



# *PPP in Assam*

## *An Overview*



# PPP in Assam an Overview



## Introduction

Eleventh Five Year Plan highlighted the shortfall of resources available for infrastructure development. The delivery of infrastructure services both at the national and sub-national levels through Public Private Partnerships (PPPs) have emerged as an important option for Government Departments and other public agencies. Apart from their ability to leverage and channelise large volumes of private capital into these sectors, PPPs bring the added advantages of efficiency in service delivery, technological innovation and value engineering – that are a result of optimal risk allocation.

The North Eastern Region has failed to attract private sector investment in a big way because of various reasons including negative perceptions about the region. It is felt that PPP, if developed properly may pave the way for bringing in investment to the region and in improving perceptions about the region in the longer term. Effectively structured PPP models can substantially reduce costs of setting up and then in operation and maintenance of the projects.

## Benefits of PPP

- Limited public resources can be effectively leveraged to attract manifold private sector investments in infrastructure projects.
- Saving in costs due to innovative design, timely project implementation & higher efficiencies in operations.
- Enhanced quality and services to users due to better managerial practices and efficiencies.
- Reduction and gradual elimination of pricing constraints.
- Enabling public funds to be earmarked for other commercially non-viable but socially justifiable projects.
- Financial innovation and development of cost effective solutions.
- Greater employment opportunities in the infrastructure sector.

## Advantage Assam

- A congenial investment climate comprehensive central investment policy for NER and liberalised state industrial policies, both providing attractive incentives/subsidies.
- Availability of skilled and cheap manpower.
- Favoured choice for tourists with its pleasant climate and scenic landscape.
- Locational advantage for foreign trade with neighboring countries.
- Special tax incentives for Export Oriented Units (EOUs) and investment in key infrastructure areas.
- Strong language and communication skills, as English is a widely spoken language in the region.
- Vast natural resources such as oil, natural gas and minerals, diverse agro-climatic zones, forest resources and medicinal plants

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### PPP Policy

Realizing the need for leveraging private investment in development of infrastructure, Government of Assam (GoA) has notified a PPP policy and is actively promoting development of infrastructure through PPP mode. The PPP Policy provides a broad framework for creating an enabling environment to boost the infrastructure development.

### Institutional Arrangements

Recognizing the requirement for an effective and efficient institutional mechanism to ensure timely clearance of projects, Government of Assam has constituted high powered committees viz. Apex Authority under the chairmanship of Chief Minister and Empowered Committee headed by Chief Secretary of the State. The PPP Cell, within Planning & Development Department is assisting line departments in project development activities and acting as technical secretariat to the Empowered Committee and Apex Authority.

### Project Development Fund

To extend financial support to the sponsoring agencies, a project development fund (PDF) through State Budgetary support under Planning & Development Department is created for reimbursement of project development expenses. For the FY 2011-12, an amount of Rs. 1 crore was budgeted in the State Plan. A brief guideline for sanction and utilization of PDF has been developed and circulated to line departments.

### Facilities & Incentives

Government of India has been assisting the States in its efforts to improve the PPP enabling environment in a programmatic manner, underpinned by a number of technical assistance programs, which have been developed in order to address evolving needs of the PPP enabling environment which are listed below:

**Pilot Projects Initiative** : A project development fund (not for capital investment) for developing projects selected as Pilot Projects from Concept Stage all the way to bid closure. This facility blends ADB grant funds (25%) with Government of India's India Infrastructure Project Development Fund (75%) for engaging consultants from a pre-qualified panel of firms/ consortium able to provide one stop service to advice on all aspects of PPP structuring from concept development, technical review of costs, financial modeling, PPP options analysis, and finally bid award to a private sector.

**IIPDF** : Under this scheme, 75% Grant will be provided by the India Infrastructure Project Development fund to undertake project Development Activities. Remaining 25% to be contributed out of the State Fund. For this purpose PDF Fund is made available by the State Government.

**Legal Advisory Services**: A pre qualified panel of legal firms with experience in PPPs in India and overseas to provide short term review / legal evaluation of project documents / PPP projects. 100% funds provided by Government of India.

**Viability Gap Funding**: Financial assistance to

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be provided under this scheme shall be in the form of a capital grant at the stage of project construction. The amount of VGF shall be equivalent to the lowest bid for capital subsidy, but subject to a maximum of 20% of the total project cost. In case the sponsoring Ministry/ State Government/ statutory entity propose to provide any assistance over and above the said VGF, it shall be restricted to a further 20% of the total project cost.

In addition to VGF from Govt of India, the State Government may also provide additional VGF in case of promotion of social infrastructure and other non-revenue generating projects in greater public interest.

## Transaction Advisors

Planning & Development department has empanelled 36 number of PPP Consultants having experience in various fields of PPP to assist in project development process for



judiciously and speedy implementation of the projects.

## PPP Guidelines

In support of PPP Policy, a detailed Handbook/ Guideline on PPP Project Development Processes has been prepared to elaborate the detailed steps and Procedure for selection of Consultants and Private Operators.

## Capacity Building & Knowledge Management

Given the need to support capacity building initiatives for the development of PPPs, Government of Assam has initiated multi cornered activities through various means which includes Workshop / Seminar / Presentations etc. Assam Administrative Staff College has entered a MOU with National Capacity Building Trust (I-CAP) to provide the training on PPP for capacity building of officers of the State. Around



150 officers of different department and state agencies were trained in the realm of PPP framework. 20 officers were sent to different part of the country to seek relevant training and exposure visit on PPP.

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## Management Information Systems



A dedicated Web Portal viz. <http://www.assamppp.gov.in> has been developed and hosted to improve monitoring of overall progress of PPP in the state and to share the information among the stakeholders and public at large. A Comprehensive PPP Database module to capture various parameters of the project is launched which will further strengthen the monitoring system and enable review of the progress to improve the efficiency in PPP delivery mechanism.

## PPP Projects

As of February, 2012, Assam Government has undertaken to develop 42 Projects under various sectors across the state. Among these projects, 4 projects have already been completed, 12 projects are under implementation stage and 26 projects are in project development stage. Government of Assam has also forwarded 8 proposals to DEA seeking Technical/ Financial support from Government of India under India Infrastructure Project Development Fund (IIPDF) Scheme.

## Project Snapshots (completed projects)

### Integrated Municipal Solid Waste Management Project in Guwahati

For the first time, an integrated approach involving collection, transportation, processing and disposal has been attempted to be undertaken by a single private sector operator. An assistance of Rs.35.16 Crore from the Central Government under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) has been leveraged to enhance the project scope to include conversion of waste into clean



energy. Due to this leveraging, the total project cost has been enhanced to Rs.102 Crore with nearly Rs.67 Crore to be invested by the private operator. Inaugurated by the Chief Minister on 29th November, 2008, the project was awarded to Ramkey Group of Hyderabad after a national competitive bidding. The project development activities leading upto selection of developer were undertaken by IL&FS Infrastructure Development Corporation.

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## Engineering College at Tezpur

A half completed Government building originally designed to house a polytechnic along with 20 acres of land in a remote district of the state was identified to be re-developed as an engineering college on the BOT route. Shrimanta Shankardev Academy, Guwahati was selected through open and transparent bidding process; where in the private developer has officered 18% seats to Government nominated students at concession rates prevailing in Government Engineering College. In the first year of operation (Academic year 2011-12), overwhelming response was received and full capacity seats were filled up.

## Champawati Power Project, Kokrajhar (4MW) under ASEB

The 4 MW power project in existing irrigation



Canal of Champawati River in Kokrajhar district was developed through utilizing excess water of canal is converted into hydro power at a cost of Rs 36 crore under PPP mode. The irrigation Canal and land is provided by Government and the private developer namely M/s ECI Construction Ltd. was selected through

transparent bidding process. The developer will operate the project and sell power for the concession period of 35 years under BOOT structure. The project will revert back to Government after the concession period at a price of Re 1. The project was commissioned in June 2010 and operating successfully. Assam State Electricity Board is buying the power @ Rs 3.19 per unit. The project development activities leading upto selection of developer were undertaken by IL&FS Infrastructure Development Corporation.

## Beautification of Guwahati City under GMDA

The project was awarded to three private developer viz. 1. M/S Luminelle Technologies, Delhi. 2. M/S One Eye Total Solution, Guwahati, 3. Sakshi Udyog, Guwahati to construct, design and maintain 48 traffic signal points (16 each) for a period 10 years in Guwahati. The private developer was given the advertisement rights @ 20 mini poles in each location during the concession period. The project was completed in December, 2010.



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## Other PPP Projects under Implementation/Pipeline

SNo.	Name of the project
1	Banana Park at Matia
2	E-Governance
3	O & M of Skilled Development Centres
4	Four laning of Baihata – Biswanath Chariali
5	20 MW Hydel Power, Amreng
6	37 New Mini Hydel Power Projects
7	Six Lane Bridge over river Brahmaputra
8	Four laning of Jorhat-Demow
9	Development of Jail Land
10	O & M of Water Supply (Water Metering)
11	Logistic Park, Guwahati
12	Eco-tourism near Deepor Beel
13	Development of Adabari Bus Terminus Land, Guwahati
14	Development of Rupnagar Land, Guwahati
15	Brahmaputra River Front Dev. Project, Guwahati
16	Baihata Chariali to Bhutan Border
17	Dhakuakhana to Jengraimukh Goramur Road
18	Kalitakuchi- Nalbari Road
19	Lanka Garampani Road
20	North Lakhimpur Kamalabari Majuli
21	Raha Kampur Road
22	Assam Tea Heritage Institute cum Tea Museum
23	Development of 10 ITI
24	Development of Medical College at Nagaon & Diphu
25	Development of IT Park
26	Building of Commercial & Residential Complexes at Kharghuli Hills
27	Knowledge City
28	2x30 MW Thermal Power
29	Amrit Bio Power Project at Jagi Road (1 x 10MW)
30	Desang Small Hydro Electric Power Project (3 x 3 MW)
31	Bordikrio Power Project (4.7 MW)
32	Pahumara Power Project (2MW)
33	Rupai Power Project (0.4 MW)
34	5 Star Hotel at Guwahati
35	Multi-Level Car Parking
36	Development of Municipal Plots
37	Development of Games Village
38	5 Star Hotel at Lokhra, Guwahati

