

NEWSLETTER

CONSTRUCTION INFRASTRUCTURE UPDATES

TUESDAY, OCTOBER 28, 2025

^ TOP

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- [Government plans sweeping changes to revive private investment in highway projects](#)
- [Naidu Outlines Major Rail And Logistics Expansion To Make Amaravati A Key Hub In Andhra Pradesh](#)
- [UP Govt Clears Rehabilitation Plan For Noida International Airport Expansion, Paving Way For Land Acquisition Across 14 Villages](#)

Government plans sweeping changes to revive private investment in highway projects

The Economic Times,
October 28, 2025

Synopsis

The renewed emphasis on BOT-Toll projects reflects the government's intent to rebalance the highway development model. In recent years, most projects have shifted to the EPC (Engineering, Procurement and Construction) or Hybrid Annuity Model (HAM), both of which rely heavily on government funding.

The government is preparing to provide additional financial support to highway builders in a bid to make Public-Private Partnership (PPP) projects more viable, signalling a renewed push to draw private capital into India's infrastructure sector, The Times of India reported on October 23.

Currently, projects developed under the PPP model -- particularly those where private players recover costs through toll collection -- receive Viability Gap Funding (VGF) capped at 40% of the

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project's total cost. Officials familiar with the matter said the government is now considering allowing funding beyond this limit. The excess amount would be disbursed by highway authorities through instalment-based annuity payments rather than an upfront grant, Tol's report (by Dipak Dash) said.

The move comes at a time when the National Highways Authority of India (NHAI) and the Ministry of Road Transport and Highways are finalising a comprehensive overhaul of contract documents governing Build-Operate-Transfer (BOT-Toll) projects -- a format once popular with private developers but which has seen a steep decline in participation over the last decade.

Officials indicated that the revised contract terms are aimed at reducing risk and improving returns for concessionaires. Several provisions have already been modified following consultations with private developers and financial institutions. Among the key reforms under consideration is a proposal to ensure that 95% of the required land is made available before construction begins, a move that industry experts say could significantly reduce project delays and cost overruns.

The renewed emphasis on BOT-Toll projects reflects the government's intent to rebalance the highway development model. In recent years, most projects have shifted to the EPC (Engineering, Procurement and Construction) or Hybrid Annuity Model (HAM), both of which rely heavily on government funding. Restoring confidence among private investors is seen as crucial for sustaining the pace of highway expansion without overburdening the public exchequer.

If implemented, the enhanced VGF mechanism and revamped contract conditions could mark a turning point for India's road infrastructure financing strategy. It may also pave the way for a new cycle of private investment in long-term national highway projects, helping the government meet its ambitious targets under the National Infrastructure Pipeline.

While details of the revised VGF structure are yet to be finalised, officials suggest that the framework will be designed to balance fiscal prudence with investor confidence — ensuring that both risk and reward are equitably shared between the government and the private sector.

The next few months are expected to be crucial as policymakers iron out the contours of the proposal and consult industry stakeholders before a formal rollout.

[^ TOP](#)

Naidu Outlines Major Rail And Logistics Expansion To Make Amaravati A Key Hub In Andhra Pradesh

Swarajya,
October 28, 2025

Amaravati is set to become a key hub in Andhra Pradesh's rail and logistics network, with Chief Minister N Chandrababu Naidu announcing plans to connect the new international airport to the city by bullet train.

At a high-level review meeting at the Secretariat on 27 October, Naidu emphasised the importance of integrating Amaravati into the proposed high-speed railway corridors connecting Hyderabad with Bengaluru and Chennai, The New Indian Express reported.

He also directed that the Chennai–Bengaluru corridor include Tirupati to bolster regional mobility.

Reviewing railway projects worth Rs 33,630 crore currently under implementation across the state, Naidu instructed officials to release Rs 27 crore immediately for the Nadikudi–Srikalahasti line and suggested commencing services on the Kotipalli–Narsapur route, including the Kakinada–Kotipalli–Amalapuram section.

The Chief Minister approved land allocation for new coaching terminals in Amaravati and Gannavaram, while being briefed on expansion works underway in Vijayawada and Guntur.

He stressed that the state's logistics ambitions hinge on railway cooperation, noting that an Integrated Logistics Park would be developed with central government support.

Naidu emphasised improving rail links to new ports at Mulapeta, Visakhapatnam, Kakinada, and Ramayapatnam to facilitate seamless freight movement.

He reviewed proposals for a Dedicated Freight Corridor from Kharagpur to Chennai and new routes spanning 1,564 km to strengthen north–south and east–west connectivity.

For passenger infrastructure, he directed that Vijayawada, Visakhapatnam, Tirupati, and Amaravati stations be developed as iconic hubs with innovative design.

Naidu urged completion of the Vijayawada station redevelopment, including a skywalk at Tirupati, and called for easing congestion through development of the Gnanapuram side at Visakhapatnam.

Officials informed him that 73 stations are being modernised under the Amrit Stations scheme, while 373 over and under-bridges are planned. Naidu instructed that visible transformation of stations be achieved by December.

The meeting, attended by Minister BC Janardhan Reddy, Special Chief Secretary MT Krishna Babu, and senior officials, also reviewed progress on the South Coast Railway Zone headquarters in Visakhapatnam and preparations for the Godavari Pushkaralu festival, for which Rs 271 crore has been allocated.

[^ TOP](#)

UP Govt Clears Rehabilitation Plan For Noida International Airport Expansion, Paving Way For Land Acquisition Across 14 Villages

PTI,

October 28, 2025

The Uttar Pradesh government has approved the Rehabilitation and Resettlement (R&R) scheme for the third and fourth phases of the Noida International Airport project in Jewar, marking a crucial step toward acquiring 1,857 hectares across 14 villages.

The move, which follows chief minister Yogi Adityanath's on-site review over the weekend, sets the stage for resettling nearly 16,000 affected families under a legally backed compensation framework.

According to a TOI report, the latest approval empowers the district administration to begin issuing formal acquisition notices in line with the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act.

Two rounds of public hearings, held in July, shaped the final plan, with the number of displaced families revised to 15,920, down from 17,945 initially.

Under the R&R scheme, no family will be displaced before being allotted a residential plot and a completed home in one of the newly planned resettlement colonies.

Compensation rates have been fixed at Rs 4,300 per sq. metre, representing a 40 per cent increase over previous valuations.

To accommodate the affected households, the government has earmarked 438 hectares in six villages — Mangroli, Neemka Shahjahanpur, Alawalpur, Sadullapur, Ahmadpur Chauoli, and Jewar Banger for constructing new colonies. Officials said the entire process would be completed within two years.

During his recent inspection, Adityanath stressed the need for quality, timeliness, and coordination, directing officials to enhance passenger facilities and ensure smooth connectivity.

While the Union Civil Aviation Ministry had earlier targeted an 30 October inauguration, the airport's commercial launch is now expected around mid-December, with preparatory work to finish by 15 November.

Once fully operational, the Noida International Airport will cover 11,750 acres, feature five runways, and handle up to 300 million passengers annually, positioning it among the world's largest greenfield aviation hubs.

[^ TOP](#)