

**A**s a telecom and media entrepreneur, a Member of Parliament, an investor and a crusader for a better Bangalore, Rajeev Chandrasekhar is a close witness to the drama that is being played out in the central and state governments. He is clearly perturbed with the way the public-private-partnership (PPP) model for infrastructure development is unfolding and has some stiff recipe for it.

*Excerpts from an interview with Benedict Paramanand*

## On Public private balance in PPP

The balance will be brought through more transparency and disclosures of PPPs. The terms and contracts of PPPs must meet one basic and important test – that of equitable returns to both the private and public investors. The returns should be consistent with the risks borne by the two. The Public side usually negotiates these deals with poor quality advisors. In these multi-million dollar PPP contracts, the government must seek the counsel of and use good advisors who are mandated to hammer out equitable commercial contracts.

In recent times, PPP partnerships have resulted in less than equitable deal. For example, I know of one private-public project where the private sector had to make an investment of

only Rs. 300 crores and state had to invest over Rs. 6,000 crores and in return for control of asset and monopoly status. There are many examples of lopsided deals in mines,

petroleum, telecom, airports. A fresh look at PPPs where there is equitable benefit to the public side as well is required. I am sometimes compelled to say that in some cases the deals are so lopsidedly in favor of the private investor that these are fit cases for nationalization!

## How to make PPP more vibrant in India

PPPs are critical to enabling massive infrastructure

creation in India. It is unavoidable. PPPs must be made more competitive and must clearly put the consumer and consumer costs as one of its key objectives as well. It's not enough to build an airport and keep levying ADF, UDF for example. The idea of PPP is to ensure private capital flows in to augment and complement public capital and public investment. These two basic principles are important while PPPs are structured.

The Bangalore Airport is a classic case of where both these principles have been forgotten. Consumers are

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# Private should not take public for a ride



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- \* Equitable returns to both public and private
- \* Bangalore Airport, a poor PPP example
- \* Capable Independent Regulators

forced into a monopoly airport situation with no cap on prices (a return to the cost plus tariff regime of the old power project days, ala Enron) and the state is forced into a situation of making investments far beyond its projected intentions of almost Rs. 5,000 crores for a Rs. 800 crores private investment. There's clearly something wrong with this picture from the government side.

## How can we keep politics out of PPP projects?

Politics in India, unfortunately, is all pervasive. The objective is to minimize its intrusion. That can only be done by building 'capable' institutions like Independent regulators. Unfortunately, in our country, the concept of Independent regulators has been reduced to a joke – by staffing it with retired bureaucrats and creating in essence a second bureaucracy – hopelessly ill equipped in the sophisticated task of economic regulation of such major projects and investments.

India needs a more transparent and responsive governance model focusing on outcomes as its deliverables.

*Mr. Chandrasekhar is a Member of Parliament; is Immediate Past President FICCI; is Convenor - ABIDE Task force for a Better Bangalore. [www.rajeev.in](http://www.rajeev.in)*

## Sixth Anniversary

### Thank You!

Sixth anniversary for a niche publication means that the birth pangs and the baby steps are over and better days are ahead. With continued support of all our stakeholders, I'm confident ManagementNext is poised to cross many more milestones.

Many thanks are in order to our readers, subscribers and advertisers. Our associates Repromen Offset, Professional Couriers, Outlook, Mag World, Safa Marketing and Raj Distributors deserve special thanks.

Our editorial advisors Harish Bijoor, Ramesh Ramnathan, Prof. Rishikesha Krishnan and Prof. Rajeev Gowda have kept faith in the values of the magazine. Thanks to them as well. Our regular columnists Ranganath Iyengar and Indraneel Mukerjee have made the magazine informative and thought provoking. Not to forget Jessie Paul (CMO, Wipro), who is adding the much-needed marketing depth to the content by linking up the magazine with top CMOs.

At a time when assumptions, theories and prescriptions of celebrity authors of business and management are getting debunked quicker than ever before, it is a challenge for ManagementNext to remain relevant.

As Indian executives and entrepreneurs find themselves in the midst of great challenges and opportunities, ManagementNext will strive to keep them inspired.

**Benedict Paramanand**

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