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Swiss Challenge Method of Procurement A Comparative Study of State Submission Requirements and Procedure Adopted in Indian States of Maharashtra, Haryana, Madhya Pradesh, Rajasthan and Karnataka

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***Abstract*— With changing time and needs it is important to evolve newer and better techniques and procurement methods to meet the growing demand of Infrastructural and social development projects which are critical inputs necessary for the continued growth of the Indian economy. Swiss Challenge Method is globally recognized procurement method based on PPP Modal which provides an opportunity to private sector to conceive an innovative unsolicited project proposal in India under the State and Central government. Governments in India had implemented various projects under Swiss Challenge Method. Various State governments of India had proposed guidelines to adopt the Swiss Challenge Method for project procurement/execution for development works to strengthen private and public sector participation. A comparative study was conducted based on State guideline and procedure adopted in Indian states of Maharashtra, Haryana, Madhya Pradesh, Rajasthan and Karnataka. A comparison was made based on Preliminary Detail of Proposal required, Content requirement of pre-feasibility study report, Content of detailed project report, Project financial summary and Time frame allotted. An attempt was also made to identify eligible sectors, advantages and weaknesses of Swiss Challenge Method.**

Keywords—Swiss Challenge Method(SCM); Public Private Partnership (PPP); Unsolicited Proposal; Unsolicited Project Proponent (USPP);Original Project Proponent; Suo-Motu Proposal; Directorate of Institutional Finance (DIF); State Level Executive Committee (SLEC).

I. INTRODUCTION

Over the years, there has been an increase in private sector participation in developing countries to fill the growing "Infrastructure gap" between the demand and supply. India is a developing country and there is need to provide rapid development of infrastructure and social sector projects in various Indian States and attract private and public sector participation in the planning, designing, financing, construction, operation and maintenance of projects. Rapidly growing economy, increased industrial activity, increased population pressure has led to greater demand for better quality and coverage of water and sanitation services, sewerage and drainage systems, solid-waste management, railways, roadways, airports, seaports, power supply, communication networks etc. To meet these requirements, governments are utilizing the capabilities of the private sector in a big way. In last few decades, various states of India has introduced and implemented various infrastructure projects under innovative Public Private Partnership (PPP) models. The models such as Build Operate Transfer (BOT), Build Own Operate Transfer (BOOT), Build Operate Lease Transfer (BOLT), Operate Maintain Transfer (OMT), Viability Gap Funding (VGF), Design Build Operate (DBO), Built Own Operate (BOO) etc. have not only encouraged the private players to forge a partnership with government and build quality infrastructure, but also increases the economic activities in the State. In a developing state like Maharashtra, Haryana, Madhya Pradesh, Rajasthan & Karnataka where infrastructural development is of paramount significance, an initiative by private players for new unidentified projects might prove very helpful in achieving the objective. With this view to present the bankable projects to private & public sector and for improving the level of infrastructure in the state and for matters connected therein or incidental thereto, the state Governments has proposed guidelines to adopt the Swiss Challenge Method for projects execution/procurement for development works towards private and public sector participation.

II. LITERATURE REVIEW

In the global infrastructure market, unsolicited public-private partnership (UPPP) proposals have been promoted and a number of countries have established incentive programs to encourage such proposals (ABDEL AZIZ & NABAVI, 2014[1]).Infrastructural and social development projects were identified as critical inputs for continuing growth of the Indian economy. The governments of India intend to provide an opportunity to the private sector to conceive an innovative project and submit the project report for consideration under Swiss Challenge Method (SCM) (Podile and Rao,2017[2]). India was one of the leading Market for PPP Investment, and that the Indian government fully supported PPP development in the country (India PPP Submits, 2017[3]). To provide rapid development of infrastructure and social sector projects in the state and attract private and public sector participation, the Government of

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Haryana had proposed to adopt the Swiss Challenge Method for project procurement for development works in the State (SCM Guideline GoH, 2016[5]). To present the bankable projects to private & public sector and for improving level of infrastructure in the state and for matters connected there in or incidental there to, the Government of Madhya Pradesh had proposed the SCM approach towards private and public sector participation (SCM Guideline GoMP, 2014[6]). The Swiss Challenge Method is a method in which an unsolicited proposal for a government project is received and allows third party to challenge the original proposal through open bidding, and then lets the original proponent counter-match the most advantageous / most competitive offer (RTPP, Rule no. 15, GoRJ, 2013[7]). In the case of a USP, a private-sector entity (USPP) reaches out to the government with a proposal to develop an infrastructure project, without an explicit request from the government to do so (PPIAF, Vol III[9]). "Risk Sharing and Mitigation Strategies" were the most significant in unsolicited projects. In addition, "Inter organization Coordination" among project participants was essential to the success for unsolicited projects (Sungmin Yung and etal, 2015[10]). Seven critical strategies for managing unsolicited PPP proposals: existence of well-structured and clear policy guidelines for unsolicited proposals; thorough assessment of value for money, innovation, cost and risks of proposals; employment of highly skilled and competent staff during evaluations of proposals; competitive, fair, and transparent tendering process; extensive public consultation and stakeholder engagement; comprehensive evaluation of the impact of unsolicited proposals on sector/national policy; and adequate protection of intellectual property rights of the original proponent (Robert Osei-Kyei and etal, 2018[11]). Unsolicited proposals, when subject to competition and transparency, may contribute to the overall infrastructure goals of countries, particularly where governments have low technical and financial capacity to develop projects themselves, (Hodges and Dellacha, 2007[12]).

III. SWISS CHALLENGE THEORY AND OBJECTIVES

A. *Theory*

Swiss Challenge System is a new procurement / bidding process to help private sector initiative in core sectors projects. In this method, a private-sector entity (USPP) reaches out to the government with a proposal to develop an infrastructure project, without an explicit request from the government to do so. An unsolicited proposal is submitted by the private proponent to the government for development of an infrastructure project with exclusive intellectual property rights made by the original proponent to the government. It's an initiative by private sector as a result of his own innovative approach or on the demand of the government to develop an infrastructure project. The Swiss challenge further allows third parties to make better offers for a project during a designated period with simple objective to discourage frivolous project, or to avoid exaggerated project development costs. Then accordingly, the original proponent gets the right to counter-match any superior offers given by the third party. In case the original project proponent fails to match the competing counter proposal, the project is awarded to the bidder with best financial offer. The cost incurred by the original project proponent for preparation of the Detailed Project Report is reimbursed by the authority. The reimbursement amount is determined upfront and declared in the bidding documents, and is recovered from the successful bidder.

B. *Objectives*

- Initiation in spotting an unidentified need and provide solution for the same.
- To bring in technology, finance & expertize in execution among others.
- To encourage induction of new technology and promotion of unique solutions.
- To provide financially sustainable unique solutions.
- To augment public private partnerships in sectors/projects which are not covered under the current PPP Framework.

IV. COMPARISON OF COMMON FORMS OF PPP MODAL WITH SCM

TABLE I. Comparison of Various PPP Modal with SCM

PPP Modals	Identify Infrastructure Need	Propose Solution	Project Design	Project Financing	Construction	Operation and Maintenance	Ownership
Bid/Build	Public sector	Public sector	Public sector	Public sector	Private sector	Public sector	Public sector
Design/Build	Public sector	Public sector	Private sector	Public sector	Private sector	Public sector	Public sector
Design/Build/Finance	Public sector	Public sector	Private sector	Private sector	Private sector	Public sector	Public sector
Design/Build/Finance/Operate/Maintain	Public sector	Public sector	Private sector	Private sector	Private sector	Private sector	Public sector
Swiss Challenge Method	Private sector	Private sector	Private sector	Private/Public sector	Private sector	Private/Public sector	Public sector

Different models of PPP funding are characterized by which partner is responsible for owning and maintaining assets at different stages of the project. Examples of PPP models include (Gupta and Singh, 2018[13]):

- Design-Build (DB): The private-sector partner designs and builds the infrastructure to meet the public-sector partner's specifications, often for a fixed price. The private-sector partner assumes all risk.
- Operation & Maintenance Contract (O & M): The private-sector partner, under contract, operates a publicly-owned asset for a specific period of time. The public partner retains ownership of the assets.
- Design-Build-Finance-Operate (DBFO): The private-sector partner designs, finances and constructs a new infrastructure component and operates/maintains it under a long-term lease. The private-sector partner transfers the infrastructure component to the public-sector partner when the lease is up.

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- Build-Own-Operate (BOO): The private-sector partner finances, builds, owns and operates the infrastructure component in perpetuity. The public-sector partner's constraints are stated in the original agreement and through on-going regulatory authority.
- Build-Own-Operate-Transfer (BOOT): The private sector partner is granted authorization to finance, design, build and operate an infrastructure component (and to charge user fees) for a specific period of time, after which ownership is transferred back to the public-sector partner.
- Buy-Build-Operate (BBO): This publicly-owned asset is legally transferred to a private-sector partner for a designated period of time.
- Build-lease-operate-transfer (BLOT): The private sector partner designs, finances and builds a facility on leased public land. The private-sector partner operates the facility for the duration of the land lease. When the lease expires, assets are transferred to the public-sector partner.
- Operation License: The private-sector partner is granted a license or other expression of legal permission to operate a public service, usually for a specified term. (This model is often used in IT projects.)
- Finance Only: The private-sector partner, usually a financial services company, funds the infrastructure component and charges the public sector partner interest for use of the funds.

In Swiss Challenge Method there is an early involvement of private-sector partner to Identify Infrastructure need, Propose solution, Design Project and Construction. The project Finance, Operation and Maintenance is either taken up by Private or public sector. The final ownership of the project lies with the public sectors (SCM Guideline, GOH, 2016[5]).

V. SWISS CHALLENE SCENARIO IN INDIA

In May, 2009 the Supreme Court of India endorsed the legality of awarding contracts using the SCM in the case of Ravi Development v Shree Krishna Prathishthan and Others were in, Ravi Developers ("the Appellant") presented a Suo Motu proposal to the Maharashtra Housing and Area Development Authority ("MHADA") to develop certain plots of land in the Mira Road area in Maharashtra. The MHADA decided to use the SCM on a pilot basis with respect to this project. It further clarified that the project would only go to the highest bidder in the normal bidding process if the Appellant turned down the project. The project, in this case, was awarded to the Appellant who decided to match the highest bid. The award of the project was, however, challenged by some of the other bidders on the ground that the bidding process and final award of the project by MHADA were unfair, arbitrary, and ambiguous and the SCM was invalid. It was on these grounds that the Bombay High Court struck down the bid process. The Supreme Court, however, reversed the High Court's order, and, on the various issues. Finally, the Supreme Court provided broad parameters to be followed by the state/authority for smooth implementation of SCM or any other similar method while awarding contracts to ensure there are no allegations of arbitrariness or ambiguity (PSA, 2009[14]). Since then Swiss challenge system is being widely applied across various Indian states including Andhra Pradesh, Kerala, Karnataka, Maharashtra, Madhya Pradesh, Rajasthan, Gujarat, Punjab etc. in different sectors such as Health, Information technology, Waste water treatment system, Ports, Transportation and Industries etc.

State of Gujarat (India) Received an Innovative USP for Liquefied Natural Gas (LNG) Terminal in 2012 were in SWAN Energy Limited (SEL) approached the Gujarat Maritime Board to develop a liquefied natural gas terminal with a floating storage and re-gasification unit (FSRU) in Jafrabad. Compared to traditional on-shore LNG terminals, FSRUs offer cost, time and environmental benefits. FSRUs are cheaper to develop. FSRUs were not used in India until SEL's proposal to Gujarat Maritime Board (GMB). Lacking prior experience with the technology, GMB faced challenges in determining the technical feasibility of the USP project. GMB therefore restricted itself to the safety and security related aspects of the proposal (Policy guidelines for managing USP in infrastructure projects, Volume III, World Bank Group/PPIAF[9]).

Construction Industry Development Board (CIDB), Malaysia signed an MoU with Government of Rajasthan during Resurgent Rajasthan Summit 2015 on 20.11.2015 for investing Rs.10,000 Crore for Rajasthan State Highway Development Program (RSHDP). Preliminary proposals under Swiss Challenge Method was received for 4 Packages. This procurement was done as per Rajasthan Transparency in Public Procurement Act 2012 in light of RTPP Amendment Rules 2015. The notification in this regards was issued by Finance (G&T) Department, Govt. of Rajasthan vide dated June 5, 2015 and its amendments. These Packages comprises 36 Highways of 2350 Km amounting to Rs. 6500 Cr. The State Level Empowered Committee (SLEC) had given "Permission to Proceed" on June 30, 2016 for these 4 Packages. The proponents had proposed use of Warm Mix Asphalt as innovative technology. The Government had agreed to use this technology in 15% of the length. These proposals was for development of State Highways on PPP (Annuity) mode with 20% Construction Support and 80% payment in 20 biannual Annuity instalments as financial uniqueness of the project (PWD, GoRJ[15]).

Madhya Pradesh State Electronics Development Corporation Ltd., is engaged in the promotion and development of IT/ ITeS/ BPO/BPM/EMC in the state and as part of this endeavor, the Authority had decided to undertake establishment, development and operation/ maintenance of 15 Rural BPO Center in the state of Madhya Pradesh, on Build, Own and Operate basis, and had decided to carry out the bidding process in accordance with the "Swiss Challenge Guidelines"(RFQ,MPSEDC/INVESTMENTPROMOTION/2015/001[16]**).**

The Government of Andhra Pradesh is in the process of establishing `Amaravati', a Greenfield world class Capital city for the newly bifurcated State of Andhra Pradesh were in Development of 6.84 sq. km Start up Area of Amaravati

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Capital City on Public Private Partnership (PPP) mode through Swiss Challenge Approach under the Andhra Pradesh Infrastructure Development Enabling Act (APIDEA). The Government of Andhra Pradesh received a Suo-Motu proposal from Singapore consortium consisting of Ascendas-Singbridge Pte. Ltd. and Sembcorp Development Ltd., as the Original Project Proponent. The APCRDA is conducting the bidding process through Swiss Challenge Approach under the Andhra Pradesh Infrastructure Development Enabling Act (APIDEA), 2001 for the selection of the firm/ consortium for the project (RFQ, APCRDA, July 2016[17]).

Maharashtra Maritime Board (MMB), Home Department (Ports and Transport), Government of Maharashtra Requested a Proposal for construction, operation and management of Shipyard in Jaigad creek (Shastri River) at village Katale, Tal. Guhagar, Dist. Ratnagiri. Under Section 7.2 of Port Policy-2016 captioned as unsolicited proposals for setting up shipyards for development of shipyard approved by MMB, the bidding for the project was done through the 'Swiss challenge' route. The site is 6 nautical miles from Jaigad outer anchorage and 95 nautical miles south of JNPT by sea and 350 kms. from Mumbai city. The nearest railway station on Konkan Railway is Savarde at about 38 kms. from the proposed shipyard site. The site is situated about 40 kms. from Mumbai-Goa National Highway No. 66 (Old NH-17) (RFQ, MMB, Home Department (Ports and Transport), GoM, August 2017[18])

In order to facilitate the participation of private sector and to integrate various government subsidies at the farm level, with the objective to promote participatory farming at scalable levels and increase farmer's income by employing more efficient means of irrigation, NITI Aayog proposed Draft Model Public Private Partnership Policy Guidelines in Integrated Micro-Irrigation in India. The draft include bidding process that shall be undertaken with the Modified Swiss Challenge Approach" (Guidelines Micro Irrigation through PPP, NITI Aayog, PPPAU Division, October 2017[19])

VI. SWISS CHALLENGE PROCUREMENT PROCESS

Figure 1: Procurement Process under SCM

The process generally consists of Submission of unsolicited proposal by Project Proponent to Authority/Administrative Department. Preliminary Proposal is examined by the Authority/ Administrative Department and submitted to Directorate of Institutional Finance (DIF) for Examination. DIF scrutinize the proposal and forward it to State level Executive Committee (SLEC) for further examination. On approval of SLEC, detail proposal is requested from the original project proponent. The Detail proposal is again examined by the Authority/ Administrative Department for preparation of bid and further negotiation with project proponent based on project idea, Terms and conditions of bid, to buyback the intellectual property rights (IPR) to key approaches or technologies proposed by the original proponent (In case of purchase of IPR of Detail project proposal by the government, the project proponent is reimbursed accordingly and eliminated from further process). The detailed proposal is carefully examined by the DIF and SLEC. The detail proposal is then submitted to cabinet for approval and on approval for proceed the concerned authority/Administrative Department / agency puts above bid in public domain along with the project details and invites proposal/ quotes on above. The Original project proponent needs to match most competitive/ least quote and get the project (second chance of improvement along with last right of refusal). If matched, the project is awarded to original project proponent. If the original project proponent does not match the most competitive/ least quote the project is awarded to the most competitive bidder. (In case of absence of DIF the concerned Authority/ Administrative Department performs the function of DIF).

VII. SCM SUBMISSION REQUIREMENTS

Project Proponent shall submit the Unsolicited Project proposal in the prescribed format within time period as specified containing the different report stepwise. The Proposal to be submitted by the project proponent to the Authority concerned should contain the following documents:

a. Memorandum of Appeal
b. Certificate provided by Project Proponent accepting SCM
c. Details of Proposal being submitted by the Project Proponent under the Swiss Challenge Method (Table II)
d. Content of pre-feasibility study report (Table III)
e. Format for submission of detailed proposal by Project Proponent (Table IV)
f. Content of Detailed Project Report (Table V)
g. Project Financial Summary (Table VI)

The Authority may carry out additional studies independently to determining the project cost, project revenues, viability and risk analysis etc. to ensure proper benchmarking.

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TABLE II. Details of Proposal being submitted by the Project Proponent under the Swiss Challenge Method

S.No.	Description	MH	HR	MP	RJ	KA
1	**General Information on project:**					
1.1	Define/Brief the Project Proposal	✓	✓	✓	✓	✓
1.2	Explain the uniqueness of the project i.e. the reasons for its being unique.	✓	✓	✓	✓	✓
1.3	Characteristics of the Project	✓	✓	✓	✓	✓
1.4	Cost of the Project and Other Details	✓	✓	✓	✓	✓
1.5	State whether the letter has been submitted by the project proponent confirming adhering to the conditions of the Swiss Challenge Method	✓	✓	✓	✓	✓
1.6	State the capacity that will be available for public use and that for captive use					✓
1.7	State whether it is a suomoto proposal and why. Has the Govt/Concerned dept not specified the need? If yes, state the					✓
1.8	Details of possible competing projects and likely impact of your project on the competing project			✓		✓
2	**Assessment of Need of the project**					
2.1	Nature of intended use	✓	✓	✓	✓	✓
2.2	Justification of need	✓	✓	✓	✓	✓
3	**Details on technology (applicable in case of new technology)**					
3.1	Details of technology used for the project	✓	✓	✓	✓	✓
3.2	Is the technology proprietary?	✓	✓	✓	✓	✓
3.3	(a) Why should govt. go for this technology only? (b) What if sourcing of another technology has to be made in future during the life of the project for any reason?	✓	✓	✓	✓	✓
4	**Need for Govt. Support (specify the services or Departments concerned)**					
4.1	State the type of govt. support required, if any, and why?	✓	✓	✓	✓	✓
4.2	Will the proponent be able to raise necessary funds & equity to undertake the project? (State how)	✓	✓	✓	✓	✓
5	**Eligibility of the proponent to undertake the project**					
5.1	Is proponent planning to undertake the project on its own or through a consortium to meet the technical, financial and technological needs? Please Elaborate.	✓	✓	✓	✓	✓
6	**Prefeasibility report**					
6.1	Has the proponent conducted prefeasibility / feasibility DPR (state the position/ information)?	✓	✓	✓	✓	✓
6.2	State whether the preliminary financial viability of the project has been done.	✓	✓	✓	✓	✓
6.3	State whether the proponent shall undertake all the studies which are required for development of the project to take it to the bidding phase within the timeframe specified in the SCM Guidelines.	✓	✓	✓	✓	✓
7	**Project Structure & Output**					
7.1	Whether the model (BOOT, BOT,DBOT etc.), concession period, if any, been mentioned in the report?	✓	✓	✓	✓	✓
7.2	Service/ Output levels (Specify if applicable)	✓	✓	✓	✓	✓
7.3	Will the proponent support fair competition to obtain the best bid?					✓
7.4	Will the proponent agrees to standard project structure, bidding documents, concession agreement as per a similar project in the sector?					✓
8	**Project Financials**					
8.1	Service/ Output levels (Specify if applicable)			✓		✓
8.2	User Fee, Tariff/ fares(Specify) and their variation with time	✓	✓	✓	✓	✓
8.3	Provide all IRR details and provide NPV of the project from income from operations and other forms.	✓	✓	✓	✓	✓
9	**Clearance / Approvals**					
9.1	State whether the environmental assessment is required for the project	✓	✓	✓	✓	✓
9.2	State whether the project proponent has mentioned all related approvals (Statutory or otherwise) required for the project.	✓	✓	✓	✓	✓
10	**Regulation**					
10.1	Mechanism for interface with Govt/ user dept over concession period					✓
10.2	Whether the proponent agrees to come under the regulatory authority as and when formed by the Govt or through law?	✓		✓		✓
11	**Qualifications of project proponent**					
11.1	State whether the proponent has the technical competence for undertaking the Project? If yes, how?	✓	✓	✓	✓	✓
11.2	State whether the proponent has the financial competence for undertaking the Project? If yes, how?	✓	✓	✓	✓	✓
11.3	Any other, if any	✓	✓	✓	✓	✓
12	**Any other**					
12.1	Any other item/ observation which the proponent feels additionally relevant to mention.	✓	✓	✓	✓	✓
12.2	Whether the project proponent agrees to come under the regulatory authority as and when formed by the Govt. or through law?	✓	✓	✓	✓	✓
12.3	Is this a conditional proposal? Please specify.	✓	✓	✓	✓	✓

(MH-Maharashtra, HR-Haryana, MP-Madhya Pradesh, RJ-Rajasthan, KA- Karnataka)

TABLE III. Content of pre-feasibility study report

Sr.No.	Description	MH	HR	MP	RJ	KR
1	**Introduction**					
1.1	Project formulation	✓	✓	✓	✓	✓
1.2	Aim, objective & methodology	✓	✓	✓	✓	✓
2	**Sector Profile**					
2.1	Industry overview with regional specific profile	✓	✓	✓	✓	✓
2.2	Key Issues	✓	✓	✓	✓	✓
3	**Market Assessment**					
3.1	Industry outlook	✓	✓	✓	✓	✓
3.2	Demand assessment	✓	✓	✓	✓	✓
3.3	SWOT analysis	✓	✓	✓	✓	✓
3.4	Case studies	✓	✓	✓	✓	✓
4	**Project Concept**					
4.1	Project description	✓	✓	✓	✓	✓
4.2	Explanation of need and uniqueness of the project	✓	✓	✓	✓	✓
4.3	Project components	✓	✓	✓	✓	✓
4.4	Site location and analysis	✓	✓	✓	✓	✓
4.5	Development Needs, Public needs & Planning considerations	✓	✓	✓	✓	✓
5	**Framework**					
6.1	Applicable laws	✓	✓	✓	✓	✓
6.2	Applicable policies	✓	✓	✓	✓	✓
6	**Environmental & Social Impacts**					
6.1	Environmental Impacts	✓	✓	✓	✓	✓
6.2	Social Impacts	✓	✓	✓	✓	✓
6.3	Project related approvals/clearances	✓	✓	✓	✓	✓
6.4	Mitigation Measures					✓
7	**Project Financial**					
7.1	Cost Estimation	✓	✓	✓	✓	✓
7.2	Revenue Stream, IRR etc.	✓	✓	✓	✓	✓
7.3	Viability Assessment	✓	✓	✓	✓	✓
7.4	Scenario Analysis					✓
7.5	Ranking of Project Based on Commercial viability					✓
8	**Operational Frame work**					
8.1	Risk identification and mitigation	✓	✓	✓	✓	✓
8.2	Indicative Project Structure	✓	✓	✓	✓	✓
8.3	Indicative Qualification & selection Criteria	✓	✓	✓	✓	✓
8.4	Option analysis to finalize the PPP model (if applicable)	✓	✓	✓	✓	✓
9	**Way Ahead**					
9.1	Any additional funding required from the government	✓	✓	✓	✓	✓
9.2	Govt. obligations for	✓	✓	✓	✓	✓
9.3	Project Development	✓	✓	✓	✓	✓
10	**Any other approvals (statutory or otherwise) required from any authority**	✓	✓	✓	✓	✓
11	**Annexure:**					
11.1	Site map	✓	✓	✓	✓	✓
11.2	Plan	✓	✓	✓	✓	✓

(MH-Maharashtra, HR-Haryana, MP-Madhya Pradesh, RJ-Rajasthan, KA- Karnataka)

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TABLE IV. Format for submission of detailed proposal by Project Proponent

S.No.	Item	MH	HR	MP	RJ	KA
1	**General**					
1.1	Name of the Project	✔	✔	✔	✔	✔
1.2	Type of PPP (BOT, BOOT, BOLT, OMT etc.), if applicable	✔	✔	✔	✔	✔
1.3	Location (State/District/Town)	✔	✔	✔	✔	✔
1.4	Administrative Department /Boards/Corporations/Agencies of the Government concerned	✔	✔	✔	✔	✔
1.5	Name of the Implementing Agency/Proponent	✔	✔	✔	✔	✔
1.6	Concession Period (if applicable)	✔	✔	✔	✔	✔
2	**Project Description**					
2.1	Brief description of the project	✔	✔	✔	✔	✔
2.2	Justification for the project (Need)	✔	✔	✔	✔	✔
2.3	Possible alternatives, if any	✔	✔	✔	✔	✔
2.4	Estimated capital costs with break-up under major heads of expenditure. Also indicate the basis of cost estimation.	✔	✔	✔	✔	✔
2.5	Investment phasing	✔	✔	✔	✔	✔
2.6	Project Implementation Schedule (PIS)	✔	✔	✔	✔	✔
3	**Financing Arrangements**					
3.1	Sources of financing (equity, debt etc.)	✔	✔	✔	✔	✔
3.2	Indicate the revenue streams of the Project (Annual flows over project life). Also indicate the underlying assumptions.	✔	✔	✔	✔	✔
3.3	Indicate the NPV of revenue streams	✔	✔	✔	✔	✔
3.4	Tariff/ user charges? Please specify in detail.	✔	✔	✔	✔	✔
3.5	Have any FIs been approached? If yes, their response may be indicated	✔	✔	✔	✔	✔
3.6	Value for Money Analysis	✔	✔	✔	✔	✔
4	**Internal Rate of return (IRR))**					
4.1	Economic IRR (if computed)	✔	✔	✔	✔	✔
4.2	Financial IRR, indicating various assumptions (attach separate sheet if necessary)	✔	✔	✔	✔	✔
5	**Clearances**					
5.1	Status of environmental clearances	✔	✔	✔	✔	✔
5.2	Clearances/approvals (statutory or otherwise) required from Government of India, State Government and other authorities/local bodies	✔	✔	✔	✔	✔
5.3	Other support required from the State Government	✔	✔	✔	✔	✔
6	**Support from Govt.**					
6.1	Support from Govt. (specify services or Departments concerned)	✔	✔	✔	✔	✔
6.2	Viability Gap	✔		✔	✔	
7	**Concession Agreement (if applicable)**					
7.1	Is the Concession Agreement based on MCA? If yes, indicate the variations, if any, in a detailed note (to be attached)	✔	✔	✔	✔	✔
7.2	Details of Concession Agreement (To be attached along with the submission)	✔	✔	✔	✔	✔
8	**Criteria for Short Listing**					
8.1	Is Short-listing to be in one stage or two stages?					✔
8.2	Indicate the criteria for short-listing(attach separate sheet if necessary)					✔
9	**Others**					
9.1	Remark if any	✔	✔	✔	✔	✔

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TABLE V. Content of Detailed Project Report

Sr. No.	Item	MH	HR	MP	RJ	KA
1	**Executive Summary**	✔	✔	✔	✔	✔
2	**Project profile**					
2.1	Project objectives	✔	✔	✔	✔	✔
2.2	Project sponsors	✔	✔	✔	✔	✔
2.3	Project location	✔	✔	✔	✔	✔
3	**Proposed business profile**					
3.1	Product mix	✔	✔	✔	✔	✔
3.2	Estimated production and investments	✔	✔	✔	✔	✔
4	**Market analysis**					
4.1	Current scenario	✔	✔	✔	✔	✔
4.2	Demand assessment	✔	✔	✔	✔	✔
4.3	Strategies	✔	✔	✔	✔	✔
4.4	Growth drivers	✔	✔	✔	✔	✔
4.5	SWOT analysis	✔	✔	✔	✔	✔
5	**Establishing the need of the project**					
5.1	Detailed explanation of uniqueness of the project	✔	✔	✔	✔	✔
5.2	Demonstration of Public Need	✔	✔	✔	✔	✔
5.3	Demonstration of being in compliance with plans of department	✔	✔	✔	✔	✔
5.4	Demonstration of no conflict with any departmental scheme which provides the same service	✔	✔	✔	✔	✔
6	**Policy support and activities**					
6.1	Government initiatives	✔	✔	✔	✔	✔
6.2	Special government schemes	✔	✔	✔	✔	✔
6.3	Policy packages	✔	✔	✔	✔	✔
7	**Land and site analysis**					
7.1	Site location	✔	✔	✔	✔	✔
7.2	Land ownership and land cost	✔	✔	✔	✔	✔
7.3	Geographical conditions	✔	✔	✔	✔	✔
8	**Proposed master plan, technical specifications & project cost estimates**					
8.1	Utility relocation plan	✔	✔	✔	✔	✔
8.2	Engineering surveys and investigations	✔	✔	✔	✔	✔
8.3	Layout plans and drawings	✔	✔	✔	✔	✔
8.4	Proposed common infrastructure, facilities etc.	✔	✔	✔	✔	✔
8.5	Design criteria and spatial requirements	✔	✔	✔	✔	✔
8.6	Preparation of BOQ	✔	✔	✔	✔	✔
8.7	Technical parameters, specifications and drawings	✔	✔	✔	✔	✔
8.8	Cost estimates of the project	✔	✔	✔	✔	✔
9	**Project means of finance & financial appraisal**					
9.1	Means of financing	✔	✔	✔	✔	✔
9.2	Appraisal framework and objectives	✔	✔	✔	✔	✔
9.3	Financial projections	✔	✔	✔	✔	✔
9.4	applicable)	✔	✔	✔	✔	✔
10	**Identification of risks**					
10.1	Risk identification	✔	✔	✔	✔	✔
10.2	Risk allocation and mitigation techniques	✔	✔	✔	✔	✔
11	**Economic benefits of the project**	✔	✔	✔	✔	✔
12	**Environment assessment (if applicable)**					
12.1	Environmental impact assessment	✔	✔	✔	✔	✔
12.2	Social assessment	✔	✔	✔	✔	✔
12.3	Project related approvals	✔	✔	✔	✔	✔
13	**Project structure and implementation schedule**					
13.1	Framework for project implementation	✔	✔	✔	✔	✔
13.2	Contractual framework	✔	✔	✔	✔	✔
13.3	Role of project consultant and project proponent	✔	✔	✔	✔	✔
13.4	Model concessionaire agreement	✔	✔	✔	✔	✔
14	**Project operation and maintenance**					
14.1	Operation and maintenance framework	✔	✔	✔	✔	✔
15	**Any other approvals (statutory or otherwise) required to be taken from Government**					
15.1	State Goverement / Government of India/any other authority.	✔	✔	✔	✔	✔
16	**List of Annexures (To be submitted as applicable)**					
16.1	Memorandum and articles of association	✔	✔	✔	✔	✔
16.2	List of participating entrepreneurs	✔	✔	✔	✔	✔
16.3	Land documents (if any)	✔	✔	✔	✔	✔
16.4	Draft shareholders agreement	✔	✔	✔	✔	✔
16.5	Draft leave and license agreement	✔	✔	✔	✔	✔
16.6	Draft procurement process	✔	✔	✔	✔	✔
16.7	Any other documents as required by the Authority.	✔	✔	✔	✔	✔

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TABLE VI. Project Financial Summary

Sr.No.	Item	MH	HR	MP	RJ	KA
1	**General**					
1.1	Name of the Project	✓	✓	✓	✓	✓
1.2	Type of PPP (BOT, BOOT, BOLT, OMT etc.), if applicable	✓	✓	✓	✓	✓
1.3	Capacity of the Project	✓	✓	✓	✓	✓
1.4	Concession Period (if applicable)	✓	✓	✓	✓	✓
2	**Project cost**					
2.1	Land cost	✓	✓	✓	✓	✓
2.2	Building cost	✓	✓	✓	✓	✓
2.3	Plant & Machinery cost	✓	✓	✓	✓	✓
2.4	Operation & maintenance cost	✓	✓	✓	✓	✓
2.5	Other Costs if any	✓	✓	✓	✓	✓
3	**Financing Arrangements**					
3.1	Financing Structure (% of equity and debt)	✓	✓	✓	✓	✓
3.2	Interest on debt (Assumed)	✓	✓	✓	✓	✓
3.3	Is any financial support from Government required?	✓	✓	✓	✓	✓
4	**Revenue streams for each Concession Year**					
4.1	Revenue from Tariff.	✓	✓	✓	✓	✓
4.2	Revenue from Advertising	✓	✓	✓	✓	✓
4.3	Other Revenue Streams	✓	✓	✓	✓	✓
4.4	Indicate the NPV of revenue streams with 12% discounting	✓	✓	✓	✓	✓
5	**IRR**					
5.1	Economic IRR (if computed)	✓	✓	✓	✓	✓
5.2	Equity IRR	✓	✓	✓	✓	✓
5.3	Project IRR	✓	✓	✓	✓	✓
6	**Other remarks, if any**	✓	✓	✓	✓	✓

(MH-Maharashtra, HR-Haryana, MP-Madhya Pradesh, RJ-Rajasthan, KA- Karnataka)

VIII. MANAGEMENT TIMELINE IN SELECTED STATES OF INDIA

TABLE VII. Time Frame Allotted for Total Process (Minimum)

Sr. No	Activity	Time Required in Days				
		MH	HR	MP	RJ	KA
1	Examination of preliminary report and permission to the proponent to proceed for preparation of detailed proposal by the Authority.	30	15	60	30	45
2	Detailed proposal submission by the proponent.	90	30	90	90	120
3	Examination of detailed proposal, preparation of bid documents and approval from competent authority	45	30	90	30	45
4	Bid invitation and submission of bids	30	75	30	30	90
5	Bids evaluation (including additional time for project proponent to match the most advantageous bid, if any)	30	10	60	30	60
6	Acceptance and Letter of Award	7	10	30	7	60
7	Execution of Contract Agreement	15	10		15	
	Total	**247**	**180**	**360**	**232**	**420**

(MH-Maharashtra, HR-Haryana, MP-Madhya Pradesh, RJ-Rajasthan, KA- Karnataka)

The guidelines envisage the time frames for procurement through SCM for key activities which is broadly divided into to two main stages, the first focuses on the government's internal project approval process, and the second on a competitive tender to determine the final project developer and operator.

Stage 1: Approval.

Unsolicited proposals through Swiss Challenge method are approved in a three-step process:

Step1: The private proponent first submits a preliminary description of the project to the appropriate government agency or Authority. After a stipulated review period, the responsible agency or Authority gives permission to the proponent to proceed for preparation of detailed proposal, usually after assessing whether the project serves a "public interest" or fits in the strategic infrastructure plan.

Step2: If the initial project description receives preliminary acceptance, the proponent is usually given formal recognition for the concept and allotted specified period to present a full, detailed proposal.

Step3: The detailed proposal is examined by the concerned authority followed by preparation of bid document by the respective department and approval from the competent Authority.

Stage 2: Competitive Tender.

Step 4: An open competitive bidding process are initiated by the concerned Administrative Department were in Detailed Project Report (except for proprietary technology details) is shared with prospective bidders and bids are received within stipulated time duration.

Step 5: After examination of the bids, if the proposal of the Project Proponent is found to be lowest or most advantageous, as the case may be, in accordance with the evaluation criteria as specified in bidding document, then the Project Proponent shall be selected and awarded the project. In case bid of other bidder is found lowest or most advantageous, as the case may be, the Project Proponent shall be given an opportunity to match the lowest or most advantageous bid within a period as specified**.** If the Project Proponent agrees to match the lowest or most advantageous bid, within the time period specified, the Project Proponent shall be selected and awarded the project. In case the Project Proponent fails to match the lowest or most advantageous bid, within the period specified, the bidder who has submitted lowest or most advantageous bid, as the case may be, shall be selected and awarded the project

Step 6: An award letter, is sent by a government as written confirmation that a tenderer has been successful and will be awarded a contract.

Step 7: The final step include execution of contract agreement, a legal document which binds the successful bidder and the government to follow the rules and regulations given in the document until the work entrusted to the project developer is completed which is signed by both parties.

IX. ELIGIBLE SECTOR IN SCM

SCM can be adapted to any sectors approved by SLEC such as: Agriculture, Horticulture, allied sector & post-harvest management, Education including Technical Education (Skill development etc.), Gas distribution network, Health, Highways & Bridges, Housing & Environment,

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Information Technology, Inland water transport & Water Body Eco-system Management, Industrial infrastructure, Irrigation, Land Reclamation, Logistics, New & Renewable Energy (solar, wind, hydel etc.), Power sector, Public Transport, Public Buildings, Markets, Gardens, Parks and parking facility, Sanitation, Sewerage, Drainage etc., Sports and Recreation Infrastructure, Trade Fair, Convention, Exhibition and Cultural Centers, Tourism, Urban Development, Waste Management, Water Supply Project

- Up-gradation and restructuring of any of the projects in above sectors
- Any other projects which is a combination of above mentioned sectors
- Any project in public-private partnership that the Government may find beneficial.
- Any proposal for the partial or complete disinvestment of a state public sector undertaking.
- A project which is innovative or involves proprietary technology or franchise which is exclusively available with the person globally.
- A project wherein competitive public bidding has failed to select a developer.
- A project to provide social services to the people including community services and public utilities.
- An infrastructure project which is an essential link for another bigger infrastructure project owned or operated by the same person.
- Any new sector can be added to the list of "eligible sectors" of these guidelines, only after the consent of the Government on the recommendations of the SLEC.

X. ADVANTAGES AND WEAKNESS OF SWISS CHALLENGE METHOD

The following are the benefits of using the SCM:

- Certainty of success under this methodology is ensured as at least one willing private partner is available right from the beginning.
- The project proponent does a detailed feasibility & financial analysis of a project resulting in better project structuring. The initial structuring by the project proponent brings in efficiency and better understanding of financial implication resulting in development of economically sustainable model.
- The identification of timelines, identification of risks and their allocation along with transparent bidding criteria becomes easier for the authority as the project preparation is done in more professional manner.
- Time and cost saving on pre project activities and feasibility studies where as in other methodology of PPP models, these studies have to be conducted in advance by the authority.
- Benchmarking of project costs, revenues and returns through undertaking necessary technical and financial studies before the bidding stage.
- Useful for the governments that have limited technical and financial capacity to develop projects
- If the project is awarded to project proponent it can be implemented faster.
- This method is Potential route for furthering local projects that are not national priorities.
- Transparency can be ensured in bidding process.

Weaknesses of Swiss Challenge Method are as follows

- There are risks of insufficient transparency and inadequate competition in the Swiss Challenge Method.
- There is no legal validity of using this method when a counter proposal contains different specifications than the original proposal.
- There is no symmetry in bidding time given to bidders to prepare counter proposals in relation to time taken by originator for preparation
- It is very difficult to measure monetary value of unsolicited proposal when contract or project is not given to original proponent.
- There is no guarantee that unsolicited bidder won't withdraw its offer.

XI. CONCLUSION

When it comes to infrastructure projects, "Swiss Challenge Method" (SCM) represents an alternative to the traditional project initiation method where the private sector, rather than the government, takes the leading role in identifying and developing a project. Governments in India have centralized their SCM submission processes, either: requiring a central government agency to accept and process SCM or allowing state government departments to accept SCM but requiring the State level Executive Committee to process and evaluate them. In India, various State government across the nation resorted to SCM motivated by the perspective of solving the challenges brought by their lack of capacity to identify and develop projects. State governments believe that SCM will enable them to take advantage of private-sector innovation and creativity, resulting in efficiencies in delivering infrastructure projects. The States and Central Government developed several guidelines on the subject to maintain transparency, fairness, governance, and competition along with proper guidance to project proponents and concerned departments. The study of various literature and guidelines has helped in comparison of submission requirement, Evaluation method adopted by department, project development and project procurement phases. Implementation of a SCM will be more convenient, easier and faster than the implementation of a publicly initiated PPP project. Almost every core infrastructure sector is included under SCM in India.

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