

GOVERNMENT OF INDIA  
MINISTRY OF ROAD TRANSPORT AND HIGHWAYS

**LOK SABHA**  
**UNSTARRED QUESTION NO. 1409**  
ANSWERED ON 26<sup>TH</sup> JULY, 2018

**COST ESCALATION IN HIGHWAYS**

1409. SHRIMATI SUPRIYA SULE:  
DR. J. JAYAVARDHAN:  
SHRI DHANANJAY MAHADIK:  
DR. HEENA VIJAYKUMAR GAVIT:  
DR. SUNIL BALIRAM GAIKWAD:  
SHRI P.R. SUNDARAM:  
SHRI MOHITE PATIL VIJAYSINH SHANKARRAO:  
SHRI SATAV RAJEEV:

Will the Minister of ROAD TRANSPORT AND HIGHWAYS  
सडक परिवहन और राजमार्ग मंत्री

be pleased to state:

- (a) whether the shortage of sand has pushed up the cost of building highways in the country and if so, the details thereof;
- (b) whether the Government has devised any alternative mechanism to reduce the cost of building highways in the country and if so, the details thereof;
- (c) whether there has been cost and time overrun in many National Highway projects in the country;
- (d) if so, the details thereof during each of the last three years and the current year, State and project-wise;
- (e) whether with the aim to minimize the cost overrun and delays in completion of highway projects the process of project preparation is being amended, if so, the details thereof; and
- (f) the corrective measures taken by the Government to expedite the work on these projects?

**ANSWER**

THE MINISTER OF STATE IN THE  
MINISTRY OF ROAD TRANSPORT AND HIGHWAYS

(SHRI MANSUKH L. MANDAVIYA)

(a) to (b) Any increase in the cost of material pushes the cost of the project. It applies for any project located in any part of the country. To face this problem, ministry encourages alternate materials like use of Fly Ash in embankments, cement treated base/sub-base etc., Cost Benefit Analysis for changing from the Rigid pavement to Flexible pavements due to constraints of limited/non-availability of sand in affected areas. Development of Green Field Corridors in order to reduce cost of land acquisition & utility shifting, forest diversion etc. are also explored.

(c) to (d) The Details of the delayed projects is given at Annexure-I. For cost overrun in EPC & Item Rate contracts, there is a provision for payment of escalation due to delay. In case the project is delayed due to reasons attributable to the contractor, liquidated damages are to be imposed and no escalation is paid.

(e) to (f) Equipment based surveys and investigation (Lidar technology) has been introduced to bring out accuracy in the DPR preparation to avoid delays. The corrective measures taken by the Government to expedite the work on these projects are given in Annexure-II.

ANNEXURE REFERRED TO IN REPLY TO PARTS (c) TO (d) OF LOK SABHA UNSTARRED QUESTION NO. 1409 FOR ANSWER ON 26.07.2018 ASKED BY SHRIMATI SUPRIYA SULE, DR. J. JAYAVARDHAN, SHRI DHANANJAY MAHADIK, DR. HEENA VIJAYKUMAR GAVIT, DR. SUNIL BALIRAM GAIKWAD, SHRI P.R. SUNDARAM, SHRI MOHITE PATIL VIJAYSINH SHANKARRAO & SHRI SATAV RAJEEV REGARDING COST ESCALATION IN HIGHWAYS.

**State-wise details of the Delayed projects**

<b>S No</b>	<b>State/Scheme/Agency</b>	<b>Number of Delayed Projects</b>
1	Andhra Pradesh	2
2	Assam	11
3	Bihar	5
4	Chhattisgarh	7
5	Goa	1
6	Gujarat	7
7	Haryana	1
8	Jammu & Kashmir	3
9	Himachal Pradesh	9
10	Jharkhand	11
11	Kerala	4
12	Madhya Pradesh	4
13	Manipur	1
14	Meghalaya	6
15	Nagaland	2
16	Odisha	7
17	Punjab	1
18	Rajasthan	9
19	Tamil Nadu	6
20	Telangana	3
21	Uttar Pradesh	7
22	Uttarakhand	4
23	West Bengal	7
24	LWE	43
25	SARDP-NE (PWD)	32
26	NHDP-IV A	47
27	VRC	5
28	NHIIP/EAP	8
29	CHARDHAM	1
30	NHAI	138
31	NHIDCL	22
	<b>Total</b>	<b>414</b>

## **Annexure-II**

**ANNEXURE REFERRED TO IN REPLY TO PART (e) TO (f) OF LOK SABHA UNSTARRED QUESTION NO. 1409 FOR ANSWER ON 26.07.2018 ASKED BY SHRIMATI SUPRIYA SULE, DR. J. JAYAVARDHAN, SHRI DHANANJAY MAHADIK, DR. HEENA VIJAYKUMAR GAVIT, DR. SUNIL BALIRAM GAIKWAD, SHRI P.R. SUNDARAM, SHRI MOHITE PATIL VIJAYSINH SHANKARRAO & SHRI SATAV RAJEEV REGARDING COST ESCALATION IN HIGHWAYS.**

### **The corrective measures taken by the Government to expedite the work**

- Streamlining of land acquisition
- Disputes Resolution mechanism revamped
- Award of projects after adequate preparation in terms of land acquisition, clearances etc. Process of obtaining clearances from different Ministries/Dept. would commence as soon as the alignment is finalized and final feasibility report is submitted.
- Correctly worked out utility estimates is to be obtained at the earliest after the alignment finalization and shall form part of appraisal proposal.
- The process of project appraisal should commence at the earliest on receipt of the Final Detailed Project Report (DPR) and Technical schedules.
- ROBs: The procedure for GAD approved by Railways for ROBs simplified and made online. Maintenance charges which were hampering the progress of many projects stand waived by railways. Standard design put on website.
- Close coordination with other Ministries and State Governments
- One time fund infusion
- Completion of major portion of land acquisition prior to initiation of bid.
- Regular review at various levels.
- Proposed exit for Equity Investors
- Securitization of road sector loans
- Rationalize compensation for delays attributed to authority

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