

Public Private Partnerships for Rural Development through Creating Business Opportunities

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Abstract

This paper proposes for public private partnerships (PPP) to be acknowledged as a viable mode of entrepreneurship for rural market development in India, through the mode of business opportunity development. PPP model has started showing promise and prospects in terms of greater mobilization of resources, greater efficiency and quality, reduced costs and access of services to the common man; however, it also generates questions and issues. But the largest aspect to be catered through this model is the development of the 'bottom of the pyramid' (BOP) (Prahlad 2002) and the 'capability' (Sen, 2000) development of this BOP stratum. The concern can also be expressed in terms of the human rights of the population concerned. The paper cites examples where the model is being used in implementable and workable propositions targeted towards developing new market as well as business opportunities.

Key Words: Public private partnerships, entrepreneurship, rural development.

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Introduction

Public-private partnership (PPP) (see: <http://www.pppinindia.com>) a long tested model in form or the other has taken a systematic shape with reference to government/public administration and private organizations recognizing each others capacities, capabilities and competencies. PPP mode is funded and operated through a partnership of government and one or more private sector companies. In some cases of PPP, the government uses tax revenue to provide capital for investment, with operations run jointly with the private sector or under contract. In other cases (notably the private finance initiative), capital investment is made by the private sector on the strength of a contract with government to provide agreed services. 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.

“Public private partnerships can also be perceived as – a component of knowledge leading towards knowledge economy or knowledge led economy”.

The knowledge economy is often understood as information and communication technologies (ICTs) based economic system at large. But at the core of the concept are three precepts. First, it would be more appropriate to use the concept broadly to cover how any economy harnesses and uses new and existing knowledge to increase the productivity of agriculture, industry, and services to ensure a better quality of life for all. This is followed the precept that the key component of a knowledge economy is a greater reliance on intellectual capabilities than on physical inputs or natural resources. Firms in the knowledge economy compete on their ability to exploit scientific, technical and creative knowledge bases and networks. The third focuses on mapping the future and using intellectual capital. Hence, PPP as a model can be perceived with the perspective of a knowledge economy based viable mode of entrepreneurship.

But the major issues with reference to such a model(s) always tend to remain constant. One such issue is the feasibility aspects of PPP within the perspective of private organizations. Another significant issue revolves around the service delivery aspects from the perspective of the government organizations. According to the excerpts of a brain storming session conducted by the author on the issue of PPP on July, 29th 2008, earlier the perception was that private sector in India is weak and its capacities are limited, therefore it is the primary responsibility of public sector to take up development process. Then in 1990's the country took steps towards the path of economic reforms in which the attention was shifted from public sector to private sector. From 1990's till recently there was no investment in additional power generation and hope was put on the private sector and many MOU'S were signed but no project took off. So now a new form of the delivery of public services or procurement of public services called PPP which has it's origin in the market led growth process which was initialized by Margate Thatcher in U.K. and Ronald Reagan in USA is adopted by India. The major rationale or argument for PPP is that there is an enormous need of investment particularly in infrastructure which the resources of the State or public sector or both can not provide. One estimate is that during the 11th 5 year plan country requires an investment of 500 billion US dollars in infrastructure and currently most of the governments at state levels and also the government at the national level is facing the problem of fiscal crisis, even revenue deficit and is not able to generate enough resources.

But on the contrary though expectations are high from the PPP model but if one looks at it very minutely it has got limited approach and before applying it one has to pay attention to the following dimensions:

1. Whether it leads to mobilization of more resources?
2. Whether these resources could not have come from private sector or public sector if PPP model was not utilized. Does that mean we are leveraging more resources through PPP?
3. Whether it leads to greater efficiency in the provision of services or will it lead to improved quality of service?
4. Whether it is a better mode of providing services as compared to public sector and does it yield better quality and reduced cost?
5. Whether it is meeting some of our social and political objectives particularly whether it is ensuring the access of the poor or the common man to the services concerned?

There is also a concept of 4 PPPP and 5 PPPPP which includes people and panchayat participation respectively, as ultimately everything is related with people and for their use only. Thus by getting their willing support and acceptance it can actually serve the purpose. An equally important issue related to PPP is that (whether it is collaboration or a partnership) that both public and private sectors should take the joint responsibility. One aspect taken up by one party and other by the other party makes the very purpose of PPP futile as this being a very complex phenomenon which has to be evolved and developed so that a kind of healthy relationship is developed. A huge amount of investment that is needed for the execution and implementation of different projects or works can only be realized through the active participation of private parties and where there are big investments there are always certain risk involved. These are risks at construction stages; in procurement of material and equipment; in project design (if faulty will create additional burden of cost); and market risks such as whether there will be enough demand generated and user's charges will be realized.

Most of the infrastructure projects may not give high returns and that is the reason why most of the private parties do not want to involve themselves in these kind of projects and thus what is of utmost importance is that all projects have to be made viable. All the risks should be shared and for this there has to be some kind of mechanism. To fill up this viability or feasibility gap the government of India has created a fund known as viability gap fund and have proposed that government or the public sector agency which is outsourcing the project may provide 20% of the capital cost in the beginning and if justified the contribution may go up to 40%. The government of India and planning commission has come out with certain guidelines and models that are available on their websites. In the same manner World Bank has also come out in support for building capacities of PPPs and how to increase efficiency and skills required to make these models successful.

Few essential requisites to make this model successful can be:

Effective implementation of PPP model requires certain legal framework in which the responsibilities are well defined. The first is the creation of a proper process of arbitration and also of dispute resolution. Then setting up more institutions, especially in financial sector, is required. Finally, development of more skills and competencies are necessary so that the interests of the state and of the citizens are guarded.

The crux is that in the mixed economies like ours real development can only take place with the balanced participation of both public and private sector and by following the simple mantra of three E's – efficiency, equity and effectiveness.

The Present Scenario in the State of Uttar Pradesh:

Uttar Pradesh is presently concentrating on promoting Infrastructure Development based on the fundamental logic that the development of Infrastructure facilities has direct impact on Industrialization & Investment. But U.P. requires enormous investments in order to match international standards of infrastructure facilities.

Projects under the U.P. State PPP Plan (Estimated cost – Rs.1, 31, 150 Cr.)

Road Infrastructure

- Ganga Expressway (Balua to NOIDA), Length–1047 Kilometers, Expected Time Frame-4 Years, Estimated Cost –Rs. 40,000 Cr.
- Other Expressways
- Ghaziabad-Saharanpur to Mohand; Jhansi-Kanpur-Lucknow-Gorakhpur to Kushinagar; Agra-Kanpur & Bijnore-Moradabad to Fatehgarh; Lucknow-Barabanki-Nanpara link; Narora to Hardwar (10 Km. before in border of U.P.) Estimated Cost - Rs. 47,000 Cr.
- Noida Toll Bridge, Yamuna Expressway, State Highways. Besides these projects railways over/under bridges are also being developed. Estimated Cost – Rs. 3,500 Cr.

Development of Power Sector

Following power projects are being set up:

- Karchhana, Allahabad - 1320 MW
- Bara, Allahabd - 1980 MW
- Roza, Shahjahanpur - 600 MW
- Meja, Allahabad - 1320 MW
- Anpara-C, (expansion) - 1000 MW
- Srinagar - 300 MW
- Obra (expansion) - 1000 MW
- Estimated Cost – Rs 25,000 Cr.

High Quality Transport System

To ensure excellent transport system, routes for traffic of buses have been allowed to be opened. At present, arrangements are being made to manage transport system by private sector on all the 475 national highways. Estimated Cost –Rs. 1800 Cr.

Urban Rejuvenation

Facilities for uninterrupted, fast and smooth traffic are being developed in cities like Lucknow, Kanpur and Agra etc. Development of public amenities and modernization is also provisioned. Estimated Cost – Rs. 12,000 Cr.

Development of Aviation Sector

International airport and aviation hub is to be built at Jewar, Greater Noida. Besides, construction of new air-strips at Moradabad, Azamgarh and Chitrakoot as well as extension of air-strips at Meerut, Faizabad, Sultanpur, Shravasti and Kushinagar is also being done. Five aviation academies at Aligarh and one each at Kushinagar, Sultanpur and Faizabad are being set up.

- Taj International Airport– Rs 4,000 Cr.
- Nakud – Gangoh International Airport – Rs. 2,000 Cr.

Development of Service Sector

- Manyawar Shri Kanshiramji Super Speciality Hospital
- Manyawar Shri Kanshiramji International Convention Centre

Technical Skills Up-gradation

- Establishing variety of professional institutions like IITs, IISc,
- Engineering Colleges, Polytechnics and ITIs.

Estimated Cost–Rs. 1,700 Cr.

Tourism Initiatives

- Buddhist Circuit
- Kushinagar International Airport

Estimated Cost – Rs 3,000 Cr.

A Glimpse of the Scenario in Uttarakhand

Companies like Hero Honda, ITC etc. are taking over the responsibility of running institutions like polytechnics and thereby not only training workforce for themselves but also bringing up the standards of the entire workforce to the levels of contemporary needs and several organizations through their initiatives are running 28 polytechnics in the State. ONGC has links with various institutions to impart knowledge to their workforce through their academy; Uttarakhand Power Corporation is working on several initiatives in the said direction.

In fact the technical university model run by these and several other states is suggestive of PPP wherein the Universities conduct entrance examinations and the annual examinations, work for quality assurance and the private organizations working under the trust and the society structure impart education wherein the Uttar Pradesh Technical University has grown to affiliate more than 300 institutions.

Another example from the State of Uttar Pradesh

Electronic Delivery of Services through Jan Seva Kendra. One common service centre is being established in between 6 villages. Total 17909 centres will be setup in the state. State has been divided into 7 zones and each zone is being developed by one entrepreneur. Each entrepreneur will develop around 1600 centres.

Objectives of this project:

- To connect citizens with the Government.
- To provide over 400000 new employment opportunities.
- Timely delivery of critical information.
- Higher administrative efficiency & reduced red tape.
- Cost effective access to the Government.
- Structured system to manage issues of health, education etc.

Approach:

- To focus on public service delivery through process re-engineering and change management. The approach will provide radical change to the way Government delivers services.
- Centralized initiative and de-centralized implementation.
- Project implementation in mission mode.
- Effective Public Private Partnership is crucial.
- Think big, start small and scale fast.

Implementation:

- Connectivity through SWAN (State Wide Area Network).
- Storage and retrieval of data through established State Data Centre (SDC).
- Delivery of services through Jan Seva Kendra (Primary mode of delivery).
- Standardization of core policies & practices to ensure integration of services & interaction between applications.
- Each department has to select their mission project and services which could be delivered through Jan Seva Kendra.

PPP based Proposition: A Prospective Association of ITC's e-Choupal with the Department of Health and Family welfare of the State of Uttar Pradesh (the most populous state of India).

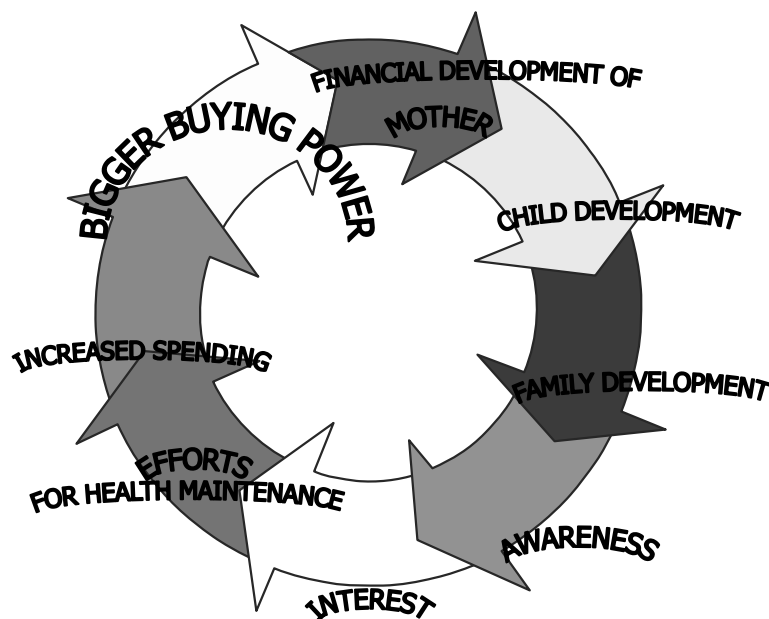
To start with an example Dr. Devi Shetty, a cardiologist at Bangalore and his team at their hospital unit called Narayan Hrudayalaya (<http://www.hrudayalaya.com>) have shown an efficient

usage of tele-medicine network with the involvement of Indian Space Research Organisation (ISRO).

Many efforts are being made in this field and this concept is coming up to reduce the gap of services and to cover up the improper distribution of the human resource, though it will take some time but not too much to make it too late. There is a need of integration of systems but again architectural and design factors as far as physical and infrastructural implementation concerns have to be taken care of (Saxena, & Wadhwa, 2003).

The basic factor and requirement is to fill up the gaps in the services which on the one hand may be achieved through the enlargement of the infrastructure and human resource requiring lot of fixed and recurring costs and redundancy of resource base of the state. While on the other hand a partnership of the Department of Health and Family Welfare with ITC may give a reasonable raise in the profitability of the company also fulfilling its new found objective of co creation of value through multiplication of the usage of their network and systems and will effectively enhance the dispersion of services of the Department of Health through increasing its reach and the contact and the communication levels with the beneficiaries. The only thing required to initialize the process is association of the two organizations and the added offer of the health services through e-Choupal network.(For details on e-Choupal, please may also refer to: <http://www.echoupal.com/>, <http://www.itcportal.com>). Although, the restoration of faith definitely is a complicated factor but the interconnectivity of all the units with satellite link and Intranet will first of all increase the levels of monitoring, feedback, follow-ups, logistics management and interconnectivity among the medicos apart from the generation of the database, which may help in realizing the objective of Health For All (HFA) (National Health Policy Draft, 2002).

Figure 1. Economic and Financial Development of Women



Once a mother is capable of generating revenues or becoming economically independent its benefits in the forms of health and education pass on to the children & subsequently to the family and the total rural populace at large.

Swarnjayanti Gram Swarozgar Yojana (SGSY) in association with ICICI Bank

Referring to this scheme called Swarnjayanti Gram Swarozgar Yojana (SGSY) (Please may also refer to: <http://rural.nic.in/book01-02/ch-6.pdf>, <http://rural.nic.in/sgsy.htm>) this paper argues on two lines. First, the effectiveness and the actual realization of the efforts of the self-help groups under Swarnjayanti Gram Swarozgar Yojana in the form of their economic and the financial development can come up with the help of concept 'partnership of public administration and private enterprise'. Second, the desired result of this program that is the economic and the financial development of the poor is associated with many other factors such as poor rate of literacy, poor health, cultural barriers, inappropriate management of funds because of the diversion of funds towards more critical needs, exploitation by the affluent section of their society, immobility of women, the financial independence of women, their participation and its importance in the revenue generation system of a house, the health of women and many other associative social issues. And 'partnership of public administration and private enterprise' will certainly support the success of the program by raising the regular activity levels of the SGSY groups and the replication of their entrepreneurial activities. Further association of a large and a private banking organization, like ICICI bank (www.icici.com), which actually is expanding its rural network and looking towards the rural population as a prospective market, with the Department of Rural Development will also enhance the prospects of the economic and financial development of women thereby positively effecting the development of the children and the rural population at large (please refer to Figure-1).

Swarnjayanti Gram Swarozgar Yojana (SGSY): An Introduction²

Programmed for self-employment of the poor, has been an important component of the anti-poverty programmes implemented through the government initiatives in the rural areas in India. SGSY is the major on-going programme for the self-employment of rural poor at present. The programme was started with effect from 01.04.1999 after review and restructuring of erstwhile Integrated Rural Development Programme (IRDP) and allied programmes namely Training of Rural Youth for Self Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA), Supply of Toolkits in Rural Area (SITRA) and Ganga Kalyan Yojna (GKY), besides Million Wells Scheme (MWS). The earlier programmes are no more in operation with the launching of the SGSY. The basic objective of the SGSY is to bring the assisted poor families (Swarozgaris) above the poverty line by providing them income-generating assets through a mix of bank credit and governmental subsidy. The programme aims at establishing a large number of micro enterprises in rural areas based on the ability of the poor and potential of each area. The brief details of the programme are indicated in the following paragraphs.

Strategy: SGSY has been conceived as a holistic programme of self-employment. It covers all aspects of self-employment of the rural poor such as; organization of the poor in to self help groups (SHGs) and their training, selection of key activities, planning of activity clusters, infrastructure, technology and marketing support.

² For more information see (http://www.ap.nic.in/dwcra/swarnjayanti_gram_swarozgar_yoja.htm and <http://rural.nic.in/book01-02/ch-6.pdf>, <http://rural.nic.in/sgsy.htm>)

Social Mobilization of the Poor

The Swarnjayanti Gram Swarozgar Yojana focuses on organization of the poor at grassroots level through a process of social mobilization for poverty eradication. Social mobilization enables the poor to build their own organizations. SHGs in which they participate fully and directly and take decisions on all issues will enable them to cross the poverty line. An SHG may consist of 10-20 persons belonging to families below the poverty line (BPL) and a person should not be a member of more than one group. In the case of minor irrigation schemes, disabled persons and in difficult areas that is hills, deserts and sparsely populated areas, the number of persons in a group may range from 5-20. However, if necessary 20% and in exceptional cases up to 30% of the members in a group may be from above the poverty line (marginally above the poverty line and residing continuously with BPL families) if agreed to by BPL members of the group. Efforts have to be made to involve women members in each SHG. Half of self-help groups in each block should be exclusively for women. Group activities are to be given preference and progressively, majority of the funding should be for the self-help groups. This concept is further strengthened by the following statement

“The development of BOP markets requires an active role for women, as entrepreneurs and as customers. There is overwhelming evidence that poor women are able to play a significant role in economic development. They also are likely to be the most critical customers in terms of product acceptance, because of their central roles in childcare, household management, and the social capital of the communities” (Pralhad & Hammond, 2002).

A Prospective Association of ICICI with the Department of Rural Development of the State of Uttar Pradesh

As mentioned in the preceding paragraphs, the groups are organized and then there is a process that is followed and regularly monitored with the help of the government and the non-government agencies, which subsequently results or is supposed to result in the economic development of these groups.

This paper proposes the partnership and the association of the Department of Rural Development of the State of Uttar Pradesh with the ICICI bank (For details on ICICI bank, Please may refer to: <http://www.icicibank.com>). This association would facilitate on the one hand the much-needed micro credit facility for the self-help groups and the beneficiaries who are the targets of developmental schemes run by the government and on the other hand will positively affect the strategy of ICICI, which is leading them in the same direction. In the words of Prahalad and Hammond, 2002;

“Credit is often unavailable, or available only from local moneylenders who charge 10 to 15 percent interest per day. Interest rates of 1,000-2,000 percent per annum are not uncommon. The lucky small-scale entrepreneurs who get loans from a non-profit micro finance institution still pay 40-70 percent interest per year—rates that in most developed countries would be considered illegal”.

Strengthening the logic for such kind of an association such is proposed here (between the Department of rural Development of the state of Uttar Pradesh and ICICI bank) Prahalad and Hammond, 2002 have further suggested that, “Given the controversy over globalization, many MNC managers are concerned that entering bottom of the pyramid (BOP) markets would be perceived as exploiting the poor. But when a micro finance institution such as Grameen Bank

charges 50 percent effective annual interest, is it exploiting or helping the poor? The alternatives for many poor borrowers would be 1,000 percent interest or no loan at all. If a large financial firm such as Citigroup were to leverage its reach and size and charge 20 percent per year interest (twice the rate it charges to its upper middle income clients), would it be exploiting or helping the poor? We believe firms that build the capability to provide services and compete in poor communities can generate an acceptable return on investment—and help the poor dramatically reduce their costs and improve their standard of living. Furthermore, the issue is not just cost, but also quality—the quality of water, the range and fairness of financial services, the variety and quality of food. The informal economy that now serves poor communities is an unorganized system that is full of inefficiencies and intermediaries or middlemen who exploit those inefficiencies. Creating real markets among the poor—with adequate information, competition, and choice—can change the situation. Allowing the benefits of organization, logistics, information technology, and scale to bear upon the problem can lead to a “win-win” solution. If we can remove the inefficiencies of the unorganized sector, we will find an attractive market—for consumers and for firms”.

The expected issues and constraints that may emerge in such partnerships include foreseen issues with, which the proposed partnerships may expectedly be confronted with. These may emerge in terms of legalities and constitutional guidelines; difference in the objectives and missions and also the visions of the government and the private organizations; cultural and perceptual barriers relating to the acceptability of the beneficiaries towards private institutions and social changes accompanying the same and the social structure. The expectations in regard to the social structure fall with the politically and the socially powerful people which would be required to be adaptive to the changes so that they are instrumental in replicating the process once the associations are implemented.

Some of the issues that would emerge would be in relation to the facilitators of the process. These issues may come up in the form of the adaptability levels of the manpower. For example, if they perceive the process to be beneficial for them and adapt to the change in the working environment after the public institutions get associated with private organizations having seen a change in the working philosophy and environment as compared to theirs. A significant issue in the facilitation of the process is the prevalent problems of corruption in the State.

One of the major concerns would emerge is in the form of the integration factor (Osmani, 2003) The integration factor is defined as “the extent to which the rural and the poor (the prospective beneficiaries and the agents) are able to integrate into the economic processes so that, when growth occurs and the employment potential expands, they can take advantage of the greater scope for improving the quality and the quantity of employment”. But experience and proven methodologies of organizations like ITC and ICICI due to their integrative, promotional and interactive capabilities may face this, once the perceived levels of the implementation of ‘partnership of public administration and private enterprise’ are achieved. This is also supported by the proposition that this partnership initially is proposed to develop markets which are supposed to trigger a sequence of achievement of substantive freedoms supportive of reduction in the levels of the constraints.

Further, as far as other constraints such as question of literacy, cultural and perceptual barriers, social structure, caste discrimination, role and position of women in the society (especially with regards to Uttar Pradesh), manpower availability, their adaptability and learning levels, their work culture, electricity, the huge problem of corruption in the State and the likes are concerned, they definitely may pose restriction to the process but in due course of time some measures will come

up as a solution to them and some have to be implemented at the policy-levels. A few measures might occur and some are presently emerging. The first rising solution centres on the launch of EDUSAT, which will facilitate the span of delivery of education and thus the awareness and hence the acceptability of the process. Another solution deals with organizations like Tata Literacy and many other foundations that are working towards the enhancement of rate of literacy. 'Partnership of public administration and private enterprise' may also enhance the levels of transparency so as to support reduction of corruption levels. Lastly, these partnerships as a mode may also emerge as a solution in themselves to many of the issues.

The Crux of the Matter:

Business strategies and marketing skills have been concentrating on fundamentals, especially on buying capacity. Argument with regards to private enterprise finding scope and benefits in the PPP mode lies in the ambit of four major aspects. First, we should be looking at the 'size' of the market and not at the buying capacity as a fundamental aspect in the case of highly populated developing and the underdeveloped nations. Second, we should think of improving the markets on the whole for example health care services to the rural and the poor masses because better health will lead to the development in the entrepreneurial activities and the acumen of the nations/societies. Third, services and business opportunities are the human right of the masses and should also be seen as a social responsibility by the marketer along with being seen as a business opportunity. Finally, when looking at the size of the market as an asset, we can compliment the same with strategic generation of buying power i.e. by 'creating buying power'.

"A collective memory, some parts of which we call knowledge spreads much faster than the biological evolution, which takes thousands of years and generations to change species."

This is the magic of knowledge and I put forward a strong appeal to all the intellectuals and the honorable readers to kindly think about the usage of knowledge especially, in relation to the business development acumen for the development of rural and the poor masses, and preferably for the fundamental services, which actually are their fundamental rights.

Here, the emphasis has to be given on two points/ problems:

1. How to motivate these large or small organizations to spread over into seemingly less lucrative rural areas/ poor masses to generate a mass movement?
2. How to develop a universally acceptable and financially viable business proposition for such a situation and the people involved?

The basic need is for a model to be generated in this regard and PPP is one such model wherein, being the commercial motive involved positive results can be expected. But the major issue is of spreading /replicating the model though this definitely is expected as it is a major characteristic of money to replicate and this model generates profits.

But why would commercial organizations dissipate (provide) their services (which involve substantial costs) to the people who cannot afford the same? Or why they would enter into a market, which at least seemingly does not assure financial feasibility? And the answer is that this market is associated with the huge population however poor, but has access to the most basic and huge resources of agriculture and other rural produce, therefore the basic logic of marketing and sales support the huge size of this market. Therefore, we stand with the basically logical marketing asset here and that is 'the size' of the market.

In one of the internationally acclaimed works called *Serving the Poor, Profitably* (Prahalad & Hammond, 2002) the authors have categorically suggested,

“Global firms have demonstrated their ability to create wealth around the world. But the benefits of the capabilities of these firms and of the global market system do not yet reach most of the 4 billion people who live in relative poverty at the bottom of the economic pyramid. What if it were possible to expand the global market system to include those who now have no stake in it-to grow the market at the bottom, providing direct benefits and expanded opportunity to poor communities?”

Many efforts have been made in relation to the generation and the development of the buying power and the financial independence of the rural and the poor masses, especially women. I also wish to use the reference of Amul known to be as white revolution of India. (Dugdh Kranti as they say) (visit www.amul.com). Sewa, The self employed women's association (visit www.sewa.org). Lijjat papad (visit www.lijjat.com/new.htm) many NGO's have been working in the field with similar objectives as was the case of DWCR (Development of Women and Children in Rural Areas) a scheme run by the Ministry of Rural Development with the help of various state governments under the supervision of bodies like UNICEF involved directly or indirectly at various stages.

Conclusion:

One of the most attractive ways of building infrastructure and making development would certainly be public – private partnership under which large amount of private resources can be mobilized. The private sector can mobilize new technologies, can bring in quality management and provide services perhaps faster and at a lower cost. But private sector is profit oriented therefore we need to create an environment in which private sector's profit motive is satisfied. Also at the same time the public sector's requirements that services are given to everyone and that universal service obligation is also fulfilled and we get the quality of public goods that we want.

The second important area is the risks that are involved in any public- private partnership. The partnership should be designed in such a way that the risks are shared. The basic idea is that there are risks and one need to design strategies in such a way that minimizes the risks. For PPP to be successful it must be in the form of partnership and not in the form of collaborations. It should also comply with statutory and regulatory requirements which must be transparent. More progressive approach based on time framework, mutual trust, transparency, efficiency and above all people's participation and benefit to the common man is what is required to actually make PPP model do wonders for the country and to the overall growth and prosperity of the people and the nation. Thus quality of service, cost effectiveness and accessibility by all sections of the society is what is desired through applying the PPP model.

Considering and also trying to address the issues, while taking learning from the efforts made by the private organizations in the rural areas until now, this paper proposes for the 'partnership of public administration and private enterprise' not only to fill up the gaps in the spread and prevalence of infrastructure but also, to be utilized for re-motivating the human resource responsible for executing the process of development with the help of the proposed model. This can be accomplished along the following lines of thought. First and foremost, most of the existing infrastructure can be utilized with enhanced efficiency with the help of 'partnership of public administration and private enterprise'. There are schemes and programs running in

relation to health, poverty alleviation and development primarily by government, which may speed-up with the help of 'partnership of public administration and private enterprise'. A primary constraint in relation to the effective execution of the developmental efforts is improper communication and government work culture which, leads to the de-motivation of the program execution teams and the beneficiaries as well. Motivation may be restored through 'partnership of public administration and private enterprise' (and this is the first level of achievement that is supposed to be achieved). Further, this part of the population (rural and the poor) need to be considered as markets and their status as a market can well be established through the 'partnership of public administration and private enterprise'. Here, poverty is being considered from the perspective of not only being as income deprivation but also as deprivation of various capabilities (Sen, 2000) and therefore, achievement of further 'capabilities' and thus 'freedom' is proposed for the said populace through effective partnerships. To fill up the gaps in the spread and prevalence of infrastructure but also, to be utilized for re-motivating the human resource responsible for executing the process of development further integration of the developmental efforts of the government with the business strategy and acumen of these organizations would initiate a new era. Also the usage of technical and IT infrastructure/network these MNCs are building in the state supports the logic of the proposed model. There is a valid prospect integration of rural and poor population as workforce through 'partnership of public administration and private enterprise' so as to support employment generation and achievement of sustained livelihood.

Finally, this paper foresees income generation and enhancement leading to the achievement of further capabilities and freedoms, subsequently, leading to an all encompassing social development through 'partnership of public administration and private enterprise'. Such partnerships as a mode through their strengths may support poor in becoming active agents for changing their own lives which is consistent with the concept of livelihood approach (Osmani, 2003) suggesting that "the objective of a poverty reduction strategy should be to strengthen the ability of the poor to pursue their own livelihood strategies and to be active agents for changing their own lives."

In the words of Professor Amartya Sen

"Freedom are not only the primary ends of development they are also among its principal means. In addition to acknowledging foundationally, the evaluative importance of freedom, we also have to understand the remarkable empirical connection that links freedoms of different kinds with each other. Political freedoms (in the form of free speech and elections) help to promote economic security. Social opportunities (in the form of education and health facilities) facilitate economic participation. Economic facilities (in the form of opportunities for participation in trade and production) can help to generate personal abundance as well as public resources for social facilities. Freedoms of different kinds can strengthen one another. This freedom-centered understanding of economics and of the process of development is very much an agent-oriented view" (Sen, 2000).

'Partnership of public administration and private enterprise' may definitely enhance the levels of substantive freedoms through the integration of these organizations which would reduce redundancy, hence supporting effectiveness. Further 'partnership of public administration and private enterprise' and development of markets in the process, would allow the beneficiaries/the agents more freedom to achieve higher levels of substantive freedoms and simultaneously

integration and interlinking of various agencies and implementation facilitators would converge to a situation where “Freedom of one kind would strengthen the other” (Sen, 2000).

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