

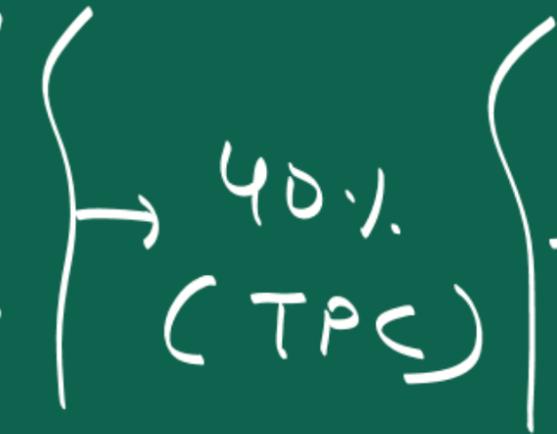
∫.

VGF



MoF → 20%

Infra  
Autho. → 20%

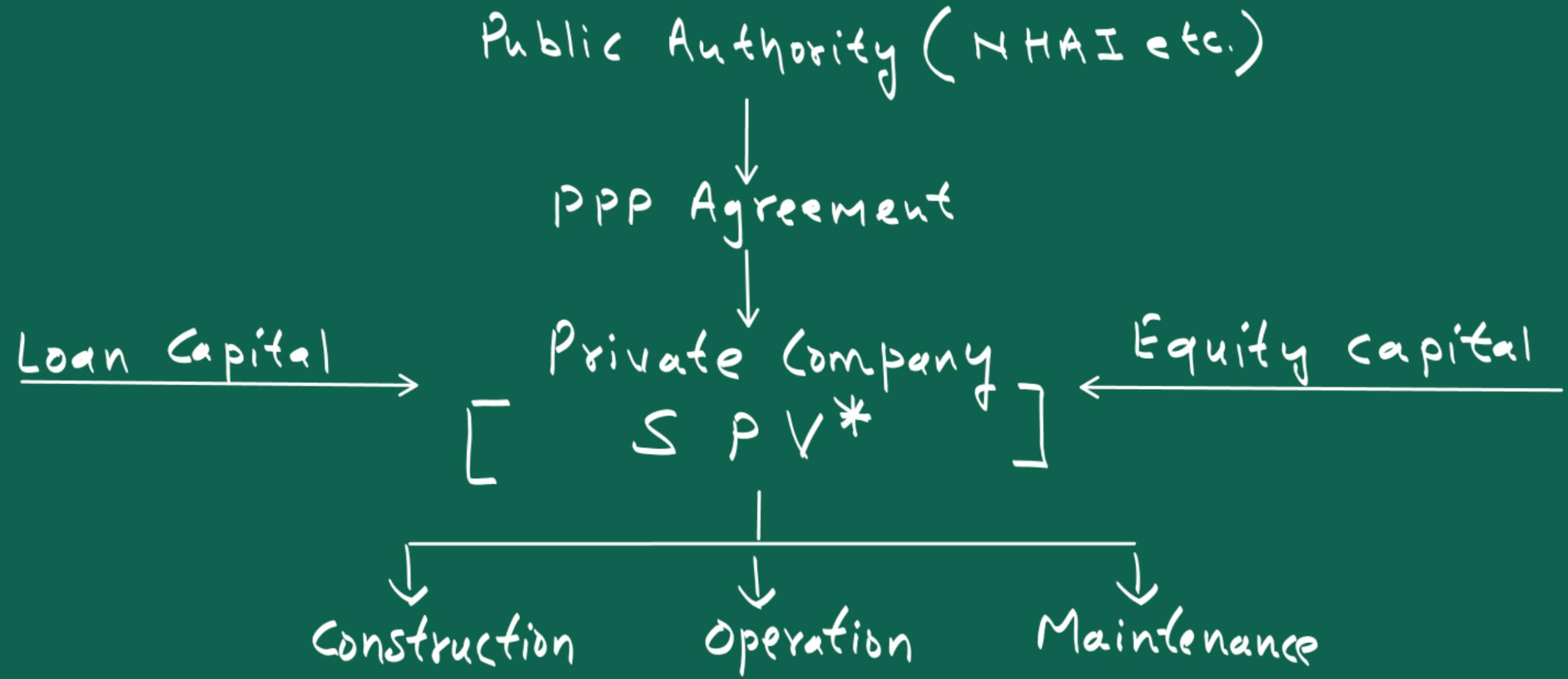


grant

# General Structure of Relationships Under the PPP Model

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This can be shown through a  
diagram -



\* SPV = Special Purpose Vehicle

DIAL = Delhi Int. Airport Ltd.

MIAL = Mumbai - " - " - " - "

## Some Important Sub-Models of PPP

1. DB = Design & Build

2. DBO = Design, Build &  
Operate

on Lease

3. BOT = Build, Operate &  
Transfer  
OR  
BOOT = Build, Own, Operate &  
Transfer

↓  
BOT-Toll

↓  
The private company is to collect toll during the contract period.

↓  
BOT-Annuity

↓  
Annual payments are given to the private company by the govt. authority during the contract period.

Note

- This is the most popular model.

Not less than 66 % of the central PPP projects are based on this model.

4. LDO = Lease, Develop  
&  
Operate



- ↳ New infra project is not created.
- ↳ An old infra is modernised.

## Benefits of PPP Model

1. Saving of economic resources of the country.

↓  
The private companies try to maximise profits. In order to achieve this they are to reduce the cost, if the user-charges are fixed. Thus, there is saving of resources.

2. Infra services become available timely.

why:  $\downarrow$  The financial risk is dominantly on the private company

3. Quality of Infra  
service improves.



more resources, more techniques,  
more knowledge etc. are available  
due to the combination of the private  
and the public sectors.

4. The public management becomes free from such tasks as the designing, operation, maintenance etc of infra projects.

↓  
The public management can focus on other important areas.

5. The govt. is able to save its finance.

This finance can be used for the infra dev. of those areas for which the private sector doesn't show much interest.

Inspite of the above, the following points can not be ignored -

(i) Public control on public assets is reduced due to this model.

(ii) The public sector may get various unexpected risks. etc.

Why PPP projects become controversial  
in India?

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↓ Improper estimation of revenue  
& costs related to an infra project.

↓  
Aggressive bidding

2. Inappropriate model of risk-sharing



The private sector is given the risks related to land acquisition, forest & environ. clearances etc., apart from the financial risk.

3. The lack of the possibility of renegotiation of terms related to PPP agreement.

4. The use of one size fits all type of the MCA (Model Concession Agreement) for all infra projects.

5. Issues related to the levels of user-charges and expected quality of infra services.

etc.

# HAM (Hybrid Annuity Model)

## Intro.

- ↳ Implemented in the area of national highways.
- ↳ a mixture of the traditional **EPC** Model & the BOT model.  
↓  
Engineering, Procurement & Const.

## Features —

- (i) 60% of TPC is invested by the private company.
- (ii) 40% of TPC is invested by the public sector.
- (iii) The investment of the private company will be returned through annual payments in the time period of 15 to 20 years.

(iv) Toll collection is by the public sector.

(v) Inflation risk to be borne by the public sector.

(vi) land acquisition → public sector.

(vii) Environ. & forest clearances → public sector.  
etc.

TOT Model

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Toll, Operate & Transfer



The monetisation of the already existing & operational national highways.

Under this model, the operational national highways are given on lease for a period of 30-years on the basis of an upfront payment.

The govt. will invest revenue from this model for the creation of new infra projects which again

can be given to the private sector under this model.

This is a kind of asset/capital recycling.

