

1. Swiss challenge model is an innovative PPP model, but there are challenges in the Indian context. Comment (250 words)

**Answer:**

A 'Swiss Challenge model' is a way to award a project to a private player on an unsolicited proposal. Under it any person with credentials can submit a development proposal to the government.

That proposal will be made online and a second person can give suggestions to improve and beat that proposal. An expert committee will accept the best proposal and the original proposer will get a chance to accept it or reject the proposal.

In case the original proposer is not able to match the more attractive and competing counter proposal, the project will be awarded to the counter-proposal.

The Swiss challenge method is one that has been used in India by various states including Karnataka, Andhra Pradesh, Rajasthan, Madhya Pradesh, Bihar, Punjab and Gujarat for roads and housing projects.

**Advantages of Swiss Model:**

- It cuts red tape in awarding contracts as the bid is presented by the private players.
- Timelines is shortened as first step itself which is time consuming takes no time which is project proposal by private players.
- It fosters innovation and enterprise in the infrastructure sector by rewarding the private sector for its ideas.
- An element of competition can be introduced by the modifying the model

**Challenges in Indian Context:**

- The biggest concerns are the lack of transparency and competition while dealing with unsolicited proposals. It can potentially foster crony capitalism, and allow companies space to employ dubious means to bag projects.
- The government has now brought PPP projects under the ambit of the CAG, so there is some scrutiny of projects where significant concessions including land at subsidised rates, real estate space, viability gap funding, etc. are granted by the government. But there is still no strong legal framework at the national level, and such projects may be challenged in case of a lack of transparency or poor disclosures.
- Kelkar committee called for the discouragement of Swiss Challenge Model, however in 2009, the Supreme Court approved the method for award of contracts.
- There is example of Mumbai Metro & Airport Metro Line Delhi where economic viability concerns are raised by private players.
- Since the government authorities might not have complete knowledge of the infrastructural requirements, this model might result in wasteful expenditure.
- Bureaucrats, who ultimately sign off on such projects, continue to be afraid to take calls that might face an investigation later.

Swiss Challenge model looks promising if done in transparent manner. There are good example of success of this model in South Africa, Korea, Indonesia & Taiwan. Governments need to have a strong legal and regulatory framework to award projects under the Swiss Challenge method.

## PRACTICE QUESTIONS

### **Answer the following Questions**

1. India should not join China's OBOR initiative, until the issues regarding CPEC are resolved. Critically analyse. (250 words)
2. India must realise that its problems are larger than the WHO estimates, and take the call to action seriously. Examine in the light of the recent WHO report on air pollution. (250 words)