

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 has 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 As per the 'Rajasthan Vision 2020' document of the State Government, GSDP Growth Rate is required to be accelerated and maintained at 12 per cent per annum by increasing capital investment, both public and private. To achieve the targeted growth rate, efforts will be made to pursue the PPPs, wherever possible.

21.8 The State Government has decided to initiate a large programme of Public Private Partnership (PPP) in order to attract the requisite investment for creation of assets and provision of quality services. The objective is to provide services at least costs by mobilising private investment and efficiencies. However, the success of PPP projects is substantially determined by the enabling environment comprising the policy and regulatory framework. It has been decided to take up pilot PPP projects in Medical Colleges/Hospitals as well as Universal Healthcare, Urban Water Supply, Electricity Distribution and Affordable Housing for EWS/LIG.

21.9 Rajasthan ranked 6th in India on World Bank's 'Ease of Doing Business' index according to the Department of Industrial Policy and Promotion's (DIPP) report on "Assessment of State Implementation of Business Reforms". Jaipur has been ranked as 2nd most emerging cities for investment in India. Various initiatives have been taken by the Government of Rajasthan for implementing 'Ease of Doing Business' and many are on-going.

Institutional Framework

21.10 The PPP Cell created under the Planning Department in the year 2007-08 is the Nodal agency to coordinate efforts of the State Government regarding projects entailing public-private participation. It serves as the repository of all the information relating to PPP in the State including best practices, guidelines, schemes etc.

21.11 State Government has set up a Council for Infrastructure Development (CID) in the year 2014-15 under the chairpersonship of the Hon'ble Chief Minister, with a view to decide on the policy issues pertaining to infrastructural projects, specifically in relation to projects being developed on Public Private Partnership (PPP). The CID decides on various policy issues with approval of PPP projects, if project cost is higher than ₹ 500 crore.

21.12 To facilitate the functioning of the CID, the State Government has also constituted an Empowered Committee for Infrastructure Development (ECID) under the chairpersonship of the Chief Secretary. The ECID will formulate, review, recommend policy papers and proposals

for submission to CID and also will monitor, follow up on implementation of the decisions of the CID. It will also undertake such other actions as may be necessary in furtherance of the objectives of the CID.

21.13 A State Level Empowered Committee (SLEC) has been set up separately under the chairmanship of Chief Secretary in accordance with the Rajasthan Transparency in Public Procurement (Amendment) Rules, 2015 for consideration/ examination/ approval of the project proposals (Both PPP and Non-PPP) received under the Swiss Challenge Method of procurement.

21.14 The State Government has constituted a Bureau for Partnerships in Rajasthan (BPR) as a registered society under the Rajasthan Societies Registration Act, 1958 with Chief Secretary as Chairperson. Main objectives of the Bureau are as under:

- To aid and advise in the reforms and re-structuring of various sectors with a view to attract private sector investment through Public Private Partnership.
- To provide hand-holding support to structure, or cause to be structured, PPP projects based on best practices and to engage experts and consultants for the purpose.
- To formulate and provide standard bid documents or project-specific bid documents for PPP and other forms of procurement with the assistance of experts and stakeholders.
- To undertake consultations with experts, stakeholders and relevant departments and institutions in furtherance of its objectives.
- To provide expert advice and other support on payment of fee or otherwise and to assess the progress of PPP projects with reference to the amount of investment and value of assets created.

21.15 PDCOR Limited (PDCOR) is a company developed as a joint venture between the Government of Rajasthan (GoR) and Infrastructure Leasing & Financial Services Limited (IL&FS) in 1998 to facilitate private sector investment in the infrastructure sector in Rajasthan. It works in the sectors of urban renewal, rural development, social sectors, tourism, industries, urban transport and renewable energy.

21.16 RIDCOR is a company developed as a joint venture between the Government of Rajasthan (GoR) and Infrastructure Leasing & Financial Services Limited (IL&FS) in 2004 to implement 'Mega Highways Project' in the State.

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

State Road Policy, 1994

21.18 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

21.19 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

21.20 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 State Highways Bill, 2014

21.21 Rajasthan State Highways Bill, 2014 has been passed by the State Assembly on 9th April, 2015 and it has become an Act on May 1, 2015.

Other Sector-specific Policies

21.22 Certain other sector-specific policies/acts also provide and support increasing role of PPPs. A number of innovative policies announced by the State Government have boosted the investment prospects in the State. Some sector specific policies & schemes are as follows:

- Rajasthan Investment Promotion Scheme 2014
- Rajasthan Tourism Unit Policy 2015
- Rajasthan Mineral Policy 2015
- Rajasthan MSME Policy 2015
- Chief Minister Jan Awas Yojana 2015
- Rajasthan Land Allotment Policy 2015
- Rajasthan Startup Policy 2015
- Rajasthan E-Governance IT & ITeS Policy 2015
- Rajasthan Agro-Processing and Agri-marketing Promotion Policy-2015

- Rajasthan Solar Energy Policy 2014
- Policy for Promoting Generation of Electricity from Wind 2012
- Rajasthan Incentive Scheme for BPO Centres & KPO Centres 2011
- Rajasthan Township Policy 2010
- Rajasthan Tourism Trade (Facilitation & Regulation) Act 2010
- Policy for Promoting Generation of Electricity from Biomass 2010
- Rajasthan Eco-tourism Policy 2010
- Guidelines for Establishment of Private Universities 2007

Capacity Building

21.23 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) was rolled out successfully in the State to enhance the capacities of senior and middle level officers of Administrative Departments/ Implementing Agencies concerned for conceptualizing, structuring, awarding, implementing and monitoring of PPP projects.

21.24 To mark the culmination of the programme, the PPP Cell of Planning Department, Government of Rajasthan was awarded by Department of Economic Affairs, Government of India in the month of March 2014 for commendable contribution in the implementation of NPCBP.

General Scenario of PPP in Rajasthan

21.25 Till March 31, 2016, total 136 PPP projects costing ₹ 10036.87 crore have been completed since the year 1997. Construction works under 38 PPP projects costing ₹ 4846.69 crore are in progress; while 149 PPP projects amounting to ₹ 31938.30 crore are under different stages of project development. Thus, total 323 PPP projects with an estimated cost of ₹ 46821.86 crore are at different stages. Sector-wise summary of State's PPP projects under three categories viz., completed projects, projects under implementation and projects under planning or in pipeline as on March 31, 2016 are depicted at a glance in Table No. 21.1.

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

As on March 31, 2016

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)	51	3585.64	10	4242.10	117	13954.75
2	Urban Infrastructure *	18	352.30	6	350.58	14	12320.45
3	Power	3	5473.32	1	36.28	6	1079.46
4	Water	1	46.00	-	-	2	1700.00

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.
5	IT	1	54.01	-	-	-	-
6	Social	48	401.21	19	165.19	10	2883.64
7	Others **	14	124.39	2	52.54	-	-
Total		136	10036.87	38	4846.69	149	31938.30

* 621 completed projects, 78 projects under implementation and 05 projects in pipeline for Operation of Public Convenience in various cities have been shown as single project in each category.

** 64 completed projects and 49 projects under implementation for Operation of Stage Carriage Services in rural areas of various districts have been shown as single project in each category.

21.26 During the Annual Plan 2016-17, private sector contribution towards various PPP projects is estimated to be ₹ 401.65 crore. A brief description of major PPP projects being implemented so far is as follows:

Road Projects

21.27 Fifty One (51) road projects entailing investment of ₹ 3585.64 crore have been completed on PPP format including the Ghat Ki Guni Tunnel Project costing ₹150.00 crores.

21.28 Ten (10) road projects entailing investment of ₹ 4242.10 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.

21.29 Rajasthan State Highways Development Programme (RSHDP) of 20,000 kms. length in Phase-I envisages around 8,910 kms. road length. Feasibility studies of 132 road stretches having road length around 8910 km has been completed under the Phase-I and accordingly viability of these projects have been assessed to implement them in different modes such as PPP (VGF), PPP (Annuity) and EPC. 117 Road sector projects costing ₹ 13954.75 crore are under planning or in pipeline, out of which, 63 projects are expected under Swiss Challenge Method. Some of the projects have been restructured as PPP (Annuity) basis through World Bank/ADB due to non-viability on PPP-VGF basis and no-response from bidders. Six missions of ADB have been arrived to firm up the modalities for implementations of projects. Asian Development Bank has finalized state highways under 4 packages for Tranche-I consisting of 980 km length with estimated cost of ₹ 2079 crore. Further 2 missions of World Bank have also arrived and deliberations have been made to fulfill the necessary requirement. Proposals are expected to be received from Constructions Industry Development Board (CIDB), Malaysia for 63 projects under Swiss Challenge Method to be developed through PPP

(annuity) mode. The loan assistance of USD 500 million each from ADB and WB has been agreed to in-principally.

21.30 During Resurgent Rajasthan, 2015, Government of Malaysia has also signed a MoU with Government of Rajasthan in November 2015 for investing ₹ 10000 crore for RSHDP. Accordingly, 7 package (63 highways; 3990 km length; Project Cost ₹ 7216 crores) have been identified. During the Annual Plan 2016-17, private sector contribution towards various PPP road projects of Public Works Department is estimated to be ₹ 199.15 crore.

21.31 Development of Highways in Phase-I of RSHDP has been tentatively planned as shown in Table No. 21.2.

**Table No. 21.2
Development of Highways in Phase-I of RSHDP**

S. No.	No. of Roads	Total length (In Km)	Total project cost (In Crore)	Scheme/ Model	Likely to be Funded by
1.	63	3990	7216	Swiss Challenge Method	CIDB Malaysia
2.	(i) 12	747	1462	PPP (Annuity)	ADB (Tranche-1)
	(ii) 3	261	560	EPC	ADB (Tranche-1)
3.	18	888	1887	PPP (Annuity)	ADB (Tranche-2)
4.	22	1640	3521	PPP (Annuity)	World Bank
5.	2	71	160	PPP (VGF)	GOI upto 20%
Total	120	7597	14806		

Ring Road Project, Jaipur

21.32 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 kept 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), i.e. Southern Corridor of 47.00 Km, in PPP mode on DBFOT format. It is 47 km six lane roads with 3 Interchanges, 4 ROBs, one Major Bridge on Doond River, 2 Minor Bridges, 42 under passes, and Electrification/Horticulture works. The total cost of the project is estimated as ₹ 890 crore.

21.33 The concession agreement has been executed with successful bidder namely M/s Sanjose-Supreme Tollways Dev. Pvt. Ltd. New Delhi on June 24, 2011. 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 under the project has been completed and 95 per cent land handed over to the concessionaire. Appointed date has been decided as 18.01.2015 and works are under progress. During the Annual Plan 2016-17, private sector contribution towards this project is estimated to be ₹ 200.00 crore.

Exhibition-cum-Convention Centre Project, Jaipur

21.34 The Rajasthan State Industrial Development and Investment Corporation Limited (RIICO) has undertaken development of the Exhibition-cum-Convention Centre Project through Public-Private Partnership on Design, Engineer, Finance, Construct, Market, Operate, Manage and Transfer basis in the Sitapura Industrial Area, Jaipur at an estimated cost of ₹ 216.65 crore. The concession period is 60 years. Agreement has been signed with M/s Diligent Pink City Center Pvt. Ltd. Bhopal for the project on March 10, 2012.

21.35 Construction works towards minimum development obligations have been completed by the concessionaire.

International Convention Centre at Mansarovar, Jaipur

21.36 Rajasthan Housing Board has decided to develop a State-of-art International Convention Centre (ICC) on DBFOT basis at Veer Tejaji Road–Madhyam Marg intersection in Mansarovar Area of Jaipur comprising a four star and above category hotel with banquet hall, multiplex, shopping arcade and business centre to position Jaipur City as MICE (Meeting, Incentives, Conferences and Exhibitions) tourism hub of India. Cost of this project is estimated to be ₹ 255.16 crore.

21.37 Total land area of the project site is 60,472 sqm subject to applicable by laws, a minimum 80 per cent of the total land area shall be used for development of minimum development obligations, and the optional facilities shall be restricted to a maximum of 20 per cent of total land area. Minimum authorization period has been kept as 50 years (including construction period of 2 years 6 months) from the compliance date. The Reserve Annual Premium (Base price for bidding) to be payable to RHB has been kept as ₹ 5.50 crores with escalation by 15 per cent every 3 years. Proposals are under finalization for selection of private sector entity.

Golf Course, Convention Centre, Exhibition Space, Hotels/ Resorts at Achrol, Jaipur

21.38 Jaipur Development Authority has decided for setting up and running of International Level Golf Course, Convention Centre, Exhibition Space, Hotels/ Resorts and for Construction and Sale of Residential Villas/ Apartments/ Serviced Apartments, Shopping Arcade, Multiplex at Achrol, Jaipur. Cost of this project is estimated to be ₹ 1630 crore. Bids were invited thrice for selection of private sector entity, but no bid was received by JDA under the project.

Transmission Projects

21.39 Looking to the huge requirement of funds for the power sector and to facilitate smooth and rapid development of transmission capacity, the Government of Rajasthan has decided to attract private sector

investment too through competitive bidding. Rajasthan Rajya Vidyut Prasaran Nigam Limited (RRVPL) has been authorized to act as Bid Process Coordinator (BPC) for the purpose of selection of Bidder as Transmission Service Provider (TSP).

21.40 The RRVPL is implementing various transmission line projects on Build, Own, Operate and Maintain (BOOM) basis. Total six transmission line projects with an investment of ₹ 1354.30 crore are under different stages.

Run-A-PHCs and attached sub centres

21.41 Medical & Health Department has decided to operate 243 PHCs and attached Sub-Centres through private partners for a period of 5 years on PPP mode. Letter of acceptance have been issued to qualified bidders to operate the PHCs on performance-based payments as operational subsidy for five year period.

Up-gradation of existing District/Sub-District Hospitals as Medical Colleges

21.42 Medical Education Department has decided to up-grade the existing District/Sub-District Hospitals as Medical Colleges at specified 28 District Headquarter/Sub-Divisions Levels. It has also been decided to establish and operate Super Specialty/High-end diagnostic facility at existing 5 Medical Colleges and to construct and operate High-end Multi Story Cottage Ward at existing 7 Medical Colleges on PPP mode. RFP for these projects are under finalization stage.

Recycle and Reuse of 125 MLD Waste Water from Delawas Sewage Treatment Plant, Jaipur

21.43 PHED has decided to recycle and reuse outflow of 125 MLD STP at Delawas on PPP-DBFOT basis through Swiss Challenge Method to fulfill water demand of Mahendra SEZ and other industrial areas. The estimated project cost is ₹ 350 crores and 30 years concession period. Under the project, the operator would be financing, constructing, rehabilitating, operating & maintaining the infrastructure and supplying treated water to RIICO and other industrial/agricultural buyers. Project proposals are under preparation stage.