CONSTRUCTION FEDERATION OF INDIA

NEWSLETTER

CONSTRUCTION INFRASTRUCTURE UPDATES

THURSDAY, JANUARY 07 - 09, 2026

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OPINION | From Infrastructure Scale to Reliability: Budget 2026's real test
Money control,
January 07, 2026

India has built infrastructure at scale; Budget 2026 must now ensure reliable execution, stronger transmission networks, and system readiness so public investment delivers consistent outcomes for citizens and industry


Infrastructure investment also carries a strong macroeconomic multiplier.

India has built infrastructure scale at an unprecedented pace, but the next challenge is far more demanding: ensuring that this infrastructure delivers reliably, everywhere, every day. Over the past decade, sustained public investment and policy continuity have reshaped the country's infrastructure landscape. Renewable energy, power systems, water access, and urban infrastructure have all seen meaningful progress. As the Union Budget 2026 approaches, the opportunity now lies in converting scale into reliability, and ambition into assurance.

The renewable energy sector best illustrates this transition. India's installed renewable energy capacity has crossed 250 gigawatts, placing the country firmly among the world's leading clean energy markets. Solar power has emerged as the principal growth driver, accounting for a significant share of recent capacity additions and reinforcing India's position as a global solar leader. Renewable sources today contribute close to half of India's total installed power capacity, reflecting the success of long-term policy clarity and growing private sector participation.

As this scale has been achieved, the focus must now move beyond capacity creation. The more pressing challenge lies in ensuring that renewable power generated is evacuated efficiently, transmitted reliably, and integrated seamlessly into the national grid. Without adequate supporting infrastructure, even large capacity additions risk underutilisation due to grid congestion and evacuation constraints. This is where system-level readiness becomes critical.

Transmission and evacuation infrastructure sit at the core of India's clean energy ambitions. Estimates from policy and industry bodies suggest that supporting India's renewable targets will require transmission investments running into several lakh crore rupees over the next decade. High-capacity substations, inter-state transmission systems, and grid-strengthening initiatives are no longer peripheral enablers. They are foundational assets for energy security, industrial competitiveness, and long-term resilience. Budget 2026 has an opportunity to reinforce this backbone by prioritising allocations for transmission and distribution, particularly in renewable-rich states and emerging industrial clusters.

One constructive way to accelerate this build-out is by expanding the role of the Private Developer Model in transmission and substation projects. Greater participation by private developers can help unlock capital, improve execution timelines, and enable faster creation of evacuation assets, especially in renewable-rich regions. By complementing existing public-sector efforts with private-sector agility, India can significantly shorten project cycles while maintaining high standards of reliability and accountability. Budget 2026 has an opportunity to encourage this balanced approach, ensuring that evacuation infrastructure keeps pace with renewable capacity additions.

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India's construction & infra surge in 2025

Construction World,
January 07, 2026

The year also saw significant traction in large-scale infrastructure projects

The Indian infrastructure and construction sector demonstrated remarkable resilience and expansion in 2025, with the total market size projected to reach ₹5.31 lakh crore (≈ USD ≈ 300 billion), marking a growth of 11.2% year-on-year from 2024.

Buoyed by aggressive government spending under flagship initiatives including the National Infrastructure Pipeline (NIP), infrastructure outlays across roads, rail, power, and urban transit remained robust. From July to November 2024 alone, Union government capital expenditure rose by 8.2%, led by transport, rail and power sectors, reflecting a 38.8% growth in capex over the past five years. Analysts expect that by 2029 the construction industry value will cross ₹39.10 lakh crore, with a forecasted CAGR of ~8.8% for 2025-2029.

The year also saw significant traction in large-scale infrastructure projects: transport infrastructure accounting for nearly 38% of the overall infrastructure segment in 2024, while renewable energy-rich corridors and urban infrastructure recorded material growth.
Moreover, the broad construction sector, spanning industrial, commercial, institutional facilities and civil works, remained one of India's largest employment engines, reinforcing its strategic importance for economic growth and livelihood generation.

Smart timelines

Within this rapidly expanding landscape, 2025 emerged as a turning point where speed, sustainability and integration of digital tools became the currency of success. For builders, designers and interior firms alike, the pressure to deliver quality on aggressive timelines, while aligning with environmental norms, has intensified.

In parallel, firms engaged in core civil construction focused on efficiency gains through digital workflows and off-site fabrication. Parveen Gupta, director of Ramacivil India, said, "Modern construction is an orchestra, if procurement, factory, and site don't play in sync you lose time and margin. We have invested in workflows and digital handoffs to reduce on-site wastage and shrink timelines. The returns are already visible in margins and client satisfaction." This reflects how contractors are retooling operations to align with developer and investor expectations.

"Clients stopped asking just for aesthetics, they now ask for lifecycle math," said Sandeep Singh, MD, Brawn Globus. "2025 taught us that design has to earn its place through performance: lower energy, faster delivery and better adaptability. In 2026, firms that industrialize design and integrate delivery will win." His words underscore a broader shift across the industry toward design-for-manufacture and tighter integration between design teams and delivery partners.

Simultaneously, the interiors and finishing segment saw rising demand from commercial, institutional, and mixed-use developments, where flexible, durable and low-maintenance interiors started being valued as part of long-term asset value. Manish Bansal, director of Window Magic, notes, "Interiors are no longer afterthoughts; they are longevity engines for assets. Clients ask for flexible, serviceable interiors that can adapt across different tenancies and use cases. The focus is on durable materials, low maintenance systems and design that complements energy targets."

All round growth

During 2025, major infrastructure sub-segments, roads, rail, urban infrastructure, utilities and renewables, continued to provide the backbone for growth. Public funding contributed roughly 63% of outlays, while private capital, including institutional and corporate capex, recorded among the highest projected CAGRs through 2030.

Simultaneously, new technologies and modular construction methodologies, including prefabrication, BIM-driven planning and supply-chain digitization, gained traction, especially for mid- to large-scale projects, where speed to market, quality assurance and labour efficiency matter most. The emergence of a nascent "Construction 4.0" landscape, combining IoT, automation, factory-based manufacturing and advanced project management, is creating new openings for innovation and differentiation.

Looking ahead to 2026 and beyond, industry experts believe the coming year will be defined by three converging themes: industrialized delivery (modular + panelized + hybrid construction systems), measurable sustainability (embodied-carbon accounting, net-zero operational roadmaps), and productized services (standardized design kits, repeatable interior systems). Firms that combine these with disciplined project financing, transparent governance and integrated service delivery, from civil work to interiors, are expected to capture premium value.

Economic momentum and policy tailwinds remain strong. Government-backed programs such as NIP continue to fuel demand for road, rail, urban transit, power and urban infrastructure. The capex push, combined with rising private investment and improving financing mechanisms (PPP, infrastructure bonds, REITs), positions the industry well for a sustained multi-year growth path.

Moreover, the growing focus on ESG (environmental, social, governance) compliance, from energy and water efficiency to carbon footprint reduction, is reshaping investor and client expectations. Developers and institutional landlords are increasingly seeking facilities that meet green certification standards, cost less to operate over their lifecycle, and command higher long-term value.

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Centre Unveils Rs 17tn PPP Infra Pipeline

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Construction World,
January 09, 2026

The Union finance ministry has announced a second pipeline of 852 infrastructure projects to be developed under the public-private partnership (PPP) model, with a combined estimated cost of over Rs 17 trillion. The move follows the Union Budget FY26 announcement to prepare a three-year PPP project pipeline, aimed at giving early visibility to investors, developers and other stakeholders to enable better planning and investment decisions.

The projects span energy, transport and logistics, social and commercial infrastructure, as well as water and sanitation. Data released by the ministry shows that the Ministry of Road Transport and Highways accounts for the largest share, with 108 projects valued at more than Rs 8.76 trillion. The Ministry of Power follows with 46 projects worth around Rs 3.40 trillion. Other contributors include the Department of Water Resources, River Development and Ganga Rejuvenation with 29 projects costing about Rs 0.12 trillion, and the Ministry of Ports, Shipping and Waterways with 22 projects valued at roughly Rs 0.38 trillion.

Of the total Rs 17 trillion targeted under the three-year National Infrastructure Pipeline 2.0, central ministries and departments are expected to account for around Rs 13 trillion, while the remaining Rs 4 trillion will come from PPP projects at the state and Union Territory level. A significant portion of private investment is expected through road and highway projects awarded under the build-operate-transfer route, including access-controlled highways planned to form a high-speed expressway network.

The railways, which has historically seen limited PPP participation, is also expected to attract private investment in high-speed networks, freight services and the expansion of semi-high-speed train manufacturing, including Vande Bharat sets. In ports and shipping, PPP initiatives are likely to focus on shipbuilding clusters, ship repair facilities, new greenfield mega ports and the modernization of existing ports.

NIP 2.0 builds on National Infrastructure Pipeline launched in 2019, which projected an outlay of over Rs 100 trillion through 2024–25. According to ICRA, as of March 2025, NIP 1.0 covered about 13,000 projects with a total cost of Rs 185 trillion, nearly half concentrated in transport. Project completion stood at around 20 per cent by March 2024, with work underway on another 45 per cent.

The government estimates India will need to invest USD 4.51 trillion in infrastructure by 2030 to support its economic ambitions, underscoring the importance of accelerating PPP-led development through the new pipeline.

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India Becomes First to Produce Bio-Bitumen for Roads

Construction World,
January 09, 2026

India has become the first country in the world to commercially produce bio-bitumen for use in road construction, according to Road, Transport and Highways Minister Nitin Gadkari. Bitumen, a black and viscous hydrocarbon derived from crude oil, is a key binding material in road building, and the bio-based alternative is expected to significantly improve the sector's environmental footprint.

Addressing the CSIR Technology Transfer Ceremony in New Delhi, Mr Gadkari congratulated Council of Scientific and Industrial Research on achieving the milestone, noting that the initiative would help curb pollution caused by crop residue burning.

He described bio-bitumen as a transformative step towards the vision of Viksit Bharat 2047. Speaking at the event, Science and Technology Minister Jitendra Singh said the development marked the beginning of a new era of clean and green highways in India, adding that it would also advance the Waste to Wealth mission and strengthen the country's push towards Atma Nirbhar Bharat.

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IRB Infra bags NHAI TOT Project in Odisha for over Rs 3,000 crore

ET Bureau,
January 07, 2026

Synopsis

IRB Infrastructure Trust has secured a significant toll-operate-transfer project in Odisha from NHAI. The deal is valued at Rs 3,087 crore. This marks IRB's entry into Odisha. The project involves a 74.5 km stretch on NH-26. This acquisition is expected to boost toll revenues substantially in the coming years. IRB continues to expand its infrastructure portfolio across India.

IRB Infrastructure Trust has bagged a toll-operate-transfer (TOT) project from NHAI in Odisha for an upfront consideration of Rs 3,087 crore, an exchange filing said on Tuesday.

The project is part of NHAI's earlier announced asset monetisation programme, IRB Infrastructure Developers Ltd (IRB) said, adding that the development marks its entry into Odisha.

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IRB Infrastructure Trust has received a Letter of Award from NHAI for a bundle covering 74.5 km of the Chandikhole to Bhadrak corridor on NH-26, which is part of the government's ambitious Golden Quadrilateral Project.

IRB Infrastructure Trust is the private InvIT (infrastructure investment trust) sponsored by IRB Infrastructure Developers.

"This award places us on a fast track to building an asset portfolio of Rs 1 lakh crore in the near future, the largest by any private toll road developer in India.

"The addition of TOT-17 and TOT-18 together will enhance the toll revenues by about Rs 1,000 crore in FY27," Virendra D Mhaiskar, Chairman & Managing Director, IRB Infrastructure Developers, said.

As the largest private toll roads and highways infrastructure developer in India, IRB now has an asset base of over Rs 90,000 crore across 13 states, comprising the parent company and two InvITs.

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No road tax on factory, mine machinery: Supreme Court

ET Bureau,
January 08, 2026

Synopsis

The Supreme Court has ruled that heavy industrial and construction machinery like dumpers and excavators, used within factories and mines, are not motor vehicles and thus exempt from road tax. This decision overturns a 2011 Gujarat High Court judgment, clarifying that vehicles designed for closed premises are outside the Motor Vehicles Act's purview.

In a relief to companies operating heavy industrial and construction machinery, the Supreme Court Thursday held that vehicles like dumpers, excavators and surface miners used in factories, mines and other closed premises cannot be treated as motor vehicles and, therefore, are exempt from road tax.

Setting aside a contrary 2011 Gujarat High Court judgement on an appeal filed by UltraTech Cement, the top court said the vehicles used by the company were "special types, precisely construction equipment vehicles which are suitable and are meant for operation and use within the industrial area".

These vehicles are used inside Ultratech's factory premises, which are defined as enclosed premises, and not meant for use on roads or public roads, a bench led by Justice Pankaj Mithal held.

These vehicles stood excluded not only from the purview of the Motor Vehicles Act, but also from road tax as provisions under the Seventh Schedule of the Constitution empower states to tax vehicles meant only for road use.

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However, the judgement pronounced orally said if such vehicles were found using public roads, then they would not be free from taxation, including liability to road tax and penalties.

The 2011 Gujarat HC order had allowed the levy of road tax on construction equipment. Several companies, including UltraTech, had challenged the tax demands raised by state transport authorities on heavy construction equipment before the HC.

Details of the SC judgement were not available till press time Thursday.

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