

**Public-Private Partnership (PPP) Model Success/Failure Roadmap
– An Indian Perspective**

Nikhil Garg

Assistant Professor

Department of Finance

Asian School of Business

Co-contributor: Akshay Arora

Asian Business School

Postal Address: Asian School of Business

Plot A 2, Marwah Studios Complex 2

Sector 125, Noida, U.P. - 201303

E Mail: Nikhil1684@gmail.com

Mo: +91 9999505803

Abstract

The study is aimed to understand the importance and indulge in partnership with two i.e. public and private actors, for minimizing the challenges by engaging potential hands maximizing the outcome, Inventory management, Pre-planning and scheduling the project execution, mapping and deciding the roles and responsibilities for different managerial levels hierarchical setup formulation and arrangement as per government norms. The PPP projects are set to kick start with a broad understanding thus increasing the scope of projects. The reasons motivating inclusions to indulge are also changing the mindset with governments anticipating such moves to thus achieve customer-centricity long term efficiency by plugging new technological capabilities. Subsequently in the study focus is on the success/failure pattern of organizations while analyzing their growth behavior over 3 decades which turned to be motivation for PPP projects on broad-scale so as to be able to promote, analyze and perform the actions as the applicability of the scenario and situation in the developing industrially vibrant country like India.

Keywords: Public-Private Partnership Model, PPP model, Airport Authority of India, Power Sector in India, Health and care, Banking Sector in India

Jel codes: H54, H40, L32

INTRODUCTION

The Economic Affairs Department has outlined PPP as “An arrangement between government or a statutory entity or a government in hand entity on one aspect and a non-public 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 entity for a specified period of time when there is planned risk allocation between the non-public and therefore the public entity and also the non-public entity receives performance connected payments that enlighten specific and pre-determined performance standards measurable by public entity or its representatives”. The increasing reliance on Public-Private Partnerships (PPP) in the provision of infrastructure and

services is well-practiced. But, despite an increasing reliance on PPP, their performance measurement is less clear. PPP's require more rigors in establishing the success factors and evaluating the extent of their contribution to the success of operation comes due to their multifarious nature. The model has become an increasingly important procurement option in both developed and developing countries for delivering public projects such as transport, housing, education, health, water, and defence. Practices worldwide & contradictory stories indicate both successes and failures in the application.

With the multiple legs, the focus has shifted more towards establishing the explanatory factors that account for the success and failure of PPP projects. Understanding such factors is a primary step towards the development of an effective PPP framework and is a key to achieving success. Also to maintain effectiveness in the highly competitive markets, the performance of such projects needs to be properly evaluated. Although performance evaluation is crucial for most PPP policies, the outputs of many such projects have not evaluated. Despite the maturity and sophistication of PPP markets, ineffective evaluation is identified as a challenge to PPP project delivery in few countries. Many claims for project success and failure are self-defined by those making the assessments. Despite evident embarrassing incompetence and huge scale corruption, several advocating governments inevitably judged varied operation comes as triple-crown. The absence of a success evaluation of PPP would trigger a costly loss of competitive value and would lead to the delivery of products or services below optimum quality.

Determining whether a project is a success or failure is highly complex as project owners, designers, consultants, and contractors have different project objectives and criteria for measuring success. In fact, the same perception of success may change from one project to another. A client's views concerning success may be different from architects who consider aesthetics or functionality as the main criterion rather than building cost. A typical project is regarded as successful or failed by analyzing and examining the outputs, which are products and services delivered by a project or program & relate to conditions that occur outside the program, which frame to be the building blocks of performance management systems. Thus for the same reason measuring project outcomes allows managers and policymakers to identify required adjustments needed in processes to attain goals.

Over the last three decades, a public-private partnership has gained popularity with governments for remedying the observed inefficiency in traditional service delivery approach. However, worldwide experience with PPP has not always been positive which on the other hand has been used to deliver great development projects though many projects suffered disastrous consequences as well. The mixed results and the problems encountered in the application have prompted to investigate the success or failure of PPP projects. Success in PPP schemes can be characterized as offering greater value-for-money (VFM) which refers to the optimum combination of whole life cost and quality to meet the user's requirement.

The accomplishment of the best worth in PPP projects highlights potential and performance standards. Value for money is seen as a key benchmark of the strategic objective. It is usually determined and gauged by Public Sector Comparator (PSC). The PSC is a comparison between the cost of the proposed project and the benchmark cost, which is a cost-estimation of the specific service using traditional procurement which may not be exclusively reflected by cost, but by measures like completion time and quality.

LITERATURE REVIEW

An evaluation of the Literature Review on – Public-Private Partnerships (PPP) brings forth the body of knowledge leading to the establishment of the thought for this study which was followed by a thorough review of current literature searched for different aspects of Public-Private Partnership.

Studies that Lead to the Shift

Several studies have been carried out to explain the theoretical justifications of PPPs. Allen Consulting Group (2007) for instance investigated cost performance and timeliness outcomes of PPPs in Australia relative to budgetary provisions for the management and construction of public infrastructure projects. The study covers largely completed projects that were undertaken from 2000 to 2007.

Lewis (1950) and Gerschenkron (1962) have advocated government ownership of the banks as a part of the 'commanding heights' approach. Wherein development theories emphasized that government ownership helps channelize savings for long-term projects of strategic interest. The 'political theorists' opposed the view and stated that government ownership lead to misallocation of resources and inefficiencies of government enterprises and that there were political motives

behind such public ownership. For long it was argued that the privatization of firms makes them efficient and performs better. Galal et al. (1994), World Bank (1995), and La Porta and Lopez-de-Silanes (1997) supported the view that privatization helped improve performance.

Carlin and Landesman (1997), Frydman et al. (1998), and Jones and Mygind (1999) in recent studies in transition economies have found that post-privatization performance of the firms was poor. The RBI (2003) stated that “as regards the linkage between ownership and performance, international evidence suggests that ownership has limited impact on economic efficiency.” Studies that supported the position included those of Tulkens (1993), Altunbus, Evans and Molyneux, (2000) and Denizer, Tarimcilar and Dinc (2000).

Farrugia et al. (2008) stated that decision-making bodies generally tend to follow PPP Unit review advice and can wield considerable influence in the PPP decision making process. Even with the establishment of PPP Units, the need for independent consultants to act as project transaction advisers will not be minimized as most units actively encouraged them. He considered the case of Bangladesh IIFC which suffered from lack of formal or informal power and competition with other parallel agencies that had PPP procurement responsibilities in other ministries. The average value of PPP's transacted through the IIFC had declined from US\$ 250 million to US\$ 90 million, but this attributed to the fact that government agencies are not obliged to use IIFC services or follow any guidelines that it established.

Fengyu Bao (2018) in his study relative to the PPP Project Lifecycle perspective stated that the development of PPP is complex and dynamic throughout the project's life cycle of project identification, preparation, procurement, implementation, transfer and post-transfer phases. He concluded stating that different phases encounter different problems attracting uneven attention from the researchers. To develop effective project management strategies, it identifies the relationship between significant project problems and corresponding PPP phases which may serve as valuable references.

Project selection is another key process through which the projects with the highest possibility of achieving value for money are highlighted. The feasibility, which refers to various factors concerning social, political, environmental, legal, and financial aspects (Salman et al. 2007), should be justified before employing PPP form to a project. Multiple factors along with stakeholders holistically should be considered in while researching into feasibility primarily

focused on designing evaluation models/frameworks (Abdel Aziz and Russell 2006; Ashley et al. 1998). Value for money analysis widely used for measuring feasibility, the results of which can be gained from complicated calculations. Researchers also stress the attractiveness as well as the suitability of PPP, reminding participants that PPP should not be seen as a panacea for the development of all infrastructures (Soomro and Zhang 2016).

Critical Success Factors Studies

Collins and Walls (2006) investigated the principal factors which drive value for money within the Policy Framework for Investment (PFI) in the UK. Their research methodology involved the review of literature from different sources with the objective to identify relevant parameters. These factors were then assessed against the existing projects in the UK which were done through report analysis and interviews with PFI stakeholders. Their results provided evidence that the PFI model of PPPs was perceived by the government as the most cost-effective means of procuring public infrastructure. They revealed that the positive aspects of PFI incorporated advantages of competition generated by the concept as well as improved risk management. They, however, pointed out that lack of agreed standards by stakeholders due to which benchmark value for money which served as one of the biggest challenges to implementation. Their study identified factors that affect the value for money which they refer to as the drivers of value for money.

Broadbent, et al., (2003) stated that the public sector establishes long-term partnerships through PPPs which are essentially working agreements based on mutual commitment between public sector organizations with any organization outside of public sector. A trust shall be the basis of relationships between public enterprises and private service providers to make the system sustainable and constructive in delivering quality services. PPP, however, is not simply a JV investment or joint decision making between B2B, unless linked via a network to a contract. The author also observed that PPPs are contractual arrangements for joint, symbiotic and collaborative provision and public projects and services financing. Rise of the realization that it is the responsibility of the public sector for the delivery of infrastructure projects; it often encounters financial, technical and institutional limitations in availing such projects. Literature provides widespread evidence of growing utilization of PPPs in the delivery of public infrastructure facilities and services to meet the numerous needs of modern economies.

Also, the approach is expected to eliminate the decision making and managerial bureaucracy associated with the public sector. It further positively draws from the good credit rating and general goodwill of the public sector to consolidate market-based procurement of project finances while ensuring less resistance from the general public. The private sector's limitations in managing macro-level public infrastructure risks can be overcome through the backing by the government in policy formulation for implementation of PPPs.

Poschmann and Vining (2005) focused on the economic and operational aspects in which the government had played a key role in establishing long-term business relationships with service providers with sharing risks and returns with partner's involvement in financing, designing, constructing owning or operating facilities or services. Another argument from an English dictionary that says PPPs as time- and cost-specific agreements consortium for infrastructure-based service provision; where the private consortium is responsible for finance, design, construction and providing services and maintenance which is agreed upon for contractual duration.

Various theories are explaining the growing popularity of the use of PPPs in financing and implementing public infrastructure projects of which one study proposed the X-efficiency hypothesis of according to which government-backed public entities were inherently inefficient such that PPPs are necessary to minimize the inefficient factors in such organizations. The private sector involvement allows entities to respond to market forces and being more competitive. Perhaps the explanation is rooted in the belief that government interventions in the operations of public entities to bail them out during potential failure, introduces inefficiencies in their operations. The knowledge by a public entity that it would not be allowed to fail worsens the moral hazard among public entities. The need to avoid this hazard and improve efficiency in infrastructure provision necessitates the use of PPPs.

According to the value for money postulation, such arrangements are feasible in infrastructure financing as they feed technical and allocative efficiency amongst public projects. In the argument to the same, it was stated that PPPs might prove worthy deriving value for money for as much time as they establish in long term cooperative relations among stakeholders. This shall incorporate risk-sharing and proper authority delineation, communication and information channels as well as responsibility and accountability to be key role players.

In the financial leverage hypothesis, it has been posted that such partnerships can enable the public sector to leverage more financial resources by using the private sector as an intermediary. Accordingly, the government's propensity to use PPPs for financing infrastructure is a function of fiscal constraints. Also according to this argument, PPPs allow the public sector to consider the implementation of the otherwise unaffordable infrastructure projects. Imperatively, countries facing fiscal problems coupled with deficient external sources of revenue tend to be more open to foreign private investment including in the infrastructure sector. Such countries are more open to the use of PPPs in infrastructure.

Besides France, key economic sectors in the UK have benefited from the PPP in infrastructure development especially the health, transport and the energy sectors. For instance, the London underground railway network which began operating as a public private-partnership and in the same context, the issues arising in PPP finance include determination of appropriate sharing of revenues, risks and other issues relating to value for money derived from PPP infrastructure projects. Evidence from South America seems to suggest that most countries follow the French concession model of PPPs in infrastructure financing where this category also includes Chile, Brazil, Colombia, and Argentina. The major issues arising from the experience in these South American nations relate mainly to the challenges of structuring PPP contracts and facilitating a legal environment for their implementation. Political issues are also of great interest. To solve challenges in some countries legal measures have been re-sorted. Chile, for instance, enacted a law allowing for the award of concessions for the construction, maintenance, and operation of toll roads, tunnels, and related infrastructure under Build, Operate and Transfer (BOT) schemes, which intended to attract enough funds. Besides, there has been collaboration between these nations and multinational lending institutions including the World Bank.

The literature has revealed shifting and growing tendency by governments for collaborative efforts that transcend philosophic orientations. Indeed, collaboration is at the center but there has been much pressure on governments to provide better services. While emphasis towards market values, align PPPs with an increased network focus comprising of partnerships and collaboration. Hence, PPP is a network of independent public and private actors who come together to form a cooperative and interdependent working relationship to provide improved management skills and financial solutions. The emergence of this network has introduced a range of issues about how to

manage the interdependence and collaborative management approach has thus claimed considerable attention as knowledge becomes increasingly specialized and the demand for state and non-state collaboration increased due to increasing demands. This collaborative management describes the process of facilitating and operating in the multi-organizational arrangement as a remedy problem that cannot be solved easily by a single organization. Continuing with the same argument and following to the above-stated literature and case studies my topic relates to Industrial shift as a collaborative deal between the organizations over for three decades following few specific cases of its success and failure in India and thus titled as “PPP Model Roadmap – Success/Failure”.

OBJECTIVES OF STUDY

The objectives of the study are as follows:

1. To understand and study the inclusion of PPP Model in current market scenario.
2. Changes in the process methodologies and Industry Roadmap post incorporation of PPP.
3. To analyze factors relative to success or failure of projects based on such collaborations.
4. To study the impact of time and shift in inclination of economies towards the inclusion of new practices.

RESEARCH METHODOLOGY

The research presented in this project is aimed at exploring the development of public-private collaborations in the industrial sector and in investigating the development of public-private in relation to the rethinking of the governance systems and management models of the cultural sector.

More precisely, the main aim was to study significant public-private partnership (PPP) models roadmap which turned successful or failed in the last three decades in India and to understand how these models were promoting collaborative or participatory approaches in relation to the development of cultural ecosystem perspectives, in line with the trends of PPP and multi-stakeholder partnerships (MSPs) analysis identified in literature. Consistently with current academic debates, the investigation on the shift from micro perspectives on governance and management of PPP collaboration towards meso (on a broader territory) perspective implemented through multi-stakeholder partnerships is investigated focusing on micro level and meso level.

The study focus is on the success/failure pattern of organizations while analyzing their growth behavior over 3 decades which turned to be motivation for PPP projects on broad-scale so as to be able to promote, analyze and perform the actions as the applicability of the scenario and situation in the developing industrially vibrant country like India. The following cases/sectors have been considered:

1. Airport Authority of India (AAI)
2. Power Sector in India
3. Banking Sector in India
4. Health & Care

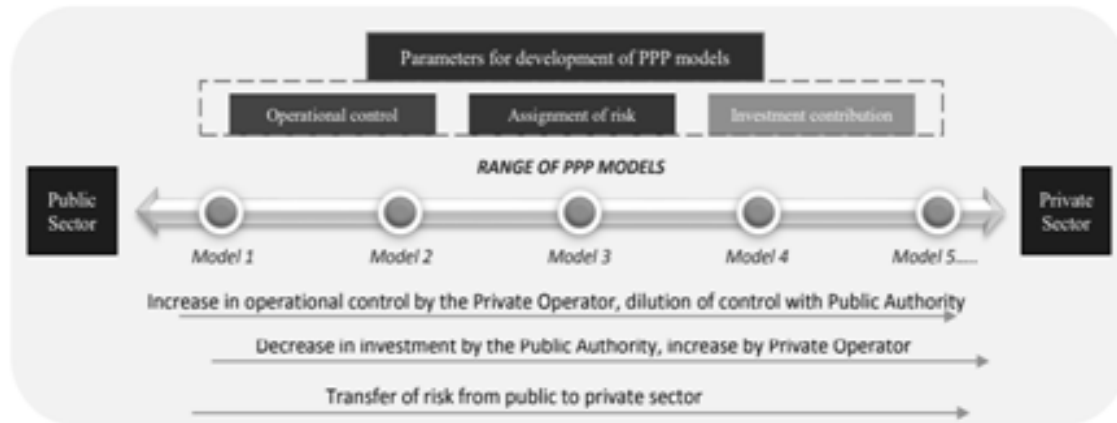
DATA ANALYSIS AND PRESENTATION

To bridge the growing infrastructure deficit in the nation extensive endeavours have been made towards increasing the investment in physical infrastructure and several measures were embraced to advance private investment in infrastructure both straightforwardly and through Public-Private Partnership (PPPs). Studies and analysis suggest that during 2007-12, the private sector contributed 36.6% in the overall infrastructure investment, leading to infrastructure investment rising from ~5% of GDP during 2002-07 to ~7% of GDP during 2007-12. But this momentum could not be sustained and is estimated to have slowed down to 5.6% of GDP during 2013-17. This decline of investments in infrastructure sector is due to the slowdown in overall private sector investment, though it has partially been offset by the financial improvement measures into infrastructure in recent years. In the following years, to maintain the same, it is estimated that infrastructure spending needs to increase (See Fig 1). However, this would require proactive and expeditious measures to leverage the private sector finances and to judiciously exploit private sector capacity to build and manage infrastructure facilities, in a sustainable manner.

A mature PPP framework is one of the most useful tools with the Governments to facilitate private investment into infrastructure. PPPs are long term contracts between the Government (sponsoring authority) and a private company under a single firm or a consortium. It is generally advised to adopt a suitable PPP framework in case of large and complex projects that can justify the associated transaction and monitoring costs and thus provide value for money considering the project's life-cycle cost to the Government.

Thus for the purpose to analyze and further evaluate the applicability, practicality and functionality of above said project we are mainly focused on considering the companies that were brought into the Contract by the government in the recent decades in India to understand their performance and potential for futuristic technological explosions and inventions.

Figure 1: Range of PPP Models



Source: Deloitte-PPP Models for Sustainable Systems 2016

1. AIRPORT AUTHORITY OF INDIA (AAI)

The goal-oriented of quick modernization of airports in the nation has an important component of the Public-Private Partnership that has just yielded its fruits in airports at Delhi, Mumbai and Bengaluru. Though it had some teething troubles, the PPP model has increased airports handling capacities and passenger comfort.

With this transformation, international operations of Delhi airport shifted to this terminal along with the domestic operations of carriers such as Air India, Air Asia, Vistara and Jet Airways. Government’s Air India likewise moved its base to Delhi from Mumbai. Spread over a region of 4 sq. km, the Brownfield IGI airport project was embraced together by the Airports Authority of India (AAI) and Infrastructure Company GMR group in a Public-Private Partnership model. The structure that is comprised of 80 pc glass, upheld by metal frames, has 78 aerobridges, 168 check-in counters, 92 walkways and 20,000 sq m of business or commercial space with a mix of restaurants, bars, cafes and fast food outlets. The nine-level terminal building is used by 90 percent of the total passenger movement of the IGI airport and has a multi-level air-conditioned car park to accommodate 4,300 cars.

At par with infrastructure and facilities of worldwide standards, the IGI airport secured the principal position in Airport Council International (ACI) 2014 rankings in 25-40 Million Passengers Per Annum (MPPA) category in the world, ascending from the second position that it had packed away in the three preceding years from 2011-13. Served by six domestic carriers interfacing with 58 destinations and 56 foreign airlines for 62 worldwide circuits, the airport facilitated a normal of 885 flight movements daily and handled 40 million travellers in 2014-15.

The journey was never easy especially after holding the No. 2 mark for last three years it may now justifiably be claimed to be the world's best as stated by Delhi International Airport Limited (DIAL) chief executive, Prabhakara Rao. DIAL is the joint venture between AAI and a GMR Group-led consortium that runs the Delhi Airport, in which the GMR consortium holds 54 pc stake while the AAI owns a 26 pc share.

Looking Beyond Metros

The Airports Authority of India has also an ambitious plan of its own to cater to the up-gradation and modernization around the country apart from successful PPP model in the key metros, taking care of not only the city side (the areas open to passengers) but also the airside (the area for technical operations for passenger, freight and aircraft movement and maintenance).

The Authority has additionally taken a few initiatives to redesign airport and airspace infrastructure to cater to the continued growth in air traffic with upgraded safety measures and efficiency. The comprehensive strategy is is gone for change from voice to data-link, transition from ground-based navigation to satellite-based navigation, growth of radar surveillance, implementation and execution of ATM automation, improvement in ATM procedures, state-of-the-art training and building up a sound R&D capability.

The AAI has already completed the modernization of 60 airports in the country including the metro airports and has already prepared an action plan for next five years, which is being implemented to provide the requisite capacity that would be adequate for the growth foreseen between now and up to 2025-26. Steel and glass structures have been used in construction of terminal buildings in these airports leading to flexibility in layout planning thereby ensuring smooth maneuverability for the passengers and good ambience to the terminals. The facilities

in these terminal buildings are state-of-the-art and are aimed to improve passenger safety and comfort.

Automation of the terminal and apron operations, the AAI is establishing the common use IT infrastructure with Common Use Terminal Equipment (CUTE), Common Use Self-Service Kiosks (CUSS) and overall integration of all systems through the establishment of Airport Operational Control Centers (AOCC) at airports. The AAI is also implementing the Baggage Reconciliation System (BRS) for facilitating faster baggage handling and reconciliation at all major airports. The baggage drop facility and self-baggage checking through self-service kiosks have also been introduced. Several modern solutions such as sensor-controlled elevators, escalators, Passengers Boarding Bridges (PBBs) with Advanced Visual Docking Guidance System (AVDGS) and travellers are being provided in the new terminal buildings.

Ultra-modern Heating, Ventilation and Air Conditioning (HVAC) System is being adopted in the terminal buildings to have better temperature control for the comfort of passengers and energy efficiency. To enhance the surveillance systems, hi-tech CCTV Systems are being provided at all the airports. The AAI is also exploring the possibilities of city-side developments through the PPP model at existing and Greenfield airports. Policies are being formulated for land regulation at airports. Efforts are also being made for providing world-class airport facilities in all the major airports.

This clearly should continue to attract investments from local and foreign players, eager to have a slice of the action in making flying a better experience for the passengers and users.

Besides, AAI has been further branched into three types on the basis of their public-private partnership inclusion at different levels and over the 3 decades (See Fig. 2).

Figure 2: Different Modes of Airport Infrastructure provision

Criteria	Type 1	Type 2	Type 3
Financing	100% government stake (central/ state) — includes civil enclaves	Government and private companies form Joint Ventures	State Government, public funds.
Control	100% government control	Control by JV ^c company — government exercises control through its equity stake	Company executives controlled by government representatives on the board
Revenue accrual	100% government	RNFC ^a to AAI; all other to the JV.	RNFC ^a to AAI; all other to the company
Examples	Calcutta and Chennai airports ^b	Delhi and Mumbai International airports	Cochin International Airport

*Source: AAI Report***2. POWER SECTOR IN INDIA**

The power sector in India has witnessed tremendous improvements in recent years for which the path forward, however, wasn't smooth. There were many challenges to overcome mainly due to the implementation problems faced in our country and the gap that exists between planning and implementation. Analysis of the risks prevalent and the steps to overcome these demanded more than the government's contribution and control. Considering the case of the Orissa State Electricity Board as to how it was implemented and also identifying the key lessons that would benefit in the future implementations of a power sector privatization took to results of the study and objectives to help clarity of the subject.

Current Scenario in India

The power sector on the whole is divided into three steps as Generation, Transmission and Distribution. With being the fifth largest power generation capacity, the process in India is fuel-based on which thermal power generation dominates. However various means can be used to generate power.

Though the emphasis has always been there on the power sector through government spending and the five-year plans, the implementation of power projects has always been a concern. The planned targets were hardly achieved. The Indian government had allocated huge budgets and set ambitious goals to achieve in the 11th plan, which if successful might lead to a huge expansion in the power generation. However, over the years there has always been a mismatch between the desired targets and the achievements. Some of the reasons for these can also be attributed to the shortage of fuel for power generation. Even in the

transmission and distribution sector, there have been investments planned to handle the additional capacity.

Dominance of State and Central Utilities

There was a general belief that the power sector had to be vertically integrated with the generation, transmission and distribution being controlled by a monopoly player. Since power was vital for economic growth, it had to be in the hands of the government. So in India also, the entire power sector was controlled by the government through the State Electricity Boards and Central Agencies. The number of players in private sector has been very less.

The conditions prevalent earlier and the presence of high regulations, this sector was not favorable for the private players to enter into this sector. There were entry barriers, extensive licensing rules set up by the government which prevented private players from participating in the industry. Also, the cost of setting up a distribution network or a generation plant was quite high.

Also, due to the vital nature of power, the Government had to cross-subsidize the power between different consumer classes. This made the market inefficient and consequently, an obstacle to the private players. However, during the ongoing occasions there has been a trend reversal and the private players have made a passage into this segment. We have seen huge corporate houses like the ADAG Group, Birla Group foraying into the power sector in India and have also seen a few success stories with the private players in this setup.

Key Challenges and Drivers for Success

The industry, as a whole, faced challenge which needed to be addressed before improvements could be seen in this sector. Privatization helped solve problems of increasing generation capacity and fuel availability which is yet grave concern with the industry dependent on gas and coal. Few players already have bought coal mines outside India, but the demand-supply gap still exists. And the planned targets from captive coal mines in India have also not been achieved thus only other option in this regard is to look at other forms of energy such as nuclear energy. This however has a long way to go before it becomes the main supplier of power in India. Due to burdened public sector units there is plant equipment shortage leading to difficulties in completion of projects. This has impacted on the capacity building plans of Government another reason why the government should move towards

privatization. Setting up a large generation, distribution units require land which is difficult to acquire due to bureaucracy and other government regulations.

With regards to manpower shortage, there is a general notion that talent shortage in the power and infrastructure sector is a long term problem and is likely to continue to push up project costs and risks. The flow has been gradually reducing up as candidates have sought an alternative and more lucrative career options. The Government, which sponsors a majority of the capital projects, has not done enough to address this issue. Training the graduates has been the most viable option even though this could push up the project costs to a certain extent.

Drive towards Privatization

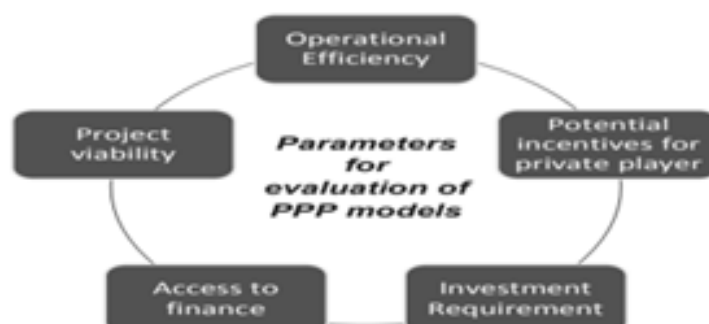
Some of the evident advantages of privatization in power sector include –

- Solution to implementation issues of power projects;
- Gaining competitive advantage by Technological advancement through increased R&D;
- Increased Foreign investments;
- Improved revenue realization and service efficiency;
- Increase in the number of Market Players will lead to deficit sharing

It is hence, after the success of many projects, usually assumed that private players would execute the projects with greater efficiency and the implementation issues could be resolved. There would be greater investments in this sector to derive the best and gain a competitive edge while making the business viable. Hence, the technology used currently could undergo a revamp and make great advancement through greater spend in research and development. The foreign player who is currently keen on investment in India's growth story could bring in better technology, investment and the expertise to carry out large power projects. This would also bring in greater efficiency and as a result of privatization, we could see a greater number of player competing. The power deficit currently faced by the country could be addressed due to the existence of a large number of players and also there could be again for the consumers through price wars and existence of a competitive market.

Following the above case, few evaluation factors are studied and analyzed upon while evaluating PPP Models (See Fig. 3).

Figure 3: Evaluation parameters for PPP Models



Source: enterpriseadvice.wordpress.com

3. BANKING SECTOR IN INDIA

Enhancing efficiency and performance of public sector banks (PSBs) is a key objective of economic reforms across the world including in India. It is believed that private ownership leads to the improvement of efficiency and performance. Accordingly, the Indian government started diluting its equity in PSBs from the early 1990s in a phased manner.

Privatization refers to a transfer of ownership from the public to the private sector as well as the control over assets. In broader terms, it involves greater influence on demand and supply forces, make sure that there is higher competition, it brings greater involvement in government activities. It brings liberalization in different regulations to release forces of competition and to implement demand and supply forces into the economy. Privatization is thought about to raise the competition, ensuring more noteworthy capital investment, competitiveness and modernization, bringing about the development of employment and providing improved nature or quality of products and services to the consumers and reduction in the tax burden. As part of the improvement process in the financial services sector, in January 1993 RBI issued certain guidelines for getting a license of new banks in the private sector. The same was revised after 8 years in January 2001. Some of the important conditions in the private sector as per revised guidelines by the RBI are Paid-up Capital, Promoters Contribution, and Foreign Investment etc. The increasing number of branches, increasing credit facilities for agriculture and increase of job opportunities are some of its benefits whereas adverse impacts of privatization include high-interest rates, fewer job securities, interference of politicians and Industrialists, less control of government over

private banks, private sector use private recovering agents to recover bad loans these agencies use wrong means to recover loans from people.

This day in the Indian Banking system, most of the banking aspects are characterized by the coexistence of private and public ownership groups. In 1990-91, there were 27 Public sector banks, 23 Private sector banks and 23 foreign banks operating in India. The banking industry in India has always moved around the deposit and credit functions. Their main role is to assist the overall economic growth where the majority of shares being controlled by the government of India. But when the liberalization takes place, the banking industry underwent tremendous changes. The RBI introduced new norms to adopt new practices and to make banks more accountable followed worldwide.

Effects on Norms

The new banking culture protected by reforms is reflected in ignoring the priority sectors, fully unfair treatment of opportunities offered by capital market-related activities. As the chairman of State Bank of India correctly pointed out, “this approach Breaks faith of innocence of realities of the Indian economy” These brings following changes in activities:

- **Priority Sector Lending:** The general perception of the priority sectors is that prescription of 40% of net bank credit, which lead to a higher level of Non-Performing Assets (NPAs). The accepted fact that increase in Non-Performing Assets will affect the Indian Banking System.
- **No More Subsidized Interest:** the main aim of the Narasimham committee is that the real interest rate always should be positive it should not create any concession in the aspect of the interest rate.
- **Impact on Agriculture:** As far as India is concerned, agriculture is the backbone of Indian economy. 59.4% of the population is engaged in agriculture, but this suffers from lower productivity compared to per hectare and per worker. One of the main reason for lack of productivity is inadequate to service like finance and marketing. Credit requirement for agriculture sector is so large to meet their requirements. RBI improved the policies of agricultural advances from 54.1% in 1992 to 59.6% in 1995.
- **Regional Imbalances:** As per the Verma committee such banks should be closed who involve in lack of non-fund business, augmentation of non-interest income,

establishment cost is high and non-capability to improve the sustainability of business levels. Licensing policy liberalization also one of the reasons for regional imbalances. As per section 22 of the Banking Regulation Act, 1949, before commencing business in India every company should obtain a license from the RBI.

Further, in the process and as a result of privatization banks were supposed to maintain a minimum paid-up capital of Rs.100 crore and within 3 years of commencement should raise to 300crores. Promoters and Foreign Investors involvement were encouraged and capital structure formats were to be approved by Reserve Bank of India. Also, as per the RBI rules, individual companies were allowed to participate inequity of the banks up to 10% limit. Narasimham Committee decided to bring efficiency in the capital of Private sector banks and up-gradation of technology. Verma committee recommended that those banks have non-performing assets are weak banks. If these banks were allowed to function it may affect the efficiency of other banks as well. As for as agriculture is concerned 59.4% of the population is engaged in agriculture, their main problem is less productivity due to insufficient credit finance. By privatization, private ownership will come into existence and they lead to all the decisions with regards to the business concerned. Privatization lead to a monopoly system, this will reduce the quality of efficiency and the public will suffer. Public sector banks already foster their technological advancement due to the competition. It is a favour to privatization and foreign ownership.

4. HEALTH AND CARE

Concerning the past as to how health was deteriorating and life expectancy was on the lower preference for each one but slowly with the advancement in time and technology the concern took a step ahead towards citizens at all levels and governments headed for a partnership with private organizations. Soon with the advancement and further deep studies, the approach went to the next level and which has also been mentioned in various studies. Taking an example of one such report by KPMG, PPP in the health care context played as an instrument for improving the health of the population. It was seen in the context of viewing the whole of the medical sector as a national asset to promote health. Private and Non-Profit organizations were also equally accountable for health systems in the country which fed positive inclusion towards the success of PPP experiences in India.

For Example:

- 1. Telemedicine initiative by Narayana Hrudayalaya in Karnataka** - The Government of Karnataka, the Narayana Hrudayalaya hospital in Bangalore and the Indian Space Research Organization initiated an experimental telemedicine project called 'Karnataka Integrated Telemedicine and Telehealth Project' (KITTH), which is an on-line health-care initiative in Karnataka. Narayana Hrudayalaya hospital is linked with Coronary Care Units of selected district hospitals with the help of satellite. After the examination of patients by ordinary doctors, further investigation is facilitated by the specialists with the help of connection between Critical Care Unit and the main hospital. The patient is referred to the main hospital in Bangalore, if he requires an operation otherwise; the patient is admitted to a Critical Care Unit for consultation and treatment. Telemedicine provides access to areas that are underserved or un-served. The facility improves access to specialty care and reduces both time and cost for semi-urban and rural patients. Telemedicine improves the quality of health care through timely diagnosis and treatment of patients. The most important aspect of telemedicine is the digital convergence of medical records, charts, x-rays, histopathology slides and medical procedures (including laboratory tests) conducted on patients.
- 2. Contracting in Sawai Man Singh Hospital, Jaipur** - The SMS hospital has established a Lifeline Fluid Drug Store to contract out low-cost high-quality medicine and surgical items on a 24-hour basis inside the hospital. The process of bidding is used for the selection of agency. The successful bidder is a proprietary agency. Monitoring and functioning of store is the overall responsibility of medical superintendent. The contractor appoints and manages the remuneration of the staff from the sales receipts. The SMS hospital shares resources with the drug store such as electricity; water; computers for daily operations; physical space; stationery and medicines. Distribution of staff salaries; medicine; maintenance of records, daily operations and monthly reports to SMS Hospital are provided by the hospital. The SMS Hospital provides all medicines to the drug store, and the contractor has no power to purchase or sell medicines himself. LLFS can be used by contractors for

gaining substantial profits and expansion of contacts. The contractor must abide by all the rules and regulations as listed in the contract document. The SMS Hospital has also contracted out the installation, operation and maintenance of CT-scan and MRI services to a private agency. Hospital pays monthly rent to the agency and the agency is required to provide free services to 20% of the patients of poor socio-economic categories.

Apart from the above examples of successful PPP's instrumented by the healthcare sector in India, there are numerous examples wherein innovative models are being envisaged to provide a robust healthcare framework in the country. Some of the projects in the pipeline include setting up of the diagnostic centers at the district hospitals under the PPP model.

'KPMG' which is the advisor for both these projects and is involved in designing of the PPP model, financial and project structuring, detailing the scope of services, technical advisory, tendering process and eventually short listing of the private partner. Public-Private Partnership has emerged as one of the options to influence the growth of the private sector with public goals in mind. Used judiciously and fitted to local circumstances, they have the potential to drastically change the healthcare landscape in India. PPP's will survive only if the interests of all stakeholders are taken into account.

FINDINGS & SUGGESTIONS

Following above analysis and study, Public-private partnerships (PPPs) are often proved as the solution for time and budget overruns in large infrastructural projects, but eventually not all are successful which further raised questions on factors leading to success of PPP projects. Focusing on the role of relative aspects the scale to which trust and social control correlate to the perceived performance and cooperation method in operation outcomes. However, few PPP projects show that both trust and management correlate significantly to the perceived performance of these projects. Moreover, trust is related to an honest cooperation process.

PPPs are thought of as prosperous not only because of the way stakeholders perceive their project's performance but also attributable of the means by which public and private actors cooperate during the process. Therefore, the main focus is on the role of trust and management in the cooperation between public and private actors in PPP projects. In some cases where both trust and management are positively associated with the perceived performance of PPP projects,

the outcome is expected to be more productive, efficient and cost returns. Whereas on the other hand analysis also indicates that no control variables as respondents, organizational background, the technical complexity of the project, and project phase are related to the cooperation between public and private actors in the project.

More strikingly, as per analysis - in contrast to trust, management is not associated with good cooperation as the variable management includes management strategies aimed at cooperation between partners, such as involving partners in project management decisions, communication between actors, and orienting conflicting interests. The role of trust herein more closely strongly relates with the cooperation of actors in PPP projects, management may be indirectly associated with cooperation, because the various management activities may influence the amount of trust between partners.

CHALLENGES

There are the challenges that are believed to shape the implementation of PPPs in present and beyond.

- 1. A focus on "People-First" PPPs:** There is a growing consensus that PPPs need to become more about people. As a consequence, proponents of PPPs and governments are increasingly subscribing to strategies to incorporate the Sustainable Development Goals (SDGs) into their policy and planning documents.

This people first approach can progressively underlie the conditions for funding surgical operation initiatives by multilateral development banks (MDBs) and development agencies. This will translate into an increased focus on social service PPPs for healthcare, housing, and education as countries seek to achieve their SDG objectives.

- 2. A growing interest in property, resilient, and regenerative PPPs:** In a 2019 world faced with the limited financial resources caused by a possible global recession, PPPs need to factor in sustainability and resilience to be considered bankable and viable.

This revived awareness is additionally driven by issues regarding building comes in environments susceptible to progressively acute risk owing to extreme weather from climatic change. Governments, investors, and insurers are more concerned about risk and demanding that projects take steps to mitigate it. It is also important that elements of

regeneration be built into project recovery strategies so PPPs can recover quickly from weather events.

- 3. A surplus of maturing PPP projects:** Many countries face the reality that projects initiated in the enthusiastic first wave of PPPs launched in the 1990s are maturing. Thirty years ago, few governments focused on the date when project contracts would expire and projects would be handed back to government owners for operations and maintenance. Many governments lack the resources to manage these projects and are concerned about being inundated by a wave of projects they don't want to manage or are incapable of managing. This offers great opportunities for PPP investors.
- 4. PPP legal revisions and reforms focusing on better governance:** Many countries are undergoing reforms or adopting legal frameworks to establish or improve enabling environments for PPPs. These reforms are encouraging as they will help mitigate legal constraints that have caused developers and investors to avoid PPPs in certain markets.
- 5. E-procurement and demands for competitive, transparent procurements:** One of the biggest concerns of potential developers of and investors in PPPs in emerging markets has been rigged procurements and corruption. Governments square measure associate degree, adopting measures to develop an atmosphere of clear and competitive acquisition. One approach has been to adopt e-procurement platforms-often sponsored by MDBs and development agencies-that ensure the playing field is levelled and that cash-strapped governments are not being milked by unscrupulous public and private sector players focused on profiteering instead of building feasible and sustainable infrastructure that benefits all.
- 6. Growing concern about the ability to deliver successful PPPs:** Against growing scrutiny by governments and investors about PPP success rates there is an increased focus on improving the abilities of governments to deliver projects. This is resulting in more efforts to develop and improve the procurement and management capabilities of public sector officials. This will result in greater mastery of PPPs by the public sector and will avoid the exploitation of PPP initiatives by malfeasant actors. In several countries, newly constituted PPP units are also being formed that will provide technical support to novice PPP project proponents.

- 7. Increasing have to be compelled to take into account national budget methods, pipelines, and priorities:** In times of financial stress, governments focus on developing budget strategies that identify economically feasible and affordable PPPs to match national development goals. This is resulting in governments requiring line ministries and sub-national agencies to coordinate their project pipelines with national pipelines (often controlled by national treasuries and ministries of finance) to prioritize projects meaningfully. This is resulting in greater scrutiny to ensure governments are not committing themselves to debt that cannot be repaid.
- 8. Domestic banks' understanding of PPPs is increasing in emerging economies:** Many governments in emerging economies are making concerted efforts to "educate" domestic banks about the opportunities of investing in PPPs. This trend will increase domestic liquidity and help governments find alternative financing for smaller PPPs that are not attractive to international investment banks.
- 9. Increasing government awareness to market opportunities to attract FDI for PPPs:** Governments are more aware they need to market themselves if they wish to compete successfully for foreign direct investment. The reality is that investors aren't sentimental and it's increasingly important that governments tell good stories about opportunities, meaningful (bankable) projects, and risk mitigation if PPP investors are to be lured. Many governments are currently making certain that comprehensive practicability studies are mandated as a mechanism to form a pretty procural setting and chance for intended developers and investors.
- 10. Decreasing appetite for unsolicited PPPs:** As governments become increasingly aware of private-sector concerns about nepotism and corruption, there is a growing awareness of the dangers of unsolicited PPP proposals. Consequently, there are steps underway in many countries to better regulate unsolicited proposals to ensure that only bankable projects that are economically and commercially viable are considered. The private sector must become aware of the new regulatory expectations concerning unsolicited proposals that require greater scrutiny and competitive bidding.
- 11. The emergence of recent surgical procedure establishments championing PPPs:** Several new international establishments are championing PPPs. These include the

Geneva-based UNECE PPP Center of Excellence's affiliated regional centres of excellence that includes the New Orleans Resilience and Sustainability Center and the Frankfurt Healthcare PPP Center. Other establishments to observe embrace the new shaped Afghan surgical procedure Hub, and also the World Association of surgical procedure Practitioners.

With all the change happening in the world of PPPs, it is believed that 2019 will be promising. PPPs under the guidance of best practitioners are constantly evolving to accommodate the change.

REFERENCES

1. Hodge, G. A., Greve, C. (2010). Public-private partnerships: Governance scheme or language game? *Australian Journal of Public Administration*, 69, S8-S22.
2. Organization for Economic Co-operation and Development. (2008). *Public-private partnerships: In pursuit of risk sharing and value for money*. Paris, France: Author.
3. Pollock, A. M., Prince, D. W., Player, S. (2007). An examination of the UK Treasury's evidence base for cost and time overrun data in UK value-for-money policy and appraisal. *Public Money & Management*, 27, 127-134.
4. World Bank Group, & Public-Private Infrastructure Advisory Facility (2015). *Report on recommended PPP contractual provisions*. Washington, DC: International Bank for Reconstruction and Development & World Bank.
5. HM Treasury (2002), *Review of Large Public Procurement in the UK*, Mott MacDonald, London: Stationery Office.
6. HM Treasury (2002-3), *PFI: Meeting the Investment Challenge*, Report of Comptroller and Auditor General, Session 2002-3, London: Stationery Office.
7. National Audit Office (2000-1a), *The Re-negotiation of the PFI-type deal for the Royal Armouries Museum in Leeds*, Report of Comptroller and Auditor General, HC 103, Session 2000-1, London: Stationery Office.
8. National Audit Office (2000-1b), *The Channel Tunnel Rail Link*, Report of Comptroller and Auditor General, HC 302, Session 2000-1, London: Stationery Office.

- 9.** National Audit Office (2001-2a), Modernising Construction, Report of Comptroller and Auditor General, HC 87, Session 2000-2001, London: Stationery Office.
- 10.** Comer, David (2005), "The United Kingdom Private Finance Initiative: the challenge of allocating risk", pp.44-61 in Graeme Hodge and Carsten Greve (Eds.) *The Challenge of Public-Private Partnerships: Learning from International Experience*, Edward Elgar, Cheltenham, UK, and Northampton, MA, USA.
- 11.** Economic Planning Advisory Commission (1995), *Private Infrastructure Task Force Report*, Canberra.
- 12.** Milind Sathye, (2005). "Privatization, Performance, and Efficiency: A Study of Indian Banks" *VIKALPA*, VOLUME 30, NO 1, JANUARY - MARCH 2005
- 13.** Carlin, Wendy & Landesmann, Michael. (1997). From Theory into Practice? Restructuring and Dynamism in Transition Economies. *Oxford Review of Economic Policy*. 13. 77-105. 10.1093/oxrep/13.2.77.
- 14.** Bao, Fengyu & Chan, Albert & Chen, Chuan & Darko, Amos. (2018). Review of Public-Private Partnership Literature – A Project Life Cycle Perspective. *Journal of Infrastructure Systems*. 24. 10.1061/(ASCE)IS.1943-555X.0000424.
- 15.** Ashley, David & Bauman, Richard & Carroll, Jim & Diekmann, James & Finlayson, Frank. (1998). Evaluating Viability of Privatized Transportation Projects. *Journal of Infrastructure Systems - J INFRASTRUCT SYST*. 4. 10.1061/(ASCE)1076-0342(1998)4:3(102).
- 16.** Abdel Aziz, A.M., (2007), —Successful Delivery of Public-Private Partnerships for Infrastructure Development, *Journal of Construction Engineering and Management*, 133/12:918-931.
- 17.** Button, Kenneth. (2016). Public-private partnerships: a review of economic considerations with particular reference to transportation projects. *Transportation Planning and Technology*. 39. 136-161. 10.1080/03081060.2015.1127538.