

# India Capex Pipeline

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## Private capex announcements in FY23 more than double from FY19

- In our fourth edition of the India Capex Pipeline report, we find that overall capex announcements in FY23 stood at Rs29.9tn, up 51.8% YoY and ~5.8% above the pre-pandemic levels (FY19).
- Capex announcements in FY23 were led by the private sector. Private sector capex announcements in FY23 stood at Rs26tn, more than doubling from Rs12.2tn in FY19 and up by 84.9% YoY.
- Central and state government capex announcements however continued to lag pre-pandemic levels. Moreover, central government capex announcements declined by 61.3% YoY in FY23. On the other hand, state government capex announcements reversed their declining trend of the past few years and grew by 92.7% YoY in FY23.
- Overall, capex announcements in contact-intensive sectors such as Air Transport and Railways witnessed a visible turnaround in FY23 after the pandemic lull.
- In FY23, private sector capex announcements by value were led by Chemicals (26%) and Air Transport (25%). Electronics, which had accounted for 25% of projects in FY22, saw their share fall to 10% in FY23. Metals, which had accounted for 36% of projects in FY21 and 17% of projects in FY22, saw their share fall to 3%.
- Central government capex announcements are being led by the National Highways Authority of India (NHAI), accounting for 19% of project announcements in FY23, but down from 26% of projects in FY22. Railways accounted for another 19% of project announcements in FY23, up from 6% in FY22 and 4% in FY21, but still way below the 43% in FY20. Renewables across implementation agencies (covering wind and solar) accounted for 28% of projects in FY23.
- State government capex announcements in FY23 were concentrated in the Roads sector, accounting for 62% of project announcements, up from 17% in FY22. Railways (mainly metro projects) accounted for 12% of capex announcements in FY23.

**Chemicals and Air transport led capex announcements in FY23:** Private sector capex announcements grew by 84.9% YoY in FY23 and more than doubled to Rs26tn from Rs12.2tn in FY19 (see Exhibit 1). In FY23, private sector capex announcements by value were led by Chemicals (26%) and Air Transport (25%). Chemicals sector capex announcements ranged from Green Hydrogen and Green Ammonia projects at the top of the spectrum to Grain-based Ethanol Projects at the other end of the spectrum. Capex in the Air Transport sector was solely led by Air India's fleet expansion. Interestingly, Air Transport had led the private sector capex announcements in FY20 (28%) and FY19 (30%). Renewable Energy accounted for 17% of project announcements in FY23, up from 14% in FY22, but down from 23% in FY19. In value terms, Renewable Energy projects more than doubled in FY23 from FY19 levels. Electronics, which had accounted for 25% of projects in FY22, saw their share fall to 10% in FY23. Metals, which had accounted for 36% of projects in FY21 and 17% of projects in FY22, saw their share fall to 3%.

**Central government capex announcements led by Renewables, Roads and Rail:** Central government capex announcements declined by 61.3% YoY in FY23. The decline in the central government capex pipeline is a cause for concern as project implementation could slow in future. Central government capex announcements are being led by the NHAI, accounting for 19% of project announcements in FY23, but down from 26% of projects in FY22. Railways accounted for another 19% of project announcements in FY23, up from 6% in FY22 and 4% in FY21, but still way below 43% in FY20. Renewables across implementation agencies (covering wind and solar) accounted for 28% of projects in FY23. Renewable projects included wind and solar projects being implemented by state-run SJVN and an offshore wind project being implemented by the Ministry of New and Renewable Energy. In FY20, Renewable projects had accounted for 19% of projects and 15% in FY19 with NTPC and Solar Energy Corporation of India (SECI) being key implementing agencies.

**State government capex announcements led by Roads:** State government capex announcements reversed their declining trend of the past few years, growing by 92.7% YoY in FY23. State government capex announcements in FY23 were concentrated in the Roads sector, accounting for 62% of project announcements, up from 17% in FY22. Railways (mainly metro projects) accounted for 12% of capex announcements in FY23. In the midst of the pandemic in FY21, Water Supply and Sanitation projects had accounted for 27% of project announcements, which moderated to 13% in FY22 and has now fallen to 2%.

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## Exhibit 1: Total capex announcements pip pre-pandemic levels; private sector more than doubles

Capex announcements	Total (Rs.bn)	% YoY	Private sector (Rs.bn)	% YoY	Central government (Rs.bn)	% YoY	State government (Rs.bn)	% YoY
FY19	28,272.12	-	12,211.76	-	7,039.74	-	9,032.32	-
FY20	17,411.71	-38.41	8,369.79	-31.46	4,541.94	-35.48	4,486.94	-50.32
FY21	9,705.77	-65.67	5,728.16	-53.09	2,354.86	-48.15	1,642.45	-63.39
FY22	19,715.67	103.13	14,064.67	145.54	4,528.04	92.29	1,122.96	-31.63
FY23	29,922.25	51.77	26,006.58	84.91	1,751.78	-61.31	2,163.89	92.70

Source: CMIE, Nirmal Bang Institutional Equities Research

## Exhibit 2: Private capex announcements in FY23 led by Chemicals and Air Transport in FY23

Private sector	No. of projects (FY23)	Value (Rs.bn) (FY23)	% share of value (FY23)	No. of projects (FY22)	Value (Rs.bn) (FY22)	% share of value (FY22)	No. of projects (FY21)	Value (Rs.bn) (FY21)	% share of value (FY21)	No. of projects (FY20)	Value (Rs.bn) (FY20)	% share of value (FY20)	No. of projects (FY19)	Value (Rs.bn) (FY19)	% share of value (FY19)
<b>All sectors</b>	<b>1651</b>	<b>26007</b>	<b>-</b>	<b>2321</b>	<b>14065</b>	<b>-</b>	<b>2447</b>	<b>5728</b>	<b>-</b>	<b>1973</b>	<b>8370</b>	<b>-</b>	<b>2850</b>	<b>12212</b>	<b>-</b>
Chemicals including fertilisers and oxygen	345	6757	26	377	774	6	223	205	4	200	269	3	144	807	10
Air Transport	3	6628	25	1	669	5	0	0	0	2	2343	28	4	2546	30
Renewable energy	64	4335	17	80	2034	14	75	333	6	89	756	9	166	1937	23
Electronics including solar panels etc	93	2585	10	111	3503	25	39	320	6	29	177	2	56	497	4
ITES / Data centres	60	949	4	45	472	3	31	444	8	17	224	3	17	293	2
Metals	94	781	3	99	2428	17	86	2081	36	96	688	8	116	1222	10
Conventional electricity	14	677	3	9	506	4	4	129	2	13	921	11	12	122	1
Glass & Glassware	8	472	2	5	11	0	5	24	0	6	31	0	2	46	0
Refinery	3	400	2	1	100	1	0	0	0	2	752	9	3	38	0
Automobiles and components	47	314	1	48	274	2	37	348	6	54	274	3	68	387	5
Transport Logistics	153	231	1	73	101	1	109	145	3	16	94	1	73	100	1
Drugs & pharmaceuticals	82	152	1	206	88	1	762	284	5	153	67	1	89	72	1
Housing	102	114	0	411	206	1	411	271	5	354	472	6	804	779	9
Ports & shipping	5	2	0	6	521	4	7	8.52	0	6	42	0	7	22	0

Source: CMIE, Nirmal Bang Institutional Equities Research

## Exhibit 3: Central government capex announcements being led by Renewables, Roads and Railways

Central government / agencies / CPSU	No. of projects (FY23)	Value (Rs.bn) (FY23)	% share of value (FY23)	No. of projects (FY22)	Value (Rs.bn) (FY22)	% share of value (FY22)	No. of projects (FY21)	Value (Rs.bn) (FY21)	% share of value (FY21)	No. of projects (FY20)	Value (Rs.bn) (FY20)	% share of value (FY20)	No. of projects (FY19)	Value (Rs.bn) (FY19)	% share of value (FY19)
<b>All sectors</b>	<b>451</b>	<b>1752</b>	<b>-</b>	<b>428</b>	<b>4531</b>	<b>-</b>	<b>375</b>	<b>2355</b>	<b>-</b>	<b>441</b>	<b>4542</b>	<b>-</b>	<b>730</b>	<b>7040</b>	
National Highways Authority of India	56	333	19	71	1178	26	75	477	20	27	252	6	92	893	13
Railways	43	329	19	19	275	6	27	84	4	47	1962	43	45	90	1
SJVN	2	248	14	8	650	14	1	0	0	1	0	0	1	8	0
Ministry of New and Renewable Energy	8	240	14	0	0	0	1	0	0	2	0	0	0	0	0
Power Grid	12	88	5	16	298	7	7	4	0	5	7	0	12	109	2
ONGC	5	87	5	0	0	0	1	3	0	18	23	1	20	203	3
Indian oil Corpn	7	59	3	10	187	4	10	72	3	14	25	1	32	277	4
NTPC ( Mainly Wind &solar projects)	3	13	1	9	104	2	14	662	28	15	526	12	34	323	5
BPCL ( Including Renewable energy)	2	1	0	8	267	6	3	13	1	1	1	0	13	603	9
Solar Energy Corpn. Of India Ltd.	0	0	0	7	240	5	8	135	6	10	318	7	27	710	10
Petronet LNG	0	0	0	2	142	3	2	83	4	0	0	0	0	0	0
CPWD (includes Parliament project)	-	-	0	-	-	0	4	138	6	8	250	6	24	67	1

Source: CMIE, Nirmal Bang Institutional Equities Research

**Exhibit 4: States focused on Roads in FY23 vs. Water Supply and Sanitation during the pandemic**

State government / agencies / PSU	No. of projects (FY23)	Value (Rs.bn) (FY23)	% share of value (FY23)	No. of projects (FY22)	Value (Rs.bn) (FY22)	% share of value (FY22)	No. of projects (FY21)	Value (Rs.bn) (FY21)	% share of value (FY21)	No. of projects (FY20)	Value (Rs.bn) (FY20)	% share (FY20)	No. of projects (FY19)	Value (Rs.bn) (FY19)	% share (FY19)
<b>All sectors</b>	<b>842</b>	<b>2164</b>	<b>-</b>	<b>907</b>	<b>1123</b>	<b>-</b>	<b>926</b>	<b>1642</b>	<b>-</b>	<b>1159</b>	<b>4362</b>	<b>-</b>	<b>1228</b>	<b>10469</b>	<b>-</b>
Road transport infrastructure	198	1331	62	120	191	17	62	155	9	111	161	4	201	1342	13
Railways including metro	7	268	12	2	0	0	4	0	0	3	129	3	13	532	5
Renewable electricity	35	173	8	12	48	4	16	137	8	47	873	20	52	458	4
Commercial complexes	33	80	4	36	62	6	89	87	5	146	669	15	132	1029	10
Conventional electricity (including hydro)	6	74	3	8	168	15	7	35	2	13	424	10	11	814	8
Water supply & Sanitation	39	54	2	140	144	13	277	442	27	171	184	4	178	635	6
Health services	76	32	1	103	92	8	70	59	4	97	38	1	96	106	1
Irrigation	9	14	1	9	4	0	27	153	9	13	100	2	51	594	6
Electricity transmission	9	8	0	44	133	12	9	13	1	27	11	0	54	179	2
Housing	14	3	0	17	31	3	74	36	2	104	977	22	78	501	5

Source: CMIE, Nirmal Bang Institutional Equities Research

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