**Executive Summary**

This report deals with the current scenario of PPP projects in India, development till now and the way forward. Infrastructure is one of the most important sectors of the economy right now where huge investment is required so as to increase the growth rate. Private funding of infrastructure has become a mainstay of the government’s policy towards infrastructural development. Economic analysis of the PPP contracts and the relevant laws is undertaken to determine their efficiency properties. I have argued that while the governing laws have several desirable and efficiency enhancing features, the enforcement of these laws has been far from satisfactory. Government has taken policy initiatives to address issues relating to regulatory environment. Now more sectors have been opened to private and foreign investment, regulatory institutions are being set up and strengthened, levy of user charges is promoted, fiscal incentives are provided to infrastructure projects, standardized contractual documents including the Model Concession Agreement are introduced and the mechanism for PPPs in the Central sector had been streamlined through setting up of PPPAC and a website exclusively devoted to PPPs has been launched to serve as a virtual market place for PPP projects. To address financing needs of these projects, India Infrastructure Finance Company had been set up and a new Scheme to meet Viability Gap Funding (VGF) of PPP was launched. Government of India now permits FDI in most infrastructure sectors to the extent of 100 per cent. The question was whether the policy incentives have had the intended effect on investors or not.

Two main case studies are considered in the report one from the highway sector DND flyway and the second one is from aviation sector Delhi Airport. Reports, documents and studies available are analyzed. It also makes use of information obtained from public authorities involved in the process of privatization and other officials who are aware of ground realities. DND flyway is taken as a benchmark PPP project and analysis of the issues with the project and comparison with the current situation is carried out. Positive experiences in this sector, both from users as well as private investors, provides us the

models which could be extended to other sectors as well, including the social sectors and irrigation. The original compulsion to adopt PPPs was resource scarcity. While additional resources were needed to meet India’s infrastructure needs, the experience so far had proven that the efficiencies introduced by well-designed PPPs, rather than resource scarcity, should be the main reason to pursue them. As second case study evaluation of Delhi Airport Project as one of the initial PPP in Airport sector is done by reading the bidding process, various case studies, OMDA (the agreement signed), GMR’s website, reports and articles on this project and meeting CFO of GMR, Airport. In a report titled "Implementation of Public Private Partnership, Indira Gandhi International Airport, Delhi" the Comptroller and Auditor General of India (CAG) has found faults in almost every step of implementation of the Public Private Partnership (PPP) model in the brownfield privatization of New Delhi's Indira Gandhi International Airport (IGIA) so analyze was done to find out how true these allegations are. There are a lot of loopholes found and recommendations given to increase efficiency, some of them are as follows:

* The most important recommendation is that all the projects should be awarded on the basis of Competitive bidding only.
* DPR should be properly made
* Issues related to land acquisition and environment clearances and all should be taken into consideration
* Broadening of the sources of financing is required for growth of PPP, so policy reforms in capital market are required
* Concessions should be made tradable by allowing the project developers to exit after delivering on the construction specifications, when the operations are stabilized.
* To attract global investment funds for infrastructure, India’s PPPs need to offer returns comparable to those in other markets, hence there should be active promotion of private participation
* Use of Model Agreements in airport sector like highways was thought of one solution before this interview but it was found that Model agreements cannot be used as each airport is very different project like Delhi airport is a brownfield project some are Greenfield also the place. Investment everything is different we cannot generalize.
* The major finding was that Private Players think that keeping PPP project out of purview of RTI act will result in increasing the efficiency as there is more pressure on concessionaire while working because of this clause they need their freedom to work as a private party. So According to Mr. Sidharath Kapur RTI should not apply
* It was found that the major issue with PPP in India is that it is treated more like

a public project so to make it more efficient private players need autonomy. They want government to design proper contract and all clauses and after that just leave it to private player and let them work accordingly. PPP should be kept away from imposition of bureaucratic hurdles.

So the main essence is mostly policies in place are efficient we need to work on implementation issues and issues relating to environment clearances, land acquisition, fair and competitive bidding process, bureaucratic hurdles. A stable and efficient regulatory frameworks needs to be established.