

A forward-thinking budget for projects

By [Staff Report](#) | February 3, 2025 7:45 pm [SHARE](#)

Union Budget 2025-26, unveiled by Finance Minister Nirmala Sitharaman, is a clarion call for sustainable development and modern infrastructure. Praised by construction, mining, and allied sector leaders, this budget outlines an ambitious plan to boost economic resilience, drive digital transformation, and spearhead clean energy initiatives across India.



The Union Budget 2025-26, presented by Finance Minister Nirmala Sitharaman, has drawn widespread acclaim from industry leaders across the construction, infrastructure, mining, and allied sectors. With its emphasis on sustainable growth, infrastructure development, digitalisation, and clean energy, this budget is viewed as a forward-thinking blueprint for India's future. It outlines the government's commitment to building a resilient economy and opens up new opportunities for private sector participation in driving the country's growth.

Building a stronger infrastructure

The budget allocated ₹1.5 lakh crore to state governments as interest-free loans for capital expenditure. This significant outlay accelerates infrastructure projects, particularly in the road, highways, and urban development sectors. These funds are expected to be a major growth driver for the construction and infrastructure industries, which have long relied on government spending to boost their pipelines. The government's continued investment in infrastructure is a strong signal that modernisation and urbanisation remain top priorities.

The announcement of the second phase of the Asset Monetization Plan, aiming to raise ₹10 lakh crore by leveraging existing government assets, is crucial in generating funds for new infrastructure projects. By recycling capital from old projects, the government can fund new ones without significantly increasing its fiscal deficit, ensuring a steady stream of projects that will keep the construction sector buzzing. This initiative is also expected to open up avenues for private investment, sparking innovation and creating more employment opportunities.

Industry leaders are optimistic about this approach. The infrastructure and real estate sectors will likely witness a surge in activity, with construction companies eyeing new projects, particularly in urban redevelopment. These projects will help alleviate the housing shortage and boost the demand for construction materials such as cement and steel. The government's commitment to building

50,000 new dwelling units in stressed housing projects is another welcome step, providing much-needed relief to middle-class families and fostering rapid urbanisation.

Public-private partnerships

A key highlight of the budget is the emphasis on Public-Private Partnerships (PPP) as a means of fast-tracking infrastructure development. The government has unveiled a coordinated three-year pipeline of projects that can be implemented through PPPs, further encouraging private sector participation in infrastructure. This approach is expected to increase the efficiency and speed of project execution, allowing both public and private players to leverage their strengths.

The construction equipment industry is particularly excited about the ₹2.87 lakh crore allocation for road transport and highways, which aligns with the government's mission to modernise India's road infrastructure. This allocation and the extension of the National Infrastructure Pipeline (NIP) will boost demand for construction machinery and equipment, ensuring a steady flow of projects for years to come. The emphasis on urban infrastructure is equally important, as it creates opportunities for private sector companies to participate in building smart cities and modern transport networks.

The PPP model is being hailed as a game-changer for the industry, with private companies now more involved in the planning and executing large-scale projects. Sharing data from the PM Gati Shakti portal with private players will also improve project planning and minimise inefficiencies in resource utilisation. This collaborative approach is expected to foster an environment where private companies can contribute to nation-building in a more structured and impactful way.

Mining sector reforms

The mining sector also benefits from the reforms outlined in the budget. The government's decision to institute a State Mining Index and encourage best practices in mining is expected to enhance transparency and competitiveness in the industry. Also, a dedicated policy for recovering critical minerals from tailings will unlock new opportunities for companies to extract more value from their operations. These reforms will boost the efficiency of the mining sector, making it more sustainable and profitable in the long run.

Experts in the field are also hopeful that the government will prioritise sustainable mining methods. As greater emphasis is placed on clean energy and green technology, the industry is anticipated to shift to more ecologically friendly methods, raising its level of competitiveness globally.

Clean energy and digitalisation

The Union Budget 2025-26 also strongly emphasises clean energy and digitalisation, two areas that are expected to play a critical role in shaping the future of infrastructure. The Clean Tech Manufacturing Mission will receive robust support under the National Manufacturing Mission, focusing on electric vehicle (EV) batteries and renewable energy technologies. This initiative is expected to improve domestic manufacturing capabilities, reduce import dependency, and foster innovation in clean energy infrastructure.

The customs duty exemption on lithium-ion battery scrap and critical minerals is a welcome move for industries looking to invest in sustainable energy solutions. This exemption will make the recycling process more cost-effective and ensure a steady supply of essential raw materials for domestic manufacturers. Including 35 capital goods for EV battery manufacturing and 28 for mobile phone

battery manufacturing on the list of goods eligible for customs tax exemptions is another positive step towards boosting India's manufacturing capabilities in the clean energy sector.

Digitalisation is another critical budget component, with initiatives like PM Gati Shakti and BharatTradeNet expected to streamline logistics and project execution. These digital platforms will enhance efficiency in infrastructure development, making it easier for companies to plan and execute projects. The emphasis on smart cities and modern transport networks will also open up new opportunities for companies involved in digital infrastructure.

Industry reactions: Optimism and confidence

This year's budget showcases the government's strong commitment to accelerating economic growth through innovative infrastructure development. With a clear emphasis on clean drinking water, green energy, and MSME development, these sectors will play a pivotal role in driving India's GDP growth and fostering long-term sustainability.

The substantial investment of ₹ 10 Lakh Crore in infrastructure development through asset monetization will unlock capital, fuelling new projects and strengthening India's economic resilience. The ₹ 74,226 Crore allocated for water infrastructure, including ₹ 67,000 Crore for the Jal Jeevan Mission, is a significant step toward ensuring tap water connections for all rural households by 2028. The ₹ 25,276.83 Crore earmarked for the Department of Water Resources, River Development, and Ganga Rejuvenation will support critical water resource projects and drive efforts to clean and restore the Ganga River.

– Abdul Rahman Mohammed, CEO, Sahara Industry