

Scheme for Financial Support to Public-Private Partnerships (PPPs) in infrastructure

December 11, 2020

In news

Recently, the Ministry of Finance notified an updated viability gap funding scheme

Key features of the scheme

- The updated scheme **gives a push to the social infrastructure sector** in India along with extending the existing scheme to continue support to core sector infrastructure.
- It will be a central sector scheme administered by the finance ministry.
- The scheme has been approved by the Cabinet Committee on Economic Affairs approved the scheme till 2024-25 with a total outlay of Rs 8,100 crore.
- It allows for funding up to Rs 200 crore to be sanctioned by an Empowered Committee (EC) headed by the economic affairs secretary, while projects requiring over Rs 200 crore would be approved by the EC with the approval of the finance minister.
- Empowered Committee (EC) includes NITI Aayog CEO, expenditure secretary, secretary of the line ministry dealing with the subject and joint secretary in the Department of Economic Affairs as member secretary
- It mentions that the projects under the scheme would be implemented by a private sector company as selected by the government or a statutory entity through a process

of open competitive bidding.

- Under the new scheme, Centre will continue to fund 20% of the total project cost (TPC) for economic infrastructure, as in the existing scheme since 2006
- The Centre will also provide 30% of TPC for social infrastructure in the wastewater treatment, water supply, solid waste management, health and education sectors.
- VGF amount sanctioned under the scheme would be equal to a maximum of 30% of the lowest bid for capital grants in social infrastructure projects, and 20% for economic infrastructure projects.
- The scheme also allows for VGF up to 40% of TPC for pilot or demonstration projects in the health and education sector.

What is covered under social infrastructure?

Social infrastructure is a combination of basic facilities that are necessary for human development. Social infrastructure includes Education, Health, sanitation & Water supply