# India: Rural Connectivity Investment Program - Tranche 1

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Rural Connectivity Investment Program - Tranche 1</th>
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<tbody>
<tr>
<td>Project Number</td>
<td>40423-023</td>
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<tr>
<td>Country</td>
<td>India</td>
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<tr>
<td>Project Status</td>
<td>Closed</td>
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<tr>
<td>Project Type / Modality of Assistance</td>
<td>Loan</td>
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<tr>
<td>Source of Funding / Amount</td>
<td>Loan 2881-IND: Rural Connectivity Investment Program - Tranche 1 Ordinary capital resources US$ 252.00 million</td>
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| Strategic Agendas | Environmentally sustainable growth Inclusive economic growth |
| Drivers of Change | Governance and capacity development Private sector development |
| Sector / Subsector | Education - Technical and vocational education and training Transport - Road transport (non-urban) - Transport policies and institutional development |
| Gender Equity and Mainstreaming | Effective gender mainstreaming |

**Project Rationale and Linkage to Country/Regional Strategy**

ADB's country partnership strategy (CPS) for India is closely aligned with the priorities of India's Eleventh Five Year Plan, 2007-2012. The CPS reconfirms continuing ADB assistance for development of rural roads, which are critical for rural development as they provide access to markets, health, education, and administrative services. Absence of all-weather road connectivity is a serious problem, making rural communities inaccessible for up to 90 days a year. Poor road infrastructure affects economic growth in rural areas, agricultural productivity, and employment, and has a strong link to poverty. The Government of India is addressing this problem through implementation of a nationwide rural road investment program the Prime Minister's Rural Roads Program (PMGSY) aimed at providing all-weather road connectivity to currently unconnected eligible habitations in India’s rural areas. The investment program will support the government’s objectives under the PMGSY.

The PMGSY identified the investment program states among the 10 states with large rural populations that lack adequate coverage in terms of all-weather road connectivity. The poverty head count rates in these states are among the highest in India. The PMGSY started in 2000 and has thus far constructed 108,637 km of rural roads in the investment program states, connecting 39,721 habitations to a greater transportation network. Construction of an additional 32,158 km of roads is ongoing. According to the June 2011 program update, 85,690 km of roads to connect all remaining eligible habitations in the investment program states are yet to be constructed under the PMGSY.

The latest estimate for the remaining PMGSY financing requirement to achieve its goal by 2016 in the investment program states is about $7.95 billion. While available PMGSY funding for the same period is estimated to be around $5.04 billion. While exploring the possibilities for domestic borrowing to close the financial gap, the government has approached ADB to provide funding of $0.8 billion under the investment program to assist with the implementation of the PMGSY in the investment program states. The investment program is consistent with the strategic objective set out in the CPS, 2009 2012 and is included in ADB's country operations business plan, 2011 2013.

Apart from the need to provide all-weather road connectivity in India’s rural areas, the investment program states need support in improving business procedures covering the whole life cycle of rural roads, and strengthening related capacities. Specifically, while the emphasis is shifting from construction to the operation and maintenance of the rural road network, the related capacities for rural road network management are lagging. There is also a mismatch between the extent of the rural road network (around 80% of the total road network) and supply of skills, as the training of civil engineers, technicians, and site supervisors is oriented towards high-category roads.

**Impact**

Connectivity of selected rural communities in five RCIP states to markets, district headquarters, and other centers of economic activity is improved and sustainable.

**Project Outcome**

**Description of Outcome**

Connectivity of selected communities in five RCIP states prioritized by PMGSY for 2012 sanction is improved and sustainable.

**Progress Toward Outcome**

The loan has been extended for six months. The current loan closing date is 30 June 2018.

**Implementation Progress**
Description of Project Outputs
1. Selected priority rural roads prioritized by PMGSY for 2012 sanction are constructed to all-weather standard
2. Quality of design of RCIP roads is improved
3. Maintenance of RCIP roads is improved and sustainable
4. Road safety measures are incorporated into the lifecycle of RCIP roads
5. Qualification and skills of PMGSY engineers, technicians, site supervisors, concerned staff of PRI, design consultants and contractors in RCIP states is improved and maintained
6. Effective project management provided

Status of Implementation Progress (Outputs, Activities, and Issues)
3,732 km length of roads constructed: Assam 409 km Chhattisgarh 985 km Madhya Pradesh 1,483 km Odisha 705 km West Bengal 150 km Fully complied with. Fully complied with. Fully complied with. All 3 tranche approved. Complied.

Geographical Location

Safeguard Categories

Environment B
Involuntary Resettlement C
Indigenous Peoples C

Summary of Environmental and Social Aspects
Environmental Aspects
Project 1 is classified category B in accordance with ADB’s Safeguard Policy Statement (2009). In line with the environmental assessment and review framework (EARF), state initial environmental examinations (IEEs) of all road subprojects have been prepared and are disclosed on the ADB website. Pursuant to provisions of the EARF, environmental assessment of non-road subprojects will be conducted during implementation of the MFF. The IEEs rate the scale of environment impacts from the physical interventions of Project 1 as minor. Mitigation measures for all impacts have been developed and integrated into construction works through incorporation of a standard environmental management plan (EMP) in the bidding documents and provision of road-specific EMPS with the detailed project reports. Assessment of institutional capacities and arrangements confirmed that they are satisfactory to effectively implement the requirements of the EARF, IEEs, and EMPS.

Involuntary Resettlement
The construction of rural roads will be carried out mostly within existing rights-of-way, with widening and minor realignments in some cases, which will require narrow strips of land to be made available. In such cases, the voluntary land donation system will be used. The system has been widely used under the PMGSY and other rural development schemes across India and proved its effectiveness. Specific procedural requirements involving comprehensive consultations with the communities are provided in the state specific CPFs, which are disclosed on the ADB website. Transit walks conducted in the preparation of project 1 have confirmed the effectiveness of the adopted community consultation and social impact mitigation process. Assessment of institutional capacities and arrangements confirmed that they are satisfactory to effectively implement the requirements of the CPFs.

Indigenous Peoples
The social assessment identified the presence of scheduled tribes in all investment program states. However, these groups are largely assimilated into the local population. The investment program will not have any differential impact on scheduled tribes: they will receive similar benefits from the local population. The investment program will not have any differential impact on scheduled tribes.

Stakeholder Communication, Participation, and Consultation
During Project Design tbd
During Project Implementation tbd

Business Opportunities
Consulting Services
Consultant to support the RCTRC rollout will be engaged using international recruitment.

Procurement
Civil Works will be procured using national competitive bidding procedure. The Standard PMGSY Bidding Document and procedure developed by NRRDA for procurement of civil works based on item rates, amended as needed and agreed with ADB, will be used for all national competitive bidding (NCB) contracts for construction of roads under the loan. New bidding documents will be developed for the procurement of civil works (NCB) and goods (ICB, NCB and shopping) for the procurement of civil works and equipment for RCTRCs and RRNMUs. Consultant to support the RCTRC rollout will be engaged using international recruitment.

Responsible ADB Officer
Srivastava, Ashok

Responsible ADB Department
South Asia Department

Responsible ADB Division
India Resident Mission

Executing Agencies
Ministry of Rural Development
Krishi Bhawan
New Delhi 110001

India
**Timetable**

- Concept Clearance: 01 Jan 2011
- Fact Finding: 06 Dec 2011 to 19 Dec 2011
- MRM: 20 Mar 2012
- Approval: 22 Aug 2012
- Last Review Mission: -
- Last PDS Update: 26 Sep 2018

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**Loan 2881-IND**

<table>
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<tr>
<th>Approval</th>
<th>Signing Date</th>
<th>Effectivity Date</th>
<th>Closing</th>
<th>Original</th>
<th>Revised</th>
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**Financing Plan**

- **Project Cost**: $341.00
- **ADB**: $252.00
- **Counterpart**: $89.00
- **Cofinancing**: $0.00

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<tr>
<th>Project Cost</th>
<th>Total (Amount in US$ million)</th>
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<th>Others</th>
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**Status of Covenants**

- **Category**: -
- **Sector**: Satisfactory
- **Safeguards**: -
- **Social**: Satisfactory
- **Financial**: -
- **Economic**: Satisfactory
- **Others**: Satisfactory

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**Project Page**

https://www.adb.org/projects/40423-023/main

**Request for Information**

http://www.adb.org/forms/request-information-form?subject=40423-023

**Date Generated**

01 October 2020

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