

CHAPTER - 4

PUBLIC PRIVATE PARTNERSHIPS

Background:

4.1 Infrastructure is critical to kick-start the economy in terms of attracting investments and thus resulting in growth in GDP. Good infrastructure raises productivity and lowers production costs and has to expand fast enough to accommodate growth.

4.2 Government of Rajasthan recognises the need to augment assets and services in the infrastructure sector since it forms a vital link to the economy. Investments in the core infrastructure sector are considered essentially for improving the overall attractiveness of the State and facilitate investment flows.

4.3 State Government has decided to set up four new Power Plants, each of 660 MW, in the State sector. State Government has also adopted the 5 year Action Plan of Election Manifesto of Indian National Congress released at the time of recent State elections as a policy document of the State. This Action Plan inter alia includes implementation of various resolutions especially through the PPP route.

4.4 State Government will promote private sector participation for implementing various resolutions. These are establishment of cold storages, establishment of Yuva Vikas Kendras in education institutions for career counselling and to enable youths for employment, establishment of Medical College and Para-medical Education institutes, power generation, construction of ROBs, establishment of old age homes, implementation of information technology projects at all Panchayat Samiti / Gram Panchayat level, coordinated efforts for opening of BPO and Call Centres, establishment of veterinary colleges and livestock training centres, expansion of the role of private sector for establishing high quality schools, colleges, universities, technical and research institutes, effective implementation of mid-day-meal programme, expansion of medical facilities, promotion of non-conventional energy sources, development of parking area in big cities, afforestation, construction of film city etc.

Facilitation framework for Private Sector Participation:

4.5 Due to the significant nature of the investment required and paucity of funds available with the State Government, private sector participation in infrastructure projects is essential to fructify the investments. In addition, the private sector participation would also facilitate improvement in the service quality and develop models for operation and maintenance practices in the infrastructure sector.

4.6 In order to provide the necessary administrative framework for developing projects prior to seeking private sector resources, the State Government has set up the following mechanism: -

- The Board of Infrastructure Development and Investment Promotion (BIDI) have been set up to facilitate approval of concessions and clearances for large infrastructure projects.
- Empowered Committee on Infrastructure Development (ECID) under the chairmanship of Chief Secretary has jurisdiction over all projects developed under the Public-Private Partnership (PPP) format. It is the nodal body for conceptualizing, approving projects and resolving all inter-departmental issues and provides necessary directions in this regard.
- Rajasthan Project Development Fund (RPDF) created with the contribution from Government of Rajasthan (Rs. 4 crore), IL&FS (Rs. 25 lakhs) and HDFC (Rs. 25 lakhs) for meeting the costs and expenses relating to conducting feasibility studies for project development work for identified projects.

Focus areas:

4.7 The key focus of the State Government would be inviting private sector investment in Roads, Power, Tourism, Urban Infrastructure, Industrial Infrastructure etc. State has also opened social sectors such as Education, Health, Drinking Water etc. for private sector investment. The Project Development Company of Rajasthan (PDCOR), a joint venture company, provides a variety of services to structure and attract private sector investment into various infrastructure projects in the State.

Policies / Legal Framework:

Power Sector Reforms:

4.8 In Rajasthan, power sector reforms were initiated in 1998. The reforms include reduction in establishment costs, rationalization of power tariff, mobilization of private capital for power generation and transmission and lower capital-power generation ratio. In order to achieve these goals, RSEB was restructured on functional lines in to one generation, one transmission and three regional distribution companies. A State Electricity Regulatory Commission was also set up.

Power Generation:

4.9 State Government launched a policy on 15th September, 2005 for promotion of Private Sector Investment for setting up of Power Generation Projects in the State.

Captive Power Plant Policy:

4.10 With a view to create an institutional mechanism for providing easy and automatic entry for industry to meet its requirement of energy by

setting up its own generating stations, the State Government notified a Captive Power Plant Policy in July, 1999.

Non-Conventional Energy Sources:

4.11 With a view to promote generation of power from non-conventional energy sources, State Government promulgated a policy on 11.3.1999 which ended on 31st March, 2004. Besides this, a separate policy was issued on 4th February, 2000 exclusively for promoting generation of electricity from wind, which ended on 31st March, 2004.

4.12 After having gathered the experiences from the earlier policies and identifying the impediments in the process of generation of electricity from non-conventional sources, State Government issued a comprehensive policy on 25.10.2004 for generation of electricity from various sources of non-conventional energy.

Roads:

4.13 Rajasthan has been in the forefront of successfully implementing a number of road sector projects in the recent past. Rajasthan was the first State to announce a State Road Policy 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.

4.14 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.

4.15 State Road Development Fund Act, 2004 enacted under which non-lapsable State Road Fund (SRF) created by levy of 50 paise cess on petrol/diesel. SRF is being leveraged to take up large / mega State Highways project.

Tourism:

4.16 With its rich cultural heritage, Tourism is a focus sector in Rajasthan. Keeping this in view, Government of Rajasthan granted status of the industry to tourism sector in 1989, therefore, all the facilities and concessions available to industries in the State also available to tourism units.

4.17 First 'Tourism Policy of Rajasthan' was announced by State Government in 2001, which was designed to ensure optimum utilisation of rich tourism resources of the State to generate employment specially in rural areas, to develop already market for the rich and varied handicrafts, to preserve and to accelerate contribution of tourism industry in socio-economic development of the State by making tourism a truly People's Industry in Rajasthan.

4.18 With a view to bridging the gap between current demand and supply of hotel accommodation in Rajasthan and in view of the projected

growth of tourism in the coming decade, 'Hotel Policy-2006' was announced by the State Government in June, 2006. This policy has been replaced by "Rajasthan Tourism Unit Policy 2007". Under 'Hotel Policy 2006', concessions were available to the Star category of Hotels only whereas under new policy concessions will also be available to other categories of hotels, heritage hotels and other tourism units such as camping sites, holiday resorts and restaurants etc.

Investment Policy:

4.19 Investment Policy was launched by the State Government in 2003 with a view to provide investors an attractive opportunity to invest in Rajasthan and to make the Rajasthan the most preferred State for investment in the identified sectors and to ultimately achieve global competitiveness.

SEZ Policy:

4.20 The Government of Rajasthan enacted Special Economic Zones (SEZ) Act on 10.09.2003 and framed SEZ policy. The prime objective of the Government is to develop specially delineated economic zones conforming to the guidelines of the Government of India to provide enabling infrastructure and a hassle free environment to promote exports from the State. Special emphasis will be laid on development of product specific SEZs to harness inherent potential of the State in the fields of Gems & Jewellery, Handicrafts, Woollen Carpets etc. which would result in increase in exports of these commodities with high value addition. The State Government has also worked out a package of concessions and incentives for SEZ developers and units to be set up in the SEZ.

Health Care Facility Policy:

4.21 State Government issued policy to promote private investment in health care facility-2006 to supplement State Government efforts in the fields of secondary and tertiary health care and diagnostic services. With the help of private sector participation (PSP), the State will maximize the benefits, which might accrue from the opportunities in medical tourism, expand availability and access of quality health care services and integrate allopathic treatment with Indian and other alternative systems of medicine.

Rajasthan Social Sector-Viability Gap Funding Scheme:

4.22 State Government launched Rajasthan Social Sector Viability Gap Funding Scheme 2007. The scheme intends to address viability gap for establishment of new social service facilities and handing over operation and management of existing government facilities through private sector participation.

IT and ITeS Policy:

4.23 The IT and ITeS Policy, 2007 of the State has been launched. The Policy is intended to leverage Information & Communication Technology (ICT) as a tool for improving governance by facilitating the electronic delivery of public services, create an environment favourable for investment in the knowledge economy and take effective steps to encourage the talent pool of the youth so as to make them employable.

Completed / On-going projects:**Roads:**

4.24 BOT Projects - 33 road projects of estimated cost of Rs. 462.67 crores have been completed on BOT basis. 2 road projects of Rs. 154.12 crores are under construction.

4.25 Rajasthan Mega Highways Project (I) for improvement and maintenance of 1053 km of road at an investment of Rs. 1500 crore is underway. Rs. 1392 crores has been spent and 987 km. road has been constructed up to December, 2008. This project is being implemented by RIDCOR, a JV company of Government of Rajasthan and IL&FS. The company would also be responsible for the operations and maintenance of the project roads. The road corridors, spread over 13 districts and traversing through 386 towns / villages are :

Road Corridor	Districts	Length (km)
Phalodi to Ramji-ki-Gol	Jodhpur (109 km) and Barmer (182 km)	292 km
Hanumangarh to Kishangarh	Churu (154 km), Hanumangarh (98 km), Ajmer (38 km) and Nagaur (117 km)	407 km
Alwar to Sikandra	Dausa (28 km) and Alwar (53 km)	81 km
Lalsot to Kota	Kota (10 km), Bundi (90 km), Sawai Madhopur (75 km) and Dausa (20 km)	195 km
Baran to Jhalawar	Kota (8 km), Baran (19 km) and Jhalawar (51 km)	78 km

Urban Infrastructure:

4.26 Solid Waste Management - M/s Grasim India Ltd. has constructed a waste conversion plant in Jaipur to prepare fuel pellets at a cost of Rs.15 crore. Grasim experiment is being replicated in three other cities of Rajasthan namely Ajmer, Bikaner and Udaipur.

4.27 Common Bio-medical Waste Treatment Facility Plant exists in Bikaner, Jaipur (2), Hanumangarh, Jodhpur, Alwar, Sawai Madhopur

and Ajmer. Plants at Jhalawar, Sikar, Kota, Udaipur (Addl.) and Jalore are underway. These plants are being established under the PPP mode on DBOOT basis.

4.28 Bus Rapid Transit System (BRTS) - BRTS project is being developed under JNNURM under which roadwork of the project will be done through EPC contract and the Bus Operations, Revenue Collection and Intelligent Transportation System through PPP framework.

Industries:

4.29 Special Economic Zones (SEZs) - Multi product SEZ is being developed by Mahindra World City (Jaipur) Ltd., a joint venture of Mahindra Gesco Ltd. and RIICO Ltd. This Public-Private Partnership initiative envisages investment of about Rs.1109 crores, in phases. Infosys, spread on an area of 200 acres, has completed the construction of one part of their block and the second is underway. German banking giant Deutsche Bank has built its building in an area of 16 laks sq. feet. Wipro also plans construction on a 100-acre land. Similarly, Tech Mahindra, Nagaro Software, Conexxions and True Worth Infotech would also start construction.

4.30 Indian Institute of Crafts & Design – Indian Institute of Crafts and Design, an autonomous institute of excellence set up by the Government of Rajasthan to act as a catalyst for the crafts sector, is being managed by the Ambuja Educational Institute (AEI) under the Public Private Partnership (PPP) model.

Information Technology:

4.31 e-Mitra Programme – This is an integrated e-platform to provide information and public utility services pertaining to various government departments to urban & rural population. More than 700 kiosks are operational in the State through Public-Private Partnership.

4.32 CSCs – The main aim of CSCs is to provide some of government and private sector services and information under one roof in rural areas. Orders have been issued for establishing CSCs in 4 divisions namely Ajmer, Kota, Jaipur and Udaipur and it is under process for remaining 3 divisions.

Power:

4.33 Power Generation - Raj West Power Limited, a wholly owned subsidiary of JSWEL is putting a 1080 MW (8 Units of 135 MW each) Lignite based pit head power plant at village Bhadresh in Barmer District. The estimated cost of the project is Rs. 5000 crores. Lignite will be made available from the nearby Jalipa and Kapurdi mines. For this purpose, a JV company, Barmer Lignite Mining Company Limited has been set up between RSMML and Raj West Power Limited. First unit is likely to be synchronized by October, 2009.

School Education:

4.34 Rajasthan Education Initiative - The Rajasthan Education Initiative is an umbrella under which innovative multi-stakeholder partnerships are catalyzed by engaging the global and local private sector, foundations and charitable organisations and other grass roots level NGOs in support of Rajasthan's education objectives. The REI focuses on improving the delivery of educational services, and in particular on promoting equitable access, enrolment and retention of children in schools, reducing gender disparities, promoting skill development and enhancing learning levels. 34 MoUs have been signed so far with co-partners.

4.35 Mid-day-meal Scheme – For private sector participation, a PPP policy is under operation. Presently, 9.12 lac children in 8017 schools are being supplied hot cooked meals prepared under hygienic conditions in 25 mechanised centralized kitchens set up by Charitable Trusts and NGOs like Akshaya Patra Foundation, Naandi Foundation, QRG Foundation, Adanya Chetna Trust, ISKCON etc. For providing hot cooked meals to another 1 lac children in 900 schools, 3 projects are underway.

College Education:

4.36 Colleges - Two women colleges at Dholpur and Rajsamand and one college at Asind have been opened in PPP mode. Besides these, permission has been accorded for opening of 3 colleges in college-less Tehsils from the year 2009-10.

4.37 Women Hostels – Sanction is being issued for constructing 25 hostels in government women colleges through private participation. Land and building cost will be provided by State Government and all recurring and non-recurring expenditure will be borne by private sector.

4.38 Knowledge Centres – 20 knowledge centres have been established in colleges.

4.39 ICICI Bank has established 20 e-learning centres in colleges.

Technical Education:

4.40 Polytechnic Colleges – For the identified 13 lagging districts which do not have any women polytechnic college, private investors have been selected and land has been allotted. Out of these, 11 have been functional in rented buildings. Building construction is underway in all the 11 districts. AICTE approval for 11 polytechnics has been received.

4.41 Now it has been decided to establish polytechnic colleges at each sub division headquarters. For all the identified 23 lagging sub divisions, private investors have been selected and land allotment is under process. All investors have received AICTE approval. At 17 polytechnic colleges admissions have been given during 2008-09.

4.42 Engineering Colleges – For all the 19 lagging districts which do not have any Engineering College, private investors have been selected. Land has been allotted in 11 districts and for remaining 8 districts land allotment is under process.

4.43 ITIs – Out of 113 identified lagging blocks, private investors have been selected for establishment of Industrial Training Institutes (ITIs) in 109 blocks. 65 investors have established / started the ITC. Land allotment is under process.

4.44 Up-gradation of ITIs – 17 ITIs have been selected under PPP mode for up-gradation into 'Centre of Excellence' with World Bank assistance.

4.45 Establishment of Mahila ITI wing – 13 government ITIs at district headquarters have been selected to establish Mahila ITI wings.

Agriculture and Rural Development:

4.46 Animal Husbandry - J.K. Trust has started 236 Integrated Livestock Development Centres. The Trust is providing artificial insemination, castration, immunization etc. facilities to remote areas of Bikaner and Jodhpur districts.

Medical & Health:

4.47 Privatization of costly diagnostics like CT / MRI - Under this scheme, the State Government provides Private Operator with space in Medical College Hospital for installing costly diagnostic equipments like CT / MRI machines. The private operator installs and operates the machines. The rates are decided by the State Government and 20% BPL patients are to be tested free of charge. The machines are functioning 24 hours. There are hardly any breakdowns and in case of breakdowns, operators make alternative arrangements.

4.48 Privatisation of costly therapeutic machines like Linear Accelerators– This is also being taken up. Under this scheme also a Private Operator is provided with space within Hospital premises. It is private operator's responsibility to undertake civil works, to operate and install the machine and to obtain necessary clearances from AERB etc. The rates are decided by the State Government and 20% BPL patients are to be treated free of charge.

4.49 Ancillary Services like cleaning, security and laundry have also been privatized in many hospitals.

4.50 The policy to Promote Private Investment in Health Care Facilities has attracted 24 investors with potential investment of around Rs.5000 crores. These investors are required to keep 10% beds for BPL patients who will be treated free and will pay only 25% for drugs and diagnostics.

Water Supply:

4.51 Desalination Project, Matasukh - Setting up of a 20 Million Litres per Day (MLD) brackish water desalination plant of Rs. 70 crores at Kasnau-Matasukh lignite mines at Nagaur on DBOOT basis is underway. The treated water conforming to WHO standards will be supplied to the water deficient villages in and around Jayal tehsil of Nagaur District. The project is at advanced stage.

Major Projects under Pipeline:

4.52 Development of International Convention Centre and Golf Course at Jaipur, Water Supply projects on conventional BOT / Annuity basis, Power Generation Projects, Development and running of the District Hospital and setting up of a Medical College in Jhalawar, Raj State Wide Area Network (RajSWAN) etc. are under consideration.