

Chapter 2

Objectives and Methodology

Objective of Research

Balancing of the risk among the different stakeholders according to their responsibilities and shared equity as decided by various provisions of concession contracts is of utmost importance for the success of any PPP projects. On the basis of projected investment for initial scope of work to be provided by different stakeholders and projected likely revenues to be shared during the different phases of project construction and operation are normally covered under the provisions of concessionaire contract. However, it has been observed that there are huge uncertainties in the original projected estimates of investments for meeting their obligations and availability of projected revenues during the execution and operation of PPP projects, hence it is quite imperative that necessary provisions are included in concession contracts for sharing windfall gains/losses which cannot be foreseen at the time of formulation of project proposal. These provisions will not only satisfy different stakeholders to share uncertain risks/revenues at various stages of project execution and maintenance but also necessary for maintaining transparency requirements which are very important involving the public agencies like IR. Proper drafting of provisions for sharing windfall gains and losses will ensure building trust and confidence among the various stakeholders of the PPP project, hence, these are very important for the success of these projects undertaken by agencies from using the public funds.

The process of the PPP project is often itself a learning process for many organizations. Thus, it is important to look into already established PPP projects under magnifying glass to identify potential pitfalls to avoid them in future. The aspect of learning from PPP projects makes case studies very valuable for all governments planning to reform railway sector . Study of PRCL rail connectivity project involves a systematic approach for a better railway PPP mechanisms and methods, with the expectation that these can improve future results.

Provisions of PRCL concessionaire agreement are scrutinized with an objective to identify the most efficient ways of mitigating the risks and overcome challenges specific to ppp projects .We try to identify those mechanisms, techniques, elements and principles behind the success or failure to overcome these specific challenges.

Research Questions

In view of the above an attempt is made to study the answer of following questions.

- a) How risk sharing and revenue sharing are balanced in concession agreement between PRCL and Indian Railways.
- b) Are the existing provisions in PRCL concession agreement are adequate to take care uncertainties due to wind fall gains/losses. If not, what problems are faced in this regard during construction and operation of a rail connectivity project of Pipavav port in Gujarat
- c) What are suggested provisions for taking care uncertainties due to windfall gains/losses during concessionaire period?

Methodology

Relevant documents pertaining to rail connectivity project of Pipavav port in Gujarat on Indian railways were collected in regard to conceptualization, construction phase, operation phase and other aspects like maintenance etc. All these details will be analyzed on the basis of actual problems faced in Pipavav port connectivity project financed by arranging the investments through PPP model.

LIMITATIONS

The concept of public-private partnership encompasses a variety of different partnerships and relationships, which are not covered fully in the thesis. The study focuses on one particular case study of PPP JV model port connectivity project, within which the topic is analyzed .To get generalized conclusion it is pertinent that results of number of PPP projects are studied , hence this is a limitation.