

MINISTRY OF ROAD TRANSPORT AND HIGHWAYS

**NATIONAL HIGHWAYS DEVELOPMENT PROJECT
INCLUDING IMPLEMENTATION OF GOLDEN
QUADRILATERAL**

**[ACTION TAKEN BY THE GOVERNMENT ON THE
RECOMMENDATIONS CONTAINED IN THE ELEVENTH
REPORT (FIFTEENTH LOK SABHA) OF THE COMMITTEE ON
ESTIMATES]**

**COMMITTEE ON ESTIMATES
(2011-2012)**

SIXTEENTH REPORT

FIFTEENTH LOK SABHA



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**LOK SABHA SECRETARIAT
NEW DELHI**

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**COMMITTEE ON ESTIMATES
(2011-2012)**

(FIFTEENTH LOK SABHA)

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INCLUDING IMPLEMENTATION OF GOLDEN
QUADRILATERAL**

**[Action taken by the Government on the
recommendations contained in the Eleventh Report
(Fifteenth Lok Sabha) of the Committee on
Estimates]**

Presented to Lok Sabha on 26th April 2012



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 2012 / Vaisakha, 1934 (Saka)

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COMPOSITION OF THE COMMITTEE ON ESTIMATES (2011-12)

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3. Smt. Anita B. Panda - Additional Director
4. Dr. Yumnam Arun Kumar - Deputy Secretary

INTRODUCTION

I, the Chairman of Committee on Estimates (2011-12) having been authorized by the Committee to submit the Report on their behalf, present this Sixteenth Report on action taken by the Government on the Recommendations contained in the Eleventh Report (Fifteenth Lok Sabha) of the Committee on Estimates on the subject 'National Highways Development Project including implementation of Golden Quadrilateral' pertaining to Ministry of Road Transport & Highways.

2. The Eleventh Report was presented to Lok Sabha on 9 August, 2011. The Government furnished their replies indicating action taken on the Recommendations contained in the Report on 13 January 2012. The Report was considered and adopted by the Committee at their sitting held on 10th April, 2012.

3. An analysis of action taken by the Government on the Observations/ Recommendations contained in the Eleventh Report of Committee on Estimates (Fifteenth Lok Sabha) is given in **Appendix-II**.

NEW DELHI;
24th April, 2012
Vaisakha 4,1934 (Saka)

FRANCISCO SARDINHA,
CHAIRMAN,
COMMITTEE ON ESTIMATES.

1.4 The Committee desire that the final replies in respect of the recommendations, for which interim replies have been given by the Government should be furnished expeditiously.

1.5 The Committee will now deal with the action taken by Government on some of the recommendations in respect of which Government's replies have not been accepted by the Committee.

A. NEED TO ATTRACT PRIVATE INVESTMENT

Observation/Recommendation (Para No. 4)

1.6 The Committee had recommended as follows:

"The Committee observe that Highway sector has a large shelf of projects, which can be readily offered to private players, including those which had a serious setback in the year 2009-2010 due to global financial meltdown. Since the financial crisis is now over, the Committee suggest the Ministry to take concerted efforts to attract private players in this sector. Apart from an enabling fiscal environment, development of mutual trust is the fundamental pre-requisite to encourage entry of private investors. Organization of "Business conclaves" periodically with active cooperation of FICCI, CII and other corporate bodies may also lead to a positive response. In respect of pending Highway projects due to non-response/low response of private investors, the Committee urge the Ministry to explore various possibilities to attract bidders by way of revising the project cost, providing funds on concessional interest rates and providing updated & authentic traffic data flexibility in the Concessional Agreement too.

From the deposition of the Ministry made before them, the Committee also note that one of the fundamental problems faced by the private investor is experiments of Government policy with many formats with varying degrees of success. Changes in the policy guidelines as well as project documents such as MCA (Model Concession Agreement), RFQ (Request for Qualification) and RFP (Request for proposal) have caused severe disruption of the award process in the past. The Committee feel that private investment flow into the Highway sector will purely depend on the consistent adoption of long term policies and their adherence by the Government and therefore, there is an urgent need to standardize project documents and streamline policy guidelines vis-à-vis Public-Private Partnership (PPP). The Committee also suggest that a comprehensive review of project documents and policy guidelines keeping in mind the needs of foreseeable future should be undertaken urgently. In this context, the Ministry may involve experts/specialized institutions and study best practices so as to facilitate an investor-friendly environment for NHDP. It has come to the notice of the Committee that there have been instances where collection of toll was stated to have been started even before the construction of road commenced/was

completed. The Committee, therefore, desire that a financial and technical review of all Model Concession Agreements (MCA) should be carried out by an independent Committee of outside experts and their findings submitted to this Committee at the earliest.”

1.7 The Ministry of Road Transport and Highways in the action taken reply *inter-alia* stated as under:-

“NHAI undertakes restructuring of projects to make them viable. This process may involve restructuring of the cost of the project also. Traffic study is conducted during the DPR/Feasibility stage and projections are based on such studies. The policy documents pertaining to Public Private Partnership (PPP) projects, e.g. Request for Qualification (RFQ), Request for Proposal (RFP), Model Concession Agreement (MCA) etc. have already been standardized to avoid any misunderstanding or disputes with the stakeholders to the extent possible. Comprehensive and regular review of the project documents and policy guidelines are also undertaken to make it in tune with the changing times and to meet the needs of the public in the foreseeable future.”

Comments of the Committee

1.8 Emphasizing the need to take prudent steps to attract private players in the National Highway Development Project (NHDP), the Committee had urged the Ministry of Road Transport and Highways to explore various possibilities to attract bidders by revising the project cost, providing funds on concessional interest rate and by giving updated and authentic traffic data flexibility in Concessional Agreement. Besides, the Committee had felt that the private investment flow into the Highways Sector would purely depend on the adoption of consistent and long term policies and their adherence to by the Government. It is precisely for this reason the Committee had recommended that there is an urgent need to standardize project documents and streamline policy guidelines pertaining to Public Private Partnership to facilitate an investor friendly environment for NHDP. The Committee had also suggested that a financial and technical review of all Model Concession Agreements (MCAs) should be carried out by an independent Committee comprising of external experts and their findings be submitted expeditiously. However, the Committee are surprised to

note that instead of comprehending the recommendation of the Committee in the right perspective, the Ministry has submitted a routine reply stating that National Highways Authority of India (NHAI) undertakes restructuring of projects to make them viable and the process may involve restructuring of the cost of the project, without furnishing details of the action taken on the specific issues raised by the Committee. Moreover, the reply simply mentions that comprehensive and regular review of project documents and policy guidelines are undertaken by the Ministry, without further elaborating on the same. No information has been provided in response to financial and technical review of all Model Concession Agreements by an Independent Committee comprising of external experts, as desired by the Committee. From the foregoing, the Committee cannot but conclude that the Ministry, perhaps, has not yet felt the need to attract private players in the National Highway projects. While expressing their unhappiness over the manner in which the Ministry has responded to the significant points raised by them, the Committee would like to reiterate their earlier recommendation on the issue that suitable measures need to be devised for making the various projects attractive to the private parties, since the PPP is poised to become the pre-dominant mode of delivering infrastructure services in the near future.

B. NEED FOR AUGMENTATION OF THE IMPLEMENTATION OF NS-EW CORRIDOR PROJECTS

Observation/Recommendation (Para No. 7)

1.9 The Committee in their earlier recommendation had recommended as under:

“The Committee are distressed to note that flagship project of NHDP i.e. North-South – East-West (NS-EW) corridor has been crippled with inordinate delays. All NS-EW corridor projects, which are under-

implementation, have well passed the date of completion as per the contracts, which reveals a sorry state of affairs. The project was earlier scheduled to be completed by December, 2009 after several extensions, but later on the Committee were informed about yet another extension as December, 2010. The project is still incomplete as 444 km of the same is yet to be awarded as on date. The deposition of the Ministry that “actual date of completion can be estimated only after all projects of NS-EW corridor are awarded”, is in fact fallacious. The Committee are also not convinced with the reasons submitted by Ministry for such enormous delays. The Committee, therefore, recommend that all earnest efforts should be made for expeditious completion of NS-EW corridor project, balance work should be awarded without any further delay and a High level group, such as the NHA Board, should be entrusted with the responsibility to supervise/monitor the progress of this project fortnightly, so that appropriate action could be taken to avert any further delay. The Committee are convinced that setting unrealistic targets due to poor planning is the reason for repeated extensions of the target date for completion of this project. Constant delays not only projects the Ministry in a bad light but also leads to cost overruns, hence the Committee suggest that Ministry should adopt a realistic approach in respect of fixing targets for the NS- EW corridor project and adhere to it.”

1.10 The Ministry of Road Transport and Highways in the Action Taken reply has *inter-alia* stated as under:-

“The NS-EW corridor projects are being monitored closely. Significant completion is anticipated by March 2012.”

Comments of the Committee

1.11 The Committee express their unhappiness over the one-line reply by which the Ministry has responded to their recommendation on the inordinate delay in completion of North South – East West (NS-EW) Corridor Projects. Instead of providing details, the Ministry has merely mentioned that the projects are being monitored closely for their ‘significant’ completion by March, 2012. The Ministry seems to be unsure of the completion of the projects even now, despite an elapse of 15 months after the revised target date of December, 2010. It appears that the Ministry is not serious to give adequate importance to the projects and inspite of the inordinate delays, suitable measures are not being taken to remedy the situation, which is inexplicable. The Committee had noted that even with the

extension given upto December, 2010, from its stipulated date of completion by December, 2009, the projects were still incomplete, as construction of 444 Km of the same had not been awarded. The action taken reply is conspicuously silent on the issue as the Ministry has not furnished any information on whether the said 444 Km of the projects have been awarded by now. In the light of the above, the Committee cannot but conclude that the Ministry has neither outlined any plan of action to accelerate the process of implementation of the NS-EW Corridor projects nor bothered to give details on how the Ministry would complete the same significantly by March, 2012. Also, details of the monitoring mechanism to cut delays, if any, have not been mentioned by the Ministry. The Committee, therefore, re-emphasize the need on the part of the Ministry to undertake suitable steps and prepare a detailed action plan for the successful completion of the NS-EW projects. The Committee also desire to be apprised if the remaining 444 Km of the projects has been awarded to avoid cost overruns. They would like to be informed about the detailed plan of action taken / proposed to be taken by the Ministry within three months from the presentation of this Report.

C. TOLL COLLECTION ON NATIONAL HIGHWAYS

Observation/Recommendation (Para No. 9)

1.12 The Committee in their earlier recommendation had recommended as under:

“The Committee feel that provisions of collection of fee/toll in perpetuity is fundamentally wrong and thus needs to be reviewed in the light of gained experiences. During the examination of the subject, the Committee also came across some disturbing instances such as toll collection from the areas, where condition of roads are very poor, exorbitant increase/hike in toll rates, toll plazas being set up in close proximity with each other etc. The Committee are also not satisfied with the financial model of NHAI to indicate the benchmark Internal Rate of Return (IRR), which determines the optimum concession period within which the concessionaire would recover the capital cost of the project and other project related expenditure besides earning a reasonable return. The Committee, therefore, would suggest the Ministry to review and revisit the Rules and Regulations regarding collection of toll, so that it does not become an instrument of

malpractice and unjust profiteering by unscrupulous elements to harass the general public. The Committee further recommend that a just and comprehensive methodology should be evolved for computing the concession period based on sound financial evaluations.

The Committee also note that the Highway projects are highly dependent on the traffic volume/assessment Report not only for the fixation of toll rates but also for fixation of concession period. Unavailability of updated and accurate traffic volume data/Report often leads to incorrect forecasts and wrong estimation of concession period. The Committee, therefore, emphasize that there is an urgent need to strengthen instrument of traffic volume data/Report in order to address the problems of current system. In this connection, the Committee are aware that of late the Government, particularly the Ministry of Urban Development, has been encouraging projects to introduce the “Intelligent Transport System” (ITS) for collecting real time data for effective traffic management. An Inter-Ministerial Core Group on ITS has also been set up by the Government to establish a National framework for ITS. The Committee therefore recommend that the Ministry of Road Transport & Highways may coordinate with their counterparts in relevant sectors so that the positive benefits of the accurate traffic data could be utilized to work out standard provisions for toll collection on the National Highways.”

1.13 The Ministry of Road Transport and Highways in the Action Taken reply has *inter-alia* stated as under:-

“Action has already been taken to reduce the rate of user fee after recovery of the cost of production or completion of concession period. As per amendment to the National Highways (NH) Fee Rules published under GSR 15 (E) dated 12.01.2011, provides that after the concession period is over, the fee shall be collected by the Central Government /executing authority at a reduced rate of 40% of the fee being charged on the date of transfer of such section, to be revised annually in accordance with these rules. Further, the said NH fee rules also provides that after the recovery of capital cost through user fee realized in respect of a public funded projects, the fee leviable would be reduced to 40% of the user fee for such section, to be revised annually in accordance with these rules.

Regarding establishment of toll plazas within close proximity, it is submitted that as far as possible, NHAI is fixing the toll plazas as per the provisions of National Highways Fee Rules. As per NH Fee Rules, 2008, the executing authority or the concessionaire, as the case may be, shall establish a toll plaza beyond a distance of ten kilometers from a municipal or local town area limit. Provided that the executing authority may, for reasons recorded in writing, locate or allow the concessionaire to locate a toll plaza within a distance of ten kilometers of such municipal/local town area. Rule further provides that where a section of the National Highway, permanent bridge, bypass or tunnel, as the case may be, is constructed

within the municipal or town area limit or within 5 kms from such limits, primarily for use of residents of such municipal or town area, the toll plaza may be established within the municipal/town area limit or within a distance of 5 km from such limits. Rule 8 (2) stipulate that any other toll plaza on the same section of National Highway and in the same direction, shall not be established within a distance of 60 km provided where the executing authority deems necessary, it may for reasons to be recorded in writing, establish / allow the concessionaire, to establish another toll plaza within a distance of 60 km; provided such toll plaza is for collection of fee for a permanent bridge, bypass or tunnel.

As regards estimation of concession period it is submitted that the traffic survey is conducted during preparation of Feasibility Report. Based on the traffic survey data and its projected value, the estimated cost of the project, user fee rate and financial modeling of the project, the period of concession is fixed.

Traffic data of NHDP sections under tolling are with NHAI. Regarding using Intelligent Transport System (ITS) on National Highways, Ministry of Road Transport & Highways would take up the above issues in the light of recommendations of Expert Committee headed by Shri Nandan Nilekani, Chairman, UIDAI.”

Comments of the Committee

1.14 In their original recommendation regarding collection of toll, the Committee had observed that the same should not become an instrument of malpractice and unjust profiteering by unscrupulous elements to harass the general public. Not satisfied with the current financial model of NHDP to indicate the benchmark Internal Rate of Return (IRR), the Committee had emphasized upon the need for a just and comprehensive methodology based on sound financial evaluations for computing the concession period. As highway projects are highly dependent on the traffic volume/assessment report for fixation of toll rates as well as concession period, the Committee had advised the Ministry to strengthen the instrument of traffic volume data by introducing the Intelligent Transport System(ITS) on which the inter-Ministerial core group had already been set up by the Government. The Ministry in their action taken reply, has merely quoted the National Highway Fee Rules, 2008 and the amendment to the said

rules under GSR15(E) dated 12 January, 2011. Regarding traffic data of NHDP section, the Ministry has stated that the same lies with NHAI. Regarding use of ITS on National Highways, the Ministry has informed that the matter would be taken up in the light of recommendations of the expert Committee headed by Shri Nandan Nilekani, Chairman, UIDAI.

From the reply tendered by the Ministry, the Committee have observed that although the Ministry has provided the requisite rules on fixation of toll fee, establishment of toll plazas etc., but has not acknowledged the fact that the rules are not being followed by some concessionaires in certain areas resulting in malpractices and harassment of the highways users. The Ministry has also not informed about the mechanism to ensure compliance of NHAI fee rules and action taken, if any, to prevent unscrupulous toll collectors from flouting rules. It is further understood that the Ministry has already proposed to amend the National Highway Fee Rules, 2008 again in order to generate more revenue. Reportedly, these amendments would not only cause a substantial increase in toll on existing as well as upcoming National Highways, but also bring a majority of the existing two-laned roads under the toll bracket. Though the Ministry's reply does not mention the said proposal, the Committee would like to be apprised of the factual position on the same. They further observe that instances of toll collection at certain stretches even prior to the completion of six-laning of National Highways must be probed seriously so as to prevent their recurrence. Further, the Committee would also like to highlight the security hazards faced by workers in toll plazas too, as per a recent incidents in the NCR region in which one such worker was shot dead by persons unwilling to pay toll fee and desire that suitable measures be devised for the safety of toll plaza workers.

The Ministry, further, seems to be non-committal about using ITS on national highways, which is evident from their half hearted reply to the Committees' recommendation. The Committee are of the opinion that as the Ministry has already accepted the recommendations of the Nilekani Committee concerning electronic toll collection, shifting to ITS to collect traffic data would only make matters smoother and fool-proof. Therefore, the Committee would like to reiterate their earlier recommendation and desire to have specific reply on the same.

D. ISSUE OF LAND ACQUISITION & COMPENSATION

Observation/Recommendation (Para No. 12)

1.15 The Committee in their earlier recommendation had recommended as under:

“The Committee observe that the issue of land acquisition in general and compensation in particular is extremely sensitive. The Competent Authority for Land Acquisition (CALA), who are generally officers of Local Revenue Departments, are empowered to fix the compensation. However, the Committee came across innumerable complaints of inadequate compensation from PAPs (Project Affected Parties) and consequent long drawn arbitrations, which seriously affect the progress of NHDP. The Committee would like to particularly mention States like Kerala and Goa. In these States, several stretches of National Highways are hemmed in by dense residential and commercial structures, which are under constant fear of demolition owing to Highway Projects. As a result in these States, the process of land acquisition has been severely affected. The Committee feel that land acquisition and displacement/rehabilitation of people for NHDP needs a very careful and proactive role of the nodal Ministry. Before commencement of the project, the concerned State Government as well as Local Administration/ representatives should be effectively consulted to ensure smooth acquisition of land or rehabilitation of displaced persons. Association with the local people's representatives, MPs and MLAs, can also prove to be quite effective. All rehabilitation processes should be in place before undertaking any such project. The Committee concur with the views of the Ministry that the Chief Secretaries should be made Nodal Officers by the State Governments for land acquisition, as they are in a better position to coordinate with various agencies involved in the process in their States. Though only few States have done so, the Committee desire the Ministry to pursue this with other State Governments, vigorously.

The Committee further observe that the State Governments/District Collectors have been extremely conservative in awarding compensation and it is the sole reason for landowners to keep litigating for decades in the hope of better compensation and therefore, suggest that there is an urgent need to sensitize State Governments/CALAs/Arbitrators to take into account future development potential of the land for its owner, while awarding the compensation. The Committee are of the firm view that the Ministry of Road Transport and Highways, being the nodal Ministry for Highway construction, development & maintenance, can play a pivotal role in this regard.

The Committee further observe that in respect of Kerala and Goa, the Ministry/NHAI and respective State Governments have been stuck with the issue of 35 metres/ 45 metres/ 60 metres of highway width and unprecedented delay encountered in the completion of projects are likely to make those redundant in the light of ever increasing vehicular traffic. The Committee note the Ministry's suggestion that in these cases, "expressways" with completely new alignment and avoiding all human habitation, can provide the ideal solution. The Committee do understand that the quantum of investment required for these green-field projects would be very high, but considering the benefits, not only at present but in future as well, the Government should give a serious thought to it without further delay. The Committee also recommend that the Expressway Authority of India., as envisaged and prioritized in the Eleventh Five Year Plan document should be constituted as early as possible. The Committee are also of the view that in cases similar to Kerala & Goa, where widening of Highways can lead to displacement of local people or have an adverse effect on their livelihoods, the construction of "expressways" should be considered from the initial stage itself. They hope that these suggestions would be suitably incorporated in the XII Five Year Plan, otherwise certain crucial National Highway Projects may not see the light of the day at all."

1.16 The Ministry of Road Transport and Highways in the Action Taken Note *inter-alia* stated as follows:-

"So far as payment of compensation is concerned, Competent Authority for Land Acquisition (CALA) is determining /making payments as per provision of Section 3G of the National Highways Act, 1956. The NH Act is also quite reasonable. The competent authority to declare compensation under Section 3G of the Act, is invariably a State Government functionary, who takes into account all considerations including damages, cost of shifting, etc. Thus provisions are in-built in the NH Act for adequate compensation.

Regarding development of Expressways it is submitted that the Government has taken initiative for construction of 1000 km of Expressways in the country under NHDP phase VI. Additionally, about 18600 km of Expressways have been identified by the Government under

formulation of a master plan for National Expressways for the horizon year 2012-2022, i.e. to be completed by the end of 13th Five Year Plan, under phased manner. For development of such a huge net work of expressways an independent authority may be needed to be set up. In this regard the Government is exploring the possibility of setting up of an Expressway Authority of India.”

Comments of the Committee

1.17 In their original recommendation, the Committee had expressed concern about the process of land acquisition for construction of National Highways seriously affecting the progress of NHDP. While suggesting several measures to speed up the acquisition and rehabilitation processes, particularly payment of compensation to the Project Affected Persons (PAPs), the Committee had concurred with the views of the Ministry that the Chief Secretaries should be made Nodal Officers by the State Governments for land acquisition. While noting that only few States had done so, the Committee had desired the Ministry to pursue the matter with remaining State Governments vigorously. In respect of Kerala and Goa, the Committee had noted the Ministry’s suggestion that since the Ministry, NHAI and respective State Governments had been stuck with the issue of width of the highways, construction of ‘Expressways’ with new alignments and avoiding all human habitations could provide the ideal solution. The Committee had recommended that the construction of expressways need to be considered from the initial stage of the project itself otherwise certain crucial projects may not materialize.

In their Action Taken reply, the Ministry of Road Transport and Highways has taken a stand that payment of compensation for land acquisition is determined by the Competent Authority for Land Acquisition (CALA) and that the concerned National Highway Act, 1956 is ‘quite reasonable’ in the matter.

Regarding development of expressways, the Committee have been informed that the Government has taken initiative for construction of 1000 kms. of expressways in the country under the VI phase of the NHDP and additionally, around 18,600 kms. of expressways have been identified under formulation of the Master Plan for national expressways for the horizon year 2012 to 2022.

Considering Action Taken reply tendered by the Ministry to their recommendation, the Committee feel that the Ministry has somewhat rigid view about the payment of compensation to the PAPs whose land is acquired for construction of National Highways as the Ministry is convinced that the National Highways Act, 1956 adequately addresses issues arising out of the acquisition process. The Ministry has chosen not to reply to the Committee's other suggestions regarding appointment of Chief Secretaries as nodal officers by the State Governments for land acquisition and has not committed for pursuing the matter with those State Governments, who have so far not done the same. Therefore, the Committee are not satisfied with the inadequate reply of the Ministry and counsel them to be cautious while submitting replies to the Committee.

Regarding their suggestion on development of expressways, the Committee have been informed by the Ministry that the same has been included under NHDP, Phase VI. As even Phase III of NHDP is yet to be completed, the Committee are convinced that the development of expressways will not take place in the near future as it is envisaged under phase VI only. The Committee also note that various phases of NHDP have not shown requisite progress and would like to know as to whether phase VI, which was approved way back in November, 2006, is likely to commence on time. The Committee would also like to be apprised of the progress in setting up the Expressway Authority of India,

which was prioritized way back in the Eleventh Five Year Plan document but is yet to see the light-of the day. The Committee hope that the same would be set up at least in the Twelfth Five Year Plan, which is due to commence from this year. The Committee also desire that in Kerala and Goa, where the progress of NHDP has been stalled due to severe inconvenience to the population residing near the proposed highways, the Government should not wait for phase VI to commence and give a serious thought to provide an immediate solution to the difficulties faced by the local population in these States.

E. NEED TO PREVENT ILLEGAL SUB-CONTRACTING

Observation/Recommendation (Para No. 19)

1.18 The Committee had recommended as under:

“The Committee note that many concessionaires of highway projects have been appointing sub-contractors on Engineering, Procurement and Construction (EPC) basis despite lack of experience and technical qualifications on their part, which not only affects the quality and safety aspects of National Highways but also jeopardizes timely completion of projects. The Committee also note certain complaints that policies followed by the Ministry of Road Transport and Highways tend to favour large contractors, who eventually sub-contract the project. The Committee, even while acknowledging the fact that experience of Ministry has not been very good with small/medium level contractors, are not convinced with the merit of Ministry’s approach and feel that promotion and encouragement of “Medium level” contractors will not only strengthen our capacity vis-à-vis road construction but also provide much needed exposure to our nascent construction industry. Moreover, the present contractors are, anyway, sub-contracting the major portion either with or without the consent of Ministry. Hence an initiative to involve medium level contractors will bring them under direct control of Ministry and NHAI and make them more accountable. The Committee are aware of certain changes introduced in the RFQ & RFP documents to curtail subcontracting, but feel that complete procedure need to be further streamlined and regularized with the provision of strict supervision, so that the project works do not suffer due to the appointment of substandard EPC contractors.

The Committee further observe that during 2008-09, when low response of market was witnessed, certain changes were introduced in the RFQ/RFP and MCA on the recommendations of B.K. Chaturvedi Committee. However, now when market is buoyant and giving good responses to the bidding

process, the Ministry has been arguing about probability of suboptimal bids being tendered. The Committee find such an approach completely confusing. The Committee strongly urge the Ministry to desist from such knee-jerk reactions and seek expert opinion so as to adopt a long-term consistent policy.”

1.19 The Ministry of Road Transport and Highways in the Action Taken Note *inter-alia* stated as follows:-

“The policy matters with regard to PPP projects are always decided after obtaining expert opinion from Planning Commission and Department of Economic Affairs.”

Comments of the Committee

1.20 Expressing their displeasure over the practice of appointing sub-contractors on Engineering Procurement & Construction (EPC) basis despite lack of experience and technical qualifications, and ultimately resulting in compromise of quality, safety and jeopardization of the timely completion of the projects, the Committee in their earlier Report had emphasized certain changes to streamline and regularize the system of appointment of contractors with strict provision of supervision. However, it is seen from the Action Taken reply furnished by the Ministry that key concerns of the Committee have not been addressed. The reply furnished by the Ministry on the issues raised in the said recommendation has been analyzed and the comments thereto are given as under:

(i) The Committee while noting that certain policies followed by the Ministry of Road Transport & Highways tend to favour large contractors, who eventually sub-contract the project, had emphasized that promotion and encouragement of ‘Medium Level’ contractors will not only strengthen the capacity of road construction but provide the much needed exposure to the nascent construction industry of the Country. The Ministry, instead of replying to the specific point raised by the Committee, has adopted an evasive attitude by simply stating that

policy matters with regard to Public Private Partnership projects are always decided after obtaining expert opinion from Planning Commission and the Ministry of Finance (Department of Economic Affairs). The Committee would, therefore, like a more specific response from the Ministry in this regard.

(ii) The Committee in their earlier recommendation had felt that even though certain changes have been introduced in the Request for Qualification (RFQ) and Request for Proposal (RFP) documents to curtail sub-contractors, it is desirable that complete procedure needs to be further streamlined and regularized with the provision of strict supervision so that the project work does not suffer due to appointment of sub-standard Engineering, Procurement & Construction (EPC) contractors. The Committee note that the Ministry has not comprehended the thrust of the recommendation and thus would like the Ministry to take the desired action in this regard and inform them accordingly. The Committee also feel that till the time sub-contracting is completely ruled out, the Ministry should ensure that the agreement between a contractor and a sub-contractor remains strictly on the lines of a Government contract with appropriate clause for encashment of bank guarantee in cases of under-performance so that the chances of supplying of sub-standard material or inferior performance by the sub-contractors could be completely ruled out under any circumstances.

(iii) The Committee in their earlier Report had emphasized that taking into account the present market scenario and good response to bidding process, the Ministry should desist from knee jerk reaction to the probability of sub-optimal bids being tendered and had recommended to adopt a long term policy. The Ministry, instead of critically analyzing the issue raised by the Committee, has shifted all the responsibility to the Planning Commission and the Ministry of Finance (Department of Economic Affairs). As the Ministry, being aware of the

ground realities, is required to provide appropriate inputs to the Planning Commission and the Ministry of Finance, such a reply is highly undesirable and unexpected. The Committee would, therefore, like to be informed in detail about the initiatives taken by the Ministry in the matter.

The Committee would like the Ministry to take the desired action on the suggested lines as per the comments given above and report the same to them.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Para No. 1)

Physical infrastructure has a direct bearing on sustainability of growth and overall development of a nation. Thus, roads in general and National Highways in particular can be termed as a fundamental plank for the sustained and inclusive growth of a country. In order to meet infrastructural requirements as well as to provide a boost to the economic development, the Government of India embarked upon an ambitious highway programme i.e. the National Highways Development Project (NHDP) in the late 90s in a phased manner. The project envisaged rapid construction of highways across the country to improve connectivity between hitherto unconnected regions for trade, investment and employment generation, for which targets were fixed. However, the Committee are constrained to note that several impediments have plagued the project leading to inordinate delays in completion of projects as per target. Absence of comprehensive Toll Policy, delays in Land acquisition and obtaining of clearances from the Environment and Railway Ministries, law and order problems, non-performing contractors and poor maintenance of existing highways are some of the most critical issues, which need immediate attention. The Committee also feel that alongwith these, other issues such as balanced regional development of National Highways and road safety measures need to be addressed to create a world class network of National Highways. As the situation warranted a concerted, coordinated and coherent effort to expedite the progress of NHDP, the Committee had selected the subject 'National Highways Development Project including implementation of Golden Quadrilateral' for examination. The observations and recommendations of the Committee on the subject after a detailed study and scrutiny of the same are given in the subsequent paragraphs.

Action Taken by the Government

While the Committee have appropriately noted the constraints faced in the timely execution of National Highways Development Project due to delay in the matter of land acquisition, clearances required in respect of environment, forest and wildlife protected areas, Law and Order situation in some states etc., it is submitted that the Ministry has a well defined Toll policy and has taken several remedial measures to contain the factors responsible for delay, non-performance/ below per performance by the contractors to expedite the progress of NHDP and to maintain the highways as per prescribed standard and specifications. To give effect, Electronic Toll Collection will be started on pilot basis from the current financial year itself.

Recommendation (Para No. 3)

The initial phases of NHDP were public funded. However, later the Public-Private Partnership (PPP) emerged as a viable financing option for Highway projects from Phase-III onwards as funds from traditional sources were insufficient to meet increased investment needs. The Committee note that the Government has now planned an investment of Rs. 3, 31,000 crore in the period 2009-2015 for upgradation of NH

network, predominantly in the PPP mode. Experience of Public-Private Partnership (PPP) model shows that involvement of private player and management augur well for the efficiency and quality of Road sector. However, the progress of awarding projects has been rather slow. The Committee have been informed by the Ministry that “Waterfall mechanism” of awarding project, which was one of the major impediments in the award process, has since been abandoned and now road projects will be carried out on all the three modes of delivering viz. BOT (Toll), BOT (Annuity) and EPC (Engineering Procurement Construction contract) concurrently rather than sequentially. From the latest Economic Survey (2010-11) document, the Committee observes that the Work Plan for 2010-11 stipulates that of the total NH length to be developed broadly 60 per cent would be taken up on BOT (Toll) basis, 25 per cent on BOT (Annuity) basis and the remaining 15 per cent on EPC basis. The Committee have also been informed in this regard that now a road project not found prima facie suitable for BOT (Toll) can be implemented directly on BOT (Annuity) and decision regarding the same will be taken by an IMG (Inter-Ministerial Group). However, still before implementing a project on EPC basis, it will be compulsorily tested for BOT (Annuity) and only if unacceptable bids are received, then the project will be awarded on EPC basis. The Committee are of the view that there is urgent need to streamline the system to cut delays caused by lengthy procedures. They would like to be apprised of the status of projects post the “waterfall mechanism” and hope that at least now the long delays in completion of NH projects would be avoided.

Action Taken by the Government

The B K Chaturvedi Committee Report, which recommended that the waterfall method of award of projects be dispensed with, was implemented in November 2009. After November 2009 the award of projects has accelerated as may be observed from the details of contracts awarded tabulated below:

Year	Contract/concession awarded (in km)	No. of contracts awarded
2007-08	1234	14
2008-09	643.4	08
2009-10 (upto 30 th Nov 2009)	1293.13	14
2009-10 (from Dec. 2009 to Mar 2010)	2067.01	24
2010-11	5059	50

However, it is pertinent to mention that the actual execution of the awarded projects may face delays due to various other reasons including such delays in land acquisition, obtaining forest environment and wildlife clearances for PPP projects etc.

Recommendation (Para No. 5)

From the perusal of outlays under different modes of delivery of NHDP 2005 - 2015, the Committee note that 98.6% of expenditure envisaged is accounted by BOT (Toll) and BOT (Annuity) – Modes of PPP projects. The Committee are distressed to note that there is hardly any role for Engineering Procurement Construction Contract (EPC) mode. As there are various highway projects in different parts of the country, which may not be commercially viable and thus attract very slow/non-response from the

market, there is a need for introspection. The Committee also observe that, the Built Operate Transfer (BOT) mode of delivery, being a market driven delivery mechanism, tends to localize development to areas, which are already developed, leading to a serious risk of underdeveloped areas being ignored and differences getting further accentuated. Also some sections of Highways will not be attractive for bidders due to serious law and order problems, complex land acquisition issues etc. The Committee are of the view that in these areas, the Government has to play a more significant role, acting not only as a facilitator but also as an active instrument of inclusive growth and balanced regional development. The Committee, therefore, recommend that those projects, which have not been able to attract private investors so far, should not be left to be doomed and that the Ministry should evolve alternate strategies for such projects on priority basis. Resorting to EPC mode of delivery could be one of them.

Action Taken by the Government

As per the decision of the Empowered Group of Ministers (EGoM) 60 % of the projects are to be awarded on BOT (Toll), 25 % on BOT (Annuity) and 15 % on EPC. This system envisages that projects which are not viable in BOT (Toll) or BOT (Annuity) may be taken up on EPC. Hence as recommended by the Committee, there is a provision for using EPC mode of delivery for unattractive projects. Restructuring of those projects, which have not been able to attract private investors, are done, if required, by changing the mode of delivery, including implementation of projects under EPC mode. The change in mode of delivery is decided by the Inter-Ministerial Group (IMG), headed by the Secretary (RT&H) and comprising representation from Planning Commission, Ministry of Finance, and Department of Legal Affairs, as per the policy framework suggested by the B.K. Chaturvedi Committee and approved by the Government.

Recommendation (Para No.6)

National Highways Development Project (NHDP) – the largest highways project ever undertaken by the country, was initiated in the late 90s to create, develop and improve network of 70,934 km of National Highways throughout the country. However, the Committee are pained to note that the progress of most of the projects has not been satisfactory due to procedural delays, land acquisition issues, contractual problems and other factors. Even the Secretary, Ministry of Road Transport & Highways has conceded slowly down in NHDP projects. The Committee would like to cite a few examples of the delays like phases 3A & 3B involving 12,109 km, in which only 2048 km has been completed and the non-completion of Golden Quadrilateral connecting the four metro cities, even on the revised date of December, 2010. The Ministry have now assured the Committee that by 31st March, 2011, around 5,500-5,800 km of roads under NHDP would be awarded, which would be the highest ever award. The Ministry also appears to be confident about the next year's target of 7,300 km. The Committee would like to be apprised of the actual length awarded out of the present year's target.

However, in view of the poor performance so far, they fail to understand the rationale behind expanding NHDP, without even completing Phases I & II and the Golden Quadrilateral. As regards certain impediments in the Highways projects, with the setting up of an Empowered Group of Ministries, those bottlenecks are expected to be tackled effectively. The Committee are of the opinion that absence of coordination

among different Ministries/agencies and State Governments is the root cause of delay at every stage. The Committee, therefore, recommend that Ministry must utilize the revised mechanism effectively and strive hard to develop coordination among different agencies at different levels so that various stages of Highway construction could be completed as per the work plans.

Action Taken by the Government

In the year 2010-11, 50 projects covering a total length 5,059 km have been awarded. The coordination mechanism with State Governments has been strengthened for implementation of NHDP with setting up of High Powered Committees under Chief Secretaries with Regional Officers as Member Secretary to resolve bottlenecks. NHAI has further set up zonal offices with the primary aim of liaising with State Governments to expedite pre-construction activities. Inter-Ministerial and the Center-State issues are resolved through a Committee of Secretaries constituted under Cabinet Secretariat. All these measures are expected to develop coordination and reduce delays as recommended by Committee. Sincere efforts have been made to eliminate inter-ministerial differences and to address them in a timely manner to ensure that various stages of Highway construction could be implemented as per the work plans.

Recommendation (Para No. 8)

As regards the Golden Quadrilateral, an integral component of NHDP phase-I, the Committee are dismayed to note an unprecedented delay in completion of the same. The project was originally scheduled to be completed by March, 2004 as per original mandate of Task Force. However, by that time, hardly 53.03% of project could be completed, which raises serious doubts about the inception, planning, implementation and monitoring of programme. Even after seven years, the Golden Quadrilateral is still not complete. What the Committee find more disturbing is the attempt of the Ministry justify the delay on the ground that programme of this magnitude was unprecedented and also the construction industry in road sector was not adequately developed to take the work of this scale. With the decision of the Government to allow import of heavy road construction equipment, the delay should have been minimized, which is not the case. The Committee deplore such attitude on part of the Ministry. NHAI has reportedly now formulated a revised strategy for implementation of projects as 14 Regional Offices have been opened and for land acquisition 192 special land acquisition units have been created at State Level. In view of the long duration of the projects, the Committee are of the view that this strategy should have been planned much earlier. The Committee now exhort the Ministry to monitor the implementation of Golden Quadrilateral project vigorously and complete it without any further delay. The Committee further recommend that as the Golden Quadrilateral project connects the four mega cities, the upkeep and maintenance of Highways developed under this ambitious project should be accorded highest priority. In addition, the Committee also feel that without the proper development of Highways network around "hub" cities of the Golden Quadrilateral, Highways cannot act effectively as instruments of balanced regional development and inclusive growth. They, therefore, recommend that Ministry should make tangible efforts to build "spokes" from each of the "hub" cities of Golden Quadrilateral, commensurate with the "hubs and spokes" pattern of transport system. During the examination of the subject, the Ministry

had informed the Committee that the work plan to cover about top 300 towns in terms of population around hub cities was under consideration. The Committee would like to be apprised of the decision taken by the Ministry in this regard, along with the latest status of the Golden Quadrilateral project.

Action Taken by the Government

99.70 % of Golden Quadrilateral is complete. Out of total length 5,846 km 4/6 laning has been completed for 5,821 km.

As regards connectivity to important 'hub' cities /state capitals/ towns with Golden Quadrilateral and North-East & East-West Corridors development of 12109 km of National Highways are being taken up under NHDP phase-III scheme. This development scheme would also provide connectivity to important centers of tourism/economic activity. The projects are implemented on Public Private Partner basis. The estimated cost for projects under NHDP III is about Rs. 18000 crores.

Recommendation (Para No. 10)

Toll collection work of EPC projects is being carried out through DGR (Directorate General Resettlement, Ministry of Defence) sponsored Ex-servicemen. However, Ministry of Road Transport and Highways has been candid before the Committee to acknowledge that several complaints regarding pilferage of revenue and non-compliance of contract conditions have been received, some of which have been proved too. In this connection, the Committee have been informed that the Ministry has come up with "New Policy for engagement of Fee collecting Agencies" to address these issues. While the impact of the new policy remains to be seen, the Committee are of the view that the instrument of supervision needs to be further strengthened and streamlined. They, therefore, recommend that Ministry of Road Transport and Highways should develop an effective mechanism in coordination with NHAI to monitor toll collection not only in EPC projects but also in PPP projects (BOT – Toll & Annuity) with a view to obviate unnecessary harassment of the highway users by way of an illegal and unscrupulous method of toll collection. The Committee also desire that the recommendations of the Committee under the Chairmanship of Shri Nandan Nilekani on Electronic Toll Collection should be implemented at the earliest.

Action Taken by the Government

NHAI has already engaged fee collecting agencies through competitive bidding for one year contract. The amounts quoted by these agencies are much higher than the present collection of NHAI. For monitoring the fee collection activities, NHAI has used the service of Security Agencies and Chartered Accountant firms for discreet observation and continuous observation for a period 72 hrs or more. The services of supervision consultants, fee auditors and other agencies are also being utilized for monitoring of fee collection activities.

Subsequent to acceptance of the report submitted by the expert committee headed by Shri Nandan Nilekani, Chairman, UIDAI, MoRTH has constituted and Apex

committee vide OM dated 08.03.2011 comprising of the following members for implementation of Electronic Toll Collection (ETC) :

i)	Dr. Y.K. Sharma, DDG, NIC	-	Chairman
ii)	Shri Sanjay Bandopadhyaya, JS (LA&C), MoRTH	-	Member
iii)	Dr. Mahesh Chandra, DDG, NIC	-	Member
iv)	Shri K.C. Dwiwedi, Senior Technical Director, NIC	-	Member
v)	Shri V.L. Patankar, Member (Tech), NHAI	-	Member
vi)	Shri Manoj Dave, Head of O&M (Road) L&T Infrastructure Projects Ltd.	-	Member
vii)	Prof. Rajat Moona, IIT-Kanpur	-	Member
viii)	Prof. A.K. Sharma, Director, School of Planning & Architecture, New Delhi	-	Member
ix)	Shri R.C. Palekar, GM (Electronics), NHAI	-	Member Secretary

The Terms of Reference (TOR) of the Committee is to develop strategy, process design, operational methodology, finalization of standards for various components of ETC system, evolve an institutional framework for implementation and operation of ETC.

The Apex Committee for implementation of the ETC has submitted its report. Government has accepted the recommendations of the committee including the Radio Frequency Identification (RFID) tag technical specification. The same has already been notified. Further action for implementing the recommendations is being taken by the Ministry and NHAI.

Recommendation (Para No.13)

The Committee are extremely concerned to note that almost all works of highway projects had been delayed or were likely to be delayed. In several cases, period of these delays as well as corresponding cost escalations are substantial. While agreeing that certain complex issues and impediments may come up in the implementation of Highway projects, the Committee wish to emphasize that issues such as Land acquisition, Railway clearance for Rail Over Bridge (ROB) design, environmental clearance, shifting of utilities and poor performance of contractors are of routine nature in a Highway construction and can be addressed with effective coordination, supervision and pursuance with concerned organization/agencies.

Although few corrective measures have been taken by the Ministry, for instance, posting of a Railways officer in NHAI to expedite clearances of ROB, changes in the process of awarding contracts, increase in the number of State Level Land Acquisition Units etc, the Committee is of view that the Ministry and NHAI have a major responsibility in this regard. The Committee is anguished to note NIL progress (as length completed) in respect of NHDP, Phase IV, VI and VII project, which were approved way back in the month of July, 2008, November, 2006 and December, 2007 respectively. The submission of the Ministry that "presently feasibility studies are being prepared for most of these projects", is not convincing. The Committee desire that timelines should be set realistically while announcing a new project, after taking into consideration the time required on account of land acquisition, environment & forest clearance etc. The Committee also note that though in respect of BOT projects, delay

does not have a direct bearing on cost overrun, as the same is being incurred by concessionaire, however in NHAI funded projects, delays in completion of project undoubtedly compound the problem of cost overrun. Besides, the amount of inconvenience suffered by general public due to pendency of projects though cannot be measured in monetary terms, remains huge. The Committee, therefore, stress that what is required is a paradigm shift. In this new paradigm, procedures need to be tightened and streamlined and the approach should be proactive and preemptive. The Committee agree with the proposal of the Ministry that a project, after preparation of DPR, should be decided in the first instance itself, whether it is to be considered for procurement on BOT(Toll)/BOT (Annuity) or EPC. This will save the invaluable time lost due to the trial and error method being followed presently. The Committee urge the Ministry to strive hard in this regard. The Committee further note that recommendations of the B.K. Chaturvedi Committee have been implemented and a revised strategy for NHDP have been formulated. As for now, the Committee understand that according to the revised strategy for speedier implementation of projects, the Chief General Managers (CGMs) of 14 Regional Offices have been delegated financial as well as administrative powers for execution of works. In this regard, the Committee desire that the CGMs should also be made accountable for delays in implementation of projects. It is high time that responsibility for delays be fixed. The Committee also recommend that the mechanism/instrument of supervision of targets needs to be strict. They would like to know the impact of the revised strategy on NHDP, supported by facts, in the action taken stage.

Action Taken by the Government

The committee's concern for effective coordination, supervision and the pursuance with concerned organization/ agency for speedier implementation of the projects are noted. In fact, the Ministry and NHAI are already striving hard in these directions through manifold actions. Regional Officers of NHAI are very much accountable for proper, efficient and timely implementation of projects. Month wise and project wise targets are fixed for land acquisition, and civil construction activities. Delays do occur sometimes due to reasons beyond the control of Regional Officers and other concerned Officers. Nonetheless, where delay is attributable to NHAI officials, necessary deterrent action will be contemplated.

There has been positive impact due to revised strategy for implementation of NHDP, pursuant to recommendations of B.K.Chaturvedi Committee. For instance, NHAI carried out Annual Pre-qualification of bidders and prequalified about 100 applicants/bidders for the year 2011. These applicants are not be required to submit voluminous documents at project specific RFQ. Similarly NHAI would take up fresh pre-qualification for the year 2012. As a result, NHAI has been able to award projects aggregating to 4086 km of highway length during 2011-12 upto November, 2011 as against earlier achievement of 3360 km in 2009-10 and 5058 km in 2010-11. The impact will be more visible in due course.

Recommendation (Para No.14)

The Committee observe that non-performance of contractors is one of the major reasons for long delays in completion of Highway projects. Also, the possibility of a nexus between middlemen, non-performing contractors and corrupt officials siphoning off project funds cannot be ruled out. The Committee have been given to understand

that the contracts of such contractors, who do not perform even after periodical review, are terminated and the bank guarantee for performance security are encashed. As per stipulations, these contractors are also not being “pre-qualified” for award of any future project in NHAI until their performance improves. The Committee feel that in an atmosphere, where delays have become a regular affair, blacklisting alone may not be effective and thus there should be a provision to impose substantial cash penalty on the non-performing contractors. The Committee, therefore, recommend that Ministry should either incorporate a provision of financial penalty or raise the amount of bank guarantee in the contract agreement. It will serve two purposes, firstly it will be an effective instrument of penalty and will act as a deterrent for non-performing contractors and secondly, it will keep away non-serious contractors or the contractors, who do not have the requisite capabilities to undertake major National Highway Project. The Committee also recommend that the Ministry should ensure that bank guarantee of a non-performing contractor is encashed and a project is not re-awarded to a black-listed contractor. Further, the Committee would like to emphasize upon the fact that construction of Highways through contracting and bidding requires a sharp and effective evaluation and supervision of contractors. Without this ability, poor contracting jobs will jeopardize the projects. Thus, the Committee recommend that senior managers in NHAI should be made to adopt an effective approach to hire capable contractors and supervise them sincerely and efficiently. Equally important is the need to be aware of the pitfalls of making inappropriate decisions in this direction for which responsibility should be fixed and the erring officials penalized.

Action Taken by the Government

Relevant clauses for imposing penalty in case of contractors’ default are provided in the Contract Agreement executed between client and contractors/ concessionaires for B.O.T(Toll), BOT(Annuity) & Engineering Procurement and Construction(Item rate). The supervision/Independent Consultants perform their duties and exercise the authority in accordance with the provisions of the contractual agreement. Penalty is imposed by the client on the defaulting contractors on the basis of recommendations of the Supervision/Independent consultant as per the contractual provision. All the supervision/Independent consultants are appointed on transparent basis through International Competitive Bidding (ICB). Clear procedures are provided in the contract documents to make bonafide and correct decisions by all concerned. NHAI has been encashing Bank Guarantees from time to time, in case of default by the contractors. Contractors/Concessionaires once placed in the list of poor performance are not permitted to bid for fresh projects till they improve their performance to the satisfaction of NHAI.

Recommendation (Para No.15)

Regular and planned maintenance and upkeep of National Highways are of paramount importance in view of the overload they bear. Poor maintenance and potholes on most of the Highways have turned them into an increased safety hazard to the users. For instance, NH6, NH13 and NH34 are in bad condition. Other glaring examples of the same are Mahatma Gandhi Bridge and Rajendra Bridge in Bihar and Roopnarayan Bridge in West Bengal. The Panvel-Goa Highway and the Shivpuri bypass are some other examples of certain spots being severely accident-prone on National Highways. The Committee are constrained to note that financial resources

made available to the Ministry under Maintenance and Repairs Head (Non-Plan) have been only about 40% of the requirement during the last four years. The Committee are of the firm opinion that if due maintenance cannot be provided to existing network of highways, all efforts to expand its reach are meaningless and hence, recommend that maintenance should be accorded highest priority and the issue of inadequate allocation for maintenance and repairs of National Highways should be taken up with Ministry of Finance and Planning Commission at the highest level. The Committee also suggests that controlled entry of trucks, conducting of awareness programs among road users and night patrolling on the Highways should be undertaken for enhancing safety. Specific observations on the maintenance and safety aspects have been covered in the next two recommendations.

Action Taken by the Government

The Maintenance & Repair (M&R) of NHs are carried out annually as per available non- plan outlay based upon extent of repair needed, inter-se priority and availability of funds. Generally, the annual available allocation is of the order of about 35-40% of the estimated requirement.

The Non-Plan allocation provided for M&R of NHs during 2011-12 (B.E.) amounting to Rs. 1,027.25 crore is less than the B.E. outlay of Rs. 1,056.86 crore during 2010-11. However, during 2010-11 additional allocation of Rs. 1,000 crore was provided at R.E. stage in December. 2010.

This Ministry is consistently taking up the matter for enhanced allocation of fund under M&R. During the current FY 2011-12 also, Ministry of Finance has been requested to consider providing additional allocation of Rs. 1,000 crore for M&R of NHs under the relevant budget head of this Ministry. An additional allocation of Rs. 300 crore has been provided by Ministry of Finance for meeting the additional expenditure of M&R of National Highways during Financial Year 2011-12.

Following issues need favourable considerations in this regard:-

The earliest indication regarding assured availability of enhanced allocations under RE (if at all provided) during a financial year is received in the Ministry in December. This poses difficulty in taking up timely actions for preparation of estimates commensurate to available allocations, their sanctioning, tendering, award and implementation. As such, expenditure may not be commensurate to enhanced RE allocations even if RE allocation for M&R of NHs is enhanced substantially to match estimated fund requirements.

Further, the execution of road works has seasonal variations (which essentially excludes monsoon season as non-working season). The available working seasons in hilly areas, North-East Region is very less due to much prolonged rainy seasons. Also for many of the southern states, there is occurrence of rains in winter.

Therefore, it is desirable that allocations for M&R of NHs are enhanced to match the requirement as per the estimated fund requirements as per this Ministry's norms right at BE stage itself rather than enhancing the same at RE stage.

Recommendation (Para No. 17)

The Committee have been informed that engineering/technical aspects of "Road Safety" are being taken care of at the design stage of the National Highway itself. However, the Committee is pained to note that there are certain sections of National Highways in different parts of the country, from where recurrence of fatal accidents has been regularly reported due to their faulty design or such shortcomings. One such section is near „Kooteripattu“ on NH-45. Since the inception of this section of highway in 2005, about 700 accidents have already taken place, killing more than 132 people. The Committee have been raising his issue for the last one year. Though some tentative action has been reportedly taken on the matter, yet the Committee is shocked to know that the Ministry of Road Transport and Highways is still preparing a report on the same. This state of affairs raises serious doubts about how the sufferings of a common man are dealt with in the existing set up. The Committee expresse their profound anguish over the scant regard that has been shown towards the lives of the people and strongly deprecates the callous approach of concerned agencies. They also recommend that road safety issue of Kooteripattu alongwith the complaints of similar nature from any other section in the entire NH network should be addressed with utmost urgency. The Committee also recommend that the Ministry should compulsorily carry out "road safety audit" for all future projects either at the planning stage or at the Detailed Project Reports stage. The needs of the local population living on both sides of such Highways should also be given due attention in the form of subways, foot over bridges, pedestrian crossings, service road, underpasses or even realignment of the road, if needed, because no venture, whatever be its utility or commercial viability, should ever compromise on safety of road users.

Action Taken by the Government

NHAI have started Safety Audit for Public-Private-Partnership (PPP) projects. Three Safety Consultancy Contracts on (i) Gurgaon-Jaipur (226 km), (ii) Surat-Dahisar (239 km), (iii) Chilkaluripet-Vijaywada (79 km) have been functional since May, 2010. Further safety consultants for fifty three PPP projects on DBFO basis for 4820 km length have been appointed for safety audit during development and construction stage. Work of Audit has already been commenced.

Bids for appointment of Safety consultants for twenty six more packages of length 2222 km have been received and they will be appointed shortly.

In the state of Tamil Nadu, Safety Consultants on following projects have been appointed by NHAI in accordance of schedule L of Model Concession Agreement (MCA):

- i) Six laning of Krishnagiri – Walajahpet section of NH-46 from km 0.00 to km 148.30 in the State of Tamil Nadu under NHDP Phase-V to be executed as BOT (Toll) project on DBFO basis.
- ii) Four laning of Tirupati – Tiruthani – Chennai section of NH-205 from km 274.800 to km 341.600 in the State of Andhra Pradesh and km 0.00 to km 59.600 in the state of Tamil Nadu under NHDP Phase-IIIA on BOT basis.
- iii) Two laning of Trichy – Karaikudi section of NH-210 (km 10.00 to km 94.00) and Tirchy bypass on NH-67 (km 110.016 to km 135.930) in the state of Tamil Nadu under NHDP Phase-III on Design, Build, Finance, Operate and Transfer (DBFOT) basis.

- iv) Two laning with Paved shoulder of Dingigul – Theni section from km 2.750 to km 73.400 of NH-45 (extn) and Theni – Kumli section from km 215.500 to km 272.600 of NH-220 in the state of Tamil Nadu under NHDP Phase-III on Design, Build, Finance, Operate and Transfer (DBFOT) basis.
- v) Six laning of NH-7 from Hosur (km 33.130) to Krishnagiri (km 93.000) in the state of Tamil Nadu under NHDP Phase-V as BOT (Toll) on DBFO basis.
- vi) Six laning from km 102.035 to km 144.680 on Chengapalli to start of Coimbatore bypass and four laning from km 170.880 to km 183.010 on End of Coimbatore bypass to TN/Kerala border section of NH-47 in the state of Tamil Nadu under NHDP Phase-II on DBFOT (Till) basis (Package No. NS-II/BOT/TN-08).
- vii) Six laning of Chennai – Tada section of NH-5 from km 11.00 to km 54.40 in the state of Tamil Nadu under NHDP Phase-V.

As regards road safety at Kutteripattu junction on NH 45 approval has been given for provision of a foot overbridge at the junction at an estimated cost of Rs. 1.5 crore as a change of scope under Concession Agreement for Tindivanam-Ulundurpet Project during O&M period.

Recommendation (Para No.20)

An important reason, which the Committee note for causing delays in several Highway projects is the delay in obtaining necessary clearance under the Forest Conservation Act, 1980 and local laws for cutting of trees and diversion of forest areas as well as the wildlife clearance – all being time consuming processes. The Committee have been informed by Ministry that as regards environmental clearance, they are depositing the compensatory afforestation amount for trees being cut for a highway with the Ministry of Environment. The Committee also takes note of the argument put forth by the Ministry that planting trees close to the road is no longer relevant in the absence of bullock carts now and thus is only a major traffic hazard and that on this point there is a difference in viewpoints of both the Ministries. The Committee are of the view that central nodal institutions like Ministry of Road Transport and Highways and NHAI, being mandated to construct, develop and maintain the National Highways throughout the country can certainly play a more proactive role and therefore, strongly recommend that the Ministry, in coordination with Ministry of Environment and Forest, should devise a mutually agreed formula for time-bound clearances of the highway projects. The Committee also desire that Ministry should pursue with the Ministry of Environment and Forest vigorously to get preferential treatment for the National highways, similar to certain coal-mining projects, keeping in mind their significance for the progress of the nation. The Committee further counsels the Ministry that the process of obtaining environmental clearances should be initiated at the earliest possible stage and clearances should be obtained before finalizing the cost or awarding the project and not vice-versa.

The Committee also came across a peculiar case concerning the highway project of NH-24 i.e. Hapur to Garmukteshwar (total length 35 km), where the Ministry of Environment and Forest has not been able to give environmental clearances because they are looking forward for the recommendation of State Wildlife Board. And since, State Wildlife Board has not yet been constituted; the project is lying in doldrums.

Similarly, a project in Gwalior is being held-up for the last eight years due to non-cooperation of the Army to hand-over one acre of land. The Committee strongly believes that procedures entangled in the bureaucratic cow-web are not going to help the issue and therefore, recommend that all concerned parties should follow a pragmatic approach towards solving issues of this nature. They suggest that the Ministry should take up the matter with the Ministry of Defence, the concerned State Governments as well as the Ministry of Environment & Forest urgently to ensure clearance and timely completion of this highway project.

Action Taken by the Government

NHAI is having a close coordination with the Ministry of Environment and Forest (MoEF). In so far as the environmental clearance is concerned no project is held up/pending for want of environmental clearance. The Environmental Appraisal Committee of the MoEF is holding meeting regularly every month of the infrastructure projects including highways. It is further to add that priorities are given to the highway projects and these are getting cleared expeditiously MoEF. It is also submitted that NHAI initiate Environmental clearance proposals immediately after the feasibility reports. By the time the projects are in the stage of award, the environmental clearance are obtained.

However, problems are encountered in getting the wildlife/forest clearance where the projects are to be routed through State Forest Department/State Governments. In case of wildlife proposals, the procedure involves examination of proposal by State Forest Department, recommendation by State Wildlife Advisory Board (Chaired by Hon'ble Chief Minister of the State), National Board of Wildlife (NBWL)/MoEF and approval by the Hon'ble Supreme Court of India. In each case of wildlife, this procedure is to be followed twice first for carrying out survey and demarcation and subsequently for final clearance. Similarly, forest proposals are also been examined by the State Forest Department and subsequently by the Ministry of Environment and Forest at regional level and at central level. NHAI has strengthened the coordination mechanism to speed up the forest/wildlife proposals through the States by constituting the High Powered Committee under the Chief Secretary. Most of the cases get cleared but wherever there are issues of some disagreement, the proposals take long time.

The wildlife proposal of Hapur-Garmukteswar was held up due to non constitution of the State Wildlife Advisory Board in the State of Uttar Pradesh. The committee could not be constituted for almost for a period of 3 years. On the insistence of NHAI/Ministry the Committee could be constituted in the month of May 2010 and subsequently a meeting was held and the proposal was recommended by the State Wildlife Advisory Board to the National Board of Wildlife. The National Board of Wildlife (NBWL) had cleared the proposal in its meeting held on 24th January 2011. Now the project is submitted in the Hon'ble Supreme Court of India for final approval.

Recommendation (Para No.21)

The Committee note with distress that development and completion of some of the Port Connectivity Projects are not getting due attention. Mormugao Port Connectivity project, Chennai-Ennore Port Connectivity project as well as Haldia Port Connectivity project have been getting delayed on one account or the other. In respect

of Mormugao Port Connectivity project, the Committee are constrained to note that due to certain issues such as acquisition of Government land (presently 1.18 km stretch of road is still to be acquired) and due to encroachment problems, Mormugao Port Trust (MPT) and Government of Goa are at loggerheads and project is suffering. The Committee, during their visit to Goa, were pained to note that several areas of disagreement existed between MPT and Government of Goa. The matter is sub-judice currently. The Committee hope that the matter would be resolved soon. With regard to connectivity project involving the Chennai & Ennore Ports, the Committee is disturbed to note that bidding for the same is being held up due to lack of clear commitment from all stakeholders for equity/debt-contribution as well as shifting of 1800 PAPs (Project Affected Parties) from Ennore Expressway. The Committee, therefore, suggest that Ministry should make concerted efforts through all channels possible and ensure cooperation among all stakeholders in order to expedite implementation of these Port Connectivity Projects.

Action Taken by the Government

The present status of Port Connectivity Projects specifically mentioned by the Committee is as under:

Mormugao Port Connectivity Project:

- i) The Project of Mormugao Port road Connectivity in Goa for a length of 13.10 Km has been completed by Border Roads Organization (BRO) out of the total length of 18.30Km and thrown open for traffic in May, 2004. The balance 5.20Km from Varunapuri junction (13.10 Km) to Sada Junction (18.30Km) could not be completed due to non eviction of encroachers by Govt. of Goa from the acquired land of Govt. of Goa way back in 1972.
- ii) The Port traffic is currently using NH-17A which is passing through the densely populated towns of Vasco-da-Gama, Chicalirn, Dabolim and Cortalim by which the citizens of these regions are opposing stating that pollution is being increased day by day due to movement of heavy coal & iron ore loaded traffic of the Port along these stretches, which is a bottleneck for the movement of traffic.
- iii) As there was no other alternative, the Mormugao Port Users Association & Others had filed the Writ Petition No.470/2006 before the Hon'ble High Court of Bombay at Goa requesting to complete the balance 5.20 Km road connecting to Mormugao Port so that the Port related heavy traffic will bypass these towns without causing any disturbance to the people staying around.
- iv) The Hon'ble High Court has issued an order dated 21.08.2008 on State Govt. stating that free encumbrance land should be made available to NHAI for completion of the balance 5.20Km by 30.09.2009. As per the above High Court Order, Govt. of Goa has handed over 402Km to NHAI on 18.07.2008 and on 24.07.2008.
- v) The Assembly, Govt. of Goa has passed unanimous resolution on 22.08.2008 on the very next day of the issue of above said order by the Hon'ble High Court dated 21.08.2008 stating that the construction of the road should not be taken up from Ravindra Bhavan junction (Km15.10) to Sada junction (18.30Km) for length of 3.20Km as it will displace hundreds of people (encroachers). Further, the Govt. of Goa had filed

Miscellaneous Civil Application on 23.09.2009 before the High Court for modifications of orders issued by the High Court.

vi) The matter was heard again on 04.05.2011 and the Hon'ble High Court of Bombay at Goa vide its order has directed the State Government to hand over the possession of the land by 30.06.2011 so as to enable NHAI to construct the road from 13.10 Km to 18.30Kms. Then the NHAI has to complete the balance work by 31.12.2011.

vii) The remaining stretch of 1.18Km which exists in three different stretches has been occupied by encroachers for which 256 housing units have been already constructed to shift these PAPs with Port's funds through Goa State Rehabilitation Board. 42 housing units also have been constructed by the Port itself exclusively for shifting of PAPs fishermen community.

Chennai - Ennore port connectivity Project:

After receipt of firm commitment on equity/loan from Chennai Port Trust in October 2010, fresh bids were invited with bid due date as on 25th Nov. 2010. Based on the evaluation of financial bids, M/S COASTAL-SPL (JV) was found the lowest bidder and LOA to award the work was issued to the contractor on 24th December 2010. Agreement has been signed on 7th February 2011 and in compliance to Ministry's letter no.NH37010/2/2010-PIC dated 5th May 2011, letter to commence the work has been issued on the same day, i.e. 5th May 2011.

Out of 1824 Project Affected Persons (PAPs), 1783 have already been shifted. The remaining PAPs could not be shifted due to the election process in the state.

Recommendation (Para No.22)

The Committee note that the development of roads and highways in the North-Eastern region is not at par with the rest of the country, because progress achieved in respect of awarded NHDP projects in the region is rather dismal. For instance, in respect of the projects in Assam under East-West corridor (NHDP phase-II), "zero" progress has been shown in 8 projects as on 31.08.2010. The Committee find that the situation is more alarming because most of these projects have already crossed the date of completion as per original contracts. Even the inception of new programme viz. Special Accelerated Road Development Programme for North-Eastern Region (SARDP-NE) has not led to any substantial progress. The examination of Budget Estimates and Expenditure for the year 2008-2009, 2009-2010, 2010-2011 furnished by the Ministry, revealed a sorry picture of actual expenditure too. To cite an example, in the current year i.e. 2010-11, out of the Budget Estimates of Rs. 1500 cr. for SARDP-NE, only Rs. 553.36 cr. have been utilized upto 28th February, 2011. Apart from the adverse law and order situation, the Committee also notes that in certain States, where the process of land acquisition is rather slow, the Ministry of Road Transport and Highways is mulling over a proposal to leave those States out of the "road-building loop". The Committee feel that such an approach will only add to the already imbalanced development of roads and highways in NE States. The Committee is of view that special situations/circumstances require special effort and endeavor, which is completely lacking on part of the Ministry and NHAI. The Committee, therefore, urge the Ministry to give due attention to Highway projects in NE region, as these National

Highways play a vital role in providing Connectivity to these regions in the absence of proper rail and air connectivity and act as the lifeline of the people. The Committee also suggests that Ministry and NHA should undertake a coherent and coordinated effort with active and effective cooperation of the Ministry of Home Affairs and the State Governments of NE region to remove bottlenecks in their Highway projects.

Action Taken by the Government

Implementation of the Special Accelerated Road Development Programme for North East (SARDP-NE) has brought a sudden surge in the volume of road construction work to such an extent that the implementation agencies e.g. State Public Work Departments (PWD) and Border Roads Organization (BRO) with their existing capacities are not able to cope with the situation. Further, the contracting industry in the Region has not fully developed to take up the sudden increase in the volume of work without capacity building. This also resulted in tremendous pressure on the supply of construction materials and impacted the availability of material like stone aggregates, sand etc. Therefore, there had been shortfalls in the implementation of the programme during the preceding years.

In order to speed up the implementation of the programme, the Ministry, during 2010-11, has started sanction of bigger size road project/packages to attract bigger Contractors from outside the Region in order to expedite the pace of execution during the limited working seasons and in view of this, the total expenditure incurred under SARDP-NE during Financial Year.2010-11 reached Rs. 1067.28 crore as compared to the expenditure of Rs.676.00 crores in the financial year 2009-10.

The Government is very much aware of the importance of road connectivity in NE and is fully committed in providing good roads in the Region. There is no such proposal for leaving out the State, where land acquisition process has been slow, from the road development programme. The Government has also directed all the State Government of NE, to set up a State Level Monitoring Committee, headed by the concerned Chief Secretary of the State, to monitor the progress of SARDP-NE works on a monthly basis so that all the bottlenecks and inter-departmental issues between various State Govt. Departments are sorted out. At Cabinet Secretariat also regular meetings are held to review SARDP-NE, in which various Central Government Ministries/Departments and Chief Secretaries of the concerned State Government of NE Region participate. Follow up meetings are also regularly held in the Ministry to expedite the pace of SARDP-NE.

Total 670 Km length in Assam had been taken for 4-laning under East West Corridor Phase II and 4 laning completed in about 295 Km length. Most of the projects are under implementation and likely to be completed by March, 2012. The average progress for the contract packages is 60.7%, except for 5 Projects in NC hills District having a length of 116Km which are underway of re-award. Two packages awarded in December, 2010 one package in May, 11 and for the remaining two packages bids received which are under evaluation and likely to be awarded by June, 2011. These re-awarded projects of N C Hills district are likely to be completed up to December, 2013. As suggested by the Committee special emphasis is being given by NHA for completion of the projects in North East Region.

Total 394 Km length has been entrusted to NHAI under SARDP-NE projects, 112 km length awarded (i.e. Jorbat-Barapani & Shilong Bypass) and works started in Jan,2011. Three new projects along NH-37 having a length of 178 Km i.e. Numaligarah-Jorhat-Demow-Dibrugarah are under bidding process and likely to be awarded up to Aug, 2011 and will be completed by Feb, 2014.

Recommendation (Para No.23)

The Committee note that Government has formulated a scheme to improve the road connectivity in the Left Wing Extremism (LWE) affected areas covering 33 districts in eight States. However, the Committee are dismayed to find that funds allocated for this purpose are grossly underutilized. During the year 2009-2010, out of Budget Estimates of Rs. 500 cr and Revised Estimates for Rs. 125 cr, only Rs. 5 cr could be utilized. Even for the year 2010-11, out of Budget Estimates of Rs.1000 cr; only Rs. 578.21 cr have been utilized upto 28th February, 2011, which is quite unsatisfactory. The Ministry has attributed such underutilization to late awarding of projects. Considering the importance of this scheme for economic development of LWE affected areas, reducing economic isolation and strengthening political cohesion, the Committee desire that a high level group comprising of representatives of Ministries of Home, Urban Development, Development of North Eastern Region (DONER) and the Ministry of Road Transport & Highways (MORTH) and National Highways Authority of India (NHAI) should be formed, who should be entrusted with the responsibility to supervise/monitor the programme on a regular basis to ensure that funds are utilized prudently and required infrastructure is created for the common good. The Committee would particularly emphasize upon the fact that the Ministry needs to coordinate effectively with the Ministry of Home Affairs and concerned State Governments to tackle the disruption of works by extremists and for successful implementation of this project.

The Committee further note that Left Wing Extremism is, to a large extent, funded out of the extortion/concession, which the extremists get from many Government contractors. All this make the entire development strategy counter-productive and self-defeating. The Committee, therefore, recommend that credentials of contractors of LWE affected areas should be verified with help from Ministry of Home Affairs and concerned State Governments in order to stop the diversion of funds in the hands of unscrupulous elements.

Action Taken by the Government

The programme was approved by the cabinet on 26.02.2009. The pre-construction activities for a road project take considerable time going through a phase of detailed survey, preparation of detailed project report, sanction of the estimate by the Ministry, tendering etc. Moreover, most of the road stretches are lying in very difficult and inaccessible areas, making it difficult to carry out detailed survey of the roads. The sanction of the detailed estimates for individual stretches could start from October, 2009 only and most of the works have been sanctioned and awarded during the year 2010-11. Moreover, there has been poor response to the works especially in Gadchiroli in Maharashtra, Bastar in Chhattisgarh and in some parts of Jharkhand leading to delay in starting the work. The construction period varies from 12 months to 36 months depending upon the nature of work and size of the project. These works are in initial

stage of implementation. Therefore only Rs. 5 crore could be spent during 2009-10 only. However, out of Rs. 750 crore allocated for LWE roads during 2010-11, Rs. 719 crore have been utilized. During 2011-12, out of an allocation of Rs. 1200 crore, Rs. 326 crore have been utilized up to August, 2011.

The projects are being monitored at various levels in the Ministry, in which representatives of Ministry of Home Affairs are also invited and also by the respective State Govts regularly. The issues in implementation are being addressed expeditiously.

The details of the contractors working on LWE roads were sent to Ministry of Home affairs for verification of credentials. Based on the intelligent input received from Ministry of Home Affairs, the State Governments have been asked to take appropriate action in to the matter.

CHAPTER - III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLY

Recommendation (Para No.11)

Land acquisition for development, maintenance, management and Operation of National Highways is a complex process, which is administered by section 3 of the National Highways Act, 1956. However, the Committee have observed certain differences between National Highways Act, 1956 and the Land acquisition Act, 1894, due to which the Government has frequently encountered resistance and agitation by the PAPs (Project Affected Parties). There is a provision in the LA Act to provide for payment of an interest amount calculated at the rate of twelve per cent, over and above the market value of the land for the period commencing on and from the date of publication of the notification under sub-section (1) of section 4, in respect of such land to the date of award of the competent authority or the date of taking possession of the land, whichever is earlier, subject however to the condition that in computing such period, any period or periods during which the proceedings for the acquisition of the land were held up on account of any stay or injunction by the order of any court shall be excluded. In addition, a provision also exists for awarding a sum of 30% as solatium amount, over and above the market value of the land in consideration of the compulsory nature of the acquisition. Consequently, the land owner, from whom land is acquired under the National Highways Act, is in a disadvantageous position as compared to the one whose land is acquired under the Land Acquisition Act. From the deposition of the Ministry, the Committee further observe that the National Highways Act does not provide for any time-limit for making an application by the aggrieved party to the arbitrator. As a result, the land owners approach the arbitrator even after 2-3 years from the date of determination of award and these cases remain unsettled for long, leading to inordinate delay in complete procedure.

Although Ministry has submitted a proposal for the necessary amendments to NH Act, the Committee fails to understand as to why the Ministry took so long to propose amendments to NH Act 1956 despite more than 15 years of experiencing hurdles under NHDP. Besides, such a proposal is not being pursued vigorously in order to facilitate smoother acquisition of land for future projects under various phases of NHDP. The Committee feel that there is an urgent need to streamline the Land Acquisition process and, therefore, recommend that Ministry should take necessary steps to amend the existing NH Act, 1956 in order to incorporate firstly, provision of compensation as per provisions of Land Acquisition Act, 1894 and second, provision of timeframes for declaration of awards by Competent Authority for Land Acquisition (CALA), disbursement of compensation and initiation/completion of arbitration. The Committee desire to be apprised of the status of the proposal submitted for making amendment in the NH Act, 1956.

Action Taken by the Government

The National Highways Act was amended in 1997 (Act 16 of 1997) to provide for expeditious acquisition of land for NH projects. The provisions to acquire land expeditiously for National Highways purpose, were incorporated vide Sections 3A to 3J

to facilitate speedier acquisition of land for development and construction of National Highways.

A special Act like NH Act has proved to be very useful for in the construction of infrastructure such as national highways in view of comparatively less legal hurdles faced by the acquisition done under the Act due to provisions contained in NH Act regarding barring of jurisdiction of courts of law in determination of compensation. A provision also exists under NH act to provide redressal of grievances of land owners through Arbitrators. NH Act, 1956, is also quite reasonable. The competent authority to declare compensation under Section 3G of the Act, is invariably a State Government functionary, who takes into account all considerations including damages, cost of shifting, etc.

There is at present, no proposal under consideration of the Government to amend the National Highways Act, 1956 to align it with the Land Acquisition Act, 1894.

CHAPTER - IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH THE GOVERNMENT'S REPLIES HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Para No. 4)

The Committee observe that Highway sector has a large shelf of projects, which can be readily offered to private players, including those which had a serious setback in the year 2009-2010 due to global financial meltdown. Since the financial crisis is now over, the Committee suggests the Ministry to take concerted efforts to attract private players in this sector. Apart from an enabling fiscal environment, development of mutual trust is the fundamental pre-requisite to encourage entry of private investors. Organization of "Business conclaves" periodically with active cooperation of FICCI, CII and other corporate bodies may also lead to a positive response. In respect of pending Highway projects due to non-response/low response of private investors, the Committee urge the Ministry to explore various possibilities to attract bidders by way of revising the project cost, providing funds on concessional interest rates and providing updated & authentic traffic data flexibility in the Concessional Agreement too.

From the deposition of the Ministry made before them, the Committee also note that one of the fundamental problems faced by the private investor is experiments of Government policy with many formats with varying degrees of success. Changes in the policy guidelines as well as project documents such as MCA (Model Concession Agreement), RFQ (Request for Qualification) and RFP (Request for proposal) have caused severe disruption of the award process in the past. The Committee feel that private investment flow into the Highway sector will purely depend on the consistent, adoption of long term policies and their adherence by the Government and therefore, there is an urgent need to standardize project documents and streamline policy guidelines vis-à-vis Public Private Partnership (PPP). The Committee also suggests that a comprehensive review of project documents and policy guidelines keeping in mind the needs of foreseeable future should be undertaken urgently. In this context, the Ministry may involve experts/ specialized institutions and study best practices so as to facilitate an investor-friendly environment for NHDP. It has come to the notice of the Committee that there have been instances where collection of toll was stated to have been started even before the construction of road commenced/was completed. The Committee, therefore, desire that a financial and technical review of all Model Concession Agreements (MCA) should be carried out by an independent Committee of outside experts and their findings submitted to this Committee at the earliest.

Action Taken by the Government

NHAI undertakes restructuring of projects to make them viable. This process may involve restructuring of the cost of the project also. Traffic study is conducted during the DPR/Feasibility stage and projections are based on such studies. The policy documents pertaining to Public Private Partnership (PPP) projects, e.g. Request for Qualification (RFQ), Request for Proposal (RFP), Model Concession Agreement (MCA) etc. have already been standardized to avoid any misunderstanding or disputes with the stakeholders to the extent possible. Comprehensive and regular review of the project documents and policy guidelines are also undertaken to make it in tune with the changing times and to meet the needs of the public in the foreseeable future.

Comments of the Committee

(Please see Paragraph No. 1.8 of Chapter – I)

Recommendation (Para No. 7)

The Committee are distressed to note that flagship project of NHDP i.e. North-South – East-West (NS-EW) corridor has been crippled with inordinate delays. All NS-EW corridor projects, which are under-implementation, have well passed the date of completion as per the contracts, which reveal a sorry state of affairs. The project was earlier scheduled to be completed by December, 2009 after several extensions, but later on the Committee was informed about yet another extension as December, 2010. The project is still incomplete as 444 km of the same is yet to be awarded as on date. The deposition of the Ministry that “actual date of completion can be estimated only after all projects of NS-EW corridor are awarded” is in fact fallacious. The Committee are also not convinced with the reasons submitted by Ministry for such enormous delays. The Committee, therefore, recommend that all earnest efforts should be made for expeditious completion of NS-EW corridor project, balance work should be awarded without any further delay and a High level group, such as the NHA Board, should be entrusted with the responsibility to supervise/monitor the progress of this project fortnightly, so that appropriate action could be taken to avert any further delay. The Committee are convinced that setting unrealistic targets due to poor planning is the reason for repeated extensions of the target date for completion of this project. Constant delays not only projects the Ministry in a bad light but also leads to cost overruns, hence the Committee suggest that Ministry should adopt a realistic approach in respect of fixing targets for the NS-EW corridor project and adhere to it.

Action Taken by the Government

The NS-EW corridor projects are being monitored closely. Significant completion is anticipated by March 2012.

Comments of the Committee

(Please see Paragraph No. 1.11 of Chapter – I)

Recommendation (Para No. 9)

The Committee feel that provisions of collection of fee/toll in perpetuity is fundamentally wrong and thus needs to be reviewed in the light of gained experiences. During the examination of the subject, the Committee also came across some disturbing instances such as toll collection from the areas, where condition of roads are very poor, exorbitant increase/hike in toll rates, toll plazas being set up in close proximity with each other etc. The Committee are also not satisfied with the financial model of NHA to indicate the benchmark Internal Rate of Return (IRR), which determines the optimum concession period within which the concessionaire would recover the capital cost of the project and other project related expenditure besides

earning a reasonable return. The Committee, therefore, would suggest the Ministry to review and revisit the Rules and Regulations regarding collection of toll, so that it does not become an instrument of malpractice and unjust profiteering by unscrupulous elements to harass the general public. The Committee further recommend that a just and comprehensive methodology should be evolved for computing the concession period based on sound financial evaluations.

The Committee also note that the Highway projects are highly dependent on the traffic volume/assessment Report not only for the fixation of toll rates but also for fixation of concession period. Unavailability of updated and accurate traffic volume data/Report often leads to incorrect forecasts and wrong estimation of concession period. The Committee, therefore, emphasize that there is an urgent need to strengthen instrument of traffic volume data/Report in order to address the problems of current system. In this connection, the Committee are aware that of late the Government, particularly the Ministry of Urban Development, has been encouraging projects to introduce the "Intelligent Transport System" (ITS) for collecting real time data for effective traffic management. An Inter-Ministerial Core Group on ITS has also been set up by the Government to establish a National framework for ITS. The Committee therefore recommend that the Ministry of Road Transport & Highways may coordinate with their counterparts in relevant sectors so that the positive benefits of the accurate traffic data could be utilized to work out standard provisions for toll collection on the National Highways.

Action Taken by the Government

Action has already been taken to reduce the rate of user fee after recovery of the cost of construction or completion of concession period. As per amendment to the National Highways (NH) Fee Rules published under GSR 15(E) dated 12.01.2011, provides that after the concession period is over, the fee shall be collected by the Central Government /executing authority at a reduced rate of 40% of the fee being charged on the date of transfer of such section, to be revised annually in accordance with these rules. Further, the said NH fee rules also provide that after the recovery of capital cost through user fee realized in respect of a public funded projects, the fee leviable would be reduced to 40% of the user fee for such section, to be revised annually in accordance with these rules.

Regarding establishment of toll plazas within close proximity, it is submitted that as far as possible, NHAI is fixing the toll plazas as per the provisions of National Highways Fee Rules. As per NH Fee Rules, 2008, the executing authority or the concessionaire, as the case may be, shall establish a toll plaza beyond a distance of ten kilometers from a municipal or local town area limit. Provided that the executing authority may, for reasons recorded in writing, locate or allow the concessionaire to locate a toll plaza within a distance of ten kilometers of such municipal/ local town area, but in no case within five kilometers of such municipal/local town area. Rule further provides that where a section of the National Highway, permanent bridge, bypass or tunnel, as the case may be, is constructed within the municipal or town area limit or within 5 kms from such limits, primarily for use of residents of such municipal or town area, the toll plaza may be established within the municipal/town area limit or within a distance of 5 km from such limits. Rule 8 (2) stipulate that any other toll plaza on the same section of National Highway and in the same direction, shall not be established within a distance of 60 km provided where the executing authority deems necessary, it

may for reasons to be recorded in writing, establish /allow the concessionaire, to establish another toll plaza within a distance of 60 km: provided such toll plaza is for collection of fee for a permanent bridge, bypass or tunnel.

As regards estimation of concession period it is submitted that the traffic survey is conducted during preparation of Feasibility Report. Based on the traffic survey data and its projected value, the estimated cost of the project, user fee rate and financial modeling of the project, the period of concession is fixed.

Traffic data of NHDP sections under tolling are with NHAI. Regarding using Intelligent Transport System (ITS) on National Highways, Ministry of Road Transport & Highways would take up the above issues in the light of recommendations of Expert Committee headed by Shri Nandan Nilekani, Chairman, UIDAI.

Comments of the Committee

(Please see Paragraph No. 1.14 of Chapter – I)

Recommendation (Para No. 12)

The Committee observe that the issue of land acquisition in general and compensation in particular is extremely sensitive. The Competent Authority for Land Acquisition (CALA), who is generally officers of Local Revenue Departments, are empowered to fix the compensation. However, the Committee came across innumerable complaints of inadequate compensation from PAPs (Project Affected Parties) and consequent long drawn arbitrations, which seriously affect the progress of NHDP. The Committee would like to particularly mention States like Kerala and Goa. In these States, several stretches of National Highways are hemmed in by dense residential and commercial structures, which are under constant fear of demolition owing to Highway Projects. As a result in these States, the process of land acquisition has been severely affected. The Committee feel that land acquisition and displacement/rehabilitation of people for NHDP needs a very careful and proactive role of the nodal Ministry. Before commencement of the project, the concerned State Government as well as Local Administration/ representatives should be effectively consulted to ensure smooth acquisition of land or rehabilitation of displaced persons. Association with the local people's representatives, MPs and MLAs, can also prove to be quite effective. All rehabilitation processes should be in place before undertaking any such project. The Committee concurs with the views of the Ministry that the Chief Secretaries should be made Nodal Officers by the State Governments for land acquisition, as they are in a better position to coordinate with various agencies involved in the process in their States. Though only few States have done so, the Committee desire the Ministry to pursue this with other State Governments, vigorously.

The Committee further observe that the State Governments/District Collectors have been extremely conservative in awarding compensation and it is the sole reason for landowners to keep litigating for decades in the hope of better compensation and therefore, suggest that there is an urgent need to sensitize State Governments/CALAs/Arbitrators to take into account future development potential of the land for its owner, while awarding the compensation. The Committee are of the firm

view that the Ministry of Road Transport and Highways, being the nodal Ministry for Highway construction, development & maintenance, can play a pivotal role in this regard.

The Committee further observe that in respect of Kerala and Goa, the Ministry/NHAI and respective State Governments have been stuck with the issue of 35 meters/ 45 meters/ 60 meters of highway width and unprecedented delay encountered in the completion of projects are likely to make those redundant in the light of ever increasing vehicular traffic. The Committee note the Ministry's suggestion that in these cases, "expressways" with completely new alignment and avoiding all human habitation, can provide the ideal solution. The Committee do understand that the quantum of investment required for these green-field projects would be very high, but considering the benefits, not only at present but in future as well, the Government should give a serious thought to it without further delay. The Committee also recommend that the Expressway Authority of India., as envisaged and prioritized in the Eleventh Five Year Plan document should be constituted as early as possible. The Committee are also of the view that in cases similar to Kerala & Goa, where widening of Highways can leads to displacement of local people or have an adverse effect on their livelihoods, the construction of "expressways" should be considered from the initial stage itself. They hope that these suggestions would be suitably incorporated in the XII Five Year Plan; otherwise certain crucial National Highway Projects may not see the light of the day at all.

Action Taken by the Government

So far as payment of compensation is concerned, Competent Authority for Land Acquisition (CALA) is determining/making payments as per provision of Section 3G of the National Highways Act, 1956, The NH Act, is also quite reasonable. The competent authority to declare compensation under Section 3G of the Act, is invariably a State Government functionary, who takes into account all considerations including damages, cost of shifting, etc. Thus provisions are in-built in the NH Act for adequate compensation.

Regarding development of Expressways it is submitted that the Government has taken initiative for construction of 1000 Km. of Expressways in the country under NHDP phase VI. Additionally, about 18600 km of Expressways have been identified by the Government under formulation of a master plan for National Expressways for the horizon year 2012 -2022, i.e. to be completed by the end of 13th Five Year Plan, under phased manner. For development of such a huge net work of expressways an independent authority may be needed to be set up. In this regard the Government is exploring the possibility of setting up of an Expressway Authority of India.

Comments of the Committee

(Please see Paragraph No. 1.17 of Chapter – I)

Recommendation (Para No. 19)

The Committee note that many concessionaires of highway projects have been appointing sub-contractors on Engineering, Procurement and Construction (EPC) basis

despite lack of experience and technical qualifications on their part, which not only affects the quality and safety aspects of National Highways but also jeopardizes timely completion of projects. The Committee also note certain complaints that policies followed by the Ministry of Road Transport and Highways tend to favour large contractors, who eventually sub-contract the project. The Committee, even while acknowledging the fact that experience of Ministry has not been very good with small/medium level contractors, are not convinced with the merit of Ministry's approach and feel that promotion and encouragement of "Medium level" contractors will not only strengthen our capacity vis-à-vis road construction but also provide much needed exposure to our nascent construction industry. Moreover, the present contractors are, anyway, sub-contracting the major portion either with or without the consent of Ministry. Hence an initiative to involve medium level contractors will bring them under direct control of Ministry and NHAI and make them more accountable. The Committee are aware of certain changes introduced in the RFQ & RFP documents to curtail subcontracting, but feel that complete procedure need to be further streamlined and regularized with the provision of strict supervision, so that the project works do not suffer due to the appointment of substandard EPC contractors.

The Committee further observe that during 2008-09, when low response of market was witnessed, certain changes were introduced in the RFQ/RFP and MCA on the recommendations of B.K. Chaturvedi Committee. However, now when market is buoyant and giving good responses to the bidding process, the Ministry has been arguing about probability of suboptimal bids being tendered. The Committee find such an approach completely confusing. The Committee strongly urges the Ministry to desist from such knee-jerk reactions and seek expert opinion so as to adopt a long-term consistent policy.

Action Taken by the Government

The policy matters with regard to PPP projects are always decided after obtaining expert opinion from Planning Commission and Department of Economic Affairs.

Comments of the Committee

(Please see Paragraph No. 1.20 of Chapter – I)

CHAPTER - V

RECOMMENDATIONS/OBSERVATIONS OF WHICH REPLY OF GOVERNMENT STILL AWAITED

Recommendation (Para No. 2)

The Committee, while reviewing the financial plan of NHDP, note that the quantum of financial resources required for implementation of Highway projects is significantly high. An estimated expenditure of Rs. 200 crore is required everyday for these projects for a period of 15-20 years. As the Government resources are not enough for such capital intensive activity, an efficient financing plan mobilizing all sources needs to be worked out to ensure steady flow of funds for the various highway projects. Moreover, Highway projects awarded on Public-Private Partnership (PPP) mode, which has now emerged as the primary mode of Highway construction in the present scenario are characterized by back-ended cash flows and require term loans for longer periods i.e. 10 to 20 years with back-ended repayment structure. In other words, Highway concessions have tenures extending upto 30 years and they need loan facilities for upto 75-80% of such tenure. Since both the capital market and institutional mechanisms appear to have constraints in providing long term structured sources of funds, private investors pick the project selectively as they find it difficult to access capital. The Committee observe that Ministry of Finance is already pursuing the recommendation of several High level Committees such as the Deepak Parekh Committee, Patil Committee, Percy S. Mistry Committee and Raghuram Rajan Committee on the subject of "Availability of long term debt". The Committee also appreciates that in order to discuss and evolve consensus on issues relating to infrastructure financing, a High level Standing Committee on Infrastructure Finance has also been set up under the chairmanship of the Finance Secretary, with representation from various stakeholder groups.

In this regard, the Committee are of the firm opinion that the Government intervention is not only desired but also indispensable to enable faster capital inflows and resource mobilization in this infrastructure sector. The Committee, therefore, suggest that in the current environment, when the economy is coming out of recession, it is none but imperative that the issue of availability of long term debt with back-ended repayment structure is pursued at the highest level in order to provide an institutional mechanism for specialized infrastructure financing. The Committee further desire that the creation of this institutional mechanism should be done within a stipulated time frame to avoid any project delay due to financial crunch. The Committee also agree with the suggestions made in the World Bank Report on Financing Infrastructure, which stress upon the need for specialized infrastructure institutions such as Infrastructure Leasing and Financial Services (IL & FS) and Infrastructure Development Finance Corporation (IDFC) to participate at the design stage/ DPR stage of a project in order to make it easier for project developers to obtain finances as well as to provide the developer with the opportunity to use the expertise of such institutions in project designing & financial structuring. The Committee also note that the Ministry of Power has reportedly set up an 'Inter-Institutional Group (IIG)', consisting of infrastructure developers and senior representatives from banks and financial institutions, which has proved to be of substantive help in resolving any outstanding issues or disputes between the developers and various funding agencies. The Committee suggest that the

Ministry of Road Transport and Highways should emulate such models with a view to removing bottlenecks and increasing investment in NHDP, while taking adequate care of conflicts of interests, if any, arising between the institutions and the Government.

Action Taken by the Government

The recommendations of the Committee to emulate the model, being followed by Ministry of Power is under examination in this Ministry.

Recommendation (Para No. 16)

The Committee observe that an undesirable consequence of the expansion in road network and accompanying motorization in the country is the increase in the road related accidents and fatalities. From its examination of the matter, the Committee get the impression that issue of safety is not being given the attention it deserves. The Government is yet to come up with a "National Road Safety Policy". In spite of the fact that "National Road Safety and Traffic Management Bill, 2010" has already been introduced in Lok Sabha and examined by a Parliamentary Committee, it is learnt that such a policy is still under consideration. The Committee firmly believe that the policy representing Government's commitment as it does, should take precedence over any other measures, legal or executive, and therefore call upon the Government to expedite the formulation of National Road Safety Policy. The Committee further desire the Road safety should be accorded utmost priority with adequate budgetary provisions and uncluttered decisive commitment towards the cause. The Committee also note that Ministry has proposed to create a "Board for Road Safety and Traffic Management" through Road Safety Bill, 2010. In this connection, the Committee is aware that the Parliamentary Committee on Transport, in their 160th Report presented in July, 2010, has recommended for withdrawal of the said bill. The Committee also agree with their view that the major problem in the existing framework vis-à-vis Road Safety is the existence of a large number of agencies both at the Centre and State level and lack of coordination amongst them. The Committee also feel that the proposed Board is not going to do away with any of the existing agencies and in the name of having an integrated mechanism, the proposal of the Ministry is, in fact, creating yet another institution adding to the existing ones. Furthermore, the Committee learn that the proposed Board is merely advisory in nature and it has not been provided with any explicit statutory role of effecting coordination amongst the different agencies. The Committee, therefore, emphasize that what is required first is a National Road Safety Policy to bring about synergy and better coordination among the already existing Government agencies/ research organizations and making the system effective, rather than creating another one. The Committee therefore feel that the Government needs to assess the present situation in a holistic manner.

As regards road safety, the Committee also observe that availability of suitable width of land is required to make a highway safe for commuters and that some States Governments are not cooperating on the issue. In the opinion of the Committee, holistic perspective that addresses the entire gamut of road safety is the need of the hour. In their view, convening of regular meetings between the Chairman, NHAI and the Chief Ministers/Chief Secretaries of the States concerned, on the significance of requisite land for highways to avoid loss of lives, could remove bottlenecks and hurdles in the implementation of NHDP.

Action Taken by the Government

The recommendations of the Standing Committee on the previously proposed “the National Road Safety & Traffic Management Bill 2010”, were examined by the Government and the matter is presently under consideration of this Ministry. The progress of the aforementioned Bill is also being monitored by the Cabinet Secretariat. It was observed that some of the recommendations of the Committee have relevance to amendment in Motor Vehicle Act, as such to have the holistic approach it is essential that this Ministry’s proposal for Motor Vehicle (Amendment) Bill is passed by the Cabinet and introduced in the Parliament, as approved by Hon’ble Minister (RTH) on 8.4.2011.

The comments from apprising agencies on Motor Vehicles (Amendment) Bill, 2007 have since been obtained and the matter has been referred to Ministry of Law & Justice for their clearance. The Ministry proposes to obtain approval of the Cabinet. Thereafter, the bill will be introduced in the Parliament for passage of the Bill.

In view of the above, any progress in the National Road Safety and Traffic Management Board Bill can be made only after the Passage of the Motor Vehicle (Amendment) Bill.

Further to give necessary impetus to road safety in highways, a Road Safety Cell has been created within NHAI. One Safety Officer has been designated in each Regional Office of NHAI to oversee the safety measures during construction and O&M of project reaches. These measures are directed at addressing road safety issues from holistic perspective. As regard bottlenecks and hurdles in land acquisition necessary institutional mechanisms are already in place to remove such irritants. However, where a political dimension exists to land acquisition issues like in Kerala and Goa the issues required to be tackled at higher political levels.

Recommendation (Para No. 18)

During their on-the-spot visits to various NH projects in some States, the Committee observed that in several cases, once a stretch of road was being taken up for development, there was a sufficient time gap between the handing over of the road and the actual commencement of the project, and thus, the road remained neglected in the interregnum. They feel that the issue requires serious attention. Further, the Committee note that prior to entrustment of National Highway stretches, Ministry of Road Transport and Highways is solely responsible for the maintenance and repair of these stretches. Same is being carried out through State PWDs and Ministry releases the funds for this purpose. On similar lines, prior to award of civil works for development, NHAI is carrying out the maintenance & repair work through State PWDs from the funds allocated/released by Ministry of Road Transport and Highways. However, the financial position of State PWDs is weak in several States and shortage of funds leaves no room for road maintenance, hence incessant complaints have been received about the poor condition of National Highways. The Committee, therefore, feel that the situation warrants a direct role and intervention on the part of Ministry. The Committee notes that NHAI has now decided to formulate a “Standard Maintenance Manual” for improving the maintenance & repair of highways, which is currently under

examination. The Committee feels that such a manual should have been in place much earlier. They would emphasize that earnest effort should be made for preventive maintenance rather than conventional reactive maintenance of roads and highways.

The Committee further feel that the Ministry should tighten its supervisory/ monitoring mechanism vis-à-vis not only PPP projects but also EPC projects. The Committee are also of the view that provision of the “Damages for breach of maintenance obligation”, as recommended by B.K. Chaturvedi Committee, wherein the authority shall be entitled to recover damages, until the breach is repaired, should be adhered to religiously. The Committee are of the view that in respect of EPC contracts, DLP(Defect Liability Period), which was just one year till recent times, was utterly insufficient. Though, the Ministry has amended it to three years, still the Committee feel that incorporation of 5 years inbuilt maintenance clause in all construction contracts, on the lines of Pradhan Mantri Gram Sadak Yojna (PMGSY), is essential for the efficiency of Highway projects. The Committee, therefore, recommends that the Ministry should now initiate efforts in this regard at the earliest after consulting the Ministry of Finance, for the projects due to be undertaken in the 12th Plan period. The Committee are also of the opinion that since the responsibility of maintenance under PPP is that of the concessionaire and the period can vary from 12 to 30 years, more projects under PPP should be encouraged as this will not only reduce the financial burden on the Government but will also be in public interest.

Action Taken by the Government

The allocations that are available annually for Maintenance & Repair (M&R) of National Highways (NHs) are of the order of about 40% of the actual requirements as per the Ministry’s stipulated norms based on the Report of the Committee (2001) (i.e. available allocations are of the order of about Rs. 1,000 crore as against the estimated fund requirement of Rs. 2,800 crore as per the Ministry’s Norms for Maintenance of NHs).

Further, NH (O) allocations provided to the Ministry are also generally not commensurate to the projected fund requirement. It is pertinent to mention that during the current financial year 2011-12, the projected fund requirement under NH (O) was Rs. 6198 crore, as against of which only Rs. 4,651.33 crore has been provided to the Ministry under NH (O); which also includes Rs. 1,161.87 crore out of the total earmarked cess dedicated for NHs as per the CRF Act, 2000 amended by the Finance Act, 2005 (which is generally fully earmarked under NHAI (Investment) for NHDP).

The non-availability of sufficient funds both under M&R and NH (O) may lead to self accumulation of deficiencies in general in large stretches of NH networks which may eventually result into necessity for taking up of their premature rehabilitation at a much higher level of investments. Under such current prevailing scenario of constrained allocation of funds for development of non-NHDP NHs and also for M&R of NHs, there is compulsion to resort to reactive maintenance works mostly as it is not practically possible to do preventive maintenance works.

It is, therefore, suggested that funds for M&R and as well as for development of non-NHDP NHs under NH (O) are required to be provided commensurate to their requirements, so as to enable taking up of preventative maintenance works on NHs.

Further, it is also essential that GBS under Annual Plan of the Ministry is decided without taking into consideration Toll remittances and the dedicated cess earmarked for NHs (as per the provisions of the CRF Act, 2000 amended by Finance Act, 2005) (as these are Pass through) as otherwise there is large-scale variations and uncertainties regarding the allocations consequentially earmarked for development of non-NHDP NHs under NH (O).

NHAI has switched to PPP as the predominant mode of execution of projects. In BOT (Toll/Annuity) projects the responsibility for maintenance of highway during the entire concession period (excluding development period) is with the concessionaire. As far as EPC projects are concerned, after completion of the project maintenance is outsourced to O&M contractor/OMT concessionaire. NHAI has now decided to switch the maintenance/tolling activities to OMT concession mode. Thus the maintenance of the highways would be largely undertaken by private concessionaires/contractors.

NEW DELHI;
24th April, 2012
Vaisakha 4,1934 (Saka)

FRANCISCO SARDINHA,
CHAIRMAN,
COMMITTEE ON ESTIMATES.

APPENDIX I

MINUTES OF FIFTEENTH SITTING OF COMMITTEE ON ESTIMATES (2011-2012)

The Committee sat on Tuesday, the 10th April, 2012 from 1400 hrs. to 1530 hrs. in Committee Room 'B', Parliament House Annexe, New Delhi.

PRESENT

Shri Franscisco Sardinha - Chairman

MEMBERS

2. Shri Bhakta Charan Das
3. Shri Dhruvanarayana
4. Shri T. K. S. Elangovan
5. Shri Ninong Ering
6. Shri Bapi Raju Kanumuru
7. Shri M. Krishnaswamy
8. Shri Datta Meghe
9. Shri Prabodh Panda
10. Smt. Yashodhara Raje Scindia
11. Shri S. Semmalai
12. Shri Brijbhushan Sharan Singh
13. Shri Ijyaraj Singh
14. Shri Jagadanand Singh
15. Shri Radha Mohan Singh
16. Shri Sushil Kumar Singh
17. Shri Hukamdeo Narayan Yadav

SECRETARIAT

- | | | |
|--------------------------|---|----------------------|
| 1. Shri P. K. Grover | - | Additional Secretary |
| 2. Shri S. C. Chaudhary | - | Director |
| 3. Smt. Anita B. Panda | - | Additional Director |
| 4. Dr. Yumnam Arun Kumar | - | Deputy Secretary |

2. At the outset, the Chairman welcomed the Members to the sitting of the Committee.

3. The Committee then took up for consideration following Draft Reports for consideration and adoption

(i) *** **

(ii) Action Taken by the Government on the recommendations contained in their Eleventh Report (Fifteenth Lok Sabha) on 'National Highways Development Project including implementation of Golden

Quadrilateral pertaining to the Ministry of Road Transport and National Highways

4. The Committee adopted the draft Reports at *** and (ii) above with some modifications suggested by the Members of the Committee as per **Annexure**.
5. The Committee, then, authorized the Chairman to finalize the Reports in the light of modifications suggested *** and present the same to the Parliament.

The Committee then adjourned.

Modification carried out in the Draft Action Taken Report on the Action Taken by the Government on the recommendations contained in the Eleventh Report (Fifteenth Lok Sabha) of the Committee on the subject 'National Highways Development Project including Implementation of Golden Quadrilateral' pertaining to the Ministry of Road Transport and National Highways

1. **On Page No. 10, Para No. 1.14:** Before the last line of the second paragraph the following line may be added: -

“... ..They further observe that instances of toll collection at certain stretches even prior to the completion of six-laning of National Highways must be probed seriously so as to prevent their recurrence. Further”

2. **On Page No. 17 Para No. 1.20:** At the end of the second paragraph the following line may be added:-

“... .. The Committee also feel that till the time sub-contracting is completely eliminated, the Ministry should ensure that the agreement between a contractor and a sub-contractor remains strictly on the lines of a Government contract with appropriate clause for encashment of bank guarantee in cases of under-performance so that the chances of supplying of sub-standard material or inferior performance by the sub-contractors could be completely ruled out under any circumstances.”

APPENDIX – II

(vide introduction to Report)

ANALYSIS OF THE ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE ELEVENTH REPORT OF THE COMMITTEE ON ESTIMATES (FIFTEENTH LOK SABHA)

(i)	Total number of recommendations/observations	23
(ii)	Recommendations/observations which have been accepted by the Government: (Sl. Nos. 1,3,5,6,8,10,13,14,15,17, 20,21,22 & 23– Total 14)	
	Percentage	60.87%
(iii)	Recommendations/observations which the Committee do not desire to pursue in view of Government's reply: (Sl. No. 11 – Total 1)	
	Percentage	4.35%
(iv)	Recommendations/observations in respect of which Government's replies have not been accepted by the Committee: (Sl. Nos. 4, 7,9,12 & 19 – Total 5)	
	Percentage	21.74%
(v)	Recommendations/observations in respect of which final replies of Government are still awaited: (Para Nos. 2, 16 & 18 – Total 3)	
	Percentage	13.04%