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INFRAINSIGHTS

Insights Igniting Curiosity

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UNION

BUDGET

InfraShorts

- Denmark's energy islands are artificial and natural that serve as hubs for offshore wind farms and are expected to play a major role in phasing out fossil fuels in Denmark and Europe.
- Morgan Stanley forecasts 15.3% CAGR in infra investments over next 5 years.
- India's power generation capacity has risen to 4.46 GW over the past 10 years, according to the Ministry of Power.

Transforming India's Infrastructure: Key Highlights from the 2024 Budget

The Indian Finance Budget of 2024, presented by Finance Minister Nirmala Sitharaman, emphasizes significant investments in infrastructure to bolster economic growth. The budget allocates ₹11.1 lakh crore to infrastructure, marking an 11% increase from the previous fiscal year. This investment is poised to enhance job creation, stimulate private investment, and improve overall economic productivity.

Key areas of focus include transportation, with the Ministry of Road Transport and Highways and Indian Railways receiving substantial funding. The budget allots ₹2.78 lakh crore for road infrastructure and ₹2.55 lakh crore for railway development. This includes the creation of major economic corridors and the conversion of 40,000 rail bogies to Vande Bharat standards to improve safety and passenger comfort.

The fiscal deficit is expected to fall to 5.1% of GDP, highlighting the government's dedication to fiscal discipline and ongoing infrastructure investment.

Boosting Steel Sector Innovation

The Indian government's recent policy shift, featuring increased infrastructure investment and enhanced support for startups, is set to transform the steel sector. This strategic move is designed to stimulate innovation, generate employment, and promote growth within the industry. The Indian Steel Association (ISA) has endorsed these efforts, highlighting their potential to improve both competitiveness and sustainability. By integrating cutting-edge technologies and modern practices, this initiative aims to usher in a new era of efficiency and advancement in steel production. The emphasis on startups underscores a commitment to leveraging technological breakthroughs for sector-wide transformation.



Shock-proof state: On an outage and democratic digital infrastructure

On July 19, a global blackout affected supermarkets, banks, hospitals, and airports due to a software glitch, highlighting our reliance on information technologies and the need for robust fail safes. This incident underscores the importance of not only advancing technology but also ensuring its resilience through network interconnections. While information technologies often lack mature self-awareness of their societal impact, there is a critical need for a 'Digital India' approach. This should focus on enhancing software security, data sovereignty, and incorporating redundancy.



171-Mile High-Speed Rail to improve connectivity within California

The California High-Speed Rail Authority has selected the SYSTRA/TYPSA Joint Venture to design the track and electrification for the 171-mile Merced-Bakersfield high-speed rail line, the first in the USA. The project includes designing track systems, overhead contact systems, and related infrastructure for the Merced-Fresno-Bakersfield segment, with construction expected to start by 2028 and operations between 2030-2033. SYSTRA/TYPSA will handle high-level and detailed designs, collaborate with contractors, and ensure integration with various systems. The contract includes partnering with 19 local businesses from diverse sectors. This initiative represents a significant opportunity for TYPSA and its subsidiary AZTEC to expand in North America's high-speed rail sector.

EU Invests €7B in Sustainable Safe and Smart Transport

The European Commission has allocated over €7 billion to 134 transport projects through the Connecting Europe Facility (CEF), marking the largest funding call under the current programme. Approximately 83% of the funds will enhance climate objectives, focusing on rail, inland waterways, and maritime routes within the TEN-T network. Major investments include cross-border rail connections, maritime port upgrades, inland waterway improvements, and road safety enhancements. Air traffic management and EU-Ukraine Solidarity Lane projects will also receive support for better efficiency and integration.



Alaska Approves 16-Mile Gas Pipeline

The Regulatory Commission of Alaska has approved Alaska Pipeline Co.'s USD 57 million plan to build a 16-mile pipeline to Port MacKenzie. This project addresses a projected natural gas shortage next year due to Hilcorp's dwindling reserves and lack of new contracts. While renewable energy efforts continue, reliance on imported gas could increase electricity and heating costs in Southcentral Alaska, where Enstar Natural Gas provides 80% of electricity and serves 150,000 customers. The pipeline will feature floating storage regasification units to facilitate LNG imports, with construction beginning next summer. This development aims to alleviate the imminent gas shortfall and ensure a reliable energy supply for the region. Additionally, the project is expected to create construction jobs, stimulating the local economy. While it has received support from local officials and business leaders as a critical infrastructure upgrade, environmental groups have raised concerns about potential ecological impacts, calling for stringent safeguards during construction. The pipeline could set a precedent for future energy infrastructure projects in Alaska.



UNGA: Digital Infrastructure Transforms Society

United Nations General Assembly (UNGA) President Dennis Francis commended India's Digital Public Infrastructure (DPI) for enhancing financial inclusion and social progress, with over 80% coverage and handling 60% of global digital transactions in seven years. He highlighted DPI's potential to bridge digital divides, especially in the Global South. The Global Digital Compact aims to expand further. UNDP Administrator Achim Steiner and UN Envoy Amandeep Singh Gill also praised India's leadership, emphasizing DPI's role in transforming societies into active digital citizens.



Reliance Gets US Approval to Resume Crude Imports from Venezuela

Reliance Industries Ltd. has received US approval to resume importing Venezuelan oil, despite White House sanctions. India's largest privately owned refinery plans to start soon, having previously accounted for 90% of India's Venezuelan crude imports. While sanctions were lifted last year, they were reinstated in April. Venezuelan crude exports reached 654,000 barrels a day in June. ONGC Videsh Ltd. has also applied for waivers to import Venezuelan crude.

Northeast Transport Infrastructure Projects

The Indian government has launched several infrastructure projects to enhance connectivity in the North Eastern Region. Initiatives such as SARDP-NE, Bharatmala-I, and the East-West Corridor have resulted in the construction of 78 km of National Highways, with ₹2,859 crore invested by June 2024.

Air connectivity has also improved significantly, with the number of airports rising from 9 in 2013 to 17 by 2023, and 194 routes awarded under the UDAN scheme, boosting tourism and investment. Rail connectivity is being strengthened with 18 ongoing projects, including new lines and doubling projects, spanning 1,368 km and costing ₹74,972 crore, of which 313 km have been completed.

The Sagarmala program has expanded operational waterways to 20, with projects worth ₹1,000 crore enhancing cargo movement. Additionally, the Ministry of Development of North Eastern Region (MDoNER) has sanctioned 1,980 projects worth ₹23,240.78 crore, including various connectivity projects and special packages for Assam's autonomous councils.

InfraIndia



RITES, NHAI sign pact for consultancy services for project

Rail India Technical and Economic Service (RITES) has partnered with NHAI to offer advisory services for road safety assessments on highways, bridges, and tunnels. RITES will perform external technical audits, monitor infrastructure health, and provide quality assurance for NHAI projects. This collaboration aims to enhance safety through thorough road safety audits. RITES, a multifunctional engineering and consulting firm under the Ministry of Railways, offers services from conceptualization to commissioning.

India's Power Sector Plans ₹6.67 Lakh Crore for Coal Infrastructure by 2032

The Ministry of Power (MoP) has announced that meeting the estimated electricity demand by 2031-32 requires ₹6.67 lakh crore investment in coal-based thermal power capacity. Central Electricity Authority (CEA) studies indicate that 283 GW of coal and lignite-based capacity will be needed, up from the current 217.5 GW. Consequently, the Government of India plans to establish an additional 80 GW of coal-based capacity by 2031-32. The estimated capital cost for this new capacity is ₹8.34 crore per MW, based on 2021-22 prices. In addition, the government is focusing on increasing non-fossil fuel-based power generation, with a commitment to achieving 50% of power from non-fossil sources by 2030. Presently, India has already reached 45.5% of its installed capacity from non-fossil fuel-based resources. This shift aligns with global sustainability goals and India's long-term energy strategy.

InfraHub



Karnataka's Lithium Discovery: A Leap Towards Energy Independence

Lithium deposits have been discovered in Mandya and Yadgiri districts of Karnataka, announced Jitendra Singh, Minister of State for Earth Sciences. The Atomic Minerals Directorate for Exploration and Research (AMD) has identified 1,600 tonnes of Lithium resources in the Marlagalla area of Mandya and conducted preliminary surveys in Yadgiri. AMD is also exploring potential Lithium deposits in Korba, Chhattisgarh. Major mica and pegmatite belts in Rajasthan, Bihar, Andhra Pradesh, Odisha, Chhattisgarh, and Karnataka are considered potential lithium sources. Likewise, a recent AMD survey in Himachal Pradesh identified surface uranium in Masanbal. Singh noted no current proposals for small modular reactor collaborations or private interest, but Russia is interested in nuclear energy cooperation.



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Bridging the Gap: Infrastructure as a Key to India's Economic Success

In a developing nation like India, infrastructure development is fundamental to the comprehensive progress of the country, posing a multiplier effect on demand and the efficiency of commercial and entrepreneurial activities. To achieve the ambitious target of a USD 5 trillion economy, India must enhance its investments in critical sectors such as roads, railways, aviation, shipping, and inland waterways. Furthermore, there is a pressing need to strengthen the infrastructure of the steel industry to support and sustain this growth trajectory.

In purview of infrastructure development, recent projects in India highlight this impact. In March 2024, Prime Minister Narendra Modi inaugurated multiple connectivity projects in Kolkata worth USD 1.8 billion, and the Minister of Civil Aviation and Steel announced the inauguration of 15 airport projects worth USD 12.1 billion by 2028. Additionally, in June 2022, 15 national highway projects totalling USD 1.7 billion were opened in Bihar. Policy support has been pivotal, with Budget 2023-24 extending a 50-year interest-free loan to state governments to boost infrastructure investments. The National Infrastructure Pipeline (NIP) oversees projects worth USD 1.3 trillion, supported by the National Investment and Infrastructure Fund (NIIF). The capital investment outlay for infrastructure in the Interim Budget 2024-25 increased by 11.1%, reaching USD 133.86 billion. FDI in construction-related sectors has also been substantial, emphasizing the importance of infrastructure in driving economic growth and development.

Border Road Organisation starts phase 3 of India-China Border Roads Project

Phase 3 of the India-China Border Roads Project aims at enhancing road connectivity in eastern Ladakh. This phase follows Prime Minister Modi's recent inauguration of the 4.1-kilometer Shinku La tunnel, which improves all-weather access from Manali to Leh. Accelerated road construction efforts since the 2020 Galwan standoff have significantly increased 'formation cutting' to 470 km annually from 2017-20. The 2024-25 Union budget has allocated ₹6,500 crore to Border Road Organisation, a 30% increase, and ₹1,050 crore for developing border villages, reflecting the strategic importance of these infrastructure improvements.

Maharashtra Seeks Central Aid at NITI Aayog Meeting

Maharashtra Chief Minister Eknath Shinde requested central assistance for infrastructure projects at the NITI Aayog meeting, including the Nashik-Pune rail line, Thane Metro, and Konkan expressway. He highlighted cluster redevelopment as Asia's largest brownfield project and sought funds for timely completion. Shinde also discussed redeveloping Mumbai's dilapidated buildings and improving state connectivity with a 5,000 km road grid.

Capacity of India's 12 major ports surged by 87 pc since 2014-15: Sonowal

Union Minister Sarbananda Sonowal announced in the Lok Sabha that the capacity of India's 12 major ports increased by 87.01% from 2014-15 to 2023-24. Paradip Port saw a 141.86% rise, Kamarajar Port 154.05%, and V.O. Chidambaranar Port 150.19%. Kolkata's Syama Prasad Mookerjee Port grew by 31.29%, and Gujarat's Deendayal Port by 121.79%. Sonowal addressed container shortages, noting no acute shortage but highlighting disruptions from the Red Sea crisis. The government is repositioning empty containers, advising safety convoys, and enhancing inland container depot operations. The Directorate General of Shipping promotes local container ownership, while ULIP and LDB tracking improve container turnaround times.



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