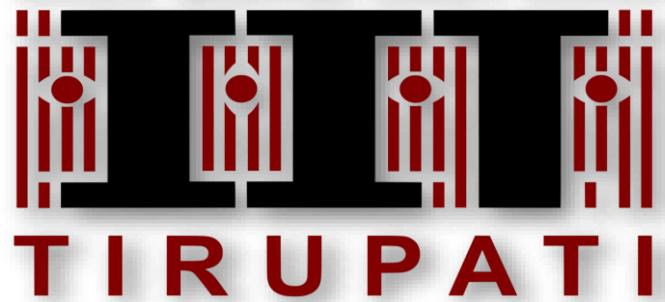


INDIAN INSTITUTE OF TECHNOLOGY TIRUPATI

भारतीय प्रौद्योगिकी संस्थान तिरुपति



Analysis on Indian Public Private Partnership in the Lens of Policy

Course: Municipal Finance in India

Course Code: HS522L

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Regd No: HS24M116

Part A

1. Calculate the total number of projects in each sector and sub-sectors in each state

States	No. of PPP Projects
Andaman & Nicobar Islands (UT)	4
Energy	4
Electricity Generation (Grid)	1
Renewable Energy (Grid)	3
Andhra Pradesh	85
Energy	20
Electricity Generation (Grid)	12
Electricity Transmission	1
Renewable Energy (Grid)	7
Social And Commercial Infrastructure	6
Education	2
Health Care	1
Tourism	3
Transport	58
Ports (Excluding Captive)	15
Roads And Bridges	42
Urban Public Transport (Except Rolling Stock)	1
Water Sanitation	1
Water Treatment Plants	1
Arunachal Pradesh	126
Energy	123
Electricity Transmission	9
Renewable Energy (Grid)	114
Transport	3
Roads And Bridges	3
Assam	13
Energy	2
Renewable Energy (Grid)	2
Social And Commercial Infrastructure	7
Education	2
Post-Harvest Storage Infrastructure For Agriculture And Horticulture Produce, Including Cold Storage	2
Tourism	3
Transport	3
Roads And Bridges	3
Water Sanitation	1
Solid Waste Management	1
Bihar	21

Energy	3
Electricity Generation (Grid)	1
Electricity Transmission	1
Renewable Energy (Grid)	1
Social And Commercial Infrastructure	2
Post-Harvest Storage Infrastructure For Agriculture And Horticulture Produce, Including Cold Storage	2
Transport	16
Roads And Bridges	16
Chandigarh (Ut)	1
Water Sanitation	1
Solid Waste Management	1
Chhattisgarh	22
Energy	11
Electricity Generation (Grid)	9
Renewable Energy (Grid)	2
Social And Commercial Infrastructure	1
Tourism	1
Transport	9
Roads And Bridges	9
Water Sanitation	1
Solid Waste Management	1
Delhi (UT)	21
Energy	3
Electricity Distribution	3
Social And Commercial Infrastructure	3
Common Infrastructure For Industrial Parks, Sez	2
Post-Harvest Storage Infrastructure For Agriculture And Horticulture Produce Including Cold Storage	1
Transport	9
Airports	1
Railway Track, Tunnel, Viaducts, Bridges	1
Roads And Bridges	2
Urban Public Transport (Except Rolling Stock)	5
Water Sanitation	6
Solid Waste Management	3
Water Supply Pipeline	3
Goa	11
Transport	8
Airports	1
Ports (Excluding Captive)	4
Roads And Bridges	3
Water Sanitation	3
Solid Waste Management	3

Gujarat	130
Energy	19
Electricity Distribution	1
Electricity Generation (Grid)	8
Oil/ Gas/ Lng Storage	1
Renewable Energy (Grid)	9
Social And Commercial Infrastructure	4
Common Infrastructure For Industrial Parks, Sez	1
Tourism	3
Transport	91
Ports (Excluding Captive)	24
Railway Track, Tunnel, Viaducts, Bridges	3
Roads And Bridges	46
Urban Public Transport (Except Rolling Stock)	18
Water Sanitation	16
Sewage Collection, Treatment And Disposal System	7
Solid Waste Management	9
Haryana	28
Energy	4
Electricity Generation (Grid)	1
Electricity Transmission	2
Renewable Energy (Grid)	1
Social And Commercial Infrastructure	4
Common Infrastructure For Industrial Parks, Sez	2
Education	1
Tourism	1
Transport	18
Roads And Bridges	14
Urban Public Transport (Except Rolling Stock)	4
Water Sanitation	2
Solid Waste Management	1
Water Treatment Plants	1
Himachal Pradesh	110
Energy	89
Electricity Transmission	1
Renewable Energy (Grid)	88
Social And Commercial Infrastructure	8
Health Care	1
Tourism	7
Transport	12
Roads And Bridges	4
Urban Public Transport (Except Rolling Stock)	8
Water Sanitation	1

Sewage Collection, Treatment And Disposal System	1
Jammu & Kashmir	9
Energy	1
Renewable Energy (Grid)	1
Transport	8
Roads And Bridges	8
Jharkhand	16
Energy	2
Electricity Distribution	1
Electricity Generation (Grid)	1
Social And Commercial Infrastructure	2
Health Care	1
Tourism	1
Transport	10
Roads And Bridges	10
Water Sanitation	2
Sewage Collection, Treatment And Disposal System	1
Water Supply Pipeline	1
Karnataka	140
Energy	10
Electricity Distribution	1
Electricity Generation (Grid)	4
Electricity Transmission	1
Renewable Energy (Grid)	4
Social And Commercial Infrastructure	12
Common Infrastructure for Industrial Parks, Sez	3
Post-Harvest Storage Infrastructure for Agriculture and Horticulture Produce, Including Cold Storage	1
Tourism	8
Transport	106
Airports	2
Ports (Excluding Captive)	5
Railway Track, Tunnel, Viaducts, Bridges	1
Roads And Bridges	95
Urban Public Transport (Except Rolling Stock)	3
Water Sanitation	12
Sewage Collection, Treatment and Disposal System	2
Solid Waste Management	6
Water Supply Pipeline	3
Water Treatment Plants	1
Kerala	33
Energy	2
Renewable Energy (Grid)	2
Social And Commercial Infrastructure	2

Education	1
Tourism	1
Transport	27
Airports	2
Ports (Excluding Captive)	8
Roads And Bridges	14
Urban Public Transport (Except Rolling Stock)	3
Water Sanitation	2
Solid Waste Management	1
Water Supply Pipeline	1
Madhya Pradesh	187
Energy	12
Electricity Generation (Grid)	5
Electricity Transmission	1
Renewable Energy (Grid)	6
Social And Commercial Infrastructure	13
Common Infrastructure for Industrial Parks, Sez	2
Post-Harvest Storage Infrastructure for Agriculture and Horticulture Produce, Including Cold Storage	9
Tourism	2
Transport	158
Roads And Bridges	155
Urban Public Transport (Except Rolling Stock)	3
Water Sanitation	4
Solid Waste Management	1
Water Supply Pipeline	3
Maharashtra	219
Energy	64
Electricity Distribution	2
Electricity Generation (Grid)	12
Electricity Transmission	1
Renewable Energy (Grid)	49
Social And Commercial Infrastructure	19
Cold Chain	1
Common Infrastructure For Industrial Parks, Sez	5
Education	4
Health Care	2
Post-Harvest Storage Infrastructure For Agriculture And Horticulture Produce Including Cold Storage	2
Tourism	5
Transport	121
Airports	2
Ports (Excluding Captive)	14
Railway Track, Tunnel, Viaducts, Bridges	1

Roads And Bridges	101
Urban Public Transport (Except Rolling Stock)	3
Water Sanitation	15
Irrigation (Dams, Channels, Embankments, Etc.)	1
Sewage Collection, Treatment And Disposal System	4
Solid Waste Management	3
Water Supply Pipeline	6
Water Treatment Plants	1
Meghalaya	2
Transport	2
Roads And Bridges	2
Multi State/ Centre	110
Communication	60
Telecommunication Network And Services	60
Energy	6
Electricity Transmission	6
Social And Commercial Infrastructure	1
Cold Chain	1
Transport	43
Roads And Bridges	43
Odisha	102
Energy	10
Electricity Distribution	1
Electricity Generation (Grid)	5
Renewable Energy (Grid)	1
Renewable Enrgy	3
Social And Commercial Infrastructure	38
Agriculture And Horticulture	2
Common Infrastructure For Industrial Parks, Sez	7
Education	3
Handlooms & Textiles	1
Health Care	1
Healthcare	3
Housing	9
Post-Harvest Storage Infrastructure For Agriculture And Horticulture Produce Including Cold Storage	3
Tourism	9
Transport	48
Airports	2
Ports	1
Ports (Excluding Captive)	13
Railway Track, Tunnel, Viaducts, Bridges	3
Roads And Bridges	17
Urban Public Transport	11

Urban Public Transport (Except Rolling Stock)	1
Water Sanitation	6
Solid Waste Management	4
Water Supply Pipeline	2
Puducherry (Ut)	3
Transport	3
Ports (Excluding Captive)	1
Roads And Bridges	2
Punjab	62
Energy	8
Electricity Generation (Grid)	3
Renewable Energy (Grid)	5
Social And Commercial Infrastructure	15
Education	2
Health Care	4
Post-Harvest Storage Infrastructure For Agriculture And Horticulture Produce Including Cold Storage	2
Tourism	7
Transport	38
Airports	1
Roads And Bridges	28
Urban Public Transport (Except Rolling Stock)	9
Water Sanitation	1
Solid Waste Management	1
Rajasthan	175
Energy	27
Electricity Distribution	4
Electricity Generation (Grid)	3
Electricity Transmission	8
Renewable Energy (Grid)	12
Social And Commercial Infrastructure	36
Cold Chain	6
Common Infrastructure For Industrial Parks, Sez	1
Education	25
Health Care	1
Tourism	3
Transport	101
Airports	1
Roads And Bridges	98
Urban Public Transport (Except Rolling Stock)	2
Water Sanitation	11
Sewage Collection, Treatment And Disposal System	3
Solid Waste Management	7
Water Treatment Plants	1

Sikkim	11
Energy	11
Renewable Energy (Grid)	11
Tamil Nadu	80
Energy	13
Electricity Generation (Grid)	8
Renewable Energy (Grid)	5
Social And Commercial Infrastructure	1
Common Infrastructure For Industrial Parks, Sez	1
Transport	58
Ports (Excluding Captive)	11
Roads And Bridges	46
Urban Public Transport (Except Rolling Stock)	1
Water Sanitation	8
Sewage Collection, Treatment And Disposal System	1
Solid Waste Management	5
Water Supply Pipeline	1
Water Treatment Plants	1
Telangana	27
Energy	2
Electricity Transmission	1
Renewable Energy (Grid)	1
Social And Commercial Infrastructure	5
Common Infrastructure For Industrial Parks, Sez	4
Tourism	1
Transport	17
Airports	1
Railway Track, Tunnel, Viaducts, Bridges	1
Roads And Bridges	11
Urban Public Transport (Except Rolling Stock)	4
Water Sanitation	3
Solid Waste Management	3
Uttar Pradesh	77
Energy	17
Electricity Distribution	3
Electricity Generation (Grid)	4
Electricity Transmission	2
Renewable Energy (Grid)	8
Social And Commercial Infrastructure	3
Common Infrastructure For Industrial Parks, Sez	1
Post-Harvest Storage Infrastructure For Agriculture And Horticulture Produce Including Cold Storage	1
Tourism	1
Transport	40

Roads And Bridges	39
Urban Public Transport (Except Rolling Stock)	1
Water Sanitation	17
Sewage Collection, Treatment And Disposal System	1
Solid Waste Management	16
Uttarakhand	26
Energy	8
Electricity Generation (Grid)	1
Renewable Energy (Grid)	7
Social And Commercial Infrastructure	7
Health Care	3
Tourism	4
Transport	7
Roads And Bridges	3
Urban Public Transport (Except Rolling Stock)	4
Water Sanitation	4
Solid Waste Management	4
West Bengal	32
Energy	1
Electricity Generation (Grid)	1
Social And Commercial Infrastructure	4
Common Infrastructure For Industrial Parks, Sez	4
Transport	22
Ports (Excluding Captive)	8
Roads And Bridges	12
Urban Public Transport (Except Rolling Stock)	2
Water Sanitation	5
Sewage Collection, Treatment And Disposal System	1
Solid Waste Management	2
Water Supply Pipeline	1
Water Treatment Plants	1
Grand Total	1883

Let's understand what this table says:

The distribution of PPP projects across Indian states reveals a striking concentration pattern shaped by geography, institutional capacity, and sector-specific investment incentives.

Several large states dominate the overall count, while **smaller and hilly** states show limited but highly sector-focused portfolios. **Maharashtra (219 projects), Karnataka (140), Gujarat (130), Madhya Pradesh (187), Rajasthan (175) and Odisha (102)** form the country's primary PPP cluster. These states together contribute almost **half of the national PPP** project base, reflecting stronger administrative capacity, larger economies, and a heightened appetite for the private sector.

In contrast, states such as Meghalaya, Chandigarh, Puducherry and Andaman & Nicobar Islands display very small portfolios, driven mostly by **size, demand constraints, and lower private investment readiness**.

A clear sectoral hierarchy emerges from the data. **Transport** is overwhelmingly the largest PPP domain across states, with roads and bridges forming the backbone of almost every state's portfolio. Karnataka (95 projects), Madhya Pradesh (155), Maharashtra (101), Rajasthan (98), Tamil Nadu (46), and Odisha (17) demonstrate large and well-developed road PPP ecosystems.

The dominance of roads and bridges reflects several structural features: ease of project modularity, established concession frameworks (especially BOT and HAM models), and sustained central support through MoRTH and NHAI.

Energy forms the second major cluster, but its distribution is highly uneven. Renewable energy (solar, hydro, wind) explains the very high project counts in Arunachal Pradesh ([114 RE projects](#)), Himachal Pradesh (88), and Maharashtra (49). These states possess natural resource advantages hydropower potential in hilly regions and **solar/wind potential** in western and central India.

The data also shows that states with strong discom reform trajectories attract more electricity generation and transmission PPPs.

Social and Commercial Infrastructure emerges as a growing but moderate category, seen notably in Odisha (38 projects), Maharashtra (19), Rajasthan (36), and Punjab (15).

Sub-sectors such as education, healthcare, industrial parks, and cold-chain logistics appear more frequently in states with strong urban & industrial expansion. These PPPs are typically smaller in **terms of ticket size, but they are important for achieving long-term socio-economic outcomes**.

A notable observation is the rising presence of **Water & Sanitation** PPPs, particularly water supply **pipelines, sewage treatment, and solid waste management**. Maharashtra, Gujarat, Tamil Nadu, Delhi and Karnataka exhibit meaningful portfolios in these subsectors.

This suggests increasing decentralisation of urban service delivery and growing acceptance of private participation by municipal bodies.

Finally, the **UTs and smaller states** show **narrow, sector-specific PPP profiles**. For example, Sikkim's entire portfolio is focused on **renewable energy**, whereas Puducherry's PPPs are primarily **transport-based**. Such patterns correspond closely to each region's economic base and administrative scale.

Overall, the data indicate that India's PPP landscape is shaped by resource endowments, institutional maturity, and sector-specific viability. Transport and energy dominate investment interest, while water, sanitation, and social sectors are emerging areas. Highly diversified states lead PPP adoption due to stronger project preparation capacity and clearer policy frameworks.

2. Examine the sector and sub-sectors that attracted the projects with the highest cost in the PPP mode. Highlight the probable reasons for the status of the projects in the urban sector.

A **Public Private Partnership (PPP)** is a long-term contractual arrangement where a private entity finances, constructs, and/or operates public infrastructure while sharing risks and returns with the government.

PPP on the Roads of Indian Economic Development:

PPPs are essential tools in India's infrastructure strategy, enabling the state to leverage private capital, accelerate project delivery, and improve efficiency in sectors where public budgets are insufficient. Your dataset reveals important structural patterns that shape how PPPs evolve across different sectors and why capital is concentrated in certain infrastructure domains.

1. Sector-Wise PPP Cost Distribution:

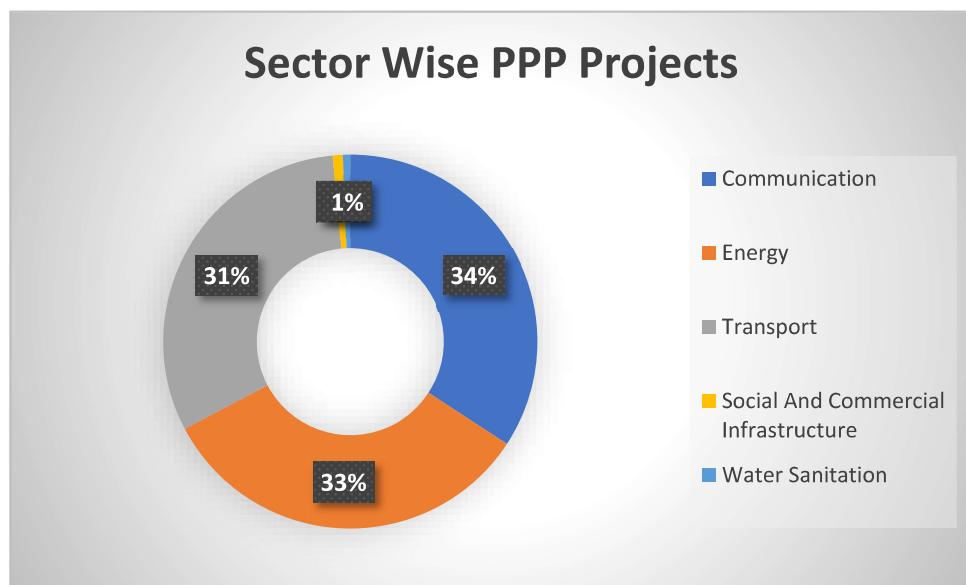


Figure 1: Sector-Wise PPP Project Cost

What can we understand from Figure 1:

The sector-wise distribution shows a **highly concentrated investment status**. Communication accounts for 34% of the total PPP cost, Energy contributes 33%, and Transport makes up 31%.

Together, these three sectors represent over **98% of India's total PPP capital expenditure**. By contrast, **Social and Commercial Infrastructure and Water & Sanitation** together account for less than **2% of total investment**.

This striking imbalance suggests that **PPP capital flows** overwhelmingly into sectors where high-value assets, predictable revenue models, and mature regulatory frameworks exist.

The three dominant sectors,

1. Communication,
2. Energy, and
3. Transport shares these characteristics, making it the natural attractor of large investor interest.

2. Sub-Sector-Wise PPP Cost Distribution:

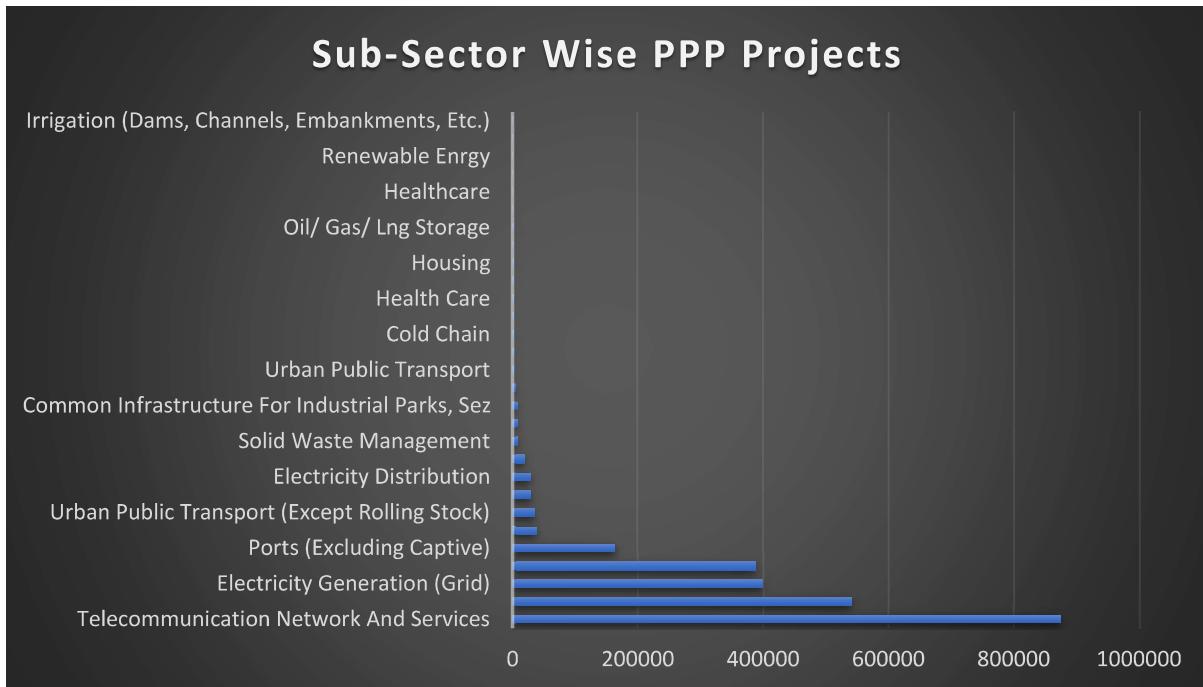


Figure 2: Sub-Sector-Wise PPP Project Cost

What can we understand from Figure 2?

The sub-sector analysis strengthens the **sector-level insight**. The highest-cost sub-sector is **Telecommunication Networks and Services**, with an **investment of ₹8.75 lakh crore**, significantly exceeding that of all others.

In Energy, Electricity Generation (₹3.99 lakh crore) and Renewable Energy (Grid) (₹3.87 lakh crore) dominate.

In Transport, Roads, and Bridges alone, projects account for ₹5.4 lakh crore across 825 projects.

Water supply, sewage systems, and solid waste management are **core urban services** that typically fall at the lower end of the cost spectrum.

Their limited financial footprint confirms that urban service PPPs remain small, fragmented, and less financially attractive.

These sub-sector patterns indicate that PPPs thrive in environments where economies of scale, long-term demand certainty, and investor-friendly risk allocation prevail.

3. Why These Sectors Attract the Highest Capital?

a. Communication (₹8.75 lakh crore)

Communication networks are essential to modern society, enabling the global exchange of **information, ideas, and resources**- IBM

Telecommunication Networks & Services is the largest-cost PPP subsector in the country. The telecom sector requires **extensive fibre networks, mobile tower rollouts, 5G infrastructure, submarine cables, and backbone connectivity**, all of which demand enormous upfront capital. **Communication PPPs** are supported by:

- Long asset life and stable demand

- Predictable revenue from spectrum-linked services and digital connectivity
- Network externalities that increase system value as more users join

[Institute of Faculty and Actuaries](#) notes that telecom infrastructure is one of the few PPP domains with "clear and predictable long-term cash flows," making it highly attractive for private investment.

b. Energy (₹8.45 lakh crore)

Energy emerges as a close second. Sub-sector investments highlight:

- ₹3.99 lakh crore in grid-based electricity generation
- ₹3.87 lakh crore in renewable energy
- ₹57,000+ crore in transmission and distribution networks

India's renewable energy transition drives this surge.

According to [Economic Times](#),

India targets 500 GW of renewable capacity by 2030, generating continuous mega-tenders for solar parks, hydropower, and wind farms. Power Purchase Agreements (PPAs) reduce investor risk by guaranteeing long-term offtake, making the sector conducive to PPP financing.

c. Transport (₹7.99 lakh crore)

Transport remains the backbone of PPP investment in India. Roads and Bridges alone represent ₹5.4 lakh crore, the single largest physical infrastructure footprint.

This is driven by:

- [NHAI's BOT, HAM, and TOT models](#), which have proven reliability
- Toll-based and annuity-based revenue frameworks
- Strong central institutional capacity
- High traffic demand and logistics growth

Implications for the Urban Sector

"First we shape the cities , then they shape us."- [Jan Gehl](#)

Despite rapid urbanisation, urban PPPs remain modest in both volume and value. The dataset shows far smaller investments in water supply, sewage treatment, solid waste management, and urban transit compared to highways and energy systems. This mismatch arises from several structural issues:

a. Demand and Ridership Uncertainty

Urban metro and transit systems struggle to meet projected ridership levels. A *Business Standard* report noted that PPP metro projects globally face viability challenges due to "**uncertain ridership and intense upfront capital requirements.**"

The [Sreedharan Committee](#) advised that no more than 20% of metro projects should be PPP-based.

b. Weak Municipal Finance

The RBI's *Municipal Finance Report* revealed that ULB revenues equal barely 1% of India's GDP, far lower than middle-income country standards. This undermines their ability to guarantee payments under PPP contracts.

c. Fragmented Governance

Urban infrastructure involves multiple agencies, leading to coordination delays and overlapping jurisdictions issues repeatedly highlighted.

e. Small, Fragmented Project Sizes

Unlike highways or large power plants, urban projects are small and scattered across localities, reducing investor appetite.

Yet, success stories do exist. The [Hyderabad Metro](#) showcased by Harvard University as a global PPP model demonstrates how land monetisation, strong governance, and integrated planning can align to create a viable urban PPP.

Finally What I would like to say:

The dominance of Communication, Energy, and Transport in PPP investment reflects India's ability to create scalable, bankable models in sectors with strong institutional capacity. To replicate such success in urban infrastructure, policymakers must address weak municipal finances, tariff rigidity, land bottlenecks, and governance fragmentation.

By strengthening ULB creditworthiness, standardising contracts, aggregating small projects, and offering targeted risk-mitigation instruments, India can unlock the next generation of large-scale PPPs in water, sanitation, mobility, and housing sectors central to sustainable urbanisation.

3. Discuss the major challenges faced by Public-Private Partnerships (PPPs) in urban India based on your analysis

Challenges Faced by PPPs in Urban India

The above Q1–Q2 analysis shows that PPP capital in India is overwhelmingly concentrated in three sectors: Communication (34%), Energy (33%), and Transport (31%), while urban services (water, sanitation, solid waste, and social infrastructure) account for a relatively small share of the total PPP value.

This concentration explains and amplifies many of the practical challenges that keep PPPs from scaling in cities.

1. Weak municipal finances and limited fiscal space

ULBs lack the fiscal base needed to underwrite long-term PPP contracts. India's municipal revenues have stagnated at around 1% of GDP, far below middle-income peers (6–7% typical), limiting ULBs' capacity to provide viability payments, counter-guarantees, or timely payments to private concessionaires.

This structural fiscal weakness helps explain why capital flows to national roads, power, and telecom (which have central/state support and bankable cash flows) rather than to municipal water or sanitation projects, as shown in the above data on PPP.

Example & consequence: Municipalities frequently [delay or default on payments for O&M](#) or availability payments, which raises risk premia and reduces bidder interest in urban PPP tenders.

2. Tariff rigidity and the political economy of user charges

Urban PPPs hinge on cost-recovery via user fees (water tariffs, solid-waste charges, metro fares). However, political resistance to higher tariffs and weak metering practices means many cities fail to recover even operating costs. Research and policy reviews repeatedly document this. Your dataset's low aggregate for water & sanitation aligns with this reality: private bidders tend to shy away from sectors where tariff reform is politically sensitive, and revenue streams are weak.

Policy implication: Without credible, ring-fenced revenue streams (or explicit fiscal support), PPPs for **urban services remain high-risk**.

3. Land and right-of-way (ROW) bottlenecks in dense urban contexts

Large urban infrastructure needs substantial, contiguous land (depots, stations, waste plants). Your Q2 finding that transport and energy absorb major capital partly reflects the ability of national agencies to deliver land/ROW at scale something ULBs struggle with. Delays in land transfer have been repeatedly identified as a primary cause of cost overruns and renegotiations in metro PPP attempts. The Business Standard's analysis of metro PPPs and the historical Sreedharan panel caution on the viability of metro PPPs in the absence of land/monetisation clarity.

4. Weak project preparation and limited technical capacity

Unlike central agencies (NHAI, NTPC) with in-house PPP teams, most ULBs lack transaction advisory capacity to produce bankable DPRs, credible demand models or risk allocation matrices. World Bank / urban finance studies show a high failure rate at feasibility stage for municipal PPPs.

5. Poorly allocated demand and regulatory risk & disputes

Urban PPPs are vulnerable to demand overruns/shortfalls (metro ridership, household water consumption). Misallocated demand risk has led to high-profile disputes and arbitration ([Delhi Airport Metro arbitration awards and extended legal battles](#)). These disputes raise the perceived litigation risk for future bidders and push financiers to demand higher returns or collateral.

6. Small, fragmented project sizes and lack of investible tickets

Your Q1 counts show many urban projects but of small individual size; small tickets raise fixed transaction costs and deter institutional capital. PPPs scale when projects are standardised and aggregated, such as roads and RE parks, which provide that scale; municipal services rarely do, unless they are deliberately bundled.

Finally, as a Student of Public Policy, I would like to say!

The data's concentration of value in Transport, Energy and Communication is not an accident; it reflects where institutional capacity, aggregated demand, and bankable revenue streams exist.

To unlock municipal PPPs at scale, policy must address the fiscal, land, governance and preparation bottlenecks together: strengthen ULB balance sheets (revenue reforms, rated municipal bonds), pre-clear land/ROW and monetise development rights, create in-city PPP units with TA budgets, mandate motorisation and progressive tariff reform, and actively bundle small projects to create investible tickets.

4. Develop the strategies to attract more projects under the public-private partnership mode for a metropolitan city in India

Strategies to Attract More Public–Private Partnership (PPP) Projects for a Metropolitan City in India

Public–Private Partnerships (PPPs) have become central to the development agenda of India’s metropolitan cities as they grapple with rapid population growth, climate pressures, infrastructure gaps, and rising expectations for mobility, water supply, sanitation, and housing.

Attracting long-term private investment, however, requires more than identifying infrastructure needs; it demands strong financial foundations, institutional capacity, reliable governance structures, and transparent systems.

Any metropolitan city seeking to scale PPPs must therefore strengthen the underlying conditions that make private participation viable, predictable, and profitable.

A first step is enhancing municipal financial strength. Investors evaluate a city’s fiscal stability before entering long-term concession agreements.

Metropolitan corporations can improve their financial credibility by modernising property tax assessments, implementing GIS-enabled billing, rationalising water and waste tariffs, and strengthening collection efficiency.

Ring-fencing revenues such as parking fees, sanitation charges, and water payments into escrow accounts provides greater security for concessionaire payments. Several Indian cities, including Pune and Ahmedabad, have demonstrated the value of issuing municipal bonds backed by predictable revenue streams; such instruments improve financial transparency and significantly reduce the cost of capital. .

Equally crucial is building institutional capacity. PPPs thrive when projects are professionally prepared, risks are clearly allocated, and procurement is efficient.

Establishing a Dedicated PPP Acceleration Unit allows a metropolitan city to develop high-quality DPRs, undertake robust financial modelling, standardise concession frameworks, and coordinate approvals across multiple agencies.

Experience from Hyderabad and Bengaluru shows that such specialised units shorten project cycles, improve investor engagement, and enhance bid competitiveness.

Another important strategy is project bundling. Many urban projects, such as sewage treatment plants, waste processing units, parking structures, and smaller mobility projects, are too small to attract serious private investors on their own. Bundling interconnected projects into larger PPP packages reduces transaction costs and creates economies of scale. Examples include combining smart parking systems with EV charging networks and modernised street-lighting or integrating multiple STPs with reuse networks and sludge-to-energy components. Larger bundles create more investible opportunities and attract institutional investors with greater technical and financial capacity.

Ensuring land and right-of-way (ROW) readiness before tendering is also vital. Land delays are the primary cause of PPP failures in urban India, especially in metro rail, waste management, and large road projects. Creating a Land and ROW Facilitation Cell to pre-clear land parcels, obtain environmental approvals, and coordinate utility shifting significantly derisks the project for private partners.

Encumbrance-free land allows faster construction, reduces the likelihood of disputes, and improves the chances of achieving financial closure.

Finally, transparent and investor-friendly procurement systems help cities build long-term credibility. A digital PPP portal displaying tenders, DPRs, feasibility reports, model concession agreements, and real-time project updates enhances trust and ensures accountability.

Pre-bid consultations, regular investor interactions, and predictable dispute-resolution mechanisms, facilitated through independent engineers or dedicated arbitration channels, further enhance confidence and encourage competitive participation. Publishing a multi-year PPP project pipeline signals continuity and long-term commitment to private investors.

Let's Experiment or Actually work on the 1st AI City of India: Vishakapatnam

Vishakapatnam (Vizag) is uniquely positioned to benefit from these strategies. As a major port city with a strong industrial base, expanding IT ecosystem, vibrant tourism sector, and Smart City investments, Vizag can convert its economic strengths into sustained PPP-driven growth. GVMC can enhance its PPP readiness by improving OSR collections, ring-fencing revenues, and exploring GVMC Municipal Bonds supported by stable cash flows.

Establishing a **Vizag PPP Acceleration Unit (PPAU) across GVMC, VMRDA, Smart City Corporation, APEPDCL, and Visakhapatnam Port Authority** would significantly streamline project preparation and approval processes. Vizag should also bundle STPs, reuse water systems, tourism infrastructure, and waste-to-energy projects to create attractive PPP packages. A dedicated Land Facilitation Cell will ensure pre-clearance of sites, particularly in the constrained coastal belt and port-linked corridors.



Source: AI Generated using Gemini

Finally, a GIS-enabled Vizag PPP Portal, combined with quarterly investor outreach in **Bengaluru, Hyderabad, and Mumbai**, would position Vizag as one of India's most transparent and investment-ready metropolitan cities.

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3. World Bank — “Financing India’s Urban Infrastructure Needs” / urban infrastructure reviews (investment needs & constraints).
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4. Research on PPPs in water & sanitation (comparative review): ResearchGate / academic discussion on tariff reform and PPP limits.
https://www.researchgate.net/publication/311709104_Public-private_partnerships_PPPs_in_water_and_sanitation_in_India_Lessons_from_China ResearchGate
5. Delhi Airport Metro arbitration / dispute reporting (Indian Express) example of contractual dispute and investor risk.
<https://indianexpress.com/article/business/companies/delhi-airport-metro-line-dispute-rinfrawins-rs-2950-crore-arbitration-award-against-delhi-metro-4651785/>

Note: The Other Sources are also attached in the form of Hyperlinks in the Text