

Quarterly Industrial Outlook Survey: October-December 2010 (52nd Round)*

This article presents the survey findings of Industrial Outlook Survey conducted for October-December 2010 quarter, the 52nd round in the series. It gives the assessment of business situation by companies in manufacturing sector, for the quarter October-December 2010, and their expectations for the ensuing quarter January-March 2011. The survey results signalled further improvement of business conditions in the Indian manufacturing sector for assessment quarter (October-December 2010). The Business Expectation Index – a measure that gives a single snapshot of the industrial outlook in each study quarter—registered an increase to 122.8 from 119.0 for the assessment quarter. However, the manufacturers expect the growth to moderate in January-March 2011. The expectation index is seen to decline marginally from 126.5 to 125.9 for January-March 2011 quarter but remains much above 100 which is the threshold that separates contraction from expansion.

Highlights

The survey conducted in **October-December 2010** shows that the business condition in India's manufacturing sector has improved further. However, the expectation for the January-March 2011 quarter shows no further improvement.

- The **demand conditions** show signs of escalation during the assessment quarter. Production in the Indian manufacturing sector rose for the assessment quarter of the latest survey round, mirroring a similar increase in new orders and capacity utilisation. Demand was generated in the external market also, as exports have increased

* Prepared in the Division of Enterprise Surveys (erstwhile part of Survey Division) of Department of Statistics and Information Management. The previous article on the subject based on 51st Round (July-September 2010) was published in December 2010 Bulletin.

further. However, the manufacturing sector anticipates the progress of demand conditions to moderate in the next quarter. About one-fourth of the respondents reported addition to their labour force.

- The **financial conditions** which slightly tightened in the previous quarter has reversed during the current quarter as the optimism level for overall financial situation improved during the assessment quarter, and the same is to improve further for the expectation quarter. The manufacturers reported marginal improvement in the availability of finance for the assessment as well as expectation quarters but at higher costs. Input prices are assessed to increase but the manufacturers are able to pass it on to the customers, at least partly, as it is reflected in the increase in selling prices for both the quarters under review.
- The survey findings exhibit that the Indian manufacturing continued to gain strength as Business Expectation Index (BEI), for the assessment quarter (October-December 2010) increased to 122.8 from 119.0. However, the sentiment is expected to moderate for the January-March 2011 quarter with BEI moderating to 125.9 from 126.5 in the the previous quarter.
- The **industry-wise** break-up shows that majority of the industry groups have positive overall business sentiments in the present quarter. Specifically, a few industry groups, viz., Transport equipment, Wood & Wood Products, Other (Non-Electrical) Machinery & Apparatus and Basic Chemicals are more optimistic than the others. Fertilisers, Cement and Textiles expect low business performance in Q4 FY10.

- **Size-wise analysis** shows that improvement is seen across all size groups, but the bigger companies are more optimistic. They expect improved order book, and return of pricing power. Though the smaller companies (annual production less than ₹100 crore) have improved their performance, their growth is at a lower rate as compared to the bigger companies.

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 survey covers private and public limited companies with a good 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, profit margins and employment situation. The survey provides useful forward-looking inputs for policymakers, analysts and business alike.

II. Data Coverage and Methodology¹

II. 1. Sample Size

The sample covers a panel of 3,000 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 two-month period ending November 2010. The panel of respondents is kept uniform to the extent possible with 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.

II. 2. Response to the Survey

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

The survey elicited response from 1,588 companies (57 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 1,561 companies which were included in the analysis.

II. 3. The Survey Schedule

The survey schedule 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. The survey findings of the 52nd round conducted for **October-December 2010** 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 survey seeks the company's assessment for October-December 2010 and expectations for January-March 2011 on change in overall production (for all products put together). The net response on higher production registered an increase to 43.9 from 40.0 for the **assessment quarter**. However, for the **expectation quarter**, the net response has moderated marginally to 48.6 from 49.1 as compared to the previous survey round (Table 1 and Chart 1).

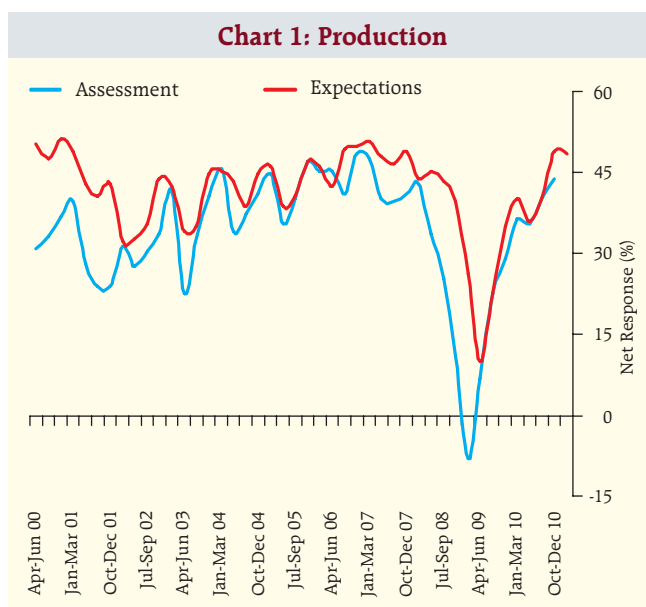
III. 1. 2. Order Books

The demand position of the manufacturing companies, as measured by order books, has also shown a similar trend. The net response, for the

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
1	2	3	4	5	6	7	8	9	10
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 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						55.4	6.8	37.7	48.6

Due to rounding off percentage may not add up to 100.



assessment quarter has recorded further increase while the same has moderated slightly for the expectation quarter (Table 2 and Chart 2).

III. 1.3. Pending Orders

More than 80 per cent respondent companies reported no change in the pending order position, both for the assessment quarter as well as the ensuing quarter (Table 3 and Chart 3).

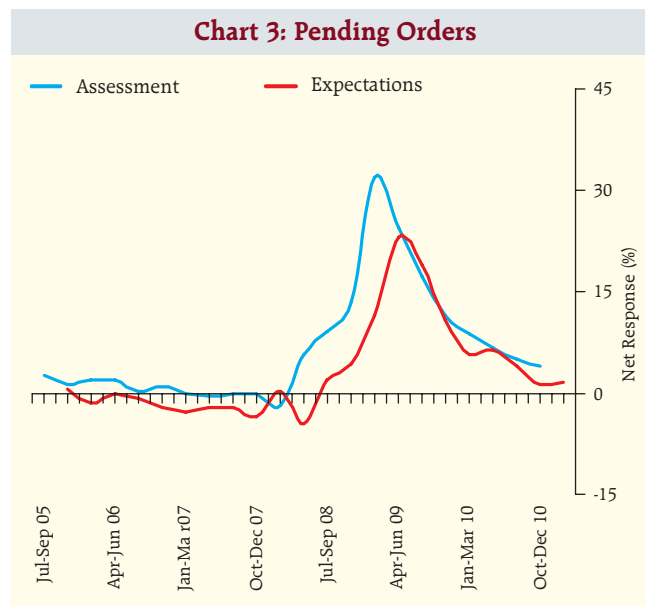
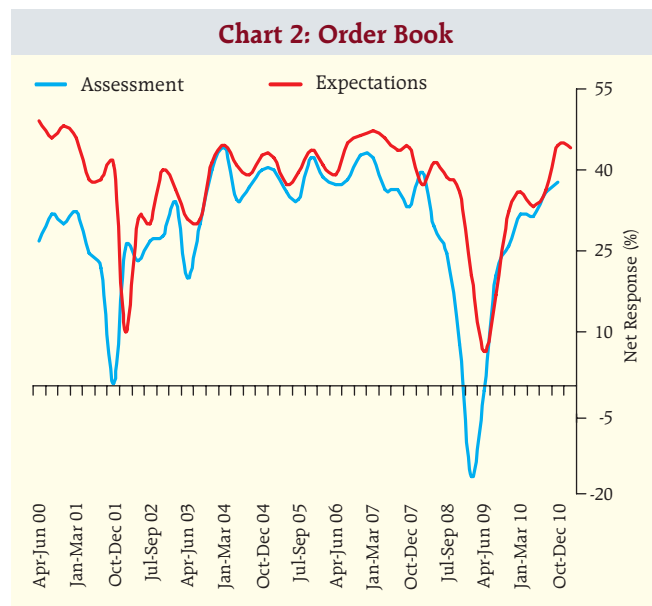
III. 1.4. Capacity Utilisation

The survey collects views of manufacturing companies on Capacity Utilisation of the 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

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
1	2	3	4	5	6	7	8	9	10
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 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						49.6	5.6	44.8	44.0

Due to rounding off percentage may not add up to 100.



Assessment of production capacity with regard to expected demand in the next six months (more than adequate/less than adequate/adequate).

While about 54 per cent of the respondent companies reported no change in the capacity utilisation of their main product, about 37 per cent of the companies reported an increase over the previous quarter. On net response basis, there is marginal improvement in Capacity Utilisation of the main product over previous quarter but the improvement is significant as compared to the position a year ago. The overall level of capacity utilisation is assessed to be normal with respect to average capacity in the last four quarters. The

expectation for the next quarter also exhibited the similar sentiment. Assessment of Production capacity with regard to expected demand in next six months also shows that there will be adequate capacity in the current as well as in the next quarter (Table 4 and Chart 4).

III. 1.5. Inventory of Raw Materials & Finished Goods

Majority of the respondents (81-85 per cent) reported maintaining the average level of **Inventory of raw materials** and **Inventory of finished goods** for the assessment as well as expectation quarter (Table 5). Around 10-12 per cent of the

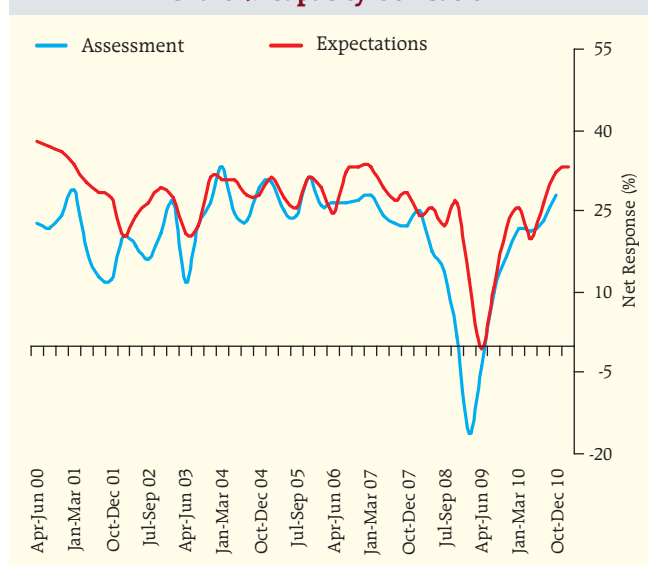
Table 3: Assessment & Expectations for Pending Orders

Survey Quarter	Total response	(Percentage responses)#							
		Assessment for Current Quarter				Expectation for Next Quarter			
		Below Normal	Above Normal	Normal	Net response	Below Normal	Above Normal	Normal	Net response
1	2	3	4	5	6	7	8	9	10
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	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						9.8	8.1	82.1	1.7

Due to rounding off percentage may not add up to 100.

Table 4: Per cent Responses on Sentiments for Capacity Utilisation

Parameter	Options	(Percentage responses)#			
		Assessment for quarter		Expectations for quarter	
		July-Sept 2010	Oct-Dec 2010	Oct-Dec 2010	Jan-Mar 2011
1	2	3	4	5	6
Capacity Utilisation (main product)	Increase	34.7	36.8	38.9	39.1
	No Change	53.9	54.3	54.5	54.9
	Decrease	11.4	8.9	6.6	6.0
	Net Response	23.3	27.9	32.3	33.1
Level of Capacity Utilisation (compared to the average in last 4 quarters)	Above normal	14.8	16.0	15.5	17.2
	Normal	73.6	73.6	76.3	75.1
	Below Normal	11.7	10.4	8.3	7.7
	Net Response	3.1	5.6	7.2	9.5
Assessment of Prod. Capacity (with regard to expected demand in next 6 months)	More than adequate	11.2	10.6	12.4	10.6
	Adequate	80.8	81.6	80.7	82.2
	Less than adequate	8.0	7.8	6.9	7.2
	Net Response	3.3	2.9	5.6	3.4

Chart 4: Capacity Utilisation

respondents assessed their inventory levels to be above average during the current quarter. The proportion is expected to decline marginally in the next quarter.

III. 1.6. Exports and Imports

The external sector development is gauged in the survey through the assessment and expectation of respondents on Exports and Imports. The survey results show the exports of the manufacturing sector in India grew further in the current survey quarter. The net response for the assessment quarter has increased to 21.2 per cent from 20.0 per cent in previous quarter (Table 6). However, the optimism of Indian manufactures with respect to exports growth is expected to remain at the same level in the expectation quarter.

Table 5: Assessment & Expectations for level of Inventory (Raw Material and Finished Goods)

Parameter	Options	(Percentage responses)#			
		Assessment for quarter		Expectations for quarter	
		July-Sept 2010	Oct-Dec 2010	Oct-Dec 2010	Jan-Mar 2011
1	2	3	4	5	6
Inventory of raw material	Below average	6.4	6.2	3.8	4.8
	Average	81.9	81.5	85.8	84.8
	Above average	11.7	12.4	10.4	10.4
	Net Response	-5.3	-6.2	-6.6	-5.6
Inventory of Finished goods	Below average	7.4	6.8	5.8	5.8
	Average	81.0	82.5	85.7	85.4
	Above average	11.7	10.7	8.6	8.8
	Net Response	-4.3	-3.9	-2.8	-3.0

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
1	2	3	4	5	6	7	8	9	10
Jan-Mar 09	1,225	17.8	34.8	47.4	-17.0	30.6	14.6	54.8	16.0
Apr-Jun 09	1,242	17.4	30.9	51.7	-13.5	19.5	23.3	57.3	-3.8
Jul-Sep 09	1,180	20.9	23.8	55.3	-2.9	20.6	20.5	59.0	0.1
Oct-Dec 09	1,256	27.3	18.1	54.6	9.2	27.0	14.5	58.5	12.5
Jan-Mar 10	1,079	28.9	16.2	54.9	12.7	31.2	11.0	57.8	20.2
Apr-Jun 10	1,092	29.1	13.7	57.2	15.3	30.0	11.5	58.5	18.5
Jul-Sep 10	1,403	31.8	11.8	56.5	20.0	30.8	10.1	59.1	20.7
Oct-Dec 10	1,561	32.6	11.4	56.0	21.2	34.4	8.3	57.3	26.1
Jan-Mar 11						34.4	8.1	57.5	26.3

Due to rounding off percentage may not add up to 100.

The survey reveals lower optimism of the manufacturing sector in terms of growth in imports. The net response on **assessment** and **expectation** for higher **Imports** declined marginally from those in the previous survey quarter (July-September 2010). (Table 7).

III. 1.7. Employment Situation

The Survey seeks responses from the manufacturers about their perceptions on change in employment in their companies covering full-time, part-time and casual labour. About 25 per cent of the respondents have reported addition to their labour force in October-December 2010 quarter which is also reflective of growing Demand condition (Table 8, Chart 6). A similar sentiment prevails for the ensuing quarter as well.

Chart 5: Exports and Imports

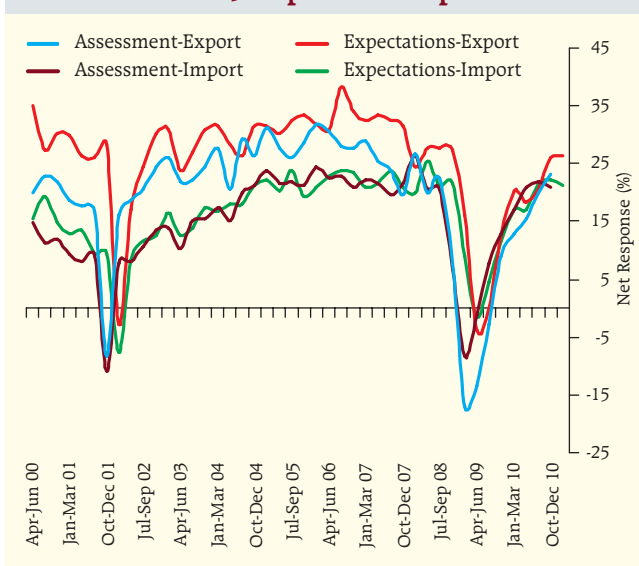


Table 7: Assessment & Expectations for Imports

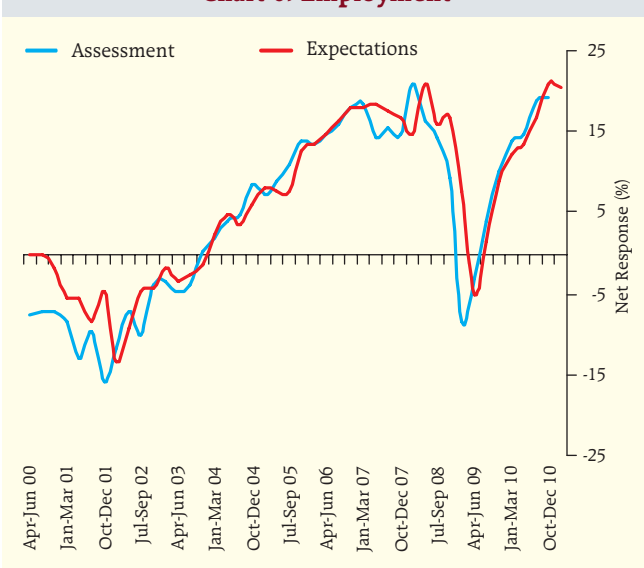
(Percentage responses)#									
Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
1	2	3	4	5	6	7	8	9	10
Jan-Mar 09	1,225	13.7	22.1	64.2	-8.4	19.7	10.6	69.7	9.1
Apr-Jun 09	1,242	17.1	18.4	64.5	-1.3	14.9	16.3	68.8	-1.4
Jul-Sep 09	1,180	21.8	14.0	64.2	7.8	17	12.4	70.6	4.6
Oct-Dec 09	1,256	23.3	10.3	66.5	13.0	21.3	9.8	68.9	11.5
Jan-Mar 10	1,079	25.5	8.4	66.1	17.1	23.4	6.5	70.1	16.9
Apr-Jun 10	1,092	27.7	6.8	65.6	20.9	22.9	5.9	71.2	17.1
Jul-Sep 10	1,403	28.6	6.6	64.7	22.0	27.0	5.4	67.6	21.7
Oct-Dec 10	1,561	27.3	6.4	66.3	20.9	27.3	5.1	67.6	22.2
Jan-Mar 11						26.7	5.4	67.9	21.3

Due to rounding off percentage may not add up to 100.

Table 8: Assessment & Expectations for Employment Outlook

Survey Quarter	Total response	(Percentage responses)#							
		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
Jan-Mar 09	1,225	11.2	19.5	69.3	-8.3	16.0	8.3	75.7	7.7
Apr-Jun 09	1,242	11.9	15.2	72.9	-3.3	10.5	15.6	74.0	-5.1
Jul-Sep 09	1,180	14.2	10.1	75.7	4.1	11.5	10.0	78.6	1.5
Oct-Dec 09	1,256	18.2	7.9	73.9	10.3	15.8	7.0	77.2	8.8
Jan-Mar 10	1,079	21.0	7.3	71.7	13.7	18.2	6.1	75.6	12.1
Apr-Jun 10	1,092	21.7	7.0	71.3	14.7	19.5	5.9	74.7	13.6
Jul-Sep 10	1,403	25.1	6.3	68.6	18.7	21.8	5.1	73.1	16.8
Oct-Dec 10	1,561	24.8	5.4	69.9	19.4	24.7	3.6	71.7	21.0
Jan-Mar 11						25.0	4.3	70.7	20.6

Due to rounding off percentage may not add up to 100.

Chart 6: Employment

III.2. Financial Parameters

The survey assesses sentiments about financial conditions through the following 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

The **financial condition**, which moderated during the previous survey round, has reversed and has shown a significant improvement in optimism level in the current survey quarter (Table 9, Chart 7). The net response for the assessment quarter

Table 9: Assessment & Expectations for Overall Financial Situation

Survey Quarter	Total response	(Percentage responses)#							
		Assessment for Current Quarter				Expectation for Next Quarter			
		Better	Worsen	No change	Net response	Better	Worsen	No change	Net response
1	2	3	4	5	6	7	8	9	10
Jan-Mar 09	1,225	20.3	29.9	49.9	-9.6	31.6	15.2	53.2	16.4
Apr-Jun 09	1,242	26.4	19.4	54.2	7.0	27.8	19.4	52.7	8.4
Jul-Sep 09	1,180	34.3	12.5	53.2	21.8	32.8	12.8	54.4	20.0
Oct-Dec 09	1,256	38.8	9.3	51.8	29.5	40.5	7.0	52.5	33.5
Jan-Mar 10	1,079	42.3	6.5	51.3	35.8	44.3	5.0	50.6	39.3
Apr-Jun 10	1,092	39.1	6.9	54.0	32.2	41.6	5.3	53.1	36.3
Jul-Sep 10	1,403	38.7	8.1	53.2	30.6	39.7	5.6	54.8	34.1
Oct-Dec 10	1,561	42.8	5.7	51.5	37.1	44.9	5.3	49.7	39.6
Jan-Mar 11						45.5	4.4	50.1	41.1

Due to rounding off percentage may not add up to 100.

Table 10: Assessment & Expectations for Working Capital Finance Requirement

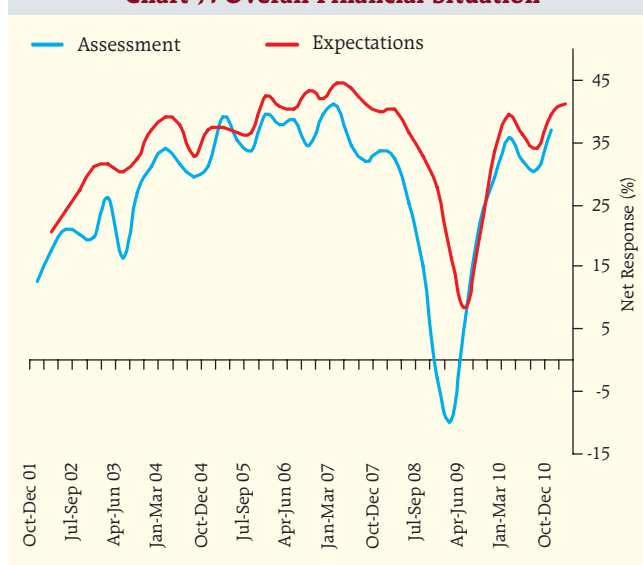
(Percentage responses)#									
Survey Quarter	Total response	Assessment for Current Quarter				Expectation for Next Quarter			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
1	2	3	4	5	6	7	8	9	10
Jan-Mar 09	1,225	36.0	11.9	52.1	24.1	37.9	5.0	57.1	32.9
Apr-Jun 09	1,242	57.0	24.6	9.2	24.6	31.1	7.9	61.0	23.2
Jul-Sep 09	1,180	31.2	7.4	61.4	23.8	32.3	6.0	61.7	26.3
Oct-Dec 09	1,256	35.2	6.4	58.4	28.8	34.7	4.3	61.0	30.4
Jan-Mar 10	1,079	35.8	5.3	58.9	30.5	36.8	4.0	59.2	32.7
Apr-Jun 10	1,092	34.7	4.8	60.5	29.9	31.9	4.3	63.8	27.7
Jul-Sep 10	1,403	35.6	6.3	58.1	29.3	35.2	4.1	60.7	31.1
Oct-Dec 10	1,561	41.3	4.1	54.6	37.1	38.4	3.6	58.0	34.8
Jan-Mar 11						40.7	3.0	56.3	37.8

under review increased to 37.1 per cent from 30.6 per cent. The manufacturers also foresee further improvement in the overall financial situation for the expectation quarter as the net response registered a marginal rise to 41.1 per cent from 39.6 per cent.

III. 2.2. Working Capital Finance Requirement and Availability of Finance

In line with assessed increase in production, the **working capital finance requirement** (excluding internal source of funds) for the assessment quarter (October-December 2010) increased with net response rising to 37.1 per cent from 29.3 per cent observed in the previous quarter (July-September 2010). A further increase in the expectation quarter is also anticipated (Table 10).

The survey shows that higher percentage of respondents assesses/expects Availability of Finance

Chart 7: Overall Financial Situation

to improve in the current/expectation quarter. This is reflected in the net response, which has risen for both the quarters under review (Table 11, Chart 8).

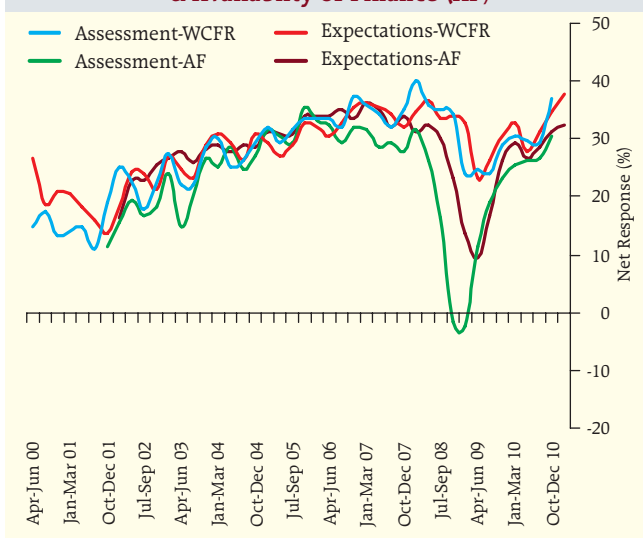
Table 11: Assessment & Expectations for Availability of Finance

(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
1	2	3	4	5	6	7	8	9	10
Jan-Mar 09	1,225	19.2	21.7	59.1	-2.5	28.7	15.0	56.3	13.7
Apr-Jun 09	1,242	24.8	13.6	61.6	11.2	23.8	14.5	61.7	9.3
Jul-Sep 09	1,180	28.0	8.8	63.2	19.2	27.0	10.4	62.6	16.6
Oct-Dec 09	1,256	30.3	7.2	62.5	23.0	31.7	5.6	62.7	26.1
Jan-Mar 10	1,079	32.1	6.4	61.5	25.7	33.7	4.5	61.8	29.2
Apr-Jun 10	1,092	32.3	5.9	61.8	26.4	31.2	4.4	64.4	26.8
Jul-Sep 10	1,403	32.6	6.0	61.4	26.6	32.9	4.4	62.7	28.5
Oct-Dec 10	1,561	35.9	5.6	58.4	30.3	35.3	4.0	60.6	31.3
Jan-Mar 11						36.4	4.0	59.6	32.3

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
1	2	3	4	5	6	7	8	9	10
Oct-Dec 09	1,256	9.0	23.8	67.2	-14.7				
Jan-Mar 10	1,079	7.7	23.6	68.7	-15.9	6.8	25.1	68.1	-18.3
Apr-Jun 10	1,092	7.0	28.9	64.0	-21.9	6.1	26.8	67.1	-20.6
Jul-Sep 10	1,403	5.0	33.2	61.8	-28.3	5.7	29.0	65.3	-23.3
Oct-Dec 10	1,561	4.0	37.9	58.1	-33.9	3.8	32.1	64.2	-28.3
Jan-Mar 11						3.7	35.0	61.3	-31.3

Decrease is optimism

Chart 8: Working Capital Finance Requirement (WCFR) & Availability of Finance (AF)

III. 2.3. Cost of External Finance

The respondents are expressing stronger perception about rise in the cost of funds in the recent past. The survey results reveal that 37.9 per cent of

the respondents feel that the cost of external fund have further risen during October-December 2010 (Table 12). One quarter ahead outlook also signals further rise in the cost of funds.

III. 2.4. Profit Margin

The survey asks manufacturing companies whether in their opinion profit margin (gross profits as percentage to net sales) is expected to increase, decrease or remain same. The sentiment on **Profit margin** for the assessment quarter, though improved, is still negative (Table 13). However, the extent of pessimism has declined compared to preceding quarter. The sentiments for the expectation quarter is marginally positive with net response moderating to 8.3 per cent from 9.2 per cent in the previous survey round (Chart 9).

Table 13: 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
1	2	3	4	5	6	7	8	9	10
Jan-Mar 09	1,225	11.3	48.8	39.8	-37.5	16.9	29.8	53.3	-12.9
Apr-Jun 09	1,242	13.4	38.5	48.1	-25.1	15.4	34.0	50.6	-18.6
Jul-Sep 09	1,180	16.9	32.0	51.1	-15.1	16.0	29.4	54.5	-13.4
Oct-Dec 09	1,256	18.1	28.0	54.0	-9.9	20.2	23.0	56.8	-2.8
Jan-Mar 10	1,079	21.7	24.6	53.9	-2.9	21.1	20.1	58.8	1.1
Apr-Jun 10	1,092	20.2	25.0	54.9	-4.8	22.1	18.9	59.0	3.2
Jul-Sep 10	1,403	21.3	23.9	54.8	-2.5	22.2	19.1	58.7	3.1
Oct-Dec 10	1,561	22.7	23.1	54.2	-0.4	25.2	16.1	58.7	9.2
Jan-Mar 11						25.6	17.2	57.2	8.3

Due to rounding off percentage may not add up to 100.

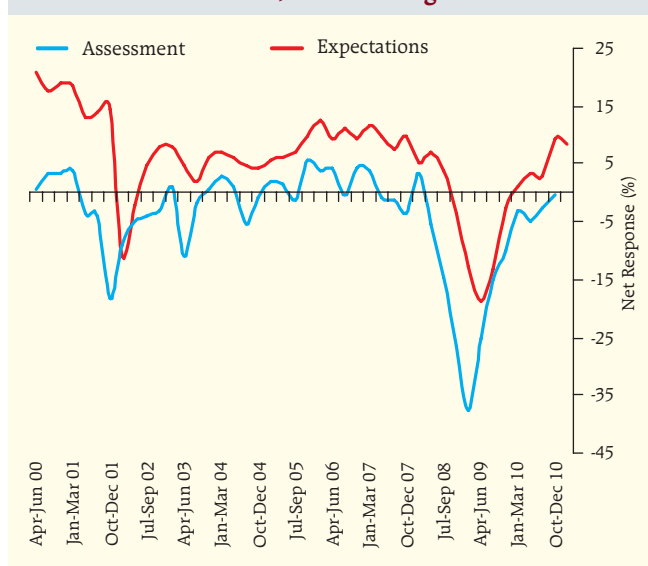
Table 14: Assessment & Expectations for Cost of Raw Material

(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
1	2	3	4	5	6	7	8	9	10
Jan-Mar 09	1,225	29.1	37.2	33.7	-8.1	12.3	48.0	39.7	-35.7
Apr-Jun 09	1,242	14.3	40.6	45.1	-26.3	14.3	30.5	33.7	-16.2
Jul-Sep 09	1,180	8.1	49.8	42.1	-41.7	8.7	35.8	55.5	-27.1
Oct-Dec 09	1,256	6.3	53.4	40.3	-47.1	5.0	43.4	51.6	-38.4
Jan-Mar 10	1,079	2.2	62.3	35.5	-60.2	3.6	47.9	48.5	-44.3
Apr-Jun 10	1,092	2.5	65.2	32.3	-62.7	2.2	50.8	47.0	-48.6
Jul-Sep 10	1,403	3.5	61.8	34.7	-58.3	2.7	52.0	45.2	-49.3
Oct-Dec 10	1,561	2.4	66.3	31.3	-63.9	3.3	52.6	44.1	-49.3
Jan-Mar 11						2.3	55.9	41.8	-53.6

Due to rounding off percentage may not add up to 100.

Chart 9: Profit Margin



III 2.5. Cost of Raw Material

The survey results indicate continuance of input price pressure for the manufacturing companies in the October-December 2010 quarter (Table 14; Chart 10). A similar trend is seen for the expectation quarter as well.

III 2.6. Selling Price

The survey seeks responses on change in selling prices (ex-factory unit prices) of the manufactured products on aggregate basis. 30.2 per cent of the respondents have been able to pass on a part of rising input cost in the assessment quarter and 26.7 per cent expected the increase in the selling prices to continue for the forthcoming quarter (Table 15, Chart 10).

Table 15: 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
1	2	3	4	5	6	7	8	9	10
Jan-Mar 09	1,225	12.5	38.0	49.5	-25.5	21.2	17.1	61.7	4.1
Apr-Jun 09	1,242	17.0	24.4	58.0	-7.4	14.5	23.6	61.9	-9.1
Jul-Sep 09	1,180	19.4	19.2	61.4	0.2	17.2	17.2	65.6	0.0
Oct-Dec 09	1,256	18.6	15.9	65.5	2.6	19.2	13.2	67.6	6.0
Jan-Mar 10	1,079	24.6	12.2	63.2	12.4	20.7	10.9	68.4	9.8
Apr-Jun 10	1,092	29.3	12.0	58.6	17.3	22.4	9.1	68.5	13.3
Jul-Sep 10	1,403	28.0	14.2	57.8	13.8	24.4	9.2	66.3	15.2
Oct-Dec 10	1,561	30.2	10.0	59.8	20.2	25.7	8.7	65.5	17.0
Jan-Mar 11						26.7	8.1	65.2	18.6

Due to rounding off percentage may not add up to 100.

Chart 10: Cost of Raw Material (CR) & Selling Price (SP)

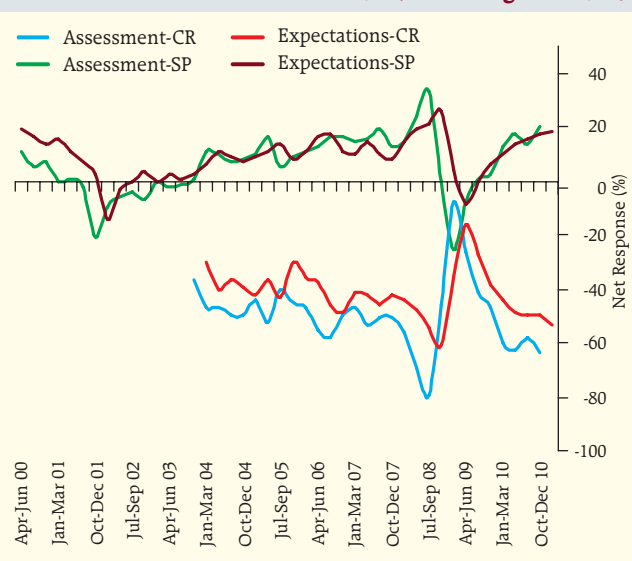
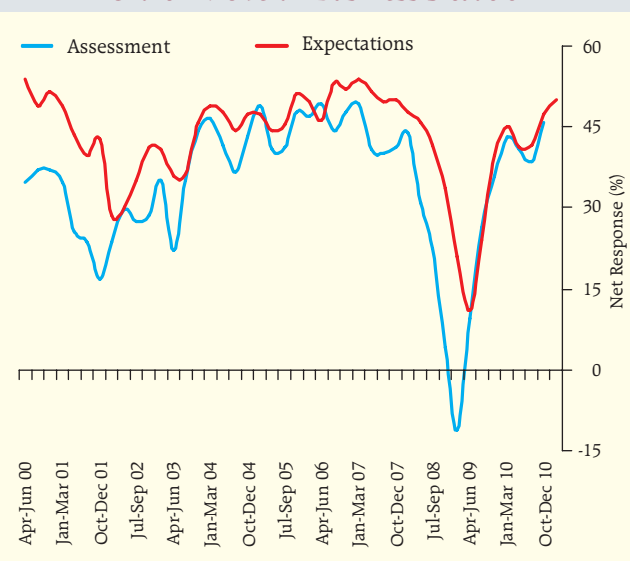


Chart 11: Overall Business Situation



III. 3. Overall Business Conditions

III. 3.1. Overall Business Situation

The Overall Business Situation is a parameter that captures the overall confidence of manufacturing companies. The companies are required to indicate if their overall business situation would improve/worsen/remain same. The net response about the **overall business situation** for **assessment** quarter shows marked improvement to 45.9 per cent from 38.7 per cent in the previous quarter. The net response for expectation quarter has also shown further optimism (Table 16, Chart 11).

III.3.2. Business Expectation Index (BEI)

Business Expectation Index gives a single snapshot of the industrial outlook in each study quarter. This index is computed from the weighted average of net responses from all the industries on selected 9 performance parameters where the weights are the industries' shares 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. Detailed methodology used in index compilation is

Table 16: Assessment & Expectations of Overall Business Situation

Survey Quarter	Total response	(Percentage responses)#							
		Assessment for Current Quarter				Expectation for Next Quarter			
		Better	Worsen	No change	Net response	Better	Worsen	No change	Net response
1	2	3	4	5	6	7	8	9	10
Jan-Mar 09	1,225	24.1	35.2	40.7	-11.1	38.6	17.5	43.9	21.1
Apr-Jun 09	1,242	30.7	21.4	47.9	9.3	31.8	20.6	47.6	11.2
Jul-Sep 09	1,180	39.3	13.0	47.7	26.3	38.8	14.6	46.7	24.2
Oct-Dec 09	1,256	46.0	10.1	43.9	36.0	47.2	7.4	45.4	39.8
Jan-Mar 10	1,079	50.5	7.4	42.1	43.1	50.4	5.5	44.2	44.9
Apr-Jun 10	1,092	47.8	7.1	45.0	40.7	47.3	6.1	46.6	41.2
Jul-Sep 10	1,403	46.7	8.0	45.3	38.7	47.6	6.2	46.2	41.5
Oct-Dec 10	1,561	51.4	5.5	43.1	45.9	52.5	5.1	42.4	47.4
Jan-Mar 11						54.2	4.1	41.8	50.1

Due to rounding off percentage may not add up to 100.

given in the article *Quarterly Industrial Outlook Surveys: Trends since 2001* published in October 2009 Bulletin.

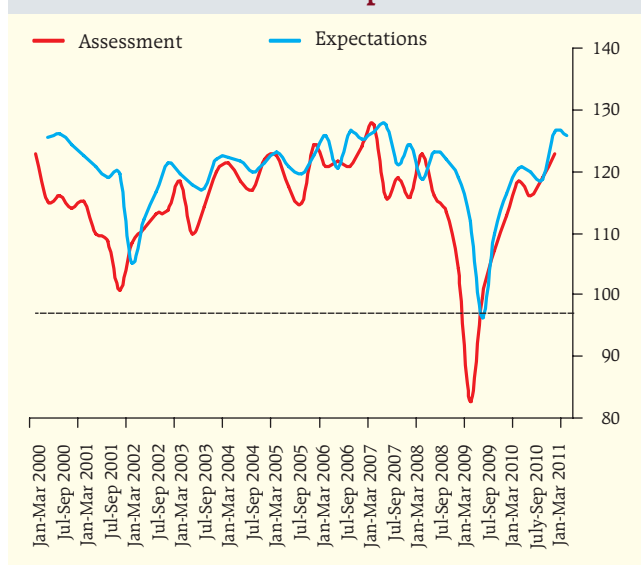
The present round of the survey showed further improvement in the index for the assessment quarter. The index has increased to 122.8 for the assessment quarter from 119.0 (Statement 5). However, the same has moderated for the expectation quarter with the index dropping marginally to 125.9 from 126.5 observed in to the previous round (Chart 12). This shows that the manufacturing sector is expected to grow at a slower pace.

III.5. Industry-wise Analysis

Industry-wise analysis shows that Transport Equipment, Other Machinery & Apparatus and Rubber & Plastic industries expressed increased optimism in production for the quarter January-March 2011, whereas Fertilisers, Other Industries and Food Products were less optimistic (Table: 17).

Amongst all the industry groups, Other Industries, Textiles & Cement are least optimistic about their Overall Financial Situation while Transport equipment, Diversified companies and Wood & Wood products industries are more optimistic.

Chart 12: Business Expectation Index



The outlook on profit margin on net response basis in industries like Diversified companies, Wood & Wood products and Transport Equipment is more optimistic whereas Textiles and Food products industries are pessimistic.

Among the industry groups, Transport Equipment, Other Machinery & Apparatus and Pharmaceutical & Medicines industries showed a greater inclination towards increasing the number of employees.

Table 17: Industry-wise Analysis

Industry	Net Response (%) for January-March 2011				
	Production	Overall Financial Situation	Profit margin	Employment	Overall Business Situation
Transport Equipment	72.1	61.3	24.0	37.7	78.5
Wood & wood products	46.7	56.3	25.0	13.3	62.5
Other Machinery & Apparatus	61.1	51.3	12.6	26.3	59.0
Basic Chemicals	50.4	45.5	15.7	19.7	56.9
Basic Metals & Metal products	53.3	44.8	17.1	24.6	54.5
Rubber & Plastic products	59.1	42.2	11.2	25.6	54.4
Electrical machinery	51.1	50.0	7.7	25.8	53.3
Pharmaceutical & Medicines	54.3	40.0	3.1	26.0	52.6
Diversified companies	50.0	57.7	26.9	23.1	50.0
Paper & Paper products	45.5	34.1	12.8	2.3	43.2
Food products	35.5	33.1	-3.3	14.8	41.0
Other industries	30.9	24.2	-2.1	14.5	36.9
Textiles	36.6	28.8	-5.6	12.4	35.8
Cement	40.0	30.0	13.3	10.0	33.3
Fertilisers	25.0	34.4	6.5	3.1	31.3
All Industries	48.6	41.1	8.3	20.6	50.1

Table 17 is indexed based on Overall Business Situation.

The Overall business situation is expected to be optimistic for the industry groups such as Transport Equipment, Wood & Wood products, Other Machinery & Apparatus whereas Fertilisers, Cement, and Textiles industries are having frail, though positive, expectations.

III.6. Size-wise analysis

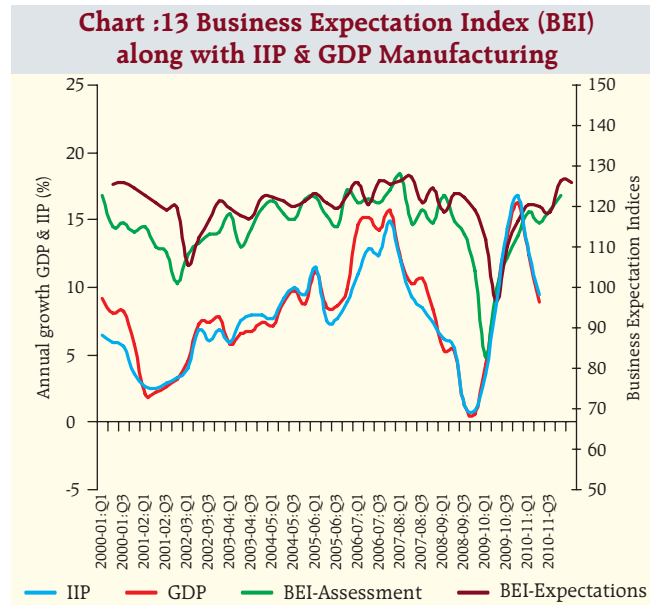
Bigger companies (annual production above ₹1,000 crore/PUC above ₹100 crore) are more optimistic about overall business and financial situations. The smaller companies (annual production less than ₹100 crore/PUC less than ₹10 crore) are less optimistic about demand conditions as their net response on production, order books and capacity utilisation are at lower levels than those of the bigger companies. Bigger companies are more optimistic about domestic as well as external demand (Table 18).

III.7. Constraints for Attaining the Normal Production Level

The survey reveals that 46 per cent of the companies reported constraints for attaining the normal production level during the quarter **October-December 2010**. The constraints reported are due to Shortage of Raw Materials, Shortage of Power, Shortage of Working Capital Finance, Lack of domestic demand and Lack of export demand. The major industry groups for which higher proportion of companies reported production constraints are Paper & paper products (64 per cent), Textiles (54 per cent), Basic Metals & Metal products (51), Food Products (50 per cent), Rubber and Plastics (48 per cent) and Cement (66 per cent). On the other end of the spectrum, only 29 per cent of the companies in Pharmaceutical & Medicines industry reported production constraints.

Table 18: Size-Wise Analysis: Annual Production and Paid-up Capital (PUC)

Parameter	Net Response (%) for January-March 2011											
	PUC-wise						Production-wise					
	Rd51 Small	Rd52 Small	Rd51 Medium	Rd52 Medium	Rd51 Large	Rd52 Large	Rd51 Small	Rd52 Small	Rd51 Medium	Rd52 Medium	Rd51 Large	Rd52 Large
1	2	3	4	5	6	7	8	9	10	11	12	13
Overall Business Situation	40.9	36.1	48.1	51.5	50.0	57.3	41.8	44.2	52.0	53.6	54.8	62.5
Overall Financial Situation	27.7	26.0	40.4	42.9	49.4	43.2	32.1	32.6	45.5	47.0	50.0	54.3
Working Capital Finance												
Requirement	33.3	24.0	34.4	39.0	44.6	45.7	30.9	28.3	36.8	44.3	44.1	51.3
Availability of Finance	25.0	18.8	32.2	34.4	31.3	26.6	27.1	25.2	33.7	36.8	40.3	44.4
Cost of External Finance	-16.7	-17.2	-28.5	-32.3	-43.2	-41.8	-22.6	-23.8	-31.4	-35.9	-40.3	-42.9
Production	40.7	35.3	49.6	50.0	59.8	55.9	41.6	42.5	53.1	53.0	64.5	58.0
Order Books	38.1	30.9	44.8	45.1	59.4	53.8	37.3	35.6	49.3	49.8	59.2	55.0
Pending Orders, if applicable	5.1	7.3	1.0	1.3	2.9	-3.8	3.1	4.9	0.4	-0.3	1.7	-2.4
Cost of Raw Materials	-55.8	-57.4	-49.0	-53.4	-43.9	-51.6	-53.8	-57.0	-46.5	-51.0	-46.5	-51.3
Inventory of Raw Materials	-7.0	-7.2	-6.5	-5.2	-9.5	-9.5	-5.2	-2.3	-8.1	-8.7	-6.9	-7.2
Inventory of Finished Goods	2.4	-2.0	-2.9	-3.0	-11.4	-5.6	0.3	-0.3	-4.9	-4.8	-8.5	-7.6
Capacity Utilisation	18.9	20.8	33.5	33.9	37.3	45.1	27.2	28.2	34.9	35.1	44.3	45.6
Level of Capacity Utilisation	-1.5	2.6	7.6	10.0	15.9	16.1	3.3	3.4	9.5	12.8	13.9	22.1
Assessment of the												
Production Capacity	7.7	3.2	4.8	3.5	11.0	3.3	4.0	2.1	5.0	4.0	15.6	8.1
Employment in the Company	8.5	9.0	22.5	22.3	23.5	20.2	14.9	12.9	24.5	25.2	31.7	34.2
Exports, if applicable	20.0	10.2	26.2	28.2	34.7	28.9	18.3	20.6	28.4	26.9	48.4	48.5
Imports, if any	7.9	9.7	23.5	22.3	24.3	26.5	15.0	15.4	26.0	23.7	33.8	34.3
Selling Prices	18.0	16.2	16.4	18.8	18.8	24.7	16.5	13.7	16.4	22.7	21.8	22.8
If increase expected in selling prices, rate of such increase	19.7	19.4	12.3	13.4	7.9	-2.2	15.2	16.9	11.9	10.3	8.2	10.3
Profit Margin	0.8	-8.3	9.5	9.7	17.6	21.1	2.4	-0.7	13.1	13.4	17.7	23.8



Smaller companies, in terms of annual production or paid-up capital, felt more production constraints than the bigger ones.

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 13 shows the co-movements of annual growth rates of quarterly GDP-Manufacturing, IIP-Manufacturing and the BEI-based on assessment and expectations.

Statement 1: Assessment of the Industrial performance for the October-December 2010 & Expectations of the Industrial Performance for the Quarter January-March 2011

(Percentage of responding companies)#

Parameter	Assessment				Expectations			
	Optimistic Response	Pessimistic Response	No Change	Net response (5) = (2)-(3)	Optimistic Response	Pessimistic Response	No Change	Net response (9) = (6)-(7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1 Overall Business Situation	51.4	5.5	43.1	45.9	54.2	4.1	41.8	50.1
2 Overall Financial Situation	42.8	5.7	51.5	37.1	45.5	4.4	50.1	41.1
3 Working Capital Finance Requirement	41.3	4.1	54.6	37.1	40.7	3.0	56.3	37.8
4 Availability of Finance	35.9	5.6	58.4	30.3	36.4	4.0	59.6	32.3
5 Cost of External Finance *	4.0	37.9	58.1	-33.9	3.7	35.0	61.3	-31.3
6 Production	53.9	10.0	36.0	43.9	55.4	6.8	37.7	48.6
7 Order Books	46.9	9.1	44.0	37.9	49.6	5.6	44.8	44.0
8 Pending Orders, if applicable	11.6	7.6	80.8	3.9	9.8	8.1	82.1	1.7
9 Cost of Raw Materials	2.4	66.3	31.3	-63.9	2.3	55.9	41.8	-53.6
10 Inventory of Raw Materials	6.2	12.4	81.5	-6.2	4.8	10.4	84.8	-5.6
11 Inventory of Finished Goods	6.8	10.7	82.5	-3.9	5.8	8.8	85.4	-3.0
12 Capacity Utilisation	36.8	8.9	54.3	27.9	39.1	6.0	54.9	33.1
13 Level of Capacity Utilisation	16.0	10.4	73.6	5.6	17.2	7.7	75.1	9.5
14 Assessment of the Production Capacity	10.6	7.8	81.6	2.9	10.6	7.2	82.2	3.4
15 Employment in the Company	24.8	5.4	69.9	19.4	25.0	4.3	70.7	20.6
16 Exports, if applicable	32.6	11.4	56.0	21.2	34.4	8.1	57.5	26.3
17 Imports, if any	27.3	6.4	66.3	20.9	26.7	5.4	67.9	21.3
18 Selling Prices	30.2	10.0	59.8	20.2	26.7	8.1	65.2	18.6
19 If increase expected in selling prices, rate of such increase	26.9	11.7	61.4	15.2	23.6	10.5	65.8	13.1
20 Profit Margin	22.7	23.1	54.2	-0.4	25.6	17.2	57.2	8.3

Due to rounding off percentage may not add up to 100.

* Cost of external finance is included from the round Oct-Dec 2009.

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

(Per cent)

Parameter	Optimistic view	July-Sep 2009	Oct-Dec 2009	Jan-Mar 2010	Apr-June 2010	Jul-Sep 2010	Oct-Dec 2010
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1 Overall Business Situation	Better	26.3	36.0	43.1	40.7	38.7	45.9
2 Overall Financial Situation	Better	21.8	29.5	35.8	32.2	30.6	37.1
3 Working Capital Finance Requirement	Increase	23.8	28.8	30.5	29.9	29.3	37.1
4 Availability of Finance	Improve	19.2	23.0	25.7	26.4	26.6	30.3
5 Cost of External Finance *	Decrease		-14.7	-15.9	-21.9	-28.3	-33.9
6 Production	Increase	22.6	28.9	36.5	35.4	40.0	43.9
7 Order Books	Increase	20.5	25.9	31.9	31.3	36.1	37.9
8 Pending Orders, if applicable	Below normal	17.4	11.6	8.8	6.9	5.1	3.9
9 Cost of Raw Materials	Decrease	-41.7	-47.1	-60.2	-62.7	-58.3	-63.9
10 Inventory of Raw Materials	Below average	-2.1	-4.2	-5.8	-5.0	-5.3	-6.2
11 Inventory of Finished Goods	Below average	-4.3	-4.3	-4.3	-4.1	-4.3	-3.9
12 Capacity Utilisation	Increase	10.1	16.5	21.7	21.1	23.3	27.9
13 Level of Capacity Utilisation	Above normal	-11.2	-3.9	3.0	2.5	3.1	5.6
14 Assessment of the Production Capacity	More than adequate	5.8	5.3	6.4	3.1	3.3	2.9
15 Employment in the Company	Increase	4.1	10.3	13.7	14.7	18.7	19.4
16 Exports, if applicable	Increase	-2.9	9.2	12.7	15.3	20.0	21.2
17 Imports, if any	Increase	7.8	13.0	17.1	20.9	22.0	20.9
18 Selling Prices	Increase	0.2	2.6	12.4	17.3	13.8	20.2
19 If increase expected in selling prices, rate of such increase	Increase at lower rate	23.2	19.3	21.6	17.4	15.2	15.2
20 Profit Margin	Increase	-15.1	-9.9	-2.9	-4.8	-2.5	-0.4

* Cost of external finance is included from the round Oct-Dec 2009.

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

(Per cent)

Parameter	Optimistic view	Oct-Dec 2009	Jan-Mar 2010	Apr-June 2010	July-Sep 2010	Oct-Dec 2010	Jan-Mar 2010
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1 Overall Business Situation	Better	39.8	44.9	41.2	41.5	47.5	50.1
2 Overall Financial Situation	Better	33.5	39.3	36.3	34.1	39.6	41.1
3 Working Capital Finance Requirement	Increase	30.4	32.7	27.7	31.1	34.8	37.8
4 Availability of Finance	Improve	26.1	29.2	26.8	28.5	31.3	32.3
5 Cost of External Finance *	Decrease		-18.3	-20.6	-23.3	-28.3	-31.3
6 Production	Increase	35	40.0	35.9	40.2	49.1	48.6
7 Order Books	Increase	32.3	35.8	33.4	36.3	44.8	44.0
8 Pending Orders, if applicable	Below normal	11	5.7	6.4	4.2	1.5	1.7
9 Cost of Raw Materials	Decrease	-38.4	-44.3	-48.6	-49.3	-49.3	-53.6
10 Inventory of Raw Materials	Below average	-1.2	-3.6	-2.6	-5.1	-6.6	-5.6
11 Inventory of Finished Goods	Below average	-3.7	-1.9	-2.6	-5.0	-2.8	-3.0
12 Capacity Utilisation	Increase	22	25.4	19.7	26.5	32.3	33.1
13 Level of Capacity Utilisation	Above normal	-3.8	1.3	1.6	5.8	7.2	9.5
14 Assessment of the Production Capacity	More than adequate	6.5	5.0	7.1	4.1	5.6	3.4
15 Employment in the Company	Increase	8.8	12.1	13.6	16.8	21.0	20.6
16 Exports, if applicable	Increase	12.5	20.2	18.5	20.7	26.1	26.3
17 Imports, if any	Increase	11.5	16.9	17.1	21.7	22.2	21.3
18 Selling prices	Increase	6	9.8	13.3	15.2	17.0	18.6
19 If increase expected in selling prices, rate of such increase	Increase at lower rate	19.4	16.8	19.7	14.3	13.0	13.1
20 Profit Margin	Increase	-2.8	1.1	3.2	3.1	9.2	8.3

* Cost of external finance is included from the round Oct-Dec 2009.

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 48, 51 and 52, respectively)

Parameter	Optimistic view	Net Response (%)			Differences in net response		Net Response (%)			Differences in net response	
		Current quarter of a year ago survey	Current quarter of Pervious survey	Current quarter of Current survey	A year ago survey	Pervious quarter survey	Current quarter of a year ago survey	Current quarter of Pervious survey	Current quarter of Current survey	A year ago survey	Pervious quarter survey
(1)	(2)	(3)	(4)	(5)	(6) = (5) - (3)	(7) = (5) - (4)	(8)	(9)	(10)	(11) = (5) - (3)	(12) = (5) - (4)
1 Overall Business Situation	Better	36.0	38.7	45.9	10.0	7.2	44.9	47.5	50.1	5.2	2.7
2 Overall Financial Situation	Better	29.5	30.6	37.1	7.6	6.6	39.3	39.6	41.1	1.7	1.5
3 Working Capital Finance Requirement	Increase	28.8	29.3	37.1	8.4	7.9	32.7	34.8	37.8	5.0	3.0
4 Availability of Finance	Improve	23.0	26.6	30.3	7.3	3.7	29.2	31.3	32.3	3.2	1.1
5 Cost of External Finance *	Decrease	-14.7	-28.3	-33.9	-19.2	-5.7	-18.3	-28.3	-31.3	-13.1	-3.0
6 Production	Increase	28.9	40.0	43.9	15.0	3.9	40.0	49.1	48.6	8.6	-0.5
7 Order Books	Increase	25.9	36.1	37.9	11.9	1.8	35.8	44.8	44.0	8.2	-0.7
8 Pending Orders, if applicable	Below normal	11.6	5.1	3.9	-7.6	-1.2	5.7	1.5	1.7	-4.0	0.2
9 Cost of Raw Materials	Decrease	-47.1	-58.3	-63.9	-16.7	-5.6	-44.3	-49.3	-53.6	-9.3	-4.2
10 Inventory of Raw Materials	Below average	-4.2	-5.3	-6.2	-2.0	-0.9	-3.6	-6.6	-5.6	-2.0	1.0
11 Inventory of Finished Goods	Below average	-4.3	-4.3	-3.9	0.4	0.4	-1.9	-2.8	-3.0	-1.1	-0.2
12 Capacity Utilisation	Increase	16.5	23.3	27.9	11.4	4.6	25.4	32.3	33.1	7.7	0.8
13 Level of Capacity Utilisation	Above normal	-3.9	3.1	5.6	9.5	2.5	1.3	7.2	9.5	8.2	2.3
14 Assessment of the Production Capacity	More than adequate	5.3	3.3	2.9	-2.5	-0.4	5.0	5.6	3.4	-1.6	-2.1
15 Employment in the Company	Increase	10.3	18.7	19.4	9.1	0.7	12.1	21.0	20.6	8.6	-0.4
16 Exports, if applicable	Increase	9.2	20.0	23.1	13.9	3.1	20.2	26.1	26.3	6.1	0.2
17 Imports, if any	Increase	13.0	22.0	20.9	7.9	-1.1	16.9	22.2	21.3	4.3	-1.0
18 Selling Prices	Increase	2.6	13.8	20.2	17.6	6.4	9.8	17.0	18.6	8.8	1.6
19 If increase expected in selling prices, rate of such increase	Increase at lower rate	19.3	15.2	15.2	-4.1	0.1	16.8	13.0	13.1	-3.7	0.1
20 Profit Margin	Increase	-9.9	-2.5	-0.4	9.5	2.2	1.1	9.2	8.3	7.3	-0.8

* Cost of external finance is included from the round Oct-Dec 2009.

Statement 5: Business Expectations Index - based on Assessment and Expectations

Quarter	ASSESSMENT			EXPECTATIONS		
	Index	Change over previous quarter	Change over previous quarter	Index	Change over previous quarter	Change over previous quarter
1	2	3	4	5	6	7
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	118.5	5.7	35.9	120.6	4.2	8.7
Apr-Jun 2010	115.9	-2.6	16.5	119.8	-0.8	23.4
July-Sep 2010	119.0	3.1	11.8	118.8	-1.0	8.9
Oct-Dec 2010	122.8	3.8	10.0	126.5	7.7	10.1
Jan-Mar 2011				125.9	-0.6	5.3

Annex



**RESERVE BANK OF INDIA
DEPARTMENT OF STATISTICS AND INFORMATION MANAGEMENT
MUMBAI-400051.**

**INDUSTRIAL OUTLOOK SURVEY, October-December 2010
(ROUND 52)**

Sample company code: (To be filled by the agency/RBI)					
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Block 1. General Information

- 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 L:Large D
- 112 Company web-site address: _____
- 113 Date: _____ 2010

Seal of the Company after filling-in the Schedule

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 (To be filled-in by Agency/RBI)		
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 ₹1 Crore	₹1 Crore to ₹10 Crore	₹10 Crore to ₹25 Crore	₹25 Crore to ₹50 Crore	₹50 Crore to ₹100 Crore	Above ₹100 Crore
302	Annual Production (All products)	Up to ₹100 Crore	₹100 Crore to ₹250 Crore	₹250 Crore to ₹500 Crore	₹500 Crore to ₹750 Crore	₹750 Crore to ₹1000 Crore	Above ₹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

Annex (Contd.)

Block 4: Is your company's normal production level expected to face any constraints during the Current Quarter (October-December 2010) (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 2010)			
		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 ≤ ₹25 lakh; Small: Investment in plant and machinery > ₹25 lakh but ≤ ₹5 crore; Medium: Investment in plant and machinery > ₹5 crore but ≤ ₹10 crore.

Block 5. Assessment for the current quarter (October-December 2010) and Expectations for the next quarter (January-March 2011)

Code	Parameter	Current Quarter (October-December 2010)			Next Quarter (January-March 2011)		
		Please tick (✓) changes over July-September 2010 quarter			Please tick (✓) changes over October-December 2010 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

Article

*Quarterly Industrial Outlook Survey:
October-December 2010 (52nd Round)*

Annex (Concl.)

Code	Parameter	Current Quarter (October-December 2010)			Next Quarter (January-March 2011)		
		<i>Please tick (√) changes over July-September 2010 quarter</i>			<i>Please tick (√) changes over October-December 2010 quarter</i>		
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		Scrutinised by	
Signature:		Signature:	
Name:		Name:	
Date:		Date:	
Investigator's Remarks:		Scrutiny Remarks:	