* FM reviews NIP

- Reviewed progress of National Infra Pipeline as part of infra spending push
  - ↳ expanded from 6385 projects (at time of its introduction) to 7300 projects now
- NIP
  - ↳ Go India initiative to provide world class infra to its citizen
  - ↳ enhance ease of living

* Decoding asset monetisation

- **National Monetization Pipeline:**

    - It is not about the sale of government-owned assets.

    - It is not about privatisation or disinvestment.

- **NMP Vs PPP**

- The NMP is very different from the previous govt's (PPP) infrastructure development of the mid-2000s.

PPP	NMP
It was about attracting pvt parties to build, operate and then transfer 'greenfield' infra projects under (BOT) agreements.	NMP is about leasing out brownfield infra assets under a toll-operate-transfer (TOT) concession agreement.

Risks for bidder: 1.Operating risk 2.Development and construction risk .	No need for constuction.
Complex and messy process– 1.Involved acquisition of land. 2.Securing enviro and other regulatory approvals. Led to a huge volume of disputes for which there was no readily available resolution mechanism.	It promises much simpler and cleaner . · No acquisition of land is involved.

— Success of NMP depends on—

1. Flexible contracts: Given the long tenure of these concession agreements for assets.

2. Key performance indicators: Contracts must also incorporate clear key performance indicators expected of the private party.

3. Effective implementation: Administering the concession agreements should not lie directly with the ministries and/or their agencies.

4. Robust dispute resolution mechanism.

- An institution such as '3 PPP India', first mooted in the 2014 Budget, is needed.

- Infra PPP Adjudication Tribunal along the lines of what was recommended by the Kelkar Committee (2015)

Transmogrifying a behemoth – the Railways

Developments in the railway sector:

- Proposals for bullet trains.
- Introduction of 'Vande Bharat' express trains.
- Introduction of Vistadome coaches along selected routes.
- Remodelling of railways stations along the 'airport standard'.
- Historically lower number of accidents.
- Historic levels of capital investments in the railway sector.
    - The capex outlay for 2021-22 is Rs 2,15,000 crore which is more than five times the 2014 level.
    - The next 10 years will see a very high level of capital expenditure in the railway sector.
- Record levels of freight loading.
- National Rail Plan
    - The National Rail Plan lays down the road map for capacity expansion of the railway

network by 2030 to cater to growth up to 2050.

Concerns:

1.Precarious financial health:

- The recent budget reflects a 'surplus' of ₹875 crore for the railways.
- But this is mainly attributable to window dressing of the financial statistics to hide the actual financial status of the railways.
- The planned projects like line doubling of existing routes, the introduction of new lines and 100% electrification require huge investments and have long gestation periods.
- Notably, some experts have also raised doubts over the financial viability of some of the planned infrastructural projects.
- The 8th Pay Commission, normally due by around 2025-26, is bound to strain finances further.

2.Confusion regarding management architecture:

- In 2019, the govt decided to do away with the system of recruiting officers to the 'Group A' services in the Railways through the UPSC ESE (for technical posts) and UPSC CSE (for non-technical positions).
- Instead, it proposed having recruitments to a single service called the Indian Railways Management Service (IRMS).
- This decision was based on the argument that the old system had led to departmentalism in railways which was hampering optimum decision making and the smooth working of the Railways.
- But now the recruitment to the IRMS would be made through the UPSC CSE only.
- This is based on the questionable argument that since about 70% of the candidates who qualify in the CSE are engineers there is no need to hold separate exams for IRMS.
- This could impact the quality of human resources especially manning technical roles.

3.The privatisation moves of the Indian railways is also fraught with challenges.

- Railways is poised to migrate to the (PPP)/(JV) mode or outright privatisation in its major activities such as train running, asset maintenance, station management etc.
- This will result in all relevant domain expertise resting in the private sector.
- This does not augur well for the building of a strong IRMS cadre with experience and expertise.

The demand for a revenue share in privatised airports

The Tamil Nadu administration has claimed that state govts should get a share in the revenue whenever the Central govt privatises an airport.

Privatisation of airports

- In India, the privatisation of airports started in 2003 after the govt signed to upgrade Mumbai and Delhi airports in a (PPP) model.
- In 2019, airports in Lucknow, Ahmedabad, Jaipur, Mangaluru, Thiruvananthapuram, and Guwahati were leased through the PPP model.
- In December 2021, the govt planned to privatise 25 airports managed by the Airports Authority of India (AAI) over the next five years under the National Monetization Pipeline (NMP).

Tamil Nadu govt's proposals

- According to the Tamil Nadu govt, the state govt acquires and transfers the land to the Centre-run AAI free of cost .
- If the AAI or the Centre transfers that land to a third party or a private player, the revenue

realised thereby must be shared proportionately with the state govts.

- Further, the state's policy says that the value of land, at an appropriate stage, should be converted into equity of the State govt.
- The policy was drafted by the Tamil Nadu govt as the Centre has proposed to privatise four airports in Tamil Nadu under the NMP which include Chennai, Coimbatore, Madurai, and Trichy.

Arguments for the proposals

- States such as Jharkhand and Chhattisgarh have supported the proposals of Tamil Nadu.
- A Chhattisgarh minister said that–
    - "In a JV, the Govt of India would invest its capital in terms of infra.
    - State govt invests its capital in terms of its land
    - Hence in every such venture, the value of the land should be given to the State govt if it is sold to a third party".

Arguments against the proposals

- Experts feel that the direct economic activity that takes place due to the development of airports benefits the entire state.
- In the region where the airport is being developed, there are catchment areas that reap benefits, which the state benefits from.
- Also, the land value gets enhanced and it translates into better collections of stamp duties for the states.
- The move will affect the attractiveness of the project to the private players if they are made to shell out extra money in addition to what they share with the AAI.