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EMERGING TRENDS OF PUBLIC PRIVATE PARTNERSHIP MODEL: WITH SPECIAL REFERENCE TO INFRASTRUCTURAL SOURCE OF FINANCE

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Abstract : Public Private Partnership (PPP) is an effective and sustainable strategy for the development of public infrastructure. PPP is a Joint Venture of Public Authority and Private Financer. Over the last decade or so, Private-Sector Financing through Public-Private Partnerships (PPPs) has become increasingly popular around the world as a way of procuring and maintaining public-sector infrastructure, in sectors such as transportation (roads, bridges, tunnels, railways, ports, airports), social infrastructure (hospitals, schools, prisons, social housing) public utilities (water supply, waste water treatment, waste disposal), government offices and other accommodation, and other specialized services (communications networks or defense equipment). Structuring PPPs is complex because of the need to reconcile the aims of the large number of parties involved—on the private-sector side there are investors, lenders, and companies providing construction and operational services; on the public-sector side there are public authorities creating and implementing PPP policies as well as those actually procuring the PPP, not forgetting the general public who use the facilities that a PPP provides. Most of these parties need to have a basic understanding of policy and finance issues, and how their part of the project is linked to and affected by them.

Keywords:PPP MODEL, PUBLIC AUTHORITY, PUBLIC FINANCE.

INTRODUCTION

The idea that private provision of infrastructure represented a way of providing infrastructure at no cost to the public has now been generally abandoned; however, interest in alternatives to the standard model of public procurement persisted. In particular, it has been argued that models involving an enhanced role for the private sector, with a single private-sector organization taking responsibility for most aspects of service provisions for a gin project, could yield an improved allocation of risk, while maintaining public accountability for essential aspects of service provision.

A Public–Private Partnership (PPP) is a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies. PPP involves a contract between a public sector authority and a private party, in which the private party provides a public service or project and assumes substantial financial, technical and operational risk in the project. In some types of PPP, the cost of using the service is borne exclusively by the users of the service and not by the taxpayer. In other types (notably the private finance initiative), capital investment is made by the private sector on the basis of a contract with government to provide agreed services and the cost of providing the service is borne wholly or in part by the government. Government contributions to a PPP may also be in kind (notably the transfer of existing assets). In projects that are aimed at creating public goods like in the infrastructure sector, the government may provide a capital subsidy in the form of a one-time grant, so as to make it more attractive to the private investors. In some other cases, the government may support the project by providing revenue subsidies, including tax breaks or by removing guaranteed annual revenues for a fixed time period. There are usually two fundamental drivers for PPPs. Firstly, PPPs are claimed to enable the public sector to harness the expertise and efficiencies that the private sector can bring to the delivery of certain facilities and services traditionally procured and delivered by the public sector.

Secondly, a PPP is structured so that the public sector body seeking to make a capital investment does not incur any borrowing.

CONCEPTS & DEFINITION:

This is a business relationship between a private-sector company and a government agency for the purpose of completing a project that will serve the public. Public-Private Partnerships can be used to finance, build and operate projects such as public transportation networks, parks and convention centers. Financing a project through a public-private partnership can allow a project to be completed sooner or make it a possibility in the first place.

The Government of India defines a P3 as "a partnership between a public sector entity (sponsoring authority) and a private sector entity (a legal entity in which 51% or more of equity is with the private partner/s) for the creation and/or management of infrastructure for public purpose for a specified period of time (concession period) on commercial terms and in which the private partner has been procured through a transparent and open procurement system."

Private Sector Financing refers to financing of high risk projects promoted by Governments who require funds to give shape to their ideas. Here, a Financier called Private Sector Financing Entity and Invest funds who has a potentially successful business ideas and projects, but does not have the desired track record, managerial skills, efficient work forces or financial backing.

Generally, PPP MODEL is associated with heavy initial investment business like energy conservation, quality up gradation or with sunrise sectors like information technology, roads, bridges, tunnels, railways, ports, airports, hospitals, schools, prisons, social housing, water supply, waste water treatment, waste disposal, or defense equipment.

OBJECTIVES:

- PPP MODEL provide platform to Government projects for the public infrastructure development.
- Private Sector Financing provide fund on easy mode and normal conditions.
- To fulfill huge financial resources for long term period.
- To provide efficient and experience managerial skills.
- To balance between business profit motive and public service.
- To operate by Private Organization.
- To control by Public Authority (Government).
- To use private idle source of finance for the economic development.

LIMITS:

- PPP MODEL is working with profit motive so there are conflicts between profit and service approaches.
- Here only private fund used so there are no involvement of Governments in projects.
- PPP MODEL operates by Private Organization so they are maintaining high rate of return on investments.

CONCLUSION:

PPP MODEL provide easy and huge fund for the public infrastructure developments if Governments take interest for the public service then all financing object fulfill by this model. Government takes initiative to making rules and regulations for societal benefits with balance between profit and service goals.

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