

NEWSLETTER

CONSTRUCTION INFRASTRUCTURE UPDATES

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Infra projects see cost overrun of Rs 5.52 lakh cr in January
The Economic Times,
February 27, 2026

Synopsis

The latest 'Flash Report on Central Sector Infrastructure Projects' showed that the revised cost of all 1,702 projects, each valued at Rs 150 crore or higher, monitored by the statistics ministry stood at Rs 39,24,534 crore compared to their original cost of Rs 33,71,816 crore.

Several infrastructure projects worth above Rs 150 crore each registered a cumulative cost overrun of Rs 5.52 lakh crore, according to a monthly government report for January 2026.

The latest 'Flash Report on Central Sector Infrastructure Projects' showed that the revised cost of all 1,702 projects, each valued at Rs 150 crore or higher, monitored by the statistics ministry stood at Rs 39,24,534 crore compared to their original cost of Rs 33,71,816 crore.

The report did not specify the actual number of projects that are facing cost overrun.

The Ministry of Statistics and Programme Implementation (MoSPI) stated in a press release on Wednesday that as of January this year, 1,702 ongoing infrastructure projects, with a revised cost of Rs 39.25 lakh crore, are reported on the PAIMANA portal across 17 central ministries/departments.

During the month, three projects were commissioned and 203 additional projects were brought under the monitoring of PAIMANA.

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The cumulative expenditure incurred on these projects up to January 2026 stands at Rs 20.02 lakh crore.

Out of the total 1,702 projects, 645 (38 per cent) have achieved over 80 per cent progress, while 240 (14 per cent) have crossed 80 per cent completion, reflecting that a substantial portion of projects are at advanced stages of implementation.

The transport & logistics sector accounts for the highest number of ongoing projects at 1,180, with revised estimates of Rs 20.65 lakh crore, underscoring priority to connectivity-driven infrastructure growth.

The total ongoing projects include 695 mega projects (costing Rs 1,000 crore and above) with a revised cost of Rs 29 lakh crore, and 1,007 major projects (worth below Rs 1,000 crore and up to Rs 150 crore) amounting to Rs 4.72 lakh crore.

As of January 2026, the cumulative expenditure incurred on these 1,702 under implementation projects stands at Rs 20.02 lakh crore, accounting for approximately 51.01 per cent of the revised project cost.

Physical and financial progress broadly move in tandem, with a large number of projects being at the initial (0-20 per cent) and advanced (81-100 per cent) stages, indicating a pipeline of newly-started projects alongside many nearing completions.

While physical progress exceeds financial progress in the 81-100 per cent range, financial progress is relatively higher in the early stages, reflecting upfront expenditure patterns in project implementation.

The ministry-wise data showed that the Ministry of Road Transport & Highways accounts for the highest number of 863 projects (50 per cent), having a 20 per cent share of total project cost at Rs 8.1 lakh crore.

The Ministry of Railways is implementing 249 projects (15 per cent), and has the largest share of total project cost at Rs 8.5 lakh crore (22 per cent).

Ministry of Coal accounts for implementing 126 projects (7 per cent), with a total project cost of Rs 2.14 lakh crore (6 per cent).

The Ministry of Petroleum & Natural Gas, the Ministry of Power, Ministry of Housing & Urban Affairs, and the Department of Water Resources, River Development & GR are implementing 110, 102, 56, and 47 projects, with associated costs of Rs 5.03 lakh crore, Rs 5.28 lakh crore, Rs 3.96 lakh crore, and Rs 1.98 lakh crore, respectively.

The remaining 149 projects (9 per cent), with a total cost of Rs 3.98 lakh crore (10 per cent), are distributed across various ministries/departments, including higher education, civil aviation, steel, telecommunications, labour & employment, ports, shipping & waterways, health & family welfare, mines, DPIIT, and sports.

Sector-wise data showed that the transport & logistics related projects account for 53 of the total revised cost at Rs 20.65 lakh crore across 1,180 projects.

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The energy sector follows with 28 per cent of the aggregated revised cost (Rs 10.84 lakh crore) across 218 projects.

Communication infrastructure, with a project cost of Rs 2.74 lakh crore (7 per cent) across 14 projects, represents targeted interventions aimed at strengthening digital connectivity.

Water and sanitation projects account for Rs 2.03 lakh crore (5 per cent) across 70 projects.

Social and commercial infrastructure, comprising 74 projects with a revised project cost of Rs 0.79 lakh crore (2 per cent), reflects selective investments in education, healthcare, real estate, and tourism, hospitality and wellness.

Projects classified under 'others', amounting to Rs 2.18 lakh crore (5 per cent) across 146 projects, indicate diversification across sectors such as coal, steel, metals, and mining.

During January 2026, three projects were commissioned, including major ones in railway, power and petroleum & natural gas.

Notable commissioned projects include the third railway line of 291 km between Patratu-Sonnagar worth Rs 8,975 crore, and the "transmission scheme for evacuation of 4.5GW RE injection at Khavda PS under Phase II- Part C" worth Rs 2,821 crore.

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Unlocking Rs 40 lakh crore: Govt's mega bet on India's infra future

The Economic Times,
February 27, 2026

Synopsis

Finance Minister Nirmala Sitharaman launched the National Monetisation Pipeline 2.0, aiming to raise Rs 16.7 lakh crore by monetising over 2,000 assets. This initiative focuses on operating and maintaining brownfield infrastructure for fixed periods, not privatization, to fund new greenfield projects and boost GDP.

When Finance Minister Nirmala Sitharaman unveiled the second phase of the National Monetisation Pipeline (NMP 2.0) on Tuesday, it was a continuation of a policy experiment begun in 2021. But it was also a sharpening of the Centre's strategy to fund infrastructure without overstressing the public balance sheet.

Prepared by NITI Aayog in consultation with infrastructure ministries, NMP 2.0 operationalises the asset monetisation plan for 2025–30 announced in the Union Budget 2025–26.

The headline numbers are ambitious. The government plans to monetise more than 2,000 assets across 12 ministries, with an overall revenue potential of Rs 16.7 lakh crore. Of this, Rs 10.8 lakh crore is expected to be realised between 2025–26 and 2029–30, with the remainder flowing in subsequent years. Coming on the back of NMP 1.0, which mobilised Rs 5.3 lakh crore, or 90% of its Rs 6 lakh crore target, NMP 2.0 is both a scaling-up exercise

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and a test of whether asset monetisation can become a structural pillar of India's infrastructure financing model.

A Niti Aayog report estimates a potential GDP impact of nearly Rs 40 lakh crore over five to ten years of NMP 2.0.

The logic of NMP 2.0: Monetisation and recycling, not privatisation

At the heart of the NMP framework is a distinction that policymakers have repeatedly stressed that asset monetisation is not outright privatisation. The government retains ownership of the underlying assets. What is transferred is the right to operate, maintain and earn revenue from brownfield infrastructure for a fixed concession period, typically under transparent bidding frameworks such as toll-operate-transfer models, infrastructure investment trusts, long-term leases or public-private partnerships.

The economic logic of NMP 2.0 is straightforward. India has invested heavily in creating physical infrastructure such as highways, transmission lines, ports, airports, pipelines and railway freight corridors. These are capital-intensive assets with long gestation periods. Once operational and revenue-generating, they can be leased to private operators who are often better placed to extract efficiency gains and bear operational risks. The upfront proceeds realised by the government can then be recycled into new greenfield projects, creating a virtuous investment cycle.

In effect, the state converts illiquid public assets into liquid financial resources, without relinquishing ultimate ownership. This recycling of capital is the core principle of NMP 2.0.

What is on offer under NMP 2.0?

The sectoral distribution of assets under NMP 2.0 reflects both scale and maturity. Roads remain the dominant segment. Highways, multi-modal logistics parks and ropeways together are expected to yield Rs 4.42 lakh crore during the five-year window. This shows the government's confidence in traffic growth, tolling frameworks and investor appetite for operational road assets.

The power sector is next, with a monetisation target of Rs 2.76 lakh crore. Transmission lines, generation assets and distribution-linked infrastructure are likely components. These assets offer relatively stable cash flows, making them attractive to long-term institutional investors such as pension and sovereign wealth funds.

Ports and railways follow closely, with targets of Rs 2.63 lakh crore and Rs 2.62 lakh crore respectively. In railways, dedicated freight corridors, station redevelopment projects and cargo terminals could be monetised through structured concessions. Ports, which have already seen private participation in cargo handling and terminal management, provide another natural fit for long-term leases.

Coal and mining assets together account for over Rs 3 lakh crore in potential proceeds. This reflects the continued centrality of resource extraction to India's industrial and power ecosystem, even as the energy transition gathers pace.

Other sectors such as urban infrastructure, civil aviation, petroleum and natural gas, warehousing, telecom and tourism contribute smaller but still significant amounts. The diversity of sectors indicates that NMP 2.0 is not confined to one ministry or one asset class but is a whole-of-government monetisation strategy.

Where the money goes

Of the Rs 10.8 lakh crore expected during 2025–30, the Niti Aayog report estimates that Rs 4.61 lakh crore would accrue directly to the Consolidated Fund of India. Around Rs 1.63 lakh crore would go to public sector undertakings or port authorities, and Rs 38,418 crore to state consolidated funds. Additionally, Rs 4.18 lakh crore would represent direct private investment committed under concession agreements.

The report argues that if 70% of the central government's proceeds are redeployed into public-funded infrastructure projects, it would amount to about Rs 3.2 lakh crore in fresh government investment. More broadly, extrapolating monetisation flows suggests that Rs 6.2 lakh crore of central and PSU proceeds could catalyse total investment of Rs 12.2 lakh crore.

Applying a capital expenditure multiplier of 3.25, the report estimates a potential GDP impact of nearly Rs 40 lakh crore over five to ten years. While multipliers are based on assumptions, the underlying argument is that public capital expenditure has strong forward and backward linkages, stimulating demand for cement, steel, logistics, labour and services, and crowding in private investment.

Fiscal strategy and balance sheet management

NMP 2.0 must also be viewed in the context of India's fiscal arithmetic. The Centre has significantly increased capital expenditure over the past several budgets, even as it pursues fiscal consolidation. Asset monetisation provides non-tax, non-debt capital receipts that help finance infrastructure without widening the fiscal deficit.

This has two implications. First, it supports macroeconomic stability by reducing the need for additional borrowing. Second, it allows the government to maintain a high capex trajectory even when revenue growth may be cyclical or constrained.

From a public finance perspective, monetisation is a balance sheet optimisation exercise. Mature assets with predictable cash flows are better suited to private sector balance sheets seeking stable returns. The government, with its unique capacity to plan long term and absorb early-stage risk, is better positioned to focus on new projects with higher uncertainty but larger social and developmental returns.

Crowding in private capital

Another central objective is to deepen India's infrastructure financing ecosystem. Long-term institutional capital, both domestic and global, has shown increasing interest in operational infrastructure assets in India. Infrastructure investment trusts and real estate investment trusts have already become established vehicles.

By providing a pipeline of bankable, revenue-generating assets, NMP 2.0 seeks to crowd in private capital at scale. This reduces the burden on public banks and broadens the investor

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base. Over time, a successful monetisation programme can also improve pricing benchmarks and risk assessment frameworks for infrastructure projects.

The broader developmental context

Beyond fiscal arithmetic and GDP multipliers, the broader economic logic of NMP 2.0 lies in accelerating infrastructure creation. India's development trajectory depends heavily on logistics efficiency, reliable power supply, modern transport networks and urban infrastructure. NMP 1.0's near-achievement of its target provides some confidence, but NMP 2.0 is larger in scale and more complex in scope. The government's ability to coordinate across ministries and ensure timely transactions will be crucial.

If monetisation allows the government to build more highways, rail corridors, renewable energy parks and logistics hubs at a faster pace, the long-term productivity gains could outweigh the short-term accounting debates.

In that sense, NMP 2.0 is an attempt to establish a capital recycling model within the Indian state. By unlocking value from existing infrastructure, the government seeks to fund the next wave of growth.

Whether the projected Rs 40 lakh crore GDP boost materialises will depend on execution, market conditions and the quality of new investments. NMP 1.0's near-achievement of its target provides some confidence, but NMP 2.0 is larger in scale and more complex in scope. The government's ability to coordinate across ministries and ensure timely transactions will be crucial.

But as a policy framework, NMP 2.0 represents a deliberate shift towards treating public assets as strategic components of a national balance sheet - the assets that can be leveraged, recycled and redeployed in pursuit of sustained economic expansion.

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