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# Risks in Build Operate Transfer (BOT) Infrastructure Project: A Case Study on Shirwal- Lonand-Phaltan-Baramati Road Project

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**ABSTRACT:** Built Operation Transition (BOT) efforts have gained a great deal of popularity as a financing and expansion model for massive-scale building tasks around the world. Prior to transferring ownership to the government, a business designs, constructs, money, functions, and supports upgrades to infrastructure for an agreed-upon period of time. While BOT efforts offer numerous benefits, they are also susceptible to There are an array of hazards that need to be fully assessed to guarantee the success of the undertaking. This research paper seeks to provide a thorough evaluation of the risks associated with BOT construction projects. It begins with an overview of the fundamental concepts and characteristics of BOT initiatives. The paper then provides an organized review of the associated risks, classifying them according to their economic, operational, permitted, the environment, as well as social dimensions. Financial hazards associated with BOT projects include insufficient funding for the projects, excess costs, currency swings, price fluctuations, and revenue insecurity. Risks associated with planning a project, development, and execution are risk factors. Legal risks include regulatory and contractual uncertainty, changes in legislation, and the possibility of disputes between the public and businesses. Potential hazards include biological impacts, adherence to conservation standards, and environment liabilities. Social hazards involve societal acceptability, social impact evaluation, and handling stakeholders.

**KEYWORDS:** Build Operate Transfer (BOT), Infrastructure projects, Risk assessment, Risk management, Financing risks, Operational risks, Legal risks, Environmental risks

## I. INTRODUCTION

Create Operate Transfer (BOT) infrastructural construction endeavors have come to be as a viable financial and development model for major infrastructure builds around the world. In this arrangement, a business It is accountable to oversee the planning, development, offer, execution, and care of the system. for a specific amount of time before passing possession to the government sector. BOT initiatives have a number of benefits, including attracting investors, delegating risks onto the marketplace, and expediting the construction of buildings. But they weren't devoid of obstacles and dangers. Evaluating The numerous risks related to build-operate-transfer (BOT) infrastructure plans are discussed. is essential for ensuring effective project execution and attaining desired results. Numerous parameters, such as practical, legal, ecological, and social, can generate risks. To secure their own interests and enhance the success of their projects, entrepreneurs, investors, and governments must comprehend and effectively manage these risks. Inadequate financing for projects, overinflated costs, changes in currencies, monetary policy shifts, along with revenue concerns are examples of financial risks. These Risks can have a significant impact on the viability and financial health of an undertaking. satisfy financial obligations throughout its lifecycle. Operational hazards in BOT projects pertain to design, building, and operational efficiency concerns. Ineffective project planning and building techniques may result in mistakes, cost increases, and subpar infrastructure quality. Inefficiency in operations can negatively affect the generation of revenue and the general success of the project. Administrative unknowns, shifts in laws and regulations, and possible conflicts within both the public and private markets all pose legal risks. The legal system regulating BOT projects serves a crucial role in assuring contract effectiveness, protecting the freedoms and duties of both sides involved in it, while offering an explicit process for resolving disputes.

### 1.1 OBJECTIVES

The objective of this study is:

- Acquire a deeper comprehension about the key notions underlying Build-Operate-Transfer (BOT) building efforts.



- Determine the dangers related to Build Operate Transition (BOT) construction projects.
- To categorize the many risks associated with Build Operation Transition (BOT) building initiatives.
- Evaluate the influence of related dangers on Build Operate Transfers (BOT) construction projects.
- To execute a field poll via postal questionnaires and personal meetings with experts in order discover the main reasons of delay for BOT assignments, and get the perspectives of three key subjects: the client, the adviser, and the builder, regarding the factors affecting project interruptions.
- To evaluate Cost Overflow in BOT by analyzing an instance of the BOT road-building case.

### 1.2 SCOPE OF THE STUDY:

The next elements constitute the scope of this investigation.:

- To comprehend construct, Operate Transfer Projects along with the rising demand for them in the Indian context.
- To comprehend various risk classes or groups.
- recognize and grasp the Risks associated with the various phases of Create Operation Transfer initiatives.
- To comprehend the various Parties in a construct, operate, Transition operation and the associated risks from their respective perspectives.
- Analyze the Time Overflow in construct, Operation Transition Projects and their Effects on the Task at hand.
- Come up with and propose a risk assessment plan for initiatives for review

## II. RISKS DURING VARIOUS STAGES OF THE BOT PROJECT

Danger associated with a BOT initiative's development vary by level.

thus would be useful for getting an overview of the major phases of an initiative's implementation.

The phases of carrying out a project are able to be outlined roughly as follows:

1. The Gestational Period
2. The Developmental Period
3. The Building and Launch Phase
4. The Process of Operations and Management
5. Stages of Closure and Transition

### 2.1 . RISKS DURING THE GESTATION STAGE:

Expense associated with the research, evaluation, and growth of the venture's plan.

It is likely that the idea of the endeavor its own is going to fail and will be canceled, hence rendering every expense expended for the preparation of the inquiry a poor investment who can't be recouped.

Although a choice is made to work on and execute the venture, it is possible that expenses accrued at this point will continue to rise and reappear during the creation phase.

### 2.2 RISK MANAGEMENT:

According to Murphy's Law "left to themselves, things will always go from bad to worse." Failure is very common in any infrastructure or construction project. Although each construction or infrastructure project is unique in nature, this is not an excuse for failure. Hence risk management plays a very important role in every project. This chapter talks about general concept of risk management and different aspects of risk management such as risk identification, classification, measurement, probability of occurrence and mitigation.

### 2.3 CONCEPT OF RISK MANAGEMENT:

The principle objective of The objective of risk oversight is to reach a higher level of fulfillment and reduce, if not prevent disasters with the application of risk examination strategies. The risk management studies also answer the questions that when and where will these uncertainties and hazards exist and to what extent they will affect the project? The successful adoption The phase of the work when risk mitigation is implemented determines the degree to which it is implemented. A significant portion of the principles underlying risk handling involves the detection of dangers prior to them manifest, and then the setting up of prevention measures and backup plans to minimize the possible effects if

they ultimately develop. Naturally, whether assessment and control approaches are not implemented as long as a late stage of a project's growth, their efficacy to guarantee the project's progress is significantly reduced. Therefore, it is essential that at the project briefing stage consideration be given to a risk analysis and management strategy.

#### 2.4 Process of Risk Management:

While Despite the fact that every endeavor is unquestionably unique, a method to risk administration may seem remarkably consistent. The main tasks consisting of discovering the danger, evaluating its probable harm, adjusting to it, and subsequently executing the necessary steps to avoid or reduce the threat's possible effects. Although these are the basic steps of risk management process, clearly it cannot be totally sequential in nature. Risks are likely to arise at every stage of the project and need to be identified and analyzed throughout the project.



**Fig. Risk Management Process**

#### 2.5 RISK IDENTIFICATION:

The first and the most important step in attempting to deal with exposure to risks are to identify them which is called "Risk identification".

Many individuals maintain that the key advantages of risk control are derived from the recognition phase as opposed to the assessment phase. This is due to the fact that detection requires an in-depth look of the project's plan of action, by which dangers can be exposed and solutions formulated.

Clearly a systematic approach for risk identification contains:

1. Technique of financial data
2. Flowing chart method
3. Evaluation and schedule methodology

Despite the fact that the majority of projects feature a number in generally conventional and discernible Risk instances, every novel endeavor needs cautious, specific attention.

#### 2.6 TYPES OF RISKS:

The supporters choose to invest within something if the dangers associated with the venture are smaller than the potential benefit. These are kinds of risks: -

1. Markets and Earnings Risks
2. Planning Risks
3. Building Risks
4. Working Risks
5. Economic Risks
6. Politics Risks
7. Legally Risks



8. Ecological Risks

9. Exceptional Forces Risks

### 1. Market and Revenue Risks:

Earnings chance is an ambiguity regarding the actual earnings the fact that an initiative will result in, which affects the source of financing and, consequently, the potential return on commitment. This can occur in two situations: -

- If the number of revenue anticipated for the location doesn't materialize.
- The building's rental costs may not be accurate

### 2. Design Risks:

The danger applies to any error within the architectural layout of the undertaking or the specifications for design set for the construction. This constitutes a natural danger to the construction process as it can be extremely challenging to definitively discern whether harm to the building really occurred due to a flaw in the layout specification or the designing its own.

### 3. Construction Risks:

The building risks represent a collection of multiple distinct hazards that have a negative impact on the building of a task within the estimated duration and budget as well as according to building specifications. The dangers related to building undertakings.

### 4. Operating Risks:

A number of the dangers we could encounter during an endeavor are also applicable to maintaining and operating services. In the case of catastrophe or pollution, the business will probably file an appeal with its carriers, as those kinds about risks are typically insured.

### 5. Financial Risks:

Inflation risk constitutes a few of the most significant economic hazards that might result in the undertaking incurring more funding expenses. The threat may be substantial for undertakings via large amounts of credit and lengthy durations, with some loans spanning many years. Loans are typically granted at a preset rate in order to mitigate credit risk. The financing bundle can also send hedging provisions; such as rate swaps or loan rate limits.

### 6. Political Risks:

The developer and financiers are exposed to the possibility that the actualization of the project will be impaired by deeds of the authorities or lawmakers of the nation that is hosting it.

- Variations in Policy
- Construction Decisions
- Unfavourable executive conduct or inactivity
- Increased taxation
- Unanticipated opposition

### 7. Legal Risks:

- A few legal dangers associated with major BOT initiatives: -
- License or contract of real estate
- Possession of goods
- Company and safety design
- Business disaster
- Contravention of financial paperwork
- Enforcement of protection

### 8. Environmental Risks:

Construction of the undertaking. These hazards are typically under the oversight of Development and the organization. This danger is now greater related to the existence of stringent legal penalties for these environmental damage, which may not just have a negative impact on a venture's finances yet also resulted in the cessation of all work related to it.



### 9. Force Majeure Risks:

Those are hazards associated with situations that are beyond the influence of anybody which the affected party are unable effectively forestall. These dangers are typically caused by factors external to the undertaking. The definition of unforeseen circumstances includes the following: -

- Spontaneous causes of incidents
- Real geopolitical supernatural incidents
- Significant impact on politics informal

Spontaneous calamity includes all occurrences that ca Environmental supernatural events include all occurrences that are likely explained by Mother Nature or acts of God, which include flooding, quakes, storms, and storms; these hazards ought to be distributed equally between both sides.

### III. METHODOLOGY

This investigation utilized the following established methods:”

- Detection of BOT Initiative Stages
- The detection of dangers at each stage
- Creation of inquiries for each phase and Evaluation
- Distribution of the list, visits to places, and conversations
- Inventory of Inventory
- Evaluation of replies
- Analysis & Dialogue
- Summary

1. **Identification Phases of BOT Projects** Literature Risks associated with the undertaking's pre- and post-execution phases are not addressed. This research examines risk in relation to their natural cycle. It is crucial to determine the the project's different steps.

#### A. Conception & Definition Phase

The process includes the following actions:

- The idea behind the endeavour
- Scale of the undertaking
- Subject of the undertaking
- Tending as well as providing
- Work schedule

#### B. Planning Phase

The first stage includes a number of actions;

- Assignment of freelancer
- Estimating
- Fee estimate
- Planning
- Showing off landmarks
- Strategies for standards & comfort
- Money flow

#### C. Execution Phase

This stage includes the following actions;

- Task prioritization
- Division of tasks diagrams
- Transfer of funds
- Each day's amount
- Sustaining continuous advancement
- Reaching satisfactory and secure standards



**D. Closure**

The first stage includes a number of actions;

- Giving in and moving across
- Maintenances
- Extra work claims

The research separated every stage of the property project's development process through six different groups for precision. This increases the precision of each study exercise (phase) and improves research. These stages are determined through consultation with property professionals and study.

Listed below are each stage of the lifespan process:

Stage – I: Conceptual And Possible Capital Raising In addition Planning.

Closure Stage – Iii: Tendering, Bidding, In addition Projects Reward

Stage – Iv: Project Management & Principal Sourcing

Stage – V: Contract Administration, Evaluation, and Management

Stage – Vi: A project Completion, Sale, and functioning and upkeep

**2. Evaluation of dangers at every stage**

Each the stage's risk is described in regard to a problem assertion or threat. Based on research and interviews with specialists employed by the field for the past decade, threats were discovered.

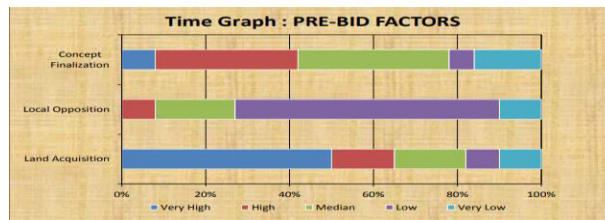
Being aware of the next point is essential;

- Are dangers highlighted or ignored in a specific phase
- What kinds of dangers are in question?
- Groups of hazards need for them to be specified
- Dangers of dangers
- Importance for danger
- Influence on endeavour
- Risk repercussions
- Effect duration on chance
- Risk's Existence and Chances

These points are discussed and analyze, following major

- categories are chosen from those beyond this have been
- Capable of detecting this risk beforehand
- Ranking to feed Loss Amount attributable to this The danger
- Evaluation of Chances
- Influence on project postponement

**IV. RESULT AND DISCUSSION**



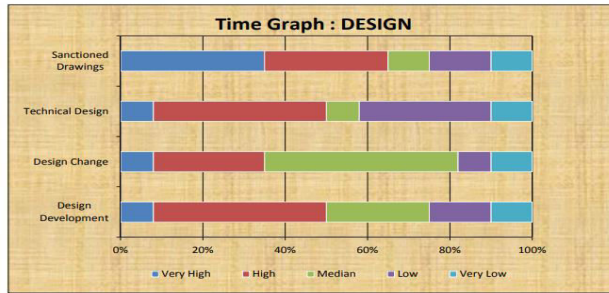


Fig No. – 4.2 Design Factors

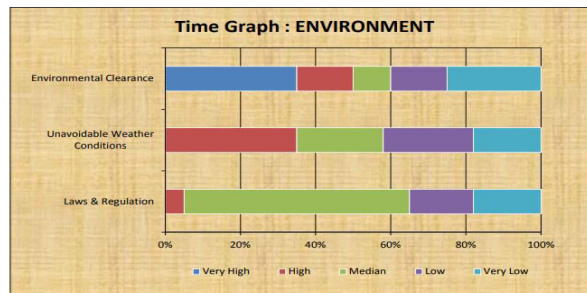


Fig No. – 4.3 Environmental Factors

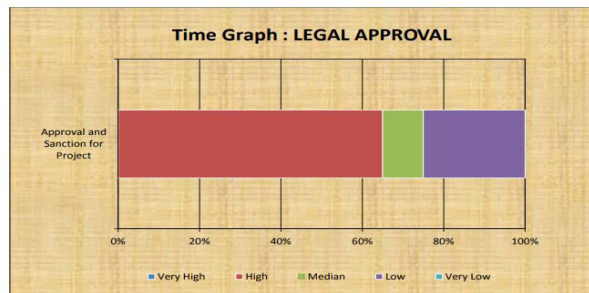


Fig No. – 4.4 Legal Approval

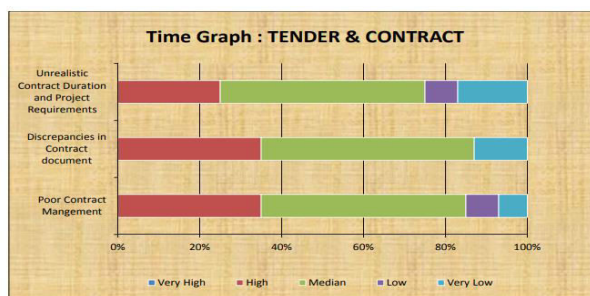


Fig No. – 4.5 Tender & Contracts:

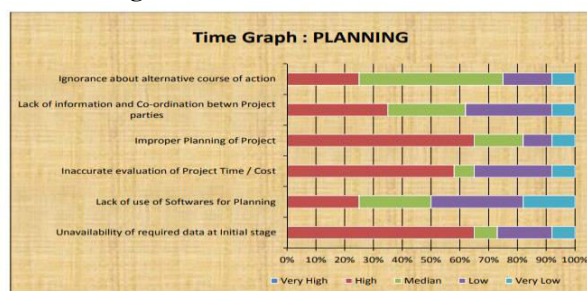


Fig No. – 4.6 Planning



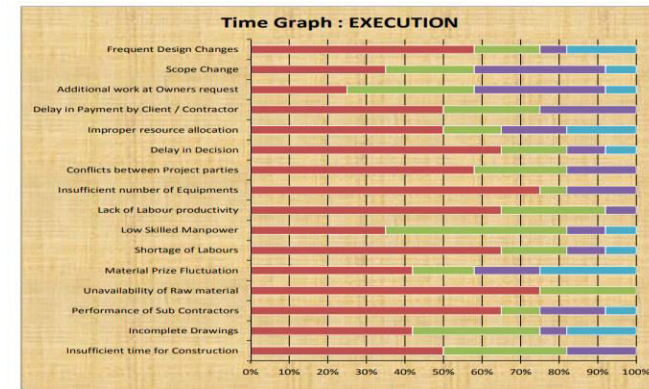


Fig No. – 4.7 Execution

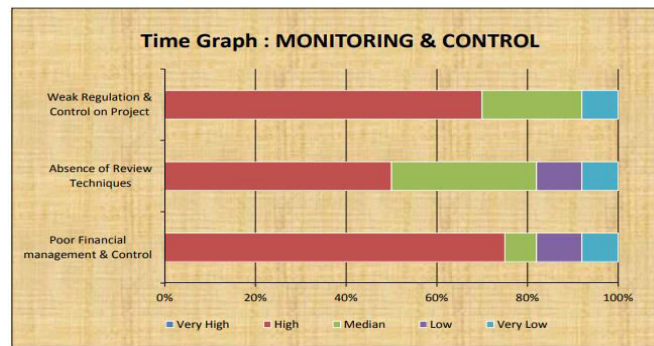


Fig No. – 4.8 Monitoring & Control

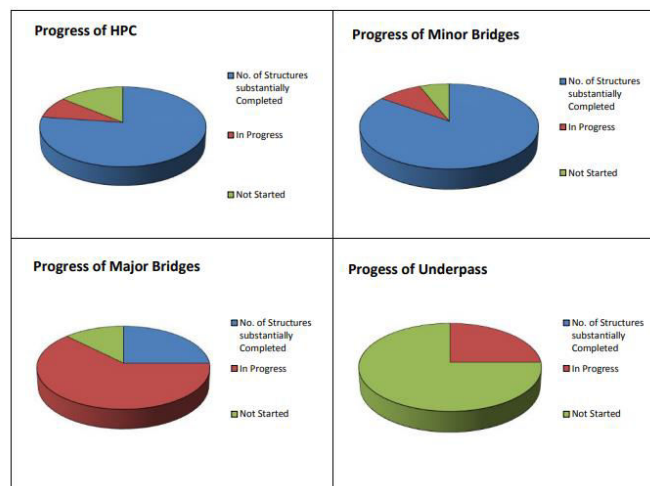


Fig No. – 4.9 Structure Works

V. CONCLUSION

This study examined the critical dangers related to India's BOT initiatives. The key findings are outlined below:

Based on their level of significance, the known serious hazards are as follows:

clearance delay, law shift cost excess, dispatch limitations, acquiring land and payment, enforcement of shrinks, build plan, financing concluding, pricing modification, and threat to the environment.



The dangers are then evaluated throughout each stage of a BOT initiative's lifespan, and a checklist/questionnaire is created that can be distributed to people working across various BOT projects in order to identify the major hazards impacting the deadlines as well as cost extensions of BOT projects.

Once the critical hazards effecting the Time along with cost extensions of BOT projects have been identified, an evaluation can be conducted to determine their effects on BOT programs and mitigation measures may be proposed correspondingly

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