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Patterns of investment intents in FY25

Mapping new project announcements in FY25 (Apr'24-Mar'25), we note that companies and governments have shown the intent to invest Rs 38.3 lakh crore, which is second highest on record since FY96. Majority (69%) of the projects have been announced by the private sector (domestic and foreign), while the remaining (31%) will be implemented by the public sector (central government, state government, local bodies, joint ventures).

Amongst the private sector also, domestic firms are responsible for 62% of the projects announced. Renewable electricity is one sector which is popular amongst both private and public companies and has attracted significant investments. For domestic private firms, other sectors such as conventional electricity, chemicals and steel are also critical areas.

Centre's focus is also towards roads, refineries and shipping projects. States will be investing in roads, ITES, education, transport logistics and railways. State-wise, Odisha, Maharashtra and Andhra Pradesh alone account for ~37% of the total projects, while Karnataka, Rajasthan, Gujarat, Bihar and Chhattisgarh account for another ~33%.

New projects in FY25:

Upon analysing the data for new projects announced in the last fiscal year 2024-25 (Apr'24-Mar'25), we note that projects worth Rs 38.3 lakh crore had been announced. This is the second highest amount on record since FY96. Significant jump was registered in the last quarter (Jan-Mar'25) when projects worth Rs 18.9 lakh crore were announced, versus Rs 19.4 lakh crore worth of projects announced in the first three quarters combined (Apr'24-Dec'24).

Of this, we have analysed a sample of companies as per their ownership type, industries, and location of their projects. Our sample covers projects worth Rs 36.3 lakh crore (~95% of total), of which government projects (centre, state, local bodies and joint ventures) account for Rs 11.1 lakh crore, and private projects for Rs 25.2 lakh crore. Amongst the private companies, foreign companies announced projects worth Rs 2.6 lakh crore and domestic companies worth Rs 22.6 lakh crore.

Government-wise split shows that central government has done the heavy-lifting by announcing projects worth Rs 7.4 lakh crore (67% of government's total), while state governments and local bodies account for Rs 3.7 lakh crore (33%). Data for states also includes projects announced by local bodies.

Table 1: Overview of projects announced in FY25

| Ownership-wise | Cost of projects (Rs lakh cr) |
|----------------|-------------------------------|
| Government | 11.1 |
| --Centre | 7.4 |
| --State | 3.7 |
| --JV | 0.004 |
| Private | 25.2 |
| --Domestic | 22.6 |
| --Foreign | 2.6 |
| Total | 36.3 |

Source: CMIE Capex, Bank of Baroda Research

Where is government investing?

Looking at the projects announced by the central government, ~91% of the projects announced are in 5 sectors, namely—renewable electricity, road transport, refinery, conventional electricity and shipping, costing Rs 6.8 lakh crore. The remaining are in sectors such as chemicals, steel, railways, minerals, storage & distribution, housing, electricity transmission, commercial complex, fertilizers, health, and education. Renewable electricity projects alone account for ~37% (Rs 2.7 lakh crore) of the total investment, which is expected to generate at least 12,555MW of power.

Largest investments have been announced in Chhattisgarh (Rs 1.4 lakh crore) and Odisha (Rs 0.8 lakh crore). In case of roads, out of a total allocation of Rs 1.4 lakh crore, projects worth Rs 0.67 lakh crore (47%) have been announced in Rajasthan, to construct 28 flyovers, Rs 0.5 lakh crore (35%) will be spent in Assam to construct ~1,647km roads and Rs 0.25 lakh crore (18%) is for Meghalaya (136km road).

Under refineries, government undertakings are expected to spend Rs 1 lakh crore to create 600MW of power. In case of conventional electricity, out of a total investment of Rs 99,376, Rs 80,000 will be used for electricity project in Bihar. Odisha and Chhattisgarh account for smaller projects. Amongst shipping projects, Gujarat was the key beneficiary (Rs 58,750 crore versus total of Rs 62,120 crore), with others being Assam, Karnataka, Kerala and Tamil Nadu.

Table 2: Industry-wise projects announced by Central government

| Industries | Cost of projects (Rs cr) | % Share in total |
|--|--------------------------|------------------|
| Renewable electricity | 2,72,204 | 36.7 |
| Road transport infrastructure services | 1,42,835 | 19.3 |
| Refinery | 1,00,315 | 13.5 |
| Conventional electricity | 99,376 | 13.4 |
| Shipping transport infrastructure services | 62,120 | 8.4 |
| Chemicals | 13,448 | 1.8 |
| Steel | 12,951 | 1.7 |
| Railway transport infrastructure services | 11,090 | 1.5 |
| Minerals | 10,711 | 1.4 |
| Others | 15,730 | 2.1 |
| Total | 7,40,779 | 100 |

Source: CMIE Capex, Bank of Baroda Research

State-wise data shows, out of a total of Rs 3.7 lakh crore, nearly 67% of the projects are under the road transport infrastructure services category, accounting for Rs 2.5 lakh crore. Out of this, Rs 97,892 has been announced by Gujarat government, Rs 87,438 by Rajasthan government to create a network of atleast 2,829km of roads, and Rs 27,400 by Odisha government. Nearly 22% of the projects come from 4 sectors—ITES, renewable electricity, railways and education. The remaining are in sectors such as electricity transmission, health, housing, commercial complex, tourism, dairy, shipping, processed foods, etc.

In case of ITES, project in Maharashtra costing Rs 30,000 crore is the sole project. Under renewable electricity, of Rs 24,351, two projects alone account for Rs 22,750 (U.P. and Rajasthan). Under railways, Rs 15,000 crore has been earmarked for Rapid Rail corridor project in Haryana. Amongst renewable electricity projects, Uttar Pradesh has announced a project worth Rs 13,000 crore, while two smaller projects will come up in Odisha and Rajasthan. In the education sector, Telangana alone accounts for ~62% of the total spent (Rs 5,028 crore).

Table 3: Industry-wise projects announced by State government

| Industries | Cost of projects (Rs cr) | % Share in total |
|---|--------------------------|------------------|
| Road transport infrastructure services | 2,46,633 | 67.4 |
| ITES | 30,000 | 8.2 |
| Renewable electricity | 24,351 | 6.7 |
| Railway transport infrastructure services | 15,300 | 4.2 |
| Education | 9,548 | 2.6 |
| Transport logistics services | 8,018 | 2.2 |
| Storage & distribution | 6,598 | 1.8 |
| Conventional electricity | 6,400 | 1.7 |
| Tourism | 5,426 | 1.5 |
| Health services | 4,537 | 1.2 |
| Others | 8,907 | 2.4 |
| Total | 3,65,716 | 100 |

Source: CMIE Capex, Bank of Baroda Research

Where is the private sector investing?

In this section we look at sectors in which domestic private companies announced new projects in the last fiscal year. These firms account for 62% (Rs 22.6 lakh crore) of the total new projects announced. Renewable electricity sector alone accounts for close to 1/3rd of total investment intentions (~30%). A total of Rs 6.7 lakh crore have been earmarked for this sector, which is expected to create plants having capacity to generate 28.3GW of electricity. Nearly 52% of the investment in this sector has been announced in Andhra Pradesh and Karnataka alone.

Apart from this, 4 other major sectors where private players have shown interest include: chemicals (organic/inorganic/others), steel (including pipes & tubes), conventional electricity, and other electronics. These industries make up for another 43% (Rs 9.7 lakh crore) of the investment intents. Within chemicals, inorganic chemicals account for 53% (Rs 1.9 lakh crore) of the total investments. In this sector, plants will have capacity of at least 22.3bn tonnes, producing items like synthetic organic chemicals & API Intermediates, custom manufactured chemicals, natural and synthetic surfactant

Chemical, fine chemicals & pharmaceuticals raw materials, etc. Largest investments will be made in Andhra Pradesh (Rs 1.6 lakh crore) and Odisha (Rs 78,384 crore), followed by UP and Maharashtra.

In the steel industry, a total of Rs 2.5 lakh crore will be investment, creating output of at least 24.1mn tonnes. Most of this will be made in Odisha (Rs 1.1 lakh crore), followed by Haryana (Rs 40,573 crore) and Maharashtra (Rs 33,356 crore). Conventional electricity will attract Rs 2.1 lakh crore in investments and leading to generation of additional output of 9.51GW. Most of these plants will be operational in Bihar (Rs 65,500 crore) and Telangana (Rs 42,400 crore).

Under the other electronics head, items like semiconductors, solar cells, electronics and telematics, energy storage batteries, printed circuit boards etc. will be produced. In here, of the Rs 1.6 lakh crore, half of the investments (~51%) will be made 4 states—Karnataka, Odisha, Andhra Pradesh and UP.

Table 4: Industry-wise projects announced by domestic private sector companies

| Industries | Cost of projects (Rs cr) | % Share in total |
|---|--------------------------|------------------|
| Renewable electricity | 6,68,924 | 29.6 |
| Chemicals | 3,57,012 | 15.8 |
| Steel, pipes & tubes | 2,48,974 | 11.0 |
| Conventional electricity | 2,05,676 | 9.1 |
| Other electronics | 1,58,324 | 7.0 |
| Housing construction | 93,191 | 4.1 |
| Copper, other non-ferrous metals & products | 60,722 | 2.7 |
| Storage batteries | 52,246 | 2.3 |
| Commercial complexes | 49,516 | 2.2 |
| Aluminium & products | 44,141 | 2.0 |
| Misc manufactured articles | 41,170 | 1.8 |
| Cement | 36,511 | 1.6 |
| Others | 2,41,142 | 10.7 |
| Total | 22,57,548 | 100 |

Source: CMIE Capex, Bank of Baroda Research

State-wise investments

The states in which domestic private companies have shown the most intent to make investments are, Andhra Pradesh (15.3% of total), Odisha (15.1%), Maharashtra (14.2%) and Karnataka (11.1%). These 4 states alone account for ~56% of the total investments announced by domestic private companies. For 10% of the investments announced, the location remains unallocated so far.

Other states where much of the investment (~20%) will go include Madhya Pradesh, Bihar, Uttar Pradesh and Telangana. In contrast, other major states like Gujarat, Chhattisgarh, Rajasthan, Tamil Nadu, have received smaller share of new project announcements in FY25.

Table 5: State-wise projects announced by domestic private companies

| States/UTs | Cost of projects (Rs lakh cr) | % Share in total |
|--|-------------------------------|------------------|
| Andhra Pradesh | 3.45 | 15.3 |
| Odisha | 3.41 | 15.1 |
| Maharashtra | 3.21 | 14.2 |
| Karnataka | 2.51 | 11.1 |
| Unallocated | 2.28 | 10.1 |
| MP | 1.37 | 6.1 |
| Bihar | 1.24 | 5.5 |
| UP | 1.08 | 4.8 |
| Telangana | 0.78 | 3.4 |
| Haryana | 0.76 | 3.4 |
| Gujarat | 0.60 | 2.7 |
| Chhattisgarh | 0.51 | 2.3 |
| Others (including multi-states) | 1.38 | 6.1 |
| Total (excluding private foreign companies) | 22.58 | 100.0 |

Source: CMIE Capex, Bank of Baroda Research

In total, Odisha, Maharashtra and Andhra Pradesh account for more than one-third (~37%) of the total projects announced, across governments and domestic private sector companies. Karnataka, Rajasthan, Gujarat, Bihar and Chhattisgarh account for another 33% of the projects announced.

Table 6: State-wise projects announced by public and private sector

| States/UTs | Cost of projects (Rs lakh cr) | % Share in total |
|--|-------------------------------|------------------|
| Odisha | 4.78 | 14.2 |
| Maharashtra | 4.06 | 12.1 |
| Unallocated | 3.57 | 10.6 |
| Andhra Pradesh | 3.47 | 10.3 |
| Karnataka | 2.55 | 7.6 |
| Rajasthan | 2.24 | 6.7 |
| Gujarat | 2.18 | 6.5 |
| Bihar | 2.07 | 6.2 |
| Chhattisgarh | 2.04 | 6.1 |
| Madhya Pradesh | 1.40 | 4.2 |
| Uttar Pradesh | 1.30 | 3.9 |
| Haryana | 1.02 | 3.0 |
| Assam | 0.99 | 2.9 |
| Telangana | 0.93 | 2.8 |
| Others (including multi-states) | 1.04 | 3.1 |
| Total (excluding private foreign companies) | 33.64 | 100 |

Source: CMIE Capex, Bank of Baroda Research

Conclusion:

- Domestic private companies accounted for majority (62%) of the new projects announced in the last fiscal year (Apr'24-Mar'25), amounting to Rs 22.6 lakh crore.

- These companies are majorly investing in industries like: Renewable electricity, chemicals, steel, pipes & tubes, conventional electricity and other electronics.
- Amongst the states, private firms prefer to make investments in Andhra Pradesh, Odisha, Maharashtra, and Karnataka.
- The next big set of investments was announced by the public sector (central, state governments, local bodies) at Rs 11.1 lakh crore (31% of total), followed by foreign private firms (Rs 2.6 lakh crore; 7%).
- Amongst the public sector, central government drove bulk of the projects of announced (Rs 7.4 lakh crore).
- Most of these projects have been announced in sectors like: Renewable electricity, Roads, Refinery, conventional electricity, shipping, chemicals, steel and railways.
- State governments and local bodies account for Rs 3.7 lakh crore of projects announced and majority of them belong to Road transport infrastructure services, ITES, renewable electricity, railways, education, and transport logistics services.
- A total of ~57% of the projects announced by the governments (centre/state/local bodies) are Rajasthan, Gujarat, Chhattisgarh, and Odisha.

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