

Quarterly Industrial Outlook Survey: July-September 2011 (55th Round)¹

*This article presents the survey findings of Industrial Outlook Survey conducted for **July-September 2011** quarter, the 55th round in the series. It gives an **assessment** of business situation of companies in manufacturing sector, for the quarter **July-September 2011**, and their **expectations** for the ensuing quarter **October-December 2011**. The survey results signal further weakened business conditions in the Indian manufacturing sector for assessment quarter as well as expectation quarter. The Business Expectation Index, a measure that gives a single snapshot of the industrial outlook in each study quarter, dropped to 109.4 from 116.3 for assessment quarter and to 118.8 from 121.5 for expectation quarter; however, it still remains well above 100, the threshold that separates contraction from expansion.*

Highlights

- The **demand conditions** based on Production, Order books, Capacity Utilisation, Imports and Exports showed signs of further **moderation** during the *assessment quarter* as well as *expectation quarter* as compared to the previous round of the survey as well as the corresponding quarter of previous year. This is reflected in decline in net response² in favour of higher Production, Order books, Capacity Utilisation, Imports and Exports.
- Moderation in **demand conditions** anticipated by manufacturing sector during expectation quarter of the previous survey round is well reflected in assessment quarter of the current survey round.
- **Financial condition** showed lower optimism in both the assessment and expectation quarters. Net responses for availability of finance further declined. The cost of external finance is perceived to rise further. The pressure from cost of raw materials which mounted in the last few quarters continued, as majority of respondents expected cost of raw material to rise. Net responses on selling price and profit margin further declined in both the quarters under review which indicates decline in pricing power of the manufacturing sector.
- **Industry-wise** analysis shows that majority of the industry groups especially Cement and Textiles reported lower optimism on demand conditions. Cement and Textiles industries also expressed lowest optimism in Overall Financial situation.
- **Size-wise analysis** shows that demand conditions turned less optimistic across all size classes which was more pronounced in case of smaller size companies' (Production < ₹ 100cr). Similar trend was observed for financial conditions.
- About half of the respondents expressed Production Constraints for attaining normal production level during July-September 2011.

¹ Prepared in the Division of Enterprise Surveys of Department of Statistics and Information Management. The previous article on the subject based on the 54th survey round (April-June 2011) was published in August 2011 Bulletin.

² Net Response is the difference of percentage of the respondents reporting an increase and that of reporting decrease.

I. Introduction:

The Reserve Bank of India has been conducting the Industrial Outlook Survey (IOS) 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 Methodology³

II.1 Sample Size

The sample covers a panel of about 2,000 public and private limited companies, mostly with paid-up capital above ₹ 50 lakh in the manufacturing sector. The fieldwork for the survey was carried out by an agency during the three-month period ending September 2011. 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 1528 (response rate 76%) manufacturing companies.

II.3 Survey Schedule

The survey schedule consists of qualitative questions containing five blocks (Annex) and the target respondents are senior management personnel or finance heads of the companies.

III. Survey Findings

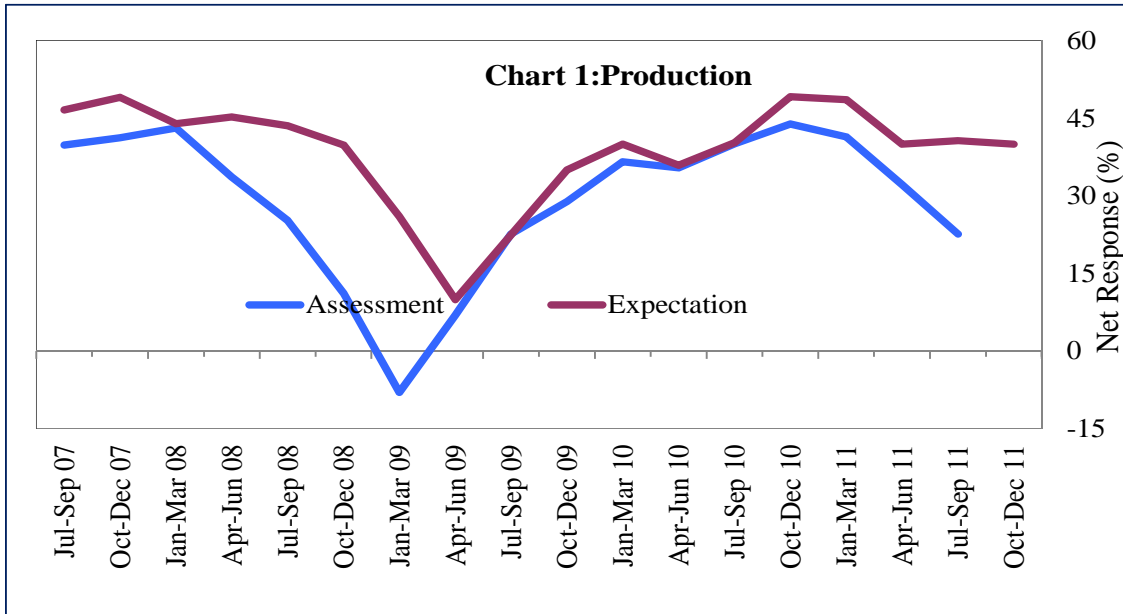
III.1 Demand conditions

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

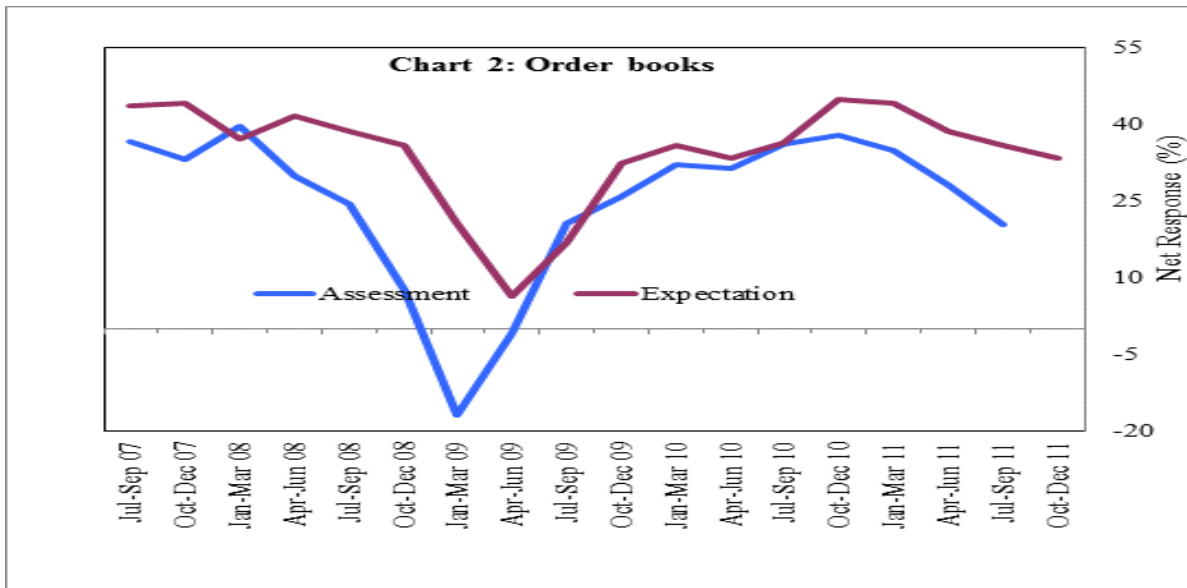
The net response favouring higher production registered a decline from 32.1 per cent to 22.6 per cent for the assessment quarter and from 40.6 per cent to 39.9 per cent for the expectation quarter ([Table 1](#) and Chart 1).

³ The methodology used for the analysis has been provided in the article Quarterly Industrial Outlook Surveys: Trends since 2001 in October 2009 bulletin.



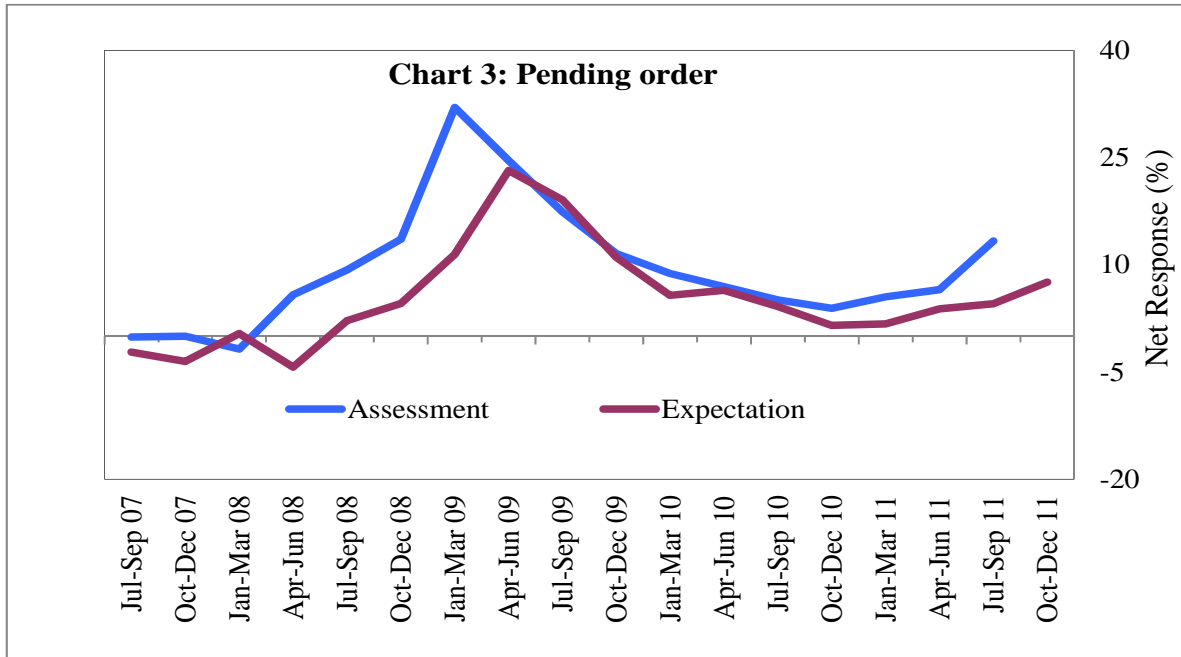
III.1.2 Order Books

The order books position of the manufacturing companies has also shown similar trend with moderation of the net responses for the assessment and expectation quarter. ([Table 2](#) and Chart 2).



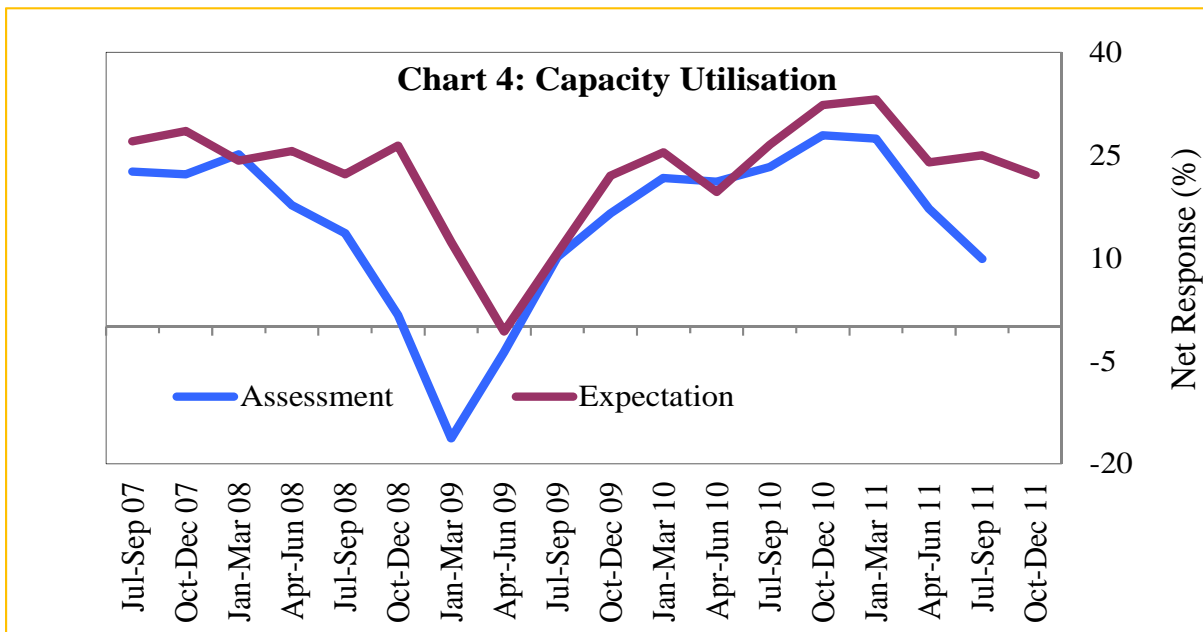
III.1.3 Pending order

The pending order position has improved for both the quarters under review, as some companies shifted their responses from ‘above normal’/’normal’ to ‘below normal’ category. ([Table 3](#) and Chart 3).



III.1.4 Capacity Utilisation

The survey collects views of manufacturing companies on change in capacity utilisation level (increase/decrease / no change) for the main product, level of capacity utilisation compared to the average in the last four quarters (above normal/ below normal/ normal); and assessment of production capacity with regard to expected demand in the next six months (more than adequate/less than adequate/ adequate). While 57 per cent of the respondents reported no change in the capacity utilisation of their main product, there is a moderation in capacity utilisation level over previous quarter on net response basis during both the quarters under review ([Table 4](#) and Chart 4).

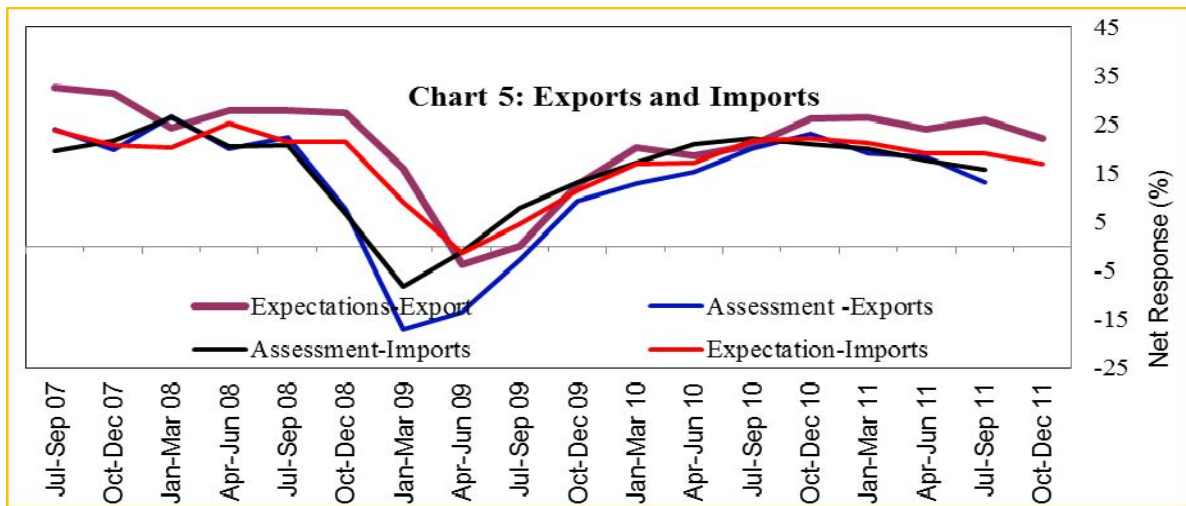


III.1.5 Inventory of Raw Materials & Finished Goods

Majority of the respondents (80-84 per cent) reported to have maintained the average level of inventory of raw materials for the assessment as well as expectation quarters. Similar trend is observed for the inventory of finished goods ([Table 5](#)). Around 14 per cent of the respondents assessed their raw material inventory levels to be above average during the assessment quarter. This proportion is marginally lower in the expectation quarter.

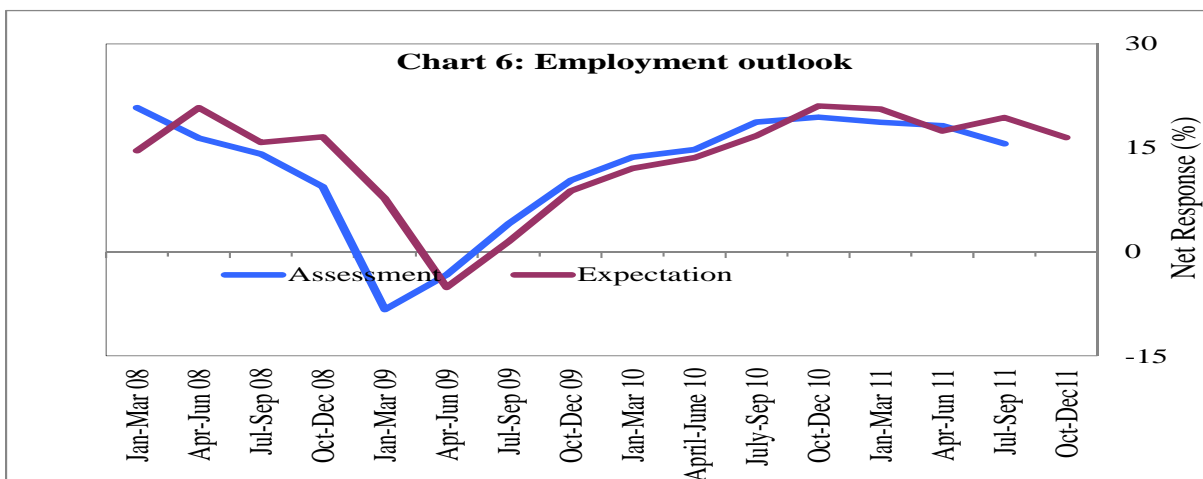
III.1.6 Exports and Imports

The survey reveals lower optimism of the manufacturing sector in terms of growth in exports and imports. The net response for exports declined from 18.2 per cent to 13.1 per cent whereas, for imports it declined from 17.6 per cent to 15.7 per cent in the assessment quarter. Similar decline in net response for exports and imports was observed for the expectation quarter ([Table 6](#), [Table 7](#) and [Chart 5](#)).



III.1.7 Employment Situation

About 70 per cent of the respondents reported 'no change' in their labour force. Net response for expectation quarter declined to 16.5 per cent from 19.4 per cent. ([Table 8](#) and [Chart 6](#)).

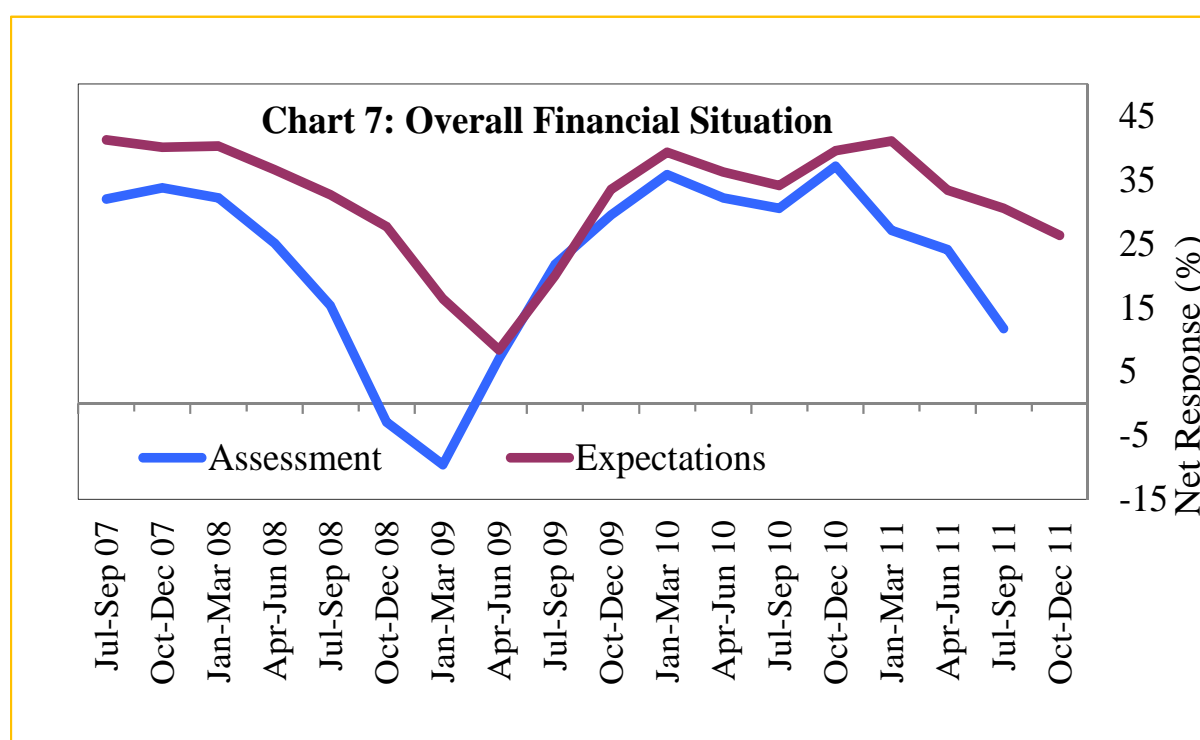


III.2 Financial Parameters

The survey assesses sentiments about financial conditions based on the parameters, viz., 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

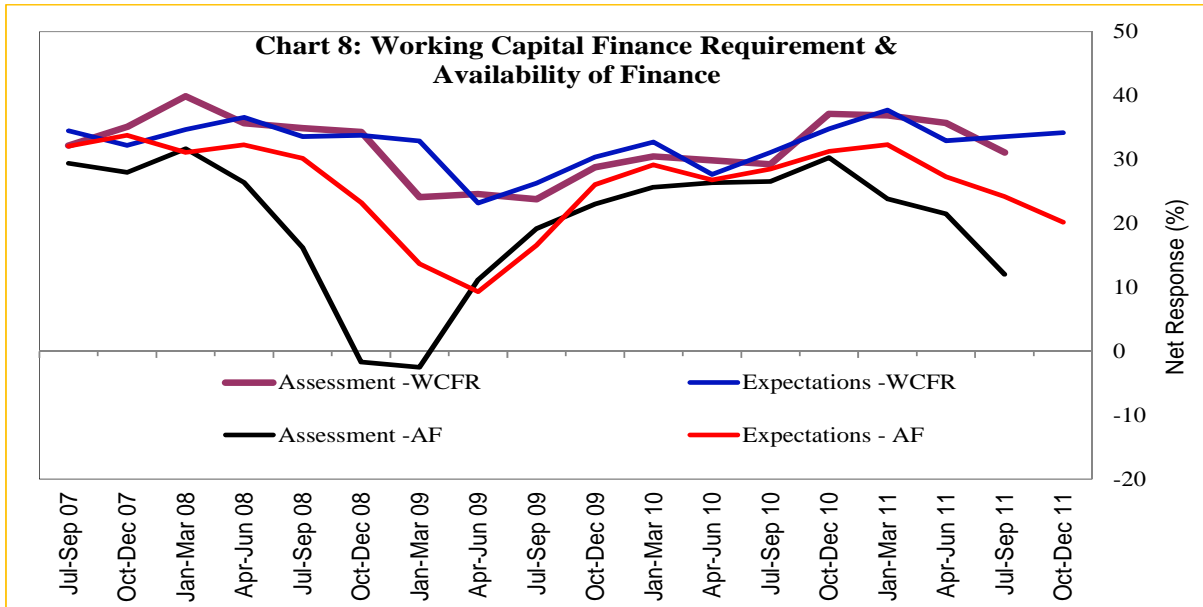
Overall financial situation has shown a further decline in optimism in the assessment quarter. The net response for better financial situation in assessment quarter decreased to 11.7 per cent from 24.1 per cent. The manufacturers also foresee decline in overall financial situation for the expectation quarter as the net response declined to 26.3 per cent from 30.6 per cent a quarter ago ([Table 9](#), Chart: 7).



III. 2.2 Working Capital Finance requirement and Availability of Finance

The sentiment for **working capital finance requirement** (excluding internal source of funds) in the assessment quarter has moderated with net response declining from 35.7 per cent to 31.1 per cent. However, marginal improvement is anticipated for the expectation quarter ([Table 10](#)).

The survey shows that lower percentage of respondents assesses/expects Availability of Finance to improve in the current/ensuing quarter. This is reflected in the lower net response for both the quarters under review ([Table 11](#), Chart 8).



III. 2.3 Cost of External Finance

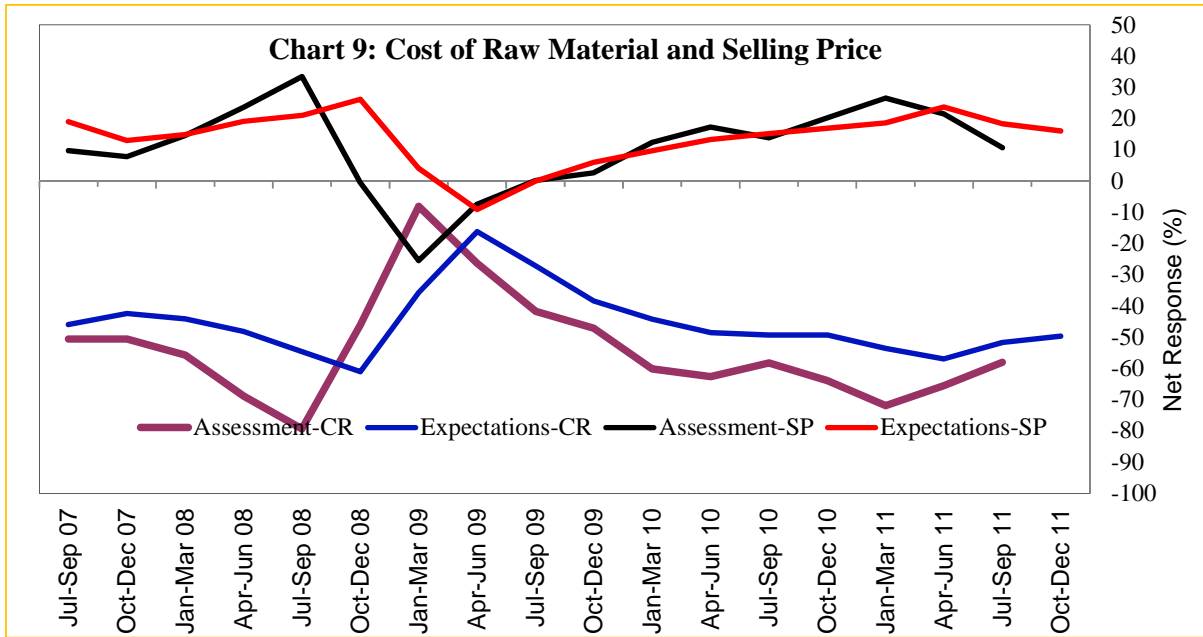
Increasingly a larger number of respondents perceived rise in the cost of funds in recent rounds of the survey. 53.7 per cent of the respondents feel that the cost of external funds have raised further during July-September 2011 (Table 12). One quarter ahead outlook also signals similar sentiment.

III.2.4 Cost of Raw Material

63.3 per cent of respondents have reported a further increase in cost of raw material in the assessment quarter, though the pessimism (*increase in cost of raw material*) has marginally declined from the previous round. A similar scenario is reported in the expectation quarter (Table 13, Chart 9).

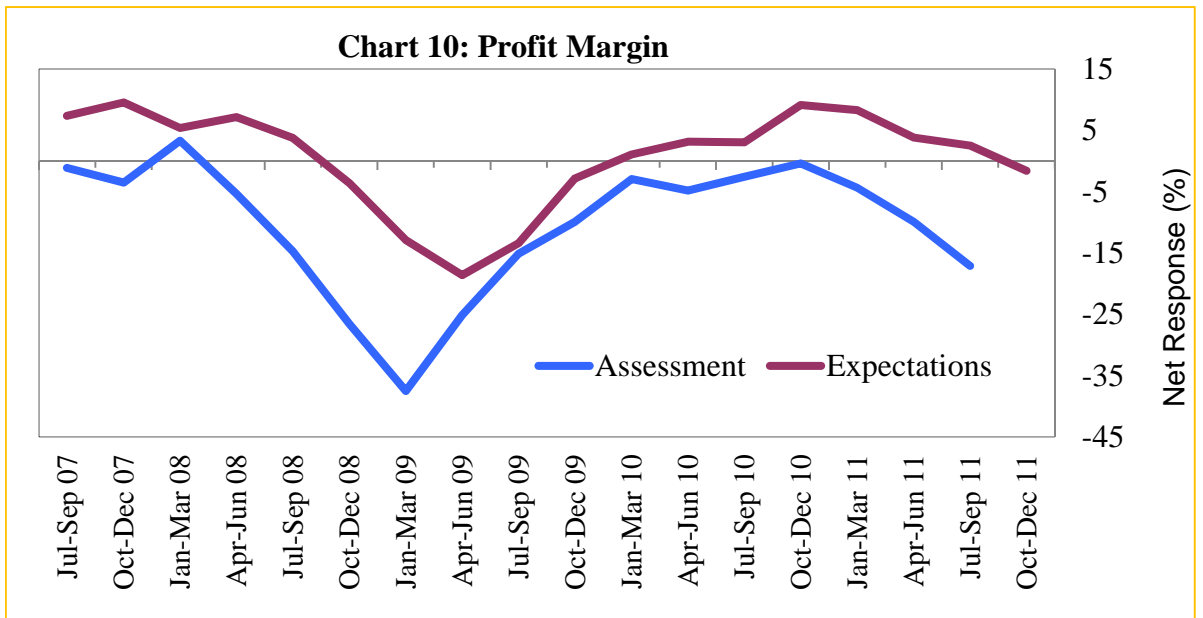
III.2.5 Selling price

The survey seeks responses on change in selling prices (ex-factory unit prices) of the manufactured products on aggregate basis. Net response for selling price has dropped in both the quarters under review, indicating the marginal softening of output prices (Table 14, Chart 9).



III.2.6 Profit margin

The survey seeks opinion of manufacturing companies on change in profit margin (gross profits as percentage to net sales). While more than half of the respondents perceive no change in the profit margin, net response on profit margin declined in both the quarters under review (Table 15 and Chart 10) indicating a fall in pricing power in the manufacturing sector.

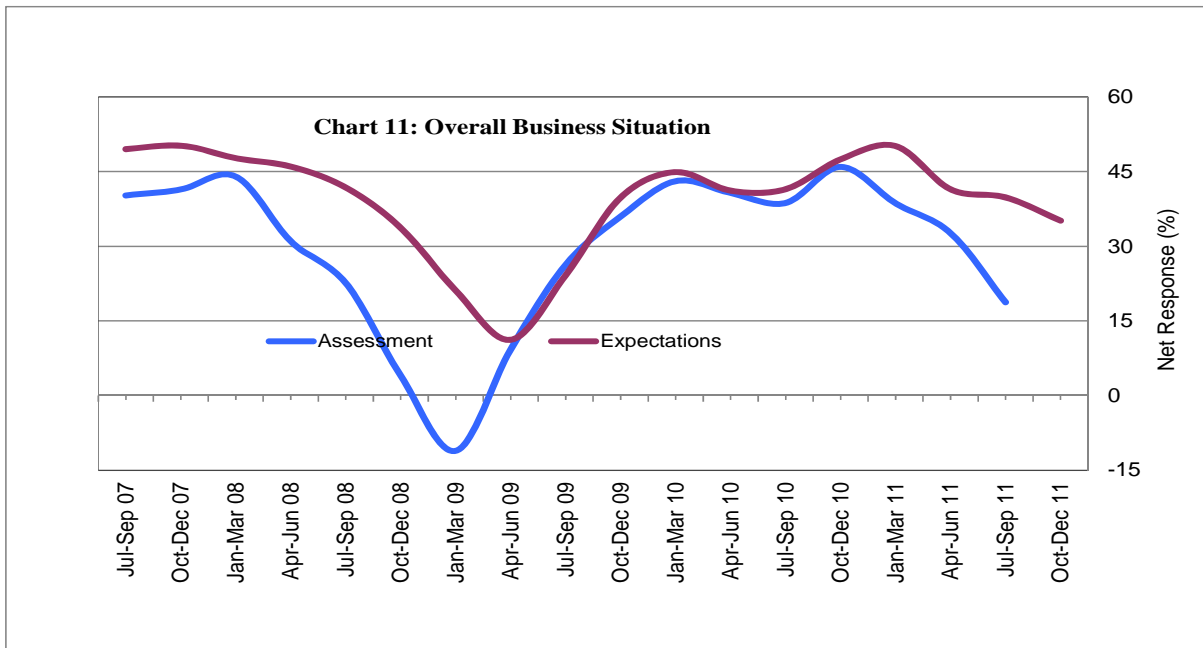


III.3 Overall Business Situation

III.3.1 Overall Business Situation

The **overall business situation** is a parameter that captures the overall confidence of manufacturing companies. The net response of the overall business situation for assessment quarter shows marked

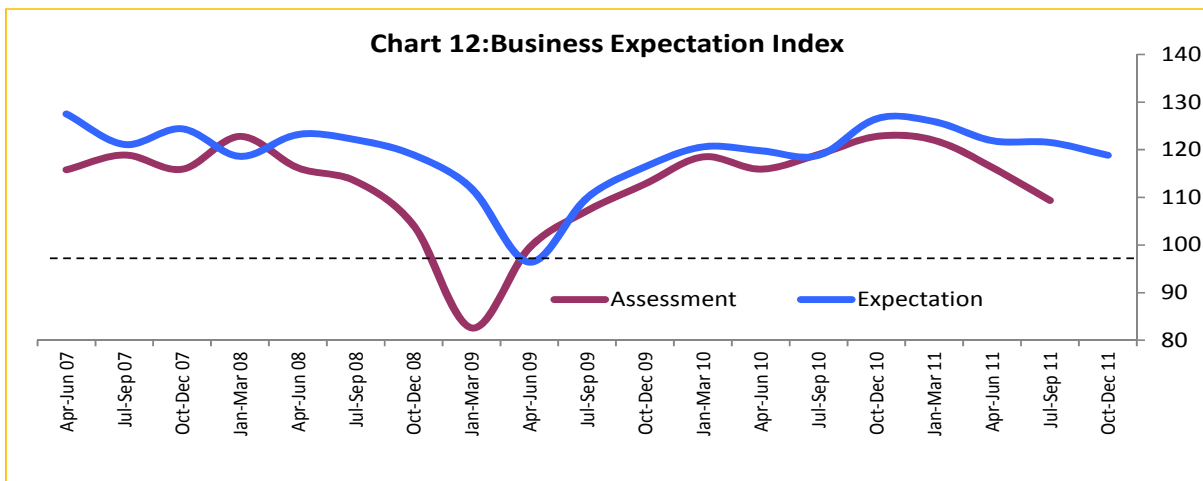
decline to 18.7 per cent from 32.6 per cent in the previous quarter. The net response for expectation quarter has also shown similar trend (Table 16, Chart 11).



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 the 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.

BEI has declined considerably to 109.3 from 116.3 for assessment quarter and to 118.8 from 121.5 for the expectation quarter which indicates continued slowdown of the economy (Table 17 Chart 12).



III.3.3 Industry-wise and Size-wise Analysis

The **industry-wise** analysis shows that majority of the industry groups, more visibly ‘Cement’ and ‘Textiles’ are less optimistic on demand conditions. These industries also expressed lowest optimism in overall financial situation. On cost of finance, pessimism was observed in all the industries and more visibly in ‘Cement’ and ‘Basic metals’ industries.

On **Size-wise analysis**, demand conditions were less optimistic across all size classes ([Table 18](#)), which was more pronounced for smaller companies (Annual Production < ₹ 100 cr). Similar trend was observed for financial conditions as well. However, some optimism was expressed by bigger companies (Annual Production of ‘₹ 100 Crore and above’) in availability of finance.

III.3.5 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 **July-September 2011**. Major constraints reported are *lack of domestic demand, Shortage of power, shortage of raw material, shortage of working capital finance and lack of export demand*. Industry-wise break-up reveals that companies in the industry groups, viz, Textiles, Basic metals, Cement, Fertilisers and Transport equipment reported more production constraints ([Table 19](#)).

III.3.6 Survey Results and Official Statistics

Chart 13 show the movements of annual growth rates of quarterly GDP-Manufacturing, IIP-Manufacturing (Base 2004-05) and the BEI based on assessment and expectations. It is observed that BEI has captured most of the turning points of the official statistics.

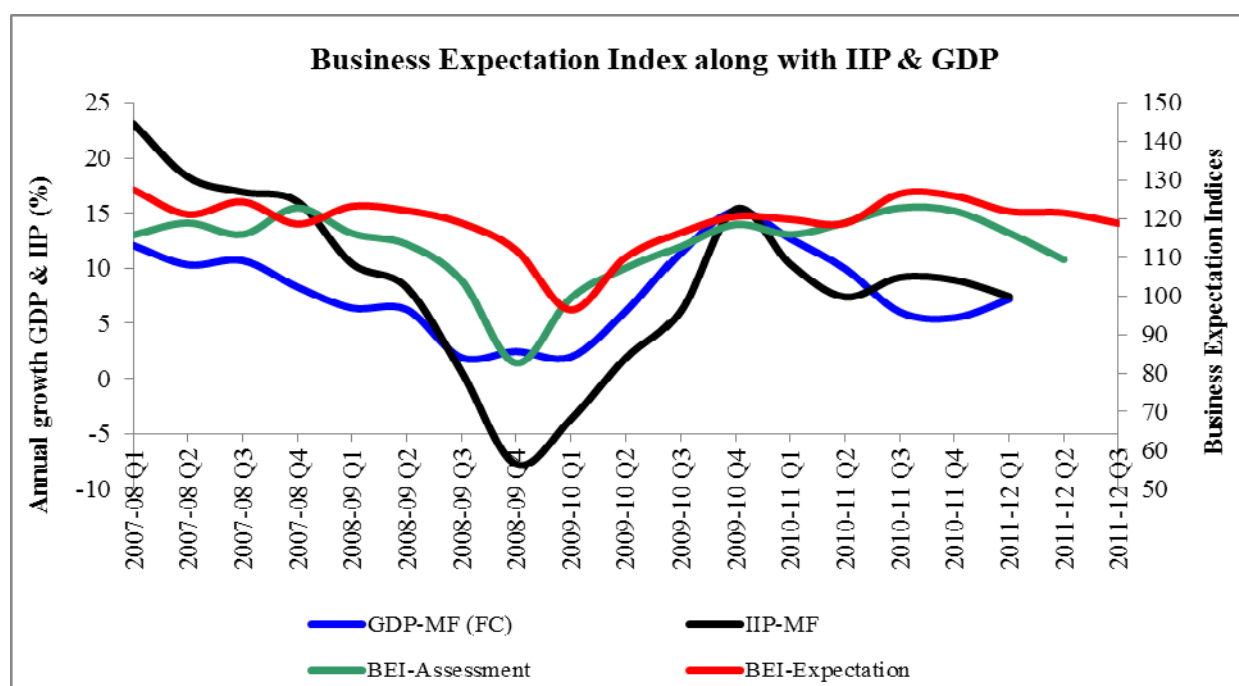


Table 1: Assessment & Expectations for Production (Percentage responses)#

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Apr-Jun 09	1242	33.1	26.2	40.6	6.9	32.5	22.6	44.9	9.9
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-Sep 11						49.5	9.5	41.0	39.9

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

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
Apr-Jun 09	1242	28.4	29.3	42.3	-0.9	31.0	24.6	44.4	6.4
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						43.5	10.1	46.4	33.4

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
Apr-Jun 09	1242	29.1	4.5	66.5	24.6	28.0	4.8	59.4	23.2
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						13.6	6.0	80.4	7.6

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	
		Apr-June 2011	July-Sep 2011	July-Sep 2011	Oct-Dec 2011
Capacity Utilisation (main product)	Increase	30.5	26.4	33.9	32.1
	No Change	56.2	57.0	57.2	57.9
	Decrease	13.3	16.5	8.9	10.0
	Net Response	17.2	9.9	25.0	22.2
Level of Capacity Utilisation (compared to the average in last 4 quarters)	Above normal	13.8	10.8	14.3	12.7
	Normal	71.7	72.0	75.7	75.0
	Below Normal	14.5	17.2	10.0	12.3
	Net Response	-0.7	-6.4	4.3	0.3
Assessment of Prod. Capacity (with regard to expected demand in next 6 months)	More than adequate	11.8	13.2	11.2	14.2
	Adequate	80.8	78.8	82.8	79.1
	Less than adequate	7.4	8.0	5.9	6.7
	Net Response	4.3	5.2	5.3	7.4

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

<i>(Percentage responses) #</i>					
Parameter	Options	Assessment for Quarter		Expectations for Quarter	
		Apr-June 2011	July-Sep 2011	July-September 2011	Oct-Dec 2011
Inventory of raw material	Below average	6.6	6.9	5.7	5.4
	Average	81.1	79.6	85.8	84.0
	Above average	12.3	13.5	8.5	10.6
	Net Response	-5.7	-6.6	-2.9	-5.2
Inventory of Finished goods	Below average	6.7	6.3	6.2	5.1
	Average	79.5	77.9	84.5	83.4
	Above average	13.8	15.8	9.3	11.5
	Net Response	-7.0	-9.5	-3.1	-6.5

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
Apr-Jun 09	1242	17.4	30.9	51.7	-13.5	19.5	23.3	57.3	-3.8
Jul-Sep 09	1180	20.9	23.8	55.3	-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	55.6	13.1	35.1	9.2	55.7	25.8
Oct-Dec 11						32.7	10.6	56.8	22.1

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
Apr-Jun 09	1242	17.1	18.4	64.5	-1.3	14.9	16.3	68.8	-1.4
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						23.1	6.2	70.7	16.9

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
Apr-Jun 09	1242	11.9	15.2	72.9	-3.3	10.5	15.6	74.0	-5.1
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						21.7	5.2	73.1	16.5

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
Apr-Jun 09	1242	26.4	19.4	54.2	7.0	27.8	19.4	52.7	8.4
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						35.5	9.2	55.3	26.3

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
Apr-Jun 09	1242	57.0	24.6	9.2	24.6	31.1	7.9	61.0	23.2
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						38.4	4.2	57.5	34.2

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
Apr-Jun 09	1242	24.8	13.6	61.6	11.2	23.8	14.5	61.7	9.3
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	64.4	12.1	30.0	5.8	64.2	24.2
Oct-Dec 11						28.7	8.5	62.7	20.2

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
Oct-Dec 09	1256	9.0	23.8	67.2	-14.7				
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						3.4	44.4	52.2	-41.0

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
Apr-Jun 09	1242	14.3	40.6	45.1	-26.3	14.3	30.5	33.7	-16.2
Jul-Sep 09	1180	8.1	49.8	42.1	-41.7	8.7	35.8	55.5	-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						3.7	53.4	42.9	-49.7

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
Apr-Jun 09	1242	17.0	24.4	58.0	-7.4	14.5	23.6	61.9	-9.1
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						26.8	10.8	62.4	16.0

Selling price 'Increase' 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
Apr-Jun 09	1242	13.4	38.5	48.1	-25.1	15.4	34.0	50.6	-18.6
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						20.3	21.9	57.8	-1.6

Increase in Profit margin is optimism

Table 16: Assessment & Expectations of 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
Apr-Jun 09	1242	30.7	21.4	47.9	9.3	31.8	20.6	47.6	11.2
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	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						43.1	8.0	48.9	35.2

Overall Business Situation 'Better' is optimistic

Table-17: Business Expectation Index based on Assessment and Expectations

Quarter	ASSESSMENT			EXPECTATIONS		
	Index	Change over previous quarter	Change over previous year	Index	Change over previous quarter	Change over previous year
Jan-Mar 00	122.8	-	-		-	-
Apr-Jun 00	115.2	-7.6	-	125.5	-	-
Jul-Sep 00	116.1	0.9	-	126.1	0.6	-
Oct-Dec 00	113.9	-2.2	-	124.4	-1.7	-
Jan-Mar 01	115.2	1.3	-7.6	122.5	-1.8	-
Apr-Jun 01	109.9	-5.3	-5.3	120.7	-1.8	-4.8
Jul-Sep 01	108.7	-1.3	-7.4	118.9	-1.8	-7.2
Oct-Dec 01	100.7	-8.0	-13.2	119.5	0.6	-4.9
Jan-Mar 02	108.4	7.7	-6.8	105.3	-14.2	-17.3
Apr-Jun 02	110.8	2.4	0.9	112.3	7.0	-8.5
Jul-Sep 02	113.2	2.4	4.5	116.7	4.4	-2.2
Oct-Dec 02	113.8	0.6	13.1	121.2	4.6	1.7
Jan-Mar 03	118.4	4.6	10.0	119.7	-1.6	14.4
Apr-Jun 03	109.8	-8.6	-1.0	117.8	-1.8	5.6
Jul-Sep 03	114.3	4.5	1.1	117.2	-0.7	0.5
Oct-Dec 03	119.8	5.4	5.9	122.1	4.9	0.8
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	-0.6	5.3
Jul-Sep 11	109.4	-6.93	-9.67	121.5	-0.4	2.7
Oct-Dec 11				118.8	-2.69	-7.66

Table 18: Size-wise analysis: Annual Production and Paid-up Capital (PUC)

Net Response (%) for October-December 2011

Parameter	PUC-wise						Production-wise					
	Small		Medium		Big		Small		Medium		Big	
	Round 54	Round 55	Round 54	Round 55	Round 54	Round 55	Round 54	Round 55	Round 54	Round 55	Round 54	Round 55
Overall business situation	32.1	20.7	40.7	36.9	36.3	36.3	35.7	33.6	43.2	36.4	42.4	42.4
Overall Financial situation	22.2	16.4	31.3	27.6	31.1	31.1	26.6	23.7	34.6	28.6	30.2	27.1
Working Capital Finance Requirement	24.6	22.0	34.4	34.9	33.0	33.0	29.1	28.9	36	37.4	42.1	32.2
Availability of Finance	14.7	7.9	25.9	21.9	14.3	14.3	21	16.9	28	23.4	21.7	33.3
Cost of external finance	-29.5	-30.1	-40.4	-41.7	-42.2	-42.2	-31.5	-34.5	-44.7	-45.5	-52.3	-43.1
Production	34.3	26.9	41.6	41.2	40.4	40.4	35.4	37.2	45.1	41.5	43.3	37.9
Order Books	24.6	27.0	37.4	33.9	37.3	37.3	32.1	32.5	39.1	33.9	38	27.8
Pending Orders, if applicable	9.5	14.7	4.4	7.1	7.2	7.2	7.4	10.5	2.5	5.6	0.7	-2.0
Cost of raw materials	-54.5	-56.7	-51.9	-48.8	37.4	37.4	-53.2	-54.7	-50.8	-45.6	-49.4	-47.5
Inventory of raw materials	-5.5	-4.9	-2.8	-5.1	0.0	0.0	-1.8	-1.8	-3.5	-8.0	-4.4	-1.8
Inventory of Finished Goods	-3.1	-3.7	-2.9	-6.4	2.2	2.2	-1.6	-4.1	-4.4	-7.8	-3.8	-10.3
Capacity utilisation	14.7	6.7	26	23.3	26.4	26.4	22.9	18.0	27.3	24.3	23.7	23.7
Level of capacity utilisation	6.6	-1.8	3.6	0.0	-7.7	-7.7	1.7	-4.9	5.8	3.9	8.8	0.0
Assessment of the production capacity	4.9	6.2	4.8	7.6	11.0	11.0	4.2	4.3	6.2	9.9	6.4	10.3
Employment in the company	14	6.7	20.6	16.7	7.7	7.7	14.2	7.4	23.1	19.6	25.2	1.7
Exports, if applicable	11	9.8	27.6	23.3	26.0	26.0	18.1	14.0	29.8	27.9	38.7	30.8
Imports, if any	4.7	6.9	20.6	18.2	20.2	20.2	11.9	13.6	22.5	19.7	29.9	18.5
Selling prices	11	14.2	19.4	16.0	21.8	21.8	16.3	13.5	19.5	17.7	21.9	25.9
If increase expected in selling prices, rate of such increase	18	13.6	13.1	17.4	5.5	5.5	11.9	17.5	13.4	16.5	16.7	20.5
Profit Margin	-11.1	-16.1	3.6	-0.7	5.6	5.6	-1.5	-7.4	5.5	2.0	7.2	-5.2

Smaller companies (annual production less than ₹ 100 crore/PUC less than ₹ 1 crore).

Medium companies (annual production between ₹ 100 crore to ₹ 1000 crore /PUC between ₹. 1 crore to ₹ 100 crore)

Big companies (annual production above ₹ 1000 crore/ PUC above ₹ 100 crore)

Table 19: Constraints for attaining the normal production level Industry-wise

	Production Constraint			
	NO		YES	
	Count	%	Count	%
FOOD PRODUCTS	64	50.0%	64	50.0%
TEXTILES	66	34.0%	128	66.0%
BASIC METALS AND METAL PRODUCTS	81	37.0%	138	63.0%
ELECTRICAL MACHINERY	50	50.0%	50	50.0%
OTHER MACHINERY AND APPARATUS	114	59.1%	79	40.9%
TRANSPORT EQUIPMENT	50	48.5%	53	51.5%
FERTILIZERS	15	48.4%	16	51.6%
PHARMACEUTICAL AND MEDICINES	55	65.5%	29	34.5%
BASIC CHEMICALS	61	56.5%	47	43.5%
RUBBER AND PLASTIC PRODUCTS	52	53.1%	46	46.9%
PAPER AND PAPER PRODUCTS	23	48.9%	24	51.1%
CEMENT	17	45.9%	20	54.1%
WOOD AND WOOD PRODUCTS	12	75.0%	4	25.0%
DIVERSIFIED	16	72.7%	6	27.3%
OTHER INDUSTRIES	84	56.8%	64	43.2%
All companies	760	49.7%	768	50.3%



RESERVE BANK OF INDIA
DEPARTMENT OF STATISTICS AND INFORMATION
MANAGEMENT
INDUSTRIAL OUTLOOK SURVEY, JULY-SEPTEMBER 2011
(ROUND 55)

Block 1. General Information

Sample company code: (To be filled by the agency / RBI)							
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101 Name of the company: _____
 102 Address of the Company (for correspondence) _____

City/District _____ State _____ PIN _____

103 Name of the Company Official: Shri/Smt./Kum _____
 104 Designation: _____
 105 Telephone No.: _____ 106 Fax No.: _____
 107 Company e-mail: _____
 108 Personal e-mail: _____ 109 Company web-site address: _____
 110 Type of company: Public Sector A; Private Sector B . 111 Whether company?: Industry- Micro A; Small B; Medium C; Large D
 111 Company web-site address: _____
 112 Date: _____ 2011 **Seal of the Company after filling-in the Schedule**

(Micro Industry: Investment in plant and machinery ≤Rs.25lakh; Small: Investment in plant and machinery >Rs.25lakh but ≤Rs.5crore; Medium: Investment in plant and machinery >Rs.5crore but ≤ Rs.10crore.)

Block 2: Product Details

(Please write the main and two major products (in the order of sales) manufactured by the company)

Code	Products	Name	Code
201	Main Product		
202	Other Major Product 1		
203	Other Major Product 2		
204	Broad Industry Group		

Block 3: Paid-up capital, Annual Production and Current level of Capacity Utilisation

Please tick(√)the appropriate size-class in which your company currently falls:

301	Paid-up Capital	Up to Rs. 1 Crore	Rs. 1 Crore to Rs. 10 Crore	Rs. 10 Crore to Rs. 25 Crore	Rs. 25 Crore to Rs. 50 Crore	Rs. 50 Crore to Rs. 100 Crore	Above Rs. 100 Crore
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
302	Annual Production (All products)	Up to Rs. 100 Crore	Rs. 100 Crore to Rs.250 Crore	Rs. 250 Crore to Rs. 500 Crore	Rs. 500 Crore to Rs. 750 Crore	Rs. 750 Crore to Rs. 1000 Crore	Above Rs. 1000 Crore
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
303	Current level of Capacity Utilisation *	Up to 50%	50% - 60%	60% - 70%	70% - 80%	80% - 90%	Above 90%
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* Compared to installed capacity

Block 4: Is your company's normal production level expected to face any constraints during the Current Quarter (July-September 2011) (Please tick (√) the relevant column)

400	Yes		No	
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If 'Yes' to item 400 indicate the possible reasons thereof (please tick (√) the relevant column for each reason)

Code	Reasons	Current Quarter (July-September 2011)			
		Most Important	Moderately Important	Less Important	Not Important
		(1)	(2)	(3)	(4)
401	Technology constraints				
402	Shortage of Raw Materials				
403	Shortage of Power				
404	Equipment / Machinery not working				
405	Industrial Relations / Labour Problems				
406	Inadequate transport facilities				
407	Shortage of Working Capital Finance				
408	Lack of Domestic Demand				
409	Lack of Export Demand				
410	Competitive Imports				
411	Uncertainty of economic environment				
412	Any others (Please specify):				

Block 5. Assessment for the current quarter (July-September 2011) and Expectations for the next quarter (October -December 2011)

Code	Parameter	Current Quarter July-September 2011			Next Quarter October-December 2011		
		Please tick (✓) changes over April-June 2011 quarter			Please tick (✓) changes over July-September 2011 quarter		
		(1)	(2)	(3)	(4)	(5)	(6)
501	Overall business situation	Better	No change	Worsen	Better	No change	Worsen
502	Financial situation (overall)	Better	No change	Worsen	Better	No change	Worsen
503	Working Capital Finance Requirement (excluding internal sources of funds)	Increase	No change	Decrease	Increase	No change	Decrease
504	Availability of Finance (both internal and external sources)	Improve	No change	Worsen	Improve	No change	Worsen
505	Cost of external finance	Increase	No change	Decrease	Increase	No change	Decrease
506	Production (in quantity terms) (All products)	Increase	No change	Decrease	Increase	No change	Decrease
507	Order Books (in quantity terms), if applicable	Increase	No change	Decrease	Increase	No change	Decrease
508	Pending Orders, if applicable	Above normal	Normal	Below Normal	Above normal	Normal	Below Normal
509	Cost of raw materials	Increase	No change	Decrease	Increase	No change	Decrease
510	Inventory of raw materials (in quantity terms) @	Above average	Average	Below Average	Above average	Average	Below Average
511	Inventory of Finished Goods (in quantity terms) @	Above average	Average	Below Average	Above average	Average	Below Average
512	Capacity utilisation (main product)	Increase	No change	Decrease	Increase	No change	Decrease
513	Level of capacity utilisation (compared to the average in preceding four quarters)	Above normal	Normal	Below Normal	Above normal	Normal	Below Normal
514	Assessment of the production capacity with regard to expected demand in next six months	More than adequate	Adequate	Less than Adequate	More than adequate	Adequate	Less than Adequate
515	Employment in the company (All cadres including part-time/full-time/casual labour)	Increase	No change	Decrease	Increase	No change	Decrease
516	Exports, if applicable	Increase	No change	Decrease	Increase	No change	Decrease
517	Imports, if any	Increase	No change	Decrease	Increase	No change	Decrease
518	Selling prices (ex-factory unit prices) are expected to @@	Increase	No change	Decrease	Increase	No change	Decrease
519	If increase expected in selling prices, rate of such increase	Increase at higher rate	Increase at about same rate	Increase at lower rate	Increase at higher rate	Increase at about same rate	Increase at lower rate
520	Profit Margin (Gross profits as percentage of net sales) @@@	Increase	No change	Decrease	Increase	No change	Decrease

Notes to Block 5: @: Average level may be obtained as the average of level at the end of four quarters during the corresponding preceding year. @@: In the case of multi product companies, the average of the price changes may be taken into account. @@@: Gross profits are defined as total income minus manufacturing expenses, salaries and wages, other expenses and depreciation and other provisions (except tax provision). In other words, profits are gross of interest and tax provision (PBIT). 'Net Sales' are sales net of 'rebates and discounts' and 'excise duty and cess'.

To be filled in by the Agency	
Investigated by Signature: Name: ; Dae	Scrutinised by Signature: Name: ; Date
Investigator's Remarks:	Scrutiny remarks: