

Some 900 projects in India hit by delays; extra cost Rs.368 bn

Spiralling prices, funds crunch, poor equipment and slow environment clearances have delayed some 900 major projects in India, burdening the exchequer with extra cost of over Rs.368 billion (\$9.2 billion), says an official report.

'It may be seen that a number of projects require review of the sanctioned cost,' says the report on central projects, mainly covering infrastructure, prepared by the ministry of statistics and programme implementation.

The report itself was delayed, as 'the project authorities are not furnishing complete and accurate data in time', it says.

The cost of as many as 897 projects had gone up by as much as 10.25 percent, or Rs.368.34 billion, of which Rs.236.49 billion was accounted for by 308 projects, says the report, a copy of which is with IANS.

The largest number of delayed projects, 126, was in the road transport and highways sector, followed by 33 in railways, 25 in petroleum and 23 in health and family welfare ministries.

According to the report, internal auditors found price rise, higher cost of land, funds constraints, poor supply of equipment and delay in environment clearances the key hurdles in implementing major projects.

The report on cost and time over-runs comes against the backdrop of official estimates putting India's funds requirement for infrastructure projects at \$500 billion over the next five years.

With India's annual rate of inflation going past the eight percent mark and expected to rise further after the steep hike in transport and cooking fuel prices, the cost over-run is expected to worsen in coming months.

The report, prepared by the ministry's infrastructure and project monitoring division, also says that the list of projects included in it was not exhaustive, suggesting that the estimates arrived at may be understated vis-a-vis the actual number of projects facing time and cost over-runs.

The other ministries facing cost and time over-runs in their projects include telecom with 21, coal and steel with 18 each, civil aviation with 16, shipping and ports with 13 and urban development with 11.

The delays were found to be in the range of 30 days to 155 months (almost 13 years).

The report only looks at projects of the central government costing over Rs.200 million and covers 15 sectors. It looks at ongoing projects during the July-September 2007 quarter.

To check delays in executing projects, the report has suggested amendments to land acquisition procedures, standardisation of the contract management system, and making the standing committee in each ministry more effective.

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