

PUBLIC PRIVATE PARTNERSHIP IN INFRASTRUCTURE

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Abstract:

Public Private Partnership popularly known as PPP has gained its momentum in recent years. Gone are the days when each sector functioning is the responsibility of public and no private players inclusion is there but now the side has been shifted to a little bit .Various constraints like time ,budget ,supervision ,large population has been the major reasons for the public sector to integrate with private sector resulting in formation of PPP .PPP has a very wide spectrum be it in education,hospitality,retail,infrastructure etc . The article specifically lays the emphasis on PPP in Infrastructure Projects. No doubt when speaking of Infrastructure no one can ignore this sector as it is equally important as other sectors .Infrastructure lays the foundation of the country. Good Infrastructure will make the country to gain foreign exchange and welcome all from various parts of the world to see especially the Infrastructure. Various PPP Infrastructural projects have been discussed in this article viz. Reliance Mumbai Metro, DND Flyway, NOIDA and Rajiv Gandhi International Airport, Hyderabad. These projects have been discussed with respect to their public and private parties involved the features of the projects and other matters related to it.

KEYWORDS:

PPP, PPP infrastructural projects, infrastructure .

INTRODUCTION

Public Private Partnership popularly known as PPP is an integration of public and private sectors for the purpose of delivering a project or a service traditionally provided by the public sector. Governments the world over ,and particularly in developing countries are plagued by budgetary constraints and are finding it increasingly difficult to meet the growing demands of infrastructure services .Therefore ,PPP represents a new and innovative financing method in which private sector investment is utilized through a mutually benefit arrangement .The basic features of PPP are as follows irrespective of any spectrum be it education ,sports ,hospitality, infrastructure .

- i.It is a medium to long term relationship
- ii.It involves sharing of resources ,risks, and rewards between the partners
- iii.It is a relationship in which both public and private partners aspire to achieve a common objective; it is not an “inverse relationship”.
- iv.It tends to fully exploit the skills and expertise of the partners for delivering the desired policy outcomes and public services; it is a “positive relationship”.

The Macmillan Dictionary of Modern Economics defines Infrastructure as “those structural elements of an economy which facilitate the flow of goods and services between buyers and sellers .Examples of these structural elements are communication and transport (roads, railways, harbors, airports

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and telephones), housing, sewage, power systems etc.”

COMMERCIALIZATION OF INFRASTRUCTURE

There are many factors contributing to the trend of commercialization of infrastructure .These include fiscal constraints, commercial orientation, improves technology, globalization and worldwide capital movement as discussed below:

- i.Infrastructure projects demands massive investment. In developing countries, rising GDP and rapid urbanization have led to fiscal stringency resulting in insufficient investment by the government in these projects .In developing countries also; old infrastructure needs improvement both in terms of physical structure as well as technological upgradation .It is thus obvious to opening up the infrastructure sectors for private participation.
- ii.The government owned entity because of its myriad procedures lack flexibility. The plethora of rules and regulations make the system rigid, which hinders quick response to users requirements, ultimately affecting the efficiency of services.
- iii.Technological changes ,particularly the ICT revolution ,have enabled infrastructure development in many ways .The power sector can be subdivided into generation, transmission and distribution .All this help in creation of competitive environments for private operators who can opt for fragmented activities they specialize in .
- iv.An increasing demolition of physical barriers has boosted International trade .Raw materials can be sourced in one country, manufactured in another and exported to third .The quality and cost of Infrastructure plays a vital role in the choice of investment locations by international operators.
- v.Expanding globalization and technological advancement have led to the smooth movement of capital at the international level.

Some PPP Infrastructural Projects

1.Reliance Mumbai Metro, Mumbai

Due to City's geographical constraints & rapid population growth, road and rail infrastructure development has not been able to keep pace with growing demand over past several decades .The Mumbai Metro is first Public Private Partnership Metro project in which all the planned 3 phases (construction, operation and maintenance) has been undertaken by private players .The planned project has been divided into 3 phases with overall 9 lines estimated to be covering a length of 160.90 kms. Versova Andheri Ghatkopar, corridor extends from Versova to Ghatkopar .Route length is 11.4 km long with 12 stations and 1 depot at DN Nagar enroute.

Mumbai metro line 1 was awarded an international competitive bidding process on BOOT(build operate own transfer) basis for a 35 year period to consortium lead by Reliance Infra .The Mumbai metro line 1 operator is Mumbai metro one Pvt. Ltd (MMOPL),a special purpose company formed by Reliance Infrastructure ,Veolia Transport and the Mumbai metropolitan region development authority (MMRDA).MMOPL is also the metro rail administrator and the project is being operated under the provisions of the Metro Railways (Operation and Maintenance Act),2002 .

The project was inaugurated by PM Manmohan Singh in June 2006 and construction work began in February 2008 and commercial operation commenced from June 2014.

Mumbai Metro runs on a dedicated elevator corridor providing east –west connectivity.

The main features of Mumbai Reliance Metro are:

- i.Fully air-conditioned world class coaches
- ii.95 escalators, 45 elevators and close to 200 staircases to enable passenger movement from the stations.
- iii.Modern automatic fare collection system enabling multiple fare products.
- iv.Highest level of passenger security systems with more than 700 CCTV cameras giving live footage of the system including insides of a train.
- v.Trains are equipped with special stainless steel units inside the coaches to enable comfortable standing.
- vi.All coaches have 4 LCD screen to keep the passenger informed.
- vii.Special space for differently –abled in each coach of the train.

2.DND flyway ,NOIDA

The Noida Toll Bridge Company Ltd. (NTBCL) has been promoted by Infrastructure Leasing and Financial Services Ltd (IL & FS) and New Okhla Industrial Development Authority (NOIDA), as a Special Purpose Vehicle (SPV) to develop, construct, operate and maintain the DND flyway on a Build Own Operate Transfer (BOOT) basis .

DND flyway grew out of a need to bridge the growing population of Delhi with its neighbors across the Yamuna . The project was commissioned on Feb 7, 2001 almost 4 months ahead of schedule and broadly within the budget.

The salient features of DND Flyway are as follows:

- i. There is no traffic jams on DND flyway
- ii. There are 8 lanes ,4 in each direction on the carriageway of DND flyway
- iii. The tariff charged is for one passage and not one round trip
- iv. The users have 3 convenient options for payment of toll, namely gold, silver and cash .The gold membership entitles the user a non –stop passage through the plaza by means of On Board Unit (OBU) installed on the windscreen on the car, which send a signal to keep the barriers open automatically for eligible vehicles only. Membership is available for cars only .The silver member has to stop and display the silver card on the “touch & go” reader in order to go through the Toll Plaza. Frequent users can either opt for gold or silver membership to reduce their waiting time at the plaza during rush hours .

3.Rajiv Gandhi International Airport(RGIA), Hyderabad

The city of Hyderabad is a natural aviation hub, owing to its strategic location on the map of India. GMR Hyderabad International Airport Limited(GHIAL) is a joint venture company promoted by the GMR group (63%), in partnership with government of India (13%), government of Andhra Pradesh (13%) and Malaysia Holdings Berhad (11%). The Company was incorporated to design ,finance ,build ,operate and maintain a world class Greenfield airport at Shamshabad ,Hyderabad .The project is based on the Public Private Partnership (PPP) model and is structured on a Build, Own, Operate and Transfer (BOOT) basis The airport was commissioned in March 2008 .

The main features of this project are as follows:

- i. The Airport provide world class facilities and infrastructure with ICAO standards and practices to handle large aircraft and international traffic
 - ii. RGIA is the first Indian airport to have the Airport Operations Control Centre which acts as a nervous centre for all coordination within the airport.
 - iii. It includes an integrated terminal that offers an international experience with a local flavor, airport village with shopping arcade, 305 room business hotels located just three kms away from airport, conference facilities for the business traveler and integrated modern IT systems.
 - iv. The airport lounges offer various services like 28 bed nap & shower beside spa services as well.
- RGIA is the first airport in the world to be awarded the Leadership Energy and Environment Design (LEED) silver rating for its eco-friendly design. It has also won the “Outstanding Concrete Structure of Andhra Pradesh” Award from the Indian Concrete Institute.

CONCLUSION

To conclude, The PPP Infrastructural Projects list is unending and only some of the popular PPP's have been discussed .No doubt ,Infrastructure is a blessing for any country and should be maintained at its best with the integrated effort of all public as well as private parties so that the magic of so called synergy comes into effect popularly known as “DO AUR DO GYARAH” . There lies a big road ahead for all the PPP projects which are in pipeline and surely will give a boost to nation's growth .

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Links

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