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## PPP- A STRATEGIC TOOL FOR ECONOMIC DEVELOPMENT OF ANDHRA PRADESH

**DR. G. RAMA KRISHNA\***; **MR. PILLALAMARRI BHASKAR\*\***;  
**DR. M. MADHU LINCOLN\*\*\***; **PROF. K. GOPAL\*\*\*\***

\*In-Charge, Department of Management,  
 Rayalaseema University, Kurnool, A.P. 518002.

\*\*Research Scholar,

Rayalaseema University, Kurnool.

\*\*\*Director,

Sri Gokula College of Management Studies,  
 Kolar, Karnataka.

\*\*\*\*Admas University College, Hargeisa Main Campus,  
 Hargeisa, Somaliland, North East Africa.

### ABSTRACT

*(PPP) describes a Government service or private business venture which is funded and operated through a partnership of Government and one or more private sector companies. These schemes are popularly called as PPP.*

*Law, justice and order have been the traditional functions of the state. A welfare state has a much-expanded role ensuring its citizens public utilities like road, power and water supply. The state also provides merit goods such as education and health services that have positive externalities. Public-private- partnership on the other hand, is an approach under which services are delivered by the private sector (non-profit/for-profit organizations) while the responsibility for providing the service rests with the Government. This arrangement requires the Government to either enter into a “contract” with the private partner or pay for the services (reimburse) rendered by the private sector. Contracting prompts a new activity, especially so, when neither the public sector nor the private sector existed to provide the service.*

*A common problem with PPP projects is that private investors obtained a rate of return that was higher than the Government’s bond rate, even though most or all of the income risk associated with the project was borne by the public sector. It mainly helps to ramp up the development process as the focus is shifted towards target achievement rather than profit achievement. Hence, it can be concluded that, PPP has become a strategic tool for economic development.*

**KEY WORDS:** *History and evolution of PPP, Public Private Partnership, PPP, PPCP, PPP in India.*