



ICRA

Investment Tracker

Investment activity remained robust in Q4 FY2024; momentum likely to improve in H2 FY2025, after elections and the monsoon season

MAY 2024



Highlights - I



Click to see full report

The YoY performance of eight of the 11 investment-related indicators improved in Q4 FY2024 vis-à-vis Q3.

Value of new project announcements surged to Rs. 11.5 trillion in Q4 FY2024, boosted by state investor meets in Jan 2024.

Cost of announcements implicitly slowed in Feb-Mar 2024, relative to Jan 2024, amid onset of the Model Code of Conduct; announcements likely to remain subdued in Q1 FY2025.

The trends in India's investment activity were favourable in Q4 FY2024, amid an acceleration in the year-on-year (YoY) growth of eight of the 11 investment-related indicators compared to Q3, the second-highest quarterly new project announcements owing to the state investor meets held in January 2024, as well as an appreciable increase in completions of both private and Government-led projects. Besides, the healthy performance in the residential real estate market sustained in Q4 FY2024, with sales across top seven cities touching record levels, resulting in an expansion of 21% in such volumes in FY2024. However, the YoY performance of some indicators such as medium and heavy commercial vehicle registrations (M&HCV; truck segment) and finished steel consumption deteriorated in Q4 FY2024 and the investment proposals implicitly slowed down in Feb-Mar 2024, partly owing to the uncertainty around the Parliamentary Elections. While the robust increase in new project announcements by the private sector during FY2022-24 augurs well for investment demand in the near term, ICRA expects private capex to only gain momentum in the second half of FY2025, after the Parliamentary Elections are completed and the monsoon season ends. Additionally, the Centre and states' capex growth is budgeted to moderate sharply in FY2025 vis-à-vis that seen during FY2022-24, which could have a bearing on investment demand in the ongoing fiscal.

- **Growth in most investment-related indicators accelerated in Q4 FY2024 compared to Q3:** As many as eight* of the 11 indicators saw an acceleration in their YoY growth rates in Q4 FY2024, compared to the previous quarter. Higher expansion in capex by the Centre and states likely supported infra/construction output and the cement production, even as the performance of finished steel consumption and M&HCV truck volumes deteriorated in Q4 FY2024, over Q3 FY2024, amid a likely slowdown in activity with the enforcement of Model Code of Conduct in March 2024.
- **State investor meets boosted new project announcements in Q4 FY2024:** India witnessed its second-best quarterly new investment announcements worth Rs. 11.5 trillion in Q4 FY2024 (Rs. 5.2 trillion in Q3 FY2024). This mainly stemmed from a few state investor meets held in Gujarat, Tamil Nadu, Odisha and Goa in Jan 2024, which together saw investment proposals amounting to Rs. 9.5 trillion. Implicitly, the aggregate new proposals during Feb-Mar 2024 slowed to Rs. 2.0 trillion, suggesting some transient caution amid the onset of the Model Code. The momentum is likely to remain subdued in the Election quarter of Q1 FY2025, based on the historical trends.

*These include Centre's capex, imports and exports of engineering goods, cement production, infra/construction goods output, capital outlay and net lending of states, infrastructure credit by SCBs, and stamp duty collections

Highlights - II

Number of newly announced projects slid to 18-year low in FY2024, which boosted the average ticket size of project announcements to Rs. 8.6 billion, up by 30% over FY2023 level.

In addition to a moderation in capex growth budgeted for both Centre and states in FY2025 over FY2024 RE, the ongoing election period followed by monsoons are likely to temporarily slow down activity in H1 FY2025, before witnessing a back-ended pick-up in H2.

Home sales volumes in top seven cities surged to record levels in Q4 FY2024; ICRA expects such volumes to grow by 10-11% in FY2025.

- **Number of new projects announcements slid to 18-year low in FY2024:** After peaking at Rs. 39.1 trillion in FY2023, the value of new investment projects declined sharply to Rs. 27.4 trillion in FY2024, while exceeding the average annual cost of Rs. 19.5 trillion, that was seen during FY2015-2022. Notably, the number of newly-announced projects dipped to an 18-year low 3,183 in FY2024 (5,897 in FY2023), even as the average ticket size of new project announcements rose to an all-time high of Rs. 8.6 billion in FY2024, 30% higher than the average cost of Rs. 6.6 billion seen in FY2023. The surge in value of new project announcements by the private sector during FY2022-2024 augurs well for investment demand in the near term. However, ICRA expects capex to only gain momentum in the second half of FY2025, after the Parliamentary Elections are completed and the monsoon season ends.
- **YoY expansion in Govt. capex was healthy in 11M FY2024; growth budgeted to moderate in FY2025:** The capital expenditure by the Centre and 26 states' (capital outlay and net lending) recorded a healthy YoY growth of 36.5% and 26.8% in 11M FY2024. However, the Interim Budget estimates for FY2025 reveal a moderation in the YoY expansion in capex for both the Centre and states vis-à-vis the pace seen in the last three years, which will have a bearing on investment demand in the ongoing fiscal. Besides, the ongoing elections in Q1 followed by the monsoons in Q2 may lead to some slowdown in project execution and construction activity, suggesting that the GoI's capex may only pick up in a back-ended manner in FY2025, post the announcement of the full Budget.
- **Completion of Central infra sector projects moderated in 11M FY2024 in yearly terms:** Based on the data released by MOSPI, Central sector infra project completions stood at 249 in 11M FY2024, ~19% lower than the 309 completions that were seen in 11M FY2023. Moreover, the cost of such completed projects declined by 21.5% to Rs. 2.3 trillion from Rs. 2.9 trillion, respectively. After a likely decline in the number and total cost of Central infra project completions in FY2024, the execution of such projects may remain subdued in H1 FY2025, amid the ongoing General Elections, which will be followed by the onset of the monsoons, wherein execution is typically hampered.
- **Housing sales scaled to all-time high level in Q4 FY2024:** The area sold in the top seven cities rose by 4.6% QoQ to a record 207.2 msf in Q4 FY2024, aided by strong end-user demand. ICRA expects the volumes to grow by 10-11% in FY2025 (+21.4% in FY2024), driven by strong consumer sentiment, robust sales velocity and healthy launch pipeline.



ICRA Analytical Contact Details

Name	Designation	Email	Contact Number
Aditi Nayar	Chief Economist, and Head-Research and Outreach	aditin@icraindia.com	0124- 4545 385
Rahul Agrawal	Senior Economist	rahul.agrawal@icraindia.com	022 – 6114 3425
Aarzoo Pahwa	Economist	aarzoo.pahwa@icraindia.com	0124 – 4545 835
Tiasha Chakraborty	Senior Associate Economist	tiasha.chakraborty@icraindia.com	0124- 4545 848
Isha Sinha	Associate Economist	isha.sinha@icraindia.com	022 – 6114 3445





ICRA Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Neha Agarwal	Head – Research Sales	neha.agarwal@icraindia.com	022-61693338
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – Corporate Sector - West & East	vinita.baid@icraindia.com	033-71501131
Shivam Bhatia	Head Business Development – Corporate Sector - North & South	shivam.bhatia@icraindia.com	0124-4545803
Naznin Prodhani	Head – Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860





ICRA



© Copyright, 2024 ICRA Limited. All Rights Reserved.

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



ICRA

Thank You!