

Third Party Evaluator's Opinion on National Highway-24 Improvement Project

Bibek Debroy

Director

Rajiv Gandhi Institute for Contemporary Studies

Relevance

Partly because of problems with Railways, Indian roads carry 85% of passenger and 70% of freight traffic. All roads are not national highways. National highways (65,569 km) account for 2% of the road network, although they carry 40% of traffic. Under the NDA government, the National Highway Development Programme (NHDP) was regarded as one of the successes of economic reforms, the other one being telecom. At that stage, NHDP visualized a golden quadrilateral (5846 km) connecting Delhi, Mumbai, Chennai and Kolkata and two North-South and East-West corridors (7300 km). The golden quadrilateral is Phase-I and the two corridors represent Phase-II. The NH-24 Improvement Project is part of the East-West corridor. NHDP didn't involve any new roads. It had 2-laning, 4-laning and 6-laning and some better port connectivity. The financing was through a fuel cess, tolls and borrowing (including external loans). There are several studies that estimate the welfare benefits of better road connectivity. The first two phases of NHDP are behind schedule. The golden quadrilateral will not be entirely complete before December 2006 (December 2003 was the original target) and the two corridors will not be complete before December 2007. There have been delays because of land acquisition, environmental, forest and Railway clearances, law and order problems in some States and in some instances, inefficient performance by contractors. The recent Mid-Term Appraisal of the Tenth Plan (2002-07) points out that performance has been below target for widening of lanes and bypasses, but above target for strengthening of weak pavements and improvement of riding quality. While the NHDP remains important, there has been a slight shift in focus in the transition from the NDA to the UPA government, that is, between appraisal and ex-post evaluation. First, there is recognition that road connectivity also needs to improve in places that are not located on the golden quadrilateral or the two corridors. In January 2005, a Committee on Infrastructure accordingly identified Phases III and IV of NHDP, both phases to be completed entirely on BOT basis, it being perceived that the BOT route is more efficient. It should be recognized that NHDP only covers national highways, a small percentage of India's roads. Other roads, including feeder roads, are State or local body subjects. Second, other than an accelerated road development programme for the North-East, there is an emphasis on building rural roads through the Pradhan Mantri Gram Sadak Yojana (PMGSY). So far, PMGSY performance has been below par and financing problems haven't been sorted out. But the present project remains relevant.

Effectiveness

It seems to me, that at the appraisal stage, outcome improvements for measuring effectiveness weren't very well thought out. For instance, projections about reduction in time or increase in traffic are contingent on what has been done to construct under-passes, over-passes or service lanes. There is little information on this, including in the post-evaluation report. This becomes especially important because this is widening, which passes through existing habitations, and not new roads, other than the bypass, of course. Cross-roads, sometimes without traffic lights, will adversely affect both time reduction and increase in traffic. On the latter, since the highway is tolled, were there any estimates on price elasticity of demand?

Impacts

On impacts, any deduction is possible only if one can control for other factors. Since one cannot, the correlation with industrial and economic development of the region, or increase in incomes, or lack of increase in farmer incomes (linked to broader issues of agricultural reform) are somewhat

suspect. I also have problems with the questions asked in the survey. As a respondent, can I really distinguish between reduction in travel time and reduction in travel expenses? And so on.