

PRESS RELEASE
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Interlinking river projects to offer business opportunities worth Rs. 80,000 crore over the next four years: ICRA

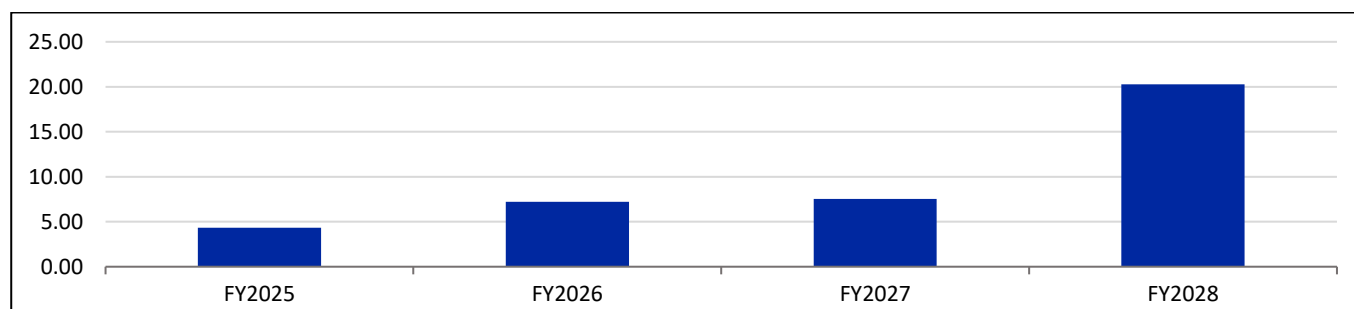
- **Consensus-building among impacted states remains the biggest roadblock for river-linking projects to gain traction**

According to an ICRA study, business opportunities worth Rs. 2.0 lakh crore are expected to open up for engineering, procurement, and construction entities (EPC) players over the next decade for the completion of four priority interlinking river (ILR) projects. Around a third of these (~Rs 80,000 crore) are estimated to be awarded in the next four years for companies involved in the construction of large irrigation projects.

The National Water Development Agency (NWDA) has identified 30 ILR projects (16 peninsular river links and 14 Himalayan River links), to be funded by the Government of India (60%) and the balance by the state governments. The GoI's thrust on the water sector has increased significantly over the past few years. This is visible in the increase in budgetary allocation to the Ministry of Jal Shakti (MoJ) to over Rs. 78,000 crore¹ in FY2025 (revised budget estimates), led by robust allocation towards the Jal Jeevan Mission, resulting in a 69% CAGR over the last six years.

Providing insights on the ILR Projects, **Chintan Lakhani, Vice President and Sector Head – Corporate Ratings, ICRA** said: *“The four-priority links are just the beginning of the decade-long plan of the ILR project implementation. While the share of these projects as a percentage of budgetary allocation to the ministry is currently minimal, at ~5% i.e. Rs. 3,908 crore, it is expected to increase as more projects get approval and awarding/construction gains momentum. Being 60% funded by the Central Government, the counterparty risks and funding risks for these projects are largely mitigated, though the balance 40% exposure to state government finances could be an overhang”.*

Exhibit 1: Expected project outlay in next four years for four priority projects



Source: NWDA, ICRA Research

The NWDA has identified four priority projects, namely the Ken Betwa, Kosi-Mechi, Parabati Kalisindh Chambal and Godavari-Cauvery links, for early implementation. ICRA estimates these priority links to be completed at a cost of Rs. 2.6 lakh crore by FY2035. The Godavari-Cauvery project is the largest of the four (at 45% of the cumulative project cost) and the Kosi-Mechi link is the smallest at 4%. The first awarded ILR project (accounting for 21% of the cost for priority links), the Ken Betwa, is already under implementation.

Speaking on the issue, **Lakhani** further added: *“While the Parabati Kalisindh Chambal and the Godavari-Cauvery links are in advance stages of finalisation of the detailed project reports, consensus building among states remains critical*

¹ mainly includes Jal Jeevan Mission, Interlinking of Rivers, Namami Gange Mission II National Ganga Plan, Accelerated Irrigation Benefit Programme and National/Special Projects and Command Area Development and Water Management

for timely implementation of these projects. ICRA anticipates the Parbati Kalisindh and Godavari-Cauvery projects to start from FY2028 and FY2029, respectively, based on the current status of the projects. The Ken Betwa and Kosi Mechi projects are expected to lay the foundation for the implementation of these larger and more complex projects. With the announcement of the financial support of Rs. 11,500 crore towards various flood control and irrigation projects for Bihar in the FY2025 Union Budget, ICRA expects the Kosi Mechi to start contributing to the order book in the next 12-15 months”.

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