

## Chapter - 2

# Planning

## 2.1 Selection of road stretches

The main criteria used for identification / prioritisation of road stretches under phases I and II was the development of the Golden Quadrilateral and the North-South, East-West corridor, respectively. The criteria used for identification / prioritization of road stretches under other phases (III, IV and V) were requisitioned in order to derive an assurance that selection of road stretches for implementation under NHDP was made objectively. However, no information / records regarding this aspect were furnished even after the issue was taken up at the level of Joint Secretary / Secretary, MoRTH. MoRTH replied (September 2014) that the documentation relating to the selection of the specific road stretches for up-gradation were not readily available.

**2.1.1** Audit made an attempt to analyse selection of stretches on the basis of traffic data available on the web-site of MoRTH. 16 stretches<sup>6</sup> in nine states having comparatively higher traffic volume were ignored/not given priority for up-gradation. On seeking comments on the issue, MoRTH replied (September 2014) that some stretches were subsequently selected for up- gradation and a few were not entrusted by MoRTH to NHAI.

CCI had initially approved 5000 km under Phase IV A in July 2008 covering 42 stretches. Subsequently, MoRTH sought (vide Cabinet Note dated 20 January 2012) approval of CCI to a unified scheme for up-gradation of less developed stretches for a length of 20,000 km under NHDP Phase-IV. Para 3.1 of the said Note submitted by MoRTH to CCI stated that subsuming the scheme already approved by the Cabinet for 5000 km, approval was sought to the list of 8525 km of roads as given in Annexure –III to the Note and to empower the Minister, MoRTH to carry out substitution in the aforesaid lists, as may be necessary from time to time. The CCI approved (February 2012) the above proposal.

**2.1.2** Not only was Audit unable to verify the basis for selection of stretches, road stretches once approved by the CCI under NHDP were substituted without justification with other road stretches while taking approval of CCI subsequently. CCI initially

<sup>6</sup> Madhya Pradesh: (i) NH-69 (Km 14.200 to 107.200) Andhra Pradesh: (ii) NH-16, (iii) NH-18, (iv) NH-43 Maharashtra: (v) NH-204 (Km 92.200 to 107.200), Haryana: (vi) NH-65 (Km 0.000 to 48.600), Odisha: (vii) NH-217 (Km 17.900 to 30.000), Uttaranchal: (viii) NH-123 (Km 1.950 to 86.000), (ix) NH-121 (Km 7.325 to 140.650) and (x) NH-119 (Km 135.150 to km 241.450), West Bengal: (xi) NH-35, (xii) NH-55, (xiii) NH-60 and (xiv) NH-117, Meghalaya: (xv) NH-40, Nagaland: (xvi) NH-39.

approved 42 road stretches under NHDP Phase IV A in July 2008. Subsequently, MoRTH sought approval in January 2012 for unified scheme of Phase IV (including the earlier approved Phase IV A) which was approved by CCI in February 2012. It was seen that 26 of 42 stretches approved earlier under Phase IV A were substituted with new projects. MoRTH neither clarified to Audit how the priority of stretches decided earlier was changed later nor the reasons for such substitution were found on record. MoRTH replied (September 2014) that the road stretches were selected / identified based on the availability of land, fulfilment of pre-construction activities, traffic volume and non-existence of any hindrance/ local impediments. However, MoRTH has not provided any reply on the substitution of 26 projects during approval of phase IV as a whole.

Further, in the 'Exit Conference' held on 22 July 2014 with the MoRTH and NHAI, Additional Secretary and Financial Advisor, MoRTH stated that the documentation relating to the selection of the specific road stretches for up-gradation may not be available, though these should have been maintained.

Thus in the absence of written criteria / records, Audit was unable to draw an assurance whether an objective, transparent and rational procedure was followed for identification, selection and prioritization of road stretches taken up for implementation under PPP.

## 2.2 Approval of NHDP Phases

MoRTH did not provide records relating to approval of NHDP Phases II, III, IV-A (approved in 2008 for 5000 km) and V. Only files relating to approval of Phase IV as a whole for 20,000 km (approved in 2012) were produced. MoRTH in its reply (September 2014) had admitted that being old records these were not readily available.

**2.2.1 NHDP Phase IV:** NHDP Phase IV A for 5000 km was approved by CCI in July 2008 at an estimated cost of ₹ 6950 crore (at price levels on 01-01-2006). In view of 'in principle' approval for 20,000 km given by CCI under Phase IV, MoRTH identified the balance 15,000 km of National Highways for up-gradation under NHDP Phase-IV and initiated preparation of feasibility reports for these stretches. Considering that compartmentalising 20,000 km into 4 different sub-phases would have made the entire project approval and implementation process very cumbersome and complicated, MoRTH submitted (20 January 2012) its proposal to CCI for approval of a unified programme for 20,000 km under Phase IV. CCI approved the proposal in February 2012 i.e. after four years from date of approval of Phase IVA.

In the meantime, the estimated cost of ₹ 27800 crore (including public participation to the extent of ₹ 9368 crore) of Phase IV as a whole (at 2006 prices) increased to ₹ 78500 crore, at 2009 prices, (including public participation to the extent of ₹ 27660 crore) as worked out by the Finance Wing of MoRTH.

Specific reasons for delay in approval could not be examined in Audit in the absence of relevant records at MoRTH. However, delay of more than seven years i.e. 2006 to 2012 in approval of NHDP Phase IV highlighted deficiencies in planning and coordination of MoRTH/NHAI which resulted in increased cost of construction and deferment of social benefits along with increased burden on government exchequer by way of higher cost of public participation than estimated under PPP. The actual cost of completion of the Phase IV would be known only after completion of the entire Phase IV.

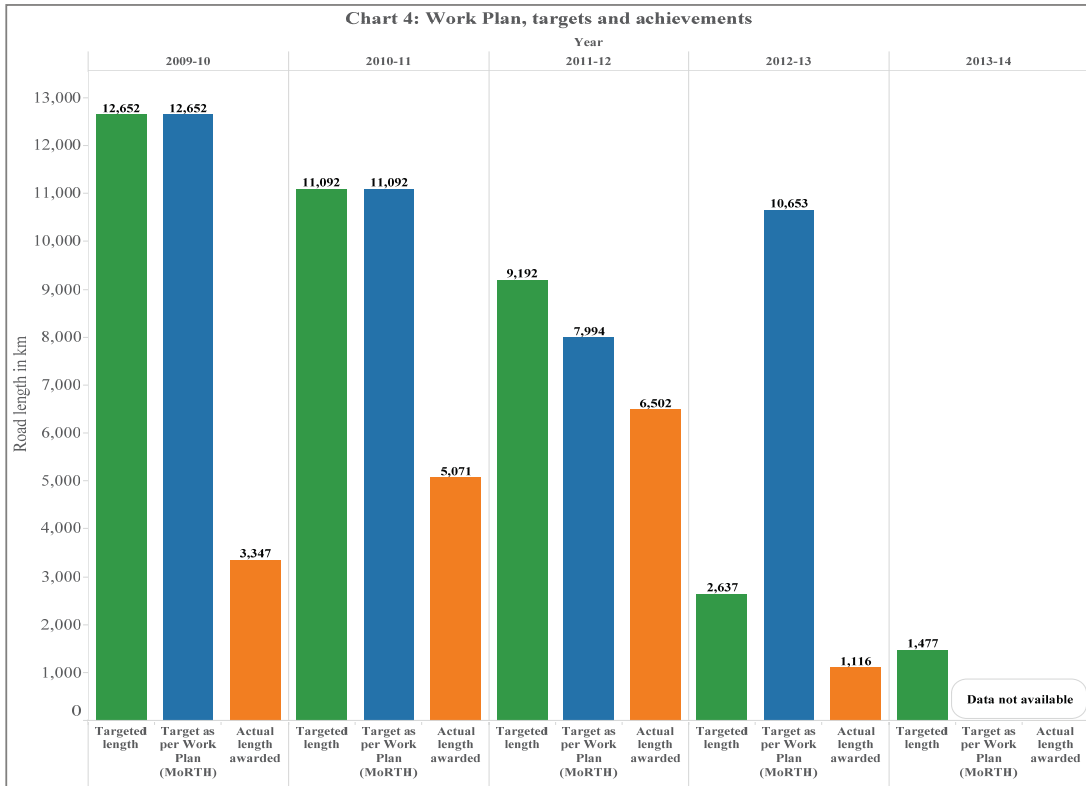
NHAI stated (August 2013) that it was only an implementing agency and out of 20,000 km under NHDP Phase IV, it had been entrusted with only 13,389 km. Further, MoRTH accepted (September 2014) the audit observation.

### 2.3 Work Plans, Targets and achievements.

GOI constituted a committee (August 2009) under the Chairmanship of Shri B.K.Chaturvedi, Member, Planning Commission comprising four other members, to resolve procedural impediments to NHDP as well as take a holistic look at financing needs and arrive at a financing plan that balances the needs of road sector and other priority areas of Government. The Report of the Committee (27 August 2009) suggested a work plan for 2009-10 to 2013-14 which recommended that NHAI should award at least 21,000 km over the first three years so as to achieve the objective of constructing 7000 km per year (equal to 20 km per day). This work plan was approved by MoRTH in November 2009 with the proviso that the financing plan for 2010-11 onward would be considered by the Empowered Group of Ministers (EGoM) for further action, including such changes to the work plan as may become necessary. Accordingly, MoRTH approved revised work plan for 2011-12 and 2012-13 in July 2011. The targeted length to be awarded and actual length awarded during the period (after 2009) is shown in Table 4 and Chart 4 below:

**TABLE 4- Length of roads awarded after 2009**

Sl. No	Year	Targeted length of NHs in km as per Work Plan recommended by B.K.Chaturvedi Committee	Revised Work Plan as adopted by MoRTH&H (in km)	Actual length of NHs awarded (in km)	Shortfall (in per cent) (d-e)/d X 100	Per day achievement of NHs (in km)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	2009-10	12652	12652	3347.45	73.55	9.17
2	2010-11	11092	11092	5071.38	54.28	13.89
3	2011-12	9192	7994	6502.22	18.66	17.81
4	2012-13	2637	10653	1115.76	89.53	3.06
5	2013-14	1477	0	--	--	--
	<b>TOTAL</b>	<b>37050</b>	<b>42391</b>	<b>16036.81</b>		



MoRTH did not achieve the target of widening and up gradation of national highways @ 20 km per day during 2009-10 to 2012-13. Achievement ranged between 3.06 km and 17.81 km per day. The reasons for delay in achievement of target related to land acquisition, delay in obtaining required approvals from the concerned Ministries/Departments/local bodies like environment/forest clearances, ROBs/RUBs, utility shifting etc. These have also been separately discussed in detail in Chapter-5. MoRTH in its reply (September 2014) stated that the target of up-gradation of 20 km per day was an aspirational goal and was not based on cogent study of stretches ready for award. Further, it was added that unless the mode of award is independent of policy constraints, it would be difficult to achieve the ambitious targets.

In this regard, it is stated that the target of constructing 20 km of roads per day was set by the Ministry and same was also incorporated in the Cabinet Note dated September, 2009 for the revised strategy for implementation of NHDP. Further, 20 km per day was also used as a benchmark by B.K. Chaturvedi Committee report while devising the Work Plan for Implementation of NHDP.

## 2.4 Corporate / Strategic Plan of NHAI

Till 2009, NHAI did not have a Corporate or Strategic plan for systematic implementation of NHDP. Though NHAI did draw up a corporate plan in 2009; the same did not include any strategy, procedures or guidelines for timely implementation of highway projects.

Corporate Plan drafted by NHAI dealt mainly with restructuring the administrative set up of NHAI by creation of Regional Offices and decentralisation of powers. It did not include any guideline or roadmap to ensure timely and efficient execution of projects. In spite of delays at every stage of award and implementation, the plan did not highlight any effective measures to synchronise the stage-wise activities related to either NHDP or PPP programme.

NHAI in their reply (August 2013) stated that M/s PwC, a consultancy firm, was selected for preparation of the Corporate Plan. The final report submitted by PwC on NHAI Corporate Plan was under examination by a Committee headed by Member/Finance. MoRTH replied (September 2014) that Corporate Plan addresses the issues relating to setting up of ROs, dedicated LA units, decentralisation of power, e-procurement etc.

In this regard it is stated that review of the Corporate Plan drafted by NHAI shows that it does not provide specific guidelines for execution of projects including setting up of targets, selection of road stretches, stage wise planning of activities etc. Thus, the reply of MoRTH is not tenable and there is a need for NHAI to revise the Corporate Plan to bring about an increased emphasis on timely and efficient execution of road projects.

Weaknesses in the planning and monitoring of projects were also pointed out in the 2008 Performance Audit on PPP (C&AG's Report No. 16 of 2008). Audit had recommended strengthening the planning machinery to monitor and take corrective action for timely execution of projects; however, this has not been acted upon in right earnest.

**Recommendation 1:** *Transparent objectives and criteria need to be framed while identifying and selecting the road stretches for up gradation.*

**Recommendation 2:** *Timelines for approval of phases of NHDP/approval of projects need to be formulated and appropriate monitoring mechanism devised with identified responsibility centres and timelines.*