

CHAPTER - 21

PUBLIC PRIVATE PARTNERSHIP

Introduction

21.1 Rapid economic growth, growing urban population, increasing rural –urban migration, and all-round social and economic development have compounded the pressure on the existing infrastructure, and increased the demand–supply gap in most of the States. The Governments are experiencing increasing pressure from their citizens, civil society organizations, and the media to provide accessible and affordable infrastructure and basic services. While the infrastructure gap is rising, Government budgetary resources are increasingly constrained in financing this deficit. Governments also face insufficiency in technical resources and the executive capacity to cope with the rising demand for public infrastructure.

21.2 The emergence of Public-Private Partnerships (PPPs) is seen as a sustainable financing and institutional mechanism with the potential of bridging the infrastructure gap. Apart from enabling private investment flows, PPPs also deliver efficiency gains and enhanced impact of the investments. The efficient use of resources, availability of modern technology, better project design and implementation, and improved operations combine to deliver efficiency and effectiveness gains which are not readily produced in a public sector project.

21.3 PPP projects also lead to faster implementation, reduced lifecycle costs, and optimal risk allocation. Private management also increases accountability and incentivizes performance and maintenance of required service standards. Finally, PPPs result in improved delivery of public services and promote public sector reforms.

21.4 Sufficient capacity across infrastructure sectors leads to higher productivity, lower transport and logistics cost, and enhanced competitiveness. The Government of Rajasthan recognizes that constraint-free infrastructure provisioning, both physical and social, fosters economic and industrial activities conducive to development and inclusive growth.

21.5 Typically, the Government of Rajasthan had sought to deal with infrastructure provisioning by implementing various programmes and projects departmentally and through its agencies. These are being financed through various sources including budgetary resources, grants and loans from Government of India, and bilateral and multi-lateral agencies. Budgetary provisions towards development and upkeep of these services have, however, remained inadequate over the years.

21.6 The Government of Rajasthan recognizes that the private sector can play a prominent role in infrastructure development. PPP is evidently emerging as the preferred route to leverage private capital as well as to induct private sector. A closer partnership between the public and

private sectors can support sustainable development, reduce poverty, and ultimately foster greater prosperity.

21.7 There is huge demand of modern urban infrastructure facilities in Rajasthan as most of its cities do not have equal/adequate provision of basic and modern infrastructure services - safe drinking water, waste water treatment, sanitation, waste collection and treatment, continuous electricity (and energy, in general), multi-level parking, public transport, etc. Therefore, PPPs would be encouraged for both building and maintaining the urban infrastructure.

21.8 As per the 'Rajasthan Vision 2020' document of the State Government, GSDP Growth Rate is required to be accelerated and maintained at 12% per annum by increasing capital investment, both public and private. To achieve the targeted growth rate, efforts will be made during the Annual Plan 2014-15 to pursue the PPPs, wherever possible. During the Annual Plan 2014-15, private sector contribution towards various PPP projects is estimated to be ₹ 812.01 crores.

Guidelines and Institutional Framework

21.9 To facilitate the role for PPP in creating new infrastructure assets as well as in managing assets already created, Government of Rajasthan issued guidelines for PPPs. These guidelines aim at a transparent, consistent, and effective mechanism for PPP project development and procurement and to stimulate PPP project identification and development.

21.10 Empowered Committee on Infrastructure Development (ECID) or Empowered Committee for BOT as per Rajasthan Road Development Rules 2002 (Approving Committees) have been set up to provide an effective arrangement and support increasing role of PPPs in the State.

21.11 Enabling environment for PPPs is also facilitated by the following:-

State Road Policy, 1994

21.12 Rajasthan was the first State to formulate a policy for Build-Operate-Transfer (BOT) projects in 1994 to facilitate the entry of private sector in the roads sector. A Model Concession Agreement was put in place for inviting private sector to develop roads on Build, Operate and Transfer (BOT) basis. Consequently, the State has been in the forefront of successfully implementing a number of road sector projects in the recent past.

Rajasthan Road Development Act, 2002

21.13 A new policy was launched in 2002 with the enactment of Rajasthan Road Development Act, 2002 to encourage a greater level of participation of entrepreneurs in the development of the road sector. The Rajasthan Road Development Act, 2002, encourages private sector participation in the construction of financially viable bridges, bypasses, rail over-bridges, tunnels, etc.

Rajasthan Road Development Fund Act, 2004

21.14 State Road Development Fund Act, 2004 was enacted. Under the Act, a non-lapsable State Road Fund (SRF) was created through levy of 50 paise cess on petrol / diesel. SRF is being leveraged to take up large/mega State Highways projects.

Rajasthan Social Sector Viability Gap Funding Scheme 2007

21.15 The Rajasthan Social Sector Viability Gap Funding Scheme is to support PPP projects in social infrastructure. All projects of social infrastructure by the Government of Rajasthan in PPP format are eligible to get viability gap support under this scheme. The Empowered Committee on Infrastructure Development (ECID) approves viability gap support for projects under the scheme;

Affordable Housing Policy – 2009 (with focus on EWS & LIG Housing) for Urban Areas in Rajasthan (2009)

21.16 Affordable housing projects with focus on EWS and LIG is being pursued on PPP basis. Under model no. 2, 3 & 4 of the scheme, houses are constructed by private developers on land owned by them, land under acquisition and Government land respectively.

21.17 Private developers are selected through an open bidding process and offered free of cost earmarked land along with several incentives in the construction of houses such as double of the normal FAR, TDR facility, complete waiver of EDC/ building plan approval fee/ conversion charges, 10% of plot area allowed for commercial use, fast track approval etc.

21.18 Nodal agency of the State Govt. buy back the flats at pre-determined price i.e. ₹ 750/- per sq ft (Revised to 850/-) on super built up area for EWS/LIG & ₹ 1000/- per sq ft for MIG-A.

Rajasthan Infrastructure Project Development Fund (RIPDF)

21.19 The Government of Rajasthan has created a Rajasthan Infrastructure Project Development Fund in the year 2011-12 for providing project formulation costs of PPP and other infrastructure projects. Rajasthan Infrastructure Project Development Fund with a corpus of ₹ 25 crore is managed in the Planning Department.

21.20 The Empowered Committee on Infrastructure Development (ECID) selects the projects for which project development costs will be funded with the assistance of Rajasthan Infrastructure Project Development Fund and also set the terms and conditions under which the funding will be provided and recovered.

21.21 The project development funding under the Rajasthan Infrastructure Project Development Fund is an interest-free financial assistance and is recovered along with a success fee of up to 40 per cent of the funding; in case of revenue generating PPP projects, the advance plus 40 per cent of advance is to be recovered from the successful private sector partner on award of the PPP project.

21.22 Certain other sector-specific policies/acts also provide and support increasing role of PPPs.

Capacity Building

21.23 Rajasthan is one of the States selected under the National PPP Capacity Building Programme (NPCBP) launched by Department of Economic Affairs, Ministry of Finance, Government of India in the year 2010 with support of KfW (German Development Bank). A Memorandum of Understanding has been signed with the India PPP Capacity Building Trust (I-Cap) appointed by the DEA as the Project Executing Agency for the capacity building program.

21.24 State's eight officers have completed the Training of Trainers (ToT) under the program. The program is being rolled out successfully in the State to enhance the capacities of staff at various levels of Government for conceptualizing, structuring, awarding, implementing and monitoring of PPP projects. In order to mark the culmination of the programme the PPP Cell of Government of Rajasthan has been awarded by Department of Economic Affairs, Ministry of Finance, Government of India for commendable contribution in the implementation of the NPCBP. Joint Director, PPP Cell has also been awarded for exceptional contribution as a PPP trainer under the programme.

General Scenario of PPP in Rajasthan

21.25 Till March 31, 2014, total 153 PPP projects costing ₹ 9236.52 crore have been completed since the year 1997. Construction works under 81 PPP projects costing ₹ 7802.16 crore are in progress; while 83 PPP projects amounting to ₹ 14193.85 crore are under different stages of projects development. Thus, total of 317 PPP projects with estimated cost of ₹ 31232.53 crore are at different stages. Sector-wise PPP projects as on March 31, 2014 are depicted at a glance in Table No. 21.1.

Table No. 21.1
Sector-wise PPP Projects at a glance

As on December 31, 2013

S. No.	Sector	Projects completed so far		Projects under implementation		Projects under planning or in pipeline	
		No.	₹ in cr.	No.	₹ in cr.	No.	₹ in cr.
1.	Roads (SH & NH)	57	3440.97	13	4903.51	40	3976.87
2.	Urban Infrastructure *	21	136.07	30	1191.19	25	7919.75
3.	Power	1	5000.00	5	1110.93	1	219.58
4.	Water	1	46.00	-	-	4	1740.00
5.	IT	-	-	2	347.87	-	-

S. No.	Sector	Projects completed so far		Projects under implementation		Projects under planning or in pipeline	
		No.	₹ in cr.	No.	₹ in cr.	No.	₹ in cr.
6.	Social	39	502.03	26	176.92	2	26.00
7.	Others **	34	111.45	5	71.71	11	311.65
Total		153	9326.52	81	7802.16	83	14193.85

* 610 completed projects, 85 projects under implementation and 09 projects in-pipeline for Operation of Public Convenience in various cities, have been shown as single project in each category.

** 63 completed projects, 65 projects under implementation and 04 projects in-pipeline for Operation of Stage Carriage Services in rural areas of various districts, have been shown as single project in each category.

21.26 PPP projects are being intensively pursued in the State. A brief description of major PPP projects is as follows:

Road Projects

21.27 Fifty seven (57) road projects entailing investment of ₹ 3440.97 crore have been completed on PPP format including the Ghat Ki Guni Tunnel Project costing ₹ 150.00 crores.

21.28 Thirteen (13) road projects entailing investment of ₹ 4903.51 crore are under implementation including the Ring Road Phase-I Project, Jaipur costing ₹ 890.00 crore. Eight major road projects, namely, Jaipur to Bhilwara, Chomu-Mahla via Renwal Jobner, Bikaner-Suratgarh, Chittorgarh-Neemach, Ajmer-Nagaur, Sikar-Bikaner, Jodhpur-Pali and Nagaur-Bikaner road projects have been taken up with VGF assistance. Another 40 road projects costing ₹ 3976.87 crore are under Planning or in pipeline on DBFOT/BOT/BOT-Annuity/BOT-VGF basis. During the Annual Plan 2014-15, private sector contribution towards various PPP road projects is estimated to be ₹ 649.47 crore including ₹ 200.00 crore under Ring Road, Jaipur.

Ghat Ki Guni Tunnel Project, Jaipur

21.29 Jaipur Development Authority is implementing the Ghat Ki Guni Tunnel Project on the Design-Build-Finance-Operate-Transfer (DBFOT) format of PPP to provide an alternate route to Ghat Ki Guni by construction of tunnel in Jhallana Hills to connect with NH-11 (Agra Road). The total cost of the project is 150.00 crore. Total Length of the road is 2.80 Km consisting of approximately 860 meter tunnel (parallel twin tunnel) with interconnector at two locations at an interval of approx 300 meter, one fly-over, three cross drainage works (culverts) and four-lane divided cement concrete roads each of 9.00 meter width. The concession period is 13 years 5 months and 20 days. The Tunnel(s) have been built and open to traffic.

Ring Road Project, Jaipur

21.30 The project for construction of the Ring Road connecting the various highways to reduce the congestion of heavy traffic passing through the Jaipur city is proposed under phases. In the first phase, JDA has taken up the work of construction of Ring Road joining Ajmer Road (NH-8)- Phaggi Road (SH-12)- Tonk Road (NH-12)- Agra Road (NH-11), that is, the Southern Corridor of 47.00 Km, in PPP mode on DBFOT format. The works under the project includes six lane roads with three meter median, three inter changes, two ROBs, one major bridge on Doond River, two minor bridges, 25 under passes and electrification/horticulture works. The total cost of the project is anticipated as ₹ 890 crore. The concession agreement has been executed with successful bidder. According to the concession agreement, the concessionaire will pay an amount of ₹ 23.99 crore, as annual premium to JDA after commercial operation date. Land acquisition for the project is under progress. The link between Agra Road (NH-11) - Delhi Road (NH-8), that is, the Northern Corridor is expected to be taken up by the National Highways Authority of India, in future.

Exhibition-cum-Convention Centre Project, Jaipur

21.31 The Rajasthan State Industrial Development and Investment Corporation Limited (RIICO) proposes to undertake development of the Exhibition-cum-Convention Centre Project through Public-Private Partnership on Design, Engineer, Finance, Construct, Market, Operate, Manage and Transfer basis. The concession period is 60 years. The Centre is proposed to be implemented on BOT format in the Sitapura Industrial Area, Jaipur at an estimated cost of ₹ 216.65 crore. Letter of Award has been issued in favour of the successful bidder consequent upon the Request for Proposal for the project. RIICO has handed over the physical possession to the Concessionaire and construction works have been started on site. Financial close has been achieved. During the Annual Plan 2014-15, private sector contribution under the project is estimated to be ₹ 155.04 crore.

Manas Arogya Sadan Hospital, Mansarovar Jaipur

21.32 The State Government constructed a state-of-the-art hospital building in Mansarovar, Jaipur. A project has been structured on finance, equip, operate and transfer basis to function a hospital (Manas Arogya Sadan Hospital) out of this building. Preferred bidder has been identified, through a competitive process and concession agreement has been executed for 30 years. As per the agreement, the concessionaire will invest entire capital and operational cost required to renovate/upgrade and maintain and equip the building. The concessionaire will also share its 7.20 per cent revenue with the State Government. The concessionaire will also bear the expenses towards providing treatment to BPL patients equal to 20% of the total numbers of patients admitted to hospital. OPD facilities have been started and other modernization works have been completed.

Technical Institutions

21.33 State Government has set up Polytechnics and Engineering Colleges on PPP mode in lagging areas. State Government provided free-of-cost converted land (not exceeding 10 acres) on 25 years lease basis to the selected private developer specifically for women polytechnics and reimbursed capital cost amount up to ₹ 2.90 crore per polytechnic. The remaining non-recurring and entire recurring expenditure have been borne by the selected private developer. Till March 31, 2014, construction works on eighteen (18) Polytechnic/ Engineering Colleges and fifteen (15) ITIs have been completed in various districts and the construction works on other fourteen (14) Polytechnic/Engineering Colleges and ten (10) ITIs are under progress in various districts.

Indian Institute of Information Technology (IIIT), Kota

21.34 This project is estimated to cost ₹ 128 crore. The State Government will provide free of cost land and contribute Stateshare of ₹ 45 crore for the project. Land has already been identified in Kota and an 'in-principle' approval has been sent to the Government of India after identifying the private partners for the project. As per the provisions, the central government will bear 50% of the cost, State government 35 per cent while the selected private partners will contribute 15% of the total cost with operation of the IIIT.

Affordable Housing Projects

21.35 As on March 31, 2014, total twenty two (22) housing projects with an estimated cost of ₹ 508.48 crore were under construction, and seventeen (17) housing projects with an estimated cost of ₹ 312.80 crore were under planning or in-pipeline.

Desalination Plant

21.36 The plant of 20 MLD has been commissioned at Nagaur on DBOOT basis with an investment of ₹ 46.00 crore to supply 14 million litres of potable water per day to the State. Bhavnagar-based Central Salt & Marine Chemical Research Institute (CSMCRI) has used membrane technology in the reverse osmosis (RO) desalination plant. The unique RO plant converts saline water, coming out of the lignite mines of Kasau and Matasukh in Nagor district into sweet drinking water.

Lignite Based Power Project, Bhadresh (Barmer)

21.37 This power plant has been set up by Raj West Power Ltd (RWPL) at Bhadresh (Barmer) on BOOM basis with an investment of ₹ 5,000 crore. The RWPL has commissioned total 8 units of 135 MW each based on the lignite mined from Jalipa and Kapurdi mines in district Barmer. Power generation has been commenced from all the 8 units.

Transmission Projects

21.38 Looking to the huge requirement of funds for the power sector and to facilitate smooth and rapid development of transmission capacity, a part of investments is being sought from the private sector. Rajasthan

Rajya Vidyut Prasaran Nigam Limited is implementing the various transmission projects on Build, Own, Operate and Maintain (BOOM) basis. Total six transmission projects with an investment of ₹ 1330.51 crore are either under implementation or under planning.

Common Service Center Project

21.39 This project intended for e-Delivery of Government to Citizen Services to the common man through common service center across the State in rural areas. A total 5189 kiosks have been set up in rural areas till March 31, 2014 as against the target of total 6,626 kiosks across the State. The total cost of this project is ₹54.01 crore. These CSCs are being managed by Village Level Women Enterprises (VLWEs) through service center agencies. A comprehensive Web-based application has been developed for on-line monitoring of progress of implementation of CSC Scheme up to Village Level Entrepreneurs (VLE) level. The URL of portal is www.cscmis.emitra.gov.in. There are approximately 18-20 lakh transactions per month at CSC/e-Mitra portal kiosk.

21.40 In urban areas, e-Mitra kiosks (like CSC kiosks) have been made operational and services are being delivered online through ***www.emitra.gov.in***. Presently more than 1490 e-Mitra kiosks are operational in urban areas of 33 districts.

Operation of Stage Carriage Services in Rural Area of Rajasthan on PPP Basis – for Financing, Procurement, Running, Operation and Maintenance of buses

21.41 Rajasthan State Road Transport Corporation (RSRTC) has identified total 128 clusters in various districts to provide safe, reliable and affordable bus services in rural areas on PPP mode.

21.42 The project(s) (one cluster constitute one project) entail preferred private operator(s) to purchase/procure specified number of 32+ seat Midi buses, operate in identified/specified cluster(s), maintain these buses, receive per kilometer viability gap funding from RSRTC for a period of six (6) years (extendable by another one year) or 7 lakh kilometers of bus running, whichever is earlier. Each cluster has specific number of routes, daily trips, number of buses to be operated, etc.

21.43 Till March 31, 2014, operation of buses has been commenced by the selected private operator(s) in 63 clusters of various districts. Further, agreements have been signed for operation of rural buses in other 65 clusters of various districts.