Abstract

The foundations of public administration rest on service delivery in the realm of public utilities such as education, health, transport, water, sanitation, power, etc., and the infrastructure needed to undertake these tasks. The provision of public services has undergone major changes in the last few decades with many developed and developing countries choosing to move away from the traditional public sector model of service provision, to a system in which private parties also share and contribute in the provision of services.

It has been realized of late that without private contribution to nation building efforts, sustainable development would not be possible in developing countries in general, and in India, in particular. Public Private Partnership (PPP) has been hailed as the latest institutional form of co-operation between the public sector and the private sector. It should be regarded as an option amongst a range of possible tools to be applied for ensuring various public services. The Government of India defines it as a project based on a contract or concession agreement between a government or statutory entity on the one side and a private sector company on the other side, for delivering an infrastructure service on payment of user charges. It is a legally-binding contract between a government and a business for the provision of assets and the delivery of services that allocate responsibilities and business risks among various partners. It is drastically different from the concept of privatization.

Today, PPP has become the preferred model for public procurement of infrastructure projects throughout the world. It has the potential to address many challenges faced by developing as well as developed countries. It can eliminate shortages in infrastructure, extreme poverty, and enhance the reach and quality of the delivery of basic services, besides solving the budgetary constraints. It can bring greater efficiency and sustainability to the provision of public services such as water, sanitation, energy, transport, telecommunications, health care, education etc. It also allows for better allocation of risks between public and private entities, if we take into account their capacity to manage those risks efficiently. It helps in making use of most of the scarce public funding and introduces private sector technology and innovation to provide better quality public services through improved operational
efficiency. Many countries throughout the world have undertaken PPP projects for the development of infrastructure in different sectors. In India too, this has been used extensively throughout the country including Uttar Pradesh (UP).

UP being the fourth largest state of India requires huge investments in different segments like expressways, road network, energy, transport, education, urban rejuvenation and service sectors, to match international standards of infrastructure facilities. Many projects have been initiated in different sectors that are under various stages of implementation. The Yamuna Expressway (YE) and other completed PPP projects have had a positive impact on industrialization and investment in the state.

The present research work on “Public Private Partnership (PPP) in Improving the Socio-Economic Conditions of People and Sustainable Development of Rural Areas: A Case Study of Uttar Pradesh” is an attempt to analyze the impact of PPP projects in socio-economic development of rural people. The field survey of YE was conducted to analyze its impact, especially on the rural people. Along with YE, other state highways, Jan Sewa Kendras (JSK) and Uttar Pradesh Skill Development Mission (UPSDM) were aimed to evaluate its impact on the sustainable development of rural areas.

The thesis has been divided into seven chapters.

The first chapter deals with the introduction part of the thesis. It discusses the background, objectives, significance and scope of the present study. UP, being the most populous and fourth largest state of India, is industrially and economically backward state and is also marred by the problem of regional imbalances. The state suffers from poor infrastructure, widespread poverty, unemployment and low per-capita income of rural people. To address these challenges, the government has started many programmes and policies for the sustainable development of rural areas. The government has also encouraged private sector participation through PPP route for building infrastructure and providing other services in the state. The main objective is to study the evolution of PPP in India, impact of government programmes and schemes in the state, PPP initiatives and its experience in improving the socio-economic conditions of rural people and sustainable development of rural areas in the state. The field survey was conducted in the areas around YE. For this, 28 villages of five districts around YE were surveyed. The questionnaire for the survey has been
divided into three parts, i.e. government departments, private sector establishments, and general people. In the end, the limitations of the present study have also been stated.

The second chapter titled, “Literature Review” makes an analysis of related literature on PPP for different aspects of infrastructure development throughout the world. It reviews available literature on PPP projects in different areas like education, transport, medical facilities, sanitation, water supply, public distribution system etc., through the researches and studies of other scholars and academicians in the field.

The third chapter entitled “Uttar Pradesh: A Brief Introduction and its Socio-Economic Profile” examines the present socio-economic status of UP. It discusses the location and area of UP having advantage of large amounts of natural resources in the state. The state occupies the central position in the great Gangetic plain with vast fertile agricultural land for the cultivation of various crops. The three physical divisions have distinct characteristics in regard to climate, soils, resources, vegetation, demography and economy. In the same way, the four economic divisions have distinct features. It is the fourth largest and most populous state with 16.51 percent population of the country. Its population is almost equal to the total population of Brazil. The state has been ranked 16th on the basis of various socio-economic parameters. It is characterized by the pre-dominance of the agricultural sector with heavy dependence on monsoon rains, high percentage of marginal and small land holdings, high population pressure, small manufacturing sector, structural deficiencies in infrastructure, glaring regional imbalances and sluggish economic growth. The literacy rate is about 67.68 percent, a figure close to the national rate according to census 2011. There is huge gap in male literacy (77.28 %) and female literacy (57.18 %) in rural areas. The Infant Mortality Rate of the state stands at 50 per thousand live births (2010), higher than national level of 40 per thousand live births. The maternal mortality rate is also much higher than the all India average. There is an acute shortage of health infrastructure and hospitals are overcrowded. About 60 percent of open defecation in the world is in India and UP contributes a significant part of it. The 2011 household census found that just 5.5 mn rural households have toilets in the state, out of a total of 22 mn households. About 77 percent of work force of rural areas is engaged in agriculture. But, the agriculture in the state is not in a good shape as the average yield of crops remains low, i.e., it is not profitable to the farmers
despite the fact that it is the leading state of India in food grain production. It also ranks second in vegetable production and fifth in fruit production among all states. The condition of rural roads is poor and many rural areas are yet to be connected with all-weather roads. The power position too is pathetic in rural areas. The rural tele-density is 58.65 percent as of December 2014. About 8 percent of the world poor people live in the state. The rural population below poverty line is 30.4 (2011-12) and the employment rate stands at 8.2 percent (FY 2010) in the state. The government has made many changes in the state policies to attract private investment in the state. With government thinking seriously in the direction of improving the over-all economic condition of the state, it is gradually picking up pace in economic development and sustainable growth in many areas.

The fourth chapter titled “Public Private Partnership at the National and State Levels, and in Uttar Pradesh” discusses about the initiatives taken by the centre, Indian States and UP in undertaking PPP projects. During the British period, some projects were undertaken in roads and railway sectors. In the post-independence period, the country saw slow progress in public private partnership concept, primarily due to the adoption of socialistic pattern of society and which was reflected in the five-year plans adopted for economic development where state was supposed to play the major role. But, the real beginning started after the economic liberalization of 1990’s. Hence, PPP is in an infant stage in India. Though, the states of Andhra Pradesh and Gujarat had framed PPP policy much earlier but the central government, strangely enough, is yet to come out with clear guidelines in this regard. Department of Economic Affairs, Ministry of Finance has prepared the draft National PPP Policy 2011 which is yet to be finalized. Different institutional frameworks for PPP projects have been established. Many states have established PPP cells to administer various proposals and coordinate the activities to promote this pattern of development. It is located in different departments of the states like Planning and Development Department (Assam), Finance Department (Andhra Pradesh, Haryana and West Bengal), Infrastructure Development Department (Karnataka) and Planning Department (Rajasthan and Uttarakhand). States like Madhya Pradesh have executed successful PPP projects even before Government of India came out with the scheme of grants for PPP projects. Many rules and regulations have been formulated to pave the way for PPP projects and other rules have to be amended as the government is
expanding PPP projects to many other sectors. Recently, the government has decided to implement the PPP model in the coal mining sector. Different PPP models have been adopted for different sectors. Depending on the nature of the projects, any models can be adopted. The projects are selected through competitive bidding process for bringing efficiency and economy.

There are about 1,287 PPP projects in different infrastructure sectors with total project cost of ₹ 7,66,670.72 cr. till the end of March 2016. Maximum number of projects have been initiated in transport sector (886) followed by energy (166), social and commercial (124), and water and sanitation (111) sectors. The roads and bridges (694) have the highest number of projects in the transport sector. Maharashtra ranks at the top in the number of projects initiated in India with 200 projects. The other top states are Madhya Pradesh (162), Karnataka (139) Gujarat (99) and Rajasthan (88). On the other hand, UP ranks second in terms of the total project cost (₹ 102,355.85 cr.) invested by the private sector.

The chapter also examines the PPP projects initiated by the government of UP to boost the socio-economic development of the state. The government has proposed various measures in Infrastructure and Industrial Development Policy-2012 for encouraging PPP in the state as it can be the solution to financial problems, employment generation, technology transfer and investing in large projects without sacrificing the government finances. It provides a viable solution to the budgetary constraints and inadequate financial aid from the central government in the state, besides providing technical expertise and execution capacity. But, it faces many challenges in the state as there is no clear cut PPP policy, procurement is time consuming and costly, financial constraints and lack of institutional capacity. This chapter also discusses different models of PPP adopted in the state. Different risks like; political, construction-related, legal, economic, operational, market, project selection, project finance, relationship, natural, or such other types of risks have also been discussed. The Government of UP has made PPP guidelines titled “Policy Framework for Selection of Consultants for various studies including studies for Financing, Construction, Maintenance and Operation of Infrastructure Projects through PPP in UP” to provide a strategic thrust towards PPP especially in infrastructure. Recently, the government has issued new “Guidelines for Selection of Consultants & Developers for PPP Projects in Uttar Pradesh-2016” to attract more
investment in the state. However, there is no specific PPP cell in the state except a few like; the some institutional frameworks found in the state are PPP Evaluation Committee, Committee of Secretaries, PPP Monitoring Committee (PPPMC), Difficulty Removal Committee, Consultancy Evaluation Committee, etc. The Department of Infrastructure Development is the nodal department responsible for examining concession agreements from the financial angle, deciding on guarantees to be extended, and generally assesses risk allocation from the investment and banking perspectives. The government has set up *Udyog Bandhu* (Friend of Industry) and *Nivesh Mitra* to attract investment in the state. The selection of developer will be done through quality and cost based selection method and their selection shall be only through competitive bidding process. The final approval of the Developer for PPP project shall be granted by the Competent Authority, i.e. Honorable Cabinet Ministers of UP. The PPPMC shall be responsible to monitor the progress of the project, to oversee that the project is carried out as per agreed Terms of Reference and contractual conditions, to assess the quality of the deliverables, to accept/reject any part of assignment, to levy appropriate liquidated damages or penalty if the project is not carried out as per the agreement. About 45 projects have being initiated in the state in different sectors worth ₹1,02,355.85 cr. as of March 2016.

The fifth chapter “Public Private Partnership in Socio-Economic Development of Rural People in Uttar Pradesh” discusses the impact of YE in improving the socio-economic conditions of rural people. It was developed by Jaypee Group under PPP Build Operate Transfer (BOT) model, formally inaugurated on 09 August, 2012. The total length of the expressway is 165.537 km from Greater Noida zero point till NH-2 at Agra. It was developed with the main objective to provide a fast moving corridor to minimize the travel time from New Delhi to Agra and to decongest the traffic on NH-2. With six lanes, it has reduced the travel time by 3-4 hours. It passes through five districts of UP, namely; Gautam Buddha Nagar (GBN), Aligarh, Mathura, Hathras and Agra. The Bulandshahr district has also been notified for various development projects although YE does not pass through it. It is a Greenfield project running through the rural areas of these districts. The YE is not only a road project but also a life-line for improving the socio-economic conditions of rural people. It has provided easy accessibility and helped in improving the mobility of rural villages. The geographically isolated villages are now well connected with other rural areas. It has
also saved precious time of rural people by creating a good road network and connecting it to the villages of the area. It has provided a new route to hundreds of rural areas connecting it from major cities and towns. It has also provided easy access to schools and colleges around it. It has opened multiple education choices for the village students to have quality education. The Buddh International Circuit, Noida International University, Gautam Buddha University and Galgotias University in GBN and other educational institutions are functioning with increased intake from the surrounding areas which remained inaccessible earlier. It has ensured better access to community health centres and district hospitals as well as opening of new hospitals have an added advantage for the rural areas.

The YE has provided good access to rural as well as city markets. The people can buy and sell their agricultural products from distant places with good profits eliminating the role of middlemen. It has lowered the transportation cost for nearby cities and towns. The Yamuna Expressway Industrial Development Authority (YEIDA) has made cemented roads and installed solar street lights in some of the villages of GBN and Aligarh districts. Besides this, the villages’ Gram Sabhas are also making roads to connect the rural roads with service lanes of the YE.

The YE has helped in the diversification of village economy. Farmers have received money as compensation as their agricultural lands were acquired for the construction of YE. The people who are left with few patches of agricultural lands have started new businesses like; opening of general merchant shops, automobile repairing garages, animal husbandry, restaurants, poultry farms, etc. In addition, it has opened a vast opportunity for the generation of employment for rural people. Many people have secured jobs as labourers, security guards, supervisors, drivers, gardeners, sweepers, etc. The farmers are switching from the traditional methods of farming to modern methods with the help of new tools and equipments. It has helped in reducing wastage of agricultural products as the farmers are now able sell to the market immediately due to their access to roads. The diversification of occupation has a direct impact on the poverty level. There are both, direct and indirect impacts on the monthly per-capita income of rural people. It is also going to help in the industrialization of rural areas in coming years. It has facilitated trade of products from rural areas in new markets, thereby increasing the overall demands for goods.
It has also been observed that a large number of farmers are generally poor and have to depend on loans from moneylenders, banks or other village persons for cultivation of crops. After getting compensation from the government due to acquisition of the land, most of them were now in a position to clear their debts. This has resulted in the reduction of the financial burden of rural people. It has boosted the tourism industry especially around Agra and Mathura districts that has played an important role in promoting the socio-economic development of rural areas. It has also led to significant changes in the culture of rural areas. The scourge of untouchability and such other social evils are slowly disappearing from the rural areas. It has helped in the empowerment of rural people, both men and women, through improved access to productive resources.

The sixth chapter under the title “Public Private Partnership in Sustainable Development of Rural Areas in Uttar Pradesh” discusses about the sustainable development of rural areas through PPP projects. Sustainable development refers to the process of socio-economic development through the judicious utilization of the natural resources, keeping in mind the needs of the future generations. It explains some of the pre-requisites for sustainable development in rural areas. About 43 core indicators out of 96 indicators of Conference for Sustainable Development are more relevant and important for analyzing the sustainable development of rural areas in UP. The main challenges to in sustainable development UP are increasing population, climate change, poverty and inequality, unemployment, energy crunch, declining agriculture growth, health and education, deforestation and soil erosion, increasing urbanization and industrialization, and so on. The government has made many programmes and schemes such as Dr. Ram Manohar Lohia Samagra Gram Vikas Scheme, Janeshwar Mishra Gram Yojana, Lohia Gramwadi Awas Yojana, Samajwadi Pension Yojana, Kanya Vidhya Dhan, to overcome them. Besides these programmes, the government has also initiated many projects through PPP mode. The YE, state highways, skill development mission, and JSK have helped in the sustainable development of rural areas. The YE and state highways have helped in improving services quality and better access to goods and services, safety, reducing carbon emissions, improved air quality, noise reduction, improved social equity, improved quality of life, and reduction in poverty level. The 17,305 JSK offers a sustainable business model with the dual objective of revenue generation and socio-economic
uplift of rural areas. It offers a multitude of services ranging in the areas of e-governance, education, health, agriculture, commercial, retail, etc. It has enhanced the accountability, transparency, and responsibility of the government towards the needs of the citizens. It has also bridged the technological divide between the rural and urban masses. In the same way, UPSDM (also known as Uttar Pradesh Kausal Vikas Mission) set up in 2013 to provide skill development training, and make available employment oriented and placement linked training in vocational skills to 45 lakh youth in the age group of 14 to 35 years by 2016-17. A total of 1,91,963 people have been trained under UPSDM and around 53,467 people are undergoing training under this mission as of March 2016. This has helped in ensuring sustainable livelihood to the people of rural areas in the state. To solve the power crisis in the state, many thermal power plants and small hydro power projects have been initiated through PPP mode. So, PPP has provided an opportunity for the sustainable development by building many infrastructures and providing various services in rural areas.

The seventh chapter is the last chapter of the thesis in which conclusions have been discussed and a few suggestions have been given for better implementation of PPP projects in the state. Though, very few PPP projects have been initiated in comparison to other big states, it has provided an alternative route for the socio-economic and sustainable development of rural areas. The opening of YE is one of the most remarkable achievements for the development of UP. It is amongst the most modern, state-of-the-art super highways in the country. It is not only a road project but also an economic development corridor. It has given a new lease of life for the development of the region. It has promoted cultural and religious tourism in Agra and Mathura districts. The rural areas which were isolated and backward until now have been connected with many important regions of the state. The people can easily travel to cities and towns for jobs, trade, and marketing for agricultural products has now become more easily accessible. It has also ensured better access to schools and health institutions. It provided employment opportunities both during its construction and after its operation. The diversification of agricultural economy, reduced travel time, selling agricultural products at higher prices and removing middlemen, has had a positive impact on their per-capita incomes. The JSK has also transformed the lives of rural people. This has ensured that all government services become accessible to rural people as well in their locality at an affordable cost to fulfill their basic needs. In the
same way, UPSDM has provided employment/self-employment to the marginalized and unemployed youth of the state. The thermal as well as small-hydro power projects, when completed, will solve the power crisis of not only of urban areas but of the rural areas too.

However, the construction of YE have also some negative effects on the rural population. The construction of service roads has increased the crime rate in the area. The farmers are facing new problems in the cultivation of their fields. The canals and nalas around the YE were either diverted or channelized from under the bridges constructed on the YE. The free flow as well as the actual capacity of these has been decreased. Restrictions have also been placed on any development work that the people of the areas intend to start on the notified land as they have to first seek clearance by the YEIDA.

In order to overcome the challenges faced in the implementation of the PPP projects, a few suggestions have been made. The government of the state should frame a clear cut PPP policy as soon as possible to attract more private investments in the state. A separate ‘Rural PPP Cell’ in PPP Department should be created, in order to attract more projects in the rural areas. Moreover, the government should initiate more PPP projects in different other sectors as well. The PPP projects should not take more than a month for its final approval. There should be a public audit of all PPP projects in the state to achieve accountability and integrity, improve operations and prevent corruption. The government should give fair compensation for the lands acquired from farmers because this has been the major bone of contention during the YE project.

Though PPP policy is yet to be framed, the government has included many provisions in different state policies to attract private players for undertaking PPP projects. The land acquisition policy has added significant features that declares that lands can now be acquired only through mutual agreement with land owners and land holders. The compensation for the land acquired in rural areas will not be more than four times the market value/circle rate of the land.

The PPP projects have helped in the industrialization of the state and are attracting more investments in the state. It has also helped in the sustainable development of rural areas.