

Toll-Operate Transfer (TOT) model

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Source: PRS India

The Ministry of Road Transport and Highways approved certain changes in the Toll-Operate Transfer (TOT) model for monetising National Highways.

Background

- In August 2016, the Union Cabinet had authorized the National Highway Authority of India (NHAI) to monetize certain public funded National Highway projects.
- **The revenue generated from this monetisation would be utilized by the central government for the future development, operation, and maintenance of highways.**

Changes approved include:

- Earlier, projects could be monetized if they are operational and have been generating toll revenues for at least two years after the commercial operations date. This threshold has been reduced to one year.
- NHAI may vary the concession period between 15 to 30 years depending upon the project features.
- The NHAI Board will approve the detailed proposal for each TOT bundle. This will include details of proposed project stretches, estimated concession value and the proposed concession period.
- NHAI may raise long term finance from banks by securitising the user fee receipts collected from the toll fee plazas as an alternate mode of asset monetisation.