

EVALUATION INDICATORS

1. Alignment Competence
2. Context Competence
3. Content Competence
4. Language Competence
5. Introduction Competence
6. Structure - Presentation Competence
7. Conclusion Competence

Overall Macro Comments / feedback / suggestions on Answer Booklet:

1.

2.

3.

4.

5.

6.

All the Best

Section A

Public Private Partnerships (PPPs) are not a panacea for Infrastructural Challenges of India

Rajat couldn't have been happier today. He comes from ~~a~~ ^{the} small town of Baramati in Maharashtra. After a long job search, he has landed himself a job in an IT company in Noida, and the firm has sent him airticket from Mumbai to Delhi.

As he takes the journey, he passes through the Mumbai-Pune Expressway, then the Mumbai Airport, lands at the swanky new terminal in Delhi, and then takes the airport metro line. He marvels at the world-class infrastructure that PPP projects have helped built.

However, he also notices the low ridership in the Airport line of the Delhi metro. Out of curiosity, he tries finding out why. He finds that it was built by PPP partnership, the projected ridership never materialized, poor civil construction led to its closure for 6 months, and finally the PPP partner walked away from the project, citing huge losses. It was then taken over

by the Delhi Metro Rail Corporation (DMRC) which is now trying various incentives to improve the ridership and service levels.

As Rajat settles down in his job, and starts using the Delhi Metro, he also notices the punctuality, huge ridership and reasonable fares compared to other modes of transport. Fully Publicly financed, and publicly built, the Delhi Metro Network has become a case study in the success of public infrastructure projects. Built by PPP, the Airport metro line, ~~is~~ on the other hand, has become a case study in the failure of PPPs.

While PPPs have seen a mixed success, they are often seen as essential to meeting the enormous infrastructural challenges of India. What is the enormity of the challenge? What are the various modes and approaches has the Government used so far? Why have PPPs proved to be double edged sword? How do we improvise PPP partnership models and other approaches to infrastructure provisions? We will explore these aspects in detail in this write-up.

Infrastructural challenges of India

The world Infrastructural outlook projects that India will need \$4.5 Trillion of investments by 2040. Of this, it projects that the government would at best be able to meet \$3.9 Trillion of financial requirement, leaving a deficit of \$600 billion or Rs. 42 lakh crore.

While these numbers look huge, we do not need to be an infrastructure expert to understand the enormity of the situation. Let's take the case of Mumbai, the financial capital of India, and also its richest city.

Every monsoon, the city gets flooded by the downpour, and the city comes to a screeching halt. As the stagnant water fills and hides the potholes on the road, unsuspecting riders often hit the potholes, leading to serious accidents and numerous deaths. The ambitious project to unclog the city's drains and rivers and build a network of pumping stations to pump out the stagnant water into the sea has been under slow execution since the 1990s, but the progress has been abysmal.

Similar is the story of other cities too.

India's urbanization has been unplanned and haphazard, leading to poor and inadequate road network that sees massive traffic jams. Inadequate waste disposal and recycling facilities, lack of investment in fast mobility solutions like metro trains, suburban rail, overcrowded public transport, lack of green and open spaces are some of the problems.

The deficit is still bigger in the countryside, characterized by poor rural roads, erratic power supply, lack of ~~public~~ drinking water supply, ~~electric power supply~~ and so on.

Lack of world class highways, waterways and ports, assured power supply etc. result in high cost of logistics for industries and low ease of doing business. This directly impacts the economic growth and job creation. It is estimated that logistics cost to GDP is 12-14% for India vs. about 8% for developed countries. Infrastructure investment, thus, ~~have~~ has the potential to make India's exports more competitive in the global market.

To meet these challenges, the Government has embarked upon ambitious infrastructural projects like Bharatmala,

Sagarmala, Smart Cities Project, AMRUT mission and Pradhan Mantri Awas Yojana. At the core of most of these projects is the PPP model that is expected to play a pivotal role in their financing and execution. Further, Railway modernization, & UDAN Air Connectivity scheme also have PPP at their core. But has the PPP model been successful? Will it be able to deliver on the promises of these schemes?

PPPs: A Double Edged Sword

For India, the experience with PPPs has been mixed. Post the LPG reforms of 1991, PPPs became a new buzzword, and took off spectacularly in some sectors like Roads and Airports. The early 2000s saw massive infrastructure investment boom, buoyed by booming economy. However the Global financial crisis of 2008 also led to failure of many PPP projects, and made the policy makers reflect afresh on their positives and negatives.

On the positive side, PPP projects solve the biggest problems in most infrastructure project - that of financing. The private

party brings in finances - a combination of own equity and bank loans - and recovers its investment from the revenues stream generated by the project. This eases the financing burden of the government, which can then use its fiscal capacity for provision of other public goods like water supply, healthcare, education, police and so on.

• The private party also brings in superior project management and execution experience and often finishes projects without time and cost overruns.

Long term maintenance contracts also ensure that better quality materials are used in construction and service levels and quality are high. The scope for corruption and leakages is also minimized as the bidding is on a competition basis and concession agreement puts the terms and conditions in black and white. PPP projects also create jobs and contribute to economic growth.

On the negative side, PPP projects are also plagued by several issues. The private party expects to earn a good

profit, and it leads to high user charges. For example the User Development Fee (UDF) at airports have often been unreasonably high. Moreover, if the projected demand does not materialize, the usual tendency of the private party is to increase the user charges, that further dampens demand - creating a death spiral - as was seen in the Delhi Metro-Airport line.

Often, if due diligence is not upto-the-mark, it leads to improper contract designs, as was seen in the case of NOIDA DND flyover. The concession period was unreasonably long, and the Allahabad High Court had to step in to make the flyover toll-free. There were also allegations of corruption in the contract design.

Further, often there have been cases where concessionaires do not invest in the upkeep of operation projects, but keep on collecting tolls. A similar issue is the 'Gold Plating' of the costs - to inflate them artificially - as was pointed out by a CAG report regarding Bangalore Airport.

By Gold Plating, the private party makes unreasonably high profit, thereby defeating the public interest.

Finally, as pointed out by the Kelkar Committee, in PPP projects, 'partnership' is often forgotten. This is seen in the improperly designed risk sharing agreements. Environmental clearances and other regulatory clearances, as well as land acquisition, often get delayed, inordinately increasing the project costs and making it unviable. The project lenders suffer too, and failed PPP projects have been cited as a key contributor to the Twin Balance Sheet problem that the economy is currently grappling with.

These mixed results surely point out to the fact that PPPs are not the panacea for infrastructural challenges of India. What, then are other options? How do we improve the PPP model and bring in other fresh ideas?

The way forward

If we go by World Infrastructure Outlook projections mentioned earlier, it is clear that India will need a mixture of public and private financing to plug its infrastructural deficit. Thus PPP projects, while not the panacea, do not need to be put in the cold basket, rather they need to be improvised.

To improvise the PPP model, a proper risk sharing is a must. Land Acquisition, Regulatory clearances and environmental clearance are best handled by the Government and it should perform these functions efficiently. Designing, building, financing, operating and maintenance is best done by the private sector, but in public interest and for better alignment of interests, government must have a financial stake in the project. Hybrid annuity model ensures just that and must therefore be further institutionalized.

Credit enhancements, Zero Coupon Bonds, rating of infrastructure projects

Are some improvements suggested by the Kelkar committee to make financing less risky for banks.

Kelkar Committee further points out that effective dispute resolution is imperative for the success of PPP projects and an independent regulator must be set up for the same. This will reduce litigations, and would reduce time and cost overruns.

Further, the Government must look for other sources of financing so that it can augment its capacity of delivery of public goods & services. National Infrastructure Investment Fund (NIIF) & National Urban ~~Investment~~ Housing Fund (NUHF) are a step in the right direction. Operational public infrastructure projects like NHAI-built highways can be monetized and the earnings can be reinvested in newer projects. Crackdown of tax evasion and black money can also increase the govt's

capacity to undertake ambitious infrastructure projects.

The Urban and Rural Local Bodies should be further financially empowered to take up rural/urban infrastructure projects. PPP at a local scale, coupled with efficient user charge recovery can go a long way in making such bodies self sustaining and in enabling them to meet the local infrastructural requirements using local solutions. All ULBs must get rated and explore issuing municipal bonds to finance local infrastructure projects. Capacity building at all levels of government will further improve the state capacity to build, maintain and run infrastructure projects efficiently, with high service levels and with minimum leakages.

To conclude, the infrastructural challenge that India is facing is enormous, but not unsurmountable. While PPP projects can be one of the enablers of infrastructural growth, they are not a cure-all for all the challenges. What is needed is an

effective balance between private delivery of public services through PPP and other partnership modes and the public provision of public services by augmenting state capacity ~~and~~ to build, finance, operate and regulate the infrastructure projects.

This will go a long way in ensuring that not only Rajat, but every Indian citizen can benefit from the fruits of economic development and transformation that India is going through.

Section B

Early Childhood Development: the Promise,
the problem, and the path
forward

‘There can be no keener revelation of a society's soul than in the way it treats its children’

- Nelson Mandela

Mark and Sarah live in the city of Tampere, an hour's drive from the Finnish capital of Helsinki. Just yesterday, they received a ‘baby box’ from the neighbourhood maternity and childcare clinic ~~from the~~ ~~of~~ ~~and~~. Every expecting parents in Finland receive the iconic baby box as they prepare to welcome their child, free of cost and fully financed by the state. The box has all the essential items that the baby would need in the first few months of its life - a warm jacket and a sleeping bag to withstand harsh Scandinavian winters, multiple sets of clothes, some toys and baby care products. The ‘baby box’ symbolizes the state's firm belief that

every child deserves an equal start in the life, irrespective of the financial condition of the parents. Such is the emotional value attached to the box that 95% of Finnish parents opt for the Baby box, and not an equivalent financial grant of €140. That Baby Box is a revelation of the Finnish Society's soul.

However, millions of children around the world are not as fortunate. A majority of the children in Africa and South Asia are born in dilapidated public hospitals, or in dilapidated houses, aided by poorly-trained midwives. They are often born undernourished and with low body weight and many of them do not survive to see their 1st birthday. This, therefore, needs a careful analysis, particularly in the Indian context.

What is the scale of the problems associated with early childhood care in India? What are the promises that increased investment in early childhood care holds? What should be our approach to tackle the problem, so that all children

get an equitable start in life? There are the issues we would investigate in this write-up.

The ^{Problems in} ~~Committee~~ ^{of} Early Childhood Interventions

The recently released National Family Health Survey (NFHS-4) paints a grim picture of the state of early childhood development in India. 38% of the children below 5 years in age were found to be stunted (low height for age), 36% were underweight (low weight for age), while 21% were found to be 'wasted' (low weight for height). The challenge is therefore serious, if 1-in-5 children have to be classified as 'wasted'. Moreover, while stunting and underweight cases have reduced over NFHS-3 (2005-06), wasting has increased ~~by~~ about 2%.

The prime reason for challenges associated with early childhood development is poverty. As per Rangarajan Committee report, about 30% of Indians are below poverty line (BPL), finding it hard to meet both ends meet. This

directly shows in the NFHS numbers. Mahatma Gandhi said that poverty is the worst kind of violence, and a child born in a poor family bears the brunt of the violence from day 1.

However, the genesis of the poor child health indicators lies in maternal health. NFHS-4, again, reveals that more than 50% of adult women are anaemic and malnourished. Due to poverty, the expectant mothers do not get proper nutrition and ~~the~~ their nutrition intake is further aggravated by patriarchy.

Patriarchial beliefs and family systems ensure that women eat when the entire household has had its meal, her nutrition considered ~~as~~ of low priority than that of other members of the household. Lack of awareness in the family elders about the nutritional needs of expectant mothers also leads to a neglect of her nutritional needs. The lack of state support in maternal

nutrition does not help either.

Provision of hot cooked meals to expecting mothers through Anganwadis is an essential component of the Integrated Child Development Scheme. The same applies to nursing mothers as well as all pre-school children. However, not all villages have Anganwadi Centres (AWCs). Even in those villages that have AWCs, the AWCs are understocked and understaffed, undermining the promise of ICDS.

The sorry state of primary and secondary healthcare in rural areas is another challenge. Primary Health Centres (PHCs) are supposed to act as last mile delivery point for government services to expecting and nursing mothers and newborns through ASHAs and ANMs. However, they are facing an acute shortage of staff, funds and essential life-saving drugs for common ailments (e.g. ORS solutions).

The secondary healthcare system, consisting of community health centres, that are a catalyst of promoting institutional deliveries, are also facing

crunch of doctors, nurses, essential drugs and diagnostic ~~ser~~ services.

Unhygienic conditions in CHCs pose a further risk of infections in the post-natal period to both the mothers and newborns.

The lack of awareness about pre-natal, ante-natal and post-natal check-ups are rare in the families as well as expecting mothers also leads to poor maternal and child care.

One heartening aspect that came out from the NFHS-4 data is that ^{full} immunization coverage for children has increased from about 40% in 2005-06 to ~~almost~~ 63% in 2015-16. However, the pace ~~so~~ of improvement is insufficient and still exposes a large number of children to deadly diseases like typhoid, hepatitis, polio and measles.

~~an~~ Moving from healthcare, an essential part of early childhood development is ~~ed~~ early education to the children in the 0-6 age group.

While Right to Education is a fundamental right under article 21-A (86th amendment), the early childhood education and care continues to remain a directive principle for the state and a fundamental duty for the parents.

This leads to a neglect in the provision of nutrition and early education to pre-school children. As already discussed, infrastructural deficiencies in AWCS/ICCS leads to an inadequate provision of nutrition to pre-school children. Moreover, AWCS are not geared to provide early education to the children, which is one of the mandates of AWCS. AWCS staff are simply not trained to provide education to the children, and this leads to a ~~neg~~ neglect of the importance of cognitive development ~~of~~ in early childhood. In urban and rural areas alike, lack of creches and day care centres at affordable prices keeps a large majority of children from the reach of early education.

Thus problems in early childhood development are many, and as we will discuss now, the promises ~~of~~ are also appealing if we can overcome the problem.

The Promise of Early Childhood Development

As economic survey 2015-16 points out, the returns to investment of public funds among different competing sources is the highest for early childhood intervention. So if the state has one rupee of additional funds, ~~and~~ then it must go towards early childhood development and nowhere else. The logic is pretty clear.

Investment in early childhood is the form of nutrition, healthcare, immunization, early education and daycare, playing and recreational facilities ensures an all rounded development of the child. Free from nutritional deficiencies and health issues, his cognitive development is fast.

This not only aids early education,

it also continues to aid learning in school-going age. This also ensures that the financial burden of ill health on the children on the parents is minimal and prevents the family from falling in poverty and debt trap due to health issues of the kid. This directly aids in boosting household savings.

Early childhood interventions also ensure that the human capital formation in the economy is of high quality, and as the kids of today will join the workforce of tomorrow as healthy and productive adults. Such interventions reduce the drop-out rates later due to health issues and are also key contributors to meeting India's sustainable development goals of eradicating hunger, improving public health and reducing maternal, infant and neonatal death.

Recognizing the dividends from early childhood development, the Govt.

of India has rolled out several interventions. POSHAN Abhiyan aims to improve the nutritional status of children in time bound manner and has set clear cut targets. Pradhan Mantri Matru Vandana Yojana aims to incentivize institutional deliveries and also compensates new mothers for the loss of earning ~~during the~~ before and after child birth. The ICDS is ~~further~~ further being augmented by higher allocation of funds and better training to ICDS staff, whose honourarium is also being increases. Mission Indradhanush aims to at full ~~increase~~ immunization coverage by focusing on low-coverage areas first and then scaling it across India. The National Health Policy 2016 aims to improve PHC network so that they can transform into health and wellness clinics. This will also aid the provision of healthcare services to children and mothers.

Needs The way Forward

The pressing need for a higher state commitment to early childhood development demands that the state takes a right-based approach to early childhood care. As the state capacity ~~improves~~ has increased meaningfully since the 86th Amendment, the right to early childhood care and pre-school education should be made a fundamental right.

The Janani Suraksha Yojana, Janani Shishu Suraksha Yojana and PM Matru Vandana Yojana should be further bolstered to improve institutional deliveries and early childhood care. PHCs network has to be improved with more funds, functions and functionaries as envisaged in the Health Policy. ICDS should be further strengthened and AWC staff should be paid and trained adequately to provide childcare, ~~a~~ nutrition and health services to children and mothers.

Full immunization coverage should be targeted as a prime focus area and the collaborations of all levels of government should be effected for the same. Higher allocation to National Health Mission and FCIs and proper targeting of funds would further ensure the success of early childhood intervention.

A multi-pronged effort, involving the government, civil society and the parents would thus ensure that early childhood development gets the attention and focus it deserves. Perhaps we should take a leaf out of Finland's book to ensure that Indian parents, like Mark and Sarah are too able to give an equal start in life to their kids, with active state support.

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Early Childhood Development: The
Promise, the Problem & the Path Forward

There can be no keener revelation of
a society's soul than in the way it
treats its children.

PPPs

not a panacea for infrastructural challenges in India

'not a panacea'

'infrastructural challenges'

Intro → Contrasts ✓ →

Delhi Metro

- ridership
- punctuality
- profitable

airport line

- 6 mo closure
- govt partner run away

Swamy airport

terminals; potholed roads

world class airports (Heck Mittal)

What is the enormity of infra challenges?

~~How do we fulfill that?~~

How ways to fulfill that

Experience with PPPs so far

Experience with PPPs so far :: Double Edged sword
= How?

⊕

- govt fiscal capacity limits
- best practices
- ⊗ Better execution
- capability
- Low leakage; better quality
- Create jobs, economic growth

⊖

- Profit motive → high user charges
- Unusual delays clearances
- stuck for long
- Often genuine issues
- no contractual dispute resolution mechanism
- Regulator needed

How to improve

- killar - NTPC - negotiation - instruments
- for govt funding - Newer Models - better risk share