

RESEARCH
BOB ECONOMICS RESEARCH | INFRASTRUCTURE STUDY

Status of infrastructure projects

BOB ECONOMICS RESEARCH | WPI

WPI inflation slows down

Daily macro indicators

Indicator	12-Feb	13-Feb	Chg (%)
US 10Y yield (%)	4.18	4.31	14bps
India 10Y yield (%)	7.09	7.10	0bps
USD/INR	83.00	83.01	0.0
Brent Crude (US\$/bbl)	82.0	82.8	0.9
Dow	38,797	38,273	(1.4)
Hang Seng	15,878	15,747	(0.8)
Sensex	71,072	71,555	0.7
India FII (US\$ mn)	09-Feb	12-Feb	Chg (\$ mn)
FII-D	(84.3)	87.8	172.1
FII-E	39.8	26.6	(13.2)

Source: Bank of Baroda Economics Research

SUMMARY
INDIA ECONOMICS: INFRASTRUCTURE STUDY

An overview of data by Infrastructure and Project Monitoring Division (IPMD) under the Ministry of Statistics and Programme Implementation reveals some interesting facts. The IPMD is tasked with monitoring the progress of high value infrastructure projects which have a cost of over Rs. 150 crores. As of 1 Jan 2024, a total of 1,820 such projects were under the surveillance of the IPMD. Out of this, 848 or 46.6% of the projects were delayed. This marks a significant improvement as at the end of Mar'23, the ratio of delayed projects to total projects was much higher at 56.7%. However, this is still much higher than the pre-pandemic period, i.e. Jan'20 when the ratio was just at 32.6%.

[Click here for the full report.](#)

INDIA ECONOMICS: WPI

WPI inflation slowed to 0.3% in Jan'24 from 0.7% in Dec'23. Food and manufactured product inflation led the moderation. Food inflation softened to 3.8% from 5.4% in Dec'23. Within food, major relief came from vegetable prices, such as those of onions and tomatoes. Inflation of fruits, milk and spices also eased. Slowdown in food grain inflation was helped by paddy and wheat prices. Pulses inflation remained in double-digit, despite some softening. On the contrary, deceleration in fuel & power inflation slowed further, owing to only slight decline in mineral oil and electricity index. Coal prices eased. Going ahead, volatility in international crude oil prices will remain a concern, owing to tensions in the Red Sea region. Moderation in trend of food prices and continued decline in international commodity prices will however provide cushion to the headline number.

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INFRASTRUCTURE STUDY

14 February 2024

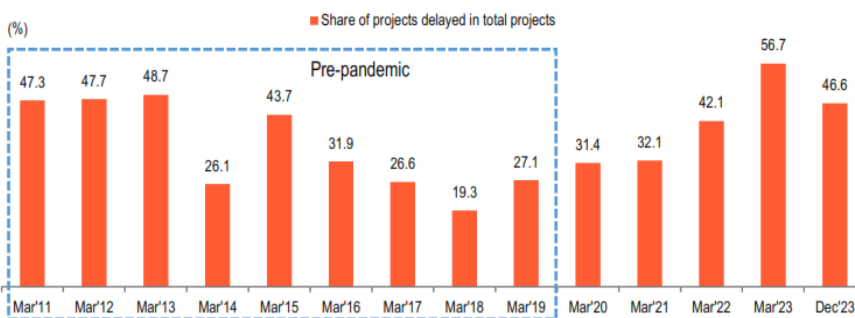
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Aditi Gupta
Economist

On the positive side, a total of 618 projects are on schedule and 56 projects are ahead of schedule so far. For the rest 298 projects, data on year of commissioning/gestation period is not available. However, there are 198 projects which are showing additional delays over the delay indicated last month.

Figure 1: Trends in delay in infrastructure projects over the years



Source: Infrastructure and Project Monitoring Division, MOSPI, Bank of Baroda Research

A significant number of projects are also showing cost overruns. The cost of the 1,820 projects under monitoring stands at Rs. 30.7 lakh crores which is about 18.7% above the original cost which was Rs. 25.9 lakh crores. Interestingly, there has been a significant reduction in cost overruns of infrastructure projects since Mar'23, when the cost overrun stood at 22%. Even when compared with the pre-pandemic period (19.4% in Jan'20), the cost overrun is lower. Notably, the period just after the pandemic saw the highest cost overrun as the phase of reopening along with the Russia-Ukraine war led to a sharp increase in input prices in this period. However, with the correction seen in global commodity prices, the cost overrun is also trending lower.



WPI

14 February 2024

WPI inflation slows down

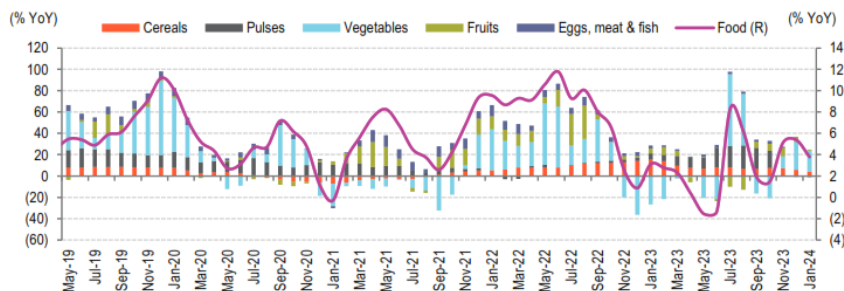
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Sonal Badhan
Economist

Food inflation at 3-month low:

Headline WPI eased to 0.3% in Jan'24 from 0.7% in Dec'23, coming in lower than our estimate of 0.5%. The moderation was driven by food inflation which softened to 3.8% in Jan'24, versus 5.4% in Dec'23. Rate of inflation slowed the most in case of vegetables (19.7% in Jan'24 versus 26.3% in Dec'23), followed by spices (26% versus 29.7%) and fruits (1% versus 4.6%). Amongst vegetables, out of 19 items, prices were down for 11 items, with major support coming from items like Onions (29.2% versus 91.8%), tomato (57% versus 81.7%), Okra (1.6%) and cucumber (-8%). Inflation for food grains (6.3% versus 8.4%) and milk (5.4% versus 6.9%) also eased. Within food grains as well, the softening was broad-based. Wheat inflation decelerated further to (-) 3.1% from (-) 0.4%, while paddy inflation was down to 9.6% from 10.5%. Inflation for pulses too slowed, but continues to remain in double digit in Jan'24 at 16.1% (19.6% in Dec'23). Wheat and paddy inflation is in line with movement in international prices. As indicated by World Bank's pink sheet, wheat prices fell by (-) 23.7% in Jan'24 compared with (-) 22.3% in Dec'23, while paddy prices rose by only 31% versus 39.6%.

Figure 1: Food inflation slowed in Jan'24



Source: CEIC, Bank of Baroda Research



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