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PUBLIC PRIVATE PARTNERSHIP IN INDIAN INFRASTRUCTURE

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ABSTRACT

Indian economy is a typical example for countries that follow mixed economy system. The main thrust of mixed economy rests on the principal of public and private participation in economic activities. It assumes that the role of both public and private sector must be complementary, and not competitive in nature. Though India adopted the mixed economy approach of economic development, the said principle of public private partnership is still vague in its conception, actual adoption and implementation.

During the early period of independence, the investment on large infrastructure and service oriented projects are adopted by the government because of long gestation periods, heavy capital investment, high risks and low return on investment because private sector undertakes investment in such areas in which it expects a high rate of return. This has resulted in lack of infrastructure. The main reason for the shortfall in infrastructure facilities is inadequate funding and the public sector alone is unlikely to mobilize the required resources, so it is imperative that the private sector must be brought in as a source of finance. Private sector participation in infrastructure is desirable not only to ensure a large flow of resources but also to introduce greater efficiency in the supply of infrastructure as private implemented and, managed projects are likely to have a better record of delivering services which are cheaper and of a higher quality.

KEYWORDS: Infrastructure, Status, Private sector, Mixed Economy, Partnership