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PPPS INITIATIVES AND ROLE FOR INFRASTRUCTURAL DEVELOPMENT IN INDIA

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INTRODUCTION

One of the key constraints in sustaining and expanding India's economic growth and ensuring that all Indians are able to share in its benefits is Infrastructure shortages. The importance of infrastructure for overall economic development and enhancement of trade and business activity in a country need hardly be emphasized. Infrastructure reflects credibility, confidence, low-cost production, and market competitiveness In order to meet this challenge the government of India is committed to raising investment in infrastructure from its existing level of below 5% of GDP to almost 9%. Infrastructure development plays an important role in sustaining economic development. Infrastructure is an integral part of development of an economy and provides basic services that people need in their day to day life. The contribution of infrastructure to economic growth and development is well recognized both in academic and policy debates. Well-developed physical infrastructure provides key economic services efficiently, improves the competitiveness, extends vital support to productive sectors, generates high productivity and supports strong economic growth.

OBJECTIVES OF THE STUDY

The objectives of my study are given below

- To study the initiatives taken by PPP in India State wise
- To study the key reasons for using PPP

PUBLIC PRIVATE PARTNERSHIPS (PPPs) ,

There is no single definition of Public-Private Partnership (PPPs). PPPs broadly refers to long term, contractual partnerships between public and private sector agencies, specially targeted towards financing, designing, implementing, and operating infrastructure facilities services that were traditionally provided by the public sector.

In a PPPs, each partner, usually through legally binding contract(s) or some other mechanism, agrees to share responsibilities related to implementation and/or operation and management of a project. This collaboration or partnership is built on the expertise of each partner that meets clearly defined public needs through appropriate allocation of:

- Resources
- Risks
- Rewards
- Responsibilities

The allocations of these elements and including other aspects of PPP projects such as , details of Implementation, termination, obligations, dispute resolution and payment arrangements are negotiated between the parties involved and are documented in written contract agreement(s) signed by them.

As per the Scheme for Financial Support to Public Private Partnerships in Infrastructure, of the Government of India, **"**The Public-Private Partnership (PPP) Project means a project based on contract or concession agreement between a Government or statutory entity on the one side and a private sector company on the other side, for delivering an infrastructure service on payment of user charges."

PPP AND INFRASTRUCTURE DEVELOPMENT

State wise PPP projects in Infrastructure development:- PPPP is an effective tool for bringing efficiencies in creation of economic and social infrastructure assets and PPP has shown a promising increase in the recent years. As on January 2012 there were 881 projects with (TPC) of Rs.5,43,045 crore as compared to over 700 projects with TPC of Rs.3,71,239 crore by march 2011.

NAME OF THE STATE	TOTAL NO OF PROJECTS	TOTAL COST
Karnataka	105	44,459.85
Andhra Pradesh	98	67,696.31
Madhya Pradesh	86	14,928.7
Maharashtra	76	45,916.34
Gujarat	72	45,315.02
Rajasthan	65	16,479.5
Tamil Nadu	50	21,491.04
Haryana	35	67,840.57
West Bengal & Orissa	34	22,281.54
Kerala	19	25,315.45

REASONS FOR USING PPP

1) **PPPs make project affordable**:-Under PPPs, the private sector finances the construction of the project and is repaid by a service charge from the authority over time or by revenues from the project, or a combination of the two. So in circumstances when the public authority does not want to, or cannot, increase its direct levels of borrowing, PPPs.
2) **The Private sector skills are maximize by the PPPs:-** Under traditional procurement, the private sector is responsible for delivering an asset to time and budget. In contrast, PPPs require the Deliver assets on time and budget. • Ensure that those assets deliver the service levels required by the public sector. Project manage the overall delivery of the project.• Ensure that the individual assets and other elements of the project that have been procured work together to successfully deliver services.
3) **The Private sector takes Life cycle cost under PPPs:-** PPPs require the private sector to compete to deliver services over the long-term at the most economically advantageous price. The public sector is not interested in simply procuring the cheapest upfront capital expenditure, as with traditional procurement where the private sector is

indifferent to higher maintenance costs thereafter. With PPPs, the public sector is looking to achieve the best value over the life of the asset and project. As a result, the private sector focus has been to design and implement projects with a view to their long-term cost to the taxpayer rather than the immediate capital spend. Where PPPs have been used extensively, there is considerable evidence of increasing skills in the private sector to analyse and provide for life cycle costs and to design accordingly

4) **Risks are allocated to the party who are best able to manage or absorb each particular risk with the help of risk**:- PPPs are designed in such a way that risks are allocated to the party which is capable of managing themselves in the best way. Where the private sector bodies have the necessary long-term project skills and the public sector does not, it follows that the risks associated with project delivery should be transferred to the private sector. In so doing, the public sector should obtain best value because those with the greatest and most relevant expertise will be best able to manage or absorb the risks, thereby pricing them more economically and minimising the costs.

CONCLUSION

The above study has emphasized the initiatives in India taken by Public Private partnership. The study reveals that PPPs initiatives show following constraints for PPPs. As India's economy is very large therefore there are many constraints for PPPs in India. The first constraint is government enabling policies and regulatory framework is weak and in order to make this framework substantial participation of the states is very important as many of the PPPs projects are in states only. Second is lack of credible bankable infrastructure projects. There is also a lack of capacity in public institutions and officials to manage the PPP process. As these projects involve long term contracts covering the life cycle of the infrastructure asset being created, it is necessary to manage this process to maximize returns to all shareholders. The opportunities for private investment in infrastructure projects are enormous. As the reach of PPPs increases across sectors, the capacity of the private sector to manage these projects over their entire life cycles of two to thirty years will also have to be enhanced. As governments move forward with PPP programs, the factor most critical to success will be their commitment to minimizing the constraints to private participation

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