

## Status of Infrastructure Projects

### Status report of Central Government Projects

**Contact:**

**Madan Sabnavis**  
Chief Economist  
madan.sabnavis@careratings.com  
+91-22- 6837 4433

**Author**

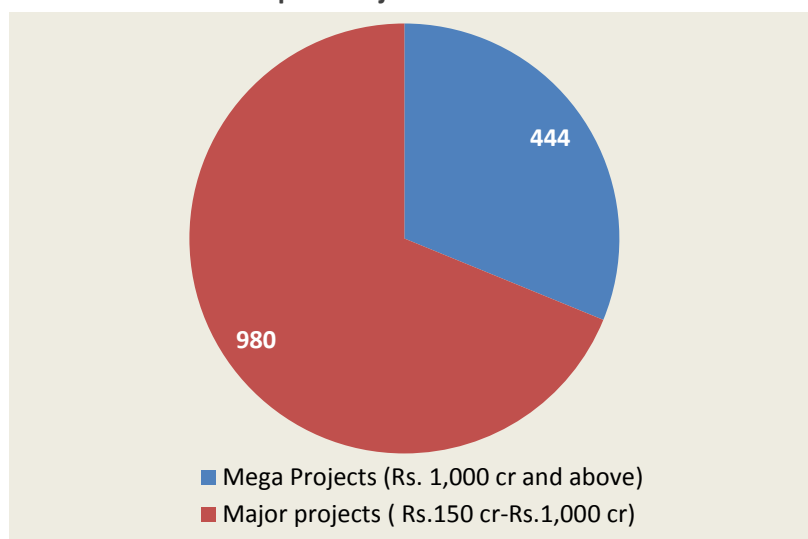
**Ashish K Nainan**  
Research Analyst  
ashish.nainan@careratings.com  
+91-22-6837 4347

**Mradul Mishra (Media Contact)**  
mradul.mishra@careratings.com  
+91-22-6837 4424

*This report gives a brief on the status of 1,424 Central Sector Infrastructure projects costing Rs. 150 crore and above. The content of this report has been summarized from Monthly Flash reports and Quarterly Status Report of Central Sector projects. These reports are published by Infrastructure and Project Monitoring Division of MOSPI. For latest trends of project implementation, Flash Report for the month of December 2018 has been used as reference.*

- Out of the total 1,424 projects under implementation, 444 are mega projects with project outlay of over Rs. 1,000 crore and the combined costs of these projects constitute 80% of the total project development outlay.
- The anticipated cost of implementation for 1,424 projects is pegged at Rs. 21.34 lakh crore. These projects were originally expected to be completed at a cost of Rs. 18.17 lakh crore, of which Rs. 8.07 lakh crore or 37.8% of anticipated cost have been already incurred.

**Graph 1 Project Classification**

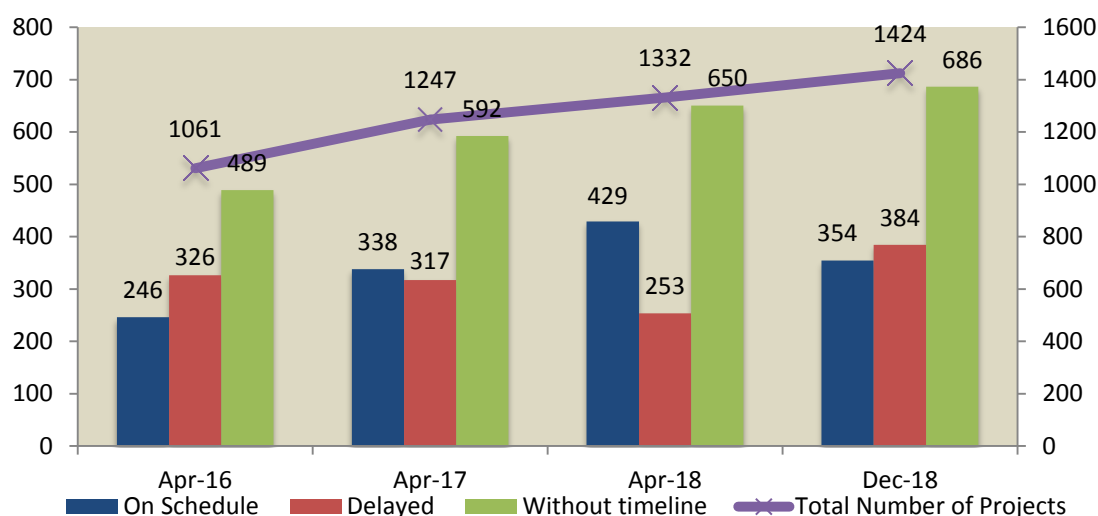


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- Power, roads, railways and petroleum were the major sectors which witnessed most project completions (85 out of 101) 9M FY19.
- 101 major projects have been completed between April-December 2018. This is a considerable improvement over the previous years and the number of projects completed by year-end would be at least a 50% improvement over the previous years.

**Projects implementation and outlay**

**Graph 2 Total projects under implementation and completion timeline**



Source: cspm.gov.in

- Total number of projects under implementation stood at 1,424 for the month-ended December 2018.
- The anticipated cost for completion of these projects has grown from an original cost outlay of Rs. 18.17 lakh cr to Rs. 21.34 lakh crore. Cost overruns stood at Rs. 3.17 lakh cr, accounting for 17.4% of the original costs. The cumulative expenditure completed as of December 2018 is Rs. 8.07 lakh crore or 37.8% of the total anticipated cost of all projects.

**Table 1 Summary of Projects**

<b>Total number of projects</b>	<b>1,424</b>
<b>Original cost</b>	₹ 18,17,469 cr
<b>Anticipated/Revised cost</b>	₹ 21,33,649 cr
<b>Cost Overrun</b>	₹ 3,16,180 cr
<b>Projects with cost overrun</b>	344
<b>Number of projects on schedule</b>	354
<b>Delayed projects</b>	384

Compiled from cspm.gov.in

Out of the 1,424 projects under implementation (cost overrun has been considered over the original costs):

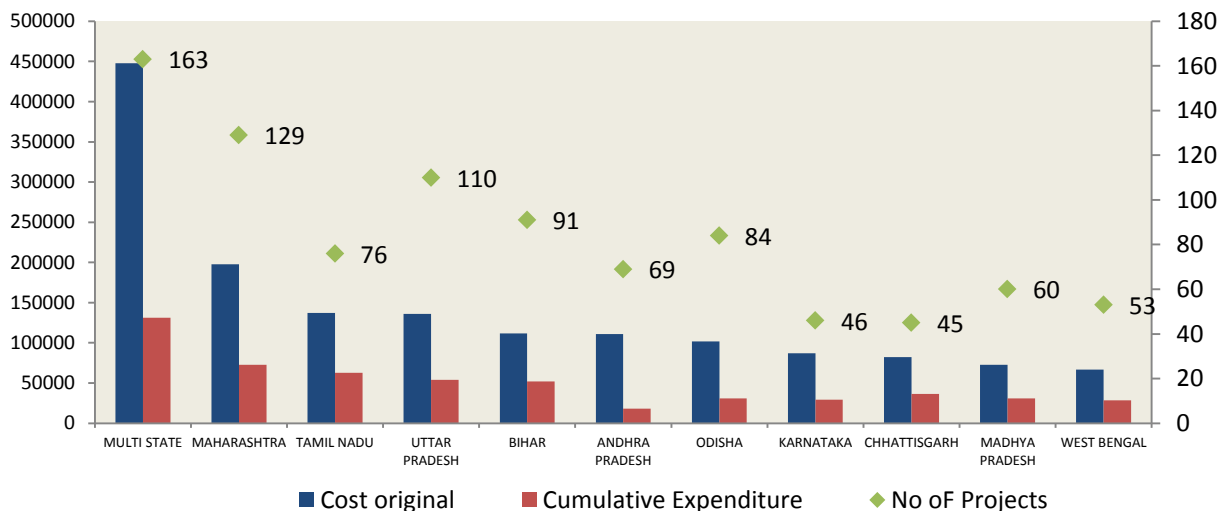
- Delayed or projects without definitive timeline of completion make up for almost 75% of the total projects being implemented. 384 projects are delayed and 686 projects have no definitive timeline of implementation.
- **686 projects without definitive timelines:** These are announced projects which are yet to report timelines or status of completion. These projects have little or no cumulative expenditure and their costs are taken into consideration while estimating the total cost of outstanding projects. This includes 607 projects with no date of commissioning and 79 projects which only have tentative date of completion.
- The 384 delayed projects have an outlay of ₹ 8.92 lakh cr. vs their original outlay of ₹ 7.44 lakh cr. Roads, Railways and Power account for 68% of these delayed projects.
- There are 344 projects worth ₹8.01 lakh cr. with cost overruns. Their original outlay was ₹ 4.66 lakh cr. Railways alone accounts for 60% ; roads and power projects account for 14.2% and 11.6% respectively.
- 132 projects show both cost overruns and delay as per the original schedule. The anticipated costs of these projects have reported 61% growth to ₹4.02 lakh cr as of December 2018.

**Top 5 States by projects and total original cost outlay**

Projects worth Rs. 4.48 lakh crore or 21 % of the total anticipated costs of the projects has more than one state as beneficiary. These projects have been categorized under Multi-State projects.

- Maharashtra continues to top list of beneficiary states, accounting for 9.3% of projects by value being implemented in India. (This does not include value of projects which are a part of the multi-state projects). The state has 129 projects being implemented at a total anticipated cost of Rs. 1.98 lakh crore. There has been no net change in the number of projects being implemented in Maharashtra during the 9-month period of FY19.
- The other states with major share in outlay are Uttar Pradesh (6.4%), Tamil Nadu (6.4%), Andhra Pradesh (5.2%) and Bihar (5.2%). These 5 states account for 32.5% of the total projects being implemented by value and 33.3% of the total number of projects being implemented.
- Other states with significant projects under implementation in value terms are Odisha, Karnataka, Madhya Pradesh and Chhattisgarh.
- States with lowest cumulative expenditure to total outlay are Nagaland (4.7%), Goa (6.5%), Sikkim (7%), Meghalaya (14.5%) and Andhra Pradesh (16.5%).

**Graph 3 Projects (Nos.) by State and Costs & Cumulative Expenditure**



Source: pio- cspm.gov.in

**Projects- By sector**

The projects under implementation have been broadly divided across 16 sectors. Five sectors account for almost 87.7% of the total projects by value and 88.7% by numbers:

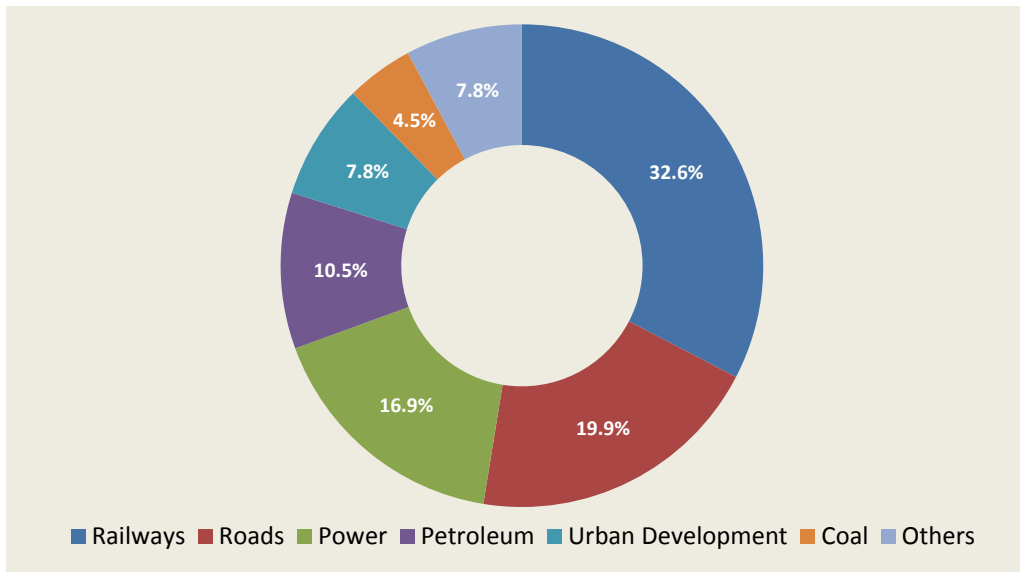
- Railways,
- Roads,
- Power,
- Petroleum, and
- Urban Development

Other sectors include coal, health & family welfare, steel, fertilizers, shipping & ports, telecom, mines, atomic energy, heavy industry, defence production and civil aviation.

- **Railways:** The sector accounts for 25.8% of the number of projects and 32.6% by value. Projects in the sector includes 2<sup>nd</sup>/3<sup>rd</sup>/4<sup>th</sup> line laying, electrification of network, bullet train project, extension of existing network and improving last-mile connectivity etc. Completion of Bogibil bridge worth over ₹ 3,300 cr, Bankura-Damodar Valley line, Udhna-Jalgaon Doubling & Electrification and Villupuram-Dindigul line were some of the large projects among 20 odd-projects completed in the sector during 9M of FY19. 205 projects or 56% of the projects in the sector are facing cost

overrun. In terms of time-overrun, 94 projects are delayed w.r.t. original schedule which is ~25.6% of the projects under implementation.

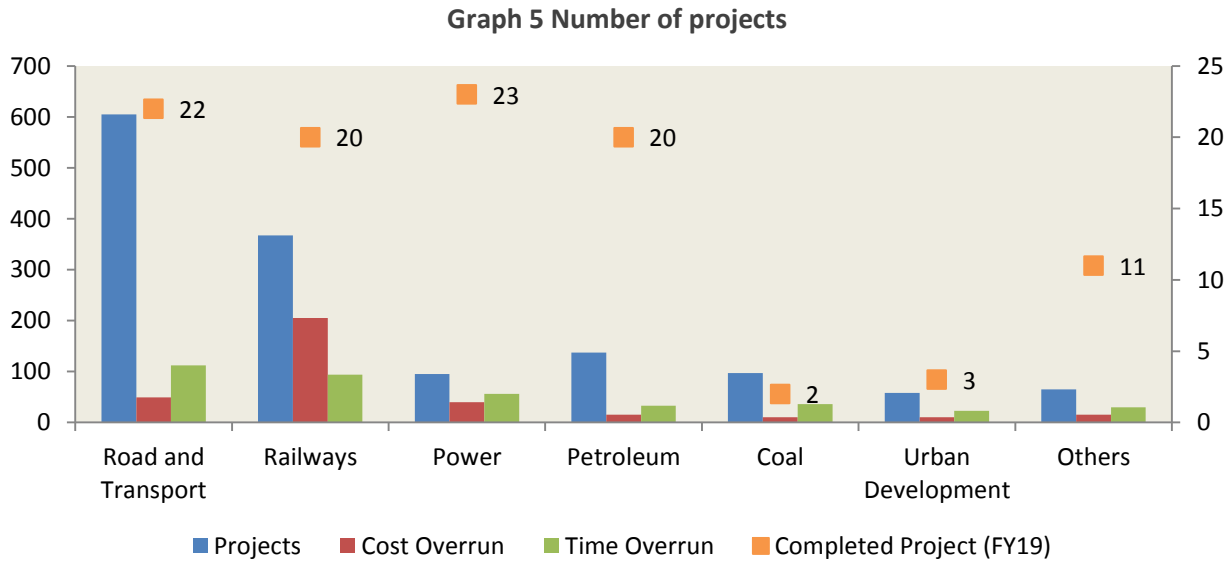
**Graph 4 Breakup of outlay by Sector**



*As reported in Dec 2018 by cspm.gov.in*

- **Roads, transport and highways:** The sector accounts for most number of projects under implementation i.e. 605 or 42.5% of the total projects. The overall projects under implementation have increased sharply over the last 4 years, from 138 projects in June 2014 to 605 in December 2018. The sector faces delay in 112 projects worth ₹ 1 lakh cr. and cost overrun of ₹ 15,000 cr across 49 projects. The delayed project numbers have witnessed a sharp increase from 32 projects in April 2018 to 112 projects in the sector. Land-acquisition hurdles and pending financial closure are two of the major factor contributing to delay and cost overrun.
- Among major sectors, roads and railways have 394 and 145 projects respectively without a fixed date of commissioning. Railways have reported a gradual improvement in number of projects entering implementation and thereby reducing the number of such projects.
- **Power Sector:** The sector accounts for 16.9% of the projects by value. Projects under implementation consist of thermal power plants, hydro power projects, grid-strengthening and transmission network development. 56 projects or 59% of the projects worth ₹ 2.38 lakh cr are delayed w.r.t. original schedule. 40 projects face cost overrun of ₹ 0.63 lakh cr. The overruns are mainly due to delay in land acquisition, grid-connectivity and pending environmental clearances.
- **Petroleum** account for 10.5% of the projects by value. The sector has lowest cost overrun as a percentage of total costs. The projects under implementation for petroleum sector include refinery expansion and modernization; field development and exploration works, and development of storage and pipeline network etc. 33 out of 136 projects under petroleum sector face delay and 15 out of 136 face cost overruns. The overall sector though faces cost overruns of around ₹ 6,300 cr.
- 23 projects out of the 58 projects in Urban Development face delay and 10 face cost overrun. Coal sector faces cost overrun across 10 of its 97 projects and 36 projects are delayed. Urban development projects too face a bulk of the projects (24 out of 58), with no fixed date of commissioning which is indicative of bulk of projects being in the pre-implementation stages.

- Graph 5 exhibits the total number of projects being implemented across sectors and the number of projects facing time and cost overrun. Number of projects completed in each sector is also indicated.

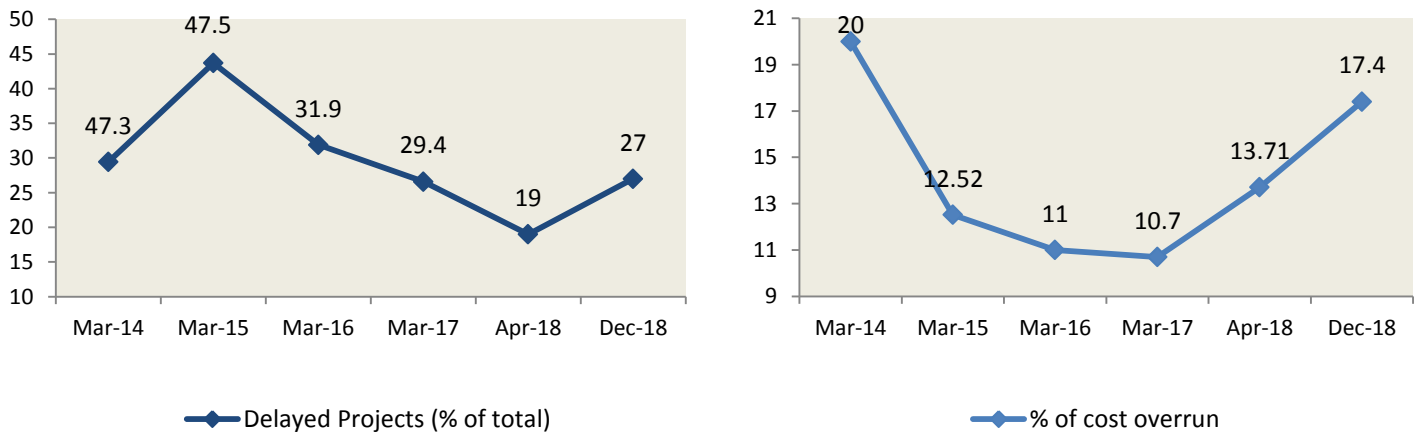


As reported in Dec 2018 by cspm.gov.in

**Delay and cost overrun trends:**

In terms of delay, the trend has been reversed with percentage of delayed projects increasing to 27% as of December 2018 vs 19% in April 2018. The overall trend has deteriorated during the 9M period after having touched a low of 19% in April 2018.

**Graph 6 Delay and Cost overrun trend (2014-18)**



- As reported in Dec 2018 by cspm.gov.in

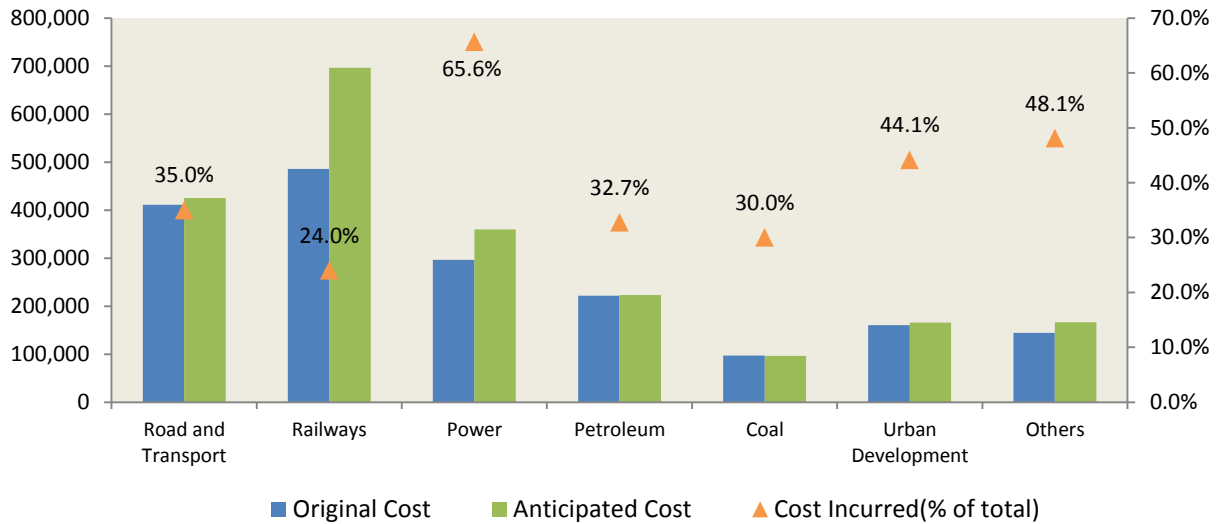
- Cost overrun trend has settled higher at 17.4% as of December 2018 vs. the two preceding years which witnessed decline in cost overrun. Cost overrun could be attributed to a number of factors including delayed implementation, higher cost of land acquisition than originally envisaged and other technological aspects.

**Project outlay met:**

- Among sectors with substantial costs already met, cumulative expenditure in power sector has been the highest, with close to Rs. 2.36 trillion or 65.6% of the anticipated cost already met (graph 7).
- Among the large sectors, Railways has the lowest cumulative expenditure incurred at 24%. The sector is plagued by most number of projects with cost overruns and delays among the major infrastructure segments.

- Some sectors like Roads in particular have witnessed considerable fall in cumulative expenditure share. A bulk of projects for implementation have been initiated during the 9M period and the expenditure on these projects would ramp up gradually as the projects proceed through various stages of construction.
- Some of the sectors like steel have witnessed mega projects getting completed which have led to a resultant fall in both cumulative expenditure and outlay.
- Sectors namely railways, roads petroleum and coal projects have substantial costs (over 65-75% of the anticipated costs) yet to be spent.

**Graph 7 Project outlay by Sector and Cumulative expenditure met**

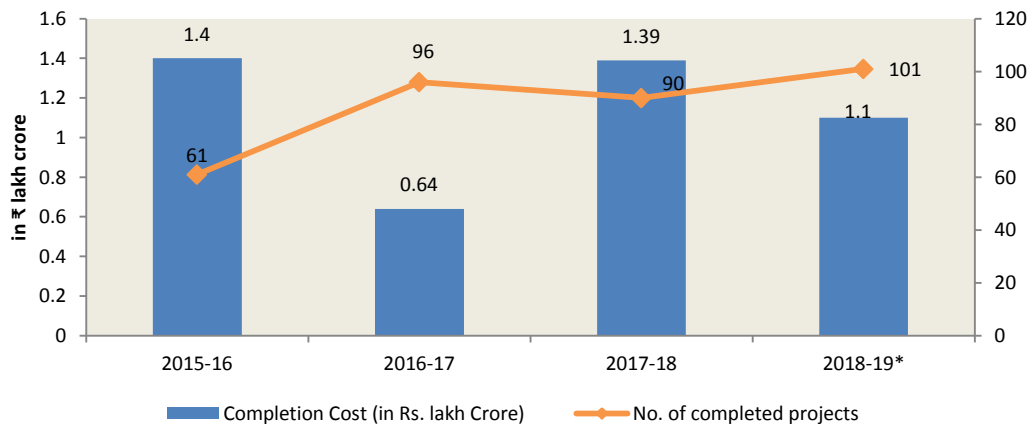


As reported in Dec 2018 by cspm.gov.in  
Other sectors include Atomic Energy, Civil Aviation, Fertilizers, Health, Mines, Steel, Heavy Industry, Shipping, Telecom and Defence

**Number of projects completed:**

Total number of projects completed in FY16, FY17 and FY18 are shown in Graph 8. Figures for FY19 are for April-December 2018.

**Graph 8- Annual Project Completion (FY15-18)**



As reported in Dec 2018 by cspm.gov.in

4 sectors, namely Roads, Railways, Power and Petroleum accounted for 85% of the projects completed during the year. Sectors with no new completed projects during 9M FY19 include fertilizers, mining, atomic energy, heavy industry and defence production.

**CARE Ratings view:**

- The implementation rate has improved considerably during 9M FY19 with number of projects completed already touching previous year's level. General Elections in 2019 have also been a major driver for higher project completions during the year.
- The expenditure to be incurred on 1,424 projects under implementation has grown to Rs. 13.27 lakh crore. But the cumulative expenditure incurred to the total anticipated cost of projects has fallen from 49.4% as on April 2014 to 37.8% in December 2018. This ratio had risen sharply as many projects entered implementation stage during 2016-18, with little or no cumulative expenditure and there is improvement on account of progress in these projects.
- Sectors namely Roads, Railways, Petroleum and Coal require higher yearly outlay in order to meet over Rs. 10.2 lakh crore worth of remaining costs to be incurred. The cumulative expenditure met continues to be in the range of 25-35% for these sectors.

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Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022. CIN: L67190MH1993PLC071691

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457

E-mail: [care@careratings.com](mailto:care@careratings.com) | Website: [www.careratings.com](http://www.careratings.com)

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