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Public Private Partnership, Potentials and Scope in India with Special Reference to Nagaland

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What Is Public Private Partnership?

A public-private partnership is a contractual agreement between a public agency (federal, state or local) and a private sector entity. Through this agreement, skills and assets of each sector (public and private) are shared in delivering a service or a facility for the use of the general public. The public partners in a PPP are government entities, including Ministries, departments, municipalities, or state-owned enterprises. The private partners could be local or international and may include businesses or investors with technical or financial expertise relevant to the project. In a PPP, each partner, usually through legally binding contract(s) or some other mechanism, agrees to share responsibilities related to implementation and/or operation and management of a project.

A public–private partnership (PPP, 3P or P3) is a cooperative arrangement between one or more public and private sectors, typically of a long term nature. PPP is define as "a long-term contract between a private party and a government entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance (World Bank, 2014). According to National PPP Policy, 2011 "Public Private Partnership means an arrangement between a government or statutory entity or 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 Planning Commission of India has defined the PPP in a generic term as "the PPP is a mode of implementing government programmes/schemes in partnership with the private sector. It provides an opportunity for private sector participation in financing, designing, construction, operation and maintenance of public sector programme and projects".

Need For PPP

- **Financial burden on government**

First and foremost reason behind the privatization is deckling trend in government expenditure for extension in several countries over the last decade. Financial burden of governments have forced to make sharp reduction in the budget of the public extension programmes.

- **Disappointing performance of public extension service**

Impact of the public extension system in agricultural development is generally disappointing, ineffective extension work, transfer of technologies are not economically viable, not matching with the farmers needs, little consideration for cost effectiveness, less competent extension personnel with no accountability to farmers, bureaucratic nature and target oriented programmes mostly imposed on the farmers

- **Commercialization of agriculture**

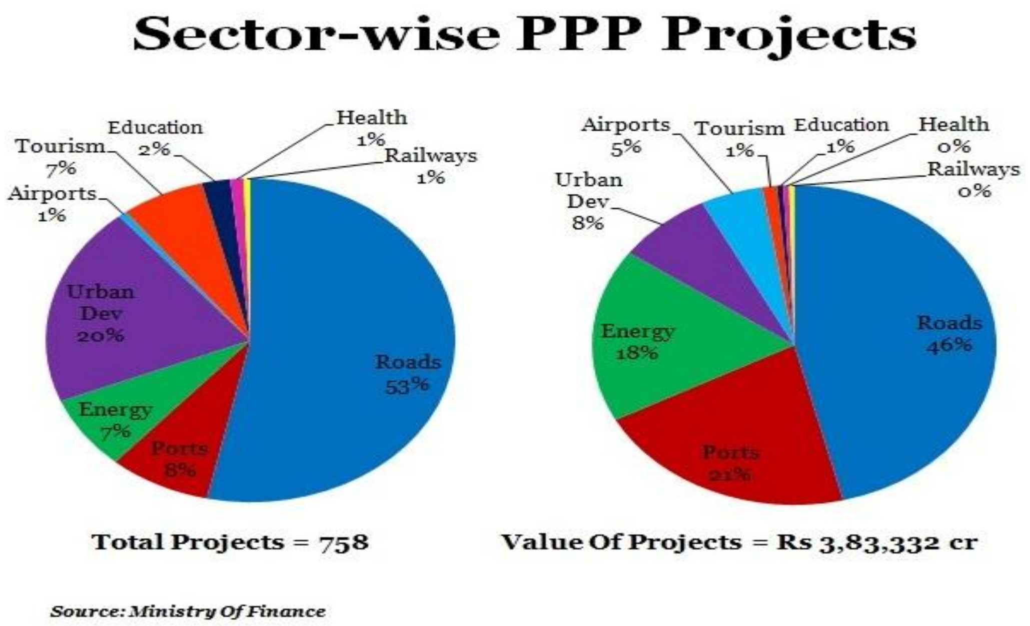
In recent past most of the developing countries including Indian agriculture are shifting from mere subsistence level to commercialized agribusiness. Above all, challenges and opportunities of globalization and liberalization era demand effective alternative extension approach. Growing commercial and specialized nature of agriculture will demand quick and technically sound advice, based on scientific analysis with appropriate marketing information. Existing public extension system is not capable of meeting these challenges.

Present Status of PPP

According to the Department of Economic Affairs (DEA), around 1581 PPP projects with a total value of Rs. 1,158,342.79 were operative in India by 2017 across various sectors. Government of India established the India Infrastructure Finance Company Limited (IIFCL) on 5 January 2006, as its wholly owned enterprise. IIFCL provides debt of long term maturity in rupee terms to viable infrastructure projects in the public sector, public private partnerships and the private sector. To further simplify the compliance process, a Public Private Partnership Appraisal Committee (PPPAC) was formed. Since 20th Dec, 2005 till 14th Feb

2017, PPPAC has granted approval to 308 projects with a total project cost of Rs. 359,162.22 Crore.

A start has already been made by the Maharashtra government as Maharashtra Public-Private Partnership for Integrated Agricultural Development (PPPIAD) project. Catalyzed by the World Economic Forum's New Vision for Agriculture (NVA), the PPPIAD aims to develop integrated value chains. What began with 11 projects in 2012-13, now encompasses 33 value-chain programmes in 2014-15 with more than 60 participating companies. Focused on 15 key crops, the project has reached almost half a million farmers to date with a target to reach five million by 2020.



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PPP Projects in India

- **Project Golden Ray**

  PPP between the Government of Rajasthan and MIL which aims at improving economic self-sufficiency of tribal maize farmers by enhancing maize yields and incomes in five districts; Banswara, Dungarpur, Udaipur, Pratapgarh and Sirohi. This project was launched in Kharif 2009 as PPP with Rajasthan government and Monsanto India Limited (MIL). It aimed in popularizing hybrid seed and increasing productivity/income per unit land in maize crop. In Kharif 2009, through PPP mode, the Directorate of Agriculture tied up with Monsanto to supply 90 MTs of Monsanto's propriety brand seed (Prabal and Hi-Shell) to 18872 farmers in Udaipur and

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Banswara. Rajasthan government's Planning Department reports yields of 32-35 quintals per hectare, in Banswara (as compared to average yield of 17-18 quintals per hectare in the district). Udaipur also reported 50-100% higher yields. The project was extended to Banswara in Rabi, through supply of 56 MT of 'Supreme' hybrid seed. It is reported that 165 MT of seed was distributed in both seasons to 30,449 tribal farmers in all with an expenditure of 1.57 crores. The project improved the socio-economic conditions of farmers despite adverse weather conditions in 2009. In Kharif 2010, the plan was expanded to cover around 35% of the corn-growing areas in the tribal districts of Banswara, Dungarpur, Pratapgarh, Sirohi and Udaipur. All tribal and non-tribal BPL farmers (7.83 lakh farmers) were covered, with each farmer being given 5 kilos of Monsanto"s proprietary hybrid maize seed, with the tribal development department additionally giving fertilizer free of cost to farmers. A total of 39130.60 quintals of seed has been distributed along with adequate technical staff has been deployed for guidance to the farmers.

- **e-Choupal**

The villagers unlike urban populations are often not able to access technologies, markets and governance services due to lack of adequate knowledge about facilities, prices and conditions to be complied with. The Government extension system, which traditionally delivers new technologies to rural people, has serious capacity limitations on physical outreach and is plagued with systemic inefficiencies. This gap has given rise to a new opportunity i.e. ITC's Agri Business Division, one of India's largest exporters of agricultural commodities, has conceived e-Choupal as a more efficient supply chain aimed at delivering value to its customers around the world on a sustainable basis. Launched in June 2000, 'e-Choupal', has already become the largest initiative among all Internet-based interventions in rural India. e-Choupal unshackles the potential of Indian farmer who has been trapped in a vicious cycle of low risk taking ability, low investment, low productivity, weak market orientation, low value addition, low margin. ITC Limited has provided computers and Internet access in rural areas across several agricultural regions of the country, where the farmers can directly negotiate the sale of their produce with ITC Limited. Online access enables farmers to obtain information on mandi prices, and good farming

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practices, and to place orders for agricultural inputs like seeds and fertilizers. This helps farmers improve the quality of their products, and helps in obtaining a better price. IT-driven information and service providing centres known as village knowledge centres or rural information kiosks has been open up by ITC Limited. Each ITC Limited kiosk with Internet access is run by a sanchalak -a trained farmer. The computer is housed in the sanchalak's house and is linked to the Internet via phone lines or by a VSAT connection. Each installation serves an average of 600 farmers in the surrounding ten villages within about a 5 km radius. There are 6,500 e-Choupals in operation in 40,000 villages in 10 states, affecting around 4 million farmers. ITC plans to scale up to 20,000 e-Choupals covering 100,000 villages in 15 states, servicing 15 million farmers.

- **Public private partnership for Integrated Agricultural Development (PPPIAD) under Rashtriya Krishi Vikas Yojana(RKVY):**

PPPIAD is a scheme for facilitating large scale integrated projects, led by private sector players in the agriculture and allied sectors, with a view to aggregating farmers, and integrating the agricultural supply chain, with financial assistance through RKVY, under the direct supervision of State Governments, supported by National Level Agencies. RKVY is the major window of funding to support integrated agriculture and allied sector projects. However, there are challenges of limitation of technical, administrative and financial capacity at the state level to absorb the growing level of funding support under RKVY. Also the short term nature of most RKVY interventions raises the questions about the long term impact and sustainability of these investments.

Therefore, PPPIAD has been conceived of as an alternative mode of implementation under RKVY, using the technical and managerial capabilities of the private sector in combination with public funding, to achieve integrated and sustainable outcomes, as also to achieve value chain integration and additional private investment in agriculture.

Main features of PPPIAD:

- Corporates to propose integrated agricultural development projects across the spectrum of agriculture and allied sectors, taking responsibility for delivering all

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the interventions through a single window. Each project to target at least 5000 farmers, spread over the project life.

- Average investment per farmer during project must be quantified, though an average of Rs. 1.00 lakh per farmer will be a desirable benchmark. Government support will be restricted to 50% of the overall per farmer investment proposed, with a ceiling of Rs. 50,000 per farmer through the project cycle. The remaining investment will be arranged by the corporate through institutional financing and its own and farmer contributions.
- Financial assistance will be provided by State Governments directly to corporates through the RKVY window.
- Key interventions which must feature in each project are: a) mobilizing farmers into producer groups and registering them such as joint stock or producer companies, cooperatives, self-help group federations etc. b) technology infusion; c) value addition; d) marketing solutions; e) project management.
- An independent monitoring agency (like NABARD or other a suitably qualified consultancy firm with no conflict of interest with the particular project it is to monitor) will be appointed by the State Government to closely track the performance of the project and report to all relevant stakeholders in the State and Central government.

Objectives:

- Addressing all concerns related to production and post-harvest management in agriculture, horticulture and agriculture allied sectors.
- Enhancing production and productivity, improve nutritional security and income support to farmers.
- Promote, developing and disseminating technologies for enhancing production and productivity.
- Creating employment generation opportunities for skilled and unskilled persons, especially unemployed youth.
- Improving value addition and ensuring farmer's profitability increases.
- Making farming a viable business proposition.

PPP in Health

- Public-Private Partnership or PPP in the context of the health sector is an instrument for improving the health of the population.
- PPP is to be seen in the context of viewing the whole medical sector as a national asset with health promotion as goal of all health providers, private or public.
- The Private and Non-profit sectors are also very much accountable to overall health systems and services of the country.
- Therefore, synergies where all the stakeholders feel they are part of the system and do everything possible to strengthen national policies and programmes needs to be emphasized with a proactive role from the Government.

  Some examples of PPP on health project:

  - Yeshasvini Health scheme in Karnataka
  - Arogya Raksha Scheme in Andhra Pradesh
  - Contracting in Sawai Man Singh Hospital, Jaipur
  - The Uttaranchal Mobile Hospital and Research Center (UMHRC)
  - Emergency Ambulance Services scheme in Tamil Nadu
  - Urban Slum Health Care Project, Andhra Pradesh
  - Rajiv Gandhi Super-specialty Hospital, Raichur, Karnataka
  - Community Health Insurance scheme in Karnataka

PPP in Education

- In the case of education, PPP has been proposed as an important strategy in the Eleventh Five Year Plan.
- Among many things, the Eleventh Plan has proposed the setting up of 6,000 new model schools in secondary education, affiliated to the Central Board of Secondary Education.
- Of these, 2,500 are to be under the PPP model. The intention is to set up these schools in the backward regions and remote areas where good schooling facilities do not exist, so that quality education is accessible in the backward regions as well.
- According to the model finalized by the Planning Commission in consultation with the private sector, these schools will be set up by 2014 and will have the capacity to educate 65 lakh students, of whom 25 lakh will be from the deprived sections.

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- Each school will have about 2,500 students, 1,000 of whom will be from deprived sections and charged a token fee. Fifty per cent of the 1,000 students will be from the Scheduled Castes, the Scheduled Tribes and the Other Backward Classes.
- They will be required to pay a monthly fee of Rs.25 each. The rest of the children, who will be from other deprived sections — non-income tax paying families — will be required to pay a fee of Rs.50 a month. The remaining costs of these students, estimated to be Rs.1, 000 to Rs.1, 200 a head per month, will be reimbursed by the Union government to the schools.

PPP in Nagaland

Public Private Partnership (PPP) mode programme implemented at Aliba village under Mokokchung district was formally launched on March 14, 2015 by additional director of fisheries, Kevisa Kense. The programme where a total of nineteen fish ponds covering a total water area of 4.0 hectares were developed in a compact area by the Department of Fisheries which has so far been successful.

Veterinary Public Health and Agri-business Poly Clinic (VPH-ABPC):

VPH-ABPC was launch under private public partnership (PPP) mode jointly by Hoshivi Inato Trustee and the Agriculture Technology Management Agency (ATMA). The clinic aims to provide veterinary healthcare as well as assistance on various services. The clinic will provide services like vaccination, treatment, indoor patient facility, grooming and deworming, livestock insurance and counseling on animal bite management, public health, hygiene and zoonotic diseases. The clinic will also attend to home call and farm call services. ATMA will provide training to the beneficiaries of the clinic and also resource persons during various training programmes and workshops. The pharmacy is equipped with all Agri allied inputs ranging from machineries, fertilizers to veterinary medicines at subsidized rate.

North-East Naga Traders Private Ltd (NNT):

North-East Naga Traders (NNT) private Ltd supported by NABARD, government of Nagaland was formed in 2011 as a social initiative, and that North-East Naga Traders Pvt. Ltd came into being as a result of a series of awareness campaigns on agriculture market started since 2009 with Nagaland State Marketing Board (NSMB) and Agriculture Production Marketing Committees (APMC) in Nagaland. The company shares a PPP mode

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with the Government of Nagaland with direct linkages with all 18 APMCs based across the state.NNT Pvt Ltd seeks to disseminate to farmers on demand and supply of products, price risk and credit risk factors, price of commodities across the country, cost effective factors and eventually provide a fair, transparent and efficient trading platform to all participants.

Potentials oF PPP (Ayyappan, s., et al. 2007):

- One of the great potentials of PPP lies in human resource development and training. Under HRD /training, success has been achieved through PPP in seed technology, DNA fingerprinting, quarantine/plant protection, artificial insemination, feed compounding and supplementation, eco-friendly technology for hatchery management, polyculture technology for carps, etc.
- Another area of great potential includes apex trial of varieties, testing of equipment etc. Such activities will build in much needed confidence, credibility and may lead to business promotion of both partners.
- In view of the changing market context, specialized research in agreed areas particularly covering entire value-chain, sustainable rural livelihood options etc. will be immensely helpful.
- Similarly, development of new molecules of chemicals, improvement of quality of produce like carpet-wool, reduction of aflatoxin in groundnut, etc., setting-up pilot plants for processing of produce, establishment of technology incubation centres, identification/establishment of referral laboratories and certification facilities should receive attention.
- The other potential areas of PPP include organizing periodic open field days and interactive meets, joint project proposal preparation for funding from different donors, providing easy access to facilities in public and private sector institutions, and sponsoring joint studies on adoption and impact of technologies.

Conclusion

There are multiple advantages of the public-private partnerships: various solutions for the private financing of public projects, decreasing costs for the central or local administrations, use of private know-how and management within public projects, increased efficiency in the project development, a shorter implementation period, technical innovation and a higher quality level of the provided services. However, the highest interest is represented by the fact that part of the project risks is transferred to the private partner: along with the construction risk, the private partner can also take over the exploitation risk or the availability risk.

The main risk of a PPP consists in the fact that, in the absence of a careful regulation and monitoring of the procedure used for the selection of the private partner and of the completion of the PPP-type projects, such projects can become a risky means of "devouring" the national resources. Moreover, the scarce experience of the central and local authorities in this field represents a serious impediment, because the PPP project preparation process is complex and long.

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