GOOD GOVERNANCE IN INDIA AND PUBLIC PRIVATE PARTNERSHIP: A PARADIGM SHIFT

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The contemporary world presents a transformed scene—one of a human society undergoing rapid transition in terms of role and expectations which reflect a paradigm shift. Governments also are trying to address the issue by changing, reforming or even reinventing themselves1. The Principal task before them is to plan for and achieve rapid economic development so that growth can be achieved and poverty can be rapidly ameliorated. The objective is to create an economic and social order based on equality of opportunity, full employment and provision of adequate means of livelihood. It is a multi-dimensional task covering a wide range of activities, economic, social, technical and cultural. It is the task of building a nation as well as serving the common man so that he leads a comfortable and dignified life.

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Governance in contemporary usage goes beyond how government institutions perform their tasks. It is seen in terms of partnerships and cooperation between government and civil society. The United Nations’ definition of governance includes specifically the effective cooperation between government and non-government actors to bring about solutions that are mutually beneficial. This inclusive process is based on shared interests, where each partner contributes according to their respective resources, strengths and areas of expertise. Thus, governance is seen to go beyond the official government structure, to include diverse ways through which civil society can demand, actualize and make more effective the required delivery of services by those in government.

As the exercise of power or authority to manage a country’s resources and affairs, governance comprises the mechanism, processes and institutions, through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences. As a strategy, it can be effective in establishing a proper balance in the (i) relative roles of public, private and civil society organizations, (ii) rights and responsibilities of politicians, bureaucrats, entrepreneurs, community, and (iii) economic and social justice. Thus, it recognizes that economic prosperity, social welfare and effective governance are inter-dependent.

Like most developing countries and the world at large, India is seen as facing a crisis of governance which is largely a result of rising expectations and of mounting contradictions. The gap between aspiration and achievement has thrown the established institutional means in doubt and ambivalence. This ambivalence covers the ends of social action as well as the appropriate means for their realization.

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The United Nations Development Program (UNDP) views governance as the ‘exercise of political, economic and administrative authority in the management of a country’s affairs at all levels. It comprises mechanisms, process and institutions through which citizen and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences’. The organization for Economic Cooperation and Development (OECD) conceptualizes governance by encompassing the role of public authorities in establishing the environment in which economic operators function and in determining the distribution of benefits, as well as the nature of relationship between the ruler and the ruled. Sometimes people set up a government to administer these processes and systems. The World Bank defines governance as the exercise of political authority and the use of institutional resources to manage society’s problems and affairs.

Moving further, the contemporary scholars have starting using the concept of good governance instead of merely ‘governance’ i.e. the system should be good enough to understand the needs and solve the problems of the people. Amartya Sen’s argument that ‘it is not a question of more or less government, but what kind of government’ leads us to the issue of good governance. However, it was the World Bank which first linked governance issues to development and used good or effective governance to suit the development demands of developing countries to view to address the complex problems of poverty and under development. The major areas of concerns identified by the World Bank, to achieve good governance are (i) improving the

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public sector management, (ii) ensuring accountability of public and private sectors, (iii) creating appropriate legal framework for development, (iv) a strong civil society participating in public affairs and (v) promoting transparency and information. The concept of good or effective governance as advocated by World Bank has been broadened and adapted to suit the development demands of developing countries. This has been done by integrating political dimensions into the World Bank’s concept of good governance. This assumes that good governance goes along with participatory development and democracy. Democratic system which encourages inclusive and participatory institutions and promotes transparent and accountable societies is a major requirement for good governance.

The Government of India has acknowledged the universally accepted features of good governance like the legitimate exercise of political power along with creating administration which is transparent, equitable, participatory and accountable. But, the thrust is on contextualizing them to the emerging needs of the country. 'Governance', to Government of India, 'relates to the management of all such processes that in any society, define the environment which permits and enables individuals to raise their capability levels, on the one hand, and to provide to realize their potential and enlarge the set of available choices, on the other'. Thus, the proclaimed goal of governance is to bring about human development. The processes of governance are managed by multiple institutions or agencies consisting of the state, market and the civil society; each playing a specific and a critical role in a harmonious manner.

In contextualising governance, the Government of India has gone further and has identified specific operational strategies that are to be implemented for realizing good governance for development. These strategies include: improved people's participation by way of effective decentralization through local self governments and involving civil society and voluntary organizations to accelerate socioeconomic development; ensuring right to information for transparency; reforming civil service to improve accountability and efficiency; administrative procedural reforms for a hassle-free public-government interface; improving the fiscal health of government by improving the resource mobilisation through a transparent and equitable tax-administration and by

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correcting the subsidy and pricing system of various public services; reforming the judicial system for a speedy delivery of justice; improving the co-ordination between different public agencies and departments involved in development for a better synergy and efficiency; systematic and professional programme/project formulation, implementation and monitoring; empowering the marginal and the excluded to equip them to act as pressure groups to resist bad governance and exploitation by vested interests; and using information technology for a transparent and efficient administration\(^\text{13}\).

The paradigm shift\(^\text{14}\) is based on the following key elements:-

(i) The role and responsibilities of the state for development are to be handled by multiple actors like state, civil society, and market institutions whose reach may extend from global to local level, and who may interact with each other more in a non-hierarchical way. Development is no longer the sole prerogative of the state.

(ii) The efficiency, equity and accountability are to be achieved through the contribution of multiple actors. While efficiency is to be attained through market mechanisms and administrative reforms; equity is to be ensured through growth and by enlarging choice and opportunities for all sections. Accountability for delivering development is to be brought about through democratic, transparent and participatory decision-making processes.

(iii) Harmonising the relations between multiple actors is the major essence of the new governance paradigm. Different actors and elements of governance are to adapt to the scenario of plurality in order to evolve a system with harmonious interactions. Making the system more predictable and stable through suitable institutional and legal arrangements is the key for such a harmony.

Even the administration has undergone a sea change in the recent times. The ‘SMART’ governance and the Electronic governance have acquired greater prominence to usher in administrative justice in the country. Bold attempts were made to bring in change in the performance levels of district administration by ensuing various issues pertinent to the people and by creating awareness among the rural masses\(^\text{15}\). It is being realized more and more that the civil servant being


an instrument of the state has to be in the forefront of the efforts to manage globalization. The multinational’s challenge is before the civil servants as how to localize globally and globalize locally through value-based and citizen-centric service delivery and also to help to alleviate poverty through trade and the trickle down effect\textsuperscript{16}. So the civil service is an important instrument of state to administer its people and manage the affairs including PPPs. It is a permanent entity considered to be fair, invisible, impartial and unselfish government in democracies which may come and go but civil servants remain. Civil servants are therefore considered to be the pillars of a state. The industrialization and concern for public good have brought about significant changes in the role of civil servants.

PUBLIC PRIVATE PARTNERSHIP IN INDIA

The Public Private Partnership (henceforth, PPP) model has emerged as a unique model of development in India in the recent years. With the adoption of New Economic Policy in the early 1990s, there have been attempts at dismantling the centrally directed framework of economic development. Reforms in administration in India in the 1990s have been basically driven by the measures of economic liberalization\textsuperscript{17}. Good governance suddenly entered the vocabulary of public administration. The concept of governance was for the first time highlighted in 1989 in a World Bank document on sub-Saharan Africa. It received adequate attention later in a 1991 report, entitled ‘Governance and Development’\textsuperscript{18}.


Public-private partnership (PPP) broadly refers to a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies. These schemes are also referred to as PPP or P3\(^1\). One finds a number of variants as far as PPP practices are concerned. In some types of PPP, the government uses tax revenue to provide capital for investment, with operations run jointly with the private sector or under contract. Government contributions to a PPP may also be in kind (notably the transfer of existing assets). In projects that are aimed at creating public goods like in the infrastructure sector, the government may provide a capital subsidy in the form of a one-time grant, so as to make it more attractive to the private investors. In some other cases, the government may support the project by providing revenue subsidies, including tax breaks or by providing guaranteed annual revenues for a fixed period\(^2\).

The model is in sync with the market oriented reform policies of the state, where the state shares its power and position with other private actors, and there is a multiplicity of agents who chart the development agenda, its process and implementation. In India, the PPP model has been around since the 1990s, when the state initiated its structural adjustment and economic reforms programme facilitated by the International Monetary Fund, but has grown in extraordinary prominence in the recent past. It is estimated that US$ 500 billion would be required by the infrastructure sectors put together over the next five years\(^3\). The state in India sees PPP as the most attractive option of meeting these targets, not only in providing resources to an extent but also in upgrading the standards of delivery through greater efficiency, and is committed to constructing a policy and regulatory framework.

In 1991, fraught with a severe Balance of Payment crisis, India joined the developing world in following the prescriptions of the Washington Consensus. Macroeconomic stabilization under the auspices of the IMF and structural adjustment programme by the World Bank were undertaken by the Indian state to stabilize the economy and take it to the path of high growth. The immediate economic dose comprised of a depreciation of the rupee, adoption of a floating exchange rate and unification of the dual exchange rate system. This was followed with/by a cocktail of ‘reforms’ which included trade liberalization, dismantling of the license raj, privatization of state enterprises, deregulation and financial sector reforms. It was thought to be the way to ‘put the economy back on a path of strong sustainable growth’\(^4\).

\(^2\) Ibid.
The reform programme which started in 1991 saw a paradigm shift in the role of the state. For the first time in the history of postcolonial India, there was a conscious retreat of the state, and acknowledgement of its apparent economic and development failure, also of the fact that it was not doing its business well, and there were other ways of doing business. In this context, the reforms were a crucial juncture in India’s economic trajectory of the changes that were to follow, both in what were to be the economic goals of the post reform state, and how these goals were to be achieved. It is pertinent to note here that the reforms which were initiated in the 1990s are still in progress towards restructuring of the Indian economy and administration, and its integration with the world economy.\(^\text{23}\)

The long term impact (if almost two decades can be termed as long term) of economic reforms is considered phenomenal. The compound annual rate of GDP growth for 1990-2000 has been 5.5 per cent while from 2000-2005, the corresponding figure stands at 6.6 per cent. Since 2005, the economy has been growing at more than 9 per cent per year.\(^\text{24}\) In recent years, it has become a recurrent obsession of both policy makers and the industry to sustain this high level of growth, and showcase India as a rising power.

It is also believed that the single most factor threatening India’s promising growth prospects is the poor infrastructure in the country. Of the comparisons with China in relation to its spectacular economic transformation in general and high quality of infrastructure in particular are made to draw the point further. At 9 per cent of its GDP, China spends almost double of its resources on infrastructure compared to India’s paltry 4.7 per cent. As a policy response, the state has been aggressive in its agenda to fill the infrastructural gap and has committed to almost doubling infrastructure spending from an estimated 5 per cent of GDP in 2006-07 to almost 9 per cent by the terminal year of the Eleventh Plan (2011-12).\(^\text{25}\) In terms of resources, it means that an estimated US$ 500 billion would be required by the infrastructure sectors put together over the next five years.\(^\text{26}\)

\[^{24}\text{Weaver, James H., Michael T. Rock and Kenneth Kusterer, Achieving Broad-Based Sustainable Development: Governance, Environment, and Growth with Equity, Rawat Publications, 2008, p. 18.}\]
\[^{26}\text{Ibid, p.199.}\]
But the reformed/reforming state cannot easily allocate government expenditure towards this end because firstly, it does not have the resources, and secondly, the rules of the game have changed. It is not the state’s business anymore to provide power and ports, dams and roads. These activities are best left in the realm of the private sector in the unfettered markets\textsuperscript{27}. However, the developing world’s experience with privatization of public services, natural monopolies and natural resources has been dismal, and India is no exception. There is increasing evidence to show that privatization of public services has led to the exclusion of the poor and has had severe ramifications on issues of equity and access\textsuperscript{28}.

There is widespread consensus now that the unfettered privatization agenda of economic reforms is flawed, and so has not worked. Therefore, a greater role of the state or a new paradigm is called for in the areas of governance. In India, this was exhibited in the form of Public Private Partnership. It is the new face of development where the state and private actors, who have had a long history of conflict now work in collaboration, and cooperate with each other to further common goals of a market driven growth oriented agenda. State actors ‘enter into partnerships with organizations in civil society, the market, and with transnational organizations, to affect the governance of human society in the era of globalization. Thus, the fanning out of the state, the spanning out of the state, the privatization of state, development of para-state institutions, and the subcontracting of state functions, is what the governance is about in the PPP age\textsuperscript{29}.

To the international community, the state affirms the political will to change and promises a healthy investment climate, in coherence with the global governance agenda.

\textbf{IMPERATIVES FOR PUBLIC AND PRIVATE RESOURCE MANAGEMENT}

\textsuperscript{27} Mathur, Reeta, \textit{Challenges Facing Indian Economy}, RBSA Publishers, Jaipur, 2006, p.34.
The Government of India’s current policy directives neatly fit in the framework mentioned earlier, albeit with some serious contradictions. The government acknowledges that achieving high volumes of private investment in infrastructure is not easy, yet finds it necessary to develop an environment which is both attractive to investors and also seen to be fair to consumers. Since many infrastructure projects are naturally monopolistic, it calls for regulations when markets are not competitive. The following excerpt from the Eleventh Five Year Plan coherently summarizes the state’s agenda for furthering PPP. “The approach to PPPs must remain firmly grounded in principles which ensure that PPPs are formulated and executed in public interest with a view to achieving additional capacity and delivery of public services at reasonable cost. These partnerships must ensure the supplementing of scarce public resources for investment in infrastructure sectors, while improving efficiencies and reducing costs… Private public partnerships must aim at bringing private resources into public projects, not public resources into private projects."

There is also the acknowledgement that unless governance issues, such as those related to competition in service provision, collection of user charges, institutional capacity, regulation and dispute resolution, are adequately addressed, financing or mobilization of sufficient resources for the requisite infrastructure investment may not be possible. There are a number of other issues of concern as well. The fundamental concern here is that how multiple actors of divergent orientations can attain the goals of efficiency and equity. For instance, Dowie argues that although combining the strengths of private and public partners is important, such partnerships can also be a source of conflict of interest.

Private sector orientation is that of achieving returns on invested funds, daring to take business risks, having to anticipate market and competitive developments and realising a corporate goal, whereas public sector orientation reflects political opinion and political influence, formulation of legislation, regulations and authorities, democratic decision making process, the minimisation of risk and realisation of a social goal. It is pertinent here to reflect on the origins of the PPP model of development, which predominantly evolved in the western states in the late 1970s and through the 1980s, in an era of

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conservative regimes of Margaret Thatcher and Ronald Reagan in the United Kingdom and United States respectively.\(^{33}\)

The underlying belief that markets could do the job more efficiently, coupled with the resource crunch of governments witnessed the institutionalisation of PPPs in the domain of public policy and its implementation. The trend has stayed on, and cuts across ideologies as is reflected in The New Labour embracing PPPs in the UK. The experience of developed countries with PPPs has been mixed. Rosenau questions the consensus in policy literature which claims that PPP can combine the best of both the public and private sector.\(^{34}\) She further argues that if partnerships emphasise cost reduction or profit maximisation at the price of significant quality compromises, vulnerable populations may not be able to respond appropriately and aggressively, and that minimalist forms of policy partnering, in which collaboration between public and private partners are formal and limited have failed.\(^{35}\)

There are still considerable debates about the forms that PPP can take. There is currently no widely agreed set of principles used to determine the appropriate use of partnerships between the public, private and not-for-profit sectors in the delivery of public services, and it is argued that ‘outcomes, not ownership matters approach’ provides no clear indication between core and ancillary services; what the government should keep, and what it should let go.\(^{36}\) There is hardly any dearth of acerbic critiques of PPP in the west either. According to Shaol, partnerships are “policies that enrich the few at the expense of the majority and for which no democratic mandate can be secured.\(^{37}\) Similarly, Graeme Hodge argues that ‘the PPP frenzy seems too like the South Sea Bubble, or the share-market tech-boom, with governments behaving less like smart purchasers of modern services, dupes of merchant bankers ... carrying forward costs to future generations. Critics of PPPs in Britain have called them "public fraud and false accounting, commissioned and directed by the Treasury.”\(^{38}\)

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Such evidence should be caution for developing countries like India which are currently in the mode of opting for and expanding public private partnership. In the backdrop of the international context, which hardly has recipes for the success of PPPs, the all out embracing of this model of development is clearly premature at best, and a development disaster waiting to unfold at worst.

**PPPs AND THE INDIAN STATE**

The concept and implementation of PPP is still very nascent in India. Diverse models are being operationalised by multiple stakeholders in a wide variety of sectors. Government policy regarding regulatory, legal and institutional framework is still evolving. Given the multiplicity of Ministries of the government and the engagement of both the central and state governments in the formulation and implementation of a vast array of projects under a wide range of schemes, it is not surprising that there is no estimate of the amount of public resources diverted to PPPs\(^3\)\(^9\).

However, in the recent past, there have been attempts to consolidate this information, and also provide various incentives to large PPP projects in the infrastructure sector. The PPP Cell created by the Ministry of Finance, Government of India, is a recent step in this direction. Key initiatives of the government to foster and strengthen PPPs include the Viability Gap Funding (VGF) scheme (For those infrastructure projects which are economically justifiable but not commercially viable, the government gives a grant of up to 20% of the project cost to private sector developer who is selected through competitive bidding), India Infrastructure Finance Company Limited (a wholly government-owned company has been established to provide long-term finance to infrastructure projects, to cater to the growing financing gap in long-term financing of infrastructure projects in the public, private, or PPP sector) and intensive capacity building at the state and central level\(^4\)\(^0\).

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\(^{39}\) This is quite shocking but in the 1990s, the British government was in a similar position. See for details, Hodge, G.A. and C.Greve, ‘Public-Private Partnership: An International Performance Review’, Public Administration Review, May/June, 2007.

This sense of urgency of accelerating the pace of public private partnership is endorsed by international development agencies and PPP is central to their development strategy in India. Though the infrastructure sector is attracting primary attention, and the bulk of resources are being diverted towards the same, the soft social sectors are also being targeted; the former by international financial organizations and the latter by international donor organizations.

The key strategy of World Bank lending in India is geared towards expansion of infrastructure, viz., roads, transport, power, water supply and sanitation, irrigation and urban development – to underpin both accelerated growth and improved service delivery. According to the IMF, to help meet India's infrastructure needs, steps should be taken to strengthen implementation capacity and develop strong and independent regulators, as these would bolster investor interest and underpin the authorities' public private partnership initiative.

The ADB sees "Public private partnerships as an attractive method of financing infrastructure services", and is working on providing catalytic support to central and state governments to strengthen PPP. For poverty reduction, the UNDP is committed to focus on livelihood models and related service delivery using public-private community partnerships. USAID promotes an aggressive PPP policy in India in many social sector projects and asserts that partnerships are fostered to reach set objectives and realize a longer-term vision.

It is found that governments embarking on PPP programs have often developed new policy, legal and institutional frameworks to provide the required organizational and individual capacities. Creation of new agencies is recommended to bring in financial and contract design skills not present in the government, along with adapting existing processes like planning and budgeting.

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43 http://www.adb.org/Documents/News/INRM/inrm200701.asp
45 http://www.usaid.gov/in/our_work/ppp/ppp_puppet.htm
It is paradoxical that all the UN agencies find that adoption of the PPP model is urgent because the governance system in India has failed to deliver basic services, create institutions that were required for service delivery of health, education, water supply and sanitation and a host of other developmental goals, and yet, they have massive faith in the ability of the same government to create robust institutions for PPPs, and it is assumed that it has the substantial resources required to invest in the same. In fact, these policy organisations criticise the govt for viewing PPPs as simply a ‘source of investment’.

Hall and Lobina argue that introduction of private operators’ interests into the water supply/sanitation and energy sectors conflicts with public interests in socioeconomic, environmental and political dimensions. These services are too vital both socially and economically to rely on corporate self-regulation and countries lack effective capacity to regulate such corporations. Policies relying on corporate activity in these sectors are unnecessarily risky, and that policy development should focus on building strong public sector institutions to provide these services.

From protecting biodiversity to producing biofuels, PPP is the latest ‘one size fits all’ mantra viewed as a magic bullet to solve India’s development problems by both interventionists and free-marketers. In less than a decade, the PPPs have profilgated in innumerable sectors. It is proposed to assess below the nature and scope of PPPs, especially in the health, education and water sector. The aim is not to provide an exhaustive list of projects under operation, but to analyze the multiplicities of issues involved both in the paradigm shift in the role of the state while it moves to the PPP model, and the functional bottlenecks in successful operationalizaion of PPPs.

HEALTH

There is almost a consensus that the Indian state has had a dismal record at providing healthcare to its vast population, especially the poor. At the time of independence, only 8 per cent of the medical services were wholly private, as

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49 The Bio-fuel programme in India is being developed on Public-Private Partnerships to promote bio-fuel plantations on government, community and private lands. Though a National Policy on Biofuels is still under preparation, 100% foreign direct investment in new and renewable energy is allowed.
against 60 per cent in the early 1990s\textsuperscript{50}. There is also evidence that the rich access the public health care system more than the poor, both quantitatively and qualitatively. This increasing demand for private healthcare coupled with inequity in access is given as a rationale for encouraging private health services for the poor.

Though, within India, huge disparities exist between the states and a single policy prescription, or ‘one-size-fits-all’ recommendation does not make sense in such a context\textsuperscript{51}. Yet, it is recommended that strengthening the state’s PPP capacity by contracting out the primary health centers, social franchising and demand-led financing is the way forward, and these are promising areas for the private sector in the health industry. It is being suggested that the delivery of health insurance should be left to the private sector and that the government should focus its efforts on improving the regulatory and enabling framework\textsuperscript{52}. How much, such a framework allows for a true partnership between the state and private players remains debatable. It is one thing that private players and companies enter the market and compete with each other to provide basic services, and quite another for the government to aggressively encourage the same.

Had such an analysis and subsequent policy recommendations emerged out of empirical evidence in general, with its applicability to the Indian context in particular, there would have been a substantial case for a changed role of the state with particular reference to governance. However, it is disturbing that such evidence is scant, and the scope of PPP and its nature of operationalization in the field are sadly disconnected from the realities of the poor. In such a context, there is not enough ground for the state to back out. If the government first has to dismantle its existing workforce, destroy the existing institutional structure, bear the costs of creating new institutions and sustain them, it is a double fiscal burden, with the risk/ assumption that the proposed PPP would be successful. In most cases PPP simply means that the government takes the risks, and invests, whereas the private sector has no stakes involved\textsuperscript{53}.

To ask the government to retreat from a universal coverage system and hope that scalable replicable projects will be able to replace the public health


\textsuperscript{52} \textit{Ibid}, p.51.

\textsuperscript{53} \textit{Ibid}, p.52.
system is a hollow ideal. Accountability issues vis-à-vis access, equity and finances remain crucial. Baru and Nundy argue that the experience of PPPs in health services shows that these partnerships have been built without the organizational and administrative preparedness that is required, which raises questions regarding their role, accountability and effectiveness.\textsuperscript{54} While government is grappling to comprehend new institutional realities in the public private model, its scope and extent seem limited both on theoretical and empirical grounds.

**EDUCATION**

There are serious issues in the public educational system with respect to quality and efficiency of services provided and its burgeoning claim on the state’s finances. The mushrooming of private educational facilities in the recent years reflects the ever increasing demand for educational service on the one hand, and the state’s inability to provide quality education on the other. PPPs have been very much operational in India before they recently came into vogue. According to a micro study on ‘Public and Private Partnership In Primary Education In Unrecognised Schools In Haryana’, ‘the system of government grant-in-aid to privately managed schools at the secondary and higher levels accounts for a very substantial proportion of the education budget’\textsuperscript{55}. The same study argues that, the elementary education system shows the signs of a dual system where public schools are meant for the poor, who are unable to pay for quality education, characterised widely by teacher absenteeism and private schools cater to the requirements of quality education involving high user costs\textsuperscript{56}.

However, elementary education remains the realm of the state and the high public visibility of the NGOs gives a false impression of the extent of their activities\textsuperscript{57}. Arvind Kumar argues that teacher education and training has been a sadly neglected area, and still PPPs in their current form are not forthcoming in the same. It seems to lend strength to the view that PPP is not an idea with a considerable inheritance, but rather an ideology which promotes privatisation as a means of reducing the government’s responsibility to increase the number of schools\textsuperscript{58}.

\textsuperscript{54} Baru, R.V. and M. Nundy, *op.cit.*, p.62.
\textsuperscript{56} Ibid.
\textsuperscript{57} *Public Report on Basic Education in India (PROBE)*, The PROBE Team, in association with the Centre for Development Economics; Oxford University Press, New Delhi, 1999, p.36.
There is widespread recognition of government failure in the delivery of education and PPPs are broadly seen as a solution to the problem. At the World Economic Forum, 2004, 54 participants, involved in PPPs in basic education from various parts of the world reported the key obstacles of partnerships between public and private sectors as ‘capacity to negotiate with non traditional partners’, ‘political will and public support’, ‘agreeing key performance targets’ and ‘transparency and accountability between PPP partners’\(^{59}\). These issues remain crucial in the Indian case as well, and PPP has not been able to emerge as a panacea to solve the country’s complex problems in the educational sector.

**WATER AND SANITATION**

In the water sector, privatisation failed miserably in the 1980s and 1990s in the developing world especially India, leading to disastrous results which were at best a surreptitious exit of private companies, and at worst water riots and violence. Even the World Bank (2004) acknowledges that on its part, there has been irrational exuberance on the potential benefits of privatisation\(^{60}\). The PPP projects, in India, are confronted with the same issues of inequity in access and marginalisation of the poor. While the state and private players remain determined to preach the benefits of PPPs, and distance themselves from echoes of privatisation, there is increasing evidence to show that PPPs seem to be a manifestation of a perverse form of privatisation where ‘all the risks are borne by the government while the companies do not invest a penny’\(^{61}\).

Bhaduri and Kejriwal have dissected the PPP project of Delhi Jal Board (DJB)\(^{62}\), the public utility responsible for supplying water to the city of Delhi. Using information obtained through a recently enacted law on the right to information by Parivartan, they reveal that government of Delhi over the last decade has spent millions of rupees on consultations with IFIs, which resulted in the policy recommendation that management of water distribution be handed over to private multinational companies through a ‘management model’, where the finances for day to day operations (with no upper limit) would be provided by the DJB.

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\(^{60}\) Ibid.


\(^{62}\) Ibid.
CONCLUSION

In our attempt to explore the PPP model of development in India in the backdrop of a high growth state, we have traced the evolution of PPPs in the West, and sought to contextualised the nuances of the same with reference to developing countries in general and India in particular. Apart from a multifaceted but brief critique of PPP, across various sectors, it is observed that there has been an asymmetry in the flow of funds, and an overarching emphasis on infrastructure in the hard sectors. Wherever PPP has been implemented in the soft sectors: health, education and water resources, old issues remain and new concerns have emerged.

At a cursory glance, PPP may be interpreted as an apolitical model, indicating the blurring of the private and the public, but PPP, as a marriage of the best of the private and the best of the public seems sketchy. The time is right to debate the sudden arrival and pertinence of PPPs in India’s development strategy and explore real alternatives for social change. The government has to look beyond just maintaining rapid growth with public private partnership to making growth more inclusive by addressing imbalances in the pattern of growth and groups and people left out of progress.

The foundation of these efforts is empowerment, which is key to expanding the equity of opportunity. While social protection remains one element of inclusive growth, an empowerment approach does not merely seek to protect people from the market but rather sees policy and public sector activity as facilitating success in the market. This makes empowerment foundational both for greater accountability and service delivery as well as for expanding the benefits of economic growth.63 In the rural sector, the gains of the application of modern science and technology have been fed into traditional avenues of status attainment. The richness and fullness of life promised to the common and marginalized man has eluded him. Major structural reforms—such as land reforms—were slow in coming and when they came, they had so many loopholes that gains from them to the needy and the poor were minimal.

The government will have to continue to safeguard public interest and monitor the performance of private sector generally and privatized undertakings in particular. The government realizes that its role will continue to change as the economy changes. The determination and commitment of Government will have to be matched by readiness and cooperation from the private sector. "The interaction between Government and the private sector will be transformed into

a "smart partnership" of co-operation and complementarily that emphasizes 'win-win' situations, the drive towards diversified growth must be led by the private sector, which is expected to display the qualities of good corporate citizenship including the promotion of citizen empowerment. The public sector will progressively diminish its role in the provision of marketable goods and services and will rather seek to facilitate and, where necessary, regulate the operation of business by the private sector\(^\text{64}\).

The government must ensure that privatization should not lead government to curtail any of its core responsibilities which include good governance, safety and welfare of its citizens\(^\text{65}\). The process must be carried out with a human face and efforts be made to safeguard national interests. It is hoped that a healthy public-private partnership will lead to success of privatization policy and contribute to improved service delivery and good governance.

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\(^{64}\) Ibid.