The Pradhan Mantri Gram Sadak Yojana (PMGSY) was launched by the Government of India (GOI) on 25 December, 2000 to provide all-weather road connectivity in rural areas. PMGSY is administered by the Ministry of Rural Development (MORD). Using government data, this brief reports on PMGSY progress along the following parameters:

- Overall trends in allocations and expenditures
- Trends in sanction of projects
- State-wise progress on road works completed
- Overall progress in ensuring rural connectivity

**Cost share and implementation:**
PMGSY was a 100 per cent GOI funded Centrally Sponsored Scheme till FY 2014-15. From FY 2015-16, the sharing ratio has been revised, with GOI providing 60 per cent and states providing 40 per cent of the funds. For the North East and hilly states the funding ratio is 90:10. 50 per cent of the cess on high-speed diesel is earmarked for the programme.

Real-time data on expenditures and physical progress is available on the PMGSY’s Online Management, Monitoring and Accounting System. All data is as of 25 January, 2017.

**HIGHLIGHTS**

- ₹96,770 cr
  GOI allocations for MORD in FY 2016-17 including supplementary budgets
- ₹19,000 cr
  GOI allocations for PMGSY in FY 2016-17

**SUMMARY & ANALYSIS**

- In FY 2016-17, as of 25 January, 2017, projects worth ₹23,201 crore: 122 per cent of the GOI allocations for FY 2016-17 (budget estimates/BE) had been approved by MORD.
- Between FY 2000-01 and 25 January, 2017, 85 per cent of sanctioned projects had been completed, 9 per cent were in progress, 2 per cent had been contracted out, and 4 per cent were yet to be contracted.
- About 8 per cent of completed projects from FY 2007-08 to FY 2016-17 were yet to receive full payment as of 25 January, 2017. Delayed payments were high in states such as Jammu and Kashmir (75 per cent), Tripura (30 per cent), Jharkhand (27 per cent) and Bihar (20 per cent).
- Physical construction often exceeds the 12-month timeframe laid down in PMGSY guidelines. Only 24 per cent of projects completed between FY 2000-01 to FY 2015-16 had been completed within a year of the contracting agreement being signed.
- Between FY 2000-01 and 25 January, 2017, 1.54 lakh new projects had been approved and 4.87 lakh kilometer (km) of roads had been newly constructed or upgraded under the scheme. This amounts to an average of around 80 km constructed per day.
- Between April 2000 and 25 January, 2017, PMGSY has connected 1.9 lakh habitations across the country. This amounts to 17 per cent of all habitations.
TRENDS IN GOI ALLOCATIONS AND EXPENDITURES FOR PMGSY

- The Pradhan Mantri Gram Sadak Yojana (PMGSY) was launched on 25 December, 2000 as a 100 per cent GOI funded Centrally Sponsored Scheme (CSS) to provide all-weather road connectivity in rural areas. From FY 2015-16, the sharing ratio has been revised, with GOI providing 60 per cent and states providing 40 per cent of the funds. For the North East and hilly states the funding ratio is 90:10.

- The scheme is being run by the Ministry of Rural Development (MORD) and envisages connecting all habitations with more than 500 residents in the plains, and more than 250 residents in hilly, tribal and desert areas. Whilst the first phase, still running, focuses on new construction and upgradation of roads, the second phase focuses on upgradation of existing roads based on their economic potential.

Allocations

- PMGSY allocations increased sharply post 2005, when the scheme was included in GOI’s flagship ‘Bharat Nirman’ programme. Between FY 2004-05 and FY 2010-11, allocations increased from ₹2,219 crore to ₹19,886 crore. Allocations, however, fell sharply between FY 2011-12 and FY 2013-14. In FY 2014-15, allocations rose again and in FY 2016-17 budget estimates (BE), ₹19,000 crore was allocated to PMGSY. This was a 4 per cent increase over the ₹18,297 crore allocated in FY 2015-16 revised estimates (RE).

**PMGSY ALLOCATIONS FOR 2016-17 ARE THE SECOND HIGHEST SINCE 2000-01**

<table>
<thead>
<tr>
<th>Year</th>
<th>GOI allocations (₹ crore)</th>
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<tbody>
<tr>
<td>2000-01</td>
<td>2,500</td>
</tr>
<tr>
<td>2001-02</td>
<td>2,500</td>
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<tr>
<td>2002-03</td>
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<td>9,347</td>
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<tr>
<td>2014-15</td>
<td>14,200</td>
</tr>
<tr>
<td>2015-16</td>
<td>18,297</td>
</tr>
<tr>
<td>2016-17 (BE)</td>
<td>₹19,000</td>
</tr>
</tbody>
</table>

Source: India Expenditure Budget, Vol 2, Department of Rural Development. Available online at: http://indiabudget.nic.in. Note: Figures are in crore of rupees and are RE, except for FY 2016-17 which are BE. Last accessed on 26 December, 2016.

Expenditures

- Expenditures under the scheme have always been high. Out of a total allocation of ₹1.52 lakh crore since FY 2000-01, ₹1.48 lakh crore has been spent as of 25 January, 2017.

- Actual expenditures exceeded budget allocations for four of the six years for which audited expenditure data is available.
PLANNING PROCESS OF PMGSY

- At the start of the programme in 2000, PMGSY identified a core network of roads which were required to provide access to all rural habitations in the country. Based on the gaps in the core network, districts prepare District Rural Road Plans. These are then transmitted to state societies known as State Rural Roads Development Authorities (RRDA). Once collated, these plans are submitted to the national RRDA which is responsible for evaluating and approving proposals.

- There is often a mismatch between the value of projects sanctioned in a given year and the total budgetary allocations for that year. For instance, in FY 2004-05, whilst the budget allocation stood at ₹2,219 crore, plans worth ₹4,452 crore were sanctioned. Similarly, in FY 2008-09, sanctioned plans were almost five times budgetary allocations.

- It is, however, important to note that this gap is taken into account in the allocations for subsequent years. Periods where sanctions exceed allocations are followed by periods where fewer new projects are sanctioned. Instead, budgetary allocations are used to complete previously sanctioned projects. For example, following the peak in new projects approved in FY 2008-09, the next three financial years saw a decrease, with only 39 per cent of budgetary allocations used for new projects.
In FY 2016-17, as of 25 January, 2017, projects worth ₹23,201 crore—122 per cent of GOI allocations for FY 2016-17—had been approved by MORD.

However, 44 per cent of proposals for the year have not yet been sanctioned as of January 2017. Whilst Madhya Pradesh, Gujarat, Mizoram, Tamil Nadu and Rajasthan had nearly all their proposals approved, four states—Goa, Manipur, Punjab and Telangana—have had no projects sanctioned for FY 2016-17 (till 25 January, 2017).

Approval was pending for more than half of the projects in West Bengal, Assam, Jharkhand, Himachal Pradesh and Uttarakhand.

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**ALL PROPOSALS FOR 2016-17 PENDING FOR 4 STATES**


**EXECUTION OF PMGSY**

PMGSY guidelines define specific timelines for tendering contracts and completion of works. According to the guidelines, the gap between approval of a project and contracting out the project should be less than 75 days. Moreover, construction of works should be completed within 12 months from the issue of the work order.

There are, however, some delays in this process. Between FY 2000-01 and FY 2016-17 (till January 2017), 85 per cent of sanctioned projects had been completed, 9 per cent were in progress, 2 per cent had been contracted out but not yet started, and 4 per cent were yet to be contracted.

Most projects where physical work was yet to begin as of 25 January, 2017 were sanctioned in FY 2015-16 or FY 2016-17. In contrast, 82 per cent of projects where physical progress was ongoing had been sanctioned in FY 2014-15 or earlier.

As of January 2017, only 3 per cent of projects sanctioned in FY 2015-16 had been completed, as compared to 62 per cent and 47 per cent of projects sanctioned in FY 2013-14 and FY 2014-15, respectively.
A majority of PMGSY projects experience delays during the contracting process. 65 per cent of projects sanctioned between FY 2000-01 to FY 2015-16 had signed contracts only after the end of that financial year.

### LESS THAN 50% OF SANCTIONED WORKS ARE CONTRACTED OUT IN MOST YEARS

Construction

- Time for physical construction often exceeds the 12-month timeframe laid down in the guidelines. Only 24 per cent of projects completed during FY 2000-01 to FY 2015-16 had been completed within a year of the contracting agreement being signed.

- Time taken to complete projects was longest between FY 2008-09 and FY 2010-11 when the average project took nearly two years to complete. As mentioned earlier, a significant proportion of the projects sanctioned after FY 2012-13 are still in progress.

![Graph showing average number of days to complete work after contract](image)

**PROJECTS SANCTIONED BETWEEN 2008 AND 2011 TOOK NEARLY 2 YEARS TO COMPLETE AFTER CONTRACTING**


Payment

- About 8 per cent of completed projects in the past 10 financial years, from FY 2007-08 to 2016-17 (till 25 January), are yet to receive full payment.

- There are significant state-wise variations. While less than 2 per cent of payments were delayed in Uttar Pradesh and Chhattisgarh, delayed payments were high in states such as Jammu and Kashmir (75 per cent), Tripura (30 per cent), Jharkhand (27 per cent) and Bihar (20 per cent).
### OUTPUTS

#### Road Construction

- Between FY 2000-01 and 25 January, 2017, 1.54 lakh projects had been approved and 4.87 lakh km of roads had been newly constructed or upgraded under the scheme. This amounts to an average of about 80 km per day. 70 per cent of road length has been built since 1 April, 2009.

- Construction under PMGSY has been concentrated in a few states. Six states – Madhya Pradesh, Rajasthan, Uttar Pradesh, Bihar, Odisha and Chhattisgarh – accounted for 58 per cent of the total completed road length till January 2017.

### 58% OF CONSTRUCTED ROAD LENGTH IS IN 6 STATES

**Source:** PMGSY Online Management, Monitoring and Accounting System, Roadwise progress of work. Available online at: omms.nic.in. Last accessed on 16 January, 2017.

**Note:** All figures have been rounded off. Last accessed on 16 January, 2017.
Coverage

- As of April 2000, 5.3 lakh habitations, amounting to 48 per cent of all habitations in India, remained unconnected by roads.

- Between April 2000 and 25 January, 2017, PMGSY has connected 1.9 lakh habitations across the country. This amounts to 17 per cent of all habitations.

- 88 per cent of total habitations connected were in 10 states: Bihar, Rajasthan, Madhya Pradesh, Odisha, West Bengal, Chhattisgarh, Uttar Pradesh, Assam, Jharkhand and Tripura.

- There are, however, state variations. The proportion of all habitations connected to the road network by PMGSY between April 2000 and 25 January, 2017 stood at 44 per cent in Chhattisgarh and 41 per cent in Bihar.

- In contrast, the proportion of habitations connected by PMGSY in the same period was 5 per cent in Uttar Pradesh and 11 per cent in Meghalaya. 44 per cent of habitations in Uttar Pradesh and 39 per cent in Meghalaya remain unconnected to the road network.

- Schemes administered by state governments have connected an additional 77,975 habitations between April 2000 to 25 January, 2017. This amounts to 7 per cent of all habitations.

- The total number of unconnected habitations as of 25 January, 2017 stands at 2.6 lakh, or 24 per cent of all habitations—a reduction of 24 percentage points from April 2000.