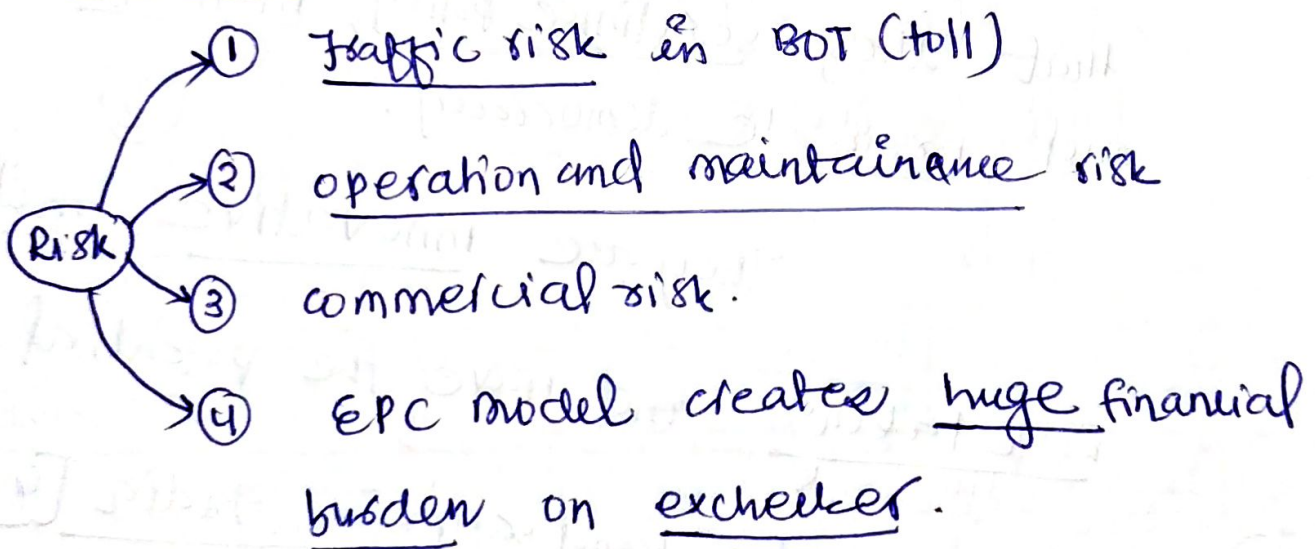


Hybrid Annuity model (HAM) is a Public-private-partnership model of infrastructure projects, which has features of both Engineering Procurement model (EPM) and Built operate transfer (BOT).

HAM is mixup of both to mitigate risk and limitations of both EPM & BOT.

such as



Thus HAM is advantageous as

there is no traffic or operational risk

instead funding is provided on installments.

Government pays only 40% upfront cost
rest 60% ~~comes~~ comes from private sector.

- ↓
- it is also adjusted for inflation.
 - All clearances, acquisition and other risks are borne by government.
 - Assured Annuity returns is attractive
 - private sector brings expertise

↳ But, as annuity is paid along with interest on annuity, there is a risk of low returns, as RBI decreases Repo rate.

Recent changes however addresses the concern, for example

① Adjusting interest rate with MCLR instead of Bank rate, of top 5 commercial bank.

② The installment numbers has been increased from five to ten and time gap has been reduced.



This will create continuous payment flow, reduce delay and overall absorb investment.

Following these changes, NAM is best suited for government's plan of National Infrastructure Pipeline (NIP) in infrastructure.