Indian Economy · GS - III

Cost overruns and delays in public infrastructure projects impose significant economic and social costs. Analyse their major causes and examine the institutional reforms required to improve project planning, execution and accountability in India.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 11/11/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

Answer Hint

Infrastructure governance, cost escalation, land acquisition, regulatory clearances, inter-agency coordination, project appraisal, public expenditure efficiency, CAG audits, digital monitoring, accountability, outcome-based evaluation.

Model Answer

Introduction

Infrastructure investment supports economic growth, employment and regional connectivity. However, delays and cost overruns reduce the efficiency of public expenditure and divert resources from other developmental priorities.

Major Causes

- **Land acquisition:** Disputes over compensation and rehabilitation delay project commencement.
- **Clearance bottlenecks:** Environmental approvals and multiple administrative permissions can prolong implementation.

- **Weak planning:** Inadequate feasibility studies, unrealistic cost estimates and frequent design changes increase expenditure.
- **Coordination failures:** Poor cooperation between central agencies, state governments and contractors disrupts execution.

Institutional Reforms

Project preparation should incorporate realistic cost-benefit assessments, risk evaluation and adequate contingency provisions. Digital monitoring platforms can track milestones and identify implementation bottlenecks. Stronger inter-agency coordination and time-bound clearances are essential. Independent audits, parliamentary scrutiny and outcome-based evaluation can improve accountability. Contractual provisions should also discourage unnecessary delays.

Conclusion

India needs to move beyond expenditure-based infrastructure development towards outcome-oriented governance. Timely completion, transparent monitoring and efficient resource utilisation are essential for maximising the developmental value of public investment.

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