

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

**LOK SABHA**

**UNSTARRED QUESTION NO. 5818**

Answered on Monday, March 30, 2026 / Chaitra 9, 1948 (Saka)

**Encouraging Private Sector Participation in Infrastructure Projects**

**5818.** Dr. Bhola Singh:

Will the Minister of FINANCE be pleased to state:

- (a) the details of Public Capital Expenditure allocated in the Union Budget for infrastructure development during the current financial year;
- (b) the sectors in which the major infrastructure investments have been planned by the Government;
- (c) the mechanism adopted to encourage private sector participation in large infrastructure projects; and
- (d) the expected impact of enhanced capital expenditure on economic growth and employment generation?

**ANSWER**

**MINISTER OF STATE IN THE MINISTRY OF FINANCE**

**(SHRI PANKAJ CHAUDHARY)**

**(a) to (d):** Over the years, the government has significantly increased investment in the infrastructure sector. For FY 2025–26 Revised Estimates, the Centre's capital expenditure is estimated at ₹10.96 lakh crore to support infrastructure-led activities, with major allocations towards Roads Transport & Highways (₹2.72 lakh crore), Railways (₹2.52 lakh crore), Capital Outlay on Defence Services (₹1.86 lakh crore) etc. The Revised Estimates also include an allocation of ₹1.5 lakh crore to be transferred to States under the Special Assistance to States for Capital Investment (SASCI) scheme.

Several measures have been introduced to attract private sector participation include supporting Public-Private Partnerships (PPPs) with Viability Gap Funding (VGF), reforms for innovative financing tools like Infrastructure Investment Trusts (InvITs), Real Estate Investment Trusts (REITs), and Infrastructure Debt Funds (IDFs). To ensure availability of long-term funding towards the infrastructure sector, institutions like the National Investment and Infrastructure Fund (NIIIF) and National Bank for Financing Infrastructure and Development (NaBFID) have also been established.

As per the Economic Survey 2025-26, public expenditure on infrastructure has a high multiplier effect, estimated to be around 2.5 to 3.5 times the GDP over the medium term. Therefore, the enhanced public capital expenditure is intended to sustain and further strengthen infrastructure led growth and employment generation across the country.

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