

Standing Committee Report Summary

Review of CRIF Works

- The Standing Committee on Transport, Tourism and Culture (Chair: Mr. T.G. Venkatesh) submitted its report on 'Review of Central Road and Infrastructure Fund (CRIF) Works' on February 3, 2022. CRIF is a statutory fund for the development and maintenance of national highways, railway projects, and other infrastructure. Key observations and recommendations of the Committee include:
- **Wider coverage under CRIF:** The erstwhile Central Road Fund (CRF) was available for limited purposes, pertaining to the road sector (including national highways, and state roads), and certain railway works (such as electrification, and safety works at unmanned railway crossings). In 2018, CRF was replaced by CRIF, which could be utilised for a wider range of purposes, both in the transport sector (for instance, for airports, railway tracks, ports, and urban public transport) and other sectors (such as energy, water and sanitation, and communication). The Committee noted that budgetary support from CRIF to these crucial sectors will help achieve all-round growth of the economy.
- **Quality of state roads:** In 2019, the law under which CRIF has been established (the CRIF Act) was amended. As per the amendment, the central government is no longer responsible for sanctioning, monitoring, and formulating rules for state roads. To improve the quality of state roads constructed using CRIF, the Committee recommended the Ministry of Road Transport and Highways to: (i) specify guidelines and technical specifications to be followed by states when constructing such roads, and (ii) devise a mechanism to carry out random quality checks of such roads.
- **Allocation of funds for state roads:** As per the CRIF Act, the central government formulates the criteria for allocation of funds for state roads. The criteria provide that allocation will be based on weightage of 70% to the area of a state, and 30% to the fuel consumption in the state. The Committee noted that this criterion may be resulting in very low allocation of CRIF funds to north-eastern states, since they are smaller in area and have lesser traffic. It recommended the Ministry to make changes to this criterion to permit higher allocation under CRIF to north-eastern states given their sensitive location and difficult terrain. In addition, the Committee recommended reassessing the criteria to ensure equitable distribution of CRIF funds, such that smaller states are not disadvantaged.
- **Spending limits for state roads:** Criteria for allocating funds to state roads prescribe that the total cost of schemes approved by a state should be limited to: (a) four times the annual allocation for hill states and north-eastern states, and (b) three times the annual allocation for all other states. The Committee noted, however, that the cost of schemes exceeds these limits. This leads to a backlog of funds to be released under CRIF. The Committee recommended the Ministry to ensure that cost of schemes remains within prescribed limits so that funds for sanctioned projects can be released to states on time.
- **Funds earmarked for road safety works:** Criteria for fund allocation to state roads also require 10% of the allocation to be earmarked for road safety works. The Committee observed that India has the highest number of deaths in the world on account of road accidents, which has an immeasurable impact on affected families and the overall economy. It, therefore, recommended increasing the share of CRIF funds allocated to state governments which is earmarked for road safety works. It also recommended the Ministry to evolve a mechanism to monitor optimal utilisation of the earmarked funds.
- **Guidelines for awarding tenders for road projects:** The Committee noted that road projects are often awarded at substantially lower bids than the cost estimated by the Ministry or the National Highways Authority of India. In such cases, the bidder is likely to not complete the work, or do it with sub-par quality. The Committee recommended reviewing existing guidelines for awarding tenders for road projects under CRIF. It also recommended the Ministry to either set upper and lower limits for bidding for road projects, or establish a mechanism to strictly monitor the quality and progress of road projects awarded to substantially low bids. In cases of poor performance and quality of road projects, the contractor must be penalised, and their past record must be considered before awarding future projects.
- **Connectivity to tourist and cultural places:** To improve road connectivity to important tourist/cultural places and ports across India, the Committee recommended formulation of a master plan and use of CRIF funds for its implementation. It also recommended modifying the criteria for sanction of road projects under CRIF to give higher priority to roads providing connectivity to such places.

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