

Railway Station Redevelopment

Railway station redevelopment picks up pace; business opportunities worth more than Rs. 30,000 crore likely over the next two years

December 2024



Highlights



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Opportunity emerges for construction /EPC players focused on building segment in railway station redevelopment space, on the back of Government focus on station redevelopment.

Lower competition compared to road contracts to support profitability margins for EPC players having exposure to station development projects.



- The overall railways capital outlay has been on an increasing trend over the years with the same reaching Rs. 2.65 lakh crore in FY2025 BE. Although the YoY growth is modest at 2%, it has expanded by 80% in the last five years, indicating the Government's focus on the railway sector. Further, the growth enables the ministry meet the sizeable targets under the National Infrastructure Pipeline (NIP).
- With almost 95% of the railway tracks electrified, safety-related enhancements along with station modernisation are the next key focus area for the Railways. Allocation for customer amenities (for station redevelopment works) has increased by more than 8 times from Rs. 1,903 crore in FY2020 to Rs. 15,511 crore in FY2025 BE. The same is also reflected in the increase in project awards and execution.
- A total of 1318 stations are being considered for redevelopment under the Amrit Bharat Station Scheme. Foundation stones have been laid for 553 stations and another 765 are pending redevelopment, which provides sizeable opportunity for players in the construction segment. Earlier, the Government was expecting private participation in the station development project, but given the muted response, the projects are now awarded under the Engineering, Procurement and Construction (EPC) mode.
- The competition in the station redevelopment space is in line with other Railway EPC projects reflected in a median discount of 5% against 4% in redevelopment space in FY2024. This provides an alternative for the EPC players focused on building projects for state government departments or road players where the competition has been at elevated levels (road EPC projects median discount was at 24% in FY2024).
- The overall opportunity in station redevelopment for the EPC players is expected to be more than Rs. 30,000 crore over the next two years. Of these, the estimated cost of redevelopment of major stations under the Rail Land Development Authority (RLDA) phase I is likely to be around Rs. 17,000 crore.

Agenda











Railways Monetisation Progress

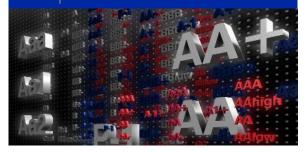




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