

Implementation of Central Sector Projects

9.113 At the end of September, 2004, there were 617 projects with an estimated cost of Rs.2,67,067 crore. These, 617 projects were in the 16 sectors namely, Atomic Energy, Civil Aviation, Coal, Fertilizers, Meteorology, Mines, Steel, Petroleum, Power, Health and Family Welfare, Shipping & Ports, Telecommunications, Urban Development and Water Resources. Of these 149 projects are faced with cost overruns amounting to 22.2 per cent with respect to their latest approved estimates. There are 237 projects which have a time overrun, ranging from 2 to 156 months.

9.114 An analysis of cost overruns of 246 delayed projects shows that only 20 projects are responsible for about 90 per cent of the cumulative cost overrun. Out of these 20 projects, 4 Hydro Electric Power Projects account for about 49 per cent of the total cost overrun. Out of these 4 projects, Nathpa Jhakri Project in Himachal Pradesh was completed in July, 2004 and the remaining three projects

are likely to be completed by the middle of 2005. Most of the projects with large time overruns, which are few in number, had serious problems which have been overcome and these are now in fairly advanced stage of completion. The number of delayed projects had drastically come down from 239 at the beginning of the Ninth Plan to 144 by the end of the Ninth Plan (Figure 9.2). However, the number of delayed projects increased slightly to 210 during the year 2002-03, mainly due to an increase in the number of total projects of NHDP, which have been broken down into about 135 small packages resulting in an increase in the number of total projects by more than a hundred.

9.115 Time and cost overruns have declined because of close monitoring and systems improvement brought out by the Ministries concerned with support from the Ministry of Statistics and Programme Implementation. An analysis of the trend in the last 13 years shows that the cost overrun has come down from 62 per cent in March, 1991 to 20.7 per cent in September, 2004 (Figure 9.3).

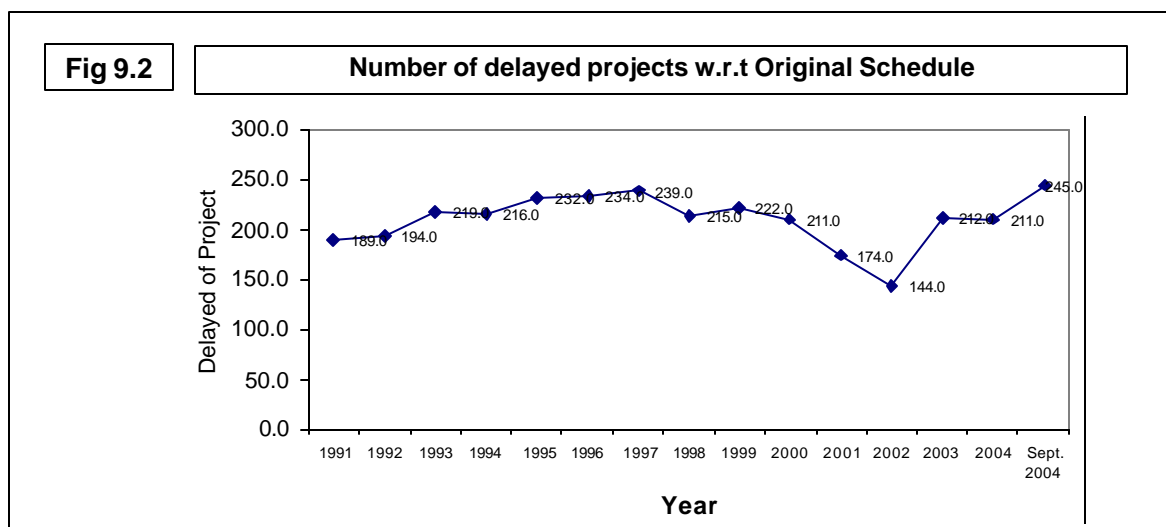


Fig 9.3

Trends of Cost overruns

