

# New projects in Apr-Jun down over 90% to lowest on record

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Mumbai, 1 July

Announcements on setting up factories, building roads, and other new projects fell below the ₹1 trillion mark, according to early data for the April-June quarter (Q1) of 2024-25. The Q1 figure of ₹60,000 crore is 92 per cent lower than the ₹79 trillion recorded in the year-ago quarter, shows data from Centre for Monitoring Indian Economy (CMIE).

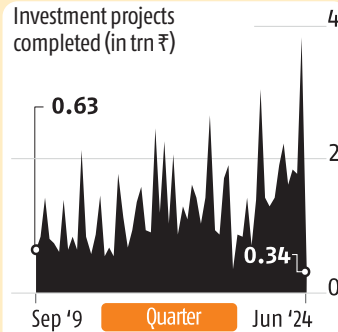
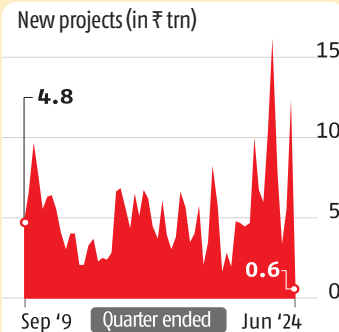
The latest numbers are subject to revisions but can be considered broadly indicative of the trend. No other quarter has shown a lower figure for new project announcements in the data going back to September 2009.

Deepak Jasani, head of retail research at HDFC Securities, said businesses could have adopted a wait-and-watch approach ahead of the Budget and expected policy announcements as part of the new government's 100-day agenda.

"They're not going to lose out if they delay by a month or so. Besides, Red Sea troubles have raised freight rates, which may have affected capital goods imports," he said.

## GOING DOWNHILL

New project announcements and completions have declined significantly



Note: Data as of July 1, numbers are subject to revision.

Source: CMIE

Listed companies have seen sporadic announcements on new projects, but they may be waiting for higher capacity utilisation numbers before committing to large new investments, said Jasani.

Demand was also affected in June by the hot summer, and this pent-up demand may now show up in the post-summer months, he said.

The Reserve Bank of India's quarterly order books, inventories, and capacity utilisation survey for

March suggested that capacity utilisation has been increasing, though it is still below the 75 per cent mark as of December 2023.

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# Lower project completions in poll qtr

“At the aggregate level, the capacity utilisation (CU) in the manufacturing sector increased to 74.7 per cent in Q3FY24 from 74 per cent in the previous quarter... The seasonally adjusted CU increased sequentially by 10 basis points to 74.6 per cent,” the survey said.

The June 2024 new project figure is 95 per cent lower than the ₹12.4 trillion seen in March 2024 before the elections. Previous elections have also seen a decline, down over 60 per cent in June 2019. The 2014 elections saw a 20 per cent year-on-year decline, though it was up by 20 per cent sequentially.

Both private and government sector new projects hit a new low in the latest available figures for June 2024. Government new project announcements were worth ₹0.2 trillion, and ₹0.4 trillion for the private sector.

Project completions have also declined significantly. The number was ₹0.34 trillion in June 2024, down 79 per cent from the previous year's June 2023 figure of ₹1.6 trillion and down 91 per cent from the previous quarter.