

NEWSLETTER

CONSTRUCTION INFRASTRUCTURE UPDATES

TUESDAY, JANUARY 28, 2025

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Cabinet Approval for 320km-long Vindhya E-Way PTI, January 28, 2025

The Uttar Pradesh government has given its in-principle approval for two major connectivity projects aimed at enhancing the state's road network. During a cabinet meeting at the Triveni Complex, Arail, the government approved the construction of the 320-kilometre-long Vindhya Expressway and the 100-kilometre Vindhya-Purvanchal link expressway.

Chief Minister Yogi Adityanath stressed that these expressways would stimulate the region's social and economic growth, complementing the existing connectivity across Paschimanchal, Madhyanchal, Purvanchal, and Bundelkhand.

The 320-kilometre Vindhya Expressway will link Prayagraj, Mirzapur, Varanasi, Chandauli, and Sonbhadra, connecting the Ganga Expressway in Prayagraj with NH-39 in Sonbhadra. This new road will improve links between the Ganga and Vindhya expressways and enhance connectivity with neighbouring states like Jharkhand, Madhya Pradesh, and Chhattisgarh.

Additionally, the 100-kilometre Vindhya-Purvanchal link expressway will connect Chandauli on the Vindhya Expressway to Ghazipur, the final point of the Purvanchal Expressway.

In a move aimed at improving Prayagraj's infrastructure, CM Adityanath also announced plans for a new bridge connecting Salori to Hetapatti and in-principle approval for the construction of a new bridge parallel to the Shastri Bridge and Yamuna Signature Bridge. These new bridges will support Prayagraj's vision of becoming a "Smart City".

During the meeting, the state government reiterated its commitment to ensuring the creation of a "safe and prosperous Uttar Pradesh," with decisions aimed at benefitting the state's farmers, youth, women, and the poor.

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Union Budget 2025: Govt set to prioritise railways over highways in fund allocation The Financial Express, January 28, 2025

In the previous financial year (FY24), the highways sector was allocated Rs 2.70 lakh crore. However, the upcoming budget is anticipated to lean in favour of railways, reflecting the government's changing infrastructure priorities.

Union Budget 2025: Govt set to prioritise railways over highways in fund allocation

The upcoming Union Budget for 2025-26 is expected to prioritise the railways sector over highways, marking a strategic shift in infrastructure focus. According to a report by Nuvama, railways are likely to receive increased allocations, bringing them closer to the funding levels of the highways sector.

In the previous financial year (FY24), the highways sector was allocated Rs 2.70 lakh crore. However, the upcoming budget is anticipated to lean in favour of railways, reflecting the government's changing infrastructure priorities.

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Record-High Railway Budget in Recent Years

In the last budget for FY25, railways were allocated a record-high budget of Rs 2.5 lakh crore, a significant increase compared to Rs 2.4 lakh crore in FY24. This allocation is nine times higher than the budget allotted in 2013-14. Meanwhile, the highways sector received Rs 2.78 lakh crore for FY25.

The report underscores the environmental and logistical benefits of rail transport over roadways. It highlights that a single freight train can replace hundreds of trucks, significantly reducing greenhouse gas emissions by up to 75 per cent.

Despite being the world's fourth-largest railway network, India's rail share in freight transportation has seen a steady decline. Between 1950-51 and 2021-22, the running track length of Indian Railways expanded from 51,000 km to over 102,000 km. However, its share in freight transportation has plummeted from 85 per cent in 1951 to 60 per cent in 1991, and further down to 27-28 per cent in 2022.

Challenges Faced by Rail Freight Transport

Currently, about 70 per cent of freight movement in India depends on roadways, with trucks consuming more than half of the country's petrol and diesel. Over the past decade, the road network has doubled to 150,000 km of national highways, further shifting freight reliance towards roads.

Additionally, the absence of dedicated freight corridors and robust rail connectivity to non-major ports has added to the growing dependence on trucks, impacting the efficiency and cost-effectiveness of logistics.

Government Initiatives to Boost Rail Infrastructure

The government is addressing these challenges by focusing on enhancing rail infrastructure to reduce logistics costs and improve freight transport efficiency. Efforts are underway to develop dedicated freight corridors, enhance connectivity to ports, and modernise railway infrastructure.

The anticipated shift in budget allocation aims to revitalise railways' role in freight transport, fostering a more sustainable and cost-effective logistics ecosystem. With improved infrastructure and increased investment, railways are set to play a crucial role in shaping India's transportation landscape in the years to come.

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Specialised non-bank lenders steal a march on banks in infrastructure lending
The Hindu Business Line,
January 28, 2025



Banks' outstanding infrastructure portfolio was up 6.5 per cent y-o-y as on March-end 2024. NBFC-IFCs clocked an impressive 9.6 per cent y-o-y growth

Specialised non-bank lenders such as NBFC-IFCs (non-banking finance company – infrastructure finance companies) and NBFC-IDFs (infrastructure debt funds) are going one up against banks in the infrastructure lending space.

Infrastructure loan book growth of these specialised non-bank lenders has been growing relatively faster vis-a-vis banks' in the last couple of years.

This comes amid NaBFID (National Bank for Financing Infrastructure and Development) commencing full-fledged lending operations in 2023 and PFC (Power Finance Corporation) and its subsidiary REC (Rural Electrification Corporation) diversifying into funding non-power infrastructure projects.

NBFC-IFCs (such as NaBFID, PFC, REC, HUDCO, IIFCL and IRFC) and NBFC-IDFs (such as India Infradebt, Kotak Infrastructure Debt Fund and NIIF Infrastructure Finance) have picked up the slack. This is borne out by RBI data.

Gap that needs bridging

Banks' outstanding infrastructure portfolio nudged up just 0.63 per cent year-on-year (yoy) to ₹12,02,605 crore as on March-end 2023. This portfolio was up 6.5 per cent y-o-y to ₹12,80,258 crore as on March-end 2024, going by RBI data.

In sharp contrast, NBFC-IFCs logged a strong 10.9 per cent y-o-y growth in their infrastructure portfolio to ₹13,68,506 crore as on March-end 2023. This portfolio clocked a 9.6 per cent y-o-y growth (higher than banks' 6.5 per cent growth) to ₹14,99,348 crore on March-end 2024.

Most of the NBFC-IFCs are government-owned, mainly providing credit to the infrastructure sector. This includes segments like power, telecommunications, roads, airports, ports, railways, among others.

NBFC-IDFs grow

NBFC-IDFs recorded a 20-per-cent plus growth in their infrastructure loan portfolio in the last two years. Their portfolio grew 23.9 per cent y-o-y to ₹36,506 crore as on March-end 2023 and 22.2 per cent y-o-y to ₹44,612 crore as on March-end 2024.

NBFC-IDFs provide refinancing once infrastructure projects have completed at least one year of commercial operations and finance toll operate transfer (TOT) projects as the direct lender.

“In its two years of operations, NaBFID has built up a loan book and investment book of about ₹47,600 crore and about ₹750 crore, respectively, as on September-end 2024. PFC and REC have moved into funding non-power infrastructure projects.

“So, there is stiff competition for banks’ from non-bank lenders for financing infrastructure projects,” said a senior public sector bank official.

Moreover, once an infrastructure project commences operations and cash flows stabilise, its credit rating improves. So, the project promoter can create an Infrastructure Investment Trust (InvIT), get investors to invest in units (with the project’s cash flows as underlying security), and pay off high-cost bank loan. This can shrink a bank’s loan book.

In such a scenario, banks are looking at tie-ups with specialised non-bank lenders to jointly lend to infrastructure projects and grow their book. They also pursuing opportunities for extending working capital.

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NHAI to Invest Over Rs 150 Bn in UP Highways Overhaul

CW Team,
January 28, 2025

The National Highways Authority of India (NHAI) is set to embark on highway projects worth more than Rs 150 billion to boost cargo and passenger traffic across Uttar Pradesh, according to a senior state official.

Key districts such as Kanpur, Bareilly, Barabanki, Bahraich, Agra, Aligarh, and Gorakhpur will benefit from these developments, which will supplement ongoing highway and expressway initiatives.

“While the detailed project reports (DPRs) for some projects are finalised, others are in the final stages of bidding,” the senior official explained, noting the total budget for these schemes is around Rs 155 billion.

Meanwhile, the much-awaited Lucknow-Kanpur Expressway, being constructed by NHAI, is expected to be completed by July 2025. This project will ease traffic congestion between the industrial city of Kanpur and the state capital, Lucknow.

The 594-km Ganga Expressway, initially aimed for completion by the Maha Kumbh, is now projected for launch by March-April 2025. With a cost exceeding Rs 36,000 crore, the project is being developed by the UP Expressway Industrial Development Authority (UPEIDA).

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Additionally, an airstrip on the Ganga Expressway is being designed for emergency landings and takeoffs of Indian Air Force (IAF) planes. Similar facilities are already available at the Agra-Lucknow and Purvanchal expressways.

Once the Ganga Expressway and the 91-km Gorakhpur Link Expressway are finished, UP will boast nine access-controlled expressways, spanning over 1,900 km. The state currently manages about 47 per cent of India's expressway network.

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Additional Railway Tracks In Busy Routes, Interstate Road Connectivity Between MP And UP Reviewed Under PM GatiShakti

Swarajya,
January 28, 2025



The 86th meeting of the Network Planning Group (NPG), chaired by E Srinivas, Joint Secretary of the Department for Promotion of Industry and Internal Trade (DPIIT), evaluated four key infrastructure projects on 24 January, according to ANI.

The projects, two from the railway sector and two related to highway development were assessed for alignment with the principles of PM GatiShakti, according to a Ministry of Commerce and Industry release.

The NPG underlines the importance of integrated multimodal infrastructure, last-mile connectivity, intermodal coordination, and synchronised project execution.

These projects are expected to enhance logistical efficiency, reduce travel time, and bring significant socio-economic benefits to the regions they serve.

One of the railway projects reviewed was the quadrupling of the Vadodara-Ratlam route (258.94 km). The addition of a third and fourth line will alleviate congestion on one of Western Railway's busiest corridors, boosting freight and passenger capacity.

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This development is anticipated to reduce delays and improve connectivity to industrial and port hubs, while also enhancing multimodal integration along the Mumbai-New Delhi corridor.

The second railway project, the Murarai-Barharwa third line (48.9 km), spans West Bengal and Jharkhand. This brownfield project aims to address the overburdened corridor operating at over 134 per cent capacity.

The new line will improve punctuality, reduce wait times, and handle additional bulk traffic for coal, iron ore, and fertilisers, benefiting key industries in the region.

In the road sector, the NPG evaluated the Tikamgarh-Badagon-Ghuwara-Shahgarh highway upgrade (80.7 km) in Madhya Pradesh. This project involves upgrading NH-539 to two lanes with paved shoulders, enhancing inter-state connectivity between Madhya Pradesh and Uttar Pradesh.

It aims to reduce congestion, facilitate the transport of agricultural produce, and boost tourism in culturally significant locations such as Orchha.

Another critical project assessed was the Sultanpur-Ayodhya greenfield highway (65 km). This access-controlled four-lane highway bypasses congested areas along NH-330 in Uttar Pradesh.

Built under the Hybrid Annuity Mode (HAM), it features flyovers, ROBs, and utility ducts. The corridor is expected to shorten travel times, improve safety, and stimulate tourism around Ayodhya, benefiting local communities.

These projects, upon completion, are poised to strengthen India's infrastructure network and ensure seamless connectivity across the nation.

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Chennai Corp Plans New Beautification Projects Under Flyovers

CW Team,
January 28, 2025

The Greater Chennai Corporation (GCC) has announced plans to beautify several spaces under flyovers, including those at Doveton, Kalaivanar, Peters Road, Rangarajapuram, and Vyasarpadi. However, existing green spaces under bridges such as Murasoli Maran Bridge and Kotturpuram Bridge remain neglected due to a lack of funding, say officials from the Bridges and Parks departments.

An official from the Bridges department stated that no formal contract is currently in place for the upkeep of these green walls, which were maintained through CSR funds. The maintenance contractor was only appointed for three months when the vertical gardens were first set up, and no new funding from corporates has been received recently. As a result, the installations have neither been removed nor replanted.

The new beautification plans, being overseen by the Special Projects department, aim to enhance pedestrian paths and curb debris dumping beneath flyovers.

The project includes landscaping, CCTV surveillance, and solar-powered lighting, with features such as pathways, ornamental plants, benches, and possibly play areas or open gyms. The project budget for Kalaivanar flyover is Rs 3.74 crore, for Doveton flyover it is Rs 3.25 crore, and Rangarajapuram costs Rs 2.53 crore. The GCC expects to finish the beautification work within a year.

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