

NEWSLETTER

CONSTRUCTION INFRASTRUCTURE UPDATES

Friday, March 07, 2025

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Government To Revamp 'Build, Operate, Transfer' Model For Greenfield Highways To Attract Private Investment: Report

Swarajya,
March 07, 2025

The government is set to introduce a revised Model Concession Agreement (MCA) for Build Operate Transfer (BoT) projects by April, aiming to reduce disputes and encourage greater private investment in highway construction, Financial Express reported citing a senior official.

"In April, the revised Model Concession Agreement (MCA) for the Build Operate Transfer (BoT) projects will be ready. The revision will take care of the concerns of the industry in the construction sector," the official was quoted as saying by FE.

The MCA serves as a legal contract that defines terms and conditions of public private partnership (PPP) projects in India.

Last year, the government revised the MCA for brownfield BoT projects, incorporating liberal construction support, permission for borrowing from non-bank lenders, and enhanced compensation for shortfalls in projected tariff collections.

The updated MCA is expected to instill confidence among developers as the government begins bidding for key greenfield projects.

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Currently, 53 highway projects worth Rs 2.1 lakh crore are planned for execution under the BoT model, with some projects already at the bidding stage and others expected to be tendered in the next three months.

"The aim of the MCA revision exercise is to balance the risk between the proponents of the projects in a way which is rational," the official added.

To mitigate risks, the Ministry of Road Transport and Highways (MoRTH) has mandated that all pre-construction approvals—including land acquisition, forest clearance, and environmental clearances—must be completed before issuing the Letter of Award.

"In some cases, we insist even the financial bids are not opened unless we have been able to complete pre-construction exercises which are essentially land acquisition, forest clearances and environment clearances. The idea is that the scope of contractual disputes and pendency of projects are minimised," the official noted.

Reviving BoT is a key part of the government's infrastructure strategy, particularly as India focuses on high-speed corridors to enhance logistics efficiency.

The government aims to extend the high-speed corridor network to 50,000 km from the existing 4,500 km, with 18,000 km of expressways to be constructed over the next five to six years.

By 2030-31, the target is to reach 25,000 km, with further expansion planned over the following five years.

The BoT model was widely used between 2007 and 2014, accounting for nearly 50 per cent of total highway projects.

However, it later fell out of favour due to aggressive bidding, unrealistic projections, land acquisition delays, and disputes, which led to non-performing assets (NPAs) for banks.

To address BoT's decline, the government introduced the Hybrid Annuity Model (HAM) in 2016, where 40 per cent of the project cost is covered by the government and 60 per cent by the concessionaire, who is then reimbursed through fixed annuity payments over 15 years.

HAM has since gained prominence, accounting for 58 per cent of the Bharatmala programme, while BoT contributes a mere 1.41 per cent and Engineering, Procurement and Construction (EPC) contracts make up 41 per cent.

Despite BoT never completely went out fully—still making up 3-5 per cent of highway projects—the National Highways Authority of India (NHAI) now seeks to increase BoT's share to 10 per cent, ensuring a more sustainable funding model for India's growing road network.

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BRO Begins Bhimber Gali Tunnel Work
PTI,
March 07, 2025

The Border Roads Organisation (BRO) conducted the inaugural blast on Monday to mark the commencement of construction for the Bhimber Gali Tunnel, a key part of the Jammu-Poonch National Highway project. This tunnel, spanning 1.1 km, is a critical infrastructure development in the Pir Panjal region of Jammu and Kashmir.

A defence spokesperson highlighted the significance of this milestone, stating that the project will enhance connectivity by reducing the distance between Rajouri and Poonch by 10.8 km. The tunnel is part of a larger 16.1 km-long project stretching from Kalali in the Rajouri district to Bhataduria in the Poonch district.

The inaugural blast was executed by BRO's Project Sampark Chief Engineer, Brig Neeraj Madan, and Ministry of Road Transport and Highways Jammu Regional Officer, A M Prasad. A ceremonial 'puja' (prayer) was conducted before the event, attended by officials from the civil administration, emphasizing the collaboration between BRO and district authorities.

Brig Madan reiterated the BRO's commitment to advancing road infrastructure in remote and strategic areas. He stated that the Bhimber Gali Tunnel will serve as an alternative axis for troop movement and general transportation, contributing to both national security and economic growth.

The project builds on BRO's recent breakthroughs, including the completion of the 700-meter Naushera Tunnel in January 2024. With continued efforts to enhance road networks in difficult terrains, BRO remains dedicated to strengthening regional infrastructure for both defence and civilian purposes.

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Dwarka Expressway Emerges as India's Fastest-Growing Realty Corridor

Business Standard,

March 07, 2025

Dwarka Expressway has firmly established itself as India's fastest-growing real estate corridor, witnessing an unprecedented 58% year-on-year (YoY) surge in property prices during the October–December 2024 quarter. According to a joint study by CREDAI, Colliers, and Liases Foras, this marks the highest price appreciation across the country in Q4CY2024, outpacing all other major cities and micro-markets.

Real estate experts attribute this exceptional growth to strong infrastructure-led development, heightened investor confidence, and sustained sales momentum. The expressway's strategic location and connectivity enhancements have positioned it as the hottest real estate investment destination in Delhi-NCR and across India.

While housing prices across India's top eight cities rose 10% YoY, averaging Rs 11,266 per square foot, Delhi-NCR stood out with a 31% annual price increase, the highest in the country. The top-performing cities included Mumbai, Delhi-NCR, Chennai, Bengaluru, Hyderabad, Kolkata, Pune, and Ahmedabad, but Dwarka Expressway remained the undisputed leader, followed closely by Greater Noida.

Luxury and Ultra-Luxury Segments Drive Growth Industry analysts highlight that rising demand for luxury and ultra-luxury residences, especially in Gurugram and Greater Noida, has significantly

contributed to the price surge. Robust infrastructure development, along with the increasing preference for premium, well-designed homes, has fueled this momentum.

Market and Industry Outlook With its proximity to major business hubs such as Cyber City, Udyog Vihar, and Indira Gandhi International Airport, Dwarka Expressway offers an unparalleled mix of connectivity and lifestyle benefits.

Experts predict continued price appreciation, driven by sustained infrastructure development, growing demand for high-end living spaces, and Delhi-NCR's thriving real estate ecosystem.

As India's urbanisation accelerates, emerging real estate corridors like Dwarka Expressway will remain pivotal in shaping the country's residential and commercial landscape, making them a prime focus for both domestic and international investors.

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