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Public private partnership in tourism sector: An exploratory study of Assam tourism industry

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Abstract

Public Private Partnership concept of infrastructural development and management of resources has been a huge success across sectors. It is effective and efficient in a lot of areas of operations. Both the government as well as private stakeholders working in joint ventures are in a win-win situation in the PPP model of operation. Tourism sector is no different when it comes to public private partnership. Tourism is not confined to a single sector, rather embraces other sectors like accommodation, transportation, communication, entertainment, events, technology, destination etc. It is one of the sectors where huge investment is required and government alone cannot fill the void. The main aim of the present research paper is to examine the role of public private partnership model in Assam tourism industry. The present study is exploratory and descriptive in nature and based on secondary data. The secondary data has been collected from various journals, websites, newspapers and articles, publications of Ministry of Tourism, UNWTO, Asia Pacific Economic Cooperation (APEC) and Asian Development Bank (ADB), Niti Ayog, Department of Economic Affairs, PPP Cell and Ministry of Finance.

Keywords: Public, private, partnership, infrastructure, investment, stakeholder

Introduction

The concept of Public Private Partnership (PPP) is a possible collaboration between public and private entities in the context of infrastructure and other services (Asian Development bank, Public - Private Partnership (PPP) Handbook, 2008). The collaboration of public sector organization and private sector investors and business is for the purpose of planning of major and minor projects, investments of capitals, building of infrastructure, supporting and operations of infrastructure, management of facilities or related services and sharing of ideas and profits (APEC, 2005). The strategic partnership of government and private parties is a tool for the development of tourism industry (Menon & Edward, 2014) [7].

United Nations describes public private partnerships as "innovative methods used by the public sector to contract with the private sector who bring in their capital and their ability to deliver projects on time and to budget, while the public sector retains the responsibility to provide these services to the public in a way that benefits the public and delivers economic development and improvement in the quality of life"

The World Bank in the paper titled "Managing Public Private Partnership" describes PPP as "long-term arrangements in which the governments purchases services under a contract either directly or by subsidizing supplies to consumers. In other PPPs the government bears substantial risk- for example, by guaranteeing revenue or returns, - on projects that sell directly to consumers"

The Government of India (2011) has defined Public Private Partnership as "an arrangement between a government/statutory entity/government owned entity on one side and a private sector entity on the other, for the provision of public assets and/or public services, through investments being made and/or management being undertaken by the private sector entity, for a specific period of time, where there is well defined allocation of risk between the private sector period of time, where there is well defined allocation of risk between the private sector and the public entity and the private entity receives performance linked payments that conform (or are benchmarked) to specified and pre-determine performance standards, measurable by the public entity or its representative".

Corresponding Author: Sanjoy Ronghang Research Scholar, Royal School of Travel & Tourism Management, The Assam Royal Global University, Guwahati, Assam, India Tourism industry is concerned with the amalgamation of different sectors such as accommodation, transportation, communication, entertainment, events, technology and destinations. Today, countries around the world are focussing on financing projects, built infrastructure and deliver services in a different way (Sathana and Jesintha, 2011) [8]. Both the government as well as private stakeholders working in joint ventures are in a win-win situation in the PPP models of operations.

Literature Review

Public Private Partnership is development of a project between public and private organization on certain terms and conditions. The public partner is represented by government organization from either the local, state or at the national level, whereas private organization who is expert in an area is represented by a privately owned enterprise, partnership or a corporation. (Venkateswarlu & Jayalakshmi, 2016) [10]. Public Private Partnership is a legally binding contract between public and private parties where both take the financial risk; share its expertise and services to the public (Dias & Smith, 2014) [3]. Keeping the social priorities in mind PPP is the application of the managerial skills of the private sector and relieving the public sector from larger capital investment and transferring of risk (Priya, M. S., & Jesintha, P. 2011) [8]. The PPP projects implementation in the infrastructural development can be seen in multiple sectors like transportation, accommodation, communication, destination and event management (Dahiya & Kumar, 2015 [2].

Ekpenyong & Mmom, 2015 [5] has opined that Public Private Partnership is operated in various models for the successful implementation of different projects in different sectors. Some of the models are:

- Design-Build (DB),
- Service Provision (e.g., Specific customer services or operation & maintenance) contract.
- Management contract.
- Lease and operate contract.
- Design-Build-Finance-Operate (DBFO).
- Build-Operate-Transfer (BOT).
- Buy-Build-Operate (BBO).
- Build-Own-Operate (BOO).
- Build-Own-Operate and Transfer (BOOT).
- Operating License.
- Finance Only.

Methodology

The main aim of this research paper is to study the role of Public Private Partnership (PPP) in the infrastructural development of tourism industry in the state of Assam. The present study is exploratory and descriptive in nature and based on secondary data. The secondary data has been collected from various journals, websites, newspapers and articles, publications of Ministry of Tourism, UNWTO, Asia

Pacific Economic Cooperation (APEC), Asian Development Bank (ADB), Niti Ayog, Department of Economic Affairs, PPP Cell, and Ministry of Finance.

Objectives

- 1. To study the role of Public Private Partnership in Infrastructural Development of Assam Tourism Industry in the present scenario.
- 2. To identify the different Public Private Partnership projects implemented by the Central and State Government for the development of tourism infrastructure in the state of Assam.

Public private partnership in India

Government of India is keen on implementing Public Private Partnership schemes by encouraging the private enterprises in collaboration with public organizations in building the infrastructure of India. India is still very poor in infrastructure when compared with developed countries. PPP model of operation is the right solution to that problem. There were attempts to promote PPP in India in the 1990's; however, the first PPP project was signed and implemented only in the 2000's. Today, several states in India namely, Maharashtra, Karnataka, Gujarat and Tamil Nadu have excelled and flourished in implementing PPP projects. It has been observed that successful major and mega projects in these states are implemented through PPP model.

The Ministry of Finance through its Department of Economic Affairs (DEA) PPP Cell coordinates and channelizes the PPP projects in India. DEA has also published guidelines on how to implement the PPP projects. The Public Private Partnership Appraisal Committee (PPPAC) is held responsible for appraisal of any projects at the centre. Viability Gap Funding Scheme has been created by Government of India for PPP projects to help promote the sustainability of the infrastructure projects. Moreover, to provide long-term debt for financing infrastructure projects, Government of India has created India Infrastructure Finance Company Limited (IIFCL).

The present Government of India led by Prime Minister Narendra Modi has encouraged the active collaboration of private sector with the public sector for infrastructure development in all sectors. He has introduced a portal with a name 'Gati Shakti' where 400 layers of geospatial data which includes data on existing and future infrastructural development planned for forest, land and industrial estates. The 'Gati Shakti' portal would assist stakeholders involved in the infrastructural development to plan things ahead effectively and efficiently.

As per the reports of Niti Ayog, Government of India, in the year 2020 – 21, (1st April 2020 – 31st March 2021) 125 PPP projects with a total cost of Rs. 1, 72,314 were appraised by the Verticals, which includes 123 central and 2 state projects. The sector wise distribution is given below.

Table 1: The sector-wise distribution of the PPP projects is given in the table below: (Period From 1st April 2020 to 31st March 2021)

Sl No	Project Appraised	No. of Projects	Total Cost (Rs. In Crore)
1	Roads	69	63,279
2	Ports	12	3,359
3	Eco-Tourism	10	2,232
4	Silos	1	401
5	Petroleum Reserves	4	27,728
6	Ropeway	1	996

7	Telecom	9	29,199
8	Railway Stations	6	7,600
9	Railway Passenger Train	12	30,099
10	Metro	1	7,420
11	Total	125	1,72,314

Source: Niti Ayog, Government of India. (https://www.niti.gov.in/verticals/ppp)

Table 2: Public Private Partnership Appraisal Committee (PPPAC) recommended projects (From 20th Dec, 2005 – 10th Aug 2021)

Sl No	Sector	Number of Projects	Total Project cost (in Rs. Crore.
1	Airport	10	9,017.00
2	Housing	9	7,633.55
3	Others	1	29,432.00
4	Ports	39	59,996.75
5	Railways	6	47,698.00
6	Roads	257	302,388.00
7	Sports	5	0.00
8	Tourism	6	1,913.87
	Total	333	458,079.1

Source: Department of Economic Affairs, PPP Cell, Infrastructure Division, GOI. (www.pppinindia.gov.in)

Public private partnership in Assam

Assam has been one of the pioneers in the north-eastern states of India when it comes to the implementation of Public Private Partnership projects in joint ventures. It has successfully completed several mega projects under the PPP scheme, sponsored by various government organizations and several projects are in the pipeline. PPP projects can be seen being implemented in the field of tourism, roads & bridge construction, renewable energy, education, solid waste management, sanitation, beautification of the Gauhati city, hospitals, accommodation, hospitality, cruise, amusement parks etc. The PPP business models implemented in Assam are Build-Operate-Transfer (BOT, Management of Contract (MOC), Design-Build-Finance-Operate-Transfer (DBFOT) and Build-Own-Operate-Manage (BOOM). The Government of Assam has invited

reputed and giant private organizations from India and abroad to set up their offices and branches in Assam in the capacity of PPP or joint ventures. The private organizations willing to set up offices or branches here in Assam have also been offered to provide one-window clearance of formalities, suitable venues to set up business establishments, perks, subsidies, security and manpower assistance etc.

Some of the states in India like, Gujarat, Andhra Pradesh, Karnataka, and Tamil Nadu have excelled in the implementation of mega projects. These states have passed laws and regulations to monitor, implement and supervise PPP projects in the state. Assam is no behind and gradually catching up. Some of the important projects which have been implemented in Assam as per the Government of India, PPP cell and Niti Ayog are mentioned below.

Table 3: PPP report on infrastructure projects implemented by the Government on PPP basis across pre-defined set of parameters and following coverage.

No of Projects: 12, Total project cost: 2,217.88 (Info as on Dec 2019)

Sl No.		Туре	Sector	Sub-sector	State	Project Authority	Status	Total Project Cost	Date of Award
1	Operation and Maintenance of North East Tribal Museum and Cultural Centre at Nazirakhat, Sonapur, Kamrup (M), Assam*	Management Contract (O&M)	Social and Commercial infrastructure	Tourism	Assam	Cultural Affairs Department Government of Assam	Under Construction	50.0	21-10-2014
2	Construction and area development under GMDA at Borsajal, Guwahati, Assam	Not Available	Social and Commercial Infrastructure	Tourism	Assam	Guwahati Metropolitan Development Authority	Not Available	0.00	11-05-2011
3	Operation and Maintenance of 50 Skill Development Training Centres in 14 districts of Assam	Management Contract (O&M)	Social and Commercial Infrastructure	Education	Assam	Directorate of Welfare of Tea and Ex-Tea Garden Tribes, Assam	Not Available	0.00	17-09-2012
4	Desang Small Hydro Power (Dillighat) Project # *	Build-Operate- Transfer (BOT)	Energy	Renewable energy (grid)	Assam	Assam Power Project Development Company Limited	Pre- construction Stage	73.80	13-08-2010
5	Operation and maintenance of organic agriculture produces market complex at Sixmile, Khanapara, Guwahati on PPP mode	Management Contract (O&M)	Social and Commercial Infrastructure	Post-harvest storage infrastructure for agriculture and horticulture- produce including cold storage	Assam	Assam State Agricultural Marketing Board	Operation and Maintenance Stage	7.70	29-04-2015
6	4 laning of Jorhat-Demow section from Km 453 to 534.8 (part of Nagaon- Dirbugah section) of NH 37	Build-Operate- Transfer (BOT)	Transport	Roads & Bridges	Assam	Ministry of Road Transport and Highways	Operation and Maintenance Stage	562.00	Not Available

	in Assam on BOT (Annuity) basis								
7	Four laning of Baihata Chariali to Tejpur Section of NH-52 (Km 0.00 to km 130.00) in Assam under NHDP Phase III on BOT basis.	Build-Operate- Transfer (BOT)	Transport	Roads & Bridges	Assam	Ministry of Road Transport and Highways	Operation and Maintenance Stage	1,203.67	Not Available
8	Providing VGF Funding for Construction of Silo at Changsari, Assam - Proposed by FPD	Design-Build- Finance- Operate- Transfer	Social and Commercial Infrastructure	Post-harvest storage infrastructure for agriculture and horticulture- produce including cold storage	Assam	Food Corporation of India	Under Construction	42.48	15-09-2016
9	Five Star Hotel at Guwahati	Build-Operate- Transfer (BOT)	Social and Commercial Infrastructure	Tourism	Assam	Government of Assam	Operation and Maintenance Stage	31.08	16-10-2008
10	"DCF", Development, O & M of an Engineering College at Tezpur in the state of Assam	Build-Own- Operate- Manage (BOOM)	Social and Commercial Infrastructure	Education	Assam	Department of Technical Education, Assam	Operation and Maintenance Stage	0.00	30-12-2009
11	Transmission Line (Misa- Byrnihat) Project	Not Available	Energy	Electricity Transmission	Multi state/Centre	Byrnihat Transmission Company Limited	Operation and Maintenance Stage	145.00	20-09-2007
12	Integrated Solid Waste Management Guwahati	Build-Operate- Transfer (BOT)	Water Sanitization	Solid Waste Management	Assam	Guwahati Municipal Corporation	Operation and Maintenance Stage	102.15	29-10-2008
					Total			2,217.	88

Source: Government of India, Department of Economic Affairs, Ministry of Finance, PPP Cell.

(www.infrastructureindia.gov.in)

Public Private Partnership Appraisal Committee (PPPAC) is responsible for the appraisal of any projects under PPP scheme at the centre level. PPPAC is responsible for appraisal of any projects under PPP schemes across India. There are several major and minor projects approved by PPPAC committee have successfully been completed and several of them are in the verge off completion and many others are in the pipeline.

Table 4: Public Private Partnership Appraisal Committee (PPPAC) recommended for central sector PPP projects. (From 20th Dec, 2005 – 10th Aug 2021)

Sl No.	Project Name	Sponsoring Authority	Location	Sector	Total Project Cost (in Rs.)	Approval Status
1	Proposal for Operation, Management and Development of Guwahati Airport of Airports Authority of India (AAI) through PPP mode (Cost is considered Estimated Investment by Concessionaire)	Airport Authority of India	Assam	Airport	1,507.00	Final Approval
2	Development of Assam – 1 Housing Cluster on BOT (Annuity Basis)	Ministry of Home Affairs	Assam	Housing	476.67	Final Approval
3	Development of the Assam-2 Housing Cluster on BOT (Annuity Basis)	Ministry of Home Affairs	Assam	Housing	329.19	Final Approval
4	Four laning of Jorhat-Dimow section from Km 453 t 534.8 (part of Nagaon- Dibrugarh section) of NH 37 in the state of Assam under SARDP-NE Phase A on (Annuity Basis)		Assam	Roads	562.00	Final Approval
5	Four laning of Baihata Chariali to Tejpur section of NH-52 (Km 0.00 to 130.00) in the state of Assam under NHDP Phase III on BOT basis.	Ministry of Road Transport and Highways	Assam	Roads	1203.67	Final Approval

Source: Department of Economic Affairs, PPP Cell, Infrastructure Division, GOI.

(www.pppinindia.gov.in)

As per the reports of Government of Assam, Transformation and Development Department, Assam has completed several mega projects under PPP scheme and several projects are in the pipeline. These projects have been sponsored by various departments like Guwahati Metropolitan Development Authority (GMDA), Guwahati Municipal Corporation (GMC), Assam State Electricity Board (ASEB), Directorate of Technical Education (DTE) and Assam Tourism Development Corporation (ATDC). Some of the mega projects completed are as follows.

Table 5: PPP Completed Projects in Assam

Sl No.	Name of the Project	Sponsoring Deptt/Agency	Estimated Cost (Rs. in Crore)
1	Beautification of Guwahati City (Traffic Signal)	GMDA	5.00
2	Municipal Solid Waste Management	GMC	102.16
3	Champawati Power Project, Kokrajhar	ASEB	36.00
4	GNC Engg. Institute of Management & Technology, Tezpur	DTE	10.00
5	5 Star Hotel at Guwahati	Tourism	60.00

Source: Government of Assam, Transformation and Development Department.

(https://transdev.assam.gov.in/projects/ppp-projects-in-assam-%E2%80%93-ppp-division)

Table 6: PPP Projects under implementation in Assam

Sl No	Name of the Project	Name of the Project Sponsoring Deptt/Agency	
1	Six Road Project (Bundle)	PWD (Roads)	1220.00
2	Dev. Of Adabari Bus Terminus Land, Guwahati	Guwahati Development Department (GMC)	291.60
3	Construction of Game Village (Phase-II)	Guwahati Development Department (GMDA)	671.21

Source: Government of Assam, Transformation and Development Department. (https://transdev.assam.gov.in/projects/ppp-projects-in-assam-% E2% 80% 93-ppp-division)

Public private partnership in Assam tourism industry

Assam has been one of the pioneers in the North-Eastern states of India when it comes to Public Private Partnerships in the tourism industry. Tourism does not grow to its potential without the collaboration and participation of both public and private organization. Both the parties are involved in investment, marketing, operation, management and promotion. The Government of Assam has already initiated various projects in joint ventures with reputed private organizations across Assam and also working on few upcoming projects. As of now, as per the Assam Tourism Development Corporation Ltd. in association private parties are working on 45 various projects across Assam. These projects are implemented under different PPP models like Build-Operate-Transfer (BOT, Management of Contract (MOC), Design-Build-Finance-Operate-Transfer (DBFOT) and Build-Own-Operate-Manage (BOOM). Some of the major PPP projects implemented in Assam are as follows: -

- A Luxury Cruise Vessel plying between Kaziranga and Guwahati on weekly basis.
- Amusement Park within Guwahati.
- A ropeway project under construction from Kamakhya railway station (Maligaon) to Kamakhya Temple (Nilachal Hill.
- Several luxury resorts, wayside amenities with all modern facilities etc. are in various stages of implementation.

Assam Tourism Development Corporation Ltd. is very keen to develop the tourism infrastructure within the state of Assam. Government alone cannot fulfil the demand of tourism infrastructure in the state. Therefore, Government of Assam has invited private parties who have the capital, expertise, manpower and hunger for excellence to collaborate for joint ventures to implement tourism infrastructural developmental schemes. The Govt. of Assam has specified various projects for investment and setting up infrastructures in joint venture. Here are some of them.

- Accommodation sectors like several Luxury and Budget end Hotels/ Resorts and Convention Centres within Guwahati and nearby areas.
- Floating Hotel & Restaurant / Marriage Hall etc. on River Brahmaputra.
- Luxury Cruises on River Brahmaputra.
- Budget Hotels in districts across Assam.
- Short Distance Flights connecting North-Eastern states of India.
- Natural Ayurveda and Healthcare specific resorts.
- Amusement facilities for leisure activities on the river Brahmaputra.
- Hover Craft /Speed Boat Services on the Brahmaputra River
- Adventure activities like Hot -Air Ballooning, River Rafting, Para Sailing, Para Gliding, Canoeing and other water related adventure sports.

 Golf Courses - Up gradation, Modernization and Management.

Requisites for the success of public private partnership

Public Private Partnership model of work has been appreciated worldwide and has achieved greater heights in the field of tourism infrastructural development. However, it has also its disadvantages, where joint venture operations between public and private parties have failed on many occasions. It is not a guaranteed success simply entering into an agreement. It may be a failure on the part of the private institutions or public enterprises, which may have not performed the way it was aimed, destined and agreed upon. The World Bank has opined that the success of PPP depends upon the following features.

- Government must design projects with a lucrative package of incentives and risks that may attract private sector.
- Government should be able to assess cost to the taxpayers as compared to traditional projects because of the uncertain nature of government commitments.
- Government should have contract management skills to supervise over the contracts.
- Government should have advocacy and overreach skills to build consensus on the role of PPP and develop a broad programme across different sectors and levels of government.

Moreover, the Government of India has opined the success of PPP model venture lies on the following points.

- Both Central and States should have a stronger policy and regulatory framework.
- A proper market instruments and capacity has to be developed to raise long term equity and debt.
- There has to be a proper shelf of bankable PPP projects.
- There must be a better and stronger capacity to manage PPP projects.

Discussion and Conclusion

The present study has highlighted the role of Public Private Partnership in the infrastructural development in the state of Assam tourism industry. The study has provided us an insight into the infrastructural development of the tourism industry. It was found that considerable number of projects have been implemented under the scheme of Public Private Partnership in a joint venture and several mega projects are in the pipeline. Major sectors where projects under PPP schemes being implemented are roads & bridges construction, tourism infrastructure, water sanitization, solid management, education, renewable electricity, beautification of Gauhati city etc. These projects have been sponsored by various departments like Guwahati Metropolitan Development Authority (GMDA), Guwahati Municipal Corporation (GMC), Assam State Electricity Board (ASEB), Directorate of Technical Education (DTE) and Assam Tourism Development Corporation (ATDC).

Moreover, the Central Government has also funded and implemented several projects in a PPP model and few major projects are in the pipeline. It has been found from the study that Public Private Partnership projects have been implemented and infrastructure development is taking place in a full swing. However, there are other grey areas where infrastructural development is not taking place in the rural areas located near the tourist spots. Mere building of infrastructure is not enough; maintenance of it has to be well defined. Public Private Partnership schemes with projects to develop infrastructure to handle major issues in Assam like flood, poverty, drinking water, sanitation, terrorism, education etc.

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