Private capex led the way in H1 with manufacturing boost

New infra investments down; Andhra records the sharpest leap in fresh outlays

VIKAS DHOOT
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Signalling a rebound in private investments, the second quarter of 2025-26 (FY26) witnessed a near doubling in the value of new investment plans from private promoters, with fresh outlays of ₹10.55 trillion in about 1,800 projects, compared to ₹5.69 trillion a year ago.

The total value of new investment projects surged 62 per cent in Q2 to cross ₹15 trillion, taking overall investments in the first half (H1) of FY26 to ₹34 trillion, 22.3 per cent higher than the previous six months, according to data from investment monitoring firm Projects Today.

Within this, new private sector capex plans rose a sharply 41 per cent in H1FY26 relative to H2FY25, at ₹24 trillion, led by a spurt in manufacturing and electricity projects, even as infrastructure building plans moderated with new public capex projects slowing down. Notably, foreign investors' capex plans soared 130 per cent to over ₹3.56 trillion, while domestic private players recorded a 32 per cent uptick.

Private investment projects constitute well over 70 per cent of the nearly ₹34 trillion of fresh investments announced in H1 this year. This reflects a significant shift after years of heavy lifting on the investment front by government and public-sector capex to compensate for tepid private investment impulses.

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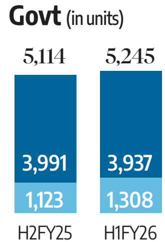
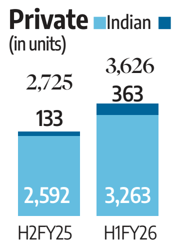


Value of new investment projects (₹ trn)

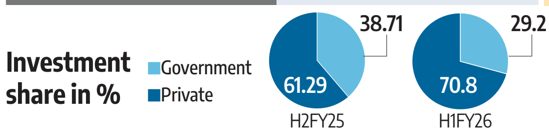
Ownership	H1 FY26	Chg from H2FY25 in %
Govt	9.91	-7.78
Central	4.30	-15.3
States	5.60	-1.04



Value of new investment projects (₹ trn)

Ownership	H1 FY26	Chg from H2FY25 in %
Private	24.04	41.23
Indian	20.47	32.34
Foreign	3.56	130.08
Total *	34	22.26

Total projects: (Govt + pvt) H2FY25= 7,839 H1FY26= 8,871



*Govt + private

Source: Projects Today

Private capex led the way in H1 with manufacturing boost

For context, the private sector's share of new capex was just around 61 per cent in Q2 as well as H2 of FY25. New central government investment plans grew 15 per cent year-on-year to ₹2.07 trillion in Q2, with states accelerating new capex projects by 36 per cent to over ₹2.38 trillion. However, on a sequential six-month basis, central capex plans were down 15 per cent in H1 this year compared to H2FY25, while the value of states' investment projects declined 1 per cent.

"The April-September 2025 period has demonstrated resilience with a 22 per cent rise in fresh investment announcements, led by private-sector proposals in the manufacturing and renewable energy sectors. The second half is expected to reinforce this trend, supported by a rebound in public infrastructure spending and steady consumer demand," said Shashikant Hegde, director and CEO of Projects Today. Private investments, he reckoned, are likely to retain their lead in FY26.

"While export-oriented sectors may feel the pinch of global trade frictions, sectors like construction, electronics, automobiles, data centres, transport and social infrastructure, are expected to keep the aggregate investment outlook buoyant... Having accounted for over 70 per cent of total new investment proposals in H1-FY26, private promoters showed strong intent in long-gestation and high-value projects across renewable energy, metals, petrochemicals, and digital infrastructure," Hegde pointed out.

Fresh infrastructure investments sequentially contracted 2.5 per cent to ₹10.87 trillion in H1FY26, and the sector's share in total investment fell from 40.15 per cent to 32.02 per cent, largely due to a slowdown in government-led capex plans and fewer mega transport and social infrastructure projects.

On the slight moderation in government-led projects in H1FY26, the project monitoring firm's head said he expects the trend to reverse in the coming months, with central and state sectors together likely to close the year with healthy expansion.

Manufacturing projects worth ₹8.81 trillion were announced between April and September, 34 per cent higher than H2FY25, lifting the sector's share in new outlays to nearly 26 per cent from 23.7 per cent.

"The rise was broad-based, supported by announcements in steel, cement, automobiles, and electronics, reflecting both private-sector optimism and PLI (production-linked incentive) schemes extended to key industries," Projects Today's 100th survey report of investment projects noted, adding that metals, petrochemicals, fertilisers, plastics, and automobiles projects, provided most of the momentum.

Electricity investments grew at an even faster rate of 38.54 per cent in H1 to hit ₹12.93 trillion, commanding a share of 38.1 per cent in fresh outlays compared to 33.6 per cent in H2 last year. This was driven by large-ticket solar and wind power projects, coupled with mega-sized thermal and hydel power projects.

Activity in the mining sector remained subdued, with a 15.5 per cent drop to ₹29,275.5 crore in H1, following a sharper contraction in the previous half. ONGC was the largest investor, with twin oil and gas exploration projects costing ₹10,267 crore.

However, irrigation investments rebounded sharply to ₹1.05 trillion in H1, an almost 188 per cent spike from H2FY25, thanks to new state-sponsored irrigation schemes, particularly the Polavaram–Banakacherla linking project in Andhra Pradesh worth ₹81,900 crore, and Maharashtra's ₹6,394 crore Poshir Dam project.

Maharashtra re-emerged as the top destination for fresh outlays in Q2, after losing the spot to Rajasthan in Q1 this year, but its share in the country's new project investments dropped to 19.6 per cent from 25.1 per cent in Q2FY25.

Andhra Pradesh took the sharpest leap over this period, accelerating to the second spot with investments of ₹2.89 trillion, equivalent to a 19.2 per cent share in total fresh outlays, up from a mere 3.4 per cent share worth ₹31,620 crore in Q2 last year.

The latest quarter numbers have lifted the N Chandrababu Naidu-led state's performance to the second-best in the country after Maharashtra through the first half of FY26, with investments of ₹4.77 trillion, nearly 2.8 times its tally in H2FY25, when it was ranked sixth. This pushed Rajasthan, with investments of ₹4.72 trillion, to the third spot in H1 from the second rank in H2 last year, despite a healthy sequential uptick in outlays.

Gujarat, which received the third-highest outlays in H2 FY25 worth ₹3.32 trillion, slipped to the fourth position among states in H1 this year, though outlay numbers declined only marginally to about ₹3.27 trillion. Its overall share in new investments dropped to 9.6 per cent from 12 per cent in H2 FY25.

RBI likely to add more NBFCs to upper layer list

Growing interconnectedness of some of the entities with the financial sector is also a reason for increasing the list of upper layer NBFCs.

Typically, the top 50 NBFCs – excluding the top 10 NBFCs by asset size, which automatically fall in the upper layer -- based on total exposure, including credit equivalent of off balance sheet exposure, can be a part of the upper layer.

According to RBI norms, an unlisted upper layer NBFC has to list in the bourses within three years. This year saw the listing of Tata Capital and HDB Financial, which were identified as upper layer NBFCs three years ago.

GST cut, festival demand fuel 2W sales boom in Oct

Other standout months include November 2023 at 2.25 million units, November 2022 with 1.85 million, and November 2021 registering sales of 1.6 million two-wheelers.

Two-wheeler sales, according to Vahan data, have been largely recovering through 2025: January saw 1.53 million units, February 1.35 million, and March 1.51 million. Registrations climbed to 1.69 million in April and 1.65 million in May before dipping to 1.45 million in June and 1.35 million in July. Momentum steadied at 1.37 million in August, followed by