



## Activity Sheet 10

### Rural transport, poverty and economic development in India - India: Andhra Pradesh - Case Study # 2b

#### Purpose

The purpose of this activity is to deepen participants' knowledge of the links between and rural transport, poverty and economic development/growth, by drawing on the experiences from Andhra Pradesh. It enables participants to explore the features that enable rural transport projects to make an effective contribution to poverty alleviation and economic development.

A summary of the project approach and results are summarised on the sheet attached.

#### Group Activity

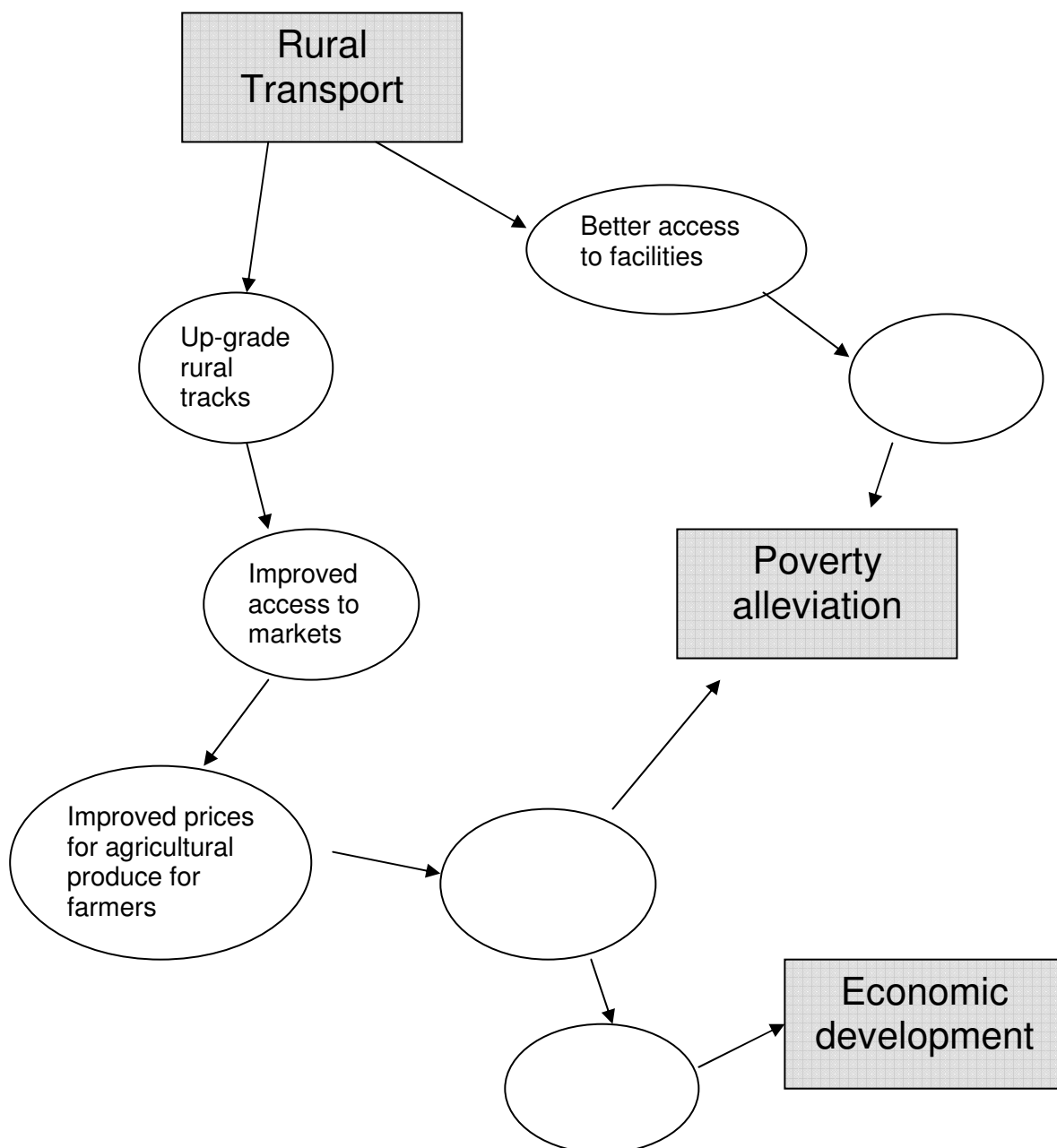
1. Read the case study sheet provided (pages 3-6).
2. Discuss and create a flow diagram that shows:

*The links and pathways between rural transport, economic development, and poverty alleviation – using specific examples from the case study.*

*Show how improvements to rural transport contribute to economic development and poverty alleviation.*

3. Prepare your flow diagram on a flip chart using the cards given to you – using the broad layout illustrated on the next page. Add additional notes and explanations.
4. Elect a person to present your findings to the plenary.

**Simple example** of a flow diagram showing the links and pathways between rural transport, economic development, and poverty alleviation





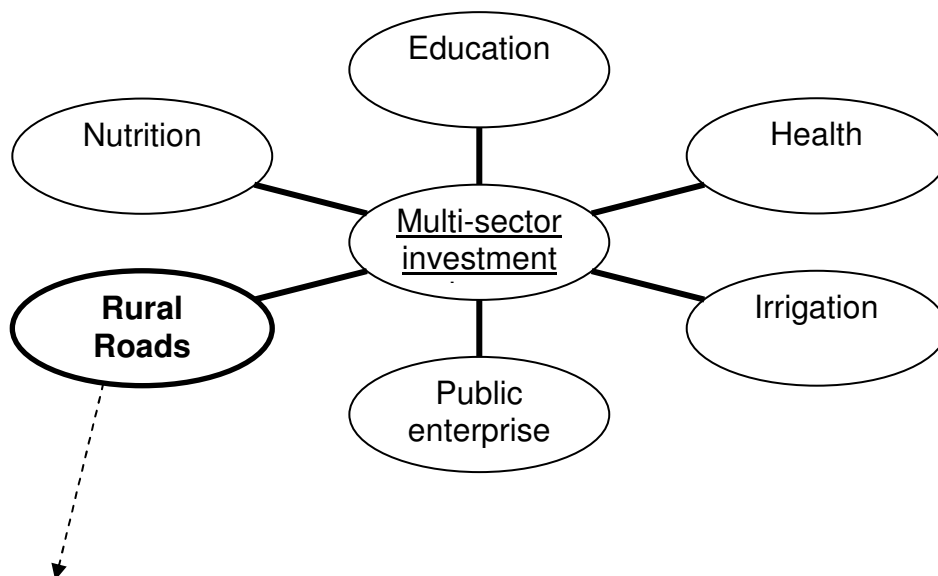
## **Approach of the India: Andhra Pradesh economic restructuring project**

### **The issues**

Lack of all-weather roads constrained citizens, communities, and business. This led to delayed passenger and freight movement, reduced transport safety, hindered economic development and limited poverty alleviation.

**A summary of the Andhra Pradesh project is as shown below.**

The rural roads component was part of a multi-sector approach.



**Objective of the rural roads component was to:**

address challenges by providing basic all-weather road access to villages in three districts.



## **Results of the India: Andhra Pradesh economic restructuring project**

The results of the project are summarised below.

### **1. Rural Access**

Rural access was improved in the following ways:

- 2,900 km seasonal rural roads upgraded to all-weather roads (paved)
- 72 major bridges constructed
- Maintenance of core rural road networks
- Technical assistance to Panchyat Raj Engineering Department (PRED).

The percentage of roads in good condition increased from 30% at the start of the project to 85% by the end of the project.

### **2. Surge in economic activity**

The following factors improved: -

<b>Factor</b>	<b>Increased by:-</b>
Av. household income	20%
Ownership refrigerators	200%
Ownership televisions	35%
Ownership telephones	500%
No. of bank account holders	5 fold
Bank deposits	2 fold
Bank loans	15 times
Av. wage rate	Rs15/day
Extra work days available/ month for labourers	2 days

Keep in mind the attribution issues – many factors influence economic activity.



### **3. Agriculture**

The promotion of agriculture reduced poverty and produced the following results:

- Cash crops now grown in areas that were previously isolated
- Spoilage of perishable agricultural products
- Average yield/ paddy increased
- Farmers receive 1 extra rupee/kg cereals sold because of direct access to markets and bypassing middlemen
- Price agricultural land increased by 30–50%,

### **4. Education**

Education improved in the following ways:

- Enrolment of girls & boys in primary + secondary schools increased by 50%
- Additional schools established in 50% villages
- Schools function because teachers can travel more easily to the schools.

### **5. Health**

The improvement in access to health services included:

- 50% health centres have more doctors & nurses
- More female patients & children using health services
- Pregnant women, emergency care patients, & everyday patients arrived at health centres sooner and received medical care faster.

### **Policy and strategy results included:**

- Andhra Pradesh adopted a policy framework that defines how to prioritize investment fund maintenance.
- Least-cost engineering solutions optimized cost effectiveness, e.g., gravel roads were cost-effective solutions for low-traffic roads.
- Computerized system formulates annual maintenance plans for the core network.



**Based on these results** – the next steps of the project included:

- The network approach was adopted nationwide under the Prime Minister's Rural Roads Program (PMGSY)
  - Aims to connect all towns & villages with populations of + 500 persons
- Use of gravel roads + annual maintenance plans - applied in World Bank-funded rural road projects in India
- Government of India requested the Bank to support similar rural roads projects in 10 states under the PMGSY.