

Quarterly Industrial Outlook Survey: April-June 2012 (58th Round)*

This article presents the findings of Industrial Outlook Survey conducted for April-June 2012 quarter, the 58th round in the series. This survey provides an assessment of business situation of companies in manufacturing sector, for the quarter April-June 2012, and their expectations for the ensuing quarter July-September 2012. The results for Q1: 2012-13 showed a reversal of the marginal improvement in business sentiments of the manufacturing sector observed in Q4: 2011-12. This was also reflected in the outlook of the previous round of the survey. The Business Expectation Index (BEI), a composite indicator based on several business parameters showed moderation for the assessment (from 114.9 to 107.4) as well as for the expectation quarters (from 116.8 to 114.0). However, the indices remained in the growth terrain (i.e., above 100, which is the threshold that separates contraction from expansion).

Highlights

- The **demand conditions** based on the net response¹ on production, order books, capacity utilisation (CU), imports and exports showed some moderation in the assessment quarter as compared with the previous quarter. A similar trend was observed for the expectation quarter as well.
- **Overall financial situation** which improved in the last quarter after a steady decline in the previous four quarters reversed and moderated in the current quarter. Net response on availability of finance followed a similar trend. Cost of external finance is perceived to rise further. Majority of the respondents expected that the cost of raw material would rise further in the ensuing quarter. While higher percentage of respondents (on a net basis)

*Prepared in the Division of Enterprise Surveys of Department of Statistics and Information Management. The previous article on the subject based on the 57th survey round (January-March 2012) was published in May 2012 Bulletin.

¹Net Response is the difference between the percentage of the respondents reporting an increase and decrease.

assessed a decline in the profit margin over the previous quarter, the outlook for the next quarter remains more or less balanced.

- **Industry-wise** and **size-wise** breakup showed that the sentiments in demand conditions and financial conditions moderated across the board.
- As regards **investment intentions** during the year 2011-12 and 2012-13, 67 per cent companies had made investment in fixed capital in 2011-12. Among them, 64 per cent showed investment intentions for 2012-13. The corresponding figures were 71 per cent and 89 per cent, respectively, a year ago.

- **Introduction:**

The Reserve Bank of India has been conducting the Industrial Outlook Survey on a quarterly basis since 1998. The Survey gives insight into the perception of the public and private limited companies engaged in manufacturing activities about their own performance and prospects. The assessment of business sentiments for the current quarter and expectations for the ensuing quarter are based on qualitative responses on 20 major parameters covering overall business situation, financial situation, demand indicators, price, profit margins and employment situation. The survey provides useful forward-looking inputs for policymakers, analysts and business alike.

II. Data Coverage and Methodology

II.1 Sample Size

The sample covers a panel of about 2,000 public and private limited companies, mostly with paid-up capital above ₹5 million in the manufacturing sector. The fieldwork for the survey was carried out by an agency during mid-April to mid-June 2012. The panel of respondents is kept uniform to the extent possible with periodic updating in the case of addition of new companies or exclusion of closed/merged companies. The sample is chosen so as to get a good representation of size and industry.

II.2 Response to the Survey

The survey elicited response from 1404 manufacturing companies. The response rate was around 70 per cent.

II.3 Survey Schedule²

The survey schedule consists of mainly qualitative questions containing six blocks and the target respondents are senior management personnel or finance heads of the companies.

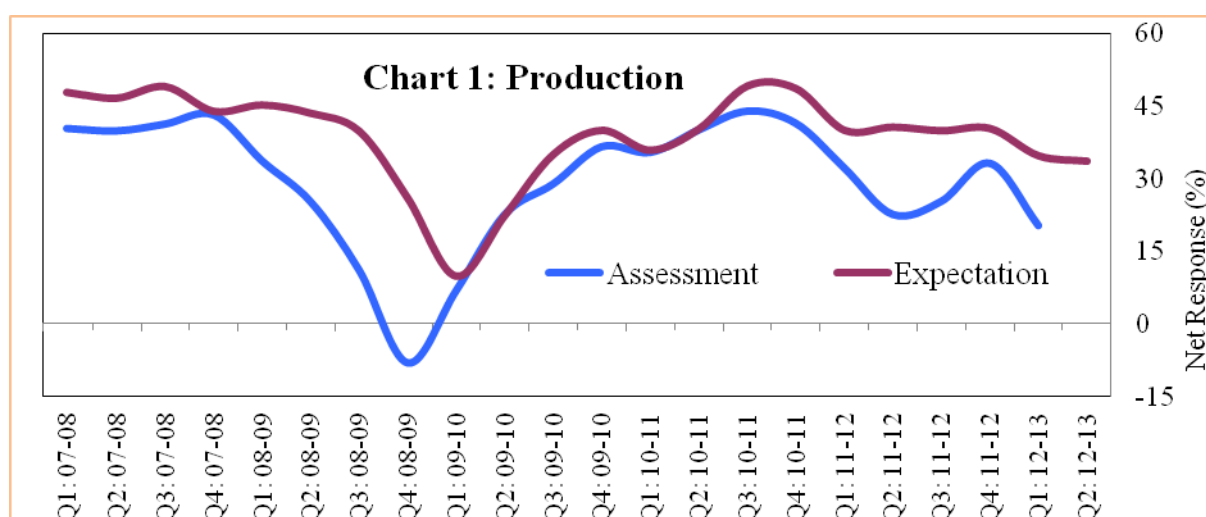
III. Survey Findings

III.1 Demand condition

The survey collects perceptions of the Indian manufacturers about prominent demand-related parameters, namely, production, order books, capacity utilisation, inventory, exports and imports.

III.1.1 Production

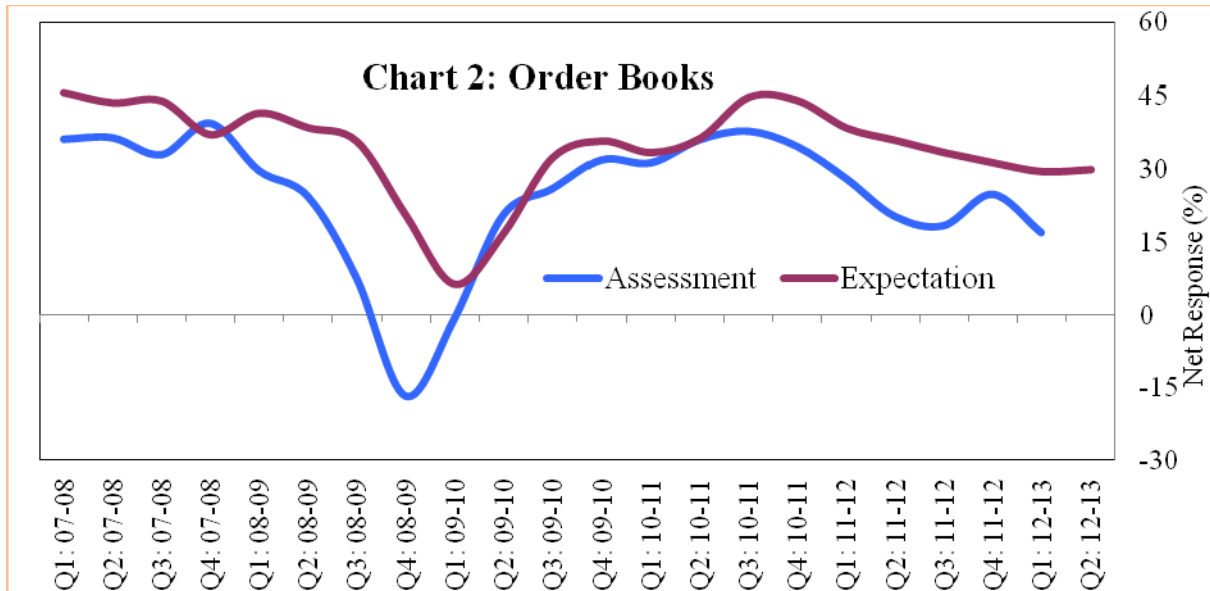
The net response favouring higher production in the assessment quarter showed lower optimism level after an improvement in the previous quarter. The net response declined for the expectation quarter also (Table 1 and Chart 1).



²The survey schedule has been provided in the article Quarterly Industrial Outlook Survey :October-December 2011 (Round 56) in February 2012 Bulletin.

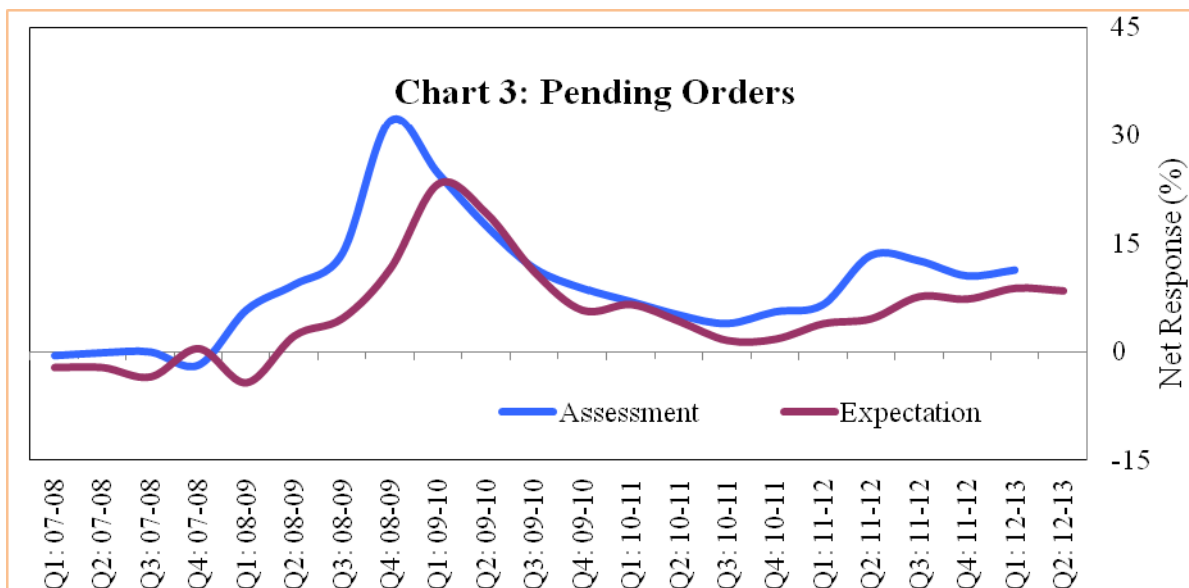
III.1.2 Order Books

The order books position also showed moderation for the assessment quarter. However, marginal improvement is observed in the net response for the expectation quarter (Table 2 and Chart 2).



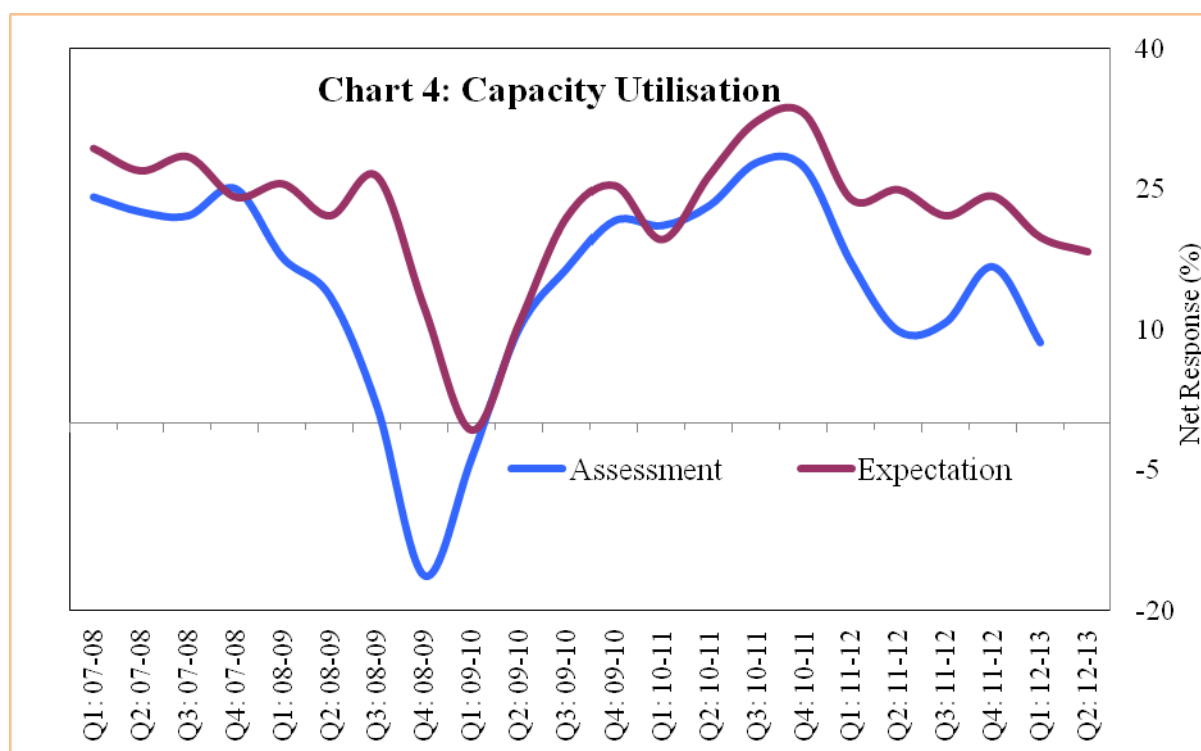
III.1.3 Pending order

The pending order position was at normal or below normal for most of the companies in assessment quarter and is expected to remain same in the expectation quarter (Table 3 and Chart 3).



III.1.4 Capacity Utilisation

There is weak evidence of any rise in capacity utilisation with the net response moderating from 16.7 per cent to 8.6 per cent in assessment quarter. Marginal moderation is anticipated for the expectation quarter also ([Table 4](#) and [Chart 4](#)).

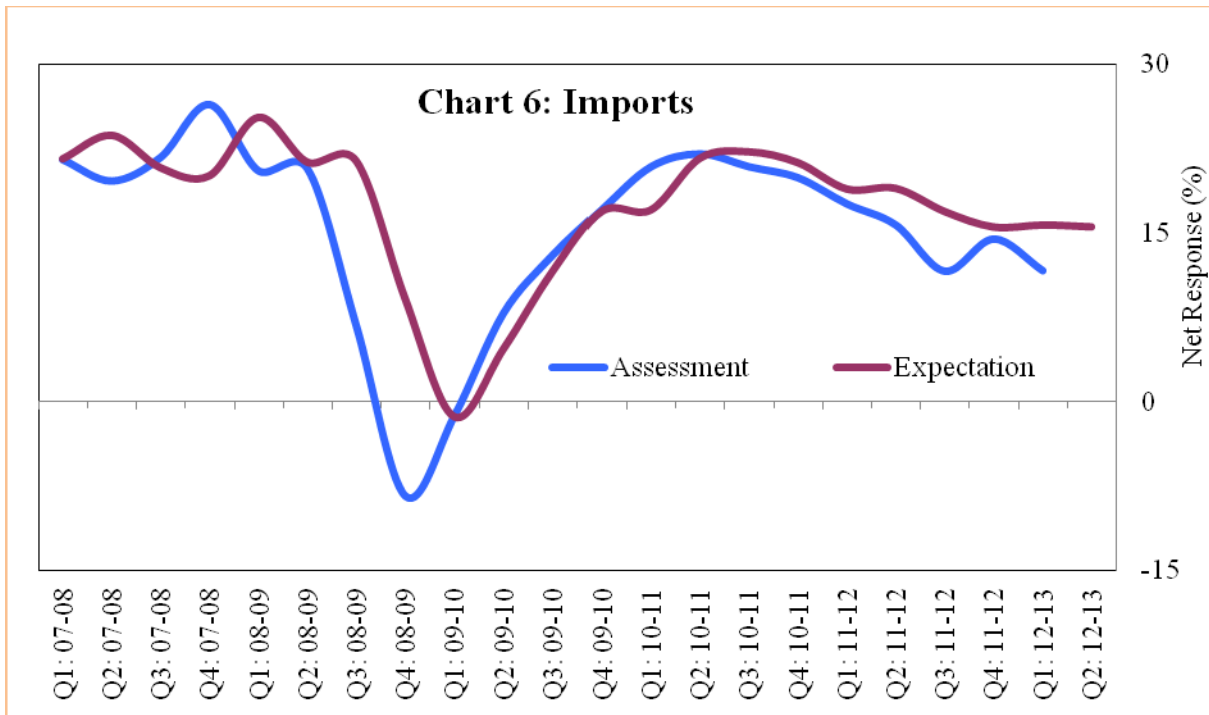
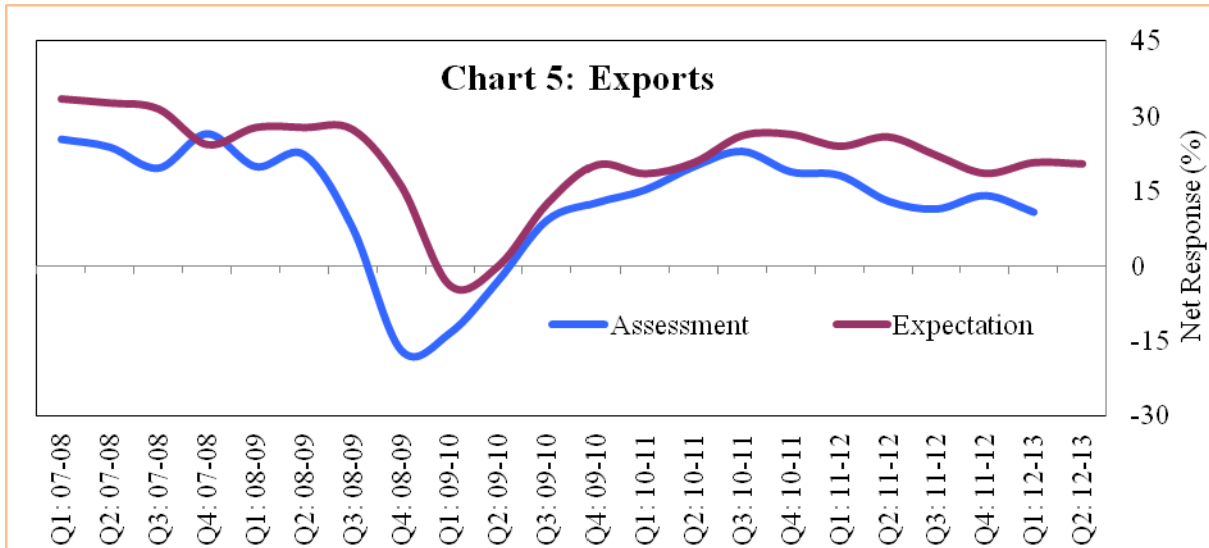


III.1.5 Inventory of Raw Materials & Finished Goods

Majority of the respondents (80 to 86 per cent) have reported to have maintained the average level of inventory of raw materials and finished goods in the assessment quarter as well as in expectation quarter ([Table 5](#)).

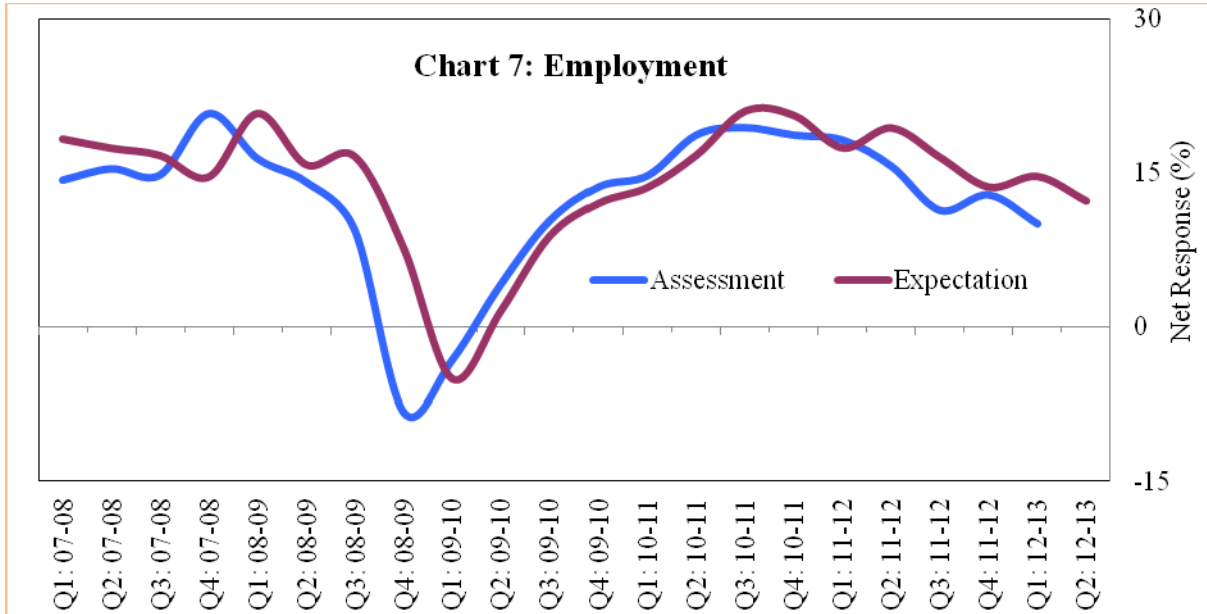
III.1.6 Exports and Imports

The survey revealed lower optimism of the manufacturing sector in terms of growth in exports and imports. As compared with previous quarter, the net response for exports declined to 10.8 per cent from 14.2 per cent, and for imports it declined to 11.6 per cent from 14.4 per cent in the assessment quarter. However the outlook for the next quarter remained more or less balanced ([Tables 6 & 7](#) and [Charts 5 & 6](#)).



III.1.7 Employment Situation

While 71 per cent of the respondents reported ‘no change’ in their labour force in the assessment quarter, the net response favouring higher employment moderated in both the quarters (Table 8, Chart 7).

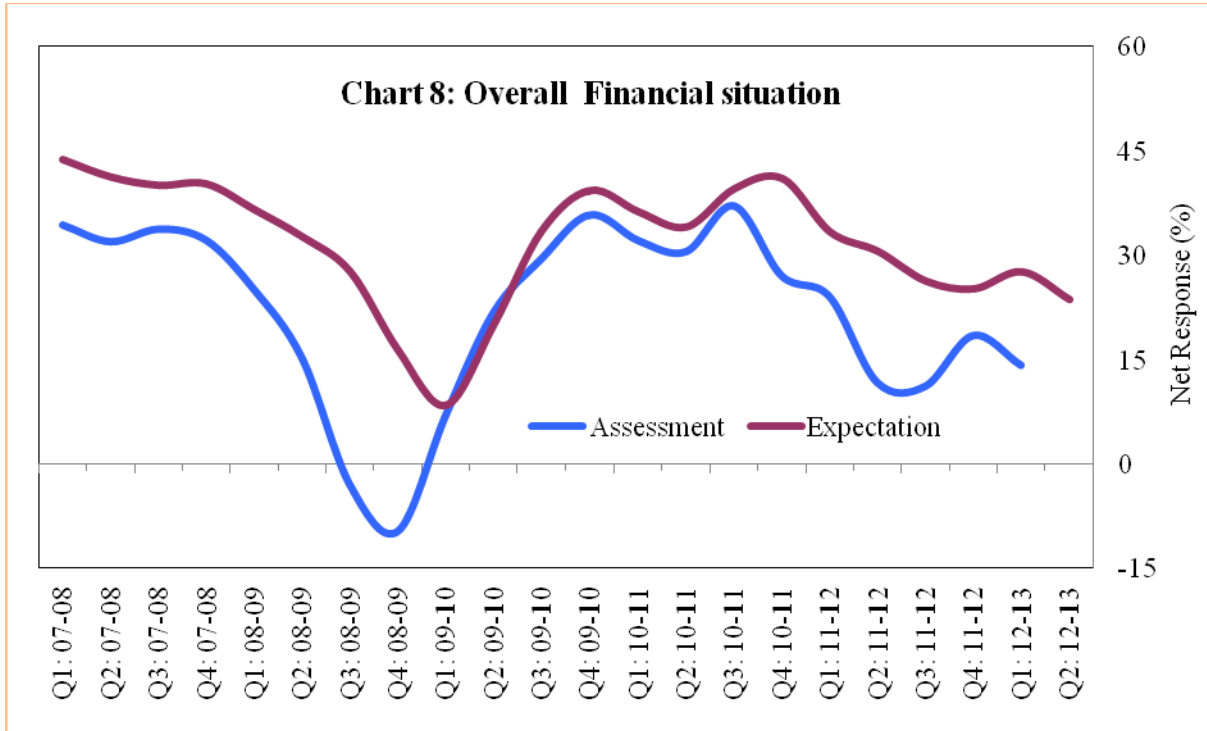


III.2 Financial Conditions

The survey assessed sentiments about the financial conditions based on overall financial situation, working capital finance requirement (excluding internal sources of funds), availability of finance (both internal and external sources), cost of external finance, cost of raw material, selling price and profit margin.

III.2.1 Overall Financial Situation

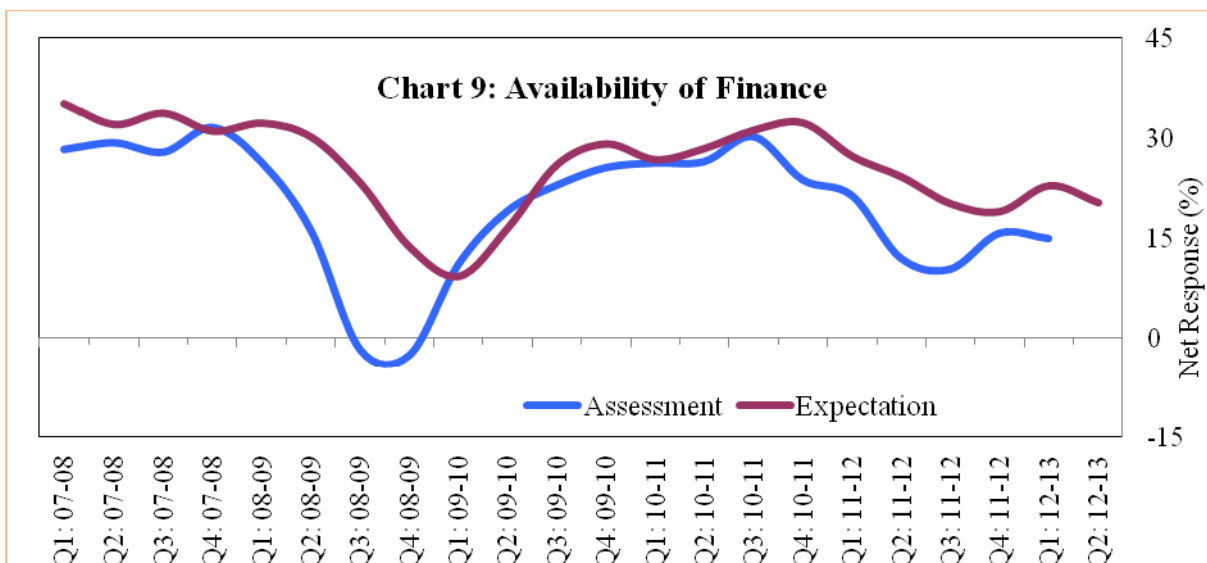
Lower optimism in overall financial situation is seen for both the assessment and expectation quarters. The net response for better financial situation moderated from 18.5 per cent to 14.2 per cent for the assessment quarter and from 27.7 per cent to 23.6 per cent for the expectation quarter (Table 9, Chart 8).



III. 2.2 Working Capital Finance requirement and Availability of Finance

The sentiment for working capital finance requirement in the assessment quarter moderated with net response declined from 34.9 per cent to 30.4 per cent. Similar sentiment is observed for the expectation quarter (Table 10).

The survey results showed that higher percentage of respondents assessed availability of finance to worsen in the current and expected the same in the ensuing quarter (Table 11, Chart 9).

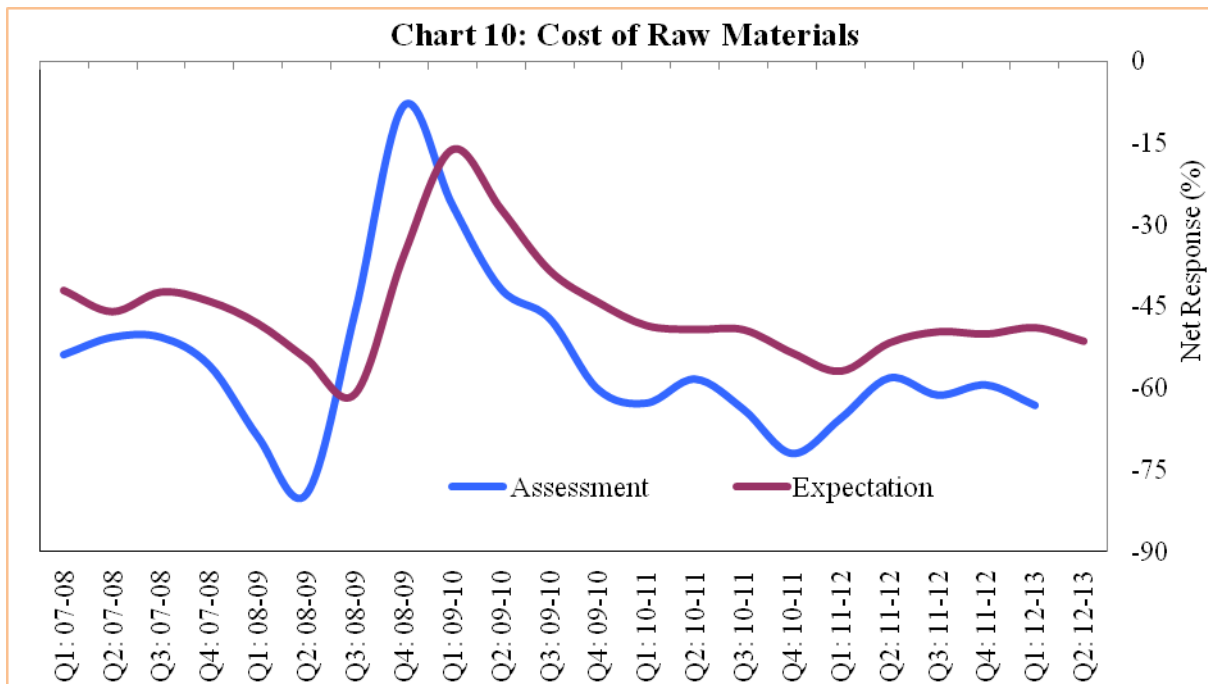


III. 2.3 Cost of Finance

The perception about cost of finance remained negative for both the quarters under review. However, the percentage of respondents who experienced higher cost of finance over the previous quarter declined from 41.1 per cent to 37.8 per cent in assessment quarter. Correspondingly, share of respondents indicating ‘no change’ declined marginally. The sentiments were more optimistic for the expectation quarter ([Table 12](#)).

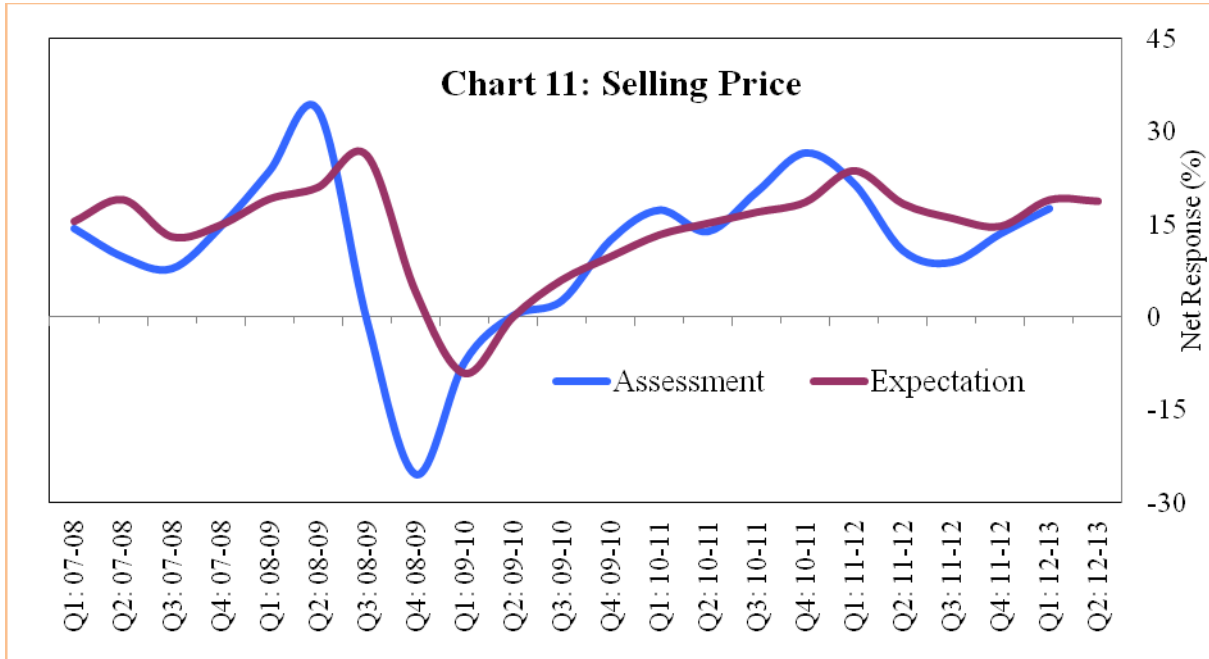
III.2.4 Cost of Raw Material

Negative sentiment on cost of raw materials continued to persist for both the assessment and expectation quarters ([Table 13](#), [Chart 10](#)).



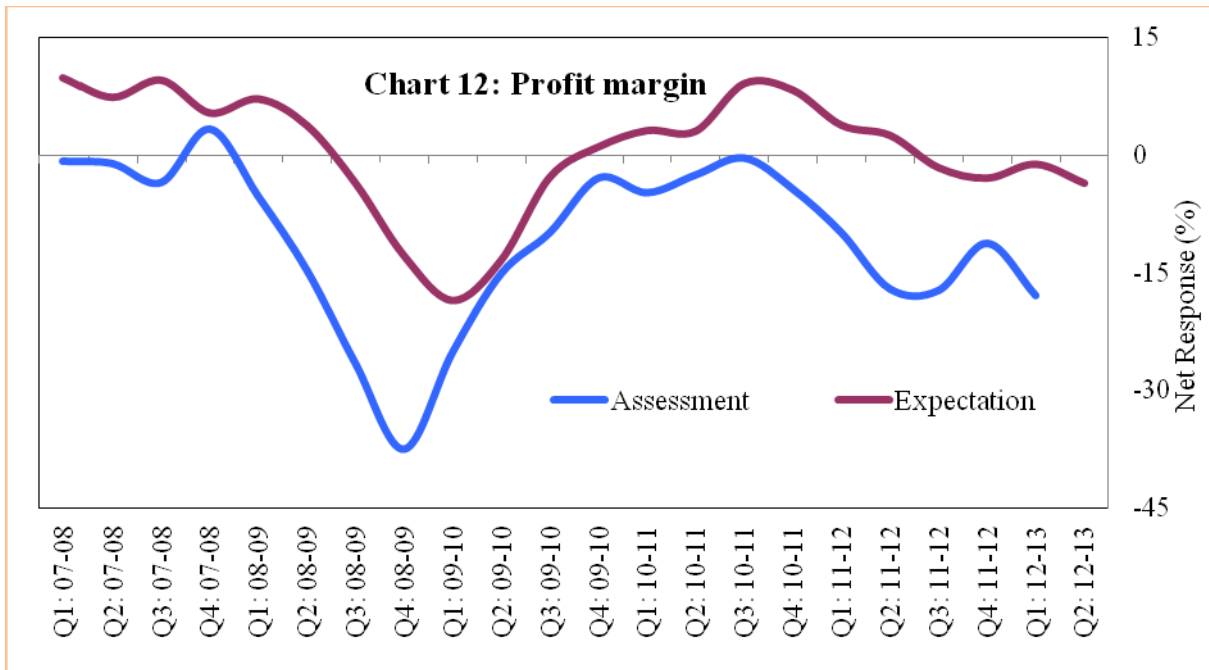
III.2.5 Selling price

Majority of the respondents (61-63 per cent) did not report any change in selling prices during both the quarters under review. Of the remaining, marginally higher percentage of respondents assessed/anticipated an increase in selling prices in the assessment/expectation quarter ([Table 14](#), and [Chart 11](#)).



III.2.6 Profit margin

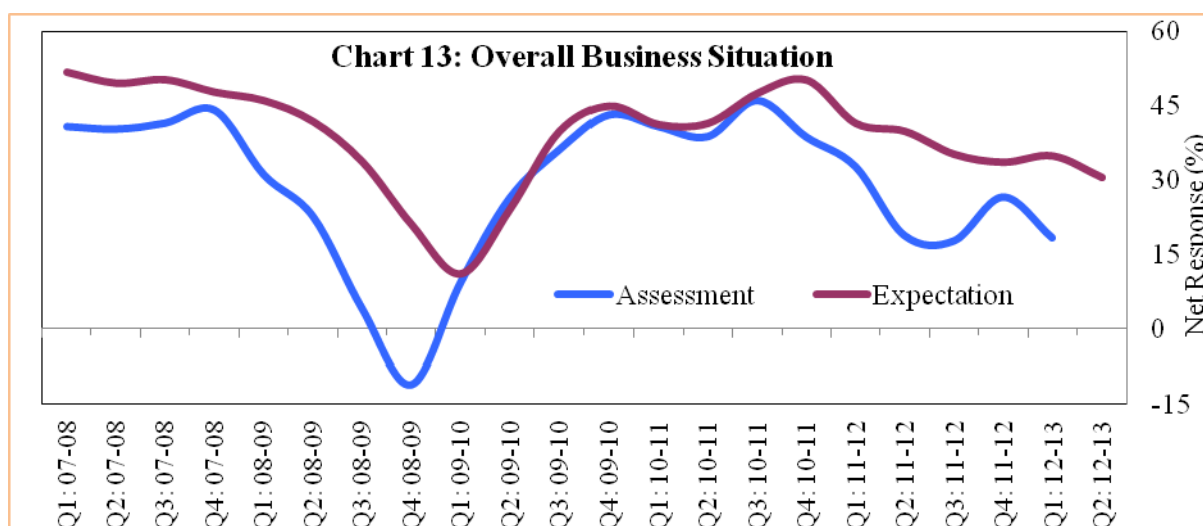
While higher percentage of respondents (on a net basis) assessed that the profit margin to decline over the previous quarter, the outlook for the next quarter remained more or less balanced (Table 15 and Chart 12).



III.3 Overall Business Situation

III.3.1 Overall Business Situation

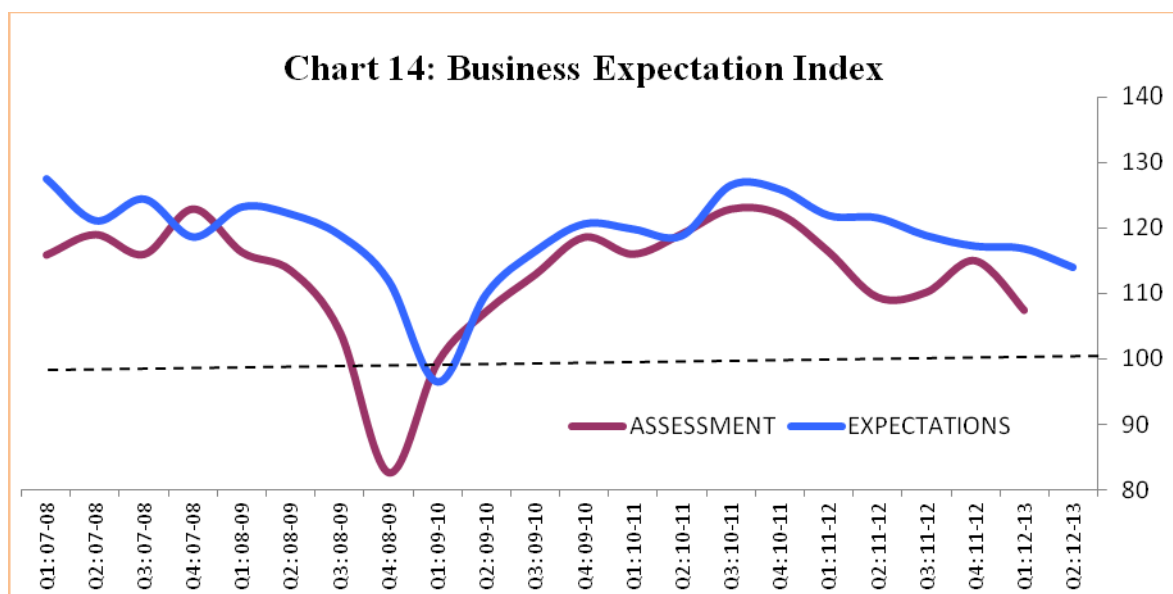
The net response on overall business situation as perceived by the respondent companies, moderated for assessment and expectation quarters after an improvement in the previous quarter (Table 16, Chart 13).



III.3.2 Business Expectation Index (BEI)

The Business Expectation Index gives a single snapshot of the industrial outlook in each quarter. This index is computed as a weighted average of net responses from all the industries on nine select performance parameters where the weights are the industry’s share in Gross Value Added (GVA). The selected parameters are ‘overall business situation’, ‘production’, ‘order books’, ‘inventory of raw materials’, ‘inventory of finished goods’, ‘profit margin’, ‘employment’, ‘exports’ and ‘capacity utilisation’. The methodology for compilation of the BEI is given in the article *Quarterly Industrial Outlook Surveys: Trends since 2001* published in October 2009 Bulletin.

The results of this round showed that the BEI moderated to 107.4 from 114.9 for the assessment quarter, and to 114.0 from 116.8 for the expectation quarter. This moderation is observed for the corresponding quarter of previous year as well. However, it remains well above 100, the threshold that separates contraction from expansion (Table17 Chart 14).



III.3.3 Industry-wise and Size-wise Analysis

Most of the industry groups reported moderation in demand conditions and financial conditions as compared to the previous quarter. This moderation was seen more in the case of ‘Cement’ & ‘Textiles’ industries ([Table 18](#)).

Size-wise breakup shows that the sentiments in demand conditions and financial conditions moderated across the board. ([Table 19](#)).

III.3.4 Constraints for attaining the normal production level

About 50 per cent of companies reported production constraints for attaining the normal production level during the quarter April-June 2012. Major constraints reported are ‘shortage of power’ (39.4%), ‘lack of domestic demand’ (39.6%), ‘shortage of working capital finance’ (33.6%), ‘uncertainty of economic environment’ (34.8%) and ‘shortage of raw material’ (31.6%).

Industry-wise break-up revealed that the industry groups, viz, ‘textiles’, ‘basic metals and metal products’, ‘other machinery and apparatus’ and ‘transport equipment’, felt more production constraints when compared with other industries ([Table 20](#)).

IV. Investment Intention during the year 2011-12 and 2012-13

An additional data block (Block 6) is annually canvassed in the April-June quarter for the purpose of getting an assessment of the investment intentions of the manufacturing companies in fixed capital, i.e., buildings, plants & machinery, etc. Among the responding companies, 67 per cent companies reported having made investment during the year 2011-12, of which 64 per cent companies planned for investment in the FY 2012-13 (a year ago these were 71 per cent and 89 per cent respectively). 'Basic metals & metal products', 'other machinery & apparatus', 'textiles' and 'food products' industries expressed higher investment intentions for FY 2012-13.

Table 1: Assessment & Expectations for Production (Percentage responses)#

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Jul-Sep 09	1180	40.9	18.3	40.8	22.6	38.5	16.1	45.5	22.4
Oct-Dec 09	1256	44.0	15.2	40.8	28.9	46.0	11.0	43.0	35.0
Jan-Mar 10	1079	49.0	12.5	38.5	36.5	48.8	8.8	42.3	40.0
Apr-Jun 10	1092	48.4	13.0	38.6	35.4	45.8	9.9	44.3	35.9
Jul-Sep 10	1403	51.6	11.6	36.8	40.0	49.7	9.4	40.9	40.2
Oct-Dec 10	1561	53.9	10.0	36.0	43.9	55.9	6.8	37.3	49.1
Jan-Mar 11	1524	52.1	10.7	37.1	41.4	55.4	6.8	37.7	48.6
Apr-Jun 11	1504	47.8	15.7	36.5	32.1	49.1	9.1	41.8	40.0
July-Sep 11	1528	40.8	18.3	40.9	22.6	49.6	9.0	41.5	40.6
Oct-Dec 11	1450	42.2	16.9	41.0	25.3	49.5	9.5	41.0	39.9
Jan-Mar 12	1234	45.6	12.5	41.9	33.1	49.8	9.5	40.7	40.4
Apr-June 12	1404	38.8	18.5	42.7	20.3	45.4	10.6	44.0	34.7
July-Sep 12						45.4	11.7	42.9	33.6

#Due to rounding off percentage may not add up to 100. This is applicable throughout the article.

'Increase' in production is optimistic.

Table 2: Assessment & Expectations for Order books

(Percentage responses)#

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Jul-Sep 09	1180	38.2	17.7	44.1	20.5	35.5	18.7	45.8	16.8
Oct-Dec 09	1256	39.5	13.6	46.8	25.9	43.5	11.2	45.3	32.3
Jan-Mar 10	1079	43.5	11.6	44.9	31.9	44.8	9.1	46.1	35.8
Apr-Jun 10	1092	41.8	10.5	47.7	31.3	42.3	8.9	48.8	33.4
Jul-Sep 10	1403	45.4	9.3	45.3	36.1	44.4	8.1	47.5	36.3
Oct-Dec 10	1561	46.9	9.1	44.0	37.9	49.8	5.1	45.1	44.8
Jan-Mar 11	1524	44.8	10.1	45.2	34.7	49.6	5.6	44.8	44.0
Apr-Jun 11	1504	42.5	14.4	43.0	28.1	45.9	7.5	46.6	38.4
July-Sep 11	1528	37.9	17.6	44.5	20.3	45.4	9.4	45.2	35.9
Oct-Dec 11	1450	36.9	18.5	44.6	18.4	43.5	10.1	46.4	33.4
Jan-Mar 12	1234	38.9	14.1	47.0	24.8	42.3	11.0	46.7	31.3
Apr-Jun 12	1404	34.2	17.3	48.5	16.9	39.3	9.8	50.9	29.5
July-Sep12						14.0	11.1	47.9	29.9

'Increase' in order books is optimistic.

Table 3: Assessment & Expectations for Pending Orders(Percentage responses) #

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Below Normal	Above Normal	Normal	Net response	Below Normal	Above Normal	Normal	Net response
Jul-Sep 09	1180	21.1	3.7	75.2	17.4	22.9	3.8	73.4	19.1
Oct-Dec 09	1256	17.1	5.6	77.3	11.6	15.2	4.2	80.6	11.0
Jan-Mar 10	1079	15.5	6.7	77.8	8.8	12.2	6.5	81.3	5.7
Apr-Jun 10	1092	14.3	7.4	78.3	6.9	12.9	6.4	80.7	6.5
Jul-Sep 10	1403	12.0	6.9	81.1	5.1	11.4	7.3	81.3	4.2
Oct-Dec 10	1561	11.6	7.6	80.8	3.9	8.8	7.3	83.9	1.5
Jan-Mar 11	1524	12.5	6.9	80.6	5.5	9.8	8.1	82.1	1.7
Apr-Jun 11	1504	13.3	6.7	80.0	6.5	10.4	6.6	83.0	3.9
Jul-Sep 11	1528	18.0	4.7	77.3	13.3	11.8	7.2	81.0	4.5
Oct-Dec 11	1450	17.5	5.0	77.5	12.6	13.6	6.0	80.4	7.6
Jan-Mar 12	1234	15.9	5.4	78.7	10.5	13.7	6.5	79.8	7.3
Apr-June 12	1404	17.0	5.7	77.3	11.3	13.3	4.6	82.1	8.8
Jul-Sep 12						14.6	6.2	79.2	8.4

Pending Orders 'Below Normal' is optimistic.

Table 4: Assessment & Expectations for Capacity Utilisation

<i>(Percentage responses) #</i>					
Parameter	Options	Assessment for Quarter		Expectations for Quarter	
		Jan-Mar 12	Apr-June 12	April-June 12	Jul-Sep 12
Capacity Utilisation (main product)	Increase	30.0	25.8	30.8	30.4
	No Change	56.7	57.1	58.4	57.6
	Decrease	13.3	17.1	10.9	12.0
	Net Response	16.7	8.6	19.9	18.4
Level of Capacity Utilisation (compared to the average in last 4 quarters)	Above normal	13.0	10.1	12.3	11.4
	Normal	71.3	71.9	76.6	75.6
	Below Normal	15.7	17.9	11.1	13.0
	Net Response	-2.6	-7.8	0.9	-1.5
Assessment of Prod. Capacity (with regard to expected demand in next 6 months)	More than adequate	11.4	12.4	11.3	13.0
	Adequate	81.4	79.6	82.0	80.0
	Less than adequate	7.2	8.0	6.7	7.1
	Net Response	4.3	4.4	4.6	5.9

'Increase' in Capacity utilisation is optimistic.

Table 5: Assessment & Expectations for level of Inventory (Raw material and Finished goods)
(Percentage responses) #

Parameter	Options	Assessment for Quarter		Expectations for Quarter	
		Jan-Mar 12	Apr-Jun 12	Apr-Jun 12	Jul-Sep 12
Inventory of raw material	Below average	7.1	8.0	5.4	6.6
	Average	78.9	81.0	84.5	83.7
	Above average	14.0	11.0	10.1	9.7
	Net Response	-6.9	-2.9	-4.7	-3.1
Inventory of Finished goods	Below average	5.9	6.8	5.3	7.2
	Average	79.7	81.6	85.8	83.6
	Above average	14.5	11.7	8.9	9.2
	Net Response	-8.6	-4.9	-3.7	-2.1

Inventory of raw material and finished goods 'Below average' is optimistic

Table 6: Assessment & Expectations for Exports

(Percentage responses) #

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Jul-Sep 09	1180	20.9	23.8	56.3	-2.9	20.6	20.5	59	0.1
Oct-Dec 09	1256	27.3	18.1	54.6	9.2	27.0	14.5	58.5	12.5
Jan-Mar 10	1079	28.9	16.2	54.9	12.7	31.2	11.0	57.8	20.2
Apr-Jun 10	1092	29.1	13.7	57.2	15.3	30.0	11.5	58.5	18.5
Jul-Sep 10	1403	31.8	11.8	56.5	20.0	30.8	10.1	59.1	20.7
Oct-Dec 10	1561	34.4	11.4	54.2	23.1	34.4	8.3	57.3	26.1
Jan-Mar 11	1524	32.1	13.2	54.7	18.9	34.4	8.1	57.5	26.3
Apr-Jun 11	1504	31.8	13.6	54.6	18.2	33.4	9.4	57.1	24.0
July-Sep 11	1528	28.7	15.7	56.6	13.1	35.1	9.2	55.7	25.8
Oct-Dec 11	1450	26.8	15.3	57.9	11.5	32.7	10.6	56.8	22.1
Jan-Mar 12	1234	27.8	13.6	58.6	14.2	29.0	10.4	60.6	18.6
Apr-Jun 12	1404	25.7	14.9	59.4	10.8	30.1	9.4	60.5	20.7
July-Sep 12						31.0	10.5	58.5	20.5

'Increase' in exports is optimistic

Table 7: Assessment & Expectations for Import (Percentage responses) #

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Jul-Sep 09	1180	21.8	14.0	64.2	7.8	17.0	12.4	70.6	4.6
Oct-Dec 09	1256	23.3	10.3	66.5	13.0	21.3	9.8	68.9	11.5
Jan-Mar 10	1079	25.5	8.4	66.1	17.1	23.4	6.5	70.1	16.9
Apr-Jun 10	1092	27.7	6.8	65.6	20.9	22.9	5.9	71.2	17.1
Jul-Sep 10	1403	28.6	6.6	64.7	22.0	27.0	5.4	67.6	21.7
Oct-Dec 10	1561	27.3	6.4	66.3	20.9	27.3	5.1	67.6	22.2
Jan-Mar 11	1524	27.0	7.1	65.8	19.9	26.7	5.4	67.9	21.3
Apr-Jun 11	1504	25.0	7.4	67.6	17.6	25.1	6.2	68.6	18.9
July-Sep 11	1528	23.3	7.6	69.2	15.7	25.1	6.1	68.9	19.0
Oct-Dec 11	1450	20.8	9.3	69.9	11.6	23.1	6.2	70.7	16.9
Jan-Mar 12	1234	22.5	8.0	69.5	14.4	23.0	7.5	69.4	15.5
Apr-Jun 12	1404	21.8	10.1	68.1	11.6	22.4	6.7	70.8	15.7
July-Sep 12						22.9	7.4	69.7	15.5

Increase in imports is optimistic

Table 8: Assessment & Expectations for Employment Outlook

(Percentage responses) #

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Jul-Sep 09	1180	14.2	10.1	75.7	4.1	11.5	10.0	78.6	1.5
Oct-Dec 09	1256	18.2	7.9	73.9	10.3	15.8	7.0	77.2	8.8
Jan-Mar 10	1079	21.0	7.3	71.7	13.7	18.2	6.1	75.6	12.1
Apr-Jun 10	1092	21.7	7.0	71.3	14.7	19.5	5.9	74.7	13.6
Jul-Sep 10	1403	25.1	6.3	68.6	18.7	21.8	5.1	73.1	16.8
Oct-Dec 10	1561	24.8	5.4	69.9	19.4	24.7	3.6	71.7	21.0
Jan-Mar 11	1524	24.3	5.6	70.1	18.7	25.0	4.3	70.7	20.6
Apr-Jun 11	1504	24.3	6.1	69.6	18.2	23.0	5.6	71.4	17.4
July-Sep 11	1528	22.7	7.1	70.2	15.6	24.0	4.6	71.5	19.4
Oct-Dec 11	1450	18.9	7.6	73.5	11.3	21.7	5.2	73.1	16.5
Jan-Mar 12	1234	19.8	6.9	73.3	12.9	19.3	5.7	75.0	13.6
Apr-Jun 12	1404	19.8	9.7	70.5	10.0	19.9	5.2	74.9	14.6
July-Sep 12						20.5	8.3	71.2	12.3

Increase in employment is optimistic

Table 9: Assessment & Expectations for Overall Financial Situation

(Percentage responses) #

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Better	Worsen	No change	Net response	Better	Worsen	No change	Net response
Jul-Sep 09	1180	34.3	12.5	53.2	21.8	32.8	12.8	54.4	20.0
Oct-Dec 09	1256	38.8	9.3	51.8	29.5	40.5	7.0	52.5	33.5
Jan-Mar 10	1079	42.3	6.5	51.3	35.8	44.3	5.0	50.6	39.3
Apr-Jun 10	1092	39.1	6.9	54.0	32.2	41.6	5.3	53.1	36.3
Jul-Sep 10	1403	38.7	8.1	53.2	30.6	39.7	5.6	54.8	34.1
Oct-Dec 10	1561	42.8	5.7	51.5	37.1	44.9	5.3	49.7	39.6
Jan-Mar 11	1524	35.7	8.6	55.8	27.1	45.5	4.4	50.1	41.1
Apr-Jun 11	1504	34.5	10.4	55.0	24.1	38.6	5.2	56.1	33.4
July-Sep 11	1528	27.8	16.0	56.2	11.7	37.4	6.8	55.7	30.6
Oct-Dec 11	1450	28.1	16.9	55.0	11.2	35.5	9.2	55.3	26.3
Jan-Mar 12	1234	30.4	11.9	57.8	18.5	35.3	10.2	54.5	25.2
Apr-Jun 12	1404	27.8	13.5	58.7	14.2	35.7	8.1	56.2	27.7
July-Sep 12						33.2	9.5	57.3	23.6

'Better' Overall financial situation is optimistic

Table 10: Assessment & Expectations for Working Capital Finance Requirement

(Percentage responses) #

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Jul-Sep 09	1180	31.2	7.4	61.4	23.8	32.3	6.0	61.7	26.3
Oct-Dec 09	1256	35.2	6.4	58.4	28.8	34.7	4.3	61.0	30.4
Jan-Mar 10	1079	35.8	5.3	58.9	30.5	36.8	4.0	59.2	32.7
Apr-Jun 10	1092	34.7	4.8	60.5	29.9	31.9	4.3	63.8	27.7
Jul-Sep 10	1403	35.6	6.3	58.1	29.3	35.2	4.1	60.7	31.1
Oct-Dec 10	1561	41.3	4.1	54.6	37.1	38.4	3.6	58.0	34.8
Jan-Mar 11	1524	41.0	4.1	54.9	36.9	40.7	3.0	56.3	37.8
Apr-Jun 11	1504	41.1	5.4	53.5	35.7	37.4	4.4	58.2	32.9
July-Sep 11	1528	36.8	5.7	57.4	31.1	38.7	5.1	56.3	33.6
Oct-Dec 11	1450	38.9	5.7	55.4	33.3	38.4	4.2	57.5	34.2
Jan-Mar 12	1234	40.0	5.1	54.8	34.9	38.0	4.2	57.8	33.8
Apr-Jun 12	1404	36.6	6.1	57.3	30.4	36.2	4.3	59.6	31.9
July-Sep 12						34.9	4.8	60.3	30.1

'Increase' in working capital finance is optimistic

Table 11: Assessment & Expectations for Availability of Finance (Percentage responses) #

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Improve	Worsen	No change	Net response	Improve	Worsen	No change	Net response
Jul-Sep 09	1180	28.0	8.8	63.2	19.2	27.0	10.4	62.6	16.6
Oct-Dec 09	1256	30.3	7.2	62.5	23.0	31.7	5.6	62.7	26.1
Jan-Mar 10	1079	32.1	6.4	61.5	25.7	33.7	4.5	61.8	29.2
Apr-Jun 10	1092	32.3	5.9	61.8	26.4	31.2	4.4	64.4	26.8
Jul-Sep 10	1403	32.6	6.0	61.4	26.6	32.9	4.4	62.7	28.5
Oct-Dec 10	1561	35.9	5.6	58.4	30.3	35.3	4.0	60.6	31.3
Jan-Mar 11	1524	32.1	8.3	59.6	23.8	36.4	4.0	59.6	32.3
Apr-Jun 11	1504	30.2	8.7	61.1	21.5	32.6	5.3	62.2	27.3
July-Sep 11	1528	24.0	12.0	64.0	12.1	30.0	5.8	64.2	24.2
Oct-Dec 11	1450	24.1	13.7	62.2	10.4	28.7	8.5	62.7	20.2
Jan-Mar 12	1234	26.1	10.3	63.5	15.8	28.2	9.1	62.7	19.0
Apr-Jun 12	1404	26.2	11.1	62.7	15.0	29.9	7.0	63.1	22.9
July-Sep 12						28.0	7.7	64.3	20.4

'Improvement' in Availability of finance is optimism

Table 12: Assessment & Expectations for Cost of External Finance(Percentage responses) #

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Decrease	Increase	No change	Net response	Decrease	Increase	No change	Net response
Jan-Mar 10	1079	7.7	23.6	68.7	-15.9	6.8	25.1	68.1	-18.3
Apr-Jun 10	1092	7.0	28.9	64.0	-21.9	6.1	26.8	67.1	-20.6
Jul-Sep 10	1403	5.0	33.2	61.8	-28.3	5.7	29.0	65.3	-23.3
Oct-Dec 10	1561	4.0	37.9	58.1	-33.9	3.8	32.1	64.2	-28.3
Jan-Mar 11	1524	3.5	46.0	50.6	-42.5	3.7	35.0	61.3	-31.3
Apr-Jun 11	1504	3.5	52.5	44.1	-49.0	3.9	38.9	57.1	-35.0
July-Sep 11	1528	3.5	53.7	42.9	-50.2	4.0	43.7	52.4	-39.7
Oct-Dec 11	1450	2.9	53.4	43.7	-50.6	3.4	44.4	52.2	-41.0
Jan-Mar 12	1234	3.8	41.1	55.1	-37.4	4.1	42.8	53.1	-38.8
Apr-Jun 12	1404	7.3	37.8	54.9	-30.5	9.9	32.6	57.6	-22.7
July-Sep 12						8.6	32.6	58.9	-24.0

#Cost of external finance 'Decrease' is optimistic

Table 13: Assessment & Expectations for Cost of Raw Material

(Percentage responses) #

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Decrease	Increase	No change	Net response	Decrease	Increase	No change	Net response
Jul-Sep 09	1180	8.1	49.8	42.1	-41.7	8.7	35.8	56.5	-27.1
Oct-Dec 09	1256	6.3	53.4	40.3	-47.1	5.0	43.4	51.6	-38.4
Jan-Mar 10	1079	2.2	62.3	35.5	-60.2	3.6	47.9	48.5	-44.3
Apr-Jun 10	1092	2.5	65.2	32.3	-62.7	2.2	50.8	47.0	-48.6
Jul-Sep 10	1403	3.5	61.8	34.7	-58.3	2.7	52.0	45.2	-49.3
Oct-Dec 10	1561	2.4	66.3	31.3	-63.9	3.3	52.6	44.1	-49.3
Jan-Mar 11	1524	1.7	73.7	24.6	-71.9	2.3	55.9	41.8	-53.6
Apr-Jun 11	1504	4.5	70.0	25.6	-65.5	2.5	59.5	38.0	-57.0
July-Sep 11	1528	5.3	63.3	31.4	-58.1	4.8	56.6	38.6	-51.7
Oct-Dec 11	1450	5.1	66.3	28.7	-61.2	3.7	53.4	42.9	-49.7
Jan-Mar 12	1234	3.4	62.7	33.9	-59.4	4.0	54.1	41.9	-50.1
Apr-Jun 12	1404	3.1	66.2	30.7	-63.1	2.2	51.2	46.5	-49.0
July-Sep 12						3.5	54.9	41.6	-51.4

Cost of raw material 'Decrease' is optimistic

Table 14: Assessment & Expectations for Selling Price

(Percentage responses) #

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Jul-Sep 09	1180	19.4	19.2	61.4	0.2	17.2	17.2	65.6	0
Oct-Dec 09	1256	18.6	15.9	65.5	2.6	19.2	13.2	67.6	6.0
Jan-Mar 10	1079	24.6	12.2	63.2	12.4	20.7	10.9	68.4	9.8
Apr-Jun 10	1092	29.3	12.0	58.6	17.3	22.4	9.1	68.5	13.3
Jul-Sep 10	1403	28.0	14.2	57.8	13.8	24.4	9.2	66.3	15.2
Oct-Dec 10	1561	30.2	10.0	59.8	20.2	25.7	8.7	65.5	17.0
Jan-Mar 11	1524	35.7	9.2	55.1	26.5	26.7	8.1	65.2	18.6
Apr-Jun 11	1504	35.0	13.4	51.6	21.5	30.6	7.0	62.4	23.7
July-Sep 11	1528	27.3	16.6	56.1	10.7	29.1	10.7	60.2	18.3
Oct-Dec 11	1450	24.6	15.7	59.7	8.9	26.8	10.8	62.4	16.0
Jan-Mar 12	1234	25.1	11.6	63.3	13.5	25.0	10.3	64.7	14.7
Apr-Jun 12	1404	28.0	10.5	61.4	17.5	26.3	7.3	66.4	19.0
July-Sep 12						27.8	9.0	63.2	18.8

'Increase' in Selling price is optimistic

Table 15: Assessment & Expectations for Profit Margin

(Percentage responses) #

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Jul-Sep 09	1180	16.9	32.0	51.1	-15.1	16.0	29.4	54.5	-13.4
Oct-Dec 09	1256	18.1	28.0	54.0	-9.9	20.2	23.0	56.8	-2.8
Jan-Mar 10	1079	21.7	24.6	53.9	-2.9	21.1	20.1	58.8	1.1
Apr-Jun 10	1092	20.2	25.0	54.9	-4.8	22.1	18.9	59.0	3.2
Jul-Sep 10	1403	21.3	23.9	54.8	-2.5	22.2	19.1	58.7	3.1
Oct-Dec 10	1561	22.7	23.1	54.2	-0.4	25.2	16.1	58.7	9.2
Jan-Mar 11	1524	20.8	25.1	54.1	-4.3	25.6	17.2	57.2	8.3
Apr-Jun 11	1504	18.2	28.1	53.6	-9.9	22.2	18.4	59.4	3.8
Jul-Sep 11	1528	15.2	32.3	52.5	-17.1	22.0	19.5	58.5	2.5
Oct-Dec 11	1450	15.2	32.5	52.4	-17.3	20.3	21.9	57.8	-1.6
Jan-Mar 12	1234	17.5	28.7	53.8	-11.3	20.1	23.1	56.8	-2.9
Apr-Jun 12	1404	15.4	33.3	51.3	-17.9	20.4	21.6	58.0	-1.2
July-Sep 12						20.1	23.6	56.3	-3.6

'Increase' in Profit margin is optimistic

Table 16: Assessment & Expectations for Overall Business Situation

(Percentage responses) #

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Better	Worsen	No change	Net response	Better	Worsen	No change	Net response
Jul-Sep 09	1180	39.3	13.0	47.7	26.3	38.8	14.6	46.7	24.2
Oct-Dec 09	1256	46.0	10.1	43.9	36.0	47.2	7.4	45.4	39.8
Jan-Mar 10	1079	50.5	7.4	42.1	43.1	50.4	5.5	44.2	44.9
Apr-Jun 10	1092	47.8	7.1	45.0	40.7	47.3	6.1	46.6	41.2
Jul-Sep 10	1403	46.7	8.0	45.3	38.7	47.6	6.2	46.2	41.5
Oct-Dec 10	1561	51.4	5.5	43.1	45.9	52.5	5.1	42.4	47.4
Jan-Mar 11	1524	46.0	7.4	46.6	38.6	54.2	4.1	41.8	50.1
Apr-Jun 11	1504	42.8	10.1	47.1	32.6	47.0	5.6	47.4	41.4
Jul-Sep 11	1528	34.1	15.4	50.5	18.7	46.6	6.8	46.6	39.8
Oct-Dec 11	1450	35.2	17.5	47.3	17.7	43.1	8.0	48.9	35.2
Jan-Mar 12	1234	37.8	11.3	50.9	26.5	43.6	10.0	46.5	33.6
Apr-Jun 12	1404	32.9	14.6	52.5	18.3	43.0	8.1	49.0	34.9
Jul-Sep 12						40.2	9.7	50.1	30.6

'Better' Overall Business Situation is optimistic

Table-17: Business Expectation Index

Quarter	Assessment			Expectations		
	Index	Change over previous quarter	Change over previous year	Index	Change over previous quarter	Change over previous year
Jan-Mar 04	121.4	1.7	3.0	122.2	0.2	2.6
Apr-Jun 04	118.4	-3.0	8.6	121.5	-0.7	3.7
Jul-Sep 04	116.9	-1.5	2.6	120.0	-1.5	2.9
Oct-Dec 04	122.0	5.1	2.2	121.5	1.5	-0.6
Jan-Mar 05	122.5	0.5	1.1	123.2	1.7	1.0
Apr-Jun 05	117.5	-5.0	-0.9	120.7	-2.5	-0.8
Jul-Sep 05	114.9	-2.6	-2.0	119.6	-1.1	-0.4
Oct-Dec 05	124.3	9.4	2.3	122.7	3.1	1.2
Jan-Mar 06	120.7	-3.6	-1.8	125.7	3.0	2.5
Apr-Jun 06	121.8	1.1	4.3	120.5	-5.2	-0.2
Jul-Sep 06	120.7	-1.1	5.8	126.5	6.0	6.9
Oct-Dec 06	123.9	3.2	-0.4	125.3	-1.2	2.6
Jan-Mar 07	127.7	3.8	7.0	126.5	1.2	0.8
Apr-Jun 07	115.8	-11.9	-6.0	127.5	1.0	7.0
Jul-Sep 07	118.9	3.1	-1.8	121.1	-6.4	-5.4
Oct-Dec 07	115.9	-3.0	-8.0	124.4	3.3	-0.9
Jan-Mar 08	122.8	6.9	-4.9	118.6	-5.8	-7.9
Apr-Jun 08	116.2	-6.6	0.4	123.2	4.6	-4.3
Jul-Sep 08	113.4	-2.8	-5.5	122.1	-1.1	1.0
Oct-Dec 08	104.1	-9.3	-11.8	118.9	-3.2	-5.5
Jan-Mar 09	82.6	-21.5	-40.2	111.9	-7.0	-6.7
Apr-Jun 09	99.4	16.8	-16.8	96.4	-15.5	-26.8
Jul-Sep 09	107.2	7.8	-6.2	109.9	13.5	-12.2
Oct-Dec 09	112.8	5.6	8.7	116.4	6.5	-2.5
Jan-Mar 10	118.5	5.7	35.9	120.6	4.2	8.7
Apr-Jun 10	115.9	-2.6	16.5	119.8	-0.8	23.4
Jul-Sep 10	119.0	3.1	11.8	118.8	-1.0	8.9
Oct-Dec 10	122.8	3.8	10.0	126.5	7.7	10.1
Jan-Mar 11	122.0	-0.8	3.5	125.9	-0.6	5.3
Apr-Jun 11	116.3	-5.7	0.4	121.9	-4.0	2.1
Jul-Sep 11	109.4	-6.93	-9.67	121.5	-0.4	2.7
Oct-Dec 11	110.1	0.8	-12.7	118.8	-2.7	-7.7
Jan-Mar 12	114.9	4.8	-7.1	117.2	-1.6	-8.7
Apr-Jun 12	107.4	-2.7	-14.6	116.8	-0.4	-5.1
Jul-Sep 12				114.0	-2.8	-7.9

Table18: Assessment for important business parameters according to Industries

(Net response in per cent)

	Production		Order books		Availability of Finance		Cost of raw material		Cost of finance		Profit Margin	
	Rd57	Rd58	Rd57	Rd58	Rd57	Rd58	Rd57	Rd58	Rd57	Rd58	Rd57	Rd58
Food products	41.2	17.0	31.2	15.8	22.4	15.6	-50.5	-61.2	-25.0	-15.1	-3.0	-14.8
Textiles	7.5	5.1	0.0	6.8	-3.1	1.1	-44.7	-40.4	-42.1	-33.9	-26.7	-21.1
Basic Metals & Metal products	29.4	19.7	21.7	8.6	17.1	13.8	-61.1	-59.7	-39.0	-31.0	-5.6	-14.9
Electrical machinery	43.2	23.5	37.5	26.0	22.5	20.2	-62.5	-68.7	-34.1	-33.7	-17.8	-36.0
Other Machinery(Non-electrical machinery) & Apparatus	36.2	13.0	22.6	12.0	17.7	16.7	-66.0	-66.3	-39.1	-33.8	-18.9	-23.6
Transport Equipment	49.4	26.0	37.5	6.7	16.5	16.8	-60.8	-62.2	-43.8	-26.5	-6.3	-12.5
Fertilisers	24.0	27.3	16.7	18.5	19.2	27.8	-32.0	-63.9	-8.0	-22.2	0.0	-14.3
Pharmaceuticals & Medicines	43.4	34.5	33.3	31.2	10.8	12.5	-64.6	-79.5	-39.7	-26.8	-10.8	-16.3
Basic Chemicals	35.8	24.5	30.9	29.6	15.5	13.3	-62.9	-66.3	-37.2	-40.9	-11.6	-14.4
Rubber & Plastic products	31.4	28.4	22.1	27.9	17.1	22.5	-69.6	-76.1	-41.2	-37.9	-12.7	-6.7
Paper & Paper products	44.4	40.5	40.6	27.5	25.0	17.1	-52.8	-67.4	-55.6	-50.0	0.0	-2.3
Cement	37.5	19.2	35.0	17.4	29.2	0.0	-62.5	-69.2	-25.0	-19.2	12.5	-11.5
Wood & wood products	46.7	6.3	21.4	20.0	25.0	23.5	-68.8	-68.8	-37.5	-18.8	-12.5	-17.6
Diversified companies	57.9	27.3	47.1	33.3	15.0	27.3	-75.0	-90.9	-47.4	-50.0	0.0	-20.0
Other industries	27.5	23.1	26.8	20.2	23.5	23.9	-64.4	-65.5	-31.7	-24.6	-5.8	-23.3
All Industries	33.1	20.3	24.8	16.9	15.8	15.0	-59.4	-63.1	-37.4	-30.5	-11.3	-17.9

Table19: Assessment for important business parameters according to size (PUC-wise & Annual production-wise) of responding companies

(Net response in per cent)

		Production		Order books		Availability of Finance		Cost of raw material		Cost of finance		Profit Margin	
		Rd57	Rd58	Rd57	Rd58	Rd57	Rd58	Rd57	Rd58	Rd57	Rd58	Rd57	Rd58
PUC-Wise	Small	23.9	9.6	15.0	6.1	5.8	7.3	-68.6	-66.7	-29.8	-25.0	-21.1	-26.9
	Medium	33.8	22.7	25.5	18.6	18.9	17.9	-57.3	-63.0	-39.0	-31.9	-10.0	-16.0
	Big	47.9	20.0	43.9	29.5	1.4	0.0	-63.0	-52.6	-35.3	-28.9	-2.7	-15.8
Annual Prod.-Wise	Small	24.3	16.5	16.8	11.1	13.0	9.6	-65.2	-66.2	-30.8	-28.4	-18.3	-21.9
	Medium	44.1	25.0	32.9	21.5	13.6	20.1	-51.4	-61.8	-39.1	-34.3	0.0	-16.7
	Big	44.1	17.0	32.9	22.5	13.6	16.5	-51.4	-56.3	-39.1	-24.2	0.0	-7.8

Smaller companies (annual production less than ₹ 1 billion /PUC less than ₹10 million).

Medium companies (annual production between ₹ 1 billion to ₹ 10 billion /PUC between ₹10 million ₹1 billion)

Big companies (annual production above ₹10 billion / PUC above ₹1 billion)

Table20: Constraints for attaining the normal production level-Industry-wise

	Production Constraint			
	NO		YES	
	Count	Per cent	Count	Per cent
Food products	74	54.0	63	46.0
Textiles	64	35.2	118	64.8
Basic Metals & Metal products	78	40.4	115	59.6
Electrical machinery	55	54.5	46	45.5
Other Machinery & Apparatus	80	48.8	84	51.2
Transport Equipment	48	49.0	50	51.0
Fertilisers	18	50.0	18	50.0
Pharmaceutical & Medicines	53	60.2	35	39.8
Basic Chemicals	54	54.5	45	45.5
Rubber & Plastic products	46	51.1	44	48.9
Paper & Paper products	24	55.8	19	44.2
Cement	13	50.0	13	50.0
Wood & wood products	9	52.9	8	47.1
Diversified companies	9	81.8	2	18.2
Other industries	72	60.5	47	39.5
All Industries	697	49.6	707	50.4