

## Kelkar panel suggests new ways to fund PPP projects

Our Bureau



Vijay Kelkar

*Both Govt & panel tight-lipped on the recommendations*

New Delhi, November 19:

The Vijay Kelkar committee, which was reviewing the public-private partnership model of infrastructure development, has made recommendations to improve the financing of such projects.

The committee has analysed the risks involved and the existing framework of risk-sharing between the project developer and the government and given its recommendations.

“The mandate was to revive the past public-private partnership, review it and redesign it by introducing best international practices, and improve capacity building. We have looked into all aspects. The Finance Minister wants to implement the recommendations of the report as early as possible,” said Kelkar, after submitting his report to Finance Minister Arun Jaitley on Thursday.

Both Kelkar and officials in the Finance Ministry remained tight-lipped on the key recommendations. Shaktikanta Das, Secretary, Department of Economic Affairs, while acknowledging that PPP projects are facing problems due to financing, contractual and capacity issues, declined to give any timeline for implementation.

Das said the report will be put in the public domain soon. “Obviously, it will require some amount of inter-ministerial consultation. We have to see what needs to go to the Cabinet and if there is a legislative issue...we also have to go through it,” he added. During the consultation period, leading infrastructure players such as Anil Ambani’s Reliance Infrastructure had pitched before the Committee for a neutral regulator to look into all issues arising in public-private-partnership projects across sectors.

The players had also pointed out that it is unfair to hold the developer responsible for delays beyond their control. These could be delays related to land acquisition, environmental clearances or other such regulatory approvals.

### Top investors

L&T, Reliance, GMR, and GVK are the top investors in PPP projects. The private players wanted contracts and commitments made by the public sector partner to be firm from the outset. The demand was for equal distribution of the risk in a PPP project between the public and private sector partners.

The committee was set up in May this year after the Finance Minister, in Union Budget 2015-16, called for a need to revisit the PPP model of infrastructure development. The panel was to submit its report within three months, but was given an extension.

Apart from its head, Kelkar, the 10-member committee included CS Rajan, Chief Secretary, Rajasthan; SB Nayar, Chairman and Managing Director, India Infrastructure Finance Company Ltd; Shekhar Shah, Director-General, NCAER; Pradeep Kumar, Managing Director, CBG State Bank of India, and Vikram Limaye, MD, IDFC.

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