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New project investments jump nearly 24% to Rs 3.64 lakh crore in June quarter: Report

In the last quarter of FY22, project investments soared 130.2% on an annual basis to Rs 5.91 lakh crore, Brickwork Ratings said in a report on Friday.

Led by private sector capital expenditure, new project investments rose 23.7 per cent to Rs 3.64 lakh crore in the June quarter compared to the year-ago period, according to a report. However, the amount is 38.5 per cent lower compared to the fourth quarter of the last financial year.

In the last quarter of FY22, project investments soared 130.2 per cent on an annual basis to Rs 5.91 lakh crore, Brickwork Ratings said in a report on Friday. New project investments steadily declined since the onset of the pandemic and improved only in the fourth quarter of FY22.

However, the uncertainties due to the prolonged Russia-Ukraine war and the resultant sanctions as well as continued chip shortages and the rising interest rate scenario have dampened investment sentiment. It is reflected in the number of new projects announced in the first quarter of this fiscal which has more than halved to 247 from 545 in the previous quarter, the report said.

Similarly, the number of new projects proposed by the government also dropped to 59, amounting to just Rs 32,700 crore while the number of new projects announced by the private sector rose to 188, with a proposed investments of Rs 3.3 lakh crore in the June quarter.

In the fourth quarter of FY22, the private capital expenditure was at Rs 3.9 lakh crore while that of government stood at Rs 2.1 lakh crore. Despite higher capital expenditure announced in the budget, the government is holding on to its spending due to the constrained fiscal situation, rising inflationary pressures and delay in disbursing the Rs 1 lakh crore loan to the states at zero rate of interest, the report said.

Moreover, the states have been wary of investing in new projects in the June quarter. Out of the total new projects announced by the governments, only 8 per cent were by states. The government has budgeted Rs 7.5 lakh crore in capital expenditure for FY23, which is 24.5 per cent more than the revised estimates for FY22.