

PRESS RELEASE

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

**New Delhi
10 August, 2023**

CAG's AUDIT REPORT ON TOLL OPERATIONS OF NATIONAL HIGHWAYS AUTHORITY OF INDIA IN SOUTHERN INDIA PRESENTED

The Compliance Audit Report No. 7 of 2023 of the Comptroller and Auditor General of India on 'Toll Operations of National Highways Authority of India in Southern India' was presented in Parliament here today.

National Highways Authority of India (NHAI) has been entrusted with the responsibility of development, maintenance, management and matters related to National Highways. NHAI developed National Highways (NHs) under different modes of execution viz., Built, Operate and Transfer (BOT-Toll); Built, Operate and Transfer (BOT-Annuity); Engineering, Procurement and Construction (EPC) and Hybrid Annuity Mode (HAM). The National Highways Act, 1956 was amended in 1997, to empower Government of India to levy tolls on the road users for using the national highways built from public or private funds or a mix of both.

Audit of toll operations of NHAI was conducted with respect to toll collection, maintenance of National Highways and availability of amenities on National Highways. Audit was conducted on geographical area basis in five Southern States of the country namely Tamil Nadu, Karnataka, Andhra Pradesh, Telangana and Kerala. National Highways of 0.27 lakh km (19.85 *per cent*) were spread out in the Southern States out of 1.36 lakh km (March 2021) of NHs built across India. The Southern States contributed ₹28,523.88 crore (28.75 *per cent*) of the toll revenue earned by NHAI and its Concessionaires during the period from 2017-18 to 2020-21. Audit randomly selected 41 Toll Plazas under jurisdiction of 23 Project Implementation Units in six Regional Offices for review of toll operations.

The main audit findings are as under:

Toll Collection

- Due to non-implementation of NH Fee Amendment Rules 2013 dated 16 December 2013 with respect to upgradation of existing four lane highways, NHAI continued to collect user fee in three toll plazas (namely Nathavalsala, Chalageri, Hebbalu) during delayed period of construction though the amended rule stated that no user fee shall be levied for the delayed period. The road users continued to pay user fee during the delayed period of the projects. This resulted in collection of user fee of ₹124.18 crore during the period May 2020 to March 2021 in violation of the amended toll fee rules. Further, NHAI delayed reduction in

user fee to 75 per cent of fee applicable in case of Paranur toll plaza and in case of Madpam toll plaza annually revised the user fee despite the stipulation of no revision of user fee during upgradation as per the amended Fee Rules. NHAI collected user fee of ₹7.87 crore from road users on the two toll plazas from August 2018 to March 2021. Thus toll collection in these five toll plazas led to undue burden of ₹132.05 crore on road users.

(Para 3.1.1)

- NH Fee Second Amendment Rules 2011 dated 12 October 2011 stated that NHAI shall collect user fee for use of permanent bridges constructed after 11 September 1956. Audit observed that under Paranur Public Funded Toll Plaza, a bridge (with length of 630 meters on Left Hand Side) was constructed in 1954 and user fee was being collected for this Left Hand Side bridge by converting the length into equivalent length of 6.30 km. However, as the bridge was constructed prior to 1956, the user fee was not to be levied. Thus, NHAI collected excess toll fee of ₹22.10 crore from road users during 2017-2018 to 2020-2021.

(Para 3.1.2)

- Audit observed that there was delay in implementation of the amendment in NH Fee Rules, 2008 with respect to charging of user fee for elevated bridges/structures of more than 60 meters length by converting its length with multiple of 10 on Madurai-Kanyakumari stretch of NH 44 in Tamil Nadu. This resulted in short collection of user fee amounting to ₹16.68 crore.

(Para 3.1.3)

- Sub-rule 2 of Rule (3) of NH Fee Rules, 2008 provided that collection of fee shall commence within 45 days from the date of completion of the section of national highway, permanent bridge, bypass or tunnel, as the case may be, constructed through a public funded project. Audit observed delays in toll collection as per the time limits prescribed by NH Fee Rules, 2008 in four stretches of public funded projects which led to loss of revenue to NHAI amounting to ₹64.60 crore.

(Para 3.2.1)

- NHAI lost revenue of ₹133.36 crore due to lack of provision for revenue sharing in Concession Agreements for two sections of NH 44 in Tamil Nadu constructed by NHAI and handed over to BOT Concessionaires for toll collection.

(Para 3.3)

- MoRTH announced (March 2014) a scheme for deferment of premium payments for stressed road projects of the BOT(Toll) Concessionaires who were paying premium to NHAI from the toll revenue earned. As per the scheme, BOT(Toll) Concessionaires were required to provide appropriate Bank/Corporate Guarantee to the extent of maximum difference between premium payable as per contracted agreement and proposed under the revised payment schedule to adequately protect the interest of NHAI/Government. However, Audit observed that NHAI failed to collect negative grant/premium and interest thereon amounting to ₹295.78 crore from a Concessionaire. Also, NHAI waived off Corporate Guarantee for an amount of ₹1,073.55 crore in respect of a Concessionaire and did not collect Bank Guarantee for an amount of ₹43.93 crore and premium payable with

interest on deferred premium totalling ₹18.29 crore as on March 2021 from another Concessionaire.

(Paras 3.4.1, 3.4.2 and 3.4.3)

Maintenance of National Highways

- Audit observed that there was delay in completion of overlay works in case of seven stretches for which delay ranged from 2 to 76 months. In case of three stretches, the overlay works were yet to be taken up (March 2021) even after lapse of 3 to 69 months from the due date of completion of overlay. NHAI also failed to recover ₹391.27 crore from nine BOT(Toll) Concessionaires as damages for not taking up overlay, delay in completion of overlay and ₹53.84 crore as risk and cost damages from one Operation and Maintenance Concessionaire.

(Para 4.1)

- NHAI failed to award Annual Maintenance Contracts in a time bound manner in respect of five Public Funded stretches. BOT(Toll) Concessionaires failed to conduct regular maintenance works in four stretches. NHAI also failed to recover an amount of ₹174.63 crore from these four BOT(Toll) Concessionaires for non-maintenance of the stretches.

(Paras 4.3.1 and 4.3.2)

- Audit observed that 37.95 per cent (74 out of 195 black spots) of long term rectifications were pending (March 2021) with respect to the black spots identified for the period 2011-14. Similarly, long term rectifications and short term rectifications were not carried out (March 2021) for 60.11 per cent (886 out of 1,474 black spots) and 17.70 per cent (319 out of 1,802 black spots) of the blackspots identified for the period 2015-18.

(Para 4.4)

- Road Survey using Network Survey Vehicle was not conducted in respect of six stretches. Further, it was also observed that overlay works were not taken up (March 2021) despite the poor condition of the NHs in four stretches where road survey using Network Survey Vehicle was conducted.

(Para 4.8)

Availability of Facilities and Amenities to Road Users

- MoRTH directed (August 2016) NHAI to provide toilets under Swachh Bharat Mission on both sides of all Toll Plazas. These toilets were to be properly maintained and made available round the clock. However, Audit observed that out of 41 Toll Plazas, toilets were not constructed in five Toll Plazas and were constructed only on one side in 13 Toll Plazas. In three Toll Plazas, toilets were constructed but were found non-operational.

(Para 5.1)

- NHAI decided (November 2017) to develop facility of Highway Nest Mini on both sides of Toll Plazas to facilitate the road users. Highway Nest Mini was to have essential facilities i.e. toilets, water ATM, packaged food and hot and cold beverages. These facilities were to be operationalised at all Toll Plazas by March 2018. However, Audit observed that out of 41 Toll Plazas, Highway Nest Mini were not constructed in 11 Toll

Plazas and constructed only on Right Hand Side of NH in one Toll Plaza and were not operationalised after construction in case of six Toll Plazas.

(Para 5.2)

- MoRTH emphasised the need for landscaping and plantation of trees along the NHs for reducing the adverse effects of air and noise pollution, soil erosion and to provide shade. Audit observed that on the total project length of 8,814 km under five Regional Offices, the shortfall in avenue and median plantations was 65.63 per cent and 34.65 per cent respectively from the set target plantation (March 2021).

(Para 5.3)

- NHAI issued guidelines on strengthening the Incident Management Services (Policy Guidelines No. 12.19 dated 20 March 2018) which inter alia included uniform specifications for Ambulance and Patrol vehicles to strengthen and standardise the operations of Incident Management Services available on NHs. Inspection of sample vehicles and review by Audit revealed that Incident Management Services vehicles at 14 Toll Plazas (Six Public Funded and eight BOT(Toll) Toll Plazas) were not upgraded in line with NHAI Policy. The vehicles were old, overused and condemnable; the ambulance was of smaller dimension against norms and envisaged equipment in Patrol Vehicles were not available.

(Para 5.4)