

## Project Summary Information (PSI)

Report No: 000025

Project Name	Gujarat Rural Roads (MMGSY) Project
Country	Republic of India
Sector	Transport (Roads)
Project No	000025
Borrower	Republic of India
Implementation Agencies	Roads & Buildings Department (R&BD), Government of Gujarat
Environmental and Social Category	Category B
Date of PSI prepared or updated	July 04, 2017
Date of Board Consideration	July 04, 2017
Board Decision	Approved

### I. Introduction

India is a lower-middle-income country, with a population of 1.3 billion accounting for 17% of the world's population<sup>1</sup>. India is also the world's 3rd-largest economy based on GDP measured in Purchasing Power Parity terms. Indian real GDP expanded at an average annual rate of 7.3 percent between FY<sup>2</sup>2003 and FY2012. While the real GDP slowed to 5.1 percent in FY2013, it increased to 7.3 percent in FY 2015 again, with an expected growth of 7.5% for FY2016.

However, lack of infrastructure remains a key constraint to growth. An estimated 300,000 villages out of the 825,000 villages in India are without all-weather road access. This constrains economic activities in rural areas and prevents the rural population, who constitute the majority of India's poor, from being fully integrated into the economy and accessing essential services.

To address this issue, the Government of India established the Prime Minister's Rural Roads Scheme (PMGSY<sup>3</sup>) in 2000. The PMGSY aims to provide all-weather road connectivity to unserved villages in India's rural areas, where 70% of the population live. The implementation of the PMGSY obtained support from IFIs, such as the World Bank and the Asian Development Bank. It has substantially improved the connectivity and mobility in the project areas and brought huge socioeconomic benefits to the rural residents, especially the women and children among the poor.

Located on the western coast of India, Gujarat is the sixth largest state in terms of area (196,000 square Km), and the ninth most populous state in India with a population of around 62.7 million. Gujarat is one of the leading industrialized states in India. With just 5% of India's population and

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<sup>1</sup> Department of Economic and Social Affairs, Population Division, United Nations

<sup>2</sup> Government of India's FY 2015 means April 2014 to March 2015; FY 2016 means April 2015 to March 2016 and so on

<sup>3</sup> PMGSY is Pradhan Mantri Gram Sadak Yojana (which translates to Prime Minister's Rural Roads Scheme) that was launched by the Government of India to provide nationwide all weather rural roads connectivity to connect habitations with population of 500 or more in plains and population of 250 or more in hilly, tribal and desert areas

6% of its land mass, it accounts for 7.5% of its GDP, almost a tenth of its workforce, 11% of its factories, 19% of its industrial output and 19% of its exports.

Gujarat has a total road length of about 111,560 km. The rural road network, comprising Major District Roads (MDR), Other District Roads (ODR), Village Roads (VR) and Non-Plan Roads (NPR), constitutes around 80% (89,792 km) of the total road network while the other 20% comprise the National Expressway, National Highways and State Highways.

Under PMGSY, the target in Gujarat was to construct / upgrade 12,721 km of rural roads connecting 3,373 villages with population above 500 people each in plains and above 250 people each in hilly and tribal areas. As of March 2017, 98% of PMGSY targets had been achieved in Gujarat, with only a few targeted villages remaining to be connected.

In order to extend the benefit of the rural roads connectivity, the state government of Gujarat launched the MMGSY<sup>4</sup> program, which intends to extend the rural road network to the villages with population of below 500 people. It is estimated that 20 million people will benefit from the implementation of MMGSY. The proposed project is a part of MMGSY.

## **II. Project Objectives and Expected Results**

The objective of the Project is to improve the rural road connectivity (by providing all weather connectivity) to 1,060 villages in all the 33 districts in Gujarat state benefitting about 8 million people. The project is expected to provide all-weather road access, economic benefits and social services to the rural population, mostly representing the poorer and vulnerable sections of the society (16.6 percent are below the poverty line and about 46 percent are females). Also benefitted are the service providers such as public transport operators, educational institutions, hospitals and traders.

## **III. Project Description**

The Project consists of the following components:

### **Component 1: Construction and Upgradation of Non-Plan Roads (NPR)<sup>5</sup>**

This component includes construction and upgradation of NPR, construction of missing links (last mile connecting to the road network) and missing structures (culverts and small bridges), construction of approach roads to educational institutions and construction and upgradation of roads passing through tribal areas.

### **Component 2: Upgradation of Planned Roads (PR)<sup>6</sup>**

This component includes upgradation of existing earthen and metal roads to black top roads, resurfacing of VR and ODR, upgradation of bridges to prevent flooding and subsequent isolation of flooded villages during monsoon season and widening of VR and ODR to ease traffic congestion.

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<sup>4</sup> MMGSY is Mukhya Mantri Gram Sadak Yojana (which translates to Chief Minister's Rural Roads Scheme) that was launched by the Government of Gujarat to provide state wide all weather rural roads connectivity to connect villages with population of less than 500 in the plains and less than 250 in the hilly, tribal and desert areas

<sup>5</sup> Non-Plan Roads are the second and third connectivity roads to villages (any roads below first connectivity)

<sup>6</sup> Planned Roads are the roads that provide the first connectivity

### **Component 3: Technical Assistance**

This component includes a) engaging a Project Management Consultant (PMC) to assist R&BD in Project Management (including planning, implementation supervision, monitoring and reporting progress of the project), b) developing a digitized map of Gujarat's rural roads network and connecting them with Geographical Information System (GIS) based system for real time communication and updates of project's progress during construction phase and for updates of maintenance works after completion of the project and c) institutional development and capacity building of R&BD through trainings, workshops and study tours.

### **Component 4: Application of innovative technologies**

Application of innovative technologies in construction, upgradation and maintenance of roads and structures on experimental basis. This includes use of recycled plastic waste, modified bitumen, additives, geo-textiles, soil stabilization techniques, slope protection techniques and mechanized routine maintenance.

## **IV. Environmental and Social Category**

The Project has been assigned **Category "B,"** in accordance with the Bank's Environmental and Social Policy (ESP) and Environmental and Social Standards (ESS). The anticipated environmental and social risks and impacts of the Project are limited, temporary in nature and reversible. As required by the Bank's ESP for Category 'B' projects, an Environmental and Social Management Framework (ESMF), which provides for the use of Environmental and Social Management Plans (ESMPs), has been developed. A Tribal Population Planning Framework (TPPF) has been prepared to address special approaches to Project planning and management in areas inhabited by Scheduled Tribes<sup>7</sup>.

The ESMF, ESIA (Environmental and Social Impact Assessment) and TPPF have been disclosed by the Bank and the R&BD. The documents can be found on the Bank's website at <https://www.aiib.org/en/projects/proposed/2017/gujarat-rural-roads-project.html>

## **V. Estimated Project Cost and Financing Source**

The total project cost is estimated to be about US\$ 1.5 billion. The project will be rolled out in phases. The borrower has requested the Bank to consider financing the phase 1 to start with. Accordingly, the scope of this document and our project is limited to Phase 1. The total estimated cost of phase 1 is US\$ 658 million, of which US\$ 329 million will be financed by the Bank. The cost and financing plan are as shown in Table 1.

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<sup>7</sup> The Scheduled Tribes is one of the officially designated groups of historically disadvantaged Indigenous Peoples. The term Scheduled Tribe is recognized in the Constitution of India.

**Table 1: Cost and Financing (US\$ million)**

Item	Cost	Financing			
		AIIB		GoG	
		Amount	Share	Amount	Share
A. Base Cost					
<u>Component 1</u> Construction and Upgradation of Non-Plan Roads	410	203	50%	207	50%
<u>Component 2</u> Construction and Upgradation of Plan Roads	242	120	50%	122	50%
<u>Component 3</u> Technical Assistance	3	3	100%	0	0%
<u>Component 4</u> Experimental roads with innovative technologies	2.18	2.18	100%	0	0%
<b>Total Base Cost</b>	<b>657.18</b>	<b>328.18</b>	<b>50%</b>	<b>329</b>	<b>50%</b>
B. Front-End Fees	0.82	0.82	100%	0	0%
<b>Total</b>	<b>658</b>	<b>329</b>	<b>50%</b>	<b>329</b>	<b>50%</b>

## VI. Implementation

The Roads & Buildings Department (R&BD), Government of Gujarat, is the Implementation Agency (IA) of the Project.

All procurement will be conducted in accordance with the Bank's Procurement Policy and Interim Operational Directive: Procurement Instructions for Recipients

Expected Project Implementation Period (Start Date – End Date): August 2017 – June 2019

### Contact Points

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