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PUBLIC PRIVATE PARTNERSHIP

CHALLENGES & OPPORTUNITIES

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A RESPONSE CONSUMER CONNECT INITIATIVE

Time to add a fourth P to Public Private Partnerships : Arun Lakhani



From left: SV Chahande Chief Engineer, MADC, Arun Lakhani, CMD, Vishvaraj Infrastructure Ltd., Ajay Saxena, ADB official, Pravin Darade, Chairman, NIT & Jt. MD MADC, Priti Ramakrishnan Director aXYkno & Sunil Warrier, Resident Editor The Times of India.

Arun Lakhani, chairman and managing director of Vishvaraj Infrastructure Ltd. (VIL) says for successful PPPs - a win-win model is a must for all stakeholders.

"Time has come to extend PPP to PPPP by adding the fourth P for 'People' in order to evolve partnership in true sense" stated Lakhani in his opening remarks. He deliberated his thoughts on 'Successful PPPs' - A win-win model must for all stakeholders' at the ET event. "I see a great role for PPPs in India's economic development. To sustain 8% growth rate for Indian economy and looking at high urbanisation rate of Indian cities,

PPP is a big market place, he said.

In a PPP project structure all stakeholders are ready to take some risks provided they are assured of rewards. Government offers its assets to the private sector and expects private finance and efficiency as reward. Private sector invests in public assets and expects reasonable returns on investment along with sound contractual provisions. People bear hassles during project implementation phase and expect better customer experience through improved service levels. Talking about challenges faced by developers, Lakhani referred to poor finan-

cial bankability and weak contractual framework for some PPP projects.

He also said that PPPs have given an opportunity to appreciate changed perspective. Elaborating on the topic, he described the transformation that happens in the mindset of developers from 'small contracts executed as contractors' to 'long term PPP contracts executed as co-owners'. In a long term performance based PPP contract, there is an inherent mechanism that makes developer accountable and also motivates him to provide a quality infrastructure. He bluntly stated that the contractual conditions must be very clearly spelled out and there should not be any scope for maneuvering by private operator. It brings bad name to the developer fraternity of which he is a part.

Sharing his experiences with PPP projects, Lakhani cited some innovative PPP contracts. He talked about MAHAGENCO STP contract at Koradi thermal power station which through innovative structuring not only resulted in reuse of water but also saving of water for the citizens of Nagpur. Referring to Nagpur 24x7 water supply contract as an example of another innovative contract, he explained the goals of this contract. One

of the important goals is to convert current intermittent water supply to continuous water supply in a phased manner over a period of 5 years; other objectives being offering better customer service, keeping pipes pressurised to ensure healthy water supply and checking leakages. He also cited a classic example of Yeola town development as a part of BOT Road contract and how it helped winning over the people of town bringing down natural resistance for toll road project.

Lakhani talked about some possible PPP contracts in municipal sector that can provide solutions to some of the long waiting problems. He suggested offering city roads to developers for longer terms of 20 to 25 years. To summarise his speech, he reiterated mindset change that automatically happens from 'short term contractor' to 'long term co-owner' of the developers in case of PPP contracts. In his concluding remarks he emphasized a need to execute restrain by introducing one more 'P' for patience. Quality implementation takes time and it is anxious time for all the stakeholders till the time the facility is built. However, there is a need to be patient, as any change for good has to wait.



PRAVIN DARADE
(IAS), Chairman,
NIT & Jt. MD MADC

The project is open for companies willing to set up operations here, with land in SEZ available at Rs 60 lakh per acre with a 1.5 FSI/FAR, to be allotted on first come



AJAY SAXENA
PPP Expert, GoM

In PPP projects, the private companies are not contractors, but coowners, sharing equal authority and responsibility. It is also not privatisation in any sense.



ARUN LAKHANI
Chairman and
MD, Vishvaraj
Infrastructure Ltd.

Developers should change their mindset from 'small contracts executed as contractors' to 'long term PPP contracts executed as co-owners.'



PRITI RAMAKRISHNAN
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Success of any project on Public Private Partnership (PPP) basis rests on three legs of a tripod - Technical, Financial & Legal.