



BOT Model

The Union government will soon re-adopt the Build-Operate-Transfer(BOT) model over the Hybrid Annuity Model (HAM) for executing highway projects.

- HAM was brought in by the government in 2015 to encourage private participation and it served the purpose for a few years till banks red-flagged lending for these projects.
- HAM is a mix of **Engineering, Procurement and Construction (EPC) and BOT formats.**
- **Need to re-adopt:** BOT will see **private investment** coming in upfront, which is expected to benefit the Centre as the exchequer will not have to pump in money in such projects.

Models of Public-Private Partnership (PPP)

- Commonly adopted model of PPPs include:
 - Build-Operate-Transfer (BOT).
 - Build-Own-Operate (BOO)
 - Build-Operate-Lease-Transfer (BOLT)
 - Design-Build-Operate-Transfer (DBFOT)
 - Lease-Develop-Operate (LDO)
 - Operate-Maintain-Transfer (OMT), etc.
- These models are different on the level of **investment, ownership control, risk sharing, technical collaboration, duration, financing** etc.
- **BOT:** It is conventional PPP model in which private partner is responsible to design, build, operate (during the contracted period) and transfer back the facility to the public sector. Private sector partner has to bring the finance for the project and take the responsibility to construct and maintain it. The public sector will allow private sector partner to collect revenue from the users. The national highway projects contracted out by NHAI under PPP mode is a major example for the BOT model.
- **BOO:** In this model ownership of the newly built facility will rest with the private party. On mutually agreed terms and conditions, public sector partner agrees to 'purchase' the goods and services produced by the project.
- **BOOT:** In this variant of BOT, after the negotiated period of time, the project is transferred to the government or to the private operator. BOOT model is used for the development of highways and ports.
- **BOLT:** In this approach, the government gives a concession to a private entity to build a facility (and possibly design it as well), own the facility, lease the facility to the public sector and then at the end of the lease period transfer the ownership of the facility to the government.
- **DBFO:** In this model, the entire responsibility for the design, construction, finance, and operation of the project for the period of concession lies with the private party.
- **LDO:** In this type of investment model either the government or the public sector entity retains ownership of the newly created infrastructure facility and receives payments in terms of a lease agreement with the private promoter. It is mostly followed in the development of airport facilities.
- **Hybrid Annuity Model (HAM)** the central government bears 40% of the project cost and the remaining amount is arranged by the developer.

