

Govt to Address Issues Hurting PPPs in Infra

Process will begin once the panel formed to review PPP framework gives it advice

Our Bureau

New Delhi: The government will address all regulatory and financial issues to expedite infrastructure projects, including those promoted under the public-private partnership (PPP) mode, a senior finance ministry official has said.

The government will kick-start the process once it has the advice of a high-level committee constituted to review the PPP framework. At a meeting facilitated by the industry chamber CII, the stakeholders raised regulatory and financing issues, difficulties faced by them and the constraints in capacity building. "We will examine the suggestions in consultation with the various other departments and ministries and place them before the government for decision quickly," Economic Affairs Secretary Shaktikanta Das told reporters after a meeting with infrastructure sector players. The meeting was attended by RBI Deputy Governor R Gandhi, SBI Chairperson Arundhati Bhattacharya and officials from infrastructure ministries. Dispute resolution relating to concession agreements for implementing PPP projects were also discussed.

The government has already set up a committee under former finance secretary Vijay Kelkar to suggest a framework for revitalizing the PPP model, which has faced some trouble after initial success. The terms of reference of the committee include measures to improve capacity building in government for effective implementation of PPP projects, review of experience of PPP policy, analysis of risks involved in such projects in different sectors



QUICK ACTION

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SHAKTIKANTA DAS

Economic Affairs Secretary

and existing framework of sharing of such risks between project developers and the government. "We are expecting the Kelkar committee report to be submitted before the end of this month or may be by first week of November," Das said.

The government will use the inputs from the deliberations as well, Das said.

The government has been relying on budget spending to kick-start infrastructure investment, recognizing that the stressed private sector needs to get back financial health before it can invest. The government has already announced an attractive policy for road developers to exit from stalled or completed projects, freeing them up to take more projects.

"Some of the recommendations, if accepted by the government, can be operationalised far quicker. But some of the recommendations may require little more time. So, it will depend on content of recommendation of the Kelkar panel," Das said.

The department of economic affairs will discuss the issue with the RBI, banks and the department of financial services.

In his last budget speech, Finance Minister Arun Jaitley highlighted the need to revisit and revitalize the PPP mode, admitting that the risk framework for these needed to be reassessed. "The major issue involved is rebalancing of risk. In infrastructure projects, the sovereign will have to bear a major part of the risk without, of course, absorbing it entirely," he had said.