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Investors may invest up to ₹40,000 cr in FY23. MINT

Capex deployment expected to pick up

Capital expenditure (capex) of manufacturers is on the rise as the government's production linked incentive (PLI) scheme has encouraged bids across sectors, but capex deployment is expected to pick up only in FY24 for more than 80% of the projected investments, ratings agency Icra said on Wednesday.

Investors are expected to pour in up to ₹40,000 crore in current fiscal with the capex seen rising to ₹1.7 trillion in FY26, the ratings agency said in its latest report that has captured the PLI scheme's progress and capex deployment over the years.

The assessment is based on some recent developments for large-scale projects such as semiconductors.

"Based on our calculations, the annual capex from the PLI schemes is expected to cross ₹1 trillion from FY24 and may peak out at ₹1.7 trillion in FY26. Hence, FY24 could be an inflexion point for a surge in India's manufacturing capex," Rohit Ahuja, head of Research and Outreach, ICRA, said.

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