

## Industrial Outlook Survey of the Manufacturing Sector for Q3:2020-21

Today, the Reserve Bank released the results of the 92<sup>nd</sup> round of the Industrial Outlook Survey (IOS) conducted during October-December 2020. The survey encapsulates qualitative assessment of the business climate by Indian manufacturing companies for Q3:2020-21 and their expectations for Q4:2020-21.<sup>1</sup> In all, 1011 companies responded in this round of the survey. Owing to uncertainty driven by the COVID-19 pandemic, an additional block was included in this round of the survey for assessing the outlook on key parameters for two quarters ahead as well as three quarters ahead.

### Highlights:

#### A. Assessment for Q3: 2020-21

- Manufacturing companies assessed further strengthening of production, order books and employment during Q3:2020-21, driven by easing of lockdowns related to the COVID-19 pandemic and re-opening of businesses (Table A).
- Sentiments on financial situation improved in terms of availability of finance from banks and internal sources.
- Manufacturers perceived higher cost pressures stemming from purchase of inputs and salary expenses.
- Despite increase in selling prices, enterprises indicated pressures on profit margins due to higher cost burden.
- After remaining in contraction zone in the previous two quarters, the business assessment index (BAI)<sup>2</sup> moved up into expansion zone and stood at 108.6 in Q3:2020-21 from 96.2 in Q2:2020-21 (Chart 1).

#### B. Expectations for Q4: 2020-21

- Manufacturers expect expansion in production volumes, new orders and job landscape to continue in Q4:2020-21.
- Manufacturers' overall financial situation portrayed further optimism.
- Respondents expect higher pressures from cost of finance, purchase of raw materials and salary outgo in Q4:2020-21.
- Selling prices are expected to increase in Q4:2020-21 but the sentiments on profit margins remained subdued on the back of higher input cost pressures.
- The business expectations index (BEI) increased further to 114.1 in Q4:2020-21 from 111.4 in Q3:2020-21 (Chart 1).

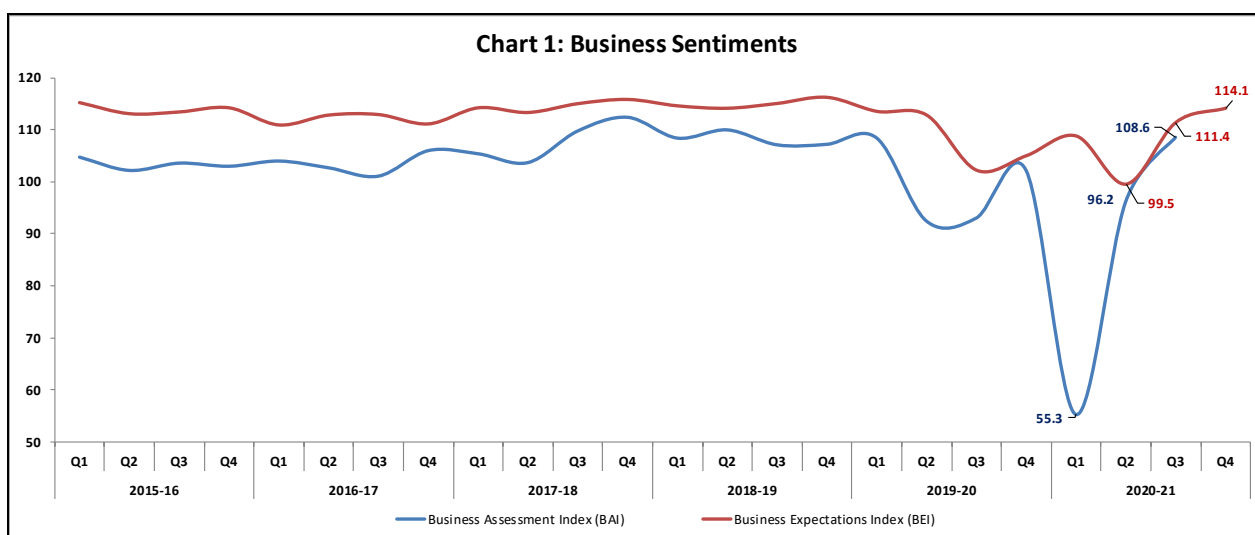
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<sup>1</sup> The survey results reflect the views of the respondents, which are not necessarily shared by the Reserve Bank of India. This round of the survey was launched on November 2, 2020 and results were compiled with data received till December 31, 2020. The results of the 91<sup>st</sup> round of the survey (Q2:2020-21) were released on [October 9, 2020](#) on the RBI's website.

<sup>2</sup> For each survey round, two indices are computed – one based on assessment [*viz.*, Business Assessment Index (BAI)] and another based on expectations [*viz.*, Business Expectations Index (BEI)]. Each index is a composite indicator calculated as a simple average of nine business parameters, where each parameter is derived as a weighted net response, weights being the share of industry groups in gross value added (GVA). The nine parameters considered are: (1) overall business situation; (2) production; (3) order books; (4) inventory of raw material; (5) inventory of finished goods; (6) profit margins; (7) employment; (8) exports; and (9) capacity utilisation. BAI/BEI gives a snapshot of the business outlook in every quarter and takes values between 0 and 200, with 100 being the threshold separating expansion from contraction.

### C. Expectations for Q1:2021-22 and Q2:2021-22

- Manufacturers polled further improvement in key demand indicators and overall business situation in Q1:2021-22 and Q2:2021-22 (Table B).
- Going forward, capacity utilisation and employment conditions are expected to improve further.
- Respondents expected gradual hardening of selling prices as input prices are likely to exert higher pressure.



**Table A: Summary of Net responses<sup>3</sup> on Survey Parameters** (per cent)

Parameters	Assessment period		Expectation period	
	Q2:2020-21	Q3:2020-21	Q3:2020-21	Q4:2020-21
Production	10.3	27.2	26.4	31.5
Order Books	5.9	20.5	20.6	27.3
Pending Orders	22.8	12.0	14.2	9.2
Capacity Utilisation	1.6	17.3	17.5	24.1
Inventory of Raw Materials	-5.8	-5.4	-4.2	-6.7
Inventory of Finished Goods	-8.7	-4.6	-5.3	-6.3
Exports	-0.6	4.6	7.5	13.0
Imports	-2.8	6.3	4.9	8.5
Employment	-9.2	3.9	2.4	7.2
Financial Situation (Overall)	7.8	27.5	25.3	33.0
Availability of Finance (from internal accruals)	3.8	17.4	15.1	22.8
Availability of Finance (from banks & other sources)	12.0	14.9	13.6	15.3
Availability of Finance (from overseas, if applicable)	-0.6	0.8	0.6	3.8

<sup>3</sup> Net Response (NR) is the difference between the percentage of respondents reporting optimism and those reporting pessimism. It ranges between -100 to 100. Any value greater than zero indicates expansion/optimism and any value less than zero indicates contraction/pessimism. In other words,  $NR = (I - D)$ , where, I is the percentage response of 'Increase/optimism', and D is the percentage response of 'Decrease/pessimism' and E is the percentage response as 'no change/equal' (i.e.,  $I+D+E=100$ ). For example, increase in production is optimism whereas decrease in cost of raw material is optimism.

Cost of Finance	-2.8	0.2	-6.7	-5.0
Cost of Raw Material	-38.0	-51.6	-32.1	-42.7
Salary/ Other Remuneration	-2.8	-14.0	-9.0	-16.0
Selling Price	-5.8	9.4	-0.2	10.7
Profit Margin	-26.5	-11.8	-12.0	-2.4
Overall Business Situation	11.8	32.9	32.9	40.7

**Note:** [Please see the excel file for time series data](#)

**Table B: Business Expectations of Select Parameters for extended period – Net response**  
(per cent)

Parameters	Round 91	Round 92		
	Q3:2020-21	Q4:2020-21	Q1:2021-22	Q2:2021-22
Overall Business Situation	32.9	40.7	43.4	43.5
Production	26.4	31.5	38.9	38.8
Order Books	20.6	27.3	31.9	34.2
Capacity Utilisation	17.5	24.1	31.4	30.8
Employment	2.4	7.2	14.4	16.2
Cost of Raw Materials	-32.1	-42.7	-44.5	-42.6
Selling Prices	-0.2	10.7	18.9	20.1

**Table 1: Assessment and Expectations for Production** (Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q3:2019-20	775	28.7	28.3	43.1	<b>0.4</b>	34.8	21.0	44.2	<b>13.9</b>
Q4:2019-20	860	33.6	19.8	46.6	<b>13.8</b>	35.4	18.2	46.4	<b>17.2</b>
Q1:2020-21	802	8.3	72.2	19.5	<b>-63.9</b>	37.8	14.1	48.1	<b>23.7</b>
Q2:2020-21	959	42.4	32.1	25.5	<b>10.3</b>	41.4	30.2	28.5	<b>11.2</b>
Q3:2020-21	1,011	46.6	19.4	34.0	<b>27.2</b>	43.4	16.9	39.7	<b>26.4</b>
Q4:2020-21						43.7	12.2	44.0	<b>31.5</b>

'Increase' in production is optimistic.

Note: The sum of components may not add up to total due to rounding off (This is applicable for all tables).

**Table 2: Assessment and Expectations for Order Books**

(Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q3:2019-20	775	26.9	26.6	46.5	<b>0.3</b>	34.3	20.4	45.3	<b>13.9</b>
Q4:2019-20	860	30.1	20.1	49.9	<b>10.0</b>	33.6	17.0	49.3	<b>16.6</b>
Q1:2020-21	802	8.9	63.8	27.3	<b>-54.9</b>	33.5	15.1	51.4	<b>18.4</b>
Q2:2020-21	959	37.2	31.3	31.5	<b>5.9</b>	36.4	28.4	35.3	<b>8.0</b>
Q3:2020-21	1,011	40.3	19.8	40.0	<b>20.5</b>	39.2	18.6	42.2	<b>20.6</b>
Q4:2020-21						41.1	13.7	45.2	<b>27.3</b>

'Increase' in order books is optimistic.

**Table 3: Assessment and Expectations for Pending Orders**

(Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Above Normal	Below Normal	Normal	Net response	Above Normal	Below Normal	Normal	Net response
Q3:2019-20	775	3.4	25.5	71.1	<b>22.1</b>	3.9	18.3	77.8	<b>14.4</b>
Q4:2019-20	860	4.1	18.5	77.4	<b>14.4</b>	3.7	19.5	76.8	<b>15.9</b>
Q1:2020-21	802	6.1	47.3	46.6	<b>41.2</b>	4.6	16.2	79.1	<b>11.6</b>
Q2:2020-21	959	7.2	30.1	62.7	<b>22.8</b>	5.8	31.8	62.4	<b>26.0</b>
Q3:2020-21	1,011	7.2	19.2	73.6	<b>12.0</b>	7.4	21.5	71.1	<b>14.2</b>
Q4:2020-21						5.6	14.8	79.7	<b>9.2</b>

Pending orders 'Below Normal' is optimistic.

**Table 4: Assessment and Expectations for Capacity Utilisation (Main Product)**

(Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q3:2019-20	775	17.5	25.8	56.7	<b>-8.3</b>	24.4	20.0	55.6	<b>4.4</b>
Q4:2019-20	860	21.0	19.0	60.0	<b>2.0</b>	23.1	15.2	61.6	<b>7.9</b>
Q1:2020-21	802	6.0	67.6	26.3	<b>-61.6</b>	25.5	14.2	60.3	<b>11.3</b>
Q2:2020-21	959	31.8	30.2	37.9	<b>1.6</b>	36.2	28.6	35.2	<b>7.6</b>
Q3:2020-21	1,011	35.3	18.0	46.7	<b>17.3</b>	32.4	15.0	52.6	<b>17.5</b>
Q4:2020-21						34.7	10.6	54.7	<b>24.1</b>

'Increase' in capacity utilisation is optimistic.

**Table 5: Assessment and Expectations for Level of CU (compared to the average in last 4 quarters)**  
(Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Above Normal	Below Normal	Normal	Net response	Above Normal	Below Normal	Normal	Net response
Q3:2019-20	775	6.6	26.9	66.5	-20.3	9.3	21.7	69.0	-12.4
Q4:2019-20	860	7.6	21.6	70.7	-14.0	7.9	18.5	73.6	-10.6
Q1:2020-21	802	2.7	63.6	33.7	-60.9	9.1	16.4	74.5	-7.3
Q2:2020-21	959	5.9	43.4	50.8	-37.5	5.8	39.2	55.0	-33.5
Q3:2020-21	1,011	11.3	23.2	65.5	-12.0	8.3	25.5	66.2	-17.2
Q4:2020-21						11.7	15.3	73.0	-3.6

'Above Normal' in Level of capacity utilisation is optimistic.

**Table 6: Assessment and Expectations for Assessment of Production Capacity (with regard to expected demand in next 6 months)**  
(Percentage responses)

Quarter	Total response	Assessment				Expectations			
		More than adequate	Less than adequate	Adequate	Net response	More than adequate	Less than adequate	Adequate	Net response
Q3:2019-20	775	15.8	11.7	72.5	4.2	15.3	12.4	72.2	2.9
Q4:2019-20	860	14.3	9.5	76.2	4.8	14.6	11.4	74.0	3.2
Q1:2020-21	802	19.0	24.5	56.5	-5.6	13.7	8.8	77.5	4.9
Q2:2020-21	959	15.9	17.2	66.9	-1.3	18.7	17.3	64.0	1.3
Q3:2020-21	1,011	14.1	11.2	74.6	2.9	15.9	12.3	71.8	3.5
Q4:2020-21						14.2	9.3	76.5	5.0

'More than adequate' in Assessment of Production Capacity is optimistic.

**Table 7: Assessment and Expectations for Exports**  
(Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q3:2019-20	775	18.3	19.2	62.5	-0.9	24.3	17.0	58.7	7.3
Q4:2019-20	860	20.1	14.3	65.5	5.8	22.4	13.8	63.9	8.6
Q1:2020-21	802	8.7	50.4	40.9	-41.7	22.5	11.5	66.0	11.0
Q2:2020-21	959	25.3	25.9	48.8	-0.6	23.1	26.9	50.0	-3.8
Q3:2020-21	1,011	22.5	17.9	59.5	4.6	25.1	17.6	57.3	7.5
Q4:2020-21						25.1	12.1	62.7	13.0

'Increase' in exports is optimistic.

**Table 8: Assessment and Expectations for Imports**  
(Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q3:2019-20	775	13.2	12.3	74.5	0.9	18.1	11.7	70.2	6.4
Q4:2019-20	860	16.0	11.3	72.7	4.7	15.7	10.2	74.1	5.4
Q1:2020-21	802	7.6	40.5	51.8	-32.9	16.9	10.3	72.8	6.6
Q2:2020-21	959	18.4	21.2	60.5	-2.8	19.9	21.0	59.1	-1.0
Q3:2020-21	1,011	19.6	13.3	67.2	6.3	17.3	12.4	70.4	4.9
Q4:2020-21						17.7	9.1	73.2	8.5

'Increase' in imports is optimistic.

**Table 9: Assessment and Expectations for level of Raw Materials Inventory** (Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Above average	Below average	Average	Net response	Above average	Below average	Average	Net response
Q3:2019-20	775	13.9	7.7	78.4	-6.2	13.2	6.6	80.3	-6.6
Q4:2019-20	860	12.9	7.8	79.3	-5.1	10.6	7.0	82.4	-3.6
Q1:2020-21	802	21.3	13.5	65.2	-7.8	9.8	6.9	83.3	-2.9
Q2:2020-21	959	16.7	10.9	72.3	-5.8	15.5	9.7	74.8	-5.9
Q3:2020-21	1,011	13.1	7.7	79.3	-5.4	11.5	7.4	81.1	-4.2
Q4:2020-21						12.0	5.3	82.8	-6.7

'Below average' Inventory of raw materials is optimistic.

**Table 10: Assessment and Expectations for level of Finished Goods Inventory** (Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Above average	Below average	Average	Net response	Above average	Below average	Average	Net response
Q3:2019-20	775	18.3	7.3	74.4	-11.0	15.7	5.0	79.3	-10.7
Q4:2019-20	860	13.3	6.7	80.0	-6.5	12.9	6.2	80.9	-6.7
Q1:2020-21	802	27.0	14.3	58.7	-12.6	10.4	6.2	83.4	-4.3
Q2:2020-21	959	18.9	10.2	70.9	-8.7	17.2	9.5	73.3	-7.6
Q3:2020-21	1,011	12.8	8.1	79.1	-4.6	12.4	7.2	80.4	-5.3
Q4:2020-21						11.5	5.1	83.4	-6.3

'Below average' Inventory of finished goods is optimistic.

**Table 11: Assessment and Expectations for Employment** (Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q3:2019-20	775	12.2	13.8	74.0	-1.6	12.1	11.4	76.5	0.7
Q4:2019-20	860	13.4	11.3	75.3	2.0	12.5	10.7	76.8	1.8
Q1:2020-21	802	3.9	32.5	63.7	-28.6	14.3	9.0	76.7	5.2
Q2:2020-21	959	11.8	21.0	67.2	-9.2	11.0	18.7	70.3	-7.7
Q3:2020-21	1,011	15.5	11.6	73.0	3.9	14.5	12.1	73.3	2.4
Q4:2020-21						14.6	7.3	78.1	7.2

'Increase' in employment is optimistic.

**Table 12: Assessment and Expectations for Overall Financial Situation** (Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Better	Worsen	No change	Net response	Better	Worsen	No change	Net response
Q3:2019-20	775	24.6	19.3	56.1	5.3	30.6	14.8	54.7	15.8
Q4:2019-20	860	26.5	13.6	59.9	12.8	31.2	11.7	57.1	19.5
Q1:2020-21	802	8.7	57.6	33.6	-48.9	33.1	8.8	58.0	24.3
Q2:2020-21	959	31.8	23.9	44.3	7.8	34.6	23.2	42.2	11.4
Q3:2020-21	1,011	40.4	12.9	46.7	27.5	36.7	11.4	51.9	25.3
Q4:2020-21						39.2	6.2	54.6	33.0

'Better' overall financial situation is optimistic.

**Table 13: Assessment and Expectations for Working Capital Finance Requirement** (Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q3:2019-20	775	27.4	8.7	63.9	<b>18.7</b>	29.3	5.5	65.3	<b>23.8</b>
Q4:2019-20	860	28.3	6.4	65.4	<b>21.9</b>	27.3	5.7	66.9	<b>21.6</b>
Q1:2020-21	802	36.9	18.8	44.4	<b>18.1</b>	28.8	5.7	65.5	<b>23.1</b>
Q2:2020-21	959	33.3	11.4	55.3	<b>21.9</b>	37.2	11.5	51.3	<b>25.7</b>
Q3:2020-21	1,011	30.7	7.1	62.2	<b>23.7</b>	31.3	6.9	61.8	<b>24.4</b>
Q4:2020-21						28.5	3.7	67.8	<b>24.8</b>

'Increase' in working capital finance is optimistic.

**Table 14: Assessment and Expectations for Availability of Finance (from Internal Accruals)**

(Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Improve	Worsen	No change	Net response	Improve	Worsen	No change	Net response
Q3:2019-20	775	19.0	12.4	68.6	<b>6.6</b>	21.4	8.1	70.5	<b>13.2</b>
Q4:2019-20	860	23.1	9.5	67.4	<b>13.7</b>	22.1	8.8	69.1	<b>13.4</b>
Q1:2020-21	802	7.2	38.0	54.8	<b>-30.8</b>	23.1	6.0	70.9	<b>17.0</b>
Q2:2020-21	959	22.2	18.4	59.5	<b>3.8</b>	22.5	16.1	61.3	<b>6.4</b>
Q3:2020-21	1,011	27.2	9.7	63.1	<b>17.4</b>	24.8	9.7	65.5	<b>15.1</b>
Q4:2020-21						28.3	5.6	66.1	<b>22.8</b>

'Improvement' in availability of finance is optimistic.

**Table 15: Assessment and Expectations for Availability of Finance (from banks and other sources)**

(Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Improve	Worsen	No change	Net response	Improve	Worsen	No change	Net response
Q3:2019-20	775	14.6	7.4	78.1	<b>7.2</b>	18.7	6.0	75.3	<b>12.7</b>
Q4:2019-20	860	16.9	6.1	76.9	<b>10.8</b>	17.7	5.9	76.4	<b>11.7</b>
Q1:2020-21	802	12.9	15.8	71.3	<b>-3.0</b>	18.1	6.4	75.4	<b>11.7</b>
Q2:2020-21	959	20.3	8.3	71.4	<b>12.0</b>	20.4	9.8	69.8	<b>10.6</b>
Q3:2020-21	1,011	21.0	6.1	72.8	<b>14.9</b>	19.4	5.8	74.8	<b>13.6</b>
Q4:2020-21						19.6	4.3	76.1	<b>15.3</b>

'Improvement' in availability of finance is optimistic.

**Table 16: Assessment and Expectations for Availability of Finance (from overseas, if applicable)**

(Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Improve	Worsen	No change	Net response	Improve	Worsen	No change	Net response
Q3:2019-20	775	7.5	5.0	87.6	<b>2.5</b>	9.2	4.1	86.7	<b>5.1</b>
Q4:2019-20	860	7.2	4.4	88.4	<b>2.8</b>	7.3	4.3	88.4	<b>3.0</b>
Q1:2020-21	802	3.2	13.5	83.3	<b>-10.3</b>	7.9	4.0	88.1	<b>4.0</b>
Q2:2020-21	959	6.8	7.4	85.7	<b>-0.6</b>	7.9	9.9	82.2	<b>-2.0</b>
Q3:2020-21	1,011	5.8	5.0	89.2	<b>0.8</b>	7.2	6.6	86.1	<b>0.6</b>
Q4:2020-21						7.2	3.4	89.3	<b>3.8</b>

'Improvement' in availability of finance is optimistic.

**Table 17: Assessment and Expectations for Cost of Finance**

(Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q3:2019-20	775	16.9	8.2	74.9	-8.7	18.5	8.4	73.1	-10.0
Q4:2019-20	860	15.0	8.4	76.6	-6.6	15.0	7.1	77.9	-7.9
Q1:2020-21	802	16.3	15.9	67.8	-0.4	12.7	6.6	80.6	-6.1
Q2:2020-21	959	17.5	14.7	67.7	-2.8	17.6	10.9	71.5	-6.7
Q3:2020-21	1,011	13.3	13.5	73.2	0.2	15.5	8.8	75.7	-6.7
Q4:2020-21						13.3	8.3	78.4	-5.0

'Decrease' in cost of finance is optimistic.

**Table 18: Assessment and Expectations for Cost of Raw Materials**

(Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q3:2019-20	775	37.2	11.1	51.7	-26.1	37.0	6.2	56.8	-30.8
Q4:2019-20	860	41.1	7.1	51.8	-34.1	35.6	5.6	58.8	-30.0
Q1:2020-21	802	39.9	10.7	49.4	-29.3	38.9	5.3	55.7	-33.6
Q2:2020-21	959	46.1	8.2	45.7	-38.0	37.8	5.7	56.5	-32.0
Q3:2020-21	1,011	55.5	3.9	40.6	-51.6	36.7	4.6	58.7	-32.1
Q4:2020-21						45.2	2.6	52.2	-42.7

'Decrease' in cost of raw materials is optimistic.

**Table 19: Assessment and Expectations for Salary/Other Remuneration**

(Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q3:2019-20	775	30.6	3.6	65.8	-27.0	25.0	1.8	73.2	-23.2
Q4:2019-20	860	27.1	2.3	70.6	-24.8	25.1	3.0	71.9	-22.1
Q1:2020-21	802	12.4	22.0	65.5	9.6	35.8	2.7	61.5	-33.1
Q2:2020-21	959	15.7	12.9	71.4	-2.8	16.5	12.5	70.9	-4.0
Q3:2020-21	1,011	20.8	6.8	72.3	-14.0	15.8	6.8	77.4	-9.0
Q4:2020-21						19.9	3.9	76.2	-16.0

'Decrease' in Salary / other remuneration is optimistic.

**Table 20: Assessment and Expectations for Selling Price**

(Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q3:2019-20	775	12.0	21.6	66.4	-9.6	18.6	14.0	67.3	4.6
Q4:2019-20	860	16.4	13.9	69.7	2.5	15.2	13.0	71.9	2.2
Q1:2020-21	802	9.5	26.6	64.0	-17.1	18.0	9.7	72.3	8.3
Q2:2020-21	959	13.9	19.7	66.4	-5.8	12.9	18.9	68.1	-6.0
Q3:2020-21	1,011	21.9	12.5	65.6	9.4	12.8	13.0	74.3	-0.2
Q4:2020-21						19.6	8.9	71.5	10.7

'Increase' in selling price is optimistic.



**Table 21: Assessment and Expectations for Profit Margin**

(Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q3:2019-20	775	12.3	34.4	53.3	<b>-22.1</b>	17.6	26.1	56.3	<b>-8.5</b>
Q4:2019-20	860	15.8	27.4	56.8	<b>-11.6</b>	16.3	26.4	57.3	<b>-10.2</b>
Q1:2020-21	802	5.0	61.8	33.2	<b>-56.8</b>	17.5	20.4	62.1	<b>-2.9</b>
Q2:2020-21	959	15.3	41.8	43.0	<b>-26.5</b>	13.7	40.5	45.8	<b>-26.8</b>
Q3:2020-21	1,011	17.4	29.1	53.5	<b>-11.8</b>	14.7	26.7	58.6	<b>-12.0</b>
Q4:2020-21						17.8	20.1	62.1	<b>-2.4</b>

'Increase' in profit margin is optimistic.

**Table 22: Assessment and Expectations for Overall Business Situation**

(Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Better	Worsen	No change	Net response	Better	Worsen	No change	Net response
Q3:2019-20	775	26.4	22.9	50.8	<b>3.5</b>	37.3	15.6	47.1	<b>21.7</b>
Q4:2019-20	860	31.6	15.8	52.6	<b>15.7</b>	35.8	13.2	50.9	<b>22.6</b>
Q1:2020-21	802	8.3	68.5	23.2	<b>-60.2</b>	38.6	10.4	50.9	<b>28.2</b>
Q2:2020-21	959	39.6	27.9	32.5	<b>11.8</b>	41.0	25.3	33.6	<b>15.7</b>
Q3:2020-21	1,011	46.7	13.8	39.6	<b>32.9</b>	45.7	12.8	41.6	<b>32.9</b>
Q4:2020-21						48.2	7.6	44.2	<b>40.7</b>

'Better' Overall Business Situation is optimistic.

**Table 23: Business Sentiments**

Quarter	Business Assessment Index (BAI)	Business Expectations Index (BEI)
Q3:2019-20	93.0	102.2
Q4:2019-20	102.2	105.0
Q1:2020-21	55.3	108.8
Q2:2020-21	96.2	99.5
Q3:2020-21	108.6	111.4
Q4:2020-21		114.1