



# KARNATAKA INFRA CONNECT

Get a glimpse of Karnataka Infrastructure Development Department

June 2013

*Greetings! We welcome you to June-2013 issue of the Newsletter of Infrastructure Development Department (IDD), Government of Karnataka, "Karnataka Infra Connect".*

## Inside this issue:

Infra News	2
Capacity Building Programs: An initiative by IDD	2
Tourism in Karnataka: the journey so far..!	3
Various Tourism Initiatives: As we look back over time!	3
New Tourism Offerings & Flagship projects/ Initiatives	3
PPP initiatives	4

"If there were to be a single mantra to push up India's gross domestic product (GDP) growth rate, it would be higher and successful public-private partnership (PPP) in infrastructure," said H.A.C. Prasad, Senior Economic Advisor, the Department of Economic Affairs, New Delhi.

Recently, an India PPP infra index was prepared by IIM Bangalore which takes into account both quantitative and qualitative aspects of PPPs across all the Indian States. According to the Index, Karnataka scores third in the overall index.

However, there could be an array of reasons for this shortcoming which entail an analysis of how the PPP projects have progressed and identification of issues faced during the various stages of the

project implementation process.

Infrastructure bottleneck has been a serious concern in India in its way of robust pace of economic progression. While many advanced economies and fiscal constrained developing countries have developed their physical infrastructure successfully either through private participation or through public-private partnership (PPP) model, in India, private participation in the process of infrastructure development has received lackluster response. While private telecom services is a success story in India, the PPP constitutes a miniscule share in overall infrastructure building despite initiation of various policy adjustments and sector-specific reform programmes.

There is a need to focus on the issues pertaining to the PPP model, because it fills the infrastructure gaps which are currently present in today's scenario.



*Sri. Santosh S Lad  
Hon'ble Minister of State for Infrastructure Development and Information,  
Government of Karnataka*

## PPP mode to award massive Infra Projects



The Government of India, in order to boost the sagging economy and turn around the negative investor sentiment, on June 28, 2013, set a target to unlock and put on offer

infrastructure projects worth Rs.1.14 lakh crore in the next six months in the rail, power, ports and aviation sectors.

In the meeting — chaired by Dr. Manmohan Singh and attended by Finance Minister P. Chidambaram and Planning Commission Deputy Chairman Montek Singh Ahluwalia, it was mentioned that the proposals will be given a firm shape in the next six months un-

der the public-private partnership (PPP) mode include the Mumbai elevated rail corridor (Rs.30,000 crore), two international airports in Bhubaneswar and Imphal (Rs.20,000 crore) and power and transmission projects (Rs.40,000 crore). The Prime Minister was of the view that there was an urgent need to ramp up investment in infrastructure to revive investor sentiment.

Source: The Hindu

## Karnataka Plan Outlay 2013-2014

In Karnataka, a plan outlay for 2013-14 was approved and has been fixed at Rs. 47,000 crore on June 26, 2013. The amount fixed is 11.6 per cent higher than the previous year (Rs. 42,100 crore). Dr. Montek Singh Ahluwalia appreciated Karnataka for its strategy to make growth more inclusive and giving right priority to the social sector. However, he wanted more focused attention by Karnataka in agriculture and infra-



structure sectors.

“Public private partnership should be encouraged to expedite the development process,” Dr. Ahluwalia said during the meeting which was also attended by Chief Minister Mr. Siddaramaiah and his officials.

The State Government is giving emphasis on improving the power scenario of the State by adding 4700 MW of additional power generation during the coming years to meet the power deficit. Distribution losses would be reduced from 18.7 per cent to 15 per cent during 2013-14. The state is committed to provide adequate outlays for the sectors that contribute significantly to improving Human Development Indi-

ces, especially infrastructure, education, health, women and child development, social welfare, housing water supply and sanitation, and rural development. Total investment in infrastructure is estimated to be more than Rs. 45 lakh crore from the public sector. However, it is felt that this investment has to be complemented with a proportional rise in private investment. To meet increasing demand, large investments would be needed in roads, railways, ports and civil aviation sectors to augment capacity and modernization.

## Rail Projects in Karnataka on Fast Track?

Railway Minister Mr. Mallikarjun Kharge has instructed the officials to take up all pending projects on a war-footing to complete them in nine months.

The pending projects which were of top priority was mentioned during the meeting. Among the pending projects are: the 45-km Kadur-

Chikmagalur new line; the 97-km Kolar-Chikballapur gauge conversion; the 58-km Gadwal-Raichur new broad gauge line; doubling of the 17-km Hubli-Dharwad line and 140-km Bidar-Gulbarga new line at a revised cost of Rs.881 crore.



Mr. Kharge also mentioned about doubling of tracks between Bangalore and Tumkur (70 km) and new line between Bangalore and Hassan would be stepped up for direct route to Mangalore.

Also in similar lines, doubling of line between Bangalore and Mysore (140 km) will be speeded up after relocating the Tipu Sultan's armoury at Srirangapatnam between Mandya and Mysore.



## Capacity Building Programmes: An initiative by IDD

A conceptual training to development, that focuses on understanding the obstacles that inhibit government and government departments to develop better understanding on newer methods of project implementation in infrastructure was carried out at Administrative Training Institute Campus, Mysore. There is a need to look at policy development and innovative ways of execution of projects in future. It is in this context that an interactive Training Programmes on PPP's in Infrastructure were organized, to bring on a common platform - Government officials, sector ex-

perts and practitioners; to discuss and share their views on contemporary topics on infrastructure. IDD, Administrative Training Institute (ATI) and Infrastructure Development Corporation (Karnataka) Limited (iDeCK) jointly organised the five-day programme from June 3 - 7, 2013 at ATI, Mysore. Over twenty five senior officials from Public Works Department, Transport Department and Karnataka Road Development Corporation Limited participated in the training programme.

On similar lines, training programmes were

also held at Mysore on June 17- 25, 2013. These programmes were jointly organised by iDeCK and IDD. The programmes were attended by the officials of Department of Tourism, State Pollution Control Board and Jungle Lodges and Resorts.

The primary objective of the training programmes was to enhance the capabilities of the agencies with respect to the conception and implementation of PPP projects and to promote private sector participation in development of infrastructure.

## Some other Capacity Building initiatives...

In the last fiscal several PPP workshops were held on behalf of IDD at NLSIU, Bangalore, ATI, Mysore, Dharwad and Mangalore. However, these workshops were aimed at sensitizing government officials on the development of projects through PPP, and were designed for a conceptual understanding.

There is a felt-need to develop the capacity of these officials who have the basic understanding on PPPs, to the next level, by imparting an advanced capacity building programme that will help them to get a better understanding of how to organize and implement more projects on a PPP outline. For the same purpose, IDD along with iDeCK is planning to conduct a 2-day advanced level PPP Capacity Building Programme

with an intention to train the government officers that will equip them with a more in-depth understanding of how to configure and develop projects on a PPP framework.

Also, a National Conference on PPP with special reference to development of tourism in Karnataka was successfully completed on May 10, 2013 in Bangalore. The conference was organized by Sambhram Academy of Management studies in collaboration with DoT. The conference was mainly aimed at:

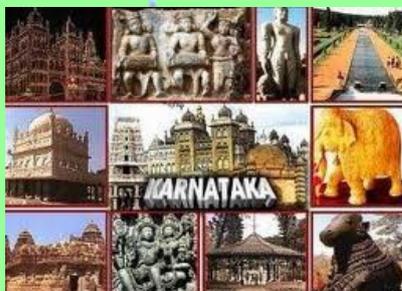
- To create a vibrant PPP model of culture of tourism in Karnataka

- To make “Tourism” Karnataka’s principal and largest economic activity as an employer
- To utilize tourism as an effective tool for the promotion of cultural diversity.

## Karnataka Infrastructure Transformation –1 (KIT- 1)

Vision 2020 for Karnataka seeks to propel a holistic growth by promoting equitable development of sectors and districts, by providing employment to all sections of people and regions of the State. Karnataka aims to grow its State GDP at 9 per cent, which requires infrastructure investment of 9 per cent year on year.

Karnataka had identified a strategy that to bring in investment in Infrastructure through PPP route, the State has to adopt a program based approach, given the huge demand for infra projects in various sectors. To overcome the above issues and to build sustainability in Infra Project Development in the State, Karnataka Infrastructure Transformation-1 (KIT-1) was designed with project shelf development, PPP institutionalization , Initial Capacity Building, MIS updation and Sector inventory and profile preparation.



- Integrated project development, institution and capacity building for sustainability of the program.
- Helps in bottom-up reforms in a sector to bring in efficiency.

**Under KIT-1 program, following progress has been achieved:**

- 12 PPP cells were created in viz., IDD, Transport, Tourism, BDA, C&I, Education, Health, PWD, DMA, BBMP, Energy & DULT for smooth and speedy implementation of PPP projects
- 18 PPP projects of Tourism Department were under bidding out of which 7 proposals were received for 6 projects.
- iDeCK has been selected as Transaction Advisor for development of Logistics Parks at Harohalli and Hassan (IDD).
- Bids for the selection of Transaction Advisor has been received and is under evaluation of Logistics Park at Vasanth Narasapur (BARL).
- Grant Thornton Advisory Private Limited has been appointed as the Transaction Advisor



for Pharma & Medical Instrumentation Park at Yadgir (C&I)

### Benefits of the Program:

The program has given the following benefits:

- Creation of 120 (approx.) projects through one programme in a span of 120 days.
- Initial investment potential in these 120 projects are worth Rs. 1,01,206 crores
- Updated MIS system for the state infra projects
- Creation of 12 sector profiles to showcase projects to investors.

### Key Features of the Program:

The PPP development cycle in the country is only evolving and has several issues and gaps. The KIT-1 was designed to overcome these gaps. The program has key features to its credit.

- First Multi- sector programme in the country for scaling up to meet the infrastructure gap
- High Replicability of an idea in multiple places helps to broad base infrastructure to different regions.

# Few Public Private Partnership Initiatives...

For integrated development of infrastructure and allied services, different sectors in the Government of Karnataka intends to develop and implement the following projects on PPP.

## 1) Karnataka Renewable Energy Development Limited:

- Development of 130 MW Solar Power Projects in various locations in Karnataka
- Installation, Operation & Maintenance of energy efficient equipment in municipal street lighting .

**Benefits of Public Private partnership:**  
 1. Acceleration of Infrastructure provision  
 2. Value for Money  
 3. Genuine risk transfer  
 4. Improved quality of service  
 5. Private investment promotion

## 2) Karnataka Road Development Corporation Limited: (Projects under conceptualization / bidding)

- Development of roads from Nelamangala to Chikkaballapura.
- Development of roads from Hoskote to Tamil Nadu border (via. Malur)
- 8 road stretches have been identified and tendered for O & M contracts

## 3) Agricultural Produce Marketing Committee:

- Establishment of Rice Technology Park at Karatagi, Gangavathi Taluk, Koppal, Tur Technology Park in Gulbarga, Maize Technology Park in Ranibennur.
- Irradiation unit at Dasanpura in Bangalore.

- Provision of Modern Warehouses, Cleaning and Grading equipment and other value added facilities for agricultural commodities under PPP model in Raichur, Ranebennur, Bagalkot, Chamarajnar, and Shikaripur

## 4) Karnataka Urban Infrastructure Development and Finance Corporation (KUIDFC)- (Under planning stage):

- Development of City Clusters - KUIDFC has now identified eight sites within the BMRDA limits as potential locations for city cluster development, under the Asian Development Bank's Mega-City programme.

## 5) Infrastructure Management Course

IIM Bangalore in consultation with IDD has started infrastructure management course for second year MBA students.



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