

## Implementation of Central Sector Projects

9.89 At the end of June 2006, there were 837 projects (each costing Rs. 20 crore and above) with an estimated investment of about Rs.3,69,499 crore spread over 16 sectors: atomic energy, civil aviation, coal, fertilizers, mines, information and broadcasting, steel, petroleum, power, railways, road transport and highways, shipping and ports, telecommunications, urban development, water resources, and health and family welfare. Of these, 190 projects were having cost overrun to the tune of 43.3 per cent as compared to their latest approved estimates. There were 257 projects which had a time overrun, ranging from 1 to 159 months.

9.90 An analysis of the cost overrun of the projects shows that it is 15.6 per cent of the overall cost of the projects. The main sectors accounting for the cost overrun are railways, water resources, petroleum, atomic energy, civil aviation, power, health and family welfare, and urban development. Out of the total 837 projects, 233 projects accounted for nearly 65 per cent of the total cost overrun with respect to the original sanctioned estimates.

9.91 Time and cost overruns have declined because of close monitoring, policy changes and systemic improvement brought out by the administrative ministries concerned, with support from the Ministry of Statistics and

Programme Implementation (MOS&PI). An analysis of the trend in the last 15 years shows that the cost overruns have come down from 61.6 per cent in March 1991 to 15.6 per cent in June 2006 (Figure 9.2).

9.92 An analysis of 476 projects each costing Rs. 100 crore and above at the end of September, 2006 shows that there was cost overrun of 10.2 per cent with anticipated cost of Rs. 3,44,830 crore as compared to the original sanctioned cost of Rs. 3,12,878 crore for these projects. The expenditure incurred on these projects at the end of September, 2006 was Rs. 1,18,779 crore, which is 34 per cent of the total anticipated cost.

9.93 In 2005-06, 91 projects costing Rs. 27,730 crore spread over 13 sectors were completed. The expenditure reported for these projects was Rs. 22,579 crore. These completed ones included projects in road transport and highways (28), power (12), coal (11), petroleum (9), telecommunication (7), railways (7), shipping and ports (5), urban development (3), steel (3), fertilisers (2), civil aviation (2), information and broadcasting (1), and health and family welfare (1) sectors.

9.94 During the current financial year, up to the end of September, 2006, 31 projects with an estimated cost of Rs. 23,817 crore were completed. The expenditure reported for these completed projects was Rs. 20,739 crore.

