Inter-State River Water Disputes Act, 1956, govern inter-state river water disputes.

Sources: *PIB* (<https://pib.gov.in/>), *Ministry of Jal Shakti* (<https://jalshakti-dowr.gov.in/>), *Millennium Post* (<https://www.millenniumpost.in/>)

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