



KARNATAKA INFRA CONNECT

Get a glimpse of Karnataka Infrastructure Development Department

October 2013

Greetings! We welcome you to yet another issue of the Newsletter of Infrastructure Development Department (IDD), Government of Karnataka, "Karnataka InfraConnect". This quarterly publication focuses on various policy level initiatives undertaken by the Government. Both at the Central and the State Level to boost the development of the Infrastructure Sector.

Inside this issue:

Capacity Building Programs: An initiative by IDD	1
State Level Policy Initiatives	2
Central Level Policy Initiatives	4
Other Initiatives	5

Welcome to yet another quarterly issue of Karnataka InfraConnect, Newsletter of Infrastructure Development Department (IDD), Government of Karnataka. In this issue, IDD highlights sectoral news and key events in the quarter, July to September 2013.

This quarter has been quite eventful in terms of various policy initiatives that have been taken for the overall development of the State.

The Honorable Chief Minister has announced a Rs 908-crore package for the City of Bangalore, (over and above Rs. 6,540 Crores as announced in the budget) which shall be utilized on projects including 400 km of road development, signal-free corridors and sprucing up roads in core areas. The State High-Level Cabinet Committee cleared about 19 investment proposals. The projects are across verticals spanning automobiles, chemicals, electronics, engineering iron & steel, software, sugar and tourism. These projects are expected to direct employ-

ment to about 70,000 people across the State. The GoK intends to set up three National Investment Manufacturing Zones (NIMZ) across the State to become a preferred location for new industries. The Central Government has granted approval to set up an NIMZ in about 12,000 acres of land near Tumkur and the State is in the process to get approval for two more NIMZs at Gulbarga and Kolar.

Among the policy initiatives at the Central Level, the President has issued an order allowing Karnataka Governor to set up a separate Development Board for Hyderabad-Karnataka region, consisting of six districts, under the recently introduced Article 371J of the Constitution. This decision shall benefit the economic development of six major districts in Karnataka.

At the same time, IDD is revising Karnataka Infra Policy, 2013 to encapsulate the developments, address the constraints being

faced in delivering service and to provide a platform for greater economic growth of the State.

The need of the hour is to take these initiatives forward and function in a coordinated and cohesive manner with all the stakeholders concerned.



Shri. S.R Patil

Hon'ble Minister for Infrastructure Development, Information Technology, Biotechnology, Science and Technology, Planning and Statistics Government of Karnataka

Capacity Building Programmes

Advanced level Capacity Building Programme on Public-Private Partnerships (PPP)

The infrastructure sector is going through a significant transformation. India's investment in infrastructure is envisaged to be dou-

bled to US \$ 1 trillion during the Twelfth Five Year Plan and about half of this is targeted to be achieved through private sector investment. The Government has taken a number of steps to encourage private investment in infrastructure through public-private partnerships. However, it

has been observed that while PPP based infrastructure projects in some sectors have displayed good progress, several others achieved only limited success. Issues relating to project implementation, monitoring and dispute resolution are among the key concerns of the infrastructure developers.

With evolving expertise in the development of newer methods of project implementation in the infrastructure sector, there was a need felt to look at policy development and innovative ways of execution of projects in the future. IDD and Infrastructure Development Corporation (Karnataka) Limited (iDeCK) jointly organised this two day training programme from August 13-14, 2013 in Bangalore. This training programme was organised to provide a platform for building capacities in PPP, through exchange of knowledge, based on real world examples and experiences. This interactive workshop was designed as an advanced level learning event for officers of State Government departments / their sub offices and officers.

Prof. (Dr.) R. Venkat Rao, Vice-Chancellor and Professor of Law, NLSIU, Bangalore, welcomed Dr. Raj Kumar Khatri, IAS, Principal Secretary, IDD, officials of the Government, sector experts and practitioners and set the context for the training programme by providing an overview of the infrastructure scenario, role of NLSIU in training programs and the need for enhancing the knowledge skills of officials through efficient capacity building programmes.

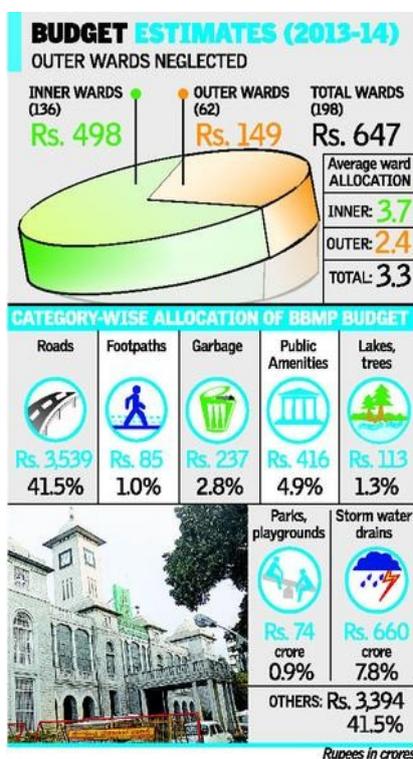


IDD, along with Administrative Training Institute (ATI), GoK conducted four basic level PPP training programs for the Department of Health, Irrigation, Agriculture/ Sericulture/ Horticulture and Housing and Urban Development in this quarter.

State Level Policy Initiatives

Budget Allocation for Bangalore City

Honorable Chief Minister has announced a budget of Rs.6,540 crore to improve infrastructure facilities in the Capital City, Bangalore. The GoK intends to accord high priority for the infrastructure development to improve the quality of life of Bangalore citizens. Of the total amount budgeted this fiscal for improving the infrastructure in Bangalore, Rs.1,600 crore is likely to be spent on developing arterial and sub-arterial roads, building grade separators at important junctions, widening of corridors, elevated roads and skywalks for pedestrians during this fiscal to ease the chronic grid lock across the city. The budget also proposes to spend Rs.250 crore on providing basic infrastructure in about 110 villages, which have been brought under the Bruhat Bangalore Mahanagara Palike's (BBMP) civic limits. The State Government shall contribute its share of Rs.320 crore for civic projects to be taken up with the Central Government under the Jawaharlal Nehru Urban Renewal Mission (JNURM). The budget has earmarked about Rs.100 crore for solid waste management by BBMP and another



Source: The Hindu

Rs.100 crore to build multilevel car parking facilities to minimise congestion on roads due to chaotic vehicular traffic and parking.

Rs.200 crore is likely to be spent on building railway over and under bridges at level crossings across the expanded city. In a bid to decongest the city and its peripheral roads linked to State and national highways, it is proposed to set up a Special Purpose Vehicle (SPV) to implement the Rs.8,759-crore suburban rail system, connecting Bangalore with Tumkur (70km), Ramanagaram (40km) and other satellite towns within 100km radius. A feasibility study has been prepared for the suburban rail system and preparation of a detailed project report for phase-one is been done.

Apart from the State budget, the CM subsequently announced a Rs 908-crore package for certain additional projects which include 400 km of road development including filling up the city's potholes, signal-free corridors and special focus on upgrading roads in core areas. The development of major roads across the city is likely to cost Rs 563 crore. Some important roads fall in the Rajajinagar, Basavanagudi, Malleswaram, Shivajinagar and Majestic areas.

Karnataka clears 19 projects worth Rs.14,818 crore

The GoK has cleared 19 proposals across verticals worth Rs.14,818 crore investment, with eight of them to be set up in and around Bangalore. Among the companies whose major projects have been cleared are Infosys Ltd, Wipro Enterprises Ltd, Cognizant Technology Solutions India Ltd, Tech Mahindra, Asian Paints, Kirloskar Toyoda Textile Machinery Ltd, The Himalaya Drug Co, Tata Power and Medrich Ltd. The projects are across verticals spanning three in automobile sector, three in chemical sector, two in electronics sector, two in engineering sector, one in iron & steel sector, five in software sector, two in sugar industry and one in tourism sector. The projects are expected to provide direct employment to about 70,000 people across the State. Of the Nineteen projects, six projects are likely to come up in Bangalore Rural district and two in Bangalore Urban district. These six projects in Bangalore Rural district, with a combined investment of Rs.4,398 crore is projected to generate 23,302 direct jobs, while two projects in Bangalore Urban district worth Rs.2,145 crore are likely to create a approximately 36,745 jobs. Two projects will be located in Mysore district and one each in Bagalkot, Belgaum, Bijapur, Dakshina Kannada, Dharwad, Kolar, Koppal, Ramangara and Tumkur.

Karnataka to set up 3 manufacturing zones for new industries

The Karnataka Government has proposed to set up three National Investment Manufacturing Zones (NIMZ) across the State to become a preferred location for new industries. The Central Government has already granted approval to set up an NIMZ in about 12,000 acres of land near Tumkur. The State Government is trying to get approval for two more NIMZs at Gulbarga and Kolar. The NIMZ are being set up across the State to increase the sectoral share of manufacturing in the Gross Domestic Product (GDP) to 25 percent over the next decade and generate 100 million more jobs in the sector through an annual growth rate of 12-14 percent, as envisaged in the national manufacturing policy of the Central Government.

This initiative has been taken to increase the contribution of manufacturing sector to the State GDP, in line with the national manufacturing policy.



Bangalore to get India's first IT Investment Region

The State Government is partnering with the Central Government to set up the country's first Information Technology Investment Region (ITIR) near Devanahalli, about 40 km from city, in about 10,000 acres of land to expand and accelerate the growth of the knowledge sector, especially IT-enabled services and products. The ITIR is projected to attract global investments to the tune of Rs.2 trillion and create a million direct jobs over the next 10 years. The high-powered committee of the ministry of communications and information technology has approved the ITIR proposal from Karnataka and forwarded it to the union cabinet for clearance, which is expected soon.

The ITIR is proposed to be built under the PPP model with joint investment by the Central and State Governments. The State Government plans to float a global tender to select a developer to build the ITIR in two phases. Land measuring 2,080 acres has been identified for the first phase and preliminary notification has been issued to farmers for acquisition at the prevalent market rate.

The knowledge park is proposed to be a self-sustainable integrated investment region for setting up software firms, back offices and a hardware park for electronics cluster, including chip designing and manufacturing units, with world class infrastructure facilities. The region will also have a residential township, an airstrip, high-speed rail network, shopping plaza, hospitals, schools and recreational facilities for the communities living there. Companies in the region will be entitled to tax and other incentives similar to those being provided under the SEZ (special economic zone) policy by the Central Government. Andhra Pradesh and Tamil Nadu are the other two States which have proposed similar investment regions in their respective States.

Other Proposals...

- **Rs 15 cr to setup a new angel fund to invest in startups**
- **Rs 128 cr Indian Institute of Information Technology (IIIT) in Dharwad with Rs 45 cr State contribution**
- **Announcement of Karnataka i4 policy (IT, IteS, Innovation, Incentives Policy) for the IT Sector**

Initiatives at the Central Level

Schemes on Waste to Energy, Renewable Energy and Wind Energy Projects

Union Finance Minister P. Chidambaram, in the eighth Union Budget 2013-14 and the 82nd for India, including interim and special-situation budgetary proposals, proposed the following initiatives to promote alternate energy sources. There is a Proposal to evolve a scheme to encourage cities and municipalities to take up waste-to-energy projects in PPP mode which would be neutral to different technologies. The scheme intends to support municipalities that will implement waste-to-energy projects through different instruments such as viability gap funding, repayable grant and low cost capital. Another Proposal is to evolve a scheme to provide low cost finance (low interest bearing funds) from the National Clean Energy Fund (NCEF) to IREDA to on-lend to viable renewable energy projects to reduce high cost of finance. The scheme shall have a life span of five years. There is also a Proposal to reintroduce 'generation-based incentive' for wind energy projects and provide Rs 800 crore to the Ministry of Non Renewable Energy for the purpose. Based on the Union Budget speech, Department of Economic Affairs (DEA) has undertaken development of Schemes on Waste to Energy, Renewable Energy and Wind Energy Projects.

Infrastructure Trust Fund (ITF)

With a view to accelerate flow of long-term funds in infrastructure projects, the finance ministry is looking to put in place a new structure called Infrastructure Trust Fund, much in line with Real Estate Investment Trust (REIT), which are prevalent in many countries like Singapore, Hong Kong and USA.

Under the new structure, underlying revenue of project will be transferred to a trust and the trust will then issue units to investors, including foreign investors who then want to buy the units. The finance ministry is likely to come out with this innovative scheme for financing of infrastructure in the next two years. The requirement of infrastructure fund in the 12th Plan (2012-17) has been pegged at USD 1 trillion.

Other Initiatives...

Development of Road from Whadhari to Ribbanpally in Gulbarga.

Karnataka Road Development Corporation (KRDCL) awarded the project to GVR Infra Projects Limited to be implemented under BOT framework in December 2010. GVR has undertaken the project through a special purpose vehicle namely M/s GVRMP Whadhari Ribbanpally Tollway Private Limited under consortium with M/s RMN and M/s Prathyusha. The project was developed at a cost of Rs.242 Crore with a Concession Period of 30 years. The 136-km stretch runs from Whadhari on the Maharashtra-Karnataka boundary to Ribbanpally on Andhra Pradesh-Karnataka border and passes through Gulbarga district, including Gulbarga city. Under the project, the existing two-lane road was re-constructed, besides carrying out other developmental works. The development

work which was commenced in December 2010 was scheduled to be completed by December 2012 but was completed 3 months ahead of schedule. The toll collection for the road commenced from September 7, 2012 and has become the first stretch of State highway to become a toll road in the State.

Development of Road from Dharwad to Ramanagar via Alnavar (SH-34)

Karnataka Road Development Corporation (KRDCL) awarded the project to GVR Infra Projects Limited to be implemented under BOT framework in December 2010. GVR has undertaken the project through a special purpose vehicle namely M/s GVRMP Dharwad-Ramnagar Tollway Private Limited under consortium with M/s RMN Ltd. and M/s Prathyusha Ltd. The project has been devel-

oped at a cost of Rs.238 Crore with a Concession Period of 30 years. The 60.4 km covers 29.90 km in Dharwad district and the rest in Belgaum district providing a vital link between Karnataka and Goa. Around 25 km road in Belgaum district goes through thick forests. Under the project, the existing two-lane road has been widened from 3.75 m to 5.5 m, besides carrying out other developmental works. The development work which was commenced in December 2010 was scheduled to be completed by December 2012 but was delayed by 8 months due to delay in getting environment and forest clearance. The project achieved COD in August 2013. The approval from the State Government is being sought to levy and collect toll on the road stretch.

Ms. Vandita Sharma, IAS
Principal Secretary to Government
Infrastructure Development Department
Government of Karnataka
Room No. 28, Vikasa Soudha
Bangalore-560001

Phone: 91-80-22282366, 080-22035085

Fax: 91-80-22280605



Website: www.idd.kar.nic.in

Sri R. Ramesh
Director, PPP Cell

Infrastructure Development Department
Room No. 08, Vikasa Soudha
Bangalore-560001

Phone: 91-80-22034070, 080-22034069

Fax: 91-80-22281123