

# Cabinet approves amendments and modifications in the Toll-Operate-Transfer model and securitization of user fee receipts of NH

The Cabinet Committee on Economic Affairs, chaired by Prime Minister Shri Narendra Modi has given its approval to the amendments proposed in the Toll Operate Transfer (TOT) Model by National Highways Authority of India (NHAI). Public funded National Highway (NH) projects which are operational and have toll revenue generation history of one year after the Commercial Operations Date (COD) shall be monetized through the TOT Model. The monetization will be subject to approval of the Competent Authority in Ministry of Road Transport and Highways (MoRTH) / NHAI on a case to case basis.

Around 75 operational NH projects have been identified for potential monetization using the TOT Model, and bundled into 10 separate bids to attract economics of scale for the private sector. The corpus generated from proceeds of such project monetization shall be utilized by the Government to meet its fund requirements regarding future development and O&M of highways in the country. The Model would facilitate efficient toll realization through private sector.

This approval would ensure a wider set of assets for Monetization and providing a more attractive model for the investors. Further, the fund generated from such monetization shall be utilized for development/O&M of highways in the country, which would benefit highway users throughout the country.

## **Implementation Strategy and targets:**

The approved TOT Model authorized NHAI to monetize public funded NH projects, such as EPC/BOT (Annuity) projects, which are operational and have a proven toll collection history of at least two years. The approved TOT Model provides for a fixed 30-year concession period. The fund generated from proceeds of monetization are being utilized by the Government to meet its financing requirements regarding future development of NHs in the country, including their operation and maintenance.

NHAI has already monetized one bundle of projects under TOT Model, generating a revenue of Rs. 9681.50crore for the government. However, the second bundle saw deviation in the market valuation of assets from NHAI's valuation. NHAI has conducted several rounds of discussions with the private sector to reduce uncertainty

in the Model. The approved amendments in the model will allow more efficient asset monetization through TOT Mode.

**Background:**

The NHAI was authorized to monetize public funded National Highway projects through the TOT Model. The TOT Model allows NHAI to:

- (i) Ensure efficient management of constructed and operational NH projects through proper Operation and Maintenance (O&M).
- (ii) Arrange for additional funds which are required for achievement of targets under Bharatmala Programme and other NH development works.

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VRRK/SC/SH

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