

Making a meal of projects

The inertia of politicians does not spare projects even where there is no funding constraint, says **Uttam Gupta**

delay in project implementation?

Lack of funds is another scapegoat often resorted to. Inadequacy of resources for building assets is the result of rampant fiscal profligacy. Invariably, the government resorts to cut in investment to release resources for supporting revenue expenditure. Even so, when it is known that funds are short, why spread these thinly? Why start so many projects and then, leave all, or most of them, high and dry?

The inertia of politicians/bureaucrats does not even spare projects where there is no funding constraint. For instance, you have the contemplated a JV between Oman Oil Company (OOC) and RCF/KRIBHCO for setting up of a giant ammonia/urea complex in Oman. In this case, apart from borrowing mainly from the international market, equity funds are to be equally shared by two partners. On the Indian side, RCF and KRIBHCO have enough cash of their own.

And, yet, even 3½ years after the MoU was signed in early 1994, the project is yet to get the green signal to go ahead. Although recently, the CCEA gave its nod, further delay is inevitable in view of the contemplated move of authorities in India to reopen the issue of selecting turnkey contractor for executing/implementing the project.

On the domestic turf, recently the PIB turned down a proposal of Iffco to set-up a grass root ammonia/urea project at Nellore, Andhra Pradesh (to be funded entirely by its own resources) after nearly two years of having been submitted for approval. This was done ostensibly at the instance of the Planning Commission which felt that at this point, when urea prices in world market are down, the project will not be viable. You cannot take a view simply on the basis of import price which fluctuates violently with changing global demand-supply. In any case, the current price will have no relevance when the project actually comes into operation.

Similarly, projects like rehabilitation of NTC mills, Iisco rehabilitation/modernisation or revamp/rehabilitation of FCI/HFC group of plants are held up not so much due to lack of funds, but mainly due to absence of will to move ahead as per needs and as demanded by overriding national economic interest to keep these undertakings going and optimise production.

One can see lot of euphoria when our bureaucrat/politicians talk. They give an impression that no one cares more than they themselves. But, that is no indication of their commitment. To gauge this, we should see the speed at which files move. Needless to say, the files either do not move at all or move at a snail's pace.

THE Delhi Mass Rapid Transport System (MRTS), a contemplated joint venture (JV) project between the GoI and government of Delhi, has been hanging fire for several years. Already, its cost has escalated to a whopping figure of about Rs 8300 crore and there is no indication as to when work on it will commence.

Protracted delay in taking decisions has been solely responsible for this, and resultant cost escalations. Last one year has been lost simply because the two partners, i.e. GoI and the Delhi government did not quite agree on the question as to who should be the managing director (MD) of the undertaking entrusted with the task of executing the project.

The person whom the Delhi government recommended was not acceptable to GoI because the latter considered the candidate too old — he is more than 65 — by established standards in regard to chief executive (CE) of a PSU. An empowered committee headed by the cabinet secretary was not willing to bypass the norm. In fact, it raised a further point that at the end of the first phase of implementation of the project, the man will be much older, thus making deviation from norm even more glaring.

The argument on the age factor is absolutely ridiculous. So long as the man is going strong, has necessary expertise and capable of delivering results, it does not matter how old he is. In the private sector, men at the helm in many body corporates are more than 65, and are doing excellent work.

The GoI's perception was self-contradictory, especially when one considers that the same person is at the helm of Konkan Railway Corporation, another PSU which is implementing an equally vital and prestigious project. If age is the sole deciding factor then, why should he be allowed to continue as MD of another PSU?

The GoI eventually realised the contradiction in its approach and finally gave in to what the Delhi government wanted. But, not before inflicting an unprecedented injury to the project. According to the government's own admission, each day's delay in commencing work was adding to its cost by Rs 2.5 crore. In one full year thus, cost has increased by a staggering amount of about Rs 910 crore.

The Overseas Economic Cooperation Fund (OECF), official overseas funding agency of Japan, will be providing a huge interest-free long term loan to cover about 60 per cent of the cost of project. The Japanese are keen that the project is implemented in a reasonable time-frame and have been building up pressure on our politi-

cians/bureaucrats to provide the necessary clearance at the earliest. And yet, the latter seem to be totally insensitive.

MRTS is only one of the numerous projects that have become victims of sheer lethargy of our administrative set-up. Every year, the ministry of programme implementation comes out with a long list of projects under execution, but yet to be completed on which cost escalations have exceeded original estimates by hundreds of thousand of crores (in the aggregate). It would give — albeit in a stereotypical fashion — reasons for delay, but has no credible answers as to when any particular project would get completed and how.

Amongst the commonly cited reasons include inadequate availability of funds, faulty planning, changing scope of project, delays in acquiring land and award of contracts for

Engineering Procurement and Construction (EPC) and management lapses etc. All that may be fine for documentation and research, but the fact remains that these are just a cover-up for the failure of the power-that-be to take timely decisions, the failure which remains by far the biggest stumbling block in the way of project implementation.

For several projects being implemented by PSUs, the normal tendency is to pass on the buck to the management. Who is the management? This is the board of PSU, including the CE. The board consists of representatives of none other than the government. Even the CE is appointed by it. A number of PSUs do not have a full-time CE in most cases. In such cases, a joint secretary in the concerned ministry is also the functional head. Who, then, is the government blaming when it comes to

