

Economics Seminar, Indian Statistical Institute, New Delhi

SPEAKER: Clive Bell, University of Heidelberg

TITLE: Estimating the Social Profitability of PMGSY: A Bumpy Ride

DAY AND DATE: 11:30 AM, Friday, 24th September, 2010

VENUE: Seminar Room 2, ISI Delhi

ABSTRACT

PMGSY aims to draw India's villages into the mainstream, in three domains. First, with improved connections to markets, villagers should face more favourable prices for inputs and outputs. Second, by reducing the time spent travelling to school and the days lost due to bad weather, an all-weather road should improve the attendance, not only of pupils, but also of their teachers, thus promoting the formation of human capital and the growth of productivity over the long run. Third, by likewise improving the villagers' access to timely treatment, especially in emergencies, the connection should lower mortality and morbidity. This paper's approach to estimating the social profitability of PMGSY deals with these considerations by using a combination of household models, findings from survey data and guesses. When roads are treated as isolated elements in a wider system, the probability that, as a group, they pass muster at a social discount rate of 10 per cent is fairly high. When (net) externalities are thrown into the reckoning, their chances of so doing are better still.