

NEWSLETTER

CONSTRUCTION INFRASTRUCTURE UPDATES

MONDAY, MARCH 23, 2026

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FY26 highway construction to miss target, may hit decade low
The Financial Express,
March 23, 2026

National highway construction in India reached 7,211 km in the first eleven months of FY26, trailing the 10,000 km annual target.

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India Faces Highway Construction Shortfall as NHAI Shifts Focus to High-Speed Corridors

National highway construction in the first eleven months of the current financial year stood at 7,211 km against the full-year target of 10,000 km, indicating a shortfall. This is mainly due to delays in land acquisition and securing other clearances.

If construction continues at this pace, the year may see the shortest length of highway construction since 2017-18 when 9,829 km of highways were built. In 2024-25 around 10,660 km of highways were constructed of which 5614 km were built by the National Highways Authority of India (NHAI).

The NHAI has constructed 4,653 km out of the 7,211 km of highways built so far this fiscal year. For a full year the NHAI has a target of building 5000 km of highways.

Stricter Clearance Norms

The pace of construction has declined in the past two years after hitting a peak of 12,349 km in 2023-24. This slowdown followed a sharp fall in the pace of awarding new highway projects. The rate of award fell from 12,376 km in 2022-23 to 7,538 km in FY25. NHAI has a target of awarding 4,500 km of highways in FY26, of which it has just completed 2,086 km.

The pace of awarding has suffered because agencies are ensuring that at least 80% of land is available for the project before bidding. They are also ensuring that the forest clearance, environmental clearance, railway clearance and approval for dealing with other structures is available, an official said.

Awarding projects without taking full possession of land and other clearances earlier has led to 653 under-construction national highways projects, with a cumulative project cost of about Rs 4.24 lakh crore missing their original completion deadline. Of which, 316 projects are facing delay of less than 1 year, 252 projects of 1-3 years and 85 project of more than 3 years

This prior preparation may have slowed down awarding in the past but now two or three highway projects are being cleared in every cabinet meeting, he added. Since June 2024, the government has approved 30 access controlled highways with an outlay of Rs 2.54 lakh crore.

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Pivot from Bharatmala

Another reason for the slowdown in project awards was a halt on taking up new projects under Bharatmala. While work on approved projects continues, the government focus has shifted to high speed access controlled highways.

Currently, work on seven greenfield expressways or access-controlled corridors has been completed while 28 are in various stages of implementation. Their total length is 10,196 km.

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RITES Wins Rs 105.69 Crore Contract To Maintain Indian Railways' First High-Speed Test Track In Rajasthan

Swarajya,
March 23, 2026

RITES Limited has secured a Letter of Acceptance from Research Designs and Standards Organisation (RDSO) for the comprehensive maintenance of Indian Railways' first dedicated high-speed test track located in Rajasthan.

The facility, built at an estimated cost of Rs 967 crore, is situated between Gudha and Thathana Mithri stations in the Nawa region of the Jodhpur division. The project lies under the administrative control of North Western Railway and is roughly 70 km from Jaipur.

Confirming the development, the company said: "RITES has received Letter of Acceptance from Research Designs and Standards Organisation (RDSO), Lucknow for Comprehensive maintenance contract of dedicated test track between Gudha and Thathana Mithri stations of Jodhpur division of NWR," it said in a statement.

The maintenance contract is valued at Rs 105.69 crore, excluding GST, and will run for a period of 60 months from the date the LoA was issued.

The dedicated test facility is a 64 km specialised facility designed to evaluate trains and railway technologies at speeds of up to 220 kmph. The corridor stretches between Gudha and Thathana Mithri, around 70 km from Jaipur, and has been built at a cost of about Rs 967 crore.

The track has been engineered to support comprehensive testing of rolling stock under near-real operating conditions, featuring seven major bridges, 129 minor bridges, and four stations along the route.

Its design also incorporates a combination of straight sections and curves to allow trains to be tested at varying speeds while assessing stability, safety, braking performance, and overall system reliability.

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Little impact of Middle East conflict on business, 95% projects on; supply chain a concern: L&T

The Economic Times,
March 23, 2026

Synopsis

Engineering giant Larsen & Toubro states the Middle East conflict has not significantly impacted its business. Nearly all projects continue to operate smoothly. However, the company faces challenges with logistics and supply chains. Revenue risks exist if the situation persists.

Engineering, procurement and construction major Larsen & Toubro has not seen any major business impact because of the ongoing Middle East conflict, as nearly 95 per cent of the projects are continuing to function, a top official has said.

The company, which gets over 35 per cent of its revenue from the geography witnessing conflict after the US and Israel's attack on Iran and the subsequent retaliations, however, flagged logistics and supply chain as key challenges and noted revenue risks if the situation remains unchanged.

L&T does not see any immediate impact on revenues as the 5 per cent of projects where work has been stalled do not contribute significantly to the topline, Subramanian Sarma, its deputy managing director, told reporters over the weekend.

However, if the logistical issues do not get resolved in three months, there can be an impact through revenue deferment, he added.

The top company official, who directly oversees the energy portfolio, declined to directly answer queries on profit margins impact but hoped that it will be able to pass on the increase in costs to the customers.

Stating that none of its sites have faced any attack, and all its staff and workers in the Middle East are safe, Sarma said work at 5 of the 100 projects in the region has ceased either because the company took a decision to that effect by itself or because a customer suggested to do so due to risk factors such as proximity to a military base, etc.

"There has been no disruption in 95 per cent of the sites. It is business as usual," Sarma said, adding that work is suspended or disrupted in 5 per cent of the projects.

The company has 8,000 staffers and 2,000 of their family members, and an additional 20,000 contractual workers at its sites in the Middle East, Sarma said, adding that none of the staff has evinced any interest to return.

It has, however, stopped sending any new workers into the Middle East since the conflict started, he said.

Sarma said the Middle East has been a "second home" to the homegrown company, where it has expanded over the last three decades.

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Elaborating on the supply chain challenges, he said the company generally keeps supplies that can last up to three months at a project site itself, and added that the last two weeks have seen disruptions in the supply lines.

Getting material from other regions, including China and Europe, is a challenge as shipping lines are shut, but any sourcing from within the Gulf countries is not impacted, Sarma said.

Everybody is looking at alternatives to the problems created in the Strait of Hormuz and utilising ports in Oman is among the possible alternatives for evacuation of cargos, Sarma said, exuding confidence that a solution will be found soon.

On the margins front, he said it is a "mixed bag" when it comes to projects in the Middle East, with some being fixed price ones and some having price variations built in.

Citing the experience during Covid, he said many customers paid higher to adjust for higher prices, hoping for a similar outcome in the present situation as well.

The insurance costs have remained the same for older projects, but premiums on newer projects will go up in future and costs will have to be baked-in in project pricing.

The company is continuously assessing developments, and has formed a situation management committee comprising top executives and continues to be in touch with key officials, including Indian missions in the region, he said.

Sarma said the company had always thought over the geopolitics in the region and plans made then are helping it now.

Once the conflict is over, it sees business opportunities in reconstruction, faster ordering of new projects, shift to alternative sources of energy like renewables and newer evacuation routes for oil and gas, which may involve laying pipelines, he said.

If Iran integrates better with the world and there are no sanctions, it will provide a lucrative business opportunity, Sarma said, specifying that at present, it has no exposure to the country.

The presence in the Middle East has been a "very rewarding" one for L&T, Sarma said, adding that it believes that it will continue. The conflict is a short-term "aberration", and the geography continues to hold business promise over the long-term, he said.

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Anurag Thakur Blames Himachal Govt For Delays In Rs 17,600 Crore Rail Projects, Flags Funding And Land Acquisition Issues

Swarajya,
March 23, 2026

Anurag Thakur said the Centre has both the intent and financial capacity to complete these projects but requires consistent support from the state government.

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Several major railway and infrastructure projects in Himachal Pradesh are facing delays due to insufficient cooperation from the state government, according to former Union minister and Hamirpur MP Anurag Singh Thakur.

Citing a written reply presented in the Ministry of Railways in the Lok Sabha, Thakur alleged that the state administration has not fulfilled key commitments related to project funding, land acquisition and statutory approvals.

These shortcomings, he said, have slowed construction activity and pushed several projects off schedule.

One of the projects facing setbacks is the Bhanupali–Bilaspur–Beri railway line. Thakur noted that Rs 5,252 crore has already been spent on the project, but progress has stalled because the state government has yet to release its share of Rs 1,843 crore.

He also pointed out that land acquisition has lagged behind requirements. Of the 124.02 hectares required for railway construction, only 82 hectares have been secured so far, limiting work to the land already available.

The MP said three new railway line projects are currently under implementation across the state. Together they span about 214 km and carry a sanctioned cost of Rs 17,622 crore.

According to Thakur, around 64 km of track has already become operational while total expenditure on the projects has reached Rs 8,280 crore.

He also referred to the proposed Bilaspur–Manali–Leh railway corridor, which has been identified as strategically important.

The survey and detailed project report for the line have already been completed, and the project is estimated to cost around Rs 1.31 lakh crore. The Ministry of Defence has classified it as a project of strategic significance.

Thakur said the Centre has both the intent and financial capacity to complete these projects but requires consistent support from the state government.

He argued that delays in land acquisition, pending approvals and the non-payment of the state's financial share are the primary obstacles affecting progress and raising the possibility of cost overruns.

To improve coordination, Thakur suggested setting up a Joint Monitoring Cell with representatives from the Centre, the state government and the railways. The body, he proposed, should meet every fortnight to track progress and resolve issues hindering project execution.

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Patel Engineering bags Rs 230 crore hydroelectric power project in Bhutan
The Economic Times,
March 23, 2026

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Synopsis

Patel Engineering has won a significant Rs 230 crore project in Bhutan. This contract is for pre-construction works on the 1,125 MW Dorjilung Hydroelectric Power Project. The project is a major public-private partnership initiative. It aims to boost Bhutan's domestic energy needs and export surplus power to India. Patel Engineering is keen on further renewable energy collaborations in the region.

Patel Engineering on Friday said it has secured a Rs 230 crore project from Bhutan-based Dorjilung Hydro Power Ltd.

The Package I of the project includes pre-construction works of the 1,125 MW Dorjilung Hydroelectric Power Project in Bhutan, Patel Engineering said in an exchange filing.

Dorjilung Hydro Power Limited (DHPL) is a joint venture between Druk Green Power Corporation Limited (DGPC), Bhutan, and Tata Power Company Limited.

DHPL has issued the Letter of Award to Patel Engineering Ltd for Package I.

The Dorjilung Hydroelectric Power Project is a landmark initiative in Bhutan's energy sector, and is Bhutan's largest hydro project under the Public-Private Partnership (PPP) model, designed to fully support the nation's domestic energy aspirations while enabling the export of surplus clean power to India, thereby strengthening regional energy security, the company said.

Kavita Shirvaikar, Managing Director, said: "Hydropower is a cornerstone of Bhutan's energy future, and we see this as an opportunity not only to deliver world-class engineering solutions but also to strengthen our long-term partnership with Bhutan in the renewable energy sector."

Patel Engineering is actively exploring further opportunities in hydropower development in Bhutan and other neighbouring countries, reaffirming our commitment to sustainable growth and regional collaboration.

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