

The Missing Link in India's PPP Success

1. Introduction

India's Public-Private Partnership (PPP) framework has evolved significantly over the past two decades. Standardised concession agreements, dedicated project development funds, viability gap funding and policy reforms have all contributed to making PPPs an important vehicle for infrastructure development.

Yet, project outcomes continue to vary across states.

While policy frameworks and financing mechanisms have become stronger, one factor continues to influence how efficiently projects move from concept to execution: **institutional capacity**.

Recognising this, the Department of Economic Affairs (DEA) has released the Reference Guide for Setting-up State PPP Units. More than an administrative guideline, it reflects a broader recognition that successful PPPs require capable institutions that can consistently identify, structure and manage projects throughout their lifecycle.



2. Why Institutions Matter

Infrastructure projects today are becoming larger, more complex and increasingly multi-disciplinary. Successful PPPs require coordination across government departments, robust project preparation, commercial structuring and timely decision-making responsibilities that cannot be addressed through policy alone.

Dedicated State PPP Units provide the institutional framework needed to bring together technical, financial and commercial expertise under a structured governance mechanism. Their role extends beyond reviewing projects; they help improve project quality, strengthen procurement processes and support better investment decisions.

The DEA's guidance also complements ongoing initiatives such as the enhanced India Infrastructure Project Development Fund (IIPDF), expanded Viability Gap Funding (VGF) for social infrastructure and the continued use of model concession agreements.

Together, these measures are helping create a more consistent and investment-ready PPP ecosystem.

3. Why It Matters

For developers, investors and lenders, institutional capability is becoming an important indicator of project readiness. States with stronger governance frameworks are often better positioned to prepare bankable projects, reduce procurement uncertainties and improve execution confidence.

For governments, empowered PPP Units can improve coordination across departments, facilitate better utilisation of central government support mechanisms and strengthen long-term project delivery capacity.

As infrastructure investment becomes increasingly competitive, institutional readiness may prove to be as important as project viability itself.



4. Infra Advisors' Perspective

Infrastructure development has never been driven by funding alone. It depends equally on the institutions responsible for planning, structuring and implementing projects.

The DEA's Reference Guide reflects an important shift in India's PPP journey from strengthening individual projects to strengthening the institutions that enable them. This evolution has implications not only for governments but also for developers, investors and financial institutions seeking greater predictability in project execution.

At Infra Advisors, we believe the next phase of PPP growth will be shaped by institutional capability. States that invest in strong PPP Units are likely to attract higher-quality private participation, accelerate project delivery and build greater confidence across the infrastructure ecosystem.

The future of India's PPP success may therefore depend less on introducing new policies and more on strengthening the institutions that bring those policies to life.



5. References

- a. Department of Economic Affairs, Ministry of Finance
Reference Guide for Setting-up State PPP Units
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- b. Public Private Partnership in India Portal
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