

Third Party Evaluator's opinion on Eastern Gandak Canal Hydroelectric Project

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Relevance

The project objective met the goals of the 7th plan (FY 1985-89) during the period when the project was initiated. The necessity of Hydroelectricity is emphasized in the 9th plan (FY 1997-2001) when the project started giving results. Even the ongoing 10th plan (FY 2002-7) emphasizes the importance of hydroelectricity in no uncertain terms. India is trying to expand electric power generation capacity, as current generation is seriously below peak demand. The unreliability of electricity supplies is severe enough to constitute a constraint on the country's overall economic development. For the poor state of Bihar, this can not be overemphasized. The division of Bihar into two states created further recourse problems including the accentuation of electricity shortage for Bihar. Bihar purchases substantial amount of power from Central sector. Average annual consumption in Bihar, after the formation of Jharkhand, is only 60 units against national average of 320 units. In north Bihar it goes down to 20 units. Hence, the project was very relevant under government policy when it was appraised and its relevance to Bihar is more now than when it was conceived.

With the formation of the Jharkhand State, the total installed capacity in Bihar now is only 474.90 MW. Further, the hydro-thermal-mix is 10:90 against ideal requirement of 40:60.

Efficiency

The ten year gap of implementation between plan and implementation is very high. However it is a common feature in India specially for very large projects which get delayed in getting regulatory approvals and failing to secure adequate financing. It appears the cost in rupee terms went up of due to delay in implementation.

Effectiveness

The effectiveness of the project is not fully realized due to the non-implementation of the escape canal yet.

That would increase both the physical and financial performance. And, if the delay in implementation of the project would have been less, the FIRR would have been higher.

Impact

The electricity is helpful to the local residents for their household consumption as well as for their farm work. Since the electricity generation is much less in comparison to demand, especially since the creation of Jharkhand, the benefits to the other parts of the state also needs appreciation.

The small hydroelectric projects are environment friendly in comparison to the other sources. Further, in this project no forest land was used.

The compensation for loss of land and agricultural production is always a contentious issue in India. It is generally perceived to be much less than the long term loss in livelihood.

Sustainability

The financial status would likely to improve as the depreciation expenses goes down and the escape channel is constructed improving production levels and hence profits.

Recommendations

The planned escape channels need to be completed as soon as possible.