CHAPTER X

PROJECT MONITORING DIVISION

Management of Projects Under Implementation

An Overview

10.1. The Project Monitoring Division (PMD) is responsible for monitoring of all Central Sector Projects costing Rs. 20 crore and above. In addition, it has been asked to monitor the progress of irrigation projects which are being financed centrally under the Accelerated Irrigation Benefit Programme (AIBP). The Division in coordination with the administrative Ministries concerned, takes up initiatives to bring about systematic improvements in various areas of project implementation. The various activities of the division are described in following paragraphs:

Monthly Monitoring of Major and Mega Projects

10.2. A two tier system of monitoring has been adopted. While all projects are monitored on a quarterly basis, the Major projects costing Rs.100 crore and above are monitored on a monthly basis through Flash Report System.

10.3. Copies of Flash Report, containing an analysis of the status of implementation of the major projects are sent to the Ministries/Departments concerned for appropriate action.

10.4. An Exception Report is brought out once every two months in respect of the projects which are showing progressive slippage in achieving the milestones. The Exception Report concentrates on the exceptional issues and problems responsible for further delays. The critical and chronic issues requiring action at higher levels are brought into the focus. The emphasis is on exceptions and problems that need to be addressed without delay.

Quarterly Monitoring of all Projects

10.5. The Division prepares Quarterly Project Implementation Status Reports (QPISR) in respect of all projects costing Rs.20 crore and more. The QPISR covers salient features of the projects sectorwise, indicates, among other things, the latest commissioning dates, cumulative expenditure incurred on the projects up to the end of the quarter reported on and the time and cost over-runs likely to occur in the implementation of each of the projects. The Report is posted in the website of the Ministry (*http://www.statistics.nic.in/*).

MAJOR CENTRAL SECTOR PROJECTS

Hon'ble Prime Minister Shri A. B. Vajpayee inaugurating the

Exhitbion on Major Central Sector Projects on 17.12.2002.

केन्द्रीय क्षेत्र की बड़ी परियोजनाएं
EXHIBITION ON
MAJOR CENTRAL SECTOR PROJECTS

Hon'ble Speaker Manohar Joshi lighting the inaugural lamp on the

inauguration of the Exhitbion on Major Central Sector Projects

on 17.12.2002.

Special Report on bigger projects

10.6. A special report is brought out on quarterly basis on projects costing Rs.500 crore and above. This Report is action oriented and flags the critical problems and issues requiring immediate attention.

Scenario of Project Implementation in 2002-03

Projects on the Monitor

10.7. As on 01.04.2002, there were 455 projects on the monitor of this Ministry. During the period April to October, 2002, as many as 16 projects were completed, 5 projects dropped and 165 new projects added. The large increase in the numbers was due to the subdivision of one mega project, namely viz. the National Highway Development Project (NHDP) costing Rs.30,300 crore into 130 individual packages. As a result of these changes, as on 1.10.2002, there were 542 projects on the monitor of MOSPI costing Rs.2,13,134 crore.

10.8. The complete list of projects on the monitor, alongwith with their key physical and financial parameters are given at Annexure V.

10.9. For facility of monitoring, the entire universe of projects on the monitor has been divided into three categories, viz., (i) mega projects, costing Rs. 1000 crore and above each, (ii) major projects, costing Rs. 100 crore and above each and (iii) medium projects costing between Rs. 20 crore and 100 crore each. The total number of projects in each category, and the anticipated cost, sector-wise, have been given in Table No. 10.1.

TABLE – 10.1

FREQUENCY DISTRIBUTION OF PROJECTS (As on 01-10-2002)

S.No	NAME OF THE SECTOR	NO.OF MEGA PROJECTS	ANTICIPATED COST (RS.CRORE)	NO.OF MAJOR PROJECTS	ANTICIPATED COST (RS.CRORE)	NO.OF MEDIUM PROJECTS	ANTICIPATED COST (RS.CRORE)	TOTAL NO. OF PROJECTS	TOTAL COST (RS.CRORE)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1.	ATOMIC ENERGY	4	27216.00	0	0.00	4	212.27	8	27428.27
2.	CIVIL AVIATION	0	0.00	0	0.00	8	416.22	8	416.22
3.	COAL	5	7234.85	4	798.80	51	2366.64	60	10400.29
4.	FERTILISERS	0	0.00	1	509.40	0	0.00	1	509.40
5.	I & B	0	0.00	0	0.00	4	215.81	4	215.81
6.	MINES	1	2061.98	1	480.00	1	56.78	3	2598.76
7.	STEEL	0	0.00	2	769.02	5	345.73	7	1114.75
8.	PETROLEUM	10	29340.75	18	7020.46	9	640.37	37	37001.58
9.	POWER	12	45120.87	20	6935.21	10	627.81	42	52683.89
10.	HEALTH & FW	0	0.00	2	691.84	1	89.02	3	780.86
11.	RAILWAYS	5	8863.00	84	27057.17	87	4006.00	176	39926.17
12.	SURFACE TRANSPORT	0	0.00	103	26305.65	75	4082.14	178	30387.79
13.	TELECOMMUNICATION	0	0.00	1	279.97	6	259.85	7	539.82
14.	URBAN DEVELOPMENT	1	8800.00	1	105.00	6	225.04	8	9130.04
	TOTAL	38	128637.45	237	70952.52	267	13543.68	542	213133.65

Projects Completed during 2001-02

10.10. Table 10.2 gives sectoral break-up of projects completed during 2001-2002, indicating those completed within the original schedule and those with time overrun.

Table 10. 2

NO. OF PROJECTS COMPLETED DURING 2001-2002

S.No.	Sector	Total No. of Projects	Projects Within Approved Schedule	Projects delayed w.r.t. Approved Schedule	Projects with Time Over between (50% - 100%)	run Above 100%
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	CIVIL AVIATION	4	1	1	0	0
2.	COAL	9	2	4	1	0
3.	FINANCE	1	0	1	0	1
4.	FERTILISERS	3	0	1	0	0
5.	MINES	2	0	2	0	0
6.	STEEL	1	0	0	0	0
7.	PETROLEUM	15	5	7	1	2
8.	POWER	3	1	2	0	1
9.	RAILWAYS	33	0	4	0	1
10.	SURFACE TRANSPORT	25	2	5	1	1
	TOTAL	96	11	27	3	6

Projects completed during 2002-03

10.11. During the year 2002-03, 105 projects were scheduled for completion. Against this, as on 1.10.2002, 16 projects have been completed by 1.10.02.

Status of Projects during the Tenth Plan

10.12. As on 1.4.02, there were 224 projects to be completed during the Plan period. During April – September, 2002, 16 projects were completed, 204 projects added and 5 projects were dropped. As on 1.10.2002, 407 projects are scheduled to be completed during the balance period of Tenth Plan. The Tenth Plan perspective for completion of projects is given in Table 10.3.

TABLE 10.3

TENTH PLAN PERSPECTIVE

COST : (Rs. Crore)

S.No	NAME OF THE SECTOR	NO. OF PROJECTS DUE FOR COMPLETIONS AS ON 01.04.2002	COST	NO. OF PROJECTS ADDED	COST	NO. OF PROJECTS COMPLETED UPTO 01.10.2002	COST	NO. OF PROJECTS LIKELY TO BE COMPLETED DURING 10TH PLAN	COST	NO. OF PROJECTS LIKELY TO SPILL OVER FROM 10TH PLAN	COST
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1.	ATOMIC ENERGY	4	6944.07	0	0.00	0	0.00	4	6944.07	0	0.00
2.	CIVIL AVIATION	3	182.96	1	42.84	0	0.00	4	225.80	0	0.00
3.	COAL	44	9588.23	15	935.81	0	0.00	57	10239.53	0	0.00
4.	FERTILISERS	1	509.40	0	0.00	1	40.00	1	509.40	0	0.00
5.	I & B	3	183.61	1	32.20	0	0.00	4	215.81	0	0.00
6.	MINES	3	2598.76	0	0.00	0	0.00	2	2541.98	0	0.00
7.	STEEL	6	801.48	1	320.00	1	56.25	6	1064.25	0	0.00
8.	PETROLEUM	37	30435.86	4	1390.44	4	1390.44	35	31282.21	0	0.00
9.	POWER	35	46756.02	8	6581.57	3	5497.75	41	52105.27	1	578.62
10.	HEALTH & FW	2	691.84	0	0.00	0	0.00	2	691.84	0	0.00
11.	RAILWAYS	39	9812.37	37	8386.35	4	282.23	72	17215.47	0	0.00
12.	SURFACE TRANSPORT	37	4390.45	135	26227.51	1	26227.51	167	29751.58	0	0.00
13.	TELECOMMUNICATIO	3	102.31	1	279.97	1	279.97	4	382.28	0	0.00
14.	URBAN DEVELOPMENT	7	9104.71	1	21.02	1	21.02	8	9130.04	0	0.00
TOTAL		224	122102.07	204	44217.71	16	6994.74	407	162299.53	1	578.62

Time and Cost Overrun in Implementation of ongoing projects

10.13. Sectorwise analysis of the time and cost overrun of projects under implementation on our monitoring system is indicated in Table 10.4.

TABLE 10.4

EXTENT OF TIME / COST OVERRUN IN PROJECTS

WITH RESPECT TO LATEST SCHEDULE

			OTAL COST (RS. CRS)			PROJ WITH COST OVER RUN					PROJ. WITH TIME OVER RUN		
S.No	SECTOR	NO.OF PROJECTS	LATEST APPROVED	ANTIC_ IPATED COST	COST OVER RUN(%)	NO	LATEST APPROVED	ANTIC- IPATED COST	-%INCR BASE	NO	LATEST APPROVE	ANTIC- IPATED COST	RANGE (MO)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1.	ATOMIC ENERGY	8	27089.3	27428.3	1.3	1	6421.0	6760.0	5.3	3	184.1	184.1	21- 81
2.	CIVIL AVIATION	8	356.8	416.2	16.7	4	131.0	190.4	45.4	3	146.5	146.5	9- 34
3.	COAL	60	10516.2	10400.3	-1.1	3	3126.8	3140.4	0.4	17	2676.9	2577.0	3- 108
4.	FERTILISERS	1	509.4	509.4	0.0	0	0.0	0.0	0.0	1	509.4	509.4	15- 15
5.	I & B	4	215.8	215.8	0.0	0	0.0	0.0	0.0	4	215.8	215.8	36- 57
6.	MINES	3	2598.8	2598.8	0.0	0	0.0	0.0	0.0	1	2062.0	2062.0	20- 20
7.	STEEL	7	1088.6	1114.8	2.4	2	473.4	499.5	5.5	4	636.6	655.1	6- 48
8.	PETROLEUM	37	36892.4	37001.6	0.3	5	4500.4	4862.5	8.0	13	15967.6	16168.7	1- 15
9.	POWER	42	46833.3	52683.9	12.5	10	28181.3	34040.9	20.8	13	19723.1	25038.3	1- 53
10.	HEALTH & FW	3	710.9	780.9	9.8	1	19.0	89.0	368.0	0	0.0	0.0	0- 0
11.	RAILWAYS	176	30146.9	39926.2	32.4	118	20903.7	31528.4	50.8	49	11530.7	15126.2	8- 156
12.	SURFACE TRANSPORT	178	30091.5	30387.8	1.0	16	892.7	1655.7	85.5	44	3553.0	3695.7	1- 144
13.	TELECOMMUNICATION	7	539.8	539.8	0.0	0	0.0	0.0	0.0	1	27.9	27.9	12- 12
14.	URBAN DEVELOPMENT	8	5162.5	9130.0	76.9	4	5007.8	8975.3	79.2	6	5120.0	9087.5	6- 69
	TOTAL	542	192751.9	213133.7	10.6	164	69657.1	91742.1	31.7	159	62353.5	75494.2	

Causes of Time and Cost Overrun

10.14. Time overrun has always been a serious problem. Apart from upsetting the Plan targets, it leads to a cost overrun on account of inflationary increase, exchange rate variation and higher interest and administrative cost. Time overrun takes place when projects are sanctioned without firming up the techno-economic parameters and also due to factors such as paucity of financial resources, delay in obtaining clearances, delay in acquisition of land, poor performance of consultants, vendors and contractors, disputes and court cases, inadequate infrastructure support, resistance by land losers and poor law and order situation in certain parts of the country. Increases in the scope during construction, higher compensation for rehabilitation, higher cost incurred on environmental protection measures, judicial awards in contractual disputes are some of the reasons for cost overruns in projects.

Remedial Measures

10.15. The measures taken to reduce delays in project implementation include stricter appraisal of projects, weeding out unviable projects, transfer of projects to private/joint sectors, re-prioritisation of projects in the light of resource constraints, filling up the Board level vacancies in the PSUs, appointment of a nodal officer for each project with security of tenure, formation of Empowered Committees in the administrative Ministries for periodic review of the status of Government-owned projects, quarterly performance reviews of PSUs projects by the administrative Ministries concerned, delegation of power to the undertakings, strengthening of the monitoring system, improvement in contract management system and assignment of a higher weightage to project implementation in the MOUs signed between the administrative Ministries and the PSUs. Standing Committees have been constituted in 28 Ministries for analysing the reasons for time and cost overruns and for fixing responsibilities.

10.16. Following specific initiatives have been taken to improve the project implementation scenarios:-

Amendment to Land Acquisition Act

a) Proposals relating to amendment of Land Acquisition Act of 1894 after examination of all the relevant issues have been incorporated in a Bill prepared by the Ministry of Rural Development for approval of the Parliament.

Keeping in view the importance of rehabilitation and resettlement issues in project implementation, a National Policy on Resettlement and Rehabilitation has been finalized and it is being formulated in shape of a legislation.

Standardisation of Contract Management System

b) The issues relating to standardisation of contract documents have been examined in the light of constraints faced in award of contracts, reasons for failure of contracts, poor performance record in contract management in the public sector, etc. A Standard Contract Management System consisting of Standard Contract Clauses and Standard General conditions of Contract has been devised and circulated as guidelines for adoption.

Focussed Attention on 23 Projects

c) At the beginning of the year 2002-03, out of 144 delayed projects with respect to the original schedule, 23 projects accounted for more than 90% of the total cost overrun. More intensive monitoring of these projects is being undertaken with a view to identifying corrective measures to be taken by the agencies concerned. Inter-ministerial issues, if any, relating to these projects are being taken up at appropriate levels.

Special Monitoring

d) A special status report with photographs from the project sites has been published for better appreciation of the progress of projects.

Review of Major/Mega Project at sites by the Minister of State

e) The following 9 projects in the states of Gujarat, Maharashtra, Tamil Nadu and Uttar Pradesh were reviewed by the Minister of State.

(i) Ahmedabad-Vadodra Expressway (NHAI)

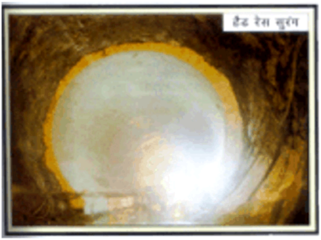
(ii) Refinery Expansion (BPCL), Mumbai, Maharashtra

Erection of transfer line in between Primary and Secondary Reformers in Ammonia-II Plant Revamp of Namrup Fertiliser Plant, Assam.

Head Race Tunnel

PSA Unit hydrogren Unit, Mumbai Refinery,

Bharat Petroleum Corporation Ltd.



Nathpa Jhakri Hydro Electric Peoject (NJPC)

Nathpa Jhakri Power Corporation ltd., Himachal Pradesh

(iii) Integrated Cargo Terminal of AAI, Chennai, Tamil Nadu

(iv) New Terminal of Chennai Airport, AAI, Tamil Nadu

(v) &nbl Nadu

(vi) Chennai-Chengalpattu, Chennai, Tamil Nadu

(vii) Expansion of Refinery of CPLL, Chennai, Tamil Nadu

(viii) Project Pipeline between Lucknow and Kanpur of IOCL, Lucknow.

(i) Vizag – Hyderabad LPG Gas Pipeline Project of GAIL

(f) A photo-exhibition in respect of the major ongoing central sector projects was organised on the 17th & 18th December, 2002 at the Parliament House Annexe which was inaugrated by the Hon'ble Prime Minister of India. A pictorial presentation of Projects in important sectors such as Power, Railways, National Highways, Urban Development, Fertilizers, Petroleum and Natural gas etc. was made. A booklet on the status of projects was also brought out on this occasion.

Standing Committees

10.17 The institutional mechanism of Standing Committees to review the time and cost overruns in projects and fix responsibility therefor has been made more effective by introducing the practice of furnishing the Action Taken Report on the recommendations of these Committees while recommending proposals for approval of revised cost estimates.

10.18. The other initiatives of the Division are as follows:-

i) The Flash Reporting system has been modified to focus on the constraints faced in implementation and to relate the monitoring of the progress with reference to critical milestones.

ii) The Project Monitoring Division has taken the initiative for introduction of On-line Computerised Monitoring System (OCMS) and appointment of consultants to assist the MOSPI in its capacity building measures.

iii) It assisted the Govindarajan Committee in its task for recommending measures for simplification of extant procedures for project approvals.

iv) Following Training Courses were organised by the PMD to enhance the knowledge of project managers in the field of project management:

i) A workshop on Project Management specially oriented to benefit the participants from North Eastern states at Shillong, Meghalaya.

ii) A Training programme on Project Management in association with the Indian Society for Training & Development on the latest techniques and Project Management softwares.

iii) Global symposium on Project Management

v) Through the initiative of the PMD a higher weightage is being given to the item relating to project implementation in the MOUs being signed by the Administrative Ministries with the PSUs under their control.

Analysis of Projects Under Implementation

10.19. An analysis of projects under implementation as on 1.10. 2002 shows that out of 542 projects on the monitor of this Ministry, 75 projects are likely to be completed ahead of original schedule, 173 projects are on course and 170 projects are lagging behind the schedules. Out of 75 projects which are 'ahead of schedule', 68 are in Surface Transport sector, 4 in Power sector and one each in Atomic Energy, Coal and Petroleum and Natural Gas sectors. Further, out of 173 projects which are 'on schedule', 54 projects belong to Surface Transport sector, 37 to Coal, 30 to Railways, 23 to Power and 22 to Petroleum sectors. Out of the 170 delayed projects, there are 47 projects, which have abnormally been delayed and have been under execution for more than a decade. Most of the abnormally delayed projects are in the Railways (25) and Coal (9) sectors and 3 each in Power and Health & Family Welfare sectors and 2 each in Surface Transport and Urban Development sectors; 12 of these 47 projects have now been scheduled for commissioning during the current year. Many projects in the Railway sector do not have the anticipated dates of commissioning. Most of the remaining projects are now targetted for completion within the next 2 years.

10.20 From an analysis of delayed projects it is seen that 23 delayed projects are responsible for cost overrun of about 90%. Out of these, 6 are in Power, 2 each in Coal and Petroleum, 10 in Railways and 1 each in Surface Transport, Health & Family Welfare and Urban Development sectors.

Accelerated Irrigation Benefit Programme (AIBP)

10.21. A large number of irrigation projects have remained incomplete, mainly on account of lack of resources on the part of the State Governments. As a result, despite huge investment made on these projects, the country was not able to derive the desired benefits. The situation called for a special strategy to complete these projects. The Government of India announced the Accelerated Irrigation Benefits Programme during 1996-97 to extend special central assistance to those projects which could yield irrigation benefits in next four agricultural seasons.

10.22. These projects are being monitored by the Central Water Commission with the help of its regional offices and the release of funds are regulated on the basis of progress and utilization of funds released. The funds are released by the Ministry of

>

Spill way under construction at Dam site Chamera Stage-II Hydro Electric, Himachal Pradesh

Upstream View of Dulhasti Concrete Dam Dulhasti Hydro Electric Project, J & K.

Thirumalai Station in service, Thirumalai-Velacheri, Mass Rapid Transit System Extension (phase-II) Tamil Nadu

Crude Oil Discharge from Tanker, NMPT

Creation of Additional Port Facilities for Mangalore Refinery by New Mangalore Port Trust, Karnataka

Delhi Metro Station, Delhi Metro Rail Corporation

Finance on the recommendations of the Ministry of Water Resources. The MOSPI is additionally in charge of the monitoring of this programme.

10.23. Since the inception of the AIBP Scheme, the amount of CLA released and the irrigation potential created is given in the following table:

Year	Amount of CLA approved(Rsin crore)	Amount of CLA released (Rs. in crore)	No. of projects covered	No. of States covered	Irrigation potential created (Th. Hec.)
1996-97	500	500	52	18	62741
1997-98	1100	952	73	18	151491
1998-99	1200	1119	77	14	253310
1999-2000	1400	1450*	107	22	201863
2000-2001**	1712	1856	121	23	308263

* including Rs. 58.412 crore for minor project

** including Rs. 64.595 crore for minor irrigation projects.