

INDIAN MARITIME UNIVERSITY
(A Central University, Govt. of India)
End Semester Examinations – Dec 2024
MBA (Port and Shipping Management)
PUBLIC PRIVATE PARTNERSHIP AND PORT DEVELOPMENT
PG21T3303

Date: 11.12.2024
Time: 3 Hrs

Max Marks: 60
Pass Marks: 30

General Instructions

- (i) All Sections (A, B & C) are to be attempted.**
(ii) Options, if any, are specified in respective sections.
Section A -Ten MCQs of 01 Mark each

Choose the Correct answer

- 1. What is a concession in a PPP project?**
 - a. A complete sale of public assets
 - b. A long-term lease granting operational rights to a private party
 - c. Direct government financing of a project
 - d. Government's complete withdrawal from the project

- 2. Which of the following is a key benefit of a PPP model?**
 - a. Higher costs for taxpayers
 - b. Transfer of project risk to the private sector
 - c. No involvement of private sector expertise
 - d. Full ownership remains with the private partner

- 3. What does VFM (Value for Money) in PPP focus on?**
 - a. Minimizing project costs without considering quality
 - b. Maximizing long-term benefits relative to costs
 - c. Transferring all risks to the public sector
 - d. Immediate returns with high financial risks

- 4. In the social sector, PPPs are used primarily to:**
 - a) Privatize services completely
 - b) Increase accessibility to services like healthcare and education
 - c) Reduce quality for cost savings
 - d) Remove government accountability

- 5. What does the input/output-based approach in PPP refer to?**

- a. Input refers to government funding, output refers to private sector investment
- b. Input focuses on resource allocation; output measures performance and results
- c. Input refers to long-term investments; output refers to short-term profits
- d. Input refers to public opinions; output refers to private profits

6. Which of the following is a Marine related asset?

- a. Jetty
- b. Channels
- c. Cranes
- d. All the above

7. What differentiates PPP from privatisation?

- a. In privatisation, assets are completely transferred to the private sector
- b. PPP involves no government oversight
- c. PPP implies permanent public ownership and full operational control by the private party
- d. Privatisation ensures government retains ownership of infrastructure

8. Which of the following is a stumbling block for PPP projects?

- a. Clear and consistent regulations
- b. Lack of bankable projects
- c. Adequate financing from public and private sectors
- d. High public sector capacity

9. The DBFOT model stands for:

- a. Design-Build-Finance-Operate-Transfer
- b. Design-Build-Fund-Operate-Transfer
- c. Develop-Build-Finance-Operate-Transfer
- d. Design-Build-Function-Operate-Transfer

10. In Mezzanine Financing, the interest charged usually is

- a. Very high
- b. Subsidised
- c. Nil
- d. None of the above

PART – B - ANSWER ALL (5*2=10 marks)

- 11. What is the key difference between a contract and a concession in PPP?
- 12. What is the role of a government guarantee in a PPP project?
- 13. Define a "bankable project" in the context of PPP.
- 14. How does the "Ease of Doing Business" index affect PPP project implementations in India?

15. List two PPP projects in the Indian Port infrastructure sector that were completed recently, highlighting the private entity who is the concessionaire.

PART – C- ANSWER ANY FIVE (5 x 8=40 marks)

16. Explain the importance of capacity building in the success of PPP projects

17. What is the role of IIFCL (India Infrastructure Finance Company Limited) in PPP projects?

18. What is VGF (Viability Gap Funding) and how does it support PPP schemes? State few (at least two) examples from Indian infrastructure projects commissioned in the last decade.

19. Can the function of a Regulatory body be outsourced? Justify your point

Q.20. Read the case extract and answer the question at the end of the case:

Project Sagarmala

The Sagarmala Port Modernization Project aimed to develop India's coastal and port infrastructure through Public-Private Partnership (PPP). The project focused on expanding capacity, improving port connectivity, and enhancing operational efficiency at major ports. The government was to partner with a private consortium to modernise a key port, with the private sector responsible for financing, construction, and operation under a Build-Operate-Transfer (BOT) model.

Dilemma: Two years into the project, challenges began to surface. While construction was on schedule, the private consortium faced financial strain due to rising costs and unforeseen delays in securing necessary environmental clearances. Simultaneously, global economic conditions caused a decline in cargo volumes, impacting revenue forecasts and threatening the project's viability. The consortium

requested renegotiation of terms, including extending the concession period and additional financial support from the government through Viability Gap Funding (VGF). However, the government hesitated, citing concerns over setting a precedent for future PPP projects and increasing the financial burden on public resources.

Question

How can both parties manage the financial and operational risks without compromising the project's long-term benefits to India's port infrastructure?

21. What are the main benefits of PPP in Port Development particularly in terms of financing and infrastructure Development?

22. What are some challenges that ports face when implementing PPP when aligning the interest of public port and Private entities ?