

Public Private Partnership (PPPs) in Infrastructure

9.95 Government is actively pursuing PPPs to bridge the infrastructure deficit in the country. Several initiatives have been taken during the last three years to promote PPPs in sectors like power, ports, highways, airports, tourism and urban infrastructure. Under the overall guidance of the Committee of Infrastructure headed by the Prime Minister, the PPP programme has been finalized and the implementation of the various schemes is being closely monitored by the constituent Ministries/Departments under this programme.

9.96 The appraisal mechanism for the PPP projects has been streamlined to ensure speedy appraisal of projects, remove red tape, adopt international best practices and have uniformity in guidelines. An appraisal mechanism has been notified including the setting up of the Public Private Partnership Appraisal Committee (PPPAC) responsible for the appraisal of PPP projects in the central sector. The committee has mandated detailed guidelines for submitting proposals and follows a pre-determined time frame for according approval to proposals submitted in a time bound manner. 29 proposals have so far been received from different central ministries for clearance by PPPAC, out of which 15 proposals involving a capital cost of Rs. 8,280 crore have been approved.

9.97 PPP projects involve long-term detailed contracts between Government and private parties spelling out the rights and obligations of both the contracting parties. Given the complex issues involved and the exposure of Government in such contracts, Committee on Infrastructure has mandated issue of model documents. Government has decided to create standardized frameworks based on due diligence rather than evolving agreements on a project-by-project basis. The agreements

will be based on international practices and will create a framework with the right matrix of risk allocation obligations and returns. The Model Concession Agreement (MCA) for National Highways has been issued by the Committee on Infrastructure. Planning Commission has also issued MCAs for ports, state highways and operation and maintenance agreements for highways, though these are only for guidance and have not been approved by the Committee on Infrastructure. Guidelines for pre-qualification of bidders for PPP projects are also under finalisation and are expected to be issued shortly.

9.98 PPP is still a nascent concept in India, and expertise at the level of project authorities, both at the central and state levels, is limited. The awareness of concerns and issues relating to PPPs is still lacking and not evenly spread across the different States. A need was felt to provide capacity building in State Governments to enable them to prepare PPP proposals. To promote the PPP programme, all State Governments and Central Ministries have been advised to set up a PPP Cell with a senior level officer deputed as PPP nodal officer. It is proposed to provide assistance to states in this regard. Technical assistance (TA) from the Asian Development Bank has been received for overall capacity building in State Governments for PPPs. The TA would fund strengthening of the PPP Cell of the respective State governments, including hiring of consultants and training of personnel.

9.99 A website on the PPPs in India has been set up by the Department of Economic Affairs. The updated status of the above programmes is available on the website www.pppinindia.com. A database on PPP projects in India is also being developed and the task has been outsourced to a private firm that will be responsible for collection, compilation and maintenance of the database.