

## NHAI RELEASES FIRST EVER ASSET MONETISATION STRATEGY DOCUMENT:

**NEWS:** NHAI releases first-ever Asset Monetisation Strategy Document to drive growth in Road Sector

### WHAT'S IN THE NEWS?

NHAI's first Asset Monetization Strategy outlines how it raises capital through ToT, InvITs, and securitization models, converting operational highways into revenue-generating assets. This initiative supports infrastructure expansion under the National Monetisation Pipeline while ensuring transparency and private sector participation.

#### Context

- The **National Highways Authority of India (NHAI)** has released its **first-ever 'Asset Monetization Strategy for the Road Sector'**, aimed at unlocking capital by monetizing operational highway assets.

#### What is Asset Monetization?

- Asset monetization, also known as **asset or capital recycling**, is a global business strategy.
- It involves the **leasing or licensing of public sector assets** to private sector entities for a fixed period.
- In return, the government receives **upfront or periodic payments** under a well-defined contractual framework.
- The approach creates a **virtuous investment cycle** — existing assets are monetized to generate funds, which are reinvested in creating **new infrastructure assets**.

#### Monetization by NHAI – Overview

- NHAI raises funds through three main models:
  1. **Toll-Operate-Transfer (ToT)**
  2. **Infrastructure Investment Trusts (InvITs)**
  3. **Securitisation of Toll Revenues**
- As per the **National Monetisation Pipeline**, NHAI has raised **over ₹1.4 lakh crore** by monetizing **6,100+ km of National Highways**.

#### Pillars of NHAI's Asset Monetization Strategy

##### 1. Value Maximization

- Standardize and streamline asset identification and offering.
- Focus on attracting competitive bids that maximize government returns.

##### 2. Transparency

- Enhance internal and external transparency in monetization processes.
- Build investor trust through open communication and accountability.

### 3. Market Development

- Expand the base of private and institutional investors.
- Promote stakeholder engagement to improve market participation.

## Key Monetisation Models Used by NHAI

### 1. Infrastructure Investment Trusts (InvITs)

- **Definition:** Pooled investment vehicle regulated by **SEBI** (introduced in 2014).
- **Structure:**
  - NHAI transfers **completed toll-operating highways** into the InvIT trust.
  - **Investors purchase units** of the InvIT, earning returns from **toll revenues**.
  - Two key players:
    - **Investment Manager** – Ensures returns to unit holders.
    - **Project Manager** – Oversees road operations and maintenance.
- **Advantage:** Allows NHAI to **monetize assets without loss of ownership**.

### 2. Toll-Operate-Transfer (ToT) Model

- **Definition:** A **Public-Private Partnership (PPP)** model introduced in **2016**.
- **Structure:**
  - Private sector pays a **lump sum upfront** for toll collection rights of completed highways.
  - Takes responsibility for **operation and maintenance**.
  - Monetization is based on **past toll revenues and expected future income**.

### 3. Securitization of Toll Revenues

- **Definition:** Raising funds using **future toll revenue streams as collateral**.
- **Structure:**
  - NHAI forms a **Special Purpose Vehicle (SPV)**.
  - SPV securitizes future toll receipts and raises capital.

- **Example:** The SPV for the **Delhi-Mumbai Expressway** raised **₹40,000 crore** using this model.

### **Way Ahead: Strategic Goals for Expansion**

- **Scaling Up:** More completed highway projects to be brought under the monetization strategy to unlock additional capital.
- **Private Sector Confidence:** Maintain **regulatory stability and transparency** to enhance investor confidence.
- **Capacity Building:** Strengthen institutional ability to **design, evaluate, and manage monetization deals**.

### **About National Highways Authority of India (NHAI)**

- **Establishment:** Set up in **1995** under the **Ministry of Road Transport and Highways (MoRTH)**.
- **Legal Basis:** Formed through the **NHAI Act, 1988**.
- **Headquarters:** New Delhi.
- **Mandate:**
  - Develop, maintain, and manage **National Highways across India**.
  - Promote sustainable and resilient road infrastructure.

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