

Cost-overruns up 54% in Rajasthan

Delays in land acquisition among others, have resulted in cost-overruns of Rs 1 lakh crore in various ongoing projects, ASSOCHAM said. P 13

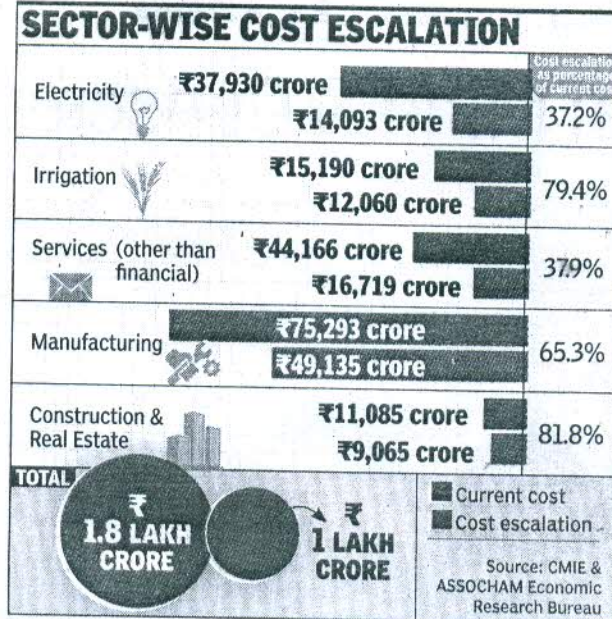
Projects cost-overruns surge to 54% in Raj

Srikanta.Tripathy
@timesgroup.com

Jaipur: Delays in land acquisition, fund constraints, and difficulty in getting environmental clearances, among others, have resulted in cost-overruns of Rs 1 lakh crore in various on-going industrial projects in Rajasthan which has raised the investment requirement by 54% against the original cost of Rs 1.8 lakh crore, a study by industry body ASSOCHAM said here.

Projects in manufacturing sector have maximum share in the cost escalation at 49%, while the same for services and electricity stands at 16.5% and 14%, respectively. The top three sectors' combined share in total cost escalation is estimated at 79%, revealed the study.

"On an average, the investment projects are delayed by around 35 months in Rajasthan. So far, only 131 out of 236 delayed or cost-escalated projects have reported the additional burden," said D S Rawat, secretary general of ASSOCHAM. The sector that has recorded highest cost escalation is construction and real estate (81.8%) followed



by irrigation (79.4%), manufacturing (65.3%), services (37.9%) and electricity (37.2%).

As on 2016-17, projects worth Rs 5 lakh crore are at various stages of development (live investment) in the desert state which constitute 3% of the total

projects in the country. But the lower share, considering the fact that Rajasthan is the 6th largest contributor to India's GDP, has further shrunk as investments clocked its lowest growth of 1.6% in 2015-16. "If we compare with live investment

growth in India, Rajasthan's rate is less than the country's average between 2014-15 and 2016-17," the study titled 'Analysis of Rajasthan: Economy, Infrastructure and Investment' said.

The rate of investment growth in Rajasthan has been declining from the peak of 21.6% in 2012-13 to 1.6% in 2015-16 and 3.3% in 2016-17. The slowdown is in contrast to the growth in live investment in the country which has recorded incremental expansion of 3.7% in 2012-13, 8.1% in 2014-15, 6.8% in 2015-16 and 4.6% in 2016-17.

Despite an uptick in the manufacturing investment activities which has increased from 13% in 2011-13 to 17% in 2016-17, the sector's contribution to the state's economy is falling over the years and has declined from 16% in 2011-12 to 11% in 2016-17, underscoring the point that projects are not getting implemented as per the plan on the ground. The study has observed that there are 532 projects under implementation stage in the state. Out of these 236 projects have reported either time overrun or cost-escalation.

Cost overruns set to take a toll on projects in state

DNA Correspondent @jaipurdna

Jaipur: A latest study carried by ASSOCHAM highlighted that delay in land acquisition, funds constraints, environmental and other clearances and lack of skilled labour have resulted in cost overruns to the tune of Rs 1.01 lakh crore.

This is about 54.5 per cent of the actual cost of Rs 1.8 lakh crore of investment projects attracted by Rajasthan from various public and private sources.

This may further affect implementation of the projects in the state, noted the study.

"As on 2016-17, the state attracted live investment projects worth Rs 5.13 lakh crore, which is almost 3 per cent of India's live investment. The state recorded a sharp decline in its investment which touched its lowest growth rate of 1.6 per cent in 2015-16. If we compare with India's live investment growth rate, state's live investment growth rate is less than the country's during 2014-15, 2015-16 and 2016-17," noted the state-specific study titled 'Analysis of Rajasthan: Economy, Infrastructure and Investment,' by ASSOCHAM.

Releasing the findings of the study, the chamber's secretary general DS Rawat said, "On an average, the investment projects have been delayed by around 35 months in Rajasthan. Only 131 out of the 236 delayed projects or cost-escalated projects have reported cost escalation while others have not reported it so far."

The study has observed that there are 532 projects that are



HURDLES

- The study has observed that there are 532 projects that are in under implementation stage in the state
- Of these, 236 projects have reported either time overrun or cost escalation.
- Among all projects, 173 have reported time overrun

in under implementation stage in the state and out of these 236 projects have reported either time overrun or cost escalation. Among all projects, 173 have reported time overrun.

The Manufacturing sector's cost escalation share in the total cost escalation is 48.6 per cent, services sector's share is 16.5 per cent and electricity share is 13.9 per cent. The top three sector's combined share in total cost escalation is almost 79.1 per cent of the total cost escalation, noted the study.

"The sector that has recorded highest cost escalation rate is construction and real estate (81.8 per cent) followed by irrigation (79.4 per cent), manufacturing (65.3 per cent), services (37.9 per cent) and electricity (37.2 per cent of initial cost of projects)," the study notes.

Take trade, investment ties to next level: Trudeau

Canada likely to push for concluding talks on investment protection pact FIPPA

NAYANIMA BASU

New Delhi, February 22

Canadian Prime Minister Justin Trudeau on Thursday made a push for taking bilateral trade and investment ties between India and Canada to the next level, even as he hinted at concluding the talks for a Foreign Investment Protection and Promotion Agreement (FIPPA), and a Comprehensive Economic Partnership Agreement (CEPA) between the two countries.

"Trade lifts the poor from poverty. We can create better labour standards and empower women by doing more trade and investment with each other's countries. We can have trade and investment that are profitable and benefit from economic growth," Trudeau said at an event that jointly organised by industry lobbies CII, FICCI and ASSOCHAM.

Trudeau, who is on a week-long visit to India, said there are over 400 Canadian firms doing business in India and would like to see greater trade and investment flow between both countries.

"Our trade agreements allow unparalleled market access to the global economy. If the Canada-India relationship was based on aid in the 1950s, today it is defined by trade and investment," he added.

He also said that during his trip, the Indian industry had committed investments worth



Canadian Prime Minister Justin Trudeau with Union Minister for Food Processing Industries Harsimrat Kaur Baddal and FICCI President Shobana Kamini, at the India-Canada Business Session in New Delhi on Thursday. PTI

over a billion dollars in Canada which he believed was "true vote of confidence" by India to Canada.

"It is my hope that this trip will lay the foundation of a stronger relationship in future. We need to leverage the business and knowledge network that already exists. We have to deepen and broaden our historic friendship. We need to shift from the whole-of-government approach to whole-of-country approach," he said.

Trudeau will meet Prime Minister Narendra Modi on Friday. This will be their first-ever bilateral summit-level meeting.

During the meeting, Canada is expected to push India for "de-linking" the pacts on investment and trade. The Trudeau government has already made it clear to India that in the absence of the FIPPA, large-scale Canadian investments, especially in the thriving pension fund segment will not come to India, sources told *Businessline*.

A FIPPA ensures adequate legal safeguards on foreign investments coming to the host country.

India, on the other hand, is insistent that the FIPPA be signed along with the CEPA. But while

the talks on the FIPPA are in their final stages, negotiations on the trade pact are far from over, sources said.

"We are in the midst of negotiating a free trade agreement between Canada and India. I think there is goodwill on both sides, and I was really encouraged by the positive experience we had. The economic relationship between India and Canada is on good footing, but a lot more can be done," said Canadian Foreign Minister Chrystia Freeland at an event here.

India and Canada have been negotiating the CEPA since 2007.

निवेश परियोजनाओं की लागत बढ़ी

पत्रिका न्यूज़ नेटवर्क

rajasthanpatrika.com

जयपुर. राजस्थान में निवेश परियोजनाओं के क्रियान्वयन में हो रही देर के कारण निवेश परियोजनाओं की लागत 54.5 प्रतिशत तक बढ़ गयी है। राजस्थान में विभिन्न निजी तथा सार्वजनिक पक्षों के जरिये 1.8 लाख करोड़ रुपये का निवेश प्राप्त हुआ था, लेकिन विभिन्न प्रकार की समस्याओं के कारण इसकी लागत 1.01 लाख करोड़ रुपये बढ़ गयी है। इससे प्रदेश में इन परियोजनाओं के क्रियान्वयन की आगे की सम्भावनाओं पर भी बुरा असर पड़ा है। एसोचैम द्वारा कराये गये 'राजस्थान का

विश्लेषण: अर्थव्यवस्था, मूलभूत ढांचा और निवेश' विषयक अध्ययन के अनुसार वर्ष 2016-17 में राजस्थान ने 5.13 लाख करोड़ रुपये की निवेश परियोजनाएं हासिल की थीं, जो भारत के कुल ऐसे निवेश का करीब तीन प्रतिशत था। वर्ष 2015-16 में इस राज्य में होने वाले निवेश में तेजी से गिरावट हुई थी और यह अपनी न्यूनतम विकास दर 1.6 तक लुढ़क गयी थी। एसोचैम के राष्ट्रीय महासचिव डी.एस. रावत ने बताया कि राजस्थान में निवेश परियोजनाओं के क्रियान्वयन में औसतन करीब 35 महीने का विलम्ब हो चुका है।

