

Comprehensive PPP Policy on Infrastructure Sector to Encompass Social Sector: R Gopalan, Secretary, Economic Affairs

NEW DELHI, May 11, 2011. A comprehensive policy framework for public private partnership (PPP) in the building of physical infrastructure and social sectors such as health and education is on the anvil. The policy will lay down guidelines for the entry of private players and implementation of infrastructure projects of both the Centre and the states.

This was stated here today by **Mr. R Gopalan, Secretary, Department of Economic Affairs, Ministry of Finance**, while addressing a ***FICCI Roundtable on 'PPP Policy for Infrastructure Sector'***.

Mr. Gopal said that the new PPP policy would rest on three pillars. The first pillar of the policy's architecture is to ensure security in legal framework while not becoming excessively prescriptive. "It must facilitate focusing on achieving outcomes, while setting broad parameters in which partners can design and implement projects that they agree on. Dense legislation that seeks to micromanage the PPP process will not only deter prospective investors but also stifle innovations to meet the unique requirements of diverse sectors. Hence, the emphasis will be on flexibility with simple well defined rules and principles," he said.

The second key pillar of the PPP policy would be a codification of the vast array of initiatives that have already been undertaken by the Government in the past to promote PPPs in the country. Having all the initiatives together at one place can facilitate informed decision making while structuring a new PPP project or a PPP programme.

The third pillar of the policy is the establishment of processes that are required for second generation PPPs with focus on appropriate public oversight and monitoring of PPP projects and ensuring that a value for money rationale is adopted while developing projects.

Finally, Mr. Gopalan said that the policy must aim to establish a consistent framework to enable PPPs across sectors, which will enshrine the core principles of transparency in procurement, adequate competition, sanctity of the contracts, speedy dispute resolution, etc. "We are hopeful that the framework will also find resonance at the State level," he said.

The DEA Secretary said that the number of PPPs in infrastructure is bound to witness a huge rise from the present 700 projects in roads, airports, ports, metros and urban infrastructure. With the recent addition of modern post harvest storage facilities, cold chains, education, health and skill development sectors in the list of sectors eligible for viability gap funding the stage has been set for exploring the PPP route in social sectors as well.

Mr. Gopalan said that the government's intent is to address the key regulatory and financing aspects which impact PPP projects. "We are conscious that these aspects may not have a ready made solution. Any solution would have to be cross cutting across sectors and encompass financial sector reforms, land reforms, legal reforms, etc. Hence, a key issue which has been

agitating our mind is whether to address these sectoral reforms through sector specific reforms, parallel to the PPP policy or to utilise the PPP policy as a catalyst to set in motion reforms in these key sectors," he pointed out.

He also announced that the government was working on the creation of an infrastructure debt fund and expressed the hope that the fund would be in place by June-end.

He said the RBI was in the final stages of making its recommendations to make the corporate bond market more active and attractive to the private sector.

Earlier giving an overview of the current PPP policy, **Mr. Abhaya Agarwal, PPP leader, Ernst & Young**, said that "The proposed PPP framework must address the issues and delays during approval and implementation stage. It should clearly mandate one single agency within the Central Government which would be responsible for all the policies and project advocacies. Developing a national PPP unit on the lines of partnership UK under Ministry of Finance would be desirable and a single window mechanism, time bound clearances under the policy will be a welcome step."

The roundtable was also addressed by **Mr. Rakesh Srivastava, Joint Secretary, Ministry of Shipping; Mr. Pradeep Singh, Vice Chairman and Managing Director, IDFC Projects Ltd.; Mr. Pratyush Kumar, President & CEO, GE Infrastructure India; Mr. Param Sivalingam; Mr. Heman Kanoria, Chairman, FICCI National Committee on Infrastructure and CMD, Srei Infrastructure Finance Ltd. and Mr. Gopal Sarama, Co-Chairman, FICCI National Committee on Infrastructure and Partner, Bain & Company Pvt. Ltd.**

Taresh Arora
Media Relations Officer
FICCI
Federation House, Tansen Marg, New Delhi 110 001
E: taresh@ficci.com
T: +91-11- 23357392, 23753117
M: +91-9899115719
F: +91-11-23753119 (Fax)
W: www.ficci.com