ಕರ್ನಾಟಕ ರಾಜ್ಯಪತ್ರ

ಅಧಿಕೃತವಾಗಿ ಪ್ರಕಟಿಸಲಾದುದು

ವಿಶೇಷ ರಾಜ್ಯ ಪತ್ರಿಕೆ

ಭಾಗ – ೧ Part – I	ಬೆಂಗಳೂರು, ಸೋಮವಾರ, ೨೪, ಮಾರ್ಚ್, ೨೦೨೫(ಚೈತ್ರ ,೦೩, ಶಕವರ್ಷ, ೧೯೪೬) BENGALURU, MONDAY, 24, MARCH, 2025 (CHAITHRA , 03, SHAKAVARSHA, 1946)	ನಂ. ೧೮೪ No. 184

PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA

Sub: **Revised "State PPP Policy for Infrastructure Projects – 2025"**

Read:
1. G.O. No. IDD 01 UIP 1997 dated: 26.12.1997.
2. G.O. No. IDD 32 IDM 1997 dated: 16.07.2007.
3. Corrigendum Order No. IDD 59 ITS 2009 dated: 31.05.2010 & 16.08.2010.
4. Govt. Notification No. IDD 59 ITS 2009 dated: 01.06.2010 & 02.06.2010.
5. G.O. No. IDD 07 ITS 2010 dated: 08.08.2011.
6. Govt. Notification No. IDD 59 ITS 2009 dated: 19.05.2012.
7. G.O. No. IDD 07 ITS 2013 dated: 30.10.2015.
8. G.O. No. IDD 14 ITS 2018 dated: 17.03.2018.

Preamble:

1. The State Government introduced a separate Infrastructure Policy for Infrastructure Development in 1997, vide G.O. read at (1). This policy was revised vide G.O. read at (2), (7) and (8). In the current scenario, with the updated guidelines by the Department of Economic Affairs, Government of India and considering developmental trends in the market, the need for formulating a new policy with a revised institutional framework and other relevant updates has become essential.

2. Karnataka has embarked on an infrastructure-led development strategy. Recognizing the need to develop high quality infrastructure as a means to achieve rapid economic growth and considering the current economic scenario, the Government of Karnataka (GoK) has formulated a comprehensive and well-designed "State PPP Policy for Infrastructure Projects – 2025".

3. All the previous PPP policies will be superseded by the current PPP Policy in the State of Karnataka, "State PPP Policy for Infrastructure Projects – 2025"

4. The key objectives of the Karnataka "State PPP Policy for Infrastructure Projects – 2025" includes the following:

4.1. To improve the quality and quantity of infrastructure by executing a comprehensive multi-year infrastructure agenda.

4.2. To foster high growth and promote equity by recognizing and embracing the key role of Public-Private Partnerships (PPP) in advancing infrastructure development.

4.3. To empower Government Agencies as catalysts and facilitators for harnessing the transformative power of PPPs to drive sustainable socio-economic progress.

5. The salient features of the Karnataka "State PPP Policy for Infrastructure Projects – 2025" includes the following:

5.1. Operational Guidelines for the implementation of PPP Projects are incorporated to provide a clear understanding of the PPP project life cycle, process flow, and the activities to be carried out during the entire project life cycle.

5.2. The PPP Policy shall govern infrastructure projects for all sectors & sub-sectors.

5.3. The Departments through their Internal PPP Cell, shall:

- 5.3.1. Develop an annual action plan for PPP projects.
- 5.3.2. Develop a strategy and prepare multi-year road map for individual sectors for infrastructure development in the State.
- 5.3.3. Undertake training and capacity building programs for Department officers in their respective sectors for developing and managing projects implemented on PPP mode.
- 5.3.4. Identify and prepare a comprehensive list of all existing assets which could be examined for monetization or recycling.
- 5.3.5. Review the incentives that may be proposed for the project. All such incentives applicable under sectoral policies, schemes, or guidelines have to be approved by the concerned Department and the Finance Department.

5.4. To assist IDP&IWTD, the PPP Cell will setup a Public Private Partnership Appraisal Committee (PPPAC) to make recommendations to review, approve, or disapprove project proposals based on Value-for Money and other considerations.

- 5.4.1. The PPPAC will be chaired by the Director of the PPP Cell and shall comprise of multi-disciplinary experts with relevant expertise, including technical, economic, financial, and legal expertise relevant to the industry (sector / project proposal) concerned.
- 5.4.2. The PPP Cell may procure or avail the services of experts / specialists from academia and sector specific industries to the PPPAC, Performance Review Unit.

5.5. The Departments need to send the PPP proposals availing KVGF support to Finance Department, GoK, for seeking approval through IDP&IWTD.

5.6. PPP proposals from all Departments involving land need to follow the due procedure of seeking approval from the Finance Department, GoK, and Cabinet.

5.7. KSIIDC will set up a suitably designed information management system to seek information and monitor progress regarding implementation of PPP projects. Departments / Government Agencies shall update the progress of PPP projects in the information management system on a quarterly basis and compile the aforesaid quarterly reports.

5.8. The Government Agency or implementing authority may ensure availability of 90% unencumbered land at the time of tender. However, this may be relaxed on a case-to-case basis by SLSWA (State Level Single Window Agency) / SHLCC (State High Level Clearance Committee).

5.9. IDP&IWTD will act as a nodal agency to the Government in the development of all infrastructure projects in the State taken on PPP mode and Asset Monetization mode.

5.10. All PPP projects to be implemented in the State by various Departments, Government Agencies and State Corporations will be sent to PPPAC through IDP&IWTD for vetting and advise.

5.11. The Infrastructure Project may avail the applicable incentives from the respective sectoral policies and other applicable policies adhering to the due approval process.

5.12. Roles and responsibilities of Internal PPP Cell of Administrative Departments, KKRDB PPP Cell and District PPP Committees are defined in the revised policy. Roles and responsibilities of KSIIDC (Karnataka State Industrial Infrastructure Corporation Ltd.) are also revised.

The proposal for a revised "State PPP Policy for Infrastructure Projects – 2025" for the State of Karnataka has been examined and hence this order.

Government Order No. IDD / 30 /ITS/ 2021
Bengaluru dated: 24.02.2025

Under the circumstances explained in the preamble, the Government of Karnataka is pleased to announce the Revised "State PPP Policy for Infrastructure Projects – 2025" as detailed in Annexure – I to this order.

State PPP Policy for Infrastructure Projects – 2025 contains the following Schedules:

I. Evaluation of Risks & Risk Mitigation Measures
II. Institutional Roles & Responsibilities
III. Incentives for Project Development
IV. Applicable Sectors
V. Asset Monetization
VI. PPP Projects: Concept Note Template
VII. Timeline for Developing PPP Projects in the State

1. The detailed scope of services of the IDP&IWTD as nodal agency for PPP projects in the State is stated in Schedule II (Institutional Roles and Responsibilities) of the "State PPP Policy for Infrastructure Projects – 2025" at Annexure – I.
2. The detailed scope of services of the Administrative Department's Internal PPP cell is stated in Schedule II (Institutional Roles and Responsibilities) of the "State PPP Policy for Infrastructure Projects – 2025" at Annexure – I.

3. The Concession Period for PPP Projects shall be determined based on the project's feasibility and financial viability assessment. (In the past, it is observed that some of the PPP projects where not attracting Private Sector Participants for Concession Period of 30 years. Hence for such projects to make it financially viable, Concession Period shall be increased from 30 years to 45 years.)

This order is issued in concurrence with the approval of Finance Department vide endorsement no. FD 222 Exp-1/2024 dated 05.07.2024 and Cabinet approval no. C - 41/2025 dated 30.01.2025.

By order and in the name of the
Governor of Karnataka

(Shaila R. Gorwar)
Under Secretary to Government-1
Infrastructure Development Ports & Inland
Water Transport Department

Government Order No: IDD 30 ITS 2025 Dt: 24.02.2025 (Annexure-1)

Government of Karnataka

State PPP Policy for Infrastructure Projects – 2025

Infrastructure Development, Ports & Inland Water Transport Department

VISION

The Government of Karnataka envisions fostering strong Public Private Partnerships in infrastructure to drive high growth and promote equity. By fostering private investments in infrastructure, we seek to facilitate sustainable development and achieve socio-economic progress for the people of Karnataka. By adhering to international best practices, we aspire to establish Karnataka as a global role-model for infrastructure development, driving inclusive growth and long-term prosperity for present and future generations.

MAIN OBJECTIVE

The PPP Policy for Infrastructure Projects, 2025 aims to improve the quality and quantity of infrastructure in Karnataka by executing a comprehensive multi-year infrastructure agenda. Rooted in our vision of fostering high growth and promoting equity, this policy recognizes and embraces the key role of Public-Private Partnerships (PPP) in advancing infrastructure development. With a focus on empowering government agencies as catalysts and facilitators, we are committed to harnessing the transformative power of PPPs to drive sustainable socio-economic progress across Karnataka.

TOUCHSTONE PRINCIPLES

A. Efficient use of assets and allocation of resources – Maximize asset utilization while allocating resources effectively for optimal infrastructure outcomes

B. Fair payment for services – Ensure fair compensation mechanisms aligned with service delivery and project performance that encourage participation

C. Equitable contractual structures – Establish contracts that uphold fairness and balance between parties involved in PPP projects

D. Transparent procurement process – Conduct procurement openly and transparently to foster trust, integrity, and accountability among stakeholders

E. Balanced regulatory frameworks – Develop regulations that strike a balance between fostering innovation and safeguarding public interest

F. Enabling institutional framework – Establish institutional structures and mechanisms to facilitate effective implementation and governance of PPP projects

G. Incentives for project development – Promote fiscal and non-fiscal incentives that that encourage private sector participation aligned with long-term infrastructure development goals

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ABBREVIATIONS

BLT	Build-Lease-Transfer
BOLT	Build-Own-Lease-Transfer
BOO	Build-Own-Operate
BOOST	Build-Own-Operate-Share-Transfer
BOOT	Build-Own-Operate-Transfer
BOST	Build-Operate-Share-Transfer
BOT	Build-Operate-Transfer
BT	Build & Transfer
CA	Concession Agreement
DEA	Department of Economic Affairs, Ministry of Finance, Government of India
EPC	Engineering Procurement Construction
FD	Finance Department, Government of Karnataka
GDP	Gross Domestic Product
GSDP	Gross State Domestic Product
GoI	Government of India
GoK	Government of Karnataka
IDC	Inter-Departmental Committee
IDP&IWTD	Infrastructure Development, Ports & Inland Water Transport Department, Government of Karnataka
IIF	Infrastructure Initiative Fund
IIPDF	India Infrastructure Project Development Fund
IT	Information Technology
KIPDF	Karnataka Infrastructure Project Development Fund
KSIIDC	Karnataka State Industrial and Infrastructure Development Corporation
KTPP Act	Karnataka Transparency in Public Procurements Act, 1999 (includes amendments thereof)
KTPP Rules	Karnataka Transparency in Public Procurement Rules, 2000 (includes amendments thereof)
K-RIDE	Rail Infrastructure Development Co. Karnataka Ltd.
KUIDFC	Karnataka Urban Infrastructure Development &Finance Corporation Ltd.

KVGF	Karnataka Viability Gap Fund
LRTS	Light Rail Transit Systems
MRTS	Mass Rapid Transit Systems
MSW	Municipal Solid Waste
NGO	Non-Governmental Organization
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
O&M	Operation & Maintenance
PDF	Project Development Fund
PIF	Project Investment Fund
PPP	Public-Private Partnership
PSP	Private Sector Participant
ROMT	Rehabilitate-Operate-Maintain-Transfer
SHLCC	State High-Level Clearance Committee
SLSWA	State Level Single Window Agency
SPV	Special Purpose Vehicle
VGF	Viability Gap Fund

DEFINITIONS

Asset	The assets of the public sector and Government Departments are diverse and spread out across the state. These assets could be categorized, broadly, into the following classes: a) Land and Buildings; b) brown-field operational assets such as pipelines, roads, mobile towers etc.
Asset Monetization	Asset Monetization is a limited period license / lease of an asset owned by a Department or Government Agency to a Private Sector Participant for an upfront or periodic consideration or a combination of both.
Bidder	Any entity which has submitted a proposal to undertake an Infrastructure Project under Public-Private Partnership
Central Government	Government of India
Central Government Agency	Any Department of the Central Government, any statutory authority of the Central Government, or body corporate, owned or controlled by the Central Government holding greater than 50% of the paid-up share capital in such entity.
Company	Any entity incorporated under the Companies Act 1956 / 2013
Concession Period	Concession Period or Project Term means the duration of the contract or concession agreement for the PPP project.
Department	Departments in State Government
Developer	Any Private Sector Participant who has entered a contract for development of an Infrastructure Project with the Government / Government Agency on PPP Basis
District PPP Committee	A committee constituted by Government at the District level to facilitate and co-ordinate infrastructure projects under the PPP route.
Government	Government of Karnataka
Government Agency	Any Department of the Government, any statutory authority, local body, or body corporate, owned or controlled by the Government holding minimum 51% of the paid-up share capital in such entity.

India Infrastructure Project Development Fund	India Infrastructure Project Development Fund (IIPDF) Scheme is administered by DEA, GoI for providing financial support to the Government Agency for onboarding quality advisory services for better structuring of bankable and biddable PPP projects. IIPDF supports Government Agency in sourcing funding to cover PPP transaction costs, thereby reducing the impact of costs related to procurement of TAs on their budgets.
Infrastructure	The basic physical structures and facilities, such as buildings, roads, power supplies, etc., needed for the operation of a society or enterprise. It includes all infrastructure sectors and sub-sectors as defined in Schedule IV – APPLICABLE SECTORS of this document (i.e., "PPP Policy for Infrastructure Projects, 2025") and any amendments / additions made thereof.
Infrastructure Project	A project in Infrastructure, in the sectors delineated in this Policy
Karnataka Infrastructure Project Development Fund	Karnataka Infrastructure Project Development Fund (KIPDF) Scheme is administered by IDP&IWTD, GoK for providing financial support to the Government Agency for onboarding quality advisory services for better structuring of bankable and biddable PPP projects. KIPDF supports Government Agency in sourcing funding to cover PPP transaction costs, thereby reducing the impact of costs related to procurement of TAs on their budgets.
Karnataka Viability Gap Funding	Karnataka Viability Gap Funding (KVGF) or Grant means a grant, one-time or deferred, provided under Government of Karnataka's VGF Scheme with the objective of making a project commercially viable
Private Sector Participant	Means any Entity other than: a. Central Government or Central Government Agency b. State Government or State Government Agency c. Any joint ventures between Central Government, Central Government Agencies, Government and/or Government Agency, where there is no shareholding from private/ retail investors.
Public Need	Means a substantial or obvious community need for the proposed project based on all attendant circumstances as compared to a mere convenience. The determination of "Public Need" shall be taken by the relevant Department after considering (a) Common use and needs of the community; (b) Appropriateness of the project in relation to the development plans of the Department; and (c) Possibility of the project otherwise not coming up.

Public Private Partnership	Public Private Partnership or "PPP" is a form of fixed-term contractual arrangement between a public entity on one side and a private entity on the other, for the provision of public assets and/or public services through investments being made and/or management being undertaken by the private entity, may or may not require payment of fee by users, for a specified period of time, where there is well defined allocation of risk between the private entity and the public entity and the private entity's performance is contractually obligated to conform (or are benchmarked) to specified and predetermined performance standards.
Public Private Partnership Appraisal Committee (PPPAC)	Public Private Partnership Appraisal Committee (PPPAC) is the Committee constituted by Infrastructure Development, Ports and Inland Water Transport Department (IDP&IWTD), Government of Karnataka in PPP Cell to make recommendations to review, approve / disapprove PPP project proposals.
PPP Cell	PPP Cell is the institutional arrangement established by Infrastructure Development, Ports and Inland Water Transport Department (IDP&IWTD), Government of Karnataka to manage all activities related to policy, technical, legal and such other matters pertaining to PPP projects.
Rehabilitate / Renovate	Rehabilitate / Renovate refers to the process where PSP are given the responsibilities to rehabilitate, or renovate, or restore or upgrade, or improve an existing infrastructure asset. This involves the restoration and modernization of the infrastructure to meet current standards and demands and extend their lifespan. After rehabilitation / renovation, the PSP typically operates the asset for a specified concession period before transferring it back to the government. Under PPP, rehabilitation / renovation projects leverage private sector investment and expertise, while risks and benefits are shared between public and private partners.

Revenue	Revenue shall mean all amounts charged and recovered by the PSP from the Users on mutually agreed terms and shall include user charges for use of the infrastructure / service by the Users and shall also include but not be limited to all charges, rent, license fees, tariff, fee, compensation, benefits, deposits (whether long term or short term and whether refundable or not), capital receipts, insurance claims, or any other similar payment by whatever name called, received by or paid to the PSP or receivable by the PSP or payable to the PSP or due and realisable by the PSP, for or with respect to use of the infrastructure / service. Further, the Concession Agreement will outline the sources of revenue for the project, including the methods for calculating and collecting.
Risk	An uncertain event which, if it occurs, may cause actual project outcomes to differ from expected outcomes.
State High Level Clearance Committee (SHLCC)	State High Level Clearance Committee (SHLCC) is the Committee constituted by Government of Karnataka under Section 3 of the Karnataka Industries (Facilitation) Act 2002.
State Level Single Window Agency (SLSWA) for PPP	State Level Single Window Agency (SLSWA) for PPP is the Agency constituted by Government of Karnataka at the State level for approval of PPP projects up to the limit as prescribed by Government of Karnataka from time to time.
Transaction Advisors	Consultants hired through a transparent system of procurement by the Government Agency to assist them in designing the project and/or providing technical, financial and legal input for the project design, and providing advice for the management of the process of procuring the Private Sector Participant for the PPP project. These include Transaction Advisers selected from the panel of Transaction Advisers announced by GoI (through Department of Economic Affairs), GoK (through IDP&IWTD) and on nomination basis from time to time.
Viability Gap Funding	Viability Gap Funding (VGF) or Grant means a grant, one-time or deferred, provided under Government of India's VGF Scheme with the objective of making a project commercially viable.

PART I. PREAMBLE

1. Karnataka is one of the most economically vibrant States and has demonstrated strong growth over the years. As per the Economic Survey of Karnataka (2023-24), Karnataka's per-capita income of INR 3.32 Lakh is higher by 79% to all India per-capita income of INR 1.85 Lakh during FY 2023-24 at current prices. Karnataka's Gross State Domestic Product (GSDP) at current prices for FY 2023-24 is INR 25.01 Lakh Crore, contributing to 8.4% of the national GDP. In FY 2023-24, the State has a significant contribution from service sector, i.e., 67%, while industry and agriculture sector contributions are 20% and 13% respectively[1].

2. Infrastructure has been one of the key priority areas for India and the Central Government has increased infrastructure spending at a rapid pace over the years. However, the increase in India's GDP in recent years has put tremendous pressure on its infrastructure. There are parts of the country which remain isolated economically as well as geographically and their immense potential remains untapped. The lack of infrastructure not only results in reduced economic output, it also translates into additional costs in terms of time, effort and money to access essential services such as health care and education. Therefore, it is important that infrastructure development is given prime consideration for economic welfare.

3. The World Bank (WB) and International Monetary Fund´s (IMF) economic forecasts both make the case for increased infrastructure investment to support long-term growth. India's gross domestic product (GDP) grew by 8.2% in FY 2023-24[2], thereby making it one of the world's fastest-growing major economies. To support this long-term growth, there is a stronger need to focus on the development of infrastructure and raising resources to finance infrastructure requirements.

4. Infrastructure development has remained central to Karnataka's efforts to deliver inclusive and robust growth. Clearly recognising the need to develop high quality infrastructure as a means to achieve rapid economic growth, the Government of Karnataka (GoK) had come out with an Infrastructure Policy in 1997. The Infrastructure Policy of 1997 was aimed at expanding and upgrading infrastructure to meet the growing needs of the industrial and agricultural sectors, inviting private investment in infrastructure, and adopting a co-ordinated and integrated approach to infrastructure development. The policy also had specific incentives and concessions for infrastructure projects. However, with the efflux of time, there have been changes in the tax and stamp duty regime, formulation of Government of India's (GoI) policy of Public-Private-Partnership (PPP) in infrastructure projects, and the concept of the Viability Gap Fund (VGF). In line with these changes, the State Government resolved to formulate the Infrastructure Policy of 2007 which was further amended in October 2015 and again in March 2018 to keep pace with new development. To ensure the

[1] Source: Economic Survey of Karnataka, 2023-24
[2] Source: Economic Survey of India 2023-24

policy is refreshed and aligned with the latest domestic and global trends in the infrastructure sector, an updated PPP Policy for Infrastructure Projects is being released in 2025.

5. Karnataka has seen many successes in PPP Infrastructure projects over the years. One notable example is the Kempegowda International Airport (KIA) in Bengaluru which is the 3rd busiest airport in India. KIA was conceived and developed as a green field international airport on PPP format, and became operational in May 2008. It is one of the largest airports in India built with modern technology and is ranked among the top in terms of quality of service and user experience. The State Government has 13% equity shareholding in Bangalore International Airport Limited.

6. As Karnataka grows and takes its rightful place in the national and global economy, the Government's focus has remained on sound policies and inclusive institutions. This is where the Karnataka's strong economic frameworks come in to make the State's economy more resilient and ever more supportive of growth. Today, Karnataka has more than 20 policies across multiple high-potential sectors such as Aerospace and Defence, Biotechnology, Engineering R&D, IT, IT-enabled services, Innovation, Textiles, Agri-Business and Food Processing, Start-up, Tourism, Animation Visual Effects Gaming, Semi-conductor, Renewable Energy, Solar, Infrastructure, Road, Port, Grape Processing and Wine, Pharmaceutical, NRI, etc., that improve productivity and wages, employment opportunities and outcomes.

7. The Government of Karnataka's Industrial Policy 2020-25 envisions building a prosperous Karnataka through inclusive, sustainable & balanced industrial development and lays emphasis on providing good infrastructure support for promotion of industries.

8. The Government of Karnataka has also been a fast mover in providing appropriate policy push to adopt new technologies. For example, the Startup Policy 2022-2027 builds on the previous status policies of the State and aims at stimulating the growth of 10,000 new startups over the next 5 years, nurturing them throughout their business lifecycle while making Karnataka a global innovation hub. Similarly, the Engineering R&D Policy 2021, the first of its kind in India, prioritised aerospace & defence; auto, auto components & EV; biotechnology, pharma and medical devices; semiconductors, telecom, ESDM; and software products to attract leading entities to establish and expand in Karnataka. Karnataka was the first southern state to launch a renewable energy policy in 2009 and the Renewable Energy Policy 2022-2027 aims to continue the policy's success to deepen the renewable energy markets in the State and make Karnataka an attractive destination for the sector's investors.

9. These policies have been evolved with a view to augment and expedite infrastructure development through active private sector participation. Promotion of private investment has been high on the agenda of Government of Karnataka. However,

infrastructure challenges remain large and require public investment to encourage private investment to supplement.

10. The Government has sought to deal with some of these constraints by implementing various programmes and projects departmentally and through Government Agencies. These are being financed through various sources including budgetary resources, grants and loans from GoI, and bilateral and multi-lateral agencies.

11. Karnataka has embarked upon an infrastructure led development strategy. The Government recognises the experience from several emerging markets and developing economies that the bottlenecks and gaps in critical infrastructure could hinder the potential rate of growth of the economy. These targets are expected to be achieved by facilitating private sector investment and rapidly upgrading technology. The Government of Karnataka recognises that high levels of economic and industrial growth and job creation can be achieved only if infrastructure develops at a commensurate pace. The Government also recognizes that the private sector can play a substantial role in infrastructure development and that given the right policies and frameworks, adequate private investment can become available. The State Government has already taken several initiatives in this regard, envisaging significant investments in projects in transportation (for airports, ports, railways and roads), tourism, power generation, urban infrastructure, etc., which leads to the direct and indirect job creation related to infrastructure.

PART II. OBJECTIVES & BENEFITS

12. PPP Policy for Infrastructure Projects, 2025 envisages increasing the quality and quantity of infrastructure through the implementation of a multi-year infrastructure Action Plan. The policy focus is on recognizing and embracing the key role of Public Private Partnerships (PPP) in enhancing infrastructure development. The impact of infrastructure on an economy depends greatly on the policy environment within which the investment is made. The need for infrastructure development is so enormous that all efforts need to be made to maximize the limited public sector resources through PPPs in the development and functionality of infrastructure.

13. The Government of Karnataka therefore proposes to provide and facilitate an increasing role for PPP - both in creating new infrastructure assets, as well as in managing assets already created. By this, the Government seeks to derive the following benefits, which would deliver better value to the user:
    a) Savings in costs due to innovative designs, timely project implementation and higher efficiencies in operations
    b) Enhanced quality of services to users due to better managerial practices & efficiencies
    c) Reduction in, and gradual elimination of, pricing constraints
    d) Enabling public funds to be earmarked for other commercially non-viable but socially justifiable projects
    e) Financial innovation and development of cost-effective solutions
    f) Greater employment opportunities in the infrastructure sector
    g) Achievement of Sustainable Development Goals (SDG)

14. PPP would be considered both in new Infrastructure Projects and in managing existing Infrastructure Projects. The specific option to be pursed would be based on the specific requirements of the project, for which the Government may seek recommendations from experts / professional agencies. Where necessary, the Government may also set up independent advisory group(s) to assist in the formulation of sector strategies and selection of suitable implementation options.

15. As far as possible, for all new investments in infrastructure, the option of implementing the project through PPP would be explored. Exceptions would be made with regard to projects in backward areas, or projects with high social relevance, but which are prima-facie not financially viable. The following models would be considered, inter-alia, for PPP:
    a) Project Implementation by a private developer / operator or joint ventures with Government under a licence / concession structure.
    b) Project implementation by a Special Purpose Vehicle (SPV) set up by Government / Government Agency followed by divestiture to a private operator after stabilization of operations.

c) Project implementation by Government / Government Agency followed by a medium or long-tenure O&M contract to a private operator.

16. Government recognizes that for some projects it may be necessary for Government of India or Government of Karnataka to extend financial support by way of equity participation, Viability Gap Fund[3], or other mechanisms in order to leverage the desired levels of private finance. It is envisaged that the incentives / financial support contemplated under this Policy are applicable:

a) For infrastructure projects where, in the opinion of the Government, the project is a public service delivery project set up for common use, where such infrastructure would otherwise not be created; and
b) Only for bridging the viability gap for Infrastructure Projects on a PPP basis.

17. Given the experiences with the reform process in the last decade, it is felt that a consistent approach needs to be followed in all infrastructure sectors, so that the process of development is both uniform and complementary. The PPP Policy for Infrastructure Projects 2025 seeks to formulate the touchstone principles that would constitute the broad framework for the development of all infrastructure sectors in the State. Operational Guidelines shall be issued to further elaborate on undertaking PPP projects in all infrastructure sectors in the State.

18. In order to achieve this consistency, Government would develop multi-year Action Plans detailing the strategies and implementation plans for each of the infrastructure sectors clearly setting out the role for PPP, which would allow for the provision of adequate and reliable infrastructure services of high quality at affordable prices to users.

PART III. APPLICABLE SECTORS

19. This Policy shall govern infrastructure projects for all the sectors & sub-sectors. In all cases, it is envisaged that the incentives / financial support contemplated under this Policy are applicable only if the conditions under Para 16 are met. The sectors / areas under the ambit of the Policy are set out in **Schedule IV** would be updated as and when appropriate. The Departments through their Internal PPP Cell shall develop annual action plan for PPP projects and the list of PPP projects shall be reviewed by SLSWA for PPP. The Departments through their Internal PPP Cell shall undertake training and capacity building programs for the Department officers in their respective sectors for developing and managing projects implemented on PPP mode.

[3] As per Guidelines on Support to Public Private Partnerships in Infrastructure issued by the Ministry of Finance, Department of Economic Affairs, Government of India and Government of Karnataka.

PART IV. TOUCHSTONE PRINCIPLES

20. The PPP Policy for Infrastructure Projects has been developed around the following main principles:
    a) Efficient use of assets and allocation of resources
    b) Fair payment for services
    c) Equitable contractual structures
    d) Transparent procurement process
    e) Balanced regulatory framework
    f) Enabling institutional framework
    g) Incentives for project development

A. EFFICIENT USE OF ASSETS AND ALLOCATION OF RESOURCES

21. Government recognises that efficiency in allocation of resources can be achieved by prioritisation of projects in an objective and unbiased manner. To this end, Government would first look at the option of better utilization of existing assets before new investments are proposed. Priority would be accorded to those projects where development of critical linkages provide significant network or linkage benefits, as in the case of a transportation link interfacing railways, roads and ports, or a power project in the vicinity of a consumption centre.

22. Government would develop projects based on consideration of both social need and economic viability, the focus being integrated infrastructure development. Government, however, recognises that "social" projects may not offer sufficient commercial incentive for PPP. In such cases, Government would use other compensation mechanisms like provision of VGF, or annuity payments. As an alternative, Government (or Government Agency) may implement such projects upfront and eventually transfer management of services to a Private Sector Participant (PSP), where feasible.

23. Government would also develop objective criteria for rationalization of investments for expanding, upgrading and/or development of infrastructure by adhering to the policies in the State.

24. Since Government would actively promote PPP in infrastructure projects, a larger share of investable public funds could be used for identified social needs that may not otherwise be amenable to private finance initiatives. In order to create a sustainable source of Government funds for long-term infrastructure financing, Government would leverage internal and extra-budgetary resources under various schemes from the Central Government, State Government, and assistance from bilateral and multilateral agencies.

    Based on infrastructure need and funding requirements, Departments / Government Agencies would identify existing assets within their jurisdiction which can be made available for monetization. Asset Monetization involves the creation of new sources of revenue by unlocking the value of hitherto unutilized or underutilized public assets. Individual Departments through their Internal PPP Cell shall identify and prepare a comprehensive list of all existing assets which could be examined for monetization or recycling. To ensure generation of funds through Asset Monetization, it is important that the identified assets are revenue generating assets or potential revenue generating assets.

- In case of Revenue generating assets, the future revenue can be monetized to generate the funds, until and unless the asset is a land parcel kept for recycling.
- Potential revenue generating assets means it is an inefficient asset which is identified for recycling so that monetization can bring private efficiency and modern technology; and funds can be generated to invest in future infrastructure requirements.

B. FAIR PAYMENT FOR SERVICES

25. Government recognizes that in a system where pricing of services is not economically sustainable, users would have no incentive to economise on their use of resources, and service providers would have no incentive to become more efficient. Government believes that the inculcation of the "provider-charges" and the "user-pays" principles are fundamental to the success of PPPs. To this end, Government would, where necessary and appropriate, consider levy of user charges (tolls, fees, tariffs, cesses, etc.) to meet the following objectives:

   a) Create a stable and dedicated financial source for construction / redevelopment / rehabilitation / replacement of project assets and their ongoing operations and maintenance in order to provide efficient, sustainable and high-quality services at affordable prices to users.
   b) Manage demand
   c) Encourage PPP
   d) Cover costs of service provision
   e) Recognise that economically weaker sections may require certain subsidies in user charges and provide explicitly for such subsidies to the project to ensure that the project remains economically viable.

26. The levy of user charges would be based on one or more of the following criteria:

   a) Savings to users
   b) Willingness to Pay
   c) Need for explicit subsidies
   d) Uniformity between various projects
   e) Cost Recovery
   f) Debt service & Equity returns

C. EQUITABLE CONTRACTUAL STRUCTURES

27. Government would set in place appropriate contractual arrangements to give effect to the process of project implementation. Government's endeavour would be to develop contractual frameworks that would allow for equitable allocation of risks between the contracting parties, taking into account the legitimate concerns of private investors. The attempt would be to allocate risks to the party best suited to bear the risks. A matrix of typical project risks and risk mitigation measures is set out in **Schedule I**.

28. **EXISTING ASSETS:** The contractual / implementation structures used would include the following:
   a) Management of the whole or part of the assets by private operators through
      i. Operations, Maintenance and Transfer contracts;
      ii. Lease of assets / Area Concession;
      iii. Rehabilitate / Renovate, Operate, Maintain and Transfer (ROMT) contracts.
   b) Sale of whole or part of the assets
   c) Partial or full divestiture of the Undertaking
   d) Direct contractual approach (large upfront payment coupled with small annual payments or small upfront payment coupled with large annual payments)
   e) Structured finance approach through securitization of public assets such as INVITS, REITS, etc.

29. **NEW ASSETS:** Depending on the nature of the project, the contractual structures / agreements used for new projects would include, *inter-alia*:
   a) Build & Transfer (BT)
   b) Build-Lease-Transfer (BLT) / Build-Own-Lease-Transfer (BOLT)
   c) Build-Transfer-Lease (BTL)
   d) Build-Transfer-Operate (BTO)
   e) Build-Operate-Transfer (BOT) / Design-Build-Operate-Transfer (DBFOT)
   f) Build-Own-Operate-Transfer (BOOT) / Design-Build-Own-Operate-Transfer (DBOOT)
   g) Build-Operate-Transfer (BOT) / Design-Build-Operate-Transfer (DBOT)
   h) Build-Finance-Operate-Transfer (BFOT) / Design-Build-Finance-Operate-Transfer (DBFOT)
   i) Build-Own-Operate (BOO)
   j) Build-Operate-Share-Transfer (BOST)
   k) Build-Own-Operate-Share-Transfer (BOOST)
   l) Build-Own-Lease-Transfer (BOLT)
   m) Hybrid Annuity Model (HAM)

   Even the listed contractual structures, can be further categorized based on the project requirements. For example, In the case of BOT model, it can be again categorised into few types based on the payment received by the Private Sector Participant:
   a) BOT: Users pay for the services provided

b) BOT: VGF support is provided by the Government and Users pay for the services provided
c) BOT: Government pays for the services provided, i.e., Annuity
d) BOT: VGF support is provided by the Government and in addition, Government pays for the services provided, i.e., HAM

Similarly, various models of PPP could be structured based on the project requirments.

30. **SPECIAL PURPOSE VEHICLES:** Where appropriate, Government/ Government Agencies may participate in the equity structure of any SPV for the development and implementation of infrastructure projects. The selection of the PSP for participating in the SPV would follow the procurement process set out in para 32. The equity structure of the SPV would be decided on a case-to-case basis.

31. Government recognizes that creation of infrastructure under the PPP model requires that there be reasonable assurance that competing facilities would not be created that would materially adversely affect the technical and financial viability of the project.

D. TRANSPARENT PROCUREMENT PROCESS

32. All contracts would be awarded on the basis of a fair and transparent procurement process, under the ambit of the Karnataka Transparency in Public Procurement Act (Act 29 of 2000), or under a "Swiss Challenge" format as set out in para 34. In all cases, the award criteria would be spelt out upfront. The stages in the procurement process could be single-stage or multi-stage, depending on the size or level of complexity of the project. For this purpose, Government may use the services of Empanelled Consultants / advisers empanelled by State or Central Government. Generally, the stages in the procurement process would include:
a) Expressions of interest (EOI)
b) Request for Qualifications (RFQ)
c) Request for Proposals (RFP)
d) Technical and financial evaluation
e) Signing of Agreements

33. The criteria used for selection would inter-alia include objective technical and for financial parameters, such as:
a) Level of service, quality of assets offered;
b) Lowest present value of Viability Grant support;
c) Lowest quantum of land;
d) Lowest present value of asset based support from the Government;
e) Highest share (or present value of) of revenue;
f) Lowest unit value or present value of payments by Government;
g) Highest upfront payment (or present value of upfront payments);
h) Highest present value of future payments;

i) Lowest concession period;
j) Lowest unit value or present value of user fees;
k) Highest premium on (or present value of) equity shares offered.
l) Reverse Auction

34. **Swiss challenge or Suo-moto proposals to promote innovative projects by maximising competition & transparency[4]:** A Private Sector Participant (Proposal Initiator) may submit a suo-moto and innovative proposal (Original Proposal) to Government / Government Agency for setting up an Infrastructure Project containing the following:

a) Articulation of the public need for the project;
b) Requisite technical details, i.e., details of alignment / site, estimates of cost, etc.;
c) Cost incurred by the Proposal Initiator for the development studies related to the project.

i. In respect of Suo-moto and innovative proposals:

1. Only such proposal that has innovation in technology, that is unique and legally owned or authorised to be used by the Proposal Initiator that could result in increased value addition; it may refer to incremental, emergent or revolutionary changes in products, services and/or process. The proposal should not only be suo-moto but also innovative.
2. Only such of the projects which do not require any financial support from the Government, shall be considered.
3. Such of projects which would result in monopoly and exclusive rights shall not be considered.
4. The requirement of land, if any, for the project would be considered for acquisition / allotment at the market rates / KIADB allotment rates wherever required. Under no circumstances, no land will be made available at concessional rates.
5. The following sectors are considered with the threshold limits of the project costs as indicated hereunder. The guidelines for procurement of PPP projects through Swiss Challenge Route is issued separately. These, however, may change from time to time.

No.	Infrastructure Sectors	Threshold Limits
1.	Agri-infrastructure	Projects costing Rs. 25 crore and above.
2.	Education	Projects costing Rs. 25 crore and above.
3.	Energy	Projects costing Rs. 50 crore and above.
4.	Healthcare	Projects costing Rs. 50 crore and above.

[4]Vide Government Order No. IDD 07 ITS 2013 dated 30.10.2015.

No.	Infrastructure Sectors	Threshold Limits
5.	Industrial Infrastructure	Projects costing Rs. 100 crore and above.
6.	Irrigation	Projects costing Rs. 500 crore and above for **major irrigation** projects; and Projects costing Rs. 200 crore and above for **minor irrigation** projects.
7.	Public Markets	Projects costing Rs. 25 crore and above.
8.	Tourism	Projects costing Rs. 50 crore and above.
9.	Transportation and Logistics	Projects costing Rs. 500 crore and above.
10.	Urban and Municipal Infrastructure	Projects costing Rs. 50 crore and above.
11.	Sports and Youth Services	Projects costing Rs. 50 crore and above.
12.	Housing	Projects costing Rs. 50 crore and above.
13.	Rural Development	Projects costing Rs. 25 crore and above.
14.	Tele-communications	Projects costing Rs. 100 crore and above.

6. No VGF assistance would be available.
7. A maximum of 4 months[5] shall be made available to the project proponent from the day of clearance by the SLSWA for PPP to submit final proposals along with DPR / PFR / Feasibility report to enable to go ahead inviting competitive bidding for counter proposals.

ii. Government would, in the first instance, assess the public need for the Infrastructure Project. In case the Infrastructure Project is found to satisfy a public need, Government would assess the technical feasibility/ suitability of the Original Proposal and modify the same, if required. Government may carry out additional studies for the project, if required.

iii. After evaluating the proposal and considering it suitable, Government would, put up competitive bidding for counter proposals ("Swiss Challenge"). The Original Proposal (except proprietary information and details of the financial proposal) and contract principles of the Original Proposal would be made available to any interested applicants. If the competitive bidding process results in a superior proposal, the Proposal Initiator would be given an opportunity to match the competing counter proposal within a stipulated time-frame, and be selected as the project concessionaire only if he is within 15% of the superior bid value. If the Proposal Initiator declines to match the superior counter proposal, then the applicant who has made the superior proposal would be selected as the

[5]Revised to 4 months vide corrigendum order No. IDD 59 ITS 2009 dated 16.08.2010.

concessionaire. Upon such selection, Government/ Government Agency concerned shall cause/ arrange to reimburse to the Proposal Initiator, a part or the whole of the project development costs, as determined upfront and declared in the bidding documents, and may recover the same from the successful bidder. In order to encourage competition in the bidding process, the superior bidder, in the event the project is not offered to him would be reimbursed/ compensated to an extent an amount not exceeding 0.10% of the cost of the project, or Rs. 20.00 lakhs, whichever is less.

35. Government would evaluate all proposals received for any Infrastructure Project. Government may also choose to appoint suitable external advisors or consultants, where necessary, for the purposes of evaluation.

36. In order to facilitate expeditious project implementation, Government would endeavour to conclude the evaluation process for all Infrastructure Projects within 90 days from the date of submission of the final proposals. In the case of suo-moto proposals, Government would decide to proceed with the bidding process within 180 days of their submission. In any event, Government would endeavour to provide all necessary State-level clearances and enable implementation of any Infrastructure Project being taken up through Public Private Partnerships within 180 days from the date of submission of the final proposals for such project.

E. BALANCED REGULATORY FRAMEWORK

37. Given that availability of unencumbered land in a time-bound manner is a critical pre-requisite for most Infrastructure Projects, Government intends to set in place suitable mechanisms, for facilitating expeditious acquisition of land for such projects. If found necessary, Government would also consider promulgating a specific legislation for expeditious acquisition of land for infrastructure projects covered under this Policy.

38. Since many infrastructure facilities and services have natural monopoly characteristics, independent regulation may be desirable to ensure that the interests of both users and service providers are kept in view.

39. Government intends to set up independent regulatory authorities[6] for some of the infrastructure sectors. The role of the regulator would include setting norms for entry and exit, tariff fixation, and establishing standards for construction, operations and maintenance for the facilities/services. However, the setting up the regulatory authorities would be decided based on the specifics of each sector.

F. ENABLING INSTITUTIONAL FRAMEWORK

40. At present the process of project identification and development is handled by the various Departments and Government Agencies and in case of urban projects by the respective urban local bodies. The Infrastructure Development Ports & Inland Water

[6] Also multi-utility regulators

Transport Department (IDP&IWTD), Government of Karnataka, which has been set up as the nodal agency to streamline the process of appraisal and approval of Infrastructure Projects, shall facilitate various Departments in developing Infrastructure Projects through PPPs.

41. Infrastructure Development Ports & Inland Water Transport Department through the "PPP Cell" would manage all activities related to policy, technical, legal and such other matters related to PPP projects. The PPP Cell is headed by the Director, PPP Cell.

42. IDP&IWTD would be duly strengthened with staff having appropriate skills to enable it to co-ordinate and integrate the necessary procedures and processes for facilitating Government/Government Agencies in expeditious project approval and implementation. Experts in domain areas such as PPP, finance, legal, procurement, urban, rural, engineering, etc., would be hired by IDP&IWTD either directly or through an agency to work exclusively for infrastructure projects and assigned within respective Departments for seamless reporting and co-ordination with Departments. Simultaneously, capacity would also be built up in Government/Government Agencies at the State and District level, to formulate and implement Infrastructure Projects on PPP basis. Services of empanelled consultants / Transaction Advisors may be hired by the respective Departments/Government Agencies for structuring of PPP projects and submit to IDP&IWTD for approval.

43. The PPP Cell may also engage consultants as and when necessary. The PPP Cell will be the nodal agency to receive the proposals in respect of the PPP projects and place them before the State Level Single Window Agency for PPP projects for consideration and approval. The PPP Cell may invite/co-opt representatives from the private sector, nominated by State - level Industrial fora such as ASSOCHAM, CII, FKCCI, KASSIA, IWPA and ISA et.al.

44. Government will set up a District PPP Committees at the District level, to co-ordinate and facilitate the implementation of infrastructure projects, including facilitation for obtaining clearances and approvals on a PPP route. The District PPP Committee shall be chaired by the Deputy Commissioner of the concerned district. The District PPP Committee shall have officers of appropriate rank, nominated by the Government, as well as up to three representatives from the private sector, nominated by State - level Industrial fora such as ASSOCHAM, CII, FKCCI, KASSIA, IWPA and ISA et.al.

45. PPP Cell will act as a nodal agency to assist the Government in the development of PPP policies and programme, review and monitor PPP projects during implementation, execution and management and make suitable recommendations to the Government for its consideration and adoption. To assist IDP&IWTD, PPP Cell would also setup a Public Private Partnership Appraisal Committee (PPPAC) to make recommendations to review, approve / disapprove project proposals on the basis of Value-for Money and other considerations. PPPAC will be under the chairpersonship

of Director, PPP Cell and shall comprise of multi-disciplinary Experts with relevant expertise like technical, economic, financial, and legal expertise relevant to the industry (sector / project proposal) concerned. PPP Cell may procure / avail the services of experts / specialists from academia and sector specific industries to the PPPAC, Performance Review Unit. Financial Support under the Karnataka Viability Gap Fund (KVGF) Scheme and recommendations for such allocation of the Fund for Projects would be placed by the PPP Cell for IDP&IWTD's approval. Further, KVGF for the project would be finalised in concurrence with Finance Department, GoK.

46. KSIIDC, if so directed by IDP&IWTD*,* would also assist the respective Departments in the project development and procurement process, where such assistance is requested. Alternatively, these services could be procured from Empanelled Consultants by State or Central Government as suitably identified and selected by the Departments concerned and accordingly the proposal could be sent to the KSIIDC to be placed for approval by IDP&IWTD.

47. A State Level Single Window Agency (SLSWA) for PPP has been set up at the State Level under the Chairpersonship of the Chief Secretary to approve the projects under PPP projects up to INR 500 Crore, and to recommend the projects above INR 500 Crore to the State High Level Clearance Committee (SHLCC) under the Chairpersonship of the Hon'ble Chief Minister constituted under Section (3) of the Karnataka Industries (Facilitation) Act 2002. In the case of all PPP proposals up to INR 500 Crore, the concerned Department shall, in consultation with the IDP&IWTD place them before the SLSWA for PPP for approval. For all proposals in excess of INR 500 Crore, the SLSWA for PPP will scrutinize the proposals and make its recommendations to the SHLCC for approval. The IDP&IWTD, as the nodal Department for PPP, will assist the concerned Departments in the evaluation of all such projects. The IDP&IWTD shall also assist the SLSWA for PPP and SHLCC in evaluating and deciding upon the specific proposals.

48. The concerned Departments need to send the PPP proposals availing KVGF support to Finance Department, GoK for seeking approval through IDP&IWTD. In addition, PPP proposals from all Departments involving land[7] need to follow the due procedure of seeking approval from Finance Department, GoK and Cabinet.

49. POST AWARD GOVERNANCE AND PROJECT MONITORING[8]:

i. It is essential to continuously monitor the performance of the PPP projects over the project life cycle in accordance with *the Planning Commission* guidelines on "Institutional Mechanism for monitoring of PPP projects" issued vide OM No.14011/09/2008-Infra (Part-II) dated 08.08.2012 of Department of Economic Affairs, Government of India.

ii. The institutional structure for monitoring PPP projects requires the creation of a

[7] Land utilization or land monetization or concession provided or transfer of rights or similar process.

[8] Vide Government Order No. IDD 07 ITS 2013 dated 30.10.2015.

two-tier mechanism for monitoring PPP projects. The PPP Cells within each Department will have a Project Monitoring Unit (PMU) which monitors the projects through a reporting mechanism. The Monitoring Reports for each project would include compliance of contract terms, adherence to timelines, assessment of performance, remedial measures and imposition of penalties. The State Level Performance Review Unit (PRU) set up under PPP Cell would review the PPP Project Monitoring Reports submitted by the different PMUs and oversee or initiate action for rectifying any defaults or lapses.

iii. KSIIDC will set up a suitably designed information management system to seek information and monitor progress regarding implementation of PPP projects. Departments / Government Agencies shall update the progress of PPP projects in information management system on quarterly basis and compile the aforesaid quarterly reports.

50. IDP&IWTD would set out the process for scrutinizing and clearing all investment proposals, frame guidelines for assessing the feasibility of private investment, set in place standard procurement documents and framework agreements, and assist the Government/Government Agencies in the procurement of developers. IDP&IWTD would also facilitate the Government/Government Agencies, to develop and implement Infrastructure Projects in the PPP format, in an expeditious manner.

51. In order to facilitate financing of project development and implementation in an efficient, sustainable and expeditious manner, Government would use “Infrastructure Initiative Fund”, “Indian Infrastructure Project Development Fund” (IIPDF) and “National Investment and Infrastructure Fund” (NIIF) along with its “Karnataka Infrastructure Project Development Fund” (KIPDF). IDP&IWTD would set out the policy and regulatory guidelines and provide the necessary institutional support for operation and management of the Fund. All fees and charges[9] accruing from project development and investment initiatives of IDP&IWTD/ concerned Government/ Government Agency, would be credited to the Infrastructure Initiative Fund. Government would also make contributions to the Fund through budgetary provisions and/or other sources, from time to time, as it may deem appropriate.

52. Each Department shall nominate a nodal officer for PPP. The nodal officer (he/she) will be trained with the help of PPP Cell in IDP&IWTD and equipped with the necessary knowledge to coordinate and facilitate such matters pertaining to PPP in their respective Departments. In addition, individual Departments through their Internal PPP Cell shall develop strategy and prepare road map for individual sectors for infrastructure development in the State that will:

a) Identify critical projects in different sectors that need immediate attention;
b) Identify projects where significant benefits of network extension can be exploited for integrated infrastructure development;

[9] Such as project development fees, application/tender charges, concession payment, interest charges guarantee payments, taxes, cess, etc.

c) Explore the scope for PPPs in developing new Infrastructure Projects and augmenting existing infrastructure facilities and encourage such participation through appropriate incentives;
d) Prepare a shelf of projects for posing on a PPP format;
e) Mobilize resources through appropriate policy measures to supplement private sector investment, especially in the case of commercially non-viable projects;
f) Identify and resolve bottlenecks in the institutional framework that are likely to impede investments and therefore provide a conducive environment for infrastructure development through PSP;
g) Facilitate the conversion of approved projects into the implementation phase.

53. The institutional roles and responsibilities are set out in Schedule II.

54. Government also recognizes the role of public opinion and stakeholder participation in facilitating Infrastructure Project development and implementation. Since the viability of projects is contingent upon cost to the final user, it is important to ascertain "what the market can bear". Mobilizing public opinion and ensuring stakeholder participation is thus an integral part of Infrastructure Projects. IDP&IWTD would collaborate with professional bodies, NGOs, Industry Associations, and User Groups in facilitating this process.

G. INCENTIVES FOR PROJECT DEVELOPMENT

55. Government may consider providing incentives such as subsidies, concessions, financial assistance, etc., set out in Schedule III to promote private finance initiatives in infrastructure development. These would be available to all projects falling in the ambit of Para 19 of this Policy. Investors would be eligible for any other additional incentives proposed/available for projects under existing sectoral policies/proposed sector-specific strategies, but Government shall take a holistic view of the totality of incentives, vis-à-vis the viability requirements of the project. In addition, several of these projects would also enjoy tax benefits under the Income Tax Act, 1961, as delineated by the Government of India.

56. In case of projects where no private investments in the form of private equity participation are envisaged, and where the Government Agency or implementing authority directly awards the project to a contractor following a standard procurement process, but not under a specific concession structure as described in Para 28-30 of this document, no incentives would be available under this Policy.

57. Incentives such as subsidies, VGF in the infrastructure sector would be based on the need for balancing adequate cost recovery, with social needs and regional development. Wherever incentive is necessitated for social / regional needs, it shall be the endeavour of the Government to ensure that such incentives are direct and transparent. In all other cases, it shall be the endeavour to price services to be commensurate with the real costs of service provision, and sustainability of the

project. Department and their Internal PPP Cell shall review the incentives that may be proposed for the project. All such incentives applicable under sectoral policies / schemes / guidelines have to be approved by the concerned Department and the Finance Department.

58. To the extent that the project parameters may permit, every project shall endeavour to maximise employment opportunities to the local population of the State of Karnataka.

PART V. MONITORING AND EVALUATION OF POLICY

59. The PPP Policy for Infrastructure Projects, 2025, will be translated into a comprehensive Plan of Action where the State Government through the concerned Department and their Internal PPP Cell would develop multi-year Action Plans detailing the strategies and implementation plans for each of the infrastructure sectors.

60. A Coordination Committee is constituted by the Government, under the Chairpersonship of Additional Chief Secretary / Principal Secretary / Secretary, IDP&IWTD to facilitate coordination and planning from various Departments and thereby make recommendations to State High Level Clearance Committee regarding the development of policies, directives, manuals and guidelines in a timely manner for taking interim course corrections.

61. The monitoring and evaluation of the policy would be done at the State level by the State High Level Clearance Committee under the Chairpersonship of Hon'ble Chief Minister.

62. Evaluation takes place at different instants while generally mid-way through the policy cycle or programme implementation at the end. The output of an evaluation can be used as the basis for new policy initiatives. The Evaluation of the PPP Policy for Infrastructure Projects 2025, will be carried out through neutral and credible agencies once every three years and the results will be placed before the State High Level Clearance Committee. The programmes and interventions will be tweaked and redesigned on the basis of these results and as per evolving infrastructure needs in the State.

PART VI. DURATION AND REVIEW OF POLICY

63. This policy would come into force with effect from the date of issue of Government notification and would be effective till the formulation of a new PPP Policy for Infrastructure Projects.

64. There would be an interim review of this Policy every three years based on a critical assessment of feedback from stakeholders, and changes in scope that are deemed necessary and desirable, would be incorporated at that stage.

65. The Government recognizes that expanding and institutionalizing the scope of PPP in the provision of infrastructure may also necessitate appropriate changes in the existing legislative framework. It is however felt that the present framework offers sufficient scope for PPPs in the development of infrastructure. The specific legislative constraints for PPPs will also be reviewed and addressed during the interim review.

PART VII. SECTORAL STRATEGIES

66. The broad principles set out in this document would govern the various strategies to be developed for each sector. The concerned Departments through their Internal PPP Cell would finalize the sector strategies and action plans thereunder within six months of the date this Policy comes into force.

67. IDP&IWTD would assist Government/Government Agencies in making a concerted effort to set out an action plan for already identified project development opportunities in various infrastructure sectors in the immediate term. IDP&IWTD would interface with other Departments concerned, such as the Public Works, Ports & Inland Transport Department, Urban Development, Energy, Commerce & Industries, and Information, Tourism & Youth Services, among others, to advise on and co-ordinate the identified and new project development activities.

PART VIII. SPECIAL THRUST TO DEVELOPMENT OF INFRASTRUCTURE IN KALYANA KARNATAKA REGION DEVELOPMENT BOARD, KALABURAGI[10]

68. Given the special status to the Kalyana-Karnataka Region Development Board during the year 2013 under Article 371 J of the Constitution of India, the following measures shall be taken to encourage the development of infrastructure in this region:
   a. Infrastructure Strategic Action plan for the region that would address key social and economic Infrastructure such as roads and bridges, healthcare, educational, drinking water supply, minor irrigation, animal husbandry, sericulture and urban development.
   b. Create a PPP Cell in the Kalyana-Karnataka Region Development Board (KKRDB) which will be equipped to:
      i. Identify potential PPP projects that can be undertaken in the region
      ii. Facilitate selection of private developers for implementation of various projects
      iii. Oversee the performance of these projects
   c. The Coordination Committee will monitor the progress of projects on a quarterly basis.
   d. Government shall undertake specific capacity building programs for the officers in the region to understand the need and benefits of PPP. All projects being implemented on PPP mode would be fast tracked to ensure faster delivery of services.

PART IX. MODEL BID DOCUMENTS, POLICIES AND RULES FORMULATED BY GOVERNMENT OF INDIA[11]

69. Government of India has brought out several model bid documents for various sectors and the Departments will adopt them for PPP projects undertaken in the State. The State will administer policies and rules on PPP as and when released by Government of India.

[10] Vide Government Order No. IDD 07 ITS 2013 dated 30.10.2015.
[11] Vide Government Order No. IDD 07 ITS 2013 dated 30.10.2015.

PART X. SCHEDULE

A. SCHEDULE I – EVALUATION OF RISKS & RISK MITIGATION MEASURES

Projects are subject to various types of risks during the development, construction and operations periods. In a PPP framework, these risks are typically assigned to the parties best able to handle them. The following table sets out the typical project risks envisaged during the project life cycle and their mitigation measures in a standard Concession (BOT) contract.

Risk Description	Assigned to	Risk Mitigation Measure
I. Project Development Period		
Statutory clearances needed prior to implementation including Environmental Clearance	EPC Contractor / Concessionaire	Government shall facilitate obtaining all such clearances
Land Acquisition	Government Agency	Government shall set in place appropriate process to expedite land acquisition. The Government Agency or implementing authority may ensure availability of 90% unencumbered land at the time of tender. However, this may be relaxed on case-to-case basis by SLSWA / SHLCC. Departments may constitute suitable institutional mechanism for handling land acquisition process.
Delay in Land acquisition	Government Agency	-do-
II. Construction Period		
Project Design Risk	EPC Contractor / Concessionaire	Detailed technical evaluation by independent Technical Consultant. Independent Engineer entrusted with detailed scope of work to ensure that project conforms to design standards and specifications.
Political Force Majeure Event (War, invasion, armed conflict or act of foreign enemy, strikes, agitation, blockade, embargo,	Concession Agreement (CA)	Agreement typically lays down provisions for extension in time, sharing of costs and payment of compensation by the Contracting Authority under such events.

Risk Description	Assigned to	Risk Mitigation Measure
insurrection, military action, civil commotion) Non-Political Force Majeure (Floods, Earthquakes, Drought, etc.)		
Damage / Injury to 3rd parties	EPC Contractor / Concessionaire	Insurance generally procured by EPC Contractor with an extension of cross liability
Cost Overrun Risk	EPC Contractor / Concessionaire	Construction cost estimates: Independent revalidation of construction costs estimated by EPC Contractor. Fixed time / fixed price contracts: Risk related to cost overrun passed on to the EPC Contractor. Insurance Cover
Project Completion/Time Overrun Risk	EPC Contractor / Concessionaire	Fixed time / fixed price contract with EPC Contractor Performance Security provided by EPC Contractor, including defects liability period Retention Money Equity stake in project SPV
Inflation Risk	EPC Contractor / Concessionaire	Transferred to the EPC Contractor / Concessionaire under the EPC Contract
Technology Risk	EPC Contractor / Concessionaire	Concessionaire to provide warranties / commitments to upgrade technology to meet output specifications
Termination Risk	Promoters / Concessionaire / Lenders	Termination Compensation Substitution / Step-in Rights to Project lenders
III. Operations Period		
Traffic/ Demand Risk	Concessionaire / CA Depending on project	Detailed Traffic Studies by independent traffic consultant /

Risk Description	Assigned to	Risk Mitigation Measure
		expert. Annuity structures / Financial Support
Revenue Risk	Concessionaire / CA	Traffic surveys / willingness-to-pay studies Annuity structures / Financial Support
Revenue Leakage Risk	Concessionaire / CA	Origin-Destination surveys; tolling infrastructure, monitoring systems Independent Auditor
Maintenance Standards	O&M Contractor / Concessionaire	Performance Security Monitoring by Independent Engineer
Increase in O & M costs	O&M Contractor / Concessionaire	Fixed Price Contract
Injury to the Project Road users / third parties	O&M Contractor / Concessionaire / Insurance Co.	Insurance Cover
Environmental Risk	O&M Contractor / Concessionaire	Concessionaire / O&M Contractor to meet the accepted environmental norms during the operations period. This could be enforced through suitable clauses in the Concession Agreement.
Termination Risk	CA / Concessionaire / Lenders	Termination Compensation Substitution / Step-in-Rights to Project Lenders.
IV. Financing Risks		
Equity	Sponsors / Investors	Sponsors generally required to maintain in aggregate a minimum shareholding in the paid-up equity capital of the Concessionaire. Project lenders insulated from risk related to equity subscription
Term Debt	Lenders	Suitable security creation
Interest Rate Risk	Concessionaire	Fixed interest rates on debt, with reset options

Risk Description	Assigned to	Risk Mitigation Measure
Adverse FX Risk	Concessionaire / CA	Funding through Rupee debt In case of forex funding for critical projects, exchange rate risk could be fully borne by Concessionaire through appropriate agreements and hedging mechanisms
V. Other Risks		
Expropriation, including creeping nationalization, changes in legislation, discriminatory actions on tolls, etc.	CA	Such acts defined as direct political force Majeure events and remedies are generally provided under the Concession Agreement.

B. SCHEDULE II – INSTITUTIONAL ROLES & RESPONSIBILITIES

Government / Government Agency / Organization	Key Tasks
Government of Karnataka (GoK)	a. Formulation and review of policy measures; b. General administration of policy measures; c. Co-ordination between various Departments for facilitating project implementation; d. Performance evaluation.
Infrastructure Development Ports & Inland Water Transport Department assisted by PPP Cell and KSIIDC, GoK	a. Co-ordination of policy level initiatives; b. Assistance to SHLCC and SLSWA for PPP for evaluation of all Infrastructure Project proposals to be implemented through PPP; c. Manage all activities related to policy, technical, legal and such other matters related to PPP projects; d. Act as a nodal agency to the Government in the development of: i. PPP policies and programmes, and make suitable recommendations to the Government for its consideration and adoption; ii. all the infrastructure projects in the State taken on PPP mode; and iii. all the infrastructure projects in the State through Asset Monetization; e. Ensure that the identified PPP projects by the Departments / Government Agencies are in conformance to the objectives of the State; f. Encourage participation of private sector persons in financing, construction, maintenance and operation of PPP Projects; g. Co-ordinate between inter Departmental/ Agencies of the Government; h. Facilitate in approval process for allocation of Karnataka Viability Gap Fund for Projects; i. Resolve issues relating to project approval process: i. to co-ordinate with Department of Economic Affairs,

Government / Government Agency / Organization	Key Tasks
	Ministry of Finance, GoI, in matters pertaining to approval of VGF under the scheme; ii. to co-ordinate with Central Government Ministries / Departments / Agencies with regard to implementation including monitoring program in attracting private sector involvement in infrastructure and evaluation of the implementation plan from time to time; j. Develop model documents/agreements for the Infrastructure Sectors; k. Administer and manage the Fund (KIPDF) and its assets; **PPPAC:** a. All PPP projects to be implemented in the State by various Departments, Government Agencies and State Corporations will be sent to PPPAC through IDP&IWTD for vetting and advise. b. Advise the Government as the case may be, on the project and give recommendations or suggestions; c. Advise, review, approve / disapprove PPP project proposals; d. Make recommendations in matters of promoting of infrastructural projects needing Central Government interventions or clearances; e. Recommend projects for grant of viability gap fund under the relevant scheme(s) of Government of India and Government of Karnataka; f. Review and suggest amendments and modifications to Concession Agreements on the basis of Value-for-Money and similar considerations; g. Decide financial support under the Karnataka Viability Gap Fund Scheme for Projects; h. Approve scale and scope of a suo-moto proposal or project undertaken through Swiss-Challenge Approach and to recommend modifications of a non-financial nature, if required; i. Collect a small percentage of the project cost or a

Government / Government Agency / Organization	Key Tasks
	lumpsum amount from the successful PPP projects towards strengthening and vetting of PPP projects. **Performance Review Unit:** a. Review and monitor PPP projects during implementation, operation and management; b. Review periodically the status of clearances; c. Seek information from various PPP project implementation Departments / Government Agencies to compile the aforesaid quarterly reports through information management system.
State High Level Clearance Committee	a. Facilitate and approve PPP projects over INR 500 Crore.
State Level Single Window Agency	a. Facilitate, coordinate and scrutinise all PPP projects and approve projects up to INR 500 Crore. b. Resolve issues related to interdepartmental clearances, delays / stoppages / claims / time extensions, petitions, etc., as necessary related to PPP and Swiss Challenge projects. c. Approve disbursement of funds (KIPDF / KVGF) for PPP projects. d. Review the status of preparing (i) road map / multi-year infrastructure action plan for individual sectors, and (ii) annual action plan for PPP projects – by the respective Departments for infrastructure development in the State. e. Monitor the functions of District PPP Committee, Department's Internal PPP Cell.
District PPP Committee	a. Facilitate project identification, development & implementation of PPP projects in their respective districts; b. Seek and obtain approvals for the PPP projects through respective Departments; c. Facilitate co-ordination between various Departments; d. Facilitate obtaining clearances and approvals; e. Facilitate selection of private developers for implementation of various projects; f. Oversee performance of PPP projects.

Government / Government Agency / Organization	**Key Tasks**
KKRDB PPP Cell	a. Identify potential PPP projects that can be undertaken in KKRDB region; b. Seek and obtain approvals for the PPP projects through respective Departments; c. Facilitate selection of private developers for implementation of various projects; d. Oversee the performance of PPP projects.
Department's Internal PPP Cell	a. Advise the Department / Government Agency in collective functioning of developing the PPP project and give recommendations or suggestions; b. Conceptualize and identify PPP Projects and ensure their conformance to the objectives of the Department; c. Mainstream and promote PPPs as a preferred mode; d. Review and approve / disapprove all project proposals, project documents and other considerations related to PPP projects; e. Review and approve the incentives that may be proposed for the PPP project; f. Review project's environmental sustainability; g. Review and monitor PPP projects during design, implementation, operation and management by Project Management Unit (PMU) through a reporting mechanism; h. Update PPP project progress in information management system which will be developed and maintained by KSIIDC on quarterly basis; i. Prescribe time limits for clearances of PPP projects and assist the concessionaire in obtaining statutory and other clearances and approvals in a timely manner; j. Provide assistance in resolving disputes in PPP projects between Government Agency and Private Sector Participant, and make suitable recommendations to their Departmental heads; k. Develop strategy and prepare road map / multi-year infrastructure action plan (at least for five years) for individual sectors for infrastructure development in the State; l. Finalize the sector strategies and annual action plan for PPP projects and identifying plans towards PPP

Government / Government Agency / Organization	Key Tasks
	development; m. Prioritize PPP projects to be undertaken and prepare an inventory of PPP projects to be taken up for implementation; n. Identify inter-sectoral linkages; o. Align sectoral policies with the PPP Policy for Infrastructure Projects; p. Act as a repository / knowledge centre for PPPs; q. Advise in PPP matters including training and capacity building of Department officers; r. Facilitate approval of PPP project; s. Undertake impact assessment of PPP projects which will help in interim course correction and making appropriate changes in the PPP framework in states and / or sectors. Department / Government Agency would explore the possibility of executing their projects through the PPP mode before exercising the option of budgetary allocation. The preference shall be to structure the project through a suitable PPP mode. Only if the PPP modes are not providing an optimum value for money or if the project is not feasible through PPP mode, then, the Government Agency would look for other possible modes of project execution.

C. SCHEDULE III – INCENTIVES FOR PROJECT DEVELOPMENT

1. Recognising the fact that infrastructure projects require special consideration in view of long gestation periods, low rates of return and higher risks, incentives and support such as tax holidays, tax exemptions, Viability Gap Fund, etc., have been provided under the purview of the Government of India.

2. Apart from the incentives and support available to the projects, the Government proposes to offer the following incentives in addition to the incentives provided in the relevant policies with regard to sectors. However, duplication of incentives shall not be considered:

A. FACILITATION

a. Where it is not possible for private investors to obtain land required for the project on their own, the Government would acquire the land required for the project;
b. Facilitation in obtaining clearances and approvals from various agencies;
c. Facilitate in obtaining water and power required for the project.

B. ASSET-BASED SUPPORT

a. Government land may be provided, subject to availability, at concessional rates;

b. Wherever an Infrastructure Project by itself is not financially viable, the Government may provide incentives to the PSP as part of the Concession and allow PSP to develop suitable commercial activities to ensure a reasonable composite internal rate of return. Such development rights would be consistent with applicable laws and land-use, and would include commercial complexes, hotels, housing complexes, and advertisement hoardings. Where permitted under local regulations, this would include relaxation in the applicable Floor-Space Index norms;

c. Develop linkage infrastructure, for projects that need such critical linkages;

d. This will not be available to the procurement made under Swiss Challenge Route.[12]

C. FOREGOING REVENUE STREAMS

a. The Infrastructure Project may avail the applicable incentives from the respective sectoral policies and other applicable policies adhering to the due approval process.

[12]Amended vide Corrigendum No IDD 59 ITS 2009 dated 31.05.2010.

D. CONTINGENT GUARANTEES

a. In specific cases, guaranteed payment structures such as “Take-or-pay” (wherein there is an assurance of payment for the availability of a service) or “supply-or-pay” (wherein there is an assurance of payment for the non-availability of a service) would be considered.

E. FINANCIAL SUPPORT

a. Viability gap finance from the Central Government: The Government of Karnataka would sponsor the project for release of Viability Gap Fund, from the Government of India.

b. The Government of Karnataka would also provide additional Viability Gap Fund, over & above the VGF of the Central Government.

c. Provided that the quantum of total Viability Gap Fund shall be determined after clearly and explicitly calculating all project costs and incentives:

   i. Taking into account all costs of the projects, excluding cost of land, and land related charges such as Stamp Duty & Conversion Fine

   ii. Taking into account all other incentives granted, including asset-based support and foregoing of revenue streams, and including any other financial incentives granted under any other sector policy, or scheme of the Central Government, Central Government Agency, Government or Government Agency.

d. This will not be available to the procurement made under Swiss-Challenge route[13].

[13]Amended vide Corrigendum No IDD 59 ITS 2009 dated 31.05.2010.

D. SCHEDULE IV – APPLICABLE SECTORS

No.	Sectors	Sectors & Sub-sectors
1.	Agri-Infrastructure	1. Agriculture and horticulture markets 2. Floriculture parks and markets 3. Agro-food processing and allied infrastructure (including common-user cold storage facilities) 4. Agriculture and horticulture a. Terminal storage b. Post-harvest storage infrastructure c. Logistics parks d. Warehouses e. Terminal Markets 5. Fisheries, Animal Husbandry Parks and Dairy infrastructure 6. Godowns 7. Food Parks 8. Soil-testing laboratories
2.	Education	1. Infrastructure and facilities for educational institutions, not on a purely commercial basis, but which satisfy a public need. 2. Schools 3. Knowledge City 4. Vocational Training 5. Skill Development 6. Science & Technology parks 7. E-Libraries 8. Schools for children with Special Needs
3.	Energy	1. Power generation, including captive power generation, as per provisions of the Electricity Act 2003, and co-generation projects, transmission, distribution and power trading services. 2. Oil and Gas (origination, terminals, transmission and gas works) 3. Liquefied Natural Gas storage facility. 4. Renewable and non-conventional energy sources (Wind, Hydro, Solar, Tidal, Biomass and MSW) 5. Floating Solar 6. Energy Storage Systems 7. Electric Vehicle Charging Infrastructure 8. Green Hydrogen

No.	Sectors	Sectors & Sub-sectors
4.	Healthcare	1. Infrastructure and facilities for healthcare, not on a purely commercial basis, but which satisfy a public need. 2. Infrastructure and facilities for healthcare a. Primary b. Secondary c. Tertiary 3. Nursing and Patient Care 4. Diagnostic Centers 5. Trauma and Rescue centers 6. Rehabilitation and training centers for physically and mentally challenged persons. 7. Geriatric Centers 8. Medical Education Infrastructure
5.	Industrial Infrastructure	1. Industrial Parks (including Biotechnology, Information Technology parks, etc.). 2. Special Economic / Free Trade and Export Promotion Zones. 3. Industrial Estates and Industrial Townships. 4. Marine Parks 5. Food Parks 6. Special Investment Regions 7. Development of Specific Zones like National Investment and Manufacturing Zones 8. Corridor Development a. Industrial Corridors b. Infrastructure Corridors c. Freight Corridors 9. IT Services
6.	Irrigation	Canals, Dams, Embankments and Weirs
7.	Public Markets	1. Infrastructure and facilities for Public Markets, not on a purely commercial basis, but which satisfy a public need. 2. Markets to promote handicrafts and produces from women and specially abled persons
8.	Tourism	1. Adventure Tourism (land based, water based and air-based adventure activities and related infrastructure, e.g., Amusement, Entertainment, Theme Park) 2. Agri Tourism & Rural Tourism 3. Caravan Tourism 4. Coastal Tourism & Beach Tourism 5. Cultural Tourism (Cultural Fairs, Cultural Centers) 6. Eco Tourism (includes Nature Tourism and Wildlife

No.	Sectors	Sectors & Sub-sectors
		Tourism) 7. Education Tourism 8. Film Tourism 9. Gastronomy (Cuisine) Tourism 10. Heritage Tourism, Museum 11. Inland Water Tourism 12. Maritime Tourism 13. MICE Tourism & Business Tourism (Hotels/ Resorts, Convention Centers, Exhibition Centers, etc.) 14. Mining Tourism 15. Spiritual Tourism (includes Religious Tourism and Spiritual Sightseeing) 16. Sports Tourism (Sports, Golf Courses) 17. Wellness Tourism 18. Other Niche Tourism Themes like Special Tourism Region 19. Ropeways and Cable Cars
9.	Transportation and Logistics	1. Roads (including bridges, interchanges and flyovers) 2. Railway systems a. Tracks including electrical & signaling system, Tunnels, Viaducts, Bridges b. Rolling stock along with workshop and associated maintenance facilities c. Terminal infrastructure including stations and adjoining commercial infrastructures 3. Urban transport system: MRTS, LRTS, Monorail, High-Capacity bus systems and High-Speed Rail System 4. Airports and Airstrips 5. Minor Ports and Harbours including Capital Dredging 6. Shipyards 7. Inland Water Transport 8. Bus/ Truck/ Urban Transport Terminals and associated public facilities such as Public Amenities Centers 9. Warehousing infrastructure (including container freight stations, container depots, cold storage facilities and tank farms) 10. Mechanized and Multi-storey Parking Facilities

No.	Sectors	Sectors & Sub-sectors
		11. Transport Terminals a. Inter-modal Transit Centers b. Traffic Management Centers 12. Parking Facilities a. Surface Parking b. Underground public parking facilities 13. Public Bicycle Sharing System 14. Urban Public Transport (except rolling stock in case of urban road transport)
10.	Urban and Municipal Infrastructure	1. Township Development 2. Commercial development with common-user facilities 3. Water Supply and Sewerage including Storm Water Drainage System 4. Desalination 5. Wastewater recycling and reuse 6. Solid Waste / Bio-Medical Waste/ Hazardous Waste: collection, transportation, treatment and disposal facilities. 7. Energy Efficiency in a. Street Lighting b. Traffic signal management 8. Signage 9. e-waste management 10. Public space utilization for building landmark junctions, etc.
11.	Sports and Youth Services	1. Sports Infrastructure 2. Art & Culture Theaters 3. Playgrounds/sports/stadiums 4. Hostels/quarters in the Games villages. 5. Sports training centers and Gyms
12.	Housing	1. Low cost / EWS housing 2. Affordable housing 3. Affordable Rental Housing Complex
13.	Rural Development	1. Waste to energy (Agri-waste) 2. Rural Drinking Water projects
14.	Tele communications	1. Telecommunication -Fixed network: Optic fibre/cable networks which provide broadband/internet. 2. Telecommunication Towers 3. Data Centres
15.	Forestry / Wildlife	1. Non-Timber Forest Products (NTFP) based value addition units / NTFP based public markets / Forest based industries / Bamboo Development Project / Value addition projects / Industrial Plantation Projects on non-forest lands. (Note*)

No.	Sectors	Sectors & Sub-sectors
		2. Eco-Awareness / education Infrastructure Projects like Biological / Marine Park (Zoo, Museum, Oceanarium, etc...) 3. Large Scale Modern Timber Depots / Nurseries 4. Land Bank Development / Maintenance / Afforestation Projects that can be leveraged for requirements under statutory clearances like the Forest Clearance (Note*: Wood based industry / paper or Pulp industries, firewood / charcoal / reconstituted wood products)

Note: The sectors and sub-sectors mentioned in this policy shall be treated as an indicative list and not as an exhaustive list.

E. SCHEDULE V – ASSET MONETIZATION

Infrastructure plays a crucial role in driving economic growth and performance. Recognizing this significance, the Government has prioritized infrastructure investments to sustain and accelerate economic development. To achieve investment-led growth, asset monetization and asset recycling become essential for unlocking value from public infrastructure investments and leveraging private sector expertise for efficient operation and management. Many public sector assets are sub-optimally utilized and can be monetized effectively to provide greater financial leverage and value for the Government. Towards this, the Government envisions a greater role for private partners in both efficient management of existing assets and in creating new infrastructure through reinvestment of the proceeds generated through asset monetization.

Asset Monetization aims to unlock the value of investment made in public assets which have not yet yielded appropriate returns thereby creating new sources of revenues for the State and contributing to better financial management of government / public resources over time.

Government Agencies in Karnataka may adopt the following methodology for exploring Asset Monetization within their respective domains –

i. **Establish Infrastructure Requirements**: The Asset Monetization process begins with establishing future infrastructure requirements across all sectors coming under the Infrastructure domain. This enables the Government Agency to leverage their existing asset base and create infrastructure using private investment.

ii. **Prepare Action Plans**: The Government Agency through their Internal PPP Cell shall prepare a multi-year action plan or an annual action plan for funding the infrastructure requirement that could be explored through Asset Monetization.

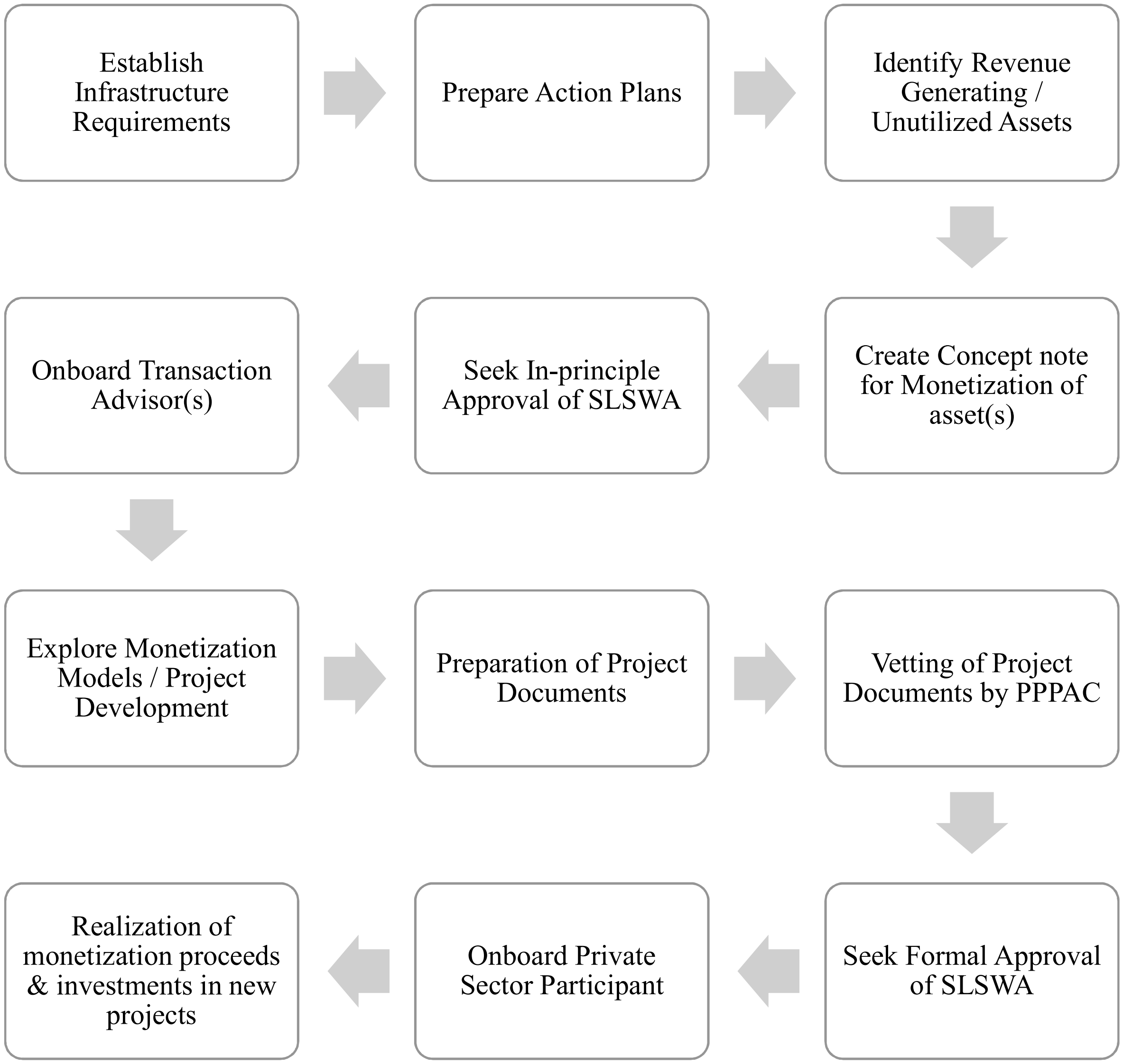
iii. **Identify Assets**: Based on infrastructure need and funding requirements, the Government Agency shall identify and prepare existing assets within their jurisdiction which can be made available for monetization or recycling.

iv. **Explore Monetization Models**: The Government Agency shall assess various models of monetization which enable effective utilization of the assets. It should be noted that the adoption of monetization models depends upon various factors like asset profile, objectives for monetization, expectations of sponsor and investors etc. and these should be suitably taken into account.

v. **Project Development**: The Government Agency shall develop the monetization project for identified asset. Necessary approvals for onboarding the Private Sector Participant should be obtained.

vi. **Frameworks for Monetization**: Monetization Projects should adhere to the contractual structure, procurement process, institutional framework as mentioned in the Part IV – “Touchstone Principles”.

The process and workflow for undertaking monetization projects in the State is illustrated below to provide guidance to Government Agencies through the monetization process.


Establish Infrastructure Requirements
Prepare Action Plans
Identify Revenue Generating / Unutilized Assets
Create Concept note for Monetization of asset(s)
Seek In-principle Approval of SLSWA
Onboard Transaction Advisor(s)
Explore Monetization Models / Project Development
Preparation of Project Documents
Vetting of Project Documents by PPPAC
Seek Formal Approval of SLSWA
Onboard Private Sector Participant
Realization of monetization proceeds & investments in new projects

F. SCHEDULE VI – PPP PROJECTS: CONCEPT NOTE TEMPLATE

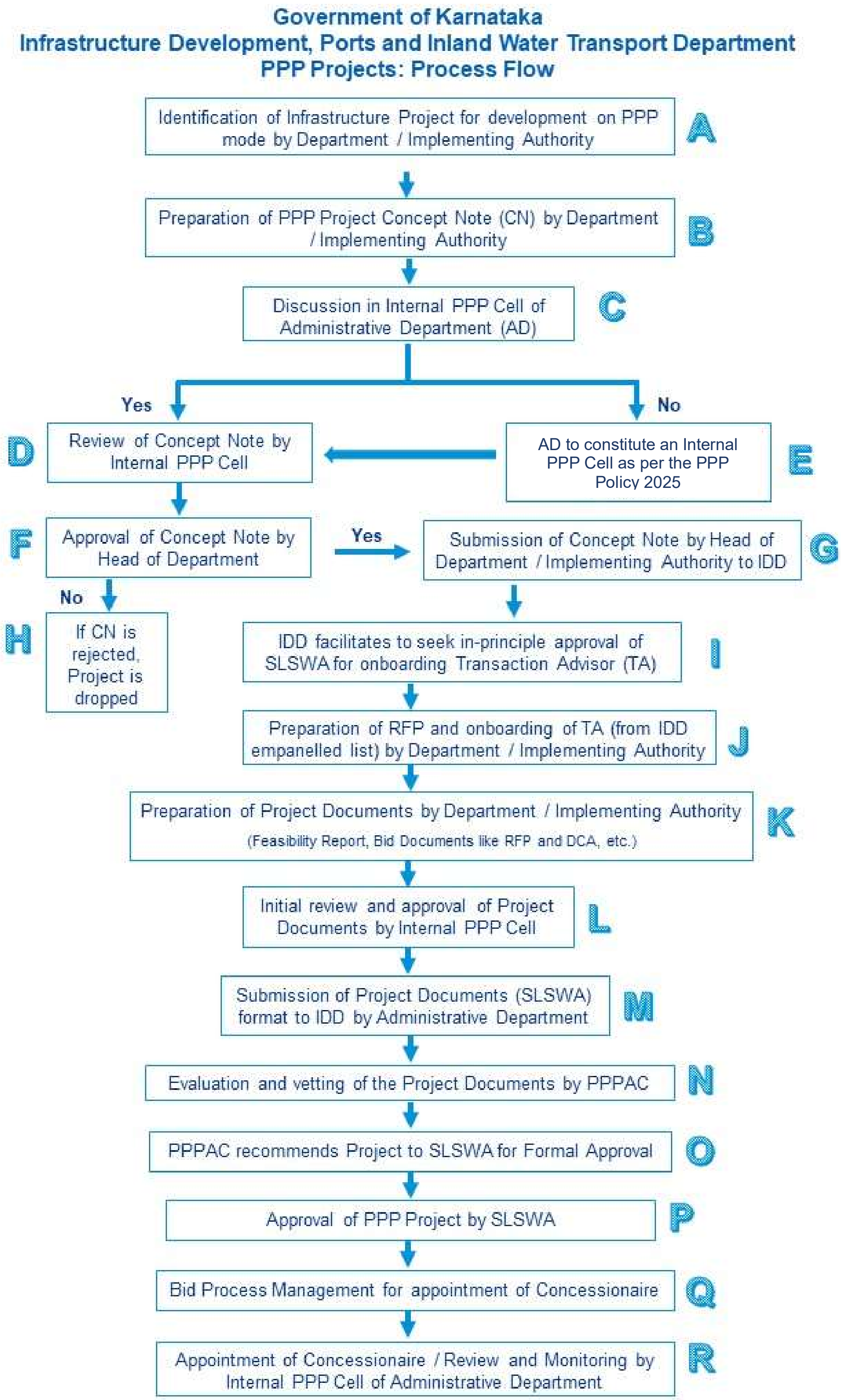
This template is to guide various Departments of the Government of Karnataka in preparation of a comprehensive 'Concept Note' for PPP projects. In the conceptualization phase, it is suggested that the details of the proposed projects mentioned in this template can be discussed internally in the Departments. The information can be analyzed and vetted by the internal PPP Cell of the Departments before submission to the Infrastructure Development Department.

Inclusion of this relevant information / aspects in the Concept Note would support implementing agencies /stakeholders like KKRDB, etc., to gain an understanding of the project and also, enable the Heads of Departments / Deputy Commissioners of districts, in the selection of Transaction Advisors and implementation of the project.

No.	Sections	Details to be mentioned
1.	Project concept	1. Need / Relevance of the project. 2. Demand aspects of the project. 3. Possible revenue streams in the project. 4. Role of the private entity who will implement / operate theproject. 5. Type of private entity which shall be suitable for project implementation / operations. For example, real estate developers, infrastructure firms, hospital operators, hospitality / hotel operators, large retailers, ETP operators,parking operators, etc. For example, for a 'stadium redevelopment project', the need of the project would be to develop good infrastructure for sports in the city and to improve the existing facilities. The role of the private entity would be to finance the refurbishment / renovation of the facilities and develop ancillary facilities like food court. The private entity would also look at the operation and maintenance of the project for aspecified period.
2.	Site conditions	1. Extent of land of the project site. 2. Location coordinates and address of the site.

No.	Sections	Details to be mentioned
		3. Details on the condition of the site in terms of number and type of existing structures, built-up areas of the existing structures, etc., 4. Type of land use and details about zoning / use premises (such as industrial / commercial / residential / mixed-use). 5. Pictures of the site, if available. 6. In the case of brownfield assets (such as existing hospital / hotel / park / etc.), provide existing usage of the asset. Any concerns on the site which may affect the project such as 'approach road', 'undulated land', 'site contains natural water body or stream', 'HT transmission lines passing through the site', etc., must be anticipated.
3.	Project commercial	1. Demand aspects of the project. 2. Possible revenue streams in the project. For example, for a 'stadium redevelopment project', demand aspects can be provided based on the existing footfalls at the stadium on a daily / monthly / yearly basis, the type of facilities provisioned and projected increase in the number of users / players, etc. Possible revenue streams can comprise membership fees, daily rentals for the sports facilities / occasional rentals for events, rental incomes from schools / sports clubs for training / practice, etc.
4.	Project components	Project components would include construction / development / renovation / any other components. For example, for a 'stadium redevelopment project', project components may include sports facilities available / to be developed (tennis court, cricket ground, football turf, swimming pool, etc.), basic amenities (changing rooms, toilets, lockers, etc.), security devices, food & beverages area, space for convention center, garden / park, open space, internal roads, etc.

No.	Sections	Details to be mentioned
5.	Project cost	Capital expenditure, cost for operation and maintenance of the project, recurring costs expected in the project.
6.	Project background	The departments may provide the background (or reasons for inception) of the project, current status of the project or any related information.
7.	Basis for PPP	The department may provide the justification for identifying the project implementation on a PPP basis. This may include: 1. State Policy / Budget / Announcements / Directions. 2. Financial Assistance by International Financial Institutions /Central or State Governments / any other. 3. Higher revenue generation by implementing the project on a PPP basis. 4. Knowledge and Experience / Funding capability / Risk-taking ability / First movers advantage / Innovations / Any other rationale to justify the need to partner with the private sector. 5. Private sector efficiencies for development and operations.
8.	Approval of Administrative Department	The Concept Note shall be discussed and vetted by the Internal PPP Cell of the departments and shall be submitted to IDD with the approval of the Administrative Department.


Government of Karnataka
Infrastructure Development, Ports and Inland Water Transport Department
PPP Projects: Process Flow
Identification of Infrastructure Project for development on PPP mode by Department / Implementing Authority
A
Preparation of PPP Project Concept Note (CN) by Department / Implementing Authority
B
Discussion in Internal PPP Cell of Administrative Department (AD)
C
Yes
No
Review of Concept Note by Internal PPP Cell
D
AD to constitute an Internal PPP Cell as per the PPP Policy 2025
E
Approval of Concept Note by Head of Department
F
Yes
Submission of Concept Note by Head of Department / Implementing Authority to IDD
G
No
If CN is rejected, Project is dropped
H
IDD facilitates to seek in-principle approval of SLSWA for onboarding Transaction Advisor (TA)
I
Preparation of RFP and onboarding of TA (from IDD empanelled list) by Department / Implementing Authority
J
Preparation of Project Documents by Department / Implementing Authority
(Feasibility Report, Bid Documents like RFP and DCA, etc.)
K
Initial review and approval of Project Documents by Internal PPP Cell
L
Submission of Project Documents (SLSWA) format to IDD by Administrative Department
M
Evaluation and vetting of the Project Documents by PPPAC
N
PPPAC recommends Project to SLSWA for Formal Approval
O
Approval of PPP Project by SLSWA
P
Bid Process Management for appointment of Concessionaire
Q
Appointment of Concessionaire / Review and Monitoring by Internal PPP Cell of Administrative Department
R

G. SCHEDULE VII – TIMELINE FOR DEVELOPING PPP PROJECTS IN THE STATE

The State Government is keen on promoting infrastructure development through PPP mode. The effectiveness and success of PPP projects largely depend on their planning and development being executed within a specified timeframe. The existing practise of developing PPP projects in the State has witnessed long gestation period in the preparatory stage as well as the private partner (Concessionaire) selection stage. Government Departments should adhere to the timeline for implementing PPP projects for several critical reasons:

1. **Efficiency and Productivity**: Adhering to a timeline ensures that the project progresses smoothly without unnecessary delays, leading to efficient use of resources and higher productivity.

2. **Cost Management**: Delays can lead to significant cost overruns due to factors like inflation, increased labour costs, and higher material prices. Sticking to a timeline helps in controlling these costs and keeping the project within budget.

3. **Investor Confidence**: Private investors are more likely to participate and invest in PPP projects if they have confidence that the projects will be completed on time. Timely completion builds investor trust and encourages future investments in similar projects.

4. **Public Trust and Accountability**: Timely project completion enhances public trust in government efficiency and accountability. It demonstrates the government's commitment to delivering promised services and infrastructure improvements.

5. **Risk Mitigation**: Delays can expose projects to various risks, including political, economic, and regulatory changes. Adhering to the timeline reduces the exposure to these risks and helps in maintaining project stability.

6. **Optimal Resource Utilization**: Timely execution ensures that resources such as labour, materials, and capital are used effectively. It prevents resource wastage and ensures that all inputs are utilized to their fullest potential.

7. **Economic Impact**: Timely completion of PPP projects ensures that the benefits, such as improved infrastructure and services, are delivered to the public sooner. This can have a positive impact on the economy by enhancing productivity, connectivity, and overall quality of life.

Stage	Name of Activity	Responsibility		Remarks
		Administrative Department	**IDP&IWTD**	
I.	Preparation of Concept Note	✓	-	
II.	Approval of Concept Note	✓	✓	Approval / Ratification by SLSWA
III.	Appointment of Transaction Advisor (TA)	✓	-	
IV.	Preparation of Project Documents by TA	✓	-	
V.	Review and Submission of Project Documents	✓	-	
VI.	Appraisal and Approval of Project Documents	✓	✓	PPPAC is convened within 7 days after receiving project documents.
VII.	Project Approval by SLSWA / SHLCC	✓	✓	Concurrence for Project Tendering
VIII.	Tender Process and Appointment of Private Partner / Concessionaire	✓	-	

In summary, adhering to timelines in PPP project development is essential for ensuring efficiency, cost-effectiveness, and stakeholder satisfaction. It builds trust among investors, the public, and other stakeholders, and contributes to the overall success and sustainability of the projects. In this regard, IDP&IWTD has prepared the sequence of activities and their

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indicative timeline which may be adopted by the Administrative Department for implementing PPP projects.

Government Agency shall initiate the PPP life cycle by preparing Concept Note for the project proposed under PPP mode. Subsequently, Government Agency shall obtain approval and onboard Transaction Advisor (TA) for preparing the required project documents. Government Agency shall ensure that the project activities are completed within the stipulated timeframe. Further, the PPP project shall be vetted by PPPAC before obtaining approval from SLSWA / SHLCC. Finally, Government Agency shall obtain necessary administrative approvals required for the project for floating the tender for onboarding private partner by adhering to the KTPP Act and Rules.

By order and in the name of the
Governor of Karnataka

(Shaila R. Gorwar)
Under Secretary to Government - 1
Infrastructure Development Ports &
Inland Water Transport Department
Tel: 080 - 2203 4149

ಮುದ್ರಕರು ಹಾಗೂ ಪ್ರಕಾಶಕರು:- ಸಂಕಲನಾಧಿಕಾರಿಗಳು, ಕರ್ನಾಟಕ ರಾಜ್ಯಪತ್ರ, ಸರ್ಕಾರಿ ಕೇಂದ್ರ ಮುದ್ರಣಾಲಯ, ಬೆಂಗಳೂರು
THAMMAIAH