

Cost overrun by Central Sector Projects

†*66. SHRI V.V. RAGHAVAN:
SHRI J. CHITHARANJAN:

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

(a) whether it is a fact that an analysis by the Associated Chambers of Commerce and Industry of India (ASSOCHAM) has revealed that as many as 466 Central sector projects in different States suffer cost overrun by about 36 per cent;

(b) if so, the details thereof;

(c) whether it is a fact that ASSOCHAM has made some suggestions to help reduce the cost overrun; and

(d) if so, the details thereof and Government's reaction thereto?

THE MINISTER OF STATE OF THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION (SHRIMATI MANEKA GANDHI): (a) to (d) A Statement is laid on the Table of the House.

Statement

(a) Yes, Sir.

(b) As on 31st March, 2001, the original cost of Rs. 1,23,360 crores of 466 Central sector projects each costing Rs. 20 crores and above on the monitoring system of the Ministry of Statistics and Programme Implementation has increased by 36% to Rs. 1,67,745 crores. Out of 466 projects, 213 projects have reported cost overrun of 74% with respect to the originally approved cost. The cost of these 213 projects has increased from Rs. 61,296 crores to Rs. 1,06,820 cores. 174 projects have reported time overrun, ranging from 1 to 204 months. The State-wise details of Central Sector Projects, their cost and time overruns are given in Annexure [See Appendix 194 Annexure No. 5].

(c) and (d) The ASSOCHAM has suggested to create a mechanism at the highest level for review of projects on monthly basis and for strong follow-up with the State Governments for acquisition of land and provision of infrastructure facilities. They have also suggested to consider constitution of a Group of Ministers Committee (GOM) to bring accountability in the execution of projects which have reported time and cost overruns.

†The question was actually asked on the floor of the House by Shri V.V. Rasharan.

The Government has already set up a system of monthly review of major projects costing Rs. 100 crores and above through the Flash Report System of monitoring. The Flash Report on major projects is reviewed every month by the Ministry of Statistics and Programme Implementation, Cabinet Secretariat, Prime Minister's Office as well as by the concerned administrative ministries. The report specifically points out the slippages of critical milestones and constraints and gives suggestions to take immediate action to reduce delays and control slippages. A two-stage clearance system has been adopted in approval of projects. Infrastructure projects are given Stage I clearance only after ensuring acquisition of necessary land and provision of infrastructure facilities.

The institution of Standing Committees in various ministries to fix responsibility for time and cost overrun in case of delayed projects is functioning since August, 1998.

The various system improvements brought about by the Government, in pursuance of the recommendations of the Group of Ministers in 1994, in regard to approval, implementation and monitoring of projects, have brought down the cost overrun in projects from 62% in 1988 to 36% in March, 2001 with respect to the original cost. However, the cost overrun with respect to the latest revised cost, which is based on current prices of projects, is only of the order of 17%. It may be pointed out that there are 28 projects, as mentioned in Annexure [See Appendix 194 Annexure No. 6] which constitute nearly 89% of the total cost overrun in all projects together. Special attention is being paid to complete these 28 projects at the earliest.

SHRI V.V. RAGHAVAN: Mr. Chairman, Sir, according to the reply given to me, the Ministry has said that the cost overrun because of delay in 213 projects is as high as 74 per cent. The Ministry says that there is a mechanism in every Ministry to monitor delay in projects and cost overruns. I would like to know whether any Ministry, till now, has fixed any responsibility for the delay and cost overrun on anybody.

THE MINISTER OF TOURISM AND CULTURE (SHRI JAGMOHAN): Sir, a mechanism is already in force, and the result of this mechanism is that eight projects are ahead of the schedule, 170 projects are according to the schedule. The other projects which are getting delayed, they are not getting delayed on account of any failure on the part of any individual, but due to the system failure, such as the land acquisition and the resettlement problems. There are only 28 projects which have really been delayed, and I have given a list of these 28 projects. I have indicated that five of these projects account for

the major delays, and this has resulted in pushing up the percentage. As regards the percentage, I would also like to inform the hon. Member, that whereas, in 1988, this percentage was very high, 64 per cent, now, it is 34 per cent, and if we take into account the cost escalation consequent to inflation, consequent to the increase in excise duty and customs duty, consequent to interest rate changes and the exchange rate fluctuations, then the cost escalation comes to only 17 per cent. We are not satisfied even with 17 per cent. We would like to reduce it to zero. But there are certain circumstances which are beyond the control of the Project Development Authorities.

MR. CHAIRMAN: Question Hour is over.

WRITTEN ANSWERS TO STARRED QUESTIONS

Recommendations of Experts Committee on Marketing Strategy by KVIC

*61. SHRI ABANI ROY: Will the Minister of AGRO AND RURAL INDUSTRIES be pleased to state:

(a) whether it is a fact that recommendations of Experts Committee to strengthen marketing strategy were not acted upon by the KVIC;

(b) whether trading units having an investment of Rs. 89.57 crores were running in losses; and

(c) if so, the action proposed to be taken against the CEO and CAO of KVIC for not implementing the said recommendations?

THE MINISTER OF AGRO AND RURAL INDUSTRIES (SHRI KARIYA MUNDA): (a) No, Sir. The Expert Committee which was constituted in 1997 on marketing of KVI products submitted its recommendations in January, 1998 and most of the recommendations made by this Expert Committee have already been accepted.

(b) Yes, Sir.

(c) Since the major recommendations of the Report have been accepted by the KVIC, the question of taking action against the CEO/CAO of the KVIC does not arise.

WLL Service in Karnataka

*63. SHRI K.G. KONDALAH: Will the Minister of COMMUNICATIONS be pleased to state: