

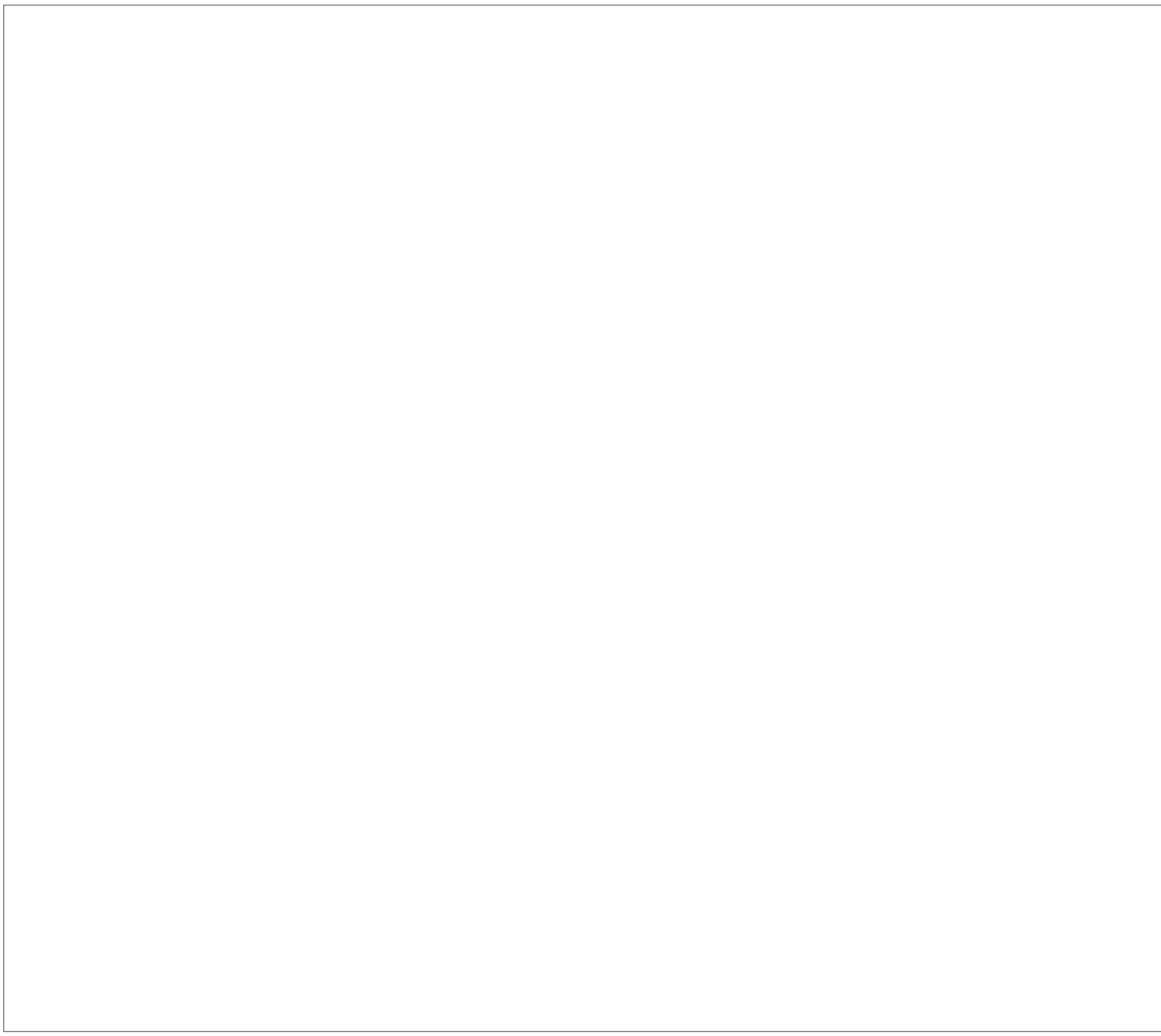


**A Framework for  
Effective Adoption of  
Project Management in India**

An Approach Paper

May 2011

Submitted by FICCI Quality Forum



## Background

- According to the UNCTAD World Investment Prospects Survey, 2009-11, India is ranked as the world's 3<sup>rd</sup> most attractive destination for Foreign Direct Investment
- Adequate and quality infrastructure availability is a must to support the country's economic growth
- Today more than 550 major projects, each costing ₹ 150 crores or more are being implemented across key sectors such as roads and highways, railways, power
- India's growth story over the next five years will depend heavily on the effective management of the infrastructure agenda, particularly the successful and timely completion of major projects
- Project management practices in India differ not only on the basis of size and complexity of the project, but also across sectors, companies as well as forms of ownership (Public or Private)
- Effective Project Management is critical to derive maximum benefit not only from infrastructure projects, but also from efforts directed at organizational excellence and change management
- Time and cost overruns are the norm rather than exception for most large projects in contemporary India and our analysis reveals that these overruns are often attributable to the lack of effective project management practices

## Key Issues

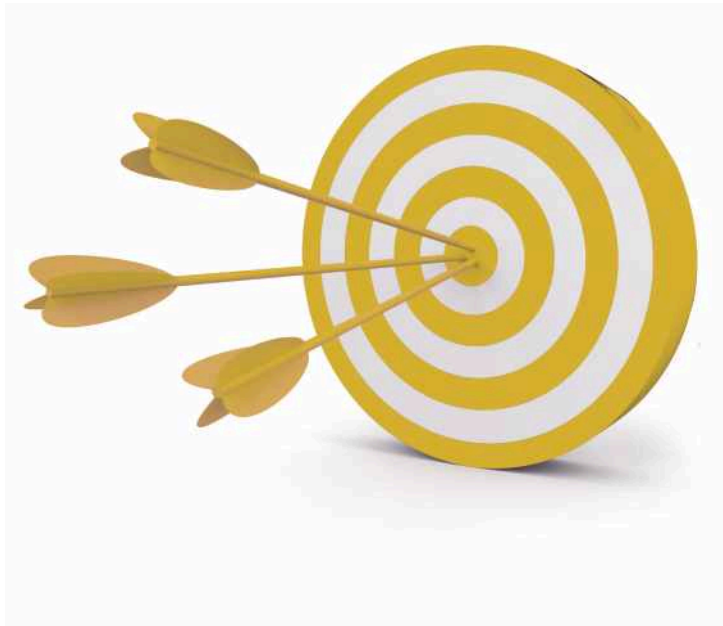
- Managing multiple stakeholders for large infrastructure projects requires effective coordination among the Centre, States, and Implementing Agencies
- Two key factors identified as causes for concern in the project management domain are: Inaccurate assessment of risks, and treatment of Project Management as an intuitive process with little recognition of formal training needs
- Further, all projects do not give due importance to Environment, Health, and Safety (EHS) issues that are important not only as compliance requirements, but are also critical from a socio-economic point of view
- Given the number and scale of projects that are currently being undertaken by the Centre and States, we do not have the required numbers in terms of trained manpower available in the country

## An Agenda for Action

There is an urgent need to bring about a paradigm shift in the way we manage our projects. Effective and structured adoption of project management practices has to be the rule rather than the exception.

Federation of Indian Chambers of Commerce and Industry (FICCI) and Project Management Institute (PMI) have studied the key issues in detail and are keen to explain their view point for consideration by Government of India while formulating the National Policy for managing projects.

This *Approach Paper*, authored by FICCI, contains a three-point agenda being recommended to the Government of India. The agenda has been developed on the basis of learning's from various research studies conducted by FICCI and PMI. It also summarizes inputs gathered from distinguished experts and institutions in the field.

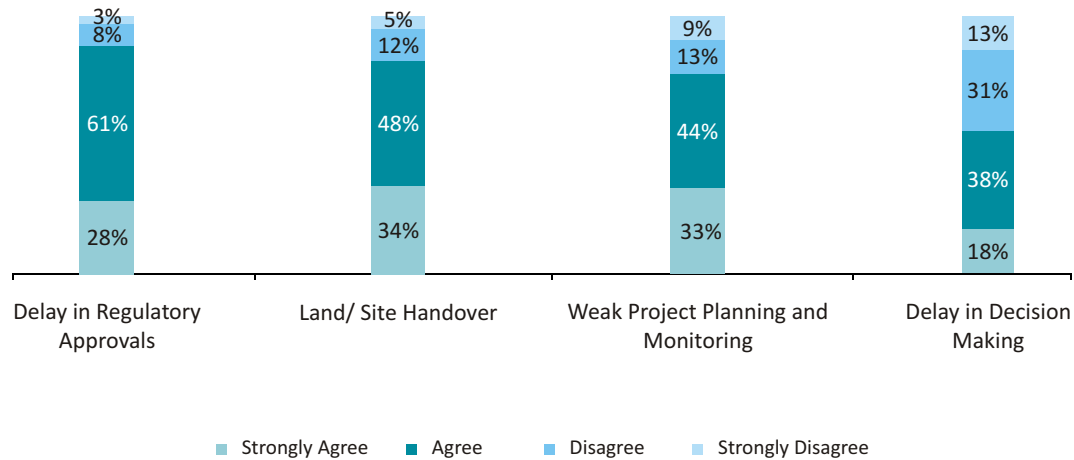


## **Three point Agenda on Project Management in India**

## Multiplicity of Stakeholders

The Centre takes up mega projects for execution in various States across the country. This requires continuous coordination between the Centre, State, and the Implementing Agency. Delays in such projects are attributable to four main reasons shown below:

Reasons for project delays





Point 1 on the agenda is to set up a co-ordination mechanism by way of a **Three-tier Project/Programme Management Office (PMO) structure in the country.**

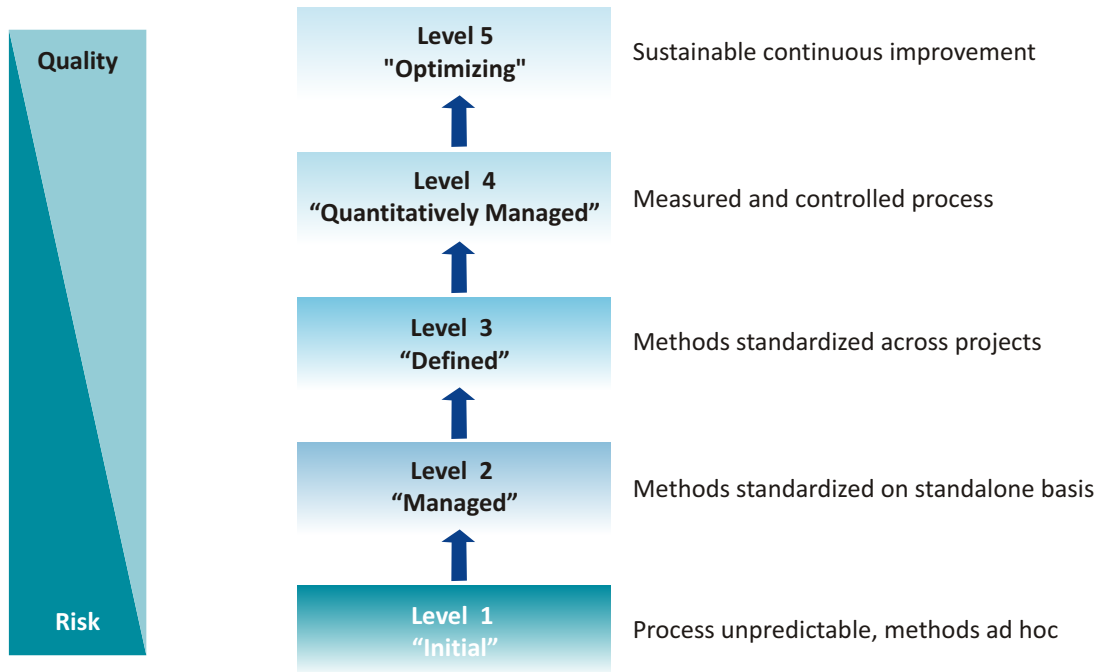
Three-tier structure for PMO	
PMO	Functions
PMO at the Centre (MoSPI)	<ol style="list-style-type: none"> <li>1. Formulation and review of policy, standards, and guidelines on project management</li> <li>2. Centralized monitoring of projects in co-ordination with State PMOs and Implementing Agencies</li> <li>3. Mentoring of Central Government agencies for improving Project Management processes and dealing with exceptions</li> <li>4. Country strategy for competence development</li> </ol>
PMOs in Each State	<ol style="list-style-type: none"> <li>1. Coordination with State Government and Implementing Agencies to resolve issues</li> <li>2. Reporting to PMO at the centre on the current status of projects</li> <li>3. Defining processes at state level for project related clearances</li> <li>4. Project administration support including facilitation of project web site, project management software support, periodic reviews, etc.</li> <li>5. Mentoring of State Government agencies for improving Project Management processes and dealing with exceptions</li> </ol>
PMOs in Implementing Agencies	<ol style="list-style-type: none"> <li>1. Monitoring and Reporting to State PMO on the current status of the project</li> <li>2. Escalating issues beyond their own purview to State PMO for solutions at State and Central level</li> <li>3. Building project management capability at the site</li> <li>4. Identifying trained manpower requirements and arranging for training and competence development</li> </ol>



## Project Management Maturity

While the setting up of PMOs will provide a much-needed structure, specific actions are also needed to incubate and proliferate best practices. Different organizations will be at different levels of project management maturity as shown below. Only a system of continuous improvement can lead them from one level to the next.

### Characteristics of the Maturity levels



*Based on SEI Capacity Maturity Model*



Point 2 on the agenda is to introduce a continuous improvement process by institutionalizing a **Project Management Maturity framework for the country.**

A national Project Management Maturity framework should be developed by MoSPI through an integration of their current guidelines with global best practices such as *Organizational Project Management Maturity Model (OPM3)*. The model can focus on issues like:

- Strengthening the linkages between planning and execution
- Rendering project outcomes more predictable, reliable, consistent, and in line with the ultimate objective
- Identifying specific capabilities needed to enhance maturity

Typically, such models are developed by undertaking a desk research to identify best practices. This is followed by a pilot implementation to test out actual implementation on the ground. After additional inputs through national consultations and other forums , the maturity criteria is finalized.

**Implementation modalities include:**

- Dissemination of the criteria for different stages of organizational project management maturity levels
- Periodic assessments based on the criteria on voluntary or mandatory basis
- Certification signifying the maturity level attained by the assessed organizations

MoSPI may consider developing and maintaining such a framework on the basis of which national awards and maturity level certifications can be introduced to recognize high performing organizations.

**Initiatives for building project management capability could be:**

- Institutionalization of an Annual Project Management Conference at National level to enhance awareness and visibility of Project Management issues, with Annual Awards for excellence in Project Management
- Promotional Seminars/Workshops for awareness and sharing of best practices between public and private sectors
- Inclusion of project management as a parameter in the Results Framework Document/MoUs of organizations for which Project Management skills are critical
- Promotion of project management practices in emerging areas such as healthcare and EHS through the concerned Ministries

## Trained Manpower

Various studies have shown that the country faces a huge shortage of trained and experienced project managers. This crunch in turn is adversely impacting project delivery and quality. The following table shows the demand of trained project managers

### Demand of Project Managers

Year	Demand of Project Managers in Project costing ₹ 100 cr and above	Demand of Project Managers in Project costing ₹ 20 - 100 cr
2006-07	3615	951
2007-08	2835	1752
2008-09	3045	1342
2009-10	3705	1552
2010-11	4470	1719
2011-12	5505	1904

Source- Indicus Estimates

### Annual stock of Project Managers in Industrial/Infrastructure Projects

	2007-08	2008-09	2009-10	2010-11	2011-12
Infrastructure Projects	10150	9475	9160	10635	13015
Through IEMs	1978	2534	2684	2926	3118
Projects funded by Donor Agencies	345	405	555	600	705
Total New Demand	12473	12414	12399	14161	16838

Source- Report by Indicus Analytics and Ace Global on Project Management Practices in India



Point 3 on the agenda is make **Project Management training** mandatory for personnel in positions requiring project management expertise

MoSPI may consider the following specific actions to implement the above recommendation:

- Constitute a National Committee with all the stakeholders to review and recommend project management training/skill requirements
- Develop and introduce courses on Project Management through graduate and post-graduate educational institutions
- Promote development and delivery of sector-specific training courses on Project Management by professional Institutes
- Ensure minimum quality of training courses through accreditation of project management courses on offer in the country
- Mandate basic training in project management to civil servants managing large projects above a certain size

## ABOUT FICCI

Established in 1927, FICCI is the largest and oldest apex business organisation in India. Its history is closely interwoven with India's struggle for independence and its subsequent emergence as one of the most rapidly growing economies globally. FICCI plays a leading role in policy debates that are at the forefront of social, economic and political change. Through its 400 professionals, FICCI is active in 44 sectors of the economy. FICCI's stand on policy issues is sought out by think tanks, governments and academia. Its publications are widely read for their in-depth research and policy prescriptions. FICCI has joint business councils with 75 countries around the world.

A non-government, not-for-profit organisation, FICCI is the voice of India's business and industry. FICCI has direct membership from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 2,50,000 companies from regional chambers of commerce.

FICCI works closely with the government on policy issues, enhancing efficiency, competitiveness and expanding business opportunities for industry through a range of specialised services and global linkages. It also provides a platform for sector specific consensus building and networking. Partnerships with countries across the world carry forward our initiatives in inclusive development, which encompass health, education, livelihood, governance, skill development, etc. FICCI serves as the first port of call for Indian industry and the international business community.

## ABOUT PMI

Project Management Institute (PMI) is one of the world's largest professional membership associations, with half a million members and credential holders in more than 180 countries. It is a not-for-profit organization that advances the project management profession through globally recognized standards and certifications, collaborative communities, an extensive research program, and professional development opportunities.

Our worldwide advocacy makes us the global thought leader in this strategic organizational competency.

- Certification
- Chapters and Communities of Practice
- Research
- Governance
- Global Standards
- Training and Education
- Professional Awards

### Project Management Institute in India

PMI has set up its offices in India with a mandate to undertake advocacy of Project Management across organizations, academia and governments in India.

For more information, please visit our website [PMI.org](http://PMI.org)



**Mumbai office:**

Project Management Institute  
# 1006, Regus Level 1, Trade Centre  
Bandra Kurla Complex  
Bandra (E), Mumbai 400 051  
Tel: +91 22 6525 9067 | Fax: +91 22 4070 0800

Email: [pmi.india@pmi.org](mailto:pmi.india@pmi.org)

[www.pmi.org](http://www.pmi.org)  
[www.pmi.org.in](http://www.pmi.org.in)



**FICCI Quality Forum**

Federation of Indian Chambers  
of Commerce and Industry  
Federation House, Tansen Marg  
New Delhi-110 001 - India  
Tel: +91-11-2335 9735, 2373 9947  
Fax: +91-11-2332 0714, 2372 1504

Email: [fqf@ficci.com](mailto:fqf@ficci.com)

[www.ficci.com](http://www.ficci.com)