



Financial Options for Funding of Road Infrastructure in Rajasthan | Rajasthan | 23 Feb 2024

Why in News?

The Rajasthan government is examining some innovative financial options, including [Public-Private Partnership \(PPP\)](#), for securing increased funding for the expansion of road infrastructure.

Key Points

- Rajasthan **ranks seventh in terms of the State highways and second largest in terms of the [national highways](#)** in the country.
- The Rajasthan State Highways Authority has started adopting new measures to cater to the need for better connectivity and facilitate innovative investment and financing models.
- A workshop was organised on “Financing models for road infrastructure development”, jointly by the **Public Works department (PWD)** and the **India Infrastructure Finance Company Limited (IIFCL)** Projects.
 - IIFCL is a leading public sector infrastructure finance institution, which has funded about 21% of the country’s national highway capacity, comprising nearly 30,000 km of roads.
- The **State government would work closely with the IIFCL Projects** for strengthening its road network and bring it parallel with those in Tamil Nadu, Maharashtra and Gujarat.

Public-Private Partnership Model

- PPP is an arrangement **between government and private sector** for the provision of public assets and/or public services. Public-private partnerships allow large-scale government projects, such as **roads, bridges, or hospitals, to be completed with private funding**.
 - In this type of partnership, investments are undertaken by the private sector entity, **for a specified period of time**.
 - These partnerships work well when private sector technology and innovation combine with public sector incentives to complete work on time and within budget.
 - As PPP involves full retention of responsibility by the government for providing the services, it doesn’t amount to privatization.
 - There is a well defined **allocation of risk** between the private sector and the public entity.
 - Private entity is chosen on the basis of open **competitive bidding** and receives performance linked payments.
 - The PPP route can be an alternative in developing countries where governments face various constraints on borrowing money for important projects.
 - It can also give **required expertise** in planning or executing large projects.