

**GOVERNMENT OF INDIA  
STATISTICS AND PROGRAMME IMPLEMENTATION  
LOK SABHA**

STARRED QUESTION NO:621  
ANSWERED ON:10.05.2000  
COST AND TIME OVERRUNS  
C.P. RADHAKRISHNAN;RAMPAL SINGH

**Will the Minister of STATISTICS AND PROGRAMME IMPLEMENTATION be pleased to state:**

- (a) whether it is a fact that more than half of the 428 projects relating to various ministries are running behind their schedule;
- (b) whether the cost of these projects has increased from Rs.79, 547 crores to Rs.97, 314 crores;
- (c) if so, the complete facts in this regard and the common reasons for the cost and time overrun;
- (d) whether any study has been conducted about the causes of this phenomenon and any solution has been found by his Ministry;
- (e) if so, the details thereof; and
- (f) the steps being taken to remedy the situation?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF PLANNING, MINISTERS OF STATE IN THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION AND MINISTER OF STATE OF THE DEPARTMENT OF ADMINISTRATIVE REFORMS AND PUBLIC GRIEVANCES IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS (SHRI ARUN SHOURIE)

(a) to (f) A statement is laid on the Table of the House.

Statement referred to in reply to the Lok Sabha Starred Question No. 621 due for 10.5.2000

Statement on Projects with cost and time overrun

(a) Yes, Sir. As on 31.3.2000, out of 452 Central Sector Projects costing Rs.20 crores and above on the monitor of the Ministry of Statistics and Programme Implementation, 205 projects are running behind their approved original schedules. The extent of time and cost overruns with respect to the original schedules and costs is given in Annexure I and with respect to the revised schedules and costs is given in Annexure II. The summary of central sector projects in various States/Union Territories is given in Annexure III.

(b) & (c) The cost of 205 delayed projects has increased from the original cost of Rs.52,987 crores to Rs.84,167 crores, i.e., by 58.8 percent.

According to the analysis carried out by the Ministry of Statistics and Programme Implementation in respect of the projects on its monitor, a number of factors of delays have been observed. Details of these factors and the number of projects affected by them are as follows:

Sl. Factors No. of Projects  
No.

- |    |  |   |
|----|--|---|
| 1. | Fund constraints   | 55 (43 Railways, 8 Coal, 1 Steel and 1 Power)   |
| 2. | Land Problems<br>(7 Forest & 47 others)  | 55 (34 Railways, 17 Coal, 3 Power<br>and 1 Petroleum)   |
| 3. | Delay in Civil Works<br>in Coal, I & B, Power, Urban Development,<br>and rest others.) | 48 (34 in Railways, 3 Telcom, 2 each)   |
| 4. | Delay in award of<br>Contract  | 43 (16 Railways, 12 Surface Transport,<br>4 I&B, 3 Mines, 2 Telecom, 1 each in Atomic<br>Energy, Coal, Finance, Fertilizers and |

Urban Development)

5. Slow Progress 36 (14 Railways, 8 Surface Transport,  
2 Petroleum, 3 each in Atomic  
Energy, Coal, and rest others)
6. Delay in supply of equipment 23 (8 Railway, 6 Coal, 5 Petroleum,  
(9 indigenous and 5 imported) 2 Atomic Energy and balance in others)

In addition other reasons for time and cost overruns in projects observed over a long period of time are as follows:

Reasons for Time Overrun

- i) Lack of supporting infrastructure facilities,
- ii) Delay in finalisation of detailed engineering, release of drawings and delay in availability of fronts,
- iii) Changes in scope,
- iv) Industrial relations and law & order problems,
- v) Delay and uncertainty in feedstock supply,
- vi) Pre-commissioning teething troubles,
- vii) Technology problems, and
- viii) Geological surprises.

Causes of cost escalation:

- i) Changes in rates of foreign exchange and statutory duties,
- ii) High cost of environmental safeguards and rehabilitation measures,
- iii) Higher cost of land acquisition,
- iv) Change in the scope of project,
- v) Higher prices being quoted by the bidders in certain areas,
- vi) Under-estimation of original cost, and
- vii) General price rise.

(d),(e) & (f) The Ministry of Statistics & Programme Implementation carries out study of factors of delay and cost overruns each quarter. In order to cut down delays and cost overruns in projects, a mechanism of Standing Committee, with the approval of the Cabinet, has been evolved in each Ministry for infrastructure projects costing Rs.50 crores and above, which have reported time and cost overruns. This Committee is headed by Additional Secretary or Joint Secretary of the concerned Ministry/Department with representatives drawn from Planning Commission, Ministry of Finance (Department of Expenditure) and Ministry of Statistics & Programme Implementation. The Standing Committees have the mandate to go into the details of time and cost overrun, identify the respective responsibility areas and suggest remedial action. The reports of the Standing Committees form part of the revised cost estimates of projects which have time and cost overruns and the same are submitted, along with the Revised Cost Estimates Notes for the consideration of the CCEA. So far, 22 Ministries have set up such Committees and about 40 cases have been referred to them.

The projects face various kinds of problems during the course of implementation. The exact measures taken to ensure speedy and efficient implementation depend on the nature of the problems being faced by the projects. The important measures being taken in general are as follows:

- Intensive monitoring of projects at various levels. This enables the monitoring agencies to identify constraints and helps the management in taking remedial measures.
- In-depth critical review of the progress by the Project Authorities and Administrative Ministries.
- Setting up of Task Force/Empowered Committees for speedy finalisation of contract packages, solving land acquisition and other problems.

- Close follow up by the Ministry of Statistics and Programme Implementation as well as the concerned Administrative Ministries and Project Authorities with the State Governments, equipment suppliers, contractors, consultants and other concerned agencies to minimise delays.

- Inter-ministerial coordination and interaction.

- Emphasis on preparation of realistic project implementation plans.

- Review by the Committee of Secretaries of the specific projects facing constraints.

- Providing funds to projects to ensure implementation of projects within the approved cost and schedule.

Enclosure to Lok Sabha Starred Question No. 621 for 10.5.2000

#### EXTENT OF TIME / COST OVERRUN IN PROJECTS WITH RESPECT TO ORIGINAL SCHEDULE AS ON 31-3-2000

S.No.	SECTOR	NO.OF PROJ-	TOTAL COST (RS.CRS)	ORIG- ANTIC- COST PROJ. WITH COST OVER RUN	ANTIC- COST PROJ. WITH TIME OVER RUN	IPATED OVER	NO. ORGI. ANTIC- %INCR NO. ORIG. ANTIC- RANGE	NO. ORGI. ANTIC- RANGE	IPATED (NO)	IPATED (NO)	IPATED (NO)	IPATED (NO)	IPATED (NO)	IPATED (NO)
1.	ATOMIC ENERGY	11	5703.4	15003.2	163.1	4	4921.3	14410.0	192.8	6	2092.8	5890.7	33-	76
2.	CIVIL AVIATION	15	492.2	535.8	8.8	5	160.5	204.1	27.1	8	238.6	270.6	2-	57
3.	COAL	65	12161.8	13717.5	12.8	16	4995.5	6798.3	36.1	36	8203.0	9772.4	2-	189
4.	FINANCE	1	118.3	348.8	194.9	1	118.3	348.8	194.9	1	118.3	348.8	96-	96
5.	FERTILISERS	6	739.0	749.5	1.4	1	28.0	38.5	37.5	0	0.0	0.0	0-	0
6.	I & B	5	202.5	249.9	23.4	1	34.2	81.6	138.9	5	202.5	249.9	24-	132
7.	MINES	5	4033.4	4039.8	0.2	1	157.5	163.8	4.0	1	157.5	163.8	8-	8
8.	STEEL	11	3177.8	4275.7	34.5	5	2827.7	3925.5	38.8	8	2988.0	4085.9	2-	35
9.	PETROCHEMICALS	1	3484.4	3809.0	9.3	1	3484.4	3809.0	9.3	1	3484.4	3809.0	40-	40
10.	PETROLEUM	39	26879.3	27432.9	2.1	5	3009.7	3767.5	25.2	13	11377.2	12077.8	3-	58
11.	POWER	29	27554.0	45800.3	66.2	17	18797.4	37292.1	98.4	15	9079.7	24552.1	22-	136
12.	RAILWAYS	192	26508.0	36358.7	37.2	125	15971.1	26001.5	62.8	62	9689.7	15380.7	2-	132
13.	SURFACE TRANSPORT	55	5460.7	7807.3	43.0	26	3420.0	5859.4	71.3	36	4138.1	6225.5	1-	132
14.	TELECOMMUNICATION	8	936.1	936.1	0.0	0	0.0	0.0	0.0	8	936.1	936.1	1-	48
15.	OTHERS	9	5220.2	5726.0	9.7	6	5072.0	5578.4	10.0	5	281.4	403.6	29-	53
TOTAL	452	122671.0	166790.6	36.0	214	62997.6	108278.6	71.9	205	52987.2	84167.0			

ANNEXURE-II

#### EXTENT OF TIME/COST OVERRUN IN PROJECTS WITH RESPECT TO LATEST SCHEDULE AS ON 31-3-2000

S.No.	SECTOR	NO.OF PROJ-	TOTAL COST (RS.CRS)	LATEST ANTIC- COST PROJ. WITH COST OVER RUN	ANTIC- COST PROJ. WITH TIME OVER RUN	IPATED OVER	NO. LATEST ANTIC- %INCR NO. LATEST ANTIC- RANGE	NO. LATEST ANTIC- RANGE	IPATED (NO)	IPATED (NO)	IPATED (NO)	IPATED (NO)	IPATED (NO)
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	VED COST	VED COST											
1. ATOMIC ENERGY	11	11432.9	15003.2	31.2	4	10835.0	14410.0	33.0	6	4848.4	5890.7	22-	55
2. CIVIL AVIATION	15	514.5	535.8	4.1	2	110.3	131.6	19.3	8	260.8	270.6	2-	57
3. COAL	65	12716.1	13717.5	7.9	12	4828.9	6077.3	25.9	36	8757.3	9772.4	2-	120
4. FINANCE	1	348.8	348.8	0.0	0	0.0	0.0	0.0	1	348.8	348.8	40-	40
5. FERTILISERS	6	739.0	749.5	1.4	1	28.0	38.5	37.5	0	0.0	0.0	0-	0
6. I & B	5	249.9	249.9	0.0	0	0.0	0.0	0.0	5	249.9	249.9	24-	41
7 MINES	5	4033.4	4039.8	0.2	1	157.5	163.8	4.0	1	157.5	163.8	8-	8
8. STEEL	11	3519.8	4275.7	21.5	5	3169.6	3925.5	23.8	8	3330.0	4085.9	2-	35
9. PETROCHEMICALS	1	3484.4	3809.0	9.3	1	3484.4	3809.0	9.3	1	3484.4	3809.0	40-	40
10. PETROLEUM	39	26906.1	27432.9	2.0	3	2135.7	2851.5	33.5	13	11362.0	12077.8	3-	58
11. POWER	29	38365.0	45800.3	19.4	15	18382.4	26066.1	41.8	15	19042.5	24552.1	12-	77
12. RAILWAYS	192	29380.9	36358.7	23.7	116	16522.9	23721.1	43.6	60	11652.9	15042.4	2-	132
13. SURFACE TRANSPORT	55	6086.6	7807.3	28.3	24	3708.1	5522.5	48.9	36	4564.3	6225.5	1-	120
14. TELECOMMUNICATION	8	936.1	936.1	0.0	0	0.0	0.0	0.0	6	868.5	868.5	3-	48
15. OTHERS	9	5262.2	5726.0	8.8	5	5051.3	5515.7	9.2	5	290.2	403.6	29-	53
TOTAL	452	143975.7	166790.6	15.8	189	68414.0	92232.6	34.8	201	69217.6	83761.0		

#### ANNEXURE-III

#### SUMMARY OF CENTRAL SECTOR PROJECTS IN VARIOUS STATES/UTs AS ON 31.03.2000 AS ON 31-3-2000

SR. NO.	STATE/UT	NO. OF PROJ.	TOTAL COST (RS. CRORES)		EXP. TILL					
			PREVIOUS OUTLAY	CUM. EXP	FINANCIAL APPROVED	1999-00 CIPATED	TILL QTR YEAR (RS.CR)	(RS.CRS)	(RS.CRS)	
1.	ANDHRA PRADESH	36	7505.60		7924.52		8110.89	1810.38	1189.95	2531.24
2.	ARUNACHAL PR.	2	468.78		831.74		1635.63	797.64	163.00	962.71
3.	ASSAM	14	6552.86		6731.59		7971.65	3422.63	557.86	4046.94
4.	BIHAR	34	7043.29		8057.71		10016.05	3397.95	803.39	3903.57
5.	GOA	5	406.00		406.00		410.55	5.11	19.50	15.54
6.	GUJARAT	18	10573.43		10628.92		11290.16	4543.55	639.21	5194.66
7.	HARYANA	6	9014.54		9135.05		9160.94	640.49	376.29	947.20
8.	HIMACHAL PR.	2	3362.04		9350.33		9350.33	3817.71	1115.33	4774.17
9.	J & K	5	2891.57		6625.63		7415.94	2810.34	445.78	3183.81
10.	KARNATAKA	13	2004.18		3550.41		5152.17	2558.98	384.82	2819.09
11.	KERALA	7	1144.61		1144.61		1226.24	632.02	351.68	979.47
12.	MADHYA PRADESH	37	8741.89		8907.21		9083.65	3750.05	1407.20	4902.47
13.	MAHARASHTRA	55	9643.18		12708.91		16314.73	3250.21	1467.94	4318.85

14.	MANIPUR	1	578.62	578.62	578.62	4.37	5.00	6.59
15.	MIZORAM	1	368.72	368.72	368.72	5.47	59.00	9.95
16.	NAGALAND	1	96.31	331.59	758.70	522.69	110.00	654.22
17.	ORISSA	26	12937.49	13125.64	14635.35	1351.66	1441.02	2581.43
18.	PUNJAB	5	496.68	748.00	837.47	544.76	84.28	606.65
19.	RAJASTHAN	7	1484.12	2879.56	3553.92	2007.68	328.69	2253.43
20.	TAMIL NADU	32	8081.62	8378.67	9351.46	2703.09	1629.81	3866.02
21.	TRIPURA	2	594.32	594.32	869.21	37.84	43.15	58.68
22.	UTTAR PRADESH	25	5044.03	5332.21	8635.12	2455.31	974.65	3108.64
23.	WEST BENGAL	34	3266.87	3829.50	4541.94	1596.59	431.53	1893.68
24.	A & N ISLANDS	1	47.63	47.63	47.63	25.80	9.50	33.20
25.	DELHI	13	5393.15	5449.39	5884.44	609.90	482.54	837.73
26.	MULTISTATE	70	14929.50	16309.24	19589.10	5597.96	2723.71	7745.27
ALL INDIA > 452			122671.03	143975.72	166790.61	48900.18	17244.83	62235.21