

1. Evaluate Built operate model of public private partnership in context of Road infra of the country.

India - 2nd in Road sector globally. 64% of the goods transported and 90% of passenger travel through Road. of the total PPP (public private projects) 40% of them is related to road sector. Recently National Highway authority of India (NHAI) allocated 8% of Road development through Build operate transfer model (BOT model).

Build operate transfer model performance.

1. ICRA (Rating Agency) - study shows 120 BOT projects are defaulted, with ₹ 42000 cr NPAs in place.

2. 70 sample project of BOT could not be furthered with only 1/4th of projects could recover from default nearly 16% of projects were exited.

3. Enforcement directorate - had recorded \$8 ₹ 80 cr on alleged fraud's money laundering on perimeter of Ranchi express way. This shows implication of PPP on banking system.

4. Risks associated with BOT model.

a. operationalisation.

Candidate must adhere to the word limit specified in the question.
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Revenue generation is the constraint due to factors like change in mode of transport (Railways) due to demographic changes, local political factors. ICRA also pointed out short term loans instead of long term as a factor for low Revenue generation and lack of data on traffic.

b. Execution of projects

Project execution has been affected due to, factors like Right of way, environment clearances, eg: 2012 Bihar government cancellation of mining projects led to increase in procurement cost, also delaying project execution. Though NHAI compensates ^{through} concessionary agreement for delays, it often leads to overruns. While concessionaire looks to compensate overruns with fixed price contract of EPC (Engineering procurement contract) this lead to double whammy implication on both project and sponsor.

BOT project fared not well for Road sector, since it needs consistent, committed, sustainable finance. Banks must prepare for the implications arising from the model to prevent any further NPA's.