UPSC & STATE PCS CURRENT AFFAIRS · UJIYARI.COM

DAILY CURRENT AFFAIRS

BOT Highways Overhauled: MoRTH Opens Bidding to Sovereign, Pension and PE Funds

12 May 2026 · ECONOMY

CURATED & WRITTEN BY

Bharat Choudhary

UPSC Educator & Content Creator

linkedin.com/in/epicbharat

BOT Highways Overhauled: MoRTH Opens Bidding to Sovereign, Pension and PE Funds

12 May 2026 · 4 min read · 1 tag ▾

WHY IN NEWS

The **Ministry of Road Transport and Highways (MoRTH)** on **May 11, 2026** modified the **Build-Operate-Transfer (BOT) framework** for National Highway projects, allowing **sovereign wealth funds, infrastructure investment funds, pension funds, and private equity (PE) funds** to bid directly. Until now, these institutional pools were eligible only for **Toll-Operate-Transfer (TOT)** projects (already operational highways). The trigger: **four BOT projects worth Rs 22,000 crore** that failed to attract bids over the past year.

THE MODELS COMPARED

MODEL	CONSTRUCTION	FINANCING	TOLL RISK	LAND/APPROVAL	SUITED TO
EPC	Concessionaire builds for fee	100% Govt	None for builder	Govt	Greenfield, low-revenue corridors
HAM (Hybrid Annuity Model)	Concessionaire builds	40% Govt + 60% concessionaire	None	Govt	Most current projects post-2015
BOT (Annuity)	Concessionaire builds	100% concessionaire	None (Govt pays annuity)	Govt	When toll cashflows uncertain
BOT (Toll)	Concessionaire builds	100% concessionaire	**Full** (traffic risk)	Govt	High-traffic corridors
TOT	Existing highway, no new build	Concessionaire pays upfront	Full	Already built	Mature highways being monetised

The BOT-Toll model carries the **most traffic risk** – and that is why developers withdrew.

WHY FOUR BOT PROJECTS GOT NO BIDS

CAUSE	EFFECT
Long concession period (20-30 years)	Capital locked up
Full traffic-revenue risk	Hard to forecast 25 years out
High debt cost (post-IL&FS / NBFC stress)	Lower IRRs
Land-acquisition delays	Project IRR slippage
EPC alternative is bid-friendlier	Developers prefer EPC/HAM

Cumulative effect: in FY 2025-26, **HAM constituted ~80% of new highway awards**, BOT-Toll less than 5%. The Rs 22,000 crore unbid pipeline forced policy revision.

WHAT THE MAY 11, 2026 REVISION DOES

Eligible bidders now include

- **Sovereign Wealth Funds** – the GIC (Singapore), ADIA (Abu Dhabi), CPP Investments (Canada), Norway's NBIM, India's own NIIF
- **Pension funds** – CPPIB, OTPP, Norway pension fund, India's EPFO surplus
- **Infrastructure Investment Funds (InvITs)** – India's NHAI InvIT, IndInfravit, Cube Highways
- **Private Equity** – Brookfield, KKR, Macquarie Asset Management, Edelweiss Alternatives

Modifications in the RFP (Request for Proposal)

- Lower technical-eligibility floors for non-construction bidders
- **EPC contractor as mandatory team partner** – a construction firm must accompany the financial investor
- Streamlined refinancing rules – exit milestones harmonised with TOT

Pipeline

- **NHAI BOT pipeline: Rs 31,000+ crore**
- Targets a 60% BOT / 40% HAM split over 3 years from current ~20:80

WHY THIS MATTERS – THE BIGGER STORY

Crowding-in private and patient capital

- India's **infrastructure financing gap** is estimated at over **Rs 100 lakh crore** by 2030 (National Infrastructure Pipeline)
- Long-duration funds (pension, sovereign) are a structural match for highway concessions
- This is the same logic that drove the **NIIF Master Fund** and **NHAI InvIT**

Reducing NHAI debt

- NHAI debt crossed Rs 3.5 lakh crore by FY 2024
- Asset monetisation through BOT/TOT helps **recycle capital** – a National Monetisation Pipeline (NMP) priority

Reducing logistics cost

- India's logistics cost ~13-14% of GDP (Economic Survey)
- National Logistics Policy, 2022 targets single digits by 2030

ANCHORING PROGRAMMES

- **PM Gati Shakti** – multimodal infra master plan (2021)
- **National Infrastructure Pipeline (NIP)** – Rs 111 lakh crore over 2020-2025
- **National Monetisation Pipeline (NMP)** – Rs 6 lakh crore (2021-2025)
- **Bharatmala Pariyojana** – 34,800 km arterial corridor programme
- **NHAI InvIT** – listed (2021); recycles operational toll roads

UPSC RELEVANCE

GS Paper 3 – Infrastructure

- Infrastructure: roads
- PPP models in infrastructure
- Capital mobilisation; financing infrastructure

GS Paper 2 – Governance

- Statutory bodies (NHAI under the NHAI Act, 1988)
- Government policies and interventions

Mains Angles

1. Discuss the various PPP models in Indian highway infrastructure. Which model best balances risk and return?
2. The role of sovereign and pension funds in financing Indian infrastructure – opportunities and concerns.
3. India's asset monetisation strategy: a sustainable financing route, or a pre-commitment of public revenue? Evaluate.

Build-Operate-Transfer; can be Toll-based (full traffic risk) or Annuity-based (fixed Govt payment).

Hybrid Annuity Model – 40% Govt + 60% concessionaire; introduced 2015-16; now dominant for new awards.

Toll-Operate-Transfer – monetising operational highways; first bundle awarded 2018 (Macquarie).

Engineering, Procurement, Construction – 100% Govt-financed, contractor builds for fee.

National Highways Authority of India; statutory body under NHAI Act, 1988; under MoRTH.

Infrastructure Investment Trust; listed 2021; investors include CPP, OTPP.

National Investment and Infrastructure Fund; India's quasi-sovereign infrastructure fund (2015); anchor LP is Govt of India.

target – cut logistics cost to single-digit % of GDP by 2030.

Launched 2021; multimodal infra master plan with 16+ ministries on a common GIS platform.

← NEWER ARTICLE
SEBI GARUDA: Green-Channel Framework to Fast-Track AIF...

OLDER ARTICLE →
IIP March 2026: Industrial Output Up 4.1% YoY; Capital Goods...

RELATED EDITORIALS

INDIAN EXPRESS

Beyond Subsidies: India's EV Policy Maturity Test

11 May

INDIAN EXPRESS

India's Farm Exports After Trump: Resilience or Mirage?

10 May

THE HINDU

The Elephant in India's Data Room: Fragmented Governance, Missed Potential

9 May

THE HINDU

Fixing Structural Deficits in India's Health System

8 May

RELATED KEY TERMS

KEY TERM

ACNAS

Advisory Committee on National Accounts Statistics — the expert body...

KEY TERM

Act East Policy

India's strategic foreign policy framework prioritising active...

KEY TERM

Agri-Photovoltaic

A dual land-use technology that integrates elevated solar panels with...

KEY TERM

Anti-Dumping Duty

A protective tariff imposed on imports sold below their normal value...

CURATED & WRITTEN BY

Bharat Choudhary

UPSC Educator & Content Creator

linkedin.com/in/epicbharat

📖 Read Full Article on Ujiyari →

https://ujiyari.com/daily/2026/05/12/morth-bot-highway-revised-pe-sovereign-funds/