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Development Initiatives under CSR &PPP in India: A Review of Success Stories

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Abstract: After economic reforms India has witnessed spectacular development in all spheres though the socio-economic disparities have not declined to the desired extent. The growth rate (6% - 7%) achieved during the recent years is commendable and the liberal initiatives of the present Government unequivocally widened the scope for a huge amounts of direct foreign investment in various sectors. The success of projects related to National Highways, Airports, Harbors and Metro Rail through PPP mode has really contributed significantly to the economic development, while investments on projects under CSR have contributed to the appreciable socio-economic transformation throughout length and breadth of the nation. Many industrial organizations appear to have implemented a good number of projects on the specified activities as part of CSR and PPP over a period of time, and thereby significantly contributed towards socio-economic transformation in both rural and urban India. It is against this backdrop the present paper seeks to review some success stories of the reputed corporate bodies in India.

Introduction

The Ministry of Corporate Affairs, Govt. of India had notified Section 135 and Schedule VII of the Companies Act 2013 as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 to come into effect from April 1, 2014. Accordingly, India became the first country in the world to make corporate social responsibility (CSR) mandatory. Every company, private limited or public limited, which either has a net worth of Rs 500 crore or a turnover of Rs 1,000 crore or net profit of Rs An amount of Rs.5 crore, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility activities. The CSR activities should not be undertaken in the normal course of business and must be with respect to any of the activities mentioned in Schedule VII of the 2013 Act. Contribution to any political party is not considered to be a CSR activity and only activities in India would be considered for computing CSR expenditure.

Applicability of Corporate Social Responsibility to Companies

Corporate Social Responsibility is required for all companies viz. private limited company, limited company. The following companies are necessary to constitute a CSR committee:

- Companies with a net worth of Rs. 500 crores or greater, or
- Companies with a turnover of Rs. 1000 crores or greater, or

- Companies with a net profit of Rs. 5 crores or greater.

If any of the above financial strength criteria are met, the Corporate Social Responsibility (CSR) provisions and related rules will be applicable to the company. These companies are required to form a CSR committee consisting of its directors. This committee oversees the entire CSR activities of the Company.

Role of Board of Directors in CSR

The board of directors of a company plays a significant role in CSR activities of the company. The role of Board is as follows:

- Approval of the CSR policy.
- Ensuring its implementation.
- Disclosure of the contents of CSR policies related to its report.
- Placing the same on Company's website.
- Ensuring that statutory specified amount is spend by the company with reference to CSR activities.
- It's significant to note that there is no penalty if the particular amount is not spent on CSR activities. In such case, the board's report must identify the reason for such short spending.

Activities permitted under Corporate Social Responsibility (CSR)

The following activities can be performed by a company to accomplish its CSR obligations:

- Eradicating extreme hunger and poverty
- Promotion of education
- Promoting gender equality and empowering women
- Reducing child mortality
- Improving maternal health
- Combating human immunodeficiency virus, acquired, immune deficiency syndrome, malaria and other diseases
- Ensuring environmental sustainability,
- Employment enhancing vocational skills, social business projects
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development, and
- Relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women and such other matters as may be prescribed.

Projects of GMR Group under CSR:

GMR Group believes that Corporates have a special and continuing responsibility towards the society. The grim reality in India is that millions of people still do not have access to basic amenities and live in abject poverty – a situation that cannot be redressed by the Government alone. The business sector needs to understand its *Corporate Social Responsibility* and work towards making a difference to society.

GMR Varalakshmi Foundation (GMRVF) is the Corporate Social Responsibility arm of the GMR Group. Its objectives are to develop social infrastructure and enhance the quality of life of communities around the locations that has the Group's presence. This non-profit (Section 25) company has its own professional staff selected from top academic and social work institutions, is governed by a Board chaired by Group Chairman, GMR Group.

The Foundation has set up and is running several institutes of Entrepreneurship Development. Three of these are in partnership with Andhra Bank, and two are being run independently These Institutes train unemployed youth in a variety of skills like plumbing, tailoring, two-wheeler repairs, photography and videography. Great emphasis is also laid on developing their entrepreneurial spirit by strengthening confidence and motivation levels, improving communication skills etc. The Foundation goes beyond training by facilitating bank loans for those who want to set up micro-enterprises, and engaging with potential employers for placements. About 2000 young people are trained every year, and the settlement rate is upwards of 75 percent. The Foundation extends handholding support to trainees for two years after the training, to ensure that they are able to build on their training. These institutes are:

NIRED: Nagavalli Institute of Rural Entrepreneurship Development which was established in 2003 at Rajam had trained more than 2000 students in computer, DTP, tailoring, fashion designing, photography, videography, through 81 skill development programmes in collaboration with Andhra Bank Rural Development Trust. After two years of handholding the Foundation facilitated loans for taking up micro enterprises. The institute achieved a settlement of over 80%.

BIRED: Bellikoth Institute of Rural Entrepreneurship Development located at Kasargod (Kerala) in collaboration with GMRVF and Andhra Bank Rural Development Trust had trained 845 candidates in variety of courses ranging from medicinal plants cultivation to catering services through 59 skill development programmes.

SIRED: Swarna Bharati Institute of Rural Entrepreneurship Development which was established at Nellore in 2003 had trained 600 candidates in various vocations through 24 skill development programmes in collaboration with Andhra bank Rural Development Trust and Swarna Bharati Trust.

JIRED: Jarjangi Institute of Rural Entrepreneurship Development set up by GMRVF at Jarjangi in 2006 had trained 91 candidates in various vocations in first six months.

GMRVF at HYDERABAD: The Foundation trained 108 candidates through 5 skill development programmes at Hyderabad and facilitated networking with other organizations for their settlement.

Self Help Groups: The Foundation through motivation and workshops formed 80 SHGs. These groups managed to raise loan of Rs. 20 lakh and got engaged in variety of income generating activities that had contributed to family income.

GMRVF works with poor urban communities in several places. All programmes in these places begin with a thorough study and analysis of the problems of the communities. Subsequently, the Foundation works closely with the community to overcome these hurdles. For instance, in the case of Medaras or basket weavers of Rajam, it was found that multiple issues impeded development of the community. Alcoholism was draining the family income and inaccessibility to reasonable loans to purchase raw materials was leading them into debt traps. The Foundation's solutions like counseling for de-addiction, provision of interest-free loans and formation of Self Help Groups have brought about a change for the better in the community.

Rural Programmes

The Foundation works in over 50 villages aiming to promote Participatory Rural Development and to strengthen village communities and their institutions. The efforts include creating health awareness, facilitating training for members of local institutions, initiating and working with youth clubs, developing village libraries, working with SHGs, afforestation etc.

Tata Group:

The Tata Group conglomerate in India carries out various CSR projects, most of which are community improvement and poverty alleviation programs. Through self-help groups, it is engaged in women empowerment activities, income generation, rural community development, and other social welfare programs. In the field of education, the Tata Group provides scholarships and endowments for numerous institutions.

The group also engages in healthcare projects such as facilitation of child education, immunization and creation of awareness of AIDS. Other areas include economic empowerment through agriculture programs, environment protection, providing sport scholarships, and infrastructure development such as hospitals, research centers, educational institutions, sports academy, and cultural centers.

Ultratech Cement

Ultratech Cement, India's biggest cement company is involved in social work across 407 villages in the country aiming to create sustainability and self-reliance. Its CSR activities focus on healthcare and family welfare programs, education, infrastructure, environment, social welfare, and sustainable livelihood.

The company has organized medical camps, immunization programs, sanitization programs, school enrollment, plantation drives, water conservation programs, industrial training, and organic farming programs.

Mahindra & Mahindra

Indian automobile manufacturer Mahindra & Mahindra (M&M) established the K. C. Mahindra Education Trust in 1954, followed by Mahindra Foundation in 1969 with the purpose of promoting education. The company primarily focuses on education programs to assist economically and socially disadvantaged communities. CSR programs invest in scholarships and grants, livelihood training, healthcare for remote areas, water conservation, and disaster relief programs. M&M runs programs such as Nanhi Kali focusing on girl education, Mahindra Pride Schools for industrial training, and Lifeline Express for healthcare services in remote areas.

ITC Group

ITC Group, a conglomerate with business interests across hotels, FMCG, agriculture, IT, and packaging sectors has been focusing on creating sustainable livelihood and environment protection programs. The company has been able to generate sustainable livelihood opportunities for six million people through its CSR activities. Their e-Choupal program, which aims to connect rural farmers through the internet for procuring agriculture products, covers 40,000 villages and over four million farmers. Its social and farm forestry program assists farmers in converting wasteland to pulpwood plantations. Social empowerment programs through micro-enterprises or loans have created sustainable livelihoods for over 40,000 rural women.

Infosys Foundation:

Rural Development:

The well-being of people living in rural areas ensures sustainable development. The Infosys Foundation works with local administration to achieve community development goals. Its major focus is on construction of roads, provision of drainage systems, electricity, and rehabilitate of flood-affected victims in rural areas. The Foundation has donated more than Rs. 40 crore for rural development and livelihood projects such as awareness campaigns on hygiene, sanitation, vocational training and entrepreneurship.

Bringing to light: Mental healthcare:

A shortage of doctors and the rising cost of medication have left many mentally ill patients deprived of the required treatment. The Chittaprakasha Charitable Trust provides residential rehabilitation centers for the mentally affected who are homeless. Infosys Foundation has helped in the construction of a 7,500 sq. ft. building at Chittadhama.

Helping the ones who deserve it the most:

The poorest part of a country is often the most neglected. The Ramakrishna Mission has set up a school in Aalo, an inaccessible and backward tribal area in the West Siang District of Arunachal Pradesh. The center is more than a brick-and-mortar school and is a kind of umbrella organization that includes 16 non-formal schools, coaching centers, a dairy, a bakery unit, a small farming facility, a dispensary, and a printing press. It also provides transportation for students to and from their villages.

Higher standards of education for the underprivileged:

Agastya Foundation, the brainchild of a group of scientists, educators, and executives, instils creativity and encourages the imbibing of scientific knowledge among its students. Agastya and Infosys Foundation have together created higher standards of education for the country's underprivileged by providing them with training workshops, mobile labs, and a hands-on educational methodology.

Grants to Various Activities:

- Offered compensation to families whos breadwinners served in the Indian Arme Forces and laid down their lives for th country
- Contributed to the Indian Council fo Research on International Economi Relations towards their corpus fund
- Donated towards the midday mea program of the Akshaya Patr Foundation, Bangalore, for poor childre in North Karnataka
- Granted funds for the Society fo Education, Action, and Research i Community Health (SEARCH) i Maharashtra for imparting sexual an reproductive health education, an creating awareness
- Granted a corpus fund to the Shre Ramakrishna Ashrama, Odisha, for the development of efforts of the tribal people in Kahanandi district
- Granted a corpus fund to the Nehru Seva Sangha, Banpur, Odisha. The interest will be used for expansion of welfare activities of the children
- Made donations for library books to schools such as the Government High School at Gudalanayanapalli, Kuppam
- Provided financial assistance to the People's Welfare Society, Ankola, Karnataka, towards the maintenance of a hostel for students belonging to scheduled castes and scheduled tribes
- Contributed towards the maintenance of SC / ST tribal student's hostels

Contribution & Support:

- Completed the construction of 10,000 toilets in the backward districts of Karnataka
- Took up relief work at cyclone-devastated areas of Orissa, and drought-hit areas of Andhra Pradesh
- Donated sewing machines to women in rural areas of Andhra Pradesh and Karnataka
- Took up relief work at cyclone-devastated areas of Orissa, and drought-hit areas of Andhra Pradesh. Constructed 3,000 homes for flood victims of Belgaum, Gulbarga, Dharwad, Gadag, Bagalkot, Bijapur, and Karwar in Karnataka
- Donated water purifier-cum-cooler, solar water heaters, water tank, and steel cupboards to the Gurukula Anathashram, Chunchanakatte, Mysore
- Constructed bore wells at the MM Nagar fire station in Kanchipuram district, Tamil Nadu, through Sneham, the Infosys Chennai CSR wing

Projects of SBI under CSR:

State Bank of India launched its integrated CSR initiative SBI GRAM SEVA. SBI Chairman Arundhati Bhattacharya launched this initiative on 145th August 2017 under SBI Foundation that aims to reach to maximum of 100 Gram Panchayats covering approximately 500 villages across India by 2021. SBI Foundation will promote the strategy, “SBI-GRAM SEVA” by identifying and partnering with the NGOs/NPOs to carry out the CSR of State Bank of India rather than working on different concepts/projects from multiple NGOs. In this approach, SBI Foundation sets its objectives of adopting and developing villages through Gram Panchayat across India and implement every CSR activity in full force along with Bank’s other services centered on holistic development. The main areas of intervention under SBI GRAM SEVA are Health, Education, Environment, Women Empowerment, Livelihood, Skill

Development, and developing the Infrastructure. The strategy of SBI towards integrated community development interventions will be centered on digitalization of Village through various types of activities and programmes.

Supporting Education:

Technology is a vital part of the modern education. To support school education especially in the schools for the under privileged children, Bank has provided large number of computers across the country during FY2015 at a spend `7.21 crores. Infrastructure support by way of furniture, scientific instruments and other educational accessories and donation of large number of school buses/vans for the benefit of physically/visually challenged children and children belonging to economically weaker section of society have been provided by all our Circles.

Supporting Healthcare:

To help in delivering quality healthcare, particularly to those belonging to underprivileged and economically weaker sections of the society and also to respond to the need of quick shifting of critical patients to hospitals, Bank has donated 79 ambulances and medical vans in rural and semi urban centres of various States and Union Territories. Further, Bank has donated various medical equipment to Eye Hospitals, Blood Banks and Cancer Hospitals. Major spend under healthcare was assigned to cancer detection & prevention.

Swachh Bharat Abhiyaan:

Participating in the National endeavour of Swachh Bharat Mission, Bank has supported reputed NGOs for construction of toilets in needy schools specially girls schools under 'Swachh Vidyalaya Campaign'. During 2014-15, Bank has donated `13.64 crores for construction of 435 toilets in 398 schools in nine districts.

More C

Assistance during natural calamities:

Bank has always been at the forefront to help the States affected by natural calamities. During the FY2015, the Bank has lent its helping hand to the States of Jammu & Kashmir and Andhra Pradesh with a donation to the Chief Minister's Relief Fund of the respective States to provide succor to the people affected by flood/cyclone.

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Livelihood enhancement projects:

The Bank has spent Rs 9.60 crore for the construction of 9 RSETI buildings and for providing other infrastructure to 12 RSETIs. The expenditure incurred for conducting skill development programs for youth was Rs28.69 crore at 116 RSETIs of SBI across the country. Bank also donated some amount to reputed

NGOs in this field for acquiring various equipment for skill development such as Sewing & knitting machines, buses and vans, computers, laptops, projectors, utility vehicles for welfare activities and also for setting up a call centre training facility for blind girls.

Sanitation Facility:

To support the National mission towards mass movement for cleanliness, Bank hasextended its support to the Swachh Bharat –Swachh Vidyalaya Abhiyan initiative. SBI has contributed during FY2016 for Construction of over 278 toilets and additional water facilities in rural schools of India.

Vanita Arogya Sampada:

The primary focus has always remained to provide the basic infrastructure to ameliorate the conditions of the common man. To deliver quality healthcare to those belonging to underprivileged and economically weaker sections of the society, Our Bank has supported large number of hospitals. Bank organised a Community Outreach Programme under the title "Vanita Arogya Sampada" by conducting over 100 free health check-up cum awareness camps

Healthcare Initiatives:

Bank has supported large number of hospitals. The major initiatives of the Bank in health care sector are as under: Medical Vans: Your Bank donated ` 6.87 crore to over 49 charitable organisations for acquiring ambulances and medical Vans. Health Equipments and Surgeries: Bank donated ` 7.52 crore to 23 charitable organisations/hospitals for acquiring various medical/surgical equipments like Stress Test Machine, Dialysis Machine, Eye Equipment, X-Ray Machine, ICU facility and New Born care unit. This has improved the capacity and potential of the hospitals to serve the deprived patients. Old Age Homes and Mobility Solutions: Bank donated `1.50 crore for supporting old age homes and providing relief to Divyangjan (PwDs). Community Outreach Programmes: Bank organised camps to focus on curative and preventive healthcare for the under privileged rural population. The areas covered are given below: Eye Check-up, Cancer detection, Reproductive healthcare check-up, Basic health check-up (Blood Pressure, HB etc.), Diabetes check up. Reputed local NGOs played a pivotal role in organising these camps.

Education Initiatives:

Supporting Education: Bank always strives to support education for economically weaker social groups in remote, unreachable and underdeveloped areas. The key contributions in the education sector are mentioned below: Holistic Support: Bank contributed ` 1.35 crore towards supporting infrastructure across several schools located in rural/remote areas. Computers and Peripherals: Bank contributed `1.15 crore towards setting up of computer labs/IT labs. Many NGOs were also supported for acquiring computers, soft boards and setting up digital classrooms. Schools Buses/Vehicles: Bank donated `3.99 crore for acquiring 35 school buses/vehicles to help schools in rural areas to provide transportation facility to underprivileged children.

Helping PWDs:

Support to Persons with Disabilities (PWDs): An amount of ` 1.57 crore was donated to reputed NGOs for the following activities: Distribution of artificial limbs, callipers, crutches and wheel chairs among others, Distribution of other aids and devices, Community Based Rehabilitation project for mentally/physically challenged persons, Braille Embosser System, Special Vehicles for disabled.

Environment Protection:

Environment and Sustainability: Bank is committed to environment protection and contributes positively to reduce the carbon footprint. Responsible interaction with environment to avoid depletion and degeneration of natural resources and maintain long term quality of the environment is a priority for Bank. Bank has contributed ` 3.57 crore in the following areas for: Acquiring solar power plant, solar lamp, solar water heater, solar street lamps., Purchase, commissioning and maintenance of a number of solar power plants.

Skill Development Initiatives:

Skill Development initiatives and Livelihood Creation Rural Self Development Training Institutes (RSETIs): Bank has set up 116 Rural Self Employment Training Institutes (RSETIs) across the country as institution to help mitigate the unemployment and underemployment problem among youth in the country. Bank has contributed `12.84 crore for construction of 10 RSETI buildings and other infrastructure support. The Recurring expenditure for Skill development programs for youth was ` 34.73 crore across 116 RSETIs of the Bank.

SBI Youth for India Fellowship program:

SBI Youth for India is a Fellowship program initiated, funded and managed by Bank in partnership with reputed NGOs. It entails the urban educated youth to voluntarily get involved in various developmental projects in rural areas. Under this initiative, Bank partnered with seven reputed NGOs, and engaged in development work in rural areas to deploy the youth enrolling for the fellowship.

Public Private Partnership: A Global Perspective:

The Public-Private Partnership (PPP) is a collaboration between the public and private sectors, aimed at the implementation of projects or provision of services traditionally provided by the public sector. This cooperation is based on the assumption that each party is able to implement its own tasks that were entrusted thereto, more efficiently than the other party. With the division of tasks, responsibilities and risks, under PPP, the most cost-effective way to create the infrastructure and delivery of public service are achieved. Under PPP, each party draws its own benefit, proportionate to its interest.

Since a long time, PPP has been a form of public tasks implementation widely used in the countries of Western Europe. In recent years, PPP has become increasingly popular in Poland.

PPP in Europe

The PPP sources might be found in the concession contracts. The history researchers show that as early as 1438, the French nobleman Luis de Bernam was granted a river concession to charge the fees for goods transported on the Rhine. The broad participation of private capital in public investments has found widespread use since seventeenth century, when construction of infrastructure facilities (water channels, roads, railways) in Europe and later in America, China and Japan was funded by private sources under concession contracts.

The transformation of the infrastructure into market oriented economy became very popular in the 1980's and 1990's. In 1992 the UK began to implement Private Finance Initiative (PFI) a comprehensive program of the government, which was to cover the state-owned enterprises. Under PFI, the public sector became a purchaser of services provided by an entrepreneur, while the latter provided the necessary fixed assets for their implementation. One of the leading models of the infrastructure management and development under PFI have become contracts that were involving the transfer to a private party of the obligation to carry out the infrastructure project or the provision of public services together with the simultaneous transfer of specific risk onto that entrepreneur. In return, the investor would obtain a temporary (usually 15-30 years) right to use the facility or service, with the possibility of charging fees to external users or simultaneous payments from the budget of a public entity. The largest projects carried out under this scheme were the Channel Tunnel, the Second Severn Crossing and the Channel Tunnel Rail Link.

PPP in France a popular model for establishing cooperation between public entities and private partners had become the *delegation de service public* institution in the 1990’s. This model was characterized by raising revenues from fees of users (possible to be achieved, after all, payments charged to a public body) of the infrastructure managed and maintained by the concessionaire (depending on the model of law - also construction infrastructure). Concessions and PPP integrated gradually into the legal systems of other European Union countries. The most of the duplicated ones were the British and the French models. The contracts of this type for construction and infrastructure management in countries such as Germany, Italy, Spain, Portugal, the Netherlands, Scandinavian countries, Ireland, Greece, Czech Republic, Bulgaria, Romania, Hungary reached hundreds of millions of Euros, but often also concern small, local projects.

The origin of public-private cooperation in the infrastructure sector within the territory of Poland dates back to the times of partitions of Poland. The most important railway lines were built under the concessions. After regaining independence, the Polish authorities tried to draw local government and private capital to the development of local lines. They based on the Law of 14.10.1921 *on awarding concessions to private railways*, defining relations of the State Treasury with the future owners. Another opportunity of inter-sectoral realization of the public projects appeared in Poland after 1989. The first piece of legislation that regulated the legal relations of that type was the Act of 27 October 1994 on toll motorways and National Road Fund, under which A1, A2 and A4 toll motorways were built and operated, or just operated: In 2004, under the Public Procurement Law of 29 January 2004 the institution of public works concessions was introduced to the Polish legal system. The first Polish law piece of legislation fully dedicated to PPP institution was the Act of 28 July 2005 on public-private partnership. The Polish legislator's intention was that the Act would regulate the PPP agreements between the public and private sectors and set an appropriate standard of functioning of such cooperation for the effective implementation of public tasks.

Public-Private Partnership in India:

The **public–private partnership** (*PPP*) is a commercial legal relationship defined by the Government of India in 2011 as "an *arrangement between a government / statutory entity / government owned entity on one side and a private sector entity on the other, for the provision of public assets and/or public services, through investments being made and/or management being undertaken by the private sector entity, for a specified period of time, where there is well defined allocation of risk between the private sector and the public entity and the private entity receives performance linked payments that conform (or are benchmarked) to specified and pre-determined performance standards, measurable by the public entity or its representative*".

The Government of India recognizes several types of PPPs, including: User-fee based BOT model, Performance based management/maintenance contracts and Modified design-build (turnkey) contracts. Today, there are hundreds of PPP projects in various stages of implementation throughout the country.

As outlined in its XII Five Year Plan (2012–2017), India has an ambitious target of infrastructure investment (estimated at US$1 trillion). In the face of such an enormous investment requirement, the Government of India is actively promoting PPPs in many sectors of the economy. According to the World Bank, about 824 PPP projects have reached financial closure since 1990 in India.

PPP Policies:

The Ministry of Finance centralizes the coordination of PPPs, through its Department of Economic Affairs' (DEA) PPP Cell. In 2011, the DEA published guidelines for the formulation and approval of PPP projects. This was part of an endeavor to streamline PPP procedures and strengthen the regulatory framework at the national level to expedite PPP projects approval, reassure private parties and encourage them to enter into PPPs in India. This was one of the main roles of the Public Private Partnership Appraisal Committee (PPPAC) which is responsible for PPP project appraisal at the central level.

The Government also created a Viability Gap Funding Scheme for PPP projects to help promote the sustainability of the infrastructure projects. This scheme provides financial support (grants) to infrastructure projects, normally in the form of a capital grant at the stage of project construction (up to 20 percent of the total project).

The Government has also set up India Infrastructure Finance Company Limited (IIFCL) which provides long-term debt for financing infrastructure projects. Set up in 2006, IIFCL provides financial assistance in the following sectors: transportation, energy, water, sanitation, communication, social and commercial infrastructure.

To help finance the cost incurred towards development of PPP projects (which can be significant, and particularly the costs of transaction advisors), the Government of India has launched in 2007 the 'India Infrastructure Project Development Fund' (IIPDF) which supports up to 75 % of the project development expenses.

Finally, the PPP Cell has produced a series of guidance papers and a 'PPP Toolkit' to support project preparation and decision-making processes. The objective is to help improve decision-making for infrastructure PPPs in India and to improve the quality of the PPPs that are developed. The tool kit has been designed with a focus on helping decision-making at the Central, State and Municipal levels.

Infrastructure:

Infrastructure in India is poor when compared to similarly developed nations. The Government of India identified public–private partnerships (PPP) as a way of developing the country's infrastructure. In the 1990s, during India's first liberalization wave, there were various attempts to promote PPPs. However, in some sectors – such as water and sanitation – it failed. India was perceived as too risky and there was significant opposition to private sector involvement. It is only in the first half of the 2000s that the first PPPs were signed and implemented. Construction of infrastructure in India requires large capital outlays and there is a deficit in supply. Over fifty percent of major infrastructure development projects in Maharashtra state are based on 3P. Projects using the 3P model have also proceeded in Karnataka, Madhya Pradesh, Gujarat, and Tamil Nadu state.

In August 2012, the Prime Minister of India, Manmohan Singh, lifted the ban on the transfer of government-owned land, relaxed land transfer policy and did away with the need for Cabinet approval for 3P projects in order to accelerate the building of infrastructure.

Roads

Sixty percent of 3P projects are for road building and they represent forty-five percent of 3P monetary value. They are a part of the National Highways Development Project (NHDP).[4] Examples of 3P road building projects are the Golden Quadrilateral and the North–South and East–West Corridor. About 14,000 km (8,700 mi) of India's national highways are being converted to four-lane highways.[5]

Ports:

Port building projects account for ten percent of projects and thirty percent of the value of 3P. As of 2011, India had twelve major seaports and 185 minor seaports along its coast line of 7,517 km (4,671 mi). Seaports constructed via the 3P model increased the handling of cargo in India by ten percent between 2008 and 2011. Examples of port building projects include the Jawaharlal Nehru Port Trust (JNPT) in Mumbai and Chennai Port in association with P&O. The Indian government expects the National Maritime Development Programme (NMDP) to be a 3P stakeholder.

Water:

With the objective of widening access to water services and making water services more sustainable, the Government of India promoted PPPs in the water sector in the 1990s. However, this attempt failed as the Government did not manage to create a good enabling environment for private investment and poor project preparation. Furthermore, there was important opposition to private sector involvement in water delivery.

However, after this failed first attempt, a decade later some cities tried different types of PPP arrangements, such as management contracts. The allocation of risks between the public and the private sectors was more balanced. The public sector provided part of the initial funding and focused on efficiency gains. The mindsets of policymakers and politicians also started to evolve, with a better understanding of the role of private sector companies and less opposition to their involvement in the water space. Both the 2002 and 2012 National Water Policy recognized the importance of PPPs to solve water issues in urban areas. Between 2005 and 2011, 15 water public–private partnerships were signed.

AIR PORTS UNDER PPP IN INDIA:

India’s decision to invite private capital to participate in the modernisation of its metro airports has delivered significant benefits for passengers, airlines and the government.

The two leading private promoters involved in the sector, GMR and GVK, have implemented dramatic improvements in airport infrastructure at Delhi, Mumbai, Bengaluru and Hyderabad which have transformed the passenger experience, improved efficiency and capacity for airline operators, and delivered a massive dividend to the state-owned Airports Authority of India.

Once India's new government is fully installed and a – hopefully – new approach to the aviation sector is bedded down, the prospects for innovation and improvement will grow exponentially. PPPs are one important part of that equation.

Since FY2007, the four private metro airports have delivered a massive dividend of USD1.72 billion to the AAI. The annual amount payable to the AAI has been growing rapidly each year and in FY2014 it reached close to USD460 million. This goes directly to the AAI’s bottom line as the authority incurs no expenses in relation to the PPP airports. Even after the AAI received USD460 million in revenue share, CAPA estimates the Authority reported a profit of around just USD135 million in FY2014. And approximately 60% of this profit was actually contributed by air navigation services and not by airport operations.

For some time now it has been intended that the air navigation services division would be corporatised, a step that is vital for the long term future of airspace management in India. However this is expected to be delayed further because of the impact that corporatisation would have on the financials of the airports division. It has become increasingly apparent that without the PPP airport revenue and air navigation services the AAI’s business model is unviable.

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Despite the successes of the first wave of PPP airports there are certainly areas for improvement, particularly in terms of economic regulation, land monetisation, management of project costs and at a broader level creating a more predictable operating environment on issues such as bilateral policy, airspace efficiency and airline viability. Increased charges at PPP airports have certainly been a contentious issue for airlines. On some domestic sectors for example approximately 17% of the average gross fare now consists of taxes and fees, of which 10-12% is related to airport charges.

A clear process has not been established for determining the appropriate level of capital expenditure in airports and for monitoring project costs to prevent the massive budget over-runs that have occurred in some cases and which have simply been recouped through higher charges that are borne by the airlines and passengers.

Projects implemented through PPP mode in Andhra Pradesh:

- Construction of Bridge across the River Godavari with an initial approved outlay of Rs. 593.00 crores in 2008.
- Puthalapattu – Naidupet Road Project with an approved outlay of Rs. 528.50 crores in 2009.
- Narketpally – Addanki Four Line Road with an approved outlay of Rs. 1196.84 crores in 2009.
- Hyderabad – Karimnagar Four Line Road (Ramgundam Road Project) with an approved outlay of Rs. 1358.19 crores in 2010.
- Hyderabad Metro Train with an outlay of Rs. 12,132.00 crores in 2010.
- Hyderabad – Guntur Four Line Road with an outlay of Rs.504.71 crores in 2017.

RISKS:

There have been a number of critics associated with Public Private Partnerships in India, in particular related to the risks that come with such partnerships.

It has been argued that PPP involve greater costs that traditional government procurement processes (because of the development, bidding and ongoing costs in PPP projects). Some have questioned the value-for-money relevance of PPP projects in India. The private sector does not provide a service that is not specifically outlined in the PPP contract. It is thus critical that key performance indicators are precisely laid out in the contract and that the government monitors closely the work of its private partner. Furthermore, there is a cost attached to debt and while private sector can help access to finance, it the customers or the government may end up bearing much of this cost. Another critic of PPP projects is related to their social and political consequences, which can be significant. For example, a PPP project may result in the transfer of civil servants to the private sector, important tariff increases or resettlement issues to name a few. Finally, PPPs often end up being renegotiated. This is due to the long-term nature of the PPP projects (some run for up to 30 years) and their complexity. It is difficult to identify all possible contingencies during project development and events and issues may arise that were not anticipated in the documents or by the parties at the time of the contract. Other major drawbacks encountered in 3P projects in India include poorly drafted contracts and lack of understanding of contracts, inadequate resources, lack of managerial experience, breaches of contract, failures in team building, lack of performance measures, corruption and political interference.

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