

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

STARRED QUESTION NO:163

ANSWERED ON:15.07.2009

TIME AND COST OVERRUNS OF MAJOR CENTRAL SECTOR PROJECTS

Siddeswara Shri Gowdar Mallikarjunappa;Yaskhi Shri Madhu Goud

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

- (a) whether the Ministry has monitored execution of the major central sector projects;
- (b) if so, the details thereof;
- (c) whether the reasons for the cost and time overruns in respect of such projects have been identified;
- (d) if so, the details thereof; and
- (e) the corrective steps taken by the Government in this regard?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE), MINISTRY OF COAL AND STATISTICS & PROGRAMME IMPLEMENTATION
(SHRI SRIPRAKASH JAISWAL)

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

STATEMENT REFERRED TO IN THE REPLY TO LOK SABHA STARRED QUESTION NO. 163 FOR ANSWER ON 15.07.09

(a) Yes, Sir.

(b) As on 30.04.09, 583 major central sector projects costing Rs. 100 crore and above at an estimated cost of Rs.559385 crore were monitored by the Ministry of Statistics and Programme Implementation. Out of 583 projects 11 are ahead of schedule, 158 projects are on schedule, 284 projects are running behind schedule with respect to their original approved date of commissioning; and 130 projects do not have any date of commissioning.

(c) Yes, Sir.

(d) The cost and time overruns in these projects are largely attributed to funds constraints, problems faced in land acquisition and forest/environmental clearance, slow progress by contractors, adverse law and order situation in some regions of the country, delay in supply of equipment by domestic/foreign vendors, change in scope of projects leading to increase in Bill of Quantities (BOQ), geological surprises, increase in interest on borrowed capital during construction, exchange rate variations in projects funded by external sources, high cost of rehabilitation, general price rise of cement and steel, etc.

(e) The corrective steps taken by the Government to minimize cost and time over-run of such projects inter-alia include:

- (i) adoption of two-stage clearance system and stricter appraisal of projects before investment approval;
- (ii) taking up of projects for implementation only after funds have been fully tied up;
- (iii) in-depth review of projects on monthly and quarterly basis by the Government;
- (iv) follow up with the State Governments in respect of problems relating to land acquisition, rehabilitation related issues, forest clearances, infrastructure facilities, ensuring law and order at project sites, etc.
- (v) setting up of Empowered Committees in different administrative Ministries for review of the departmentally executed projects;
- (vi) inter-ministerial coordination for resolving unresolved problems;
- (vii) setting up of Standing Committees in the Ministries/Departments to fix responsibility for time and cost overruns;
- (viii) appointment of nodal officers for each project with continuity of tenure; and
- (ix) issue of guidelines on standard bidding documents for adoption.

