



RBI Study on Investment Trends in India for FY 2022-23

[Source: IE](#)

Why in News?

The [Reserve Bank of India's \(RBI\)](#) recent study sheds light on the **state-wise distribution of capital investments in India during the fiscal year 2022-23.**

- The study examines the geographical and sectoral trends that shape the landscape of project funding across the country.

What are the Highlights of the Study?

- **Investment Surge and Capital Outlay:**
 - **Credit offtake soared by 19.7%** in July 2023, amidst a **250 basis points hike in the repo rate by the RBI** since April 2022, indicating robust investment momentum.
 - The aggregate capital outlay reached an impressive of over Rs 3.5 lakh crores, reflecting a significant increase compared to the previous years.
- **State-wise Share in Total Project Costs:**
 - **Top Performers:**
 - **Uttar Pradesh** emerges as the frontrunner, accounting for the **highest share of 16.2%** in the total cost of projects sanctioned by banks and financial institutions.
 - Following closely are **Gujarat (14%), Odisha (11.8%), Maharashtra (7.9%), and Karnataka (7.3%)**, showcasing a dynamic distribution of investments.
 - **Bottom Performers:**
 - **Kerala, Goa, and Assam** secured the lowest shares, with **Kerala receiving just 0.9%** of the total investment plans.
 - Haryana and West Bengal also fell within the 1% bracket of the total investment projects.
- **Sectors Driving Investments:**
 - The [infrastructure sector](#) played a pivotal role, accounting for **60% of the total project cost in 2022-23.**
 - Notably, road and bridge projects within the infrastructure sector garnered significant attention, benefiting from the ["Bharatmala" initiative.](#)
- **Factors Influencing Investment Momentum:**
 - Government capital expenditure, rising business optimism, and a revival of **private capital expenditure** in select sectors have fueled investment activity.
 - Despite the upward revision of the [repo rate](#), credit offtake experienced robust growth, reflecting the confidence in investment opportunities.
- **Outlook and Future Trends:**
 - The RBI study provides a **positive outlook for private investment**, attributing the surge to increased government spending, improved business sentiments, and policy support.
 - **Greenfield projects, constituting 93.1% of total project costs financed by banks and financial institutions,** underscore the focus on new initiatives.
 - **Greenfield project refers** to investment in a manufacturing, office, or other physical company-related structure or group of structures in an area **where no previous facilities exist.**

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