

PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA

Sub: Formation of PPP Cell in the Commerce and Industries Department under the IDD engagement reg.

Read: Letter from the Manager, Crisil Infrastructure Advisory, dated 22.03.2012

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PREAMBLE:

The Manager, Crisil Infrastructure Advisory, in his letter has proposed for the formation of PPP Cell in the Commerce and Industries Department under the IDD engagement.

Industrial infrastructure projects are of very complex in nature and often require large investments. Often, the department or the State Government may not be in a position of fund such projects due to various competing demands on its financial resources. Hence, public private partnerships (PPPs) are increasingly being looked upon as the best suitable option to develop such projects and bring in value for money for the department as well as the state.

However, for any PPP project to succeed, it is imperative that the groundwork for such a transaction is as astute as is possible and ensures that the risk sharing mechanisms are well balanced. Such groundwork requires that any project being conceptualized is closely watched across its development lifecycle. This ensures that the contours of the project are set right from the inception and increases the chances of the project succeeding multi-fold.

In the light of the above it is proposed that a PPP Cell is constituted within the department. The PPP Cell will become a key instrument in ensuring that all major projects emanating from the department are carefully evaluated and an appropriate decision is taken on whether the project should be under the PPP mode.

