

Implementation of Central Sector Projects

9.115 At the end of March 2004, there were 568 projects with an estimated anticipated cost of Rs.2,47,039 crore. These 568 projects are in the 16 sectors namely, Atomic Energy, Civil Aviation, Coal, Fertilizers, I&B, Mines, Steel, Petroleum, Power, Health & Family Welfare, Railways, Road Transport & Highways, Shipping & Ports, Telecommunications, Urban Development and Water Resources. Of these, 145 projects are faced with cost overruns summing up to 22.4 per cent with respect to their latest approved estimates. There are 202 projects which have a time overrun, ranging from 2 month to 156 months.

9.116 Time and cost overruns have been a major problem affecting the implementation of central sector projects. An analysis of cost overruns of 211 delayed projects shows that only 19 projects are responsible for about 90 per cent of the cumulative cost overrun. Out of these 19 projects, four hydro-electric power projects account for about 49 per cent of the

total cost overrun. These four projects are now likely to be completed during the next one year. Similarly, the projects with large time overruns are a few in number. Most of these projects had serious problems which have been overcome and these are now in fairly advanced stage of completion. The number of delayed projects has drastically come down from 239 at the beginning of Ninth Plan to 144 by the end of Ninth Plan (Figure 9.3). However, the number of delayed projects has slightly increased to 211 during the year 2002-03, mainly due to increase in number of total projects of NHDP broken down into about 135 small packages and the number of total projects increasing more than hundred.

9.117 The decline in time and cost overrun has been possible due to close monitoring and systems improvement brought out by the Ministries concerned with the support from the Ministry of Statistics & Programme implementation. An analysis of the trend in the last 10 years shows that the cost overrun has come down from 62 per cent in March 1991 to 22.4 per cent in March 2004 (Figure 9.4).

Fig 9.3

Number of delayed projects w.r.t Original Schedule

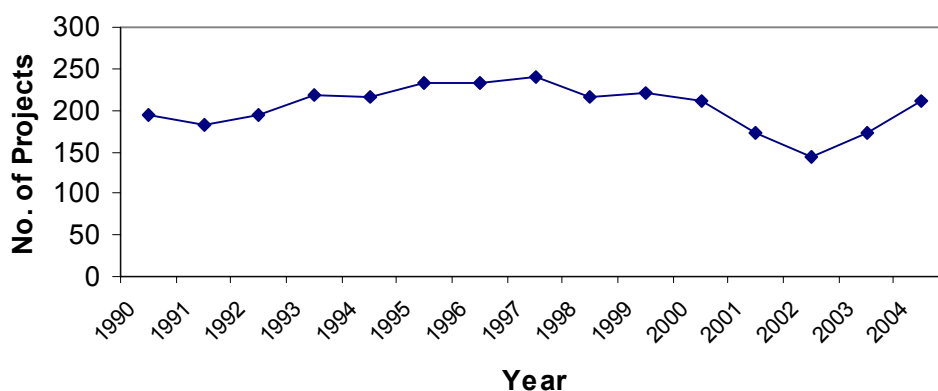


Fig 9.4

Trends of Cost overruns

