Definition of PPP

What is Public Private Partnership?
PPP is a means to mobilise private investments and introduce efficiency in service provision.
• Definition contd (2)

technical and management expertise, improve performance creating a reasonable mix of public and private sector, and monitor to ensure accountability in delivery of services.
The spectrum of PPP options ranging from Service Contracts; Management contracts; Leases; Build-Operate-Transfer Contracts and Variants; and Concessions are available to choose from when a public sector agency decides to collaborate with a private partner to improve the delivery of urban services. While these are considered to be the indicative options, it is important to note that, in practice, PPP arrangements are often variations or combinations of the above. At one end they are those contracting options in which the government retains full responsibility for operation & maintenance, capital investment, financing, and commercial risk; at the other they are those options in which the private sector assumes a greater share of the responsibilities and risks.
Private sector participation should not be seen with a view to privatize but to introduce investments and efficiencies in the overall service delivery.
### Possible Interventions & Structuring

**Example: Water Projects**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Possible Intervention</th>
<th>Possible Structures</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Expansion of Water distribution network in unserved areas</td>
<td>For Existing System: • Performance based management &amp; service contracts • Lease contract • EPC contracts along with Performance based O&amp;M contracts For New System: BOT/Concession Sewerage/ Storm Water drainage System</td>
<td>1. Renovation in Old City Areas 2. New System in unserved areas Existing System: • Annuity Contracts • Performance based contracts for Construction &amp; O&amp;M New System: • Plain Vanilla EPC contracts Other PPP models such as Design,Build Finance Transfer (DBFT)</td>
</tr>
</tbody>
</table>
Karnataka at a Glance

- **Karnataka Brief**
  - Area: 1,92,000 Sq Km
  - Population: 52.85 Million
  - Literacy: 66.60%
  - Administrative Districts-29
    - Climate: Semi-tropical
    - Strategically located with Chennai on the southeast and Mumbai in North East
    - Well Connected to Rest of the world

- **Social**
  - Congenial environment,
  - Cosmopolitan Lifestyle in Bangalore city
  - Excellent Health Care facilities,
  - Travel Connectivity,
  - Good law and order,
  - Excellent Industrial Relations,
  - Lowest man-days lost

- **Economy**
  - GSDP USD 50 Bn- 5% of the National GDP
  - Among the Top 7 Industrial States
  - An Investor friendly Govt
  - Highly Skilled technical Manpower
  - One of the fastest Growing Markets
  - Steady GDP growth rate

- **Industrial**
  - State houses 2133 IT Cos, 700 multinationals, 87 global fortune 500 Cos, Global Outsourcing hub for IT and ITES
  - Base to 60% of the Indian Biotech cos
  - Leading investment state in Nano technology, Automobile and Components, Apparel, Contract Research, Oil Refining, Food processing
Karnataka- Growth Drivers

- **Policy Drivers**
  - *New Infrastructure Policy of 2007*
  - *New Industrial Policy of 2009*

- **Institutions to Support**
  - *PPP- as a vehicle*
    - Regular Procurement
    - Swiss Challenge
  - *Karnataka Udyoga Mitra- industrial*
• Infrastructure Investment at 8-9% of GSDP
• Investment Requirements:
  • Rs 92462 Cr, Rs 186275 Cr and Rs 315657 Cr during 11th, 12th and 13th plans respectively (2006 Prices).
• Required Annual Investment of Rs 18500 Crore
• Road Sector (Eg)
  – Current Density is around 110 km/ SqKm (to be increased to 150 km/ SqKm by 2020)
  – From the current level of 21486 kM of Core Road network (NH+SH), it needs to improve to 40000 km by 2020
  – From the current level of 6500 kM of 2 lane and above (10% of NH+SH+MDR), it needs to improve to 66456 km (55% of NH+SH+MDR) by 2020
  – Road sector alone needs an investment of Rs 150,000 Crore
• To Sustain envisaged growth of 9%, state’s budgetary resources need to be supplemented with Private sector investments
PPP Cell

- PPP Cell formed
- Mandate of the PPP Cell
  - To Mainstream PPP in Infrastructure Sectors
- Scope of Activities
  - Assist Line Departments in all phases of Project Development
    - Sector Study
    - Project Identification
    - Project Development
    - Transaction Management
    - Project Implementation
    - Monitoring Project Operation
  - Capacity Building and PPP related Training
Enablers for PPP

- Project development and MCAs
  - Standardisation of documents
- Development of Eco system
  - Empanelment of Transaction Advisors
    - 5 Members for conducting transaction up to Rs 50 Crore
    - 4 Members for conducting transaction of Rs 50 - 250 Crore
- Preparation for Empanelment of Independent Engineer/ Financial Auditor
Of the 224 no of projects of value Rs 138779 Cr,
  - transportation is leading the way with 176 projects of value Rs 69939 Cr
  - followed by Urban and Municipal Infrastructure with 19 projects with 42569 Crores.

Other Key sectors are Energy and Industrial infrastructure

Many of the projects in Economic infrastructure

In the next phase- social infrastructure-Education and Health,
Projects are spread over 23 subsectors with 96 road projects. With 30 project proponents handling 1 to 63 projects. Each project of value ranging from few crores to 40000 crores.
PPP Projects - Stages

<table>
<thead>
<tr>
<th>Stage</th>
<th>Nos</th>
<th>Value (Rs.Cr.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Project Identification</td>
<td>43</td>
<td>19159</td>
</tr>
<tr>
<td>2 Project Development</td>
<td>24</td>
<td>50825</td>
</tr>
<tr>
<td>3 Request for Proposal</td>
<td>55</td>
<td>16186</td>
</tr>
<tr>
<td>4 Bidding</td>
<td>76</td>
<td>46366</td>
</tr>
<tr>
<td>5 Financial Close</td>
<td>1</td>
<td>20</td>
</tr>
<tr>
<td>6 Implementation</td>
<td>15</td>
<td>2850</td>
</tr>
<tr>
<td>7 Operation</td>
<td>10</td>
<td>3372</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>224</td>
<td><strong>138779</strong></td>
</tr>
</tbody>
</table>
Current PPP projects

- High Speed Rail Link to Airport at Bangalore (BARL)
- Devanahally Business Park (KSIIDC)
- Mono Rail Project (BARL)
- 10000km of Road Projects (KRDCCL)
- Food Parks (Food Karnataka Limited/ KSIIDC)
- Tourism Projects (Tourism dept/ KIPDC/KSIIDC)
- Road Projects in Bellary
HIGH SPEED RAIL LINK (HSRL) TO BANGALORE INTERNATIONAL AIRPORT
Monorail Corridors

- **Corridor – I**
  - Kanakapura Road to Mysore Road along Ring Road with a T connection from Kathriguppa to National College.

- **Corridor – II**
  - Bannerghatta National Park to Adugodi along Bannerghatta Road.

- **Corridor – III**
  - Tumkur Road to Bellary Road.

- **Corridor – IV**
  - Mysore Road to Tumkur Road along Ring Road with a T connection from Toll gate to Magadi Road
Monorail Corridors (CTTP)
Flagship Program- 10000 KM Core Roads

- A corpus fund of Rs.500 Cr. provided to KRDCCL
- 51 Packages tendered
- KRDCCL – Nodal agency.
- KPWD, KRDCCL, IDD will provide all necessary support for implementation of project.

• Status
  - 1st prebid conducted 28th Feb 09
    • Large bidder interest seen
  - 2nd Prebid 28th May ‘09
  - Bid Submission ‘30 Jun 09
  - Govt. revised the package and limited the development to 3000 KM
  - further modalities are being worked out afresh
Devanahalli Business Park (DBP): 413.65 Acres

- Land for BIA, surplus due re-alignment of runway and hence retained by KSIIDC
- Market Study & Business plan by Jones Lang LaSalle Meghraj (JLLM), Utility Master Plan by Mahindra Consulting Engineers (MACE)
- Suggested Land Use Plan approved by GoK on 14.05.2008
- Retained for Govt. Agencies: 83.24 Acres
- Power Sub-Station & Social Forest: 21.34 Acres
- For Development on PPP basis: 309.07 Acres
  (Commercial Devpt: 217 Acres, Roads & Utilities: 92.07 Acres)
- Total 413.65 Acres
- KSIIDC shall lease 309 acres to private sector developer for 30 yrs with automatic renewal for another 30 yrs.
- Developer can sub-lease certain portion of 309 acres to other developers and shall develop roads & utilities for DBP as a whole
- At present due to recession trend, Govt. is holding further process of the project
Selected Sectors - Aero

- PPP Projects - Airports
  - 1 Major Airport operational (BIAL)
  - 4 Minor airports under PPP modality
    - 3 Awarded (Shimoga and Gulbarga to Maytas, Hassan to Jupitor Aviation)
    - Bijapur: Concession to be signed
    - Bellary: RFP stage
  - Total Project Cost of 3300 Cr (USD 0.75 Bn)
- PPP envisaged for Bellary Airport
- Up-gradation of Airport at Hubli, Mangalore, Belgaum and Mysore.
- Development of Bidar Airforce airport for civilian use
- Karwar Airport to be taken up for Extension
- 11 Airstrips proposed in the state
  - 5 under implementation
  - District Admin. on land identification for rest 6
  - Agency identified for Transaction Advisory services
Food Parks

• **Food Parks under implementation**
  - Malur, Hiriyur, Bagalkot, Jewargi and Chickmagalur

• **New Food Parks**
  - Shimoga,
  - Bangalore Rural,
  - Tumkur,
  - Davanagere,
  - Belgaum,
  - Bijapur Districts.
PPP Projects in Tourism

• **PPP Projects - Tourism**
  – No of Projects – 16 Nos
  – Value Rs 1621 Crs
    ( Theme park, cultural centre, Entertainment Golf Course, Aquamarine Park, Tourist Train, Facilities)

• **PPP Projects - Heritage Projects**
  – No of Projects – 39 Nos Identified
    • Era, Empire, personality Visits etc
  – Identification stage
    • To specify Minimum Development Obligation
    • Important aspects that need to be built into the CA`
Location details:
18 – hole Golf Course at Mangalore
### Tourism Circuit Development - Project Packages

<table>
<thead>
<tr>
<th>Package</th>
<th>location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Package I</td>
<td>Jog Falls</td>
</tr>
<tr>
<td></td>
<td>Agumbe</td>
</tr>
<tr>
<td></td>
<td>Banavasi</td>
</tr>
<tr>
<td>Package II</td>
<td>Badami</td>
</tr>
<tr>
<td></td>
<td>Pattadakal</td>
</tr>
<tr>
<td></td>
<td>Aihole</td>
</tr>
<tr>
<td>Package III</td>
<td>Belur</td>
</tr>
<tr>
<td>Package IV</td>
<td>Bijapur</td>
</tr>
<tr>
<td>Package V</td>
<td>Gokarna</td>
</tr>
</tbody>
</table>
Tourism Projects in Karnataka on PPP Format
Project Development activities taken up under KIPDC –
(a 50 : 50 Joint Venture Company with IL&FS)

- Bus terminal cum Commercial Commercial Complex at
  Hassan, Channarayapatna, Puttur, Mangalore, Chitradurga for
  KSRTC,
- Hubli, Dharwad and Belgaum for NWKRTC
- Bidar and Gulbarga for NEKRTC
- Development of Land belonging to Karnataka Land Army
  Corporation Ltd near Singasandra (near Electronic City) at
  Bangalore
- Development of Land belonging to Department of Animal
  Husbandry and Veterinary Sciences near Hebbal on Bellary
  Road
# Project Prefeasibility

<table>
<thead>
<tr>
<th>SL. No.</th>
<th>Name of the Projects</th>
<th>Consultant</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>River Front Development in Karnataka</td>
<td>iDeCK</td>
</tr>
<tr>
<td>2</td>
<td>Development of Intermodel Transit Hubs at Belgaum, Hubli-Dharwad, Mysore, Bangalore (Dabaspet), Bellary and other places</td>
<td>KIPDC</td>
</tr>
<tr>
<td>3</td>
<td>Development of Honnavar Port to meet Iron Ore &amp; steel sector needs to import coal etc (The requirement need to be reviewed given that Haldipur port is being proposed on swiss challenge)</td>
<td>KIPDC</td>
</tr>
<tr>
<td>4</td>
<td>Tumkur Solid Waste Management</td>
<td>iDeCK</td>
</tr>
<tr>
<td>5</td>
<td>Feasibility Study for Car Parking (including busses and passenger amenities) at Brundavan gardens in Mysore</td>
<td>iDeCK</td>
</tr>
<tr>
<td>6</td>
<td>Development of Modern Foot Over Bridges on PPP format for each City in Karnataka</td>
<td>KIPDC</td>
</tr>
<tr>
<td>7</td>
<td>Development of Multi-level Car Parking Plazas in major Cities of Karnataka, viz: Bangalore, Belgaum, Hubli-Dharwad &amp; Mangalore</td>
<td>KIPDC</td>
</tr>
<tr>
<td>8</td>
<td>Water Supply, Sanitation &amp; Solid waste Management as a single package for each city for Top 10 CMCs in Karnataka</td>
<td>KIPDC</td>
</tr>
<tr>
<td>9</td>
<td>Development of Agri-market and Logistics Hubs across the state</td>
<td>iDeCK</td>
</tr>
<tr>
<td>10</td>
<td>Development of urban entertainment centers in Major Cities of Karnataka</td>
<td>iDeCK</td>
</tr>
<tr>
<td>11</td>
<td>Development of Lake Conservation Projects</td>
<td>iDeCK</td>
</tr>
<tr>
<td>12</td>
<td>Improvement of Industrial Training Institutes through PPP</td>
<td>KESOL</td>
</tr>
<tr>
<td>13</td>
<td>Development of Education Infrastructure across the state</td>
<td>iDeCK</td>
</tr>
<tr>
<td>14</td>
<td>Development of Health Infrastructure across the state</td>
<td>iDeCK</td>
</tr>
<tr>
<td>15</td>
<td>Rejuvenation of Urban Zones (Peta Area)</td>
<td>iDeCK</td>
</tr>
<tr>
<td>16</td>
<td>Eco-tourism feasibility at different places in Karnataka</td>
<td>iDeCK</td>
</tr>
<tr>
<td>17</td>
<td>River Development: Mangala Corniche</td>
<td>KIPDC</td>
</tr>
<tr>
<td>18</td>
<td>Belgaum Ring Road Project</td>
<td>KESOL</td>
</tr>
<tr>
<td>19</td>
<td>Marine Sea Food Logistics</td>
<td>KESOL</td>
</tr>
<tr>
<td>20</td>
<td>Warehousing Logistics Across Karnataka</td>
<td>KESOL</td>
</tr>
</tbody>
</table>
Thank You

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