

INDIAN CONSTRUCTION SECTOR

Interlinking river projects could
provide Rs. 80,000 crore worth of
opportunities for EPC players in next
4 years

SEPTEMBER 2024



1 Water Infrastructure Sector Budget



2 Interlinking River (ILR) Projects



3 Priority ILR Projects



4 Annexure





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India's water infrastructure sector is expected to witness huge traction in order inflow supported by kick-off of first river interlinking project – the Ken Betwa Link Project.



- The Government of India's (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 crore in FY2025 (revised budget estimates), resulting in 69% CAGR over the last six years. While the share of ILR projects is currently minimal at ~5% i.e., Rs. 4,000 crore, it is expected to increase as more projects get approval and awarding/construction gains momentum.



- The National Water Development Agency (NWDA) has identified 30 ILR projects (16 peninsular river links and 14 Himalayan river links) with an estimated implementation cost of Rs. 8.5 lakh crore (in real terms at 2015-16 price level), of which 60% would be funded by the GoI and the balance by the state governments. While 29 projects are in various pre-implementation stages, the Ken Betwa remains the only project in the construction stage.



- The NWDA has identified four priority ILR projects for faster implementation, with Kosi Mechi (the smallest one at 4% by cost) likely to be completed by FY2030. ICRA estimates these priority links to be completed at a cost of Rs. 2.6 lakh crore by FY2035. The Godavari Cauvery project is anticipated to be the largest (45%) of all priority link projects.



- ICRA estimates priority links to proffer opportunities of ~Rs. 2.0 lakh crore, of which Rs. 80,000 crore worth of orders are expected to be awarded over the next four years, providing strong revenue growth prospects for Engineering, Procurement, and Construction (EPC) entities in the irrigation space. The Parbati Kalisindh project is estimated to account for 39% of these orders, followed by the Ken Betwa project (29%). With the announcement of the financial support of Rs. 11,500 crore towards various flood control and irrigation projects in the FY2025 Union Budget, ICRA expects the Kosi Mechi order to be awarded in the next 12-15 months.



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