

# Standing Committee Report Summary

## Role of Highways in Nation Building

- The Standing Committee on Transport, Tourism and Culture (Chair: Mr. T.G. Venkatesh) submitted its report on the 'Role of Highways in Nation Building' on July 28, 2021. The Committee suggested ways to reduce bottlenecks in completing highway projects. Key observations and recommendations of the Committee include:
  - **Funding:** The Committee observed that the National Highway Authority of India (NHAI) has a large amount of liabilities (approximately 33% of its budget estimates for 2021-22). To reduce debt servicing costs of NHAI, the Committee recommended: (i) exploring funding from insurance companies and pensions funds, both Indian and foreign, and (ii) requesting the RBI to make the road infrastructure sector eligible for priority sector lending. Taking note of the stressed assets of banks in the road sector, the Committee also recommended mandating the National Infrastructure Investment Fund and the upcoming Development Finance Institution (announced in 2021-22 Budget session) to facilitate offloading long term infrastructure loans from banks.
  - **Awarding contracts:** The Committee noted that the current practice of awarding road projects to the lowest bidder may lead to unrealistic bidding. To ensure quality of road construction in contracts, it recommended: (i) defining a lower limit below which bids may not be accepted, (ii) maintaining a central database to analyse the quality of work of the contractors, (iii) breaking down big projects into smaller chunks to attract smaller contractors, and (iv) modifying the procedure for awarding tenders after consulting the Central Vigilance Commission.
  - **Review of project preparation:** The Committee observed that reviewing the preparation of the Detailed Project Report (DPR) was necessary to ensure quality. To identify and reduce potential delays, the Committee recommended: (i) consulting the area's Member of Parliament, as well as the local population, (ii) enabling acquisition of additional land along the proposed route, based on long term traffic projections, (iii) prohibiting construction of parallel roads adjacent to the planned toll-road are not built, and (iv) fixing accountability of officials from the stage of drafting the project report till complete project execution.
  - **Delays in completing projects:** The Committee noted time overruns, and observed that land acquisition was one of the primary reasons for delay. To address time overruns, the Committee recommended: (i) conducting time bound recruitment for the large number of vacancies in NHAI, especially at the senior level, (ii) making the upfront contributions for land acquisition by the state governments flexible, (iii) enabling state governments to share some of the land capture value with the previous owners, (iv) introducing a system of long term annuity payment to the land owners, (v) enabling de-notification of any acquired land that is not utilised, and providing compensation for the acquired land, and (vi) creating a dedicated dispute resolution body, comprising of retired judges, technical experts and bankers.
  - **Maintenance of roads:** The Committee noted the inadequate allocation of funds for maintenance of National Highways. It recommended: (i) using network survey vehicles and drones to regularly assess the quality of the highway network, (ii) allowing for dedicated underground utility corridors in upcoming projects to prevent patchwork, (iii) implementing the user feedback on the Sukhad Yatra mobile application to allow for better reporting of issues, and (iv) allocating funds for research in maintenance of roads in flood-prone regions.
  - **Road safety:** The Committee noted that long term rectification measures have been carried out on less than 50% identified black spots. To improve road safety, the Committee recommended: (i) testing for defects in quality of construction material, especially through third party audits, (ii) mandating submission of video recordings to certify road markings, and signage (ii) fixing time frames for NHAI and state government officials to rectify black spots, (iii) making arrangements for an adequate number of ambulances, patrol vehicles, and tow-away cranes to respond to accidents, (iv) establishing a mobile phone based Emergency Response System, and (v) mandating regular training by the Indian Academy of Highway Engineers for all highway professionals.
  - **Assessment and Ranking:** The Committee noted the weightage given to highway safety (35%) in their framework for assessing highways. It recommended assigning scores to all projects, including the ones executed by the state government.

DISCLAIMER: This document is being furnished to you for your information. You may choose to reproduce or redistribute this report for non-commercial purposes in part or in full to any other person with due acknowledgement of PRS Legislative Research ("PRS"). The opinions expressed herein are entirely those of the author(s). PRS makes every effort to use reliable and comprehensive information, but PRS does not represent that the contents of the report are accurate or complete. PRS is an independent, not-for-profit group. This document has been prepared without regard to the objectives or opinions of those who may receive it.