

Demand for Grants 2021-22 Analysis

Road Transport and Highways

The Ministry of Road Transport and Highways formulates and administers policies for road transport, and transport research. It is also involved with the construction and maintenance of the National Highways (NHs) through the National Highways Authority of India (NHAI), and the National Highways and Infrastructure Development Corporation Limited (NHIDCL). It also deals with matters relating to road transport such as implementation of central legislation including the Motor Vehicles Act, 1988.

This note looks at the proposed expenditure of the Ministry for the year 2021-22, its finances over the last few years, and issues with the same.

As 2020-21 had extra-ordinary expenditure on account of Covid-19, we have used annualised increase (CAGR) over the 2019-20 figures for comparison across all our Tables.

Allocations in Union Budget 2021-22

Fund allocation¹

The total expenditure on the Ministry of Road Transport and Highways for 2021-22 is estimated at Rs 1,18,101 crore. This is an annual increase of 23% over the actual expenditure for 2019-20.

In 2021-22, capital expenditure is estimated at Rs 1,08,230 crore while revenue expenditure is estimated at Rs 9,871 crore. Note that in 2014-15, the ratio between revenue and capital expenditure was 50:50. In 2015-16, this ratio changed, with the Ministry spending more funds on capital expenditure. Since then, the Ministry has increased its capital expenditure significantly, while revenue expenditure has gradually declined. In 2021-22, 90% of the Ministry's spending is estimated to be on capital expenditure.

Table 1: Budget allocations for the Ministry of Road Transport and Highways (in Rs crore)

| | 2019-20 Actual | 2020-21 RE | 2021-22 BE | Change (Annualised) (Actuals 2019-20 to BE 2021-22) |
|--------------|-------------------|-----------------|-----------------|---|
| Revenue | 9,875 | 9,770 | 9,871 | 0% |
| Capital | 68,374 | 92,053 | 1,08,230 | 26% |
| Total | 78,249 | 1,01,823 | 1,18,101 | 23% |

Note: BE – Budget Estimate; RE – Revised Estimate.
Sources: Demands for Grants 2021-22, Ministry of Road Transport and Highways; PRS.

Policy announcements in the Budget Speech²

In her budget speech, the Finance Minister made the following announcements regarding the roads sector:

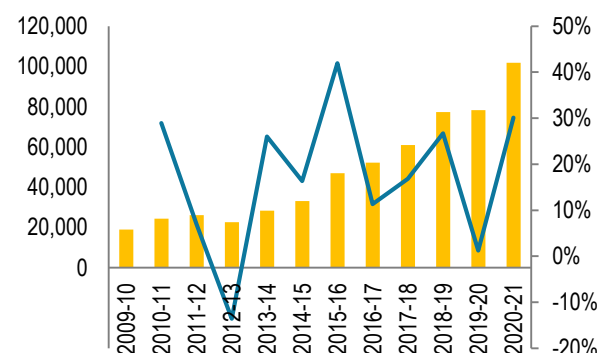
- A National Monetisation Pipeline of potential brownfield infrastructure assets will be launched. An Asset Monetisation dashboard will also be created for tracking the progress and to provide visibility to investors.
- National Highways Authority of India has sponsored one InvIT that will attract international and domestic institutional investors. Five operational roads with an estimated enterprise value of Rs 5,000 crore are being transferred to the NHAI InvIT. Core infrastructure assets that will be rolled out under the Asset Monetisation Programme will include NHAI Operational Toll Roads.
- By March 2022, another 8,500 km of highways will be awarded and an additional 11,000 km of national highway corridors will be completed.
- New economic corridors to augment road infrastructure are being planned in Assam, Kerala, Tamil Nadu, and West Bengal.

Overview of Finances

Utilisation of funds

In the past few years, the expenditure of the Ministry has seen a significant increase, with the maximum year-on-year increase at 42% seen in 2015-16.

Figure 1: Actual expenditure by the Ministry (in Rs crore)

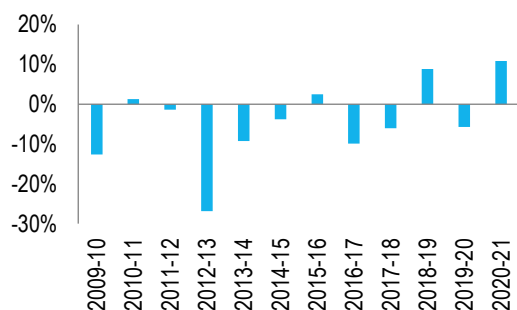


Note: Figures for 2020-21 are revised estimates.
Sources: Ministry of Road Transport and Highways budget documents 2009-21; PRS.

However, typically the actual expenditure by the Ministry has been lower than the budget estimates (see Figure 2). As per the revised estimates of 2020-21, the Ministry is expected to exceed its budgeted expenditure by 11%. Before this, the

Ministry had exceeded its budgeted expenditure by 9% in 2018-19. This was largely due to additional expenditure incurred on capital outlay towards roads and bridges.

Figure 2: Difference between Actual and Budgeted expenditure (in %)



Note: The number for 2020-21 compares the budget estimates with the revised estimates.

Sources: Ministry of Road Transport and Highways budget documents 2009-21; PRS.

Expenditure of the central government

In 2021-22, of the total expenditure, the highest allocation is towards roads and bridges at Rs 60,261 crore (51%).¹ This is followed by allocation towards NHAI at Rs 57,350 crore (48.6%).¹

Table 2: Expenditure heads for the Ministry of Road Transport and Highways (in Rs crore)

| Major head | 2019-20 Actual | 2020-21 RE | 2021-22 BE | Change (Annualised) (Actuals 2019-20 to BE 2021-22) |
|---------------------------|----------------|-----------------|-----------------|---|
| Roads and bridges | 46,305 | 52,376 | 60,261 | 14% |
| NHAI | 31,691 | 49,050 | 57,350 | 35% |
| Road transport and safety | 148 | 231 | 336 | 51% |
| Others | 138 | 167 | 154 | 6% |
| Total | 78,249 | 1,01,823 | 1,18,101 | 23% |

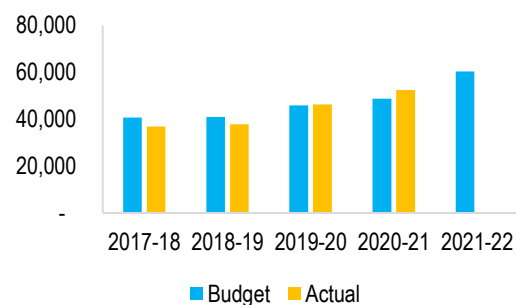
Note: BE – Budget Estimate; RE – Revised Estimate. Total for 2019-20 includes actual recoveries of Rs 33 crore. Sources: Demands for Grants 2021-22, Ministry of Road Transport and Highways; PRS.

Roads and bridges: Expenditure under roads and bridges includes development of NHs, projects related to expressways, increasing the number of lanes under various projects, and development of road connectivity in left-wing extremism affected areas. In 2021-22, the allocation towards roads and bridges is Rs 60,261 crore. This is an annual increase of 14% over 2019-20.

Note that in 2017 and 2018, the actual allocation towards roads and bridges was lower than the budget estimate for that year by 9% and 8% respectively. However, as per the revised estimates of 2020-21, the allocation towards roads and

bridges is estimated to exceed the budget estimate by 7%.

Figure 3: Budget vs actual allocation towards roads and bridges (in Rs crore)



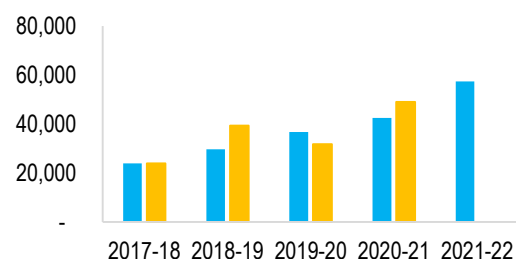
Note: Actual figures for 2020-21 are revised estimates.

Sources: Ministry of Road Transport and Highways budget documents 2009-21; PRS.

NHAI: The central government develops and maintains NHs through the NHAI. In 2021-22, NHAI has been allocated Rs 57,350 crore, which is an annual increase of 35% over 2019-20. Of the budgeted amount, 61% (Rs 34,700 crore) will be provided from the Central Road and Infrastructure Fund, 22% (Rs 12,650 crore) will be provided from the Permanent Bridge Fees Fund, and the remaining 17% (Rs 10,000 crore) will come from the monetisation of the National Highways.¹

Note that the allocation towards NHAI has almost doubled from 2017-18 to 2020-21 (revised estimates). While the actual allocation in 2019-20 fell short of the budgeted estimate by 14%, the revised estimates for 2020-21 expect a 15% increase in the allocation from the budgeted stage.

Figure 4: Budget vs actual allocation towards NHAI (in Rs crore)



Note: Actual figures for 2020-21 are revised estimates.

Sources: Ministry of Road Transport and Highways budget documents 2009-21; PRS.

Expenditure on the NHAI includes funding towards the umbrella highway scheme, Bharatmala Pariyojana. This scheme seeks to optimise the efficiency of freight and passenger movement by bridging critical infrastructure gaps. It also aims to increase the number of districts with NH linkages from 300 to 550.³ Under Phase I of Bharatmala Pariyojana, 34,800 km of roads will be developed over a period of five years. Phase I will also subsume 10,000 km of balance roadworks under

the National Highway Development Programme. The estimated cost of Phase I is Rs 5,35,000 crore, spread over five years.

Till January 2021, road projects with an aggregate length of about 13,521 km, and costing Rs 3.45 lakh crore have been approved under Bharatmala Pariyojana Phase-I.⁴ Of this, road length of 3,758 km has already been completed.⁵

As announced in the Budget Speech 2021-22, by March 2022, another 8,500 km of NH projects will be awarded and an additional 11,000 km of national highway corridors will be constructed.²

Funds managed by the Ministry

The Ministry manages its expenditure through various funds. Their details are provided below.

Central Road and Infrastructure Fund (CRIF):

A majority of the Ministry's expenditure is managed through transfers from the CRIF. A portion of the cess collected on motor spirit and high-speed diesel is earmarked for the development of NHs and SHs, and the amount is transferred to the non-lapsable CRIF. This amount is eventually released to the NHAI, and to the state/UT governments for the development of road infrastructure (and other infrastructure projects such as railways) in the country.¹

For 2021-22, the transfer from CRIF towards the Ministry is estimated at Rs 79,147 crore.¹ This is a 20% annual increase from the actual transfer in 2019-20 (Rs 54,539 crore).

Permanent Bridge Fees Fund (PBFF): Funds transferred to the PBFF relate to the revenue collected by the government through: (i) fees levied for the use of certain permanent bridges on NHs by motor vehicles, (ii) toll on NHs, and (iii) revenue share received on some PPP projects. These funds are then released to the NHAI for the development of NHs entrusted to it.¹

For 2021-22, the transfer to PBFF is estimated at Rs 12,670 crore.¹ This is a 9% annual increase from the actual transfer in 2019-20 (Rs 10,610 crore).

National Investment Fund (NIF): The NIF was created in 2005, and is credited with proceeds from disinvestments of public sector enterprises. The Ministry finances the Special Accelerated Road Development Programme in North East (SARDP-NE) with funds from the NIF.

For 2021-22, the transfer to NIF is estimated at Rs 7,500 crore.¹ This is an 11% annual increase from the actual transfer in 2019-20 (Rs 6,070 crore).

National Highways Fund: In August 2016, the Union Cabinet had authorised NHAI to monetise certain public funded NH projects.⁶ Such monetisation includes transferring operations and

maintenance of stretches of NHs to private contractors on a long-term basis. In 2021-22, Rs 10,000 crore is estimated to be generated through such monetisation. This is a 41% annual increase from the actual monetisation amount in 2019-20 (Rs 5,000 crore).

Table 3: Summary of transfers from funds (in Rs crore)

| Funds | 2019-20 Actual | 2020-21 RE | 2021-22 BE | Change (Annualised) (Actuals 2019-20 to BE 2021-22) |
|--------------------------|----------------|------------|------------|---|
| CRIF | 54,539 | 69,622 | 79,147 | 20% |
| PBFF | 10,610 | 11,518 | 12,670 | 9% |
| National Highways Fund | 5,000 | 10,250 | 10,000 | 41% |
| National Investment Fund | 6,070 | 3,000 | 7,500 | 11% |

Note: BE – Budget Estimate; RE – Revised Estimate.

Sources: Demands for Grants 2021-22, Ministry of Road Transport and Highways; PRS.

Issues to consider

India has about 64 lakh km of road length, second only to the United States which has about 66 lakh km of road length.⁷ This road length includes National Highways (NHs), Expressways, State Highways (SHs), district roads, PWD roads, and project roads. In India, road infrastructure is used to transport over 60% of total goods and 85% of total passenger traffic.⁸ NHs comprise about 2% of the road network but carry about 40% of the total road traffic.⁹ The Economic Survey (2020) also noted that road transport is the dominant mode of transportation in the country.⁷ The entire transport sector contributed to about 4.6% of the GVA in 2018-19, of which road transport contributed about 67%.⁷

The table below shows the details on road construction in India. As per the Economic Survey 2020-21, the decline in the construction of road per day in 2020-21 is mostly due to the shock of COVID-19.

Table 4: Road construction in India

| Year | Award of NHs/ Road projects | Construction of NHs/ Road projects | Road construction per day (in km) |
|---------|-----------------------------|------------------------------------|-----------------------------------|
| 2014-15 | 7,972 | 4,410 | 12 |
| 2015-16 | 10,098 | 6,061 | 17 |
| 2016-17 | 15,948 | 8,231 | 23 |
| 2017-18 | 17,054 | 9,829 | 27 |
| 2018-19 | 5,494 | 10,855 | 30 |
| 2019-20 | 8,900 | 10,200 | 28 |
| 2020-21 | 5,100 | 4,000 | 22 |

Note: Data for 2020-21 is as on September 30, 2020.

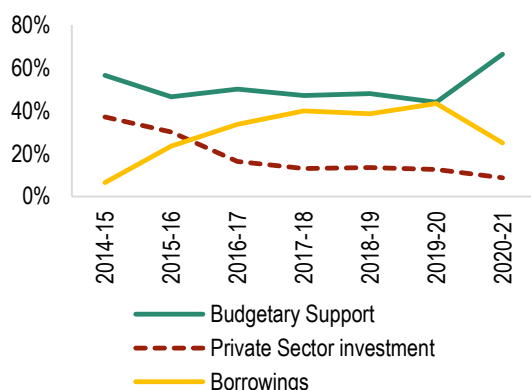
Sources: Economic Survey 2020-21; PRS.

However, the roads sector has been facing several constraints such as: (i) lack of equity with developers, (ii) higher cost of financing, (iii) shortfall in funds for maintenance, (iv) unavailability of land for the expansion of NHs, (v) significant increase in land acquisition cost, and (vi) bottlenecks and checkpoints on NHs which could adversely impact benefits of GST.¹⁰ The Standing Committee on Transport (2020) had also highlighted NHAI's increasing debt which could lead to severe financial issues in the future.¹¹ We discuss some of these issues below.

Issues with financing

The figure below highlights the total investment in the roads sector, as highlighted by the Economic Survey 2020-21.⁷ The total investment in road sector has grown at a CAGR of 27% from 2014-15 to 2019-20. The share of borrowings in this investment has grown from 6% in 2014-15 to 43% in 2019-20. During the same time period the share of both budgetary support and private investment in the total investment has decreased from 57% to 44% and from 37% to 13% respectively.

Figure 5: Investment in road sector



Note: Figures for 2020-21 are up to September 30, 2020.
Sources: Economic Survey 2020-21; PRS.

Budgetary support from central government

The Standing Committee on Transport (2020) noted that increasing the gross budgetary support to the Ministry while the private sector investment is declining may not be a sustainable growth plan.¹¹ The Committee had made similar observations in 2016 and 2018 and had suggested that the government should devise ways to mobilise funds from other sources and establish appropriate financial institutions and models to encourage the return of private investment to the road sector.^{12,13}

The Committee (2016) had also noted that while the Ministry of Road Transport and Highways invests in the construction of roads, it does not have its own source of revenue other than budgetary support from the central government.¹² It recommended that the RBI and Ministry of Finance may help the Ministry of Road Transport to set up

its own dedicated financial institutions to generate funds for development of the road sector. It also recommended that the Ministry should monitor toll collection and channel any surplus funds towards stressed projects.

The Ministry expects to raise Rs 86,182 crore up to 2024-25 to fund projects under the National Infrastructure Pipeline, by monetising its assets under the Toll-Operate-Transfer (TOT) model.¹¹ The Standing Committee (2020) had observed that this might be a challenge for the Ministry since it has planned to raise Rs 10,000 crore in 2019-20 by monetising assets under various models including TOT but could raise only Rs 5,000 crore.¹¹ In 2021-22, the Ministry plans to raise Rs 10,000 crore through such monetisation.

In 2019-20, the actual capital outlay fell short of the budget estimates by 4%. Most of this shortage was due to shortage in budgetary support towards capital outlay (14% shortage).

Borrowings

In 2021-22, NHAI estimates to borrow Rs 65,000 crore towards capital outlay. This amount is about Rs 10,000 crore lower than the actual borrowings for 2019-20 (reduction of 7% annualised over two years). Note that this borrowing is in addition to the Rs 57,350 crore of budgetary support.

The Standing Committee on Transport (2020) had noted that NHAI's debt has been increasing and as of March 2020, the amount of debt NHAI had to repay was more than twice the annual budgetary allocation of the Ministry for 2020-21.¹¹ The debt servicing cost of NHAI was estimated to rise to Rs 34,846 crore by 2021-22.¹¹

In its Annual Report (2018), NHAI had noted that with the debt obligations increasing due to deferment of debt repayment, exposure of financial institutions that lend to the roads sector has increased significantly, reaching defined exposure norms for the sector.⁹

The Comptroller and Auditor General of India (2016) had also noted several procedural inefficiencies with NHAI.¹⁴ For example, NHAI could not realise toll on certain projects due to delays in approvals, toll operations, and other procedural lapses. NHAI did not adhere to the Ministry's guidelines on maintenance of project wise balance sheet and cash flow.¹⁴ Inefficient bidding processes for engaging toll collection agencies also led to the loss of revenue.¹⁴

The Committee on Public Undertakings (2017) had also noted several issues in the financial performance of NHAI such as: (i) insufficiency of funds, (ii) gap between the funds allocated to the Ministry, and released to NHAI, and (iii) under-utilisation of funds.¹⁵ For example, funds that are left unspent at the end of a financial year is shown

as 'opening balance' at the beginning of the next financial year. This opening balance was Rs 2,672 crore and Rs 6,740 crore for the years 2015-16 and 2016-17 respectively.¹⁵ This showed NHAI's inability to optimally utilise available funds.

The Standing Committee on Transport (2020) had recommended that the Ministry should constitute an Advisory Committee to look into the increasing debt of NHAI, and the efficacy of the measures undertaken by the Ministry and NHAI to monetise their assets.¹¹ Further, the Ministry may increase toll charges across the country and postpone certain projects, as the present financial health of NHAI is not sustainable in the long run and may create bigger issues in the roads sector in the future.

Committees have also suggested more due diligence on the part of NHAI. The Standing Committee on Transport (2019) recommended that NHAI should compare its project cost estimates with the actual costs incurred on road projects.¹⁶ If there is a substantial difference between the bid price offered by the concessionaire and the project cost estimates made by the government, NHAI should review its cost estimation methodologies. The Committee (2019) also suggested that the NHAI or central government should appoint a credit rating agency to assess the financial strength of private players and their ability to meet debt repayment obligations.¹⁶

Private financing and contracts

In its Annual Report (2018), NHAI had noted that the recent economic slowdown has led to lower revenue realisation than expected. Several developers had significantly leveraged their balance sheets in anticipation of high revenue, and with lower revenue realisation they face issues with debt servicing.⁹ This also adds stress on the existing road infrastructure loan portfolios of financial institutions.

It has been noted that private financing for the roads sector is a challenge.^{9,17} Several PPP road projects have not been able to attract bids.¹⁷ The major highway developers in the country are also facing financial capacity constraints. Further, there is a lack of debt products that are aligned with the revenue stream profile of highway projects (long-term projects where toll collection can begin only after the entire project is completed). This makes financing of such projects difficult, and has resulted in some projects getting stalled at the construction stage. This also discourages prospective bidders.¹⁷

The Committee on Revisiting & Revitalizing the PPP model of Infrastructure Development (Chair: Dr. Vijay Kelkar) had looked at issues with PPP projects in India, in November 2015.¹⁸ It had recommended setting up an independent regulator for the roads sector to help bring in and regulate private players in the sector. It had also noted that

service delivery (such as constructing roads) to citizens is the government's responsibility and should not be evaded through PPPs.

NHAI has also noted that financing of large infrastructure projects is based on revenue streams spread over 20 to 30 years.⁹ If the debt for such projects spans over 10 to 15 years, it leads to sustainability issues and an asset liability mismatch.⁹ The Kelkar Committee (2015) had also observed that since infrastructure projects span over 20-30 years, a private developer may lose bargaining power because of abrupt changes in the economic or policy environment.¹⁸ It recommended that the private sector must be protected against such loss of bargaining power. This could be ensured by amending the terms of the concession agreement to allow for renegotiations.

In order to resolve languishing projects the Ministry has taken some steps which include: (i) implementing an exit policy which allows private developers to take out their entire equity and exit operational Build-Operate-Transfer (BOT) projects two years from the start of operations irrespective of date of award; (ii) providing rationalised compensation to concessionaires for languishing NH projects in BOT mode for delays not attributable to concessionaires; and (iii) a one-time fund infusion by NHAI which enables revival and physical completion of languishing BOT projects that have achieved at least 50% physical progress, on a case to case basis, among others.¹⁹

Non-performing assets: The Standing Committee on Transport (2016) had observed that several long term loans disbursed for the road sector are turning into non-performing assets (NPAs).¹² Project bids are often made without proper study, and projects are awarded in a hurry. This results in stalling of projects, and concessionaires leave mid-way.

Banks and other infrastructure lending institutions have also been reluctant to finance the highways sector.¹² This has led to difficulties in debt servicing, putting additional stress on the road infrastructure portfolios. Besides increasing the cost of the project, delays also make it difficult to obtain additional debt.¹²

The Standing Committee on Transport (2016) recommended that banks should take due diligence while disbursing loans to concessionaires. It also suggested that the bank NPAs (related to the roads sector) may be supported by government allocation. Banks could be empowered to recover the bad debts. Further, in light of huge NPAs lying with a single bank, the Standing Committee (2019) recommended that guidelines prescribing a limit up to which a bank can lend to a single borrower be framed to minimise the risk involved in lending.¹⁹

The Standing Committee on Transport (2019) also suggested that NHAI should revisit the financial

requirements for bidders to ensure their eligibility for the bidding process.¹⁹ While the onus of the feasibility of the bids made by the concessionaire lies mainly with the banks, NHAI should exercise due diligence while awarding projects to concessionaire with poor performance history.

Project delays and increase in project costs

The Committee on Public Undertakings (2017) had noted that from 1995, till June 2016, out of the total 388 projects completed, only 55 projects were completed on or before time.¹⁵ Delays in the completion of the projects were mainly attributed to: (i) the long time taken in land acquisition, and obtaining environment and forest clearances, (ii) poor performance of concessionaires due to economic slowdown, (iii) cash flow problems, and (iv) law and order issues.¹⁵ The Ministry has also noted that recently projects have also been halted due to NCLT proceedings against the developer.²⁰

Such delays increase project costs, eventually making certain projects unviable. As of December 2019, 773 NH projects with a total length of 28,432 km and costing Rs 2.72 lakh crore were delayed.²¹

The Standing Committee on Transport (2015) had recommended that a coordination mechanism at the central level with the Ministries of Finance, Environment and Forest and Defence will help speed up the process of clearances.¹⁷ The Standing Committee (2016) had also suggested that the Ministry of Road Transport and Highways should obtain all these clearances before awarding the projects to concessionaires.

Increase in land acquisition costs

From January 1, 2015, the compensation for land acquired by NHAI is determined as per the Right to Fair Compensation and Transparency in Land Acquisition Rehabilitation and Resettlement Act, 2013. The Committee on Public Undertakings (2017) had noted that due to higher compensation under the 2013 Act, the expenditure by the Ministry of Road Transport on land acquisition increased from Rs 9,097 crore in 2014-15 to Rs 21,933 crore in 2015-16.¹⁵ In 2017-18, NHAI spent more funds on land acquisition (41% of the expenses) as compared to project expenditure (39%).⁹ The Standing Committee on Transport (2020) noted that the average rate of land acquisition has increased significantly from about Rs 0.92 Crore/Ha in 2013-14 to Rs 3.13 crore per Ha in 2019-20 (an increase of 240%).

The Committee on Public Undertakings (2017) also observed that farmers who were entitled to lesser compensation under the older law, have been approaching courts for increased compensation.¹⁵ This has further delayed the land acquisition process and added to the cost of projects.

Investment in maintenance of roads

In 2021-22 the Ministry has allocated Rs 2,680 crore towards the maintenance of roads and highways (including toll bridges). This is an annual increase of 26% over the actual expenditure on maintenance in 2019-20. However, note that in 2019-20, the actual expenditure on maintenance was 47% less than the budget estimate.

The amount allocated towards maintenance, Rs 2,680 crore, is about 2% of the ministry's budget. This is for a total NH length of about 1.36 lakh km (as of December 2020).²² In comparison, in 2020-21 the US government seeks to allocate \$23.74 billion (about Rs 1.7 lakh crore, which is 51% of its total budget on highways) towards its National Highway Performance Program, to improve the condition and performance of their National Highway System (roughly 3.5 lakh km of length).²³

The National Transport Development Policy Committee (2014) had noted that the amount spent on maintenance of roads is low.²⁴ This results in roads with potholes, weak bridges, and poor pavements, and has safety consequences. Further, maintenance is carried out only when required, as opposed to being a part of preventive measures.²⁴

The Standing Committee on Transport (2018, 2020) had also raised concerns that the entire amount allocated towards maintenance does not get fully utilised as well.^{11,13} Over the years, the Standing Committee has repeatedly noted that the entire length of NHs in the country cannot be maintained with this amount. NITI Aayog (2018) has noted that the amount allocated for maintenance is about 40% of the amount required.²⁵

Maintenance of roads should be given top priority as it increases the life span of roads. The Standing Committee (2020) has recommended that the budget for maintenance of NHs should be increased.¹¹ NITI Aayog has suggested that 10% of the Ministry's annual budget should be earmarked for maintenance.²⁵ The Standing Committee (2015) has suggested that an effective monitoring mechanism for repair and maintenance of roads should be put in place.¹⁷ Further, there should be penalties for contractors and engineers in case of poor quality repair, maintenance, and construction.

Investment in road safety

In 2021-22, the Ministry has allocated Rs 336 crore towards road transport and safety. This is an annual increase of 51% over the actual expenditure on maintenance in 2019-20. However, note that in 2019-20, the actual expenditure on maintenance was 47% less than the budget estimate.

The allocation towards safety provides for various things such as road safety programmes, setting up of facilities on NHs, for extending relief to accident

victims, strengthening of public transport, research and development, and training.

The amount allocated towards road safety in 2021-22 is about 0.3% of the Ministry's total budget. In comparison, in 2019 the US federal government spent about \$2.7 billion on its Highway Safety Improvement Programme (6% of its total expenditure on highways).²³ The Standing Committee on Transport (2020) suggested that the Ministry may seek higher fund allocation towards road safety, and driver training programmes.

In 2019, there were 4,49,002 road accidents in India, which killed about 1.5 lakh people and injured about 4.5 lakh people.²⁶ As per the World Road Statistics, 2018, India ranks first in the number of road accident deaths (among 199 countries reported), followed by China and the US. As per the WHO Global Report on Road Safety 2018, about 11% of the accident related deaths in the world occur in India.²⁶

In 2019, Parliament passed the Motor Vehicles (Amendment) Bill, 2019 which seeks to address various issues around road safety. It increases the penalties for various offences under the Act, and provides for a Motor Vehicle Accident Fund which would be used for the treatment of persons injured in road accidents. It also provides for a National Road Safety Board, which would advise the central and state governments on all aspects of road safety and traffic management. The Ministry has notified

several Rules to implement provisions of the Act, such as: (i) protection of Good Samaritans, (ii) conditions for states to levy higher penalties than those in the Act, and (iii) amendments to obtaining driving licenses, among others.²²

Connectivity in remote areas

The Ministry also allocates funds towards the development of highways in areas with poor connectivity. Some of these projects include the Special Accelerated Road Development Programme in North East (SARDP-NE), Externally Aided Projects and Roads Projects in Left-Wing Extremism Affected Areas.

In 2021-22, Rs 9,590 crore has been allocated towards the SARDP-NE project, which includes Rs 2,090 from gross budgetary support. This is a 27% annual increase from the actual expenditure in 2019-20. The Standing Committee on Transport has repeatedly (2018, 2020) noted underutilisation of funds and under-achievement of targets in SARDP-NE.^{11,13} The Standing Committee (2020) noted that projects in the north eastern region face a significant delay of almost a decade in completion. This causes inconvenience to the commuters, and also adds to the project cost.¹¹ The Committee noted that the issues causing such delays are specific to the region and suggested that the Ministry consider these when projecting timelines and expenditure for projects in this region.

¹ Notes on Demands for Grants 2021-22 Demand no 85, Ministry of Road Transport and Highways, <https://www.indiabudget.gov.in/doc/eb/sbe85.pdf>.

² Budget Speech 2021-22, https://www.indiabudget.gov.in/doc/Budget_Speech.pdf.

³ Lok Sabha Unstarred question no. 1129, Ministry of Road Transport and Highways, December 21, 2017.

⁴ Lok Sabha Starred Question No. 42, Ministry of Road Transport and Highways, February 4, 2021.

⁵ Rajya Sabha Unstarred Question No. 1563, Ministry of Road Transport and Highways, December 2, 2019.

⁶ "Cabinet authorized National Highways Authority of India to monetize public funded national highway projects", Press Information Bureau, Cabinet Committee on Economic Affairs (CCEA), August 3, 2016, <http://pib.nic.in/newsite/PrintRelease.aspx?relid=148306>.

⁷ Volume 2, Economic Survey 2020-21, January 29, 2021, <https://www.indiabudget.gov.in/economicsurvey/>.

⁸ Basic Road Statistics of India 2016-17, Ministry of Road Transport and Highways, <http://morth.nic.in/showfile.asp?lid=4585>.

⁹ Annual Report 2017-18, National Highways Authority of India, Ministry of Road Transport and Highways, <https://nhai.gov.in/writereaddata/Portal/Images/pdf/CompressedNHAIAnnualReportEnglishcorrected.pdf>.

¹⁰ Chapter 8: Industry and Infrastructure, Economic Survey 2016-17, Volume 2, August 2017, http://www.indiabudget.gov.in/es2016-17/echapter_vol2.pdf.

¹¹ "278th Report: Demands for Grants (2020-21) of Ministry of Road Transport and Highways", Standing Committee on Transport, Tourism and Culture, March 12, 2020, https://rajyasabha.nic.in/rsnew/Committee_site/Committee_File/ReportFile/20/127/278_2020_9_15.pdf.

¹² "236th Report: Infrastructure Lending in Road Sector", Standing Committee on Transport, Tourism and Culture, August 10, 2016,

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¹³ "259th Report: Demands for Grants (2018-19) of the Ministry of Road Transport and Highways", Standing Committee on Transport, Tourism and Culture, March 6, 2018, https://rajyasabha.nic.in/rsnew/Committee_site/Committee_File/ReportFile/20/102/259_2018_6_17.pdf.

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