

## Quarterly Industrial Outlook Survey: October- December 2009 (48th Round) \*

*This article presents the survey findings of Industrial Outlook Survey conducted for October-December 2009 quarter, the 48th round in the series. It gives the assessment of business situation of companies in manufacturing sector, for the quarter October- December 2009, and their expectations for the ensuing quarter January-March 2010. The survey findings indicate that India's manufacturing sector continued to strengthen, with business conditions improving at a robust pace. Further gains in output and new orders led companies in the sector to expand their input purchases and replenish their raw material stocks. The Business Expectation Index- a measure that gives a single snapshot of the industrial outlook in each quarter- registered further increase from 107.2 to 112.8 which indicates further strong improvement in the health of the manufacturing sector.*

### Highlights

The survey conducted in October-December 2009 signals continued improvement in the sentiments of the manufacturing sector which indicates that Indian manufacturing sector continued to recover further after a turnaround in April-June 2009, pointing towards a robust growth in the overall performance of the manufacturing sector.

- The **demand conditions** show signs of further pick up in the survey quarter

\* Prepared in the Survey Division of Department of Statistics and Information Management. The previous article on the subject based on 47th Round (July-September 2009) was published in January 2010 Bulletin.

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signalling towards sustained economic expansion. This is reflected from the improved growth in production, order books and export and import orders compared to previous quarter. This is also in line with the decrease in pending orders over previous quarters and the upward turn of capacity utilisation in current quarter. Moreover, a large proportion of respondents expected an average level in the inventory (both raw material and finished goods) for the current and ensuing quarters.

- The **financial conditions** show a further convalescence as more respondents assessed 'betterment' of overall financial situation during the quarters under review. The working capital finance requirement has grown further during the last quarter of 2009-10, which suggests that demand for short term funds from the private sector may rise in the coming months. The availability of finance is expected to improve further. In a turnaround, the pressure on profit margins is expected to be relieved in the coming months; but with the return of pricing power, inflationary pressure may increase. As a sign of gradual return of the pricing power, the selling prices are expected to increase for the second successive quarter, *albeit* at a lower rate as compared to the previous quarter. According to the survey findings, the outlook for employment is also improving and firms are expected to increase their workforce on the back of expected increase in demand.
- The recovery of economic growth appears to be more robust in view of the

continuing consolidation of business confidence. The business expectations indices based on assessment for October- December 2009 and on expectations for next quarter were both in growth terrain and reached to 112.8 and 120.6 from 107.2 and 116.4 respectively.

- The **industry-wise** break-up shows that while all the industry groups have positive overall business sentiments in the present quarter, specifically few industry groups, *viz.*, Transport Equipment, Rubber & Plastic products, Electrical machinery, Basic Metals and Metal Products transport, Food products, and Pharmaceuticals and Fertilisers are more optimistic than the others. Food companies see high pricing power and high profits whereas Cement industry shows low order book and capacity utilisation, and the pressure on the profits and prices.
- **Size wise analysis** shows that the improvement is seen across all size groups, but the bigger companies with annual production of Rs. 1000 crore or more are most optimistic and they expect high order book, building up inventory and return of pricing power. The smaller companies (annual production less than Rs 100 crore) though have improved; their growth is at a lower rate as compared to bigger companies.

### 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 survey covers selected non-financial private and public limited companies with a sufficient size/industry representation. 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 and employment expectations, profit margins, etc. The survey provides useful forward looking inputs for policymakers, analysts and business alike.

## II. Data Coverage and Methodology<sup>1</sup>

### II.1. Sample Size

The sample covers about 3000 non-financial public and private limited companies, mostly with paid up capital above Rs. 50 lakh, in the manufacturing sector. The fieldwork for the survey was carried out by outsourcing it during the two-month period ending November 2009. The panel of respondents is kept uniform to the extent possible except for periodic updation in the case of addition of new companies or deletion of closed/merged companies. The sample is chosen so as to get a good representation of size and industry.

<sup>1</sup> The methodology used for the analysis has been provided in the article *Quarterly Industrial Outlook Surveys: Trends since 2001* in October 2009 Bulletin.

### II.2. Response to the Survey

The survey elicited response from 1272 companies (44 per cent of the sample) within the stipulated time. Companies with incomplete or improperly filled-in schedules were excluded for the analysis. The study is based on responses of 1256 companies which were included in the analysis.

### II.3. The Survey Schedule

The survey schedule predominantly consists of qualitative questions and the target respondents are senior management personnel or finance heads of the companies. The schedule canvassed on quarterly basis runs into two pages containing five blocks (Annex).

## III. Survey Findings

The survey results are being published in a concise form in the Reserve Bank's quarterly publication 'Macroeconomic and Monetary Developments' since 2005 and Monetary Policy statements. The survey findings of the 48th round conducted for **October- December 2009** quarter are presented in this article.

### III.1. Demand conditions

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 questions on production seek the company's assessment for October-December 2009 and expectations for

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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 (3-4)	Increase	Decrease	No change	Net response (7-8)
1	2	3	4	5	6	7	8	9	10
Jul-Sep 08	1032	42.5	17.3	40.2	25.2	53.4	9.9	36.6	43.5
Oct-Dec 08	1178	36.0	24.9	39.1	11.1	48.8	9.0	42.1	39.8
Jan-Mar 09	1225	27.1	35.1	37.7	-8.0	41.8	15.8	42.3	26.0
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 2010						48.8	8.8	42.3	40.0

January- March 2010 of Production (for all products), whether it will increase, decrease, or there will be no change. On the output front, the net responses on the **assessment** and **expectations**, for the quarter under study, went up to 28.9 and 40.0 per cent respectively from 22.6 and 35.0 per cent levels observed in the previous survey round. This shows a remarkable improvement in the demand condition.

### III. 1. 2. Order Books

The demand position of the manufacturing companies, as directly

measured by order books, has marked improvement over the previous quarter; the net response going up from 20.5 per cent to 25.9 per cent. A similar sentiment was reflected in the expectation for the next quarter also.

### III. 1. 3. Pending orders

The question was asked to the manufacturing companies to seek information whether pending orders for current and next quarter will be above normal, normal or below normal. It is seen

Chart 1: Production (in quantity)

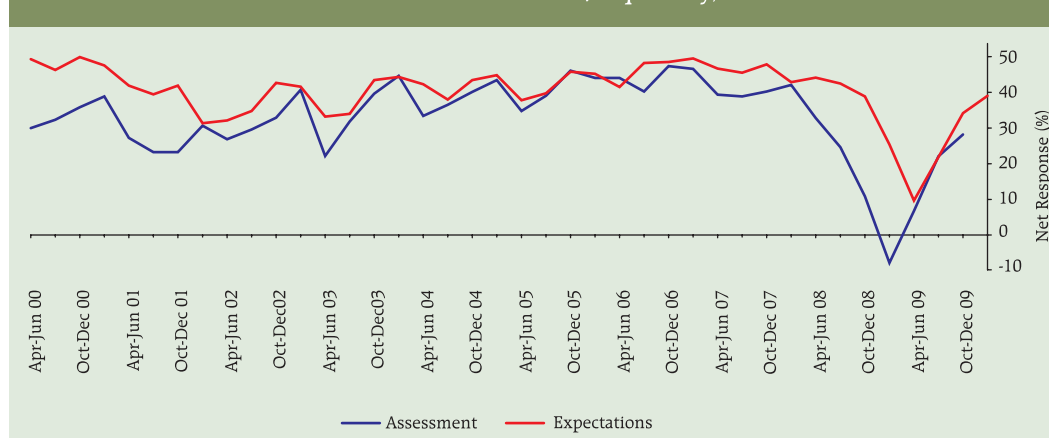


Table 2: Assessment &amp; Expectations for Order books

(Percentage responses)									
Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response (3-4)	Increase	Decrease	No change	Net response (7-8)
1	2	3	4	5	6	7	8	9	10
Jul-Sep 08	1032	40.8	16.4	42.8	24.4	47.5	9.0	43.5	38.5
Oct-Dec 08	1178	32.6	25.1	42.2	7.5	44.8	9.1	46.1	35.7
Jan-Mar 09	1225	22.9	39.7	37.4	-16.8	37.3	16.7	46.1	20.6
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 2010						44.8	9.1	46.1	35.8

that the assessment level for maintaining pending order 'below normal' for both **assessment** and **expectations** has decreased over preceding quarters as more companies shifted from below normal to normal level of pending order.

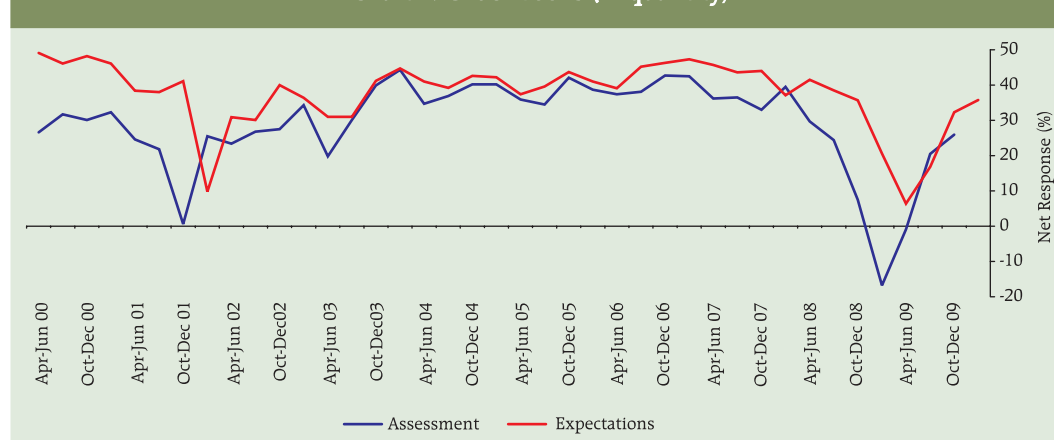
### III. 1. 4. Capacity Utilisation

Another important economic variable indicative of demand in the economy is the utilisation of installed capacity. The survey has three questions on capacity utilisation. It collects views of manufacturing

companies about Capacity Utilisation of main product (increase/ decrease/ no change), 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 next six months (more than adequate/ less than adequate/ adequate).

More companies reported an increase in capacity utilisation compared to previous quarter, indicating further improvement in Capacity Utilisation, and this level of

Chart 2: Order Books (in quantity)



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Table 3: Assessment & Expectations for Pending Orders

(Percentage responses)									
Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Above Normal	Below Normal	Normal	Net response (3-4)	Above Normal	Below Normal	Normal	Net response (7-8)
1	2	3	4	5	6	7	8	9	10
Jul-Sep 08	1032	16.7	7.4	76.0	9.3	10.6	8.4	80.9	2.2
Oct-Dec 08	1178	19.2	5.6	75.2	13.6	11.3	6.7	82.0	4.6
Jan-Mar 09	1225	36.3	4.3	59.4	32.0	16.9	5.4	77.8	11.5
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						12.2	6.5	81.3	5.7

capacity utilisation is above normal seen in the context of capacity level attained in the last four quarters. The expectation for the next quarter echoed the similar sentiment with higher degree. Assessment of Production capacity with regard to expected demand in next six months shows that there will be adequate capacity as proportion of companies that expressed about adequate production capacity in meeting the demand for the next 6 months has remained same.

III.1.5. Inventory of Raw materials & finished goods (in quantity terms)

Survey questionnaire includes two questions about inventory level of the companies during current and ensuing quarter. Manufacturers are solicited to opine on the extent of raw material and finished goods inventory (both in quantity terms) in the form of 3-point scale, above average, average or below average level, where below average inventory was considered an optimistic response as it

Chart 3: Pending order

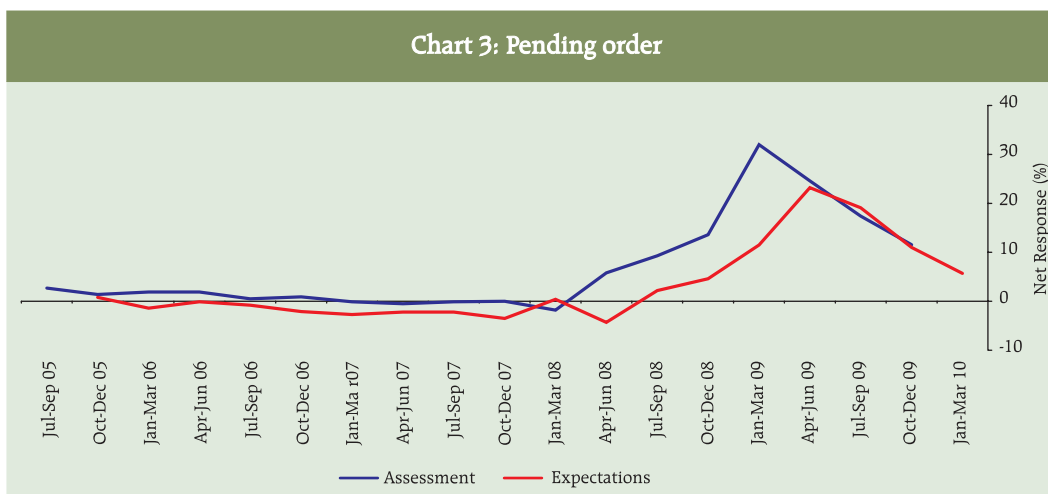


Table 4: Per cent responses under Expectations for Capacity Utilisation

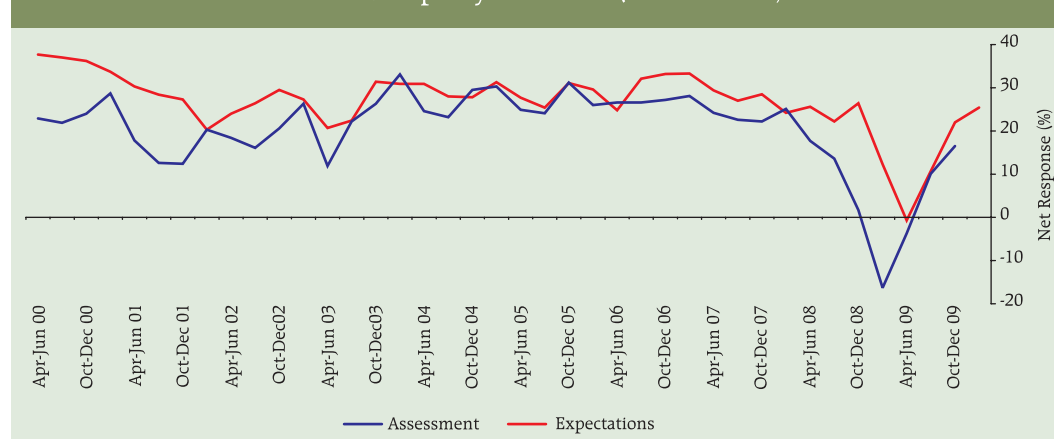
(Percentage responses)					
Parameter	Options	Assessment for quarter		Expectations for quarter	
		July-Sep 2009	Oct-Dec 2009	Oct-Dec 2009	Jan-March 2010
1	2	3	4	5	6
Capacity Utilisation (main product)	Increase	28.3	31.3	32.9	34.3
	No Change	53.5	53.9	56.2	56.9
	Decrease	18.2	14.8	10.9	8.9
	Net Response	10.1	16.5	22.0	25.4
Level of Capacity Utilisation (compared to the average in last 4 quarters)	Above normal	10.2	12.3	10.1	12.6
	Normal	68.4	71.5	76.0	76.1
	Below Normal	21.4	16.2	13.9	11.3
	Net Response	-11.2	-3.9	-3.8	1.3
Assessment of Production Capacity (with regard to expected demand in next 6 months)	More than adequate	13.4	12.9	13.4	11.9
	Adequate	79.0	79.6	79.7	81.2
	Less than adequate	7.6	7.5	6.9	6.9
	Net Response	5.8	5.3	6.5	5.0

reflected better inventory management. The average level is computed as average of the levels at the end of four quarters during the corresponding preceding year.

Majority of the respondents (81-85 per cent) reported no change in the level of **Inventory of raw materials** and **Inventory**

**of finished goods** for the current quarter as well as ensuing quarter. The responses on level of Inventory (raw material and finished goods) in the current quarter shifted marginally from 'below average' to 'average' as compared to the previous quarter.

Chart 4: Capacity Utilisation (Main Product)



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Table 5: Assessment &amp; Expectations for Cost of raw material for Inventory

(Percentage responses)					
Parameter	Options	Assessment for quarter		Expectations for quarter	
		July-Sep 2009	Oct-Dec 2009	Oct-Dec 2009	Jan-Mar 2010
1	2	3	4	5	6
Inventory of raw material	Below average	8.8	6.7	6.9	5.9
	Average	80.3	82.4	85.0	84.7
	Above average	10.9	10.9	8.1	9.4
	Net Response	-2.1	-4.2	-1.2	-3.6
Inventory of Finished goods	Below average	8.6	7.4	5.5	6.3
	Average	78.5	81.0	85.3	85.4
	Above average	12.9	11.6	9.2	8.2
	Net Response	-4.3	-4.3	-3.7	-1.9

Below average is optimistic

### III.1.6. Exports and Imports

The external demand of manufacturing companies is gauged by the survey through their assessment and expectation of Exports and Imports. The companies report their perceptions in the form; increase, no change and decrease in Exports and Imports.

The survey results show that the **assessment** and **expectations** about **Export** growth shows a speedy recovery in the respective quarters. The net responses for the current quarter has improved sharply

as compared to previous quarter turning from negative to positive (-2.9 per cent to 9.2 per cent). A similar trend is echoed for the ensuing quarter where in the net response showed an increased to 20.2 per cent as compared to 12.5 per cent reported in July-September 2009 quarter.

The net response on **assessment** and **expectation** for **Import** is also in the growth terrain. The sentiments have increased further from the preceding rounds for both the quarters under review

Table 6: Assessment &amp; 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
1	2	3	4	5	6	7	8	9	10
Jul-Sep 08	1032	36.0	13.6	50.4	22.4	36.4	8.7	54.9	27.7
Oct-Dec 08	1178	27.6	20.0	52.4	7.6	36.5	9.2	54.3	27.3
Jan-Mar 09	1225	17.8	34.8	47.4	-17.0	30.6	14.6	54.8	16.0
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	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						31.2	11.0	57.8	20.2



Table 7: Assessment &amp; Expectations for Imports

(Percentage responses)									
Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response (3-4)	Increase	Decrease	No change	Net response (7-8)
1	2	3	4	5	6	7	8	9	10
Jul-Sep 08	1032	28.5	7.8	63.8	20.7	27.4	6.1	66.5	21.3
Oct-Dec 08	1178	20.2	13.5	66.3	6.7	26.7	5.3	67.9	21.4
Jan-Mar 09	1225	13.7	22.1	64.2	-8.4	19.7	10.6	69.7	9.1
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	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						23.4	6.5	70.1	16.9

(13.0 and 16.9 per cent respectively). The optimistic outlook for export and import gives an indication that the demand (external and domestic) for manufactured products is moving up in the current quarter as well as for the next quarter.

### III.2. Financial Situation

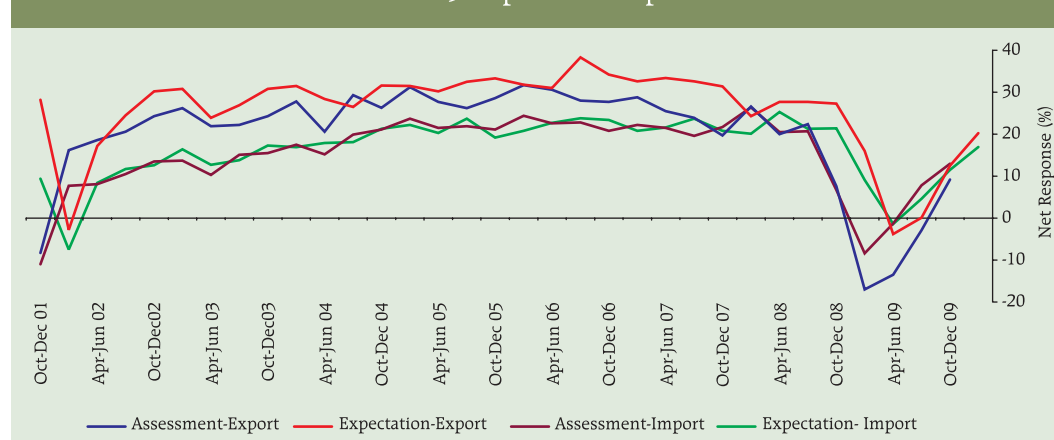
The survey assesses sentiments about financial condition through five parameters, viz., Overall Financial Situation, Working Capital Finance Requirement (excluding internal sources of

funds), Availability of Finance (both internal and external sources), Cost of External Finance and Profit Margin.

#### III.2.1. Overall Financial Situation

Indubitably corporates gauge a positive **assessment** about the **Overall Financial Situation** for the current quarter (October-December 2009), as more respondents **assessed** 'betterment' of overall financial situation during the current quarter. The net response showed further improvement (29.5 per cent from 21.8 per cent) as compared to

Chart 5: Exports and Imports



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**Table 8: 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 (3-4)	Better	Worsen	No change	Net response (7-8)
1	2	3	4	5	6	7	8	9	10
Jul-Sep 08	1032	31.0	15.7	53.3	15.3	39.9	7.2	53.0	32.7
Oct-Dec 08	1178	22.0	24.9	53.1	-2.9	37.6	9.9	52.5	27.7
Jan-Mar 09	1225	20.3	29.9	49.9	-9.6	31.6	15.2	53.2	16.4
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						44.3	5.0	50.6	39.3

preceding quarter. The **expectations** for the ensuing quarter (January-March 2010) also registered an improvement of optimism (net response of 39.3 per cent as compared to 33.5 per cent). The chart below reveals that there was a continuous sliding optimism on Overall Financial Situation since the beginning of 2008, which has rebounded from the 46 round of the survey (July - September 2009).

*III.2.2. Working Capital Finance requirement and Availability of Finance*

The **assessment** and **expectations** on the **Working capital finance requirement**

(excluding internal source of funds) for the period under review registered marginal improvement. The net response for assessment increased from 23.8 per cent to 28.8 percent and 30.4 per cent to 32.7 per cent for expectation.

Although about 63 per cent of respondents do not see any change in Availability of Finance (from both internal as well as external sources) during the quarters under study, the net optimism has been enhanced. The quarterly movements of Working Capital Finance Requirements

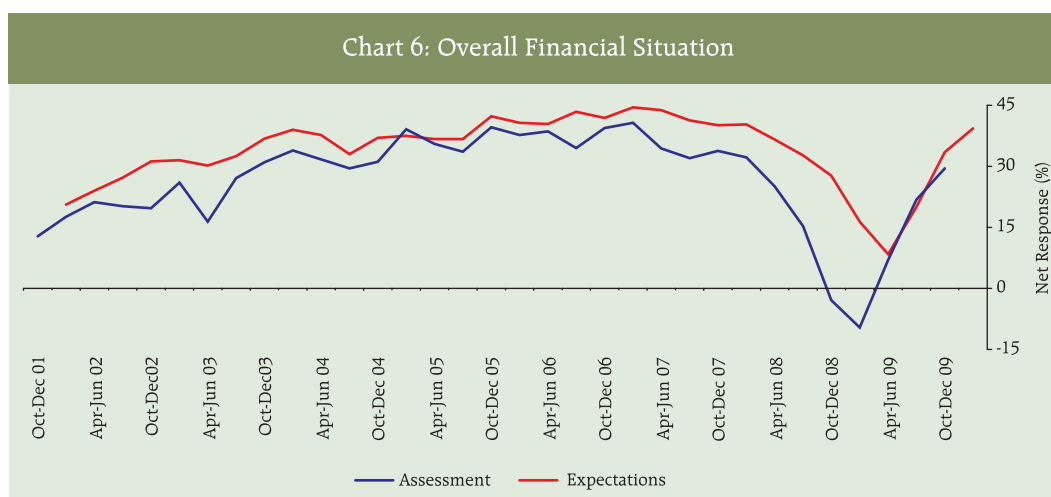


Table 9: Assessment &amp; Expectations for Working capital finance requirement

(Percentage responses)									
Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response (3-4)	Increase	Decrease	No change	Net response (7-8)
1	2	3	4	5	6	7	8	9	10
Jul-Sep 08	1032	41.4	6.5	52.0	34.9	38.1	4.5	57.3	33.6
Oct-Dec 08	1178	41.1	6.8	52.1	34.3	38.1	4.3	57.7	33.8
Jan-Mar 09	1225	36.0	11.9	52.1	24.1	37.9	5.0	57.1	32.9
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						36.8	4.0	59.2	32.7

(WCFR) and Availability of Finance (both internal and external sources), presented in the chart 7 below, shows that for ensuing quarter, the manufacturers' expect their WCFR and availability of finance to improve marginally.

### III.2.3 Cost of External Finance

The cost of external finance was included in the survey schedule from the current survey (Round 48) onwards. The respondents are asked to express their opinion on a three point scale viz; Increase/ Decrease/ No change about their perceptions of cost of funds. About two-

third of the respondents opined 'no change' in cost of external finance for both the quarters under review.

### III.2.4 Profit margin

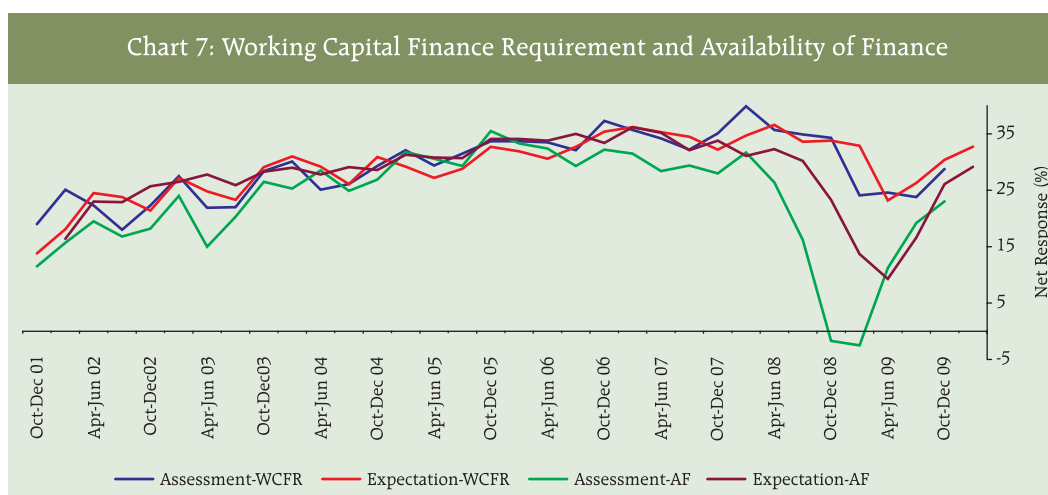
Survey asks manufacturing companies whether in their opinion profit margin (gross profits as percentage at net sales) is expected to increase, decrease or remain same. The sentiments on **Profit margin** for the current quarter of the survey though improving, are still in the contraction terrain. However, the extent of pessimism has declined compared to preceding quarter. The sentiments on expectation for the

Table 10: Assessment &amp; 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 (3-4)	Improve	Worsen	No change	Net response (7-8)
1	2	3	4	5	6	7	8	9	10
Jul-Sep 08	1032	27.7	11.5	60.8	16.2	36.1	5.9	57.9	30.2
Oct-Dec 08	1178	21.4	23.1	55.5	-1.7	32.1	8.8	59.0	23.3
Jan-Mar 09	1225	19.2	21.7	59.1	-2.5	28.7	15.0	56.3	13.7
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						33.7	4.5	61.8	29.2

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ensuing quarter has moved from negative to positive (-2.8 per cent to 1.1 per cent).

### III.3. Price and Employment Expectation

Prices related three questions were canvassed in the survey. The questions sought increase, decrease or no change in the Cost of Raw Material and those of Selling Prices (ex-factory unit prices); and if there was an increase expected on Selling Prices and if so, about the rate of increase in the Selling Prices (at higher/lower/similar rate).

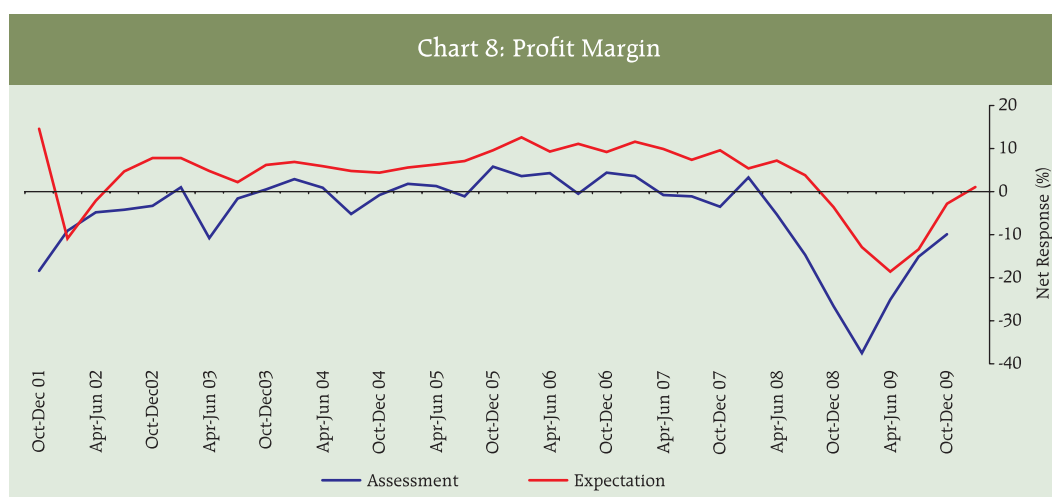
#### III.3.1. Cost of raw material

The net response on cost of raw material of the reporting companies declined further in both the quarters under review, as compared to the previous round indicating that the manufactures are more concerned about the cost of raw material. This is due to the reason that more respondents opine 'increase' in raw material prices as compared to preceding quarter. Thus the manufacturing corporates feel that their input price inflation is likely to increase. The murk

Table 11: 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 (3-4)	Increase	Decrease	No change	Net response (7-8)
1	2	3	4	5	6	7	8	9	10
Jul-Sep 08	1032	18.1	32.8	49.0	-14.7	22.0	18.2	59.8	3.8
Oct-Dec 08	1178	14.4	41.0	44.6	-26.6	20.8	24.4	54.7	-3.6
Jan-Mar 09	1225	11.3	48.8	39.8	-37.5	16.9	29.8	53.3	-12.9
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						21.1	20.1	58.8	1.1



that prevailed in profit margin had reduced as compared to previous round, which in turn will have an influence in the selling price.

### III.3.2. Selling price

Survey seeks responses from manufacturing corporate about ex-factory Selling Prices. In case of multi-product companies, they are requested to take into account the average of the price changes. Optimism level for **Selling prices** ('increase in selling price') for the current quarter

though registered a minor fall, the net response has increased from 0.2 to 2.6 percent. However, corporates expected the optimism level to increase in the ensuing quarter which is mainly due to increase in proportion of 'no change in selling price' as a decline in the percentage of respondents who opined a decrease in selling price as compared to previous round is seen. While 15.9 percent corporates opined about a 'decline' in the selling prices in the current quarter, only 10.9 expected this decline to continue in

Table 12: Assessment & Expectations for Cost of raw material

(Percentage responses)

Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response (3-4)	Increase	Decrease	No change	Net response (7-8)
1	2	3	4	5	6	7	8	9	10
Jul-Sep 08	1032	1.4	80.8	17.8	-79.4	3.1	57.8	39.1	-54.7
Oct-Dec 08	1178	14.1	60.1	25.8	-46.0	3.3	64.4	32.3	-61.1
Jan-Mar 09	1225	29.1	37.2	33.7	-8.1	12.3	48.0	39.7	-35.7
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						3.6	47.9	48.5	-44.3

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Table 13: 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 (3-4)	Increase	Decrease	No change	Net response (7-8)
1	2	3	4	5	6	7	8	9	10
Jul-Sep 08	1032	41.7	8.2	50.1	33.5	29.7	8.7	61.5	21.0
Oct-Dec 08	1178	23.2	23.7	53.1	-0.5	34.3	8.1	57.6	26.2
Jan-Mar 09	1225	12.5	38.0	49.5	-25.5	21.2	17.1	61.7	4.1
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	0.0
Oct-Dec 09	1256	18.6	15.9	65.5	2.6	19.2	13.2	67.6	6.0
Jan-Mar 10						20.7	10.9	68.4	9.8

January- March 2010 as well. Among the respondents that viewed an 'increase' in selling prices, 29.1 per cent of respondents viewed the increase to be 'at lower rate'.

III.3.3. Employment

Industrial Outlook Survey seeks from the companies their perceptions on employment change at their company. Employment includes all cadres comprising full-time, part-time and casual

labour. The employment outlook of Indian manufacturing has continued its U-turn recovery in the current quarter (October-December 2009). The companies perceived to be net hirer in the current quarter compared to the last quarter (net response from 4.1 percent to 10.3 percent). Marked improvement also observed in the employment expectation for the January-March 2010. Around 74-76 per cent of companies did not expect any change in their employment position.

Chart 9: Cost of Raw Material and Selling Price

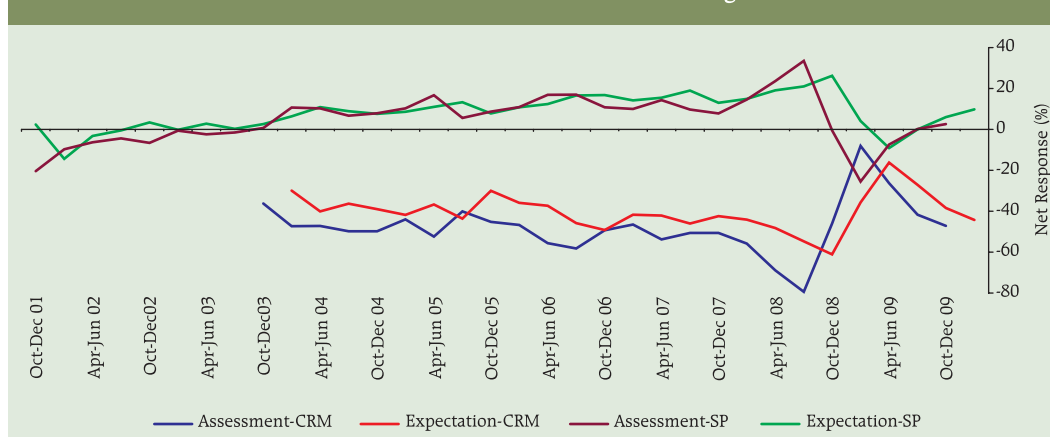


Table 14: Assessment &amp; Expectations for Employment outlook

(Percentage responses)									
Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response (3-4)	Increase	Decrease	No change	Net response (7-8)
1	2	3	4	5	6	7	8	9	10
Jul-Sep 08	1032	23.5	9.4	67.1	14.1	22.2	6.4	71.5	15.8
Oct-Dec 08	1178	18.7	9.3	72.0	9.4	23.1	6.5	70.4	16.6
Jan-Mar 09	1225	11.2	19.5	69.3	-8.3	16.0	8.3	75.7	7.7
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						18.2	6.1	75.6	12.1

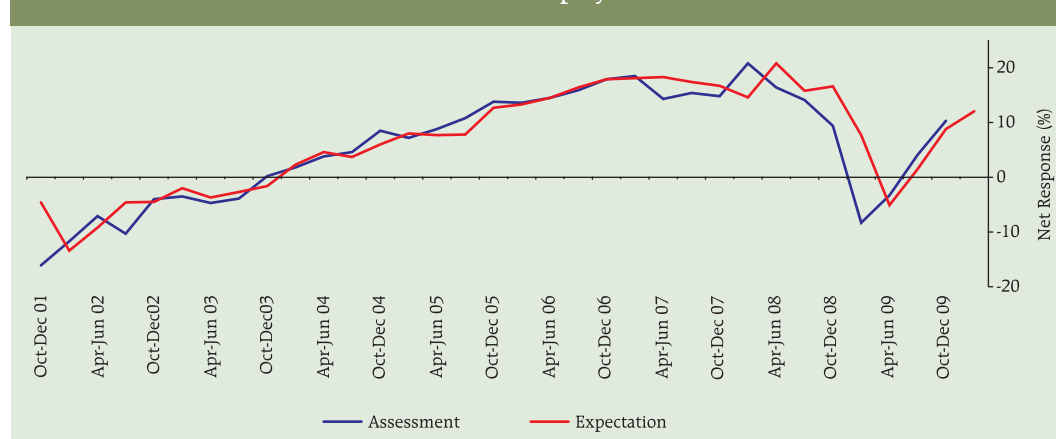
### III.4. Overall business conditions

#### III.4.1: Overall Business Situation

The Overall Business Situation is a parameter that provides the overall confidence of manufacturing companies. The companies are enquired if their overall business situation would become better/worse /remain same. The net response for **assessment** about the **Overall business situation** during the current quarter October- December 2009 shows marked improvement from 26.3 per cent to the level

of 36.0 per cent in the previous quarter. Similarly the net response for expectation has also shown a rising trend (from 39.8 per cent to 44.9 per cent). The net response assessment and expectation for the last six quarters, presented in Table: 15, shows the trend of sharp improvement in business sentiments from the previous quarters. These upward movements of assessment and expectations with respect to previous periods under comparison are statistically significant. The movement of the overall business situation is presented in chart 11.

Chart 10: Employment



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Table 15: 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 (3-4)	Better	Worsen	No change	Net response (7-8)
1	2	3	4	5	6	7	8	9	10
Jul-Sep 08	1032	39.3	16.7	44.0	22.6	49.6	7.8	42.6	41.8
Oct-Dec 08	1178	30.2	26.2	43.6	4.0	44.8	11.1	44.1	33.7
Jan-Mar 09	1225	24.1	35.2	40.7	-11.1	38.6	17.5	43.9	21.1
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						50.4	5.5	44.2	44.9

III.4.2: Business Expectation Index

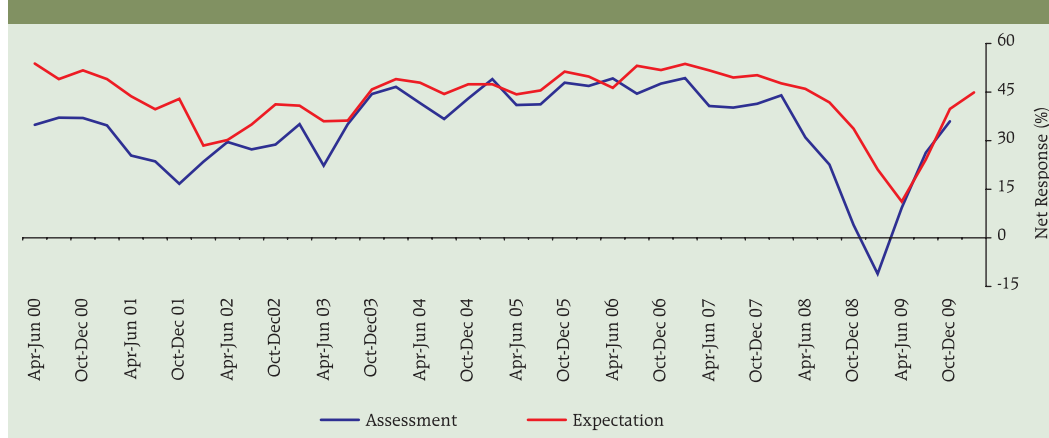
Business Expectation Index gives a single snapshot of the industrial outlook in each study quarter. This index is computed based on weighted average of responses from different industries on selected 9 out of the 20 performance parameters. These parameters are Overall Business Situation, Production, Order Books, Inventory of Raw Materials, Inventory of Finished Goods, Profit Margin, Employment, Exports, and Capacity Utilization.

The present round of the survey shows further improvement in the BEI by 5 per cent over the preceding round (**July-September 2009**). The BEI for October-December 2009 at 112.8 increased from 107.2; and for ensuing quarter, it has increased to 120.6 as compared to 116.4 seen in the previous quarter.

III.5: Industry-wise analysis<sup>2</sup>

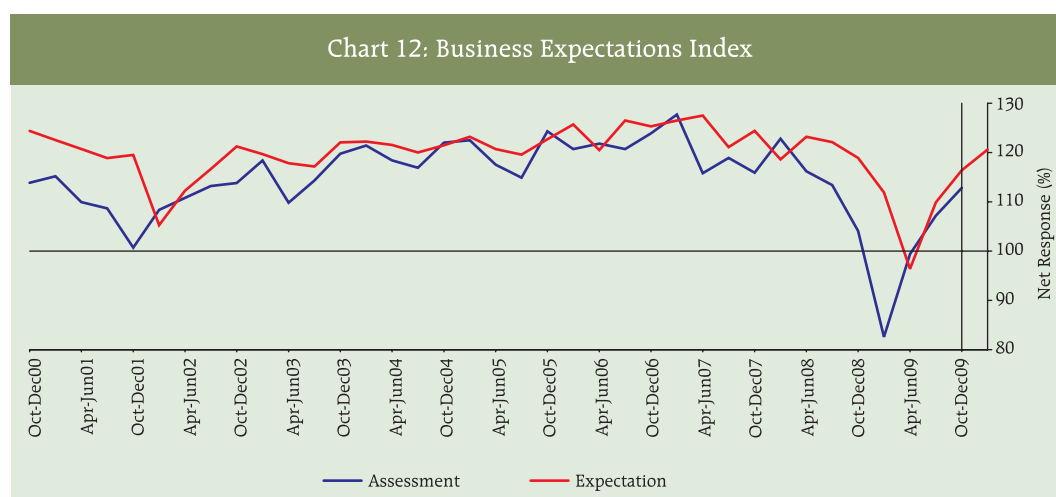
Transport Equipment (86), Rubber & Plastic products (91), Electrical machinery

Chart 11: Overall Business Situation



<sup>2</sup> (Figures in bracket represent number of companies)





(86), Basic Metals and Metal Products (150), Food Products (116), Pharmaceuticals & Medicines (70) and Basic Chemicals (107) industries are generally optimistic about their overall business situation for January-March 2010. They expect demand conditions to improve, and thus higher levels of production and capacity utilization. Their overall financial situation

is good, working capital finance requirement will go up and availability of finance is expected to be comfortable. Paper and Paper Product industry is expecting an increase in their input prices. The industries having weak, though positive, overall business sentiments are Paper and paper products (35), Cement (25) and Other Industries (98).

Table 16: Industry-wise analysis

Net Response (%) for January-March 2010						
	Industry	Production	Financial Situation	Profit margin	Employment	Overall Business Situation
1	2	3	4	5	6	7
1	Transport Equipment	56.8	61.2	-2.4	25.9	62.4
2	Rubber & Plastic products	54.7	48.9	6.8	23.3	56.8
3	Electrical machinery	57.0	44.2	3.5	21.4	52.3
4	Other Machinery & Apparatus	49.7	46.2	3.9	12.0	51.3
5	Basic Metals & Metal products	43.0	41.6	1.4	15.6	49.7
6	Food products	36.9	42.5	11.6	11.4	49.6
7	Pharmaceutical & Medicines	39.1	45.7	2.9	11.6	47.1
8	Basic Chemicals	35.0	35.2	2.9	5.6	43.4
9	Fertilisers	30.4	13.6	9.1	4.3	34.8
10	Textiles	24.9	27.4	-4.1	13.1	34.7
11	Wood & wood products	20.0	37.5	-6.3	6.3	31.3
12	Diversified companies	69.2	30.8	8.3	7.7	30.8
13	Cement	44.0	32.0	-8.0	0.0	28.0
14	Other industries	19.1	27.6	-7.3	-5.3	27.6
15	Paper & Paper products	26.5	17.1	-17.6	-5.7	20.0
	<b>All Industries</b>	<b>40.0</b>	<b>39.3</b>	<b>1.1</b>	<b>12.1</b>	<b>44.9</b>

*III.6: Size-wise analysis Annual production and Paid-up Capital (PUC)*

Bigger companies (annual production above Rs. 1000 crore) are more positive about overall business & financial situation and working capital finance requirement. The smaller companies (annual production less than Rs. 100 crore) are less optimistic about demand conditions as observed from their net responses on production, order books and capacity utilization which are at lower level than that of the larger ones. They also expect a contraction in their exports. Bigger companies are more positive about domestic and external demand. The smaller companies feel more pressure on the input price and availability of finance than their bigger counterparts. Bigger companies are expected to be net

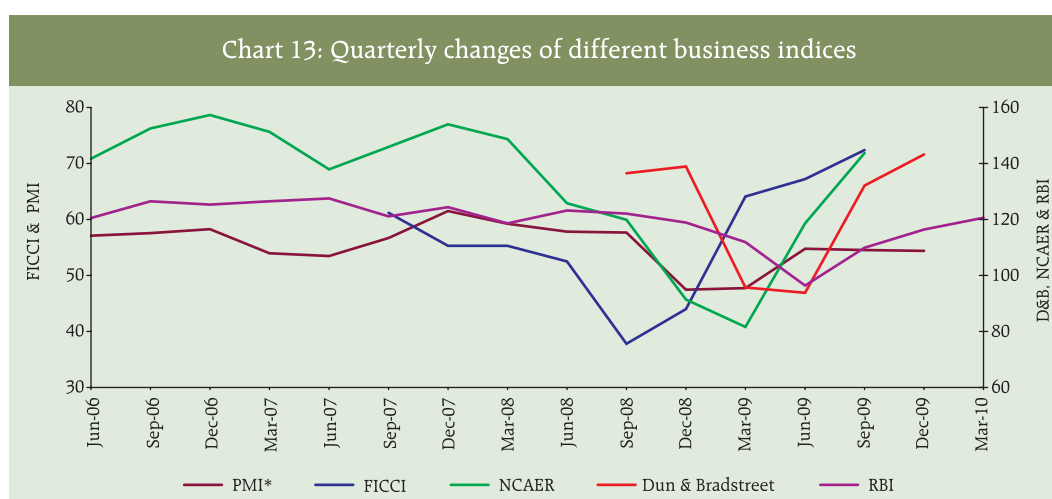
hirer; the smaller firms will continue to shed jobs. Though all firms expect a net decline in their profit margins, the small and medium firms are the worst hit. A similar trend is inferred based on the PUC size wise analysis also.

*III.7. Constraints for attaining the normal production level*

The net responses for attaining the normal production level during the quarter **October- December 2009** has remained at 52 per cent which is slightly lower compared to last survey round (56 per cent). The constraints reported are due to 'Lack of domestic demand', 'Lack of export demand', 'Shortage of Power', 'Uncertainty of economic environment', and Shortage of Working Capital Finance. The major

Table 17: Size-wise analysis: Annual production and Paid-up Capital (PUC)

	Production- wise						PUC- wise					
	Net response(%) for Jan-March 2010						Net response(%) for Jan-March 2010					
	Small firms- (Production less than Rs. 100 Crore)		Medium firms- (Production more than Rs. 100 Crore & less than 1000Cr)		Large firms- (Production Rs. 1000 Crore or more)		Small Firms- (PUC < Rs. 1 Cr)		Medium firms- (PUC > 1Cr & < 100Cr)		Large firms- (PUC ≥ Rs. 100 Cr)	
1	2	3	4	5	6	7	8	9	10	11	12	13
Characteristic	Rd	Rd	Rd	Rd	Rd	Rd	Rd	Rd	Rd	Rd	Rd	Rd
Production	28.4	32.6	38.9	45.7	47.4	47.1	23.6	26.0	35.1	41.4	55.0	43.3
Order book	28.1	29.7	35.2	40.7	41.3	42.9	26.4	19.6	32.2	38.1	46.9	28.1
Exports	3.2	15.6	18.2	23.0	27.0	27.4	-1.0	3.9	13.9	22.6	14.9	11.1
Raw material inventory	1.1	-1.8	-4.1	-4.9	-1.5	-5.6	-5.9	-10.7	-0.4	-2.6	-4.9	-5.9
Finished goods inventory	-2.6	0.9	-4.8	-3.2	-3.9	-8.9	-4.4	-0.8	-3.6	-1.7	-3.5	-6.3
Capacity utilisation	16.7	17.5	25.1	31.3	31.3	35.2	14.4	9.8	22.4	27.2	30.0	26.1
Input price	-41.9	-43.9	-35.5	-47.2	-35.2	-33.3	-39.4	-53.8	-39.0	-43.6	-27.8	-37.7
Output price	4.0	5.6	9.2	12.8	3.2	14.5	2.5	8.1	6.9	10.0	-1.6	8.7
Employment	5.3	8.1	11.7	14.9	12.1	17.1	3.3	-0.8	9.5	14.3	8.2	1.4
Overall financial situation	26.4	31.5	39.4	45.1	41.2	49.2	23.8	28.8	34.6	40.9	35.0	40.3
Working capital finance requirement	28.3	27.5	31.7	36.2	34.4	41.9	18.0	22.8	31.7	33.6	34.5	35.5



industry groups for which higher proportion of companies reported production constraints are 'Paper and paper products' (66 per cent) 'Diversified' (62 per cent) and 'Fertilizers' (61 per cent). On the other end of the spectrum, only 31 per cent of 'Wood and wood products', 34 per cent of 'Pharmaceutical' companies had reported production constraints.

Smaller companies, in terms of their annual production, paid-up capital and lower level of capacity utilisation felt production constraints more than the bigger ones.

### III.8. Business Confidence Surveys of other Agencies

Comparison of other business indices are briefly outlined below.

Business Confidence Surveys of other Agencies					
Parameter	Dun & Bradstreet	NCAER	FICCI	PMI	RBI
1	2	3	4	5	6
Coverage	Service and Manufacturing companies in both Public and Private Sector			Manufacturing companies	Manufacturing companies in Private & Public Sector
Sample size	–	545	358	<420	1256
Index	Business Optimism Index	Business Confidence Index	Overall Business Confidence Index	Purchasing Managers' Index	Business Expectations Index
Period	Oct-Dec 2009	Sep-09	Q2 2009-10	Oct-Dec 2009	Jan-Mar 2010
Index based on current survey	143.2	143.7	72.4	54.4	120.6
Index based on previous survey	132.1	118.6	67.2	54.5	116.4
Index based on one year back survey	138.9	119.9	37.8	47.5	111.9
% change q-o-q	8.4	21.2	7.7	-0.2 *	3.6
% change y-o-y	3.1	19.8	91.5	14.5	7.8

\* Change over previous month.

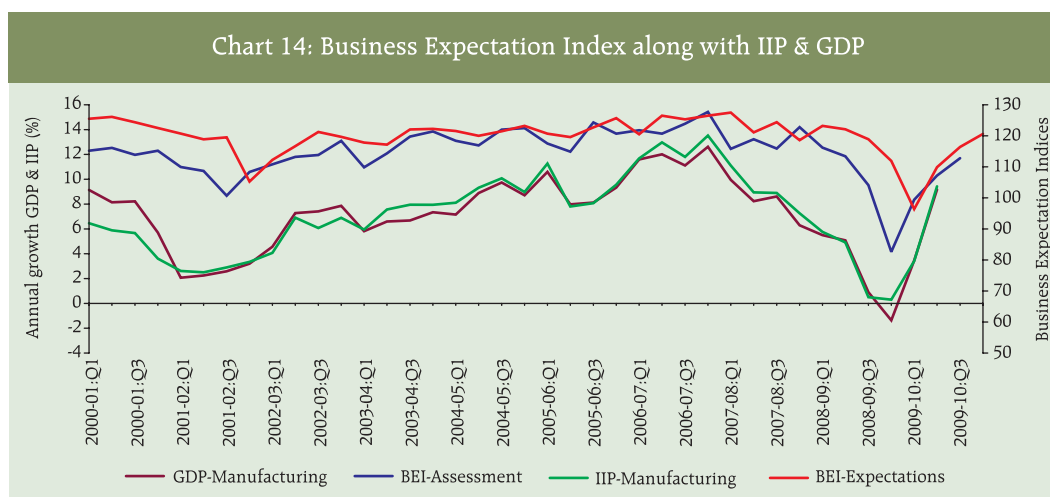
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*III.9. Survey Results and Official Statistics*

The Business Expectations Indices (BEI) based on the information gathered on critical parameters in the Industrial Outlook Survey provides the private manufacturing sector's aggregate assessment of the current quarter and outlook for the ensuing quarter. Chart 14 shows the co-movements of annual

growth rates of quarterly GDP-Manufacturing (at 1999-00 prices), IIP-Manufacturing (base: 1993-94=100) and the BEI based on assessment and expectations. Movements in BEI appear to be closely leading the official output indicators in general as well as imminent upturn in growth released subsequently.



**Statement 1: Assessment of the Industrial performance for the October-December 2009 & Expectations of the Industrial performance for the quarter January-March 2010**

(Percentage of responding companies)

Parameter	Assessment (October-December 2009)				Expectations (January-March 2010)			
	Scenario				Scenario			
	Optimistic (Positive)	Pessimistic (Negative)	No Change	Net response (Col. 2 - Col. 3)	Optimistic (Positive)	Pessimistic (Negative)	No Change	Net response (Col. 6 - Col. 7)
1	2	3	4	5	6	7	8	9
1 Overall Business Situation	46.0	10.1	43.9	36.0	50.4	5.5	44.2	44.9
2 Financial Situation	38.8	9.3	51.8	29.5	44.3	5.0	50.6	39.3
3 Working Capital Finance requirement	35.2	6.4	58.4	28.8	36.8	4.0	59.2	32.7
4 Availability of Finance	30.3	7.2	62.5	23.0	33.7	4.5	61.8	29.2
5 Cost of external finance	9.0	23.8	67.2	-14.7	6.8	25.1	68.1	-18.3
6 Production	44.0	15.2	40.8	28.9	48.8	8.8	42.3	40.0
7 Order Books	39.5	13.6	46.8	25.9	44.8	9.1	46.1	35.8
8 Pending Orders, if applicable	17.1	5.6	77.3	11.6	12.2	6.5	81.3	5.7
9 Cost of raw material	6.3	53.4	40.3	-47.1	3.6	47.9	48.5	-44.3
10 Inventory of Raw Material	6.7	10.9	82.4	-4.2	5.9	9.4	84.7	-3.6
11 Inventory of Finished goods	7.4	11.6	81.0	-4.3	6.3	8.2	85.4	-1.9
12 Capacity Utilisation (Main product)	31.3	14.8	53.9	16.5	34.3	8.9	56.9	25.4
13 Level of Capacity Utilisation (Compared to the average in preceding four quarters)	12.3	16.2	71.5	-3.9	12.6	11.3	76.1	1.3
14 Assessment of the Production Capacity (With regard to expected demand in next six months)	12.9	7.5	79.6	5.3	11.9	6.9	81.2	5.0
15 Employment in the Company	18.2	7.9	73.9	10.3	18.2	6.1	75.6	12.1
16 Exports, if applicable	27.3	18.1	54.6	9.2	31.2	11.0	57.8	20.2
17 Imports, if any	23.3	10.3	66.5	13.0	23.4	6.5	70.1	16.9
18 Selling Prices	18.6	15.9	65.5	2.6	20.7	10.9	68.4	9.8
19 If Increase Expected in Selling Prices, rate of increase	29.1	9.8	61.1	19.3	27.2	10.4	62.3	16.8
20 Profit Margin	18.1	28.0	54.0	-9.9	21.1	20.1	58.8	1.1

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Statement 2: Net Response on Assessment of Industrial Performance Over  
the Latest Six Quarterly Rounds of the Industrial Outlook Survey

(Per cent)								
Parameter	Optimistic Response	Apr-Jun 2008 (1039)	July-Sep 2008 (1032)	Oct-Dec 2008 (1178)	Jan-Mar 2009 (1225)	Apr-Jun 2009 (1242)	July-Sep 2009 (1180)	Oct-Dec 2009 (1256)
1	2	3	4	5	6	7	8	9
1 Overall business situation	Better	31.0	22.6	4.0	-11.1	9.3	26.3	36.0
2 Financial situation	Better	25.1	15.3	-2.9	-9.6	7.0	21.8	29.5
3 Working capital finance requirement	Increase	35.7	34.9	34.3	24.1	24.6	23.8	28.8
4 Availability of finance	Improve	26.4	16.2	-1.7	-2.5	11.2	19.2	23.0
5 Cost of external finance *	Decrease							-14.7
6 Production	Increase	33.6	25.2	11.1	-8.0	6.9	22.6	28.9
7 Order books	Increase	29.7	24.4	7.5	-16.8	-0.9	20.5	25.9
8 Pending Orders, if applicable	Below normal	5.8	9.3	13.6	32.0	24.6	17.4	11.6
9 Cost of raw material	Decrease	-68.9	-79.4	-46.0	-8.1	-26.3	-41.7	-47.1
10 Inventory of raw material	Below average	-4.3	-7.0	-4.8	-1.8	-2.4	-2.1	-4.2
11 Inventory of finished goods	Below average	-3.9	-4.0	-8.4	-13.1	-4.2	-4.3	-4.3
12 Capacity utilization (Main product)	Increase	17.7	13.6	1.7	-16.3	-3.7	10.1	16.5
13 Level of capacity utilization (Compared to the average in preceding four quarters)	Above normal	-1.5	-4.1	-12.0	-29.3	-19.2	-11.2	-3.9
14 Assessment of the production capacity (With regard to expected demand in next six months)	More than adequate	4.0	5.0	12.1	8.3	4.6	5.8	5.3
15 Employment in the company	Increase	16.4	14.1	9.4	-8.3	-3.3	4.1	10.3
16 Exports, if applicable	Increase	20.0	22.4	7.6	-17.0	-13.5	-2.9	9.2
17 Imports, if any	Increase	20.5	20.7	6.7	-8.4	-1.3	7.8	13.0
18 Selling prices are expected to	Increase	23.6	33.5	-0.5	-25.5	-7.4	0.2	2.6
19 If increase expected in selling prices	Increase at lower rate	-2.4	-0.5	1.2	31.7	11.0	23.2	19.3
20 Profit margin	Increase	-5.3	-14.7	-26.6	-37.5	-25.1	-15.1	-9.9

\* : This parameter has been included in the schedule from the current survey round (Rd 48).

**Note:** Italicised figures in bracket represent number of companies covered in the report.

**Statement 3: Net Response on Expectations of Industrial Performance Over  
the Latest Seven Quarterly Rounds of the Industrial Outlook Survey**

(Per cent)								
Parameter	Optimistic Response	July-Sep 2008 (1039)	Oct-Dec 2008 (1032)	Jan-Mar 2009 (1178)	Apr-Jun 2009 (1225)	July-Sep 2009 (1242)	Oct-Dec 2009 (1180)	Jan-Mar 2010 (1256)
1	2	3	4	5	6	7	8	9
1 Overall business situation	Better	41.8	33.7	21.1	11.2	24.2	39.8	44.9
2 Financial situation	Better	32.7	27.7	16.4	8.4	20.0	33.5	39.3
3 Working capital finance requirement	Increase	33.6	33.8	32.9	23.2	26.3	30.4	32.7
4 Availability of finance	Improve	30.2	23.3	13.7	9.3	16.6	26.1	29.2
5 Cost of external finance *	Decrease							-18.3
6 Production	Increase	43.5	39.8	26.0	9.9	22.4	35.0	40.0
7 Order books	Increase	38.5	35.7	20.6	6.4	16.8	32.3	35.8
8 Pending Orders, if applicable	Below normal	2.2	4.6	11.5	23.2	19.1	11.0	5.7
9 Cost of raw material	Decrease	-54.7	-61.1	-35.7	-16.2	-27.1	-38.4	-44.3
10 Inventory of raw material	Below average	-3.8	-7.6	-3.3	1.1	-0.5	-1.2	-3.6
11 Inventory of finished goods	Below average	-1.5	-4.3	-4.4	-4.4	-1.8	-3.7	-1.9
12 Capacity utilization (Main product)	Increase	22.2	26.4	12.3	-0.7	10.7	22.0	25.4
13 Level of capacity utilization (Compared to the average in preceding four quarters)	Above normal	3.6	-0.5	-7.4	-20.8	-12.1	-3.8	1.3
14 Assessment of the production capacity (With regard to expected demand in next six months)	More than adequate	4.6	5.7	11.8	8.9	5.5	6.5	5.0
15 Employment in the company	Increase	15.8	16.6	7.7	-5.1	1.5	8.8	12.1
16 Exports, if applicable	Increase	27.7	27.3	16.0	-3.8	0.1	12.5	20.2
17 Imports, if any	Increase	21.3	21.4	9.1	-1.4	4.6	11.5	16.9
18 Selling prices are expected to	Increase	21.0	26.2	4.1	-9.1	0.0	6.0	9.8
19 If increase expected in selling prices	Increase at lower rate	3.0	0.6	0.9	25.9	-100.0	19.4	16.8
20 Profit margin	Increase	3.8	-3.6	-12.9	-18.6	-13.4	-2.8	1.1

\* : This parameter has been included in the schedule from the current survey round (Rd 48).

**Note:** Italicised figures in bracket represent number of companies covered in the report.

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**Statement 4: Comparative scenarios pertaining to Assessment for the Current Quarter and Expectations for the Expectation Quarter based on the Net Responses for all parameters from a year ago, previous and current quarter surveys (i.e. Round 44, 47 and 48 respectively)**

Parameter Optimism	Assessment Criteria	Assessment					Expectation				
		Net Response (%)			Differences in net response of current quarter of current survey over current quarter of		Net Response (%)			Differences in net response of Expectation quarter of current survey over Expectation quarter of	
		Assessment quarter of a year ago survey	Assessment quarter of previous survey	Assessment quarter of current survey	A year ago survey	Pervious quarter survey	Expectation quarter of a year ago survey	Expectation quarter of previous survey	Expectation quarter of current survey	A year ago survey	Pervious quarter survey
		Oct-Dec 08	July-Sept 09	Oct-Dec09	(5) - (3)	(5) - (4)	Jan-Mar 09	Oct-Dec 09	Jan-Mar 10	(10) - (8)	(10) - (9)
1	2	3	4	5	6	7	8	9	10	11	12
1 Overall business situation	Better	4.0	26.3	36.0	32.0	9.7	21.1	39.8	44.9	23.8	5.1
2 Financial situation	Better	-2.9	21.8	29.5	32.4	7.7	16.4	33.5	39.3	22.9	5.8
3 Working capital finance requirement	Increase	34.3	23.8	28.8	-5.5	5.0	32.9	30.4	32.7	-0.2	2.3
4 Availability of finance	Improve	-1.7	19.2	23.0	24.7	3.8	13.7	26.1	29.2	15.5	3.1
5 Cost of external finance *	Decrease	-	-	-14.7	-14.7	-14.7	-	-	-18.3	-	-
6 Production	Increase	11.1	22.6	28.9	17.8	6.3	26.0	35.0	40.0	14.0	5.0
7 Order books	Increase	7.5	20.5	25.9	18.4	5.4	20.6	32.3	35.8	15.2	3.5
8 Pending Orders, if applicable	Below normal	13.6	17.4	11.6	-2.0	-5.8	11.5	11.0	5.7	-5.8	-5.3
9 Cost of raw material	Decrease	-46.0	-41.7	-47.1	-1.1	-5.4	-35.7	-38.4	-44.3	-8.6	-5.9
10 Inventory of raw material	Below average	-4.8	-2.1	-4.2	0.6	-2.1	-3.3	-1.2	-3.6	-0.3	-2.4
11 Inventory of finished goods	Below average	-8.4	-4.3	-4.3	4.1	0.0	-4.4	-3.7	-1.9	2.5	1.8
12 Capacity utilization (Main Product)	Increase	1.7	10.1	16.5	14.8	6.4	12.3	22.0	25.4	13.1	3.4
13 Level of capacity utilization (Compared to the average in preceding four quarters)	Above normal	-12.0	-11.2	-3.9	8.1	7.3	-7.4	-3.8	1.3	8.7	5.1
14 Assessment of the production capacity (With regard to expected demand in Expectation six months)	More than adequate	12.1	5.8	5.3	-6.8	-0.5	11.8	6.5	5.0	-6.8	-1.5
15 Employment in the company	Increase	9.4	4.1	10.3	0.9	6.2	7.7	8.8	12.1	4.4	3.3
16 Exports, if applicable	Increase	7.6	-2.9	9.2	1.6	12.1	16.0	12.5	20.2	4.2	7.7
17 Imports, if any	Increase	6.7	7.8	13.0	6.3	5.2	9.1	11.5	16.9	7.8	5.4
18 Selling prices are expected to	Increase	-0.5	0.2	2.6	3.1	2.4	4.1	6.0	9.8	5.7	3.8
19 If increase expected in selling prices	Increase at lower rate	1.2	23.2	19.3	18.1	-3.9	0.9	19.4	16.8	15.9	-2.6
20 Profit margin	Increase	-26.6	-15.1	-9.9	16.7	5.2	-12.9	-2.8	1.1	14.0	3.9

\* : This parameter has been included in the schedule from the current survey round (Rd 48).



Statement 5: Business Expectations 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
1	2	3	4	5	6	7
Jan-Mar 2000	122.8	—	—	—	—	—
Apr-Jun 2000	115.2	-7.6	—	125.5	—	—
Jul-Sep 2000	116.1	0.9	—	126.1	0.6	—
Oct-Dec 2000	113.9	-2.2	—	124.4	-1.7	—
Jan-Mar 2001	115.2	1.3	-7.6	122.5	-1.8	—
Apr-Jun 2001	109.9	-5.3	-5.3	120.7	-1.8	-4.8
Jul-Sep 2001	108.7	-1.3	-7.4	118.9	-1.8	-7.2
Oct-Dec 2001	100.7	-8.0	-13.2	119.5	0.6	-4.9
Jan-Mar 2002	108.4	7.7	-6.8	105.3	-14.2	-17.3
Apr-Jun 2002	110.8	2.4	0.9	112.3	7.0	-8.5
Jul-Sep 2002	113.2	2.4	4.5	116.7	4.4	-2.2
Oct-Dec 2002	113.8	0.6	13.1	121.2	4.6	1.7
Jan-Mar 2003	118.4	4.6	10.0	119.7	-1.6	14.4
Apr-Jun 2003	109.8	-8.6	-1.0	117.8	-1.8	5.6
Jul-Sep 2003	114.3	4.5	1.1	117.2	-0.7	0.5
Oct-Dec 2003	119.8	5.4	5.9	122.1	4.9	0.8
Jan-Mar 2004	121.4	1.7	3.0	122.2	0.2	2.6
Apr-Jun 2004	118.4	-3.0	8.6	121.5	-0.7	3.7
Jul-Sep 2004	116.9	-1.5	2.6	120.0	-1.5	2.9
Oct-Dec 2004	122.0	5.1	2.2	121.5	1.5	-0.6
Jan-Mar 2005	122.5	0.5	1.1	123.2	1.7	1.0
Apr-Jun 2005	117.5	-5.0	-0.9	120.7	-2.5	-0.8
Jul-Sep 2005	114.9	-2.6	-2.0	119.6	-1.1	-0.4
Oct-Dec 2005	124.3	9.4	2.3	122.7	3.1	1.2
Jan-Mar 2006	120.7	-3.6	-1.8	125.7	3.0	2.5
Apr-Jun 2006	121.8	1.1	4.3	120.5	-5.2	-0.2
Jul-Sep 2006	120.7	-1.1	5.8	126.5	6.0	6.9
Oct-Dec 2006	123.9	3.2	-0.4	125.3	-1.2	2.6
Jan-Mar 2007	127.7	3.8	7.0	126.5	1.2	0.8
Apr-Jun 2007	115.8	-11.9	-6.0	127.5	1.0	7.0
Jul-Sep 2007	118.9	3.1	-1.8	121.1	-6.4	-5.4
Oct-Dec 2007	115.9	-3.0	-8.0	124.4	3.3	-0.9
Jan-Mar 2008	122.8	6.9	-4.9	118.6	-5.8	-7.9
Apr-Jun 2008	116.2	-6.6	0.4	123.2	4.6	-4.3
Jul-Sep 2008	113.4	-2.8	-5.5	122.1	-1.1	1.0
Oct-Dec 2008	104.1	-9.3	-11.8	118.9	-3.2	-5.5
Jan-Mar 2009	82.6	-21.5	-40.2	111.9	-7.0	-6.7
Apr-Jun 2009	99.4	16.8	-16.8	96.4	-15.5	-26.8
Jul-Sep 2009	107.2	7.8	-6.2	109.9	13.5	-12.2
Oct-Dec 2009	112.8	5.6	8.7	116.4	6.5	-2.5
Jan-Mar 2010				120.6	4.2	8.7



**Annex (Contd.)****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
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
303	Current level of Capacity Utilisation *	Up to 50%	50% - 60%	60% - 70%	70% - 80%	80% - 90%	Above 90%

\* Compared to installed capacity

**Block 4: Is your company's normal production level expected to face any constraints during the Current Quarter (October-December 2009)** (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 (October-December 2009)			
		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):				

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

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## Annex (Contd.)

**Block 5. Assessment for the current quarter October-December 2009) and Expectations for the next quarter (January-March 2010)**

Code	Parameter	Current Quarter ( October-December 2009)			Next Quarter (January-March 2009)		
		<i>Please tick (✓) changes over July-September 2009 quarter</i>			<i>Please tick (✓) changes over October-December 2009 quarter</i>		
		(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	Production (in quantity terms) (All products)	Increase	No change	Decrease	Increase	No change	Decrease
506	Order Books (in quantity terms), if applicable	Increase	No change	Decrease	Increase	No change	Decrease
507	Pending Orders, if applicable	Above normal	Normal	Below Normal	Above normal	Normal	Below Normal
508	Cost of raw materials	Increase	No change	Decrease	Increase	No change	Decrease
509	Inventory of raw materials (in quantity terms) @	Above average	Average	Below Average	Above average	Average	Below Average
510	Inventory of Finished Goods (in quantity terms) @	Above average	Average	Below Average	Above Average	average	Below Average
511	Capacity utilisation (main product)	Increase	No change	Decrease	Increase	No change	Decrease
512	Level of capacity utilisation (compared to the average in preceding four quarters)	Above normal	Normal	Below Normal	Above normal	Normal	Below Normal
513	Assessment of the production capacity with regard to expected demand in next six months	More than adequate	Adequate	Not Adequate	More than adequate	Adequate	Not Adequate
514	Employment in the company (All cadres including part-time / full-time/casual labour)	Increase	No change	Decrease	Increase	No change	Decrease
515	Exports, if applicable	Increase	No change	Decrease	Increase	No change	Decrease
516	Imports, if any	Increase	No change	Decrease	Increase	No change	Decrease
517	Selling prices (ex-factory unit prices) are expected to @@	Increase	No change	Decrease	Increase	No change	Decrease

**Annex (Concl'd.)**

Code	Parameter	Current Quarter ( October-December 2009)			Next Quarter (January-March 2009)		
		<i>Please tick (✓) changes over July-September 2009 quarter</i>			<i>Please tick (✓) changes over October- December 2009 quarter</i>		
		(1)	(2)	(3)	(4)	(5)	(6)
518	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
519	Profit Margin (Gross profits as percentage of net sales) @@@	Increase	No change	Decrease	Increase	No change	Decrease

@ : 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		Scrutinised by	
Signature:		Signature:	
Name:		Name:	
Date:	2009	Date:	2009
Investigator's Remarks:		Scrutiny remarks:	